

**The Islamic University  
Deanship of Higher Education  
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**Role of Palestinian NGOS in Utilizing the International Fund to  
Promote Entrepreneurs and Create Sustainable Job  
Opportunities, Case Study: Gaza Strip**

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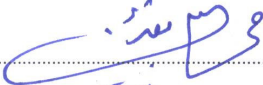


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## نتيجة الحكم على أطروحة ماجستير

بناءً على موافقة عمادة الدراسات العليا بالجامعة الإسلامية بغزة على تشكيل لجنة الحكم على أطروحة الباحثة/ حنين علي محمد أبو نحلة لنيل درجة الماجستير في كلية التجارة/ قسم إدارة الأعمال وموضوعها:

### "Role of Palestinian NGOs in utilizing the international fund to promote entrepreneurs and create sustainable job opportunities case Study: Gaza Strip"

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واللجنة إذ تمنحها هذه الدرجة فإنها توصيها بتقوى الله ولزوم طاعته وأن تسخر علمها في خدمة دينها ووطنها.

والله ولي التوفيق ،،،

عميد الدراسات العليا

  
د. زياد إبراهيم مقداد

## **ABSTRACT**

Historically, the Palestinian Non Governmental Organizations (PNGOs) played different and controversial roles that were compatible with the economic, social and political situations in which the Palestinian society went through. After the start of the second Intifada in 2000 PNGOs had performed as a kind of subcontractor role as relief providers and away from their role as leaders of indigenous Palestinian development.

At the same time the dramatically increasing level of hardship and unemployment rates amongst the Palestinians as a direct result of Israeli aggression, attention has been directed to the urgent need of providing job creation projects. Despite this attention towards job creation; the Palestinian economy is still suffering from the high rates of unemployment that increased dramatically to become 47% in 2007 because most of these projects have created only temporary job opportunities which are un-sustainable and thus can never reduce poverty nor contribute to development of the targeted beneficiaries.

The purpose of this research is to investigate the role that the PNGOs played in utilizing the international fund in supporting the entrepreneurs and create sustainable jobs. The research has been conducted as a quantitative one based on a survey inquiry, focus groups and interviewing.

It is recommended that the Palestinian National Authority (PNA) should increase its efforts to play more vital roles in coordination between PNGOs and the donors and it should join forces with PNGOs to complete not to compete each others, PNGOs should support and encourage entrepreneurs by concentrating part of their fund towards financing their creative ideas, PNGOs should design their projects and programs after preparing needs assessment for their target groups, PNGOs should learn lessons from UNRWA experience in Job Creation Program trying to adopt similar programs, Donors should take a more systematic approach to PNGO funding, placing less emphasis on emergency projects financing and more on development programs and finally donors should provide their funds to the PNGOs according to PNGOs' needs not according to donors' policies.

## ملخص الدراسة

تاريخياً، لعبت المؤسسات الأهلية الفلسطينية أدواراً مختلفة ومتباينة بما يتناسب مع الأوضاع الاقتصادية والاجتماعية والسياسية التي مر بها المجتمع الفلسطيني. وبعد بداية الانتفاضة الثانية عام 2000 قامت المؤسسات الأهلية بما يشبه دور المقاول الفرعي كمصدر للمساعدات وبعيدا عن دورها في قيادة التنمية الفلسطينية المتأخرة.

وفي نفس الوقت ونتيجة للصعوبات المتزايدة ومعدلات البطالة المرتفعة كنتيجة مباشرة للاحتلال الإسرائيلي، تم توجيه الاهتمام إلى الحاجة الماسة إلى إيجاد مشاريع خلق فرص عمل طارئة، وبالرغم من هذا الاهتمام بخلق فرص عمل إلا أن الاقتصاد الفلسطيني مازال يعاني من معدلات بطالة مرتفعة والتي بلغت 47% في عام 2007 لأن أغلب هذه المشاريع خلقت فرص عمل مؤقتة غير مستدامة وبالتالي لا يمكنها الحد من الفقر ولا حتى المساهمة في تحسين أوضاع الفئات المستهدفة منها.

إن الهدف من هذا البحث هو تشخيص الدور الذي لعبته المؤسسات الأهلية الفلسطينية في استغلال الدعم الخارجي في خلق فرص عمل مستدامة للرياديين. تم تنفيذ هذا البحث كبحث كمي مبني على استبيان، ومجموعات مركزة، ومقابلات.

إنه من الموصى به أن تقوم السلطة الوطنية بزيادة جهودها لتلعب دوراً أكثر فاعلية في التنسيق بين المؤسسات الأهلية والداعمين وأن توحد جهودها مع المؤسسات الأهلية الفلسطينية للوصول إلى التكامل فيما بينها وليس التنافس، كما وينبغي على المؤسسات الأهلية أن تشجع الرياديين بتوجيه جزء من الدعم نحو تمويل أفكارهم الإبداعية، كما وينبغي عليها تصميم مشاريعها وبرامجها بعد عمل تحديد احتياجات للفئات المستهدفة، ويجب عليها أيضاً أن تتعلم الدروس من خبرة وكالة الغوث في برنامج خلق فرص العمل ومحاولة تبني برامج مشابهة. أما بالنسبة للداعمين، فيجب عليهم إتباع طرق أكثر تنظيماً في تمويل المؤسسات الأهلية، والتقليل من التركيز على تمويل مشاريع الطوارئ والتركيز أكثر على مشاريع التنمية، وأخيراً يجب على الممولين تزويد المؤسسات الأهلية بالدعم حسب حاجة المؤسسات الأهلية وليس حسب سياسات الجهة الداعمة.

## **DEDICATION**

I would like to take this opportunity to express my deepest thanks and dedicate this work for my dear husband and my dear mother for their continuous support along the way, for the memory of my father, and for my children Mays and Mohamed.

Also I would like to dedicate this thesis to my brothers; Mohammad and Ahmad, to my sisters; Yara and Raneem and for all lovely people that I know.

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## LIST OF ABBREVIATIONS

CBOs	Community Based Organizations
GEM	Global Entrepreneurship Monitor
ILO	International Labor Office
LFPR	Labor Force Participation Rate
MOH	Ministry of Health
MOI	Ministry of Interior
NGOs	Non Governmental Organizations
ODA	Official Development Assistance
PCBS	Palestinian Central Bureau of Statistics
PLO	Palestinian Liberation Organization
PNA	Palestinian National Authority
PNGOs	Palestinian Non Governmental Organizations
UNRRA	United Nations for Relief and Rehabilitation Agency
UNRWA	United Nations Relief and Works Agency
WBGS	West Bank and Gaza Strip
WWII	Second World War

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## **1 CHAPTER ONE: BACKGROUND CONTEXT**

### **1.1 Introduction**

The international organizations that support the development process in the third world- especially the World Bank and the United Nations- view the international characteristics of the Non-Governmental Organizations, NGOs (creativity, flexibility, and work and cost efficiency) to be more capable to reach the marginalized groups and areas, and that the NGOs are more able to express the interests of these groups (Ladawda, 2000).

In Palestine, the NGOs play a more vital and important role than merely serving an intent group. Since 1967 when Israeli occupation of the West Bank and Gaza Strip began, the Palestinians had managed to establish hundreds of NGOs to provide a wide range of basic services in health, education, culture, social welfare, agriculture, trade and human rights. These NGOs had survived and even flourished despite the numerous occupation induced adversities and the absence of a home state (Abdelkareem, 2002).

Historically, the Palestinian NGOs played different and controversial roles that were compatible with the economic, social and political situations in which the Palestinian society went through. The beginning was with Ottoman's control over the country, the British and Israeli occupation, and during the presence of Jordanian mandate in the West Bank and the Egyptian in The Gaza Strip in 1967. Upon the establishment of the Palestinian National Authority (PNA) in 1994 a new stage emerged that led to new concepts and roles of the Palestinian NGOs (Bisan Centre, 2002). The Palestinian NGOs had to change their strategies and redefine and relocate their role in the Palestinian society by serving those sectors and communities not reached by PNA ministries.

Moreover, after the start of the second Intifada in 2000, funding was shifted "...towards emergency aid, job creation and budget support at the expense of

long-term development activities". The ratio of development aid to emergency aid was 7:1 before the Intifada and shifted to 1:5 in 2002. This has pushed Palestinian organizations further into a kind of subcontractor role as relief providers and away from their role as leaders of indigenous Palestinian development (Murad, 2007).

According to a report issued by the Ministry of Planning in the end of 2003; the international aid disbursements to the occupied Palestinian territories skyrocketed, totaling about US \$7.5 billion over the period of 1994-2004, an average of US\$250 per capita annually. The share of the productive sectors in total assistance did not exceed 11% of total commitments, and that dropped to 9% of total disbursement of the foreign aid (Ministry of planning report, 2003).

With the dramatically increasing level of hardship and unemployment rates amongst the Palestinians as a direct result of Israeli aggression, attention has been directed to the urgent need of providing humanitarian assistance. In the same time, large attention has been made to employment generation and job creation projects which were another area where NGOs have played an effective and growing role (Abdelkareem, 2002).

Despite this attention towards job creation; the Palestinian economy is still suffering from the high rates of unemployment that increased dramatically to become 47% in 2007 according to UNRWA report. At the same time, it shall be mentioned that some of these projects have created only temporary job opportunities which are un-sustainable and thus can never reduce poverty nor contribute to development of the targeted beneficiaries. This doesn't only reflect the deterioration of the Palestinian economy but it also reflects the deficiency of the intervention policies adopted by the concerned parties to reduce the severity of this problem, including the role of local NGOs(UNRWA report, 2007).

From this perspective it can be concluded that it is important to diagnose the current roles and activities performed by the NGOs in order to determine how they can exploit the foreign fund in promoting entrepreneurs and creating sustainable jobs.

## 1.2 Research Problem

Two years ago, the foreign donors changed their orientation towards providing funds to the Palestinian territories after the political change happened in Gaza Strip and the West Bank<sup>1</sup>. Most of the international organizations and donor agencies have oriented their funds towards the local Palestinian NGOs considering them as the main partner channel to provide fund and implement developmental projects targeting the Palestinian people, which means that the NGOs became recognized as vital player in the development process. However, the NGOs didn't exploit this fund to develop the Palestinian economy, to generate sustainable employment opportunities or to reduce the economy's vulnerability to and dependence on external factors.

This research will investigate the role that the NGOs played in exploit the international fund in supporting the entrepreneurs and create jobs?

## 1.3 Research Objectives

- Investigate the role that the NGOs are playing to utilize the international funds in supporting the entrepreneurs and creating sustainable jobs.
- Investigate the effectiveness of programs and operations of NGOs in the field of creating sustainable jobs and highlight their strengths and weaknesses.
- To find out the effective utilization to the international funds towards supporting the entrepreneurs.

## 1.4 Importance of the Research

**First: the importance for NGOs:** The importance of the study for the NGOs arises from the following points:

1. Dealing with the NGOs sector became an important subject to research because of the roles that the NGOs are playing in the socio-economic development.

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<sup>1</sup> The political change: After the legislative elections and Hamas "The Islamic Political Party" got the Authority on the Legislative Council



2. The study will focus on the strengths and weaknesses of the NGOs role in the sustainable development projects.
3. The research will guide the NGOs to the effective intervention policies that will achieve unemployment reduction and the sustainable job creation.

**Second: the importance for donors:** The study can be considered as a main reference for the international donors, especially those who are working in the job creation field- as it will introduce new scenarios for utilizing fund to achieve sustainable economical development through sustainable job creation and entrepreneurs' promotion.

**Third: the importance for the PNA:** The study will provide the PNA with the suitable recommendations that will enhance and improve its role to utilize the international fund to create sustainable job opportunities.

## **1.5 Research variables**

**Dependant variable:** the utilization for the foreign fund in creating sustainable job opportunities and promote entrepreneurs.

### **Independent variables:**

- Governmental role.
- Specialization in specific fields for NGOs.
- Financial and managerial capabilities for NGOs.
- Donors policies
- The Political situations.
- Awareness among entrepreneurship.

## **1.6 Research Hypotheses**

- 1) Having effective governmental role in coordinating between the NGOs and the donors increases the ability of creating sustainable jobs.
- 2) The specializing of NGOs in specific fields increases the chances of achieving sustainable job opportunities.

- 3) The poor financial capability of the NGOs decreases their abilities of achieving sustainable job opportunities.
- 4) Absence of clear plans at the NGOs decreases the chances of achieving sustainable job opportunities.
- 5) Donors' policies towards the NGOs decrease the chances of achieving sustainable job opportunities.
- 6) Lack of the awareness among the entrepreneurship, decreases the chances of promoting the entrepreneurs.

### **1.7 Research Methodology**

For the purpose of this study the descriptive analytical method was used. The needed data was collected from the targeted NGOs in Gaza Strip and then analyzed to evaluate the role they play in utilizing international funds to promote entrepreneurs and create sustainable job opportunities.

### **1.8 Data Collection**

- **Secondary resources:** the researcher has utilized the relevant literature and publications related to the subject of the research.
- **Primary resources:**
  - 1) Questionnaire: It targeted a sample of the NGOs working in the development sector.
  - 2) Focus groups: Two focus groups have been hold with groups of entrepreneur youth; they have been hold in three governorates (North governorate and Rafah governorate). Each focus group consisted of 10 persons with different educational levels and from both sex (their ages are between 22- 28 years).
  - 3) Interviewing: An interview has been hold with the Head of Job Creation Program (JCP) at UNRWA – Mr. Mahir Safi- in order to reflect how the UNRWA as one of the most important international NGOs working in Gaza Strip thinks in the job creation field.

## 1.9 Population

The population of the study consisted of:

- All active NGOs (176 NGOs) in Gaza Strip that are working in the development sector. The number and names of the targeted NGOs were determined by referring to the United Nations directory of non governmental organizations in the Gaza Strip.
- The entrepreneurs in Gaza Strip.

## 1.10 The sampling

- 90 NGOs working in the Job creation field were targeted in this study, 78 NGOs have responded and 12 didn't respond (the respondent percentage is 86 %)
- 20 entrepreneurs were targeted through the Youth Business Support Unit located in Sharek Youth Forum by holding two focus groups with them.

## 1.11 Definitions

- **Non Governmental Organizations (NGOs):** The World Bank defines the NGOs as "Private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development" (www.gdrc.org. 1997).
- **Entrepreneurship:** The process of creating something new with value by devoting the necessary time and efforts, assuming the accompanying financial, psychical, and social; risks, and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich and Peters, 2002).
- **Job Creation Programs:** Programs or project undertaken by a government or state of a nation in order to assist the population in seeking employment. They are especially common during time of high unemployment. They may either concentrate on macro economical policy in order to create a supply of employment, or create more efficient means

to pair employment seekers to their prospective employers (www.wikipedia.com)

- **Unemployment:** The International Labour Office (ILO) defines the unemployed as "persons without work, who are currently available for work and seeking work" (Kruppe,2007)
- **International fund:** is a “transfer of resources on concessional term which is undertaken by official agencies; has the promotion of economic development and welfare as its main objectives (Ehrenfeld, 2005).

## 1.12 Previous Studies

### 1) "The role of Non Governmental Organizations in supporting the independent economy in the Gaza Strip" (Migdad, 2007).

The study aimed to explore the economical role that the Palestinian NGOs played through the subsidies they provided to the Palestinian society. The study targeted the NGOs beneficiaries, the directors of the NGOs and some economical Palestinian experts. The research results can be summarized in the following points:

- Most of the NGOs subsidies can be considered as relief subsidies that satisfied emergency and temporary needs.
- The Palestinian NGOs rarely contributed to economic development because of the shortage in their programs to establish productive projects or even build the capacity of the human resources.
- Small number of the NGOs contributed in creating temporary jobs for some of the unemployed Palestinians and in supporting the micro-enterprises sector by providing loans.

The study recommended the following points:

- To develop the NGOs staff capacity to guarantee the fair distribution of subsidies among the beneficiaries.
- To transform the relief subsidies into developing subsidies that can enhance the economical development process.

- To concentrate on the entrepreneurs promotion by sponsoring their innovative ideas and providing them with the required finance.

## **2) "Policies to Promote Entrepreneurship Among Young People in the West Bank and Gaza Strip" (MAS, 2007)**

This research looked at ways of identifying entrepreneurial spirit among Palestinians in the 15-29 year old age group, and also how to foster it through the education system and opportunities in the private sector.

The research found that young Palestinians do not usually favor the idea of starting their own businesses, but instead, they prefer to seek employment in existing organizations. This is due to many shortcomings in schooling, vocational training, financing, and even in legislation related to this issue. Only 14% of people in the age-group in question had tried to set up their own income-generating activities.

The study suggested several policies to remedy the lack of youth entrepreneurship in Palestine, such as encouraging nurturing entrepreneurial skills throughout the different stages of education, introducing schemes to encourage banks to finance young people's business projects, and introducing legislations that provide incentives for young entrepreneurs and tackles some of the obstacles they face.

## **3) "Aids to Palestinians that would really help" ( Murad, 2007)**

The paper goes further to argue that the international community should implement aid policies that respect indigenous priorities and abilities. It begins by describing the Palestinian community, which has been fragmented by Israel's colonizing policies, as well as by donor policies that treat the community in its parts rather than as a whole. Next, the paper focuses on Palestinian civil society, a sector critical to Palestinian democracy, stability and development regardless of the status of the government. The paper examines the distorted development of civil society in occupied Palestinian territories and Israel, where physical steadfastness of the Palestinian community is essential to

an ultimate just resolution of the political conflict. Next, the paper draws on hundreds of interviews with members of Palestinian civil society, activists and professionals to explore how dependence on international aid has had unintended negative consequences on Palestinian civil society and on its ability to advance social change and sustainable development.

The study concluded that Palestinians in the occupied territories were the largest per capita recipients of international aid, but despite the hundreds of millions of dollars spent, “development” did not result. In fact, governmental donors’ well-funded agendas nearly suffocated indigenous efforts. Many Palestinian NGOs became accountable to donors and alienated from the grassroots. Volunteerism, once vibrant, gave way to passivity as millions of people have come to rely on food aid, free shelter, and handouts. Then, after the Hamas victory in the January 2006 elections, nearly all international development aid was cut and only partially redirected to emergency relief. Obviously, the 59-year long conflict with Israel is the source of the problem, but rather than offering real political solutions, the international aid system exacerbates hopelessness and helplessness by objectifying beneficiaries and making them feel like beggars. Palestinians’ lack of control over nearly all aspects of their lives contradicts all enabling factors for health, democracy, sustainable development and non-violent social change.

**4) "Proposed strategy for the development of the Palestinian Non Governmental Organizations sector" (The NGOs development center, 2006)**

The study addressed the weaknesses of NGOs and the expectations of stakeholders of the role that they should play in responding both to current problems as well as long-term concerns. The study aimed to:

- Define the current context of development and the situation of NGOs in Palestine.

- Determine what major stakeholders (government, private sector, donor agencies, local and international NGOs, CBOs, intellectuals in the academe) see as the challenges that the nation will face in the next 3 years and the role that they expect NGOs to play in meeting these challenges.
- Propose a strategy that will enable NGOs to perform the role expected of them in the next 3 years.

The study had many important key findings, such as the following:

- There is a growing negative impact of aid which has apparently made NGOs an extension of donors. NGOs have become inefficient because the funds they receive are not commensurate to the services they provide and that they duplicate government services.
- NGOs have become extension of donors. Owing to their effectiveness as service delivery agents under a regime of weak government, many NGOs are said to have focused on delivering services using donor funds and have become less concerned about their responsibility to articulate national concerns such as opposing occupation. This has also made NGOs aid dependent and, according to some, tools of varying agenda of donor agencies. Such dependence has led to a dominance of donors' agenda and has, apparently, led to NGOs becoming less flexible in pursuing their "own" priorities and becoming more "donor controlled". Some NGOs are said to be constantly changing their priorities and their programs focus just to capture donor funds.

5) **"The role and performance of the Palestinian NGOs in Education, Agriculture and Health"**(World Bank, Bissan Centre, 2006)

This study investigates the role and performance of Palestinian NGOs (PNGOs) as service providers in three sectors – health, education and agriculture. It provides systematic information on the work of PNGOs identifies areas of strength and weakness and suggests how their contribution to service delivery and the socio-economic development process might be improved.

The study data was for the most part gathered through two surveys: i) an NGO Survey, encompassing 78 independently registered PNGOs and a selected

number of their service delivery facilities; and ii) a Household Survey covering 3000 households.

In summary, the study indicated that:

- The relationship between PNGOs and the PA is generally constructive, albeit with limited involvement by PNGOs in sector policy and planning. In contrast, PNGO partnerships with local authorities are weak.
- Donors tend to favor the larger PNGOs, due in large part to their capacity to comply with complex donor procedural requirements; donors also tend to fund for relatively short periods, which is inconsistent with the creation of long-term capacity and, ultimately, PNGO sustainability.
- PNGOs are not in most cases accountable to beneficiaries and local communities, but rather to their own boards, donors and the PA. This lack of “horizontal” accountability can be correlated with limited beneficiary involvement at all stages of the service process.

The following recommendations arise from the study’s analysis:

- The PA and PNGOs should collaborate on developing simple, transparent quality and performance standards for service delivery. In parallel, efforts to strengthen the monitoring function of the specialized ministries should be intensified.
- Donors should take a more systematic approach to PNGO funding, placing less emphasis on ad hoc project financing and more on sub-sectoral programs. Donors should also be prepared to support PNGO activities on a more sustained basis in order to allow for fuller institutional maturation to take place.
- Donors should also place more emphasis on supporting the professional evolution of PNGOs, This should help develop PNGO transparency, and thereby legitimacy vis-à-vis the public and beneficiaries. The PA and donors could also consider NGO representation in their aid-coordination structures



to help create greater harmonization with donor-financed developmental/institutional building programs delivered through the PA.

6) **"Towards a more effective use of International Aid to the Palestinian people" (MAS, 2005)**

The Palestine Economic Policy Research Institute (MAS) presented this study in order to focus on the international aid provided to the Palestinians. The study was divided into four main sections:

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

Second: Assess the extent to which the Palestinian (government agencies, private sector and NGOs) have managed to successfully utilize this assistance to serve national interests.

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

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

The study drew some recommendations as summarized below:

- 1) Better coordination is needed between Palestinian recipient institutions and donor agencies, and among these two groups themselves. The study proposes the creation of an institutional body with a clear organizational structure and led by the Ministry of Planning, to plan and coordinate the inflow of international funds.
- 2) The PNA should plan and design projects balancing between short-term emergency and long-term development needs. The direction of funds should be based on a detailed vision and identification of needs and priorities, in order to avoid supply-driven, uncoordinated aid strategies and channeling of funds.
- 3) The PNA should involve local governments (i.e. municipalities and village councils) much more closely in deciding on national spending priorities and the use of international aid.

- 4) The PNA should pay more attention to the Palestinian informal sector and its needs and should devise lending strategies for small-scale projects in general.
- 5) The PNA should finalize and implement its national reform plan, in order to coordinate reform efforts instead of sporadically implementing individual measures.

7) **“ Entrepreneurship and economic development : The Empretec Showcase” (United Nations Conference On Trade and Development, 2005)**

This study discussed the importance of entrepreneurship mainly with regard to developed countries and that the question of how to foster entrepreneurship seems to be primarily a concern of policy makers in developing countries. The study considered entrepreneurship as a key element in securing the competitiveness of developed countries, even more central to developing countries trying to attain competitiveness in international markets. The paper examined the following questions:

- What is the exact nature of entrepreneurship and its role in economic theory?
- How much have theory and research advanced since Schumpeter’s theory of long waves?
- What are the links of entrepreneurship to economic growth?
- Can entrepreneurship be considered as the interface between small business (the micro level) and economic growth (the macro level)?
- Given that entrepreneurship plays a role in economic development, how can it be fostered?

