



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE**

**ASSESSMENT OF RESOURCE MOBILIZATION AND ITS MANAGEMENT
IN LOCAL NGOS (THE CASE OF LOCAL NGOS IN ADDIS ABABA)**

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DECLARATION

I, Martha Dubiwak declare that this thesis entitled “Assessment of Resource mobilization and its management in local NGO in Addis Ababa” is my own original work, which has not been presented for degree in this or any other universities and that all sources of materials used for the thesis have been properly acknowledged.

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TABLE OF CONTENT

	PAGE
Declaration	iii
Acknowledgements	v
List of Table	viii
List of Figer.....	ix
Abbreviations	x
Abstract	xi
CHAPTER ONE	1
1. Introduction.....	1
1.1 Background of the Study	1
1.2. Statement of the Problem-----	3
1.3. Research Questions-----	4
1.4. Objective of the Study-----	4
1.4.1 General Objective:	4
1.4.2 Specific Objective.....	4
1.5 Significance of the Study-----	4
1.6 Scope of the Study-----	4
1.7 Limitation of the Study -----	5
1.8. Organization of the Study-----	5
1.9 Operational Definition of Terms-----	6
CHAPTER TWO	7
2. Literature Review.....	7
2.1 Definition of Resource-----	7
2.2 Major Type of Resources-----	8
2.3 Source of Fund for NGOs-----	8
2.4 Resource Mobilization cycle -----	9
2.5 Financial Sustainability-----	9
2.6 Factors that Influence Financial Sustainability-----	9
2.7 Monitoring Sustainability-----	10
2.8 Fundraising-----	10
2.9 Preconditions for Fundraising -----	10
2.10. Local Resource Mobilization-----	11
2.11. Importance of Fundraising-----	11
2.12 Advantage of Domestic Fundraising-----	11

2.13 . Factors Affecting Resource Mobilization-----	12
2.14 Laws and Regulations Affecting Fundraising-----	13
2.15 Management of the Resources Mobilized-----	14
2.16 Financial Management for NGO-----	15
2.17 NGO’s Administrative VS Operation Cost in Ethiopia-----	16
2.18 The Seven Principles of Financial Management-----	16
2.19 The Importance of Financial Management for NGOs-----	16
2.20 Responsibilities of Higher Official on Resource Management-----	17
2.21 Role of Board Members on Resource Mobilization-----	17
2.22. Classification of NGOs in Ethiopia Based on Income Source-----	18
2.23. Classification of NGOs in Ethiopia Based on Organizational Form-----	18
2.24 Recourse Mobilization and Resource Management Framework-----	19
2.24.1 Resource Mobilization Frame Work	19
2.24.2 Resource Management Frame Work	20
2.25 Empirical Studies-----	21
CHAPTER THREE	22
Research Methodology	22
3. Research Design and Methodology	22
3.1. Research Design-----	22
3.2 Target Population-----	22
3.3 Sample Size Determination-----	22
3.4 Sampling Techniques-----	23
3.5Data Types and Sources-----	23
3.6 Data Analysis and Presentation-----	23
CHAPTER FOUR	24
4.1 Data analysis and presentation	24
4.2 Discussion	40
CHAPTER FIVE	42
5.1 Conclusions-----	42
5.2 Recommendations-----	42
References	
Annex	
Questioner	

List of Tables	page
Table 4.1: Questionnaire Distributed and Collected-----	24
Table 4.2.General characteristics of Sample Respondents-----	25
Table 4.3. Information About the Organization-----	26
Table 4.4 Organization System and Philosophies-----	27
Table 4.5 Type of Fund-----	28
Table 4.6.Status of Fund-----	29
Table 4.7 Kind of Project-----	29
Table 4.8 Trend of Foreign Fund-----	30
Table 4.9 Number of Project-----	30
Table 4.10.Common Cost Allocation-----	31
Table 4.11 Effect of CHSA Rule-----	32
Table 4.12 Effect of Program to Administrative Ratio-----	32
Table 4.13 Factors Affecting Resource Mobilization-----	33
Table 4.14.Organization Source of Fund-----	34
Table 4.15 Capacity of the Organization-----	34
Table 4.16 Financial resource Management Practices in NGOs-----	35
Table 4.16.1 Financial Record of the Organization.....	35
Table 4.16.2Financial Planning of the Organization.....	36
Table 4.16.3Financial Implementation, Monitoring & Reporting.....	37
Table 4.16.4 Internal Control	38

List of Figures	page
Figure 4.1 Kind of Foreign Funds-----	29
Figure 4.2 Kind of Local Funds-----	29

Abbreviations

CHSA Charities and Societies Agency

CSO Civil Society Organization

CSP Charities and Societies Proclamation

GAAP Generally Accepted Accounting Principles

NGO Non-Governmental Organization

UN United Nations

Abstract

Resource mobilization is a valuable component for strengthening local NGOs and resource management is systems of policies and procedures that protect the assets of an organization. The objective of this study was to assess resource mobilization and its management by the local NGOs operating in Addis Ababa. Descriptive research method was conducted for the study. Accordingly, 94 local NGOs were selected from total 1520 target population using simple random sampling method. The main instrument for collecting primary data was questionnaire and interview; while secondary data was collected from published document of CHSA and selected local NGOs. The data generated were analyzed using statistical package for social science (SPSS version 20). The study findings indicated that dependence on foreign fund, donors rule and regulation, CHSA law, capacity limitation of the organization, lack of awareness on available opportunity, networking with resource providers and other NGOs, accountability and transparency were the main factors that affect resource mobilization and its management. Thus the researcher recommended promoting local resource mobilization to reduce dependence on foreign fund based on the study findings.

CHAPTER ONE

INTRODUCTION

Chapter one includes background of the study, statement of the problem, objective of the study, research question, significance, scope, limitation and organization of the study.

1.1 Background of the Study

Non-governmental Organizations (NGOs) perform an important role in the economic development of developing countries. They provide services to society through welfare works for community development, assistance in national disasters and sustainable system development (Zahir, 2004).

The term, non-governmental organization (NGO) came into use in 1945 because of the need for the UN to differentiate in its charter between participation rights for intergovernmental specialized agencies and those for international private organizations. At the UN, virtually all types of private bodies can be recognized as NGOs (Ali, 2005).

The emergence of NGOs in Ethiopia was largely related to food aid and rehabilitation programs since 1974 famine but a much larger presence occurred after the 1984 drought. The intervention of NGOs at that time was limited to the provision of relief and welfare services, especially food aid. The number of NGOs has immensely increased since then, and their intervention areas have been expanded in the provision of basic services, including education, health and development of infrastructure. A few NGOs were also established to work on human rights, civic education, democracy and conflict issues. Moreover, NGOs working on development and service delivery have largely adopted the rights-based approach to development with a view to ensuring community ownership and sustainability of development programs (Users' manual for charities and societies law, 2011).

According to a recent statement by the Charities and Societies Agency of Ethiopia, about 1600 CSOs have been reregistered under the new Charities and Societies Law. Of these, more than 1500 are Ethiopian resident and foreign charities working on development and welfare. Further,

The Agency has also registered about 98 Ethiopian charities and societies which are allowed to work on human rights and conflict resolution (Users' Manual for the Charities and Societies Law, 2011).

Local NGOs are types of organizations those are geared toward the provision of some sort of benefits to the society and are citizen-based associations. These organizations are mobilizing financial resources from various national and international voluntary agencies to work in a coordinated manner consistent with the requirements of the society (Mengesha *et al*, 2014).

According to Rehema, (2014) Resource mobilization is a process whereby resources both financial and non-financial resources are mobilized either externally or internally to support organization activities. This takes different forms such as financial donations, materials or volunteer labor, in order to sustain the projects and Programs. Mengesha *et al*, (2014) stated that resource mobilization requires proper management i.e. planning, controlling and monitoring resources to achieve organizational objectives. The NGOs face many challenges in resource mobilization as they depend on donors' interest and also encounter furious computation to secure the resources (Nehemiah, 2010).

NGOs play a significant role in supporting governments' development programs. But they face several challenges that could be external as well as internal with regard to resource mobilization and its management. The major factors such as the existence of furious competition for fund wining among the NGOs with other competitors of the same program, the law and regulations of different countries that could restrict fundraising opportunities and the total dependence of NGOs on donors for fund to carry out their activities are considered as major external influences. Besides, internal challenges like significant capacity limitation among indigenous NGOs in terms of human resource and due to having insufficient staff then to pursuing appropriate funding or resources remains elusive to many (Beverly *et al*, 2012).

Even though resource mobilization could be the major challenges for NGOs, it is also important to evaluate how the mobilized resources are managed to achieve the anticipated goal. Particularly in managing scarce resources with regard to systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and

regulations and achieve effective and efficient operations(Andrew,2015). Therefore this study aimed at assessing resources mobilization and its management in the context of selected local NOGs in Addis Ababa as few studies have been conducted on the subject.

1.2. Statement of the Problem

A nonprofit organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, they perform a variety of service and humanitarian functions. A nonprofit organization is a legal and accounting entity that is operated for the benefit of society as a whole rather than for the benefit of individual proprietor or a group of partners or stockholder.

Resource mobilization is a valuable component for strengthening an NGO. Unfortunately there is a lot of competition for donor resources and in many cases for an organization to secure resources it depends on how well it can compete with other organizations to raise funds; and on how good it is at exploring other ways to source for resources (Daniel, 2010).

