



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**FACTORS AFFECTING FUND MANAGEMENT: THE CASE OF
INTERNATIONAL MEDICAL CORPS**

**A THESIS SUBMITTED TO ST. MARRY'S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILMENT OF MASTER OF
BUSINESS ADMINISTRATION**

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Certification of Approval

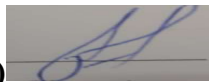
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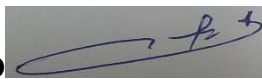
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DECLARATION

I hereby declare that this thesis entitled “Factors affecting fund management in the Case of International Medical Corps” represents my own work which has been done after registration for the degree of MBA at St. Mary University and has not been previously included in a thesis or dissertation submitted to this or any other institution for a degree, diploma, or other qualifications. I have read the University’s current research ethics guidelines and accept responsibility for the conduct of the procedure under the close supervision of my advisor Yirgalem Tadele (Ph.D.). All sources of materials used for this thesis have been duly acknowledged and I confirm that this thesis has not been previously submitted either partially or fully to any higher learning institute.

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ACRONYMS/ABBREVIATIONS

DAC	Development Assistance Committee
DFAP	Development Food Assistance Program
NGO	Non-Governmental Organizations
GBS	General Budget Support
GDP	Gross Domestic Product
MDG	Millennium Development Goals
NGO	Non-Governmental Organizations
OECD	Organization for Economic Cooperation and Development
ODA	Official Development Assistance
PD	Paris Declaration
PFM	Public financial management
PRBS	Poverty Reduction Budget Support
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Strategy Credit
SSA	Sub-Saharan Africa
SWAP	Sector-Wide Approach
USAID	United States Agency for International Development
UN	United Nations
ECHO	European Commission Humanitarian Aid

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Abstract

This study examines the factors affecting fund management practice, factors such as technical factors, factors attribute to donor behavior and managerial factors. The research sample is 47 employees of International Medical Corps. The researcher also collected quantitative and qualitative data from the company employees using structured questioners and different secondary documents from literatures. On the analysis of the relationships between the factors affecting fund management practice and fund management practice, a series of OLS regressions were run. All the above were aimed at achieving identifying the relationship between dependent variables and independent variables. The main findings are as follows. The data was analyzed using Statistical Package for the Social Science (SPSS) version 27 to assist the researcher in answering the research questions. Descriptive and inferential statics were used for analysis of the research data. The descriptive statics part was analyzed using mean and standard deviation whereas correlation and regression were used from inferential statics. Descriptive statistics aimed to summarize the data set while inferential statistics including correlation and regression analysis used the data collected to make conclusions on the whole population under study. The findings of the study established that there is positive and significant relationship between fund management practice a dependent variables and technical factors and managerial factors and attribute for donor behavior ($r=0.411, .709$ & $0.529, n=47, p=.000$) as $P < 0.05$. The study also revealed that the three key factors: technical factors, factors attribute to donors' behaviors and managerial factors have significant effect on fund management practice. The study recommends that IMC must work towards improvements that will make the three crucial factors that determines the fund management practice.

Key words: Fund management practice, technical factors, factors attribute for doner behavior and Managerial factors.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Nonprofit organizations do not distribute surplus funds to owners or shareholders, but instead use them to help pursue organizational goals. They are not affiliated to any government or private sector entity and are devoted to managing resources and implementing projects with the goal of addressing social problems. Nonprofit organizations play an important role in bridging the gap between government, business sector and society. Besides, the nonprofit organizations also act independently for the welfare of the society by empowering them through training programs, financial support, skill development, advocacy etc. Nonprofit organizations include charities, nongovernmental organizations, self-help groups, social movements, and trade unions etc. which take on the responsibility of conducting programs which are generally side lined by local or state authorities. The role of nonprofit organizations assumes even greater significance as they are the mediums to deliver the goods for the achievement of social welfare objectives and their main aim of establishment and functioning in the interest of the public at large with no associated monetary profit. The presence of a large non-profit sector is sometimes seen as an indicator of a healthy economy in local and national financial measurements. With a growing number of non-profit organizations focused on social services, the environment, education and other unmet needs throughout society, the nonprofit sector is increasingly central to the health and well-being of the society (Pant, 2006)

Hankin, Seidner and Zietlow (1998) observe that in today's world characterized by competition, financial management of a non-profit organization is just daunting as that of a for profit organization. Non-profit managers should have the financial expertise which involves, managing an organization's financial resources, establishing, and revising financial policies, accounting, budgets and financial reports, investing for the short and long term and controlling and managing risk.

However, aid is not always effective. Utilization of aid is often hampered by unrealistic targets, budget constraints, divergent political interests, and a lack of coordination among development partners and recipient organizations (OECD, 2011).

Donor Aid management remains a top priority for the international development community. According to Acharya et al. (2003), whether tackling the global MDGs or working collaboratively on Poverty

Reduction Strategies at the country level, donor agencies must improve their effectiveness to achieve concrete development outcomes and eliminate poverty. Easterly (2003) argued that in looking at the history of aid, one might wonder if ODA is truly meant to promote economic growth and reduce poverty. The problems of economic governance and ineffective utilization of development assistance have ranged from poor or no consultation with the intended beneficiaries, lack of coordination between various government agencies, the failure to harmonize policies, programs and procedures harmonization and alignment, poor project design, to poor monitoring of foreign funded projects and consequently indebtedness and poverty (Mosley and Eeckhout, 2000)

The extent of success of donor funded projects is determined by both technical and managerial capacity of the human resources of the implementing agencies. In addition, appropriate supportive infrastructure is a necessity. The officers in the donor funds projects chain may lack the formal training in foreign aid management, budgeting, and accounting. These weak skills may lead to poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor (Arndt C., 2000a).

O'Connell and Soludo (2001) argued that accountability is a key pillar of effectiveness. Accountability refers to full transparency regarding the purpose, content, responsibility, and performance of the development agency. Martens et al. (2001) observed that because of the sufficient & direct evaluation feedback in foreign aid, inserting an explicit evaluation function in foreign aid programs is necessary to eliminate performance problems. If the evaluations are well

Performed, to the extent that there is no independent mechanism in place to act on these evaluations, the aid agency's behavior would likely not be affected. An independent foreign aid evaluation agency could be a way around these problems. In addition, even if donors adopt formal evaluation as a key component in aid programs, there would still be difficulties in exercising external influence without undermining local accountability relationships (World Bank, 2003).

In all governments, resources kept for particular uses flow within legally defined institutional frameworks. Typically, funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. However, in developing countries, information on actual public spending at the frontline level or by program is seldom available (Dehn, 2003). Most donors have multiple objectives. The problem with multiple objectives is that they

typically imply trade-offs, especially in the short run. When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort. Since some tasks are more easily monitored by their supervisors, such as input activities like budget, procurement, and hiring of consultants, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks (Svensson J. 2005)

This study to examines the key factors affecting fund management practice and its implementation by IMC. This organization is selected for this study because, IMC has long-term operational presence in international NGO industry in Ethiopia as well as globally and one of USAID, UN agencies, Private Donors, ECHO, EU asa Consortium Partners selected INGOs used to channel an estimated amount of more than 54 million USD per year over the past five years. It has received and administered different big projects from above mentioned Donors in five different project sectors (Nutrition(NUT), Genderbased violence (GBV),Water, sanitation, and hygiene(WASH), Health and Mental Health and Psychosocial Support) at IDPs, Refugees and Host communitieslevel reaching its humanitarian assistant. IMCstaff's multiple years of experience also means officials from IMC have long enough experience to understand their operations and they have a well-developed and the depth of perspective required to provide the answers this research sought. It has also put in place a significant number of currently "active" projects across Tigray Region, SNNP, Amhara Region and Oromia Region. Afar Region, Somali Region,Gambella Region thus providing a resource rich database for exploring the main research question.

Historical background of International Medical Corps

International Medical Corps is a global, humanitarian, nonprofit organization dedicated to saving lives and relieving suffering through health care training, relief, and development programs.Established in 1984 by volunteer doctors and nurses, International Medical Corps is a private,voluntary, nonpolitical, nonsectarian organization.

During the past two decades, International Medical Corps has responded to complex emergencies,as well as to the challenges of transition, in more than 40 countries, states, regions, and territorieson four continents.

Since 2003, INTERNATIONAL MEDICAL CORPS Ethiopia has implemented different programming in andregions, Ethiopia in t Oromia, Amhara, Afar, Tigray, Gambella, Somali and Southern Nations,Nationalities, and People's Regions of Ethiopia, assisting both refugees and local communities

to drive their own sustainable development by capacitating local health and food security structures including staff through technical, material (medical supplies and equipment) and logistical support to provide accessible and appropriate health care and timely responses in the areas of:

- Primary Health Care,
- Nutrition,
- Reproductive Health,
- Maternal and Child Health,
- Mental Health,
- Water, Hygiene and Sanitation (WASH),
- Gender-Based Violence (GBV),
- Livelihoods and Disaster Risk Reduction (DRR) using community empowerment strategies including psychosocial support and care, Early Child Development (ECD), Infant Young Children Feeding (IYCF) and Community-Led Total Sanitation (CLTS).

1.2. Statement of the problem

Though foreign aid has continued to play an important role in developing countries, especially sub-Saharan Africa, it is interesting to note that after half a century of channeling resources to the Third World, little development has taken place. In almost all sub-Saharan Africa, there is a high degree of indebtedness, high unemployment, absolute poverty, and poor economic performance. The average per capita income in the region has fallen since 1970 despite the high aid flows. This scenario has prompted aid donor agencies and experts to revisit the earlier discussions on the effectiveness of foreign aid (Lancaster, 1999).

There are number of problems faced by the Non-Governmental Organizations like inefficient management, lack of resources, capacity building, performance measurement, increasing overhead charges, resource mismanagement etc. Until recent years, financial reporting by nonprofit organizations has been of relatively little interest to non-management board members and the general public. An attitude of permissiveness, which focused on good works and a desire to minimize administrative costs, has permitted the issuance of financial statements that were often incomplete and misleading. Fund raisers, in an effort to build a climate responsive to their appeal, have tended to influence reporting in a

way that emphasizes financial need. The accounting profession has either ignored the area entirely or has made excuses for inadequate reporting, often specifically excluding nonprofits when accounting principles were promulgated. (Racek, 1988)

Drucker (1979) observes that Non-profit organizations are misdirected by budget. Dependence on a budget allocation militates against setting priorities and concentrating efforts. Maddox (1999) identifies that Budgeting is fundamental to non-profit management. It is one of the best tools available to focus and coordinate an organization. Oster (1995) stresses that for many non-profits; fund raising is the most troublesome aspect of management. The budgeting system and the financial reporting system are as fundamental to planning and control in a nonprofit as they are in a for-profit organization

A key challenge facing both the local and international community is how to ensure the effective delivery of foreign aid in poverty-reduction efforts around the world. Easterly (2003) argued that despite large amounts of foreign Fund-and several countries that were able to utilize foreign assistance in their development and poverty-alleviation strategies, the effectiveness of foreign Fund management remains in doubt.

Effective public finance management, including the management of aid flows, is crucial to countries making progress in reducing poverty (OECD, 2006).

The aid organizations are expected to sign and abide by the Core Humanitarian Standards to provide any assistance for the person with concern. According to the Core Humanitarian Standard (CHS) which is all the aid organizations are utilizing as a standard document for provision of any humanitarian assistance, all person with concern (beneficiaries) has the right to get a well-managed assistance through qualified staff. If an aid organization has signed this CHS it has to be accountable for the donor as well as the beneficiaries in providing any support among the major components the aid organizations have to ensure effective budget utilization with effective fund management to be accountable for the donor as well as the beneficiaries.

International Medical Corps (IMC) has signed this standard to be accountable for the donor and beneficiaries. As IMC is operating in different regions with a multi-million project it needs to manage the fund and utilize the budget effectively and challenged by the budget utilization through the project period. Delay of in different donor report, government reports can show us it is challenged in budget utilization consequently ineffectiveness of the fund management. But I observe IMC is currently challenging in managing the funds and utilizing the budget properly. This affects the project

accountability as well as the reputation of the project implementation. Moreover, due to lack of a well-equipped ICT infrastructure, IMC is unable to manage the funds on time as a result delayed being collected centrally is very common. This affects the effectiveness of the fund management practice.

To this end it was necessary to conduct research which can identify the root causes of the fund management problem and in-effective in its implementations. Even if, there were ample of research were conducted in this area for different organization like business entities and business enterprises, but this research was focus on only International Medical Corps and the major findings is contribute for this organization to improve the fund management practice and its effectiveness, followed its project accountability is ensured for the donor as well as for the person with concern.

In this study major factor that affect the fund management practice affect the project accountability for the donor as well as the person with concern is identified. The purpose of this study was, to assess the factors affecting fund management practice a case of IMC.

1.3. Objectives of the study

1.3.1. General Objective of the study

The general objective of this study was assessing factors affecting fund management practice in case of IMC.

1.3.2. Specific Objective of the study

The study was guide by the following specific objectives:

1. Examined the extent to which technical factors affect effective use of donor Fund by IMC
2. Assessed the extent to which factors attributed to donor behavior affects effective use of donor Fund by IMC.
3. Measured the extent to which managerial factors affect fund management practice and its effective use of donor Fund by IMC

1.4. Research Questions

For the purpose of this study, the following questions were addressed:

1. The extent to what technical factors that affect fund management practice by IMC?

2. The extent to what factors attributed to donor behavior is affected the fund management practice by IMC
3. The extent to what managerial factors that is affected effective use of the fund management practice by IMC?

