

St. Mary's University
School of Graduates studies.



Challenges of effective fund utilization in Humanitarian organization in the Case of Catholic Relief Service (CRS) Ethiopia.

Prepared BY: Amaledch Tilahun.

ID No.: SGS/0279/2007

Advisor: Alem Hagos (PHD)

June, 2016
Addis Ababa, Ethiopia



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Thesis Submitted

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Administration (MBA General)**

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Addis Ababa, Ethiopia



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ID;.SGS/0279/2007A

Approved By: Board of Examiners

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Dedications.

I dedicate this piece of work to my family for their motivation and moral supports in my studies, especially for my husband Ato Solomon Seleshi for his unlimited support in every aspect including taking care of my kids .This achievement is by your all contribution. Thank you again for your long-lasting assistances.

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Acronyms and abbreviations

CRS Catholic Relief Services

CSA Central statistical Agency

NGO Non-Governmental Organizations

USAID United States Agency for International Development

WASH water, sanitation, and hygiene

GAAP Generally Accepted Accounting principles.

INGO International Non-Governmental Organizations

DFAP Development Food Assistance Program

JEOP Development Food Assistance Program

USAID United States Agency for International Development

WASH water, sanitation, and hygiene

REAAP: Reliance Through Enhanced Adaption Action Learning and partnership

UNOCHA; United Nations Organizations for Coordination of Humanitarian Affairs

OECD Organization for Economic Cooperation and Development

ODA: Official Development Assistance

USCCB: United States Catholic Conference of Bishops

MDG Millennium Development Goals

PD Paris Declaration

PSNP Productive Safety Net Program

DRM; Disaster Risk Management.

DAC Development Assistance Committee

GBS General Budget Support

GDP Gross Domestic Product

ICT Information Communication Technology

PRBS Poverty Reduction Budget Support

PRS Poverty Reduction Strategy

PRSC Poverty Reduction Strategy Credit

PSNP Productive Safety Net Program

SPSS Statistical Package for Social Sciences

UNDP United Nation Development Program

UN United nation

USCCB United States Catholic Conference of Bishops

EU European Union

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Abstract:

Effective fund management and utilization ensures that organizations projects are administered with proper stewardship and guided by humanitarian and educational principles. It confirms that projects meets the needs of the beneficiaries, fulfill project objectives, by safeguarding of available funds. Every organization is responsible to follow and control how the granted funds are used by its members and needs to be ensured those funds are properly managed. If a misuse of funds occurs, it will be the liability and responsible of implementing organizations for rectifying the situation. Fund is a key for non-governmental organization as a means of Planning, utilizing and controlling scarce resources so as to attain their goals efficiently and effectively. With this study the research identified challenges of effective fund utilization. The researcher used both primary and secondary data which collected through questioner and from different secondary data source. Data analysis involved preparation of the collected data - coding, editing and cleaning of data in readiness for processing using SPSS version 20. SPSS is preferred because it is very systematic and covers a wide range of the most common statistical and graphical data analysis. To better understand the characteristic of each variable, descriptive statistical analysis was used. Presentation of information was done with the aid of frequency tables and percentages. The information was presented and discussed as per the objectives. The study found that challenges associated with project Implementation through partners and Managerial factors, are the major challenges for the effective utilization of fund by humanitarian organizations followed by Technical factors and donors' behaviors are another for fund effectiveness. The study recommended that to ensure effective utilization of fund, Transparent and Complete Information has to put at the donors', primary fund recipients and direct project implementer. In addition capacitating building activities on direct project implementer agents should be done by identifying major gaps on challenges associate with Managerial factors, technical factors and donor's related behavior. Lastly by Increasing the responsibility and accountability of fund recipient organization, donors should reduce the funding burecracys which subject funds to pass through different layers.

Key words: Effective utilization, Technical Factors, donor Behaviors; Direct project Implementers;

Certificate of Declaration

I, the undersigned candidate declare that this work is original and has not been submitted for award of MBA degree in any other institution.

Name: Amaledech Tilahun

Signature: _____

Date: _____

Endorsement Page

This Thesis has been submitted to St. Mary's University School of Graduates for exam with my Approval as a university Advisor.

Advisor; Alem Hagos (Phd)

Signature; _____

**St. Mary's University
Addis Ababa, Ethiopia.**

Chapter One

1. Introduction

1.1 Background of the study

Effective grant management and utilization ensures that organizations projects are administered with proper stewardship and is guided by humanitarian and educational principles. It ensures that projects effectively meet the needs of the beneficiaries, fulfill project objectives, and responsibly safeguard donors' funds. Every organization is responsible for how granted funds are used by its members and need to ensure that the funds are properly managed and effectively utilized. If a misuse of funds occurs, it will be the liability and responsible implementing organizations for rectifying the situation. Funds or Aid management is an essential element of sound planning and financial management for NGOs. Fund is a key for non-governmental organization as financial resource making Planning, utilizing and controlling this resources is mandatory so as to attain their goals efficiently and effectively.

Mosley and Eeckhout (2000) asserted that problems of economic governance and ineffective utilization of development assistance have ranged from poor or no consultation with the intended beneficiaries, lack of coordination between various government agencies, the failure to harmonize policies, programs and procedures harmonization and alignment, poor project design, to poor monitoring of foreign funded projects and consequently indebtedness and poverty. The extent to success of donor funded projects is determined by different factors such as project implementation with partners, factors associates with donor behaviors, managerial factors like technical and managerial capacity of the human resources, Accountability which is also another key pillar on Managerial factors of fund effectiveness. Accountability refers to full transparency regarding the purpose, content, responsibility and performance of the development agency.

Martens et al. (2001) observed that because of the sufficient & direct evaluation in foreign aid inserting an explicit evaluation function is necessary to eliminate performance related Problems. Most donors have multiple objectives. The problem with multiple objectives is that they typically

imply trade-offs, especially in the short run. When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort. Since some tasks are more easily monitored by their supervisors, such as input activities like budget, procurement, and hiring of consultants, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.

CRS Ethiopia is one of an international humanitarian organizations working in Ethiopian since 1958. Its effective fund utilization has been affected by different factors. This research seeks to identify the key factors affecting effective use of donor fund on international humanitarian organizations in Ethiopia specific to Catholic Relief Service of Ethiopian Country program. In addition to this, the research have been working in humanitarian nongovernmental organization since 2004. The research need to put all knowledge, experience and observations regarding to the topic and to contribute for industry and for the organization on which the research was took place.

1.2 Historical Background of the Organization

1.2.1 The History of CRS/Ethiopia

Catholic Relief Services Ethiopia (CRS/Ethiopia) has a long and proud history dating back to 1958. When the Ethiopia Catholic Bishops Conference invited CRS/ Ethiopia to operate in the country with approval from the Government of Ethiopia. Since 1958, CRS has contributed to the struggle against humanitarian crises and food Insecurity, with programs geared toward the alleviation of human suffering and the fostering of charity. Since the drought of 1984/85, CRS has played a major role in assisting the victims of famine by distributing emergency food and providing medicines through the Joint Relief Partnership of the country's three main churches, the Ethiopian Orthodox Church, the Ethiopian Evangelical Church Mekane -Yesus, and the Ethiopian Catholic Church, as well as the Lutheran World Federation. CRS Ethiopia is one of CRS' largest country programs, with 213 employees, CRS Ethiopia implements program activities around 70 Woreda's throughout ten Ethiopia's regions, directly benefiting about 2.5 Million people with for JEOP project 250,000 peoples with DFAP and around 300,000 with the rest of projects are benefited without regard to religion or ethnicity .CRS Ethiopia Head Office is located in Addis Ababa Gullele Sub city around the specific place called "Inqulal Fabrica". The organization has consisted of seven departments namely Administration, Finance, Logistics, ICT, Compliance, Human

Resource and Program. It has four food distribution areas outside Addis Ababa: Adama, Kombolcha, Dire Dawa and Mekelle.

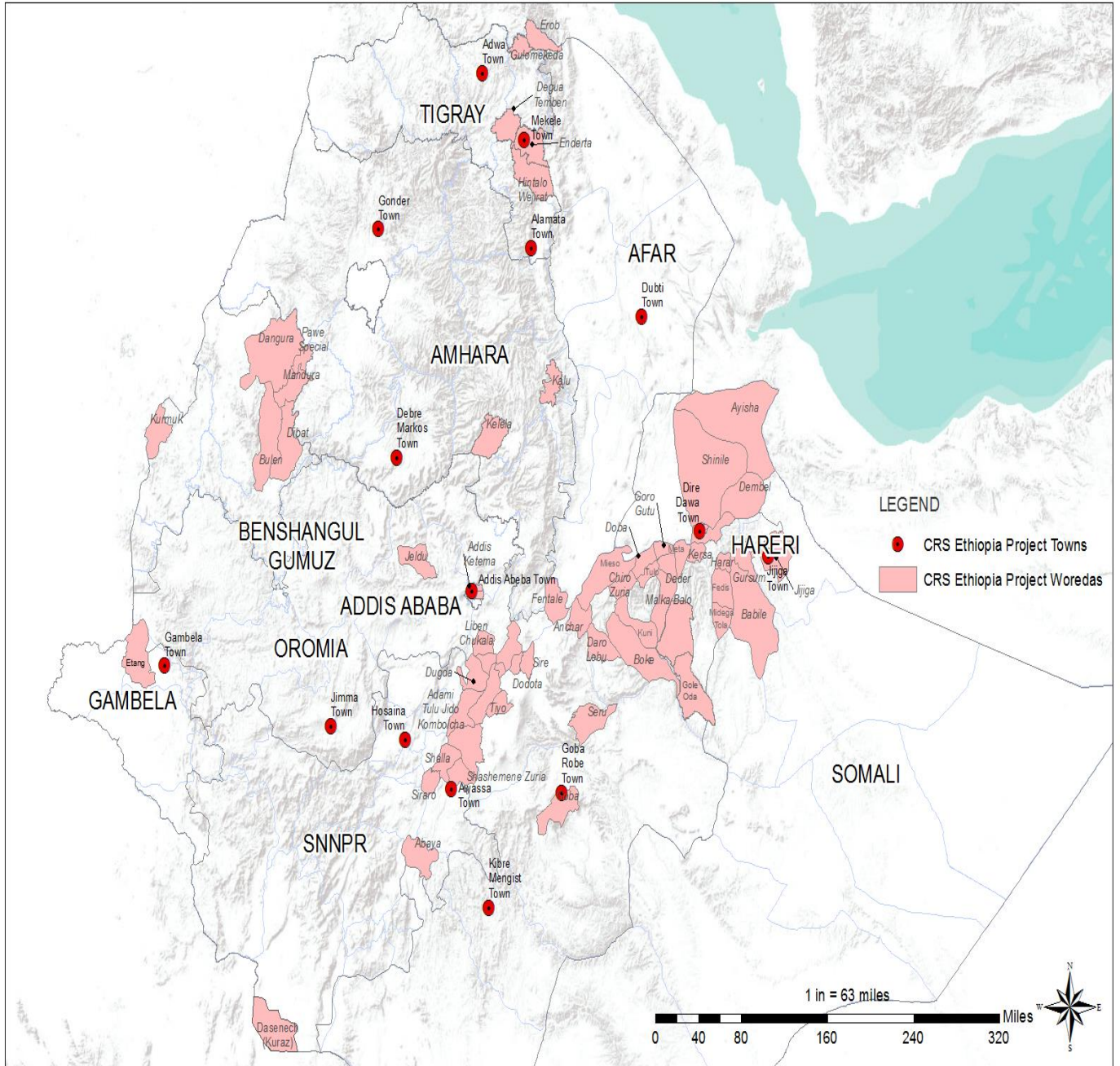
1.2.2 Overall Goal of CRS

CRS/Ethiopia's strategic goal is to reduce the overwhelming poverty by promoting food security and strengthening their capacity of local civil society organizations, which are CRS Ethiopia's strategic local partners. All CRS Ethiopia program runs parallel to CRS long-term integrated development goals. And CRS/Ethiopia's local partners coordinate the two approaches within their operational areas in order to reduce the negative impacts of the acute crisis through relief and different emergency response works. In order to reach this goal, CRS runs long-term development programs and emergency relief programs as required. Since the drought years of 1984/1985, CRS has been at the forefront of Emergency food distribution programming. This began with the Joint Relief Partnership of the 1980s through to the current projects such as, DFAP, JEOP, and (USAID emergency food aid Program,) Seed recovery, Wash and Clear water supplies for the community, Education & Livelihood projects, REAAP, Emergency Seed recovery.

1.2.3 Operational Areas and Implementing Partners.

CRS/Ethiopia works together with more than 15 local partners including the Ethiopian Catholic Church –Social and Development Coordinating Offices of Adigrat (in Tigray), Harar (in East and West Hararghe, Somali, Dire Dawa and Harari), Meki (in East Shoa, Arsi, and West Arsi) and Sodo (in Wolaita), Hosanna (in Kambata-Tambaro), Bahir Dar (in Metekel), Soddo (in South Omo), Nekemet, Gambella, Team Today and Tomorrow (in South Wollo), Water Action (in South Wollo), the Missionaries of Charity (in 16 Homes located in different Regions including Addis Ababa work on charity activities), Ethio- Wetlands Association (in Borena Zone, Abaya), and Relief Society of Tigray (REST) Mekelle and the northern part of Ethiopia. CRS Ethiopia also work with Six international NGOs For the implementation of the JEOP and REAAP projects those international partners are CARE, Save the Children, Food for the Hungry, and World Vision, Cordaid and Handicap internationals throughout the country based on the Ethiopian Government's Humanitarian Requirements rules and regulations.

Figure 1: CRS Ethiopia Operational Areas.



Source: CRS: SHEBA ([\\EAF-ADDI-DSS](#)) Meal Unit Folder

1.2.4 Description of CRS Planned activities

CRS plans to implement the following major activities at the beginning of 2016.

1.2.4.1 Emergency and Food Security

CRS through its donors and implementing partners employ resiliency building Interventions such as seed fairs for emergency distribution, water point rehabilitation, and community managed disaster risk reduction planning to improve soil conservation and natural resource management to enable communities to better withstand shocks ranging from drought to flooding. In addition to these sector-specific emergency responses, CRS will also continue to carry out food distribution to targeted emergency food needy beneficiaries based on the Government Humanitarian Requirement Document through CRS' management of the JEOP. CRS' DFAP is a USAID funded five- year program designed to support chronically food Insecure and most vulnerable people (men, women and children) located in rural, urban and semi-urban 'Kebeles' by way of providing timely food transfer with the aim to smoothen food consumption and prevent asset depletion of the targeted population besides food transfer and community asset building, the program will undertake essential interventions that help address health & nutrition, water, sanitation, hygiene, and capacity issues that the chronically food insecure people are encountered with building. Thus, the program is part and parcel of the Government of Ethiopia's safety Net programs which aims to close the targeted household's food gap and prevent asset depletion.