Local NGOs face difficulties in securing enough funds because the projects undertaking require substantial amounts of resources, both financial and non-financial due to high poverty levels in most parts of the continent. In Africa despite vast differences among the NGOs most share a common challenge of unlimited needs chasing limited resources (Rehema, 2014). NGO's may face internal and external factors that affect resource mobilization and its management. Thus, this study is made to evaluate factors affecting financial resource mobilization and to examine financial management practice of local NGOs in Addis Ababa in view of system of acquiring resource, financial planning, implementation, monitoring and internal control system of the organization. Therefore based on the study findings to generate a base line data for future improvement and forward some recommendation.

1.3. Research Questions

This study analyzed and answered the following research questions:

- What are the factors affecting financial resource mobilization of local NGOs in Addis Ababa?
- What kinds of practices do the local NGOs in Addis Ababa carry out pertaining to financial management with regard to planning, implementing and monitoring system?
- How local NGOs in Addis Ababa control their financial resource?

1.4. Objective of the Study

1.4.1 General Objective:

The overall objective of the study is to assess resource mobilization processes employed by the local NGOs and the resource management practices they pursue.

1.4.2 Specific objective

The specific objectives are:-

- To assess factors affecting financial resource mobilization in the case of local NGOs operating in Addis Ababa.
- To examine how local NGOs in Addis Ababa manage financial resources with regard to planning, implementation and monitoring system
- To examine internal control system of financial resources in case of local NGOs in Addis Ababa

1.5 Significance of the Study

The study helps to generate information that would be useful for local NGOs to improve its performance in resource mobilization and its management. And also used as base line data for further research.

1.6 Scope of the Study

This study couldn't cover all local NGOs operating in Addis Ababa because of time and financial limitations as well as dispersed locations of their offices and inability to trace their

recent addresses. Thus this study was conducted only on randomly selected local NGOs operating in Addis Ababa with special emphasis on factors affecting financial resource mobilization and financial resource management practice of the selected NGOs. For the study primary data were collected by questionnaires and interview while secondary data were from published works of the organizations and CHSA.

1.7. Limitation of the Study

The main limitation of this study is that the research was conducted only in the selected local NGOs operating in Addis Ababa and the findings may not indicate the general situation in Addis Ababa. Similarly, geographical locations pose significant challenges to trace recent addresses of some local NGOs. Additionally unwillingness of staffs to responds the questioner distributed by the researcher.

1.8. Organization of the Study

This thesis has five chapters with well-established sections in each chapter. The first chapter is an introductory part consisting of the background of the study, statement of the problem, Research questions, objective of the study and significance as well as scope and limitations of the study. The second chapter presents literature related to the issue under investigation, presents a conceptual framework supporting this research and empirical studies. The third chapter discusses the research design and methodology, target population, sample size, sampling techniques, data type and sources and data analysis and presentation. The fourth chapter presents the data analysis and presentation as well as discussion of the results of the data analysis. The fifth and last chapter draws conclusions on the basis of findings from the data analysis and the final section of this chapter outlines recommendations to address main issues identified throughout the research and possible opportunities.

1.9 Operational Definition of Terms

- **NGO:** A nonprofit organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, they perform a variety of service and humanitarian functions (Ali, 2005).
- **Local NGO:** are types of organizations those are geared toward the provision of some sort of benefits to the society, usually in the form of humanitarian aid and are citizen-based associations (Mengesha *et al*,2014).
- **Resource mobilization:** Resource mobilization refers to all activities involved in securing new and additional resources for the organization. It also involves making better use of, and maximizing, existing resources (Latifa, 2006).
- **Resource management:** is the efficient and effective deployment and allocation of an organization's resources when and where they are needed. Such resources may include financial resources, inventory, human skills, production resources, or information technology (Andrew, 2015).

CHAPTER TWO

Literature Review

This chapter reviews published data and research findings relevant to the topic under investigation so as to compare and contrast the finding of this study. The specific issues covered were: the meaning and definition of resource mobilization and management, major types of resources, resource mobilization cycle, sources of fund for NGOs, financial sustainability, factors influence financial sustainability, local resource mobilization, fundraising, importance of fundraising, management of the resources mobilized, principles of financial management, importance of financial management for NGOs, responsibilities of higher official on resource management, role of board members on resource mobilization, empirical studies and conceptual frame work.

2.1 Definition of Resource

Resource Mobilization is a process whereby both financial and non-financial resources are mobilized either externally or internally to support organization activities, Rehema (2014). Resource mobilization is a valuable component for strengthening an NGO. Unfortunately there is a lot of competition for donor resources and in many cases for an organization to secure resources it depends on how well it can compete with other organizations to raise funds; and on how good it is at exploring other ways to source for resources, Daniel (2010). Resource Mobilization attempts to have the aim of winning participants, that is, persuading people to support the organization by material and non- material (Bert, 1984).

Resource mobilization is a valuable component for strengthening an NGO. Unfortunately there is a lot of competition for donor resources and in many cases for an organization to secure resources it depends on how well it can compete with other organizations to raise funds; and on how good it is at exploring other ways to source for resources (Rehema, 2014).

Despite the vast differences among the world's non-governmental organizations (NGOs), most share a common dilemma: Lack of funds limits the quantity and/ or quality of the important work they do. Unlimited needs pursuing limited resources are a fundamental fact of economic life in rich countries and in poor countries (Mechai & Jonathan, 2001).

2.2 Major type of Resources

- **Human Resources:** The profiles, qualifications, and skills necessary are an asset for an organization's effectiveness and efficiency. Thus human resources are not just production inputs but bringing information and knowledge to the organization.
- **Financial and Physical Assets:** Financial and physical assets are essential inputs to operate the planned activities. Finance is the backbone of the programs implementation.
- **Information /Know-How:** All tasks require information. This information could be about the tasks content or its management. The organization also generates useful internal information that necessary for the organizational operation.
- **Networks/Relations:** Networks and relationships are key to secure other resources to meet social obligations and coexist with other organizations in a complex national and international environment (Terry, 2009).

2.3 Sources of Fund for NGOs:

The Sources for funding or resources can be categorized as follows

1. Conventional

Individual philanthropy, Private foundations, corporate agencies, government and foreign development agencies

2. Non-Conventional Means

Membership fees, businesses, income generating activities, Prizes/Awards; it is important for organizations to understand funding sources within categories that they have not fully explored and design mechanisms of accessing them. There are three ways to mobilize resources as follows; accessing existing resources through private and public sources, generating new wealth and capitalizing on non-financial resources (Rehema, 2014).

NGOs' obtain fund from interested third parties, who give to the NGO in return, primarily, for the personal satisfaction derived from doing good (grants and donations); Beneficiaries of the NGOs programs, who value their participation more than the cost of participating (cost recovery); Unrelated third parties, who will pay the NGO in return for something of value that the NGO can make or do for them (commercial ventures) (Laura and Paul, 2000).

2.4 Resource Mobilization Cycle

The resource mobilization cycle is a tool used by strategic organization to help plan, monitor and develop their resource mobilization activities. It involves 3 phases

- Planning-assessment and design element
- Act-implementation (identify, engage, negotiate, manage and report and communicate results) which is an ongoing process
- Revise strategy for purposes of redesign. The action plan and strategy are monitored and the organization reflects on successes and challenges then through the lessons learned they tailor and refocus strategy for greater success (Terry, 2009).

2.5 Financial Sustainability

Financial sustainability has become something of a buzzword in the NGO sector given ‘donor fatigue’ in rich nations. The recent economic recession has dramatically influenced trends in donations, particularly from individuals, as Americans have less disposable income to continue giving to nonprofit organizations at the levels they had in previous years. In a survey of 800 nonprofits at the end of 2008, 75 percent of nonprofits reported feeling the effects of the downturn, with 52 percent already experiencing cuts in funding (Renz, 2010).

2.6 Factors that Influence Financial Sustainability

Many factors influence the sustainability of an organization, including the operating environment, national and local politics and policy, the activities of other organizations, the availability of skilled personnel, and more. Understanding the nature and impact of these influences on your organization and programs is critical because it better prepares you to anticipate and respond to changes in your external environment in order to generate sufficient resources to consistently meet your clients’ needs. However, it is also important to differentiate between those factors you can control and those you cannot (Rehema, 2014).

There are varying degrees of sustainability, and therefore some organizations are more sustainable than others. The “starting point” is different for each organization: each has strengths that can be enhanced and weaknesses that can be improved upon. For example, some organizations may always require international donor funding, while others may be able to generate sufficient funds through cost recovery and local donations (Renz, 2010).

2.7 Monitoring Sustainability

Each organization should delineate and monitor the key factors that influence its sustainability over time. Four factors in particular are helpful for monitoring sustainability.

1. The organization is financially stable and growing.
2. Stakeholders appropriately recognize and share in the benefits.
3. Leaders and managers excel.
4. Sustainability efforts remain in harmony with stakeholders' interests (Abt Associates Inc, 1994).

2.8 Fundraising

Fundraising is the act of persuading people or organizations to raise money for a cause and it is the activity of collecting money to support a charity or political campaign or organization (Rehema,2014).