1.5. Significance of the study

This study will be used as an indicator on factors that lead to lack of Fund management practice by IMC despite the determinant efforts made by donors.

The study seeks to raise ideas and issues in the hope that the various stakeholders and individuals directly addressing issues related to donor funded projects. Specifically, it is hoped that the findings of this study will be beneficial to various key stakeholders as it is going to be discussed herein.

Local and International Non-governmental organizations operating in Ethiopia

The study findings will enable the local and International NGOs in Ethiopia to understand the missing link between the philanthropic services they offer to the communities and the needs of the communities in order of priority. On basis of the findings, they should be able to put in place appropriate corrective mechanisms that would enable them offer services in a more effective manner.

Government Policy makers

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

The project managers

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

The donor community

The donor community will understand their role in the donor funds management and projects successes.

The academic researchers

This study will make a contribution to the growing body of research on effective use of donor Fund. The findings may also be used as a source of reference by other researchers. In addition, academic

researchers may need the study findings to stimulate further research in this area and as such form a basis of good background for further research.

1.6. Scope of the study

This study was conducted and focus mainly on factors that affects Fund Management practice in case of IMC and the program management, finance, program development, Human Resource and Field program team is the one who were the respondents, the respondents are in the country office as well as the different field offices who are directly related with the above departments.

This study were considered by the researcher as a preliminary endeavor haven't been evaluate the potential factors that affect fund management practice in general and were try to address and identify factors that affect fund management practice, technical factors, managerial factors and factors attribute to donor behaviors, and its relationships that has an impact on the performance of the project successes as well as its strategy that was provided as the best solution by using a mixed approach to collect quantitative and qualitative data using a well structure five stage Likert scale and key informant guides respectively.

1.7. Limitation of the study

In fact, there are many organizations in Ethiopia that are engaged in Management and Utilization of foreign Aid Fund. However, this study was not incorporate other local Organizations because, local NGOs in Ethiopia followed the same guidelines, rules and regulations provided by government; they followed best practices and principles that have been endorsed by OECD/DAC and can be applied globally to make aid work better and they have been affected by the same rules and regulations, when they use same donors' resources. The study concentrates on IMC because it is the forefront International NGO is a global, humanitarian, nonprofit organization dedicated to saving lives and relieving suffering through health care training, relief, and development programs, since 2003 G.C in Ethiopia, it is one of USG selected major INGOs used to channel Aid and It has received and administered different big programs.

Although the study was restricted only to IMC, its finding is expected to somehow reflect some of the common features of others partner INGOs since some of the problems exhibited in IMC were also observed on others. The other limitation is that getting all the respondents at the time of data collection

was not very easy. NGO environment is very dynamic and time bounded. Most of them was in the field and Country office level and difficult to address them as the work intensity is high.

1.8. Organization of the Paper

The entire study is divided into five (5) chapters and Chapter one, is dedicated to the background to the study, background of the organization, statement of the problem, purpose of the study, research objectives, research questions, significance of the study, scope and limitation of the study and organization of the paper.

Chapter two deals with a review of theoretical and empirical work done in relation to factors that affects fund Management practice in NGOs. It was also explained in depth how this report adds to the insights provided in existing academic and practitioner literature about the effectiveness of fund management practice in NGOs and the debates among practitioner studies around the globe and in Ethiopian context.

Chapter three is explained, method of sampling, data collection instrument and data analysis technique employed in order to come up with empirical result.

Chapter four is discussed the interpretation and presentation of the findings on common pattern of the perceptions of INGO effectiveness in a way that provides a comprehensive answer to all the research questions in this research.

The last Chapter presents the discussion of key findings, conclusion was drawn from the findings highlighted and were given recommendations. Areas of further research is also summarized in this chapter that may contribute to the existing body of knowledge to the management of the donor funded project.

1.9. Definition of terms

Non-Governmental Organization (NGO): Any non-governmental organization or entity, whether non-profit or profit-making, receiving or providing donor-funded assistance under an assistance instrument or contract.

Foreign Aid: the voluntary movement of money or other resources from one nation to another. The transactions are mostly from developed countries to developing countries

Humanitarian Assistant: Humanitarian assistance is generally accepted to mean the aid and action designed to save lives, alleviate suffering, and maintain and protect human dignity during and in the

aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Literature

This study presents a review of the literature related to its purpose. The review organized according to the specific objectives in order to ensure relevance to the research problem. The review was undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. The literature review is based on authoritative, recent, and original sources such as journals, books, thesis, and dissertations. The literature review also clarifies the variables, gives insights on how they have been studied previously, the methodologies used, and it leads to the knowledge gap and enables a conceptual framework to be developed. It also provides the theoretical underpinnings of the study.

2.1.1. Fund/Grant and its Management practice

Fund management Practice is a managerial accounting strategy focusing on maintaining efficient levels of both components of fund, current assets and current liabilities, in respect to each other. Fund management ensures a project has sufficient cash flow in order to meet its short-term debt obligations and operating expenses. Fund management is a very important component of corporate finance because it directly affects the liquidity, profitability and growth of a business. It is important to the financial health of businesses of all sizes as the amounts invested in working capital are often high in proportion to the total assets employed (Atrill, 2006).

It involves the planning and controlling of current assets and liabilities in a manner that eliminates the risk of inability to meet short-term obligations and avoid excessive investments in these assets (Lamberson, 2005). This management of short-term assets is as important as the management of long-term financial assets, since it directly contributes to the maximization of projects' profitability, liquidity and total financial performance. Consequently, projects can minimize risk and improve the overall financial performance by understanding the role and drivers of funds, Lamberson (2005). In addition, as established by several researchers (Peel and Wilson 2000, Padachi, 2006, Kotut, 2003) efficient

management of capital is pivotal to the health and performance of firms hence their view that firms should employ the use of efficient practices of fund management as a strategy of improving their value. The literature on working capital management practices identifies efficiency of cash management, efficiency of receivables management and efficiency of inventory management as determinants of financial performance model. Financial performance can be improved if efficiency levels of cash, receivables and inventory management practices are increased. The investigation on fund management practices was focused on cash management practices, receivables management practices and inventory management practices.

According to Financial Management Training Module (2008) of Transparent Accountable Local Governance Program of Asia Foundation, Grant is a financial award made by a funding agency to a grantee to support a project or other work. The grant is usually sought by the grantee through a proposal or application made to a funding or donor agency.

Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation, or trust, to a recipient, often (but not always) a nonprofit entity, educational institution, business or an individual. In order to receive a grant, some form of Grant Writing often referred to as either a proposal or an application is required.

Most grants are made to fund a specific project and require some level of compliance and reporting. The grant writing process involves an applicant submitting a proposal (or submission) to a potential funder, either on the applicant's own initiative or in response to a Request for Proposal from the funder. Other grants can be given to individuals, such as victims of natural disasters or individuals who seek to open a small business. Sometimes grant makers require grant seekers to have some form of tax-exempt status, be a registered nonprofit organization or a local government. (Wikipedia, the free encyclopedia, modified on 24 October 2014)

Grants are external funding meant to co-finance projects or programs that aim to achieve specific social or environmental objectives. They are an important source of funding for many NGOs.

Good grant management ensures that an organization will be also in the future considered as a potential recipient of funds. It is therefore an essential activity for maintaining the financial sustainability of many organizations.

Building Good Grant Programs uses construction as a metaphor to explore and illustrate the planning which needs to take place to create quality grant making. It proposes that funders and grant givers need to establish strong foundations for their programs design and build a cohesive architecture (or grant making structure) and then put in place key building blocks to deliver the work (Icarus, 2012).

2.1.1.1. Budget Planning

Every project needs to have a budget. A budget is a projection of future expenses anticipated in order to accomplish a set of specific activities to reach the projects' objectives or goals. During the budgeting process, activities are detailed out in order to assign a monetary value to the work International Medical Corps is proposing to implement to reach goals and objectives stated in the narrative. The budget can be further used to measure success in meeting goals in a cost-efficient manner. A detailed budget links the funding International Medical Corps has requested with specific elements of the proposed project.(IMC financial management Handbook, 2019).

Budgeting and budget process

Budgeting is the process of preparing, compiling, and monitoring financial budgets. It is a key management tool for planning and controlling a department within an organization (Brookson, S, 2000) Budgeting creates a framework within which individuals, departments, and whole organizations can work. Budgets encourage individuals and departments to look and plan ahead using a standardized agenda that can enhance effective communication of their objectives '(Brookson, S, 2000). Budgets also provide a focus for evaluation of the various aspects of an organization in a controlled fashion.

2.1.1.2. Financial Management and Reporting

All Interreg programs require progress reporting during project implementation. The aim of the reporting process is to establish whether project objectives have been achieved, what resources have been expended, what problems have been encountered, and whether the project is expected to be completed on time and within budget. If performance is sufficient, the project will receive payment from the program for costs incurred, paid and reported (EU Manual, 2013). The most common practice is that programs have one progress report form which includes both financial and content related information and must be supplemented by required attachments. In addition, programs often have a separate final report form which is submitted at the end of the project. The frequency of the reports submitted is decided by the program, and this varies from program to program (EU Manual, 2013).

2.1.1.3. Internal control system

By international control systems, we refer to techniques adopted to ensure proper receipts and expenditure in an organization. The application of internal control system is necessary in order to ensure proper accountability and judicious use of available fund. Of course, the growth and success of any known organization is dependent on the available fund and its effective and efficient management. According to Massey (2003), internal control system means all policies and procedures adopted by the management of an organization to assist in achieving management objectives of ensuring best practice on the accounting system. Also, the orderly and efficient conduct of its business including adherence to management policies, the safeguarding of assets, prevention and detection of fraud and error, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Emiracity School (2004) defined internal control system as an integration of the activities, plans, attitudes, policies and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission. The definition given by the Emiracity School further established that internal control impacts on every aspect of an organization, processes, and physical structure. It is a basic element that permits an organization and also incorporates the qualities of good management. The internal control system is effective when people in the surrounding environment work together and provide a level of comfort to the organization, control do not guarantee success. In every organization, where internal control is practiced, it is the school management that decides how it is to be applied to enable the organization achieve set goals. The following factors should be considered in the establishment of a strong internal control system according to Adeniyi (2004) which include.

- ✓ The nature, size and volume of transactions
- ✓ The control exercised personally by individual members of management
- ✓ The geographical distribution or location of the organization
- ✓ The cost of setting up controls and the benefits obtained thereby and
- ✓ Management attitude to control.

Aguolu (2004) viewed internal control system as the set of accounting and administrative control practice that helps to ensure that approved and appropriate decisions are made in an organization. Internal controls are the policies and procedures by which an organization governs her activities. Such a system provides a reasonable assurance that programmers can achieve their intended results; resources

are used consistently with objectives and are protected from waste fraud and mismanagement, laws and regulations are followed; and reliable/timely information is maintained, obtained, reported and used for decision making.

2.1.2. Basic Elements of Fund Management

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

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

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

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

Performance management system – These ensure that funds are used efficiently and effectively.

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

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

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

2.1.3. Types or Classifications of Funds

Non-profits Assistance Fund: is an organization that provides loans, financial advice, financial management training, and financial strategy consulting to nonprofits in Minnesota and adjacent communities. According to their newsletter (2010), nonprofit organizations report contributed income in one of three categories – unrestricted, temporarily restricted, or permanently restricted. These different income classifications are determined by either the absence or the existence of donor-imposed restrictions on the use of funds.

Restrictions can only legally be placed on funds by their donors. The shape and form of the restrictions are defined in the “gift instrument.” The gift instrument is the document that establishes the use of the donated funds.

Examples of gift instruments include award letters from foundations and letters from individual donors.

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

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

Permanently Restricted: These funds are restricted by the donor for a designated purpose or time restriction that will never expire. The intent is that the principal balance of the contribution will remain as an investment forever, and the non-profit will utilize the interest and investment returns, such as with an endowment.

Literatures such as Trustees annual report, 2013, Barbara Clare, 2011, Tony Solgard, 2014, Venable LLP, 2013 also classifies fund based on the limitation or controlling conditions made by donors.

2.1.4. Factors affecting effectiveness of use of donor Fund

2.1.4.1. Factors attributed to donor behaviour in effective Fund Management

Accountability:

Accountability is a pillar of democracy and good governance that compels the state, the private sector and civil society to focus on results, seek clear objectives, develop effective strategies, and monitor and report on performance measured as objectively as possible. It is also a key pillar of effectiveness. It refers to full transparency regarding the purpose, content, responsibility, and performance of the development agency (O’Connell and Soludo, 2001).

Numerous definitions of accountability have been offered by scholars and practitioners of development. For example, Edwards and Hulme (1996) define it as “the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions.”

In their study of accountability in the World Bank and NGOs, Fox and Brown (1998) similarly describe accountability as “the process of holding actors responsible for actions.”

Accountability mechanisms, such as annual project reports and financial records are used not only by funders to keep track of NGO spending, but also by NGOs to leverage funds by publicizing their projects and programs. There is thus a resource interdependence in which NGOs rely on donors for money, and donors rely on NGOs for their reputations in development (Ebrahim, 2002).

Transparency promotes openness of the democratic process through reporting and feedback, clear processes and procedures and the conduct of actions by those holding decision-making authority. It makes information understandable and keeps clear standards accessible to citizens (Rondinelli and Cheema, 2003).

Transparency at all stages of the technical cooperation: design, implementation and evaluation, is essential to win public trust. It is also an important precondition of informed public participation and an effective method of ensuring probity. Where projects are designed and implemented in secrecy, most intended beneficiaries and other concerned people never learn what has been planned, why, and how it is to be implemented. Therefore, they cannot demand accountability from their governments and other institutions.

