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# *Research Title:*

# *"Ineffective management practices in Palestinian organizations & its impacts on Developmental aid"*

***Submitted in accordance with the requirements for the degree of Doctor of Philosophy***

***York St John University***

***York Business school***

***Prepared by:*** *Samer A.A. Ghaboun*

***September 2021***

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# *Acknowledgement*

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Not forgetting my parents, I want to dedicate my PhD for my father may he RIP and for my mother as well, who supported me and always pushed me to put my academic education as the great target in front of me.

Finally and most importantly, I should express my love and gratefulness to my wife Ghada and my children Sally, Fadi, Rayyan, and Zain who had to suffer from my commitments to this research. Their continuous patience and support inspired me to come through this intellectual journey.

# *Abstract*

The effectiveness of foreign aid should be understood as a discrepancy and complicated relationship between the factors that have a direct influence on aid management effectiveness. Therefore, this study has investigated the efficacy of aid in relation to management systems in Palestinian organizations and investigated how the effectiveness of aid may be improved, as well as explored how the current management system manages available resources- specifically, those that come through aid.

The thesis identified specific conditions that influence the ineffectiveness of aid management, by examining and exploring the handling of foreign aid within the current management system in Palestinian organizations. Therefore, this research focused on management policies, organizational structure, procedures, and processes that are followed within the management system.

Furthermore, this study has also explored respondents' beliefs regarding the effectiveness of foreign aid, and the quality of good governance factors in Palestinian organizations. To understand the management of foreign aid as a dynamic and complex process, cross-country data and static econometric models are not the most ideal method of exploration. Therefore, a qualitative methodology has been adopted to explore the experiences, perceptions, and beliefs of people involved in the management of foreign aid. The qualitative approach also enabled the examination of tools adopted by the management system, moreover, several case studies were selected based on projects funded by aid. This study contributes significantly to knowledge in the fields of management best practices and theories. This study deducted many

phenomena that contribute to creating the corruption culture, in addition to reasons and tools being used to maintain and reproduce an ineffective management system.

In practice, the study's results explored best practices in aid management and laid the groundwork for Palestinian organizations to implement policies, and procedures, that promote good governance and aid effectiveness through the adoption of good practice elements.

*(The Effectiveness of International Aid in Developing Countries)*

# *"Ineffective management practices in Palestinian organizations & its impacts on Developmental aid "*

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## List Of Abbreviation

| Contents | | |
|---|---|---|
| 1. | GNP | Gross National Product |
| 2. | GPI | Genuine Progress Indicator |
| 3. | GSG | Global Scenario Group |
| 4. | UNHCR | Office of the United Nations High Commissioner for Refugees |
| 5. | DOP | Declaration of Principles on Interim Self-Government Arrangements |
| 6. | EU | European Union (EU) |
| 7. | GAO | U.S. General Accounting Office |
| 8. | GCO | General Control Office |
| 9. | GIS | General Intelligence Service |
| 10. | GSS | General Security Services |
| 11. | GNI | Gross national income |
| 12. | IDF | Israel Defence Forces |
| 13. | IDRC | International Development Research Centre |
| 14. | IMF | International Monetary Fund |
| 15. | JMCC | Jerusalem Media and Communications Centre |
| 16. | MSA | Ministry of social affairs |
| 17. | MEPP | Middle East Peace Process |
| 18. | NGO | Non-Governmental Organisation |
| 19. | OPT | Occupied Palestinian Territories |
| 20. | PA | Palestinian Authority (also known as Palestinian National Authority) |
| 21. | PARC | Palestinian Agricultural Relief Committee |
| 22. | PCC | Palestinian Central Council |
| 23. | PCSC | Palestinian Commercial Service Company |
| 24. | PECDAR | Palestinian Economic Council for Development and Reconstruction |
| 25. | PFLP | Popular Front for the Liberation of Palestine |
| 26. | PIF | Palestinian Investment Fund |
| 27. | PLA | Palestine Liberation Army |