1.2.4.3 Health:

CRS and its implementing partners work in close collaboration with the Federal ministry of Health to support its approaches under the National Nutrition Program and Its strategy to strengthen its Health Extension Program. CRS aims to ensure that mothers of children under five and women in child bearing age have improved maternal child health and nutrition behavior, that pregnant and lactating women and children under 5 have increased access to quality health services, and that mothers and children fewer than 5 have improved consumption of diversified nutrient-dense Diet. With its partners CRS support the implementation of maternal and child health Programs through 'Woreda' health offices. Capacity building and refresher trainings provided to health facility staff on immunization, Essential Nutrition Actions, Community Management of Acute Malnutrition, Infant and Young Child Feeding, the management of Severe Acute Malnutrition, the Minimum Activities for Mothers and newborns, and Strengthening Reporting and Referral Systems in Health Facilities, to Support the roll-out of the Ministry of Health-Health Management Information System.

1.2.4.4 Water Sanitation and Hygiene:

Providing improved water and sanitation assists thousands of community members by helping poor families to break the prevalence of water born disease and contributing to the reduction of poverty. CRS and implementing partners follow a fully integrated approach to safe water provision that combines the construction and rehabilitation/upgrading of needed facilities as well as the provision of essential hygiene and sanitation education. Each project starts with the community conversation and discussion and with direct involvement of local government Offices. The purpose of this Community conversation and discussion is to assure stakeholders roles in site selection, planning, implementation, monitoring and management of water supply schemes. CRS builds the software capacity of community members and staff of government partners and stakeholders through the on-going provision of WASH and water point committee trainings. Promoting the multiple-use water services approach as a strategy ensures hardware and software contributions cater to both the domestic and productive access of water and contribute to household Health improvement and increased productivity. In the multiple use of water services approach, CRS will promote WASH for domestic use to improve family health and decrease the burden on women and girls through accessible clean water supply, sanitation promotion around the vicinity and hygiene education. Community-led total Sanitation and Hygiene will be used as a tool for facilitating a process to inspire and empower rural communities to stop open defecation and to build and use toilets, without offering external subsidies to purchase hardware. Personal and household practices such as hand washing, bathing and management of stored water in the home will be promoted within the communities.

1.2.4.5 Organizational Structure

CRS/Ethiopia is one of program office of Catholic Relief Services-USCCB, the overseas relief and development arm of the United States Catholic Conference of Bishops. The CRS World Headquarters is in Baltimore, Maryland, in the United States. CRS/Ethiopia is part of the CRS East Africa Regional Office, which is based in Nairobi. At the country program level, CRS/Ethiopia is directed by the Country Representative, who is the legal executive for Catholic Relief Services-United States Catholic Conference of Bishops, for all of its operations in the country Level.

1.2.4.6 The annual Budget and Aid of CRS Ethiopia

The actual Aid amount or Budget which CRS obligated for different donors on fiscal year 2016 (stated from October 1,2015-to September 30,2016) is USD **225,897,737.69** and its' main donors

are USAID,EU,Australian Aid , UNOCHA, Millmum Water Alliance and other private fund which is allocated by CRS Head Quarters.

1.3 Statement of the problem.

Humanitarian organizations has been made a significant contributions in the relief and different development work, since most of African countries come out of colonial rule. As governments become less able to meet demand for services because of economic decline and high population growth, there have seen a massive increase in International NGO activity in African nations and other developing countries. The frequent occurrence of drought and other natural calamities has also shown these countries vulnerability and their dependence on foreign fund have been increasing. International Non-Governmental Organizations operation in developing countries and their effectiveness can be impacted by the political, economic and cultural circumstances of these countries. Though foreign aided fund has continued to play an important role in developing countries, Especially sub-Sahara Africa, it is interesting to note that after half a century of channeling resources to the Third World, little development has taken place. In almost all of sub-Saharan Africa, there is a High degree of indebtedness, high unemployment, absolute poverty and poor economic performance Lancaster, (1999).

Easterly (2003) argued that despite large amounts of foreign Fund-and several countries that were, the effectiveness of foreign Fund remains in doubt and ineffective. This days having apparent sustainable development was not deepened only about the amount of money delivered, but also about how aided funds was given and effectively utilized. Aid flows have significantly increased over the last few years, but at the same time, aid has become increasingly fragmented. The number of donors has increased dramatically. Whereas the number of projects has multiplied significantly, but their average size has sharply decreased.

Aid has become less predictable and transparent and more volatile when information at the donors' as well as the recipients' level is often poor, unreliable, and incomplete and when it becomes too difficult comparing it with other data. In addition beneficiaries' feedback and formal project evaluations are rare. Aid is predictable when recipient countries can be confident about the amount and timing of fund disbursement. Unpredictability and volatility of Aid resulted in losses which ranged on average from 10 to 20 % of a developing country programmable aid from the European Union in recent years Kharas, (2008).If developing nations were to benefit from development aid programs, bilateral and multilateral donors, in collaboration with recipient governments and the communities need to seriously design practical strategies to ensure the effectiveness of

development fund to achieve the desired economic and human development goals. As stated by Amsalu (2012) Ethiopia has the second largest population in Africa. According to central Statistical Agency of Ethiopia Demographic Survey (2012) young people aged 10-29 years were 49 percent of the total population. This age group has received insufficient attention and the rights of a large number of them are not being fulfilled, including their right to basic health services, to education, to development, to participation and protection.

According to Pedro M. G. Martins, (2007) Ethiopia is a particularly interesting country to donors, because of country requires a substantial boost in external resources in order to achieve the national goal and the country's recent economic policies and performance have been often praised by donor due to this foreign aid resources to Ethiopia have been increasing at a strong pace.

Consequently assessing how foreign funds are used and what challenges are face for its effective utilization is crucial to be identified and the required remedies have to take. Detecting a key challenge for international communities/NGOs ensuring the fund effectiveness is a crucial for sustainable development and helps projects which are on progress to be resulted base.

Therefore this research paper was conducted to identify the challenges for effective utilization of donor aided fund by humanitarian International Non-Governmental Organizations in Ethiopia with a focus on Catholic Relief Service /CRS Ethiopia, by considering aided fund effectiveness as about improving the management quality, delivery and complementarity of project activities to ensure the poverty alleviation, avoid insecurities specially the basic needs of the society. This also help to address actual beneficiaries and the dis disadvantageous group needs based on the designed objectives. This can be achieved by knowing and managing the challenges on effective fund utilizations only for the intended project purpose.

1.4 Research Questions

The research questions for this study were:

(i) What are the challenges associates with project implementation with partners on effective fund utilizations in humanitarian organization in Ethiopia?

(iii) What are challenges on managerial factors effective use fund in Ethiopia?

(i) What are the technical challenges on effective use fund by humanitarian organization in Ethiopia?

(ii) What challenges associate with donor behavior contribute for effective use of fund in Humanitarian organization in Ethiopia?

(v) Do these challenges have impact on the effective utilization of fund on CRS Ethiopia?

1.5 Objectives of the study

The general objective of this study is to identify the challenges on effective use of donor aided fund by humanitarian non Governmental organization in Ethiopia –Specifically in the case of CRS Ethiopia. In relation with this general objective, the study will address the following specific objectives:-

i) To which level implementing projects or programs thorough partner has a challenge on effective utilization of Funds.

ii) To examine the extent to which technical factors have a challenge on effective use Fund

(iii) To assess the extent to which donor behavior have an effective use of donor aided fund by humanitarian organization in Ethiopia.

(iv) To measure the extent to which managerial factors contribute for not effective use of donor aided fund by Humanitarian organizations.

1.6 Significance of the study

This study will be used as indicator on challenges that lead to lack of fund effectiveness by Humanitarian organizations in Ethiopia despite the determinant efforts made by donors. It seeks to raise ideas and issues that beneficial to various key stakeholders and beneficiaries like;-

The donor community

The donor community have a conservation and clear points which factors are contributes for less effectiveness in utilization of aided fund for the targeted beneficiaries and programs.

Government Policy makers

The government policy makers, who include planners, will gain an understanding of the Factors affecting effective use of donor Fund and will therefore undertake a policy review and formulate policies that address the findings of the research.

The project managers

The project managers will gain an understanding of the factors affecting effective use of donor Fund and use the research findings to improve on their own performance in managing donor funded projects.

The academic researchers

This study will make a significant contribution to the growing body of research on Effective use of donor Fund. The findings may also be used as a source of reference by Other researchers. Academic researchers may need the study findings to stimulate further research in this area and as such form a basis of good background for further researches.

1.7 Scope and limitation of the study

The study focuses on fund Management and its effective utilizations in international humanitarian organizations in the Case of CRS - Ethiopia Program In fact, there are many organizations in Ethiopia which have different aided fund and implement much more projects and programs, however, this study were not incorporate other International Organizations The study concentrates on CRS Ethiopia because has been the forefront humanitarian organization engaged on relief and development programs since 1958 in Ethiopia. Although the study were restricted only to CRS Ethiopia, its finding have been expected reflect the common features of other similar organizations. Since some of the problems exhibited in CRS is also observed on others because they have been using the same donors aided fund at the same or different times so that they have been affected by these donors' rules and regulations and other common factors.

Chapter two

2. Literature Review

2.1 Theoretical Review

The literature review is based on recent and original sources such as Journals, books, thesis and studies. The literature review also clarifies the variables, gives insights on how they have been studied previously, the methodologies used, and it leads to the knowledge gap and enables a conceptual framework to be developed. It also provides the theoretical foundations of the study.

2.1.1 Fund and Grant management with effective utilization.

According to UN ECSCO report (2008) fund effectiveness is a crucial factor for achieving Sustainable development and to meet the sited objectives. For any country providing resources to other countries have a questions how spending this fund have to be controlled. It is therefore surprising that no coordinated attempt to establish an agenda for improving the effectiveness of aid was established internationally.

According to The Governmental Accounting Standards Board (GASB which is the sources of Generally accepted accounting principles (GAAP) section 1300.101 defines a fund as follows; it is a afiscal and accounting entity and which is segregated for the purpose of carrying out of specific activities or to attaining certain objectives in accordance with a given regulations, restrictions, or limitations.

According to Financial Management Training Module (2008) Grant is a financial award made by a funding agency to a grantee to support a project or other work. The grant is usually sought by the grantee through a proposal or application made to a funding or donor Agency. Grants are non-repayable funds disbursed by one party or a grant makers. Could be a government department, corporation, foundation or trust, to a recipient, a nonprofit entity, educational institution, business or an individual. In order to receive a grant, some form of Grant Writing often referred to as either a proposal or an application is required. Most grants are made to fund a specific project and require some level of compliance and reporting. They are an important source of funding for many NGOs. Good grant management ensures that an organization in the future considered as a potential recipient of funds. It is therefore an essential activity for maintaining the financial sustainability

of many organizations. Building Good Grant Programs uses construction as a metaphor to explore and illustrate the planning which needs to take place to create quality grant making.

As stated on Paris Declaration which was revised on (2008) Aid Effectiveness is the level of results from the actions which was planned on the given fund. This effectiveness can be demonstrate the extent to which in reducing poverty and achieving other related developmental outcomes, including pre-conditions for poverty reduction, has been questioned for many decades. Some critics go so far as to label aid as harmful, a failure or as counterproductive in terms of these effectiveness criteria. Effectiveness often can be measured by conducting performance reviews. The effectiveness of a workforce has an enormous impact on the quality of a company's product or service, which often dictates a company's reputation and customer satisfaction. Effectiveness expresses the international community's consensus on the direction for reforming aid delivery and management to achieve improved effectiveness and results. For this effectiveness different principles and indicators for the delivery of output and need to assure it is only for the intended purpose.

2.1.2 Basic Elements of Fund Management.

2.1.2.1 Fund Management with Internal Control Framework.

Salwani.M (2014) found that Non-Governmental organizations have some particular characteristics that distinguish them from business organizations, which mean that developing accountability mechanisms will be a challenge in these organizations. Lack of ownership and the absence of a profit motive in religious based organizations make these organizations more dependent upon the external environment for generating financial resources in order to operate. Furthermore, Afifuddin and Siti-Nabiha (2012) state religious organizations do not have a control mechanism in place to protect their resources and keep their members informed of the organization's financial status and fund raising efforts. Sulaiman et al. (2008) found that, the embezzlement of funds those organizations more common due to lack of accountability and lack of commitment to accounting. They might misuse the power towards the funds raised. Internal control is not accurate, which will help the effectiveness of financial management practices in and reduce administrative burdens it is very important for the management to involve in financial management practices to ensure performance evaluation and effective management

(Aranya, 1990), especially their knowledge in preparing and presenting budget, controlling the fund and internal control in order to enhance its financial management of the organization.

The issue with internal control is ensuring the efficiency and effectiveness of activities, reliability of information, compliance with applicable laws, and timeliness of financial reports

(Jokipii, 2009). One of the possible reason why fraud and misappropriation of funds occur is poor internal control system, having strong internal control system ensures that the organization's managers would utilize the financial resources in a way that will safeguard the interests of the donors and/or contributors Sulaiman et al, (2008). Internal control structure includes policies and procedures on controls such as withdrawal applications for funds and grant accounts, bank and cash, purchases, payments and monitoring, evaluations and reporting. Monitoring of operations ensures effective functioning of internal controls. Good internal control enhances transparency of which consequently enhances donors' confidence to contribute more fund to that organization.

Jokipii (2010) proved that lack of internal control has increased the number of business failure. Similarly, lack of control management in one organization will affect the report of financial performance. Proper internal control system will give better result in financial performance and show that measuring effectiveness of internal control will improve the programs carried out by non-governmental organizations. Good internal control system such as disbursement of funds, recording and reporting receipt of income will affect the financial management practice Enhance donors' confident to channel their money to organization. This in turn will improve its financial performance.

Sanusi and S.Yusuf (2013) state Internal that controls on receipt of income and disbursing funds As the procedures of handling funds received and expended by the organization is an important component to achieve sound internal controls, it is therefore important to evaluate the internal control practices on receipt of income and disbursement of funds .Having strong internal control system has a major impact for effectiveness of fund utilizations which is one of managerial practice. In addition to this strong accounting system, whether manual or computerized used to assemble, analyze, classify, record and report financial data. An accounting system must also maintain adequate control over a government's assets. As with any information system the end result (financial statements) is only as good as the data entered into the system. Therefore, the internal control framework should be designed to assure that the accounting system and its

underlying data are reliable. Following are key elements to a comprehensive internal control framework.

Klaus Boas (2013), on his publication, present seven elements of good Grant Management And explains why they are important:

Accounting System – This provides relevant, correct, understandable, complete, Consistent and up-to-date information. It should separate funds received from different Donors and grant makers.

External audit – This is used to verify once a year that the accounting system meets these Requirements.

Procurement Systems – Ensure competitive prices for goods and services which are Bought with grant money.

Performance management system – These ensure that funds are uses efficiently and Effectively.

Grant reporting system – This is the system of documenting evidences accurately how Grant money has been spent.

Rules and Procedures – These are systems of ensuring that everybody acts in line with the Specific grant conditions agreed with the grant makers as well as lows and rules that apply To grant in general.

Qualified Staff – This is a system of equipping the organization with knowledgeable and Experienced staff in Financial Management, grant management, procurement, project Management, etc.