Access to information moves center stage within a rights-based approach to development. Open information flows improve governance and social and economic outcomes by increasing public demand for more effective institutions. The availability and exchange of information through open debate holds officials to account and thereby fosters changes in behavior and supplies ideas for change.

Predictability in timing and disbursement:

Aid predictability is all about when and what amount of aid commitments are disbursed. OECD (2005), for instance, defines predictable as a practice of commitment that makes partner countries to be confident about the amount and timing of aid disbursements. This broad definition encompasses short-, medium-, and long-term disbursements, as well as intra-annual disbursements. If predictability is about the amount and timing of disbursement, one can measure it by taking several specific programs over a specific period and comparing the difference between commitments and disbursements with the mean. The higher the gap between aid commitments and actual disbursements, the lower is the predictability of aid.

For developing countries like Ethiopia, aid is an important source of public spending. The government has a target for aid revenue, and it incorporates the expected revenue into its fiscal planning. Ethiopia has a plan to mobilize more than 30 percent of its revenue from foreign financing. This means that aid is taken into account when revenue decisions and expenditure allocations are made. Thus, volatile and unpredictable aid undermines the development effort. If the recipient government is not certain about the volume and the time of aid inflows, it is in a very difficult position to plan and implement development expenditures in line with its development priorities. Thus, one can say volatile and unpredictable aid can cause ineffective and distorted uses of resources, and can compromise growth and development (Getnet, A., 2009).

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

Broken information (accountability) feedback loop:

Aid agencies differ from other organizations in the public sector in some important ways. Perhaps most importantly, the people for whose benefit aid agencies are supposed to work (poor people in recipient countries) are not the same as those from whom their revenues are obtained (taxpayers in the donor country). As noted in Martens *et al.* (2002), this geographical and political separation between taxpayers and beneficiaries blocks the normal performance feedback process.

In the case of foreign aid, geographical and political separation between the beneficiaries (clients in the recipient country) and the donors (citizens in the donor country) severely constrains both mechanisms. Citizens in the donor country have no direct knowledge or experience of the programs financed by the aid agency.

Moreover, it is very costly for taxpayers in the donor country to obtain reliable information on the outcomes of aid programs that they finance. The intended beneficiaries (the clients), on the other hand,

are not voters in the country that pays for the aid and thus have no real political leverage over domestic politicians who approve these programs (Martens *et al.*, 2002).

The broken information feedback loop magnifies problems arising from multiple objectives, difficulties in measuring output and performance, and weak performance incentives. It affects both donors and recipients. It also introduces additional incentive problems. First and foremost, even though many individuals – in both the recipient and donor country – are responsible for ensuring the effectiveness and sustainability of aid, no one is really held accountable (Ostrom *et al.*, 2002).

How can the bias in aid policy induced by the broken information feedback loop be mitigated? Martens *et al.* (2002) argue that because of the broken “natural” feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programs is necessary to eliminate performance problems. At best, however, this can be only a partial solution. First, to the extent that evaluations are handled by the aid agency itself, which is typically the case, it will be subject to attempts at manipulation. For example, lower-quality evaluation studies might be preferred, as this would make it harder to draw firm conclusions on actual performance. Moreover, even if the evaluations are competently executed, if there is no mechanism in place to act on these evaluations, the aid agency’s behavior will likely not be affected.

An independent aid evaluation agency could mitigate these concerns. Second, even if donors adopt formal evaluation as a key component in aid programs, there would still be difficulties in exercising external influence without undermining local accountability relationships.

Project evaluation complexities:

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

Fund disbursement bureaucracies:

According to Dehn, Reinikka and Svensson 2003, resources set aside for particular uses flow within legally defined institutional frameworks. Typically, funds pass through several layers of government

bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. However, in developing countries, information on actual public spending at the frontline level or by program is seldom available.

Multiple objectives and tasks:

Most donors have multiple objectives. The Swedish foreign aid agency, SIDA, for example lists six goals for Swedish development cooperation: (i) economic growth; (ii) economic and social equality; (iii) economic and political independence; (iv) democratic development; (v) environmental care; and (vi) gender equality. Since development is multidimensional, it is not surprising that also the agencies working on development have multiple objectives. The problem with multiple objectives is that they typically imply trade-offs. This is particularly so in the short run. Donor agencies seldom make these tradeoffs explicit so individual managers are typically uncertain about what should be prioritized in a given situation. Since it is not uncommon that managers in donor agencies shift positions at regular intervals, policy choices, in a given sector or country, do typically shift over time, and long-term commitments become more difficult to stick to (Svensson J., 2005).

Officials in an aid agency also perform a multiplicity of tasks. While this is something that characterizes the job description in many public agencies, the broken information accountability makes the incentive problem arising from multiplicity of task more pronounced in donor agencies (Svensson J., 2005). When faced with multiple tasks that compete for their time, agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort (Ofunya Francis Afande, 2013).

Since some tasks such as input activities like budget, procurement, hiring of consultants are more easily monitored by their supervisors, these tasks will receive a disproportionate attention at the expense of less easily monitorable tasks like effort exerted in actual implementation of a project. Thus, the disruption in the performance-feedback loop, combined with the difficulties of measuring performance and the fact that career advancement is often unrelated to the performance of past projects, results in a disproportionate focus on input activities at the expense of attention given to the quality of outputs (Martens *et al.*, 2002).

2.1.4.2. Technical factors in effective Fund Management

Informatics is a bridging discipline that is fundamentally interested in the application of information, information technology and information systems within organizations. Informatics is therefore the study

of information, information systems and information technology applied to various phenomena (Beynon-Davies, 2002).

Government informatics can be defined as the application of information, information systems and information technology within government. This therefore includes application of e-Government which is “primarily to do with making the delivery of government services more efficient” (Bannister and Remenyi, 2005).

Ndou (2004) observes that “the traditional bureaucratic paradigm, characterized by internal productive efficiency, functional rationality, departmentalization, hierarchical control and rule-based management is being replaced by competitive, knowledge based requirements, such as: flexibility, network organization, vertical/horizontal integration, innovative entrepreneurship, organizational learning, speed up in service delivery, and a customer driven strategy, which emphasize coordinated network building, external collaboration and customer services” all of which are supported by ICT.

Reliable, efficient infrastructure is crucial to economic and social development that promotes pro-poor growth. Partner countries must develop comprehensive infrastructure strategies, linked to other economic and social sectors and plans. Developing such strategies requires responsive government entities, clear regulations and participation of accountable stakeholders. To support country-led infrastructure strategies, donors should support infrastructure investment (OECD, 2006a:11).

In past decades donors supported infrastructure investment because they believed that it contributed to growth, trickledown economic development and redistribution to poor people. Today the links between infrastructure development and pro-poor growth are better understood. Infrastructure supports pro-poor growth by: Enhancing economic activity and thus overall growth, removing bottlenecks in the economy which hurt poor people by impeding asset accumulation, lowering asset values, imposing high transaction costs and creating market failures and generating distributional effects on growth and poverty reduction through poor people’s increased participation in the growth process. But to be effective in reducing poverty, infrastructure development must be coordinated with other important concerns, such as agricultural, environmental and trade policies (OECD, 2006a:19-20).

ICT is a powerful cross-sector tool for promoting pro-poor growth – by saving time and money through more efficient communication and by supplying strategic information on market prices, risk warnings, job and learning opportunities, service and product availability, and so on – as well as good governance and effective management. ICT also supports better planning and delivery of economic and social

services. Although governments and donors have largely withdrawn from the sector, basic ICT network facilities and services remain public goods and require continued public support. And despite increased private involvement, ICT's potential is far from being fully exploited, let alone universally available – especially in rural areas of low-income partner countries, which private service providers avoid because of low profits and high investment risks.

Rolling out telecommunications networks and providing affordable services, especially in remote areas, remain major challenges (OECD, 2006a:46-47).

On its report OECD recommended the following four guiding principles to donors and partner countries for Using Infrastructure to Reduce Poverty:

- Use partner country-led frameworks as the basis for coordinated donor support.
- Enhance infrastructure's impact on poor people.
- Improve management of infrastructure investment, to achieve sustainable outcomes.
- Increase infrastructure financing and use all financial resources efficiently.

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

There is a big difference between ICT implementation and use between developed and developing countries (Heeks, 2002). Most developing countries are characterized by limited computer applications in the public sector, inadequate infrastructure and shortage of skilled manpower (Odedra, 1993). He noted that “this situation exists not merely due to lack of financial resources, but largely due to lack of coordination at different levels in making effective use of the technology”. These uncoordinated efforts can only result in duplication if each department implements its own ICT projects without due regard to compatibility within the government.

Lack of functional ICT policy, economic barriers, ICT infrastructure, resistance to change, low capacity of communication facility and lack of policy for manpower development are also common barriers undermining the use of ICTs.

According to Okiy (2005), poor and inadequate ICT facilities, poor levels of computer literacy and ICT skills, poor level of awareness of internet facilities among policy makers, government officials and the ruling class in general and minimum involvement of academic institutions in network building as challenges mitigating against the use of ICTs Ogunsola et al., (2011) added that human resources, culture, funding, education and training as also key factors that impede ICT use and integration in developing countries.

Without adequate training, organizations may not be able to effectively use ICTs. Gichoya (2005) also added that infrastructure, finance, poor data systems and lack of compatibility, skilled personnel, leadership styles, culture and bureaucracy and altitude as barriers that hinder ICT implementation and adds user needs, technology, coordination, ICT policy, transfers of ICT idolizer and donor push as the inhibitors that prevent successful implementation and sustainability. Magutu and Lelei (2010) identified process and structure, procurement and communication, information system design, people management, corruption and technical and system tuning as the challenges in information system implementation.

2.1.4.3. Managerial factors in effective Fund Management

Managers are accountable to donors who provide an important source of capital. Nonprofit donors do not have limitless resources and therefore, nonprofit organizations must compete for contributions. In fact, prior research suggests that public charities, and their managers, are rewarded for higher mission related spending (Baber, Daniel, and Roberts, 2002; Tinkelman, 2004; Tinkelman and Mankaney, 2007). If a nonprofit organization has an internal control problem, donors could choose to contribute to another organization where the capital presumably will be more efficiently used. Therefore, disclosure of an internal control deficiency could result in lower subsequent contributions.

The concept of capacity building in nonprofits is similar to the concept of organizational development, organizational effectiveness and/or organizational performance management in for-profits. Capacity building efforts can include a broad range of approaches, e.g., granting operating funds, granting management development funds, providing training and development sessions, providing coaching, supporting collaboration with other nonprofits, etc. (Ali Mostashari, 2005).

The extent of success of donor funded projects is determined by managerial capacity of the human resources of the implementing agencies. Arndt (2000) argued that the officers in the donor funds projects chain may lack the formal training in foreign aid management, budgeting and accounting. These

weak skills may lead to poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents which complicate the donor fund release, with obvious implications on levels of donor aid effectiveness.

Gareth R.J and Jennifer M.G. (2011) on their studies emphasized that management is a process that seeks to address Values, attitudes, emotions, and culture in an organization and a manager as a person is bound by ethics that guide in decision making, learning, creativity, and entrepreneurship. In this regard the manager designs organizational structures that facilitate Planning, strategies, control, make positive change and acquire competitive advantage in the organization. Capacities on both the recipient and donor side of the aid relationship to manage existing procedures play a significant role in securing high levels of aid effectiveness Improve the management capacity of recipients: Both donors and recipients must give the development of this capacity a higher priority than they have in the past if aid is to be made more effective.

2.2. Empirical Review

This section reviews literature on what other researchers studied on Aid effectiveness and what have they established on the factors affecting use of donor aid by local NGOs in Ethiopia by looking on issues such as managerial capacity of the human resources of the implementing agencies, Factors attributed to donor behavior and technical factors applied to various phenomena.

2.2.1. Studies of aid effectiveness in Ethiopia

Assessing factors influencing aid effectiveness is very important for aid dependent countries like Ethiopia. In the past, several studies have attempted to assess the impact of aid on national economic growth. In an Ethiopian context, Dawit and Yemiserach (2001) examined the aid economic growth relationships for the period 1970-1999. They concluded that aid contributed negatively to economic growth whereas investment has a positively and significantly influenced economic growth. The same authors argued that aid has stimulated economic growth and enhanced imports through its contribution to capital formation and the acquisition of important inputs, respectively.

On his examination of the relationship between import and GDP growth in Ethiopia, Sewasew (2002) found that in the short-term foreign exchange receipts have significant positive impacts on imports because aid is one of the foreign exchange receipts of the country. However, his finding also revealed

that imported capital goods have insignificant negative impact on the growth of real GDP. This suggests that a favorable impact of aid on import does not guarantee the aid–economic growth link to be positive. Similarly, Haile and Alemayehu (2000) have examined the relationship between savings, foreign aid and economic growth. They concluded that foreign aids have insignificant negative impact on economic growth.

Tolessa (2001) examined the role of aid in the Ethiopian economy for the period 1964/65-1999/2000 by specifying saving, investment, and growth equations. With his data analysis, he desegregated foreign aid into grants and loans assuming that the two components have different impact. The investment equation in this study revealed long term positive and significant impact of foreign loan on investment while this is not the case for foreign grant. This study has also shown that domestic savings and foreign loans have positive and significant influence on economic growth over a long period of time whereas the impact of foreign grant appeared to be significantly negative. The same author apparently recommended that the government should encourage domestic saving instead of foreign Aid.