| | | |
|---|---|---|
| 28. | PLC | Palestinian Legislative Council |
| 29. | PLO | Palestinian Liberation Organization |
| 30. | PLOEC | Palestinian Liberation Organization Executive Committee |
| 31. | PLOCC | Palestinian Liberation Organization Central Committee |
| 32. | PMRS | Palestinian Medical Relief Society |
| 33. | PNC | Palestinian National Council |
| 34. | PNF | Palestine National Fund |
| 35. | PRCS | Palestine Red Crescent Society |
| 36. | PSF | Preventive Security Force (al-Amn al-Wiqa'i) |
| 37. | SSF | Special Security Force |
| 38. | UNLU | Unified National Leadership of the Uprising |
| 39. | UN | United Nations |
| 40. | UNC | Unified National Command of the Uprising |
| 41. | UPMRC | Union of Palestinian Medical Relief Committees |
| 42. | UNRWA | United Nations Relief and Work Agency |
| 43. | VAT | Value Added Tax |

# Chapter (1)

## 1.1 Introduction:

Foreign aid's role in promoting growth and development in developing countries has been thoroughly examined using econometric approaches, but no conclusive findings have been reached thus far. According to this notion, foreign aid is a socially constructed reality involving the interaction of a large number of elements. As a result, it may not be appreciated merely by measuring those social and economic elements. For decades, a vigorous debate has raged between scholars, professionals, and government officials about the ineffectiveness of foreign development aid (Akramov, 2006; De Haan, 2009; Riddell,2009). As a result of this discussion, divergent assumptions about what constitutes rational, acceptable, and suitable reasons for guaranteeing the efficacy of foreign assistance in developing countries have emerged. These discrepancies have also cast doubt on the effectiveness of aid support and its influence on recipient nations' development, economic growth, and institutional changes (Elayah, 2016).

Apart from the government sector, which relies heavily on foreign aid to support the PA's (Palestinian Authority) budget, a sizable number of non-governmental organisations (NGOs) have emerged in developing nations in recent years. While the actual number of NGOs operating in the Palestinian territories is unknown, it is believed that between 6,000 and 30,000 national NGOs operate in the Palestinian territories at the moment (Kharas, 200). Numerous reasons contributed to the dramatic growth in the number of NGOs, most notably Israel's control of the West Bank and Gaza Strip during the 1967 war, which created an ideal

environment for NGOs to operate and receive humanitarian assistance (Fukuyama, 1992; Kukkamaa, 2008).

Moreover, Edwards (2014) believes that the number has grown in recent years as more people recognise the value of NGOs in promoting growth and alleviating poverty (Riddell, 2009; Smillie, 2013; World Bank, 1998).Despite the large number of NGOs and the fact that they offer an alternative, the level of failure is highlighted by high levels of corruption, fraud, embezzlement, and bureaucratic red tape that continually prevent focused assistance from reaching the poor (Clark et al, 1987; Trivunovic et al., 2011). Nongovernmental organisations (NGOs) are seen as more efficient, cost-effective, inventive, accessible, and adaptable than government agencies in giving aid to the marginalised (Smillie, 2013). As a result, organisations such as the World Bank, the United Nations, and other businesses select them for their (effectiveness in providing overseas assistance) (Doyle and Patel, 2008; Edwards, 2014; Zammit, 2003).

Foreign aid is viewed as a critical component of development outcomes indicators, which have been used for the last 60 years to indicate a nation's effectiveness in achieving a variety of economic, social, and environmental goals in developing nations. Regardless of the methodology or strategy used, substantial evidence exists that foreign aid has a beneficial effect in developing countries, but only under certain circumstances. The writers of the literature on international help disagree regarding the criteria necessary for foreign aid to be effective (Edwards, 2014). Over the decades, developing countries have seen a shift in both the amount of aid and the purpose for which it is delivered, with a greater emphasis on assisting recipients' countries in meeting their most pressing needs (Gunatilake et al., 2011). A significant portion of aid has been directed toward development challenges and poverty reduction through the

implementation of programmes to assist economically disadvantaged people. As a result, international assistance has been channelled toward social services such as health, education, and necessary infrastructure (Stevens, 2008) to develop the resources necessary to foster economically sustainable development and to assist developing countries in becoming self-sufficient (Akramov, 2006). Additionally, since the early 1990s, when the focus of aid shifted from capacity development to economic development, there has been a significant increase in the number, type, and size of humanitarian organisations that focus the majority of their work on conflict zones as part of their humanitarian responsibilities (Qatar, 2016).

