



**Islamic University of Gaza
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Faculty of Commerce
Master of Finance and Accounting**

**Impact of International Funding Organizations on Building
the Financial Management Capacity of NGOs Working in
Gaza**

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Abstract

The international funding has had a major role in the relief and development of people in developing countries in general and in Palestine in particular, and more specifically after the 1993 Oslo accords. This has raised considerable debate between researchers, experts, and other parties.

This study aims to investigate the impact of international funding on building the financial management capacity of non-governmental organizations (NGOs) working in Gaza.

The study used the descriptive method to analyze the questionnaires of study population.

The study showed that fund from international organizations has a positive impact on building the financial management capacity of the NGOs working in Gaza through education and training, which had a major role in the development of NGOs.

Fund directed to building the financial management capacity was not equally geographically distributed to the governorates of Gaza. This resulted in a negative impact on those NGOs located in Gaza south and middle that have not paid adequate attention to promote its community work.

To raise the level of financial management capacity of NGOs working in Gaza, the researcher suggested the following recommendations:

1. Allocate international funding for building the capacity of NGOs, to better serve the surrounding community.
2. Pay more attention to educate and train NGOs' staff, to better manage grants and achieve adequate transparency and integrity.
3. Focus on the development of financial policies and regulations followed within NGOs, in order to raise the financial efficiency of their staff.

الملخص

لطالما كان للتمويل الدولي دورا مؤثرا في إغائه وتنمية شعوب الدول النامية بشكل عام وفي فلسطين بشكل خاص وتحديدا بعد اتفاق اوسلو الموقع في سبتمبر 1993, حيث أثار هذا الدور للتمويل الدولي نقاشا واسعا بين الباحثين والاختصاصيين, وجهات عديدة.

هدفت الدراسة الى البحث في تأثير التمويل الدولي على بناء قدرات الادارة المالية للمؤسسات غير الحكومية العاملة في قطاع غزة.

حيث استخدمت هذه الدراسة الاسلوب الوصفي في تحليل الإستبانة الموزعة على مجتمع الدراسة، وقد توصلت الدراسة الى أن للتمويل الدولي أثر إيجابي في بناء قدرات الادارة المالية للمؤسسات غير الحكومية العاملة في غزة، وذلك من خلال التعليم والتدريب والذي يمثل دورا رئيسيا في تطوير تلك المؤسسات، وقد تبين أيضا أن التمويل الموجه لبناء قدرات الادارة المالية لدى تلك المؤسسات لم يوزع جغرافيا بالتساوي على محافظات قطاع غزة ; مما أدى الى نتيجة سلبية على المؤسسات غير الحكومية التي تتواجد في جنوب ووسط قطاع غزة والتي لم تلقى الإهتمام الكافي الذي يمكنها من العمل المجتمعي.

ومن أجل زيادة بناء قدرات الادارة المالية لدى المؤسسات الاهلية العاملة في غزة، أوصى الباحث بما يلي:

1- تخصيص جزء من التمويل الدولي لبناء قدرات المؤسسات بشكل أفضل مما يخدم المجتمع الفلسطيني في قطاع غزة بشكل جيد.

2- زيادة الاهتمام في تعليم وتدريب العاملين في المؤسسات غير الحكومية، مما يؤدي الى ادارة المنح بشكل جيد بحيث تؤدي الى تحقيق الشفافية والنزاهة.

3- التركيز على تطوير السياسات المالية واللوائح المتبعة في المؤسسات غير الحكومية، مما يحقق الكفاءة المالية لدى العاملين فيها.

DEDICATION

I would like to seize this opportunity to express my deepest thanks and
dedicate this work to:

The spirit of my father,

My dear mother for her continuous support,

My dear wife,

My children: Nour, Mayar, Malak and Firyal,

My brother Wesam and all my sisters, &

All my lovely friends.

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TABLE OF CONTENTS

Abstract	I
Dedication	III
Acknowledgements	IV
Table of Contents	V
List of Tables	X
List of Abbreviations	XII
CHAPTER ONE: Study Framework	
1.1 Introduction	2
1.2 Research Problem	2
1.3 Research Objectives	3
1.4 Research Hypotheses.....	3
1.5 Importance of Research	3
1.5.1 Importance to PNA and PNGO	3
1.5.2 Importance to Funding Organizations	4
1.6 Research Variables.....	4
1.7 Research Methodology.....	4
1.7.1 Secondary Data	4
1.7.2 Primary Data	4
1.8 Research Limitations.....	4
1.9 Population and Samples	5
1.10 Data Analysis	5
1.11 Previous Studies.....	5
CHAPTER TWO: Financial Management Capacity Building	
2.1. Introduction	14

2.2. Concept and Framework of Financial Management Capacity Building-----	14
2.3. History of Financial Management Capacity Building -----	18
2.4. Classifications of Capacity Building -----	20
2.4.1 Types of Capacity Building -----	20
2.4.2. Levels of Capacity Building -----	23
2.4.2.1. Individual level -----	23
2.4.2.2. Institutional level -----	24
2.4.2.3. Organizational capacity building -----	24
2.4.2.4. Systems level -----	25
2.4.3. Capacity building of governments -----	26
2.4.4. Capacity building of NGOs -----	28
2.5.Financial Management Capacity Building -----	30
2.5.1. Financial Management Capacity Building for NGO Sustainability-----	31
2.5.2.Obstacles facing financial management capacity building process-----	31
2.5.3. Specific tasks of financial management capacity building-----	32
2.5.4.Organizational aspects of financial management -----	34
2.6.Financial management capacity building in PNGOs -----	34
2.7.Argument of building financial management capacity in PNGOs -----	36
2.8.Conclusion -----	36

CHAPTER THREE: Palestinian NGOs and International Funding Organizations

3.1Introduction-----	39
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3.2 Palestinian NGOs framework and concept-----	39
3.2.1 NGOs definitions-----	43
3.2.2 NPOs and NGOs -----	44
3.3 History of NGOs-----	45
3.4 Types of NGOs -----	48
3.5 NGOs funding -----	50
3.6 NGOs in the Palestinian Territories -----	51
3.6.1.Contributions of NGOs -----	53
3.6.1.1.Contribution to Governance and Peace building -----	53
3.6.1.2.Contribution to Rural and Private Sector Development-----	54
3.7 Key Organizations in Palestine -----	55
3.8 International Aids -----	56
3.8.1.Definition and framework -----	56
3.8.2Types of International Aids -----	59
3.8.3International Aids to Palestinians -----	61
3.8.4.Phases of International Aids to Palestinians -----	62
3.8.4.1First phase: International Aids (1994 -2003) -----	62
3.8.4.2 Second phase: International Aids (2004 -2008) -----	64
3.8.4.3.Third Phase: International Aid (2008 – 2009) -----	66
3.9 Distribution of International Aids to Palestinians by Sectors -----	69
3.9.1 First Phase of International Aids distribution (1994-2003) -----	69
3.9.2. Second Phase of International Aid distribution (2005 -2009) -----	70

CHAPTER FOUR: Research Methodology

4.1 Introduction -----	76
4.2 Data Collection-----	76
4.2.1 Secondary Data -----	76
4.2.2 Primary Data -----	77
4.3 Research Population -----	77
4.4 Research Sample -----	77
4.5 Data Measurement -----	78
4.6 Test of Normality for each field -----	78
4.7 Statistical analysis Tools -----	78
4.8 Validity of Questionnaire -----	79
4.8.1 Internal Validity -----	80
4.9 Structure Validity of the Questionnaire -----	85
4.10 Reliability of the Research -----	85
4.11 Cornbach’s Coefficient Alpha -----	85
4.12 Data Analysis and Discussion -----	87
4.12.1 General Information -----	87
4.12.1.1 Academic Qualification -----	87
4.12.1.2 Job Title -----	87
4.12.2 Organization Information -----	88
4.12.2.1 Organization Activities -----	88
4.12.2.2 Geographic Location of the Organization -----	88
4.12.2.3 Years of Experience -----	89
4.12.2.4 External Funding 2011 -----	89
4.12.2.5 Organization Manpower -----	89
4.13 Analysis for Each Field -----	90

4.13.1 Impact of international funding in building the financial management capacity of NGOs in Gaza -----	90
4.13.2 Impact of International Funding in the development of fiscal policy instrument of NGOs in Gaza -----	93
4.13.3 Impact of international funding in building the financial capacity of employees working in NGOs in Gaza -----	95
4.13.4 Impact of international funding in building financial capacity of board members of NGOs in Gaza -----	98

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion -----	101
5.2 Recommendations -----	102

LIST OF TABLES

List of Tables	Page
Table 2.1 Historical overview of approaches to capacity building	21
Table 2.2 Common Types of Capacity Building Activities	22
Table 2.3 Types and levels of capacity building	26
Table 3.1 Donor's Contributions to International Aids (1994-2003) in Millions of USD	63
Table 3.2 Donor's Contributions to International Aids by Sector (2005-2008), in Millions of USD	65
Table 3.3 Structure of International Aids to the Palestinian Authority in 2008 Quarters and the 1st Quarter of 2009	67
Table 3.4 Distribution of International Aids by Sector (1994-2003), in Millions of USD	70
Table 3.5 Donor Contribution to International Aids by Sector (2005-2009), in Millions of USD	72
Table 4.1 Kolmogorov-Smirnov test	79
Table 4.2 Correlation coefficient of each paragraph of "the impact of International Funding in Building the Financial Capacity of Palestinian NGOs" and the total value of this field	80
Table 4.3 Correlation coefficient of each paragraph of "Impact of International Funding in the Development of Fiscal Policy Instruments of Palestinian NGOs" and the total value of this field	82
Table 4.4 Correlation coefficient of each paragraph of "Impact of International Funding in Building the Financial Capacity of Employees Working in the Palestinian NGOs "and the total value of this field	83
Table 4.5 Correlation coefficient of each paragraph of "Impact of International Funding in Building the Financial Capacity of Board Members in Palestinian NGOs" and the total value of this field	84
Table 4.6 Correlation coefficient of each field and the entire questionnaire	86
Table 4.7 Qualification	87
Table 4.8 Job Title	87
Table 4.9 Organizational Activities	88
Table 4.10 Geographic Location	88
Table 4.11 Years of Experience	89

Table 4.12 International Funding 2011	89
Table 4.13 Organization Manpower	89
Table 4.14 Means and Test values for “Impact of International Funding in Building the Financial Capacity of NGOs in Gaza”	91
Table 4.15 Means and Test values for “Impact of International Funding in the Development of Fiscal Policy Instruments of NGOs in Gaza”	94
Table 4.16 Means and Test values for “Impact of International Funding in Building the Financial Capacity of Employees of NGOs in Gaza”	97
Table 4.17 Means and Test values for “Impact of International funding in Building the Financial Capacity of Board Members of NGOs in Gaza”	99

List of Appendix

List of Appendix
Appendix A : Questionnaire English
Appendix A : Questionnaire Arabic

LIST OF ABBREVIATIONS

AARP	American Association of Retired Persons
BINGO	Business-friendly International NGO or Big International NGO
CSO	Civil Society Organization
DAC	Development Assistance Committee
DONGO	Donor Organized NGO
ECOSOC	Economic and Social Council of the United Nations
ENGO	Environmental NGO
EU	Europe Union
GNI	Gross National Income
GONGO	Government-Operated NGOs
GSO	Grassroots Support Organization
IDCI	International Development Cooperation Institutions
INGO	International Non-Government Organization
INSPAD	Institute of Peace and Development
INTRAC	International NGOs research and training centre
LLC	Limited Liability Company
MANGO	Market Advocacy NGO
MAS	Palestinian Economic Policy Research Institute
MDLF	Municipal Development and Lending Fund
MOH	Ministry of Health
MSF	Médecins Sans Frontières
NABDP	National-Area-Based-Development-Program
NDC	NGOs Development Center

NGDO	Non-Governmental Development Organization
NGO	Non-Governmental Organizations
NNGO	Northern Non-Governmental Organization
NPO	Non-profit Organization
NSA	Non-State Actors
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PARC	Palestinian Agricultural Relief Committees
PEGASE	Palestinian European Aid Management of Socio Economic mechanism
PLO	Palestinian Liberation Organization
PNA	Palestinian National Authority
PNGO	Palestinian Non-Governmental Organizations
PRDP	Palestinian Reform and Development Plan
QUANGO	Quasi-Autonomous Non-Governmental Organizations
SBO	Social Benefit Organization
SCOS	Social Change Organizations
SNGO	Southern Non-Governmental Organizations
TANGO	Technical Assistance NGO
TIM	Temporary International Mechanism
TNGO	Transnational NGO
UN	United Nation
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization.
UNRWA	United Nations Relief Works Agency
USAID	United States Agency for International Development

CHAPTER ONE

Study Framework

1.1 Introduction

1.2 Research Problem

1.3 Research Objectives

1.4 Research Hypotheses

1.5 Importance of the Research

1.6 Research Variables

1.7 Research Methodology

1.8 Research Limitations

1.9 Population and samples

1.10 Data analysis

1.11 Previous studies

1.1 Introduction

Historically, international funding organizations have had a philosophy of supporting regions that face transitional stages, including East Timor and Darfur. Palestine is also an example of the same attitude (Shaban, 2006, p. 6).

Therefore international organizations are a major source of funding in Palestine. The international funding flow (approximately 17 billion dollars until 2011) to Palestine started even before the signing of the Declaration of Principles between the Palestinian Liberation Organization (PLO) and the Government of the Israeli occupation in September 1994. A conference for funding states was held in October 1994, where a mechanism to allow the flow of international aids to the rural areas was ratified (Economic and Social Monitor, 2011, p. 56).

Building the financial management capacity of the Palestinian Non-Governmental Organizations (PNGOs) depends mainly on international funding; this poses a question whether such funding has an impact on enhancing the capacity of the entire PNGOs.

1.2 Research Problem

For the past twenty years, the role of international funding organizations was to provide grants and concessional loans to the Palestinian National Authority (PNA) and (PNGOs), provided that such international aids recipients demonstrate their adequate financial management capacity.

This research investigates whether the international funding organizations have partially or fully contributed to building the financial management capacity of NGOs in Gaza.

1.3 Importance of the Research

1.3.1 Importance to the PNA and PNGOs

a- The study provides a set of conclusion and recommendations to the PNA and PNGOs, to avoid potential obstacles that may be resulted from the international funding. This will help the PNA and PNGOs to better take advantage of the

international funding and develop the financial management capacity of the Palestinian NGOs.

- b- The study focuses on both weaknesses and strengths of capacity building resulted from the international funding.

1.3.2 Importance to the international funding organizations:

- a- The study is considered as a reference to international funding organizations, helping them identify and map areas in need of financial management capacity building.
- b- This study creates a vision for international funding organizations to develop appropriate policies and mechanisms that aid to better implement capacity building of the financial management of the PNGOs.

1.4 Research Objectives

- 1- Showing the international funding provided to the NGOs in Gaza for building financial management capacity;
- 2- Highlighting the financial policies of the international funding organizations relating to building financial management capacity of the NGOs in Gaza.
- 3- Identifying the tasks of capacity building employed by the international funding organizations, to maximize the financial management capacity of NGOs in Gaza;
- 4- Measuring the impact of the international funding organizations on building the financial management capacity of NGOs in Gaza;
- 5- Establishing a vision of how to better take advantage of international funding organizations, to build the financial management capacity of NGOs in Gaza.

1.5 Research Hypotheses

- 1- There is an impact for international funding organizations on building the financial management capacity of NGOs in Gaza.
- 2- There is an impact for international funding on development of fiscal policy instruments of NGOs in Gaza.
- 3- There is an impact for international funding on building the capacity of finance employees working for NGOs in Gaza.

4- There is an impact for the international funding on the performance of the board of directors in terms of financial management.

1.6 Research Variables

- **Dependent Variable:** The financial management capacity of the Palestinian NGOs in Gaza “measured by questionnaire”.
- **Independent Variable:** The impact of international funding organizations measured by a questionnaire.

1.7 Research Methodology

To achieve the purpose of this study, a quantitative descriptive analytical method is adopted; the researcher depends on the following types of data:

1.7.1 Secondary data: The researcher used secondary data sources relevant to the study analysis, including books, articles, theses, journals, etc...

1.7.2 Primary data: Due to scarcity of secondary data and to test hypotheses, the researcher used the following primary data:

- A- reviewing financial systems of some NGOs in Gaza working in the field of relief and development.
- B- Questionnaire distributed to the NGO’s top management team, including managers, officers, and directors.

1.8 Research Limitations

The researcher encountered a series of difficulties to conduct the study. Such difficulties included the dearth of information of financial management capacity building, lack of collaboration from some NGOs in Gaza already receiving international fund, irregular presence of top management of NGOs in Gaza, and lack of cooperation from international funding organizations. In addition, some NGOs in Gaza believe that information on international aids is confidential and ought not to be shared with other parties, especially information on budgets and size of funding.

1.9 Population and sample

The population of the study consists of the NGOs' top management working in Gaza receiving international fund; there are 867 NGOs working in Gaza according to the report of the Ministry of Interior published in June 2012 (MOI, 2012).

The researcher selected the study sample according to the following criteria:

- Receiving international fund for last 5 years.
- Receiving a minimum of 20,000 USD in 2011.

The researcher found 703 NGOs out of the 867 listed in the 2012 report of Ministry of Interior's met the above mentioned criteria. Accordingly and from statistical analysis point of view, one hundred and fifty (150) questionnaires were defined to be distributed randomly to the study population.

1.10 Data analysis: The researcher used the quantitative method to analyze the questionnaire by SPSS (version 2011).

1.11 Previous studies:

1- (Ajwa, 2011). "Effect of international aid in achieving economic development in the Palestinian territories"

The study aimed to identify the impact of international aid in promoting economic development in Palestine.

The research was processed as a quantitative study, where a statistical econometric model was introduced to evaluate the impact in numeric form through data available on the research subject; many interviews were conducted with many development specialists in Palestine.

Therefore, the researcher derived several recommendations as follows:

- 1- The PNA should form realistic developmental plans to fit with the requirements, needs and possibilities of the Palestinian society through coordinating with funding organizations.

- 2- There is a need to direct more aid to the productive sector, which has had the biggest positive impact on development indicators in Palestine.
- 3- International funding organizations should exercise more pressure on the Israeli side to keep the achievements of the international aid undamaged.

2- (Murad, 2007).“Aids to Palestinians that world really help”

This study goes further to argue that the international community should implement aid policies that respect indigenous priorities and abilities. The study focuses on the civil society, a sector critical to the Palestinian democracy, stability and development regardless of the status of the government. It examined the distorted development of civil society in Palestine and Israel, where the physical steadfastness of the Palestinian community is essential to achieve an ultimate and just resolution of the political conflict. Next, the study draws on hundred interviews with members of Palestinian civil society, activists, and professionals to explore how dependence on international aid has had unintended negative consequences on Palestinian civil society and on its ability to advance social change and sustainable development.

The study founded that Palestinians were the largest per capita recipients of international aid ,but despite the hundreds of millions dollars spent, development was not achieved. In fact, government donors funded agendas nearly suffocated indigenous efforts. Many Palestinian NGOs became accountable to donors and alienated from the grassroots volunteerism, once vibrant, which gave way to passivity as millions of people have come to rely on food aid, free shelter, and handouts.

3- (Mas, 2005). “Toward a more effective use of international aid to the Palestinian people”

This study focused on the international aid provided to Palestinians. The study was divided into four main sections:

First: A comprehensive profile of the international aid directed to the Palestinians since the signing of the Oslo accords.

Second: Assessment of the extent to which the Palestinians (government agencies, private sector and NGO’s) have managed to successfully utilize this assistance to serve national interests.

Third: Putting forward some concrete recommendations to enhance the efficiency and effectiveness of international aid management.

Fourth: Find strategies to tackle current and future sustainable development.

The study drew up some recommendations as summarized below:

- 1- Better coordination is needed between Palestinian recipient institutions and funding agencies, and among the two groups themselves. The study proposed the creation of an institutional body with a clear organizational structure, led by the ministry of planning, to plan and coordinate the inflow of international funds.
- 2- The PNA should plan and design projects balanced between short term emergency and long-term development needs. The direction of the funds should be based on detailed information and the identification of needs and priorities, in order to avoid supply –driven, uncoordinated aid strategies and challenging of the funds.
- 3- The PNA should involve local government (i.e. municipalities and village councils) much closer in deciding on national spending priorities and the use of international aid.

4- (Haneen Abu Nahlah, 2008). “Role of the NGO’s in utilizing the international fund to promote entrepreneurs and create sustainable job opportunities, case study: Gaza strip”

The study focuses on whether the different and controversial role that Palestinian nongovernmental organization (PNGOs) played were compatible with the economic, social and political situation which the Palestinian society went through. After the start of the second intifada in 2000. The PNGOs performed in a kind of subcontractor role as relief providers, away from their role as leaders of the indigenous Palestinian development.

This study investigated the role that PNGOs played in utilizing the international fund to promote entrepreneurs and create sustainable job opportunities, it recommended that the Palestinian national authority should increase its effort to play a more vital role in the coordination between PNGOs and the donors and it should join forces with the PNGOs to complete each other.

