



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATES STUDIES
MBA IN ACCOUNTING AND FINANCE

**ASSESSMENT OF FUND MANAGEMENT OF SELECTED
LOCAL NGOs IN ADDIS ABABA, ETHIOPIA**

BY
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ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
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THESIS TITLE

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DECLARATION

I, Bethelem Bekele declare that this thesis entitled an “Assessment of fund management of local NGOS in Addis Ababa, Ethiopia” is my original work, prepared under the guidance of Zenegaw Abiy (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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LIST OF ACRONYMS

ACCA Association of Chartered Certified Accountant

CCRDA Consortium of Christian Relief and Development Association

CSO Civil Society Organization

CSP Charities and Societies Proclamation

ChSO Charities and Societies organizations

ChSA Charities and Societies Agency

LNGO Local Non-Governmental Organizations

NGO Non-Governmental Organizations

UK United Kingdom

UN United Nation

Abstract

The study was conducted on fund management in the case of local NGOs in Addis Ababa. Fund management practice has got vital benefits for NGOs because it enables them to realize the main factors that hinders effective and efficient fund management practices which needs to be reduced. . The objective of this study was to assess fund management by the local NGOs operating in Addis Ababa. Descriptive research method was conducted for the study. Accordingly, 267 local NGOs were selected from total 900 target population using convenience sampling method. The main instrument for collecting primary data was questionnaire; while secondary data was collected from published document, of CSOs' and selected local NGOs. Validity of the questionnaire was established based on external pilot study and the questioner tool showed a reliability index of 0.788 Cronbach's alpha. Analysis of the data was conducted using Statistical Package for Social Science (SPSS version 20) and Microsoft Excel. The results of the study analysis revealed gap like Budget submission is usually made without work plan it becomes difficult to achieve the balanced budget of the organization, Budget was generally underutilized because underutilization of allocated budget prevails, increasing bench time of the project and frequently missing project deadline, lower productivity level, in addition Capacity limitation during resource mobilization the impact is, not timely budget or fund approval. finally the gap identified show that there Donors transfer fund not timely as per the original plan in the implementation of projects has challenges during implementation of the among them is delay receipt of funds. Based on the findings it was recommended that involvement of management at every level of fund management is required as strong finance department for monitoring solutions on time to adjust misalignment of planned fund, to avoid unplanned activities and it was strongly recommended that there should be promoting local resource mobilization to reduce dependence on foreign fund based on the study findings to adopt local resource mobilization approach using alternative means of generating fund locally through consultancy, arranging concerts, great run and advocacy activities and business closely linked to their main work

Key words: fund management, Civil Societies organization, NGOs, Donors

CHAPTER ONE

Introduction

This introduction section includes background of the study, statement of the problem, general and specific objectives of the study, research questions and significance of the study, scope of the study and organization of the paper.

1.1 Back ground of the study

Fund is established for responsibility purposes to demonstrate that financial resources are being used only for permitted purposes. Governments and not-for-profits organizations most commonly separate resources into funds to ensure that they adhere to the restrictions placed upon them by legislators, grantors, donors, or other outside parties it includes the most liquid and an easily accessed resource, which refers its utilization, must be managed continuously with attention (Engstrom and Copley, 2008). Governmental and non-governmental organization uses fund as the means of planning, utilizing and controlling their scarce resources so as to achieve their goals efficiently and effectively. It provides a plan for the whole entity to work to and should lead to goal congruence, sets standards against which to measure actual performance enable the actual figures to be compared against the anticipated ones and a management by exception approach the trends to develop (Daniel, 2015).

According to Gongera, (2005), fund is significant for fiscal and accounting entity with a self balancing set of accounts recording cash and other resources together with all related liabilities, net assets, and changes there in that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The major element for proper or successful utilization of resources is using the right financial management system and has a good accounting and reporting practice (Haji, 2013). For the public sector, the sources of budgets are internal revenue collection, treasury which is the Ethiopian Ministry of Finance & cooperation allocate to the organization for capital and recurrent budget, loans and Aids (Daniel, 2015) Donation is supports the government budget to filling the selected sector of fiscal gap and to increases the capacity of the government to meet its millennium development goals. The Aid has been channeled through various sectors

(Alemayehu, 2011). This study is focus on the fund management practice on the sector which is financed by donors.

Donation funds are monitored by various public financial management system of the government of Ethiopia and the fund administering entities such as the World Bank and other institutions. The implementer must understand that managing funds effectively is a critical step of the donor's process. Improper utilization of the funds discontinues, a lower new comer of funding is happened or donors may be asked to return aid funds (Woderyelesh, 2016). Fund Financed by donors has its own processes to release any cashes and other any in kind donations. Before releasing the donation fund, the financial management assessment conduct and the result of it determines the modality of the cash transfer. After releasing the cash transfer the donors conduct the periodical assessments of implementation and utilization the cash transfers audit it. So the implementer announced to practice proper cash management in an effective way of ensuring the continuity of the aid. Planned performance and successful utilization of cash and other resources ensures that organizations are in the position to achieve their objective and on the other hand, poor cash management practices can suffer failures of their objective Gilbert, (2015). The term, "non-governmental organization" or NGO, came into use in 1945 because of the need for the UN to differentiate in its Charter between participation rights for inter-governmental specialized agencies and those for international private organizations. At the UN, virtually all types of private bodies can be recognized as NGOs. They only have to be independent from government control, not seeking to challenge governments either as a political party or by a narrow focus on human rights, non-profit-making and non-criminal (Mengesha,2012).

An increased attention to the nonprofit organization resulted due to, the profit oriented business exploiting the environment and ignoring human rights for some time. Simultaneously, the state has received a lot of critique for being too bureaucratic and thus too ineffective to be able to solve all public needs. However, the increased attention has been followed by a greater pressure on the organizations(NGOs) to fill the shortcomings of private and public sector and they now have to face the demands on being able to show what they accomplish (Larsson and Kinnunen,2007). As Andersen and Fagerhaug, (2007) cited in Larsson and Kinnunen,(2007) the key reason for measuring performance is the pressure from different stakeholders. According to Association of Chartered Certified Accountant ACCA, (2006/2007) not for Profit (NFP) organizations can measure financial performance in many aspects of its operation. This implies

that to determine performance, individuals or firms may build many indicators lists/methods; however, the performance measurement indicators must reflect both quality and costs.

According to United Nations organizations report (2006) all private bodies are classified as private entities which are independent from the control of government, political party, human rights groups, nonprofit making and non-criminal organizations with no intention to fight or to challenge or interfere with constituted governments. Chapman (2006) classified non-governmental organizations as either operational or advocacy NGOs which is understood as a choice between large scale project undertaken indirectly by influencing the political system and small scale projects carried out directly. Operational non-governmental organizations have the mandate of mobilizing resources in the form of donations (financial, assets), grants, contracts, materials, skilled volunteers from governments, foundations and companies to finance and sustain their projects and programs which requires in-depth understanding of accounting, budgeting, planning, use and efficient reporting. Advocacy NGOs adopts different balance between their activities such as holding demonstrations or pushing to implement their projects but their functions and intentions are the same. They raise finances mainly by identifying a specific donor or persuading interested people to volunteer (Chapman, 2006).

Currently, the Ethiopia basic law that is governing the formation and operation of NGOs/CSOs is Proclamation No. 1113/2019 and the proclamation is supplemented by Directive, which had with the new law both foreign and local CSOs are anticipated to raise funds from any legitimate source. Administrative cost percentage is going to be pulled to be 20% from its former 30% while operational costs have been raised to 80% under the new Ethiopian law. The new Ethiopian law through its following detail directives is projected to lift the restriction on ownership and disposition rights of CSOs' (Degu, 2019). The 2019 law states that NGOs must keep accounts of all day-to-day income and expenditure, including the name and identity of donors, and keep the records for five years. Organizations of Civil Societies Proclamation - No. 1113/2019, 2019) the accounts must be submitted to the Agency each year. They must be certified by an external auditor, unless the NGO has an income of less than Birr 200,000 (USD 6850)

According to the Ethiopia law, the local NGOs are expected to mobilize 90% of their resources from local resources and the remaining 10 percentage from international and international NGOs are whose membership includes foreigners, or foreigners control the organization, or the organization receives funds from foreign sources. These NGOs get a substantial amount of funds from these resources, which are channeled according to the objective. The funds have the capacity to empower the organizations to stamp their authority on the decisions to be made regarding the initiation of programs or project in the institutions and communities where NGOs collaborate with for development (Ebrahim, 2004). Even local NGOs remained highly reliant on foreign funding. Given their reliance on foreign funding, most Ethiopian CSOs lacked the organizational capacity to utilization of funds effectively from other sources. In addition, no major improvements in domestic source of funding were evident in 2019 (CSOs 2020). Therefore, this study focuses on the situation of local NGOs through assessing fund management of local NGOs in Addis Ababa.

1.2 Local NGOs on Ethiopia

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A few NGOs were also established to work on human rights, civic education, democracy and conflict issues. Moreover, NGOs working on development and service delivery have largely adopted the rights-based approach to development with a view to ensuring community ownership and sustainability of development programs(Users' manual for charities and societies law, 2011). According to a recent statement by the Charities and Societies Agency of Ethiopia, about 3,056CSOs have been reregistered under the new Charities and Societies Law. Of these, more than 1500 are Ethiopian resident and foreign charities working on development and welfare. Further, The Agency has also registered about 98 Ethiopian charities and societies which are allowed to work on human rights and conflict resolution Charities and Societies Law, (2011).

1.2.1 The current status of NGOs in Ethiopia.

In order to give better view of the subject matter it is important to make clear the concept of NGO as it is used in this paper. In the Ethiopian context, as defined by German Technical (GTZ) (2001), the term is broadly used to denote an organization that meets the following requirements: NGOs are voluntary in their genesis; they engage in relief, service delivery, and advocacy or development activities; NGOs are non-profit or self-serving organizations working to serve the disadvantaged groups of the Society; NGOs are non political; NGOs have no permanent program interest or geographical context; Legal status: any organization to be considered as NGO, it requires a legal Status/registration; NGO refers to both indigenous and international non-governmental organizations (GTZ,2001:89)

A study conducted by Kendra et al (2012) indicated that the interest of states to regulate NGOs has significantly increased about 90 states worldwide, both in less democratic countries such as

China and Russia, and in functioning countries such as Canada, India and Israel. The study found that 24 of 54 states of Africa have enacted new more restrictive regulations or reinforced existing legislation regarding the activities of international NGOs and or reinforced existing legislation regarding the activities of international NGOs or on the flow of foreign money to local NGOs. Alarmed by some NGOS involvement in Political activities and to create conducive environment for nongovernmental organizations in the Ethiopian Government has adopted anew CSO proclamation. Then the Charities and Societies Agency, the regulatory body of nongovernmental organizations is established as per the proclamation to monitor and regulate NGOs work. As per Charities and Societies Agency about 3,056 NGOs currently operate in Ethiopia as of July 2014. These organizations have been classified in to seven clusters namely: Ethiopian Charities (114 in number), Ethiopian Resident Charities (1992), Ethiopian Societies (371), Ethiopian Resident Societies (120), Foreign Charities (345), Adoption foreign charity (61), and consortiums(53).However, after the enactment of the new proclamation on the registration and regulation of charities and societies proclamation No.621/2009) and the introduction of the 70:30 guide line for administering program and administrative costs (directive02/2011). Furthermore, many foreign and domestic NGOs especially Ethiopian Resident charities or Ethiopian resident Societies are facing big challenges in undertaking their normal operation (Addis standard Magazine, December 2012). Therefore, this study is focus on the assessments of fund management of selected local NGOs in Addis Ababa . In general, this research tries to answer about resource mobilization, Planning, budget execute and evaluation mechanism, and what look like the utilization and managing funds activity.

1.3 Statement of the Problem

Fund management plays a vital role for the existence and sustainability of NGOs. Fund management is an important issue in any organization. This is because without a proper management of fund, it is difficult for the organization to run its operations smoothly. That is why Weston, (1987) argues that proper financial management within the firm will help the business to provide better products at lower prices to its customers, pay high salaries and wages to its workers and managers, and still provides greater returns to the investors. Such view is perfectly applicable on donor funds whose returns are measured based on the assessment of the funding. NGOs in Ethiopia play a significant role in supporting governments' development programs. However, they face several challenges that could be external as well as internal with regard to resource mobilization and its fund management. Even though resource mobilization could be the major challenges for NGOs, it is also important to evaluate how the mobilized resources are managed to achieve the anticipated goal. Particularly in managing scarce resources with regard to systems of policies and procedures that protect the assets of an organization create reliable financial reporting, promote compliance with laws. Martha. (2017)

Most of the funds advanced by the donor community do not usually end up being used for the intended purposes on a timely basis as it has been agreed with implementers. Ineffective management of donor funds has been a major issue among the donor community. This leads to suspension of the donor funding and as the result projects/programs will be delayed or terminated without achieving intended results, Dejene (2018). The implication is that not only mobilizing resources but also management of the mobilized resources in Ethiopia is still a huge and complex task According to CSOs sustainability index (2011), there is criticism on how NGOs have used their funding and other monies received or raised. Criticisms range from pointing out that only small percentages go to people in need, that a lot goes to recover costs, and some have even been used to pay very high salaries of the people at the top of these organizations.

Local NGOs (LNGOs) face difficulties in securing enough funds, and how to manage the limited resources. In Ethiopia despite vast differences among the NGOs most share a common challenge of unlimited needs chasing limited resources (Rehema, 2014).As a result of fund management system, most of local NGOs face challenges this may leads to downsizing their project scope and even become collapsing. Therefore, conducting research on fund management can play a

significant role to dig out challenges related to fund management in Local NGOs. Therefore, the problem requires further investigation with scientific approach how the fund utilization and control system proceed within the local NGOs. Therefore, this study demonstrates the existing practice of fund management among local NGOs in Addis Ababa.

Previous studies in Ethiopia by international advocates, academia, donors, and coordination groups either provide only a snapshot view of the CSO sector or largely focus on issues of legal operating environment. Notwithstanding, local NGOs Policy Paper that infers with findings from research by Gebre (2012) that explored possibility of civil society engagement in income generation and its potential contribution towards greater independence and sustainability with a supportive regulatory framework. Informative studies like the one by a major bilateral donor often focus on several countries and hence lack focus and in-depth investigation of Ethiopia's case. Previous researches did not specifically look into the nature of the challenges faced by , local NGOs that constrain their ability to access funding, both from local and foreign sources, and thereby propose strategic actions required to overcome them. Although there is much said about Running Head: local NGOs in Addis Ababa, fundraising and marketing in the literature, it is not clear whether there is a shared understanding of the concept of strategic fundraising and marketing. Reflections on current realities are necessary to strength civil society; in other words, only by knowing the current state of CSOs one work successfully to improve it (CIVICUS, 2004). There is an obvious gap in knowledge base and shared understanding on what role shall be played by local NGOs finance mangers and their stakeholders to ensure fund management. This therefore warranted the need for this study, which systematically examined the nature of internal and external challenges faced. This study also assessed the, local NGOs finance mangers, project managers understanding, practice on fund raising and marketing to generate funding from local and foreign sources, and identified the related constraints. As such it provides insights on the action to be taken by local NGOs themselves and their stakeholders in order to overcome challenges and maximize the existing opportunities.