The relationship between foreign aid and development in recipient countries dates all the way back to the post-1945 era. At the time, the majority of European nations had been economically, ethically, and physically decimated, and they received aid from the US and the International Bank for Reform and Development to rebuild. Since then, several additional forms of foreign assistance – multilateral, bilateral, private investment, food aid, and emergency relief, to mention a few – have been offered to assist in the reconstruction of numerous other impoverished nations worldwide (Nigatu, 2015).

Few studies have been conducted on the effect of international aid on economic growth in the West Bank and Gaza Strip. Le More (2005) focused on the historical struggle's consequences she argued that greater effort needed be placed into resolving the Palestinian-Israeli conflict before help can be successful. Lasensky and Grace (2006) questioned the influence of aid on Palestine's economy and peace process. According to Hever (2006), the donor nations' primary objective was the development and economic independence of the Palestinians in order to offer fundamental services to the Palestinian community. The United Nations Conference on Trade and Development's (UNCTAD) 2006-A report examined the impact of aid in the West Bank and Gaza, concluding that despite international assistance efforts, sustainable development, and economic independence have not been achieved due to the political situation's impact.

International financial assistance has been offered to Palestinian organisations, both non-governmental (NGOs) and governmental, to encourage economic growth and to enhance people's social welfare. However, there has been considerable dispute among developmental professionals, academics, and aid donors, as well as beneficiaries in general and in the Palestinian context, over the outcome and influence of this help on Palestinians and their ability to achieve genuine development (De Voir & Tartir, 2009). Considering that non-governmental organisation (NGOs) and government departments are regarded as the primary suppliers of services to the Palestinian population. Indeed, they are fundamental to Palestinians' social and economic existence. These two sectors (governmental and non-governmental organisations) are defined by their reliance on foreign support to provide services to the Palestinian population (De Voir & Tartir, 2009), making such assistance critical to their work and services (Awartani, 2007).

## 1.2 Background Review:

The Palestinian predicament is distinct from any other setting in the world for a variety of reasons, not the least of which is the continuing conflict. The Israeli-Palestinian conflict is one of the most significant factors influencing present economic policy and the efficacy of foreign aid in encouraging Palestinian economic growth. It is also one of the most significant factors influencing future economic policy. In order to make a realistic prediction about the influence of political impact and aid, it is necessary to identify different scenarios for the development of this conflict and its settlement, as well as the likelihood that these other scenarios will occur. As a result, knowing the conflict is critical for comprehending both the current state and the future.

The feasibility of future possibilities is examined. This struggle, which is characterised by the failure to establish a peaceful manner for the Jewish and Arab communities to coexist, has its origins in the Nineteenth Century and continues to the present day. In 1948, the Jewish people asserted their right to political autonomy and founded the State of Israel as a result of their struggle. While the creation of Israel in regions west of the Jordan River achieved Israeli objectives, it also deprived Palestinians of their right to sovereignty over the same land that Israel had claimed. In 1948, a large number of Palestinians were forced to flee to the West Bank and Gaza, which were then under the jurisdiction of Jordan and Egypt, respectively. Following the 1967 Six-Day War, hundreds of thousands of refugees have fled from Israeli territory to the West Bank and Gaza Strip. A Palestinian Diaspora spread throughout the rest of the world as refugees fled to neighbouring Arab nations and other countries throughout the world (Daoudi and Khalidi, 2008).

## The importance of international aid to the Palestinians:

Since 1993, international aid has played a critical role in assisting the humanitarian situation in the West Bank and Gaza, the Palestinian economy, and the operations of the Palestinian Authority. Since 1993, more than 31 billion US dollars in foreign aid has gone to Palestinians, according to the World Bank. Every infrastructure project or government organisation in the West Bank or Gaza has a substantial financial impact.