PNGOs support and encourage entrepreneurs by contracting part of their fund toward financing their creative ideas. PNGOs design their projects and programs after preparing needs assessment for their target groups. PNGOs learn lessons from the United Nations Relief and Works Agency (UNRWA) experience in job creation programs, trying to adopt similar programs. Donors take a more systematic approach to

PNGOs funding, placing less emphasis on emergency project financing and more on development programs. Finally, donor provides their funds to the PNGOs according to PNGOs' needs not according to donors' policies.

5- (Development study center Berziet, 2003). “The impact of the Palestinian intifada on international fund: Reality and prospects”

The study addressed a direct question related to the current intifada on policies of international funding and mechanisms for the implementation of programs linked to the international funding. The study clarified the effect of the second intifada on the international funding especially in the development field.

The study discussed the following major questions:

- 1- Did the international funding with its policies and mechanisms for disbursement constitute a tool for economic development?
- 2- Has such funding led to real development, enabling the Palestinian society to broaden its choices and determine its destiny on political and economic levels?
- 3- Has this kind of funding created excessive dependency on foreign sources of funding, thus reducing chances for Palestinians to be self-dependent in a balanced and responsible manner?
- 4- What is the role of PNA and NGOs in leading the Palestinians into such a state of exposure and vulnerability?

The second part of the main direct question is related to the political dimension of funding and dependence of funding on the peace process. The study clarifies whether the intifada exposed more than at any time before the real political position of the different funding parties, and how can a balance be struck between the political dimension on one hand and the development dimension on the other .

5- (Omar Shaban, 2006). “Towards better employment of international finance development in Palestine”

This study focused on the philosophy of international funding and the international aid to the Palestinians. The study divided the international aid flowing to the Palestinians in the past 14 years into three main phases as follow:

- First phase (1993 to 2000).

- Second phase (2000 to 2004).
- The third phase is the financing of the post-withdrawal 2005 to 2007.

The study also discussed international funding evaluation and its effect on the economic development in Palestine as well. The study also demonstrated the medium term development plan designed by the PNA (2005-2007) through specialized team from the ministry of planning and other relevant ministries.

The study also shows that the world attention to provide aid and funding to the Palestinian people is temporary and there is no guarantee of continued funding, so it must be used in the right way.

The study describes foundations of a new methodology to deal with the international funding and clarifies the areas where there must be intervention to bring in development, such as support of small projects and enhance export to Arab and Islamic countries as well as import substitution.

6- (Akbarali Aljabari, 2009). “The concept of international finance”

The study explained in detail the concept of international funding and its role in development via money function in development finance. It refutes international funding sources and international loans as well as the effect of these loans at commercial payment balance exchange rates in countries that receive funding from international parties.

The study discussed exchange rates and how they need to be set; it also discussed the international monetary funding system and its developing stages and analysis of the mechanisms of international cash capital movements. The study clarified the dilemma of international funding to the developing countries.

The study identified the international and regional funding institutions and international bank and IMF. It further analyzed the obstacles preventing the developing countries from benefiting from its funding.

The study also highlighted the regional and Arab monetary institutions and the Arab monetary fund foundation, finance mechanisms and the impact on development issues.

7-(Nader Saeed and Noran Nassef, 2006). “Financing for Development in Palestine”

The study aimed to lay the foundations of development of finance; it discussed foundations theory and processes that must be built on to get to the developmental perspective of Palestine, by promoting development of planning in the relevant sectors. The study aimed to focus on vital development issues, including development of finance through the international fund, tax funding, as well as the funding role in countries that lack development.

The study focused on the following:

- 1- The role of donor funding in the development process, role of the United Nations, relationship in the political process and questions raised about politicized funding.
 - 2- Other significant sources and the fear of lack of sustainability of external funding.
 - 3- The role of local private sector and the international private sector.
 - 4- The effectiveness of funding, especially access to marginal areas and vulnerable groups in society.
 - 5- Indebtedness and a serious warning of future issues.
 - 6- Importance of the humanitarian aspects and human resources in the development process and also the strong relationship between this and development planning.
 - 7- The relationship between beneficiaries and donors, the impact of these mechanisms and public confidence in Palestine.
- 8- **(Falestina, 2000). “Who gives foreign aid to whom and why”**

This paper studies the pattern of allocation of foreign aid from various donors to recipient countries. it finds considerable evidence that the direction of foreign aid is dictated as much by political and strategic considerations, as by the economic needs and policy performance of the recipients. Colonial past and political alliances are major determinants of foreign aid. At the margin, however, countries that democratize receive more aid, *ceteris paribus*. While foreign aid flows respond to political variables, foreign direct investments are more sensitive to economic incentives, particularly "good policies" and protection of property rights in the receiving countries. it also uncover significant differences in the behavior of different donors.

9- (Lazensky 2004). “Paying for peace: the Oslo process and the limit for the American Aid”

The study showed that American foreign aid has been essential for both cementing and sustaining efforts to resolve the Arab-Israeli conflict since the 1970s. During the Oslo process, aid was designed primarily to build public constituencies to support the negotiations. However, aid quickly became a bandage for a deteriorating Palestinian economy weighed down by corruption, damaged by violence, and stifled by Israeli closures. Rather than serve its original purpose, aid became a crutch for an unsteady process that collapsed following the 2000 Camp David summit. Unlike in other Arab-Israeli negotiations, where aid has been more effective, the Oslo process highlights the limits of foreign aid as an instrument of statecraft.

10- (Qita, 2009). “The Effect of USAID funding in developing the Palestinian community from Palestinian non-governmental organizations perspective case study: Gaza Strip”

The role of the United States of America Aid in promoting economic growth and improving the social welfare of people has been the subject of much debate among development specialists, researchers, aid donors as well as recipients in general and Palestine in particular. This study explores the effect of United States Agency for International Development (USAID) funding on developing the Palestinian Community using descriptive statistics for data that spans from 2000 to 2008.

The study concludes that the USAID funding has contributed to the basic Human development requirements for the Palestinian community but it did not fully meet Palestinian aspirations and expectations. Although this funding resulted in some achievements, especially in developing infrastructure and providing basic social services, it failed to empower the Palestinian society to attain independence and self-determination and to lay the foundations for sustainable human development. USAID funding to the current level of NGOs was not able to develop the Palestinian economy, to generate sustainable employment opportunities or to reduce the economy’s vulnerability to and dependence on external factors. This assistance failed to compensate for the losses and damages inflicted on Palestinian society and individuals by Israeli policies and practices. Therefore, the researcher derived several recommendations for both Palestinian NGOs and USAID in order to bring the

comprehensive concept of the effect of USAID on developing the Palestinian Community:

That NGOs should empower their capabilities in modern management such as identifying vision; determining general goals; developing strategies, programs, and budgets; monitoring and conducting impact assessment; promoting the use of feedback in reviewing strategies and programs; reporting, decision-making ,accountability and transparency

CHAPTER TWO

Financial Management Capacity Building

2.1 Introduction

2.2 Concept of Financial Management Capacity Building

2.3 History of financial management capacity building

2.4 Classifications of capacity building

2.5 Financial management capacity building

2.6 Financial management capacity building of the Palestinian NGOs

2.7 Argument of financial management capacity building of the Palestinian NGOs

2.8 Conclusion

2.1 Introduction

“As is our confidence, so is our capacity” (William Hazlitt)¹. Confidence depends on great capacity that in turn needs to be continually built. Capacity building has become a popular term. This chapter mainly discusses the framework and definitions of capacity building, types and classifications, in addition to history of capacity building. This chapter also reviews the financial management capacity building in NGOs working in Gaza.

2.2 Concept of Financial Management Capacity Building

Traditionally, capacity building was viewed as a methodology to improve skills for those working in the financial sector; it was further considered a developing tool of the financial system through linking with finance. Notably, it can lead to empowered staff, improved sustainability, and better program and quality impact, (Eade & Deborah, 2007, p.2). Building the financial management capacity of the working staff can be a good alternative to hiring accounting specialists that's so related to the same staff. (De Vita & Fleming, 2001, p.3).

Capacity is the “means”, or the "ability", to fulfill a task or meet an objective effectively, and capacity has been often referred to the skills of staff and specific organizational strengths; therefore, training and hiring staff or maximizing the capabilities of one organization has been equated with capacity building. (De Vita & Fleming, 2001, p.5)

UNESCO (2006) states that capacity building focuses on building the individual and organizational capacity to perform core tasks, solve problems, and extensively work on accomplishing their developmental needs. This statement is supported by Morgan who referred to capacity building as improving or promoting the person's, teams' and institution's ability, to carry out their tasks and achieve goals over a certain time limit. In addition, capacity building is substantial for all individual and or national corporate organizations (Horton, 2002). Capacity building also denotes to building community

¹William Hazlitt(10 April 1778 – 18 September 1830) was an English writer, remembered for his humanistic essays and literary criticism, and as a grammarian and philosopher. He is now considered one of the great critics and essayists of the English language.

organizational capacities and supporting the creation of non-profit organizations (NPOs) (Paul & Thomas, 2000).

Capacity building processes can be initiated from within or from outside. They can facilitate links with local areas for individuals and organizations to further pursue and manage their development goals with greater sustainability. United Nations Development Program (UNDP) reported in 2009 that "Capacity building means to know how to work out development mechanisms... Self-dependence and ownership are part of the process of capacity building." Both self-dependence and ownership are very key to the development process (McKenzie, 2003, as cited in UNESCO, 2006).

Researchers introduced four common approaches to capacity building; top to bottom, bottom to top, partnership, and community organization approaches. Capacity building has never been that important for organizations to integrate economic and social research and development as of today (Horton, 2002). Nevertheless, capacity building can be costly and time-consuming at the same time (Low and Davenport, 2002, p. 377).

'Capacity building' is a term beset by conflict and confusion (Lewis ,2001, p.11). It is open to a number of different interpretations. At one level, it is concerned with building the organizational capacities of NGOs to survive and fulfill their mission. At another, it is concerned with building the capacity of civil societies in its broadest sense, and strengthening the capacity of key stakeholders, including communities, families and individuals, to participate in the political and social arena (Eade, 1997, p.35).

There is particular confusion and conflict over the approach adopted by donors and Northern NGOs to strengthen Southern NGOs due to the inherent issues of power and autonomy in such partnerships. There is no one universally accepted definition of capacity building in the diverse literature. Furthermore, capacity building as a term is not easily translated into different languages and perhaps not surprisingly, it is rarely used outside the development community or the non-profit sector (Eade 1997; Lewis 2001; Smillie & Hailey, 2001, James 2002).

As 'capacity building' has been increasingly prioritized at the core of many development strategies, there is a growing interest in the dynamics and efficacy of different capacity building interventions, as well as an appreciation of the need to assess their long-term impact. This paper highlights some of the challenges for those

involved in assessing the impact of capacity building interventions. It seeks to move beyond the easy option of merely posing difficult questions. By drawing on the experience of International NGOs Research and Training Centre (INTRAC's), there were evolving attempts to monitor and evaluate capacity building work in Africa and Central Asia, as well as some of the initial analysis of the new Praxis Program in this area. This paper aims to present some practical responses to such challenges (Hailey& James, 2003, p.2).

Capacity building has also been referred to as capacity development with a conceptual approach to development that focuses on understanding the obstacles. Such obstacles inhibit people, governments, international organizations and non-governmental organizations from realizing their developmental goals, while enhancing the abilities that will allow them to achieve measurable and sustainable results.

The term 'capacity building' emerged as a lexicon of international development during the 1990s. Today, "capacity building" is included in the programs of most international organizations that work in development, the World Bank, the United Nations, and NGOs like Oxfam International. Wide usage of the term has resulted in controversy over its true meaning. Capacity building often refers to strengthening the skills, competencies and abilities of people and communities in developing societies so they can overcome the causes of their exclusion and suffering.

Capacity building is a real challenge; the need is great and institution strengthening takes a great deal of time, effort, and commitment. There are a number of challenges, such as the tendency to build dependency or overwhelm a fledgling organization with funds and demands. Experience to date suggests that capacity building for its own sake does not work very well. Positive results have been obtained through a combination of relevant training programs and gradual increases in responsibility and decision-making power. Partnerships between organizations with different strengths, such as management capacity and local technical knowledge, have been effective, although there needs to be a commitment to hand implementation responsibility over to the local organization within an agreed upon time frame. International funding organizations must also promote mentoring of local NGOs to enable them to become intermediary organizations (Foster, 2005).

UNDP was one of the forerunners in developing an understanding of capacity building or development. Since the early 1970's, UNDP offered guidance for its staff and governments on what was considered "institution building." In 1991, the term evolved to be 'capacity building'. UNDP defines capacity building as a long-term continual process of development that involves all stakeholders, including ministries, local authorities, non-governmental organizations, professionals, community members, academics and others. Capacity building uses a country's human, scientific, technological, organizational, institutional and resource capabilities. The goal of capacity building is to tackle problems related to policy and methods of development, while considering the potential, limits and needs of the people of the country concerned. UNDP outlines that capacity building takes place on an individual level, an institutional level, and a societal level (Economic and Social Council, 2006).

Building the financial management capacity was defined as follows:

The term capacity building originated and was defined in the 1950s and 1960s as a procedure used in the fields of technical assistance and development cooperation (Horton et al., 2003).

"Capacity is said to develop in stages of readiness which indicates improvements or decline" (Goodman & RM, 1998). In all cases, capacity exists for the purpose of performing a certain action or enabling performance. Goodman (1998) describes capacity as "the ability to carry out stated objectives."

The concept of capacity building is also somewhat intangible. Theoretical discussion, found largely in the published literature, discusses capacity building in broad terms and focuses on making the case for building the capacity of organizations and health systems to deliver services in developing countries (Bossert, 1990).

Penlope Mcphee and John Bare(2001), define capacity building as "the ability of nonprofit organization to fulfill their mission in an effective manner".

Dohrey and Mayar (2003,P3)were more specific in defining capacity building as "the combined influence of an organization's abilities to govern and manage itself, to develop assets and resources, to forge the right community linkage, and to deliver values service, all combining to meaningfully address its mission".

2.3 History of financial management capacity building:

There have been four periods of capacity building (see Table 2.1). Initially, in the 1950s and 60s, capacity building was focused on institution building. Secondly, in the 1970s it changed to focus on development management. Thirdly, in the 1980s there was more emphasis on private sector development, and by the early 1990s, capacity building became embedded within development organizations (Wubneh, 2003)

Table (2.1) Historical overview of approaches to capacity building

Period	Dominant approach	Application	Methods Used
1950s -1960s	Establishing institutions	Individuals, Organizations	Training and technical assistance only.
1960s -70s	Shift from establishing to strengthening institutions*	Individuals, organizations, institutions with broader perspective.	Tools were expected to help improve performance. From courses to workshops, from teaching to sharing experience, from instructing to facilitating.
1970s – 80s	Development management and administration	Public sector administration, Industrial nations and management experts, organization development.	Providing advice, training, workshops and management courses.
1980s – 90s	Private sector	Private sector development. From project assistance to program support	Training and workshops.
1990s to now	Capacity Building embedded with institutions	Individuals, groups and organizations.	Training and workshops.

Source: Adapted from Lusthaus, Adrien & Perstinger (1999), Horton (1999), Lafontaine (2000) and Adams et al. (2007).

According to Adams et al. (2007), between the 1960s and 1970s, developing countries lacked experience in management. Capacity was seen to be limited as a result of lack of sufficient skills and development experience of public servants. Therefore, rural development focused on delivering management courses to public servants, and providing training to aid managers. The educational methodology gradually changed from training courses to workshops, from teaching to sharing experience, and from instructing to facilitating.

The term ‘capacity building’ has evolved from past terms such as institutional building and organizational development. In the 1950s and 1960’s these terms referred to community development that focused on enhancing the technological and self-help capacities of individuals in rural areas. In the 1970s and following a series of reports on international development, an emphasis was put on building capacity for technical skills in rural areas, and also in the management sectors of developing countries. In the 1980s the concept of institutional development expanded even more. Institutional development was viewed as a long-term process of building up a developing country’s government, public and private sector institutions, and NGOs (Smillie & Ian, 2001).

Precursors to “capacity building” existed before the 1990s were not as powerful forces in international development as during the 1990s.

New philosophies that promoted empowerment and participation, such as Paulo Freire’s Education for Critical Consciousness (1973), emphasized that education could not be handed down from an omniscient teacher to an ignorant student, rather it must be achieved through the process of a dialogue among equals.

Commissioned reports and research during the 1980s, such as the capacity and vulnerabilities analysis posited three assumptions (Deborah & Eade, 2005):

- Development is the process by which vulnerabilities are reduced and capacities are increased
- No one develops anyone else
- Relief programs are never neutral in their developmental impact in international developmental approaches.

During the 1980s many low-income states were subject to “structural adjustment packages”... the neo-liberal nature of the packages led to increasing disparities of wealth. In response, a series of... “Social dimension adjustments were enacted.” The growing wealth gap coupled with... “social dimension adjustments” allowed for an increased significance for NGOs in developing states as they actively participated in social service delivery to the poor (UNDP, 2001).

Today, capacity building is recognized as a must for grass-roots organizations globally, in order to achieve sustainable development. Capacity building is becoming an increasingly popular activity in many sectors, including natural resource management (water and agriculture sectors). For example, the World Bank has endorsed mainstreaming of capacity building activities into all of its operations. Since 1996, capacity building has remained on top of the priorities of the agenda of the World Bank, particularly with the vision of institutional building and development of a partnership framework. The World Bank is promoting institutional capacity building, believing that it is critical to successful, sound and equitable development (World Bank, 1997). Therefore, capacity building is not a new concept and like many other concepts, its meaning depends on the context where it is introduced. Moreover, it has many different meanings such as "institutional development", "institution building", "institutional strengthening" and "human resource development" (Biswas, 1996). Capacity building requires a variety of sources of technology development, dissemination and integration of institutional networks. In the past ten years capacity building was also related to the strengthening of national agricultural education institutions (Crowder, 1996).

2.4 Classifications of capacity building:

There are many classifications as follows:

2.4.1 Types of capacity building:

According to Limited Liability Company (LLC), there are many approaches to providing capacity building services, including (LLC, 2009, p.196):

- 1- Providing access to repositories of information and resources, e.g., databases, libraries and web sites.
- 2- Publications
- 3- Trainings (public, customized or on-line)
- 4- Consultation (for example, coaching, facilitating, expert advice and conducting research)
- 5- Coordinating alliances.

Clients often describe projects in terms of the types of capacity building activities, rather than of the overall nature of the project. For example, they might refer to the project as "fundraising" or "strategic planning," rather than "resource development" or "setting the long-term direction for the organization". Clients often hire consultants based on how closely the consultant's services match what the client believes the activities should be. For example, they might seek a fundraiser or a strategic planner. Consequently, consultants often list their services in terms of common capacity building activities (Connolly & York 2003).

(Table 2.2) Common Types of Capacity Building Activities

Assessments	Management development
Board development	Marketing (research, promotions)
Business planning	Meeting management
Business development	Mergers
Collaboration planning	Networking opportunities
Conflict resolution	Organizational development
Convening	Peer learning
Earned-income development	Program design
Evaluation	Project management
Facilities planning	Quality management
Financial management	Referrals
Funding	Research
Fundraising	Risk management
Information technology	Staffing (selection, development)
Leadership development	Strategic planning

Source: Authenticity Consulting, LLC publications, 2009.

However, usually there is more of how clients select a type of capacity building than merely by matching terms. Many times, clients do not even realize how they chose a particular capacity building service or consultant. This suggests that the type of capacity building activities undertaken by particular nonprofit organizations (NPOs) depends on certain factors, including:

- 1) **Organizational resources**, including time, skills, expertise, money, facilities and equipment.
- 2) **Organizational readiness**, especially if the NPOs has the ability to discern real underlying causes of issues
- 3) **Organizational life cycle**, for example, new nonprofits need help to create, while others focus on efficiency
- 4) **Access to capacity builders and associated resources and tools**, for example, trainings, consultants or peer networks (Connolly & York 2003).

2.4.2 Levels of capacity building:

2.4.2.1 Individual level

Capacity building on an individual level requires the development of conditions that allow individual participants to build and enhance existing knowledge and skills. It also calls for the establishment of conditions that will allow individuals to engage in the “process of learning and adapting to change” (Economic and Social Council, 2006, p.13).

Capacity building may relate to leadership development, advocacy skills, training or speaking abilities, technical skills, organizing skills, and other areas of personal professional development (Linnell, 2003, p. 13).

Similarly, individual level capacity building was described as linked to personal development such as leadership development, advocacy skills, training and facilitating abilities, technical skills, and organizing skills. Often good leadership or strong leadership is needed for an efficient institution. In other words, having the right

professionals is the first prerequisite for better institutions and policies, as they are more able to take care of any policy constraints even in the “absence of appropriate legal frameworks and unresponsive institutional settings” (Biswas, 1996, p. 401).

Human resource development is the process of equipping individuals with the understanding, skills and access to information, knowledge and training that enables them to perform effectively (Sheng & Mohit, 1999). The knowledge, skills, attitudes, behaviors and abilities of individuals can develop through many approaches: formal and informal education, training, workshops, conferences, meetings, field day/study tours, learning by doing, and on-the-job training (UNESCO, 2006). It is also understood that developing individual capacities will automatically lead to improved organizational capacity and performance (Horton, 2002).