According to Moynihan (2001) most ailing organizations suffer from financial problems and need a strong fundraising plan. Such a plan should focus on long-term supporters. The best time to scout new funders is after the worst is over. Reason: Prospective funders may look favorably on an applicant that has moved decisively to pull (Laura and Paul,2000).

2.9 Preconditions for Fundraising

There is what an organization needs to do before it can begin to think about fundraising and/or marketing. Before a fundraising or strategic marketing plan can be developed, there are key critical organizational systems or philosophies that need to be established before most donors will consider funding an organization. (FHI, 2012).

Organization system and philosophies

- Ownership of clear organization mission, vision & objective
- Policies, procedures, systems to ensure accountability
- Strong systems in place
- Strong organization ethics
- Strong leadership
- Strong systems in place
- Experienced and well training staff to use & manage systems (FHI, 2012).

2.10. Local Resource Mobilization

Local Resource Mobilization describes the activity of finding new ways of engaging resources in the local environment (i.e. funds, people, goods and services) to support an organization and make it self-sustaining, Rehema (2014). Local resource mobilization encompasses a wide range of strategies going from income generation schemes to locally based fundraising or building volunteer constituencies for example. It finds expression in a variety of fresh approaches which integrate cultural, social and economic contexts (Michael, 2009).

Resource mobilization is about getting a range of resources, from a wide range of resource providers (or donors), through a number of different mechanisms.

2.11. Importance of Fundraising

Fundraising is extremely important for organization's success. As a means of:

- **Survival:** Every organization needs enough money to survive so as to meet its project costs and develop its programs for the future. The availability of fund enables the organization to carry out its work.
- **Reducing dependency**
Broadening fundraising base by bringing in other donor and by generating other source of income to reduce dependency since dependency can make it difficult for the organization to determine its own agenda since it will constantly have to adapt to the priorities of its donor organizations.
- **Building a constituency**
The number of supporters is an indication of the level of support that the organization is attracting, and this can add strength to the lobbying and campaigning work.
- **Creating a viable and sustainable organization**
Fundraising is generating the resources need to survive, enabling to pay for any planned expansion and development as well as to create a viable and strong organization which is able to sustain itself into the future (Michael, 2009).

2.12 Advantage of Domestic Fundraising

Local fundraising minimize dependence on external donors as all external donors have their own agenda and their own views to donate and make local NGO managers to follow the money and

allow donors to dictate the scope and direction of their activities, or else receive no funds at all. As the old saying goes, "beggars can't be choosers" (Mechai & Jonathan,2001).

The Local NGO fund raising approaches needs to look for an alternative means of generating fund locally through consultancy, arranging concerts, great run and advocacy activities and business closely linked to their main work (Ali, 2011).

2.13. Factors Affecting Resource Mobilization

NGOs are operating under a highly resource competitive environment. Factors affecting resource mobilization:

Competition among NGOs in the Same Sector: Duplication of resources is seen in the activities of some NGOs. There is also a challenge of increased competition between NGOs for funds (Daniele, 2010).

Government policies and political climate: Government attitude and perceptions of NGOs have not been good in many African countries and some organizations have been considered by the government as a threat. Also political instability make donors either not release funds or they reduce or enforce stringent measures (Nehemiah, 2010)

Type of Network Involved in: Networks that NGOs are engaged in may hinder their ability to access and mobilize resources effectively (Rehema, 2014).

Accountability and Transparency: NGOs sometimes fail to meet the requirements imposed a country's or donors legal system and this makes them lose the public's trust. Many organizations lack sound systems for financial management, program monitoring and evaluation and managing overall program performance that ensure they consistently earn stakeholders trust (Rehema, 2014).

Inadequate Awareness on Available Opportunities: There are windows of opportunities that exist with in countries that sometimes NGOs fail to exploit due to lack of awareness that the opportunities exist. (Daniele,2010).

Minimal Communication and Branding: Many NGOs are not able to communicate effectively who they are, what they do, and their achievements and they are not able to effectively market their programs. (Rehema, 2014).

Capacity Limitation within Organizations: There is significant capacity limitation among indigenous NGOs in terms of human resource and due to having insufficient staff then to pursuing appropriate funding or resources remains elusive to many (Beverly *et al*, 2012).

2.14 Laws and Regulations Affecting Fundraising

The growth of nongovernmental organizations (NGOs) in scale and scope around the world has been accompanied by growing governance and regulatory challenges for governments, NGOs and donors. The challenges of governance and accountability to NGO are particularly acute in Africa, a region often characterized by less democratic governance and weak mechanisms of regulatory oversight (Moynihan, 2001).

As many grants and donations carry restrictions on the types of expenses that they may cover depend on the donors' laws and regulation. Because some donors cover only direct program costs so local NGOs forced to contribute costs of support services or other overhead costs on their own, or at least cover an increasing share of these costs over time. Even those NGOs fortunate enough to be fully funded in their current operations may face uncertainty over future funding (Mechai V, & Jonathan H, 2001).

NGOs in Africa do not attract funds locally; the bulk of their funding comes from international donors and NGOs. There for many laws are leaned towards bigger picture and not local fundraising regulations. Many western countries have clear laws and regulatory bodies that regulate the charities and their activities specially fundraising. Charities are able to maximize their potential within an effective governance, accounting and legal framework with the scope of their operations (Rehema,2014).

Fund raising helps the growing needs of many poorer countries that have underfunded health, welfare and educational programs, and this particularly affects poor people of countries where population growth is outstripping economic advance. Therefore, there are always new needs and new concerns from the problems of water scarcity to the consequences of rapid urbanization.

Thus it is need to create more imaginative and effective approaches to the problems that exist in society, so that they can respond to the growing levels of need without necessarily creating a continuing demand for funding that is just not there (Michael, 2009).

2.15 Management of the Resources Mobilized

It is not enough to mobilize financial resources. Whether resource subsidies or income generated by the organization itself, one must manage these resources in a professional manner, which requires the establishment of an appropriate system for accounting and financial management IDRC, (2013).

Resource management is systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems are not only related to accounting and reporting but also relate to the organization's communication processes, internally and externally, and include procedures for

- Handling funds received and expended by the organization,
- Preparing appropriate and timely financial reporting to projects stakeholder,
- Conducting the annual audit of the organization's financial statements,
- Evaluating staff and programs,
- Maintaining inventory records of real and personal property and their whereabouts and
- Implementing personnel and conflicts of interest policies (Andrew, 2015).

NGOs operate in a competitive environment where donor funds are increasingly scarce. We must therefore make sure that donated funds and resources are used properly, and to the best effect, to achieve the organization's mission and objectives. Financial management entails planning, organizing, controlling and monitoring the financial resources of an organization to achieve objectives (Terry, 2012).

Effective financial management can be achieved if there is a sound organizational plan. A plan in this context means having set objectives and having agreed, developed and evaluated the policies, strategies, tactics and actions to achieve these objectives. Sound financial management will involve you in long-term strategic planning, and short-term operations planning. This

financial planning should become part of your organization's ongoing planning process(Financial Management Manual Guidelines, 2011).

One of the most important financial monitoring activities is budgetary control, i.e. monitoring the charity's financial performance against a budget. Proper and realistic estimates of income and expenditure need to be made for each area of the charity's activities for each financial year (Charity Commission, 2012).

2.16 Financial Management for NGO

Good financial management involves the following four building blocks which must be in place:

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

Effective internal control is important for an organization as it could plug the loopholes for corruption which often involves malpractice and fraud, ICAC(2000).There are many positive changes in organizational performance that are associated with good internal controls within an organization. This will ultimately lead to sustainability of its programs as donors and other key stakeholders to develop trust and support its programs (Hassan, 2014).

Internal control system is the primary accountability and governance tool an NGO can establish and use to provide accountability to its stakeholders (donors) and safeguard its assets. Effective internal control over financial reporting is intended to provide reasonable assurance about the reliability of an organization financial statements and the process of preparation of those statements (Ngwenya, 2013).

2.17 NGO's Administrative cost VS Operation Cost in Ethiopia

Article 90 of the CSP provides for the regulation of administrative and operational costs. This provision reads, "Any charity or society shall allocate not less than 70 percent of the expenses in the budget year for the implementation of its purposes and an amount not exceeding 30 percent for its administrative activities" (Users' manual for charities and societies low, 2011).

2.18 The Seven Principles of Financial Management

It is useful to identify a series of good practice principles, which can be used as a standard in developing proper financial management systems in an NGO.

Principle 1- Consistency: The financial policies and systems of an NGO must be consistent over time.

Principle 2- Accountability: is the moral or legal duty, placed on an individual, group or organization to explain how funds, equipment or authority given by a third party has been used.

Principle 3- Transparency: The organization must be open about its work, making information about its activities and plans available to relevant stakeholders.

Principle 4- Viability: organization's expenditure must be kept in balance with incoming funds, both at the operational and the strategic levels.

Principle 5- Integrity: The integrity of financial records and reports is dependent on accuracy and completeness of financial records.

Principle 6- Stewardship: An organization must take good care of the financial resources in practice; managers achieve good financial stewardship through careful strategic planning, assessing financial risks and setting up appropriate systems and controls.

Principle 7-Accounting Standards: The system for keeping financial records and documentation must observe internationally accepted accounting standards and principles (Terry, 2012).

2.19 The Importance of Financial Management for NGOs

NGOs operate in a rapidly changing and competitive world. If their organizations are to survive in this challenging environment, managers need to develop the necessary understanding and confidence to make full use of financial management tools.