The study has concluded that a comprehensive approach to the promotion of entrepreneurship rests on two primary pillars: strengthening of entrepreneurial skills and improvement of entrepreneurial framework conditions. These two pillars should be considered as an interlinked set of

policies for the following reason: on the one hand, entrepreneurs do not act in a vacuum, but whether and how they use their skills and motivations to transform business ideas into profit opportunities is shaped by existing framework conditions. On the other hand, entrepreneurial behavior can always be traced back to individuals and their entrepreneurial attitudes, skills and motivations. Finally it has added that Experience shows that when these attitudes and skills exist, adverse framework conditions cannot totally suppress them, and individuals will seek to find ways that allow them to capitalize on their ideas.

**8) “Towards a wider vision to the role of the PNGOs in the development process” ( Abd Elhadi, 2004)**

This study sheds the light on the historical role played by the Palestinian non-governmental organization throughout history, and its role in the history of the Palestinian struggle by offering support and assistance to the resistance and offering some healthy and educational services till the establishment of the Palestinian national Authority in 1994. The writer analyzed the political – economic – social frames within which the Palestinian NGOs work, and their strength and weakness points. Also he summarized the major issues that face the non-governmental sector in the meantime:-

1. The great rise in rates of poverty and unemployment exceeding, largely, the amount of emergency funds, and returning to relief/ charity means to face poverty, left and will continue leaving negative impacts on the possibilities of sustainable development in the future.
2. The extensive closure of the Palestinian cities and villages limited the NGOs ability to efficiently implement their programs and projects, and, therefore, to serve the marginalized and less fortunate groups. In the better cases, NGOs currently succeed in implementing 40% to 60% of their budgets including the administrative expenditures.

3. Some of the international NGOs showed a positive response to the requirements of the new emerging situation and respected the requests of the partner Palestinian NGOs to change their work, programs and projects priorities. On the other hand, donors' interest in the emergency programs came in some cases on the expense of the development priorities, and, consequently, affected negatively the processes of sustainable development and democratic change.

**9) "Prolonged Crises in the occupied Palestinian territories: recent socio-economic development" (UNRWA, 2007)**

This report was the second in a series of UNRWA studies examining economic conditions facing Palestinians in the occupied Palestinian territory (oPt). It gave a detailed presentation of Palestinian living conditions during 2006 - a year of unprecedented economic and fiscal crisis in the OPT.

The report introduced detailed description of the current social and economical situations in Gaza Strip and the West Bank. It addressed the main topics of: Domestic Output and Income, the Labor Market (Broad Labor Force, Employment and Unemployment, Public and Private Sector Employment, Unemployment and Wage Incomes), Living Levels, Poverty, and Humanitarian Assistance.

The report gave representative statistics about the unemployment rates in Gaza Strip and the West Bank. It proved that there were growing rates and rising numbers in 2006. The narrow ILO unemployment rate rose marginally, about 0.5% in relative terms to 23.5% as between 2005 and 2006 while the broader rate rose about 2.1% to 29.5%. In absolute terms, there were an average of 11,550 more unemployed in 2006 than in 2005 under the ILO definition (a 6% increase) and 21,800 more unemployed under the broad definition (8.4% growth). More significantly, the gap between refugee and non-refugee unemployment rates remained about 6.5% in favor of non-refugees.

Unemployment rates in Gaza were 9-10% points higher than West Bank rates in 2005 with the gap growing to 15-16% points in 2006 both as a result of declines in West Bank unemployment rates and increases in those of Gaza. While

population and labour force growth differentials partly explain the widening gap, the impact of sanctions on the newly elected PA government in 2006 were disproportionately felt in Gaza.

**10) "Mapping Palestinian Non-Governmental Organizations in the West Bank and the Gaza Strip" (MAS, 2007)**

This report gave an update of the first mapping done in 2000, providing vital information on developments within the NGO sector, especially given the adverse conditions that the Palestinian economy has been subjected to in the past few years.

This report provided information and preliminary analysis on the number of NGOs in the WBGS, their geographical distribution, sectoral allocation, nature of work, organization, financing, and service provision.

The study aimed at examining the changes in Palestinian nongovernmental and charitable organizations (PNGOs) and updating the database which was established following the completion of the first study in 2000.

**1.13 Summary of the previous studies**

Review of previous studies shows that PNGOs played different roles in supporting the Palestinian community but this role was deficient. The deficiency in NGOs role to achieve sustainable development was caused by different factors and causes. Some of the previous studies showed that the deficiency of PNA performance restricted PNGOs roles; other studies indicated that the absence of clear plans for the NGOs contributed to decrease their abilities in achieving real development and others showed that donors' policies played negative roles in supporting PNGOs to achieve

sustainable development. This study will focus on the role that PNGOs play in utilizing the international fund to promote entrepreneurs; there were a small number of studies that investigated this subject specifically the entrepreneurship and the role of PNGOs in promoting it.

#### **1.14 Structure of the research**

This thesis consist of seven chapters, chapter 1 contains an introduction to the research, the statement of the problem, research questions, objectives and limitations and it deals with the previous studies. The second chapter presents background about Palestinian NGOs. The third chapter presents General overview of unemployment and entrepreneurship in Palestine. The fourth chapter presents foreign aid towards the Palestinian NGOs and the job creation programs in Palestine. The fifth chapter presents research methodology. The sixth chapter presents research results, discussed where possible in the light of previous researches, and the results of the hypotheses testing. Finally the seventh chapter presents conclusion and recommendations drawn from the findings, and recommendations for further researches.

## **2 CHAPTER TWO: THE PALESTINIAN NON-GOVERNMENTAL ORGANIZATIONS**

### **2.1 Introduction**

The growth of such NGOs over the past two decades has given them an increasingly important role and has led them to form a distinctive sector within civil society. They have been engaged in all sectors of social life, such as relief, rehabilitation, health, education, development programs, peace, human rights and environmental issues, using finance raised from voluntary, private sources, and donor agencies, and managing themselves autonomously at local, national and international levels (Bagci, 2007).

NGOs play a significant role in the social and economical development process in all regions of the World. They are particularly critical in circumstances where the state funds are limited, political situations are fluid, natural disasters resulting from both predictable and unpredictable environmental circumstances occur, ethics strife is rampant and the level of per capita income severely restricts the ability to purchase needed goods and services – social, education and economic – (Asamoah, 2003).

Nowadays, conferences, workshops and projects in many countries emphasize the increasingly important role of the NGOs; many considered the NGOs as a late-twentieth- century phenomenon. This may be due to many reasons, the first is the changing role of the state as it became obvious that governments cannot reach all society levels, and cannot provide them with all services they need. The development of information technology is another reason that explains the increasing role of the NGOs. The spread of democracy is the third reason that allows many NGOs to be flourishing. The most important reason might be Globalization, and the global economic integration that has reduced the power

of national governments while granting other economic and political actors access to the World stage (Abu Jabr, 2005).

Accordingly, it is obvious how much important role that the NGOs play, this makes it important to understand the meaning of NGOs and the conceptual framework of the civil society. That is what will be clarified in the following sections.

## **2.2 The Conceptual Framework for the Civil Society**

There are several ways of interpreting 'civil society'. One of the difficulties is that: "civil society" it is discussed through a variety of terms the equivalence of which have not been effectively explored. Judge states that: "These include NGOs, voluntary associations, non-profit sector, not-for-profit sector, charitable organizations, benevolent societies and third sector. Depending on who uses these terms, they may, or may not, include bodies such as labor unions, trade associations, professional societies, or legally unrecognized (Bagci, 2007).

The concept of Civil society originated in 18th-century Western Europe. It was a theoretical construct useful in analyzing and understanding the emerging socio-political economy of the industrialized west in the 18th and 19th centuries. The concept was resurrected in the late-80s amidst the ruins of the authoritarian regimes of Eastern Europe. It was born-again in the manufacturing shops neo- democratization ventures in the North. During the second coming of the concept, more stress was laid on producing and marketing the civil society in different colors and shapes, rather than on reflecting the very validity of the idea in relation to real-life situations and experiences. The civil society is being paraded as the new panacea for issues such as poverty, human rights, gender equity and 'good governance' (Samuel, 2007).

It was thought that NGOs are sub-sets or element of civil society and therefore civil society is understood as a 'pool of organizations' within the social life and



everyday new elements are included within this pool. Hundreds of thousands of formally or informally organized groups and organizations are accepted as the core of civil society. But civil society is not a homogenous mass of organizations. Therefore civil society, in a way, is understood as a value neutral term which refers to all of those arguments. Civil society can also be described as a 'building' and the bricks of this building are the organized groups within social system that do not belong either to the state or to the private sectors (Bagci, 2007).

Richard Norton broadly described civil society as "the place where a *mélange* of groups, associations, clubs, guilds, syndicates, federations, unions, parties, and groups come together to provide a buffer between state and citizen (Motamed, 1997).

Michael Hudson (Professor of Economics at the University of Missouri-Kansas City) describes civil society as a function, rather than a structure. Ignoring the names and titles of associations and focusing on their interaction vis-à-vis the state provides a more accurate portrait of a region's civil society (civil society entails the characteristics of tolerance, civility, and "a sphere of pluralist activity." (Bagci, 2007).

Gramsci, the most familiar of modern interpretations, described civil society in a distinctive sense; as the sphere where battles capitalist logic. Civil society takes on the notion of 'terrain'; a place where the state, the people and the market interact and where the wage war against the hegemony of the market and the state (Bagci, 2007).

From the previous definitions, it can be concluded that the civil society is the political, social and economical interaction between the state and the community, which is considered as a broader concept of the NGOs.

The concept of 'civil society' is problematic in the context of Palestine. On the one hand, there are similarities with Western discourses of 'civil society' in that

NGOs are seen as having the potential to spread civic and democratic values and challenge government policies. Also common is the idea that NGOs can help bring civil society into being where it has not existed before.

In the Palestinian case, the adoption of the concept of civil society was based on a different sequence of events from the global trend. Third sector organizations were influential historically in the Palestinian society inside and outside the West Bank and Gaza without claiming to be 'civil society organizations'. One of their main concerns was to fight the occupying state by non-violent means. The establishment of the PNA elicited the establishment of a civil society in the West Bank and Gaza Strip despite the limitation of this authority. Practically, the adoption of the concept occurred by the insistence of some strong NGOs on being key elements in civil society. This coincided with the discourse of some international aid organizations highlighting the roles of Palestinian NGOs as being civil society organizations (Shawa, 2000).

Many researchers and studies concluded that the civil society would not grow or develop without the existence of the political society or the nation-state. This conclusion doesn't comply with the Palestinian case. Even though some, other researches like Musleh (2002) give a broader definition for the civil society which excludes the political authority "the civil society is a combination of syndicates, clubs, charitable associations, religious associations and other forms that freely interact with each other for serving all the population" (Abu Jabr, 2005).

It can be concluded that although most of the authors and researchers such as Tomas Hops, Bratton and Cohen accomplished that the civil society can't be emerged without the existence of the state; the Palestinian experience was different in that the existence of the civil society was before the establishment of the State.

### **2.3 Definition of NGOs**

There are many definitions for the NGOs. The World Bank defined the NGOs as "private organizations that pursue activities to relieve suffering, promote the interests of the poor, provide basic social services or undertake community development" (World Bank and Bissan Centre, 2006).

The United Nations defined the NGOs as "Non profit entities, their members are citizens or groups of citizens who belong to one state or more, their activities are determined by the group willingness of entity" (UN, 2006).

The Palestinian law defined the NGOs as "Any charitable association or community organization with an independent judicial personality, established up on an agreement concluded among no less than seven persons to achieve legitimate objectives of public concern without aiming at attaining financial profits to be shared among the members or achieving any personal benefits" (Bissan Centre, 2006).

The Palestinian Central Bureau of Statistics (PCBS) defines NGO as "non-profit, non-governmental agency, governed by law and/or professional or individual, organized on a national or local basis." (PCBS, 2000).

Another definition for the NGOs is "those organizations that are non-governmental, have as main goal the promotion of social and/or environmental purposes, are not aimed at making a profit and any profit made is applied towards the goal" (Monster, 2006).

The Palestine Economic Policy Research Institute (MAS) defines the NGOs as: "these organizations that have an officially recognized legal existence; they must be: independent organizations, non-profit organizations and it must contain a level of voluntary participation; and it must not be an inheritable, representative, or factional" (MAS, 2007).

In this thesis the NGOs are defined as "those organizations that are independent from the Palestinian authority, working at the development sector in order to achieve socio-economic positive changes and are not aiming to gain personal profits or interests".

An organization may be correctly labeled an NGO if it has the following four characteristics:

**1. Voluntary:** NGOs are formed voluntarily by citizens with an element of voluntary participation in the organization, whether in the form of small numbers of board members or large numbers of members or time given by volunteers.

**2. Independent:** NGOs are independent within the laws of society, and controlled by those who have formed them or by elected or appointed boards. The legal status of NGOs is based on freedom of association—one of the most basic human rights. The International Covenant on Civil and Political Rights, developed by the United Nations in 1966 and since ratified by 135 countries, grant the right to assemble.

**3. Not-for-profit:** NGOs are not for private personal profit or gain. NGOs may, in many countries, engage in revenue-generating activities, but must use the revenue solely in pursuit of the organization's mission. Like other enterprises, NGOs have employees who are paid for what they do. Boards are not usually paid for the work they perform, but may be reimbursed for expenses they incur in the course of performing their board duties.

**4. Not self-serving in aims and related values:** The aims of NGOs are to improve the circumstances and prospects of people and to act on concerns and issues detrimental to the well-being, circumstances, or prospects of people or society as a whole (Peace corps, 2007).

The World has in recent decades witnessed a significant increase in the number of NGOs. In light of today's overall globalization process, it is no coincidence

that their spread has acquired an unprecedented dimension. This can be attributed to several reasons (Barghouthi, 2006):

- 1) The expansion of education has increased participation in decision-making on local and national levels.
- 2) The communication and information revolution has provided unlimited access to available knowledge and information.
- 3) Citizens are increasingly frustrated by old forms of political organizations in many areas of the World, including Europe. This is either because some of these organizations are ineffective or because other parties are reluctant to cope with people's developing needs.
- 4) Traditional democratic machineries are ineffective in representing the people's social and economic interests. While the prevailing western democratic majority system ensures that the majority opinion should rule, it does not provide groups with sufficient tools to influence social policies or the overall political situation.
- 5) The fifth reason behind the huge expansion of NGOs might be due to the growing needs of the marginalized and poor groups in society. Topping this list are poor people, women, children and those with special needs. These sectors need advocacy groups to represent their interests. In this case, the emergence of NGOs is sometimes a response to the fact that social democracy is lagging behind political democracy.

## **2.4 Types of NGOs**

Types of NGOs can be understood by their level of orientation and level of cooperation.

### **2.4.1 Types of NGOs by the level of Orientation**

NGOs can be classified according to the level of orientation into the following four main types:

**1. Charitable Orientation:** It often involves a paternalistic effort with little participation by "beneficiaries". It includes the NGOs which direct the people

towards meeting the needs of poor and help them by giving them food, clothing, medicine, provision of housing, etc. such NGOs may also undertake relief activities during natural or man-made herds.

**2. Service Orientation:** It includes NGOs with activities such as the provision of health, family planning or education services, in which the programs are designed by the NGOs and people are expected to participate in its implementation and in receiving the services.

**3. Participatory Orientation:** It is characterized by self-help projects where local people are involved particularly for example in the implementation of a project in any village by contributing, cash, tools, land, materials and labor etc. This type is basically cooperation-based and on limited scale.

**4. Empowering orientation:** The aim of these NGOs are to help poor people develop a clear understanding of the social, political and economic factors which are effecting their lives, and aware them how they can solve their problem by using their resources and aim to mobilize the people. In any case there is maximum involvement of the people with NGOs acting as facilitators.

#### **2.4.2 Types of NGOs by the level of Operation**

Also, the NGOs can be classified according to their level of operation and their abilities to reach the targeted beneficiaries. Accordingly it can be classified upon their operational level into four types:

**1. Community Based Organizations (CBOs):** When people start feelings that what are their needs and how can they fulfill them. These NGOs arise out of people's own initiatives. These can includes sports clubs women organizations neighborhood organizations, religious and educational organizations. Some supported by NGOs, national and international NGOs and other independent outside help. Some are devoted to raising the consciousness of urban poor or

helping them to understand their rights in gaining access to needed services while others are involved in providing such services.

**2. Citywide organizations:** These NGOs are organized for some major or personal purpose such as chambers of commerce and industry, coalition of business and educational groups. Some exist for other purposes and become involved in helping the poor as one of many activities, while others are created for the specific purpose of helping the poor.

**3. National NGOs:** It includes organizations such as the Red Cross, YMCAs, professional organizations etc. Some of these have state branches and assist local NGOs.

**4. International NGOs:** These which range from secular agencies such as REDDA BARNA and Save the Children organization, CARE, UNDP, UNICEF. Their activities vary from mainly funding local NGOs institutions and projects and implementing the projects themselves ([www.ilmkidunya.com](http://www.ilmkidunya.com)).

### **2.4.3 The Palestinian NGOs**

Palestinian NGOs, (PNGOs), have developed in the West Bank and Gaza Strip, WBGS, (including East Jerusalem) for two main reasons. First, PNGOs – as throughout many Arab societies – have played a historic role in advancing the social, culture and economic of hundreds of local communities as well as the national unit. Second, in the absence of a state and a government with endogenous institutions established to provide direct assistance to Palestinian population, PNGOs in effect took on the additional task of filling in for the non-existent or absent state (Abdelkarim, 2002).

The results of a survey conducted by Palestine Economic Policy Research Institute (MAS) indicated that the number of NGOs in the WBGS reached 1,495. The number includes organizations that did and did not complete the forms, as well as those who are legally established but not yet functioning. The number of the NGOs with completed data by early 2007 reached 1,388. The

majority of these organizations are located in the West Bank (68.5%), while the rest are in the Gaza Strip (31.5%) (MAS, 2007).

#### **2.4.4 Historical evolution of the Palestinian NGOs**

Historically, the Palestinian NGOs played a vital role in the civil society since the Ottoman Empire. Their evolution was interrelated to the political and social factors that influenced the daily Palestinians life. The historical development of the Palestinian NGOs can be categorized into seven stages, these stages are:

- **1917- 1948:** the British mandate was declared over Palestine in 1922. During this period, most institutions were established against the occupation willingness. The rules of the British mandate were prohibiting the Palestinians from organizing themselves politically and socially unless such act serves the occupation interests. As a result, the Palestinian civil society institutions worked in a secretive manner (Ibrash, 2007). Jewish migration to Palestine and the land confiscation were considered a basic danger that threatened the Palestinians. Thus the Palestinian NGOs played a major role in struggling and fighting this looming. At that time, many organizations were established to provide relief and humanitarian assistance for the Palestinian refugees after Al-Nakbah (1948) (Abu Jabr, 2005).
- **1949-1967, The Jordanian and Egyptian control over the West Bank and Gaza Strip:** by the occupation for the Palestinian territories in 1948, the Palestinian society was characterized by the geographical separation. During this period, assemblages of Palestinians were founded in the Arab Countries governed by non-Palestinian authority like: Syria, Lebanon and Iraq (Ibrash, 2007). The NGOs core activities focused upon refusing all settlements, protecting the right of return and the refugee case, in addition to the charitable relief work that were provided to the Palestinian refugees (Abu Jabr, 2005).
- **The 1970's era:** This period is considered as reorganizing and reactivating the Palestinian civic work, especially after the establishment of Palestinian Liberation Organization (PLO). The PLO established many populist unions outside Palestine in order to enforce the standing out of the Palestinians. At



this stage, the Palestinian NGOs didn't succeed to adapt the developmental activities in spite of the great need for such activities. This may be explained by the fact that any Palestinian development trials will be viewed as a normalization activity with the occupier which was completely refused by the society. However these negative attitudes toward the NGOs development process precipitated in the demolishing of any solid development vision for Palestinian economy in the future and enforce the connection of the Palestinian economy with the Israeli economy (Bisan Centre, 2002).

- **The 1980's era:** The growth and development of NGOs in the 1980's has often been associated with the inadequacy of the provision of basic services by the Israeli occupation. Many of the NGOs that emerged during this era were affiliated with political parties and became a part of the popular movement. These NGOs were created not only to fill gaps in service provision, but also to participate in shaping an independent Palestinian structure and system that led the struggle against occupation (Abu Jabr, 2005).
- **The first Intifada (1988-1993):** This era witnessed an essential change in the programs and goals of the NGOs. Key among these changes is the establishment of new NGOs that were called professional vocational centers. The slogan of the political activities at this period was "preparation for the Palestinian state". Hence, the NGOs added to their mission and programs for the first time the dimension of "building" a viable Palestinian society along with the dimension of "struggling" for a home state. Many academics and professionals joined the NGOs, and were able to steer the programs and projects of these NGOs to satisfy part of the needs of the local society (Ibrash, 2007).
- **After Oslo Agreement (1993):** The PLO signed the Oslo agreement and hence began the Palestinian self-rule in parts of the West Bank and Gaza Strip. The Palestinian community has radically transformed, particularly in the political aspect. The operation sought to transfer the Palestinian society from the revolution and struggle to the stage to bet on peaceful solutions. Thus the end the state of war with the Zionist entity, with the consequence

that the change in the post of civil and political institutions that emerged in a revolution. The transfer of power mobility status of Palestinian society from outside to inside Palestine. But the most significant is the beginning of the emergence of differentiation between civil society and political society, as the Palestinian National Authority, which runs the self-rule areas have become a "political power" or a State, and therefore have their accounts, policies and transactions. The links do not necessarily agree with the position of all the Palestinian people and institutions of civil and political rights (Ibrash, 2007).

- After the establishment of the Palestinian National Authority (PNA), the situation changed dramatically. Some PNGOs decided to merge their activities into the PNA structure, but most did not and preferred to stay in the third sector (the non profit domain). NGOs, which have supplanted barely existing government services, redirected themselves to complementing the new public sector by serving those sectors and communities not reached by PNA ministries. Much of the health and education services run by the PNA are inherited from the Israeli Civil Administration. The result, the PNA inherited largely ineffective and handicapped service delivery schemes. This left PNGOs with significant existing capacity in the delivery of the public services.
- **Al Aqsa Intifada (2000):** this period witnessed an increasing level of hardship among Palestinians as direct result of Israeli widespread and intensified aggression. PNGOs have once again stepped foreword to provide essential services, much as in the first Intifada. The seemingly return of PNGOs to their pre- Oslo roles as the mainstay for many basic services was necessitated by the low ability of the poorly equipped PNA to face the social and economic challenges that arise from the Israeli collective punishment measures over this period. NGOs have also been used by donors to channel in –kind and cash assistance to the poor and to families of those killed, injured or imprisoned by Israeli military action.(Abdelkarim,2002)

From the previous review for the historical roles, it is clear that the Palestinian organizations played different and important roles through the Palestinian

history; they acted as a main defender against the Israeli occupation and played an essential role in the advocacy work towards it. Also they initiated in the different development fields during the peace process then they came back to provide the emergency support during Al Aqsa intifada.

The major achievements for these organizations can be summarized in the following points:

- They provide the Palestinian people with social and economical services despite the absence of the PNA.
- They defend up on the Palestinians rights of independence.
- They have the ability to adapt their work according to the Palestinians different needs.

## **2.5 General Features of the PNGOs**

### **2.5.1 The Legal Environment for the PNGOs**

In the case of Palestine, the formation of modern NGOs is linked to the rebellion against the unjust regulations and the racist occupational system. Most of these organizations were established without the permission of the occupational authorities and worked without official consent from ruling bodies (Abu Jabr, 2005).