2.4.2.2 Institutional level

Institutional development is another level of capacity building. Bromley (1989) defined institution as "the rules and conventions that define individual behavior." However, Brinkerhoff and Goldsmith (1992) pointed out that an institution may mean a variety of things. They define institution as “stable, valued recurring pattern of behavior”. In practice this applies both to rules and procedures for regulating human interaction and organizational entities that are responsible for undertaking particular responsibilities.

Capacity building on an institutional level should involve aiding pre-existing institutions in developing countries. It should not involve creating new institutions, rather modernizing existing institutions and supporting them in forming sound policies, organizational structures, and effective methods of management and revenue control.

Institutions as a term are more general than organizations. They are organizations with difference, in that they survive over time and provide a service, which is valued by at least some parts of the community. Any desirable change in an institution may be termed as institutional development (Brinkerhoff and Goldsmith, 1992).

2.4.2.3 Organizational capacity building

Another form of capacity building focused on developing capacity within organizations; i.e., NGOs. It refers to the process of enhancing an organization’s

abilities to perform specific activities. An organizational capacity building approach is used by NGOs to develop internally so they can better fulfill their defined mission. Allan Kaplan, a leading NGO scholar argues that to be effective facilitators of capacity building in developing areas, NGOs must participate in organizational capacity building first (Debora, 2005, pp.30-39). Steps to building organizational capacity include, (1) developing a conceptual framework, (2) establishing an organizational attitude, (3) developing a vision and strategy, and (4) developing an organizational structure & Acquiring skills and resources (Kaplan, 2010, pp.517–526).

Capacity building may relate to almost any aspect of an organization's work; it can improve governance, leadership, mission and strategy, administration (including human resources, financial management and legal matters), program development and implementation, fundraising and income generation, diversity, partnerships and collaboration, evaluation, advocacy and policy change, marketing, positioning and planning (Linnell, 2003, p. 13).

Capacity building at this level needs to ensure that individual capacities are strengthened and utilized (UNESCO, 2006). For example, extension organizations can develop their capacities through human resource support, training in research experiments, front line demonstrations, and exposure visits. For research organizations, capacity building mostly takes place in the form of support for equipment, research consumables, and the development and training of human resources (Prasad and Reddy, 1999).

2.4.3.4 Systems level

The importance of creating an enabling environment or systems in building capacity is widely accepted. Frank and Smith (1999) stressed that without supportive policy and legislative framework, no agency will have the capacity to perform effectively however capable the individuals within it. Often the creation of appropriate policy and legal environments is not enough. It is the implementation of them that counts. However, even people with full legal and institutional authority may not be able to make appropriate decisions or take full responsibility due to lack of initiative and an entrepreneurial spirit (Biswas, 1996).

Twenty (20) trainings in research experiments, front line demonstrations, and exposure visits have taken place for different organizations. For research organizations, capacity building mostly takes place in the form of support for equipment, research consumables, and the development and training of human resources (Prasad and Reddy, 1999).

In many countries, policies and laws support the capacity building process, being effective in achieving capacity building. However, the improvements of policies and laws are not essential for facilitating appropriate capacity building conditions. As Biswas (1996) explained, it depends on the “will and the determination of the people to take up and implement most of what can be achieved under the existing policies and laws” (p. 400).

Table (2.3) summarizes the types and levels of capacity building.

Table (2.3): Types and levels of capacity building

Level	Methods and resources	Outcomes
Individual	Formal workshops, educational training, personal skills and qualified staff.	Changed awareness and perceptions, increased motivation, increased solidarity, cohesion and beliefs.
Community	Function, infrastructure and resources (human, financial and information).	Demands of material, cultural or social nature,
Organization	Mission and strategy, function, competencies, processes, structure, infrastructure and resources (human, financial and information).	Ability to collaborate, Ability to manage change, Innovation and learning
Systems	Policies legal/regulatory framework, management and accountability, perspective and resources.	Ability to collaborate, Ability to manage change, Innovation and learning.

Adapted from Enemark (2003).

There are many system components such as administrative, legal, technological, political, economic, social and cultural, which impinge on and/or mediate the effectiveness and sustainability of capacity building efforts. Decentralization is one example. It is important to understand the country-specific decentralization context and

its impacts on sector and local government agencies because decentralization is regarded as a capacity building advance (UNESCO, 2006).

2.4.3 Capacity building of governments

One of the most fundamental ideas associated with capacity building is the idea of building the capacities of governments in developing countries so they are able to handle the problems associated with environmental, economic and social transformations. Developing a government's capacity whether at the local, regional or national level will allow for better governance that can lead to sustainable development and democracy. To avoid authoritarianism in developing nations, a focus has been placed on developing the abilities and skills of both national and local governments so power can be diffused across a state. Capacity building in governments often involves providing the tools to help governments best fulfill their responsibilities. These include building up a government's ability to budget, collect revenue, create and implement laws, promote civic engagement,^[8] be transparent and accountable and fight corruption. Below are examples of capacity building in governments of developing countries (Boex, 2010, pp.16-17)

In 1999, UNDP supported capacity building of the state government in Bosnia Herzegovina. The program focused on strengthening the State's government by fostering new organizational, leadership and management skills in government figures, and improved the government's technical abilities to communicate with the international community and civil society within the country (UNDP,2010, p.32)

Since 2000, developing organizations like the National Area Based Development Program (NABDP) have approached the development of local governments in Afghanistan, through a capacity building approach. NABDP holds training sessions across Afghanistan in areas where there exist foundations for local governments. The NABDP holds workshops training community leaders on how to best address the local needs of the society. Providing weak local government institutions with the capacity to address pertinent problems to reinforce them and bring them closer to being institutionalized. The goal of capacity builders in Afghanistan is to build up local governments and provide those burgeoning institutions with training that will allow them to address and advocate for what the community needs most. Leaders are trained

in "governance, conflict resolution, gender equity, project planning, implementation, management, procurement financials, and disaster management and mitigation" (Shariq & Zamila, 2010).

The capacity building approach is used at many levels throughout, including local, regional, national and international levels. Capacity building can be used to reorganize and capacitate governments or individuals. International donors like USAID, often include capacity building as a form of assistance for developing governments or NGOs working in developing areas. Historically this has been through a US contractor identifying an in-country NGO and supporting its financial, Monitoring and Evaluation and technical systems towards the goals of that USAID intervention. The NGO's capacity is developed as a sub-implementer of the donor. However many NGOs participate in a form of capacity building that is aimed toward individuals and the building of local capacity. In the report commissioned by UNAIDS and the Global Fund, the individual NGOs voiced their needs and preference for broader capacity development inputs by donors and governments. For individuals and in-country NGO, capacity building may relate to leadership development, advocacy skills, training/speaking abilities, technical skills, organizing skills, and other areas of personal and professional development. One of the most difficult problems with building capacity on a local level is the lack of higher education facilities in developing countries (Linell, 2003).

2.4.4 Capacity building of NGOs

Social development in poorer nations is often contingent upon the efficiency of organizations working within that nation. Organizational capacity building focuses on developing the capacities of organizations, specifically NGOs, so they are better equipped to accomplish the missions they have set out to fulfill. Failures in development can often be traced back to an organization's inability to deliver on the service promises it has pledged to keep. Capacity building in NGOs often involves building up skills and abilities, such as decision making, policy-formulation, appraisal, and learning. It is not uncommon for donors in the global north to fund capacity building for NGOs themselves (Debora, 1997,pp. 35–36).

For organizations, capacity building may relate to almost any aspect of its work: improved governance, leadership, mission and strategy, administration (including human resources, financial management, and legal matters), program development and implementation, fund-raising and income generation, diversity, partnerships and collaboration, evaluation, advocacy and policy change, marketing, positioning, and planning. Capacity building in NGOs is a way to strengthen an organization so that it can perform the specific mission it has set out to do and thus survive as an organization. It is also an ongoing process that incites organizations to continually reflect on their work, organization, and leadership and ensure that they are fulfilling the mission and goals they originally set out to do (Debora, 1997, pp. 35–36).

Alan Kaplan (2000), an international development practitioner, asserts that capacity development of organizations involves the build-up of an organization's tangible and intangible assets. He argues that for an NGO to work efficiently and effectively in developing country they must first focus on developing their organization. Kaplan argues that capacity building in organizations should first focus on intangible qualities such as:

- **Conceptual framework**- an organization understands of the world. This is a coherent frame of reference, a set of concepts which allows the organization to make sense of the world around it, to locate itself within that world, and to make decisions in relation to it.
- **Organizational attitude** – this focuses on the way an organization views itself. Kaplan asserts that an organization must view itself not as a victim of the slights of the world, rather as an active player that has the ability to effect change and progress.
- **Vision and strategy** – this refers to the organization's understanding of its vision and mission and what it seeks to accomplish and the program it wishes to follow in order to do so
- **Organizational structure** a clear method of operating wherein communication flow is not hindered, each actor understands their role and responsibility.

Though he asserts that intangible qualities are of utmost importance-Kaplan says that tangible qualities such as skills, training and material resources are also imperative. Another aspect of organizational capacity building is an organization's capacity to

reassess, reexamine and change according to what is most needed and what will be the most effective.(Kaplan, 2000, pp. 517–526.).

Since the arrival of capacity building as such a dominant subject in international aid, donors and practitioners have struggled to determine a concise mechanism for determining the effectiveness of capacity building initiatives. In 2007, David Watson, developed specific criteria for effective evaluation and monitoring of capacity building .Watson complained that the traditional method of monitoring NGOs that is based primarily on a linear results-based framework is not enough for capacity building (Waston, 2007, p.4). He argues that evaluating capacity building of NGOs should be based on a combination of monitoring the results of their activities and also a more open flexible way of monitoring that also takes into consideration, self-improvement and cooperation. Watson observed 18 case studies of capacity building evaluations and concluded that certain specific themes were visible (Ubels, 2010, p.18).

In 2007, USAID published a report on its approach to monitoring and evaluating capacity building. According to the report, USAID monitors: program objectives, the links between projects and activities of an organization and its objectives, a program or organization's measurable indicators, data collection, and progress reports. USAID evaluates: why objectives were achieved, or why they were not, the overall contributions of projects, it examines qualifiable results that are more difficult to measure, it looks at unintended results or consequences, it looks at reports on lessons learned. USAID uses two types of "indicators" for progress. "Output indicators" and "outcome indicators." Output indicators measure immediate changes or results such as the number of people trained. Outcome indicators measure the impact, such as laws changed due to trained advocates (Duane, 2007, p.18).

Capacity Building is much more than training and includes the following:

- Human resource development, the process of equipping individuals with the understanding, skills and access to information, knowledge and training that enables them to perform effectively.
- Organizational development, the elaboration of management structures, processes and procedures, not only within organizations but also the

management of relationships between the different organizations and sectors (public, private and community).

- Institutional and legal framework development, making legal and regulatory changes to enable organizations, institutions and agencies at all levels and in all sectors to enhance their capacities (Barnes and Asa'd, 2003, p.12).

2.5 Financial management capacity building

Financial management capacity building is a key way of achieving a more effective organization. This then leads to an improved program of activities. With strong financial management capacity, the group or organization becomes more able to control its own affairs. Without it, the future is often uncertain; it may be impossible to predict when money will be short and, crucially, it may become impossible to fund programs (Cammack, 2007, p.9).

There are four key groups who will benefit from financial management capacity-building:

- 1- Members of the management committee
- 2- The leader and managers
- 3- Non-finance and programmed people
- 4- Finance people.

2.5.1 Financial management Capacity Building for NGO Sustainability

International funding has partnered with (NGOs) for the delivery of family planning and reproductive health services since the 1960s. They found NGOs to be reliable and effective partners in service delivery during the years before public-sector programs were established. Throughout the developing world, NGOs also have been important centers of innovation for clinical, training, and service delivery research. More recently, concerns about poorly targeted subsidies in the public sector have highlighted the role that NGOs can play to reduce pressure on public-sector resources—for example, by providing care for clients who can afford to pay for services, or by providing or managing services through private-public-sector partnerships (USAID, 2008, pp. 2-3).

2.5.2 Obstacles facing financial management capacity-building process

Financial management capacity building can bring enormous benefits to an organization, yet, it is a challenging process. It takes time to develop a full understanding of how each organization works. Resources are not always available, so concentrate on ways of building financial management capacity that do not require high additional costs

Sometimes two organizations can help each other with no cost involved. If there are costs, for example, the costs of providing training for the staff ought to be planned in advance and discussed with the funding organization. When building any sort of capacity, it is important to be sure that the changes are ‘embedded’ into the organization as a whole. For instance, it should be ensured that more than one person is involved, and people should be encouraged to write down their new ways of working, as part of a simple procedure (Cammack, 2007, p.16).

If an individual, having been trained, decides to quit, the organization may not find the alternative. Similarly, when a donor is funding an organization a capacity building training, it may not know how long its commitment is likely to last, and whether the funding will continue. Here, it should be ensured that an organization itself ‘owns’ the capacity being built, so that any change of donor has less impact. The organization should be continually preparing itself for the eventual departure of each donor (Cammack, 2007, p.17).

2.5.3 Specific tasks of building financial management capacity:

Financial management is making sure that an organization manages its resources well. The four specific tasks shown in Figure (1) are the starting point for assessing and building financial management capacity as follows:

1- Planning and budgeting

Top management defines their objectives for the year and forecast the cost of achieving them. This is the annual budget. As the year progresses, top management compares actual performance with budget forecasts. It can then decide whether any action is needed – for example, to increase or decrease spending, or undertake more fundraising.

This regular monitoring of the budget also helps to manage donor funding and reporting.

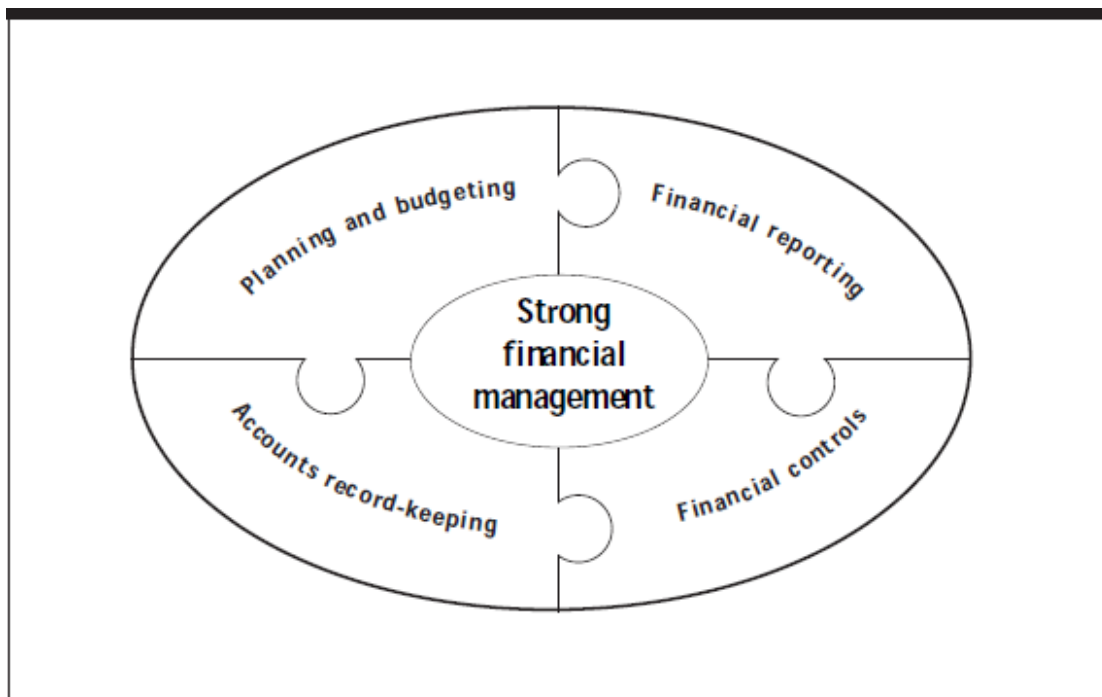


Figure 2.1 Source: *Assessing financial management capacity*, 2008, p12

2- Accounts record-keeping

A group or organization must keep accurate accounting records and up-to-date records of transactions. These are the basis of the information needed to manage the organization, and they will be used for internal and external financial reports.

3- Financial reporting

Financial reporting includes producing the annual accounting statements and reporting to beneficiaries, the donors, and (if necessary) the government.

4- Financial controls

Top management is responsible for financial controls which protect property and equipment and minimize the possibility of error and theft, for example, a system for authorizing expenditure when a purchase is made. Finance staff can advise on which

controls to introduce, but the leadership team must make sure that the controls are working effectively.

2.5.4 Organizational aspects of financial management:

The four specific tasks of financial management and external audit are not enough on their own. There are wider organizational aspects which will help you to run your organization professionally and build strong financial management capacity. These organizational aspects, shown in Figure (2), are essential for improving the organization’s management and program effectiveness.

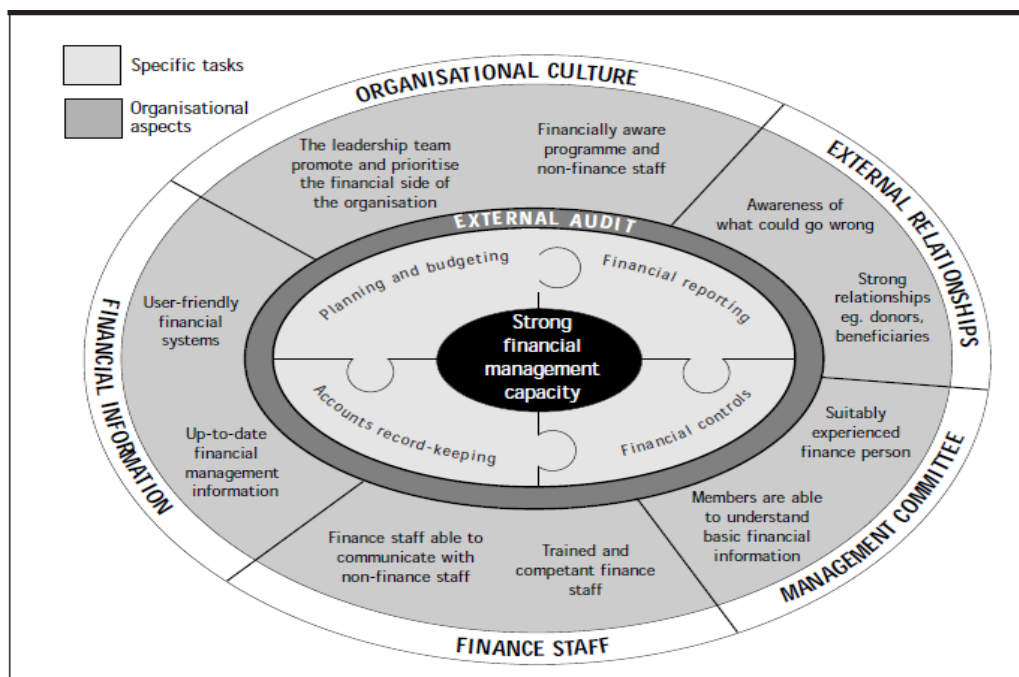


Figure 2.2 Source: Assessing financial management capacity, 2008, p.9

2.6 Financial management capacity building of the Palestinian NGOs:

After years of economic and social crisis in the West Bank and Gaza, the Palestinian Reform and Development Plan (PRDP) of 2008 identifies fiscal autonomy and discipline at the local level as a key area of reform and highlights the need to build the operational, administrative and financial management capacity of local government bodies. It singles out the Municipal Development and Lending Fund (MDLF) as the

PA's preferred institution for supporting municipalities in implementing vital reforms (PRDP, 2008, p.7).

Capacity Building in Palestinian institutions aims at developing and strengthening the skills, abilities, processes and resources of NGOs in order to improve their performance, quality of services and service delivery. NGOs Development Center (NDC) capacity building strategy includes human resource development, organizational development, as well as institutional and legal framework development (NDC, 2009, p.3).

The MDLF is a Palestinian autonomous juridical entity established by the Palestinian National Authority (PNA) to accelerate Palestine's drive toward self-sustained, decentralized, prosperous and creditworthy local governments. Among the main objectives of the Fund is to encourage the flow of financial resources to Local Government Units, assist local authorities develop their capacities in compliance with the bases of modern management practices to help them provide better services to the public, guide assistance from donor countries and provide modern fiscal services to support and develop the services offered to local authorities and to improve their credit abilities (MDLF, 2008.p.1).

Since its establishment, the Fund has managed and implemented more than USD 130 million of projects including infrastructure, capacity building, and social initiatives. In order to monitor and evaluate the impact of the Fund's activities in improving the capacities of the local government units, it is currently developing its own monitoring and evaluation system. This is to be used by national and local levels in monitoring their interventions as well as to evaluate the performance of local government units as part of its newly developed Funding Allocation Mechanism. In the process of developing its M&E system, the Fund is facing a number of challenges as constraints, which is typical in the context of developing countries (MDLF, 2008, p.12).