Good practice in financial management will help managers to make effective and efficient use of resources to achieve objectives and fulfill commitments to stakeholders, it helps NGOs to be

more accountable to donors and other stakeholders, it gains the respect and confidence of funding agencies, partners and beneficiaries, it gives the NGO the advantage in competition for increasingly scarce resources, help NGOs prepare themselves for long-term financial sustainability (Terry, 2009).

2.20 Responsibilities of Higher Official on Resource Management

The boards and officers of those charitable organizations are responsible for managing and reserving the charitable assets. Whatever their mission or size, all organizations should have policies and procedures established so that (1) boards and officers understand their fiduciary responsibilities, (2) assets are managed properly and (3) the charitable purposes of the organization are carried out. A failure to meet these obligations is a breach of fiduciary duty and can result in financial and other liability for the board of directors and the officers. Effective internal controls will help to protect an organization's assets and assist in their proper management (Laura and Paul, 2000).

According to Ali,(2005) having a good and effective NGO Board provides a basis for successful management of its organization; familiarizes its target constituents with the activities of the NGO; help in better understanding the organizational structure of the NGO, and also assists in distributing responsibilities among the team members within the NGO organization.

2.21 Role of Board Members on Resource Mobilization

The board of directors and management carry the ultimate responsibility for resource management within the NGO. This primary responsibility is to ensure the organization is accountable for its programs and finances to contributors, members, government regulators and other key stakeholders. (CPA Australia, 2011) Periodic review of an organization's structure, procedures and programs will assist board members in determining what is working well and what practices the organization might want to change in order to be more efficient, effective or responsible (ERIC, 2011).

2.22. Classification of NGOs in Ethiopia Based on Income Source

Ethiopian Charities or Ethiopian Societies: Those charities are formed and totally controlled by Ethiopians under the laws of Ethiopia. They get 90% and more of their income from local sources and they do not use more than ten percent of their funds from foreign.

Ethiopian Residents Charities or Ethiopian Residents Societies: that is formed under the laws of Ethiopia and which consist of members who reside in Ethiopia; and who receive more than 10% of their fund from foreign sources.

Foreign Charities: those Charities that are formed under the laws of foreign countries or which consist of members who are foreign nationals or are controlled by foreign nationals or receive funds from foreign sources (Users' Manual for the Charities and Societies Law, 2011).

2.23. Classification of NGOs in Ethiopia Based on Their Form

Society: Proclamation 621/2009 defines the word "society" as "an association of persons organized on non-profit making and voluntary basis for the promotion of the rights and interests of its members and to undertake other similar lawful purposes as well as to coordinate with institutions of similar objectives". Accordingly, two or more persons can form an association for non-profit making purposes and on a voluntary basis.

Charity: According to the Charities and Societies Proclamation, a Charity is an institution which is established exclusively for charitable purposes and gives benefit to the public.(Users' Manual for the Charities and Societies Law, 2011).

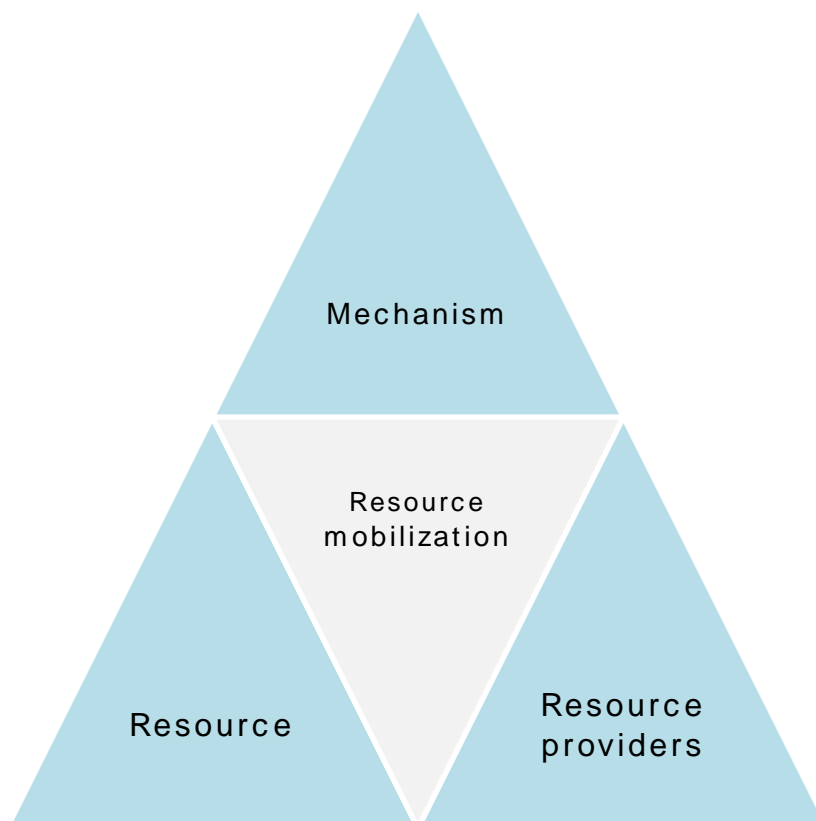
2.24 Recourse Mobilization and Resource Management Framework

2.24.1 Resource Mobilization Frame Work

Resource mobilization is about getting a range of resources, from a wide range of resource providers (or donors), through a number of different mechanisms. Resource mobilization can therefore be conceptualized as a combination of:

- **Resources:** are monetary or non-monetary resources that are needed.
- **Mechanisms:** Different means of directly getting resources by using submit funding demands, Organize special events, sell services, Request donation.
- **Resource Providers:** are different people/organizations that provide resources (Latifa, 2006) like multilateral institutions, bilateral institutions, International NGOs, Governments, large public, Enterprises. IDRC (2013),

Resource mobilization involves three key elements, namely resources, resource providers and resource mobilization mechanisms. Dependent variable is resource mobilization and independent variables are Resources, Resource providers and Mechanisms of resource mobilization,

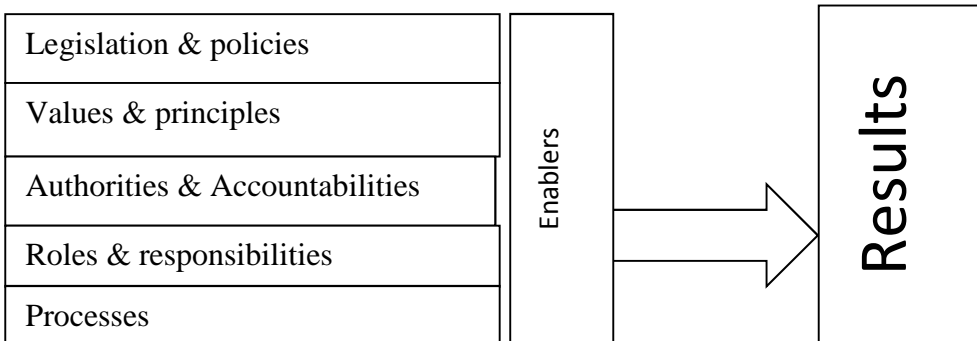


Sources for this diagram is IDRC(2013), International development research center

2.24.2 Resource Management Frame Work

Resource management is systems of policies and procedures that protect the assets of an organization. There are different variables used to manage this resource (Andrew, 2015).

Dependent variable is Resource management and independent variables are comprised of 5 elements (Rules, Values & Principles, Authorities & Accountabilities, Roles & Responsibilities, and Processes) supported by Enablers that when adhered to produce Business Results.



Peter (2006), Financial Management Framework Key Concepts Developed for Government of Canada Federal Departments

2.25 Empirical Studies

Early study is by Rehema,(2014), this study find challenges facing local NGOs in resource mobilization. The study revealed that funding sources are often insufficient to meet needs and rising costs for project implementation. In Africa despite vast differences among the NGOs most share a common challenge of unlimited needs chasing limited resources. Finally The author find that resource mobilization requires a lot of time and skills to seek resources from different sources and the pressure to mobilize resources may lead the organizations to use methods that compromise the values they are fighting for through their work. This study also tried to investigate problem encountered local NGOs to get fund and how they overcome this problem.

Mengesha *et al.* (2014), studied that assessment of financial management practices in local NGOs in Addis Ababa. The major findings were lack of budget approval by board, common cost allocation system, records keeping for gifts in kind and items, cash forecast preparation, finance staff participation in budget preparation and review, and concentration on limited projects and sources of fund, weakness in standardized financial statement preparation and delay in reporting among others. Finally the researcher recommended as means to discharge responsibility & accountability and to show service giving efforts, operational efficiency and effectiveness to contribution to the development endeavor of the country.

Resource mobilization and its management are crucial for strengthening local NGOs to sustain and accomplish their mission. However, based on the review of accessible published data on the subject indicated that there are very few studies had been conducted on the issue. The researcher assesses the factors that affect resource mobilization and examine ways of managing mobilized resource. Therefore, by investigating the presumed major factors that affects financial resource mobilization and examine financial management practice to generate a base line data for future studies and to forward a recommendation based on the study finding

CHAPTER THREE

Research Methodology

This chapter outlines the methodology used in the collection of data and describes the research design, data collection methods, sampling techniques, data analysis and interpretation.