A new liberal and progressive NGO law came into effect in January 2000. This law is the culmination of several years of PNGO coalition-building and lobbying. This law provides and outlines clear requirements relating to NGO internal governance. According to this law, NGOs are generally able to operate free for undue interference by PNA agencies, although they are subject to monitoring through regular reporting to the Ministry of NGO Affairs; which was recently dissolved and replaced by a central government agency. Furthermore, PNGOs are allowed to generate revenue through legal economical activities as far as they contribute positively to their sustainability. PNGOs are also entitled to VAT (Value Added Tax) and income tax exemptions (Abdelkarim, 2002). Under the Palestinian Authority law, the right to establish an NGO is guaranteed by the Palestinian law of Charitable Association and

Community Organizations (Law Number 1 for year 2000). The law assured in article (1) that "Palestinian citizens have the right to practice social, cultural, professional and scientific activity in all freedom, including the right to establish and run associations and community organizations." (PNGO, 2007).

According to the MAS survey in 2007, all of the PNGOs in the WBGS submitted their registration applications to the Ministry of Interior and to one of the related specialized Ministries. The percentage of registered organizations with the Ministry of Interior has reached about 81.3% compared to only 41.8% in year 2000.

### **2.5.2 Year of Establishment**

The oldest organization operating in the WBGS was established in 1907. The percentage of organizations that had been established in or before 1948 is only 2.2%. The percentage of number of organizations established after 1948 are as follows (MAS, 2007):

**Table 2-1: Years of establishment of Palestinian NGOs in WBGS**

<b>Period</b>	<b>Percentage of number of organizations</b>	<b>Remarks</b>
1949 and 1967	7%	Jordanian rule in WB and Egyptian rule in GS
1968 and 1979	9.9%	
1980 and 1987	7.9%	
1988 and 1993	12.4%	during the first Intifada
1994 to 2000	33.7%	during Oslo negotiations followed the inception of the PNA until the start of 2 <sup>nd</sup> Intifada
2000 to 2007	26.8%	during the period between the second Intifada and the start of 2007

### **2.5.3 Types of programs implemented by the Palestinian NGOs**

There are various programs and activities performed by PNGOs, many of which conduct more than one program. As shown in Table (2-2), the highest ratio of activities is for cultural, scientific, and educational programs (44.3%). Organizations that offer childcare programs came in second place with 40.6%. Charity programs follow in the third rank with 38.7%. The charitable and relief dimension in the work of many PNGOs reflect the difficult conditions facing

Palestinian society. Educational programs took fourth place with 27% of organizations offering them this is related to the focus on extra-curricular activities offered by PNGOs, especially charitable organizations.

**Table 2-2: Distribution of the PNGOs based on Programs**

Program	All programs		Principal Programs	
	Number of organizations	Percentage	Number of organizations	Percentage (%)
Children's activities	563	40.6	136	9.80%
Charity	537	38.7	231	16.64%
Elderly care	51	3.7	8	0.58%
Family planning	59	4.3	9	0.65%
Scientific and literary education	615	44.3	228	16.43%
Rural development	162	11.7	77	5.55%
Relief	167	12.0	24	1.73%
Water and the environment	27	1.9	7	0.50%
Health services	328	23.6	98	7.06%
Research activities	81	5.8	16	1.15%
Disabled care	151	10.9	64	4.61%
Professional training and career development	355	25.6	73	5.26%
Religious activities	74	5.3	5	0.36%
Scientific and educational activities	381	27.4	51	3.67%
Women affairs	336	26.2	122	8.79%
Human rights	116	8.4	28	2.02%
Enhancing democracy	113	8.1	18	1.30%
Enhancing good governance	29	2.1	3	0.22%
Youth and sport activities	372	26.8	181	13.04%
Other activities	37	2.7	9	0.65%
<b>Total</b>	<b>4581</b>		<b>1388</b>	<b>100.01%</b>

(Source: MAS, 2007)

Note: It is not meaningful to add columns 1 and 2 because each organization can have more than one secondary program, unlike columns 3 and 4 which show the organization's only program.

## 2.6 The relationship between the PNA and the PNGOs

The relationship between the government and the NGOs has gone through three phases:

**The first phase:** was directly after the creation of the PNA where uncertainty about the role that NGOs should play in the emerging political context was the main characteristics of this phase. However NGO community has started a process of assessment to their roles and responsibility in light of the emergence of Palestinian entity and the construction of governmental institutions. While

the government has had two approaches to the existing NGO activity where from one side there was a need for the services provided by NGOs to fill the gap that the government services could not fill. Yet, on the other hand NGOs have been looked at as a competitor to the service delivery system of the government.

**The second phase:** it can be named as the phase of accepting the other and starting to initiate a dialogue between the government and NGOs. As a matter of principle NGOs started to formulate their own political discourse on civil society, democracy and the rule of law. In this phase NGO movement witnessed a big shift in funding priorities from services delivery to the program approach mainly emphasizing on gender, democracy and human rights.

**The third phase:** characterized by the emerging cooperation between the legislative council and NGO movement in drafting and endorsing a Palestinian NGO law.

## **2.7 The Role of PNGOs in the Socio-Economic Development Process**

Despite the emergence of the PNA as the main provider for Palestinian communities, PNGOs have maintained an active role in the Palestinian service delivery and development space. This is on account of their historical role and experience as service providers, and the perception that they have a comparative advantage in providing for the most vulnerable and marginalized populations (UNRWA, 2005).

The role of NGOs has expanded significantly in the last four years. They have been involved in Palestinian struggle for independence and have served as advocates for Palestinian rights in international forums. They have sponsored public forums on major issues affecting the Palestinian society and have served as public advocates with PNA on matters related to political reform, economic strategy and proposed new laws. They have expanded their services, especially in areas affecting the marginalized segments of the society, and their share in

donors' assistance has increased, reaching almost 20% of donors' fund disbursements in 2003.

NGOs have conducted programs in technical training, health and nutrition education, human rights, and cultural affairs. They have served as advocates on women's rights, child labor issues, and the rights of disabled people. They have built agricultural roads, participated in land reclamation activities, and helped in establishing agricultural cooperatives. NGOs have also been instruments in poverty alleviation efforts in the last four years. They have also played a major role in poverty alleviation efforts in the last four years, providing the needy with cash assistance as well as free bills, and paying college fees for students coming from poor families (Arab International Forum, 2004).

## **2.8 Summary**

Civil society is considered as a broader concept of the NGOs which is defined as the political, social and economical interaction between the state and the community. Most authors and researches agreed that the civil society can't be emerged without the existence of the State; the Palestinian experience was different that the existence of the civil society was before the existence of the State. PNGOs are defined as those organizations that are independent from the PNA, working at development sector in order to achieve socio-economic development and are not aiming to gain personal profits or interests.

PNGOs are classified according to their level of orientation into four levels (charitable, services, participatory and empowering) and according to their level of operation into four levels (Community Based Organizations, Citywide Organizations, National and International Organizations).

The historical evolution for the PNGOs passed through seven stages, each stage has its own characteristics and conditions. The vast majority of the functioning PNGOs are charitable ones which reached 51.7%, while only 9.4% of them are working at the development areas.

The relationship between the PNA and the PNGOs has gone through three phases; the competition phase, accepting the other and starting to initiate dialogue phase and the cooperation phase.



### **3 CHAPTER THREE: UNEMPLOYMENT AND ENTREPRENEURSHIP IN PALESTINE**

#### **3.1 Introduction**

Unemployment is an economic indicator that refers to the number or proportion of people in an economy who are willing and able to work, but are unable to get a job. A person in this situation is said to be unemployed. People who are not willing or able to work, for whatever reason, are "economically inactive" and do not count towards unemployment figures. High levels of unemployment are usually typical of a struggling economy, where labour supply is outstripping demand from employers. When an economy has high unemployment, it is not using its economic resources in the best possible way ([www.wikipedia.com](http://www.wikipedia.com)).

Unemployment also carried significant social costs. People who are unable to find work must frequently rely on benefits for income: if they have financial or family commitments, this can make life extremely difficult. Moreover, the sense of failure, boredom and rejection that being unemployed can generate have real social consequences. Studies have repeatedly linked unemployment to rising crime and suicide rates and the deterioration of health.

#### **3.2 Definition of unemployment**

The unemployment rate is the most widely used indicator of the well-being of a labour market and an important measure of the state of an economy in general. While the unemployment rate is in theory straightforward, classifying working age persons as either employed, unemployed, or out of the labour force is difficult in practice. To facilitate comparisons of unemployment rates over time and across countries, the International Labour Organization (ILO) has since

1954 set forth guidelines for categorizing individuals into these labour market states. These have now been adopted, at least in some form, by most developed and a large number of developing countries, which has allowed the ILO to compile a sizeable number of roughly comparable labour market statistical series across countries and over time ( International Labor Organization, 2007). According to these, a person is unemployed if the person is (a) not working, (b) currently available for work and (c) seeking work, (d) in the work age.

### **3.3 Types of unemployment**

Economists generally divide unemployment into four categories based on the causal factors. Allen in his book categorized unemployment into frictional unemployment, cyclical unemployment, structural unemployment and seasonal fluctuations.

**Frictional unemployment** occurs when a worker quits in search of a job more in line with his or her talents. For example, you complete your MBA and your firm fails to recognize it with a raise in pay. You depart and begin looking for an employer more appreciative of you newly acquired credential. Research seems to show that job search under this condition is more efficient if you quit rather than continue working while you are looking.

**Seasonal unemployment** occurs when golf course employees or farm hands are laid off when winter weather sets in. The Canadian economy is saturated with this type of unemployment.

**Structural unemployment** occurs when a job is eliminated. As restructuring occurs in the American economy, this type of unemployment dominates the statistics. Many of the structurally unemployed are on the higher end of the compensation structure and had been earning six figures. They will not be called back; the job is gone. This is the major reason why in the current recovery and expansion, the unemployment rate is rising.

The last category of unemployment is cyclical. As the economy weakens, workers are laid off. When the recovery occurs, they are called back. For the last several years in the auto industry, an increasing amount of layoffs is structural and not cyclical.

**Classical unemployment:** or real-wage unemployment occurs when real wages for a job are set above the market-clearing level. This is often ascribed to government intervention, as with the minimum wage, or labor unions

**Demand-deficient unemployment:** occurs when output is below full capacity ‘Keynesian’ unemployment occurs in the transitional period before wages and prices have fully adjusted (Allen, 1976).

**Disguised Unemployment:** occurs when a large number of people are employed in jobs without any production process; it is generally well-known in the governmental jobs (Case, 1999).

**Natural unemployment:** it is the part of unemployment that remains net of the impact of business cycle (Case, 1999).

### **3.4 Unemployment in Palestine**

Unemployment with its grave economic and social consequences is still one of the most pressing problems facing Palestinian policy-makers since the start of the peace process in 1993. This was not always the case. Before the period of the first Intifada (uprising 1987-1993), the unemployment rate had never exceeded 5% of the labor force. With the advent of the peace process, Palestinians were promised a better life, but found themselves trapped in economic stagnation and Israeli control over factors of production (democracy and workers’ rights center, 2006).

Due to the political stability during the period (1998-third quarter of 2000), the unemployment rate continued to decrease from 23.8% in 1997 to less than 10% in the third quarter of 2000. Other employment indicators showed a better

picture too, leading to a better standard of living among the Palestinian population of the Occupied Palestinian Territories

Since the end of September 2000, Israeli measures against the Palestinian population have caused a collapse of the Palestinian labor market. A large number of formerly employed persons have joined the ranks of the unemployed or the "discouraged" who have given up looking for work. Those who managed to hold on to their jobs were often unable to reach their workplaces for long periods, with serious repercussions on their incomes and output.

### **3.5 Overview of the Palestinian Labor Market**

The Palestinian labor market has suffered extensively from imbalances between demand and supply throughout its years of occupation. Palestinian labor has consistently increased at high rates, going beyond the local market's ability to absorb it. During the 1970's and 80's, surplus employment was generally absorbed by exporting Palestinian labor to labor markets in Israel and the Gulf countries. However, in the early years of the 1990's the situation changed; as the Gulf War erupted in 1990, many Palestinians fled Kuwait and returned to the West Bank and Gaza Strip. Similarly, Israel began to reduce the number of Palestinian workers inside the Green Line and the settlements (Abdelhadi, 2002).

From 1994-2000, the Palestinian labor market experienced some limited improvement with regards to absorbing Palestinian labor. The public sector began to expand and employ some of the excess labor, reconstruction projects encouraged the private sector to increase its investments in ways which exaggerate its capacity to absorb more employment, and Israel allowed more Palestinian workers to work inside the Green Line, particularly in 1998-2000(MAS, 2007).

With the eruption of the Second Intifada, as it is shown in Table (3-1), the labor market expansion stopped, and labor market imbalance was exacerbated. This is

mainly attributed to the vast decline in economic activity due to Israel's oppressive measures against the Palestinian people (sieges, closures, the separation barriers, restrictions on movement of people and goods, etc.) (MAS, 2007).

**Table 3-1: Unemployment Indicators in Palestine from (1999-2006)**

Indicator	1999	2002	2003	2004	2005	2006
Manpower-thousands (15 years and over)	1604	1822	1881	1954	2031	2111
Labor force-thousands(employed and unemployed)	667	694	750	790	827	872
Employed-thousands	588	477	564	578	633	666
Unemployment rate (%)	11.8%	31.3%	25.6%	26.8%	35%	23.6%

Source: MAS, Palestinian Central Bureau Statistics Economic and Social Monitor, 2007

### 3.6 Unemployment

The problem of unemployment started to surface in the early nineties, reaching as high as 23.6% in 1996. Table (3-4) reflects the increase of unemployment during the second Intifada that the unemployment increased to 31.3% in 2002. It then slightly declined by the end of 2003 as a result of improved economic activity, ultimately falling to 22% during the 4th quarter of 2006.

**Table 3-2: unemployment Rate (%) for Individuals Aged 15 Years and Over in the Palestinian Territory According to Sex and Region**

Region and sex	1999	2000	2001	2002	2003	2004	2005	2006
<b>Palestinian territories</b>								
males	11.6	14.7	26.9	33.5	26.9	28.1	23.7	24.2
females	13	12.3	14	17	18.5	20.1	22.3	20.5
total	11.8	14.1	25.2	31.3	25.6	26.8	23.5	23.6
<b>West Bank</b>								
males	9.2	12.8	23.3	30.9	25.5	24.3	20.8	18.9
females	11.1	9.9	10.9	14	15.8	16.6	18.3	17.6
total	9.5	12.1	21.5	28.2	23.8	22.9	20.3	18.6
<b>Gaza Strip</b>								
males	16.6	19	35.3	39.1	29.6	35.9	29.6	35.1
females	19.3	18.5	24.2	28.4	26.8	31.6	35.2	32.3
total	16.9	18.7	34.2	38.1	29.2	35.4	30.3	34.8

Source: MAS Economic and Social Monitor, 2007

What is important to mention is the unemployment percentages differed from one statistical organization to other. Table 3-2 shows the unemployment indicator published in 2007 by the World Bank, the Palestinian central Bureau Statistics (PCBS), UNRWA and Palestinian Centre for Human Rights (PCHR). The table shows that there is differentiation in the unemployment percentages issued by the relevant societies; this can be interpreted that each society has its own methodology in measuring unemployment and it has its own unemployment definition.

**Table 3-3: Unemployment Indicators published by different organizations**

	World Bank	PCBS	UNRWA	PCHR
Unemployment rate in 2007	33 %	41.2 %	47 %	44 %

Source: PCBS, World Bank Development report for the Palestinian territories 2007, UNRWA development report 2007, PCHR monitor2007.

### 3.7 Labor Force Participation Rate (LFPR)

The rate of labor force participation grew substantially during the early nineties. After registering at 40% in the eighties, labor force participation reached 44% in 1993; however, the local market's inability to absorb high numbers of workers caused many to withdraw from the market, leading to a decrease in LFPR from the mid-nineties. After a slight increase in 2000 (to 41.5%), LFPR dropped again during the Intifada period, as it is clear in Table (3-2), reaching 38.1% in 2003. LFPR eventually improved again in 2004 and 2005. Quarterly comparisons show that LFPR reached 41.3% during the 3rd quarter of 2006; this is higher than its level in the 2nd quarter of the same year but lower than its level during the early phase of the Intifada as it is shown in the following Table:

**Table 3-4: The labor Force Participation Rate (1999-2006)**

Region	1999	2000	2001	2002	2003	2004	2005	2006
--------	------	------	------	------	------	------	------	------

<b>West Bank</b>	43.4	43.6	41.5	40	41.8	42.5	42.9	44.1
<b>Gaza Strip</b>	38	37.5	33.3	34.4	37.5	36.4	36.7	36.1
<b>Palestinian territories</b>	41.6	41.5	38.7	38.1	40.3	40.4	40.7	41.3

Source: PCBS statistical report, 2007

Table (3-2) shows the contribution of the employment in WBGs according to the region and the activity; it is obvious the deterioration of the development sectors participation in riveting the employment during the last two years and we noticed the increase of the services sector participation in the other hand. This can be justified because of the economical deterioration in the different development sectors.

**Table 3-5: Contribution of the employment in the Palestinian territories according to the region and activity**

<b>Economic Activity and region</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Palestinian territories</b>								
Agriculture and fishing	12.6	13.7	11.7	14.9	15.7	15.9	14.6	16.1
Mining and manufacturing	15.5	14.3	13.9	12.9	12.5	12.7	13	12.4
Construction	22.1	19.7	14.5	10.9	13.1	11.7	12.9	11.1
Services and other	28.1	29.9	34.6	35.7	32.8	34.9	34.4	35.5
<b>West Bank</b>								
Agriculture and fishing	1.5	12.5	12.1	14.1	14.9	16.9	15.7	17.8
Mining and manufacturing	16.5	15.4	15.5	14.5	14	14	14.8	14.6
Construction	23.9	22.2	18.2	12.7	14.3	13	14.4	12.9
Services and other	24.7	25.5	28	31.1	29.4	29.5	28.5	29
<b>Gaza Strip</b>								
Agriculture and fishing	15.2	16.5	11.6	16.6	17.4	13.4	11.7	11.1
Mining and manufacturing	13.1	11.5	9.7	8.9	9.2	9.1	8.3	6.3
Construction	17.8	13.5	4.4	6.3	10.4	8.2	9.3	6
Services and other	36.5	41	53.3	47.6	40.9	49.1	49.4	53.7

Source: MAS Economic and Social Monitor, 2007

## **3.8 Entrepreneurship**

### **3.8.1 Theoretical Background and conceptual Frame**

The concept of Entrepreneurship is considered quite old. However, it's still a vital subject world widely which sometimes have some ambiguity in some of its main aspects. The word Entrepreneurship is originally French and is derived from the word 'entrepreneur' which means 'to undertake'. It specifically involves an element of responsibility and personal risk in undertaking a project (MAS, 2006)

Entrepreneurship is being used for over 200 years, and it is still valid for today because it meets with so many perspectives. For example, Entrepreneurship and leadership concepts intersect in many points and they both personalize good manager. Even though the general understanding of the entrepreneurship concept is that it will only lead to start an own business, this actually represent a natural output for applying the entrepreneurship principals in life (MAS, 2007)

Most economic, psychological and sociological research points to the fact that entrepreneurship is a process and not a static phenomenon. Entrepreneurship is more than just a mechanical economic factor. Entrepreneurship has to do with change and is also commonly associated with choice-related issues (United Nations Conference on trade and development, 2004).

### **3.8.2 Definition of entrepreneurship**

There are certain factors that affect giving the Entrepreneurship an exact definition, some related to the culture, the economy or even the society itself. (e.g. certain specifications of labors may affects national economy).

Since social and economical factors are inconsistent according to the surrounding environment, it's faire to say that there is still no comprehensive definition for the concept of entrepreneurship that includes all types and characteristics of entrepreneurship.



The famous economist Josef Schumpeter defined entrepreneur as "the creative person who can make a change in markets by implementing or establishing new equations". He also portrayed the innovative businessmen as agents for "Creative Destruction" (MAS,2007).

Pete Driker defined entrepreneur or initiative person as "the one who can make more productivity out of the available economic resources".

Jefry Timnz defined entrepreneur as "the person who makes innovative things out of nothing" and he is also the one who ceases opportunities regardless of the available resources or circumstances.

As for the Arabic definitions, the one in the Technical and Professional Training and Educational Curriculum Terminology was distinguished to define Entrepreneurship as "the investment of the available resources and self capabilities that help to start, manage and develop an own business" (MAS, 2007).

### **3.8.3 Entrepreneurial Traits**

The Palestinian Economic Policy Research Institute (MAS) listed a group of entrepreneurs' specifications that most experts agreed on as main properties of any entrepreneur. These specifications are mentioned below:

1. Ability to handle risks
  - Adventurer and accept challenges.
  - Manage risks, choose between alternatives and take necessary measures to reduce and control consequences.
2. Initiation
  - Perfect work quality.
  - Do things before being asked or imposed.
  - Expand the range of work to new dimensions in products or services.
3. Cease and capture opportunities
  - Always looking for opportunities and take personal responsibility.
4. Determination and work commitment:
  - Ability to call quick decisions to overcome obstacles and challenges.
  - Take responsibility to make amendments to accomplish goals.
  - Completing the work perfectly and on time is a top priority.

- Work with other employees and workers to accomplish a job.
  - Willing to make an extra effort to comply with a work commitment
  - Update and develop procedures and measures to guarantee work quality.
  - Personally supervise all work sectors.
  - Ability and desire to grow up and progress.
5. Seeking work-required information
- Seeking data that help to accomplish goals or solving problems.
  - Personally investigate and analyze data related to final presentation of the product.
  - Utilize all available communications and information networks.
  - Positively responding to feedbacks and criticisms.
  - Seeks him\herself for information and consult experts.
6. Quality Control
- Follow standard specifications.
  - Produce high quality products.
  - Always comparing own products\services to other successful ones.
7. Effectiveness and organizational planning:
- Setting goals.
  - Preparing plans to hit the targets within time frames.
  - Adjust plans in light of performance and effectiveness evaluation.
  - Create methods to get work done faster with less material and/or less cost.
  - Use necessary tools and information to promote work efficiency.
8. Problem Solving:
- Turning any problem to an experience.
  - Defining alternative strategies.
  - Generate creative solutions and new ideas.

#### **3.8.4 Characteristics of young entrepreneurs in the Palestinian Territories**

Statistics showed that (28.4%) of people working in the Palestinian economy sector in 2006 are entrepreneurs and businessmen. This means that 189,255 person are running their own business and almost half of them (48.4%) are

youths in ages of (15-29) years old. However, only 14.2% of young workers are considered entrepreneurs which is considered a small percentage if compared to other ratios of different ages in the Palestinian society (e.g. percentage of entrepreneurs over 30 years is 36.4%). This indicates that young people in the Palestinian society do not tend to start their own business and thus, this should encourage paying more attention to help this category of young people to blend in the entrepreneurship principals and applications (MAS,2007).

In general, as it is shown in Table (3-5), males are more likely to become an entrepreneur in the Palestinian society than females. Besides, uneducated young females in the Gaza Strip do not tend at all to start their own business. This is also true for those young females who had obtained only high school degree or less.

**Table 3-6: The Proportional distribution for entrepreneur youths according to education, area and gender**

Education	Palestinian Territories	West Bank		Gaza Strip	
		Males	Females	Males	Females
Uneducated	0.7	0.5	0.1	1.3	0
Educated to school only (1-11) studying years	79.4	75.4	5.6	71.4	0
High School Degree	9.4	8.2	0.4	12.9	0
Higher Education (13 years and more)	10.5	8.9	0.9	12.9	0.6
<b>Total</b>	<b>100</b>	<b>93</b>	<b>7</b>	<b>98.5</b>	<b>1.5</b>
		<b>100</b>		<b>100</b>	

Source: Palestinian Central Bureau of Statistics, labor survey.