MDLF since its beginnings has been particularly involved in municipal capacity building activities in the area of financial management as well as other issues. Results monitoring of capacity building is particularly difficult as the assessment of behavioral changes is concerned and data collection cannot be fully standardized. By working with different stakeholders, the Fund has to find its way between the amount of in-house

capacity to be offered by a lean and efficient organization and comprehensive surveys, which may be more costly and time consuming. Moreover, having multi stakeholders with different levels of capacities and interests poses a significant challenge in developing a balanced M&E system. Developing and monitoring performance incentives for local governments, which operate under a changeable security environment and vague regulatory framework, is another particular challenge for Palestine (MDLF, 2008, p.18).

2.7 Argument of financial management capacity building of the Palestinian NGOs

Given the previous studies in relation to financial management capacity building of Palestinian NGOs, the researcher concluded that it is not enough to only conduct a research in this field, and hence not give considerable attention to the details. This signifies the fact that the research work needs further in-depth efforts to measure the impact of funding on building the capacity of local NGOs, to demonstrate the outcomes and how they could serve the strategic positioning and sustainability of NGOs programs.

A great deal of the global research was more focused on the capacity building generally and inadvertently ignored raising specific issues in financial management and their importance and relevancy to the NGOs.

Research mostly illuminated areas of strengthening capacity building of international NGOs and how they could adjust to different settings and be flexible to facilitate implementation of programs. It did not focus on key aspects, such as efficiency and effectiveness and essential elements for building the capacity of local NGOs. In my opinion, these are significant areas the research should have explored and measured.

2.8 Conclusion

In this chapter, the researcher introduced in-depth definitions of capacity building in a broader sense, then gave a narrative of the history of capacity building from 1960s up till now reviewing the evolving perspectives and practices of development and performance of capacity building.

The chapter reviews the types and levels of capacity building; it also outlines forms of capacity building.

Therefrom, basic review and analysis underlying the processes of building financial management capacity and reflections of scholars ensued. It shed light then on the financial management situation of Palestinian NGOs.

Finally, the researcher commented on the need to conduct more specific research in building the financial management capacity.

CHAPTER THREE

Palestinian NGOs and International Donors

3.1 Introduction

3.2 Palestinian NGOs framework and concept

3.3 History of NGOs

3.4 Types of NGOs

3.5 NGOs funding

3.6 NGOs in the Palestinian Territories

3.7 Key Organizations

3.8 Types of international aid

3.9 The Distribution of International Aid to the Palestinians by Sectors

3.1 Introduction :

In this chapter we'll discuss definitions and institutional frame works of NGO. More focus will be paid to working methods, types and business sectors of Palestinian NGOs.

Then Input forward a definition of International Donors currently operating in the Palestinian territories and their history of their donation involvement between 1994 – 2009. These approaches will which give the reader an insight into the underlined interests and goals behind International Funding in the Palestinian territories and the inefficacies associated with such funding.

3.2 Palestinian NGOs framework and concept:

NGO is a legally constituted organization created by natural or legal persons that operates independently from any government. The term originated from the UN, and is normally used to refer to organizations that do not form part of the government and are not conventional for-profit business. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organization. The term is usually applied only to organizations that pursue some wider social aim that has political aspects, but that are not openly political organizations such as political parties.

Palestinian society includes two types of social institutions. The first is the traditional social institutions¹, which includes tribes, clans, extended families, urban, rural, familial and sectarian networks and religious groups. The second type is the modern institution, such as political parties, charitable societies, trade unions, professional associations, women's associations, NGOs, media and advocacy groups and other service-providing organizations. Both types of social constructions are present and active in Palestinian society and represent different perspectives, whether related to Palestinian cultural

(¹) These social institutions are those based on traditional inherited relationships rather than on voluntary acquired ones. They represent a pattern of structures into which an individual is born or which he/she inherits.

heritage, modern, western or traditional patriarchal values (Palestine Human Development Report, 2004, p.91).

The traditional social institutions and modern institutions differ from each other in their vision, goals, form and structure. However, similarities also exist – in purpose and in practice - as they both adhere at a very fundamental level to common system of traditional values. Consequently, both traditional and modern institutions reflect, albeit indifferent ways, the basic values system of the society that creates them. Because these institutions do vary widely in their practical interpretation and application of the traditional Palestinian value system, it should be noted that the conclusions drawn in this chapter do not apply to every institution equally. The purpose of the analysis is to monitor the significant trends within the two types of social structures and to assess the impact they have on the development process, given the challenges they face (Palestine Human Development Report, 2004, p.92).

In general, both traditional and modern institutions are affected by economic, value-driven and behavioral structures. In this sense, Palestinian society remains almost feudal, although it was

Largely impacted in 1948 and again in 1967 by the culture of forced displacement, as well as other external influences. A hybridization of Palestinian cultural values occurred when returnees and refugees brought with them their own unique relationships, values and social structures. Some of these dated back to their communities of origin, those from which they were expelled in 1948 or 1967, others were reflection of the refugees 'communities of exile, from which they returned in 1994. The traditional, homogeneous Palestinian culture continued to exert significant influence in spite of transformations and assimilations inflicted on refugee and native structures, values and cultures (Palestine Human Development Report, 2004, p.93)..

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 (Hammami 2000, Shafi 2004, Hanafi and Tabar, 2005, Challand 2009). Donor efforts to support civil society have de-politicized and divided the sector (Jad 2007). Some authors argue that rather than de-politicizing the sector, donor aid has generated a new „globalized elite“, which is politically oriented towards western donors and European forms of social organization (Hanafi and Tabar 2005; Challand 2009, 2010).

There is a general consensus in the literature that increased aid to PNGOs has had a number of negative effects including increased internal competition, reduced accountability to communities and an inability to articulate a common strategic vision (Songco et al 2006). The un-coordinated and short-term nature of donor engagement with NGOs has undermined its effectiveness (MAS 2007).

NGOs“ most well-documented work in the field of private sector development has been through donor-funded micro-finance initiatives. These reports find that NGOs *can* play an effective role in rural and private sector development, but they are often limited by poor governance and low organizational capacity (IOB 1999, USAID 2006).

The number of internationally operating NGOs is estimated at 40,000. National numbers are even higher: Russia has 277,000 NGOs; India is estimated to have around 3.3 million NGOs in year 2009, which is one NGO per less than 400 Indians, and many times the number of primary schools and primary health centers in India (Anheier, 2009).

By reviewing NGOs framework and concept showed that NGOs sector is a vital sector in the Palestinian society which depends largely on international aid donation. It is advisable to pay more attention and much care when expending the funds due to the fact that they're only available for a short time and that it should be effectively managed..

The classification of Palestinian NGOs mentioned above is a proof that donation inflow was directed to certain fields, and that has made it clear that donation is politically-driven at some certain projects ending up in not addressing, real society needs. Palestinians' role in affecting funds flow can be down played; lack of informed institutional planning, and inability to make use of the aid flow positively by policy makers.

3.2.1 NGOs definitions:

NGOs are 'difficult to define' and classify due to the analogous operating nature to a fascism. To attempt a classification of NGOs requires a framework that includes the orientation and the organization's level of operation and a clear, working knowledge of the concept of fascism. An NGO's orientation refers to the type of activities an organization takes on. These activities might include environmental, development, or advocacy work. An NGO's level of operation indicates the scale at which an organization works on, like the difference in work between an international NGO and community or national NGO.

One of the earliest mentions of the term "NGO" was in 1945, when the UN was created. The UN introduced the term "NGO" to distinguish between the participation of international private organizations and intergovernmental specialized agencies. According to the UN, all kinds of private organizations that are independent from government control can be recognized as "NGOs." "NGOs" cannot seek to diminish a nation's government in the shape of an opposing political party; NGOs also need to be non-criminal and non-profit. Professor Peter Willets, from the City University of London, argues that the definition of NGOs can be interpreted differently by various organizations and depending on a situation's context. He defines an NGO as "'an independent voluntary association of people acting together on a continuous basis for some common purpose other than achieving government office, making money or illegal activities.'" In this view, two main types of NGOs are recognized according to the activities they pursue: operational and campaigning NGO's. Although Willets proposes the operational and campaigning NGOs as a tool to differentiate the main activities of these organizations, he also explains that they have more similarities than differences. Their activities are unrestricted; thus operational NGOs may need to campaign and campaigning NGOs may need to take on structural projects (Glasius, 2005).

In order to be eligible for consultative status, an NGO must have been in existence for at least two years and to have been properly registered with its respective authorities and government. The organizations must have a democratic constitution, representative authority, established headquarters, and accountability for transparent and democratic decision-making and be independent from government control (United Nations, 2007)

In light of fore-mentioned definitions, Peter Willits's seems to fit the Palestinian case more precisely "an independent voluntary association of people acting together on a continuous basis for some common purpose other than achieving government office, making money or illegal activities". The definition was comprehensive and expressive of the Palestinian NGOs situation as they strive to single themselves out of the government sector.

3.2.2 NPOs and NGOs:

Common usage varies between countries - for example NGO is commonly used for domestic organizations in Australia that would be referred to as non-profit organizations in the United States. Such organizations that operate on the international level are fairly consistently referred to as "non-governmental organizations", in the United States and elsewhere (Glasius, 2005).

There is a growing movement within the non-profit organization/non-government sector to define itself in a more constructive, accurate way. The "non-profit" designation is seen to be particularly dysfunctional for at least three reasons:

- 1) It says nothing about the purpose of the organization, only what it is not;
- 2) It focuses the mind on "profit" as being the opposite of the organization's purpose;
- 3) It implies that the organization has few financial resources and may run out of money before completing its mission. Instead of being defined by "non-" words, organizations are suggesting new terminology to describe the sector.

The term "social benefit organization" (SBO) is being adopted by some organizations. This defines them in terms of their positive mission. The term "civil society organization" (CSO) has also been used by a growing number of organizations, such as the Center for the Study of Global Governance. The term "citizen sector organization" (CSO) has also been advocated to describe the sector — as one of citizens, for citizens (Drayton, 2007).

These labels, SBO and CSO, position the sector as its own entity, without relying on language used for the government or business sectors. However, some have argued that CSO is not particularly helpful, given that most NGOs are in fact funded by governments

and/or profit-driven businesses and that some NGOs are clearly hostile to independently organized people's organizations. The term "social benefit organization" seems to avoid that problem, since it does not assume any particular structure, but rather focuses on the organization's mission (Davies, 1997).

3.3 History of NGOs:

It is only recently – in the period since the end of the Cold War – that the term ‘transnational civil society’ and the bolder term ‘global civil society’ have entered popular usage in academic literature on international politics. As Helmut Anheier, Marlies Glasius and Mary Kaldor have argued, the meaning of these terms is ‘subject to widely differing interpretations (Anheier and Glasius, 2011, p. 3.).

Nevertheless, most definitions refer to ‘uncorked collective action around shared interests, purposes and values’⁴ that is non-governmental and not for profit.⁵ Whereas ‘*global* civil society’ involves activities that ‘straddle the whole earth, and...have complex effects that are felt in its four corners (Cambridge University Press, 2003, p. 8.).

The less ambitious concept of ‘*transnational* civil society’ (which is the focus of this paper) refers to nongovernmental non-profit collective action that *transcends national boundaries* but does not necessarily have global reach. The key actors in transnational civil society are international non-governmental organizations (INGOs), i.e. international organizations that are neither profit-making nor instruments of governments, well as internationally-orientated national non-governmental organizations. A distinction is often made between international non-governmental organizations that exist simply to provide services to their members and issue-oriented international non-governmental organizations (Salamon and Anheier, 1997).

In order to gain an understanding of how transnational civil society has evolved, it is necessary to think about how the phenomenon can be measured. The task of measuring transnational civil society is as problematic as the issue of definition, since the variety of factors that potentially need to be taken into account is considerable. Much of the existing literature on transnational civil society has focused on one major unit of assessment: the

number of international non-governmental organizations that exist (Kathryn and Smith, 2002).

Beyond pointing out the increasing number of international nongovernmental organizations that have been founded, those who claim that transnational civil society has been following a path of linear progress also highlight its apparent contribution towards significant recent international developments. For instance, transnational civil society is said to have played an important role in bringing the Cold War to an end, has contributed towards the redefinition of development and security to include humanitarian concerns, and has helped facilitate international agreements such as the 1987 Montreal Protocol and the 1997 Ottawa Landmines Convention (Salamon and Anheier, 1997).

Although INGO numbers and the apparent impact of transnational civil society are the two principal means of gauging transnational civil society cited in the existing literature, both measures may be misleading. For instance, an expansion in the number of international non-governmental organizations may represent fragmentation of transnational civil society into smaller INGOs rather than growth. As for the apparent impact of transnational civil society on recent developments, the relative contribution to these developments of transnational civil society compared with other factors is very difficult to ascertain. Furthermore, transnational civil society's influence on major developments in world politics is far from new: for instance transnational non-governmental activism contributed to the abolition of the slave trade in the nineteenth century and to the foundation of the League of Nations and the United Nations Organization in the first half of the twentieth century (Keane, 2003, p.8).

International non-governmental organizations have a history dating back to at least 1839.^[12] It has been estimated that by 1914, there were 1083 NGOs. International NGOs were important in the anti-slavery movement and the movement for women's suffrage, and reached a peak at the time of the World Disarmament Conference. However, the phrase "non-governmental organization" only came into popular use with the establishment of the United Nations Organization in 1945 with provisions in Article 71 of Chapter 10 of the United Nations Charter^[15] for a consultative role for organizations which are neither governments nor member states (Davies, 1997).

The definition of "international NGO" (INGO) is first given in resolution 288 (X) of commission of the Economic and Social Council of the United Nations(ECOSOC) on February 27, 1950: it is defined as "any international organization that is not founded by an international treaty". The vital role of NGOs and other "major groups" in sustainable development was recognized in Chapter 27^[16] of Agenda 21, leading to intense arrangements for a consultative relationship between the United Nations and non-governmental organizations(Henry,2005,p.21).

Rapid development of the non-governmental sector occurred in western countries as a result of the processes of restructuring of the welfare state. Further globalization of that process occurred after the fall of the communist system and was an important part of the Washington consensus (Gawin, Dariusz, 2006).

Globalization during the 20th century gave rise to the importance of NGOs. Many problems could not be solved within a nation. International treaties and international organizations such as the World Trade Organization were centered mainly on the interests of capitalist enterprises. In an attempt to counterbalance this trend, NGOs have developed to emphasize humanitarian issues, developmental aid and sustainable development. A prominent example of this is the World Social Forum, which is a rival convention to the World Economic Forum held annually in January in Davos, Switzerland. The fifth World Social Forum in Porto Alegre, Brazil, in January 2005 was attended by representatives from more than 1,000 NGOs.^[citation needed] Some have argued that in forums like these, NGOs take the place of what should belong to popular movements of the poor. Others argue that NGOs are often imperialist^[18] in nature, that they sometimes operate in a radicalized manner in third world countries, and that they fulfill a similar function to that of the clergy during the high colonial era. The philosopher Peter Hallward argues that they are an aristocratic form of politics.^[19] Whatever the case, NGO transnational networking is now extensive (Stone, 2004, pp.548-545).

Having reviewed NGOs history in several eras, The NGOs sector was developing from small-scale relief activity to a greater developmental tool all over the world by increasing its developmental. The expansion of NGOs activities while keeping headquarters based in

their original countries reflect self-interests of donors who probably seek to be co-makers of policies in aid receiving countries.

3.4 Types of NGOs:

According to Willetts (2011) NGO type can be understood by orientation and level of co-operation.

1- NGO type by orientation

- Charitable orientation;
- Service orientation;
- Participatory
- Empowering orientation;

2- NGO type by level of co-operation

- Community- Based Organization;
- City Wide Organization;
- National NGOs;
- International NGOs;

Apart from "NGO", often alternative terms are used as for example: independent sector, volunteer sector, civil society, grassroots organizations, transnational social movement organizations, private voluntary organizations, self-help organizations and non-state actors (NSA's).

Non-governmental organizations are a heterogeneous group. A long list of acronyms has developed around the term "NGO" these include:

- BINGO, short for Business-friendly International NGO or Big International NGO;
- National NGO: A non-governmental organization that exists only in one country. This term is usually rare due to the globalization of Non-governmental organizations, which causes an NGO to exist in more than one country (Willetts, 2011).
- CSO, short for civil society organization;
- DONGO: Donor Organized NGO;

- ENGO: short for environmental NGO, such as Greenpeace and WWF
- NNGO, short for Northern nongovernmental organization.
- IDCIs, short for international development cooperation institutions.
- SNGOs, short for Southern nongovernmental organizations
- SCOS, also known as social change organizations
- GONGOs are government-operated NGOs, which may have been set up by governments to look like NGOs in order to qualify for outside aid or promote the interests of the government in question;
- INGO stands for international NGO; Oxfam, INSPAD, Institute of Peace and Development "A European Think Tank For Peace Initiatives"(INSPADpublications, 2010).
- QUANGOs are quasi-autonomous non-governmental organizations, such as the International Organization for Standardization (ISO). (The ISO is actually not purely an NGO, since its membership is by nation, and each nation is represented by what the ISO Council determines to be the 'most broadly representative' standardization body of a nation. That body might itself be a nongovernmental organization; for example, the United States is represented in ISO by the American National Standards Institute, which is independent of the federal government. However, other countries can be represented by national governmental agencies; this is the trend in Europe.
- TANGO: short for technical assistance NGO;
- TNGO: short for transnational NGO; the term emerged during the 1970s due to the increase of environmental and economic issues in the global community. TNGO includes non-governmental organizations that are not confined to only one country, but exist in two or more countries.
- GSO: Grassroots Support Organization
- MANGO: short for market advocacy NGO
- NGDO: non-governmental development organization

USAID refers to NGOs as private voluntary organizations. However, many scholars have argued that this definition is highly problematic as many NGOs are in fact state and corporate funded and managed projects with professional staff.

NGOs exist for a variety of reasons, usually to further the political or social goals of their members or funders. Examples include improving the state of the natural environment, encouraging the observance of human rights, improving the welfare of the disadvantaged, or representing a corporate agenda. However, there are a huge number of such organizations and their goals cover a broad range of political and philosophical positions. This can also easily be applied to private schools and athletic organizations (USAID, 2006).

- Types of NGO have been theoretically illustrated and covered all types of NGOs and their action-oriented mandate by putting into practice their mission, vision and statement of values.

3.5 NGOs funding:

Large NGOs may have annual budgets in the hundreds of millions or billions of dollars. For instance, the budget of the American Association of Retired Persons (AARP) was over US\$540 million in 1999. Funding such large budgets demands significant fundraising efforts on the part of most NGOs. Major sources of NGO funding are membership dues, the sale of goods and services, grants from international institutions or national governments, and private donations. Several EU-grants provide funds accessible to NGOs (AIPAC, 2007).

Even though the term "non-governmental organization" implies independence from governments, most NGOs depend heavily on governments for their funding. A quarter of the US\$162 million income in 1998 of the famine-relief organization Oxfam was donated by the British government and the EU. The Christian relief and development organization World Vision United States collected US\$55 million worth of goods in 1998 from the American government. Nobel Prize winner Médecins Sans Frontières (MSF) (known in the USA as Doctors without Borders) gets 46% of its income from government sources (Zaleski, 2006).

Government funding of NGOs is controversial, since, according to David Rieff, writing in *The New Republic*, "the whole point of humanitarian intervention was precisely that NGOs and civil society had both a right and an obligation to respond with acts of aid and

solidarity to people in need or being subjected to repression or want by the forces that controlled them, whatever the governments concerned might think about the matter." Some NGOs, such as Greenpeace do not accept funding from governments or intergovernmental organizations (Gilbert, 2008).

- NGOs all over the world receive funding from different sources : governmental and private. This funding could be policy-driven and is granted to dictate the goals and policies in a way or another. Oxfam is one example of these organizations which is funded by the British government and therefore reflects its policies.

3.6.1 NGOs contribution field:

NGOs in the Palestinian territories contribute to two main fields as follows:

3.6.1.1 Contribution to Governance and Peace building:

There is less agreement in the literature about civil society's contribution to governance and peace building in the Palestinian Territories. Some authors maintain that civil society organizations have had a number of negative impacts on conflict in Palestine – contributing to the victory of Hamas in 2006 and entrenching societal divisions (Challand 2009, 2010). Others argue that civil society organizations remain highly politicized (Abusrour 2009) or were becoming increasingly politicized (Birzeit University 2005). Recent reports suggest that the erosion of democracy in the Palestinian Territories ushered in by Prime Minister Fayyad is leading to a decaying of civil society. Some organizations, such as Islamist NGOs in the West Bank or non-Islamist ones in Gaza, are being actively suppressed (Brown 2010).

On the other hand, several authors present evidence that NGOs have made a positive contribution to governance in the Palestinian Territories, for example, by helping to ensure elections are free and fair or by boosting the capacity of the PA (AbuSrou 2009). There are signs that Palestinian civil society is becoming better coordinated. A number of recent initiatives have helped to link NGOs from the West Bank, Gaza and the diaspora (Hilal 2009). There is strong popular support for civil society playing a more prominent role in politics (UNDP 2010). Public confidence in civil society varies depending on the type of

organization and on the region. There is greater public confidence in traditional organizations than in NGOs. Confidence tends to be higher in Gaza than the West Bank (Birzeit University 2005).