3. Research Design and Methodology

3.1. Research Design

In this study descriptive research method was employed and the primary data were collected using questioner and interview and secondary data from charity and society Agency of Ethiopia manual and published documents of selected sample organization.

3.2 Target Population

The target populations for this study were local NGOs operating in Addis Ababa which are 1520 NGOs based on list obtained from the CHSA.

3.3 Sample Size Determination

The sample size of the population is determined using the following formula

$$n = \frac{N}{1 + N(e)^2} \quad \text{Mengesha } et al. (2014)$$

$$\text{Sample size} = \frac{1520}{1 + 1520(.10)^2} = 94 \text{ sample}$$

Where

N - Total population

n- Sample size

e- Margin of error (10%)

Ninety Four (94) sample organizations were selected assuming a 90% confidence interval and a ten (10%) margin of error from total population of 1520 to decrease sample size since it is difficult to trace their address easily.

3.4 Sampling Techniques

Simple random sampling technique was employed to allow individual NGOs have an equal and independent chance of being selected. The list of all NGOs were assigned a number from 1 to 1520. Then all pieces of papers containing individual NGOs names rolled and added into a hat and picked one by one followed by recording the lot until 94 NGOs were selected from the whole population of 1520. For this the list obtained from Ethiopian Charities and Societies Agency of local NGOs operating in the study area was used. Individual respondent of the questioner and interview was manager of the organization to get appropriate information about the issue.

3.5 Data Types and Sources

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

3.6 Data Analysis and Presentation

The data collected from questionnaires and interview were entered into the Microsoft Excel edited, coded and tabulated according to the variables. Then the data were analyzed using a statistical Package for Social Sciences (SPSS) software (version 20) and presented using tabulation, graph and charts.

CHAPTER FOUR

This chapter demonstrates data analysis, presentation and discussion. Data collected were analyzed using SPSS (version 20) and presented in tables and charts.

4.1 Data Analysis and Presentation

This section is concerned with the presentation, of data gathered from primary sources both through questionnaire and interview as well as secondary data from published document of the organizations and Ethiopian charities and societies Agency rule and regulation. Under this section, detailed analysis and interpretations of data presented as related to resource mobilization and its management. Also the information sourced through the scheduled interviews with organizations managers incorporated in the analysis and interpretation section of the study in order to get a clear picture of the issue under consideration.

Table 4.1: Questionnaire Distributed and Collected

	Respondents	
	Number	Percent
Distributed	94	100
Collected	89	94.68
Uncollected	5	5.32

Source: - Own summary

This table demonstrate that out of 94 selected respondents, 89 (94.86%) have filled and returned questionnaire, while the remaining 5 (5.32%) didn't return the questionnaire. As well as, interview were conducted with managers of 10 selected sample organization based on their service duration and experience to share the latter.

Table 4.2. General Characteristics of Sample Respondents

Part of the questionnaire was intended to give the reader an insight in to respondent's general background information. Table below presents a summary of respondent's demographic characteristics.

Personal profile	Frequency	Percent	Cumulative percent
Sex of respondents			
Female	44	49.40	49.40
Male	45	50.60	100
Total	89	100.0	
Marital status			
Single	25	28.10	28.1
Married	60	67.40	95.5
Widowed	3	3.4	98.9
Divorced	1	1.10	100
Total	89	100	
Educational level			
Diploma	9	10.10	10.10
Degree	43	48.30	58.40
Masters	37	41.60	100
Total	89	100	
Years of work experience			
1-3 years	5	5.60	5.60
3-6 years	19	21.30	27.00
6-10 years	26	29.20	56.20
Above 10 years	39	43.80	100
Total	89	100	

Source: SPSS output from survey data, 2016

44 (49.4%) of the respondents were female, and the remaining 45 (50.60%) of the respondents were male, with regard to marital status 25 (28.1%) of the respondent were single, 60 (67.4) of

the respondent were married, 3 (3.4%) of the respondent were widowed and the remaining 1 (1.1%) of the respondents divorced; With respect to academic achievement 9 (10.1%) of the respondents have diploma, 43 (48.3%) of the respondents have degree and the remaining 37 (41.6%) respondents have masters; Regarding to work experience 5 (5.6%) respondents have work experience of 1-3 years, 19 (21.3%) respondents have work experience of 3-6 years, 26(29.2%) respondents have work experience of 6-10 years and the remaining 39 (43.8%) have above 10 years work experience.

Additionally while conducting interview with manager of 10 selected local NGO Most of them reveals that there is high staff turnover since there is high need of educated and experienced man power on the market and lower salary scale of their organization when compared with other international organizations to meet 70/30 requirement.

Table4.3. Information about the organization

	Frequency	Percent	Cumulative percent
Form of the organization			
Society	8	9	9
Charity	81	91	100
Total	89	100	
Category of the organization			
Ethiopian Charities or Ethiopian Societies	20	22.5	22.50
Ethiopian Residents charities or Ethiopian Residents Societies	69	77.5	100
Total	89	100	
Years of operation			
1-5 years	9	10.1	10.1
6-10 years	17	19.1	29.2
11-15 years	16	18.0	47.2
More than 15 years	47	52.8	100
Total	89	100	

Source: SPSS output from survey data, 2016

From those NGOs 8 (9%) are registered in the form of society and the rest 81 (91%) are registered in the form of charity; 20 (20.5%) are categorized as Ethiopian Charities and

Ethiopian Societies and the majorities 69 (77.5%) are Ethiopian Residents Charities or Ethiopian Residents Societies from this 9 (10.1%) have 1-5 years of service, 17 (19.10%) have 6-10 years of service, 16 (18%) have 11-15 years of service and the rest 47 (52.8%) have more than 15 years of service.

Table 4.4 Organization System and philosophies

Organization system and philosophies		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
There is clear organizational mission, vision and objective	-	2 (2.2%)	2 (2.2%)	8 (9%)	77 (86.5%)	
Organizational policies, procedures, systems are properly utilized	2 (2.2%)	6 (6.7%)	5 (5.6%)	24 (27%)	52 (58.4%)	
Organizations have clear administrative and financial manual	-	2 (2.2%)	2 (2.2%)	33 (37.1%)	52 (58.4%)	
There are experienced and well trained staffs	-	6 (6.7%)	9 (10.1%)	30 (33.7%)	41 (46.1%)	
There is good governance and well-connected board members in the organization	3 (3.4%)	12 (13.5%)	10 (11.2%)	29 (32.6%)	35 (39.3%)	
There is strong organizational ethics	2 (2.2%)	8 (9%)	6 (6.7%)	30 (33.7%)	43 (48.3%)	
There is strong leadership	4 (4.5%)	11 (12.4%)	9 (10.1%)	23 (25.8%)	39 (43.8%)	

Source: SPSS output from survey data, 2016

Concerning availability of clear organization mission, vision and objectives 8 (9%) respondents agree and 77 (86.5%) strongly agree, regarding proper utilization of organizational policies, procedures, systems 24 (27%) agree and 52 (58.4%) strongly agree, about availability of clear administrative and financial manual 33 (37.1%) agree and 52 (58.4%) strongly agree, regarding accessibility of experienced and well trained staff 30 (33.7%) agree and 41 (46.10%) strongly agree, about availability of good governance and well-connected board members in the organization 29 (32.6%) agree and 35 (39.3%) strongly agree, concerning strong organization ethics 30 (33.7%) agree and 43 (48.3%) strongly agree and regarding availability of strong leadership 23 (25.80%) agree and 39 (43.8%) strongly agree. As it is shown above the response

collected from sample organization show that those sample organization have good organizational system and philosophies.

Table 4.5 Type of fund

What type of fund do you have?

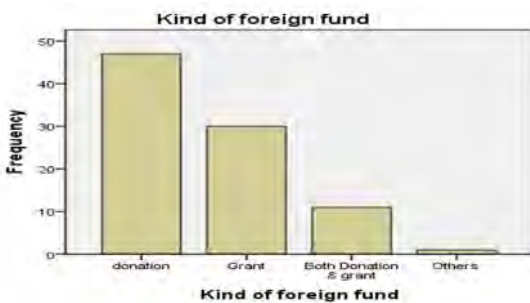
	Frequency	Percent	Cumulative Percent
Foreign Fund	49	55.1	55.1
Both Foreign and Local Fund	40	44.9	100.0
Total	89	100.0	

Source: SPSS output from survey data, 2016

Analysis of types of fund used indicated 49 (55.1%) purely use foreign fund for their operation while the remaining 40(44.9%) use foreign and local fund. Those local funds are generated from income generating activities, member’s contribution, sponsorship and business as depicted in (figur4.2)

Figure 4.2 kind of local funds

Figure 4.1 Kind of foreign and funds



Source: SPSS output from survey data, 2016

Most of the foreign funds are donation which is 47 (52.8%), grant 30 (33.7%), both grant and donation are 11 (12.4%) and the remaining 1 (1.1%) is sponsorship program.

As shown above more of funds acquired from local source is members contribution which is 14 (15.7%) of the total, 11 (12.4%) are from income generating, 8 (9%) from fundraising 3 (3.4%), 2 (2.2%) from business and the remaining 2 (2.2%) is from other source.

Table 4.6. Status of fund

Do you have sufficient source of funding to pursue organization mission?