1.4 Research Question

This research tried to answer the broad question of – what were the assessment fund management of selected local NGOs Addis Ababa. In addition, the thesis tried to find answers to the hereunder-stated specific questions:

- What kinds of practices do the local NGOs in Addis Ababa carry out pertaining to financial management with regard to planning?
- What can be done to the resource mobilization operating in local NGOs?
- How can evaluate and manage fund?
- How can be using budget execute in Local NGOs?

1.5 Objective of the study

1.5.1 General Objective

The overall objective of the research is to assess the fund management in local NGOs which have been working in Addis Ababa

1.5.2 Specific Objectives

- To examine financial planning at the local NGOs in an effective way.
- To assess resource mobilization in the case of local NGOs operating in Addis Ababa.
- To assess budget execution in Local NGOs fund.
- To evaluate the budget utilization performance of local NGOs

1.6 Significance of the Study

The study helps to generate information that would be useful for local NGOs to improve its performance in fund management. A carefully designed fund management gives a sense of direction to an organization, this assessment was intended to assist management of the selected local NGOs to improve their operational effectiveness and add value to the knowledge base on fund management and help in making major financial decision. The contribution of this assessment is to compare the theoretical effectiveness of fund performance based on fund management and how the theoretical concepts are applicable in actual practice of the organization. This study also contributes to the literature on the impact of maintaining a proper fund and fund management on the effectiveness of local NGOs sector. It is expected that the findings of this study would add to the available literature on the subject, which will be beneficial to other researchers to develop a conceptual literature and the study further helps for other researchers to dig more and more on the issue of fund management.

1.7 Scope of the Study

The legal environment and advocacy dimensions were not within the scope of this study. Instead, aspects of fund management of Local NGOs in Addis Ababa and related capacity issues were the areas been examined. This paper explored the assessment of fund management also examined internal and some of the external factors over which organizations have control to change, given the legal environment. The assessment emphasized on integration of financial planning, resource mobilization, budget execution and evaluate the budget utilization performance are significance to inform of the current situation there by shape decision making by Local NGOs in Addis Ababa.

1.8 Limitations of the study

The main limitation of this study is that the research was conducted only in the selected local NGOs operating in Addis Ababa and the findings may not indicate the general situation in Addis Ababa. Similarly, geographical locations pose significant challenges to trace recent addresses of some local NGOs. Additionally unwillingness of staffs to responds the questioner distributed by the researcher. The most obvious criticism about convenient is sampling bias and that the sample is not representatives of the entire population its difficulty when using a convenience sampling because its leads to more problems and criticisms. While conducting this assessment study some limitations were experienced which the researcher had to face. Major was the non-cooperation of the respondents in form of reluctance to give authentic data, and some returned blank questionnaires. This took time as alternative respondents were approached for data collection.

1.9 Organization of paper

The study will be organized in the manner of chapters as below; Chaperone gives an introduction on the basic information about the research to be undertaken. Therefore consists of the background of the study, statement of the problem, objectives, research questions, significance and scope of the study. Chapter two covers literature review; which provides theoretical bases of the study, empirical studies comprising of previous international and regional studies and conceptual framework for the study. Chapter three consists research design, research approach, research techniques, sample design (population, sampling technique, sample size and sampling), primary and secondary sources of data, data analysis and interpretation.

CHAPRET TWO

REVIEW OF LITRATURE

This chapter highlights theoretical & empirical literature. In theoretical the following issues: the purpose, economic role, source, financial management, fund management and fund utilization. In empirical literature with the following issues: NGO fund management in local NGOs developed, emerging, developing economies and in Ethiopia are addressed.

2.1 Theoretical Literature

2.1.1 The concept Non-Government Organization (NGO)

The history of non-governmental organizations may be traced back to at least from 1775 when people started grouping themselves to address issues on slave trade, peace movement, labor rights and humanitarian relief for war victims and refugees. According to Becker (2011), International non-governmental organizations have a history dating back to at least 1839. It has been estimated that by 1914 there were 1,083 NGOs.

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Becker (2011), further states that, “Non-Governmental Organization” only came into popular use with the establishment of the United Nations Organization in 1945 with provisions in Article 71 of Chapter 10 of the United Nations Charter for a consultative role for organizations ,which are neither governments nor member states. The term was used to distinguish between the participation of international private organizations and intergovernmental specialized agencies. NGOs; also known as Non-profit organizations (NPO) and Private Voluntary organization (PVO) are the most commonly used definitions of the term - interchangeably used. To this end, NGOs may be referred to mean Non-profit making organizations that are objectively constituted or any organization that is not founded by any treaty to address challenging issues in the society.

2.2.2 NGO Theories in Terms of their role

There are different theories on non-governmental organizations, two theories namely the development theory/view and the rent seeker theory are discussed here based on their relevance with the roles NGOs play in a community.

2.2.2.1 Development Theory

The advocates of this theory argue that NGO has played and continued to contribute a significant role in the development process of the community in which they serve. Eman Mohammed (2012), Citing Hen rich 2004, discussed that it is widely recognized that CSOs have played and continue to play an important role in development, good governance and democratization in developing and transitional societies. Eman further lists NGOs have invested considerable effort and resources in poverty reduction, protection of vulnerable population groups, promotion of gender equality, and enabling citizen participation in the political process. According to Dessalegn, (2010) CSO activities is may be grouped into several categories depending on the countries or regions concerned. In many African countries, including Ethiopia, these include three major areas: providing essential services and pro-poor development work; promoting the cause of the common good, in particular environmental protection and sustainable resource use; and citizen's empowerment and human rights.

The International Network of Civil Society Groups, CIVICUS, lists five “essential roles” for civil societies: The first to be mentioned is influencing public policy: this dimension consists of three sub-areas, namely roles in influencing the national budget process, human rights issues and social policy issues. Second one is holding state and private corporations accountable for their decisions and actions. Here CSOs' role in “monitoring, making transparent and if appropriate, speaking out against actions undertaken by government and the private sector in violations of their stated goals, objectives and tasks” has been significant. Third, responding to social interests: this relates to the role of CSOs in taking up and voicing societal concerns, and their ability to function as representatives and particulars of their interests of communities. Fourth comes the issue of empowering citizens: enabling citizens, particularly the poor and the disadvantaged, to have more choice and to take more control over decisions that affect their lives through information and education, developing capacity for collective action, and building social

capital. Finally, CIVICUS emphasizes that civil societies also play a role of meeting societal needs: this concerns service delivery, promoting self-help

initiatives, helping people to meet their pressing societal needs. Similarly Cangas (2004) argue that CSOs are expected to fulfill three basic roles namely: as welfare service deliverers, advocates and watch dogs.

Currently NGO/CSOs in Ethiopia are primarily engaged in addressing the root causes of poverty and vulnerability, as well as helping to build institutions for good governance and democracy-building. According to CCRDA (2008), in rural areas of Ethiopia, short-term relief distribution is not any more an important part of NGOs program activities. Instead, they are concerned mainly with strengthening of awareness, transfer of skills and technologies, supporting institutions, and promoting linkages. Therefore, further facilitation of these engagements would create grounds for achieving even more useful contributions to the national effort of addressing poverty, vulnerability and promoting good governance and democratic practice. In general, CSOs are perceived to play valuable roles in both the developmental and democratization process of a country.

2.2.2.2. The dependency Theory

Some people criticize NGOs as dependent entities who mainly depend on sponsors or donors and do not have a significant vision of creating a difference in the lives of their beneficiaries. This group argues that NGOs are rent seekers they exist for the managers and their staff self-benefit and their fulfillment of egos. Such NGOs usually prioritize their donors' agenda to that of the local need. Different NGO critiques are presented below in view of the above points. It makes little sense to conceptualize civil society as always being positive in terms of promoting social justice and development. The diversity of civil society actors, the plurality of voices and contestation, and the potentially 'uncivil' motivations and activities contained within have led many people to challenge such a view (Glasius et al. 2004). Robinson and White (1998: 229) state: Actual civil societies are complex associational universes encompassing a variety of organizational forms and institutional motivations. They contain repression as well as democracy, conflict as well as cooperation, vice as well as virtue; they can be motivated by sectional greed as well as by social interest. In other words, civil society cannot be viewed apolitically.

A second problem area is the 'relativist' critique, which argues that civil society is an essentially Western concept which may therefore have limited relevance to non-Western societies. Anthropologists have viewed the revival of the Western concept of civil society and its application to widely different cultures and contexts in different parts of the world with suspicion, pointing out the dangers of a new post-Cold War 'universalism' (Hann and Dunn 1996). Many also note the ways in which colonial rulers in Africa (e.g. Comaroff and Comaroff 2000) used the construction of a 'civil society' as an instrument of exclusion. A concept of civil society was used to define who was and who was not considered to be a citizen, dividing the public sphere into a civic realm of associational life and another realm of ethnic and kinship-based groups which was considered backward by the colonial authorities.

There may be civil society organizations based on traditional values of kinship and ethnicity in some contexts which, while not necessarily fitting the standard definition, may nevertheless carry out many of the other functions of a civil society organization. For example, the Somali clan system simultaneously provides for the needs of the members of its communities and at the same time contributes to the violence and hostilities which exist between different clans and factions (Edwards 2004).

2.2.3 Local Level Partnership

According to Bassler and Smit (1997), partnership is created when two or more individuals or organizations find it in their common interest to work together toward a specific outcome. In this case, finding a common agenda is a fundamental starting point. Partners can bring different things to their partnership. These might be funds, goods, services, technical assistance, technology transfer, training opportunities, implementation capacity, legitimacy, publicity, access, or information. However, the NGO funded projects may be locally planned for, which is good to the beneficiaries in terms of ownership of the projects. At the same time, NGOs in most cases seek to profile the will of their financiers (donors). A gap therefore exists on how implementation of the projects funded by NGOs is done.

2.2.4 Purpose of NGO

The cases in which NGOs are fund totally or partially by governments, the NGO maintains its non-governmental status and excludes government representatives from membership in the organization. (Lewis, 2007) The primary purpose of an operational NGO is the design and

implementation of development related projects. One frequently used categorization is the division into relief-oriented versus development-oriented organizations; they can also be classified according to whether they stress 11 service delivery or participation; or whether they are religious or secular; and whether they are more public or private oriented. Operational NGOs can be community-based, national or international. (Lewis and Kanji, 2009) The principal purpose of an advocacy NGO is to defend or promote a specific cause. As opposed to operational project management, these organizations typically try to raise awareness, acceptance and knowledge by lobbying, presswork and activist events (Ibid, 2009).

The organizations are mobilizing financial resources from various national and international voluntary agencies to work in a coordinated manner consistent with the requirements of the society. 'Non-Governmental Organization' in the narrower sense can be defined 'self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people' (Lewis, 2009)

2.2.5 The Economic Role of Non-Governmental Organization

NGOs have become major players in the field of international and national development. Since the mid-1970s, the NGOs in both developed and developing countries has experienced exponential growth. From 1990 to 2000 total development aid disbursed by international NGOs increased tenfold. In 1992 international NGOs channeled over \$7.6 billion of aid to developing as in many African countries, the governmental efforts in socio-economic development are supplemented by the activities of many non-governmental, voluntary and social organizations. In the last decade, NGOs have become more important, and their influence in the globalized world has grown significantly (Rugendyke, 2007; Sayer, 2007; Millar et al, 2004). NGOs are often described as the "third sector", when compared to the government (the public sector) and businesses (the private sector). As their significance has grown, their role has also changed: currently their role can best be described as a dual role in which they perform a market and institutional identity at the same time (Millar et al, 2004). This means that NGOs can be a public and private player in the globalized world. They aim to serve particular societal interests by focusing advocacy and/or operational efforts on social, political and economic goals, including equity, education, health, environmental protection and human rights" (Teegen et al., 2004). This puts them in a position between the government and the private sector. Their goal is to serve

societal interest like the government, but they are not a part of the government, like businesses. Moreover, NGOs operate and advocate promoting the interests of different parts of society and are not directly motivated by financial return, while also lacking the formal authority and sovereign stature of public sector entities (Teegen, 2006). NGOs tend to organize primarily around ideas; a collective commitment to some shared belief or principle (Spar & La Mure, 2003). NGOs are actually embodied interests in an organization, which have evolved from a social movement. So actually, the function of an NGO is representing the interests of the civil society. These interests vary from poverty alleviation, human rights, environmental degradation, and other issues of social, economic and political development (Teegen, 2006). In this thesis, the focus on local NGOS in Addis Ababa.

2.3 Fund Management

2.3.1 Definition Fund

According to the National Council on Governmental Accounting Statement No1 (NCGAS1), entitled governmental accounting and financial reporting principles. a fund is defined as: “a self-balancing set of accounts recording cash and other financial resources, to other with all related liabilities and residual equities or balances, and change there in, which are segregated for carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitation”(Walker, 1999).To understand the nature of funds, the meaning of fund should be clear. It can be defined form the total resources point of view as a fund transaction is one which involves an external entity, whether the transaction is on a cash or credit basis, and whether long or short term assets and liabilities are involve. The nature of fund can also be related with fund flow statement and cash flow statement. Funds are not equivalent to cash and fund statements and cash flow statements are not the same, too. In other words, a fund statement is broader in coverage than a cash flow statement, which is really just summary of the cash at bank account in the leader or if based on projected data for the next period it better termed a cash budget Dufty and Monrol, (1982).

2.3.2 Principles of Fund Management

According to the United States Environmental Protection Agency (2013), a basic approach to fund management should include developing a plan (establishing short and long term goals), program management, and program evaluation. The process is illustrated as follows: In strategic

planning, program managers essentially develop a long-term business plan for their program. To accomplish this, they should set out to determine what kinds of Assess progress towards achieving environmental financing goals and objectives. Identify adjustments necessary to improve program. Assess short and long-term environmental needs, assess short and long-term financial needs and assess program assets and identify other environmental financing resources.

Balance environmental and financial needs to establish short and long-term financing goals and objectives. Set policies and management to meet short and long-term environmental financing goals and objectives. Program Evaluation Strategic Planning Program Management environmental and financial needs must address. This information should be used to establish short and long-term financing goals are established. Program management encompasses the setting or adjusting of policies and the day-to-day management of the fund. Critical issues such as the level of interest rate subsidy to offer, selection of projects to receive assistance, timely commitment of new and recycled funds to projects, investment of idle funds, and decisions to issue debt must be evaluated in financially responsible manner to ensure that funds are used effectively. Continuous program evaluation or assessment provides a check on whether or not current policies are helping to meet the goals of the fund (Oppelt, 2001).

According to Canadian Labor Congress (2011), the Labor Fund for HIV/AIDS is guided by the following principles: the fund supports specially HIV/AIDS projects from worker organizations which target workers and their families, the fund forces primarily on requests from organizations from the poorest and most affected regions in the world, the fund is committed to „quality-funding“, the fund is financed through partnerships which require contributions and participation from a range of „funding partners“, and the fund provides its funding partners with reports and audited statements regularly(Yussuff,2014).According to IFSL (2018), the UK is one of the largest markets in the world for fund management along with the US and Japan. It has a strong international orientation and attracts significant overseas funds. London it the leading international center for fund management. The international orientation of the UK“s fund management industry is reflected in the present of a broad range of UK and foreign owned firms, in the significant investment in overseas securities, and in the management of overseas client's assets London it central to the UK“s strong internal position. Edinburg and Glasgow are also important international countries for fund management (Rayburn, 1989).