A recent ICG report notes a re-politicization of Palestinian civil society after a period of quiescence (ICG 2010). Activists in the West Bank have become more vocal, staging largely non-violent protests against the Separation Wall and settlements (ICG 2010). The PA has increasingly tried to link up with these grassroots organizations and attempted to co-opt them. Although these demonstrations have had some small-scale successes, there is uncertainty about how far a "mass movement" or "non-violent protest" approach can go within the main political parties and within civil society itself

3.6.1.2 Contribution to Rural and Private Sector Development:

NGOs' most well-documented work in the field of private sector development has been through donor-funded micro-finance initiatives. These reports find that NGOs *can* play an effective role in rural and private sector development, but they are often limited by poor governance and low organizational capacity (IOB 1999, USAID, 2006).

A review of Dutch aid in the 1990s suggested that the effectiveness of several of these initiatives was undermined by poor NGO capacity, although there was some anecdotal evidence that they contributed to increases in income levels (IOB 1999). The same report finds that rural development project implemented by Palestinian Agricultural Relief Committees (PARC – a PNGO), were successful in both economic and Political terms (IOB 1999). A 2006 report on USAID support for two PNGOs highlighted the poor governance of these organizations and argued that the NGO organizational model makes their micro-finance programmers unsuited to expansion (USAID, 2006).

-On one hand, NGOs contribution to the Palestinians came in different forms: governance-led , peace building, rural and private sector development. On the other hand international aid supported relief and early recovery programs. This shows the disparity and inconsistency of interests and goals of both NGOs and international funding

3.7 Key Organizations:

According to governance and social development resource center the main key NGOs working in the Palestinian territories as follows:

1- Palestinian NGO Network (PNGO)

The PNGO Network was established in September 1993, as a quick response to the signing of the Oslo Agreements with an objective to enhance coordination, consultation, and cooperation between member organizations working in different developmental domains.

PNGO promotes coordination, cooperation and consultation not only among Palestinian NGOs but also between the Palestinian NGO sector and the different bodies of the Palestinian National Authority. PNGO holds regular meetings with member organizations, organizes meetings with a range of international actors and holds coordination meetings with Palestinian governmental bodies. It works to build the capacity of PNGOs, <http://www.pngo.net>.

2- NGO Development Centre (NDC)

The NDC was established by the World Bank, as a mechanism for coordinating its PNGO Project, which invested more than \$50 million into the Palestinian NGO sector. It was officially registered as a Palestinian NGO in 2006. It works to build the capacity of the NGO sector in Palestine, to disseminate information on the sector and to improve its coordination. It coordinates a number of donor funded projects including the Human Rights and Good Governance Secretariat, the World Bank PNGO Project, and the Job Creation Project in the West Bank and Gaza Strip, <http://www.ndc.ps>.

Palestinian Agricultural Relief Committees

PARC is a leading organization working in the fields of rural development, environmental protection and women's empowerment. It provides technical assistance and extension services to individuals and organizations working in these fields.

PARC is currently focused on restoring and rebuilding the agricultural sector in the Gaza strip and leading other civil society organizations in Gaza in reconstruction and development, while attempting to create an environment suited to internal reconciliation, www.pal-arc.org.

3- Ma'an Development Center.

Founded in 1989, the Ma'an Development Center is a community development and capacity building organization. It works with grassroots committees and groups in the most marginalized areas, working to implement development projects and to build the capacity of these CBOs, <http://www.maan-ctr.org>.

4- Palestinian Welfare Association.

The Palestinian Welfare Association was founded in Geneva in 1983 to support the Palestinian society in sustainable development. It is also known by its Arabic name „Ta'awoun“. WA works in various fields including health, education, economic development, agriculture, culture, policy and advocacy. WA beneficiaries are more than 4 million Palestinians who are served by Palestinian non-governmental organizations, community institutions and charitable organizations in the West Bank, Gaza Strip and other parts of the Middle East. It is one of the main recipients of support from AFD, the French Development Agency <http://welfare-association.org/en>.

- Number and diversity of international organizations (INGOs) operating in the Palestinian territories reflect how essential this area is to international donors. Such situation requires well-designed and programmed national policies benefitting such intransient international attention.

3.8 International Aid (Donation):

3.8.1 Definition and frame work:

There are many titles defining international aid as "assistance given from country to another country or from one party to another party, some call it foreign aid, others call it overseas aid or international aid, in this research we will consider the Non- Official Development Aid (N-ODA) as our adequate title.

It may have other functions as well: it may be given as a signal of diplomatic approval, or to strengthen a military ally, to reward a government for behavior desired by the donor, to extend the donor's cultural influence, to provide infrastructure needed by the donor for resource extraction from the recipient country, or to gain other kinds of commercial access.(Lancaster,2007,p.13)Humanitarianism and altruism are, nevertheless, significant motivations for the giving of aid(Lancaster, 2007, pp. 4, 5.)

International aid can be defined “as a voluntary transfer of resources or liquid money, equipment or services from one country to another, given at least partly with the objective of benefiting the recipient country” (Todaro, 2008, p.677).

“ International aid also can be defined as the state when one country helps another country through some forms of donation, usually this refers to helping out a country that has a special need caused by poverty, unemployment, natural disasters, armed conflicts” (Williams,1999,p.1).

International aid has other functions as well; it might be given as a signal of diplomatic approval from country to another, through military ally or be given for desired behavior by the donors, besides that it might be a tool to extend the donors cultural influence (Saede, 2008, p.18).

The amount of the assistance provided by developed countries to developing countries is small, compared to the amount of their Gross National Income (GNI).The international aid transferred yearly to the developing countries worldwide approximately 3 percent of its GNI, and in some cases 6 percent in a given year (Todaro, 2008).

Humanitarianism and altruism are nerveless significant motivations for the given foreign aid, it might be given by government, individuals or private organizations, so it is given for certain motivation that's based on the terminal interest to the donors," so donors tend through this aid to intervene in the interior affairs of the recipient counties that we find aid all the time conditioned or politicized” (Williams, 1999, p.2).

Many scholars and international foundations use the Development Assistance Committee (DAC) and non-ODA method as their main aid figure because it is easily available, reasonably and consistently calculated over time between countries, the DAC consists of 22 of the wealthiest Western industrialized countries plus the European Union (EU), it is a forum in which they coordinate their aid policies (Abu Nahla, 2008, p.65).

The DAC includes western European countries, the United States, Canada, Japan, Australia, and New Zealand. Other providers of significant assistance include Brazil, China, Iceland, India, Kuwait, Poland, Qatar, Saudi Arabia, South Korea, Taiwan, Turkey, and the United Arab Emirates (World Bank, 2003, p.8).

The vast majority of ODA comes from the countries of the Organization for Economic Cooperation and Development (OECD) ⁽²⁾, specifically the nearly two dozen countries that make up the OECD's members of the DAC.

Sara Williams definition of donation was the most convenient since it defined it as the case of one state helping another by transferring resources, services and equipment. Granting donations depends largely on levels of poverty, unemployment, natural disasters, and armed conflicts in recipient countries. The afore-mentioned definition implies non-

⁽²⁾*The Organization for Economic Co-operation and Development (OECD), is an international economic organization of 34 countries founded in 1961 to stimulate economic progress and world trade. It defines itself as a forum of countries committed to democracy and the market economy, providing a platform to compare policy experiences, seeking answers to common problems, identifying good practices, and co-coordinating domestic and international policies of its members. The OECD originated in 1948 as the Organization for European Economic Co-operation (OEEC), led by Robert Marjolin of France, to help administer the Marshall Plan for the reconstruction of Europe after World War II (OECD Publications, 2002).*

obligation but rather humanitarianism and altruism. The grant recipient, weak party, is usually not entitled to draft conditions for the grant

3.8.2 Types of international aid:

There are two types of international donation as follows:

1- Humanitarian donation:

Humanitarian aid or emergency aid is rapid assistance given to people in immediate distress by individuals, organizations, or governments to relieve suffering, during and after man-made emergencies like wars and disasters. This assistance is vital such as food aid to prevent starvation or logistic aid, It is often distinguished from development aid by being focused on relieving suffering caused by natural disaster or conflict, rather than removing the root causes of poverty or vulnerability (Humanitarian Policy Group Research Report, 2004, p.2).

2- Developmental donation:

Development aid is an aid given by developed countries to support development in general which can be economic development or social development in countries, It is distinguished from humanitarian aid as being aimed at alleviating poverty in the long term, rather than alleviating suffering in the short term. Official (ODA) is a commonly used measure of developmental aid which is given by governments through individual countries, international aid agencies, multilateral institutions such as the World Bank, and by individuals through development charities such as action Aid, Caritas, Care International or Oxfam institution (Global Development Center,2006,p.3).

3- Other types of international donation:

There are so many other types of aid (Sbaih, 2004) as follows:

Project aid:

Aid is given for a specific purpose such as building materials for a new school.

Program aid:

Aid is given for a specific sector e.g. funding of the education sector of a country.

Budget support:

A form of aid program that is directly channeled into the financial system of the recipient country.

Food aid:

Food is given to countries in urgent need of food supplies, especially if they have just experienced a natural disaster. Food aid can be provided by importing food from the donor, buying food locally, or providing cash.

Untied aid:

The country receiving the aid can spend the money as they choose.

Tied aid:

The aid must be used to purchase products from the country that donated it or a specified group of countries.

Technical assistance:

Educated personnel; such as, doctors are moved into developing countries to assist with a program of development. Can be both program and project aid.

Bilateral vs. Multilateral:

Bilateral aid is given by one country directly to another; multilateral aid is given through the intermediacy of an international organization, such as the World Bank, which pools donations from several countries' governments and then distributes them to the recipients (Congress Report, 2004, P.4).

- International aid is distributed in two types: humanitarian or developmental. Humanitarian assistance is donated to countries which recently witnessed natural disasters, lack of food (famine), or other catastrophes. Developmental aid is made to target sectorial development in the recipient country

4- OECD Categories:

The Organization for Economic Co-operation and Development classified international aid into three categories according to the following:

- Official Development Assistance (ODA): Development aid provided to developing countries with the clear aim of economic development.
- Official Aid: Development aid provided to developed countries and international organizations
- Other Official Flows: Aid which does not fall into the other two categories, either because it is not aimed to development or it consists of more than 75% loan rather than grant (OECD, 2005).
- OECD divides its international aid (donation) into categories: Development assistance, Aid Development, and Other Flows. OECD's categorization of aid is precisely elaborate compared to the other international aid categorizations.

3.8.3 International Aid to the Palestinians:

After the declaration of principles, and signing of Oslo agreement in Washington between PLO, and the Government of Israel in September 1993, October of the same year witnessed donors countries held a conference included 42 nations and institutions, the conference adopted a strategy for providing financial and technical aid to the new Palestinian national authority. This donor's conference empowered the PNA to handle and administer the Palestinian territories, in order to help this infant authority to implement infrastructure projects, institutions, as well as manage the fund inflow to support the development process in the Palestinian territories (Shaban, 2006, p.4, 5).

This initial financial support was developed subsequently even further, it came to be referred to as peace dividend in the literature of supporters of the peaceful settlement to the Arab Israeli conflict and push the coexistence forward. The total of 2.4 billion dollar was committed to PNA began to flow after three months of Washington donor's conference, this aid was allocated to the reconstruction and developing the Palestinian economy and

the destroyed infrastructure in the five years plan after Oslo agreement took place (Mas,2005,p.2).

International aid inflow to the Palestinians amounted to 17 billion USD until 2011, that's how of the draconic aid support provided to the Palestinians through various aid sources. However, all development indicators remained slightly changed when calculated against the set goals.

This indicates the need to rationalize spending and mainstreaming patterns of international aids support to bring about adequately accomplished outputs and outcomes on the medium and long run.

3.8.4 Phases of International Aid to the Palestinians:

The international aid to the Palestinians underwent the following three phases:

3.8.4.1 First Stage, International Aid (1994-2003):

First donors parties conference was held in Washington, in October 1993, the donors (nations and institutions) pledged to provide approximately \$2.4 billion to the Palestinian side in the next five years, the table(2-2) shows the fluctuation of the pledged value, which was approximately \$2858 million by the end of 1997 and it's risen into \$3,057.4 billion US dollars and declined into 2,269.2 billion US dollars in the period from 1998 to 2000.

By the end of 2003 the pledged value has risen into 3,057.4 billion US dollars ,while the disbarments' value was in the period 1994-1997 approximately \$2029.2 million, it failed to \$1456.9 million by the end of 2000, and the disbarments' value rose back again by the end of 2003 to reach \$3057,4 million(Lobad,2004,p.13).

The share of the United States was the largest among the donors during the period 1994-2003, it amounted approximately to \$1.450 billion which is 19.7 percent of the total pledge, followed by the European Union with a total amount approximately \$1215 billion to the same period, it was about 13.1 percent from the total pledges.

The Arab countries pledges approximately amounted to \$911,7 billion during this period, United Arab Emirates' pledge included the largest share among Arab countries(\$310

million) followed by Saudi Arabia with approximately \$300 million (Abu Nahla, 2008, p.69).

Publications of ministry of planning indicate that \$6.708 million were committed by the donors in the period between 1994 and mid-2003, with total amount approximately hitting \$760 million per year. These commitments comprised approximately 91 percent of the total pledges in the previous period, and the donors accordingly provided about \$6.552.6 million in international aid by the end of 2003 (Abu Nahla, 2008, p.70).

Table (3.1) Donor's Contributions to International Aid (1994-2003) in Millions of USD

Donors party	1994-1997		1998-2000		2001-2003		Total	
	Commitments	Disbarments	C.	D.	C.	D	C.	D.
Arab nations	312.5	193.8	101.5	105.5	5.2	903.4	418.9	1203.1
European union	520.2	219.1	507.2	235.2	187.3	787.3	1214.6	1241.6
United states	292.9	285.3	396.8	260.4	759.5	482.3	1449.2	1028
Japan	298.9	308.3	167.5	132.4	37.5	41.3	504	482
International institutions	225.5	139.3	180.5	140.7	54.5	154.7	460.4	434.7
European nations	1107.6	810.9	858.6	533.4	519.3	669.5	2485.6	2013.8
Other nations	101.5	72.6	57.2	57.9	16.7	18.9	175.4	148.4
Total	2858.9	2029.3	2269.2	1456.9	1580.2	3057.4	6708.3	6552.5

Source: human development report, 2004

The highest amount of assistance in this period was in the year 2001, following al-Aqsa intifada outbreak, which created the space for aid increases. It reached \$1.045 million, whereas, the lowest amount was recorded in 1998. The figures in table (2-1) show the decline in assistance inflow from 1998 to 2000. The total commitments declined approximately 20 percent in the period 1994 -1997, and disbursement amounts, likewise ,

declined to 64,6 percent. There was (2001- 2003) an improvement in international aid inflow due to the outbreak of al-Aqsa intifada. This stage witnessed great changes in forms, structures, objectives and source of international aid, as Arab nations decided to increase their aid support to the Palestinians in the aftermath of intifada. They provided assistance to emergency and relief programs drawing negative consequences on the development indicators later. (Rafati, 2006, p.20).

3.8.4.2 Second Phase: International Aid (2004-2008).

This phase saw a decline in all assistance indicators, total commitments fell by approximately 20 percent compared with the previous stage. While tangible improvement in a number of economic and social indicators in the Palestinian territories has as risen in the Palestinian GDP, unemployment and poverty rates of declined among Palestinians (Qita, 2009.p.55).

Total commitments edged to approximately at \$2,269.2 million. Likewise, the percentage of disbursement of commitments fell to 64.6 percent. This means that actual assistance in the second phase declined nearly with 27.8 percent compared to the previous phase.

It amounted to \$1,465.9 million with an annual average of approximately \$488.6 million (as compared to \$507.3 million in the first phase), taking into account that there were three years in this phase and four years in the first phase (MOP, 2004).

Of the nations that provided assistance, there was a rise in the amount and percentage of assistance committed by the United States out of total commitments during this phase; it rose to approximately 35.5 percent, occupying third place after the European nations and the European Union. However, the United States surpassed the European Union in terms of actual disbursement, as the percentage of actual disbursement by the European Union remained low (approximately 46.3 percent of its total commitments) (MOP, 2005).

The Arab nation's contribution fell substantially during this phase, both on the level of commitments and on the level of actual disbursement; these indicators fell by 67.5 percent and 45.4 percent, respectively.

Nonetheless, there was improvement in the percentage of actual disbursement of Arab assistance, which exceeded 104 percent. This is primarily attributed to the outbreak of the

Al-Aqsa Intifada and the Arab nation's provision of \$30 million during its first year, following the Arab summit held in Cairo in October 2000 (MOP, 2005).

Indicators for Japanese assistance fell as well, with its commitments declining by approximately 44 percent and its actual assistance declining by approximately 57 percent. There was also a change in Japan's by disbursement percentage, which dropped to 79 percent.

Table (3.2): Donor's Contributions to International Assistance by Sector (2005-2008), in Millions of USD

Donors	2005	2006	2007	2008	Total from 2002-2008
	Disbursement	Disbursement	Disbursement	Disbursement	Disbursement
European countries	690,735,710.65	840,617,029.49	1,110,772,351.92	386,695,978.5	5,163,923,882
Arab countries	207,913,547.7	190,160,224	444,503,491	232,193,520	1,614,192,872
Arab countries, Al-Quds and Al- Aqsa					5,023,696
Arab league		31,086,248.00		100,000.00	31,186,248
Asian countries	42,186,052.22	48,754,204.36	17,090,952.31	13,960	473,735,677
North American countries	194,593,871.60	152,719,390.97	167,199,423.26	150,072,999	1,513,335,535
Canada	18,490,923.60	25,345,391.97	25,080,705.26	13,290.70	115,980,873
USA	176,102,948.00	127,373,999.00	142,118,718.00	150,059,709	1,397,354,662
Others	22,792,796.50	71,884,013.50	4,650,248.00	742,847.00	203,996,378
<i>The world bank group</i>	<i>37,146,289.00</i>	<i>27,510,778.00</i>	<i>22,348,678.00</i>		<i>361,378,362</i>
<i>UN agencies</i>	<i>2,736,022.00</i>	<i>4,336,587.00</i>	<i>205,798.00</i>	<i>263,783</i>	<i>24,242,932</i>
<i>Total</i>	<i>1,198,104,289</i>	<i>1,335,982,227.31</i>	<i>1,770,039,865.09</i>	<i>770,000,814</i>	<i>9,382,496,085</i>

Source: Ministry of Planning, Palestine Assistance Monitoring System Reports.

As international institutions began to play a greater role in the international funding process, hence ranking as a fourth supplier of commitments and actual disbursement. This is in spite of the decline in the absolute value of these institutions total commitments.

A number of factors contributed to this development, including the drop in total commitments during this phase and the setting of these institutions actual assistance at around \$140 million (nearly equaling their contribution during the previous phase), which increased disbursement to 78 percent (MOH, 2009, P.16).

3.8.4.3 Third Stage: International Aid (2008-2009).

The table (2-4) shows the details of the international aid inflow and the new mechanism of aid in the period between quarterly period of 2008 and the first quarter of 2009.

The table also shows the contributions of different donors, the Arab grants in the end of this period, first quarter of 2009, approximated \$73.9 million, while the international aid in the same quarter of 2008 spiraled to \$153.5 million. The International grants in the end of this period were in the first quarter of 2009 with approximately \$185.3 million, while the international aid in the same quarter of 2008 was \$372.1 million. All in all, a decline in international aid inflow in 2009 was recorded (MOH, 2009, p.24)

The year 2008 has the largest share of international aid after the adoption of the new Palestinian European Aid Management of Socio Economic mechanism (PEGASE), which provide channels for direct support to the PNA's Central Treasury Account in addition to the types of channels used for Temporary International Mechanism (TIM),

International community adopted TIM after the Palestinian 2006 elections when Hamas won the elections in 2007. Thereafter, the international community held Paris conference and pledged over \$7.7 million from 2008-2010. Hamas faction was not invited to this

**Table (3.3): Structure of External Assistance to the Palestinian Authority in 2008
Quarters and the 1st Quarter of 2009**

Donor Countries	Q1/2008	Q2/2008	Q3/2008	Q4/2008	Q1/2009
Arab Grants	153.5	78.4	158	56	73.9
Arab League	0.0	0	0	0	0
Algeria	0	62.9	0	0	26
Egypt	0	0	14.6	0	0
Saudi Arabia	61.9	15.5	100.7	56	22.9
United Arab Emirates	91.5	0	42.7	0	25
International Grants	372.1	332	318.1	295	185.3
PEGASE mechanism*	0	174.1	181.6	115.1	94.2
European Union	1803	0	0	0	0
India	0	0	0	0	10.1
China	0.3	0	0	0	0
France	35.7	0	0	0	27.7
Japan	0	0	0	9.5	0
Russia	0	0	9.9	0	0

Source: Ministry of Finance, Financial Operations, revenues, expenditures and funding resources Report, January 2008 and March 2009.

Conference and the international community moved from TIM to PEGASE (Economic Monitor, 2009, p.23).

After the war on Gaza, many governmental international and non-international institutions conducted many conferences (3) and meetings.