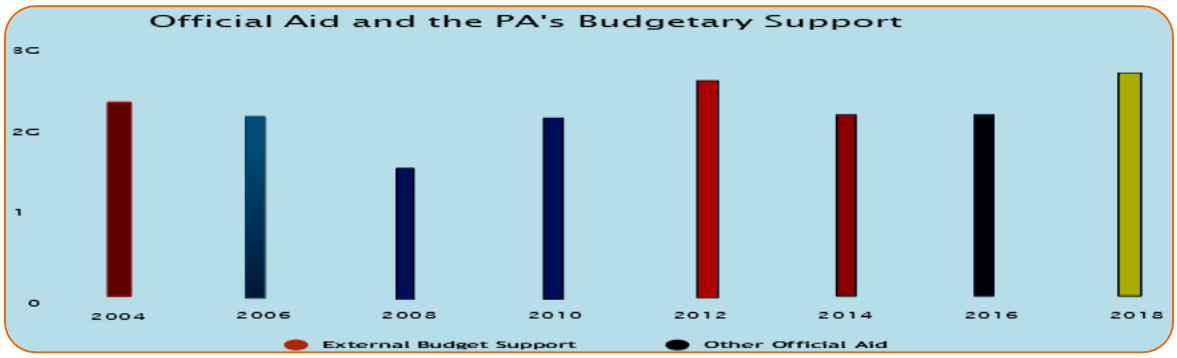


Figure 1 Source: world bank & IMF,2018

Israel, as the occupying power in the Palestinian territories, considered the operations of foreign assistance organisations to be critical in evaluating the efforts of local public administrations in the West Bank and Gaza Strip to provide services and promote social and economic development in their respective areas of responsibility. A few foreign relief organisations responded enthusiastically, providing material support, which was primarily in the form of surplus food from the United States. The Lutheran World Federation provided health care to Palestinian refugees at Jerusalem's Augusta Victoria hospital as part of a contract with the United Nations Relief and Works Agency (UNRWA). Meanwhile, the humanitarian organisation CARE-USA, which has been working in Israel since 1948, has launched emergency feeding and work-for-food programmes in the Sinai, the West Bank, and Gaza, with funds provided by the United States government and other donors (World Bank, 2018).

Among other things, the UN Relief and Works Agency (UNRWA) continued to offer assistance to refugees in camps after individuals had been forcibly evicted from their houses with the approval of the Israeli government. These, as well as other foreign assistance organisations, profited from exemptions from tax and customs duties on all of their programmatic and administrative requirements, which helped both refugees and non-refugees.

There has been no willingness on the part of the United Nations Relief and Works Agency (UNRWA), nor of any other international organisation or foreign government, to undertake or participate in projects aimed at improving the appalling living conditions and overcrowding in refugee camps, particularly in the Gaza Strip, and at effectively rehabilitating the Palestinian refugee population. The Israeli Civil Administration began building new housing developments in Gaza throughout the 1970s and 1980s, eventually relocating roughly 11,500 families away from the difficulties of refugee camps. However, in spite of Israel's requests, no international humanitarian aid was available to facilitate the rehabilitation of a significantly greater number of refugee families. (Human Rights Watch, 2015).

Despite the international agreement to retain the status of the refugee population, and despite occasionally conflicting political views, the relationship between Israel's government and foreign assistance organisations has been generally friendly and productive. This partnership was founded on the shared objective of enhancing people's well-being and social and economic growth. The population of the Palestinian territories. Since its inception, the Ministry of Social Affairs MSA's Department of Foreign Relations has served as the government's official point of contact with foreign humanitarian organisations operating in Palestinian territory. The government's strategy has been to coordinate their operations in order to maximise the use of aid resources and avoid duplication, while also including them in programmes aimed at assisting them in reducing people's and families' reliance on foreign aid; improving critical infrastructures such as access roads, water supplies, and power; and strengthening health, educational, and social segregation. This was made possible in part by the hiring of 120,000 Palestinian migrant labourers by Israeli enterprises and corporations. However, the current security situation has essentially eliminated this possibility, exacerbating the ongoing humanitarian disaster (2012, Kristoff).

Foreign agencies were often invited to help the Civil Administration's Department of Social Services in the development of new services or programmes within the context of service strategy planning for governed areas. Organizations are not required to accept such new activities, although they usually do. When UNICEF's Regional Office for the Middle East and North Africa applied to the Ministry of Labour and Social Affairs in 1980 to implement a programme on behalf of Palestinian children and mothers, the initiative was not only welcomed, but the Ministry also proposed ground-breaking projects to improve existing services. As a result, UNICEF agreed to and carried out a plan to establish four child development centres in Ramallah, Jenin, Hebron, and Gaza with the assistance of an Israeli expert consultant. The objective of the centres was to diagnose and treat genetic and other

deficits in new-borns and children up to the age of six. The Civil Administrations Department of Health provided a distinct plan to UNICEF for joint implementation, which included the construction of 50 health centres in outlying rural areas and the training of health personnel to manage them. These continue to serve as first points of contact for those in need of medical care, with referrals to clinics or hospitals in major cities as needed (Taghdisi-Rad, 2010).