	Frequency	Percent	Cumulative Percent
Yes	50	56.2	56.2
No	39	43.8	100.0
Total	89	100.0	

Source: SPSS output from survey data, 2016

Regarding sufficiency of fund From 89 respondents 50 (56.2%) respond as they have sufficient fund whereas 39 (43.8%) respond as there is no sufficient fund to pursue their mission.

Additionally while conducting interview with manager of selected NGO reveals that there is very challenging to get fund. For a time being since they sign an agreement with government and donors to implement, they granted for already signed projects. But in the future they mention as they face big challenge to get fund because of shortage of fund and high competition among local NGOs and reputation of activities. Also they mention as it is challenging to get resource or donation from foreign sources of big donors like UNICEF, USAID since they prefer country based international NGOs who have similar procedures and standards with them to provide resources for project implemented in Ethiopia rather than funding for local NGOs.

Table 4.7 Kind of project

What kind of project do you have?

Type of project	Frequency	Percent	Cumulative Percent
Short term project	1	1.1	1.1
Medium term project	60	67.4	68.5
Long term project	5	5.6	74.2
Both Medium and long term project	23	25.8	100.0
Total	89	100.0	

Source: SPSS output from survey data, 2016

Most of the organization 60 (67.4%) have medium term project, 1(1.1%) have short term project, 5 (5.6%) have long term project whereas 23 (25.8%) of the respondents have both medium and long term project.

Table 4.8 Trend of foreign fund

How do you rate the trend of foreign funding since establishment of the organization?

	Frequency	Percent	Cumulative percent
Increasing	23	25.8	25.8
Decreasing	43	48.3	74.1
Fluctuating	19	21.3	95.4
Somehow stable	2	2.2	97.8
Total	87	97.8	97.8
Missing	2	2.2	100.0
Total		89.0	100.0

Source: SPSS output from survey data, 2016

43 (48.3%) responded that foreign fund is decreasing from time to time since the establishment of the organization where as 23 (25.8%) responded as it increases, 19 (21.3%) responds as fluctuating when the remaining 2 (2.2%) answered as it is somehow stable when 2 (2.2%) didn't respond this question.

Table 4.9 Number of Project

Does the organization have more than one project?

Response	Frequency	Percent	Cumulative Percent
Yes	86	96.6	96.6
No	3	3.4	100.0
Total		89.0	100.0

Source: SPSS output from survey data, 2016

86 (96.6%) of the respondents responded as sample organization has more than one project. Those organizations are operating on the area of Education, Agriculture, water and sanitation, child development, HIV/AIDS alleviation, sponsorship and elders support.

Based on secondary data: agreement made with different donors shows that as most of the organization has more than one projects.

Table4.10.Common cost allocation

How organizations allocation common cost?

How allocating common cost among different projects	Frequency	Percent
Based on the organization common cost allocation system	6	6.7
Based on donors interest	18	20.2
Based on the ratio of their fund	32	36.0
Based on the activities performed	23	25.8
Based on donor interest and activities performed	2	2.2
Based on donor interest and ratio of their fund	2	2.2
Total	83	93.1
Missing System	6	6.9
Total	89	100.0

Source: SPSS output from survey data, 2016

Organizations uses different type of common cost allocation method most of the sample NGOs 32 (36%) allocate common cost among projects Based on the ratio of their fund 23 (25.8%) responded as they allocate based on the activities performed, 18 (20.2%) allocate based on donors interest.

Additionally as of the interview conducted with manager of 10 selected NGOs 10 of the managers said it is a challenging since most of the donors have their own rule and regulation concerning common cost allocation among projects. 2 of the managers said some of the donors do not cover common cost they only agree to provide program costs; 8 of them mentioned as donors cover by the proportion of their fund. Even local NGOs those have different donors for their projects allocate their common cost by different proportion as they agree with their donors.

Table 4.11 Effect of CHSA rule

Does the CHSA rule and regulation affect resource management of the organization?

	Frequency	Percent	Cumulative Percent
Yes	77	86.5	86.5
No	12	13.5	100.0
Total	89	100.0	

Source: SPSS output from survey data, 2016

77 (86.5%) revealed that Ethiopian Charities and societies Agency rule and regulation affects resource management of local NGO while only 12 (13.5%) of the respondents mention as it didn't affect their resource management.

Table 4.12 Effect of 70/30

Does the program to administration ratio 70/30 affect the organization activities?

	Frequency	Percent	Cumulative Percent
Yes	81	91.0	91.0
No	8	9.0	100.0
Total	89	100.0	

Source: SPSS output from survey data, 2016

81 (91%) mention that program to administrative ratio 70/30 highly affect the organization resource management. While 8 (9%) of the respondents respond as program to administration ratio of 70/30 doesn't affect their operation.

The interview conducted with manager of selected organization describes that, some programs like monitoring and evaluation, program staffs salary and benefit like project officer, project manager, program manager and other program staffs those have no direct relation with beneficiaries categorized as administrative cost which increases administrative cost of the organization and create difficulty to meet 70/30 requirements. Also there is high staff turnover rate because of low salary scale when compared with international NGOs to meet 70/30 requirement.

Published documents of CHSA manual refer to Article 90 of the Charities and Societies Proclamation (CSP) No. 621/2009 provides for the regulation of administrative and operational costs. This provision reads, “Any charity or society shall allocate not less than 70 percent of the expenses in the budget year for the implementation of its purposes and an amount not exceeding 30 percent for its administrative activities”, (Users’ manual for charities and societies low, 2011)

Table 4.13 Factors Affecting Resource Mobilization

	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
Donors rule and regulation	3(3.4%)	14(15.7%)	13(14.6%)	46(51.7%)	13(14.6%)
CHSA law, rule and regulation	3(3.4%)	18(20.2%)	7(7.9%)	39(43.8%)	22(24.7%)
Competition among local NGOs	2(2.2%)	6(6.7%)	16(18%)	41(46.1%)	23(25.8%)
Capacity limitation within organization	4(4.5%)	11(12.4%)	19(21.3%)	41(46.1%)	14(15.7%)
Lack of awareness on available opportunity	7(7.9%)	18(20.2%)	9(10.1%)	38(42.7%)	17(19.10%)
Previous history of the organization	2(2.2%)	1(1.1%)	11(12.4%)	37(41.6%)	36(40.4%)
Networking/ relationship with resource provider and other NGOs	-	3(3.4%)	5(5.6%)	44(49.4%)	37(41.6%)
Failed in accountability & transparency during resource mobilization	-	5(5.6%)	18(20.2%)	43(48.3%)	21(23.6%)

Source: SPSS output data 2016

As shown above regarding factors affecting resource mobilization respondents of selected local NGOs responded 46(51.7%) agree and 13(14%) strongly agree as donors rule and regulation affect resource mobilization, 39(43.8%) agree and 22(24.7%) strongly agree as CHSA law, rule and regulation affects resource mobilization, 41(46.1%) agree and 23(25.8%) strongly agree as competition among local NGOs affect it, 41(46.1%) agree and 14(15.7%) strongly agree as capacity limitation of the organization affect it, 38(42.7%) agree and 17(19.10%) strongly agree as lack of awareness on available opportunity affect resource mobilization, 37 (41.6%) agree and 36(40.4%) strongly agree as Previous history of the organization affect it,44 (49.4%) agree and 37 (41.6) strongly agree as Networking/relationship with resource provider and other NGOs affect resource mobilization and 43(48.3%) agree and 21(23.6%) strongly agree as fail in accountability& transparency affects resource mobilization.

Table 4.14.Organization source of fund

Does the organization have multiple source of funding?

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	17	19.1	19.1	19.1
Disagree	32	36.0	36.0	55.1
Neutral	12	13.5	13.5	68.5
Agree	18	20.2	20.2	88.8
Strongly agree	10	11.2	11.2	100.0
Total	89	100.0	100.0	

Source: SPSS output from survey data, 2016

Most of the sample organizations do not have multiple source of funding they depend on few source of fund since 49 (55.1%) of the respondents disagree and strongly disagree that organization has multiple source of funding and 12 (13.5%) are neutral to give their opinion While the remaining 28 (31.4%) agree and strongly agree as they have multiple source of funding.

Audit report of the selected NGOs and agreement made with donors and government shows source of fund of the organization.

Table 4.15Capacity of the organization

Capacity limitation within organization for resource mobilization

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	4	4.5	4.5	4.5
Disagree	11	12.4	12.4	16.9
Neutral	19	21.3	21.3	38.2
Agree	41	46.1	46.1	84.3
Strongly agree	14	15.7	15.7	100.0
Total	89	100.0	100.0	

Source: SPSS output from survey data, 2016

41 (46.10%) agree and 14(15.7%) strongly agree capacity limitation of the organization on resource mobilization whereas 4(4.5%) strongly disagree, 11(12.4%) disagree and the remaining 19(21.3%) are neutral to give opinion.