- The assistance inflow during the above mentioned phase tends to rise in crisis settings as is the case with the period before 2000 which was marked by stable conditions. Donors provided aids, approximately 300 million USD in average. Nonetheless, the ratio rose a bit in the years following second intifada outbreak reflecting increased aids by donors during unstable phases and leading to wasteful aid management.

(³) Many conferences have been conducted for the reconstruction of Gaza; after the war on Gaza in December 2008.

*** Sharm El-Sheikh Conference in March, 2nd 2009, endorsed theoretically collecting 5.2 Billion USD Dollar, an amount which exceeded what the PA (2.8 billion USD) asked for, . World Bank and the Development Islamic Bank - PEGASE were tasked with the execution, in cooperation with local partnering institutions. The conference was inflamed by the political atmosphere on the account of reconstruction demands; which clearly showed how politics has the greater concerns in the minds of donors over any other development needs.*

*** Istanbul Conference in June 2009 was held 3 months after Sharm El-Sheikh conference in June 18th 2009. More than 30 Arab, Islamic and European countries attended and endorsed collectively the release of funds for implementing the set reconstruction plans. The conference was convened as a result of coordinated efforts of the International Arab Corporation for Gaza Reconstruction.*

*** Kuwait summit, which was pan-Arab economic, developmental and social gathering, took place in Kuwait to endorse reconstruction packages by the Islamic Bank for Development and the International Rahma Association. Both institutions implemented numerous reconstruction projects of housing and agriculture.*

*** The World Bank and the efforts made for reconstructing Gaza, Mr. Juan Jose Dabob visited Gaza before the Sharm El-Sheikh summit leading an inquiry commission into human rights. He issued a report outlining immediate and concrete measures for carrying out reconstruction plans in Gaza. The report was presented to Sharm El-Sheikh conference under "Available funding alternatives for early recovery and conclusions of drawn from World Bank Vision."*

*** UNRWA and UNDP efforts towards Gaza reconstruction, the UNRWA in Gaza had been providing relief operations to so many people affected by the war or living in refugee camps. While UNDP delivered assistance to non-refugees who had their homes either demolished or damaged during the war.*

*** So many Arab and international associations delivered assistance to schools, mosques and hospitals...etc.; such as, the Islamic Relief, Qatar Red Crescent, Qatar Charity Fund, Charity Forum, Al-Rahma International Forum, Al-Rahma Malaysian Organization, Islamic Hands Organization, Islamic Bank for Development and many others.*

3.9 The Distribution of International Aid to the Palestinians by Sectors:

Two phases describe the distribution of international aid, the first phase (1994-2003) where sectors were divided to highlight provisions of financial aids to the reconstruction of Gaza (4). In this regard, the reconstruction actions and attitudes were motivated by political interests, therefore the grants were streamed into early recovery and life-saving sectors. Lack of coordinated efforts for promoting infrastructure and agricultural sectors led to higher increase of the unemployment and downgraded infrastructure such as Gaza Sea Port and Gaza Airport (Rafati, 2006, pp.20).

We will discuss in this phase total spending rates in the five main sectors: infrastructure, productive, institutional and social and other sectors. In the second phase (2005-2009), we will discuss each sector in detail as follows:

3.9.1 First Phase of International Aid Distribution (1994-2003):

The Palestinian ministry of planning published distribution table of the Palestinian economy sectors in receipt of international aid: infrastructure, productive, social, institutional, and other sectors as shown in table (2-5).

The published figures of the ministry of planning indicate the Social sector as the biggest recipient of international aid with approximately \$1770.3 million (31 percent) from total international aid during the period 1994-2003. Social sector include various subsectors such as education, health, youth, and children (Human Development Report, 2004, p.11).

The social sector share was followed by the infrastructure sector, as table (2-3) shows that the total amount of international aid allocated to the infrastructure sector was approximately \$2524.8 million which is 30 percent of total international aid (Lobad, 2004, p.14).

Table (3.4): Distribution of International Assistance by Sector (1994-2003), in Millions of USD Dollars

Donors party	1994-1997		1998-2000		2001-2003		total	
	Commitments	Disbursements	C.	D.	C.	D.	C.	D.
Infrastructure	999.3	606	1025.5	550.5	500	307	2524.8	1463.5
Productive sector	270.5	137.3	348.9	192.5	143.9	98.5	763.2	428.3
Social sector	815.2	599	439.1	427.4	516	2094.7	1770.3	3121.1
Institutional sector	697	604.5	406.1	241.7	333.2	346.8	1436.2	1193
Miscellaneous sector	76.9	82.5	49.5	53.8	87.1	210.2	213.8	346.5
Total	2858.9	2029.3	2269.2	1465.9	1580.2	3057.4	6708.3	6552.5

Source: human development report 2004

The production sector received donations approximating to \$763.2. A sharp decline occurred in received funds... It did not exceed 11 percent of total commitments, though there was a drop at 9 percent of total disbursements (Human Development Report, 2004, p.119).

3.9.2 The Second Phase of International Aid Distribution (2005-2009):

The second phases shown in the table (2-6), the Palestinian Ministry of planning distribution diagram were used. This distribution diagram categorizes assistance in detailed terms, the allocation of each sector and branch sector distribution shown in this table.

Essentially, the total assistance to the Palestinians since the outbreak of the present Intifada goes to relief aid, the social sectors accounted for 68.5 percent. This is attributed to the swelling of emergency humanitarian and relief assistance, which falls within the social sectors. As for the infrastructure sector, its share of total assistance declined in this phase to approximately 10 percent (as compared to 37.6 percent in the previous phase). As for the share of the productive sectors, it did not exceed \$98.5 million, or less than 3.2 percent of

actual assistance, despite the importance of these sectors in strengthening the Palestinians and promoting their capacity for perseverance (MOH, 2009, p.4).

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The main uses for assistance in this period are supporting the PNAs general budget, especially the development budget, whose share of actual assistance was approximately 12 percent. If the grants for supporting the current budget are added, contributions earmarked for development increase substantially; since the outbreak of the Al-Aqsa Intifada, the donor parties have provided more than \$1,300 million for this use. As for in-kind assistance provided to the Palestinians in the form of equipment.

It comprised approximately 8 percent of total actual assistance, and approximately 5 percent of assistance was disbursed through job creation programs for the unemployed. Only 3 percent was disbursed to support the private sector (MOH, 2009, p.5).

Table (3.5) Donor Contribution to International Assistance by Sector (2005-2009), in USD

Sector	2005	2006	2007	2008	2009	TOTAL
	Disbursement	Disbursement	Disbursement	Disbursement	Disbursement	Disbursement
Education, level unspecified	26,013,915.02	17,930,064.73	16,641,319.50	10,916,362.79	2,427,850.00	73,929,512.04
Basic education	371,301.16	1,707,960.69	2,688,017.60	1,839,936.63		6,607,216.08
Secondary education	4,968,181.78	7,858,675.73	4,773,973.25	5,333,012.49	510,919.84	23,444,763.09
Post-secondary education	17,869,185.92	8,520,709.04	5,247,270.48	4,638,905.98	1,913,637.00	38,189,708.42
Health, general	15,848,291.08	36,851,867.61	10,057,850.34	28,555,542.02	1,060,000.00	92,373,551.05
Basic health	14,118,884.84	40,646,546.74	19,216,232.97	9,026,134.34	339,428.60	83,347,227.49
Population Policies/Programmes And Reproductive Health	4,908,682.11	4,704,775.78	4,982,061.08	1,198,833.60		15,794,352.57
Water Supply And Sanitation	56,362,548.06	49,425,939.19	53,335,674.24	43,294,037.16	5,025,056.71	207,443,255.36
Government and civil society, general	84,410,956.90	66,214,794.85	59,237,881.64	85,721,273.51	10,393,109.26	305,978,016.16
Conflict prevention and resolution, peace and security	9,948,839.54	9,732,205.43	10,555,913.05	23,150,005.71	1,480,678.40	54,867,642.13
Other Social Infrastructure and Services	123,765,261.02	261,396,974.84	398,208,243.70	176,694,980.90	5,164,856.90	965,230,317.36
Transport And Storage	60,987,366.08	5,084,828.15	7,770,894.04	4,875,879.34		78,718,967.61
Communications	14,167.00	427,516.00	184,163.41	1,400,283.41		2,026,129.82
Energy Generation And Supply	31,214,769.64	35,313,070.83	18,983,040.33	41,465,939.29	54,425,000.00	181,401,820.09
Banking And Financial Services	575,681.75	6,972,819.51	7,420,842.95	24,564,558.90	30,031.00	39,563,934.11
Business And Other Services	596,126.55	762,594.03	1,618,438.89	8,864,553.45	719,335.78	12,561,048.70
Agriculture	8,010,661.11	13,137,772.46	12,586,465.89	16,950,442.81	3,104,251.02	53,789,593.29
Fishing			9,985.00	382,260.00		392,245.00
Industry	22,980,305.95	3,745,961.28	2,538,608.19	4,000,000.00	88,494.00	33,353,369.42

Mineral Resources and Mining			11,384.51			11,384.51
Construction				18,629,726.00	500,000.00	19,129,726.00
Trade Policy And Regulations	601,363.27	147,605.34	645,410.02	13,121,866.29		14,516,244.92
Tourism	5,088,396.32	74,805.20	7,749.77	110,579.70	96,018.00	5,377,548.99
General environmental protection	2,207,307.47	2,814,533.93	5,356,053.40	2,403,323.70		12,781,218.50
Other multisector	76,986,377.96	29,234,398.21	36,252,220.17	109,892,149.53	10,213,177.14	262,578,323.01
General budget support	219,734,742.00	266,849,648.63	527,097,221.83	1,784,856,551.14	278,432,301.93	3,076,970,465.53
Developmental food aid/Food security assistance	5,276,182.18	5,378,344.50	5,686,782.66	71,994,222.41	266,550.00	88,602,081.75
Other commodity assistance		117,961,300.73	125,665,788.21			243,627,088.94
Emergency Response	168,515,268.72	191,514,114.83	136,843,533.53	260,013,503.23	20,343,917.00	777,230,337.31
Reconstruction relief and rehabilitation	58,792,565.16	25,781,214.77	39,271,062.88	67,361,059.90	1,097,096.00	192,302,998.71
Disaster prevention and preparedness					417,882.40	417,882.40
Administrative Costs Of Donors	943,219.34	708,906.79	109,910.42	108,373,892.57	4,486.00	110,140,415.12
Support To Non-Governmental Organizations (NGOs)				1,287,526.82		1,287,526.82
Unallocated/ Unspecified	9,229,396.60	8,409,489.78	8,748,014.25	4,987,667.95	27,032.00	31,401,600.58
Core Funding to UNRWA	133,446,527.36	119,269,550.25	165,812,900.44	257,517,829.63		676,046,807.68
Totals	1,163,786,471.88	1,338,578,989.86	1,687,564,908.65	3,193,422,841.20	398,081,108.97	11,439,757,113.07

Source: Ministry of Planning, Palestine Assistance Monitoring System Reports, donors Sectors matrix 2009.

-The afore-posted tables describe international aid distribution. It's evident though no specific funds were channeled to building the financial management capacity for local NGOs. Given these figures, we can easily conclude that building financial management capacity of the Palestinian NGOs was not high on the agenda of international donors. Therefore, we suggest having effective mechanisms in place to increase international funding to financial management capacity to carry out trainings, provide equipment and services.

ⁱ*These social institutions are those based on traditional inherited relationships rather than on voluntary acquired Ones. They represent a pattern of structures into which an individual is born or which he/she inherits*

CHAPTER FOUR

RESEARCH METHODOLOGY

- 4.1 Introduction
- 4.2 Data Collection
- 4.3 Research Population
- 4.4 Research Sample
- 4.5 Data Measurement
- 4.6 Testing for Normality
- 4.7 Statistical analysis Tools
- 4.8 Validity of Questionnaire
- 4.9 Structure Validity of the Questionnaire
- 4.10 Reliability of the Research
- 4.11 Cronbach's Coefficient Alpha
- 4.12 Data Analysis and Discussion
- 4.13 Analysis of questionnaire fields

4.1 Introduction

This chapter defines the methodology used in this study. The researcher uses analytical descriptive method, which tries to describe and assess the effect of the international funding on building financial management capacity for NGOs working in Gaza and propose more effective practices that will reflect on the empowerment and human development of the Palestinian community.

The descriptive analysis method compares, explains, and evaluates in order to generalize meaningful results to enrich knowledge in this regard. This methodology scans previous studies to make full use of them when applied to diagnose strengths and weaknesses by exploring the threats and opportunities of the future, and forecasting the outcomes in the coming stage of the study.

4.2 Data Collection: The researcher uses four sources for collecting data from two different sources:

4.2.1 Secondary data

- Published data search, including papers, documents and other relevant literature.
- Significant research and studies conducted by NGOs and research on community development.
- Key findings of coordinated efforts of international organizations presented to Palestinian NGOs for the purpose of furthering community development.
- Studies and reports published by funding organizations, including UNSCO, UNDP, USAID and others.

4.2.2 Primary data

Through observation, the researcher found out about the financial systems of some NGOs in Gaza working in the field of relief and development.

Questionnaires were introduced as a primary tool for primary data collection. The questionnaires were distributed to Palestinian NGOs working the Gaza and receiving international fund; the questionnaires were distributed to the NGO's top management team, including managers, officers, and directors.

4.3 Research Population

The Study population consists of Palestinian Non-Governmental Organizations (PNGOs) working in Gaza with an operating budget of more than 20,000 USD for their fiscal year ended.

The researcher's main source of selecting the research population is the 2012 report of the Ministry of Interior on directory of non-governmental organizations working in Gaza; **867** Palestinian and international NGOs are presently active in Gaza, including political and humanitarian organizations, NGOs concerned with promoting human rights or economic and social development, solidarity, charitable, or action-oriented groups, churches, trade unions and professional associations, organizations with special focus on women and children, and refugees organizations.

Out of the 867 organizations working in Gaza, there are seven hundred and three (703) Palestinian NGOs with an operating budget of more 20,000 USD for their fiscal year ended in 2011.

This research broadly tackles patterns and ways of measuring the impact of international funding in relation to building the financial management capacity of NGOs working in Gaza.

4.4 Research Sample:

The researcher selected the study sample by random sampling which included 150 active Palestinian NGOs working in the Gaza Strip and in receipt of more than 20,000 USD funding in 2011 to empower and strengthen the Palestinian Community.

150 questionnaires were handed to Palestinian NGOs which are considered the focal points for implementing the developmental projects in different sectors in the Palestinian

community. The researcher only received less number of questionnaires than distributed, so the returned questionnaires were 122 questionnaires, which is considered 81% of the distributed questionnaires but overall spans 122 Palestinian NGOs.

4.5 Data Measurement

In order to be able to select the appropriate method of analysis, the level of measurement must be understood. For each type of measurement, there is/are an appropriate method/s that can be applied. In this research, ordinal scales were used. Ordinal scale is a ranking or a data rating that normally uses integers in ascending or descending order. The numbers assigned to level of significance (1, 2, 3, 4, and 5) do not indicate that numbers given in between the scales are equal, nor do they indicate absolute quantities. They are merely numerical labels. Likert scale illustrates the following:

Item	<i>Strongly agree</i>	<i>Agree</i>	<i>Do not Know</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
Scale	5	4	3	2	1

4.6 Testing for Normality:

Table (1) shows the results drawn from Kolmogorov-Smirnov test. From Table (1), the p-value for each field is greater than 0.05 level of significance, and the data for each field is normally distributed. Consequently, parametric tests are used to perform the statistical data analysis.

4.7 Statistical analysis Tools

The researcher opted for both qualitative and quantitative data analysis methods. The data is analyzed by (SPSS 20). The researcher utilized the following statistical tools:

- 1) Kolmogorov-Smirnov test for Normality.
- 2) Pearson correlation coefficient for Validity.
- 3) Cranach's Alpha for Reliability Statistics.

- 4) Frequency and Descriptive analysis.
- 5) Parametric Tests (One-sample T-test, Analysis of Variance).

Table 4.1: Kolmogorov-Smirnov test

Field	Kolmogorov-Smirnov	
	Statistic	P-value
Impact of international funding in building the financial management capacity of NGOs in Gaza.	0.932	0.116
Impact of international funding in the development of fiscal policy instruments of NGOs in Gaza.	0.949	0.277
Impact of international funding in building the financial management capacity of employees working in the NGOs in Gaza.	0.962	0.507
Impact of international funding in building the financial capacity of board members in NGOs in Gaza.	0.952	0.316
All paragraphs of the questionnaire	0.936	0.145

- *T-test* is used to determine if the mean of a paragraph is significantly different from a hypothesized value 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 3. The sign of the Test value indicates whether the mean is significantly greater or smaller than hypothesized value 3. On the other hand, if the P-value (Sig.) is greater than the level of significance $\alpha = 0.05$, then the mean paragraph is insignificantly different from a hypothesized value 3.
- The *One- Way Analysis of Variance (ANOVA)* is used to examine if there is a statistical significant discrepancy between several means of the respondents toward the Impact of International Funding in Building the Financial Management Capacity of NGOs Working in Gaza according to Academic Qualification, Job Title, Geographic Location of the Organization, Years of Experience, External Funding in 2011, and Organizational Manpower).

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 and structure 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 measure the correlation coefficients between each paragraph in one field and the whole filed.

Table (4.2) clarifies the correlation coefficient for each paragraph outlining an response to "**Impact of International Funding in Building the Financial Management Capacity of NGOs in Gaza**" and the total of the field. The p-values (Sig.) are less than 0.05, so the correlation coefficients of this field are definite at $\alpha = 0.05$, so it can be said that the paragraphs of this field are consistent and valid to measure what it was set for.

Table 4.2: Correlation coefficient of each paragraph of "Impact of International Funding in Building the Financial Capacity of NGOs in Gaza" and the total value of this field

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	Access to international funding develops the financial skills among workers in the organization, leading to increased rationing of financial resources	.473	0.000*
2.	Access to international funding leads to creating a more clearer administrative and financial system in the organization	.699	0.000*
3.	International funding doubles the possibility of having financial and technical oversight on the funds and the activities carried out by the organization	.692	0.000*
4.	Access to funding enables the organization to develop strategic plans for medium-term development	.717	0.000*
5.	Access to international funding enables the organization to adopt the most efficient	.731	0.000*

	forms of organization		
6.	Funding aims at providing greater capacity for the organization employees through education and training, organization and implementation of projects	.738	0.000*
7.	International funding Increases the ability of the organization to enable the Palestinian civil society to play a positive role in making decisions and prioritizing implemented projects	.731	0.000*
8.	International funding seeks to develop the capacity of employees to streamline grants for the implementation of sustainable projects	.771	0.000*
9.	International funding depends on a policy where decision-makers determine their needs for funding	.620	0.000*
10.	International funding seeks to develop the ability of the organization to implement its programs and activities based on pre-defined goals	.772	0.000*
11.	International funding contributes to enabling the organization to develop programs and projects in accordance with the sustainable and emergency requirements of the civil society	.648	0.000*
12.	International funding depends on the level of coordination between the organization and non-governmental organizations working in the same field	.619	0.000*
13.	International organizations in partnership with local organizations set priorities of the community when drafting local projects	.566	0.000*

* Correlation is significant at 0.05 level

Table (4.3) clarifies the correlation coefficient for each paragraph of the "**Impact of International Funding in the Development of Fiscal Policy Instruments of NGOs in Gaza**" and the total value 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 measure what it was set for.

Table 4.3: Correlation coefficient of each paragraph of "Impact of International funding in the Development of Fiscal Policy Instruments of NGOs in Gaza" and the total value of this field

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	Funding is assigned to projects that are irrelevant to the development of the financial management capacity of the organization	.401	0.000*
2.	Amount of funding provided to the organization is considered sufficient for the implementation of organizational programs with relevancy to financial management capacity building	.227	0.006*
3.	International funding streamlined emergency schemes at the expense of building the financial management capacity of the organization and its staff	.331	0.000*
4.	Funding is geographically distributed on an equal basis to develop the capacity in these areas	.252	0.003*
5.	The international donor is serious in bringing up financial management and regulatory reforms within NGOs	.381	0.000*
6.	International funding seeks to strengthen the self-capacity of NGOs	.348	0.000*
7.	International funding contributes to increasing the independency and self-reliance of NGOs in securing the required funds to finance its future projects	.430	0.000*
8.	NGOs comply with instructions and procedures imposed by the International donor	.512	0.000*
9.	NGOs comply with conditional funding stating recruitment of foreign manpower to manage grants	.434	0.000*
10.	NGOs comply with conditional funding to engage members of the board and other employees deployed on the project scale	.338	0.000*
11.	NGOs adhere to setting standards and prohibitions regarding purchases to be made for internationally funded projects	.466	0.000*
12.	The organization is forced to change its	.287	0.001*

	policies to receive international funding		
13.	The organization is forced to reorganize its structure to be able to get international funding	.497	0.000*
14.	The organization accepts funding in sectors imposed by the international funding organization	.604	0.000*
15.	The organization is committed to financial reporting of the grant activities to the international funding organization	.535	0.000*
16.	International funding is influenced by governance system changes in Gaza	.562	0.000*
17.	The political conditions in Gaza affect the continuity of international funding	.619	0.000*

* Correlation is significant at the 0.05 level

Table (4.4) clarifies the correlation coefficient for each paragraph of the "**Impact of International Funding in Building the Financial Management Capacity of employees Working in NGOs in Gaza** "and the total value 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 measure what it was set for.