2.1.3 Types or Classifications of Funds

According to Stephen J. (2010:12) Funds are classified according to their purpose like:-

Special Revenue Funds are of specific revenue sources, other than trusts for individuals, private organizations, or other governments or for major capital projects that are legally restricted to expenditure for specified purposes.

Special revenue funds;- may be used to report a government's restricted own-source revenues, such a hotel room tax, or other restricted revenues, such as grants. Use of special revenue funds is not required unless legally mandated, with one exception: the general fund of a blended component unit must be reported as a special revenue fund. Examples: funds for the constructions. Major Street; Local Street is considers as special revenue fund.

Investment of Funds:- are funds raised from different sources to be prudently invested in various assets -short term as well as long term to optimize the return on investment. For taking decisions for the investment of long term funds, a careful assessment of various alternatives should be made through capital budgeting, opportunity cost analysis and many other techniques used to evaluate the investment proposals.

Capital Projects Funds: - are a financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments).

Permanent Funds: - Used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Example: Library Endowment Fund.

Nonprofits Assistance Fund:-is an organization, who provides loans, financial advice, financial Management training and financial strategy consulting to nonprofits.

Most recent literatures for example Trustees annual report issued on (2013:11): Tony Solgard (2014): Venable LLP, (2013,) also classifies fund based on the limitation or controlling conditions made by donors. Restrictions can only legally be placed on funds by their donors. The shape and form of the restrictions are defined in the gift instrument. The gift instrument is the document that establishes the use of the donated funds. Examples of gift instruments include award letters from foundations and letters from individual donors. Unrestricted, temporarily restricted, or permanently restricted. These fund classifications are determined by either the absence or the existence of donor-imposed restrictions on the use of funds.

Therefore in reference with the above literature source funds are classified in the following ways:-

Unrestricted: - These funds are free from any external restrictions and available for general use. Many individual contributions are unrestricted, as are general operating and unrestricted grants.

Temporarily Restricted: -These funds have donor imposed restrictions that can be fulfilled in one of two ways – passage of a defined period of time (time restriction) or by performing defined activities (purpose restriction). These funds most often come from a grant received to operate a specific program or project or individual contributions given with the intent of supporting a particular program or campaign.

Permanently Restricted: - These funds are restricted by the donor for a designated purpose or time restriction that will never expire. The intent is that the principle balance of the contribution will

remain as an investment forever, and the non-profit will utilize the Interest and investment returns, such as with an endowment.

2.1.4 Challenges on effective Fund utilization.

2.1.4.1 Challenges associate with Project implementation through partners.

Howard P. (2008:04) stated that effective cross-sectoral partnership for project implantation requires different resource and inputs collaboration. Relationships among partners must be trust based, same value and run for the sited objectives.

According to OECD (2006:1), successful partnerships guide , to answer why partnership required is because, we are living in complex societies where the policy frameworks in place often seem to be fall short of providing satisfying solutions to a growing number of problems ,also partnerships can be a great help in improving their performance. Partnerships provide a mechanism for local organizations, in particular, to work together and adapt their policies to better reflect the needs of people and the economy at the local level. Partnerships is a key instrument of local governance. It usually designed to bring together all relevant actors within a region that can contribute to improving a given situation on an equal basis.

McQuaid, R.W. (2009) state Partnerships may not achieve the potential for synergy due to inertia or other reasons. Some of the challenges in achieving effective and efficient project implementation with partnership;-

A lack of clear and/or consistent goals;- is often cited as a major cause of the failure of partnerships. Many partnerships have agreed broad aims, but their detailed goals may be unclear or the partners may have differing understandings of what the goals mean (Mitchell and McQuaid, 2001). This can rapidly lead to misunderstanding, lack of co-ordination, and possible conflict between the partners. This may be accentuated if some partners have undeclared or hidden agendas.

Limited capacity;- There are considerable resources costs, for instance in terms of staff time equipment's ,Infrastructure ,technological equipment's ,skilled human resource all gaps on projects implementation capacity gap..

Lack of accountability;- - There can also be problems of accountability it is for the actions of the partnership due to the split between responsibilities and control it may not be clear who is in charge.

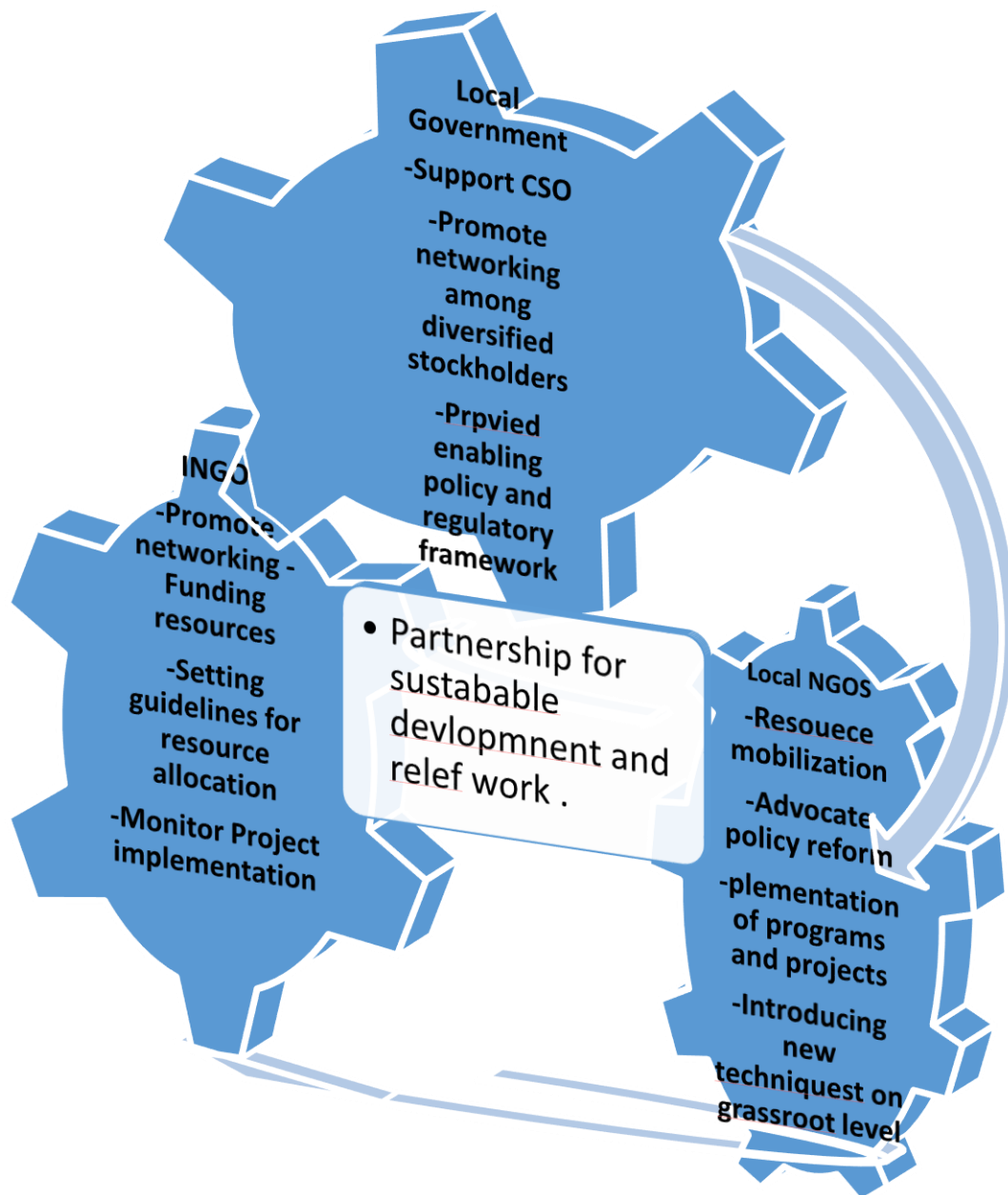
Organizational difficulties: -Organizational difficulties inhibiting successful co-ordination of programmers and approaches, and overcoming the specialist concerns of disparate organizations, is a key implementation problem faced by agencies working together. Within this context, barriers to effective partnership working include: technological capacity and practice of the organization and political both the external political environment and internal bureaucratic politics.

Capacity building and gaps

There can be difficulties when, if project implanter partner or key stakeholders lack the professional, organizational or financial capacity to contribute for the proper and effective project implementation.

At a professional level there is often a capacity gap in terms of specific skills and attitudes that hinders partnership development and implementation.

Figure 2: Which show the role and responsibilities of partners (Local NGOS), governmental organizations and International humanitarian Organization in project implantation and fund utilizations.



Source: Adopted from R .K Pachauri (2004), “Partners in Change”

On project implementation through partners, one of the challenge which contribute for ineffective fund utilization and project implementation is, staff turnover, most current literature suggests that the role of human resources (HR) crucially influences the Organizational competitive advantage.

Camps & Luna-Arcos, (2008); Kochan & Dyer (1993) Shortage and high turnover of skilled personnel on project implementing workforce create a problem, especially when it comes to skilled workers. If personnel are not satisfied with the options, or if they feel discouraged to take advantage of these options, turnover intention is significantly higher. However, the effectiveness of these project implementation felt in questions. To retain qualified personnel, companies have several options. One of these options is to offer personnel options based on Human Resource Management practices; another option is organizational and job redesign. Hoonakker et al., (2004b) and Carayon et al. (2003).

According to Muhammad. R (2013:1, VOL 4, NO 9) Staff turnover on the performance of an organization or project implementer has strong impact for effective fund utilization, hence employee's turnover positively associated with the organization inefficiency. The measures for analysis are employee turnover, work load, work stress, employee salary, job satisfaction, and work to family conflict. Employee or staff turnover and Performance of an organization is negatively and insignificantly associated .For those organization which has a repeated staff turnover performance and efficiency of that organization is clearly put in questioned. Since the skilled and well experienced staff are human capital and losing this resource result in lack of different skills and knowledge's on the started projects fund effectiveness and service quality's for beneficiaries result in datedness.

Shilpa R, Rakesh November (2013) state that another factor for effective fund utilization by partner or sub recipient organization is respecting donor rule regulation or having a limitation of on understanding of donor rule and regulation, which includes the lack of understand the involved cost and risk factors identifying and Applying which costs are allowable and unallowable for the donor and reduce the percentage of unacceptable costs, since it has strong and direct relation with utilization of Funds. This result in wastage of funds which also has strong impact on proper fund utilization as a result the organizations short and long-term objectives not addressed Financial report for donors by implementing partners is output of accounting information and it state the

performance of that organization on effective utilization of fund for that specific projects This information is heart of one organization for managers, for donors or for any stockholders. It is also like health of an organization as pulse rate and blood pressure reports are in revealing the health of a person. Therefore summarize accounting data into reports and submit on time is the major activates which is expected between the implementing partners and donors. Producing financial report on time has different purpose for instance it help managers to evaluate the financial condition and the operating performance of the firm so it helps them to make better decisions respectively.

Baddoo and Alan Fowler (2010:1) state that most projects has a room for incorporate capacity building activities, there if the implementing partner do have a limitation or not have enough tools for monitoring, evaluation, and documentation of these activities and implementation to generate lessons learned and best practices. Capacity building can take many forms, from improving an organization's information technology and equipment, and growing its membership, to increasing its fundraising ability. Most commonly, capacity building means building staff skills through training, workshops, and seminars. It may also include on-the-job training, another powerful capacity-building tool. Capacity-building technical assistance can be provided by advisors from organizational headquarters, regional offices, country programs, local partners, or communities; by partner staff to their peers; and by outside consultants contracted at any level.

The USAID Office of Food for Peace's new partnership guideline (2004:08) will give a higher priority to capacity building activities within projects, providing an incentive for cooperating sponsors to more systematically conduct, monitor and evaluate capacity building activities within their projects. If one implementing partner lack capacity or have a gap on different perspective for the effective utilization of fund and proper project implementation it is an obstacle and it require a remedies having capacity building plan and activities are mandatory to bring the partner on the required path and standards. For instance a framework for local capacity building within food Security projects. It is designed to provide policy-makers and cooperating sponsors with a basic reference tool for the design, implementation, monitoring and evaluation of projects at the local level. This capacity building activities are mainly include individuals, households and associations, as well as the local leadership.

According to Catholic Relief Services partnership guideline, (2009) "Partnership is fundamental to how CRS sees itself in the world. We believe profoundly that change occurs through our local

partners, that by sustaining and strengthening local institutions we enhance a community's ability to respond to its own problems. Catholic Relief Services puts its approach to development, emergency relief, and social change into practice through partnerships with a wide array of organizations" A partnership is an arrangement between two or more groups, organizations to work together to achieve common aims. The term is now widely used, and sometimes it's applied to situations where one powerful organization is doing no more than consult with others, or where one organization is simply buying something off another. But these are not real partnerships in the true sense. If they were, then every time your team asked another team for some information or advice, or ordered a product/service, these interactions would be described as partnerships. Based on the guideline which stated on above paragraph partnerships usually have the following characteristics:-

- All the parties involved have some sort of personal stake in the partnership;
- All the partners are working towards a common aim;
- The partners have a similar ethos or system of beliefs;
- The partners work together over a reasonable period of time;
- There is agreement amongst the partners that a partnership is necessary;
- There is an understanding of the value of what each partner can contribute;
- There is respect and trust between the different partners.

According to Organization for Economic Co-operation and Development, (2015) Success for Partnerships are the result of sharing responsibility and risk creativity and resources; due to this they can attract more funding from a diverse range of sources .They do have more potential for productivity/efficiency; Service delivery is often more effective; However, for partnerships to add such value, there must be a high amount of planning, flexibility, energy and commitment by all parties involved.

Another challenges which associate with project implementation through partners is questioned and unsupported cost accumulation which hinder effective fund utilization.

According to cost standards and procedures 45 CFR (1630.7) Cost that is questioned because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;

- (b) A finding that, at the time of the audit, such cost is not supported by adequate documentation;
- (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Questioned Costs in general are those amounts on which audit action has been completed and which are not considered acceptable. This category includes amounts for: Those items specifically identified as unallowable under the contract terms, statute, public policy, applicable government regulations, or legal advice. Those items which, although not specifically unallowable, are determined to be unreasonable in amount, contrary to generally accepted government accounting principles, or not properly allocable to the contract considering the relative benefit received or other equitable relationship. Those items questioned for other reasons, usually based on government engineering or technical advice.

USAID Audit guideline on financial contracts (2009:2) Costs should be classified as unsupported when the contractor does not furnish sufficient documentation to enable a definitive conclusion. Classification of costs as unsupported due to lack of the needed cost or pricing data. Unsupported costs are those expenses that have not been adequately documented by the implementing partners these costs might be noted during the liquidation report processing phase or during a monitoring visit. To resolve unsupported costs, typically the subrecipient might need to submit more documentation or a more comprehensive explanation, or additional verification efforts might be necessary to ensure that the reported charges are allowable and properly documented.