Adugna (2008) reviewed the anatomy of foreign aid to Ethiopia from 1960-2003 and showed the flow of aid to Ethiopia in terms of major donors. His finding also attempted to present aid flow to the country during the last three governments. However, this study did not attempt to link the flow of aid to the growth trends in economic or in other sectors. The inconsistency of the country's inability to fulfill the ideals and principles that underpin the Paris Declaration has been showed in his analysis on 'the effectiveness of aid in Ethiopia and indicated fragmentation and unpredictability of aid' (Getenet, 2009). He clearly explained the limitation of the coordination structure both at the country and sectorial levels and finally mentioned the imbalance of power and decision making.

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

2.2.2. International aid effectiveness

Aid effectiveness is the efficacy of a development aid in achieving an economic or human development. Aid agencies are always looking for new ways to improve aid effectiveness, including conditionality, capacity building and support for improved governance. The international aid effectiveness movement began taking shape in the late 1990s. Donor governments and aid agencies began to realize that their many different approaches and requirements were imposing huge cost on developing nations and making aid less effective. This has led donors to begin working with each other and with developing countries, to harmonize their work in order to improve the impact of aid on economic growth.

The Aid effectiveness movement picks up its momentum in 2002 at the International Conference on Financing for Development in Monterrey, Mexico, where the international community agreed to increase funding for development. It was also acknowledged that money alone was not enough to reach the desired and planned development goals. Donors and developing countries alike wanted aid to play its optimum role in helping poor countries to achieve MDGs, which have aimed at halving world poverty by 2015. In 2003, aid officials and representatives of donor and recipient countries gathered in Rome for the 1st HLF on aid harmonization. At this meeting, which was convened by OECD, donor countries committed themselves to work with developing countries to better coordinate and streamline their activities at a country level. In 2005, they met again in Paris, and the Paris Declaration on aid effectiveness introduced more comprehensive packages based on principles of partnership to change the way donor and developing countries do business together. The PD calls for an international, national and local monitoring systems to ensure that donors and recipient governments and beneficiaries to work closely together and hold each other accountable for wrong channeling of development aid.

The PD has set five principles with twelve indicators to monitor progress, and these were set out to be achieved by 2010. Under the theme of ‘joint progress toward enhanced aid effectiveness’, the PD called for a collective action for donors and a partnership commitment between donors and recipients based on the following five key principles:

2.2.2.1. Ownership

Ownership is the first of five key areas of the PD based on the experience that aid can be more effective when recipient countries commit themselves with their own development willingness and policies, and it is less effective when the aid practice is donor driven (OECD, 2007). Under the PD framework, the

evaluations of other four principles of alignment, harmonization, managing for results and mutual accountability can reflect a practical measurement of ownership (Wood et al., 2008). In other words, while recipient countries strengthen their policy processes and systems for development, donors can support recipient ownership by supporting country development policies and using country systems (alignment), by delivering aid that support ownership (harmonization), and by being accountable for achieving development results (managing for results and mutual accountability) (OECD, 2008a).

Ownership in PD contexts means that recipients ‘exercise effective leadership over its development policies and strategies’ and ‘coordinate the efforts of various development actors working in the country’. By using the PRSs, recipients can ‘incorporate’ other stakeholders into a planning process while owning their national strategies (Stern, 2008).

Hence, developing countries are encouraged to own and develop PRSs as national strategies and produce PRSPs based on donor support.

2.2.2.2. *Alignment*

Alignment is correlated to ownership and assists harmonization processes. Alignment is meant by that donor’s base their overall support on recipient countries national development strategies, institutions and procedures. As reviewed in the above section, it was pointed out that there are too many donors, and the multiplicity of aid projects tends to cause more harms in poverty reduction process. Accordingly, alignment was broadly introduced during the Monterrey conference, and it was emphasized by the Rome Declaration (Stern, 2008). In this light, aligning with national development strategies and using recipient country PFM and procurement systems are encouraged in order to enhance donor alignment in the context of the PD. At the same time, it has been suggested to make aid flows aligned on recipients’ national budgets.

In terms of aid modalities, GBS has become main modality for the donor community especially with respect to using PFM and procurement systems (De Renzio, 2006a; OECD, 2008a). For instance, budget support in Tanzania has been operated mainly through GBS within the poverty reduction budget support scheme and the poverty reduction strategy credit. PRBS is a ‘platform’ based on grant money and other support, such as policy suggestions provided by donors, while PRSC represents a World Bank’s ‘loan scheme’ (URT, 2002; Ministry of Foreign Affairs of Japan, 2006). As of 2006, 14 of Tanzania’s aid

donors channeled GBS through the PRBS as a common mechanism, which equated to roughly USD 540 million, or 15 percent of the overall budget (SIDA, 2006).

At the same time, as predictability and untying aid are considered as measures for implementation progress in achieving alignment, development partners have agreed to promote predictability of aid flows through the PRBS (SIDA, 2006).

For instance, in Tanzania, the Government of Tanzania and donors have endorsed the Partnership Framework, the name given to the harmonized PRBS and PRSC budget support framework, in order to increase the predictability of donor contributions (URT, 2002). The Government of Tanzania and donors have used the PF as a common instrument of support to the PRS through the government's budget as an integral part of the public sector budgeting and as part of priority setting processes (URT, 2002). In Tanzania, the coordinated budget support in PRBS was developed and, as a result, the predictability of aid flows has been enhanced (SIDA, 2004).

Furthermore, in an attempt to increase transparency and accountability, the PD suggests both donors and recipients record aid as accurately as possible in the national budget (OECD, 2008a).

2.2.2.3. *Harmonization*

It has been said that the harmonization of donor actions can help enhancing ownership and alignment (OECD, 2007). In other words, there can be causal dynamics as 'ownership would create a development framework to which harmonized donors would align' and as 'harmonization by leading to improvements in aid, especially reductions in transaction costs, could itself strengthen ownership' (Stern, 2008). As discussed in the above Section, uncoordinated donor activities and the proliferation of aid delivery have been problematic since they have caused burden for recipients and increased transaction costs. Therefore, aid can be more effective when donors use common procedures by harmonizing aid delivery, by reducing fragmentation and by rationalizing the division of labor (OECD, 2008b). Finally, the PD identifies harmonization as 'donor actions are more harmonized, transparent and collectively effective'. The use of common arrangements or procedures within program-based approaches and sharing analysis and having joint field missions among donors are two dimensions in achieving harmonization.

Even though the PD itself does not directly indicate to use budget support as a funding modality of PBAs, donors increasingly use it, including both direct budget support and GBS (OECD, 2007; OECD, 2008a), which predate the PD. In addition, it is also found that although the PD provides no specific aid

modalities, donors increasingly use SWAP which also predates the PD, as one of the PBAs (OECD, 2007b; OECD, 2008a). The SWAP is one of two forms of program aid, along with budget support, that allows donors work together in a particular sector such as agriculture, health, or education to achieve government expenditure program goals and objectives through the pooled funds and to establish a policy framework by sector based on the common pool (Munro, 2005; Riddell, 2007).

The SWAP emerged out of the dissatisfaction of donor project approaches in the context of donor cooperation and coordination (Andersen, 2000). It is known as a ‘powerful instrument’ to improve the aid management and coordinated donor support delivery (Maxwell, 2003), for donors should ‘compromise on internal procedures’ to make SWAP work properly (Cramer, Stein and Weeks, 2006).

2.2.2.4. *Managing for Results*

As per PD managing for results means ‘managing and implementing aid in a way that focuses on the desired results and uses information to improve decision making’. It is recommended that recipients develop results-oriented reporting and assessment frameworks for progress in the national and sector development strategies, while donors are encouraged to align country programs and resources with recipient country performance assessment frameworks. The PD sets results-oriented frameworks for both donors and recipients to work together in achieving development results, assessing progress transparently, and delivering a framework to make monitoring possible against the national development strategies and sector programs (OECD, 2005). Under the PD mechanism, ownership, alignment and harmonization should be correlated to managing for results.

2.2.2.5. *Mutual Accountability*

Mutual accountability means that ‘donors and recipients are accountable for development results’ in order to ‘strengthen public support for national policies and development assistance’. The concept of mutual accountability was developed based on the belief that aid can be more effective when donors and recipients are accountable to both in terms of development results and their ‘constituencies’ at home (OECD, 2007; OECD, 2009). In addition, mutual accountability can be defined as a ‘process of donors and recipient countries holding one another to account for mutual commitments’ based on shared agendas, performance monitoring, and dialogues and negotiations, in the context of better partnership (OECD, 2009; Steer et al., 2009).

Given that the mutual accountability is about aid relationship, this agenda seems to be initiated as a response to imbalanced partnership between donors and recipients under the P-A model (Steer et al., 2009). In other words, mutual accountability can be achieved based on shared values with dialogues and negotiations within more balanced partnership and joint assessment. The need for mutual accountability has emerged out of the lack of donor accountability with reference to aid outcomes (Stern, 2008). Accordingly, the PD has emphasized to identify who is accountable, for what and how (Steer et al., 2009). Therefore, both donors and recipients are required to jointly assess progress in implementing commitments on aid effectiveness

2.3. Research gaps

In summary, most of the studies reviewed suffer from problems associated with model specification. Besides, important variables, such as the policy aspects can begiving less emphasis while assessing the growth impact of aid. Hence, these studies will not strong enough to adequately identify the Aid – growth link.

At different circumstances and factors should be considered when analyzing aid effectiveness to go beyond the simple question of whether aid ‘is or is not working’. As implied in the OECD and DAC definition of aid effectiveness provided in the section above, it is not only the outcome of external aid which needs to be measured, but the process of aid provision should also be taken into consideration when evaluating aid effectiveness.

Rather than attempting on an overall answer to the link between aid and growth, this research focuses on different factors and instead explored some more direct relationships between the types of aid delivered, processes adopted and outcomes.

In addition to these, most of the research that are related to this study proposed factors are done on Uganda, Kenya, Tanzania (Marcel Fafchamps and Trudy Owens, April 2008, Dr. Enock Gongera and OddilliaNabwire Okoth, 2013, ADAN HAJI DAKANE, 2007, BUSIINGE Christopher, June 2010,) and a little has been done on Ethiopia cases.

Other researchis done on the impact of donor aided projects on the social and economic wellbeing of specific communities on as specific region or only on local NGOs.

2.4. Conceptual framework of the study

The Conceptual Framework illustrates how the variables are related to one another. The variable defined here are the independent and dependent variables. An independent variable influences and determines the effect of another variable (Mugenda & Mugenda, 2003). According to the model, dependent variable is Fund Management practice, and the independent variables are Factors affecting Fund Management through Technical factors (Adequacy of infrastructure and equipment supportive of ICT, Availability of appropriate technology, Availability of skilled personnel in ICT), Managerial factors (Effective management systems at all levels of the organization, Participatory leadership and clarity of roles and responsibilities at all levels) and Factors attributed to donor behavior (Accountability, Adequate project monitoring and evaluation systems, Reliable and timely disbursement of donor funds, Alignment of objectives and tasks) The relations of these variables are supported based on review of literatures.

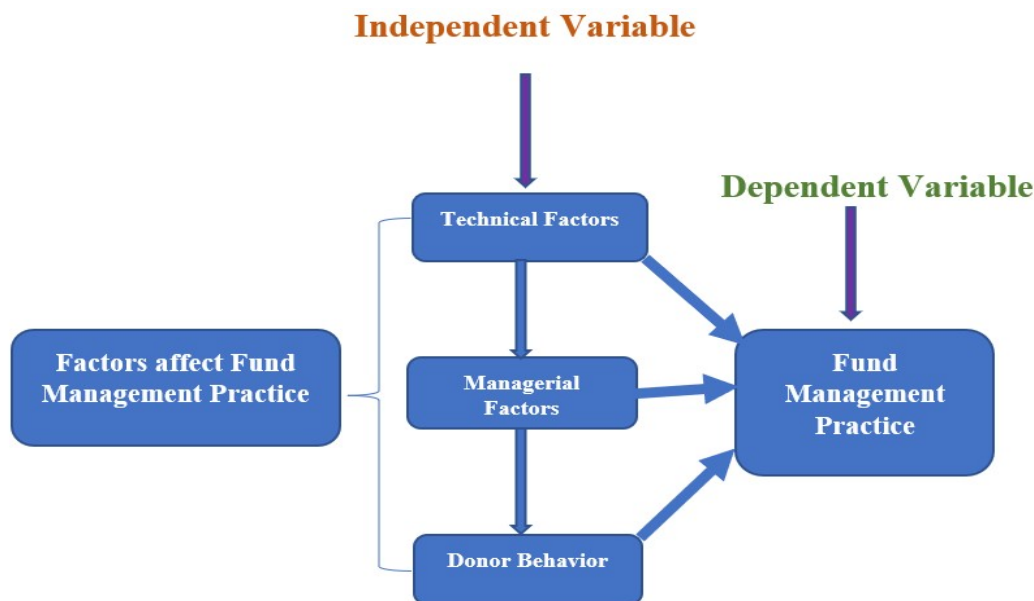


Figure 1 Conceptual Framework

2.5. Research Hypothesis

The Hypothesis of the Study was hypothesized as follows:

HA₁ There is significant relationship between technical factors and Fund management practice.

HA₂. There is significant relationship between managerial factors and Fund management practice

HA₃. There issignificant relationship between donors' behaviors factors and Fund managementpractice

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. RESEARCH METHDLOGY

Research Methodology is considered as a systematic way to resolve the research issues. This chapter discusses in detail the methodological choice and the research design process of the study. It provides a research methodology where the core concept of the article was illustrated. This chapter explains why descriptive methods research approach and inferential statistic is considered as an appropriate for the research. In addition, the chapter set the procedures to collect, analyze and report the data. It has used separate procedures for the quantitative and qualitative approach as both encompass distinct purpose to serve. Besides, the approaches implemented to enhance the validity and reliability of the studies are also explained in detail.