Table 4.4: Correlation coefficient of each paragraph of "Impact of International Funding in Building the Financial Capacity of Employees Working in NGOs in Gaza "and the total value of this field

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	The funded project contributes to the development of financial capacity of the organization employees	.680	0.000*
2.	Internationally funded programs which are implemented by the organization bring about positive outcomes on capacity-building	.589	0.000*
3.	international funding contributes to supporting projects aimed at developing the financial management capacity of the organization	.679	0.000*
4.	International funding includes training organization employees on the latest financial procedures adopted by NGOs in Gaza	.647	0.000*
5.	Finance employees benefit strongly from international funding in the development of their financial management skills	.778	0.000*

6.	international funding contributes to supporting finance employees of the organization through training, travel and external assignments	.701	0.000*
7.	international funding stipulates to name financial management experts to be engaged in the training within certain time limits	.730	0.000*
8.	International funding is offered exclusively for the capacity-building of accounting graduates without including other finance personnel	.159	0.041*
9.	The international funding forces those working in NGOs in Gaza to comply with its instructions and ignore NGOs' local policies	.179	0.025*

* Correlation is significant at the 0.05 level

Table (4.5) clarifies the correlation coefficient for each paragraph of the "**Impact of International Funding in Building the Financial Capacity of Board Members in NGOs in Gaza**" and the total value 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 measure what it was set for.

Table 4.5: Correlation coefficient of each paragraph of "Impact of International Funding in Building the Financial Capacity of Board Members in NGOs in Gaza" and the total value of this field

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	International funding equips board members of NGOs with financial knowledge	.756	0.000*
2.	International funding takes into account the diversity of financial management knowledge among NGOs board members	.592	0.000*
3.	International funding requires board members to have knowledge regarding conditions and financial orders of the project	.613	0.000*
4.	International funding strengthens the capacity-building of the board members over financial management	.765	0.000*
5.	International funding helps board members to broaden their understanding and be more aware of the financial issues involved in the project	.682	0.000*
6.	The international funding organizations shares project financial updates with NGO board members to improve their skills	.620	0.000*
7.	International funding provides preliminary	.419	0.000*

	financial training to the board members with the justification that they aren't in need of such training		
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* Correlation is significant at the 0.05 level

4.9 Structure Validity of the Questionnaire

Structure validity is the second statistical test used to examine the validity of the questionnaire structure by examining the validity of each field and the validity of the whole questionnaire. It measures the correlation coefficient between one field and all the fields of the questionnaire that have the same level of similar scale.

Table (4.6) clarifies the correlation coefficient for each field and the whole questionnaire. The p-values (Sig.) are less than 0.05, so the correlation coefficients of all the fields are significant at $\alpha = 0.05$, so it can be said that the fields are valid to measure what it was set for to achieve the main aim of the study.

4.10 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).

4.11 Cronbach's Coefficient Alpha

This method is used to measure the reliability of the questionnaire in 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 reflect a higher degree of internal consistency. The Cronbach's coefficient alpha was calculated for each field of the questionnaire.

Table (4.6) shows the values of Cronbach's Alpha for each field of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha were in the range from 0.694 and 0.899. This range is considered high; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.898 for the entire questionnaire which indicates an excellent reliability of the entire questionnaire.

Table 4.6: Correlation coefficient of each field and the entire questionnaire

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	Impactof international funding in building the financial capacity of NGOs in Gaza	.799	0.000*
2.	Impactof international funding in the development of fiscal policy instruments of NGOs in Gaza	.749	0.000*
3.	Impact of international funding in building the financial capacity of employees working in the NGOs in Gaza	.873	0.000*
4.	Impactof International funding in building the financial capacity of board members in NGOs in Gaza	.782	0.000*

* Correlation is significant at the 0.05 level

4.12 Data Analysis and Discussion

4.12.1 General Information

4.12.1.1 Academic qualification

Table no. (4.7) shows that most of local NGOs' staff hold a bachelor's degree. It also indicates that 21.1 % of them hold a diploma, pointing out the significance of planning to offer job opportunities.

Table (4.7): Qualification

Qualification	Frequency	Percent
Diploma	26	21.3
Bachelor	83	68.0
Post-graduate Studies	13	10.7
Total	122	100.0

4.12.1.2 Job title

By analyzing this item the researcher found that the most of the study population were executive managers, but there is 16.5% who have other job titles, including program officers and financial managers.

Table (4.8): Job Title

Job Title	Frequency	Percent
Head of Board of Directors	32	26.2
Executive Director	70	57.3
Others	20	16.5
Total	122	100.0

4.12.2 Organization Information

4.12.2.1 *Organizational activities*

The researcher found that the main fields of work are health and women and children, while economic development sector was the least; thus, it should be focused on.

Table (4.9): Organizational Activities

Organizational Activities	Frequency	Percent
Agriculture and Environment	26	21.7
Culture and Sports	19	15.8
Economic Development	12	10.0
Democracy and Human Rights	24	20.0
Health and Rehabilitation	57	47.5
Development	42	35.0
Women and Children	57	47.5
Social and Relief Services	44	36.7
Education and Training	39	32.5
Youth	27	22.5
Others	13	10.8

4.12.2.2 *Geographic location of the organization*

Through analyzing the geographic location of the organization, it's noted that most of local NGOs that received international fund for building the financial management capacity are located in Gaza City, while the NGOs located in the Middle Area are the less fortunate organizations that received fund for financial management capacity building.

Table (4.10): Geographic Location

	Frequency	Percent
North Gaza	16	13.1
Gaza City	90	73.8
Middle Area	4	3.3
South Area	12	9.8
Total	122	100.0

4.12.2.3 Years of experience

Table no.(4.11) shows the most experienced NGOs working in Gaza that have started their community work since the establishment of the PNA and that received large funds.

Table (4.11): Years of Experience

Years of Experience	Frequency	Percent
Less than 3 years	26	21.3
3 – Less than 10 year	56	45.9
10 years and more	40	32.8
Total	122	100.0

4.12.2.4 External funding in 2011

The table below shows a gap between percentages of funding.

Table (4.12): External Funding in 2011

External Funding in 2011	Frequency	Percent
Less than 10,000 USD	32	26.2
11,000 to 30,000 USD	41	33.6
31,000-50,000 USD	11	9.0
Over 50,000 USD	38	31.1
Total	122	100.0

4.12.2.5 Organizational manpower

Table # (4.13) lists the NGOs' manpower; the NGOs that hire less than 10 employees constitute the largest organizations.

Table (4.13): Organizational Manpower

Manpower	Frequency	Percent
Less Than 10	64	52.5
From 11-20	34	27.9
More Than 20	24	19.7
Total	122	100.0

4.13 Analysis of questionnaire fields

4.13.1 Impact of international funding in building the financial management capacity of NGOs in Gaza.

Table (4.14) shows the following results:

- The mean of paragraph #6 “Funding aims at providing greater capacity for the organization employees through education and training, organization and implementation of projects” equals 3.98 (79.51%), Test-value = 11.25, and P-value = 0.000 which is lesser 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. It is thus concluded that the respondents agreed to this paragraph.

This reflects strong impact of international fund in building the capacity of the employees working at NGOs through improving their performance using education and training which is also in compliance with the conclusion of previous studies, including Evaluation of Capacity Building: Lessons from the Field by Deborah Linnell (2003) and Understanding Capacity Building by Sheng, & Mohit, (1999).

- The mean of paragraph #13 “International organizations in partnership with local organizations set priorities of the community when drafting local projects” equals 3.21 (64.26%), Test-value = 2.15, and P-value = 0.017 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. It is thus concluded that the respondents agreed to this paragraph.

It is conclude that the partnership between funding organizations and local NGOs in Gaza has an average coordination related to setting priorities of the community when drafting local projects which partially proves the first hypothesis. This result also corresponded with that of a previous study "The Challenge of Impact Assessment" presented to the New Directions in Impact Assessment for Development Methods & Practice Conference published by Hailey & James, as well as a World Bank report published in 1997. Another

study "Capacity Building: an Approach to People-Centered Development" was previously conducted yielding a corresponding result (Eade & Deborah, 2007).

- The mean of “**Impact of international funding in building the financial capacity of NGOs in Gaza**” equals 3.72 (74.47%), Test-value = 12.20, 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. It is concluded that the respondents agreed to the field “**Impact of International Funding in Building the Financial Capacity of the Palestinian NGOs**”.

Furthermore, the first paragraph is interpreted positively to a reasonable level regarding the impact of international funding on building financial management capacity for NGOs working in Gaza, which corresponded with responses of most previous studies posing this paragraph. Accordingly, it is inferred that international fund has the strongest impact on capacity building and improving employees capacity through education and training, as well as partnership and coordination in setting priorities needed by society, in order to enhance the terminal capacity building aim in NGOs in Gaza.

Table (4.14): Means and Test values for “Impact of International Funding in Building the Financial Capacity of NGOs in Gaza”

	Item	Mean	Proportional mean (%)	Test value	P-value (Sig.)	Rank
1.	Access to international funding develops the financial skills among workers in the organization, leading to increased rationing of financial resources	3.90	78.02	12.08	0.000*	3
2.	Access to international funding leads to creating a more clearer financial management system in the organization	3.93	78.52	10.71	0.000*	2
3.	International funding doubles the possibility of having financial and technical oversight on the funds and the activities carried out by the	3.71	74.26	8.15	0.000*	10

	organization					
4.	Access to funding enables the organization to develop strategic plans for medium-term development	3.81	76.23	8.37	0.000*	6
5.	Access to international funding enables the organization to adopt the most efficient forms of organization	3.84	76.86	10.26	0.000*	4
6.	Funding aims at providing greater capacity for the organization employees through education and training, organization and implementation of projects	3.98	79.51	11.25	0.000*	1
7.	International funding Increases the ability of the organization to enable the Palestinian civil society to play a positive Role in making decisions and prioritizing implemented projects	3.73	74.59	8.23	0.000*	9
8.	International funding seeks to develop the capacity of employees to streamline grants for the implementation of sustainable projects	3.74	74.75	8.34	0.000*	8
9.	International funding depends on a policy where decision-makers determine their needs for funding	3.43	68.69	4.28	0.000*	12
10.	International funding seeks to develop the ability of the organization to implement its programs and activities based on pre-defined goals	3.83	76.69	9.83	0.000*	5
11.	International funding contributes to enabling the organization to develop programs and projects in accordance with the sustainable and emergency requirements of the civil society	3.81	76.23	10.72	0.000*	6
12.	International funding depends on the level of coordination between the organization and non-governmental organizations working in the same field	3.48	69.59	5.41	0.000*	11
13.	International organizations in partnership with local organizations set priorities of the community when drafting local projects	3.21	64.26	2.15	0.017*	13
	All paragraphs of the field	3.72	74.47	12.20	0.000*	

* The mean is significantly different from 3

4.13.2 Impact of International Funding in the Development of Fiscal Policy Instruments of the NGOs in Gaza.

Table (4.15) shows the following results:

- The mean of paragraph #15 “The organization is committed to financial reporting of the grant activities to the international donor” equals 3.96 (79.17%), Test-value = 9.26 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. It is concluded that the respondents agreed to this paragraph.

This result indicates that NGOs in Gaza are committed to submitting financial reports to the funding organizations. This proves the second hypothesis that when controls system is in place it helps to increase transparency and efficiency of financial reporting in this sector. This matches with a report submitted by MOP in 2009 that refers to report systems and how to develop it.

- The mean of paragraph #4 “Funding is geographically distributed on an equal basis to develop the capacity in these areas” equals 2.75 (55.04%), Test-value = -2.84, and P-value = 0.003 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 3. We conclude that the respondents disagreed to this paragraph

The result indicates that there was poor geographical distribution on an equal basis to develop the capacity of these areas, which corresponds with the outcomes of a previous study of Hailey & James "Capacity Building: The Challenge of Impact Assessment" presented to the New Directions in Impact Assessment for Development Methods & Practice Conference. This proves the second hypothesis outlining positive impact of international funding in the development of fiscal policy instruments of NGOs in Gaza, yet, it was weak.

- The mean of “**Role of international funding in the development of fiscal policy instruments of NGOs in Gaza**” equals 3.34 (66.86%), Test-value = 7.92, 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. It

is concluded that the respondents agreed to field of “**Role of international funding in the development of fiscal policy instruments of NGOs in Gaza.**”

Averagely speaking, the result proves the second hypothesis; there is need for paying more attention to the implementation of international fund tools, in order to create better fiscal policies instruments for NGOs in Gaza.

Table (4.15): Means and Test values for “Impact of international funding in the development of fiscal policy instruments of NGOs in Gaza”

	Item	Mean	Proportional mean (%)	Test value	P-value (Sig.)	Rank
1.	Funding is assigned to projects that are irrelevant to the development of the financial management capacity of the organization	2.88	57.52	-1.39	0.083	16
2.	Amount of funding provided to the organization is considered sufficient for the implementation of organizational programs with relevancy to financial and administrative capacity building	3.03	60.66	0.37	0.356	14
3.	International funding is streamlined emergency schemes at the expense of building the administrative and financial capacity of the organization and its staff	3.37	67.44	4.02	0.000*	9
4.	Funding is geographically distributed on an equal basis to develop the capacity in these areas	2.75	55.04	-2.84	0.003*	17
5.	The international donor is serious in bringing up administrative, financial and regulatory reforms within NGOs	3.23	64.63	2.45	0.008*	11
6.	International funding seeks to strengthen the self-capacity of NGOs	3.47	69.34	5.22	0.000*	6
7.	International funding contributes to increasing the independency and self-reliance of NGOS in securing the required funds to finance its future projects	3.15	63.00	1.42	0.079	13

8.	NGOs comply with instructions and procedures imposed by the International donor	3.56	71.24	5.61	0.000*	5
9.	NGOs comply with conditional funding stating recruitment of foreign manpower to manage grants	3.01	60.17	0.09	0.465	15
10.	NGOs comply with conditional funding to engage members of the board and other employees deployed on the project scale	3.39	67.87	2.03	0.023*	8
11.	NGOs adhere to setting standards and prohibitions regarding purchases to be made for internationally funded projects	3.70	74.00	8.96	0.000*	3
12.	The organization is forced to change its policies to receive international funding	3.21	64.26	2.14	0.017*	12
13.	The organization is forced to reorganize its structure to be able to get international funding	3.40	67.93	4.35	0.000*	7
14.	The organization accepts funding in sectors imposed by the international donor	3.25	64.96	2.63	0.005*	10
15.	The organization is committed to financial reporting of the grant activities to the international donor	3.96	79.17	9.26	0.000*	1
16.	International funding is influenced by governance system changes in the Gaza Strip	3.62	72.40	5.25	0.000*	4
17.	The political conditions in the Gaza Strip affect the continuity of International funding	3.85	77.05	7.49	0.000*	2
	All paragraphs of the filed	3.34	66.86	7.92	0.000*	

* The mean is significantly different from 3

4.13.3 Impact of international funding in building the financial capacity of employees working in the Palestinian NGOs.

Table (4.16) shows the following results:

- The mean of paragraph #2 “Internationally funded programs which are implemented by the organization bring about positive outcomes on capacity-building” equals 3.88 (77.54%), Test-value = 11.29, 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. It

is concluded that the respondents agreed to this paragraph. The result of this paragraph indicates that there was good impact of internationally funded programs implemented by the organization seeking to bring about positive outcomes on capacity-building, which corresponded with the outcome of previous studies posing this issue such as planning, implementing, and evaluating capacity development. This result also proved the third hypothesis.

- The mean of paragraph #9 “The international funding organizations force those working in NGOs in Gaza to comply with its instructions and ignore NGOs local policies” equals 3.07 (61.32%), Test-value = 0.62, and P-value = 0.268 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. It is concluded that the respondents (Do not know, neutral) to this paragraph. The result of this paragraph indicates that there was no impact of international funding on compliance of those working in NGOs in Gaza with its instructions and, which poses a disparity with the previous study preferred institution for supporting municipalities in implementing vital reforms held by Municipal Development and Lending Fund (2008), which didn't prove the third hypothesis because most of the target sample didn't know whether there was impact or not.
- The mean of the field “**Impact of international funding in building the financial capacity of employees working in NGOs in Gaza**” equals 3.44 (68.79%), Test-value = 8.54, 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. It is concluded that the respondents agreed to field mentioned before. The result of this field reflects a highly moderate impact of international funding in building the financial management capacity of employees working in the Palestinian NGOs, which proves the third hypothesis and corresponds with a previous study building capacity in nonprofit organization held by De Vita and Fleming, and also what UNDP publishing in 1991 subjected by institution building which strongly agreed with this hypotheses.

Table (4.16): Means and Test values for “Impact of international funding in building the financial capacity of employees working in NGOs in Gaza”

	Item	Mean	Proportional mean (%)	Test value	P-value (Sig.)	Rank
1.	The funded project contributes to the development of financial management capacity of the organization employees	3.77	75.41	9.11	0.000*	2
2.	Internationally funded programs which are implemented by the organization bring about positive outcomes on capacity-building	3.88	77.54	11.29	0.000*	1
3.	international funding contributes to supporting projects aimed at developing the financial management capacity of the organization	3.48	69.59	5.50	0.000*	5
4.	International funding includes training organization employees on the latest financial procedures adopted by local NGOs	3.52	70.49	6.56	0.000*	4
5.	Finance employees benefit strongly from international funding in the development of their financial management skills	3.69	73.77	7.45	0.000*	3
6.	international funding contributes to supporting finance employees of the organization through training, travel and external assignments	3.20	64.10	1.99	0.024*	8
7.	international funding stipulates to name financial management experts to be engaged in the training within certain time limits	3.36	67.21	3.81	0.000*	6
8.	International funding is offered exclusively for the capacity-building of accounting graduates without including other finance personnel	3.11	62.15	1.11	0.134	9
9.	The international funding organizations force those working in NGOs to comply with its instructions and ignore NGOs local policies	3.07	61.32	0.62	0.268	10
10.	international funding takes into account the disparity between local laws and its applicable laws	3.31	66.23	3.71	0.000*	7
	All paragraphs of the filed	3.44	68.79	8.54	0.000*	

* The mean is significantly different from 3

4.13.4 The Impact of International funding in building the financial capacity of board members in NGOs in Gaza.

Table (4.17) shows the following results:

- The mean of paragraph #3 “International funding requires board members to have knowledge regarding conditions and financial orders of the project” equals 3.58 (71.57%), Test-value = 5.86, 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. It is concluded that the respondents agreed to this paragraph.

The result of this paragraph shows the positive impact of international funding on building financial capacity for the board members of NGOs in Gaza which proves the forth hypothesis, and mentioned in Authenticity Consulting (2009).

- The mean of paragraph #7 “International funding provides preliminary financial training to the board members on subjects they consider irrelevant” equals 3.19 (63.77%), Test-value = 1.96, and P-value = 0.026 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. It is concluded that the respondents agreed to this paragraph.

The result of this paragraph indicates that there is no need for huge fund in building financial capacity for the members of NGOs’ board members, which proves the forth hypothesis. Yet, this is not agreed with previous studies which all called for the needs to developing the capacity of the board directors.

- The mean of the field “**Impact of International funding in building the financial capacity of board members in NGOs in Gaza**” equals 3.33 (66.58%), Test-value = 5.72, 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. It is concluded that the respondents agreed to field of “**Impact of International funding in building the financial capacity of board members in NGOs in Gaza.**”

The result of this field implies that there is a positive impact of international funding in building the financial capacity of board members in the NGOs in Gaza, which proves the fourth hypothesis, which corresponds with most previous studies in the field.

Table (4.17): Means and Test values for “Impact of International funding in building the financial capacity of board members in NGOs in Gaza”

	Item	Mean	Proportional mean (%)	Test value	P-value (Sig.)	Rank
1.	International funding equips board members of NGOs with financial knowledge	3.26	65.29	2.91	0.002*	5
2.	International funding takes into account the diversity of financial management knowledge among NGOs board members	3.25	65.04	2.75	0.003*	6
3.	International funding requires board members to have knowledge regarding conditions and financial orders of the project	3.58	71.57	5.86	0.000*	1
4.	International funding strengthens the capacity-building of the board members over financial management	3.32	66.33	3.45	0.000*	3
5.	International funding helps board members to broaden their understanding and be more aware of the financial issues involved in the project	3.38	67.54	4.61	0.000*	2
6.	The funding organizations share project financial updates with NGO board members to improve their skills	3.30	66.07	3.45	0.000*	4
7.	International funding provides preliminary financial training to the board members with the justification that they aren't in need of such training	3.19	63.77	1.96	0.026*	7
	All paragraphs of the field	3.33	66.58	5.72	0.000*	

* The mean is significantly different from 3

CHAPTER FIVE

Conclusion and Recommendations

5.1 Conclusions

5.2 Recommendations

5.1 Conclusions

This research investigates the impact of international funding organizations on building the financial management capacity of NGOs working in Gaza and summarizes the following conclusions based on the findings.