Prior to 1994, when the newly formed Palestinian Authority acquired responsibility for all civilian services in the West Bank and Gaza, substantial progress was accomplished with the assistance of 26 registered international aid organisations with the Ministry. At the moment, the social and economic realities of the Palestinian territories promise well for continued progress toward eventual economic self-sufficiency, albeit within the context of regional involvement and partnership. In contrast to the previous decades' programmes of sustainable development, the need for select international organisations to provide immediate humanitarian assistance to the Palestinian population in the Palestinian territories was an unwelcome setback. International humanitarian agencies have found it more difficult to operate in the Palestinian territories due to the complicated security situation caused by the ongoing conflict and Israeli occupation, as well as the difficulty of movement between Palestinian cities in the West Bank due to Israeli checkpoints (Qarmout and B-land, 2012).

However, Israel's stated policy of supporting the operations of these international aid organisations has remained consistent since 1967. Every effort is made to protect the Palestinian people's committed rights, to simplify operations, and to ease the mobility of their personnel both within and outside the country, as well as within and around the Palestinian territories. Representatives of foreign organisations, for example, have reported that their international personnel encounters very little waits at checkpoints. If there are delays, assistance is usually available from the Coordinator for Social Affairs and International Organizations in the Liaison Office with the Palestinian Authority, or from officers of the Israel

Defense Force (IDF) who have been specially designated to communicate with international organisations (Taghdisi-Rad, 2010).

With a growing understanding of international humanitarian assistance as a practical and rational expression of humanity's universal, mutual responsibility, rather than an ineffective tool of foreign policy, authors and researchers have expressed concern about the large number of international humanitarian organisations providing financial assistance to a relatively small number of Palestinians. According to UN Watch, the UN gives more than 12 times the number of subsidies per beneficiary to the Palestinian economy than it does to the economies of six southern African states combined (Smillie and Minear, 2004).

The Ministry of Social Affairs has now registered 44 foreign humanitarian organisations working in Palestinian territory. Only organisations with offices or presence in Israel are included in this figure. On fact, the number of foreign organisations operating in Palestinian territory is far higher. AIDA is a loose coalition of foreign aid organisations that help the Palestinian people. It is currently comprised of 72 members. According to what has already been said, this illustrates the significant reliance on aid to provide vital services, as well as the problems that these international organisations face in their work (Hilal, 2019).

## 1.3 Who benefit from foreign aid?

While estimating the actual amount of help supplied to a recipient group in Palestine is challenging, tracking the precise recipients of such cash is much more complicated. Even when studies make such an endeavour, there are two primary reasons to doubt the veracity of their estimations. Ultimately, it comes down to how academics categorise the organisation and its operations. A very small organisation focuses only on one sort of activity or social gathering. For instance, a women's non-governmental organisation (NGO) can engage in a variety of

legal, economic, educational, health, and outreach activities that benefit not just women, but also their families, homes, and neighbouring communities. What's more, NGOs often track their own spending by kind of expenditure rather than by target demographic. Unless an NGO is extremely specialised, it is nearly hard for them to give reliable figures5 on the breadth and effect of their operations (Riddell, 2008).

Having said that, these organisation statistics and averages should be taken with a grain of salt. They are more useful as indicators of financing patterns than as a measure of the worth of specific contributions. According to historical funding trends, health and education were the two areas that saw significant reductions in donor support. For example, health got half the cash it did a decade ago, falling from 42 percent to 21.6 percent of overall funding. Education likewise saw a significant decrease in financing, falling from 24.5 percent to just under 5% of overall NGO funding in the same years. This decrease may be explained in part by the fact that the majority of major donors include health and education support in their direct bilateral aid to the Palestinian Authority, which assumed responsibility for these sectors immediately following Oslo (World Bank, 2019).