According to CRS Grant, Accounting & Reporting Policy –Pol-FIN-GRT-017(2015): Unsupported cost which lack on time response and questioned cost are transferred to disallowed cost because of: - (a) An alleged violation of a provision of an Award governing the expenditure of funds; (b) A finding that is resulted at the time of audit, not supported by adequate documentation; (c) A finding that the expenditure of Funds for the intended purpose is unnecessary or unreasonable. All are deducted for the fund given for the subrecipients and forced to be refunded and considered as unexpended amount. Generally having accumulated unsupported and questioned cost for implementing partner hinder project activities since this organization has the liability amount which equal questioned and unsupported cost amount, and it has strong impact on effective utilization of the granted fund which hinder the achievement goal and objective of the organizations since activities are not performed on the given timeframe.

2.1.4.2 Challenges associated with managerial factors in effective Fund Utilization

Managers are accountable to donors aided fund administration and having proper stewardship for all grants which are expended in the organizations. In fact, prior research suggests that public charities, and their managers, are rewarded for higher mission related spending (Baber, Daniel, and Roberts, 2002; Tinkelman, 2004; Tinkelman and Mankaney, 2007).

If a nonprofit organization has an internal control problem, donors could choose to contribute to another organization where the capital presumably will be more efficiently used. Therefore, disclosure of an internal control deficiency could result in lower subsequent contributions.

Ali Mostashari (2005) on his study titled “An Introduction to NGO Management”, the concept of capacity building in nonprofits is similar to the concept of organizational development, organizational effectiveness and/or organizational performance management in for-profits organizations. Capacity building efforts can include a broad range of approaches, e.g., granting operating funds, granting management development funds, providing training and development sessions, providing coaching, supporting collaboration with other nonprofits. The extent of success of donor funded projects is determined by managerial capacity of the human resources of the implementing agencies. Arndt (2000) argued that the officers in the donor funds projects chain may lack the formal training in foreign aid management, budgeting and accounting. These weak skills may lead to poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents which complicate the donor fund release, with obvious implications on levels of donor aid effectiveness.

2.1.4.3 Challenges on donor behavior in effective Fund Utilization.

Accountability:

Accountability is a pillar of democracy and good governance that compels the state, the private sector and civil society to focus on results seek clear objectives, develop effective Strategies and monitor and report on performance measured as objectively as possible. Accountability is a key stake for effectiveness. It refers to full transparency regarding the purpose, content, responsibility and performance of the development agency O’Connell and Soludo (2001). Numerous definitions of accountability have been offered by scholars and practitioners of Development. For example,

Edwards and Hulme (1996) define it as “the means by which Individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions.” In their study of accountability in the World Bank and NGOs, Fox and Brown (1998) similarly describe accountability as “the process of holding actors responsible for actions.” Accountability mechanisms, such as annual project reports and financial records are used not only by funders to keep track of NGO spending, but also by NGOs to leverage funds by publicizing their projects and programs. There is thus resource interdependence in which NGOs rely on donors for money, and donors rely on NGOs for their reputations in development Ebrahim (2002).

Transparency promotes openness of the democratic process through reporting and Feedback, clear processes and procedures and the conduct of actions by those holding decision-making authority. It makes information understandable and keeps clear standards accessible to citizens.

Rondinelli and Cheema (2003). Transparency at all stages of the technical cooperation: design, implementation and evaluation, is essential to win public trust. It is also an important precondition of informed Public participation and an effective method of ensuring probity. Where projects are designed and implemented in Secrecy, most intended beneficiaries and other concerned people never learn what has been planned, why, and how it is to be implemented.

Therefore, accountability from governments and other partnerships mandatory for the fund effectiveness and success. Access to information moves center stage within a rights-based approach to also help more. Which means open Information flows improve governance and social and economic outcomes by increasing public demand for more effective institutions. The availability and exchange of information through open debate holds officials to account and thereby fosters changes in behavior and supplies ideas for change.

Predictability in timing and disbursement: Predictability in timing and disbursement:

Aid is predictable when partner countries can be confident about the amounts and the timing of aid disbursements. Donors should provide partner governments with full information on aid flows. This should be done regularly and in a timely manner. This enables governments to integrate aid into macroeconomic and budgetary management and to publish details of aid received OECD, (2003) .The major principle of predictability is that donors should communicate as much as possible the likely size of the budget envelope they will provide in the budgeting calendar, and to

ensure that their financial resources will be transferred to the country on a predictable schedule. It also calls to program aid over a multi-year framework, aligned with partners' financial horizon. Donors should fully disclose expected flows and any triggers for their reduction or suspension. They should adapt conditions to make aid more predictable, and commit to disburse funds on schedule, once conditions are met. Partners should build up effective, accountable management systems for raising and using public resources. They also need to reinforce tax systems, improve fiscal planning, and link it firmly to development results OECD (2005).

Project evaluation complexities:

Evaluation is a key tool in efforts to improve accountability and performance in the operation of the international humanitarian assistance system. Historically, humanitarian assistance has been subjected to less rigorous and extensive monitoring and evaluation procedures than development aid. As the share of ODA allocated to humanitarian assistance has risen, and awareness of its complexity has increased, so the need to develop appropriate methodologies for its evaluation has become steadily more apparent Alistair Hallam (1998).

Fund disbursement bureaucracies:

According to Dehn, Reinikka and Svensson (2003) resources set aside for particular uses flow within legally defined institutional frameworks. Typically, funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. However, in developing countries, information on actual public spending at the frontline level or by program is seldom available.

Multiple objectives and tasks:

Most donors have multiple objectives. The Swedish foreign aid agency, SIDA, for example lists six goals for Swedish development cooperation: (i) economic growth; (ii) economic and social equality; (iii) economic and political independence; (iv) democratic development; (v) environmental care; and (vi) gender equality. Since development is multidimensional, it is not surprising that also the agencies working on development have multiple objectives. The problem with multiple objectives is that they typically imply trade-offs. Donor agencies seldom make these tradeoffs explicitly and individual managers are typically uncertain about what should be first and prioritized tasks in a given situation. Svensson J. (2005).

Officials in an aid agency also perform a multiplicity of tasks. While this is something that characterizes the job description in many public agencies, the broken information accountability makes the incentive problem arising from multiplicity of task more pronounced in donor agencies Svensson J. (2005). When faced with multiple tasks that compete for their time, agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort Since some tasks such as input activities like budget, procurement, hiring of consultants are more easily monitored by their supervisors, these tasks will receive a disproportionate attention at the expense of less easily monitor able tasks like effort exerted in actual implementation of a project. Thus, the disruption in the performance-feedback loop, combined with the difficulties of measuring performance and the fact that career advancement is often unrelated to the performance of past Projects, results in a disproportionate focus on input activities at the expense of attention given to the quality of outputs Martens *et al.* (2002).

2.1.4.4 Challenges on Technical factors in effective Fund Utilization

Challenges on technical factors such as lack of appropriate information technology, Indicate Infrastructure and equipment, shortage of ICT skills, poor data system and compatibility, limitation on updated software for generating required data are the challenges which has a direct relation .this factors contribute a lot for fund effective utilization .

Beynon-Davies (2002) stated Informatics is a bridging discipline that is fundamentally required and most organizations are interested in the application. Information technology and information systems within organizations is a basic criteria's for all organization to achieve its goal and sited objectives. Informatics is therefore the study of information, information systems and information Technology applied to various phenomena. Government informatics can be defined as the application of information, information systems and information technology within government. This therefore includes application of e-Government which is "primarily to do with making the delivery of government services more efficient" (Bannister and Remenyi, 2005). Ndou (2004) observes that "the traditional bureaucratic paradigm, characterized by internal productive efficiency, functional rationality, departmentalization, hierarchical control and rule-based management is being replaced by competitive, knowledge based requirements, such as: flexibility, network organization, vertical/horizontal integration, Innovative entrepreneurship, organizational learning, speed up in service delivery, and a customer driven strategy, which Emphasize

coordinated network building, external collaboration and customer services all of which are supported by ICT.

Reliable efficient infrastructure is crucial to economic and social development that promotes growth. Partner countries must develop comprehensive infrastructure strategies, linked to other economic and social sectors and must have a plans. Developing such strategies requires responsive Government entities, clear regulations and participation of accountable stakeholders. To support country level infrastructure strategies and plans, donors should supported infrastructure investment OECD (2006a:11).In past decade's donors supported infrastructure investment because they believed that it contributed to growth, trickledown economic development and redistribution to poor people.

Infrastructure supports growth by: Enhancing economic activity and thus overall growth, removing bottlenecks in the economy which hurt poor people by impeding asset accumulation, lowering asset values, imposing high transaction costs and creating market failures and Generating distributional effects on growth and poverty reduction through poor people's increased participation in the growth process. But to be effective in reducing poverty, infrastructure development must be coordinated with other important concerns, such as agricultural, environmental and trade policies .Today the links between infrastructure development and growth are better understood. OECD (2006 a: 19-20). OECD recommended as a guiding principles to donors and partner countries to use Infrastructure to reduce poverty at a partner level frameworks as the basis for coordinated donor support success.

World Bank report (2003) stated that Improve management of infrastructure investment, to achieve sustainable outcomes. Increase infrastructure financing and use all financial resources efficiently. since the mid-1990s all sources of infrastructure funding have fallen dramatically: government funding(which accounts for about two-thirds of spending), official development assistance (with a 50% drop in multilateral and bilateral aid to infrastructure) and private funding (which dropped from USD 128 million in 1997 to USD 58 million in 2002). All sectors and regions have been affected by the decline. As a result many countries, especially in sub-Saharan Africa, suffer from a huge backlog of needed infrastructure investments

ICT is a powerful cross-sector tool for promoting growth – by saving time and money through more efficient communication and by supplying strategic information on market prices, risk

warnings, job and learning opportunities, service and product. Availability, and so on – as well as good governance and effective management. ICT also supports better planning and delivery of economic and social services. Although governments and donors have largely withdrawn from the sector, basic ICT network facilities and services remain public goods and require continued public support. And despite increased private involvement, ICT's potential is far from being fully exploited, let alone universally available – especially in rural areas of low income partner countries, which private service providers avoid because of low profits and high investment risks. Rolling out telecommunications networks and providing affordable services, especially in remote areas, remain major challenges OECD, (2006 a: 46-47).

According to Heeks (2002). There is a big difference between ICT implementation and use between developed and developing countries. Most developing countries are characterized by limited computer applications in the public sector, inadequate infrastructure and shortage of skilled manpower. (Odedra, 1993). He noted that “this situation exists not merely due to lack of financial resources, but largely due to lack of Coordination at different levels in making effective use of the technology”. This uncoordinated efforts can only result in duplication if each department implements its own ICT projects without compatibility within nation. Lack of functional ICT policy, economic barriers, ICT infrastructure, resistance to change, Low communication facility and lack manpower are common barriers which undermining the use of ICTs.

According to Okiy (2005), poor and inadequate ICT facilities, poor levels of computer literacy and ICT skills, poor level of awareness of internet facilities among policy makers, government officials and the ruling class in general and minimum involvement of academic institutions in network building as challenges mitigating against the use of ICTs. Ogunsola et al., (2011) added that human resources, culture, funding, education and training as also key factors that impede ICT use and integration in developing countries. Without adequate training, organizations may not be able to effectively use ICTs. Gichoya (2005) also added that infrastructure, finance, poor data systems and lack of compatibility, skilled personnel, leadership styles, culture and bureaucracy and altitude as barriers that hinder ICT implementation and also adds user needs, technology, coordination, ICT policy, transfers of ICT idolizer and donor push as the inhibitors that prevent successful implementation and sustainability. Magutu and Lelei (2010) identified process and structure, procurement and communication, information system design, people management, corruption and technical and system tuning as the challenges in information system implementation.

2.2 Empirical Review.

This section reviews literature on what other researchers studied on Aid effectiveness and what are established facts on the challenges for the effective utilization of fund by humanitarian nongovernmental organizations in Ethiopia s. by looking on issues such as project implementation with partners or not a direct project implementers, challenges associate with managerial factors such as managerial capacity and human resource, lack of human skills resources. The challenges on donor behavior and technical factors applied to various phenomena were raised.

2.2.1 Empirical overview of Aid Effectiveness.

A widely used definition of aid effectiveness can be found including, proper consumption of fund. Which becomes more complex, require technical skills and more collaboration in steering those donated fund had spent in proper direction. One of the role of fund donor is follow and to assure the donated fund has subjected to effective utilization. The funds should be spent on only for the intended purpose and then an appropriate portion only used for administrative cost. Different Techniques like budgeting, opportunity cost analysis monitoring and evaluation may be applied. Principles of safety, internal control, should be considered .Shilpa R. (2013:11)

Aid has impact on growth and poverty reduction Collier and Dollar. (2001); Hansen and Tarp, (2001) Riddell, (2007). Therein, aid effectiveness is often defined as ‘the effect of aid on development, notably accumulation and growth (Doucouliagos and Paldam, 2006). Morrissey (2004) explains that the meaning of aid effectiveness can be found in the analysis of ‘where a positive significant coefficient on the aid variable is interpreted as evidence that aid was effective in increasing growth performance’. However, this definition focusing on the connection between aid and economic growth seems to ignore the complexity of the link between aid and final developmental outcomes (Bourguignon and Sundberg, 2007). Not only is there often an attribution problem between an aid intervention and the outcomes sought from it, in that other variables also play a part, but the criteria on which effectiveness is judged appear as economic and limited. When investigating aid effectiveness there is more to consider than a simple approach to economic growth and poverty Reduction. For example, OECD defines aid effectiveness as about ‘improving the management, delivery and complementarity of development cooperation activities to ensure the highest development impact’ as entailed by DAC members (OECD, 2006a). In other words, aid effectiveness is not only about ‘aid amount and growth’ but also about ‘how

aid is given' and 'how far objectives are accomplished by aid' especially within a new approach in the effectiveness of development cooperation in the 21st century (OECD, 2010).

Aid effectiveness means that aid 'effectively meeting the needs of the people by having a Positive impact during the project implementation' Roberts (2009).

2.2.2 Aid Effectiveness Debates

Aid disbelievers oppose that aid is more harmful to the poor than helpful, and aid does not seem to be working because it failed to stimulate economic growth or to eradicate poverty. Aid may not be successful because other factors can also affect growth, such as conflicts or corruption in recipient governments. Problems are often exacerbated if countries are landlocked by neighbors or depend on natural resources (Collier, 2007). In other words, the seemingly minimal impact of aid on economic growth is not entire or even principal because of the level of aid or its implementation. While some authors further argue that there is little empirical evidence of relationship between aid and development Wood (1999); Sogge, (2002); Easterly (2006), others argue that aid has brought economic growth in many cases McGillivray (2004); Dovern and Nunnenkamp (2007). Thus, it is not easy to conclude whether aid works or not in terms of its effect on growth, not least because of the difficulty of testing the Counterfactual case of what would have happened had it not been supplied.

Besides, it is observed that the relationship between aid and outcomes is often ambiguous because policymakers and economists tend to squeeze data into simplifying answers without considering different links in the causality chain of aid Bourguignon and Sundberg, (2007).