### **3.8.5 Obstacles facing the Palestinian entrepreneurs to start their own businesses**

According to the study implemented by MAS institute which hold the title of: “Policies to promote entrepreneurship among young people in Palestine”, it was found that there is a list of obstacles that the Palestinian entrepreneurs face to start their own enterprises. These findings are listed below:

- One of the main retardants for entrepreneurship business is to find a source for initial funding where banks and small funding institutions have no special concerns to youths whom cannot afford mortgages or insurances. The lack of special funding programs for youths where no fiscal guarantees are required is the main source of youths' retraction to start a business.

- Neither the Investment Regulations nor the exemption clause gives any exemption or facilitation to the young people to encourage them to start their own projects. The problem is that these regulations do not include small and micro enterprises or innovative projects which can indeed benefit the national Palestinian economy.
- There are no rules or regulations that encourage youths to establish any kind of business throughout governmental institutions. Most of these regulations are only concerned on conducting summer camps and sport activities which do not stimulate directly youths to carry on entrepreneurship programs.
- There are no well-prepared surveys or collected data that assess entrepreneur youths' needs in Palestine. Thus, this is a large obstacle facing the research process and a big gap in getting closer to understand the characteristics of these young entrepreneurs and their surrounding environment and hence we alienate attentions to this dilemma.
- The idea itself of making or starting an own business or applying new creative and entrepreneurship ideas in the markets is not among top interests for most youths. Searching for job opportunities seems to be more preferable among youths in general and for the ones with high degrees for specific. (Note: high degree youths are 10.5% of the total entrepreneurs' youths in Palestine). This could be somehow referred to the cultures and traditions of the community. For example, some youths are considering it shameful to do such a work and start from scratch while other opportunities are still open. In addition to that, some youths have the fear of failure which pushes them away to seek a regular employment job where no such responsibilities as the ones in private sectors.

### **3.9 Linking Entrepreneurship to Economic Growth**

#### **3.9.1 Conceptual frameworks to link entrepreneurship to economic growth**

The role of entrepreneurship as the driving force of economic growth found its most explicit foundation in Joseph Schumpeter's theory of long waves. According to Schumpeter, "Everyone is an entrepreneur when he actually

carries out new combinations". Finding new combinations of factors of production is a process of entrepreneurial discovery that will become the engine that drives economic development. These "new combinations" constitute better ways to meet existing demand or create new products, often making current technologies and products obsolete (in a "process of creative destruction"). The firm of the innovative entrepreneur will, consequently, grow through the dual process of taking market share from existing suppliers and increasing overall demand for the products offered in the market (by extending the boundaries of economic activity). Thus, the process of creative destruction is built on dynamic, deliberate entrepreneurial efforts to change market structures and can be propitious for additional innovations and profit opportunities. Based on the concept of creative destruction, Schumpeter formulated his theory of long waves of business cycles and economic growth. Business cycles are seen as the result of innovation, which consists of the generation of a new idea and its implementation in a new product, process or service, leading to the dynamic growth of the national economy, the increase of employment, and creation of pure profit for the innovative enterprise (United Nations Conference on trade and development, 2004).

### **3.9.2 The empirical approach**

There are various strands in the empirical literature on entrepreneurship and economic growth using different measures of entrepreneurial activity. For instance, while one strand of empirical studies measures entrepreneurship in terms of the relative share of economic activity accounted for by small firms, other studies use data on self-employment, the number of market participants (competition) or firm start-ups as an indicator of entrepreneurial activities

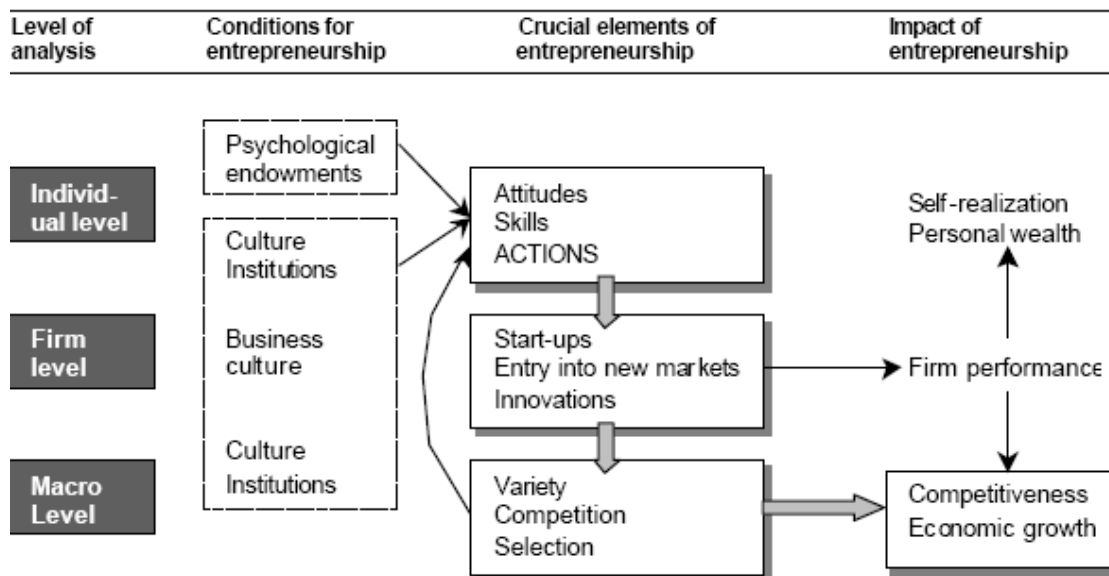
The analyses of the Global Entrepreneurship Monitor (GEM)<sup>2</sup> represent one of the most important sources for statistical analysis of the links between entrepreneurial activity and economic growth.

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<sup>2</sup> The GEM is a research programme launched in 1999 that provides annual assessments of the national level of entrepreneurship.

Caree and Thurik(1990), who examine how the share of small firms affects subsequent industry output growth, have likewise established positive effects between this measure of entrepreneurship and growth. Basing their study on a sample of 14 manufacturing industries in 13 European countries, the authors investigated whether or not a higher share of small business at the beginning of the 1990s led to higher output growth in subsequent years in European manufacturing. The results of their study indicate that industries with a high share of small enterprises relative to the same industries in other countries performed better in terms of output growth during the subsequent 3-4 years. This evidence suggests an increase in the importance of entrepreneurship as a feature of the economy, often referred to as the transformation from a “managed” to an “entrepreneurial” economy (United Nations Conference on trade and development, 2004).

Recently two established models have succeeded in not restricting explanations for economic growth to the realm of macroeconomics. The related framework models are proposed by Wennekers and Thurik and the GEM research program. Wennekers and Thurik established the following model, relating entrepreneurial activity to economic growth:



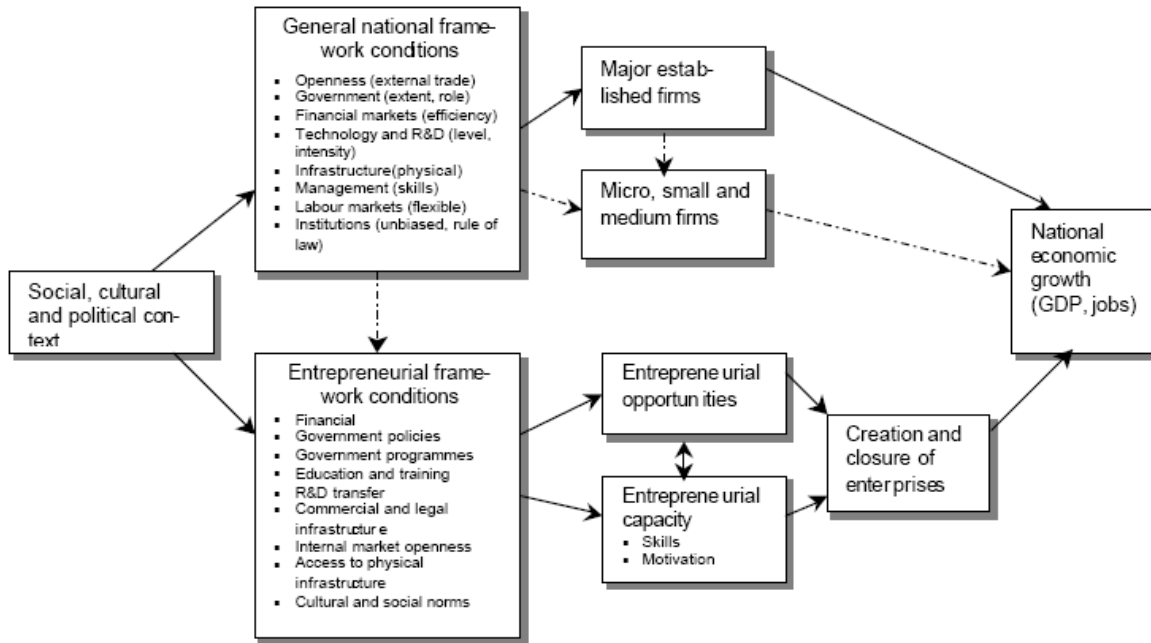
**Figure 3-1: Wennekers and Thurik model: the relationship between entrepreneurship and the economic growth**

Source: United Nations Conference on trade and development

The model distinguishes between three levels of analysis: the individual level, the firm level and the macro level. Entrepreneurial activity originates at the individual level and is always traceable to a single person, the entrepreneur. Entrepreneurship is, hence, induced by an individual's attitudes or motives, skills and psychological endowments. Yet the individual entrepreneur is not undertaking entrepreneurial activities in a timeless and space less vacuum, but is affected by the context in which he or she is acting. Therefore, entrepreneurial motives and actions are influenced by cultural and institutional factors, the business environment and macroeconomic conditions.

While entrepreneurship originates at the individual level, realization is achieved at the firm level. Start-ups or innovations are vehicles for transforming personal entrepreneurial qualities and ambitions into actions. At the macro level of industries and national economies, the sum of entrepreneurial activities constitutes a mosaic of competing experiments, new ideas and initiatives. This competition leads to variety and change in the market – that is, a selection of the most viable firms, their imitation and a displacement of obsolete firms. Entrepreneurial activity hence expands and transforms the productive potential of the national economy by inducing higher productivity and an expansion of new niches and industries. Processes at the aggregate level are, in turn, linked to the individual layer, obviously including important feedback mechanisms for individual entrepreneurs. Entrepreneurs can learn from both their own and others' successes and failures, which enables them to improve their skills and adapt their attitudes.

The conceptual framework of GEM takes a slightly different angle. It analyses the success of large firms advancing market opportunities for SMEs and the role of entrepreneurship in the enterprise creation/growth process as the main mechanisms driving macroeconomic growth along with their complementary nature.



**Figure 3-2: The Global Entrepreneurship Monitor model: the relationship between entrepreneurship and the economic growth**

Source: United Nations Conference on trade and development, 2004.

The top portion of Figure 3-2 focuses on the role of large established enterprises. Depending on national framework conditions, large firms, generally integrated into international trade markets, can promote self-expansion and maturation. The economic success of large enterprises tends to create new market opportunities for SMEs through technological spill-overs, spin-offs, an increase in domestic demand for goods and services, an integration of SMEs in supplier networks, and so forth. Yet whether domestic firms are able to seize these opportunities depends largely on the existence of a competitive and vibrant SME sector. The lower portion of Figure 2 highlights the second mechanism driving economic growth: the role of entrepreneurship in the creation and growth of firms. The entrepreneurial process occurs in the context of a set of framework conditions.

### 3.10 Summary

Unemployment is an economic indicator that refers to the number or proportion of people in an economy who are willing and able to work but are unable to get



a job. It is the most widely used indicator of the well-being of a labor market and important measure of the state of the economy in general.

Economists divide unemployment into four categories based on causal factors into: frictional, cyclical, structural and seasonal). The problem of unemployment with its grave economic and social consequences is still one of the most pressing problems facing the Palestinian economy. Due to the political stability during the period (1998-2000) the unemployment rate decreased to become less than 10%, but since the end of September 2000; Israeli measures against the Palestinian population caused a collapse of the Palestinian labor market that led to an increase in the unemployment rate to reach 23.6% in the end of 2006.

Entrepreneurship is the investment of the available resources and self capabilities that help to start, manage and develop an own business. The entrepreneurs hold a group of characteristics which are: ability to handle risk, initiating cease and capture opportunity, determination and work commitment and seeking work required information.

Statistics showed that 28.4% of people working in the Palestinian economy sector are entrepreneurs; however, 14.2% of young workers are considered entrepreneurs this percentage is a small one comparing to other ratios of different ages in the Palestinian society. There are different obstacles that face the Palestinian entrepreneurs to start their own businesses such as: lack of fund, investment regulations, lack of supportive rules and regulations and there is no true entrepreneurs' needs assessment.

## **4 CHAPTER FOUR: FOREIGN AID TOWARDS THE PALESTINIAN TERRITORIES**

### **4.1 Introduction**

Foreign aid emerged as a part of the post Second World War (WWII) order, as one of the instruments to promote development, relieve pain and alleviate poverty. The emergence of aid on the international scene is inseparable from the popularity of the heavy hand of state in the domestic economy of relevant states. When planning, regulation and social engineering became the instruments in internal economic policies of larger developed states, it was a natural step to implement the same tools on the international scene. Institutions for such programs were missing, since the WWII wiped out international organizational infrastructure that had existed before. The epidemic in designing international organizations after the WWII was motivated by creating international means for interventionist policies rather than by sheer reestablishment of their rare pre-war equivalents (Prokopijevic, 2005).

Indeed, several institutions have evolved from organizations originally created to contribute to post-war re construction. The development work of the UN began with the United Nations Relief and Rehabilitation Agency (UNRRA) founded during the war, and the World Bank, or the International Bank for Reconstruction and Development, which provided loans for recovering Western-European nations, making its first loan to a developing country only in 1950 (to Colombia). The final post-war manifestation of importance was the Marshall Plan, whose success was seen as a model for development elsewhere, and whose approach was reaffirmed in the donor coordinated effort the Colombo Plan for South and South-Eastern Asia. A final feature of the post-war

international scene of importance was “the first wave of independence (from colonial rule), creating a constituency for aid (Ehrenfeld, 2005).

By 1969, the major multilateral development agencies have grown in number and size over the past fifty years. The first group, the United Nations and the sister institutions created at Bretton Woods, commenced operations after the war; but it was several years before the UN and the World Bank concentrated seriously on development. A second group, the regional development banks, began to grow in the late 1950s; from the start, their objectives were developmental. In 1970, UN development agencies accounted for more multilateral Official Development Assistant (ODA) than any other channel. By 1977/8, however, they had been overtaken by the World Bank Group, while the regional development banks, such as the African Development Bank, the Asian Development Bank and the Arab Fund for Social and Economic Development, grew exponentially in their import. Today, approximately 25% of aid is multilateral, while the other 75% is bilateral (Ehrenfeld, 2005).

## **4.2 Definition of Foreign Aid**

A common means of defining and measuring foreign aid is official development assistance, which is used by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD). Official development assistance consists of grants or loans that one government or multilateral organization gives to a developing country to promote economic development and welfare. That assistance must be granted on concessional terms, which in the case of a loan means that at least 25 percent of it must be in the form of a grant. Data on official development assistance also include technical cooperation, such as teaching farmers new techniques or providing advice on making economic reforms; they exclude military assistance, political development programs, export credits, and debt forgiveness for military loans (Labs of CBO's National Security Division, 1997)

In another study, Foreign aid, or Official Development Assistance (ODA), is a “transfer of resources on concessional term which is undertaken by official

agencies; has the promotion of economic development and welfare as its main objectives (Ehrenfeld, 2005).

A broad definition can be used for foreign assistance that includes all money that would be classified as official development assistance, and it incorporates military assistance, political development programs, export promotion, debt forgiveness, and non-concessional lending by all bilateral and multilateral organizations. Any money that benefits a developing country—grants, concessional loans, or non-concessional loans—from a governmental or quasi-governmental organization is considered foreign aid. The only exception is the use of credit from the International Monetary Fund, which is excluded unless otherwise noted (Labs of CBO's National Security Division, 1997).

### **4.3 The Role of Foreign Aid in Development**

The average amount of foreign aid transferred to developing countries worldwide is small compared with the size of their economies—2 percent to 3 percent of their gross national product. In individual cases, however, that figure can exceed 60 percent in a given year. But more assistance is not always more effective. Receiving too much foreign aid may overwhelm a country's absorptive capacity and thereby undermine the aid's overall effectiveness. Yet even a small quantity can be useful in achieving results, depending on its purpose and how it is spent (Labs of CBO's National Security Division, 1997).

Essentially, foreign aid given to developing countries reinforces what is there. If a country has good government and economic policies, the result is likely to be more good government and economic policies. If a country has a highly corrupt political system and has pursued counterproductive economic policies, the result is usually more of the same. That is not to say that foreign aid never benefits a country that is pursuing counterproductive economic policies. Child immunization programs, for example, are likely to benefit a developing country regardless of its economic policies, although a healthier population will almost

certainly be more useful and productive in an economy that is growing briskly than in one that is not.

The way donors give foreign assistance may also influence its usefulness in promoting economic and social development. Aid may be given to alleviate the effects of natural disasters, protect the donor nation's political and strategic interests, or increase the donor's exports. But when aid is given to achieve more than one objective, it may not be as useful to the recipient's growth and development. For example, when aid goes to an ally to further strategic objectives, as U.S. aid went to Honduras in the 1980s, it may reinforce poor economic choices. In addition, other economic or trade policies sometimes undermine the developmental goals of a donor's foreign assistance program. An extreme example occurred when the United States set quotas on textile imports from Bangladesh shortly after providing foreign assistance to its government to expand its textile exports (cbo, 1997)

#### **4.4 A Profile of International Aid to the Palestinian territories**

Following the signing of the Oslo Accords (the Declaration of Principles) between the PLO and the Israeli government in September 1993, in October of that same year the donor countries held a conference in which 42 nations and institutions took part. The purpose of the conference was to adopt a specific strategy for providing financial and technical assistance to the new Palestinian National Authority, which was established within the framework of the Oslo Accords. This donor conference sought to empower the PNA to administer the Palestinian areas, implement projects for restoring infrastructure, establish facilities and institutions, and to manage the funding of the comprehensive development process. The speed with which the international community took action bestowed significant economic credibility on the Oslo Accords among Palestinian citizens, who were at first hesitant to support the agreement's political and security arrangements. The international community's action was based on the premise that it was imperative to garner all financial resources needed to make the agreement successful, and with a full understanding that in order for the Accords to stand in the face of daily challenges on the ground,

ordinary Palestinians needed to perceive positive change in their lives. This initial financial initiative was subsequently developed even further, and came to be referred to as the “peace dividend” in the literature of supporters of a peaceful settlement to the Arab-Israeli conflict and regional coexistence. And, in fact, contribution commitments totaled \$2.4 billion only three months after the conference that created the “peace dividend” — the five-year funding plan for reconstructing and developing the Palestinian economy and infrastructure. Thereafter, international assistance for the Palestinian people began pouring in from multiple sources and through numerous channels. Financial pledges took various forms, came with substantial conditions, and were funneled in to the PNA in a disorganized manner. Assistance funds totaled more than \$6 billion at the end of the first half of 2004, resulting in an average annual per capita assistance level of \$310 per person, considered one of the highest levels of aid in the world. These large amounts of foreign assistance played an important role in upgrading Palestinian infrastructure facilities and reducing the destructive impact of the Israeli policies and practices during the ten years following the Oslo Accords. However, this assistance was not made part of a systematic national plan for development and reconstruction. A substantial portion of it has gone toward covering the fees of foreign advisers and experts. Further, much of the assistance is hostage to the advance of the peace process, and a large portion of it has been directed toward preventing this process from collapse. These factors have limited the role of international assistance in the development of Palestinian society and the strengthening of its internal capacities in the face of chronic and acute challenges. In addition, there have been numerous doubts and questions raised by local and international observers regarding the efficacy of this assistance in promoting the Palestinian economy’s opportunities for emancipation from severe dependency on its Israeli counterpart and in empowering Palestinian society to achieve comprehensive, sustainable development. (Berziet University, 2004)

Moreover, after the second Intifada in 2000, funding was shifted “...towards emergency aid, job creation and budget support at the expense of long-term development activities (MAS 2005). The ratio of development aid to emergency aid was 7:1 before the Intifada and shifted to 1:5 in 2002. This has pushed

Palestinian organizations further into a kind of subcontractor role as relief providers and away from their role as leaders of indigenous Palestinian development. Further, many civil society organizations, increasingly dependent on international aid, lost their grassroots connections and political independence thus undermining their democratic content (Murad, 2007)

Also, the increasing preference of governmental and non-governmental donors to use international NGOs (INGOs) to implement or oversee development activities is also notable in the occupied Palestinian territories as it is elsewhere in the developing world. More aid is channelled through INGOs, making it harder for national NGOs to get funds, and CBOs and informal grassroots organizations find it nearly impossible to get funds without the sponsorship of an intermediary NGO with international connections. Many INGOs are also taking more active roles in project implementation of activities, in part due to the increased attention to accountability. The effectiveness of national-international NGO partnerships varies depending on levels of respect for local leadership, length and depth of the INGO's commitment to Palestinian development, bureaucratic requirements that either support or facilitate national NGO institutional capacity, and other factors. Even in the best of circumstances, the increasing role of INGOs has the negative consequence of marginalizing Palestinian civil society in the development arena (Murad, 2007)

#### **4.5 The main characteristics of international funding towards the Palestinian territories**

At their first meeting in Washington, DC, in October 1993, the donor parties (nations and institutions) pledged to provide approximately \$2.4 billion to the Palestinians over the course of the next five years. As it is shown in Table (4-1) The value of pledges had risen to approximately \$3,420 million as of the end of October 1997, and by mid-2003 total pledges since 1994 had reached \$7,365 million. During this period, the share of the United States was the largest among the donors and amounted to approximately \$1,450 million, or 19.7 percent of total pledges. This was followed by the European Union, with 13.1 percent of total pledges. The Arab countries<sup>2</sup> pledged approximately \$911.7 million during that period. The pledge of the United Arab Emirates (amounting to \$310

million) comprised the largest share of total pledges by Arab countries, followed by Saudi Arabia (which pledged \$300 million) expenditure on agreed upon projects (Berziet University, 2004).

**Table 4-1: Donor Contributions to international Assistance (1994-2003), in millions of USD**

Donor party	1994-1997		1998-2000		2001-2003		Total	
	commitments	disbursement	C.	D.	C.	D.	C.	D.
Arab Nations	312.5	193.8	101.5	105.9	5.2	903.4	418.9	1203.1
European Union	520.2	219.1	507.2	235.2	187.3	787.3	1214.6	1241.6
United States	292.9	285.3	396.8	260.4	759.5	482.3	1449.2	1028
Japan	298.9	308.3	167.5	132.4	37.5	41.3	504	482
International institutions	225.5	139.3	180.5	140.7	54.5	154.7	460.4	434.7
European Nations	1107.6	810.9	858.6	533.4	519.3	669.5	2485.6	2013.8
Other Nations	101.5	72.6	57.2	57.9	16.7	18.9	175.4	149.4
total	2858.9	2029.3	2269.2	1465.9	1580.2	3057.4	6708.3	6552.5

Source: Human Development Report, 2004.

PNA Ministry of Planning data indicate that between 1994 and mid-2003, donor parties' total commitments amounted to approximately \$6,708 million<sup>3</sup>, at an annual rate of approximately \$670 million. These commitments comprised approximately 91 percent of total pledges made during the previous period, and these parties had actually provided approximately \$6,552.6 million in assistance as of the end of 2003 (at an annual rate of approximately \$655.3 million), or 97.6 percent of total commitments and 89 percent of total pledges. The year 2001 saw the highest amount of assistance disbursement, amounting to approximately \$1,045.8 million, whereas the lowest amount was in 1998 (i.e., the beginning of the second stage), a year when the value of actual assistance did not exceed \$420.1 million.