According to the US State Revolving Fund (SRF), fund management program has several goals. The first is that the capital contributed to the program is used efficiently and maintained in perpetuity. Another goal is that states use SRF funds to achieve the greatest environmental results. Working within these goals, states have two focused objectives in managing their SRF programs. The first is to ensure that financial assistance is provided to projects that will produce the most desirable environmental and public health benefits. The second objective is to achieve sound financial performance while providing the financial assistance. All of these fund management objectives must be balanced to achieve an SRF's desired result. The balancing objectives for an SRF program can be thought of as trying to reach an optimal solution to make the most money available, consistent with demand for funds; commit money quickly to meet project needs; offer attractive financial terms; and maintain the purchasing power of the funds being managed. For each SRF program, the optimal solution will depend on state specific factors such as the demand for financial assistance, availability and financial benefit of other assistance programs, state funding priorities, current market conditions, and legislative support (Oppelt, 2001). According to the US Environmental protection Agency (EPA), time is a critical element when considering fund management. Financial management is a process that takes place overtime and consists of a series of financial actions and decisions that have both short term and long-term implications. Due to time value of money and financial actions, fund management must be considered across the dimension of time to balance what can be accomplished in the present versus the future (Oppelt, 2001).

According to the United States EPA (2013), effective fund management is not only the result of a single action or decision that results in a successful program. Instead, program success depends on how a series of fund management questions are identified, answered, and revisited overtime. Important questions include are fund resources being utilized effectively? Does the fund have sound a management? Is sufficient project assistance being made available? Dose the fund have sufficient administrative resources? What is the sustainable funding level from the program? And so on. The SRF fund management handbook is designed to take a three pronged approach to discussing fund management issues. First, it addresses each of these fund management issues individually. Second, recognizing there is considerable overlap in the issues, the conclusion of each individual issue discussion identifies the relationship between the current fund management issue and other related fund management issues. Finally, as each issue is addressed, the

discussion is accompanied by pertinent case studies of how states have faced and answered by these fund management issues. An underlying requirement of any discussion of fund management is the availability of reliable financial information, confirmed through the audit process, to provide the basis for financial analysis of a fund. The use of independent audits of program funds provides assurance to fund management that policy decisions are based on reliable financial information (Oppelt, 2001). According to City Business Series of IFSL, institutional funds, over seat clients, and private clients considered as types of funds. Institutional funds in the UK have the largest share and they consist of insurance funds, pension funds unit and investment trusts. In recent years, the UK has consolidated its position as one of the most important centers for the management of funds on behalf of foreign clients. Private clients remain a significant niche in the UK market (Oppelt, 2001).

A nation that has a center for fund management can have certain advantages. According to city business series, the UK has the following advantages due to fund management center: highly sophisticated and innovative management styles, techniques and strategies; skilled labor force and high quality professional and support services; wide ranging client base: private and institutional, UK and overseas; highly liquid market with the opportunity to trade in large blocks of shares; history of openness with relatively easy access to markets; liberalized operating environment combined with protection against abuses; competitive infrastructure in telecommunications services and air line links; and perception of a proportionate approach to its regulatory environment which facilitates innovation (Gayle, 1989). Currently, there are a number of fund types that classify according to their national status and the interest of the fund providers (donors) in every nation. Besides, as the nature of the donor's objective differed, the nature of fund types and classifications can also be differed. Some type of funds can be related with business investments (like pension fund, mutual fund, unit trust fund, investment trust fund), sanitation and water, infrastructural (such as road fund), poverty reduction, emergency, HIV/AIDS, malaria, TB and so on (Gayle, 1989). According to Fund Management City Business Series (UK), institutional funds (insurance funds, pension funds, unit and investment trusts), overseas clients and private clients are some types of funds (Gayle, 1989).

Based on Columbia University Financial Accounting system, there are two major types of funds: unrestricted current funds and restricted current funds (Kenneth, 2012). There are eight different fund types which are categorized in to three different activities, according to US Department of

Housing and Urban Development: Governmental (general, Special revenue, capital project, and Debt service funds), Proprietary (Enterprise and internal service funds) and fiduciary (trust and agency funds) (David, 1999). Funds can be also divided based on the activities they perform. According to Hoyle, Schaefer and Douppnik, all funds can be categorized in to one of three distinct groups: governmental activities- functions designed primarily to serve the public, business type activities-functions where a user charge is assessed and fiduciary activities functions where money or other assets are held for use outside of the government. To facilitate the bookkeeping process, a grouping system has been devised with all funds (that are governmental, proprietary and fiduciary funds) divide in to eleven types: the general fund, special revenue funds, capital project funds, debt service funds, permanent funds, enterprise funds, internal service funds, investment trust funds, private purpose trust funds, pension trust funds, and agency funds (Schafer and Douppnik, 2001).

2.3.3 The Importance of Fund Raising

There is a lot of competition for donor resources and in many cases for an organization to secure resources it depends on how well it can compete with other organizations to raise funds; and on how good it is at exploring other ways to source for resources. Those NGOs fortunate enough to have adequate resources to support their current operations still face uncertainty over future funding. Many organizations wonder whether the donors will keep supporting program costs or will they shift their focus to other more pressing needs. At times a donor runs out of business and can no longer provide resources. These are some of the scenarios that create uncertainty over donor funding and makes it extremely difficult for NGOs to plan and implement their project activities consistently. Rehama (2014) argued that most local NGOs in Africa makes a mistake of relying on a single source of donation and reasons that when that source reduces or dries up the organization struggles to generate new funding when it is too late, hence programs are compromised or terminated.

Fund is an extremely important component of an organization's success. It is important for Survival, expansion and development, reducing dependency so as to avoid risk of depending on a single donor, and creating a viable and sustainable organization (Michael Norton 1996, p.11&12). The famous author, trainer and consultant of Fund raising, Norton wrote that every organization needs enough money to survive. It has to meet its project costs and develop its

programs for the future, pay the wages and salaries of its staff plus all its administrative overheads, keep its buildings and vehicles in a good state of repair, and pay for any new equipment that it needs, of course the list is endless. And the simple truth is that if the money is not raised, the organization will not be able to carry out its work. And if the work is not done, all those pressing needs will remain unmet. With respect to fund flow management and follow up Norton recommends the development of annual budget from the fund raising strategy and monitoring its status accordingly. This will show the amount of money is planned to be spent. It will also show the amount of money that has already been raised or which has been promised, and what extra support needs to be raised during the year so that you can meet all your planned outgoings. So if there is a good fund raising strategy that will also help to monitor the progress in achieving the targets by keeping a record of money that has been received or promised, and by discussing with the management accounts at regular management committee meetings (which might be hold monthly, or perhaps quarterly for smaller organizations). If the income is not coming in as planned, the management needs to take some sort of action more effort can be made in to fundraising, cut costs, defer planned projects, or agree to subsidize the likely deficits out of the reserves.

Many organizations have one or perhaps several major donors who provide most of their funds they are spending. This situation can lead to a state of dependency. If one of the large grants is withdrawn, this could create a financial crisis. Not only this, but this dependency can make it difficult for an organization to determine its own agenda since it will constantly have to adapt to the priorities of its donor organizations. Broadening the fundraising base by bringing in other donors and by generating other sources of income can reduce your dependency (Michael Norton 2009). Norton Further argues that building a constituency fundraising is not just about the amount of money you raise; it is also about the numbers of supporters you can attract to your cause. Each Supporter is important to your organization. They can be persuaded to give again and to give even more generously. They might like to volunteer or might be able to persuade friends and contacts to support the organization. Their numbers are an indication of the level of support that your organization is attracting, and this can add strength to your lobbying and campaigning work creating a viable and sustainable organization.

According to Norton (2009) Fundraising is not simply about generating the resources you need to survive from this year to the next, and paying for any planned expansion and development. It is

also about helping to create a viable and strong organization which is able to sustain itself into the future. Norton with his ample experience of working in the area of fund raising and as a famous trainer and consultant on the subject matter across the world lists/recommends/ the following ways of fund raising: One is to build a substantial and active donor base getting people to support you who feel involved and important to the organization, and who will continue to give their support over a long period of time. Other ways include: organizing successful fundraising events (which can be repeated and run even more successfully in subsequent years); creating capital within your organization, such as buildings and equipment (which reduce your need for running costs or can help you generate an income) or an endowment or ‘corpus’ fund; and developing some sort of income-generating activity within the organization itself.

Many organizations are addressing long-term needs: for example, through community development that will not yield immediate results, or by looking after disabled or elderly people where you will have a continuing commitment to provide them with care. It is important to note that in a financially sustainable organization an organization is financially strong and positive about its future, rather than one that is plagued by annual deficits, which are running at or near bankruptcy, and where the financial concerns are beginning to affect the morale of everyone involved. So Norton recommends that NGO leaders should think carefully and strategically, to be able to look for ways of strengthening their organization’s financial position and developing a sensible fundraising strategy for the future.

2.3.4 Fund management challenges of NGOs

Nongovernmental organizations everywhere face different challenges; this is particularly true for NGOs operating in developing countries where the level of democratic principles practices is not yet matured. The culture and perception of the society towards nongovernmental organization is also another area which need further development. This part presents the common challenges the voluntary sectors face globally. The major challenges NGOs face are discussed below under different categories.

2.3.5 Lack of donors or funds

The study on NGO sustainability index conducted by USAID for sub Saharan Africa in the year 2010 indicates that financial feasibility is the weakest dimension for NGOs across Africa. It showed that while resources are an issue for NGOs around the world, conditions in many African

countries produce particularly challenging financial conditions for NGOs. Few African NGOs are able to generate significant income by pursuing economic activities, charging fees for services, or collecting membership dues, where individual and corporate philanthropy tends to be weak with high bureaucracy and corruption (USAID 2010). Hence the study concludes, in most countries NGOs are primarily dependent on foreign donors for funding, and in many cases this has led to donors' dictation of NGOs' priorities.

In the African continent, many local NGOs depend on external donor funding and resources to run their organizations but unfortunately there is also a lot of competition for the money and resources. In many cases the survival of an organization is dependent on how well it can compete with other organizations and on how good it is at finding other ways to source for resources (Rehema, 2014). To this end Meshesha Shewarega, current Executive Director of CCRDA, while making briefings to the NATO Parliamentary Assembly Delegates during their visit of CCRDA stated that dwindling resources from donor partners especially after the global financial crisis has been severely affecting the operations of CSOs/NGOs in Ethiopia. For the Ethiopian context a study conducted Mengesha .et.al (2014) indicated that Ethiopian Local NGOs' financial sources are heavily dependent on grants and donations with insignificant members contribution and little or no fund raising activities. This implies that there is high risk for sustainability and continuity of project implementation in situations where donors' funding becomes scarce or not available.

2.3.6 Sources and trends of Funding

Rehema (2014) discussed that there are two categories for sourcing of funds or resources: One is the conventional method through which individual philanthropy, Private foundations, corporate agencies, government and foreign development agencies provide money or resource and the second is the Non-Conventional Means in which membership fees, businesses, income generating activities, Prizes/Awards become source of humanitarian aid. Fundraising according to Rehema (2014) is the act of persuading people or organizations to raise money for a cause. Fund-raising is the activity of collecting money to support a charity or political campaign or organization. Fundraising means that funds are elsewhere and approaches need to be explored to access the funds. Resource mobilization has additional two concepts; one is that non-financial resources are crucial and secondly some resources can be generated by the organization internally rather than sourced from others. The Oakland institute in its 2013 report of

development aid to Ethiopia indicated that the World Bank Group (WBG), through the International Development Association, is the largest multilateral donor to the Ethiopian government. In 2011, the WBG provided a total of \$630 million in assistance to Ethiopia, with over half of the annual assistance allocated as part of the Promoting Basic Services (PBS) initiative's Phase I implementation. PBS, which is administered and implemented by Ethiopia's Ministry of Finance and Economic Development, receives additional funds from the government of Ethiopia, the African Development Bank, United Kingdom's(UK's) Department for International Development (DfID), the European Union (EU), Austria, Italy, Germany, and Irish Aid. The remaining WBG assistance to Ethiopia was allocated to urban development and irrigation and drainage infrastructure projects.

Michael (2009) noted that possible ways of generating funds locally involves: Public street collections by volunteers (e.g. door to door collections.), fund raising campaigns (e.g. concerts, events), from local government (grants, exemptions from taxes), from foundations, sponsorships from local businesses, and from covenants and legacies. On the other hand self-financing activities can be: sale of services (health ,education, credit etc.),service provision (consultancies, publications, etc.),sale of products (cards, calendars, diaries, crafts),separate business (hotel, health club, restaurant),membership fees ,etc.) Regarding the recent trends in the arena of aid the study conducted by Jill Butler (1995) and Rehema (2014) found that that there is a reduction in the international development funding , decline in general public contribution , donors attention towards media friendly issues (those crises which are publicized by media),inclination increase of funds to emergency and Humanitarian assistance than Donations for Development projects, and more amount of aid is channeled through bilaterally (through government structures country to country) rather than multilateral agencies. The reasons behind this scenario are first the belief that bilateral aids bring global political influence, second it has ties to the procurement of goods and services from the donor country. This means if the China government provides aid for building a road in Ethiopia, it is likely that China goods and or China's contracting firms will be used for every activities carried out by Chinese donation. Jill Butler (1995) wrote that most indigenous NGOs of Ethiopia spend time in pursuing donors without addressing the possibilities of exploring ways of becoming more self- reliant, while the amount of foreign aid is declining. On the other hand the Global financial crisis has led to the shift and reduction in the amount of fund available globally to implementing NGOs. Despite the fact that NGOs have witnessed a

substantial flow of aid, both at governmental and non-governmental level, and that a large presence of bilateral, multilateral and private donor agencies continues to exist, nonprofit fundraising is becoming increasingly challenging. The recent trend of NGOs mushrooming has led to increased competition over limited resources available with donor agencies. Moreover, donor funding is proving highly volatile, depending mostly upon the political situation of the country and its policies.

Furthermore, there has also been a general move away from structural administrative support to calls for projects. All these factors have had a considerable effect on the work and culture of NGOs. It has thus become crucial for NGOs to reconsider their approach to funding so as to ensure organizational sustainability. Although the 'traditional' sources of funding continue to be relevant, NGOs' efforts to achieve financial sustainability have led to the creation of new and original ways of collecting funds for specific projects. In support of these trends a study conducted by Ankita (2009) has presented the effects of the economic crisis on funding for a sample of NGOs from around the world, working in a range of fields as loss of donors by 33%, reduced budget by 13.3%, reduced staff by 4.4%, staff devoted more time on fund raising increased by 26.7%. So indeed the global financial crisis is having a visible effect on the work of NGOs around the world.