As a result of the above controversial views on the impact of aid on growth and its effectiveness, various researchers had explored other aid-related factors that may influence its contribution to national economic growth and development. Those aid-related factors which reduce aid effectiveness are grouped in two main ways herein: factors relating to the context at recipients on one side and factors attributable to the context of donors' Behavior on the other side. Briefly, problems impact on the effectiveness of aid from the perspective of the recipient can be identified as:- 1) Weak aid management capacity of recipients, including a lack of skilled manpower and capacity for aid management Burnell, (1997; Lancaster, (1999) Arndt C, (2000b); Lancaster, (2007); 2) Lack of good economic policy World Bank (1998) Collier and Dollar, (2001); Collier and Dollar, (2002); and 3) Corruption Hanlon, (2004) Sachs,(2005) :Collier, 2006). Are the

researchers who had explored factors and challenges on effective fund utilizations and that influence its contribution to national economic growth and development.

2.2.3 Aid effectiveness in Ethiopia.

Ethiopia is one of fund recipient countries and assessing the challenges on fund effectiveness is very important. In the past, several studies have attempted to assess the impact of aid on national economic growth. In an Ethiopian context, Dawit and Yemiserach (2001) examined the aid economic growth relationships for the period 1970-1999. They concluded that fund contributed negatively to economic growth whereas investment has a positively and significantly influenced economic growth. The same authors argued that fund has stimulated economic growth and enhanced imports through its contribution to capital formation and the acquisition of important inputs, respectively. Sewasew (2002) examined the relationship between import and GDP growth in Ethiopia for the period 1960/61-1999/2000. He found that in the short term foreign exchange receipts have significant positive impacts on imports because aid is one of the foreign exchange receipts of the country. However, Sewasew's (2002) finding also revealed that imported capital goods have insignificant negative impact on the growth of real GDP. This suggests that a favorable impact of aid on import does not guarantee the aid-economic growth link to be positive. Similarly,

Haile and Alemayehu (2000) have examined the relationship between savings, foreign funded aid and economic growth using 30 years data (from 1967-1997). Wondwosen (2003) assessed the relationship between aid, policies and economic growth in Ethiopia for the period 1962/63 to 2001/02. He found that aid has a significant positive contribution to investment, whereas uncertainty of aid flow, as a result of aid volatility, significantly and negatively affected the capital formation activity. Whereas as the effect of foreign aid on economic growth appeared to be negative but insignificant, aid inter acted policy term produced significantly positive result. The same author has shown that good economic policies increase the level of foreign aid that can be productively consumed. He concluded that foreign aids have insignificant negative impact on Economic.

Tolessa (2001) examined the role of aid in the Ethiopian economy for the period 1964/65-1999/2000 by specifying saving, investment, and growth equations. With his data analysis, he desegregated foreign aided funds has two component into grants and loans assuming this two components have different impact. The investment equation in this study revealed long term

positive and significant impact of foreign loan on investment while this is not the case for foreign grant. This study has also shown that domestic savings and foreign loans have positive and significant influence on economic growth over a long period of time whereas the impact of foreign grant appeared to be significantly negative. The same author apparently recommended that the government should encourage domestic saving instead of foreign Aid.

Adugna (2008) reviewed the anatomy of foreign aid to Ethiopia from 1960-2003 and showed the flow of aid to Ethiopia in terms of major donors. His finding also attempted to present aid flow to the country during the last three governments. However, this study did not attempt to link the flow of aid to the growth trends in economic or in other sectors.

The inconsistency of the country's inability to fulfill the ideals and principles that underpin the Paris Declaration has been showed in 'the effectiveness of aided fund in Ethiopia and indicated fragmentation and unpredictability of aid.

Getenet (2009). Clearly explained the limitation of the coordination structure both at the country and Sectorial levels and finally mentioned the imbalance of power and decision making. Growth. Effectiveness and Sustainability of Aid in Ethiopia .Amsalu Gurmessa (2012:3) examined the impact of foreign aid on various public spending for a period covering 1966/67 to 1998/99 and used aid fungibility model for analyses. He constructed seven equations to explain sectoral spending whereby four and three equations were categorized under development and non-development spending, respectively. Whereas the development sector is composed of agriculture, education, construction, and transport and communication, non-development expenditure consists of defense, general service and debt servicing. Each sectoral spending is specified as a function of aid attributed to its own sector, and given to other sectors and GDP. His findings revealed that in the long term aid given to each development sector has positive impact on the spending of the respective sectors. Particularly the result is significant for construction. With regard to non-developmental activity, foreign aid appeared to have positive.

Wondwosen (2003), in his assessment titled 'the relationship between aid, policies and economic growth in Ethiopia' found that aid has a significant positive contribution to investment, whereas uncertainty of aid flow, as a result of aid volatility, significantly and negatively affected the capital formation activity. Whereas as the effect of foreign aid on economic growth appeared to be negative but insignificant, aid inter acted policy term produced significantly positive result. The

same author has shown that good economic policies increase the level of foreign aid that can be productively consumed. In summary, most of the studies reviewed suffer from problems associated with model.

2.3 Conceptual framework

2.3.1 Effective fund utilization

With the growth globalization and lack of boundaries, connection between different developing and developed country become easy and the amount of aid increases dramatically. Controlling mechanisms of fund is becoming more complex, it requires more technical and important in steering the organization in effective utilization and proper direction. One of the indication of organization performance is effective utilization of funds. It should be spent on for the intended aid. The analysis is directed towards the study of the effect of existent funds on managerial objectives. Financial management handles everything from procuring the funds to effective utilization of the same. Dedicated analysis handles procurement of funds from multiple sources and since the funds are from different sources, they naturally need to be addressed considering the difference with regards to the potential risk and control. Management of business funds should ideally capitalize on equity capital, in spite of it being the most expensive source of funds. Effective Management of finances involves calculation of risk, cost and control and maintaining the cost of funds at minimum. This is done with the intent of establishing a proper balance between the involved risk and optimized control. Utilization of Funds Financial management cannot be addressed without first designing a strategy to ensure the proper utilization of funds. This helps to evade situations in which the funds remain idle or lack of profitable utilization of funds in hand. When availing of funds for the business it is important to understand the involved cost and risk factors. Wastage of funds will only result in the business short and long-term objectives not being met.

According Anup .S (2014:10) foreign aid or development assistance is often regarded as being too much, or wasted on corrupt recipient governments despite any good intentions from donor countries. In reality, both the quantity and quality of aid have been poor and donor nations have not been held to account. There are numerous forms of aid such as for humanitarian emergency assistance, to food aid, military assistance, etc. Development aid has long been recognized as crucial to help poor developing nations grow out of poverty. It was stated that in 1970, the world's

rich countries agreed to give 0.7% of their Gross National Income as official international development aid, annually. Since that time, despite billions given each year, rich nations have rarely met their actual promised targets. For example, the US is often the largest donor in dollar terms, but ranks amongst the lowest in terms of meeting the stated 0.7% target.

Shilpa R, and Rakesh H M (2013:11) discussed about Traditional Approach utilization of funds during the periods 1930s and 1940s, there was a concern of raising adequate funds and maintaining liquidity for sound financial structure. Systematic mechanisms for controlling of fund as an art and science of rising and spending of funds. The traditional approach emphasized on the source of the fund and ignored efficient allocation and constructive use of funds. It does not give sufficient attention to the management of it. In a modern money using economy. The international aid effectiveness movement began taking shape in the late 1990s. Fund providing organizations are always looking for new ways to improve fund effectiveness, including conditionality, capacity building and support for improved governance. Fund effectiveness is the usefulness of a development fund in achieving the intended project aims. Donor governments and aid agencies began to realize that their many different approaches and requirements were imposing huge cost on developing nations and making aid less effective. This has led donors to begin working with each other and with developing countries, to harmonize their work in order to improve the impact of aid on economic growth.

The Aid effectiveness movement picks up its Momentum in 2002 at the International conference on Financing for Development in Monterrey, Mexico, where the international community agreed to increase funding for development. It was also acknowledged that money alone was not enough to reach the desired and planned. Development goals Donors and developing countries alike wanted aid to play its optimum role in helping poor countries to achieve MDGs. In 2003, aid officials and representatives of donor and recipient countries gathered in Rome for the aid harmonization. At this meeting, donor countries committed themselves to work with developing countries to better coordinate and streamline their activities at a country level. In 2005, they met again in Paris, and the Paris Declaration on aid effectiveness introduced more comprehensive packages based on principles of partnership to change the way donor and developing countries do business together. The PD calls for an international, national and local monitoring systems to ensure that donors and recipient governments and beneficiaries to work closely together and hold each other accountable

for wrong channeling of development fund and to set a controlling mechanism for effective utilization.

2.4 Summary and gaps to be filled by the study

Summarizing all the above mentioned studies, most of the studies reviewed has some limitations especially on model specification. Such as variables, like as the donor policy and implementing agents local policies, challenges on project implementation with partners, technical, managerial factors which contribute for aided fund effectiveness are not well recognized and considered as on fund effectiveness beside those challenges various different circumstances and factors should be considered when analyzing fund effectiveness to go beyond the simple question of whether fund is effective or not effective. As implied in the OECD and DAC definition of aid effectiveness provided in the section above, it is not only the outcome of external aid which needs to be measured, but the process of aid provision should also be taken into consideration when evaluating aid effectiveness.

Rather than attempting on an overall answer to the link between aided fund and growth, this research focuses on different factors and instead explored some more direct relationships between the types of aid delivered, processes adopted and outcomes. In addition to these, Most of the researches that are related to this study proposed factors are done on Uganda, Kenya, Tanzania and a little has been done on Ethiopia cases.

Other researches are done on the impact of donor aided projects on the social and economic wellbeing of specific communities on as specific region or only on local NGOs (Marcel Fafchamps and Trudy Owens, April 2008, Anna Onesmo Mrema October 2007, Beyene, 2008, BUSIINGE Christopher, June 2010, Lawrence N. Kimando, Jun 2012), not on the entire community. On another hand a research paper made by Abraham Ermias (2013) titled “What factors Impact the Effectiveness of International Non-Governmental Organizations (INGOs) in Ethiopia”. The purpose of his research is to find out what are the causes of INGO effectiveness from the perspectives of donors, government offices and beneficiary community members in relation to the goals and missions of INGOs. His research focused on finding what INGO effectiveness mean to each of the three stakeholders (INGOs, donors and the Domestic Unit); what each of these stakeholders considered as reasons of INGO effectiveness and at the end he finds out if there is any pattern or convergence in the perception of these three stakeholders. In addition to these, the

theoretical model developed in his research indicated that a positive or negative relationship between INGOs and their stakeholders leads to INGO effectiveness.

Finally the researcher take side and make an argument on the fund effectiveness is not only seen from the perspective relationship between donors, government offices and management, rather from the direct project implementers partners and any challenges which contribute for its ineffectiveness of fund effective utilization

Therefore, the purpose of this research is to fill these gaps and identify challenges on effective use of donor aided fund by International humanitarian organizations. And this research paper were grouped those challenges, which had contribution for ineffective fund utilizations in to four main categories:-

- 1) Being a direct project and Program implementer contribute for the effective utilization of the aided fund.
- 2) Challenges on technical factors on effective use of donor Fund by International Non-Governmental Organizations in Ethiopia,
- 3) Challenges of donor behavior on effective use of donor Fund by International humanitarian Organizations in Ethiopia and
- 4) Managerial factors affect effective use of donor Fund by International Non-Governmental Organizations in Ethiopia.

Chapter Three

3. Research Methodology

3.1 Selection of Cases study.

Specifically, this research focused on the practices and choices of well-established cases of Humanitarian organization in Ethiopia in order to assess Challenges on effectiveness utilization of donor aided fund in Ethiopia. The selected organization had significant experience with successful projects. The decision focus on such well-establish the following several reasons:-

First, it is reasonable to expect that effectiveness is possible, most likely to exist and to be recognize in cases of long-term operational presence, since longevity is, by itself, recognized by contribute for ongoing effectiveness. Therefore, CRS has a long history of service in Ethiopia in food security, agriculture, and healthcare and education projects and thus provide established track records for such in-country project implementation and different relief work. The long history of service in Ethiopia in a variety of projects also means government officials and citizens are more likely to have well developed perspectives on CRS activities and these parties will have a benefit from the significant of this study.

Second, most of CRS staffs had multiple years of experience and had good educational back ground on project implementation and proper utilization of funds for the intended purpose also they easily understand their operations and they have a well-developed and the depth of perspective to provide answers for this research sought.

Third by working closely with these project implementer partners, CRS had prolonged history and experience as result identifying existing challenges that results from with this .CRS can be considered as standalone, independent Organization for the purposes this research observation. It is best source of information for overcoming those challenges and contribute for effective utilizations funds humanitarian organizations.

Fourth CRS has been received and administered different big programs and projects from USAID and other donors for it's the major relief and development program aimed at reducing poverty in

the country level. Examples these big programs include, MYAP, PSNP, PEPFAR, DRR, DFAP, JEOP REAAP etc. Therefore identifying the challenges associated with donor behaviors and rule and regulation in the organization not require much work since it supported by live experience on fund utilization and project implementation for those multiple years of experience.

Finally, CRS Ethiopia is a rich source of information because they have put in place a significant number of active projects has currently the organization do have more than 40 active projects in all parts of the country,. According to EU Mapping Report (2008 INGOs conducted 235 programs and projects across the various parts of in Ethiopia. This shows that CRS Ethiopia projects have participated in assisting at community's level. Thus providing a resource rich database for exploring the main research question.

3.2 Research design

This case study used a descriptive survey design. It state of affairs of an occurrence as it exists.

A survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables (Mugenda and Mugenda, 1999). It seeks to obtain information that describes existing phenomenon by asking individuals about their perceptions, attitudes and values Mugenda and Mugenda, (2003). It also involves systematic and comprehensive study of a particular community, group or organization with a view of analyzing a social problem and presentation of recommendations for its solution (Ahuja, 2001). According to Creswell (2003), a survey design provides a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population. The design was preferred since it is easy to apply research instruments such as questionnaires and which allow for the collection of data from a large number of respondents in a relatively short period. This research adopted a survey approach to assess challenges on effective utilization of fund by humanitarian organization. It was conducted using a questionnaire as shown in the Appendix I, which was hand delivered to the respondents. Presentation and analysis of the information was done using frequency tables and percentages.

3.3 Target Population

Target population is the specific population about which information is desired. According to Ngechu (2004) a population is a well-defined or set of people, services, Elements, events and group of things or households that are being investigated. Mugenda and Mugenda, (2003). Explain that

the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. All CRS staffs who are directly responsible for fund Management and effective utilizations were participated and Included in the target population. Therefore, the target population for this study who has direct relation and work in fund related issues were 103, which were comprised mainly from five main Departments those are:-

- 52 samples were taken from CRS Program department.
- 14 Samples were taken from CRS Finance department.
- 13 Samples were taken from CRS Logistic departments.
- 18 Samples were taken from CRS Administration Departments.
- 6 samples were taken from CRS Human resource.

Members of these departments who were willing and available at the time of data Collections received and return the questioner on time.