Table (4-1), also shows a decline in all assistance indicators from 1998 through 2000. Total commitments fell by approximately 20 percent compared with the previous stage, amounting to approximately \$2,269.2 million. Likewise, the percentage of disbursement of commitments fell to 64.6 percent. Period from (2001-



2003) reflects developments in international assistance during the present Intifada, saw numerous changes in the structure, forms, objectives, and even sources of assistance. A new factor came into play, which was the nature of assistance provided by the Arab nations and the allocation of the largest portion of that assistance to emergency relief programs and job creation programs, in addition to support for the PNA's current budget.

#### 4.6 Distribution of Foreign Assistance by sector

The Palestinian Ministry of Planning's distribution diagram categorizes assistance in terms of five main usage areas: infrastructure, productive sectors, social sectors, institution building, and miscellaneous sectors.

**Table 4-2: Distribution of International Assistance by sector (1994-2003), in millions of USD**

Donor party	1994-1997	1998-2000	2001-2003	Total	1994-1997	1998-2000	2001-2003	Total
	commitments	disbursement	C.	D.	commitments	disbursement	C.	D.
Infrastructure	999.3	606	1025.5	550.5	500	307	2524.8	1463.5
Productive sector	270.5	137.3	348.9	192.5	143.9	98.5	763.2	428.3
Social sectors	815.2	599	439.1	427.4	516	2094.7	1770.3	3121.1
Institutional Building	697	604.5	406.1	241.7	333.2	346.8	1436.2	1193
Miscellaneous Sectors	76.9	82.5	49.5	53.8	87.1	210.2	213.8	346.5
Total	2858.9	2029.3	2269.2	1465.9	1580.2	3057.4	6708.3	6552.5
Other Nations	101.5	72.6	57.2	57.9	16.7	18.9	175.4	149.4
total	2858.9	2029.3	2269.2	1465.9	1580.2	3057.4	6708.3	6552.5

Source: Human Development Report, 2004

The reports issued by the Ministry of Planning<sup>5</sup> point to the social sectors as having absorbed the largest portion of actual assistance to Palestinians during the last ten years, whereby their share was approximately 31 percent of total assistance. The social sectors encompass numerous branch sectors, including

education, health, youth, children, women, and humanitarian assistance (Human Development Report, 2004)

The social sectors are followed by the infrastructure sector, as it is shown in Table (4-2), which encompasses energy, housing, hard currency, communications, transportation, and others. This sector ranked second, accounting for approximately 30 percent of assistance disbursed. This sector had ranked first among commitments, but a decrease in the percentage of disbursements to it, which did not exceed 53 percent, made it second. Institution-building occupied third place, with expenditures accounting for 27 percent of actual assistance. There was a clear decline in the share of the productive sectors in total assistance, as it did not exceed 11 percent of total commitments, and that dropped to 9 percent of total disbursement. Moreover, there was a decrease in the percentage of disbursement for these sectors in a manner similar to that in the infrastructure sector, as this percentage did not exceed 53 percent. The miscellaneous sectors, or those falling outside of the previous categories, ranked last, accounting for no more than 3 percent of total commitments and disbursement alike. These groups encompass numerous sectors that cannot be categorized within the previous groups due to their multiplicity and the differences between them, or because they came into being in response to the emergency conditions during the previous stage (Human development report, 2004)

#### **4.7 The extent to which foreign fund reflects the Palestinians needs and priorities**

As shown in the previous part, the social sectors absorbed approximately 47.6 percent of assistance to Palestinians from 1994 through the end of 2003. This percentage was not steady throughout the period; it did not exceed 30 percent until 2000, yet it has exceeded 68 percent since the outbreak of the Al-Aqsa Intifada. As also seen previously, the rise in the social sectors share of funding was due to an increase in the amount of emergency humanitarian and relief assistance and the grants provided to support the current budget, which fall within this area. This type of assistance provides relief for many Palestinian

families and creates jobs for a large number of unemployed—in addition to its role in preventing the collapse of the PNA by supporting its current budget and payment of its employees. However, it does not incorporate any development priorities and is not linked to a strategic plan or central vision; rather, its role is limited to relief aid. In addition to emergency assistance, the social sectors also received assistance for democracy-strengthening initiatives, rehabilitation programs for persons with disabilities, the environment, human rights, and other areas. These sectors are among the most important priorities of the donor countries. Yet despite their importance, they are less capable than other productive sectors of achieving economic and social well-being that is long-term and sustainable (Human development report, 2004).

So, while it is clear that international aid has kept millions alive, it has become very clear that Palestinians' near-total dependence distorts, if not replaces, the indigenous Palestinian agenda. How? Dependence on international aid makes recipients (the PA, Palestinian NGOs, and international NGOs) accountable to the donors, not the communities they purport to serve. Development actors respond to the donors' priorities using the donors' preferred strategies, and both the PA's and civil society's credibility with the Palestinian community has been severely compromised as a result. How ironic that in the midst of a global movement to reduce third world debt, Palestinians are increasing dependent on international aid—a strategy that history shows will lead only to an abyss (Murad, 2007).

#### **4.8 The Impact of International Aid on Palestinian Civil Society**

For over a decade, Palestinians in the occupied territories were the largest per capita recipients of international aid, but despite the hundreds of millions of dollars spent, “development” did not result. In fact, governmental donors' well-funded agendas nearly suffocated indigenous efforts. Many Palestinian NGOs became accountable to donors and alienated from the grassroots. Volunteerism, once vibrant, gave way to passivity as millions of people have come to rely on

food aid, free shelter, and handouts. Then, after the Hamas victory in the January 2006 elections, nearly all international development aid was cut and only partially redirected to emergency relief. Palestinians in the occupied territories are plummeting deeper into poverty and vulnerability to violence (Murad, 2007).

In the occupied Palestinian territories, international aid deserves credit for protecting the PA for many years from certain collapse under the weight of its unrealistic obligations, and clearly, international aid is responsible for providing food, services and jobs for millions. On the other hand, the cumulative role of international aid (and especially dependence on international aid) may be undermining democracy, independence, social change and sustainable development.

After democratic elections in January 2006 resulted in a Hamas majority in the Palestinian Legislative Council, nearly all international aid was withdrawn, restricted, or redirected. The impressive aid infrastructure built by the development community in the occupied territories has been left to waste away; coordination between donors and the PA and among donors is almost completely lacking. Ironically, recent studies suggest that in 2006, total aid disbursed to the occupied Palestinian territories actually increased over the 2005 level (FAO and WFP 2007 forthcoming), but this aid was not intended for development nor did it result in development (Murad, 2007)<sup>3</sup>

Nora Morad in her study “Aids to Palestinians that would really help” has had devastating distorting consequences on Palestinian NGOs, including:

- 1) **donor-driven agendas** as NGOs are forced to chase money through whatever calls for proposals are posted, rather than engage in the serious consensus building and strategic thinking required to develop indigenous civil society agendas.
- 2) **organizational insecurity** due to the fact that donors prohibit any saving of resources from project funds, which leaves NGOs surviving project to project, unable to pay staff in between-project periods, and unable to plan responsibly for organizational growth and sustainability.

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<sup>3</sup> Nura, Murad, Dalia associatioAid to Palestinians That Would Really Help: An Indigenous Call to Implement International Rhetoric for the Sake of Peace with Justice and Sustainable Development n,

- 3) **layers of bureaucracy imposed by INGO intermediary organizations and donors**, not limited to requirements for financial reporting that burden organizational systems; complex and unfunded project design processes; and deadlines that do not take local conditions into account.
- 4) **expenditure of organizational resources on donor relations at the expense of program work**, including payment for fundraising consultants; hiring of bilingual staff even when monolingual Arabic-speaking staff may be more qualified; and time-consuming hosting of donor delegations.
- 5) **susceptibility to morally offensive conditions on grantees**, particularly certain versions of anti-terrorist certification that require signatories to be investigators and enforcers of US or other foreign policy.
- 6) **limited access to funding for overhead and operating expenses**, combined with accounting rules that make it extremely difficult to fund administrative staff like the executive director and non-project related processes such as strategic planning and staff training.
- 7) **extremely limited flexibility to change program plans once approved**, resulting in inability to change project activities and purchases even when new information proves the need.
- 8) **procurement rules that require aid money to be spent in donors' countries rather than in support of the local Palestinian economy**, not to mention the substantial gains to Israeli intermediaries at the expense of the Palestinian private sector.
- 9) **fraudulent practice**, including inflation of budgets to qualify for large grants; back-dating of contracts and payments to retroactively comply with unrealistic rules; and exaggerated claims about outputs and impact in order to satisfy unrealistic donor expectations.
- 10) **arbitrary limits on the amount of funding available**, which force NGOs to conceptualize projects within the budgetary restrictions imposed by donors (often larger amounts of money than necessary).

- 11) **disadvantage to those with a lack of competence in** fundraising, exacerbated by the fact that most proposals, monitoring reports and evaluation must be submitted in English.
- 12) destructive **competition for funds**, leading NGOs to work in isolation from one another, undermining efficiency, wasting resources, and minimizing impact.
- 13) **waste of intelligence and competence** that comes from diverting the efforts of the highest potential Palestinian civil society actors to the task of attracting and satisfying donors rather than working for social change and sustainable development. And,
- 14) **a general sense of frustration about the extent of international interference in Palestinian development** that exacerbates Palestinians' existing resentment that the international community is not pressuring Israel to end the occupation but rather is using the excuse of "neutrality" to support the hopeless and dehumanizing status quo.

#### **4.9 Summary**

- Foreign aid emerged as a part of the post Second World War (WWII) order, as one of the instruments to promote development, relieve pain and alleviate poverty
- Foreign aid consists of grants or loans that one government or multilateral organization gives to a developing country to promote economic development and welfare.
- The social sectors have absorbed the largest portion of actual assistance to Palestinians during the last ten years, whereby their share was approximately 31 percent of total assistance. The social sectors encompass numerous branch sectors, including education, health, youth, children, women, and humanitarian assistance.

- The foreign aids for the Palestinian territories did not incorporate any development priorities and is not linked to a strategic plan or central vision; rather, its role is limited to relief aid.

## 5 CHAPTER FIVE: RESEARCH METHODOLOGY

### 5.1 Introduction

This chapter will define different research methods used in this study and will explain the chosen methods. It will further describe the research purpose, research strategy, data collection methods and data analysis approach. Furthermore, this chapter will describe the way in which the data for the study has been collected and techniques that were used to analyze the data. In addition, the issue of the reliability and validity of the presented study is discussed.

### 5.2 Research Techniques

There are several techniques which could be used to carry out the research based on research problem area. When dealing with research problem, one can choose any of the following three types of research (Yin, 1994):

- Exploratory
- Explanatory
- Descriptive
  - 1) **Exploratory research:** is often conducted when the problem is not well known or it has not been clearly defined as yet, or its real scope is as yet unclear (Yin, 1994).
  - 2) **Descriptive research:** is used to obtain information concerning the current status of the phenomena to describe “what exists” with respect to variables or conditions in a situation (Yin, 1994).
  - 3) **Explanatory research:** this is a research type in which the primary goal is to understand the nature or mechanisms of the relationships between



the independent and dependant variables. This approach is used when it is necessary to show that one variable causes or determines the values of other variable (zikmund, 1994).

In this thesis, the research purpose and research question reveal that this study is mainly **exploratory** where the data has been collected through questionnaires and focus groups as will be detailed later in this chapter.

### **5.3 Research approach**

There are two basic types of research approaches, qualitative and quantitative. In the *quantitative* approach, results are based on numbers and statistics that are presented in figures, whereas in the *qualitative* approach the focus lies on describing an event with the use of words.

In this thesis, different factors which have been emerged from literature review are tested in an empirical way in order to see that how much they have been effective in the adoption process. Since all the results presented in numbers and statistical analysis has been done, quantitative approach is seen as being appropriate for this study.

### **5.4 Research Strategy**

Research strategy is a general plan which shows that how this research will go and how researcher will answer the questions that has been set by the researcher. It will contain clear objectives, derived from research question specify the source from which researcher intend to collect data and consider the constraints that researchers will inevitably have such as access to data, time, location and money (saunders al et. 2000).

Since this thesis aims to find out the role that the PNGOs are playing in promoting the entrepreneurs, three methods will be used in this study as follows:

- 1) A survey: Survey is a technique in which information is collected from a sample of people through a questionnaire (zikmund, 1994).
- 2) Focus groups: Focus group is a form of qualitative research in which a group of people is asked about their attitude towards a product, service, concept, advertisement, idea, or packaging. Questions are asked in an interactive group setting where participants are free to talk with other group members. In the social sciences and urban planning, focus groups allow interviewers to study people in a more natural setting than a one-to-one interview. In combination with participant observation, they can be used for gaining access to various cultural and social groups, selecting sites to study, sampling of such sites, and raising unexpected issues for exploration. Focus groups have a high apparent validity - since the idea is easy to understand, the results are believable (Rossman, 1999).
- 3) Interview: is a purposeful discussion between two or more people (Saunders, 2003). In this research a structured interview has been adopted that a predetermined and standardized questions have been used.

There are two major advantages to employing this combination of research methods in the same study; first, different methods can be used for different purposes in a study. Second, it enables triangulation<sup>4</sup> to take place (Saunders, 2003).

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<sup>4</sup> Triangulation refers to the use of different data collection methods within one study in order to ensure that the data are telling you what you think they are telling you

## **5.5 Target Population**

The aim of this research is to investigate the role that the Palestinian NGOs play in utilizing the international funds to promote entrepreneurs and create sustainable job opportunities for them by studying the effective success and obstacle factors that face the NGOs working in job creation fields. Accordingly, both NGOs working in the job creation sector as well as the entrepreneur youth will be targeted as the population for this study.

## **5.6 Data Collection**

This thesis is based on both secondary and primary data:

### **5.6.1 Secondary Data**

Most of the secondary data that have been used in the theoretical chapters were obtained from different resources such as: books, journals, published articles on the internet, theses and dissertations available at the university library or from online libraries of other universities in addition to research papers from online database resources.

### **5.6.2 Primary Data**

The questionnaire survey was chosen as the main method for primary data collection. The questionnaire will target a sample of NGOs working in the job creation field. A stratified random<sup>5</sup> sample has been targeted to fill the questionnaire.

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<sup>5</sup> Stratified sample is a modification of random sample in which you divide the population into two or more relevant and significant strata based on one or a number of attributes.

### **5.6.3 Pilot Study**

It is customary practice that the survey instrument should be piloted to measure its validity and reliability and test the collected data. The pilot study was conducted by distributing the prepared questionnaire to panels of experts having experience in the same field of the research to have their remarks on the questionnaire.

Six experts representing three panels were contacted to assess the questionnaire validity. The first panel, which consisted of three experts from the faculty of commerce in the Islamic university, was asked to verify the validity of the questionnaire topics and its relevance to the research objective. The second panel, which consisted of one expert in statistics, was asked to identify that the instrument used was valid statistically and that the questionnaire was designed well enough to provide relations and tests among variables. The third panel, consisted of two external experts in related thesis' field, they have been asked to verify the relevance between research hypotheses and the questionnaire.

Expert comments and suggestions were collected and evaluated carefully. All the suggested comments and modifications were discussed with the study's supervisor before taking them into consideration. At the end of this process, some minor changes, modifications and additions were introduced to the questions and the final questionnaire was constructed.

### **5.6.4 Questionnaire Design and Content**

According to the review of literature and after interviewing experts who were dealing with the subject at different levels, all the information that could help in achieving the study objectives were collected, reviewed and formalized to be suitable for the study survey and after many stages of brain storming, and reviewing executed by the researcher with the supervisor, a questionnaire was developed with closed and open-ended questions.

The questionnaire was designed in the Arabic language as most members of the target population were unfamiliar with the English language and to be more understandable. Arabic and English versions of the questionnaire are attached in Appendices 1 and 2 respectively. Unnecessary personal data, complex and duplicated questions were avoided. The questionnaire was provided with a covering letter which explained the purpose of the study, the way of responding, the aim of the research and the security of the information in order to encourage high response.

The questionnaire design was composed of eight sections to accomplish the aim of the research, as follows

1. Section one: contained of general information about the NGO.
2. Section two: information about NGOs' programs and activities
3. Section three: NGOs' background about entrepreneurship
4. Section four: information about NGOs' funding sources.
5. Section five: the impact of the NGOs projects and programs on the local society.
6. Section six: the relationship between the NGOs themselves.
7. Section seven: the relationship between the NGOs and the Palestinian Authority.
8. Section eight: the donors' policies.

#### **5.6.5 Focus Groups**

Two focus groups have been conducted with two groups of entrepreneurs; one of them in the Northern governorate and the other one in Rafah governorate. The focus group consisted of 13 entrepreneurs from the both males and females and it aimed to determine the entrepreneurs' ideas towards the role that the PNGOs play in create jobs for them and to investigate the weaknesses and strengths in the work of PNGOs from the entrepreneurs point of view. The entrepreneurs have been selected through the Youth Business Support Unit

located in Sharek Youth Forum that is targeting the entrepreneurs. The focus groups concentrated on the following points:

1. *What are the roles that the PNGOs played in supporting entrepreneurs?*
2. *What are the entrepreneurs waiting from PNGOs?*
3. *How the entrepreneurs evaluate the PNGOs experience in job creation?*
4. *Where are the weaknesses and strengths in PNGOs work?*
5. *What are the roles that the donors play in supporting the entrepreneurs?*

### 5.7 Data Analysis

To achieve the research goal, the researcher used the statistical package for the social science (SPSS) for manipulating and analyzing the data. The research utilizes the following statistical tools:

- **Chronback's alpha:**

Chronback's alpha (George D. & Mallery P, 2003) is designed as a measure of internal consistency, that is, do all items within the instrument measure the same thing? Alpha typically varies between 0 and 1. The closer the Alpha is to 1, the greater the internal consistency of items in the instrument being assumed.

The formula that determines alpha is fairly simple and makes use of the items (variables),  $k$ , in the scale and the average of the inter-item correlations,  $r$

$$\alpha = \frac{kr}{1+(k-1)r}$$

As the number of items (variables) in the scale ( $k$ ) increases the value  $\alpha$  becomes large. Also, if the intercorrelation between items is large, the corresponding  $\alpha$  will also be large.

Since the alpha value is inflated by a large number of variables then there is no set interpretation as to what is an acceptable alpha value. A rule of thumb that applies to most situations is

$$0.9 \leq \alpha \leq 1.0 \quad \text{Excellent}$$

$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$0.0 \leq \alpha < 0.5$	Unacceptable

The most identical values of alpha al standardized alpha indicate that the mean and variances in the original scales do not differ much, and thus standardization does not make a great difference in alpha.

- **Spearman rank correlation coefficient**

Spearman rank correlation coefficient is used to determine whether there is evidence of a linear relationship between two ordinal variables, or, if both variables are interval and the normality requirement may not be satisfied.

The sample spearman correlation coefficient is denoted  $r_s$  and is given by:

$$r_s = 1 - \frac{6 \sum_{i=1}^n d_i^2}{n(n^2 - 1)}$$

where:

$r_s$  = Spearman's rank correlation coefficient

$d$  = the difference in ranking between the usage and effectiveness of factors

$n$  = the number of factors

To evaluate the hypothesis testing to verify the association between two variables, the following equation is used (Saleh, 2001):

$$t = r_s \sqrt{\frac{n-2}{1-r_s^2}}$$

- **Chi-square Test of Independence:**

Chi-square Test of Independence is used to investigate association between two categorical variables in a single population.

Chi-square Test of Independence is denoted  $\chi^2$  and is given by (Peck, Olsen and Devore, 2005):

$$\chi^2 = \sum_{\text{all cells}} \frac{(\text{observed cell count} - \text{expected cell count})^2}{\text{expected cell count}}$$



## **6 CHAPTER SIX: DATA ANALYSIS AND DISCUSSION**

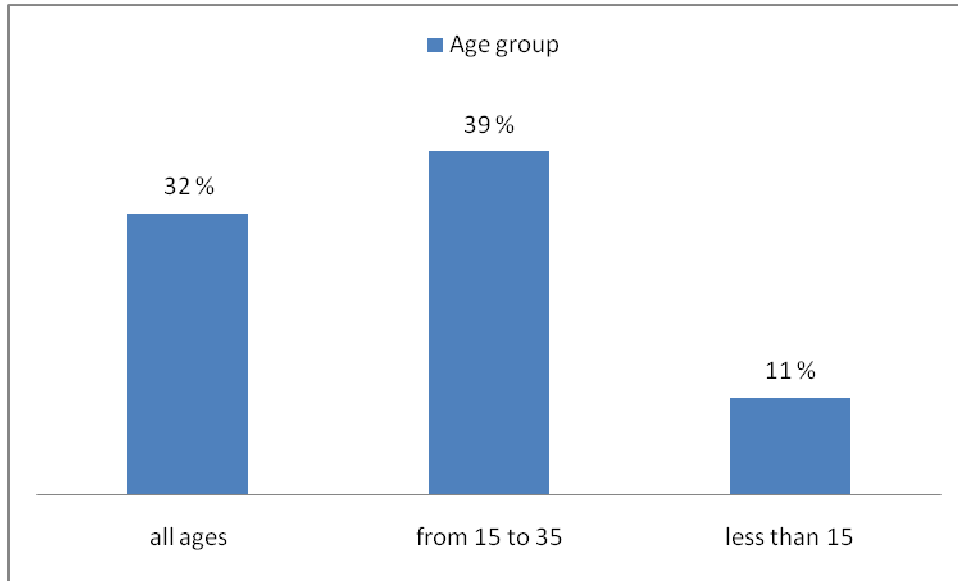
In this chapter the analysis and the interpretations of the data collected by the questionnaire, focus groups and the interview will be presented in addition to the hypotheses testing results.

The first section will talk about the general characteristics of the target NGOs (year of establishment, its target group, areas of its work). The second section will be dedicated to the testing of the research hypotheses, where each subsection will deal with a group of questions that cover one hypothesis. The analysis will include the analysis and the interpretation of the questionnaire's data and the focus groups' outputs and the results of the interviews. Finally, the third section will address the "Sustainability of Funds" based on the results of the final question.

### **6.1 General information about the target PNGOs**

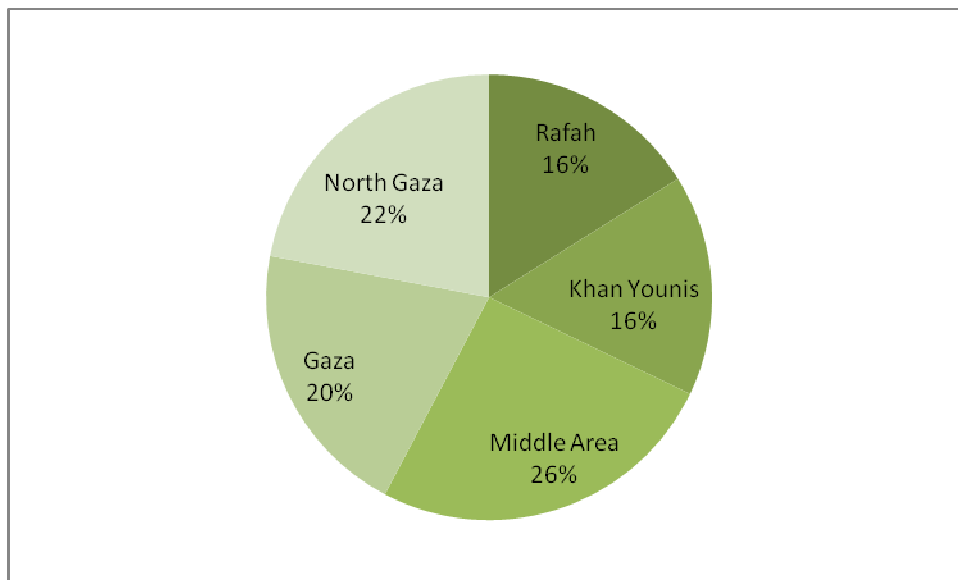
This part will present the results for the frequencies analysis in order to give general features about the respondent NGOs.