It should not be assumed that all sectors, public, government, and non-governmental organisations, have evolved to the point of no longer requiring significant donor funding. Indeed, there are several indications that the country has become increasingly reliant on foreign help for financial support. For instance, no non-governmental organisation (NGO) self-identifies as an 'infrastructure' organisation. National and municipal governments, not NGOs, are responsible for public infrastructure. For instance, a youth club or a health group may construct buildings, but they remain classified as service facilities rather than infrastructure. Additionally, it is noteworthy that significant sectors such as the environment, agriculture, water, credit, housing, think tanks, and research centres are omitted. To make statistics even less rigorous, project expenses frequently have hidden components that are not visible unless

researchers thoroughly examine the budget and expenditures of each particular project. The financing that ultimately reaches recipients is typically a relatively tiny percentage of overall expenditures, which include administrative, operational, and transactional costs (Brynen, 2000).

Donors also include the expenses of their personnel, specialists, travel, and contractor profit in the total worth of foreign aid offered to a particular organisation and/or sector. Palestinian Attitudes Toward Foreign Aid International Research Journal In contrast to the reduction in spending for health and education, certain sectors got quadruple the money in 1999. For instance, money for social services grew from 10.3 to 18.4 percent, while funding for human rights climbed from 5.7 to 12.4 percent and funding for youth increased from 1.6 to 6.0 percent. By comparison, the percentage of women's organisations has decreased from 7.7 percent in 1999 to a meagre 3.2 percent in 2018. The figure below shows the ais that each sector receives, with the exception of a couple that cover three years due to the data being unavailable from the original source. Averages for the years 1995-2018 are supplied by the World Bank (2019). Averages for the years 1999-2018 are provided by the World Bank (Devoir & Tartir, 2009)