2.3.7 Dependence on External Funding

A local NGO that highly depends on external funding will face the problem of influence on the interests and objectives of the donor rather than what is needed on the ground and the objective of the local NGO. This means that any organization that depends solely on external funding will not be in a position to finance some of its initiated and laudable projects. The much reliance on external funding therefore makes it difficult for local NGOs to accomplish their stated objectives (Fernand 2006) Dependence on external fund have an effect on the successful development of projects and sometimes on the structures of local NGOs resulting in delays in payment of wages, lack of funding for projects and priorities of the local NGOs coming after the donor's priorities. Desalegn Rehamato (2009) has indicated that NGOs operating in Ethiopia are mainly based on external funding sources. Thus, the problem with article 1 sub article 2 of the Charities and societies Agency (CSA) will mainly affect NGOs that secure funds externally. Research on Civil society organizations income generation activity (IGA) carried out by Gebre Yintiso (2012)

found that while the new regulations support IGA on the whole, a number of requirements pose significant challenges.

2.3.8 Fund Management Issues

Per the United States EPA, effective fund management is not only the result of a single action or decision that results in a successful program. Instead, program success depends on how a series of fund management questions identified, answered, and revisited overtime. Important questions include are fund resources being utilized effectively? Does the fund have sound a management? Is sufficient project assistance being made available? Dose the fund have sufficient administrative resources? What is the sustainable funding level from the program? And so on.

An underlying requirement of any discussion of fund management is the availability of reliable financial information, confirmed through the audit process, to provide the basis for financial analysis of a fund. The use of independent audits of program funds provides assurance to fund management that policy decisions are based on reliable financial information (United state Environmental Protection Agency, 2001).

2.3.9 Fund Management Objectives

Per the US State Revolving Fund (SRF), fund management program has several goals. The first is that the capital contributed to the program is used efficiently and maintained in perpetuity. Another goal is that states use SRF funds to achieve the greatest environmental results. Working within these goals, states have two focused objectives in managing their SRF programs. The first is to ensure that financial assistance is provided to projects that will produce the most desirable environmental and public health benefits. The second objective is to achieve sound financial performance while providing the financial assistance. These fund management objectives must be balanced to achieve an SFR's desired result. The balancing objectives for an SRF program can be thought of as trying to reach an optimal solution to make the most money available, consistent with demand for funds; commit money quickly to meet project needs; offer attractive financial terms; and maintain the purchasing power of the funds being managed. For each SRF program, the optimal solution will depend on state specific factors such as the demand for financial assistance, availability and financial benefit of other assistance programs, state funding priorities, current market conditions, and legislative support, (United state Environmental Protection Agency, 2001).

2.3.10 Sources of Funding in NGO

NGOs are required to fundraise and to generate an income to become sustainable. In general, NGOs have commonly been able to raise revenue through the state, the public and the private sector on an international, national, or local level. Within the government, financial aid may be given through international foreign sources or bilateral/multilateral grants, as well as through national or local governmental grants. The private sector may provide corporate grants or foundation grants. Financial aid from the general public may come through international charitable and local individual donations (Hendrickse, 2008).

2.3.11 Utilization of Funds

Utilization of funds had been a challenge to both the donor community as well as the organization that are responsible for effective utilization of the funds. Therefore, there is need for institutions that are response for the management of these funds to come up with the right framework, procedures to ensure that funds given utilized as expected, and that the funds serve the purpose (Fowler, 1995).

With an effective framework and policies, governing utilization of donor funds nothing much will be expected in form of results. All relevant organizations must work in harmony if the expected outcomes are to be achieved. There is need for coordination and collaboration among various stakeholders to ensure that funds received are made use of efficiently and effectively (Edwards &Hulme, 1995).

(Hendrickse, 2008), in the absence of historical data, the extent of NGO expenditure in general proves hard to trace. To avoid such kinds of problem in fund utilization, the fund allocated should be incurred based on the standard set to allow utilize it.

2.3.12 Sustainability of Funds

The term sustainability has gained significant popularity in policy-oriented research, business development and social sector over the last few decades. It is the most sorted feature to ensure success to a venture. Sustainability, a word frequently used across several disciplines, has become part of our everyday lexis. Looking at the perspective of donors and NGOs, sustainability of a project simply implies the continuation of project activities and sustenance of project outcomes after the initial/primary grant expires. Most donors are concerned about

sustainability aspect of a project and often fund projects which have a well-defined sustainability plan in place. It is a challenge for NGOs to ensure a steady flow of funds for executing their projects and programs. Integrating sustainability principles in their ongoing projects can be an effective way to ensure long term impact (Johshi,2016)

There are different aspects of sustainability that are to be considered while writing the sustainability plan for your organization. First Financial sustainability: It refers to ensuring a steady flow of funds and generating revenue for maintaining and continuing the organizations work. In addition, Institutional Sustainability/Organizational: It refers to ensuring proper working of your organization and institutions that were developed as part of the project, then programmatic sustainability: It means to continue the organizations projects and program in the absence of donor support (Johshi, 2016).

2.3.13 Monitoring and Control of allocated Funds

Monitoring and control of allocated fund is a determinant of effectiveness, once the budgets have been implemented they need to be monitored and controlled to ensure effectiveness in aligning budgets over a defined period (Horngren et al., 1997)

A professional and transparent approach to budget planning will help national or international donors to make financial resources available if the organization implements proper monitoring and control of allocated funds. This is achieved through ensuring that the allocated fund or estimated budget does not deviate from the actual outcome to take appropriate actions where necessary (Otley and Van der Stede, 2003).

2.3.14 Evaluation of Fund Utilization

There are various approaches to evaluate nonprofits. One such approach for American nonprofit organizations is self-assessment to see how their boards or executive directors fulfill their responsibilities or to re-examine their mission. Regarding self-assessment of their programs, American nonprofits have focused on outcome evaluation to learn how their programs have made impacts on program participants and/or the society they serve. It is critical for nonprofits to know how they are doing rather than what they do or did. Since 1990s, more organizations started rating nonprofits from financial viewpoints. The ratings, although rating standards vary from one organization to another, how nonprofits utilize every incoming dollar to run the

organizations or their programs or projects is the key. Award programs for nonprofit excellence can also be considered as evaluation that nonprofits organizations could use for evaluation. Although it is the hosting organizations that decide which nonprofits would be awarded, nonprofits go through self-evaluation before they apply to the awards. In this sense, such awards have an element of self-evaluation and could help nonprofits better their management system or program implementation. For Japanese nonprofits, introducing evaluation to their management and program implementation will be critical to many Japanese nonprofits to fulfill their social responsibilities, (Nakahara, 2012).

2.4 Financial management in Non-Governmental Organization

Financial management of NGOs is similar with the commercial sector in many respects; however, certain key differences shift the focus of NGOs financial manager. For-profit oriented enterprise focuses on profitability and maximizing shareholder value. NGO's primary goal is not to increase shareholder value; rather it is to provide some socially desirable need on an ongoing basis. NGOs generally lack the financial flexibility of a commercial enterprise because it depends on resource providers that are not engaging in an exchange transaction. The resources provided are directed towards providing goods or services to a client other than the actual resource provider. Thus, NGOs must demonstrate its stewardship of donated resources for a specific purpose must be used for that purpose. That purpose either specified by the donor or implied in the NGO's stated mission (Blackbaude, 2004). Hence, per (Hendrickse,2008) proper financial management practices will help NGO managers to make effective and efficient use of resources to achieve organizational objectives and to fulfill commitments to stakeholders. It will enable NGOs to be more accountable to donors and other stakeholders and gain the respect and confidence of funding agencies and partners. Another advantage derived from good financial management practices is that an NGO will have a competitive advantage over other organizations in securing scarce resources and, in this context, the NGO will further prepare itself for long-term financial sustainability. Whilst there is no perfect financial management model for NGOs, good practice in financial management achieved by designing systems and procedures around accounting records, financial planning, financial monitoring and internal controls.

Good financial management involves the following four building blocks which must be in place: the first one is Accounting Records: Organization must maintain an accurate record of financial transactions that take place to show how funds have been used. Second Financial Planning: the budget is the cornerstone of any financial management system and plays an important role in monitoring the use of funds. Then Financial Monitoring: Providing the organization has set a budget, has kept, and reconciled its accounting records in a clear and timely manner, it helps managers to assess the progress of the organization and finally Internal Controls: system of control, check and balance put in place to safeguard organization's assets and manage internal risk (Theunis& Erika, 2011)

Effective internal control is important for an organization as it could plug the loopholes for corruption which often involves malpractice and fraud, ICAC(2000).

Many positive changes in organizational performance are associated with good internal controls within an organization. This will ultimately lead to sustainability of its programs as donors and other key stakeholders to develop trust and support its programs (Hassan, 2014). Internal control system is the primary accountability and governance tool an NGO can establish and use to provide accountability to its stakeholders (donors) and safeguard its assets. Effective internal control over financial reporting is intended to provide reasonable assurance about the reliability of an organization financial statements and the process of preparation of those statements (Ngwenya, 2013).

2.4.1 The Seven Principles of Financial Management

It is useful to identify a series of good practice principles, which can be used as a standard in developing proper financial management systems in an NGO. The first principle of financial management takes Consistency: The financial policies and systems of an NGO must be consistent over time. Second Accountability: is the moral or legal duty, placed on an individual, group or organization to explain how funds, equipment or authority given by a third party has been used. Third Transparency: The organization must be open about its work, making information about its activities and plans available to relevant stakeholders. Fourth Viability: organization's expenditure must be kept in balance with incoming funds, both at the operational and the strategic levels. Fifth Integrity: The integrity of financial records and reports is dependent on accuracy and completeness of financial records. And Stewardship: An organization must take

good care of the financial resources in practice; managers achieve good financial stewardship through careful strategic planning, assessing financial risks and setting up appropriate systems and controls. The last one Accounting Standards: The system for keeping financial records and documentation must observe internationally accepted accounting standards and principles (Terry, 2012).

2.4.2 The Importance of Financial Management for NGOs

NGOs operate in a rapidly changing and competitive world. If their organizations are to survive in this challenging environment, managers need to develop the necessary understanding and confidence to make full use of financial management tools. Good practice in financial management will help managers to make effective and efficient use of resources to achieve objectives and fulfill commitments to stakeholders, it helps NGOs to be more accountable to donors and other stakeholders, it gains the respect and confidence of funding agencies, partners and beneficiaries, it gives the NGO the advantage in competition for increasingly scarce resources, help NGOs prepare themselves for long-term financial sustainability (Terry, 2009).

2.5 Empirical

2.5.1 Empirical literature review in other countries

This section deals with the empirical evidence on NGO's fund management from different economies perspectives. In contrast to the theoretical framework review of fund management and its utilization, there are some empirical evidences on NGO's financial resource management and its utilization. Thus, until relatively recent times little had been done on the area to the researcher's knowledge.

This part provides an overview of the previous research on NGO's fund management and its utilization. Researcher thereby focuses on the relevant literature that relates to this research objective. As such, researcher will analyze NGO's fund management. The previous research discussion is not geographically restricted to Ethiopia. The majority of the literature is case based and analyzes the experiences with NGO's fund management in different countries and economies. Hence, the empirical review of different studies has been presented from different economies perspective starting from advanced economies to Ethiopian context. The review of those studies included, related studies, which are assumed to be related to the subject matter directly or indirectly.

Four related studies have been reviewed from developed economies. (Cairns et.al, 2005), (Zimmerman and Stevens 2006), (Larsson and Kinnunen, 2007) and (Ljubljana, 2010). These researchers have conducted their study in United Kingdom, South Carolina, Sweden, and European Economic Area (EEA) and Norway.

The attention towards performance evaluation in nonprofits is also due to the evolving pressure on showing effectiveness, which experienced by nonprofit managers (Cairns et.al, 2005). Especially in U.K. and North America, the subject has been highly topical recent years. In a study of the use of performance measurement in South Carolina nonprofits, two-thirds of the organizations participating responded that they use performance measurement (Zimmerman and Stevens, 2006). Hence, this implies the need for performance measurement of NGOs comes from different stakeholders and most of NGOs conduct this measurement. Even though, the studies were good attempt but they tried to show us from management perspective only.

(Larsson and Kinnunen, 2007) are another author, in advanced economy who conducted study on performance measurement in nonprofits to convey an understanding of Swedish civil society organizations' experiences of performance measurement from the perspective of the management. Under this study, researcher noted that some NGOs have experienced difficulties when measuring performance and there are several factors that complicate performance measurement; the results of a project are often shown much later from when the activities took place and the many stakeholders involved. Besides, they noted that there are things to be gained from measuring performance and many of the organizations have started to cooperate with other organization to develop their performance measurement. Despite, this study tried to investigate the performance of nonprofit organization in Sweden; it focused on the management perspective only it doesn't consider the financial perspective. Ljubljana, (2010) has also conducted on related subject matter in this economy, with the aim of providing an expert independent evaluation of the contribution of the NGO funds to the NGO sector in the beneficiary states like European Economy Area (EEA) and Norway. In this study he found that, the objectives of all NGO Funds were aligned with the overall objective of the EEA and Norway Grants, to contribute to the reduction of economic and social disparities in the European Economic Area through financing of grants to investment and development subprojects. He also found that the main areas for the NGO Funds support were; protection of the environment, human resources development, health and childcare and European cultural heritage.

In addition, the author found that, the NGO funds were aligned to the donor priorities. In this study researcher tried to see widely, but the study concentrated more on European Economy Area (EEA) and Norway and this does not necessarily mean true in Ethiopia, due to socioeconomic difference.

To wind up, the studies conducted in this economy is not conclusive for Ethiopia's case, because there is a difference on socio economic, cultural and political aspects. Besides, some of the studies concentrated more of on performance management evaluation, instead of including the fund aspect. Hence, we need to see the management of NGO's financial resource and its utilization from Ethiopia's context as per its own socio economic, cultural and political aspects.

Two related studies have been reviewed from emerging economies. (Danbaki ,2012), (Hendrickse, 2008). (Danbaki,2012), studied on funds utilization and it impact on research institute libraries in Nigeria. According to his study they were rendered ineffective in meeting the information requirement of users for effective and efficient search. The inhibiting factors to effective services in research institute libraries just require the attention of management to adequately fund the libraries, provide necessary information, infrastructures and to demonstrate sufficient research will. The researcher found that ICT for integrated services is important for research institutes' libraries in the twenty-first century, which is lacking. Finally, that a budget is essential for effective utilization of any funds allocated to the library. The viability of the research libraries to provide felt needs and services to support research is dependent on the availability of funds.

(Hendrickse, 2008), studied on governance and financial sustainability of NGOs in South Africa. With regard to NGO governance and financial management, he found that, the governing boards consisted of different members, who have different types of knowledge and skills within the board as reported, relevant to the work of the organizations, ranged from technical skills, community engagement skills, and management skills to fundraising skills. He also found that one of the main factors affecting effective management and sustainability of NGOs is the nature of their dependability on donor funding. In many instances, donor organizations have inconsistent funding priorities, further threatening financial sustainability of dependent organizations.

NGOs are required to fundraise and to generate an income to become sustainable. In general, NGOs have commonly been able to raise revenue through the state, the public and the private sector on an international, national, or local level. He stated, in South Africa sources of funding ranges from individual giving, corporate social investment, government funding, foreign donor funding, funding from grant-making foundations to national funding agencies. (Hendricks, 2008) Again, he noted that an internal entrepreneurial method to generate an income, as an alternative to the more traditional fundraising approaches used by non-profit organizations, will contribute to financial sustainability if applied correctly, i.e. self-financing. Regarding expenditure stated many donor grants and donations carry restrictions on the types of expenses that they will cover direct program costs.