3.4 Data type and Source.

In order to conduct this research and to investigate the research objectives as stated in the foregoing, both secondary and primary data were collected and analyzed. The first stage of the research process was an extensive search of articles, reports and professional information related to the study area, using the internet and academic databases. The analysis of secondary information provided the general context for initiating the collection, analysis and the interpretation of primary data. Secondary data were collected in order to ensure relevance to the research problem, eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. In the second stage of the study, primary data were collected. Hair et al. (2006) noted that primary data is gathering of first-hand, new information by the researcher. Saunders et al. (2003) asserts that primary data are needed to thoroughly answer the research question and are collected specifically for the research project being undertaken. Thus, the use of questionnaires help to collect valid and reliable data relevant to the research questions and objectives.

3.5 Data Collection Instrument

The first instrument this study used was questionnaires for primary data collection and. Most of the times questionnaires are preferred because they are straightforward and less time consuming for both the researcher and the participants (Owens, 2002). The questionnaire was designed to answer the research questions that identified in the problem statement. The Questionnaires had a number

of sub-sections that are sub-divided based on the major research questions except the first sub-section that is meant to capture the background information of the participants like department, gender and working experience. Other sections cover the main areas of the study. Questionnaires was appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals. In addition to the primary data the researcher use secondary data those data describe the organization history and current performance and related facts. Beside this the financial data also extracted for CRS financial system or so called sun system to describe the current organizational performance on effective fund utilizations.

3.6 Sampling Procedure and Sample Size

According to Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. From the population frame the required number of subjects, respondents, elements or firms was selected in order to make a sample. The sampling frame for any probability sample is a complete list of all the cases in the population from which a sample is drawn (Saunders et al., 2007). A sample is a smaller and more accessible sub set of the population that adequately represents the overall group, thus enabling one to give an accurate (within acceptable limits) picture of the population as a whole, with respect to the particular aspects of interests of the study. From the population frame the required number of subjects, respondents, elements or firms was selected in order to make a sample. Stratified proportionate random sampling technique was used to select the sample. According to Oso (2009), stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population. Stratification aims to reduce standard error by providing some control over variance. Stratified random sampling technique was used since population of interest is not homogeneous and could be subdivided into groups or strata to obtain a representative sample. The sampling frame was the listing of staff in the various departments of CRS Ethiopia. Stratified sampling was used to select the staff of CRS who participated in the Study. Each department was a stratum, represented by the head of department.

Statistically, in order for generalization to take place, a sample of at least 103 elements (respondents) must exist (Cooper and Schindler, 2003). Saunders et al (2007) argue that if well chosen, samples of about 30% of a population can often give good reliability. Other literatures

have shown that sample size selection to a great extent is judgmentally decided. Sample of 103 responding staff was drawn from 140 possible respondents. The selection was as follows:

Table 1: Sample fram.

Departments	Frequency	Percent (%)	Cumulative Percent
Program - Department	46	48%	48%
Finance - Department	13	13%	61%
Logistics - Department	18	13%	74%
Administration - Department	21	21%	95%
Human resource - Department	5	5%	100%
Total	103	100%	

3.7 Data processing procedures

Prior to launching the full-scale study, the questionnaire was pre-tested to 10 randomly selected members of CRS Ethiopia staff to ensure its workability in terms of structure, content, flow, and duration. According to Cooper and Schindler (2005), a pre-test is defined as the testing of the questionnaire on a small sample of respondents. After the pre-testing of the questionnaire, modifications were made in the questionnaire to reduce the possibility of ambiguity of some of the questions before delivering them to the respondents. Two procedures were followed during the pre-testing of the questionnaire. Cooper and Schindler (2005) observed that the researcher may rely on experts when piloting the instrument to identify changes that can be made with confusing items. Experts and colleagues who are experienced in research were also requested to examine the questionnaire to check whether there are any items that need to be changed or rephrased, as well as the appropriateness of the time set for completing it. At the end of the exercise, the items in the questionnaires were considered to be satisfactory in terms of both wording and format.

3.8 Instrument Validation/ Piloting.

Prior to using questionnaire to collect a primary data, a pilot study was carried out to pre-test

The instruments. This was extremely helpful and important to detect potential problems in reach design and/or instrumentation (e.g., whether the questions asked is intelligible to the targeted sample), and to ensure that the measurement instruments used in the study are reliable and valid measures of the constructs of interest (Bhattacharjee, A. 2011).

Validity

Validity refers to the extent to which the data collection instrument measures what it is supposed to measure. Zikmund (2003) defined validity as the ability of a measuring Instrument to measure what was intended to be measured. In validating the instruments, 10 staffs were selected. The population units used in the pilot study was not included in the final sample. This minimum number of piloted staffs was consistent with Fink, 2003 suggestion. According to him for most student questionnaires the minimum number for a pilot is 10 (Fink 2003).

The population units used in the pilot study was not included in the final sample. The Study used both face and content validity to ascertain the validity of the questionnaires. Face validity is actually validity at face value. As a check on face validity, test/survey Items are sent to the pilot group to obtain suggestions for modification. According to Sekaran (2003), content validity is a judgmental act where experts check whether the items represent the construct which is being studied as well as the wording, formatting and scoring of the instrument. It is concerned with sample-population representativeness i.e. the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills.

Reliability

Reliability is the degree to which measures free from error and therefore yield consistent results (Zikmund, 2003). According to Sekaran (2003), “reliability analysis is conducted to ensure that the measures of variables have internal consistency across time and across the various items that measure the same concept or variable”. Reliability evaluates accuracy of the measures through assessing the internal stability and consistency of items in each variable (Hair et al., 1998). The extent to which the instrument provides the same results on subsequent administration, known as reliability, was statistically obtained. Factor analysis was performed for testing the validity

3.9 Data analysis techniques.

Data analysis is the process of bringing order, structure and interpretation to the mass of collected data (Marshall and Rossman, 1999).The collected data was analyzed using both quantitative and qualitative data analysis methods. Quantitative method involved both descriptive and inferential

analysis. Descriptive analysis such as frequencies and percentages were used to present quantitative data in form of tables and graphs. Data from questionnaire was coded and logged in the computer using SPSS Version 20. This involved coding both open and closed ended items in order to run simple descriptive analyses to get reports on data status. Descriptive statistics involves the use of absolute and relative frequencies, measures of central tendency and dispersion. Data was collected through open and closed ended questions and analysis of documents was made qualitatively through content analysis. The collected data was first transcribed before coding the data into themes or categories. These involved breaking down the data into manageable pieces, sorting and sifting while searching for types, classes, sequences, processes, patterns or themes. The aim of this process was to assemble or reconstruct the data in a meaningful or comprehensible fashion (Jorgensen, 1989). The categorizing was typically based on the major research questions guiding the study. Generalization from the themes about the phenomena in question and discussion in the light of the available literature was then made.

Chapter 4

Data analysis, Presentation and Interpretation of findings

4.1 Introduction

Data presentation and interpretation of the findings are discussed on this chapter. The purpose of the study was to identify challenges on effective utilization of fund by non-governmental humanitarian organization in case of CRS Ethiopia. The techniques for this data analysis is using of frequency distribution and crosstab distribution techniques through SPSS 20th edition which helps to show percentage and figures to present real data.

4.2 Response Rate

The researcher targeted staffs in all departments who directly involve in fund Management and utilizations. All who have a direct relation, responsibilities and connection with donors, partners and stakeholders are participated for this research. From the targeted population which shown on the below table 2. Out of 103 employees, 82 responses were obtained. This represented 80% response rate. This is a reliable response rate for data analysis as Babbie (2002) suggested that any response of 50% and above is adequate for analysis.

Table 2: Response rate.

Description	Frequency	Percentage
Respondents	82	80%
Did not respond	21	20%
Total	103	100%

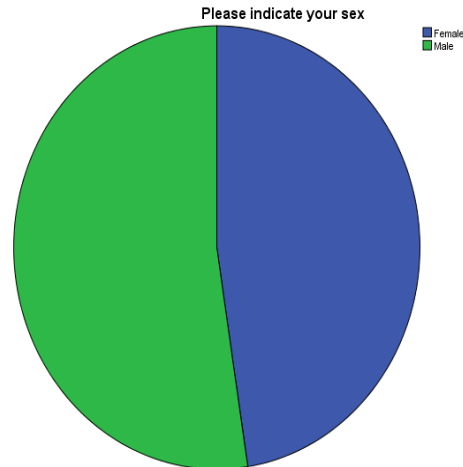
Source: SPSS output from the survey data, 2016.

4.3 Demographic Information.

As part of the general information, the research requested the respondents to indicate their gender and working experience since gender balancing is one of the strategic activities of CRS Ethiopia and now it is well implemented and give high attention at each functional area level in CRS Ethiopia country program.

Table 3 Demographic /Gender Table /Gender Figure 3

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	39	47.6 %	47.6	47.6
Male	43	52.4%	52.4	52.4
Total	82	100.0%	100.0	100



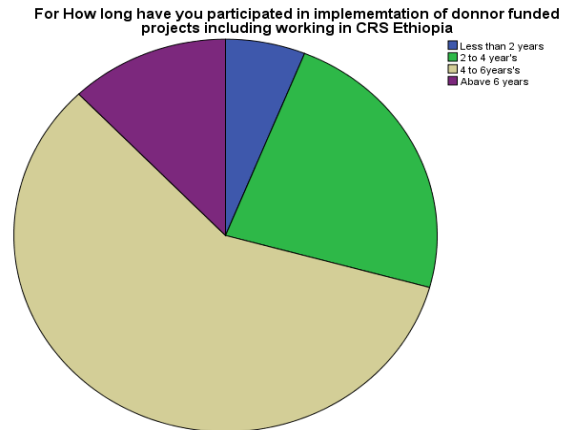
Source: SPSS output from the survey data, 2016.

As shown on table 2, the study found that 52.4% of the respondents were male while females formed 47.6% of the respondents. This shows that CRS Ethiopia has near to maintaining gender balance at its work force. CRS’s organizational strategy outlines gender Integration is a critical emerging issue for CRS, both as part of organizational culture and for good development and emergency relief programs. Starting from mid of 2014 CRS Ethiopia has been making gender audit which is a tool and process to evaluate the extent to which gender concerns are currently reflected in organizational Policy and programs .currently CRS Ethiopia has a Gender Team or working group which concentrate and focus on gender sensitive and related issue and this team lead by female manager and followed by two gender officers. CRS also believes that CRS’ investments must increase the institutional capacity of the agency and its partners to identify and redress these gender imbalances

Table 4. Work Experience in the Organization

Figure 4

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2 years	5	6.1%	6.1	6.1
2 to 4 year's	19	23.2%	23.2	29.3
4 to 6years's	48	58.5%	58.5	87.8
Above 6 years	10	12.2%	12.2	100.0
Total	82	100.0%	100.0	



Source: SPSS output from the survey data, 2016.

As shown on table 4, the study also sought to determine how long the respondents had been working with the organization specific to the grant implementation and has an experience on fund utilizations. According to the findings, 12.2.0% of the respondents reported that they had been working with their organizations for 6 years and above and 87.8% had experience of between 2 to 6 years all the rest percentage show that less than 2 years . These findings clearly show that majority of the respondents had been working with CRS for long period and they do have enough understanding

On their operations and they have a well-developed and the depth of perspective to provide answers for this research sought.

4.4 Data analysis, Presentation and Interpretation on challenges on effective fund utilizations.

4.4. Challenges of Project implementation through partners on effective fund utilization.

Table 5: Factors associate with Project implementation through partners.

Q.9	challenges on project implementation with partners	Frequency and Percentage	Strongly Disagree	Disagree	Some How Agree	Agree	Strongly Agree	Total
9.1	Shortage and turnover of skilled personnel	Frequency			25	34	23	82
		% of Total			30.5%	41.5%	28.0%	100.0 %
9.2	Proper understanding of donor rule and regulation	Frequency		4	25	34	19	82
		% of Total		5%	30.5%	41.5%	23.2%	100.0 %
9.3	On time submission of financial reports and getting the next fund.	Frequency	1	4	21	36	20	82
		% of Total	0.0121951	5%	25.6%	43.9%	24.4%	100.0 %
9.4	Partner capacity	Frequency		2	21	37	22	82
		% of Total		2%	25.6%	45.1%	26.8%	100.0 %
9.5	Good communication and partnership principle	Frequency		4	19	38	21	82
		% of Total		5%	23.2%	46.3%	25.6%	100.0 %
9.6	Accumulation questioned and unsupported cost.	Frequency			22	37	23	82
		% of Total			26.8%	45.1%	28.0%	100.0 %

Source: SPSS output from the survey data, 2016.

As it is shown on Table 5: Factors associate with Project implementation through partners that challenge effective fund utilization, the majority of respondents (69.50%) Agree and strongly agree shortage and turnover of skilled personnel on project implementer partner has a direct relation for the effective fund utilization in practice of CRS Ethiopia. According to the study Proper understanding of donor rule and regulation at sub-recipient or partner level has an impact of effective utilization of donor aided fund hence the majority of respondents (64.7%) agree and strongly agree on the understanding of donor rule and regulations has an strong impact .The study show that the variable which is on time submit ion of financial reports and getting the next fund for project activities on time has effect on proper utilization of fund in CRS Ethiopia were respondents percentage of (68.3 %) fall on agree and strongly agree .The study sought Partner or sub-recipient capacity to implement that project and effective fund utilization has strong relationship hence it is supported by respondent of (71.9%) agree and strongly agree that this factor is a major challenge for proper project implementation and fund utilization.

According to the research result of the total respondents (71.7%) having Good communication and partnership principle with project implementing partners has negative impact on effective fund utilization CRS Ethiopia. Finally the study sought to examine the extent of Accumulating of questioned and unsupported cost on the project by implementing partner has an effect on the effective utilization of fund which is supported by all the respondents are fall on somehow agree ,agree and strongly agree on this factors and out of this (60%) of respondents fall on agree and strongly agree that having accumulation of unsupported and questioned cost in the project which hinder the effective fund utilization in CRS.

4.4.2 Challenges of managerial factors on effective fund utilizations.

Table 6. Managerial factors Affect effective utilization of donor fund.

Q 6.	<i>Managerial factors Affect effective utilization of donor fund</i>	Frequency and Percentage (%) of count	Strongly Disagree	Disagree	Some How Agree	Agree	Strongly Agree	Total
6.1	Managerial capacity or Human capital of the fund utilizing organization	Frequency		2	26	43	11	82
		% of Total		2.4%	31.7%	52.4%	13.4%	100.0%
		Frequency		2	20	39	21	82
6.2	Lack of/or inadequate technical and managerial knowledge and skills	% of Total		2.4%	24.4%	47.6%	25.6%	100.0%
6.3	Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers	Frequency		2	21	47	12	82
		% of Total		2.4%	25.6%	57.3%	14.6%	100.0%
6.4	Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding and resources by the donors	Frequency	1	1	24	38	18	82
		% of Total	1.2%	1.2%	29.3%	46.3%	22.0%	100.0%
6.5	Poor quality and timeliness financial report to donors	Frequency		1	16	45	20	82
		% of Total		1.2%	19.5%	54.9%	24.4%	100.0%
6.6	Poor leadership styles, culture, and bureaucracy	Frequency		1	12	53	16	82
		% of Total		1.2%	14.6%	64.6%	19.5%	100.0%

Source: SPSS output from the survey data, 2016.