Without appropriate and valid methodology, trustworthy research is absurd. Research is a process that involves the collecting, recording, analyzing, and interpreting of information, and it is all about providing answers to questions and developing knowledge (Wilson, 2014). Yin also said that “research methodology is one of the most important aspects in the research process to perform the research” (Yin, 2009). In this part, topics of research methodology such as research design and case study research method are presented.

According to Rajasekar et. al. (2006), research is a logical and systematic search for new and useful information on a particular topic. It is an investigation of finding solutions to scientific and social problems through objective and systematic analysis. It is a search for knowledge, that is, a discovery of hidden truths. Here knowledge means information about matters. The information might be collected from different sources like experience, human beings, books, journals, nature, etc. Research can lead to

new contributions to the existing knowledge. Only through research is it possible to make progress in a field. Research is done with the help of study, experiment, observation, analysis, comparison, and reasoning. Research is in fact ubiquitous. More precisely, research seeks predictions of events and explanations, relationships, and theories for them (Dr. Sam Goundar, Victoria University of Wellington · School of Information Management).

3.2. Description of the study area

International Medical Corps (IMC) is a global, humanitarian, non-profit organization dedicated to saving lives and relieving suffering through health care training and relief and development programs. Established in 1984 by volunteer doctors and nurses, IMC is a private, voluntary, non-political, non-sectarian organization. Since 2000 IMC is working in Ethiopia. Its mission is to improve the quality of life through health interventions and related activities that strengthen underserved communities worldwide. By offering training and health care to local populations and medical assistance to people at highest risk, and with the flexibility to respond rapidly to emergency situations, IMC rehabilitates devastated health care systems and helps bring them back to self-reliance.

IMC Ethiopia mission is working in all regions except Benishangul- and the newly established regions called Southwest and Sidama is supporting different affected communities like refugees, host communities, drought affected, conflict affected communities etc. majorly through health sector, nutrition, Water and Sanitation and Hygiene (WASH) and gender Based Violence (GBV) with the generous support of different donors.

The mission has its own field offices in different regions like Shire, Semera, Bahirdar, Harar, Borena, Gambella, Dollo ado, Jigjiga and Wolayitasodo field offices which are centrally led by the country office located in Addis Ababa, Ethiopia.



Coverage of IMC-Ethiopia mission - 2023

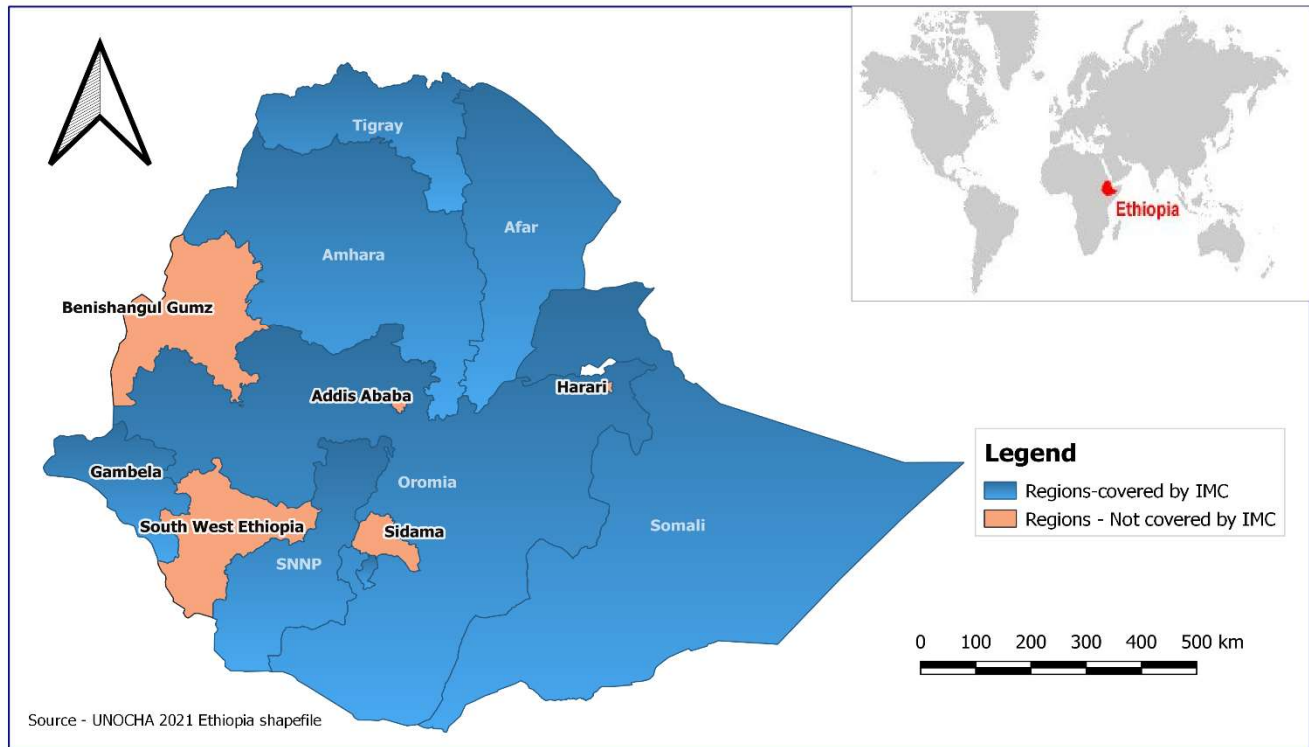


Figure 2Map – Regions covered by IMC support in 2023

3.3. RESEARCH APPROACH

The study was conducted with mixed research approach through qualitative and quantitative approaches. The quantitative approach is designed to gather information or data from the primary sampling unit or target populations; it is usually conducted among several hundred of respondents for this reason. Information is generally obtained using standardized structured questionnaires (Palmer 2000). This type of research tackles questions that seek to find out how much. The most common form of primary research is the use of questionnaires. On one hand, it is qualitative approach because it can describe the actual condition of Factors affecting fund management practice in IMC with non-numerical ways. Thus, disseminating questionnaire for the key informants of IMC employees whose factors that affected the fund management practice. And the data or information were collected the data saturated, get respondents' opinion and understand the factors that affect fund management practice.

3.4. RESEARCH DESIGN

Research design is a logical and systematic plan prepared for directing research study. It deals with issues as techniques for data collocation, sampling technique as well as time and cost constrain. (Kothari, 2001). According to Bryman and Bell (2007), a research design provides a framework for the collection and analysis of data. A choice of research design reflects decisions about the priority being given to a range of dimensions of the research process.

This study used explanatory type of research design in order to explain the relationship between the independent variables and dependent variable, and how the factors affecting fund management practice and fund management practice effectiveness in the IMC.

This research was adopting a survey approach to assess factors that affect fund management practice. It was conducted by using a questionnaire, which was hand deliver to the respondents. Presentation of the information was doing by using frequency tables and percentages for descriptive and inferential statistics data analysis.

3.5. Population and Sampling Design

3.5.1. Target Population

Target population is the specific population about which information is desired. According to Ngechu (2004), a population is a well-defined or set of people, services, elements, events and group of things or households that are being investigated. Mugenda and Mugenda, (2003), explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study.

For this research, the target populations were employees of IMC that are directly responsible in grant management and who are purposively selected for this study which is best enabled to answer my research questionnaire were participate and included in the target population. Those employees with experience and background of both project management and project Finance management were considered as respondents to the study. According to Price (2009), purposive sampling is a form of non-probability sampling in which decisions concerning the individuals to be included in the sample will take by the researcher, based upon a variety of criteria which may include specialist knowledge of the research issue, or capacity and willingness to participate in the research Therefore, the target population

of this study was 47 employees of IMC who have a direct responsibility in the grant management from the total population of 70 IMC employees. The departments comprised mainly:

- Program department (Sector Coordinators and Field Program Managers)
- Finance
- Supply Chain and Logistic
- HR and Administration
- Program Development
- Program Support
- Grant and Communications

Members of these departments who was willing and available at the time of data collection have filled the questioners.

3.5.2. Sample Size determination

Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. From the population frame the required number of subjects, respondents, elements, or firms were selected in order to make a sample. The sampling frame for any probability sample is a complete list of all the cases in the population from which a sample is drawn (Saunders et al., 2007). A sample is a smaller and more accessible subset of the population that adequately represents the overall group, thus enabling one to give an accurate (within acceptable limits) picture of the population, with respect to the aspects of interests of the study.

3.5.3. Sampling technique

From the population frame the required number of subjects, respondents, elements, or firms were selected in order to make a sample. Stratified proportionate random sampling technique were used to select the sample. According to Oso (2009), stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population. Stratification aims to reduce standard error by providing some control over variance.

Stratified random sampling technique were used since population of interest is not homogeneous and can be subdivided into groups or strata to obtain a representative sample. The sampling frame were the listing of staff in the various departments of IMC. Stratified sampling was used to select the staffs of IMC who participated in the study. Each department were a stratum, represented by the head of Sector Managers. The researcher used inferential statistics in the analysis and interpretation of the research hypothesis.

3.6. Data type and Source

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

3.7. Data Collection Instrument

This study was used questionnaires for primary data collection. The questionnaires were used because they are straightforward and less time consuming for both the researcher and the participants. The questionnaire was design to answer the questions identified in the problem statement. The Questionnaires had several sub-sections that will sub-divide based on the major research questions to capture the background information of the participants like department, gender and working experience. Other sections cover the main areas of the study. Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals. The questionnaire was based on a quantitative method of data collection. The data was collected through mobile data collection application Kobotool

kit by creating deploying the questionnaires on the kobo tool kit this was shorten the data collection time.

3.8. Data processing procedures

Prior to launching the full-scale study, the questionnaire was pre-tested to 5 randomly selected members of staff of IMC Ethiopia to ensure its workability in terms of structure, content, flow, and duration. According to Cooper and Schindler (2005), a pre-test is defined as the testing of the questionnaire on a small sample of respondents preferably 5 or more. Experts and colleagues who are experienced in research was requested to examine the questionnaire to check whether there are any items that need to be changed or rephrased, as well as the appropriateness of the time set for completing it. At the end of the exercise, the items in the questionnaires were satisfactory in terms of both wording and format. After the data collection completed it were exported to excel for further data cleaning and the cleaned data also was exported to SPSS v.27 for data analysis.

3.9. Validity and Reliability

According to Saunder et al (2003), reliability refers to the degree to which data collection method will yield consistent findings, similar observations would be made, or conclusions reached by other researchers or there is transparency in how sense was made from source. The purpose of reliability is to examine the level of non-error in measurement, which means to examine the consistency of measurement. Validity defined as the extent to which data collection methods accurately measures what they were intended to measure Saunder, et. al, (2003). The researcher was conducted a pre-test and make some revision on the structure of questionnaire before it distributed to the respondents. Therefore, the questionnaire as a measuring tool used in this study meet the requirement of content validity.

Table 1 Reliability test

Reliability Statistics	
Cronbach's Alpha	N of Items
0.867	42

Source; SPSS v.27 Research survey report

This study was adopted Cronbach's alpha test, or the reliability coefficient have been used to measure the internal consistency between the multiple measurements of a variable in a questionnaire. According to Hair et al. 2006 (p.137), this test is the most widely used to assess the consistency of the entire scale.

Cronbach's alpha ranges in value from 0 to 1 and used to describe the reliability of factors extract from questionnaires.

According to Gliem and Gliem (2003), the closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. The following rules of thumb indicated acceptable of Cronbach's alpha coefficient: “_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor and _ < .5 – Unacceptable” In this paper, the authors were applied Cronbach's alpha test to measure the internal consistency of questionnaires to test its reliability and the result is 0.867 as per the above rules of thumb Cronbach's alpha coefficient range is >.8 and the result is good.

3.10. Data analysis techniques

Data analysis is the process of bringing order, structure and interpretation to the mass of collected data (Marshall and Rossman, 1999). During collection of raw data, the researcher was edited, coded, classified as per the variables in the study and subjected to Statistical Package of Social Sciences (SPSS) version 27. This entailed working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is not learn and deciding what is to be reported. The descriptive data analysis method was used to analyze both qualitative and quantitative data. According to Chandarn (2004) qualitative data is that data that has a non-numerical attribute that are related to the qualities, values, or value assessment such as people's opinions while quantitative data relates to data that is numeric in nature. Processing and analyzing raw data were done using Statistical package for social scientist (SPSS ver.27) data analyzed program which was utilized to generate inferential and descriptive statistics; frequencies and percentages from the respondent's data to establish the relative importance and weight of each variable. Correlation analysis is used in two different cases, initially it is applied to observe the relationship between the dependent variable fund management practices with that of factors affecting the fund management practice, that was enabled to proceed with further inferential analyses that shows influences between the variables, and secondly it is used to test if there is a significant relationships within the independent variables to ascertain that there is no problem of multicollinearity. Since the research further involved assessing the factors that affect funds management practices (independent variables) on fund management practices (dependent variable), regression analyses have been conducted to test the proposed significant relationship (Cohen & Cohen, 1983) with SPSS v27.

To study the factors that affect the funds management practice on the fund management practice in International Medical corps, the regression analysis has been applied with the following model. This basic regression model is rewritten in terms of the variables used in this research to show the relationship among them.

$$FMP = \beta_0 + \beta_{TF} + \beta_{DF} + \beta_{MF} + \mu$$

Where: FMP-Fund management practice is dependent variable for i^{th} observation.