The statistics analysis shows that 74.47% of the respondents agree that international funding has an effect on building the Palestinian Institutions financial management capacity, which indicates the following:

- 1- The international funding has effective influence on building financial capacity for the local NGOs, especially through education, training, and developing skills for employees.
- 2- The international funding led the increasing rate of financial resources; this happened after enough development of financial management building capacity.
- 3- The international funding supports NGOs in Gaza, to increase their ability in implementing programs based on pre- defined goals
- 4- The international funding partially depends on its level with NGOs in Gaza working in the same field.
- 5- NGOs in Gaza didn't fully depend on the policy developed by decision makers who determine the needs for funding.
- 6- Lack of partnership between international organizations and NGOs Gaza in setting the priorities of the community when drafting a local project. In other words, international funding imposes an agenda for NGOs in Gaza to implement projects or/and programs.

In additional statistics analysis shows that 66.86% of the respondents agree that international funding has an effect on building the developing fiscal policy instruments and systems for NGOs in Gaza, **which indicate the following:**

- 1- The international funding leads NGOs in Gaza to fulfill their responsibilities, especially meeting funding organizations' standards of submitting financial reports. This, in turn, trains NGOs in Gaza to develop their capacity in this respect.

- 2- The continuity of international funding is strongly affected by the political situation in Gaza, which occasionally results in cut or stop of funding.
- 3- NGOs in Gaza adhere to all the procurement procedures of international funding organizations; they partially use their local procurement policy if not match with the funding organizations'. This affect s the local laws and procedures.
- 4- International funding is affected by change of governments.
- 5- NGOs in Gaza don't comply with conditional funding stating recruitment of foreign manpower to manage grants; this is because NGOs in Gaza believe that after 16 years of international funding to Palestine, there are a lot of national experts that can manage grants with no need of foreign expertise.
- 6- Funding to implement NGO capacity building programs is not sufficient.
- 7- There is lack of geographical distribution on an equal basis to develop capacity for NGOs. Funding is concentrated in Gaza City and Gaza North, where NGOs in Middle Area of Gaza and Gaza South were less fortunate receiving fund directed to NGO capacity building.

Therefore statistics analysis shows that 68.79% of the respondents agree that international funding has an effect on building capacity for the finance staff working in NGOs in Gaza, **which indicate the following:**

- 1- There is a positive outcome from implementing programs funded by international funding organizations for NGOs in Gaza.
- 2- Finance staff already benefit from international funding by building their capacity either by training and/or education or by having experience during working with this fund.
- 3- The international funding uses the newest procedures and policies through employees training in finance, which provides them knowledge of how the world works.
- 4- The international funding organizations don't prefer to send people for training by travelling and external assignment which limit the experience for financial people and focusing only on self researching or local training.

- 5- The international funding doesn't deal exclusively with accountant for training and building financial capacity, but also interest with people who has graduate in financial management, economic, or other related field.

Finally statistics analysis shows that 66.58 % of the respondents agree that International funding has an effect on financial performance for the board directors of local NGOs, **which indicate the following points:**

- 1- The international funding requires that the board members have knowledge of financial procedures, which leads to a smooth project implementation.
- 2- The international funding helps board members to be more understanding and aware of financial issues involved in the project.
- 3- The international funding works on strengthening the board members' financial management capacity building.
- 4- Board members lack knowledge of international funding for financial management.
- 5- The study population sample didn't agree that there is need for international fund to train the board members; this reflects the results of this question.

5.2 Recommendations

The following recommendations are derived to support NGOs' respondents in dealing with international funding, so they can build their financial capacity.

- 1- There is a need to increase the international fund allocated for building the financial capacity of NGOs working in Gaza.
- 2- NGOs should concentrate on education and training, in order to develop capacity building of financial management.
- 3- International funding organizations must maintain coordination with NGOs in Gaza in setting priorities of the community when drafting local projects.
- 4- NGOs and government in Gaza should pay more attention to control the financial reports for the sake of building more effective transparency.

5-The international funding organizations should introduce fair representation of capacity building efforts per geographical distribution on an equal basis to develop the capacity of NGOs in all Gaza governorates.

6-It should be more useful if there is further improvement of fiscal policy instruments of NGOs in Gaza.

7- There is necessity for maintaining evaluation of international funding programs implemented by NGOs in Gaza, to bring about positive outcomes of capacity-building.

8-NGOs in Gaza should continue adhering to their policies and not to be affected by international funding organizations' policies; this makes the international funding organizations respect and take local policies into consideration when implementing projects or programs.

9-NGOs in Gaza should maintain specific allocations of international funding for improving financial capacity of their board members.

10-International funding organizations and NGOs in Gaza should take into consideration unnecessary spending of international fund on NGO's board members; such fund should rather develop the capacity building of other NGO's staff, including administrators.

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The Islamic University – Gaza
Postgraduate Studies Deanship
Commerce and Management Science College
Master in Accounting and Finance

Dear Messrs. /

Subject: Filling in a Questionnaire in Relation to M.Sc. Thesis: “Role of International Funding in Building the Financial and Administrative Capacity of NGOs Working in the Gaza Strip.”

The study aims to define the efficiency of international funding in building the capacity of NGOs to enable Palestinian NGOs working in the Gaza Strip to implement the programs and projects aiming to fulfill its set goals. Therefore, the enclosed questionnaire has been designed to supplement a M.Sc.in Accounting and Finance thesis titled:

Impact of International Funding on Building the Financial Management Capacity of NGOs Working in the Gaza.

Please fill in the enclosed questionnaire, as stakeholders of INGO-funded and supported programs, at your own discretion and in convenience with the questions given therein. I would like to confirm that the obtained information will be treated with utmost confidentiality and will be utilized for scientific purposes only.

Much appreciation and respect...

**Researcher
Firas Al Ramlawi**

General Information:

❖ Personal Information :

- Academic Qualification:

Diploma Bachelor Degree Post-graduate Studies

- Job Title :

Head of Board of Directors Executive Director Others , please specify _____

❖ Organization Information

- Organizational Activities (Multiple boxes may be checked)

Agriculture and Environment Culture and Sports Economic Development Democracy and Human Rights

Health and Rehabilitation Development Women and Children Social and Relief Services

Education and Training Youth Others , please specify _____

- Geographic Location of the Organization:

North Gaza Gaza City Middle Area Khan Younis Rafah

- Years of Experience:

Less Than 3 Years From 3-10 Years More than 10 Years

- External Funding in 2011:

Less Than 10,000 USD 3,000 – 11,000 USD 31,000-50,000 USD Over 50,000 USD

- Organizational Manpower :

Less Than 10 From 11-20 More Than 20

		Totally Agree	Agree	Neutral	Disagree	Totally Disagree
Part 1 : Impact of international funding on building the financial capacity of NGOs in Gaza						
1)	Access to international funding develops the financial skills among workers in the organization, leading to increased rationing of financial resources					
2)	Access to international funding leads to creating a more clearer administrative and financial system in the organization					
3)	International funding doubles the possibility of having financial and technical oversight on the funds and the activities carried out by the organization					
4)	Access to funding enables the organization to develop strategic plans for medium-term development					
5)	Access to international funding enables the organization to adopt the most efficient forms of organization					
6)	Funding aims at providing greater capacity for the organization employees through education and training, organization and implementation of projects					
7)	International funding Increases the ability of the organization to enable the Palestinian civil society to play a positive role in making decisions and prioritizing implemented projects					
8)	International funding seeks to develop the capacity of employees to streamline grants for the implementation of sustainable projects					
9)	International funding depends on a policy where decision-makers determine their needs for funding					
10)	International funding seeks to develop the ability of the organization to implement its programs and activities based on pre-defined goals					
11)	International funding contributes to enabling the organization to develop					

	programs and projects in accordance with the sustainable and emergency requirements of the civil society					
12)	International funding depends on the level of coordination between the organization and non-governmental organizations working in the same field					
13)	International organizations in partnership with local organizations set priorities of the community when drafting local projects					
Part 2 : Impact of international funding in the development of fiscal policy instruments of NGOs in Gaza						
14)	Funding is assigned to projects that are irrelevant to the development of the administrative and financial capacity of the organization					
15)	Amount of funding provided to the organization is considered sufficient for the implementation of organizational programs with relevancy to financial and administrative capacity building					
16)	International funding is streamlined emergency schemes at the expense of building the administrative and financial capacity of the organization and its staff					
17)	Funding is geographically distributed on an equal basis to develop the capacity in these areas					
18)	The international donor is serious in bringing up administrative, financial and regulatory reforms within NGOs					
19)	International funding seeks to strengthen the self-capacity of NGOs					
20)	International funding contributes to increasing the independency and self-reliance of NGOS in securing the required funds to finance its future projects					
21)	NGOs comply with instructions and procedures imposed by the International donor					
22)	NGOs comply with conditional funding stating recruitment of foreign manpower to manage grants					
23)	NGOs comply with conditional funding to engage members of the board and					

	other employees deployed on the project scale					
24)	NGOs adhere to setting standards and prohibitions regarding purchases to be made for internationally funded projects					
25)	The organization is forced to change its policies to receive international funding					
26)	The organization is forced to reorganize its structure to be able to get international funding					
27)	The organization accepts funding in sectors imposed by the international donor					
28)	The organization is committed to financial reporting of the grant activities to the international donor					
29)	International funding is influenced by governance system changes in the Gaza Strip					
30)	The political conditions in the Gaza Strip affect the continuity of International funding					
Part 3: Impact of international funding in building the financial capacity of employees working in NGOs in Gaza						
31)	The funded project contributes to the development of administrative and financial capacity of the organization employees					
32)	Internationally funded programs which are implemented by the organization bring about positive outcomes on capacity-building					
33)	international funding contributes to supporting projects aimed at developing the financial and administrative capacity of the organization					
34)	International funding includes training organization employees on the latest financial procedures adopted by local NGOs					
35)	Finance employees benefit strongly from international funding in the development of their administrative and financial skills					
36)	international funding contributes to supporting finance employees of the					

	organization through training, travel and external assignments					
37)	international funding stipulates to name financial management experts to be engaged in the training within certain time limits					
38)	International funding is offered exclusively for the capacity-building of accounting graduates without including other finance personnel					
39)	The international donor forces those working in NGOs to comply with its instructions and ignore NGOs local policies					
40)	international funding takes into account the disparity between local laws and its applicable laws					
Part 4: Impact of International funding in building the financial capacity of board members in NGOs in Gaza						
41)	International funding equips board members of NGOs with financial knowledge					
42)	International funding takes into account the diversity of financial management knowledge among NGOs board members					
43)	International funding requires board members to have knowledge regarding conditions and financial orders of the project					
44)	International funding strengthens the capacity-building of the board members over financial management					
45)	International funding helps board members to broaden their understanding and be more aware of the financial issues involved in the project					
46)	The donor shares project financial updates with NGO board members to improve their skills					
47)	International funding provides preliminary financial training to the board members with the justification that they aren't in need of such training					

بسم الله الرحمن الرحيم

الجامعة الإسلامية - غزة
عمادة الدراسات العليا
كلية التجارة والعلوم الإدارية
ماجستير محاسبة وتمويل

السادة مؤسسة/ _____ حفظكم الله،

تحية طيبة وبعد،

الموضوع / التكرم بتعبئة استبيان لبحث ماجستير بعنوان: دور التمويل الدولي في تنمية وبناء القدرات المالية والإدارية لدى المؤسسات الأهلية العاملة في قطاع غزة
تهدف الدراسة إلى تحديد مدى فعالية التمويل الدولي في بناء قدرات المؤسسات الأهلية واللازم لتمكين المؤسسات الأهلية الفلسطينية في قطاع غزة من القيام بالبرامج والمشاريع التي تحقق الأهداف التي أنشئت من أجلها .
ولهذا الغرض فقد أعدت الاستبانة المرفقة من أجل إتمام رسالة الماجستير في المحاسبة والتمويل بعنوان:

The Role of international Donor in building financial Capacity for Local NGOs working in Gaza Strip

وباعتباركم احد القائمين على المشاريع الممولة والمدعومة من المؤسسات الدولية، وتقديرًا لخبراتكم المتراكمة في هذا المجال نرجو من سيادتكم التكرم بتعبئة هذه الاستبانة بما يتفق مع وجهة نظركم الكريمة مع الأسئلة الواردة فيها.
مؤكدين لكم أن المعلومات التي يتم الحصول عليها سوف تعامل بسرية تامة، ولا تستخدم إلا لأغراض البحث العلمي فقط.

وتفضلوا بقبول فائق الاحترام والتقدير

الباحث

فراس الرملاوي

معلومات عامة:

المعلومات الشخصية

- المؤهل العلمي دبلوم بكالوريوس دراسات عليا
- المسمى الوظيفي رئيس مجلس الادارة مدير تنفيذي غير ذلك: حدد _____

معلومات عن المؤسسة

- مجالات عمل المؤسسة " يمكن اختيار اكثر من اجابة " زراعة وبيئة ثقافة ورياضة
- تنمية اقتصادية ديمقراطية وحقوق إنسان تعليم وتدريب صحة وتأهيل تنمية
- خدمات اجتماعية وإغاثة مرأة وطفل شبابية غير ذلك: حدد _____
- المنطقة الجغرافية التي تعمل فيها المؤسسة: شمال غزة مدينة غزة الوسطى
- خانيونس رفح
- عدد سنوات الخبرة في مجال العمل:
 - اقل من 3 سنوات من 3 - 10 سنوات اكثر من 10 سنوات
- مبلغ التمويل الخارجي خلال عام 2011
 - اقل من 10,000 دولار من 11,000 - 30,000 دولار من 31,000 - 50,000 دولار
 - فوق 50,000 دولار .
- عدد العاملين في المؤسسة:
 - اقل من 10 من 11 - 20 اكثر من 20

معارض بشدة	معارض	محايد	موافق	موافق بشدة		
					المحور الاول: دور التمويل الدولي في تنمية قدرات الادارة المالية لدى المؤسسات الاهلية الفلسطينية	
					1	يؤدي الحصول على تمويل دولي الى تنمية المهارات المالية لدى العاملين في المؤسسة مما يؤدي الى زيادة الترشيح المالي
					2	يؤدي الحصول الى تمويل دولي الى وجود نظام اداري ومالي واضح لدى المؤسسة
					3	التمويل الدولي يعمل على امكانية القيام بالرقابة المالية والفنية على الاموال والانشطة المنفذة من قبل المؤسسة
					4	امكانية الحصول على التمويل تمكن المؤسسة من وضع الخطط الاستراتيجية للتنمية متوسطة الاجل
					5	امكانية الحصول على التمويل الدولي تمكن المؤسسة من اختيار اشكال التنظيم الاكثر كفاءة
					6	يهدف التمويل الى اكساب العاملين في المؤسسة قدرة اكبر على الانتاج من خلال التعليم والتدريب والتنظيم وتنفيذ المشاريع
					7	يزيد التمويل الدولي من قدرة العاملين في المؤسسة على اعداد المجتمع المدني الفلسطيني للقيام بدور ايجابي في اتخاذ القرارات وتحديد الاولويات في المشاريع المنفذة
					8	يسعى التمويل الدولي الى تنمية قدرات العاملين في المؤسسة لادارة المنح التمويلية بشكل يساهم في تنفيذ مشاريع مستدامة
					9	تعتمد المنح الدولية على سياسة مشاركة متخذي القرار في المؤسسة بتحديد احتياجاتهم من التمويل المقدم
					10	يسعى التمويل الدولي الى تنمية قدرة المؤسسة لتنفيذ برامجها وانشطتها بناء على اهداف معدة مسبقا
					11	يساهم التمويل الدولي في تمكين المؤسسة لاعداد برامج ومشاريع وفقا لمتطلبات المجتمع المدني الطارئة والمستدامة
					12	يعتمد التمويل الدولي للمؤسسة على مدى قوة التنسيق بين المؤسسة والمؤسسات غير الحكومية العاملة في نفس المجال
					13	تقوم المؤسسات الدولية بالشراكة مع المؤسسات المحلية في وضع اولويات المجتمع الفلسطيني المحلي عند اعداد المشاريع
					المحور الثاني: دور التمويل الدولي في تطوير ادوات السياسة المالية لدى المؤسسات الاهلية الفلسطينية	
					14	حجم التمويل يستهدف تنفيذ مشاريع ليس لها علاقة بتنمية القدرات الادارية والمالية للمؤسسة

				15	حجم التمويل المقدم للمؤسسة يعتبر كافيا لتنفيذ برامج المؤسسة فيما يختص ببناء القدرات المالية والادارية
				16	يرتكز تمويل الدولي على الاهتمام بالالزامات الطارئة على حساب تمويل بناء القدرات الادارية والمالية للمؤسسة والعاملين فيها
				17	التوزيع الجغرافي للتمويل يتم بشكل متساوي لخدمة تطوير القدرات في هذه المناطق
				18	الممول الدولي جاد في اجراء اصلاحات ادارية ومالية وتنظيمية داخل المؤسسات الاهلية الفلسطينية.
				19	يسعى التمويل الدولي في تعزيز قدرة المؤسسات الاهلية الذاتية
				20	يساهم التمويل الدولي في زيادة استقلالية المؤسسات الاهلية واعتمادها على ذاتها في توفير التمويل اللازم لتمويل مشاريعها المستقبلية
				21	تتقيد المؤسسة الاهلية بالتعليمات والاجراءات المفروضة من التمويل الدولي
				22	تتقيد المؤسسة الاهلية بالتمويل المشروط بتوفر خبرات اجنبية تقوم على ادارة المنح الممولة
				23	تتقيد المؤسسة الاهلية بالتمويل المشروط باعضاء مجلس الادارة والعاملين في المشروع
				24	تتقيد المؤسسة بوضع المعايير والمحاذير للمشتريات المراد شراؤها للمشاريع الممولة دوليا
				25	تضطر المؤسسة للتغيير من سياساتها من اجل الحصول على التمويل الدولي
				26	تضطر المؤسسة لاعادة تنظيم هيكليتها لتصبح قادرة على الحصول على تمويل دولي
				27	تتقبل المؤسسة تمويل قطاعات مفروضة من الممول الدولي
				28	تلتزم المؤسسة الاهلية بتقديم التقارير المالية عن المنحة المقدمة من الممول الدولي
				29	يتاثر التمويل الدولي بتغيير نظام الحكومة في قطاع غزة
				30	تؤثر الظروف السياسية في القطاع على استمرار تمويل المؤسسة من الممول الدولي
					المحور الثالث: دور التمويل الدولي في تطوير القدرات المالية لدى العاملين في المؤسسات الاهلية الفلسطينية
				31	المشروع الممول يساهم في تطوير قدرات الادارية المالية للطواقم العاملة في المؤسسة
				32	تترك البرامج الممولة دوليا والمنفذة من قبل المؤسسة اثرا ايجابية على اعداد القدرات
				33	يساهم التمويل الدولي في دعم مشاريع تستهدف تنمية القدرات المالية والادارية للمؤسسة

				يعتمد التمويل الدولي على تدريب العاملين في المؤسسة على احدث الاجراءات المالية المتبعة في المؤسسات الاهلية	34
				العاملين في الامور المالية يستفيدون وبشدة من التمويل الدولي في تنمية مهاراتهم وقدراتهم الادارية والمالية	35
				يساهم التمويل الدولي في دعم العاملين في المجال المالي للمؤسسات الاهلية من خلال التدريب والسفر والابتعاث	36
				تعتمد متطلبات التمويل الدولي على تعيين ادارة مالية خبيرة لتوفير الوقت اللازم للتدريب الخاص بها	37
				يختص التمويل الدولي في تنمية قدرات العاملين في الادارة المالية على خريجي المحاسبة فقط وليس غيرهم من التخصصات الاخرى	38
				يشترط الممول الدولي الزام العاملين في المؤسسات الاهلية على التقيد بتعليماته وعدم الالتزام بالنظام العام المعمول به في المؤسسة الاهلية	39
				يراعي التمويل الدولي في التدريب الفروق الخاصة بين القوانين المحلية والقوانين المعمول بها من قبله	40
				المحور الرابع: دور التمويل الدولي في تطوير القدرات المالية لدى مجلس الادارة في المؤسسات الاهلية الفلسطينية	
				يهتم التمويل الدولي في تزويد المعرفة المالية لدى مجلس ادارة المؤسسة الاهلية	41
				يراعي التمويل الدولي تباين واختلاف المستوى المعرفي للادارة المالية لدى مجلس ادارة المؤسسات الاهلية	42
				يشترط التمويل الدولي معرفة مجلس ادارة المؤسسة الاهلية بالشروط والوامر المالية الخاصة بالمشروع	43
				يهتم التمويل الدولي بتنمية قدرات مجلس ادارة المؤسسة الاهلية على الادارة المالية	44
				يساعد التمويل الدولي مجلس ادارة المؤسسة الاهلية على توسيع مداركه في معرفة الامور المالية المستخدمة في المشروع	45
				يشارك الممول مجلس ادارة المؤسسة الاهلية على التطورات المالية الخاصة بالمشروع من باب تنمية مهاراتهم	46
				يكتفي التمويل الدولي بتدريب بسيط لمجلس الادارة في الامور المالية بحجة عدم احتياج المجلس لمثل هذه التدريبات	47