Figure 6-1 shows that 39% of the PNGOs serve youth in the age group of 15 to 35 years, and 11% of the PNGOs serve children less than 15 years old, while 32% of PNGOs serve people in all age groups, while 18% didn't answer this question.



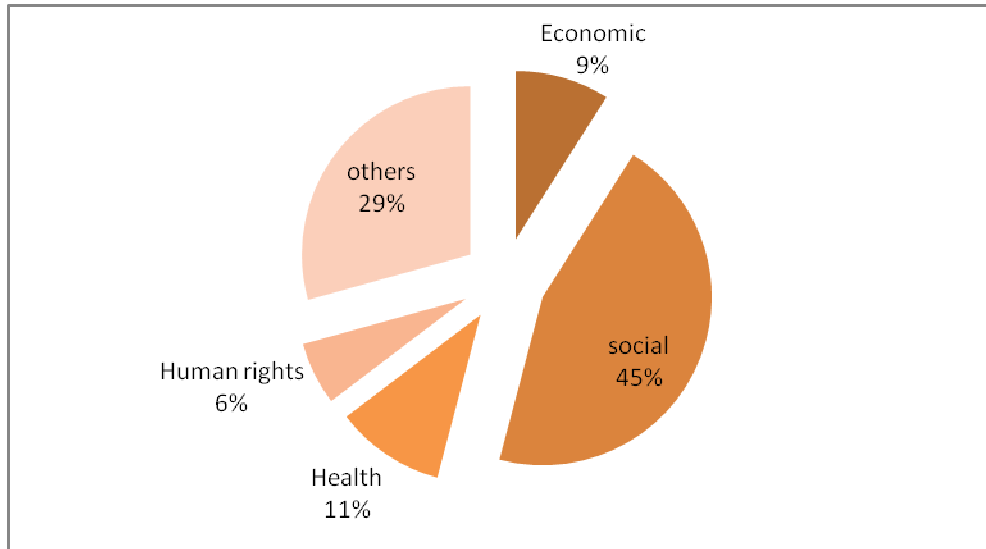
**Figure 6-1: Distribution of Age groups served by the targeted PNGOs**

Figure 6-2 shows that the respondent NGOs are distributed almost equally among the five governorates with average 20% per governorate. The percentages are ranging from a minimum of 16% in Rafah and Khanyounis to a maximum of 26% in the Middle Area.



**Figure 6-2: Geographical distribution of the targeted organizations**

Regarding the sectors of the NGOs' work; Figure 6-3 shows that the majority (45%) of the targets NGOs is working at the social sector, 11% at the health sector and 9% at economic sector while the remaining percentages are distributed among human rights and others.



**Figure 6-3: Distribution of the target NGOs per Sectoral**

## 6.2 Data analysis and hypothesis testing

### 6.2.1 Testing of Hypothesis 1

**"Having effective governmental role in coordinating between the NGOs and the donors increases the ability of creating sustainable jobs".**

This hypothesis has been covered by questions (37 to 41) in the questionnaire, and it will be tested by investigating the relationship between Q39 and Q40.

**Q37: The NGOs' relationship with the Palestinian Authority is through:**

Table (6-1) shows that 64% of the respondents assured that the coordination between the NGOs and the PNA is done through both of Ministry of Interior (MOI) and other ministries related to the implemented activities. This can be explained by the fact that, according to the Palestinian law; all PNGOs should be legally registered at the Ministry of Interior. Also PNGOs implement part of their activities in coordination with other ministries such as: Ministry of Health

(MOH), Ministry of Agriculture, Ministry of Youth and Sports,...etc. On the other hand, 28% of the respondents proved that the coordination is done through the (MOI) while 8% found that the coordination is done only throughout the other ministries. This finding shows that the PNA plays monitoring role on the PNGOs' work.

**Table 6-1: The way of the NGOs' and the PNA relationship**

The coordination is done through	Frequency	Percentage
The Ministry of Interior	21	28.0
Other Ministries related to activities	6	8.0
Both of them	48	64.0
<b>Total</b>	<b>76</b>	<b>100.0</b>

**Q38: There is a direct (positive) relationship between the organization's efficiency in doing its job and the level of cooperation with the Authority:**

Table (6-2) shows that 79.5% of respondents agreed that there is a positive relationship between the performance efficiency for the NGOs and the coordination convenience between the PNGOs and the PNA. This finding reflects the importance of coordination between PNA and PNGOs.

**Table 6-2: there is a Positive relationship between the NGOs' work efficiency and the level of cooperation with PNA**

There is positive relationship	Frequency	Percentage
Yes	58	79.5
No	15	20.5
<b>Total</b>	<b>73</b>	<b>100.0</b>

**Q39: Type of the relationship between NGOs and the PNA**

Table (6-3) shows that 78.1% of the respondents proved that there is an integral relationship between the PNGOs and the PNA, while 19.2% demonstrated that the relationship between them isn't clear. This finding is contrast with what is happening in fact; PNGOs work separately from PNA and rarely the

coordination happens between them, and according to the World Bank study (2006) one of the main factors that affect negatively on the performance of PNGOs is the lack of coordination between NGOs and PNA.

**Table 6-3: Type of the relationship between NGOs and the PNA**

The relationship type	Frequency	Percentage
Integration	57	78.1
Competition	2	2.7
Isn't clear	14	19.2
<b>Total</b>	<b>73</b>	<b>100.0</b>

**Q40: The PNA plays a positive role in coordinating between NGOs and donors:**

Table (6-4) shows 74.3% of respondents confirmed that the PNA doesn't play a vital role in the coordination between the PNGOs and the donors. *This finding is consistent with the findings of MAS study (2005) which assured that the PNA should plan and design projects balancing between short-term emergency and long-term development needs. This finding can be interpreted that the PNA doesn't have strategic development plan which enable them to arrange the Palestinian development priorities then coordinate between donors and PNGOs. Also most of the donors preferred to contact PNGOs directly specially after the legislative elections that led to boycott for the authority.*

**Table 6-4: the PNA plays positive role between NGOs and donors**

PNA plays a vital coordination role	Frequency	Percentage
Yes	19	25.7
No	55	74.3
<b>Total</b>	<b>74</b>	<b>100.0</b>

**Q41: Having effective governmental role in coordinating between the NGOs and the donors increases the ability of creating sustainable jobs**

Table (6-5) shows 54% of the respondents agreed that having effective governmental role increases the ability of creating sustainable jobs while 45 % of them rejected this. It is clear that the two percentages are closed which means that 45 % of the PNGOs saw that the effective governmental role in coordinating between PNGOs and donors doesn't contribute to create sustainable job opportunities, this can be interpreted that these PNGOs don't prefer to create relationship with the PNA that there was a critical relationship between them from the beginning of PNA in 1994 and a competition relationship has appeared between them . *This finding was consistent with the World Bank and Bissan Center (2006) that the PA and PNGOs should collaborate on developing simple, transparent quality and performance standards for service delivery in order to increase the ability of creating sustainable jobs.*

**Table 6-5: Effective governmental role increases the ability of creating sustainable job opportunities**

Having effective governmental role increases the ability of creating sustainable jobs	Frequency	Percentage
Yes	40	54.1
No	34	45.9
<b>Total</b>	<b>74</b>	<b>100.0</b>

**Hypothesis 1testing result:**

This hypothesis was tested by testing the relationship between Q39 with Q40; the researcher found that these two questions can test this hypothesis that they cover the type of relationship between the NGOs and the PNA and the role that the PNA plays in coordinating between NGOs and donors using Pearson Chi-square test. Table (6-6) shows that the Sig. (P-value) =0.049 which is smaller

than the level of significance 0.05, then there is **significant** relationship between **Q39 and Q40**. Although 78.1% of the respondents proved that there is an integral relationship between the PNGOs and the PNA as it is shown in table 6-3 but 68.4% of them found that the PNA did not play an effective role in coordination between PNGOs and donors and 31.6% approved that the PNA did play as it is shown in table (6-6). Also 54 % of the respondent in table (6-5) agreed on “having effective governmental role increases the ability of creating sustainable job opportunities” while 45 % rejected this. All these findings can be summarized that most of the respondents agreed that there is an integration relationship between the PNA and PNGOs and this relationship should lead PNA to play vital role in coordination between NGOs and donors that increase the ability to create sustainable job opportunities but according to the respondent PNA doesn’t play coordination role between PNGOs and donors, *these findings lead to accept hypothesis 1 which says having effective governmental role in coordinating between NGOs and donors increases the ability of creating sustainable job opportunities. This finding matches the interviewing with Mr. Maher Safi’s (the Head of Job Creation Program in UNRWA); who said that there is a clear absence for the governmental role in coordination between the NGOs and the donors. He clarified that as UNRWA they noticed that there is duplication in the NGOs’ work which results from the deficiency of the PNA role.*

*This can be attributed to the political instability in Gaza Strip and the internal conflict between the two authorities in Gaza Strip and West Bank. Also after the legislative elections in which the Islamic Resistance Movement (Hammas) won the Authority on the Legislative Council, donors shifted their funds directly to the NGOs; this participated in restricting the governmental coordination role between the PNGOs and the donors.*

Table 6-6: Hypothesis 1 Testing Results

		Q40		Total
		No	Yes	
Q39	Integration	39	18	57
		68.40%	31.60%	100.00%
	Competition	1	1	2
		50.00%	50.00%	100.00%
	Not clear	13	0	13
		100.00%	0.00%	100.00%
Total		53	19	72
		73.60%	26.40%	100.00%

Pearson Chi-Square =6.025, degrees of freedom = 2, Sig. (P-value) = 0.049

### 6.2.2 Testing of Hypothesis 2

**"The specializing of NGOs in specific fields increases the chances of achieving sustainable job opportunities".**

This hypothesis has been covered by questions 5, 6, 13-17 in the questionnaire, and will be tested by investigating the relationship between Q5 and Q6, and between Q13 and Q14.

**Q5: Do you think that the NGOs' specialization in a certain field of work helps in exploiting the foreign funds properly**

Table (6-7) shows 76% of the respondents agreed that the specializing of the NGOs in a specific field contributes to a better use for the foreign fund. This result matches the study of *NGOs development center (2006) which concluded that there is a growing negative impact of aid which has apparently made NGOs an extension of donors. NGOs have become inefficient because the funds they receive are not commensurate to the services they provide and that they duplicate government services.*



**Table 6-7: Frequency of agree that The NGOs' specialization in a certain field of work helps in exploiting the foreign funds properly**

The NGOs' specialization in a certain field of work helps in exploiting the foreign funds properly	Frequency	Percentage
Yes	57	76.0
No	18	24.0
<b>Total</b>	<b>75</b>	<b>100.0</b>

**Q6: Do you think that NGOs specializing in a certain field are more capable of creating sustainable job opportunities**

Table (6-8) shows that the majority of respondents (73.3%) agreed that the specialization of NGOs in a specific field increases the ability of creating sustainable job opportunities, while 26.7% didn't agree with. This finding can be interpreted that the specialization in specific field for the NGOs enable them to target specific target group then they will be able to determine their needs and priorities that will contribute to create sustainable jobs. Also it is important to mention here that the majority of PNGOs are working in different fields and aren't specialized in specific field which makes them confused.

**Table 6-8: Frequency of agree that NGOs specializing in a certain field are more capable of creating sustainable job opportunities**

NGOs specializing in a certain field are more capable of creating sustainable job opportunities	Frequency	Percentage
Yes	55	73.3
No	20	26.7
<b>Total</b>	<b>75</b>	<b>100.0</b>

**Q13: Type of activities conducted by the NGOs:**

Table (6-9) shows that 48% of NGOs are working in training field, 35% of them are working in employment field and only 16.9% of them are working in micro finance field. These percentages reflect that the NGOs focus on the capacity building for their target group and disregard the employment and job creation

field; this finding can be interpreted that the majority of donors focus on capacity building projects ignoring job creation projects. The finding here shows that PNGOs follow donors attitudes and policies that seek to consume fund without leaving any sustainable impact on employment field. *This finding was consistent with MAS study (2007) “Policies to Promote Entrepreneurship Among Young People in the West Bank and Gaza Strip” which found that young Palestinians do not usually favor the idea of starting their own businesses, but instead, they prefer to seek employment in existing organizations. This is due to many shortcomings in schooling, vocational training, financing, and even in legislation related to this issue. Also it was reliable with the focus groups outcome in this field: “80% of the participants in the two focus groups said that they got only training courses from the NGOs working in their governorate and they didn’t get any job opportunities. 10% of them got temporary job opportunities in a period from 3-6 months. The remaining 10% have got a finance to start their micro-enterprises. Mr. Mahir Safi has a different opinion; he said UNRWA applies a job creation program that employs people for three months in UNRWA’s departments, after that it gives them the priority in any job opportunities than may occur at UNRWA.*

**Table 6-9: Type of activities conducted by the NGOs**

Types of activities	Frequency	Percentage
Training	71	48.0
Employment	52	35.1
Micro finance	25	16.9
<b>Total</b>	<b>148<sup>6</sup></b>	<b>100.00</b>

<sup>6</sup> It is noticed that the frequency is equal 148 which is greater than the sample figure; this is because there are NGOs working in more than one field.

**Q14: The NGOs' fields of work**

Table (6-10) shows that 59% of the respondent NGOs are working in relief field, 1% is working in development and 39% are working in the both. These percentages may be strange when it is compared with results shown in figure (6-3) which presents that 45 % of the respondent NGOs are working in the social field but this can be interpreted that as it is shown in the previous section the majority of PNGOs are not specialized in a specific field and it can be found NGOs working in social field and in the same time it implement relief projects such as distributingpo coupons, also the current situations happened in Gaza Strip (closure, siege, internal conflict and economical deterioration) which lead donors to shift their funds towards emergency and relief aids this made PNGOs to shift their work towards relied and emergency aids even they work in social, health or even economic field. *This finding was consistent with Murad( 2007) which concluded that “Palestinians in the occupied territories were the largest per capita recipients of international aid, but despite the hundreds of millions of dollars spent, “development” did not result. Also, after the Hamas victory in the January 2006 elections, nearly all international development aid was cut and only partially redirected to emergency relief”.*

**Table 6-10: The NGOs' field of work**

Field of work	Frequency	Percentage
Relief	45	59.21
Development	1	1.32
Both of them	30	39.47
<b>Total</b>	<b>76</b>	<b>100.00</b>

**Q15: What kind of employment programs the NGOs present:**

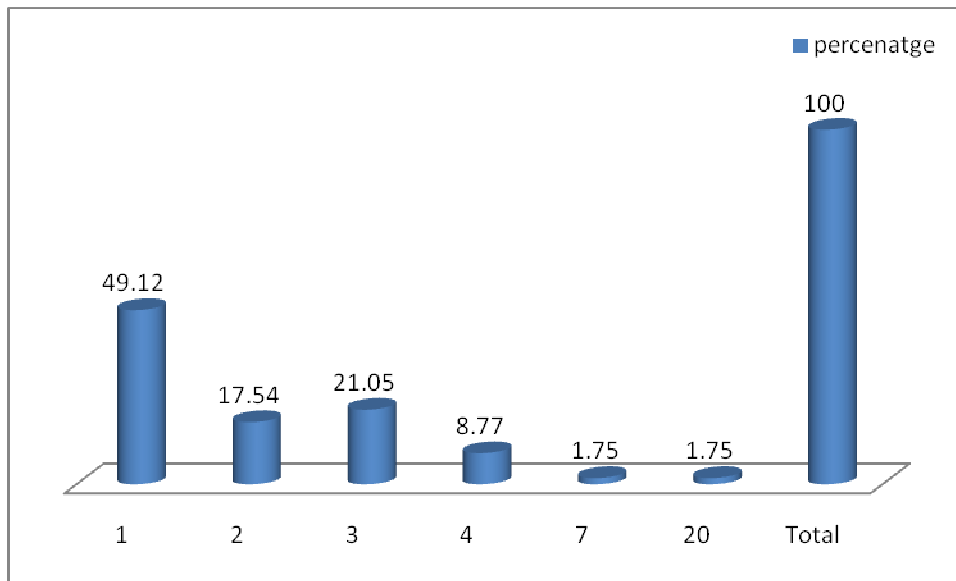
Table (6-11) shows that the majority (75%) of the respondent NGOs follow a temporary employment policy, while only 25% can create sustainable job opportunities as they serve the employment in private sector (8.93%) or small business start to (16.07%). This supports outcomes results in Table (6-8) above.

**Table 6-11: NGOs' Employment Programs**

Type of employment	Frequency	Percentage
Temporary employment	42	75.00
Employment in private sector	5	8.93
Small Business Start up	9	16.07
<b>Total</b>	<b>56</b>	<b>100.00</b>

**Q16: Duration of activities conducted by NGOs**

Figure (6-4) shows that 49% of the respondent NGOs' programs extend to one year, 17.5% of the respondents their programs extend to two years, while 21% their programs extend to three years. This result reflects the lack of sustainability in projects implemented by PNGOs because of donors' policies that implement temporary projects and programs with temporary impact. Donors realize small projects with short period in order to help the Palestinian society just to survive not to develop.



**Figure 6-4: Duration of NGOs' conducted activities**

**Q17: Number of beneficiaries benefited from the organization's job creation program and number of these beneficiaries succeeded in getting sustainable job opportunities.**

Table 6-12 shows that the median<sup>7</sup> of beneficiaries that got jobs during 2007 is 27; only 5 of them got sustainable jobs. These two findings reflect the deficit in PNGOs' roles in creating sustainable job opportunities; that when we are talking during one year the average of jobs created by PNGOs is only 156 and 45 of them (28 %) got sustainable jobs it is very small number comparing to millions of money spent on projects funded by donors. This finding also leads us to an important result that the international fund doesn't leave any impacts upon the Palestinian economy.

<sup>7</sup> We used the median here because there is a big difference between the values of beneficiaries filled by PNGOs so it will be representative more than the mean.

**Table 6-12: Number of beneficiaries benefited from the organization's job creation program and number of beneficiaries succeeded in getting sustainable job opportunities**

	No. of beneficiaries got benefit from JCPs	No. of beneficiaries that got sustainable jobs
Mean	156.2	45.0
Median	27.5	5.0
Std. Deviation	469.8	150.1
Skewness	5.0	5.6
Std. Error of Skewness	0.3	0.3

**Hypothesis 2 Testing result:**

This hypothesis was tested by testing the relationship between Q5 and Q6, and between Q13 and Q14, these two relations have been selected that it investigated the relationship between the NGOs' fields of work and their ability to create sustainable job opportunities using Pearson Chi-square test. The following Tables represent the hypothesis testing results.

Table (6-13) shows that the Sig. (P-value) =0.000 which is smaller than the level of significance 0.05, then there is **significant** relationship between Q5 and Q6, also it is clear in the table that 77 % of respondent that agreed on the NGOs' specialization in specific field doesn't contributes to utilize international fund in better ways agreed that also it also it doesn't enable them to create sustainable job opportunities while 22 % of them agreed that the specialization of specific field contributes to create sustainable job opportunities, In the same time 89 % of the respondent that agreed on the specialization in specific field increases the ability to utilize international fund in better way and also it increases the ability of creating sustainable job opportunities. *These findings show that there is direct relationship between the specialization in specific filed and the ability to utilize international fund to create sustainable jobs, which means that we can accept the second hypothesis. All of these findings are consistent with findings in table (6-7) and table (6-8) that the majority of the respondents approved up on it.*

Table 6-13: First testing result for hypothesis 2

			Q6		Total
			No	Yes	
Q5	No	Count	14	4	18
		% within Q5	77.80%	22.20%	100.00%
	Yes	Count	6	51	57
		% within Q5	10.50%	89.50%	100.00%
Total		Count	20	55	75
		% within Q5	26.70%	73.30%	100.00%

Chi-Square =31.639, degrees of freedom =1, Sig. (P-value) =0.000

Table (6-14) shows that 59 % of the respondents working in training field categorized themselves as development NGOs while 39 % of them are working in both relief and development sectors, also it shows that 53 % of the respondents that work in employment field are development NGOs while 46 % of them are working in both relief and development in the same time, as well NGOs that provide micro finance services 52 % of them are development NGOs and 48 % of them are working in both relief and development sectors. Also the Sig. (P-value) =0.773 which is greater than the level of significance 0.05, then there is **no significant relationship** between Q13 and Q14. *This can be interpreted that there is no relationship between types of activities implemented by NGOs and their field of work; which means that NGOs working in relief field can provide training for entrepreneurs and NGOs working in job creation field can provide relief services. This reflects the absence of specialization in work which affects NGOs' participation in creating sustainable job opportunities.*

Table 6-14: Second testing result for hypothesis 2

			Q14			Total
			Development	Relief	Both	
Q13	Training	Count	42	1	28	71
		%	59.20%	1.40%	39.40%	100.00%
	Employment	Count	28	0	24	52
		%	53.80%	0.00%	46.20%	100.00%
	Micro Finance	Count	13	0	12	25
		%	52.00%	0.00%	48.00%	100.00%
Total		Count	83	1	64	148
		%	56.10%	70.00%	43.20%	100.00%

Chi-Square =1.795, degrees of freedom =4, Sig. (P-value) =0.773

### 6.2.3 Testing of Hypothesis 3

**"The poor financial capability of the NGOs decreases their abilities of achieving sustainable job opportunities".**

This hypothesis has been covered by questions (25 - 30) in the questionnaire, and will be tested by investigating the relationship between Q25 and Q26, and between Q25 and Q27.

#### **Q25: NGOs resources of fund**

Figure (6-5) shows that 30% of the respondent NGOs get their fund from international organizations, 23% obtain their fund from local NGOs<sup>8</sup> and 19% of them get their fund from European sources.

*This can be interpreted that after the political change happened in 2006 the American funds towards the Palestinian territories have been frozen; also many European Organizations have cut their funds. This was in contrast with the international NGOs working in Gaza Strip specially the UN agencies. Mr. Safi in his interview said that UNRWA has doubled its funds towards job creation program from the beginning of 2006 because of the deterioration in political and economical situations and the severe increase in unemployment rate.*

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<sup>8</sup> Local fund means: local PNGOs get their fund from outside sources then give this fund to another local PNGOs to implement activities



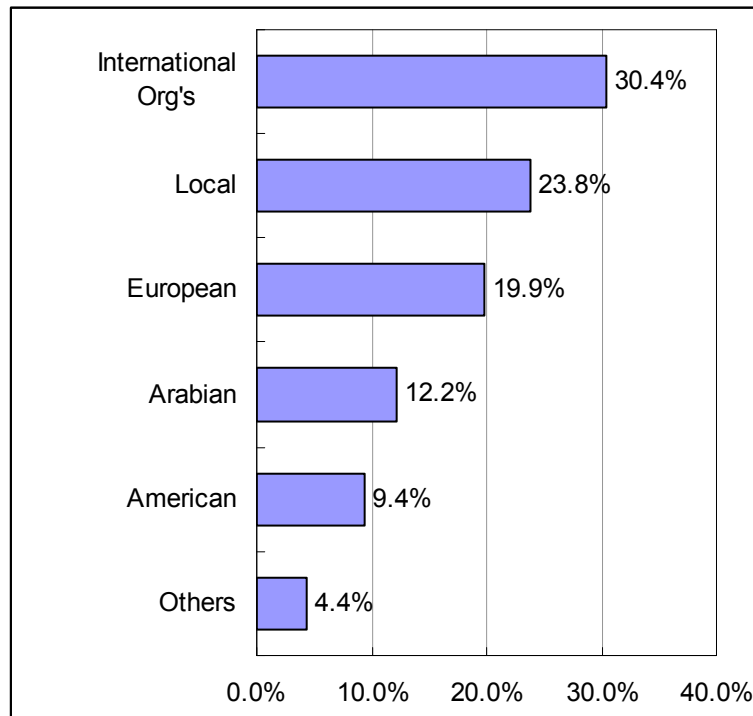


Figure 6-5: Fund sources for the NGOs

**Q26: The amount of fund the NGOs receive is enough for implementing all of their programs:**

Table (6-15) shows that 79.5% of the respondents have agreed that the amount of fund they receive are **not enough**; this finding can be interpreted that because of the political changes happened in 2006 after the legislative elections, many donors have frozen their funds towards the Palestinian territories specially in Gaza Strip, these situations affect negatively on the financial situations and capabilities for the NGOs.