The study further sought to assess the extent to which managerial factors which challenge effective utilization of donor aided fund in non-governmental humanitarian organization. As reviewed in

the above literature review, the aspect of managerial factors measure Effectiveness such as, participatory leadership, clarity of roles and responsibilities at all levels in the organization.

According to the findings summarized and presented on Table 4, Majority of the respondents (65.8.00%) were either agreed or strongly agreed that **Managerial capacity of the human resources or Human capital of the fund utilizing organization** has affected effective on effective fund utilization of donor aided fund in CRS Ethiopia. The study also measures the extent of **Lack of/or inadequate technical and managerial knowledge and skills** has affected effective on effective fund utilization of donor aided fund. Majority of the respondents (73.2.00%) were either agreed or strongly agreed that “Lack of technical and managerial knowledge and skills” has negatively affected effective use of donor aid in CRS Ethiopia. On the extent of **Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers** formal training by donor funds projects officers, majority of the respondents (71.9%) were either disagreed or strongly disagreed that “Lack of formal Training in foreign aid management, budgeting and accounting by donor funds projects officers” has impact on effective use donor aided fund in CRS Ethiopia.

From all managerial factors that has been assessed by this study **Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding and resources by the donors** has strong impact on effective use donor aided fund in CRS Ethiopia. Accordingly, majority of the respondents (68.3.00%) were either agreed or strongly agreed on this factors which has strong impact on CRS Ethiopia fund utilization on Effective use of donors Aid. Base on the finding and review of the respondents’ the majority that is 79.3% agree and strongly agree that, “**Poor quality and timeliness or on time financial report to donors has**” Impact on proper utilization of donor aided fund in CRS Ethiopia. In relation to “**Poor leadership styles, culture**” and bureaucracy which is one of managerial factor that affect effective utilization of donor aided fund(84.1%) of the respondents agree and strongly agree that this factor has strong impact on effective utilization of Fund.

4.4.3 Challenges of donor behavior on effective fund utilizations.

Table.7. Show that the extent to which challenges of donor behavior on effective utilization of fund in CRS Ethiopia.

Q 7	Factors attributed to donor behavior	Freq. and %	Strongly Disagree	Disagree	Some How Agree	Agree	Strongly Agree	Total
7.1	lack of predictability	Freq.	1	2	36	33	10	82
		%	1.20%	2.40%	43.90%	40.20%	12.20%	100%
7.2	Resources aside for particular uses	Freq.		6	32	34	10	82
		%		7.30%	39.00%	41.50%	12.20%	100%
7.3	Funds pass through several layers	Freq.		5	28	40	9	82
		%		6.10%	34.10%	48.80%	11.00%	100%
7.4	Lack of accountability: full transparency	Freq.	1	5	27	36	13	82
		%	1.20%	6.10%	32.90%	43.90%	15.90%	100%
7.5	Inserting an explicit monitoring and evaluation	Freq.	2	3	22	45	10	82
		%	2.40%	3.70%	26.80%	54.90%	12.20%	100%
7.6	Poor monitoring and evaluation systems	Freq.	2	3	22	45	10	82
		%	2.40%	3.70%	26.80%	54.90%	12.20%	100%
7.7	Information on actual public spending at the frontline	Freq.		4	27	48	3	82
		%		4.90%	32.90%	58.50%	3.70%	100%
7.8	The problem with multiple objectives	Freq.	1	4	30	44	3	82
		%	1.20%	4.90%	36.60%	53.70%	3.70%	100%
7.9	Multiple tasks that compete for their time, donor aid agents	Freq.		3	30	44	5	82
		%		3.70%	36.60%	53.70%	6.10%	100%
7.1	Tasks are more easily monitored by supervisors, receive a disproportionate attention	Freq.		5	22	46	9	82
		%		6.10%	26.80%	56.10%	11.00%	100%

Source: SPSS output from the survey data, 2016.

As shown on table 7. factors lack of predictability in timing and disbursement “Wrong timing in funds disbursement “has strong impact on proper utilization of fund this is evidenced respondent with 52.4% fall on the Agree and strongly agree this indicate that the do have strong relation and impact on proper utilization of funds. For the factors “Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds” The study measures the extent how this factor contribute for the effective utilization of funds and only 7.3 dis agree and 53.7 % of the respondents are Agee and Strongly agree on this factor have impact on the effective fund utilization. Majority of the respondents (59.8.00%) were either agreed or strongly agreed that “Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds.” has challenge on effective utilization of donor aided fund in CRS Ethiopia.

The aspect of factors attributed to donor behavior measures Extent of accountability and transparency; According to the findings summarized and presented on Table 5. Lack of accountability is the major factor that strongly affects effective utilization of fund of INGOs. Accordingly, Majority of the respondents (59.80%) were either agreed or strongly Agreed that “Lack of accountability: full transparency regarding the purpose, content, Responsibility” has contribution for not proper utilization of fund in in CRS Ethiopia adequacy of monitoring and evaluation systems and extent to which objectives and tasks are aligned regarding to this independent variables and transparent evaluation function in foreign aid programs, (61.00%) were either disagreed or strongly disagreed that “**Inserting an explicit monitoring and evaluation function in foreign funded programs**” a factor for not effective utilization of donor aided fund in CRS Ethiopian. The extents of having poor monitoring and evaluation systems have on effective Utilization of fund of donor aid in CRS Ethiopia. Majority of the respondents (67.1.00%) Were either agreed or strongly agreed that “Poor monitoring and evaluation systems” has a Negative impact on effective utilization of donor aid fund. Information on actual public spending at the frontline level or by program is seldom available

This Indicated that it is not easy to follow the program implementation and burn rate of the fund on time and to take the following remedies those (62.2%) of respondents agree and strongly agree that not having a system to track Information on actual public spending at the frontline level or by program has an impact on fund utilization. The problem with multiple objectives is that they

typically imply trade-offs, especially in the in the short program implementation. The problem with multiple objectives is that they typically imply trade-offs, especially in the short run program implementation these tasks will receive a disproportionate attention for those objective which require high attention, time and effort and also has a great impact on the organization general objectives, therefore, the study show us the majority of respondent (57.4%) are agree and strongly agree that this factor has negative impact on effective fund utilization. The last factors on donor attribute and behavior is some tasks are more easily monitored needs and some are not. for those which needs less monitoring and can be handle by supervisors but it create a disproportionate attention which require more monitoring and follow up tasks in respect of respect donor rules and regulations the research shows that a respondents of(67.10%) agree and strongly agree that having “some tasks are more easily monitored by their supervisors, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks” have impact respecting donor rule and regulation and to the effective utilization of fund.

From the overall findings, majority of the respondents felt that the aspects of factors attribute to donors behavior affect effective use of donor aid in INGOs to a great extent include Lack of accountability: full transparency regarding the purpose, content, responsibility and performance of the development agency, lack of predictability in timing and disbursement (Wrong timing in funds disbursement), Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds, also indicated that Information on actual public spending at the frontline level or by program is seldom available and Donor will tend to focus on those that are more likely to satisfy their career inserting an explicit evaluation function in foreign aid programs, Poor monitoring and evaluation systems and resources set aside for particular uses do not flow within legally defined institutional frameworks affect the affect effective utilization of donor aided fund.

4.4.4 Technical factors associate with effective fund utilization.

Table 8: Technical factors affect effective utilization of donor fund in CRS Ethiopia.

Q.7		Frequency and Percentage (%) of count	Strongly Disagree	Disagree	Some how agree	Agree	Strongly Agree	Total
8.1	Lack of appropriate technology	Frequency	3	2	32	38	7	82
		% of Total	3.7%	2.4%	39.0%	46.3%	8.5%	100.0%
8.2	Limitation of updated software for generating of required data	Frequency	1	3	32	37	9	82
		% of Total	1.2%	3.7%	39.0%	45.1%	11.0%	100.0%
8.3	Inadequate infrastructure and equipment to support new technologies	Frequency	1	1	33	42	5	82
		% of Total	1.2%	1.2%	40.2%	51.2%	6.1%	100.0%
8.4	Shortage of skilled personnel in ICT	Frequency	2	3	36	35	6	82
		% of Total	2.4%	3.7%	43.9%	42.7%	7.3%	100.0%
8.5	Lack of coordination at different levels in making effective use of the technology	Frequency		3	31	38	10	82
		% of Total		3.7%	37.8%	46.3%	12.2%	100.0%
8.6	Poor data systems and lack of data compatibility	Frequency		2	28	38	14	82
		% of Total		2.4%	34.1%	46.3%	17.1%	100.0%

Source: SPSS output from the survey data, 2016.

As shown on table 8, The study observed extent to which technical factors are a challenge for effective utilization of donor aided fund humanitarian nongovernmental organization in the case of CRS Ethiopia As discussed in the literature review, the aspect of technical factors measure the extent of Availability, efficiency and effectiveness of infrastructure and equipment's and extent to

which the personnel have acquired ICT skills in an organization. As per the findings summarized and presented on Table 6, of the respondents (45.20%) were either disagreed or strongly disagreed and the rest (54.8 %) agree and strongly agree that that “Lack of appropriate technology” has an impact on the effective use of donor aided fund in CRS Ethiopia. The study also sought to examine the extent of Limitation of updated software for generating of required data “in enhancing effective use of donor aid in CRS Ethiopia. According to the findings, majority of the respondents (56.1%) were either agreed or strongly agreed that this factor has strong relation or impact on effective utilization of donor aided fund in the organization. The study show that having “Inadequate infrastructure and equipment to support new technologies” Have a great impact on effective fund utilization this is evidenced by a respondent of which (57.3 %) agree and strongly agree that this factor has impact on effective fund utilization by makes the working environment effective and create a link on global phenomenon so that to have a good communication and accept feedback from different donors and stakeholder.

Regarding the extent to which the Shortage of skilled personnel in ICT or personnel have acquired ICT skills, half of the respondents (50.00%) were either disagreed or strongly disagreed that “shortage of skilled personnel in ICT” impact on the effective use of donor aid in CRS Ethiopia. Lack of coordination at different levels in making effective use of the technology is one of the biggest factor that affect effective use of donor aid in CRS Ethiopia. As shown in the above table, Majority of the respondents (58.50%) were either agreed or strongly agreed that “Lack of coordination at different levels in making effective utilization of donor aided fund in CRS Ethiopia. When we look to the effect of Poor data systems and lack of compatibility of data on effective fund utilizations respondents (46.00%) were either agreed or strongly agreed that “Poor data systems and lack of compatibility” has negatively affected the effective use of donor aid in CRS Ethiopia. From the overall findings, majority of the respondents felt that the aspects of technical factors affect effective use of donor aid in INGOs to a great extent include Lack of coordination at different levels in making effective use of the technology, Poor data systems and lack of compatibility and Inadequate infrastructure and equipment to support new technologies do have strong impact for effective fund utilization in CRS Ethiopia.

4.5 Actual performance on fund utilization in CRS

To strengthen the study the research use secondary data to support the findings on data analysis, Presentation and Interpretation of findings by using data which were met by questioner. As per the

Below table (Table 8), it is clearly seen there were consistency problems on both budget released fund utilization for the mentioned Fiscal years from 2013 to as April 2016/2016. Therefore, the researcher discussed with this kind of inconsistency fund utilization practices that has been shown in the table analyzed accordingly.

**Table 9: CRS Ethiopia Fund utilization table
From Fiscal Year 2013 to Fiscal year 2016(as of April 2016).**

Fiscal Years	TOTAL Budget/Fund	TOTAL EXPENDITURE	Fund Balance	Fund utilization Percentage
FY 2013	98,771,000.34	82,661,482.77	16,109,517.57	84%
FY20 14	75,267,807.94	78,453,303.90	(3,185,495.96)	104%
FY2015	69,170,295.63	72,661,074.73	(3,490,779.10)	105%
FY 2016 (October 2015 - April 2016)	225,897,737.69	151,375,720.30	74,522,017.39	67%
Total /Average	<u>469,106,841.60</u>	<u>385,151,581.70</u>	<u>83,955,259.90</u>	<u>82%</u>

On the fund utilization table (Table 8), two things are clearly shown. Which are there is underutilization of fund and over utilization of fund on both cases it indicate that that its ineffectiveness of utilizations fund. From these observations, we can say that partners that have implanted these projects not have a practice of consistent and uniform budget utilization because CRS is not a direct implementers of projects but with partner therefore, most of the funds are utilized by its partners. The researcher found that these inconsistency problems have been arisen from the following conditions:

First, some big Projects especially USAID funded projects have incorporated many rules, Regulations, Terms and conditions on their agreement. Therefore, some partners especially those

who have less capacitated staffs took some months until they fully understand all the requirements and protocols that have been expected from the donors. Due to this situation project implementation is delayed and the fund is not used for the intended purpose accordingly.

Second, Sometimes time was elapsed between the signed agreement and the implementation starting period due to the problem occurred by both parties. The managers suggested that CRS released funds to partners either through wire transfers or writing checks depending on the agreement or location of the implementing partners or the size of the funds. These processes have to pass some Procedures of all the entities that are involved in this transfer process. Due to these, funds could not be reached at partner's bank account at the right and actual time and ready for use.

Third, on some occasion partners got in to difficult situations to get or hire the project officers who have the required education and experience to work on that particular project. Such case is difficult to start implementation based on the agreed period of the project. This practice may inhibit partners not to utilize the released funds until the end of the project period. All the above problems have somehow been connected with predictability of fund and on time Project implementations.

Agreements in forecasting, funding, reporting or monitoring requirements have not been defined to overcome all those problem and ensure effective fund utilization. to overcome all challenges CRS set a new policy Since October 2013. This policy covers all project funding issued to all sub recipients. It also consider forecasting, funding, reporting, and monitoring requirements mandated and defined financial criteria for relationships with sub recipients. It establishing effective management and accountability for funding issued to sub recipients. It clarify roles and responsibilities for Country Programs' financial monitors and assist Country Programs in meeting the Agency's objective of sub recipient organizational sustainability.

CRS recognizes that its relationships with its sub recipients are critical to achieving its goals and objectives. Working with sub recipients optimizes the talents and resources of each party, maximizes program impact, and better serves for the poor. When CRS engages local sub recipients, it focus on developing their capacities and on increasing their organizational sustainability. The rights and responsibilities of each party should be complementary and each party's rights and responsibilities should be well-defined. Consistent application of the following

practices and tools, helps CRS's Programs to establish strong, productive relationships with sub recipients or partners.

Conducting assessments of sub recipients' financial capacities helping sub recipients develop and implement internal control improvement plans, when warranted Clarifying and enforcing CRS' sub recipient forecasting, funding, and reporting requirements Performing ongoing monitoring of sub recipients' financial management performance Providing financial and compliance capacity strengthening as needed. Generally this policy intended for the effectiveness of fund which passes for partners and have the following uses:-

- To establish financial criteria for relationship with sub-recipients
- Help Country Programs to effectively manage and ensure accountability for funding issued to sub-recipients
- Clarify role & responsibilities for Country Program financial monitors
- Assist country programs to meet agency objectives of sub-recipients organizational Sustainability
- Meets increased expectations of accountability
- Promote the Sub recipient financial development or competency.