(Hendrickse, 2008), as stated there is no one perfect financial management model for NGOs, good practice in financial management is achieved by designing systems and procedures around accounting records, financial planning, financial monitoring and internal controls.

Financial control achieved by designing systems and procedures to suit the needs of an organization. (Hendrickse, 2008) NGOs need to find different fundraising strategies for long-term survival that donor resources available to NGOs continue to decrease and donor agencies worldwide have shifted and narrowed funding into specific, highly political or publicly popular regions of the world. (Hendrickes, 2008)

To sum up, the study attempted to see the governance and the financial sustainability from different issues perspective, but due to different factors we cannot conclude that the finding in South Africa holds true in Ethiopia.

Four related studies have been reviewed from developing economies. (Ghimire, 2005), (Johnson, 2009), (Ali, 2012) and (Tabassum, 2012). (Ghimire, 2005), conducted a study to evaluate the performance of local non-governmental organizations' involvement in community forestry development with the intent of comparing Kaski and Ramechhap districts in Nepal. He found, the establishment of enterprises, income generation activities and awareness creation among users' level on their roles, responsibilities and rights and improving good governance as strengths of those NGOs under Kaski and Ramechhap. On the other extreme, the fund that project based rather than program based NGOs, irregular staffs in NGOs, little networking among NGOs and a little attention for sustainable forest management are as NGOs under

investigation weaknesses. Even though, his attempt is good in comparing two different district's performance, but it focused only on community's involvement in forestry development. Johnson, (2009) is another scholar who conducted study in this economy. In this investigation, he stabbed to investigate the contribution of NGOs to health in the developing world. Under this investigation, researcher identified the NGOs in the case study engaged in a variety of health related activities. The most common were: disease prevention, maternal and child health, and counseling. The NGOs also provided many services in the area of maternal and child health, such as safe birth centers, mobile health clinics, nutrition programs, and treatment of childhood diseases. Lastly, the NGOs offered a range of psychosocial and educational counseling services.

Under this investigation, Johnson's attempt is good in indicating NGO's contribution, but it can't show us the financial performance evaluation of NGO's instead of focusing on contribution of NGOs. Lastly, researcher reviewed (Ali,2012) and (Tabassum, 2012)'s investigation in developing economies. (Ali,2012) investigated factors influencing sustainable funding of Non-Governmental Organizations in Kenya. The study found that the donor relationship to management, strategic financial management, income diversification as main factors which contributed for the least to financial sustainability of nongovernmental organizations. Despite, this study stabbed to see one element of the financial performance measurement of the NGOs, but ignored other parts of financial performance measurement. (Tabassum, 2012) investigated the performance appraisal practices in a Developing Country in the case study of NGO in Bangladesh. In this study, he explored and assessed the existing performance appraisal practices of PIACT Bangladesh, a NGO of Bangladesh. Although, the researcher tried to see the existing performance appraisal practices of the stated countries' NGO, but it cannot show us the financial management and its utilization of NGO.

2.5.2 Empirical literature review in Ethiopia

In Ethiopia context, there are five studies directly or indirectly related to the subject matter to the knowledge of researcher. These are (Menegesh, 2004), Christian Relief and Development Association (CRDA), (2004), (Ayele, 2008), (Belay, 2008) and (Andarge, 2010). (Menegsha, 2004), conducted a study related to financial management practices in local NGO in Addis Ababa.

Under this study, he tried to indicate the effective management of an NGO's resources is done in a manner, which is transparent, accountable, equitable and responsive to the needs of the people. Since NGOs, aim at becoming sustainable, good governance is critical to their existence. In many developing countries, NGOs often lack the institutional capacity and resources to operate. In addition, funds from donors sometimes poorly managed. Besides he indicated to ensure effective and proper management of resources, good governance becomes an important aspect of every NGO. A good financial management system makes it easier to be accountable to donors and project beneficiaries, thereby enhancing their respect and confidence in the organization. This, in turn, helps an NGO be more competitive and can increase its chances of maintaining long-term financial health. Christian Relief and Development Association (CRDA, 2004) stabbed to investigate the participation of local NGOs/CSOs in Addis Ababa. The paper noted that, within the last few years, Ethiopia has experienced an increase in the number of NGOs due to a combination of reasons. Near to 900 local NGOs/CSOs in Ethiopia, manage different projects or programs that potentially contribute in the alleviation of major public health problems, education and agriculture in the country. However, the paper attempted the study with the intent of generating information about the participation of local NGOs/CSOs in Addis Ababa. Identifying factors and conditions affecting the success and/or shortcomings of their participation, and strengthen collaboration between Government and NGOs/CSOs in realizing its goals, but it cannot show us the financial resource management of the local NGOs. (Ayele, 2008), conducted a study related to the roles, contributions and challenges of NGOs in Ethiopia. Under this study, he tried to indicate the place of NGOs and identified their major contributions in food security and democratization process in Ethiopia and the challenges they encountered in their operation. In this investigation, researcher noted the major contribution of NGOs, like reducing involuntary mass migration and huge loss of lives and properties famine, food security, health and education, capacity building, infrastructure development, microfinance, and Democratization. Besides, he found, the main challenges that NGOs encountered in their involvement in developmental and democratization process in Ethiopia as external and internal. These are the policy environment under which they are operating in the country, government attitude and perception, bureaucracy, pro-government NGOs, rules and regulations, the New Charity and Society law as external challenges. Whereas, internal challenges he stated capacity limitation, accountability, phase-out and sustainability, networking and communication and

failure to use opportunities. Although, the study attempted to show us main contribution in indicating NGOs contribution and its challenges, but it was not related to health contribution and its fund management and its utilization. (Belay, 2008) investigated fund management in Local NGOs in Addis Ababa. In this study, researcher found that the fund from international organization is main source of food security, health, agriculture and education fund. This fund is managed by using tools. Besides, he noted that the key fund utilization techniques. In addition, researcher stated some factors that can influence the fund management and utilization. At last, he pointed out some of the lessons learnt by the organization. Even though, he tried to examine the actual financial resources management and utilization from different perspectives, but it tried to see from local NGOs in Addis Ababa perspective only, it does not necessarily mean the finding cover in Ethiopia, due to their geographical location difference and their scope of involvement in the country. (Andarge,2010) is one of the researchers who evaluated the reporting and performance of charities and societies in Ethiopia. In his investigation, he found that charities and societies in Ethiopia use internationally accepted reporting practice. About performance evaluation, he noted that for most organizations, a higher percentage of resources spent on program services than on management and fundraising were considered a positive performance indicator; however, he overlooked fund management practice.

The studies conducted in advanced, emerging and developing economy does not necessarily apply to Ethiopian context due to socio economic, political and cultural difference. Besides, the studies conducted in Ethiopia again are not inclusive to the entire NGOs, except, an attempt to show the fund management in local NGOs in Addis Ababa which is government organization and the study has focused on central only and even it is not implementer organization rather transfer funds to the implementer organizations. The study in local NGOs in Addis Ababa identified major findings: implementing organizations misunderstand the objectives of food security, health, and agriculture and education fund, weak capacity in implementation, lack of political commitment & leadership.

Therefore, this study attempts on fund management in local NGOs in Addis Ababa

2.6 Summary of Literature Review and Research Gap

In the theoretical and empirical literature review above, researches by different researchers have been discussed to assessment of fund management of selected local NGOs and overseas. In reference to all above researches mentioned, it was observed that fund management are considered as vital fund process for implementation of the operational plans of the organization. Researchers have indicated that there is no single approach to the fund management, but it varies according to the operations of the nongovernmental organizations. The main characteristic of fund management is the monitoring of variance, which is influenced by fund preparation and fund implementation.

An assessment of fund management of selected local NGOs in which researches pertaining to the effectiveness of these fund management were not studied enough. To accomplish this gap in literature, researcher undertook to do the assessment of existing fund management of selected local NGOs in reference to the above-mentioned research findings. fund management are crucial for strengthening local NGOs to sustain and accomplish their mission. However, based on the review of accessible published data on the subject indicated that there are very few studies had been conducted on the issue. The researcher assesses the factors that affect resource mobilization and examine ways of managing fund. Therefore, by investigating the presumed major assessment that affects fund management and examine fund management implementation to generate a base line data for future studies and to forward a recommendation based on the study finding.

The theoretical and research work indicate that fund management should not only be following the planned fund and keeping it on track as planned but at the same time financial accountability of the departments should also be controlled. Theoretical and empirical literature referred, does not give guideline on how to curb using fund, the over/underutilization of fund. the researches pertaining to assessment of fund management in local NGOs were not studied enough. To accomplish this gap in literature, researcher undertook to do the assessment of existing local NGOs in reference to the above-mentioned research findings. The NGOs was restructured this assessment research work based upon above mentioned research findings would add value to improve the existing fund management of selected local NGOs

To sum up the number of countries with strict rules and regulations on NGOs activities is growing; financial sustainability of local NGOs is under question in Ethiopia a country with poor infrastructural development still with low NGO accountability and transparency practices. Ethiopia currently is categorized under restrictive regulation for NGOs and most local NGOs of the country suffers from lack of fund.

CHAPTER THREE

Research Design and Methodology

The chapter discussed the methodology and description of study area. The methodology outlines the various approaches that were followed to obtain data for the study and how the data was analyzed. It comprises the research design and methodology, the targeted population, sampling size and techniques, the methods of data collection, analysis, and reliability and validity of variables for internal consistencies.

3.1 Research Design

This study used a descriptive research method, as the main objective of the study was to assess and describe the fund management in local NGOs taking the case of selected in Addis Ababa. According to Kothari (2004), research is the hunt of reality with help of study, scrutiny, relationship and test i.e. systematic method of finding solutions to a research problem identified. In this study descriptive research method was local NGOs, the primary data were collected using questioner and secondary data from civil society organization manual and published documents of selected sample organization.

3.2 Research approach

In this study, the researcher used quantitative methods that data describe and measure the level of occurrences on the basis of numbers and calculations. Quantitative studies mainly examine relationships between numerically measured variables with the application of statistical techniques.

3.3 Target Population

The target populations for this study were local NGOs operating in Addis Ababa which are 900 NGOs based on list obtained from the CSOs report (2019). This research had taken place in local NGOs, in Addis Ababa, Ethiopia, and it is focused on the program and financial data. A search was conducted to include all concerned participants of the study.

The study unit was a finite population identified based on the roles and responsibilities related to the execution of various programmatic and financial activities affecting fund management. Included in the study unit were, among others, Directors (including the Executive Director), Area Managers, Team Leaders, Functional Managers, Program Coordinators, Monitoring &

Evaluation Officers, Clinic Heads, Finance & Admin Officers, Senior Finance Officers, Finance Officers, Logistic and Supplies Staff and the Internal Auditor.

3.4 Sample Size Determination

Conducting a study on a whole population is not manageable to run the investigation in a desirable manner. What is preferred is taking a representative sample size. According to Kothari (2006), the researcher should determine his/her sample size to optimum fulfilling the representative of efficiency, representativeness and reliability.

The Convenience sampling technique, sample size determination for the research is as follows. According to National Organizations of Civil Societies, there are 900 local NGOs in Addis Ababa. The researcher will select sample representatives from population with the level of confidence 95%, $Z = 1.96$ and margin error 5% by using the formula,

$$e = \text{Margin of error} = 5\% = 0.05$$

The $p =$ estimation proportion of employee $= 0.5$

$N =$ the population size $= 900$

$n =$ sample size,

Yeman (1967:86)

$$n = \frac{N}{1 + N(e)^2}$$

$$n = 900 / 1 + 900 (0.05)^2$$

$$n = 276$$

3.5 Sampling Techniques

Convenience sampling technique was employed to allow individual LNGOs have a type of non-probability sampling method in which people sample simply because they are “convenient” source of data for researchers. The list of all NGOs where assigned a number from 1 to 900 then all pieces of papers containing individual NGOs names selected of participants based on ready availability until 267 NGOs were selected from the whole population of 900. For this, the list obtained from civil society organization of local NGOs operating in the study area used.

Individual respondent of the questioner was manager of the organization to get appropriate information about the issue.

3.6 Data Types and Sources

To get relevant and reliable data, which helps to achieve the stated research objective the study, used both qualitative and quantitative data. Data collected from both primary and secondary source. Primary data were collected using close-ended and open-ended questionnaires developed by the researcher and few of the questioners was conducted to get additional information in detail from manager of selected local NGOs operating in Addis Ababa were extracted from Mengesha et al (2014).

3.7 Data Analysis and Presentation

The data collected from questionnaires were entered into the Microsoft Excel edited, coded and tabulated according to the variables. Then the data were analyzed using a statistical Package for Social Sciences (SPSS) software (version 20) and presented using tabulation, graph and charts. According to Kajuju (2012), the scores of strongly agree /agree have been taken to present a variable which had a mean score of 3.5 to 5 on the continuous Likert scale; ($3.5 \leq S.E < 5$). The scores of 'neutral' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale ($2.5 \leq M.E < 3.4$). The score of disagree/strongly disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq L.E < 2.5$)

3.8 Validity and Reliability of Data Collection Instruments

Validity is the study of assessment if the findings are accurate from the perspective of the researcher, participant or the readers of the research paper (John, 2009). Validity of the data collection questionnaire was confirmed by collecting pilot data. It was observed that two questions were not answered by the respondents and as per consultation held with the advisor, those questions were modified.

Reliability indicates the degree to which the data collection tools or analysis procedures would produce consistent findings (Saunders & Thornhill, 2007). Cronbach's alpha coefficient is the most frequently used index of reliability, as it is mainly common way to assess reliability. A value of Cronbach's alpha coefficient above 0.70 is regarded as acceptable (Saunders & Thornhill, 2009). According to George and Mallery (2003) a Cronbach's alpha coefficient

greater than 0.9 implies excellent, greater than 0.8 is good, greater than 0.6 is acceptable, greater than 0.5 is poor, and less than 0.5 is unacceptable. As for the assessment of fund management of the selected local NGOs, descriptive research method was implied which is based upon the response of the respondents to the questionnaire, so to check the reliability of the questionnaire was of utmost importance to have reliable data for analysis.

The reliability of the questionnaire was confirmed by comparing the Cronbach's Alpha calculated results against above-mentioned parameters. Cronbach's Alpha was calculated for the four sections (based on the specific objectives) of the questionnaire separately, so that if there was any deviation of Cronbach's alpha result, the questionnaire of that section can be modified to have reliability confirmed of that section.

Cronbach's Alpha for:section-1 dealing with financial planning was as follows.

Reliability Statistics **Table 1**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.815	.853	5

The Cronbach's Alpha for section-1 is 0.815, which implies that questionnaire regarding financial planning is reliable.

Section-2 Resource mobilization, Cronbach's Alpha is

Reliability Statistics **Table 2**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.797	.836	5

Cronbach's Alpha for section-2 from the above table is 0.797 which is an acceptable result to prove that section-2 of the questionnaire is reliable.