TF-Technical factors are independent variable for i^{th} observation.

DB- Factors attributed to donor behavior are independent variable for the i^{th} observation

MF-Managerial factors are independent variable for the i^{th} observation

β_0 is the intercept.

β s are regression coefficients

μ is the error term for i^{th} observation

3.11. Ethical Considerations

The researcher was carrying out the research work in ethical manner honestly and with integrity. Therefore, there were certain ethical protocols that should be followed by the researcher. One was soliciting explicit consent from the respondents. This was ensured that their participation to the study is not out of their own volition. The researcher also ensures that the respondents were aware of the objectives of the research and their contribution to its completion. One other ethical measure exercised by researcher was treating the respondents with respect and courtesy (Leary, 2004). This was done so that the respondents were at ease and more likely to give honest responses to the questionnaire.

There also ethical measures that were followed in the data analysis. To ensure the integrity of data, the researcher was checking the accuracy of encoding of the survey responses. This was carrying out to ensure that the statistics generated from the study were truthful and verifiable (Leary, 2004).

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1. Survey Response rate

The researcher distributed 47 survey questionnaires from the sample of 70 staffs. The data was collected through application of Kobo tool kit by creating and deploying the questionnaires on the kobo tool kit. From the total distributed questionnaires 100% collected from respondents.

4.2. General Background of the Respondents

4.2.1. Respondent profile rate analysis

Table 2 Respondents profile rate

Category		Frequency	Percent
Career level	Top level manager	9	19.1
	First level manager	14	29.8
	Middle level manager	14	29.8
	Other	10	21.3
	Total	47	100.0
Gender of respondent	Male	34	72.3
	Female	13	27.7
	Total	47	100.0
Age of Respondents	21 through 30 years	4	8.5
	31 through 40 years	35	74.5
	41 through 50 years	7	14.9
	More than 50 years	1	2.1
	Total	47	100.0
Educational level	Bachelor	8	17.0
	Master	39	83.0
	Total	47	100.0
Employment with IMC	Lowest through 2 years	12	25.5
	3 through 4 years	16	34.0
	5 through 10 years	15	31.9
	10 years through highest	4	8.5
	Total	47	100.0
Department of Respondents	Finance	12	25.5
	Logistic	6	12.8
	HR	2	4.3

	IT	1	2.1
	Program Development	4	8.5
	Program Support	5	10.6
	WASH	3	6.4
	MEAL	3	6.4
	Health	4	8.5
	Nutrition	1	2.1
	GBV	1	2.1
	MHPSS	2	4.3
	Grant Communication and Reporting	3	6.4
	Total	47	100.0

As shown on the Table 2 from 47 respondents from career level category 9 individuals or 19.1% are top level managers, 14(29.8%) are First level managers, 14 individuals or 29.8% are Middle level managers and finally 10 staff or 21.3% are others or non-managers. In the Gender category of the respondents as per data collected out of 47 respondents 34(72.3%) are male and the rest are Female which is 13(27.7%), from the aged group distribution out of 47 respondents 4(8.5%) between 21 years to 30, 35(74.5%) age group from 31 years old to 40 years, 7(14.9%) staffs are in between 41 to 50 years old and the rest i.e. 1 individual or 2.1% are beyond 50 years. Whereas during collection of data the study incorporate the educational level of the respondents as well. According to data collection from 47 respondents 8(17%) have a bachelor's degree holder and 39(83%) are master's degree holders. Furthermore, the study assesses the employment stay with IMC, from total respondent of 47 individuals 12(25.5%) are lower through 2 years, 16 personnel's or 34% are working with IMC 3 through 4 years, 15(31.9%) personnel are working with IMC between 5 years to 10 years and finally 4(8.5%) individuals are working more than 10 years.

Finally, the study collects the data from different departments which is incorporated in sample and from the existing 13 departments as mentioned above 47 samples are taken out of this number 12(25.55%) individuals are from Finance, 6(12.8%) from Logistics, 2(4.3%) from HR, 2(4.3%), from IT 1(2.1%), Program Development 4(8.5%), Program Support 5(10.6%), from WASH department 3(6.4%), MEAL 3(6.4%), Health 4(8.5%), Nutrition 1(2.1%), GBV 1(2.1%), MHPSS 2(4.3%) and finally GCR 3(6.4%) are incorporated in the study.

4.3.Descriptive Analysis of the study

Descriptive statistics are used to summarize data in an organized manner by describing the relationship between variables in a sample or population. In research, there are different methods of measuring data

to be analyzed. The reason for these is to measure the level of dispersion (Eboh, 2009). Dispersion is the tendency of values of a variable to scatter away from the mean or midpoint. Panneerslvam (2008) defined mean as the ratio between the sum of the observations and the number of the observation. Though the variance is frequently used as a measure of spread in certain statistical calculations, it does have the disadvantage of being expressed in units different from those of those of the summarized data. Which means the expressed units is going to be far smaller than the data, Standard deviation indicate the fluctuation of the variables around their mean. For this study, the study used the Mean and Standard deviation to show the relationship each factors have and scored the rate. The rate in the study presents in Likert scale and each rate given as follows: 1-Strongly disagree, 2-Disagree, 3-Somewhat Agree, 4-Agree, 5-Strongly agree.

4.3.1. Descriptive Statistics for the study

Table 3 Descriptive statistics for variables

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Technical Factors	47	1.83	4.67	3.2800	0.62258
Donor Behavior	47	2.85	4.77	3.8794	0.50464
Managerial Factors	47	1.67	5.00	3.4079	0.69769
Fund Management Practice	47	2.36	4.82	3.6866	0.57276
Average Score	47			3.5635	0.59942

Source; SPSS v.27 Research survey report

As it observed in the above descriptive statistics for each variable shows from the total sample 47 individuals, the average value total scored is 3.56 and Standard deviation of 0.6, this result approached to Likert scale rate 4 which shown the respondents are agree with the surveyed data.

From the existing variables factors attributed to donor behavior had scored an average value scored approximately 3.9 respondents are agreed and Standard deviation of 0.51, while minimum and maximum values 2.85 which taken that respondents are somewhat agreed and 4.77 are strongly agreed, respectively, Fund Management Practice scored the Mean value of approximately 3.4 which is somewhat agreed and standard deviation 0.5, while minimum and maximum values 2.36 which taken that respondents are disagree and 4.82 are strongly agreed, respectively, Managerial Factors had scored a Mean value 3.41 which shows somewhat agreed and Standard deviation of 0.7, whereas minimum and maximum

values 1.67 which taken that respondents are disagree and 5 are strongly agreed, respectively, and finally technical factors had scored the Mean value of 3.3 as shown somehow agreed in the Likert scale and standard deviation scored 0.622, whereas minimum and maximum values 1.83 which taken that respondents are disagree and 4.67 are strongly agreed, respectively. This implies that the designed independent variables as per the respondents agreed that technical factors, factors attribute donor behavior and managerial factors has a strong association with fund management and IMC should take this study as a base and going forward for better improvement.

4.4. Inferential statistics

In this study, the researcher used inferential statistics is concerned with the various tests of significance for normality, autocorrelation, Heteroscedasticity and multi - collinearity in order to determine the validity of data. The data were categorized to a group of questions according to each variable. Finally, the study analyzed the correlation between variables and their effect by correlation matrix and multiple regressions used to test the hypothesis as well as the model fitness of Factors affecting Fund management of the program. Tests and analysis of the data were presented below.

4.4.1. Relation of variables

Correlation analysis shows the degree of relationships between variables and indicates the direction in which the variables associate - positively or negatively (Saunders, Lewis, & Thornhill, 2009, p. 490). The Pearson correlation coefficient is a descriptive statistic, meaning that it summarizes the characteristics of a dataset. Specifically, it describes the strength and direction of the linear relationship between two quantitative variables.

Here some studies demonstrate how to interpret the size (strength) of a correlation coefficient. The size of the correlation between 0.09 to 1.00 or -0.9 to -1 interpreted as very high positive or negative correlation, between 0.7 to 0.9 or -0.7 to -0.9 high positive or negative correlation, between 0.5 to 0.7 or -0.5 to -0.7 moderate positive or negative correlation, between 0.3 to 0.5 or -0.3 to -0.5 low positive or negative correlation, finally between 0.00 to 0.3 or 0.00 to -0.3 interpreted as negligible correlation.

The significance of each correlation coefficient is also displayed in the correlation table. The significance level or p-value is the probability of obtaining results as extreme as the one observed. If the significance level is very small (less than 0.05) then the correlation is significant, and the two variables

are linearly related. If the significance level is relatively large (for instance, 0.50) then the correlation is not significant, and the two variables are not linearly related.

Table 4 *Correlation matrix*

		Correlations			
		Fund Management Practice	Technical Factors	Donor Behavior	Managerial Factors
Fund Management Practice	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	47			
Technical Factors	Pearson Correlation	.411**	1		
	Sig. (2-tailed)	0.004			
	N	47	47		
Donor Behavior	Pearson Correlation	.529**	.452**	1	
	Sig. (2-tailed)	0.000	0.001		
	N	47	47	47	
Managerial Factors	Pearson Correlation	.709**	.555**	.623**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	47	47	47	47

** . Correlation is significant at the 0.01 level (2-tailed).

In the above correlation matrix in Table 4. demonstrates that technical factor a low-positive and significant correlation with fund management practice at Pearson correlation coefficient, $R=0.411$ and as per the above coefficient the range the correlation falls between 0.3 to 0.5 which is low relationship but positive association between the independent and dependent variables, factors attributed to donor behavior by $R=0.59$, which has a moderate positive correlation with the dependent variable i.e. fund management practice and 0.452 a low correlation but positively, finally for managerial factors Pearson correlation shows 0.709, 0.555 and 0.623, which has a high positive correlation with fund management practice, and moderate positive interdependent with technical factors and factors attributed to donor behavior respectively.

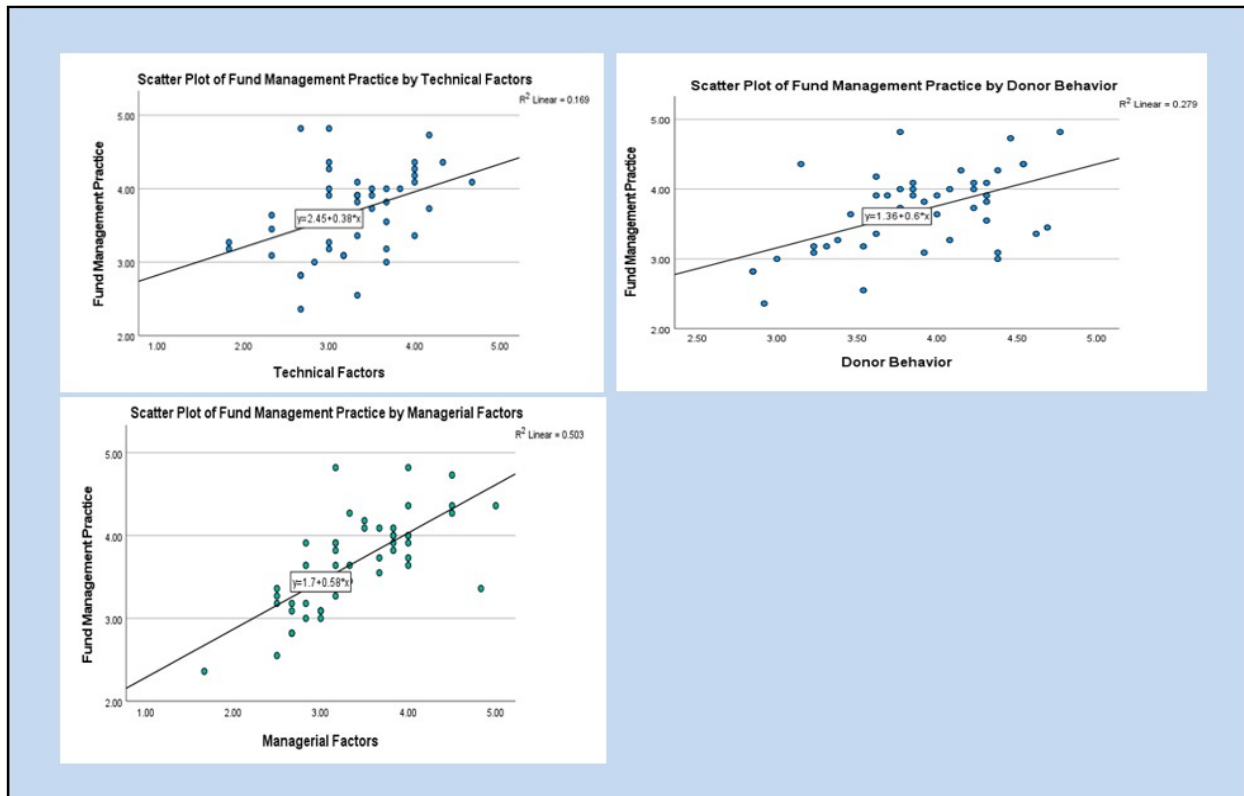


Figure 3-Scattered plot of independent variable by dependent variable

4.4.2. Regression analysis diagnostic test

In statistics, a regression diagnostic is one of a set of procedures available for regression analysis that seek to assess the validity of a model in any of a number of different ways. This assessment may be an exploration of the model's underlying statistical assumptions, an examination of the structure of the model by considering formulations that have fewer, more or different explanatory variables, or a study of subgroups of observations, looking for those that are either poorly represented by the model (outliers) or that have a relatively large effect on the regression model's predictions. (<https://en.wikipedia.org/>)

A regression diagnostic may take the form of a graphical result, informal quantitative results, or a formal statistical hypothesis test, each of which provides guidance for further stages of a regression analysis.