Table 4.16 Resource management practices in NGOs under investigation

Table 4.16.1 financial record of the organization

	Stro. Disagree	Disagree	Neutral	Agree	Stron. Agree
Financial record of the organization					
The organization prepare financial record for each project			2(2.2%)	32(36%)	55(61.8%)
The financial management system of the organization is in line with GAAP		4(4.5%)	3(3.4%)	26(29.2%)	56(62.9%)
The organization maintain records for any financial and non-financial donations			3(3.4%)	27(30.3%)	57(64%)
Maintaining inventory records	2(2.2%)	4(4.5%)	5(5.6%)	31(34.8%)	43(48.3%)
Appropriate computer software is utilized		2(2.2%)		32(36%)	55(61.8%)

Source: SPSS output from survey data, 2016

As it depicted above most of the respondents answer as their organization financial record is positively helps organization resource management. Regarding financial record of each project 32 (36%) agree and 55(61.8%) strongly agree , about financial management system of the organization is in line with GAAP 26(29.2%) agree and 56(62.9%) strongly agree, organization maintain records for any financial and non-financial donation 27(30.3%) agree and 57(64%) strongly agree, Maintaining inventory records 31(34.8%) agree and 43(48.3%) strongly agree while regarding utilization of appropriate computer software 32(36%) agree and 55(61.8%) strongly agree.

Table 4.16.2 Financial planning of the organization

	Stro. Disag ree	Disagr ee	Neutral	Agree	Stron. Agree
Financial planning of the organization					
Finance staff is involved in annual budget preparation process			3(3.4%)	30(33.7%)	54(60.7%)
Cash forecast is regularly prepared		1(1.1%)	7(7.7%)	41(46.1%)	40(44.9%)
The board formally authorizes the annual budget			3(3.4%)	36(40.4%)	50(56.2%)
Budget monitoring report is done periodically		4(4.5%)	3(3.4%)	41(46.1%)	41(46.1%)
Donors transfer fund timely		6(6.7%)	4(4.5%)	35(39.3%)	42(47.2%)

Source: SPSS output from survey data, 2016

Financial planning is one of the important factors for resource management. As it depicted above most of the respondents answer as good financial planning of the organization positively helps organization resource management. Thus, regarding involvement of finance staff in annual budget preparation process 30(33.7%) agree and 54 (60.7%) strongly agree , about regular preparation of Cash forecast 41(46.1%) agree and 40(44.9%) strongly agree, Authorization of annual budget by board 36 (40.4%) agree and 50(56.2%) strongly agree, budget monitoring report is done periodically 41(46.1%) agree and 41(46.1%) strongly agree while timely transfer of fund by donors 35(39.3%) agree and 42(47.2%) strongly agree.

Table 4.16.3 Financial implementation, Monitoring & Reporting

	Stro. Disagree	Disagre e	Neutral	Agree	Stron. Agree
Financial implementation Monitoring & Reporting					
Handling funds received and expended by organizations	-	-	10(11.2%)	27(30.3%)	47(52.8%)
Preparing appropriate and timely financial reporting to board members, donors and government	1(1.1%)	2(2.2%)	7(7.9%)	28(31.5%)	49(55.1%)
Financial statements are audit every year	-	-	2(2.2%)	24(27%)	63(70.8%)
The activity performance reports are analyzed	2(2.2%)	-	9(10.1%)	29(32.6%)	47(52.8%)
The board authorized an independent auditor	2(2.2%)	6(6.7%)	8(9%)	22(24.7%)	50(56.2%)
The board reviews the annual audit report	2(2.2%)	-	8(9%)	30(33.7%)	46(51.7%)
The board ensures the fulfillment of the government's and donors requirements and evaluate the organization's activities consistently	2(2.2%)	6(6.7%)	10(11.2%)	29(32.6%)	41(46.1%)
The organization is at a very good status in meeting government and donor requirements in financial management and reporting	2(2.2%)	2(2.2%)	3(3.4%)	40(44.9%)	41(46.1%)
The reporting system has a mechanism of linking the financial information with the annual work plan's physical progress	2(2.2%)	-	7(7.9%)	34(38.2%)	45(50.6%)

Source: SPSS output from survey data, 2016

Financial implementation, monitoring and reporting of the organizations are important for resource management. As it shown above most of the respondents agree and strongly agree as good financial implementation, monitoring and reporting of the organization is positively helps organization resource management. Regarding Handling of funds received and expended by organizations 27(30.3%) agree and 47 (52.8%) strongly agree , about Preparing appropriate and timely financial reporting to board members, donors and government 28(31.5%) agree and

49(55.1%) strongly agree, auditing of yearly financial statements 24(27%) agree and 63(70.8%) strongly agree, analyzing of activity performance reports 29(32.6%) agree and 47(52.8%) strongly agree while authorization of auditors by board 22(24.7%) agree and 50(56.2%) strongly agree, regarding reviews of annual audit report by board 30(33.7%) agree and 46(51.7%) strongly agree, The board ensures the fulfillment of the government's and donors requirements and evaluate the organization's activities consistently 29(32.6%) agree and 41(46.1%) strongly agree, the organization is at a very good status in meeting government and donor requirements in financial management and reporting 40(44.9%) agree and 41(46.1) strongly agree and concerning the reporting system has a mechanism of linking the financial information with the annual work plan's physical progress 34(38.2%) agree and 45(50.6%) strongly agree.

Table 4.16.4 Internal Control

	Stro. Disagree	Disagree	Neutral	Agree	Stron. Agree
Internal Control					
The organization insures the application of existing segregation of duties and responsibilities	2(2.2%)	2(2.2%)	16(18%)	31(34.8%)	36(40.4%)
For all position there are current written job descriptions	4(4.5%)	2(2.2%)	4(4.5%)	28(31.5%)	50(56.2%)
The boards meets regularly and have schedule for meetings	2(2.2%)	10(13%)	13(14.6%)	30(33.7%)	33(37.1%)
Donors review the financial management activities of projects in reasonable time		7(7.9%)	8(9%)	43(48.3%)	30(33.7%)
The financial reports are checked and reviewed against the activities reports by the management	2(2.2%)		8(9%)	36(40.4%)	41(46.1%)
Implementing personnel's and conflicts of interest policies	4(4.5%)	12(13.5%)	15(16.9%)	27(30.3%)	25(28.1%)

Source: SPSS output from survey data, 2016

Internal control is one of the important factors for resource management. As depicted above most of the respondents agree and strongly agree as good organizational internal control is helps organization resource management. Regarding the organization insures the application of existing segregation of duties and responsibilities 31(34.8%) agree and 36 (40.4%) strongly

agree, availability of current job descriptions for all position 28(31.5%) agree and 50(56.2%) strongly agree, boards meets regularly and have schedule for meetings 30 (33.7%) agree and 33(37.1%) strongly agree, donors review the financial management activities of projects in reasonable time 43(48.3%) agree and 30(33.7%) strongly agree, the financial reports are checked and reviewed against the activities reports by the management 36(40.4%) agree and 41(46.1%) strongly agree, and implementation of personnel's and conflicts of interest policies 27(30.3%) agree and 25(28.1%).

The above results show that selected local NGOs have good financial recording, planning, implementation, monitoring, reporting and internal control system which shows as the organizations have good financial management practices.

4.2 Discussion

This study indicated that 49 (55.1%) of the organizations use 100% foreign fund for their operation whereas 40(44.9%) of them use about 90% foreign and 10% local funds which is similar with the finding of Rehema,(2014):On the other hand 43 (48.3%) of the organization complain that trend of foreign fund availability over the life span of the organization has been declining. which is also supported by the data that 39(43.8%) of the organization do not have sufficient fund for pursuing their mission.

This study show that most of the organization 60 (67.4%) have medium term project, 1(1.1%) have short term project, 5 (5.6%) have long term project whereas 23 (25.8%) of the respondents have both medium and long term projects.

Concerning capacity of organization on resource mobilization 41 (46.10%) agree and 14(15.7%) strongly agree as there is capacity limitation in the organization for resource mobilization.

Regarding the extent of factors affecting resource mobilization of the organization the rules and regulations of donors 59(66.3%),Ethiopian Charities and Societies Agency rule and regulation 61(68.5), competition among the local NGOs for winning donors interest 64(71.9%),capacity limitation within each organization 55 (61.8%), lack of awareness on availability of opportunity 55(61.8%), Failure in accountability and transparency during resource mobilization 64(71.9%) and Previous history of the organization in resource handling 73 (82%), Networking/relationship with donors and other local NGO 81(91%) .As the data generated on the factors influencing resource mobilization witnessed donors rule and regulation, Ethiopian Charities and Societies Agency rule and regulation, previous history of the organization in resource handling, Networking/relationship with donors and other local NGO, Failure in accountability and transparency during resource mobilization, affects resource mobilization in local NGOs.

Concerning resource management impact analysis of handling of accounting records, financial planning, financial implementation, monitoring and internal control activities have shown strength of each organization in this regard. Thus indicating positive trained for sample NGOs that have been selected for the study. However, 81(91%) respondents said that Ethiopian

Charities and societies Agency law and regulation concerning program to administration ratio 70/30 affects resource allocation and management of the organizations. Also as of the interview held with ten managers of the organizations almost all of them responded that some program costs like project officer, program manager salary and other program staffs that have no direct relation with beneficiaries and monitoring and evaluation cost are included in administration cost which raises administration cost.

Concerning budget approval by board 86(96.6%), records keeping for any financial and non-financial donation 84(94.3%), cash forecast is always prepared 81 (91), finance staff participation in budget preparation 81(94.4%) agree and strongly agree which is contrary with the finding of Mengesha *et al* (2014)

Based on information acquired from interview there is high staff turnover rate because of small salary scale to meet 70/30 requirement of CHSA law when compared with other international NGO. However 37 (41.6%) of the respondents of the organization have master's degree, 43(48.3%) have first degree and the remaining 9(10.10%) of the respondents have diploma. In addition to educational background 39 (43.8%) have work experience of more than ten years, 26 (29.2%) of the respondents have experience of six to ten years, 19 (21.3%) of them have three to six years of work experience.