Section-3 budget execute, Cronbach's Alpha is

Reliability Statistics **Table 3**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.851	.898	5

The result of Cronbach's Alpha calculation for section-3 of the questionnaire is 0.851, which indicate that section-3 is reliable.

Section-4 evaluate the budget utilization performance; Cronbach's Alpha

Reliability Statistics **Table4**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.689	.729	5

Reliability of the questionnaire regarding evaluate the budget utilization performance section is acceptable with Cronbach's Alpha value being 0.689.

Usually, the internal consistency of a measurement scale was assessed by using Cronbach's coefficient alpha. It is generally recommended that if a measurement scale having a Cronbach's coefficient above 0.50 is acceptable as an internally consistent scale so that further analysis can be possible. Furthermore, the above data refers to increase reliability and credibility of a research, it is recommended to use multiple sources of evidences to establish reliability and validity. This study gathered evidences from distribute questioner, with different organization mainly the senior finance manager, program managers and program accountants who are mainly worked in related to fund management, the finance manager-accounts section who directly involved in managing the payment department, and the finance manager-grants who mainly direct the reporting and communication of donor related reporting.

Finally, different organizations who were participated in the filled the questioner mainly the finance manager grants, senior finance manager, and program managers were later contacted for further clarification on certain issues. This was done to avoid the subjective interpretation, in order to reduced interpretation biases.

3.9 Ethical Consideration

In this study, all participants and data collected were remain confidential and identifies of the respondent remains secret. In this study for each participant, the purpose of the research was being explain before the research questionnaires are conduct and attempt to get consent from participants before the survey was made.

This code of conduct and ethics provides a framework for the governance of all activities of the research. It requires that the researcher will adhere to the highest standards of performance and ethical conduct, and to all applicable statutes and guidelines in carrying out his assignments. In this case, the research ensures the confidentiality of respondents' identities and the information they provide. Moreover, the researcher's will carefully plan to establish trust with respondents beforehand as well.

Therefore, individual participant's personal and organizational information obtained as a result of research is to be considered confidential and disclosure to third parties is prohibited with the exception of statutory notification as applicable to the particular research. Participant confidentiality will be ensured by utilizing identification code numbers to correspond to research data in any research paperwork and computer.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The primary data, which have been collected with different approaches, are analyzed and corresponding outputs of the survey are also presented with the application of SPSS (version 20) computer software packages under this chapter presented in tables and charts. Thus, to meet the objective of this study as stated, the researcher has used descriptive type of statistical data analysis techniques.

To achieve its objectives a total of 900 questionnaires were prepared and distributed to staff who are responsible for managing funds of selected of local NGOs in Addis Ababa were planned to conduct with top level & middle level management staffs. These questionnaires were filled and returned 267 were conducted with the target samples of the population. However, the questionnaires were valuable for further analysis.

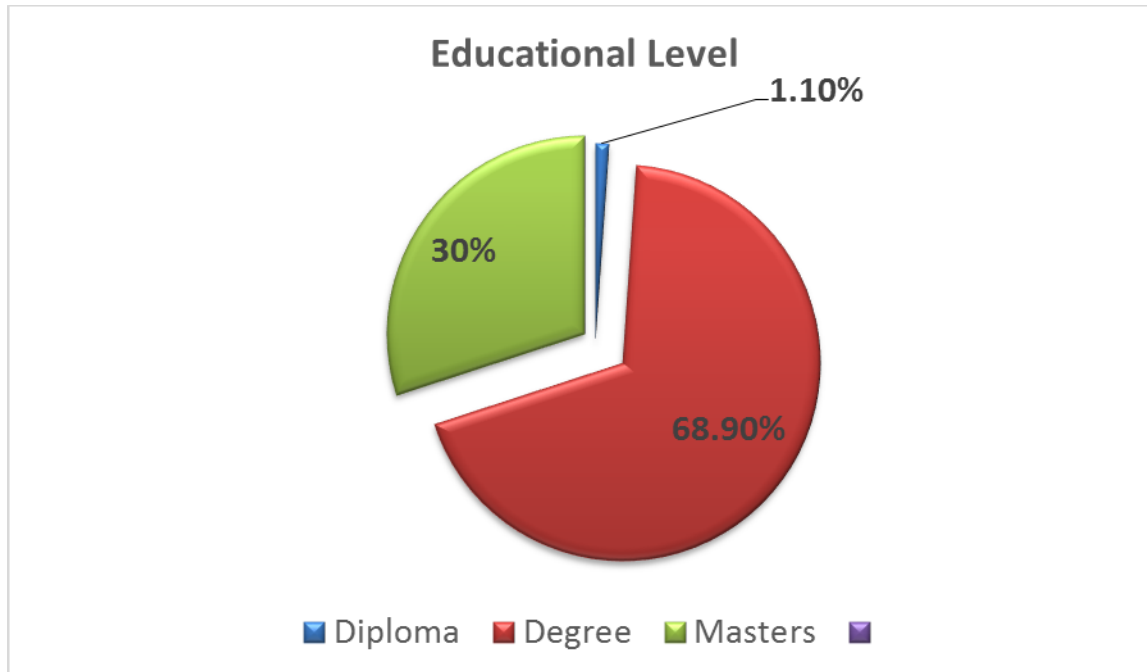
Therefore, the researcher in this chapter has attempted to present the analysis of statistical outputs in two subsections. In the first section, the outputs of primary data analysis presented with statistical tables. Under this section, there are also sub sections, which include results of the survey. Accordingly, background information and results on fund management presented. Under the second section trend of fund management of the selected local NGOs in Addis Ababa analyzed and presented in a corresponding statistical table.

4.2. Profile of Respondents

The biographical variable that is presented in this research were Education, work experience , Age of your organization and Major area of activities in the organization of the stuff which are described in the following table.

4.2.1 Educational level

figure 4.1

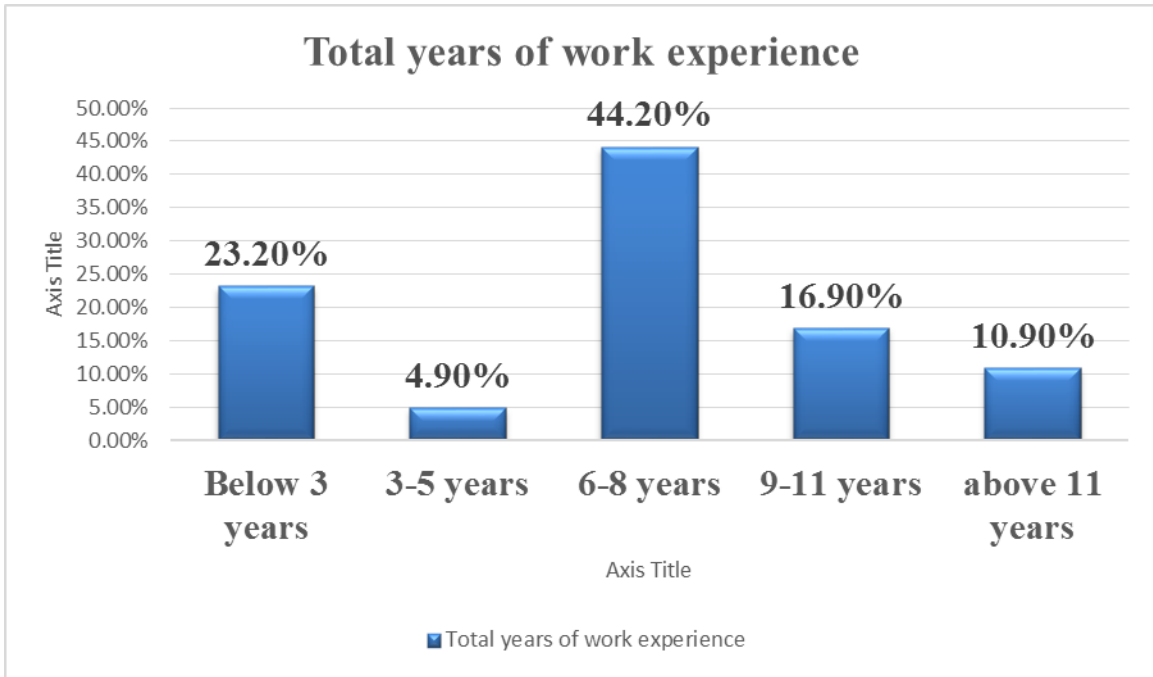


Source: Researcher's Survey 2021

Demographic characteristics of the respondent's (Managers and leaders of local NGOs in Addis Ababa) included education level, years of experience in the organization and age of an organization 267 of the 276 respondents provided information. According to the data collected regarding educational qualifications of the respondents, there are 1.1% diploma holders in the departments, which make sense since fund management are the backbone of any NGOs for which it requires energetic managers with a vision for effective decision-making. It is also observed from the questionnaire answered that 68.9% of respondents are degree holders and 30% of respondents post graduated of the total respondents that the high level of education implies that the organization is having good performance and it helps the result of the study to be more convenient to manage the fund effectively and efficiently.

4.2.2 Total years of work experience

Figure 4.2



Source: Researcher's Survey 2021

In relation to respondents work experience in fund management there was respondent below 3 years of experience is 62 respondents (23.2%), with 3 to 5years experience there were 13 respondents (4.9%), with 6 to 8 years' experience there were 118 respondents (44.2 %). In addition, with 9 to 11 years 45 respondents (16.9 %), filled the questionnaire and above 11yrs experience, only 29 respondents (10.9 %) took initiative to fill the questionnaire. As it is evident from the data that mainly respondents were from the 6 to 8 years' experience, they were high respondent in their organizations. This implies that the respondents providing data for this assessment study adequately experienced in fund management, so their response to the questionnaire can be consider as informative and helpful for this research. Experienced employees are always an asset to the organization.

4.2.3 Age of your organization

Figure 4.3

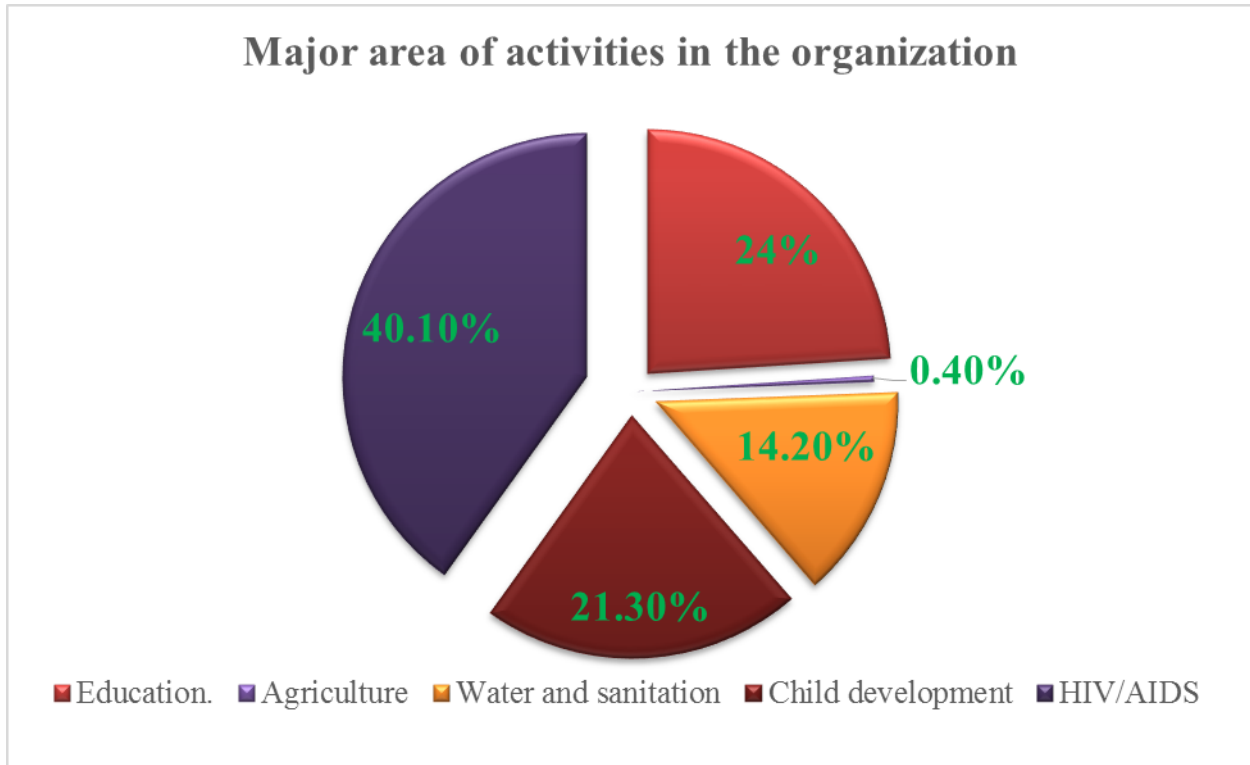


Source: Researcher's Survey 2021

The number of years the organization has been in operation has been collected in absolute numbers and been categorized to enable analysis. Taking 2021 as a reference point, age of organizations with 1 to 5 years experience there were 66 respondents (24.7%), with 6 to 10 years' experience there were 12 respondents (4.5%), with 11 to 15 years 101 respondents (37.8%) filled the questionnaire and above 15 years' experience only 88 respondents (33.0%). As it is evident from the data that mainly respondents were from the 11 to 15 years' experience the organization to indicated existed long lasting duration period. This implies that the organization has experienced in fund management practice, so their response to the questionnaire can be considered as informative and helpful for this research.

4.2.4 Major area of activities in the organization

Figure 4.4

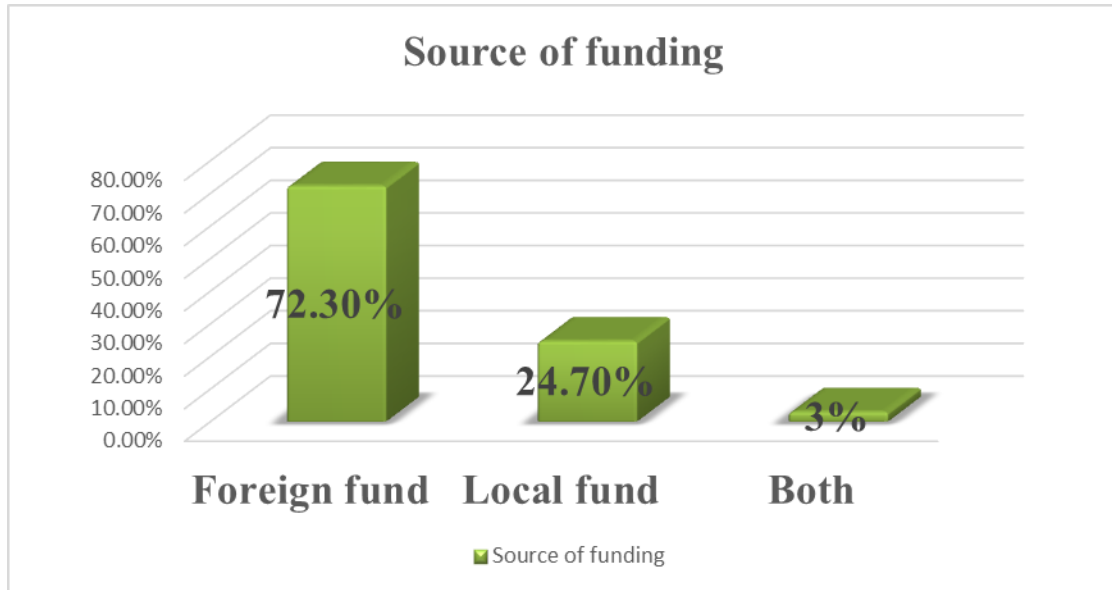


Source: Researcher's Survey 2021

The survey targeted NGOs with different activities and the results was, the data more collected from 107 (40.1%) HIV/AIDS health related activities, followed by education 64 (24%), child development 57 (21.3%), 38 (14.2%)water sanitation and the least data gathered 1 (0.4%) of agriculture. Their being opened could have led to their high response rate, and their high response rate could also be an indication that there are many NGOs involved in HIV/AIDS.