Generally the presence of this policy reduce the inefficient of fund utilization in CRS Ethiopia to some degree. But the factors associate which indicated in the above finding of this research that are also the major challenges which are contribute a lot for fund ineffectiveness in case of CRS Ethiop

5. Chapter Five

5.1 Summary of the findings.

To summarize the major findings, as it is observed on the analysis there is under and over fund utilization which clearly seen in the performance of CRS. It implies that there is gap in effective fund utilization. From the analysis and interpretation, project implementation through partner take the lion share from all factors that are challenges for fund effectiveness. For instance Shortage and turnover skilled personnel on project implementing partner, has a strong impact on the performance of that organization this is supported by the majority of respondents Agree and strongly agree According to the study Proper understanding of donor rule and regulation at sub-recipient or partner level also has an impact of effective utilization of donor aided fund In addition, Partner or sub-recipient capacity to implement that project, having Good communication and partnership principle with project implementing partners, Accumulating of questioned and unsupported cost on the project by implementing partners has a direct relationship with fund utilizations.

The Second challenge for fund effectiveness are factors associated with managerial activities , such as Lack of or inadequate technical and managerial knowledge and skills , Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers , Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding and resources by the donors ,Poor quality and timeliness or on time financial report to donors , Poor leadership styles, culture and bureaucracy all the above mentioned are factors which categorized in managerial factors have significant contribution for fund ineffectiveness in CRS Ethiopia .

The third challenge is resulted from factors associated with donor behavior and some technical factors for instance lack of predictability in timing ,Funds pass through several layers of government bureaucracy , Lack of accountability ,adequacy of monitoring and evaluation systems of infrastructure and equipment's and extent to which the personnel have acquired ICT skills in an organization, lack of appropriate technology, limitation of updated software for generating of required data, are factors which enforce to appear fund ineffectiveness.

5.2 Conclusions.

This chapter presented, conclusion drawn from the findings underlined here the researcher made the following conclusions with the result of the finding analysis.

5.2.1 Conclusion on factors associate with project implementation with partners.

The research found factors associated with project implementation with partners which have a great impact such as Shortage and turnover of skilled personnel on project implementing partner, as it is stated on literature review Staff turnover has a strong impact on the performance of an organization or project implementation as the result ineffectiveness of fund utilization and overall performance of the organization. The faller of respecting of the donor rule and regulation result in accumulation of unaccepted cost and it becomes a liability for both prime and implementation partners as well this is also another factors which the study found .Regarding to time submit ion of financial reports and getting the next fund for project activities on time has also had strong effect on proper utilization of fund in CRS Ethiopia. Partner or sub-recipient Capacity, good communication and partnership principle between donor, prime and sub recipients are the major variables and has a strong impact on project implementation and Effective fund utilization for nongovernmental humanitarian organization.

In general all the above factors contribute for the accumulating of questioned and unsupported costs when projects are implemented by partner which has a direct relation with effective utilization of fund. Regarding to not respecting donor rule and regulation on expending of fund, late submission of financial reported and unrelated supporting documents result in not create good partnership .Even though partnership enhances an exchange different expertise technical financial and human capital for better project implementation and contribute in scaling up life-saving interventions in a given nation. If it is not handle and consider mutual benefits it has strong contribution for ineffective fund utilization.

5.2.2 Conclusion on challenges associated with managerial factors.

The study further found that almost all managerial factors affected effective utilization of donor Aided fund in CRS Ethiopia to some extent. But the following managerial factors affected the Effective use of donor aided fund in CRS Ethiopia to a great extent. These factors include Managerial capacity of the human resources or Human capital of the fund utilizing organization, Lack of/or inadequate technical and managerial knowledge and skills, Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers, Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects Officers, This finding also agrees with Arndt (2000) that the officers in the donor funded projects chain may lack the formal training in foreign aid management, budgeting and accounting. These weak skills may lead to poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents which complicate the donor fund release, with obvious implications on levels of donor aid effectiveness.

5.2.3 Conclusion challenges of donor behavior on effective fund utilization.

Regarding to factors attributed to donor behavior, the study found that the main factors challenges effective use of donor aid in CRS Ethiopia to a great extent include lack of predictability in timing and disbursement (Wrong timing in funds disbursement), has strong impact on proper utilization .Funds pass through several layers of government bureaucracy down to service facilities which create on time utilization of funds and project implementation .Inserting an explicit monitoring and evaluation function in foreign funded programs having information on actual public spending at the frontline level or by program is seldom available and the problem with multiple objectives is that they typically imply trade-offs, especially in the short run program implementation these tasks will receive a disproportionate attention for those objective which require high attention, time and effort and also has a great impact on the organization general objectives achievement and on time utilization which result in ineffectiveness of fund utilizations. Some tasks are more easily monitored needs and some are not. for those which needs less monitoring and can be handle by supervisors but it create a disproportionate attention which require more monitoring and follow up tasks in respect of respect donor rules and Poor monitoring and evaluation systems and resources set aside for particular uses do not flow within legally defined institutional frameworks affect effective utilization of donor aided fund.

5.2.4 Conclusion on challenges of technical factors on effective utilization of Fund.

The study deduced that different technical affected the effective use of donor aid in CRS Ethiopia. From those factors which have a great extent are the presence of limitation of not having required software for generating necessary data and lack of infrastructure equipment's ,having a personnel Shortage and lack the required ICT skills in an organization ,and inadequate infrastructure and equipment to support new technologies” have a great impact on effective fund utilization this make the working environment ineffective not creating a link on global phenomenon so that to have a good communication and accept feedback from different donors and stakeholder on time. In addition Lack of coordination at different levels in making in making effective use of the technology and Poor data systems and lack of compatibility. This is in agreement with the literatures written by (Odedra, 1993) and Gichoya (2005) that inadequate infrastructure and shortage of skilled manpower exists not merely due to lack of financial resources but largely due to lack of coordination at different levels in making effective use of the technology. (World Bank, 2003) and (OECD 2006) also supported that infrastructure support was often spent poorly, reflecting insufficient co-ordination among donors on the needs of partner countries – often due to donors’ own interests as well as between donors and country stakeholders.

5.3 Recommendations of the study.

Recommendations of researcher base on analysis findings and conclusions are states as follow Which helps different stakeholders: could be Governmental institutions, donor who provide fund, prime fund recipients, project implementer or sub recipient, Project managers, beneficiaries and disadvantageous group who directly benefited from the intended fund .it contribute for a better understanding on effective utilization of donor fund. As shown in the findings, although the extent differs, it is clear that effective fund utilization have get different challenge – those challenges are associate with project implementation with partners, Technical, Managerial and donor behavior.

Controlling all those challenges and having a strong system for effective fund utilization contribute at large on the organization goal achievement. The aim of having effective fund utilization is to reduce the problem and ensure the addressing the required output in a given fund with in the allocated timeframe. Funds specially for relief and humanitarian works needs special care, it allocated for urgent response on all emergency situations .Consequently Fund management and utilization should get priority in a in every aspect including transparency and accountability at all

level from to the donor, Prime fund recipient, government and at grass rote level on direct project implementer organization level. Building this scenario helps to have a healthy reputation on each stockholders of fund and helps to get acceptances with different donor. This lead to achieving the intended organizational objectives and goal.

Therefore, by considering all this facts, findings and analysis the researcher recommend the followings major points:-

- There should be an explicit monitoring and evaluations function at donor ,prime fund recipient and at direct project organization level and enforce to have ;- Centrally reliable, complete and up to date sector financial data base should be established - prime fund receiver, Implementing Partner, governments to allow international comparisons and support linkages between sector programming, organizations and country to assure the outcomes of project implementation and fund utilizations are based on the sited objectives.
- Both the fund giver and fund receiver organization have responsibility and accountability for the effective utilization of fund and achieving the sited objective in bidding agreement for project implementation .This agreement should respected by having good communication and accepting all partnership principles and values partnerships
 - working towards a common aim;
 - have a similar ethos or system of beliefs;
 - work together over a reasonable period of time;
 - There should be is an understanding of the value of what each partner can contribute;
 - Should have a respect and trust between them.
 - Having smooth and trusty worth communication for each facts which happened at the ground level.
- Donors and prime fund receivers have to work on capacitating building activities of project implementing agents , organizations Civil society organizations ,By identifying the gaps on the major sectors for example on human Resource skill and knowledge , Major knowledge gaps on donor rule and regulations ,assist on time submission of financial reports and help to reduce accumulation of questioned cost and increase the proper consumption of funds.
- Related to the challenges on donor behavior ;- donor's objectives and priorities should be aligned and harmonized with the prime fund receiver and direct project implementer organizations. All of them should agree on exact time or periodicity of funds are disbursed and available for use .so that to spend on scheduled time framework.

- By Increasing the responsibility and accountability of fund recipient organization, donors should reduce the funding bureaucracy which subject funds to pass different layers. Since this process takes much longer time than it was planned. This bureaucracy hinders project implementation and on-time fund utilization without compromising output quality.
- All stakeholders for given fund it could be governmental organizations, donor, prime fund recipient, and direct implementer should consider strong approaches for planning and managing infrastructure development, such as good ICT system, infrastructure, having appropriate technologies with coherence on their major program plan to get correct data output in a desired way. This creates good communication of each other to accept and give feedback on time for a better work and relationships.
- All stakeholders should focus on promoting greater managerial and leadership capacity as a prerequisite for the success of funds objectives and with the aim of creating and maintaining core values, capabilities which help to identify problems, formulating solutions, and ensuring their effective project implementations and effective fund utilization.

5.4 Areas of Further Research

It is expected that the findings of this study will promote to the existing body of knowledge and form a basis for future researchers. The following areas are suggested for further research are Suggested:

(1) The current study focused on responses, challenges for effective fund utilizations and management from only donor side, prime fund recipient and direct implementer organizations perspective, future studies should be focus on the beneficiary and the direct fund target groups perspective towards to effective fund use how projects/programs can contribute to bring sustainable life changes and permanent capacity building work by creating life changing values.

(2) The second area that emerges from this research how effective uses of aided fund by to avoiding Misuse of fund and corruption in humanitarian and international non-governmental organizations in Ethiopia .

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Appendixes

Appendix: - Questionnaire with all its continent.

My name is Amaledech Tilahun Mekuria and currently I am on the last stage of completing my post graduate program with masters of Business Administration from St. Mary University and preparing a research for the partial fulfillment of MBA thesis paper on the title “**Challenges of effective Fund utilization in Humanitarian organization in the case of CRS Ethiopia program** on which I also get official permission to work this research from CRS Ethiopia. My address is **Amaledech Tilahun@crs.org** and Cell phone number **0911-97-10-60**. I request you kindly to fill this questionnaire and I want to assure you that the data generated kept confidential and for academic research purpose only. If you have a question or unclear points, please don't hesitate to ask me thorough telephone or email address. I would like to thank you in advance for your willingness and giving a genuine information.

Section I: Background information

1. Please indicate the department in which you work _____
2. Please indicate your sex _____
3. Which range includes your age?
a) 18 – 24 b) 25 – 34 c) 35 – 44 d) 45 – 54 e) 55 – 64 f) 65 or older g) Prefer not to answer
4. Educational Status: a) High School Complete b) College Diploma c) First Degree d) Second Degree e) Above 2nd degree
5. For how long have you participated in the implementation of donor funded projects including Working in CRS Ethiopia? (Please tick as appropriate)
a) Less than 2 year's b) 2 to 4 year's c) 4 to 6 year's d) 6 years and above

Section II:

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Extent to which *the following factors affect effective utilization of donor aided fund in international Humanitarian non-Governmental organizations in Ethiopia.*

6) Please indicate the extent to which you agree/disagree that each of the listed factors on ***project implementation with partners/sub recipients challenges effective utilization of donor fund in CRS Ethiopia*** by ranking the factors on a five point Scale. (Tick as appropriate)

Challenges of Project implementation through partners on effective fund utilization.	Strongly Disagree	Disagree	Somehow Agree	Agree	Strongly Agree
	1	2	3	4	5
1. Shortage and turnover of skilled personnel on project implementing partner					
2. Proper understanding of donor rule and regulation at sub-recipient /partner level					
3. On time submit ion of financial reports and getting the next fund for project activities on time					
4. Partner or sub-recipient capacity to implement that project					
5. good communication and partnership principle					
6. Accumulating of questioned and unsupported cost on the project					
Others (Specify)					

7. Please indicate the extent to which you **agree/disagree** that each of the listed Challenge of managerial **factors Affect effective utilization of donor fund in** CRS Ethiopia by ranking the factors on a five point Scale. (Tick as appropriate)

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Challenges of Managerial factors on fund utilization.	Strongly Disagree	Disagree	Somehow Agree	Agree	Strongly Agree
	1	2	3	4	5
1. Managerial capacity of the human resources or Human capital of the fund utilizing organization					
2. Lack of/or inadequate technical and managerial knowledge and skills					
3. Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers					
4. Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding and resources by the donors					
5. Poor quality and timeliness or on time financial report to donors					
6. Poor leadership styles, culture, and bureaucracy					
If Any Managerial factors not mentioned					

7. Please indicate the extent to which you agree/disagree that each of the listed **Challenges of Donor behavior on effective utilization of donor fund** in CRS Ethiopia by ranking the factors ON a five point scale. (Tick as appropriate)

8.challenges of donor behavior on effective fund utilization	Strongly Disagree	Disagree	Somehow Agree	Agree	Strongly Agree
	1	2	3	4	5
Fund disbursement bureaucracies:					
1. A lack of predictability in timing and disbursement (Wrong timing in funds disbursement)					
2. Resources set aside for particular uses do not flow within legally defined institutional framework.					
3. Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds.					
Accountability:					
4. Lack of accountability: full transparency regarding the purpose, content, responsibility and performance of the development agency.					
Project Evaluation Complexities:					
5. Inserting an explicit monitoring and evaluation function in foreign funded programs.					
6. Poor monitoring and evaluation systems.					
Multiple objectives and tasks:					
7. Information on actual public spending at the frontline level or by program is seldom available.					
8. The problem with multiple objectives is that they typically imply trade-offs, especially in the in the short program implementation.					
9. When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort.					
10 Since some tasks are more easily monitored by their supervisors, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.					

9. Please indicate the extent to which you agree/disagree that each of the listed Challenges of ***technical factors on effective utilization of donor fund in CRS Ethiopia*** by ranking the factors on a five point Scale. (Tick as appropriate)

Challenge of Technical factors on effective use of donor fund.	Strongly Disagree	Disagree	Somehow Agree	Agree	Strongly Agree
	1	2	3	4	5
1. Lack of appropriate technology					
2. Limitation of updated software for generating of required data					
3. Inadequate infrastructure and equipment to support new technologies.					
4. Shortage of skilled personnel in ICT					
5. Lack of coordination at different levels in making effective use of the technology					
6. Poor data systems and lack of compatibility					