Table 6-15: Frequency of agree that the amount of fund the NGOs receive is enough

The amount of fund the NGOs receive is enough for implementing all of their programs	Frequency	Percentage
No	58	79.5
Yes	15	20.5
<b>Total</b>	<b>73</b>	<b>100.0</b>

**Q27: The percentage of funds directed to job creation programs**

Table (6-16) shows that 40% of the respondents disburse 20 – 40% of their funds on job creation program, 31% of them expend less than 20% of their funds on job creation programs, so the average of the disbursed fund towards job creation programs is 28.3%. *This finding is consistent with the focus group outputs that the participants agreed on that most of the NGOs' fund is oriented towards training courses, awareness campaigns and administrative expenses and the percentage of fund towards job creation is small.*

**Table 6-16: Percentage of funds directed to job creation programs**

Funding range (%)	Frequency	Percent
0 -<20	17	30.9
20 - <40	22	40
40 - <60	11	20
60 - <80	3	5.5
80 - <100	2	3.6
<b>Total</b>	<b>55</b>	<b>100</b>

The average equals 28.3% and the standard deviation 19.4

**Q28: The amount of funds was affected by the political change after the legislative council's elections in 2006**

Table (6-17) shows that the majority (82%) of the respondents agreed that the foreign aid was affected after the elections.

**Table 6-17: Frequency of agree that the amount of funds was affected after the legislative council's elections**

	Frequency	Percent
<b>Yes</b>	59	81.9
<b>No</b>	13	18.1
<b>Total</b>	<b>72</b>	<b>100</b>

**Q29: Percentage and nature of the effect:**

Table (6-18) shows that 60 respondents agreed that the foreign aid has been affected negatively in a percentage of 83% after the legislative elections, while 11 % of the respondents found that the foreign aid has been affected positively and 5 % of the respondents' fund have not been affected. These findings can interpret findings in table (6-15) that the NGOs' financial capabilities are not enough to implement all their programs.

**Table 6-18: Percentage and nature of the effect after the legislative council's elections on the NGOs' fund**

Percentage and nature of the effect	N	%
Positive	8	11%
Negative	60	83.33
No effect	4	5.56 %
Total	72	100 %

**Q30: Having qualified staff to manage the fund grants properly to create sustainable job opportunities**

According to Table (6-19), 84% of the respondents claimed that they have qualified staff that is able to manage the foreign aids properly to create sustainable job opportunities.

**Table 6-19: Frequency of agree that having qualified staff to manage the foreign aids properly to create sustainable job opportunities**

	Frequency	Percent
Yes	64	84.2
No	12	15.8
Total	76	100

### Hypothesis 3 testing result

This hypothesis was tested by testing the relationship between Q25 and Q26, and between Q25 and Q27 because these questions cover the effect of the fund amount upon the PNGOs' work using Pearson Chi-square test. The following tables represent the hypothesis testing results.

As it is shown in Table (6-20) the Sig. (P-value) =0.112 which is greater than the level of significance 0.05, then there is **no significant relationship** between fund resources from which the NGOs obtain funds and the availability of fund to the NGOs in order to implement their activities. *This result can be interpreted that after the legal legislative elections, most of the foreign aids have decreased or even stopped; this affected badly on the NGOs financial capabilities and performance. So the fund source was not an influence factor on the fund amount but the political situation was.*

Table 6-20: First testing result for hypothesis 3

			Q26		Total
			No	Yes	
Q25	European	Count	24	12	36
		%	66.70%	33.30%	100.00%
	American	Count	12	5	17
		%	70.60%	29.40%	100.00%
	Arabic	Count	14	8	22
		%	63.60%	36.40%	100.00%
	Local	Count	36	5	41
		%	87.80%	12.20%	100.00%
	International organizations	Count	41	12	53
		%	77.40%	22.60%	100.00%
	Other resources	Count	6	0	6
		%	100.00%	0.00%	100.00%
Total	Count	133	42	175	
	%	76.00%	24.00%	100.00%	

Chi-Square =8.917, degrees of freedom =5, Sig. (P-value) =0.112

Table (6-21) shows that the Sig. (P-value) =0.872 which is greater than the level of significance 0.05, then there is **no significant relationship** between Fund resources from which the organization obtains funds and the percentage of the fund directed to job creation programs. *This result indicates that NGOs are*

*mainly responsible for distributing fund and they have the ability to direct funds towards job creation programs but this doesn't free donors from their responsibilities that they have their own agenda and policies that restrict PNGOs capabilities to create sustainable jobs.*

Table 6-21: Second testing result for hypothesis 3

			Q27					Total
			0-<20	20-<40	40-<60	60-<80	80-100	
Q25	European	Count	6	12	5	1	1	25
		%	24.00%	48.00%	20.00%	4.00%	4.00%	100.00%
	American	Count	4	3	4	1	1	13
		%	30.80%	23.10%	30.80%	7.70%	7.70%	100.00%
	Arabic	Count	5	9	0	2	0	16
		%	31.30%	56.30%	0.00%	12.50%	0.00%	100.00%
	Local	Count	11	13	6	3	1	34
		%	32.40%	38.20%	17.60%	8.80%	2.90%	100.00%
	International organizations	Count	13	18	7	1	2	41
		%	31.70%	43.90%	17.10%	2.40%	4.90%	100.00%
	Others	Count	2	3	0	1	0	6
		%	33.30%	50.00%	0.00%	16.70%	0.00%	100.00%
	Total	Count	41	58	22	9	5	135
		%	30.40%	43.00%	16.30%	6.70%	3.70%	100.00%

Chi-Square =13.126, degrees of freedom =20, Sig. (P-value) =0.872

#### 6.2.4 Testing of Hypothesis 4

**"Absence of clear plans with the NGOs, decreases the chances of achieving sustainable job opportunities"**

This hypothesis has been covered by questions (7- 12) and questions from (31- 33) in the questionnaire, and will be tested by investigating the relationship between Q32 and Q33.

**Q7: The organization conducts its programs and activities according to preset goals:**

Table (6-22) shows that **all** the respondents claimed that they conduct their activities according to preset plans, but I think here there is exaggerate in this percentage because if all the NGOs implement their projects up on previous plans it should leave sustainable job opportunities but this isn't happening in fact so I think the respondents were not honest in answering this question.

**Table 6-22: Frequency of agree that the NGOs conduct their programs according to preset goals**

	Frequency	Percent
Yes	75	100
No	0	0
Total	75	100.0

**Q8: Programs and activities of the organization are based on previous needs assessment for the target group:**

Table (6-23) shows that 96% of the respondents said that they are preparing their programs based on needs assessment.

*This finding is inconsistent with the focus groups result in this field. Entrepreneurs who are the target group for these NGOs assured that there is no needs assessment done by the NGO and they described NGOs of being working just as machines and just as implementer for the donors' projects and they didn't design their projects upon their target group needs but upon donors' calls for proposals. Also this finding was inconsistent with the World Bank and Bissan Center Study (2006) who found that PNGOs are not in most cases accountable to beneficiaries and local communities, but rather to their boards, donors and the PA. This lack of "horizontal" accountability can be correlated with limited beneficiary involvement at all stages of the service process.*

**Table 6-23: Frequency of agree that the NGOs' programs are based on needs assessment**

	Frequency	Percent
Yes	73	96.1
No	3	3.9
Total	76	100.0

**Q9: Having specific goals for the organization helps in utilizing the foreign funds properly**

Table (6-24) shows that 98% of the NGOs agreed that having effective goals for the organization helps in utilizing the foreign funds properly.

**Table 6-24: Frequency of agree that having specific goals help in utilizing foreign funds**

	Frequency	Percent
Yes	74	98.7
No	1	1.3
Total	75	100

**Q11: The organization considers the priorities of the local community when preparing and implementing its projects**

Table (6-25) shows 97% of the respondent NGOs consider the priorities of local community when preparing and implementing their projects. My opinion here is opposite to this, because if PNGOs take in their consideration the priorities of the local community they should notice the high unemployment rates and should concentrate upon sustainable employment not on training and temporary employment projects, also they should target entrepreneurs and support them but this didn't happen.

**Table 6-25: Frequency of agree that NGOs consider the priorities of the local community**

	Frequency	Percent
Yes	74	97.4
No	2	2.6
Total	76	100

**Q32: Both preparing the activity and its type are related to the time and amount of funds**

Table (6-26) shows 74% of the respondent NGOs prepare their activities according to time and amount of funds.

*This finding reflects that NGOs prepare their activities and implement them according to donors' policy not according to the community needs which means that the needs assessment and planning which the NGOs mentioned in the previous four tables aren't translated into real activities. Also this finding was consistent with NGO Development Center Study, 2006 which mentioned that the growing negative impact of aid which has apparently made NGOs an extension of donors, also NGOs have become inefficient because the funds they receive are not commensurate to the services they provide and that they duplicate government services.*

Table 6-26: Frequency of agree that the NGOs' activities are related to fund's time and amount

	Frequency	Percent
Yes	56	74.7
No	19	25.3
Total	75	100

**Q33: Programs implemented by the organization leave sustainable impacts on the Palestinian economy**

According to Table (6-27), 78% of the respondent NGOs see that their programs leave sustainable impacts on the Palestinian economy. This result leads us to an important question "if the programs implemented by PNGOs why the percentage of unemployment still 50 % and the poverty rate is 60 %?", PNGOs didn't answer upon this question fairly and they are trying to improve the general picture for the current situation which is not as it.

*This finding was inconsistent with NGO Development Center Study (2006) which found that there are a group of developmental challenges facing NGOs*



*in achieving sustainable development, one of which is not recognition from NGOs about the Medium-Term Development Plan (MTDP) for 2005 - 2006 which was formulated by the Ministry of Planning. Evidently there is not enough effort to obtain popular support for the MTDP, particularly among NGOs.*

**Table 6-27: Frequency of agree that NGOs' programs leave sustainable impacts on the Palestinian economy**

	Frequency	Percent
Yes	59	78.7
No	16	21.3
Total	75	100

#### Hypothesis 4 testing result

The hypothesis was tested by investigating the relationship between Q32 and Q33. Table (6-28) shows that the Sig. (P-value) =0.944 which is greater than the level of significance 0.05, then there is **no significant relationship** between the preparation of the NGOs' programs according to fund's time and amount and the sustainable development impact that these programs leave.

This finding can be interpreted that there is deficiency in programs implemented by the NGOs that they don't leave sustainable impact. This is because the NGOs became just follower and implementer for the donors' policy.

**Table 6-28: Hypothesis 4 testing results**

			Q33		Total
			No	Yes	
Q32	No	Count	4	15	19
		%	21.10%	78.90%	100.00%
	Yes	Count	12	43	55
		%	21.80%	78.20%	100.00%
Total		Count	16	58	74
		%	21.60%	78.40%	100.00%

Chi-Square =0.05, degrees of freedom =1, Sig. (P-value) =0.944

### 6.2.5 Testing of Hypothesis 5

#### "Donors' policies towards the NGOs decrease the chances of achieving sustainable job opportunities"

This hypothesis has been covered by questions from 42-44, and by testing the relationship between Q42 and Q44.

#### Q42: Do you think that donors have clear funding policies

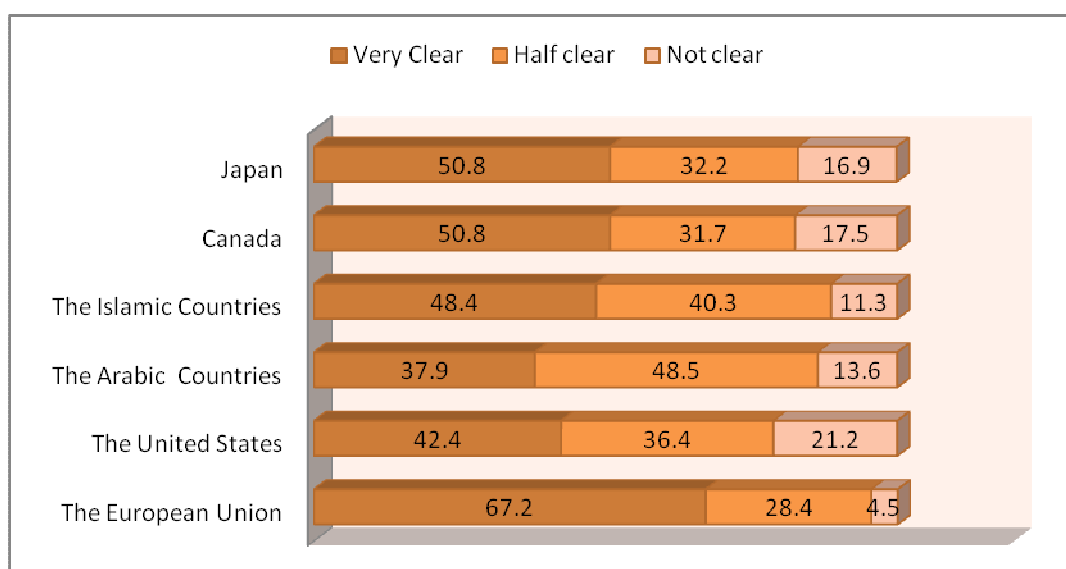
Table (6-29) shows 77% of the respondents see that donors have clear funding policies while 22% don't see that. This finding reflects that this high percentage of donors that have their own policies affect PNGOs performance and make them just implementation tools under their umbrellas.

**Table 6-29: Frequency of agree that donors have clear funding policies**

	Frequency	Percent
<b>Yes</b>	<b>54</b>	<b>77.1</b>
<b>No</b>	<b>16</b>	<b>22.9</b>
<b>Total</b>	<b>70</b>	<b>100</b>

#### Q43: To what extent do you find the following parties having clear funding policies?

Figure (6-6) shows that the European Union has the clearest funding policy, Japan and Canada came after the EU then the Islamic Countries.



**Figure 6-6: The degree of clearance of donors' policies**

**Q44: Do you think that some donors have funding policies which represent a push to the acceleration of real development and creation of sustainable job opportunities?**

Table (6-30) shows 68% of the respondents agree that some donors have effective policy that participate in achieving real development and achieving sustainable job opportunities, but it isn't completely right because each donor has its own policy that serves its benefit regarding the benefit of Palestinians and donors don't take in their consideration the Palestinian community needs and this was clear when PNGOs mentioned that 70 % of their project extend to one year only.

**Table 6-30: Frequency of agree that donors have clear funding policies**

	Frequency	Percent
Yes	50	68.5
No	23	31.5
Total	73	100

**Hypothesis 5 testing result of**

Hypothesis 5 will be tested by testing the relationship between Q42 and Q44. Table (6-31) shows that the sig. (P-value) =0.027 which is smaller than the level of significance 0.05, then there is **significant** relationship between Q42 and Q44. This means that having clear donors' policies increases the ability of achieving sustainable development. *This result was consistent with World Bank study (2006) which recommended that Donors should take a more systematic approach to PNGO funding, placing less emphasis on ad hoc project financing and more on sub-sectoral programs. Donors should also be prepared to support PNGO activities on a more sustained basis in order to allow for fuller institutional maturation to take place.*

Table 6-31: Hypothesis 5 testing results

			Q44		Total
			No	Yes	
Q42	No	Count	9	7	16
		%	56.30%	43.80%	100.00%
	Yes	Count	14	39	53
		%	26.40%	73.60%	100.00%
Total		Count	23	46	69
		%	33.30%	66.70%	100.00%

Chi-Square =4.923, degrees of freedom =1, Sig. (P-value) =0.027

### 6.2.6 Testing of Hypothesis 6

**"Lack of the awareness among entrepreneurship decreases the chances of promoting the entrepreneurs".**

This hypothesis has been covered by questions from 18-24, and by testing the relationship between Q18 and Q24.

**Q18: The organization has a clear concept about the definition of entrepreneurship:**

Table (6-32) shows that 85% of the respondent NGOs demonstrated that they have clear vision about entrepreneurship concept. *This finding was inconsistent with the outcomes of the two focus groups in this area where participants expressed that the NGOs have no clear vision in the perception of entrepreneurship. This can be explained that the entrepreneurs feel that the deficit of NGOs work towards them is resulting from the absence of clear vision about entrepreneurship.*

Table 6-32: Frequency of agree that NGOs have a clear concept about entrepreneurship

	Frequency	Percent
Yes	64	85.3
No	11	14.7
Total	75	100.0

**Q19: The organization has an attitude towards adopting the entrepreneurs**

Table (6-33) shows 76% of the respondent NGOs have the attitude towards supporting the entrepreneurs. *This finding was inconsistent with the focus group; where entrepreneurs said that NGOs rarely take in consideration entrepreneurs in their projects and they don't play a vital role in promoting entrepreneurs. Also this attitude was not clear when the average number of entrepreneurs that succeeded in getting sustainable job opportunities in 2007 was only 45 entrepreneurs.*

**Table 6-33: Frequency of agree that NGOs have an attitude towards supporting entrepreneurs**

	Frequency	Percent
Yes	55	76.4
No	17	23.6
Total	72	100.0

**Q20: The mechanism which the organization follows to reach the entrepreneurs**

Table (6-34) shows that 16% of the NGOs contact the entrepreneurs through advertising in the newspapers, 41% of the respondents contact their members in order to reach the entrepreneurs, while 35% of the respondents coordinate with other organizations in order to contact entrepreneurs and finally 7% follows another ways to contact entrepreneurs. *This finding was consistent with the focus groups findings; participants in the focus groups concurred that the main problem that faces entrepreneurs is that most of the NGOs target their beneficiaries according to political and social affiliation; this can interpret that only 16% of the NGOs use newspapers and other media tools in contacting entrepreneurs*

**Table 6-34: The mechanism followed to reach the entrepreneurs**

The way that the NGOs follow to contact entrepreneurs	Frequency	Percentage
Advertising in newspapers and magazines	21	16.3%
Contact members of the same organizations	53	41.1%
Contact another NGOs	46	35.7%
Another ways	9	7.0%
<b>Total</b>	<b>129<sup>9</sup></b>	<b>100.0%</b>

**Q21: Do you think that there is a direct relationship between potentials of entrepreneurs and the organizations' ability to create sustainable job opportunities**

This question has been asked directly to the entrepreneurs in the two focus groups. The answer was "Yes"; there is a direct relationship between the two factors. In this part entrepreneurs assured that there is a real problem in understanding the concept of entrepreneurship between youth themselves and youth don't like to take the responsibility in order to become business owners, which matches MAS (2007) study that found young Palestinians do not usually favor the idea of starting their own businesses, but instead, they prefer to seek employment in existing organizations. Table (6-35) shows 85% of NGOs agreed that there is a direct relationship between entrepreneurship availability and the ability of creating sustainable job opportunities.

**Table 6-35: Frequency of agree that there is a direct relationship between the availability of entrepreneurs and the creating sustainable jobs**

	Frequency	Percent
<b>Yes</b>	<b>62</b>	<b>84.9</b>
<b>No</b>	<b>11</b>	<b>15.1</b>
<b>Total</b>	<b>73</b>	<b>100.0</b>

<sup>9</sup> This number exceeds the number of the respondent NGOs this because the respondent can choose more than one choice.

**Q22: Type of services introduced to entrepreneurs is**

Table (6-36) shows that 47% of the respondent NGOs provide training services to the entrepreneurs, while 35% provide employment services, only 15% provide financing services and 3.5% of them provide other types of services. This finding reflects that the NGOs' interest towards the entrepreneurs is concentrated upon two fields; training and temporary employment while the main interest "micro finance" which meets the entrepreneurs' attitudes had the lowest percentage. *This result was consistent with entrepreneurs idea in the focus group; 90% of them have got training courses introduced be NGOs but 2% of them got fund for their business ideas.*

**Table 6-36: Type of services introduced to entrepreneurs**

Type of services		N	Percent
Q22	Training	66	46.80%
	Employment	49	34.80%
	Financing micro enterprises	21	14.90%
	Others	5	3.50%
Total		141	100.00%

**Q23: Number of entrepreneurs benefited from one of the pre-mentioned activities during last year**

According to data filled by the respondent NGOs the median of the total number of the entrepreneurs benefited from one of the NGOs' activities is 17<sup>10</sup>.

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<sup>10</sup> We used the median instead of the mean because there are extreme values, the minimum and the maximum are 0 and 500, respectively

This figure signifies that the NGOs role in promoting entrepreneurs is very incomplete and limited.

**Q24: Number of entrepreneurs benefited from the organization's activities and succeeded in getting a sustainable job opportunity during last year:**

According to data filled by the respondent NGOs the median of the total number of the entrepreneurs benefited from one of the NGOs' activities and succeeded in getting sustainable job opportunity is 4.

**Hypothesis 6 testing results**

This hypothesis will be tested by testing the relationship between Q18 and Q19. Table (6-37) shows that the Sig. (P-value) =0.000 which is smaller than the level of significance 0.05, then there is **significant** relationship between Q18 and Q19. This indicates that if the NGO has a clear vision about the concept of entrepreneurship, it will have the attitude to promote entrepreneurs and will target them.

**Table 6-37: Hypothesis 6 testing result**

			Q19		Total
			No	Yes	
Q18	No	Count	8	3	11
		%	72.70%	27.30%	100.00%
	Yes	Count	9	52	61
		%	14.80%	85.20%	100.00%
Total		Count	17	55	72
		%	23.60%	76.40%	100.00%

Chi-Square =17.366, degrees of freedom =1, Sig. (P-value) =0.000



### 6.3 The impact of foreign fund on the Palestinian economy

**“Are funds and donations being directed to creating strong productive structures that pave the way for creating a livable economy, development and sustainability? With clarification”**

About 95% of the respondent NGOs answered **negatively** to this question. Their clarifications were concentrating on the following points:

- There is an absence of the governmental plans and policies that may help PNGOs in utilizing the foreign funds; the absence of governmental plans resulted from the political and economical deterioration specially during the last three years, also the internal conflict between the two governments in West Bank and Gaza Strip adding to the absence of national strategic development plan.
- Donors' aids towards NGOs don't meet the real needs for the Palestinian society. This assured that donors have their own policies which are completely separated from the real Palestinian economic and social needs.
- Donors' aids concentrate on relief projects disregarding the development aspects and this interprets why most of NGOs' projects doesn't exceed one year this because donors don't want to achieve real development but they just want to help the Palestinians only to survive.
- Most of foreign aids have political features rather than economical ones, which mean that each donor adopts its political agenda by spending its aids on projects implemented by PNGOs.
- Most of the projects funded by donors have a short duration, which restrict the ability of achieving sustainable development.
- Most of the projects implemented by PNGOs concentrate on capacity building and training and rarely focus on financing micro enterprises for entrepreneurs.

- The deteriorated political situation affects the ability of achieving sustainable development.
- The donors' bias in selecting their partners from PNGOs decreases the chances of sustainable development. I can interpret this item that there are donors deal with group of PNGOs ignoring their work sector and leave the remaining ones.

## **7 CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS**

### **7.1 Conclusions**

The main goal of this research is to investigate the role that the NGOs played in exploit the international fund in supporting the entrepreneurs and create jobs? In this research, results of the analysis supported the hypothesis of the study, we find that the role which PNGOs play in utilize the international fund to promote entrepreneurs and create sustainable job opportunities is affected by different factors: Governmental role, NGOs' field of work, type of the relationship between the PNA and PNGOs, financial capabilities for NGOs, donors policies, the political situations and the awareness about entrepreneurship.