4.2.5 Source of funding

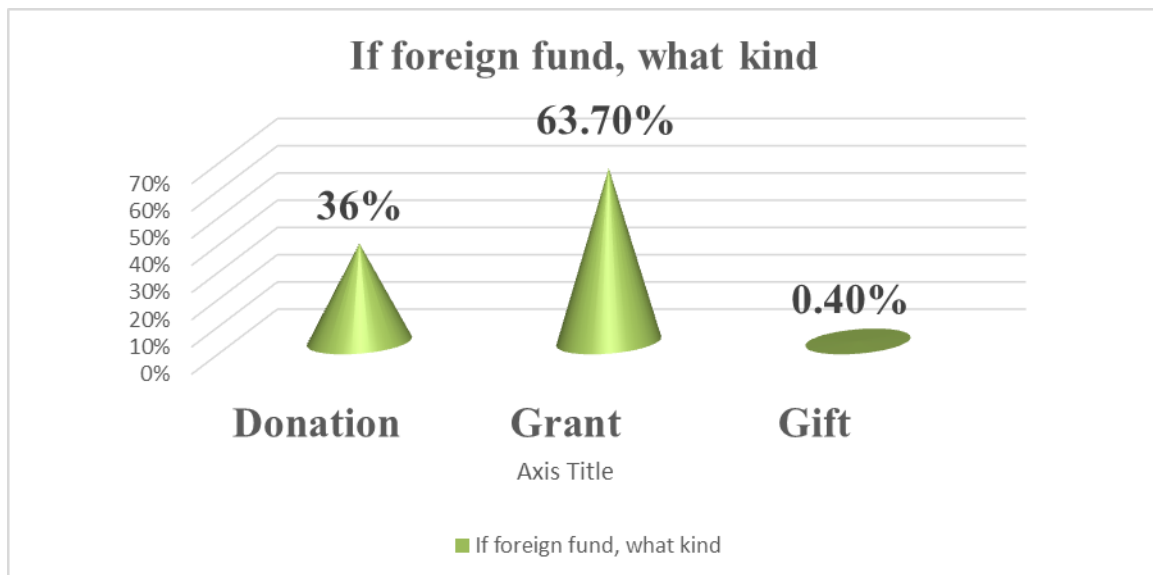
Figure 4.5



Source: Researcher's Survey 2021

4.2.6 If foreign fund , what kind

Figure 4.6



Source: Researcher's Survey 2021

Analysis of types of fund management used indicated 193 (72.3%) purely use foreign fund, 66 (24.7%) use local fund, while the remaining 8 (3%) use foreign and local fund for their operation. Those local funds are generated from income generating activities, member's contribution and sponsorship. Most of the foreign funds are donation which is 96 (36%), grant 170 (63.7%) and the remaining 1 (4%) is gift. As shown above more of funds acquired from foreign fund source from grants, which is 170 (63.7%) of the total and 96 (36 %) are from donation. Although the implication of donation in local NGOs fund managements challenging to get resource or donation from foreign sources of big donors like UNICEF, USAID since they prefer country based international NGOs who have similar procedures and standards with them to provide resources for project implemented in Ethiopia rather than funding for local NGOs.

4.3 Data Analysis

Assessment of fund management in the selected local NGOs is based on four specific objectives formulated from research question. In this section, data collected from respondents in reference to these four objectives was analyzed using Microsoft Excel and SPSS V20 software. Since this is a descriptive study, graphs, percentages, mean and standard deviation were used to analyze the data. The respondents were requested to answer the questionnaire statements in the following Likert scale measurement, (1) as strongly disagree, (2) as disagree, (3) as neutral, (4) as agree and (5) as strongly agree. A standard deviation of >0.8 implies a significant difference on the impact of the variable among respondents. Mean is a measure of central tendency meaning tending towards the center of distribution. Variances are average errors between the mean and the observation, showing how well the items fit the actual data and the square root of the variance is standard deviation, which measures how well mean represent data. Large standard deviation means that the points are far from the mean. Standard deviation of zero means that all the scores are it and standard deviation more than 0.8 indicate significant impact of the variable among respondents.

4.3.1 Financial Planning at the local NGOs

Table 4.1

S.N	Statement for Likert Scale Analysis and Descriptive Statistics of Secton-1	Strongly Agree	Agree	Neutral	Dis-Agree	Strongly Dis-Agree	Mean Avg. Mean 4.26	Standard Deviat
1.1	You have adequate understanding to prepare budget plan.	182(68.2%)	70(26.2%)		6(2.2%)	9(3.4%)	4.54	0.889
1.2	Your office has adequate professionals who prepare plan and budget.	135(50.6%)	121(45.3%)		2(0.7%)	9(3.4%)	4.39	0.831
1.3	Plans of your office are linked adequately to the annual budget.	98(36.7%)	155(58.1%)	2(0.7%)	2(0.7%)	10(3.7%)	4.23	0.831
1.4	Budget submission is usually made without work plan.	78(29.2%)	135(50.6%)	5(1.9%)	34(12.7%)	15(5.6%)	3.85	1.144
1.5	In your office program department is strong coordination with Budget Department during planning.	93(34.8%)	170(63.7%)	2(0.7%)		2(0.7%)	4.32	0.568

Source: Researcher's Survey 2021

The above table highlights the view of the respondents regarding the financial planning in conjunction to having financial planning knowledge, professionals in the department, linking planning with annual budget, budget submission without work plan and coordinating with budget department at planning stage, the respondents' response was analyzed. On basis of the above table regarding the organization having adequate understanding of budget planning, majority of respondents that is 94.4% agreed, where as 5.6% disagreed and Standard Deviation of .889, which shows that the data is more scattered about the mean this imply that the respondent have different opinion about the statement this indicate gap of understanding of budget planning. The 94.4% respondents having knowledge of budget planning was based upon their experience in this field and 5.6% who disagreed or strongly disagreed were the one who are not actively participating in budget planning, however mean of 4.54 which is to agree score of Likert scale imply that the respondents agree that they have understanding

Regarding second statement of having enough professionals in the department 95.9% agreed in addition to 4.1% disagreed the statement. SD of .831 indicates that the respondents agree that there are professionals in the department for budget planning but 4.1% respondents disagree to this statement indicating that in the selected local NGOs does not have experienced budget planners. Budget planning is related to professionals having previous experience in budget planning who can foresee the future implications on the fund management in relation to planned

activities of the organization. Hence the organization not having experienced professional add to the budget variance, which call for training of professionals to improve competence in budget planning. The budget plan of the organization is adequately linked to the annual budget; 94.8% agreed and only 4.4% disagreed and 0.7% neutral response of the respondents indicates of adequate the budget plan of the organization is lack of adequately linked to the annual budget to this statement. The mean 4.23 of the data on Likert scale indicate that respondents agreed to this statement as each department plan their annual budget based upon the previous year budget. Fund management depends upon the limit of funds indicated by the Financial planning , which depends upon the fund management by selected local NGOs, this link the organization fund management to the annual financial planning of its. Standard deviation of 0.831, implies a significant difference on the impact of the budget plan being adequately linked to annual budget. Submitting budget without work plan have mean of 3.85 which on Likert scale indicate that 79.2% agree but 18.3% respondents disagree to this statement. Standard deviation of submitting budget without work plan is 1.44; this is because the budget is unplanned as per the organization work plan, so there are probabilities of budget submission without work plan in the selected NGOs. strong coordination with budget department during budget planning of the department have mean of 3.86 meaning that 98.5% agree and only 0.7% strongly disagreed to this statement. Coordination between program department and budget department has SD of 0.568, which indicate the Likert scale output. As mentioned, that strong coordination with budget department during budget planning of the department is Standard deviation of 0.568, meaning data is not much distributed about the mean because respondents had the same opinion about the Coordination between program department and budget department.

The average mean of 4.26 indicates that the financial planning in the selected local NGOS is adequate but not sufficient and the respondents' response to the statement supports it. According to Lucey (2002) no goal of an organization can be achieved without budget planning hence it is the base for effective budget utilization; if planning is weak it will affect the financial planning of the organization because any unplanned activity will be difficult to monitor.

4.3.2 Resource mobilization of the organization

lot of competition for donor resources and in many cases for an organization to secure resources, it depends on how well it can compete with other organizations to raise funds; and on how good it is at exploring other ways to source for resources, Daniel (2010). Resource Mobilization is a process whereby both financial and non-financial resources are mobilized either externally or internally to support organization activities, Rehema (2014). Despite the vast differences among the world's non-governmental organizations (NGOs), most share a common dilemma: Lack of funds limits the quantity and/ or quality of the important work they do. Unlimited needs pursuing limited resources are a fundamental fact of economic life in rich countries and in poor countries (Mechai& Jonathan, 2001). it becomes mandatory to avoid bad practices in Resource mobilization for which fund management in the selected local NGOs.

Table 4.2

S.N	Statement for Likert Scale Analysis and Descriptive Statistics of Secton-2	Strongly Agree	Agree	Neutral	Dis- Agree	Strongly Dis- Agree	Mean Avg. Mean 4.18	Standard Deviat
2.1	Your office has accountability and transparency during resource mobilization	40(15%)	224(83.9)			3(1.1%)	4.12	0.488
2.2	Your office has Networking/relationship with resource providers regularly	36(13.5%)	219(82%)	2(0.7%)	1(.4%)	9(3.4%)	4.02	0.68
2.3	Your office has a Capacity limitation during resource mobilization	35(13.1)	194(72.7)	17(6.4%)	19(7.1%)	2(0.7%)	3.9	0.734
2.4	Your organization has a good profile with funders in previous experience	182(68.2%)	83(31.1%)			2(0.7%)	4.66	0.562
2.5	our organization regularly utilize resources effectively with funders requirement	70(26.2%)	193(72.3%)	4(1.5%)			4.22	0.593

Source: Researcher's Survey 2021

In this section for analyzed under resource mobilization are accountability and transparency during resource mobilization, Networking/relationship with resource providers regularly, Capacity limitation during resource mobilization, a good profile with funders in previous experience and utilize resources effectively with funders requirement. Therefore, to prepare budget thorough understanding of resource mobilization is required and for that professionals having knowledge and experience are essential in the local NGOs. On basis of this, regarding the understanding of resource mobilization was analyzed: from majority of respondents 98.9% agreed and 1.1% disagreed to this statement, indicating that 98.9% of the respondents had accountability and transparency during resource mobilization for the local NGOs. The reason for

effective accountability and transparency during resource mobilizations attributed to the respondents having adequate knowledge of resource mobilization and having professionals with experience in this field. Since budget is prepared in coordination with the budget planning and resource mobilization department any gap in preparation is covered by this coordination. Standard deviation of understanding accountability and transparency during resource mobilization is 0.488 indicating that data is not much scattered about the mean because respondents had the same opinion about the accountability and transparency during resource mobilization. On the statistical table the mean for having knowledge of budget preparation is 4.12, which on the Likert scale falls near to the score of agree, hence we accept that the respondents have adequate knowledge of accountability and transparency during resource mobilization.

Thus the statement that Your office has Networking/relationship with resource providers regularly of the NGOs operations came up; 98% agreed, 3.8% disagreed this statement. The base your office has Networking/relationship with resource providers regularly, 95% respondents agreed that Networking/relationship with resource providers regularly of the local NGOs and then according to the resource limit indicated by the budget planning and resource mobilization department the activities are prioritized depending upon the availability of resources mobilization. Standard deviation of Networking/relationship with resource providers regularly is 0.680 meaning data is not much scattered about the mean because respondents had the same opinion about the Networking/relationship with resource providers regularly. The mean of 4.02 which on the Likert scale falls near to the score of agree, make us accept that the office Networking/relationship with resource providers regularly.

Local NGOs has a Capacity limitation during resource mobilization; 85.8% respondents agreed to it with 7.8% respondents disagreed to this statement.. Standard deviation of 0.734 implies that data is not much scattered about the mean because respondents had the same opinion about a Capacity limitation during resource mobilization. The mean of 3.90, which on the Likert scale falls very near to the score of agree, make us accept the statement.

The statement that the organization has a good profile with funders in previous experience; 99.3% respondents agreed with 0.7% disagreed to the statement. Standard deviation of 0.562

indicate that data is not much scattered about the mean because respondents had the same opinion about the organization has a good profile with funders in previous experience. The mean of 4.66 which is near to score of agree on Likert scale authenticate the statement.

As discussed earlier the regularly utilize resources effectively with funders requirement; 98.5% respondents agreed in other hand there is no respondent disagreeing the statement, reason being that selected local NGOs utilized resource is regularly based upon the funders requirement. Standard deviation of 0.593 indicates that data is not much scattered about the mean because respondents had the same opinion about regularly utilize resources effectively with funder’s requirement. Mean of 4.22 on Likert scale is near to agree score; hence we accept that regularly utilize resources effectively with funders requirement.

The average mean of 4.18 indicates that the resource mobilization in the selected local NGOS is adequate but not sufficient and the respondents’ response to the statement supports it. If their staff have a Capacity limitation, it will affect to build effective and efficient fund management through developing a more accurate overall budget

4.3.3 Budget Execute

Table 4.3

S.N	Statement for Likert Scale Analysis and Descriptive Statistics of Sectors-3	Strongly Agree	Agree	Neutral	Dis-Agree	Strongly Dis-Agree	Mean Avg. Mean 4.09	Standard Deviat
3.1	The organization always utilizes the approved fund based on its plan.	97(36.3%)	166(62.2%)	2(0.7%)		2(0.7%)	4.33	0.573
3.2	Budget underutilization is common in your office	32(12%)		15(5.6%)		2(0.7%)	4.04	0.493
3.3	Budget overutilization is common in your office.	2(0.7%)	11(4.1%)		33(12.4%)	221(82.8%)	4.06	0.479
3.4	Approved budget revision process is common	38(14.2%)	225(84.3%)	1(0.4%)	1(0.4%)	2(0.7%)	4.11	0.466
3.5	Monthly cash flow demand is based on budget plan.	45(16.9%)	189(70.8%)	8(3%)	23(8.6%)	2(0.7%)	3.94	0.781

Source: Researcher’s Survey 2021

Utilization of funds had been a challenge to both the donor community as well as the organization that are responsible for effective utilization of the funds. Therefore, there is need for institutions that are response for the management of these funds to come up with the right framework and procedures to. According to Allen et al (2001), budget utilization system should

ensure not only appropriate expenditure control, but also effective and efficient uses of resource in accordance with budget planned based on activities on basis of this NGOs utilizes the approved fund as planned; 98.5% respondents agreed with 0.7% disagreeing to the statement. Standard deviation of 0.573 indicates that data is not much scattered about the mean because respondents had the same opinion about The organization always utilizes the approved fund based on its plan.