With reference to organizations source of funding most of the organization has multiple source of funding which shows 49 (55.1%) of the respondents disagree and strongly disagree that organization has multiple source of funding and 12 (13.5%) are neutral to give their opinion While the remaining 28 (31.4%) agree and strongly agree as they have multiple source of funding. which is similar with the finding of Mengesha *et al* (2014)

Based on the interview conducted with managers of selected local NGOs said that the resources donated from local source are not tax exempted they contribute from their net income that discourages local donors.

Also some respondents informed that there is a serious challenge for local NGOs to get resource or donation from foreign sources of big donors like UNICEF, USAID since they prefer to donate country based international NGOs who have similar procedures and standards to implement in Ethiopia.

CHAPTER FIVE

Conclusions and Recommendations

This chapter presents conclusions and recommendations of the study based on the findings, research questions and objectives of the study. Accordingly, the first part presents the conclusions; the second section is devoted for recommendations.

5.1 Conclusions

Based on analysis of the findings, the study has revealed the major factors influencing the local NGOs resource mobilization and its management in the selected local NGOs. Especially donor's interest, Ethiopian Charities and Societies Agency rule and regulation, previous history of the organization in resource handling, Failure in accountability and transparency during resource mobilization, affect resource mobilization and also CHSA law and donors rule and regulation affects resource management in local NGOs. However, there were limitations regarding finding considerable published data to sufficiently compare and contrast this study finding. Even though these study has generated important information that can serve as a base line data for further research.

5.2 Recommendations

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

- To reduce dependency on foreign fund it is recommended to adopt local resource mobilization approach using alternative means of generating fund locally through consultancy, arranging concerts, great run and advocacy activities and business closely linked to their main work.
- Local NGOs need to build capacity of their staff on effective and efficient resource mobilization through training and workshop.
- Local NGOs need to diversify funding source to minimize extreme dependence on few donors by a proper strategic fund raising plan by systematic assessment of all potential opportunities through innovative way.
- Ethiopian Revenues and Customs Authority motivation is needed for local donors through tax exemption for their donation

- Ethiopian Charity and Society Agency may need revision of its law and regulation concerning 70/30 that affects most of the local NGOs activities by conducting research on the issue as well as through discussion with other stakeholders. .
- Donors transparency in funding criteria of their organization, make their selection criteria clear for resource finders.
- Even though this study has generated important information that can serve as a base line data further investigation and studies are highly recommended to fill the gap and limitation of this study

Addis Ababa University
School of Post Graduate Studies
Department of Accounting and Finance

Dear Participant,

This questionnaire is designed to collect information for a research, on resource mobilization and its management in local NGO, for the requirement of masters' degree in Accounting and Finance. Thus, the purpose of the study is purely academic purposes.

Your genuine, frank and timely responses have great importance for the success of the study. Hence, your short, precise and honest response is highly appreciated. Therefore you are kindly requested to fill the questionnaire objectively and completely.

It is not necessary to write your name on the questionnaire and I would like to assure you that the information you give me will be kept confidential and will be used for this academic purpose only.

Thank you for your cooperation

For further information and need of my assistance while you fill the questionnaire please contact me with email address: marthadubiwak@yahoo.com or Tel 0911-629177

General Direction:

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

General Direction:

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

Section I: Personal details

1. Sex:

Female Male

2. Marital Status:

Single Married Widowed Divorced

3. Educational Level:

- a) Diploma
- b) Degree
- c) Masters
- d) PHD

4. Related years of work experience;
- a) 1-3 years
 - b) 3-6 years
 - c) 6-10 years
 - d) 10 and above years

Section II: Organization related factors

5. Form of the organization
- a) Society
 - b) Charity
 - c) If other specify_____
6. Category of the organization;
- a) Ethiopian charities or societies
 - b) Ethiopian Residents Charities or societies
 - c) If any specify_____
7. Age of your organization (in year)
- a) 1-5 years
 - b) 6-10 years
 - c) 11-15years
 - d) >15 years
8. Major area of activities in the organization; (more than one answer is possible).
- a. Education,
 - b. Agriculture,
 - c. Water and sanitation
 - d. Child development
 - e. HIV/AIDS, alleviation
- If other specify_____

Section 3: Source of fund

9. Source of funding
- a. Foreign fund (_____%)
 - b. Local fund (_____%)
 - c. Both (Foreign fund_____% & local fund_____%)
- If there is other source specify_____
10. If foreign fund, what kind (more than one answer is possible)
- a. Donation
 - b. Grant
 - c. Gift
 - d. If other specify_____

11. If local fund, what kind (more than one answer is possible)
- a. Income generating activity
 - b. Business
 - c. Members contribution
 - d. Fundraising
 - e. If other specify _____
12. Do you have sufficient source of funding to pursue your objective?
- a. Yes
 - b. No
13. How do you rate the trend of foreign funding since establishment of the organization?
- a. Increasing
 - b. Decreasing
 - c. Fluctuating
 - d. Somehow stable
14. How do you rate the trend of local funding since establishment of the organization?
- a. Increasing
 - b. Decreasing
 - c. Fluctuating
 - d. Somehow stable
15. What kind of project do you have? (More than one answer is possible if you have more than one project)
- a) Short term project
 - b) Medium term project
 - c) Long term project
 - d) Both Long and short term project
 - e) If any specify _____

Section 4: Organizational management

16. Does the organization has board member
- a. Yes
 - b. No
17. Do the board members participate in monitoring the activities of the organization?
- a. Yes
 - b. No
- If No why, _____
18. Does the donor collect information about the organization performance before fund approval?
- a. Yes
 - b. No

19. How often does the donor visit your performance during operation?

- a. Monthly
- b. Quarterly
- c. Twice a year
- d. annually

If other specify_____

20. Does the organization has more than one project

- a. Yes
- b. No

21. If there is more than one project, how the organization allocate common cost

- a. Base on organization common cost allocation system
- b. Based on donors interest
- c. Based on the ratio of their fund
- d. Based on the activities they performed

If other specify_____

22. If the organization has its own common cost allocation system, what type of allocation___?

23. Do the Ethiopian charities and societies rule and regulation affect organization resource management?

- a. Yes
- b. No

If yes how specify_____

24. Does the program to administration ratio 70/30 affect the organization activities?

- a. Yes
- b. No

25. Please state if there is any problem you encountered during fundraising procedure?

Section V: Put tick mark under the choice that fits to your response ()

No	questions	Stron gly disag ree	Dis agre e	Neu tral	Agr ee	Stron gly agree
26	Organizations systems & philosophies					
26.1	There is clear organizational mission, vision and objective					
26.2	Organizational policies, procedures, systems are properly utilized					
26.3	Organizations have clear administrative and financial manual					
26.4	There are experienced and well trained staffs					
26.5	There is good governance and well-connected board members in the organization					

26.6	There is strong organizational ethics					
26.7	There is strong leadership					
27	Factors affecting resource mobilization					
27.1	Donors rule and regulation affects resource mobilization					
27.2	CHSA law, rule and regulation affects resource mobilization					
27.3	Competition among local NGOs					
27.4	Capacity limitation of the organization					
27.5	Lack of awareness on available opportunity					
27.6	Previous history of the organization					
27.7	Networking/relationship with resource providers and other NGOs					
27.8	Failed in accountability and transparency during resource mobilization					
	Resource management					
28	Accounting records					
28.1	The organization prepare financial statement for each project					
28.2	The financial management system of the organization is in line with GAAP					
28.3	The organization maintain records for any financial and non-financial donations					
28.4	Maintaining inventory records and their whereabouts					
28.5	Appropriate computer software is utilized to perform recording functions					
29	Financial planning					
29.1	Finance staff is involved in the annual budget preparation process					
29.2	Cash forecast is always prepared for each month, quarter, six months and a year for cash need planning for project implementation					
29.3	The boards formally authorizes the annual budget of the organization					
29.4	Budget monitoring report is done periodically and provided to managers to see actual expanses and performances against budget and activities planned.					
29.5	Donors transfer fund timely as per the original plan in the implementation of projects					
30	Implementation, monitoring & Reporting					
30.1	Handling funds received and expended by the organization					
30.2	Preparing appropriate and timely financial reporting to board members, officers, Government agency and donors					
30.3	Financial statements are audited every year by external					
30.4	The activity performance reports are analyzed and measured against budget allocated					
30.5	The Board authorize an independent auditor to conduct an annual audit					
30.6	The Board reviews the annual audit report for its internal controls and compliance with Governmental law and regulation					
30.7	The board ensures the fulfillment of the government's and donors requirements and evaluate the organization's activities consistently					
30.8	The organization is at a very good status in meeting government and donor requirements in financial management and reporting					
30.9	The reporting system has a mechanism of					

	linking the financial information with the annual work plan's physical progress					
31	Internal control					
31.1	The organization ensures the application of existing segregation of duties and responsibilities					
31.2	For all position there are current written job descriptions					
31.3	The board meets regularly and have schedule for meetings					
31.4	Donors review the financial management activities of projects in reasonable time					
31.5	The financial reports are checked and reviewed against the activities reports by the management					
31.6	Implementing personnel's and conflicts of interest policies.					

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