The findings of this research indicate the following points:

- The deterioration in the political situations specifically the internal conflict between the two authorities in Gaza Strip and the West Bank leaded to the absence of strong and effective government; this affected negatively on the relationship between PNGOs and the PNA generally; this resulted in the PNA didn't play a positive role in coordination between PNGOs and donors which affected negatively on the ability of creating sustainable job opportunities.
- NGOs are not in most cases responsible to their beneficiaries' needs and requirements. NGOs don't design their interventions according to needs assessment to their target groups this was clear in the type of services that PNGO provide for their beneficiaries; 50 % of PNGOs projects focus on training programs and only 16 % concentrate on supporting entrepreneurs and create sustainable job opportunities.

- P NGOs have no plans that they follow in their programs and activities implementation; this is because PNGOs implement their programs and projects depending on donors' fund ignoring the real local community needs and their own mission and vision.
- There is direct relationship between the absence of specialization in specific field for the NGOs and the failure in ability of creating sustainable job opportunities; most of the NGOs are not specialized in specific field but minimum each NGO works in two fields. The research results shows that 40 % of the PNGOs are working in both Relief and development sectors in the same time and this can be interpreted that because of the current difficult situations that Gaza Strip faces most of donors' fund oriented towards relief and emergency projects which pushed NGOs to shift their work into relief projects and it works also in the development projects; this affect negatively on the ability of creating sustainable job opportunities.
- The research results show that 50 % of PNGOs programs towards entrepreneurs are training programs and 14 % of them only towards creating sustainable job opportunities although they have an attitude towards supporting them ; this was because there is a misunderstanding about the real needs for entrepreneurs resulted from the lack of awareness about the right concept of entrepreneurship.
- The research found that donors have their own policies that concentrate on emergency projects, training and temporary employment which affected negatively on the ability of creating sustainable job opportunities, also donors are bias in selecting their partners from PNGOs that receive fund and implement the projects. This favoritism depends on political affiliation and the PNGOs' attitudes which meet donors' policies.

- The political changes happened in 2006 affected negatively on the fund amounts towards PNGOs which decreases the ability of creating sustainable job opportunities; this was because after Hamas got the authority in the legislative council most of the donors froze their projects implemented in Gaza Strip and the West Bank. The decrease in fund amounts decreased the financial capabilities for PNGOs which restrict their role in creating sustainable job opportunities.
- The research indicated that although PNGOs have the attitude to support entrepreneurs but this attitude didn't contribute to provide them with the suitable service; PNGOs interventions towards entrepreneurs were concentrated on training courses and some of temporary employment projects .

## **7.2 Recommendations**

The NGOs field is very wide for research, but investigating their role in promoting entrepreneurs is very important since the importance of entrepreneurship in the economical development. Utilizing the foreign aid in promoting entrepreneurs and creating sustainable job opportunities for them a challenge faces NGOs and need a lot of efforts to succeed it. The researcher recommends the following points:

### **7.2.1 Recommendations for PNA:**

- The research recommends that the two Palestinian authorities should stop their conflicts and establish one authority in order to set national plans that will be able to decrease the severance deterioration in the humanitarian situations.

- The research advises PNA to set a national development plan that covers all development sectors, and then allocate PNGOs roles in achieving this plan.
- It is advisable for PNA to increase its role in monitoring and following up the PNGOs' work depending on national plans covered all the development sectors.
- The PNA should increase its efforts to play more vital roles in coordination between the PNGOs and the donors.
- The PNA and PNGOs should join forces on developing simple, transparent quality and performance standards for service delivery in order to avoid the duplication of work.
- PNA should give entrepreneurs legal and financial facilities in order to encourage them to start their own businesses.

### **7.2.2 Recommendations for PNGOs**

- PNGOs should have clear plans in order to adopt their programs and projects depending on strong basics.
- Given their important role as representatives of civil society, PNGOs should divide their work in order to guarantee the quality of work and avoid the repetition of beneficiaries.
- Since alleviating the suffering of people is the main goal for NGOs, PNGOs should design their projects and programs after preparing needs assessment for their target groups.
- NGOs should learn lessons from UNRWA experience in Job Creation Program trying to adopt similar programs.
- NGOs should give entrepreneurs more conveniences and facilities in order to ease their work.

- Given their important role in developing the economy, entrepreneurs should be supported from both NGOs and PNA in order to decrease the unemployment rate between them and improve the Palestinian economy.
- PNGOs should specialize in specific field of work in order to guarantee the effectiveness and the efficiency of work.
- The specialization in a certain field will enable PNGOs to achieve the sustainable development and avoid the duplication of work.
- PNGOs should support and encourage entrepreneurs by concentrating part of their fund towards financing their creative ideas.
- PNGOs should coordinate with the Ministry of Work, Ministry of Youth and any other Ministries that can help in promoting and supporting entrepreneurs.
- PNGOs should develop their staff capacity to guarantee the fair distribution of fund among the beneficiaries.
- PNGOs should diversify in their interventions towards entrepreneurs and shouldn't concentrate on training projects trying to support them with suitable finance.
- PNGOs should try to overcome the conditions of donors by setting clear goals and objectives for their work and then trying to consist on them even it doesn't come with donors' policies and conditions.

### **7.2.3 Recommendations for donors**

- Donors should take a more systematic approach to PNGO funding, placing less emphasis on emergency projects financing and more on development programs.
- Donors should also be prepared to support PNGOs activities on a more sustained basis in order to leave effective impact on the Palestinian economy and society.

- Donors should provide their funds to the PNGOs according to PNGOs' needs not according to donors' policies.

#### **7.2.4 Recommendations for entrepreneurs**

- Entrepreneurs should hold campaigns about entrepreneurship focusing on their roles in achieving economical development.
- Entrepreneurs should contact the international organizations that are interested in entrepreneurship and support entrepreneurs.
- Entrepreneurs should get in touch with other entrepreneurs internally or externally in order to learn lessons from their experience.
- It will be better for entrepreneurs to contact donors in order to specify fund for supporting entrepreneurship.

### **7.3 Suggested Future Research**

The study recommends the following research:

1. Challenges facing entrepreneurship in Palestine.
2. The role and performance of PNGOs in youth sector.
3. Towards a more effective use for the foreign aid to achieve sustainable economic development.
4. Role of entrepreneurship in the economical development.



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**APPENDIX I: QUESTIONNAIRE – ARABIC VERSION**

بسم الله الرحمن الرحيم

الجامعة الإسلامية - غزة

كلية التجارة

الدراسات العليا - إدارة الأعمال

### استقصاء حول

دور المنظمات غير الحكومية الفلسطينية في استغلال أموال الدعم الخارجي لخلق فرص

عمل مستدامة ودعم الرياديين

دراسة حالة قطاع غزة

متطلب مكمّل لنيل درجة الماجستير في إدارة الأعمال

الجامعة الإسلامية - غزة

الأخ/ مدير المنظمة : .....

مرفق لكم استمارة برجاء التعاون في الإجابة عليها بهدف تقييم دور المنظمات غير الحكومية الفلسطينية في استغلال أموال الدعم الخارجي لخلق فرص عمل مستدامة ودعم الرياديين واقتراح الأساليب الأكثر كفاءة في تخصيص هذه الأموال لخلق فرص عمل مستدامة للرياديين.

شاكرين لكم حسن تعاونكم

وبارك الله فيكم،،،

الباحثة

حنين علي أبونحلة

أولاً : معلومات خاصة بالمنظمة :

- 1- سنة التأسيس: .....
- 2- القطاع الذي تعمل به المنظمة ( من وجهة نظر المنظمة): (يمكن اختيار أكثر من إجابة)
- اقتصادي  اجتماعي  حقوقي  صحي
- أخرى (حدد): .....
- 3- الفئة العمرية للمستهدفين من قبل المنظمة هي: .....
- 4- المنطقة الجغرافية التي تغطيها المنظمة: (يمكن اختيار أكثر من إجابة)
- رفح  خانينونس  الوسطى  غزة  شمال غزة

ثانياً : معلومات حول برامج وأنشطة المنظمة :

- 5- هل تعتقد أن تخصص المنظمة في مجال محدد يساهم في استغلال أموال الدعم الخارجي بصورة أفضل؟
- نعم  لا
- 6- هل تعتقد أن المنظمات المتخصصة في مجال محدد أكثر مقدرة على خلق فرص عمل مستدامة
- نعم  لا
- 7- تقوم المنظمة بتنفيذ برامجها وأنشطتها بناء على أهداف محددة مسبقاً:
- نعم  لا
- 8- يتم وضع برامج وأنشطة المنظمة بناء على تحديد مسبق لاحتياج الفئة المستهدفة:
- نعم  لا
- 9- وجود أهداف محددة لدى المنظمة يساهم في استغلال أموال الدعم الخارجي بصورة أفضل:
- نعم  لا
- 10- يتم إعداد الخطط الخاصة بالمشاريع بواسطة مجموعة من الخبراء المحليين:
- نعم  لا
- 11- تضع الجمعية أولويات المجتمع المحلي عند إعدادها وتنفيذها للمشاريع:
- نعم  لا
- 12- هل تعتقد أن قدرة المنظمات على ترجمة الأهداف إلى خطط واضحة ومفهومة يزيد من إمكانية خلق فرص عمل مستدامة:
- نعم  لا

13- طبيعة ( نوع ) الأنشطة التي تنفذها المنظمة: (يمكن اختيار أكثر من إجابة)

تدريب  تشغيل  تمويل مشاريع صغيرة

14- مجال عمل المنظمة هو:

تمموي  إغاثي  كلاهما معا

15- إذا كان أحد الأنشطة التي تنفذها المنظمة متمثل بالتشغيل (أنشطة تشغيلية) فما طبيعة هذا النشاط :

بطالة  توظيف في القطاع الخاص  توظيف في القطاع الحكومي  تمويل مشاريع صغيرة

16- مدة الأنشطة التي تقوم بها الجمعية سواء على شكل برامج أو مشاريع تمتد إلى : ..... سنة

17- كم عدد المستفيدين من برامج خلق فرص العمل لدى المؤسسة خلال عام 2007؟

..... مستفيد

كم من المستفيدين السابق ذكرهم تمكنوا من الحصول على فرص عمل مستدامة خلال عام 2007؟

..... مستفيد

ثالثا: معلومات حول الرياديين:

18- يوجد لدى المنظمة تصور واضح عن مفهوم الريادية :

نعم  لا

19- يوجد لدى المنظمة توجه لتبني الرياديين:

نعم  لا

20- الآلية التي تتبعها المنظمة للوصول إلى الرياديين هي: (يمكن اختيار أكثر من إجابة)

الإعلان عبر الصحف والمجلات المحلية  من خلال أعضاء ومنتسبي المنظمة نفسها

من خلال مؤسسات المجتمع المدني الأخرى  أخرى حدد:.....

21- هل ترون أن هنالك ارتباط طردي بين توفر الريادية لدى الرياديين وقدرة المنظمات على خلق فرص عمل

مستدامة؟

نعم  لا

22- طبيعة الاهتمام بالرياديين تكون على شكل: (يمكن اختيار أكثر من بديل)

تدريب  تشغيل  تمويل مشاريع صغيرة

أخرى (حدد):.....

23- كم عدد الرياديين الذين استفادوا من أحد الأنشطة السابق ذكرها خلال العام الماضي؟

.....ريادي



24- كم عدد الرياديين الذين استفادوا من أنشطة المؤسسة و تمكنوا من الحصول على فرص عمل مستدامة خلال العام الماضي؟.....ريادي

رابعاً: معلومات حول التمويل :

25- مصادر التمويل التي تحصل المنظمة على التمويل من خلالها هي مصادر: (يمكن اختيار أكثر من بديل)

أوروبية  أمريكية  عربية  محلياً  منظمات دولية  
مصادر أخرى حدد:.....

26- حجم التمويل الذي يصل إلى المؤسسة يعتبر كافياً لتنفيذ كافة برامج المؤسسة ؟

نعم  لا

27- كم هي نسبة التمويل الموجه نحو برامج خلق فرص العمل؟ %.....

28- تأثر حجم التمويل في التغييرات السياسية التي حدثت بعد انتخابات المجلس التشريعي عام 2006:

نعم  لا

29- طبيعة ونسبة التأثير كانت بشكل :

إيجابي %  سلبي % لم يكن هنالك تأثير

30- هل تعتقد بأن منظمكم لديها كادر مؤهل لإدارة المنح التمويلية بشكل يساهم في خلق فرص عمل مستدامة:

نعم  لا

خامساً: معلومات خاصة بأثر البرامج والمشاريع التي تنفذها المنظمة على المجتمع المحلي :

31- يتم إعداد النشاط ونوعه وفقاً لمتطلبات المجتمع الطارئة :

نعم  لا

32- يرتبط إعداد البرنامج ونوعه وفقاً لموعد التمويل وحجمه :

نعم  لا

33- تترك البرامج التي يتم تنفيذها آثاراً مستدامة على الاقتصاد الفلسطيني:

نعم  لا

سادساً: معلومات خاصة بمستوى التنسيق بين المنظمات غير الحكومية

34- يوجد تنسيق بين المنظمة والمنظمات غير الحكومية الأخرى العاملة في نفس المجال

قوي جداً  قوي  متوسط  ضعيف  ضعيف جداً

35- يوجد تنسيق بين المنظمة والمنظمات غير الحكومية الأخرى العاملة في نفس المنطقة الجغرافية

قوي جداً  قوي  متوسط  ضعيف  ضعيف جداً

36- التنسيق الجيد بين المنظمات يساهم في حسن استغلال أموال الدعم الخارجي:  
 قوي جدا  قوي  متوسط  ضعيف  ضعيف جدا

سابعاً: معلومات خاصة بعلاقة المنظمة مع السلطة الفلسطينية:

37- علاقة الجمعية مع السلطة الفلسطينية تتم من خلال  
 الوزارات ذات العلاقة من حيث النشاط  وزارة الداخلية  
 الإثنين معاً

38- توجد علاقة إيجابية بين درجة كفاءة المنظمة في أداء عملها ومستوى تنسيقها مع السلطة :  
 نعم  لا

39- علاقة الجمعية مع السلطة ووزاراتها هي علاقة :  
 تكاملية  تنافسية  غير واضحة

40- تلعب السلطة الوطنية دوراً إيجابياً في التنسيق بين الممولين والمنظمات غير الحكومية  
 نعم  لا

41- وجود دور فاعل للحكومة في التنسيق بين المنظمات والممولين يساهم في حسن استغلال أموال الدعم الخارجي وخلق فرص عمل مستدامة  
 نعم  لا

ثامنا: سياسات الممول:

42- هل تعتقد أن الممولين لديهم سياسات تمويلية واضحة:

نعم  لا

43- إلى أي مدى تجد أن الجهات التالية تملك سياسات تمويلية واضحة:

واضحة تماما	واضحة بدرجة متوسطة	غير واضحة
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1- الاتحاد الأوروبي:  
2- الولايات المتحدة الأمريكية:  
3- الدول العربية :  
4- الدول الإسلامية :  
5- كندا :  
6- اليابان:  
7- غير ذلك حدد ( )

44- هل تعتقد أن هناك بعض الجهات الممولة لديها سياسات تمويلية تمثل دافع لعجلة التنمية الحقيقية وخلق فرص

عمل مستدامة تلبي احتياجات المجتمع الفلسطيني

نعم  لا

45- باعتقادك هل يتم توجيه أموال الدعم نحو خلق بنى إنتاجية قوية تؤسس لخلق اقتصاد قابل للحياة والتطور والاستدامة؟ مع التوضيح

.....  
.....  
.....  
.....  
.....

**APPENDIX II: QUESTIONNAIRE – ENGLISH VERSION**

**In The Name of Allah  
The Most Gracious, the Most Merciful  
The Islamic University-Gaza  
Faculty of Commerce  
Higher Studies-Business Administration**

**Questionnaire About  
Role of the Palestinian Non-governmental Organizations in utilizing the  
foreign Funds in Creating Sustainable Job Opportunities and motivating  
the entrepreneurs**

**Gaza Strip Case Study  
Complementary Requisite for the Master Degree in Business Administration  
The Islamic University-Gaza**

**Mr/ Organization Manager:.....**

Attached here is a questionnaire, hoping from you to cooperate with us by filling it, aims at evaluating the role of the Palestinian no-governmental organizations in exploiting the outsider funds in creating sustainable job opportunities and supporting the pioneers, in addition to suggesting the most efficient methods for utilizing these funds to create sustainable job opportunities for the pioneers.

**Thanks for your cooperation  
My Allah Bless you**

Researcher:  
Haneen Abu Nahla

**First: Information about the organization:**

1. Year of establishment: .....
2. The Field (sector) of the organization's work (from the org.'s viewpoint): (can choose more than one answer)  
 economic       social       advocacy       health  
 others (specify): .....
3. Age of target group: .....
4. The geographical area covered by the organization: (can choose more than one answer)  
 Rafah       Khanyounis       Middle       Gaza       North

**Second: Information about the organization's programs and activities:**

5. Do you think that the organization's specialization in a certain field of work helps in exploiting the foreign funds properly?  
 Yes       No
6. Do you think that NGOs' specializing in a certain field is more capable of creating sustainable job opportunities?  
 Yes       No
7. The organization conducts its programs and activities according to preset goals:  
 Yes       No
8. Programs and activities of the organization are based on previous needs assessment for the target group:  
 Yes       No
9. Having specific goals for the organization helps in utilizing the foreign funds properly:  
 Yes       No
10. Plans for the projects are prepared by a group of local experts:  
 Yes       No
11. The organization considers the priorities of the local community when preparing and implementing its projects:  
 Yes       No

12. Do you think the organization's ability to translate the goals to clear and understandable plans increases the possibility of creating sustainable job opportunities?

Yes  No

13. Nature (type) of activities conducted by the organization: (can choose more than one answer)

training  employment  funding small projects

14. The organization's field of work is:

development  relief  both

15. If one of the activities conducted by the organization is represented in employment (employment activities), What is the nature of this activity?

temporary  in private sector  in government  funding small projects

16. Duration of the activities conducted by the organization whether as programs or projects extends to: ..... years

17. How many beneficiaries benefited from the organization's job creation program in 2007? ..... beneficiaries

- How many of these beneficiaries succeeded in getting a sustainable job opportunity in 2007? ..... beneficiaries

**Third: Information about the entrepreneurs:**

18. The organization has a clear concept about the definition of entrepreneurship:

Yes  No

19. The organization has an attitude towards supporting the entrepreneurs:

Yes  No

20. The mechanism which the organization follows to reach the entrepreneurs is through: (can choose more than one answer)

advertising in newspapers  members of the organization itself  
 other civil community Org.s  others (specify): .....

21. Do you think that there is a direct relationship between potentials of entrepreneurs and the organizations' ability to create sustainable job opportunities?

Yes  No

22. Type of service introduced to entrepreneurs is as: (can choose more than one alternative)

- training                       employment                       financing enterprises  
 others (specify): .....

23. How many entrepreneurs benefited from one of the pre-mentioned activities during last year? ..... entrepreneurs

24. How many entrepreneurs benefited from the organization's activities and succeeded in getting a sustainable job opportunity during last year? ..... entrepreneurs

**Fourth: Information about funds:**

25. Fund resources from which the organization obtains funds are: (can choose more than one alternative)

- European     American     Arabian     local     international  
org.s  
 others (specify): .....

26. The amount of fund the organization receives is enough for implementing all of its programs:

- Yes                       No

27. What is the percentage of the fund directed to job creation programs? .....%

28. The amount of funds was affected by the political change after the legislative council's elections in 2006:

- Yes                       No

29. Nature and percentage of the impact were:

- positive    %     negative    %     there was no impact

30. Do you think that your organization has a qualified staff to manage the fund grants properly to create sustainable job opportunities?

- Yes                       No

**Fifth: Information about the impact of programs and projects conducted by the organization on the local community:**

31. The activity and its type are prepared according to the community's urgent needs:

- Yes                       No



32. Both preparing the activity and its type are related to the time and amount of funds:

Yes  No

33. Programs implemented by the organization leave sustainable impacts on the Palestinian economy:

Yes  No

**Sixth: Information about the level of cooperation with NGOs:**

34. There is cooperation between the organization and other NGOs working in the same field:

very strong  strong  middle  weak  very weak

35. There is cooperation between the organization and other NGOs working in the same geographical area:

very strong  strong  middle  weak  very weak

36. The good cooperation between organizations helps in the proper exploitation of the outsider funds:

very strong  strong  middle  weak  very weak

**Seventh: Information about the organization's relationship with the Palestinian Authority:**

37. The organization's relationship with the Palestinian Authority is through:

ministries related to the activity  The Ministry of Interior  
 both

38. There is a direct (positive) relationship between the organization's efficiency in doing its job and the level of cooperation with the Authority:

Yes  No

39. The organization's relationship with the Authority and its ministries is:

complementary  competitive  not clear

40. The Palestinian Authority plays a positive role in cooperating between donors and NGOs:

Yes  No

41. The existence of an active role for the government in cooperating between NGOs and donors helps in the good exploitation of the foreign fund and creating sustainable job opportunities:

Yes                       No

**Eighth: Donors policies:**

42. Do you think that donors have clear funding policies?

Yes                       No

43. To what extent do you find the following parties having clear donning policies?

	Very clear	half clear	not clear
1- the European Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2- the United States	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3- the Arabian Counties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4- the Islamic states	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5- Canada	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6- Japan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7- Others/ specify: (                      )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

44. Do you think that some donors have donning policies which represent a push to he acceleration of real development and creating sustainable job opportunities that meet the needs of the Palestinian community?

Yes                       No

45. In your opinion: Are funds and donations being directed to creating strong productive structures that pave the way for creating a livable economy, development and sustainability? With clarification

.....  
 .....  
 .....  
 .....

## **APPENDIX III: MINUTES OF FOCUS GROUP MEETINGS**

### ***1. What are the roles that the PNGOs played in supporting entrepreneurs?***

Entrepreneurs agreed on PNGOs didn't play any vital roles in supporting them. This was because of the absence of clear vision for the PNGOs about entrepreneurship.

### ***2. What are the entrepreneurs waiting from PNGOs?***

Entrepreneurs asked for more support from PNGOs by focusing on financing their ideas and small projects and avoid the temporary job creation programs which consume a lot of money leaving no impacts on the society. Also entrepreneurs asked NGOs to be neutral in selecting their beneficiaries in order to avoid the bias and duplication in the targeting process.

### ***3. How the entrepreneurs evaluate the PNGOs experience in job creation?***

Entrepreneurs didn't ignore the role that PNGOs play in creating job opportunities but they said that the job creation programs implemented by NGOs create jobs temporary and target the unemployed people generally but there are no specific programs for entrepreneurs that can incubate them. They also added that they need programs that enable them to build small enterprises for them to enable them to generate sustainable income.

### ***4. Where are the weaknesses and strengths in PNGOs work?***

Entrepreneurs evaluate PNGOs work in a group of weaknesses and strengths points; strengths points:

- PNGOs played historically important roles in supporting the Palestinian society by implementing different projects and programs.
- PNGOs sponsor hundreds of people by providing them with food parcels, clothes and other essential needs.
- PNGOs are the intermediaries for donors and the needy people.

## **APPENDIX IV: INTERVIEW QUESTIONS**

1. Could you please give me an abstract about Job Creation Program in UNRWA?
2. Could you please evaluate UNRWA experience in Job Creation field?
3. Do you think this kind of programs can succeed in achieving sustainable development?
4. How do you see other NGOs work in Job Creation?
5. Are there any beneficiaries who benefited from JCP in UNRWA succeeded in getting sustainable jobs?
6. What is the role that UNRWA played in supporting entrepreneurs?
7. What are the weaknesses and strengths in JCP in UNRWA?