Regarding the statement that budget underutilization is common; majority of respondent's response indicating that underutilization of budget exist selected in local NGOS, 93.6% of them agreed to it as only 0.7% disagree that there is underutilization, meaning some departments do utilize the budget as unplanned. Standard deviation of 0.493 indicates that the data is not much scattered about the mean because respondents had the same opinion about budget underutilization. The reason for not accomplishing the planned activities on time was attributed to delay in purchasing of the required items or acquiring the required services in addition to that at planning stage the market prices are not considered but just estimated, which lead to underutilization of the allocated budget.

Overutilization of budget was agreed by only 4.8% respondents and 95.2% disagreed to it. Standard deviation of 0.868, Overutilization of budget and the mean of 4.06 on Likert scale also confirm that respondents agree to the statement.

As per Peter (1998), when there is poor planning and budgeting, insignificant relationship between budget prepared and as utilized, also above all if there is no linkage between plan and budget prepared it will lead to frequent budget revisions. On basis of this statement, revision of approved budget is common in organization was analyzed. Response of the respondents indicated that the budget revisions exist in selected local NGOs was agreed by 98.5% respondents and only 1.1% disagreed to the statement confirming it. Reason being that at the initial stage of planning, some of the activities were overlooked because of lack of experience in visualizing the complete set of activities involved for executing objective of the organization. Hence, while accomplishing the organization objective, the budget has to be revised for executing the activity which was overlooked. Mean of 4.11, which is near to score of agree on the Likert scale confirms that the statement hold true.

Monthly cash flow demand is based upon the planned budget, was agreed by 87.7% respondents and only disagreed by 9.3% indicating that the statement is true. Standard deviation of 0.781 being below 0.8 indicates that the data is not much scattered about mean. The mean of 3.94 is very near to agree on the Likert scale support the authenticity of the statement. The average mean of 4.09 indicate that budget execution about the fund management. According to the responses of the respondents there is underutilization, meaning some organization do utilize the budget as unplanned.

4.3.4 Fund utilization performance evaluation

Table 4.4

S.N	Statement for Likert Scale Analysis and Descriptive Statistics of Section-4	Strongly Agree	Agree	Neutral	Dis-Agree	Strongly Dis-Agree	Mean Avg. Mean 3.83	Standard Deviat
4.1	The activity performance reports are analyzed and measured against the initially allocated budgets.	27(10.1%)	199(74.5%)	39(14.6%)		2(0.7%)	3.93	0.558
4.2	The organization engages its stakeholders in making key budget decisions	15(5.6%)	71(26.6%)	146(54.7%)	17(6.4%)	18(6.7%)	3.18	0.891
4.3	The financial management system of your organization is in line with ACSO law, rule and regulation.	214(80.1%)	49(18.4%)	2(0.7%)		2(0.7%)	4.77	0.531
4.4	The organization conducts regular audit of the estimated and actual budget	232(86.9%)	23(8.6%)	2(0.7%)	8(3%)	2(0.7%)	4.78	0.677
4.5	Donors transfer fund timely as per the original plan in the implementation of projects	39(14.6%)	39(14.6%)	212(79.9%)	87(32.6%)	81(32.6%)	2.51	1.426

Source: Researcher's Survey 2021

In this section for analyzed under budget utilization performance, are the activity performance reports are analyzed and measured against the initially allocated budgets, The organization engages its stakeholders in making key budget decisions, the financial management system of your organization is in line with ACSO law, rule and regulation, The organization conducts regular audit of the estimated and actual budget and Donors transfer fund timely as per the original plan in the implementation of projects.

On basis of this, regarding the activity performance reports are analyzed and measured against the initially allocated budgets: from majority of respondents 84.6% agreed and 0.7% disagreed to this statement, indicating that 84.6% of the respondents had the activity performance reports are

analyzed and measured against the initially allocated budgets for the local NGOs. The reason for effective the activity performance reports are analyzed and measured against the initially allocated budgets is attributed to the respondents having adequate knowledge of fund management and having professionals with experience in this field. Standard deviation is 0.558 indicating that data is not much scattered about the mean because respondents had the same opinion about the activity performance reports are analyzed and measured against the initially allocated budgets. On the statistical table the mean is 3.93, which on the Likert scale falls near to the score of agree, hence we accept that the respondents have adequate knowledge.

Thus the statement that the organization engages its stakeholders in making key budget decisions; 32.2% agreed, 13.1% disagreed and the other one neutral is 54.7 in this statement. The mean of 3.18, which on the Likert scale falls near to the score of agree, make us accept that the organization engages its stakeholders in making key budget decisions. Standard deviation of 0.891 indicates that data is scattered more about the mean, meaning that the stakeholders are engages making decisions as budget is not fully implemented. The reason is that there are some activities not engaged with stockholders, which leads to higher SD among budget decisions.

The financial management system of your organization is in line with ACSO law, rule and regulation, 98.5% respondents agreed 0.7% disagreed. Standard deviation is 0.531 meaning data is not much scattered about the mean because respondents had the same opinion about the financial management system of your organization is in line with ACSO law, rule and regulation. The mean of 4.77 which on the Likert scale falls near to the score of agree, make us accept that The financial management system of your organization is in line with ACSO law, rule and regulation.

The organization conducts regular audit of the estimated and actual budget; 95.5% respondents agreed to it with 3.7% respondents disagreed to this statement. Standard deviation of 0.677 implies that data is not much scattered about the mean because respondents had the same opinion about a Capacity limitation during resource mobilization. The mean of 4.78, which on the Likert scale falls very near to the score of agree, make us accept the statement.

Thus the statement that Donors transfer fund timely as per the original plan in the implementation of projects; 29.2% agreed, 65.2% disagreed in this statement. Standard deviation

of 1.426 means that the response of the respondents regarding this statement is more scattered and varying more about the mean of 2.51 on the Likert Scale. The mean of 2.51 on Likert Scale reveal that the respondents on average disagree to that the donor fund is timely done which leads to fund management. The reason for not doing the donor fund on time is that the cost of items considered while planning budget varies because of various factors such as different projects are delay and variation of prices due to exchange rates changes

Average mean of 3.83 of Fund utilization performance evaluation imply that there is overall acceptance by the respondents that local NGOs. But donor fund not timely transfer, it affect different projects are delay

CHAPTER FIVE

Summary Conclusions and Recommendations

In this chapter the findings of the data analyzed in chapter-4 is followed by conclusion of the assessment of fund management of selected local NGOs in Addis Ababa. The chapter presents summery, conclusions and recommendations of the study based on the findings, research questions and objectives of the study based upon this research are given for improving fund management of selected local NGOs in Addis Ababa.

5.1 Summary of Findings

The findings from the analysis of the data collected for four specific objectives of the study are as below. the Study of demographic characteristics of the staff involved in fund and the fund management, reveal that majority of the selected NGOs is in the educational level segment 1.1% of the respondents are diploma holders, 68.9% of degree holders with balance 30% having masters. Mostly respondents are having experience between 6-8 years 44.2% and 16.9% , 9-11 years.

5.1.1 Finding of financial planning at the local NGOs

Finding revealed by data analysis indicated that financial planning selected local NGOs is *agree (above mean value)*, supported by average mean of 4.26 which on the Likert scale range of 4.22 - 5.00 indicate that the respondents are very agree. Budget submission is usually made without work plan to indicate that 79.8% respondents are agreed although the result shows negative impact on fund management. Unplanned budget requires has taken a lot of time to determine the exact financial resources required. Furthermore, during the year, when any change must be made to the resource required, it becomes difficult to achieve the balanced budget of the organization. If the budget submission, without work plan, it can lead to an increasing in cost and budget without work plan sometimes make it difficult to evaluate the performance of the financial planning.

5.1.2 Findings of resource mobilization

Finding revealed by data analysis indicated that resource mobilization selected local NGOs has *agree (above mean value)*, supported by average mean of 4.18 which on the Likert scale range of

3.42 - 4.21 indicate that the respondents are agree the resource mobilization. Respondents 85.8% agreed indicate that Capacity limitation during resource mobilization. The gap has been identified that limitation of capacity during the resource mobilization has not timely budget or fund approval, Demands timely fund utilization report and studying its impact to take corrective action, not properly distribute the budget for different activities.

5.1.3 Findings of budget execute

Finding revealed by data analysis indicated that budget execute selected local NGOs has agree (*above mean value*), supported by average mean of 4.09 which on the Likert scale range of 3.42 - 4.21 indicate that the respondents are agree the budget execute. The gap identified show that there is underutilization of budget, because of purchasing not done on time, which delays the activities, hence the underutilization of allocated budget prevails, increasing bench time of the project, frequently missing project deadline, lower productivity level, decreased employee engagement and productivity, Budget utilization reports are not made timely. in addition Organization does not utilize the budget as planned.

5.1.4 Findings of Fund utilization performance evaluation

Finding revealed by data analysis indicated that Fund utilization performance evaluation has agree (*above mean value*), supported by average mean of 3.83, which on the Likert scale range of 3.42 - 4.21 indicate that the respondents are agree. The gap identified show that there Donors transfer fund not timely as per the original plan in the implementation of projects has challenges during implementation of the among them is delay receipt of funds. This leads to uncertainties in the implementation activities and sometimes abandonment of project activities. Due to the scarcity of information on donor fund not timely transfer fund disbursement producers on project implementation which all stakeholders such as supplier, consultants and contractors need to be aware of in advance in order to implement projects with least levels of interruption.

5.2 Conclusions

Based on analysis of the findings, the study has revealed the major factors influencing the fund management in the selected local NGOs. Especially budget submission without work plan, capacity limitation during resource mobilization, budget underutilization and donors transfer

fund timely as per the organization plan in the implementation of projects affects fund management in local NGOs. However, there were limitations regarding finding considerable published data to sufficiently compare and contrast this study finding. Even though these study has generated important information that can serve as a base line data for further research.

5.3 Recommendations

Based on the finding researcher would like to forward the following recommendation

- To reduce dependency on foreign fund it is recommended to adopt local resource mobilization approach using alternative means of generating fund locally through consultancy, arranging concerts, great run and advocacy activities and business closely linked to their main work.
- Local NGOs need to build capacity of their staff on effective and efficient fund management through developing a more accurate overall budget, utilize a dashboard to communicate financial updates and engage board and staff stewarding finance.
- Local NGOs need to diversify funding source to minimize extreme dependence on few donors by a proper strategic fund raising plan by systematic assessment of all potential opportunities through innovative way.
- Donors transparency in funding criteria of their organization, make their selection criteria clear for resource finders
- Even though this study has generated important information that can serve as a base line data further investigation and studies are highly recommended to fill the gap and limitation of this study

5.4 Recommendation for Future Research

This work is an attempt to assess fund management of selected local NGOs in Addis Ababa. Given the key contribution that the sector plays in the economy of the country, future research should focus on the assessment of fund management by including more NGOs that will provide better insights about the entire sector's for management of the institution and regulatory bodies.

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APPENDIX I:
Questionnaires

St. MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF ACCOUNTING AND FINANCE
(MBA PROGRAM)

Questionnaire for conducting research on **Assessment of Donor Fund Management: The Case of Local NGOs. In Addis Ababa**

Questionnaire is to be fill by concerned officers implementing sectors. To achieve relevant information the honest and relevant information you give to the questionnaire make the study complete and reliable. All your response are confidential and are not used other than the purpose of the study.

Accordingly, no need of writing your name, select your response among the choices and write smartly your reason where you were ask to do so.

For all the efforts and time, you sacrificed to fill and return the questionnaire that would not otherwise make this study complete, and representative, I would like to say thank you in advance.

Yours faithfully

Name: - Bethlehem Bekele

Telephone: 0913-700200

Email: - betlehembekele@yahoo.com

PART I: PERSONAL INFORMATION

General Direction:

The questionnaire has five sections. Provide your responses by circling, putting a tick mark (√) and writing your responses/comments on the blank spaces, as it applies to each question accordingly.

PART-1

Demographic Information:

1. Education: Diploma Degree Masters
2. Total years of work experience: Below 3 3 To 5 5
7 To 10 Above 10
3. Total years of work experience specific to fund raising and budget planning: _____
Department: _____
4. Work position: Management Expert Others Specify _____

Part 2:

Organization related Questions

1. Age of your organization (in year)
 - a) 1-5 years
 - b) 6-10 years
 - c) 11-15 years
 - d) >15 years
2. Major area of activities in the organization; (more than one answer is possible).
 - a. Education.
 - b. Agriculture
 - c. Water and sanitation
 - d. Child development
 - e. HIV/AIDS
 - F. If other specify _____
3. Source of funding
 - a. Foreign fund (___ %) b. Local fund (___ %) c. Both (Foreign fund ___ %) & local fund ___ %
 - D. If there is other source specify _____
4. If foreign fund, what kind (more than one answer is possible)
 - a. Donation
 - b. Grant
 - c. Gift
 - d. If other specify _____

Part 3:

Please indicate the extent to which you agree/disagree that each of the listed Projects planning, resource mobilization, budget excursion and evaluation of Local NGOs in your organizations by ranking the factors on a five-point scale and putting a tick mark“√” where appropriate. 1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree, 5= Strongly Agree

1. Statements related to planning

NO	STATEMENTS	1	2	3	4	5
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1	You have adequate understanding to prepare budget plan.					
1.2	Your office has adequate professionals who prepare plan and budget.					
1.3	Plans of your office are linked adequately to the annual budget.					
1.4	Budget submission is usually made without work plan.					
1.5	In your office program department is strong coordination with Budget Department during planning.					

Kindly mention your opinions & comments if any in relation to planning:

2. Statements related to resource mobilization

NO	STATEMENTS	1	2	3	4	5
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
2.1	Your office has accountability and transparency during resource mobilization.					
2.2	Your office has Networking/relationship with resource providers regularly.					
2.3	Your office has a Capacity limitation during resource mobilization					
2.4	Your organization has a good profile with funders in previous experience					
2.5	Your organization regularly utilize resources effectively with funders requirement					

Please provide any additional information which might have been overlooked above:

3 Statements related to budget execute

NO	STATEMENTS	1	2	3	4	5
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
3.1	The organization always utilizes the approved fund based on its plan.					
3.2	Budget underutilization is common in your office.					
3.3	Budget overutilization is common in your office.					
3.4	Approved budget revision process is common. .					
3.5	Monthly cash flow demand is based on budget plan.					

Please provide any additional information, which you think, might help in the research:

4. Statements related to fund utilization performance evaluation

NO	STATEMENTS	1	2	3	4	5
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
4.1	The activity performance reports are analyzed and measured against the initially allocated budgets.					
4.2	The organization engages its stakeholders in making key budget decisions					
4.3	The financial management system of your organization is in line with ACSO law, rule and regulation.					
4.4	The organization conducts regular audit of the estimated and actual budget					
4.5	Donors transfer fund timely as per the original plan in the implementation of projects					

Please provide any additional information pertaining to the study of variance:

THANK YOU FOR YOUR TIME