4.4.3. Normality test

Multiple regression assumes that variables have normal distributions (Darlington, 1968). This implies that errors are normally distributed, and that a plot of the values of the residuals approximate a normal curve (Keith, 2006). This assumption can be tested by looking at the P-P plot for the model together

with histogram of the standardized residuals. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed.

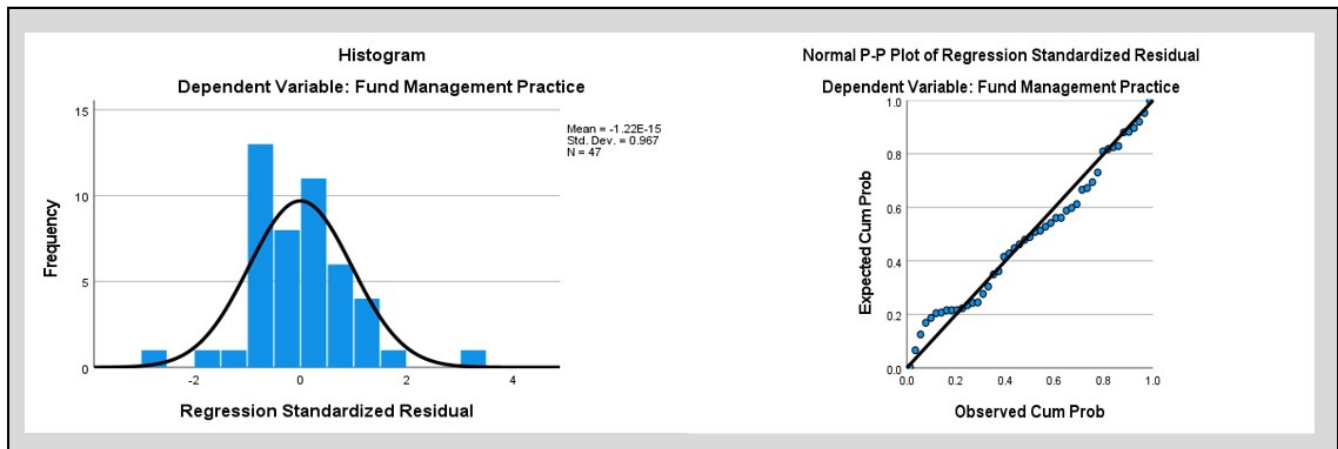


Figure 4-Histogram and P-P plot regression standardize residual

The standard normal distribution is the most important continuous probability distribution has a bell-shaped density curve described by its mean and SD and extreme values in the data set have no significant impact on the mean value. If a continuous data is followed normal distribution, then 68.2%, 95.4%, and 99.7% observations are lie between mean \pm 1 SD, mean \pm 2 SD, and mean \pm 3 SD, respectively. (John Wiley & Sons, Ltd; 2007). The normality tests in this study as shown in below table 4.4.2.1 assumption can be tested by looking at the P-P plot for the model together with histogram of the standardized residuals. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed.

4.4.4. Multicollinearity test

Multicollinearity occurs when independent variables in a regression model are correlated. This correlation is a problem because independent variables should be independent. If the degree of correlation between variables is high enough, it can cause problems when you fit the model and interpret the results. A key goal of regression analysis is to isolate the relationship between each independent variable and the dependent variable. The interpretation of a regression coefficient is that it represents the mean change in the dependent variable for each 1 unit change in an independent variable when you hold all of the other independent variables constant. (Jim Forest <https://statisticsbyjim.com/regression/multicollinearity-in-regression-analysis/>)

Table 5*Multicollinearity*

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.321	0.489		2.704	0.010		
Technical Factors	0.003	0.119	0.003	0.025	0.980	0.673	1.486
Donor Behavior	0.160	0.156	0.141	1.027	0.310	0.596	1.678
Managerial Factors	0.509	0.121	0.620	4.201	0.000	0.518	1.930
a. Dependent Variable: Fund Management Practice							

The variance inflation factor (VIF) identifies correlation between independent variables and the strength of that correlation. VIFs start at 1 and have no upper limit. A value of 1 indicates that there is no correlation between this independent variable and any others. VIFs between 1 and 5 suggest that there is a moderate correlation, but it is not severe enough to warrant corrective measures. VIFs greater than 5 represent critical levels of multicollinearity where the coefficients are poorly estimated, and the p-values are questionable.

As shown in the above VIF range lies between 1 to 5, technical factors that affect fund management practice, factors that attributed for donor behavior, and managerial factors are 1.486, 1.678 and 1.930 respectively, which indicates that there is a moderate correlation among independent variables and did not severe enough to take further correctivemeasures.

4.4.5. Heteroscedasticitytest

Heteroscedasticity means unequal scatter. In regression analysis,heteroscedasticity in the context of the residuals or error term. Specifically, heteroscedasticity is a systematic change in the spread of the residuals over the range of measured values. Heteroscedasticity is a problem because ordinary least squares (OLS) regression assumes that all residuals are drawn from a population that has a constant variance.

In this study the test is checked if the heteroscedasticity is presence. This test involves testing the null hypothesis that the variance of the errors is constant (homoscedasticity) or no heteroscedasticity versus the alternative that the errors do not have a constant variance. Since the p-values are more than 0.05. The research could not accept the alternative hypothesis of homoscedastic. In the following table the P- value

is greater than 0.05 that is 0.325 we can 't accepts the alternative. Therefore, at the 5 % significance level or the study concludes that there is homoscedasticity by accepting the null hypothesis; therefore, there is no problem of heteroscedasticity with this study.

Table 6*Heteroscedasticity test*

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.321	0.489		2.704	0.010
Technical Factors	0.003	0.119	0.003	0.025	0.980
Donor Behavior	0.160	0.156	0.141	1.027	0.310
Managerial Factors	0.509	0.121	0.620	4.201	0.000

0.325

4.4.6. Effect of variables Analysis

The results of the multiple regressions are measured the extent relationship between the dependent variable and the independent variables are presented in the below table. The R-squared value measures how well the regression model explains the actual variations in the dependent variable (Brooks, 2008).

4.4.6.1. Regression model analysis

In multiple linear regression, we look at the relationship between one 'effect' variable, called the dependent or outcome variable, and one or more predictors, also called independent variables.

Table 7*Regression model table*

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.718 ^a	0.515	0.482	0.41236	2.081

Table: 7 shows the regression summary of the dependent and independent variable and, the results showed that all the explanatory variables (technical factors, factors attributed for donor behavior and managerial factors) explained the Fund management practice by 71.8% percent and the remaining 28.2 percent the model is by inessential uncontrollable variables (external factors). There is a rule of thumb which can be used to determine the R^2 value as follows: 0.1: poor fit, 0.11 to 0.30: modest fit, 0.31 to

0.50: moderately fit, > 0.50: strong fit (Muijs, 2004, p. 166). Therefore, in this study R^2 is account 0.515 indicates which is greater than 0.50 and then the model is strongly fit for predicting the fund management practice, dependent variable.

The above table shows that, all the independent variables have statistically significant relationship with the dependent variable since their p-value is below the alpha level which is 0.05. Considering the standardized beta coefficients, the strongest predictor of the dependent variable (Fund Management practice in IMC) is Technical Factors with 0.003, attribute for donor behavior and 0.509 managerial factors has been scored a beta value. All the independent variables have positive relationship with the dependent variable. So, from the above table the researcher drives the model as follows.

$$\begin{aligned} \text{FMP} &= \beta_0 + \beta_{\text{TF}} + \beta_{\text{DF}} + \beta_{\text{MF}} + \mu \\ \text{FMP} &= 1.32 + 0.003 + 0.160 + 0.509 + 0.489 \\ &= 2.481 \end{aligned}$$

Where: FMP-Fund management practice is dependent variable for i^{th} observation.

TF-Technical factors are independent variable for i^{th} observation.

DB- Factors attributed to donor behavior are independent variable for the i^{th} observation

MF-Manual factors are independent variable for the i^{th} observation

β_0 is the intercept.

β s are regression coefficients

μ is the error term for i^{th} observation

4.4.6.2. Autocorrelation test

The Durbin Watson (DW) statistic is a test for autocorrelation in the residuals from a statistical model or regression analysis. The Durbin-Watson statistic will always have a value ranging between 0 and 4. A value of 2.0 indicates there is no autocorrelation detected in the sample. Values from 0 to less than 2 points to positive autocorrelation and values from 2 to 4 means negative autocorrelation. As we can see in the above table the Durbin Watson autocorrelation test shows that 2.081 which is the range in between 0 and 4 and approached to 2 indicates there is no autocorrelation detected in the sample.

4.4.6.3. ANOVA

An ANOVA test is a statistical test used to determine if there is a statistically significant difference between two or more categorical groups by testing for differences of means using a variance, a key part of ANOVA is that it separates the independent variable into two or more groups. For example, one or more groups might be expected to influence the dependent variable, while the other group is used as a control group and is not expected to influence the dependent variable. There are two assumptions in order to conduct ANOVA test, first, an ANOVA can only conduct if there is no relationship among the subjects in each sample this, means one or more groups might be expected to influence the dependent variable, while the other group is used as a control group and is not expected to influence the dependent variable, and secondly, and secondly the different groups/levels must have the different groups/levels must have equal sample size. The ANOVA F value can tell, if there is a significant difference between the levels of the independent variable when $p < .05$. So, a higher F value indicates that the treatment variables are significant.

Table 8 ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.779	3	2.593	15.249	.000 ^b
	Residual	7.312	43	0.170		
	Total	15.090	46			
a. Dependent Variable: Fund Management Practice						
b. Predictors: (Constant), Managerial Factors, Technical Factors, Donor Behavior						

Study findings in ANOVA Table 8 indicated that the above discussed variation was significant as evidence of F ratio of 15.249 with p value = 0.000 which is $p < 0.05$ (level of significance). Thus, the model was fit to predict managerial factors, technical factors, and factors attribute for donor behavior.

4.4.7. Hypothesis test for factors affecting fund management practice in IMC

As explained in chapter one under 1.3 hypothesis test there are six major hypotheses were constructed in this study to test that factors determine IMC fund management practice and implementation. Hypothesis testing was conducted using 0.05 significant levels.

Hypothesis testing for the relationship between technical factors and fund management practice

HA₁ There is significant relationship between technical factors and Fund management practice.

HO₁. There is no significant relationship between technical factors and Fund management practice.

By using Pearson Correlations results in Table 4.5.5 showed that technical factors were low positive relationship and significantly correlated to fund management practice ($r = 0.411$, $p = 0.004$ $p < 0.05$) and the regression results in that each of the predicted parameters in relation to the independent factors were significant as β value is $\beta_1 = 0.003$. Thus, technical factors had 41.1% low positive and strongly significant relationship with fund management practice. This implies that there is up to 0.41 unit increase in fund management practice for each unit increase in technical factors. The organization requires to assess the areas the technical factors that have strong significance in fund management practice, those are having sufficient IT equipment's, well-structured data base system and policies as well as adequate personnel and advanced technologies, Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis stating There is no significant relationship between Factors affecting Fund management practice and the implementation of Fund management practice. The researcher couldn't find a finding agrees with these specific factors, because of absence of research papers.

HA₂. There is significant relationship between managerial factors and Fund management practice

HO₂. There is no significant relationship between managerial factors and Fund management practice

Pearson Correlations results in Table 4 showed managerial factors was highly and significantly correlated with fund management practice ($r = .709$, $p < 0.05$) Managerial factors had 70.09% positive and significant relationship with fund management practice. Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis stating managerial factors have no strong and significant relationship with fund management practice in IMC and accept the alternative hypothesis stating there is significant relationship between managerial factors and Fund management practice. The finding is concurred with Francis (2013) and Hedayat, Dr, Mahammed and Dr. Monsoor (2013) which stated there is significant relationship between management of fund and liquidity and managerial skill of managers in their study of effect or impact of managerial knowledge and skills on fund utilization and liquidity management.

HA₃. There is significant relationship between donors' behaviors factors and Fund management practice

HO₃. There is no significant relationship between donors' behaviors factors and Fund management practice

As per Pearson Correlations results in Table 4 showed factors attributed to donor behavior was moderately and significantly correlated with fund management practice ($r = 0.529$, $p < 0.05$) factors attribute to donor behavior had 52.9% moderate positive and significant relationship with fund management practice. Therefore, the researcher has sufficient statistical evidence to reject the null hypothesis stating there is no significant relationship between donors' behaviors factors and Fund management practice in IMC and accept the alternative hypothesis stating There is significant relationship between donors' behaviors factors and fund management practice. The researcher supported this finding from Bharathi Karanth, 2015, states that effective and accountable financial management is the corner stone of NGO accountability and sustainability, and a key component of program and organizational management. However, in many NGOs, the organization's financial planning, monitoring, and reporting systems and how they are integrated into the overall organizational management process still needs strengthening.

Table 9-Hypothesis results

S. N	Hypothesis	R-value	P-value	Decision Reject/Accept
1	Technical factors have low positive and strongly significant relationship with fund management practice.	0.411	0.004	Accept- HA ₁
2	Managerial factors have s have positive and significant relation with fund management practice	0.709	0.00	Accept- HA ₂
3	Factor attribute to Donor behavior have a positive and significant relation with fund management practice	0.529	0.00	Accept- HA ₃

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of Major Findings

This chapter presents the major findings are summarized, conclusion, recommendation, and suggestions for further research. The studies examine the factors affecting fund management practice on International Medical Corps. This study collected data to find out how technical factors, managerial factors and factors attribute to donor behavior affect fund management practice of IMC.

These relationships are examined using randomly selected data from IMC different sector and departments, operating in Addis Ababa and Field office. The mentioned variables and their measurements in this research are adopted from literatures. The reliability and validity of the variables were tested as per the recommendations made in various literatures. To address the objectives of this research both descriptive and inferential statistical methods were applied

In this study the relationship among the independent and dependent variables were mainly tested with linear regression analysis and the major findings are summarized as follows.

1. Initially, the correlations among the variables investigate by using Person coefficient (r) and technical factor have a low-positive and significant correlation with fund management practice at Pearson correlation coefficient, $R=0.411$, $p=0.004$ $p<0.05$, factors attributed to donor behavior by $R=0.59$, $p<0.00$ $p,0.05$, which has a moderate positive correlation with the dependent variable and finally a managerial factors Pearson correlation shows $R=0.709$, $P=0.00$, which has a high positive correlation with fund management practice
2. Furthermore, the study conducted different tests like regression diagnostic test, normality test, multicollinearity test, Heteroscedasticity test by using SPSS v27. The study passes all the test and got to regression analysis and find the results.
3. Before regression analysis conducted the researcher test autocorrelations test by using Durbin Watson test and the value shows 2.081 which is the range in between 0 and 4 and approached to 2 indicates there is no autocorrelation detected in the sample. The other analysis is ANOVA, F value can tell if there is a significant difference between the levels of the independent variable when $p < .05$. So, a higher F value indicates that the treatment variables are significant, variation

was significant as evidence of F ratio of 15.249 with p value = 0.000 which is $p < 0.05$ (level of significance) and the model is fit.

4. Table: 4.4.3 shows the regression summary of the dependent and independent variable and, the results showed that all the explanatory variables (technical factors, factors attributed for donor behavior and managerial factors) explained the Fund management practice by 71.8% percent and the remaining 28.2 percent the model is by inessential uncontrollable variables (external factors), in this study R^2 is account 0.515 indicates which is greater than 0.50 and then the model is strongly fit for predicting the fund management practice, dependent variable.

Finally, the study conducted Hypothesis test (H_A , H_0) for each independent variables which are factors that affect fund management practice, technical factors, managerial factors as well as donor behavior. Based on the hypothesis test result all the independent variables accepted by rejecting the null hypothesis (Technical factors $r=0.411$ $p\text{-value}=0.004$, Managerial factors $r=0.709$ $p\text{-value}=0.00$ and Donor behavior $r=0.529$ $p\text{-value}=0.00$. The hypothesis result shows independent variables are accepted

5.2.Conclusions

Based on the findings summarized in section 5.1 the following major conclusions were drawn.

The researcher observed that IMC have a high level of human capital in terms of educational level, work experience and this can forward the organization to better humanitarian organization and get better comparative advantage to mobilize fund from donors and managing fund.

As observed from the study higher mean values shows that the funds management practices, practiced in International Medical corps. This may be accounted for first, the rich human capital available in these organizations and second, the strict requirements of the donors, managerial ability of delivery as well as work system standards.

There are three factors that affect fund management practice were identified and are trying to examine the by broadly classified and their relationships. The positive and statistically significant factors that affect funds management practice, gives strong indication to conclude that factors that affect funds management practice have a high impact its practice in IMC. To conclude, fund management practice highly affected by the factors that observed in the study. The technical factors that would affect fund management practice include having of appropriate technology, Adequate infrastructure, and equipment to support new technologies, having competent ICT personnel, availability of coordination at different

levels in making effective use of the technology, and having proper data system, system compatibility and strong ICT policies. Therefore, sufficient infrastructure and equipment which support new technologies (such as server, power, internet options enough workspace and furniture) and building the capacity of ICT personnel, avoiding duplication within the organization is vital for the management practice. Based on the data analyses discussed in the preceding chapter, it is also found that among the independent variables, technical factors have the low standardized coefficient, however it has also significant relationship with fund management practice at 0.05.

Factors attribute to donor behavior such as accountability, financial transparency, project monitoring and evaluation, fund disbursement bureaucracies, donors engaging in multiple objectives and tasks have a moderate coefficient (0.141) than technical factors and less significant than managerial factors at 0.05.

The Managerial factors such as having strong managerial capacity of the human resources in the operation of its humanitarian fund management, adequate technical and managerial knowledge and skills of implementers, frequented and necessary formal training in foreign aid management, budgeting, financial reporting, donor policies and accounting requirements of donor funds projects for the employees, sound understanding of the donor expenditure protocols resulting in eligible expenditures, which lead to smooth acceptance of the eligibility of the expenditures, and to strengthen partnership for further funding by the donor, delivers a quality and deadline meet liquidation documents in order to ease the donor fund release and finally exercising a strong leadership style, culture, smooth work environment and bureaucracy have a significant impact on the fund management practice scoring highest standardize coefficient(0.620) from the existing independent variables and shows significant relationship with dependent variables at 0.05.

5.3.Recommendation

The researcher recommended that IMC would have to give due attention primarily for having a strong data systems and compatibility, invest adequate finance in order to acquire up to dated technology and data base system in the data system and make learn the employees its advantages to use the data system make compatible with the existing employees. IMC shall provide a sufficient infrastructure and equipment which support new technologies, empower competent personnel, and provide a good space to design ICT infrastructural layouts.

The researcher recommends that, as well known aid funds depends on the donor good will and kindness to fund in the humanitarian activities and IMC shall avoid any issues related with accountability, monitoring and evaluation and fund disbursement bureaucracies which is have a great impact on partnership through creating awareness and giving training for employees about humanitarian fund management and try to exert and practice daily, Associate with donor and give training donor policies awareness, Financial management training that helps to manage the fund.

Finally, the researcher recommended that staffs shall have enough and timely framed trainings regarding different donor policies and accounting requirements this also related with attribute for donor behavior. As known the humanitarian world is dynamic and changed through time to time and to be competent in the sector IMC shall give up to date trainings regarding policies of donors, as an accounting standards and financial management ways are volatile IMC should provide a training and capacity building educations for the employees.

5.4.Further Research

As well-known our country is filled annual budget deficit from different sources and one of it is from donations as we are not at the level of covering our full expenditures from internal sources and dependent on foreign fund in order to finance the public expenditures, creating a partnership with different donor agencies to spend in different sectors of economies for issue of developmental aspect or reforms, the study is better to be re-study at national level, different Non-Governmental Organizations (NGO's) to further identify and compare the factors affecting fund management practice.

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Annexes I

QUESTIONNAIRE

St. Mary's University

Post Graduate Studies

Master of Business Administration

Dear Respondents

First, I would like to forward my sincere gratitude goes to you. I am working on my thesis for Master of Business Administration at St. Mary's University (SMU) and the title of my research is: *“factors affecting fund management and its utilization effectiveness: The case of International Medical Corps”*. I am conducting the research as partial fulfillment of the Master of Business Administration.

Thank You in Advance for Your Cooperation

Instructions:

- ✓ There is no need to write your name or other identity
- ✓ Your response will be kept confidential and will be used only for academic purpose
- ✓ Please respond to the item in the questionnaire by putting a tick mark (✓) inside the box

Section A: Respondent Profile

1. Indicate your career level/position

☐ Top level manager

☐ First-line manager

☐ Middle level manager

☐ Others (specify)

2. Indicate your sex:

☐ Male

☐ Female

3. Please indicate your age category

☐ Lowest through 20 years

☐ 41 through 50 years

☐ 21 through 30 years

☐ 61 years through highest

☐ 31 through 40 years

4. Indicate your highest level of education

☐ College certificate

☐ Master

☐ College Diploma

☐ Ph.D.

☐ Bachelor

☐ Others (specify)

5. How long have you been in employment with this organization?

☐ Lowest through 2 years

☐ 3 through 4 years

☐ 5 through 10 years

☐ 10 years through highest

6. Please indicate the department in which you work?

Section B: Factors affecting fund management practice

Extent to which the following factors affect effective use of donor aid by International non-governmental organizations in Ethiopia

- A. Please indicate the extent to which you agree/disagree that each of the listed technical factors positively affect effective use of donor aid in IMC by ranking the factors on a five-point scale. (Tick as appropriate):

No.	Items	Strongly disagree	Disagree	Somehow Agree	Agree	Strongly Agree
<i>A</i>	<i>Technical factors that positively effective use of donor aid</i>	1	2	3	4	5
1	IMC have adequate and appropriate technological infrastructure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Adequate infrastructure and equipment to support new technologies have a vital role in fund management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	IMC have competent personnel in ICT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	IMC coordinate effective use of the technology at different level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	IMC have strong data systems and compatibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	IMC have strong ICT policies and manuals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Others (Specify)</i>					

- B. Please indicate the extent to which you agree/disagree that each of the listed factors attributed to donor behavior positively affect effective use of donor aid in IMC by ranking the factors on a five-point scale. (Tick as appropriate)

B	Factors attributed to donor behavior	Strongly disagree	Disagree	Somehow Agree	Agree	Strongly Agree
	Accountability:	1	2	3	4	5
1	Sound accountability: full transparency regarding the purpose, content, responsibility, and performance of the development agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Financial Transparency					

2	IMC has strong organizational commitment to the international standards of accounting and financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The organizations have a capacity to ensure accurate and up to date financial records	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The organization have a capacity to ensure correct, timely preparation and submission of the financial reports to the concerned partners, and declares annual financial reports audited by public qualified accountants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Project Evaluation Complexities:					
5	IMC has sound monitoring and evaluation systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	During emergency time and natural calamities occurred IMC conduct an assessment offoreign aid and conducting an explicit evaluation function in foreign aid programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	IMC has particular monitoring and evaluation system and draw on commonly accepted professional principles and standards in planning, monitoring and evaluating programs, andthese systems supports success toward achievement of its mission andprogram goals, delivering quality service for its beneficiaries, that enables intended and unintended outcomes and impacts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Fund disbursement bureaucracies:					
8	IMC has clear and predictable time frame in disbursement of funds without any delayed request.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Resources set beside for specific usesflow within legally defined institutional frameworks.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Funds pass easily through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Multiple objectives and tasks:					
11	Information on actual public spending at the frontline level or by program is always available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	When donor faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy the need for beneficiaries that concerns or require huge effort.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Since some tasks are more easily monitored by their supervisors, these tasks will receive aproportionate attention at the expense of less easily monitored tasks.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C. Please indicate the extent to which you agree/disagree that each of the listed managerial factors negatively affect effective use of donor aid in IMC by ranking the factors on a five-point scale. (Tick as appropriate)

C	Managerial factors	Strongly disagree	Disagree	Somehow Agree	Agree	Strongly Agree
		1	2	3	4	5
1	IMC an organization that have strong managerial capacity of the human resources in the operation of its humanitarian fund management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	IMC had adequate technical and managerial knowledge and skills of implementers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	IMC have frequented and necessary formal training in foreign aid management, budgeting, financial reporting, donor policies and accounting requirements of donor funds projects for its employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	IMC has adequate understanding of the donor expenditure protocols resulting in eligible expenditures, which lead to smooth acceptance of the eligibility of the expenditures, and this will strengthen partnership for further funding by the donor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	IMC delivers a quality and deadline meet liquidation documents in order to ease the donor fund release.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	IMC has a strong leadership style, culture, smooth work environment and bureaucracy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Apart from Technical, Managerial & Donor behavior, what other factors influence the fund management practice of the organization? Please describe:

Section C. Funds Management Practices in IMC

A.1. In a scale of 1-5 to what extent, do you agree with the following factors concerning the practices of fund management?

How often do you perform the following practices of fund management? Please indicate by ticking only one in the scale

No	Response	1	2	3	4	5
1	IMC uses different tools and templates for Fund management for its implementation such as budget tracking and development template, budget narrative template and standard operating procedures for fund management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	As per donor requirement that IMC use different procedures for the management of aid funds through building a capacity for managing the awarded resources when different donors have different requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3	IMC implement, where feasible fund management practice by planning, funding as sub-granting (e.g. joint financial arrangements), disbursement, monitoring, evaluating, and reporting to government on donor activities, fund flows and increased use of program-based aid modalities contribute to the effort of effective fund management practice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	IMC implements basic public financial management systems and principles to oversee and control of funds and its flows, use public financial management systems in partner organizations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	IMC uses strong procurement systems to satisfy donors' requirement and effective flows of funds, delivering necessary service to beneficiaries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	IMC produces regular reports on how much the project has spent, produce cashflow forecasts that estimate how much will be spending in the next period and the rest of the project life, and produce a report on spending against the total amount in the budget (sometimes called burn rates, or budget vs actuals (BvA)).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	IMC mostly practice budget related compliance (which is what can spend and how and what process must follow), financial monitoring requirement by the funders and analyzed the favorable and unfavorable variances b/n budget and actual amount.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	IMC strongly follow effective management of contracts and grants, including tracking of funding portfolio, management of cash budgets, compliance with donor regulations, expenditure reporting and internal audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	IMC has the Funding Portfolio Matrix which is designed to monitor the status of all funding sources available and expected, also indicates the funding timeline and the funding distribution by program sectors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	In IMC the Country Director formally appoints a team of CO staff responsible for leading and supporting the budget development/management process and the team comprised of the different emergency program managers, Finance, Procurement, Human Resources, Program development and Design, Monitoring and Evaluation and audit staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank You for Your Time