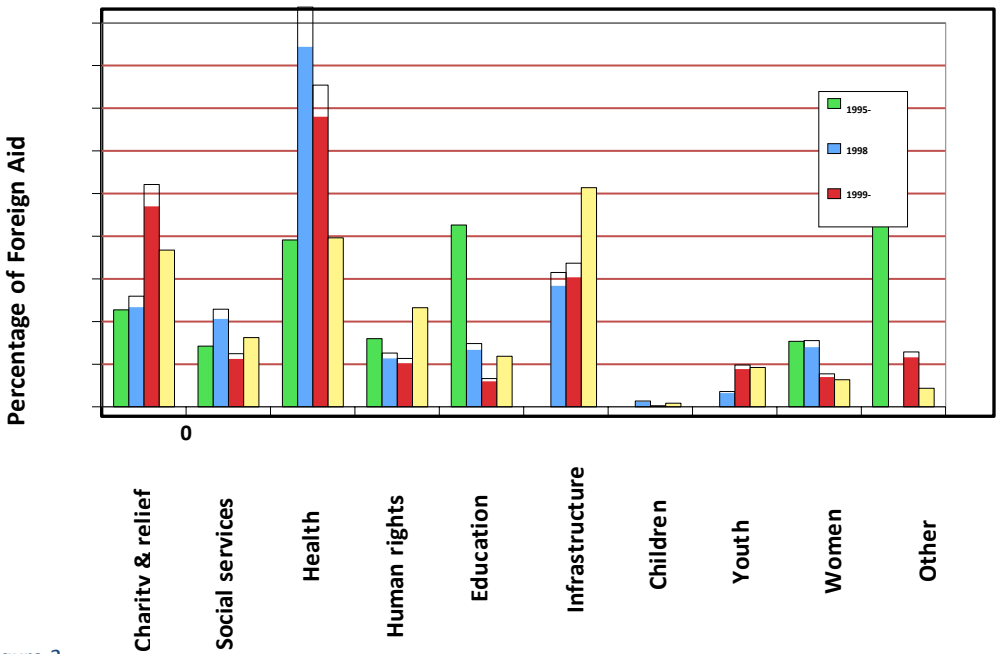


*Figure 2* e: Averages for 1995-2018 figures are provided by world bank 2011.3

*Funding By Sector (1995-2018)*

## 1.4 Challenges of The Palestinian economy:

The Palestinian economy is inextricably connected to foreign assistance, even more so after the creation of the Palestinian Authority (PA) in 1993 as part of the Oslo Accords. Foreign donors initially pledged approximately $2 billion to the PA in 1993 to build the governmental institutions that would eventually be incorporated into a future state of Palestine - had the terms of the Oslo Accords been adhered to, that is, unlike other economies, the Palestinian economy lacks national strategic control and a self-monitoring system, because it has never been fully under full international control. This is despite the fact that the peace process began in 1993. Since Israel's occupation of the WBGS (West Bank and Gaza Strip) in 1967, the Palestinian economy has seen dramatic transformations. The changes are largely due to external factors, such as employment in Israel's labour market and the wealthy Arab Gulf five-state region, as well as the number of foreign donations received. Additionally, Israel's repeated restrictions on the movement of persons and commodities in the Palestinian territories since the first Gulf War (1991) have harmed the economy (Democracy and Workers' Rights Centre) (DWRC, 2003). In general, the Palestinian economy, particularly government services, is heavily reliant on aid in the West Bank and Gaza Strip (World Bank, 2011). Almost four out of five Gazans rely on contributions to survive (Clarno, 2017). Palestinians are among the world's largest users of external aid per capita (De Voir & Tartir, 2009).

The figure 1.1 below illustrates overall development and recurring aid in the West Bank and Gaza Strip as a percentage of GDP.

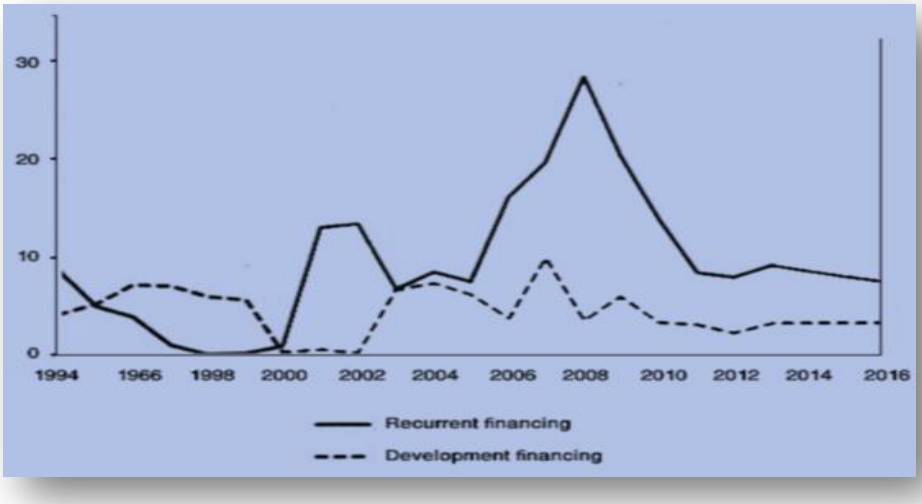


*Figure 3*

*Total Development Aid and Recurrent 0-1* ***Source: International Monetary Fund-IMF (2013***

In the most recent years of Palestinian history, those of the second intifada (the uprising of 2000), all economic and social indicators in Palestine have declined significantly. Since September 2000, when the violent confrontations that began the second intifada began, circumstances for normal daily living have deteriorated and the economy has steadily crumbled. Using a poverty benchmark of 2.1 US dollars per day, the World Bank (2003) reported that 23.2 percent of the population lived in poverty in Palestine in 1999, while the World Bank (WB) projected that poverty had increased to 59 percent by the end of 2002. Unemployment, which was at 16.2 percent in 1998, increased to 37% by the end of 2002. During the first twenty months of the intifada, the overall gross national income (GNI) deficit reached roughly 5 billion US dollars, which is more than the GNI in 1998 and 1999. (US dollars 5.1 billion). Two primary causes of Palestine's economic destruction are closure, namely limitations on the movement of products and people across borders and inside Palestine, and capital loss (World Bank ,2003). The WB (West Bank) estimated the number of Palestinians working in Israel and the settlements at 129,000 in September 2000, while the estimate by the end of 2004 was approximately 32,000. The conflict's concrete cost was projected to be

between 300 million and 930 million US dollars by the end of 2002. Between 1999 and 2002, the real productive investment stock decreased by 1.5 billion US dollars as a result of the fall in investment (Boer and Missaglia, 2006).

Additionally, the second Intifada in 2000 had a severe effect on the Palestinian economy. In 2004, GNP (Gross national product) per capita fell 39.3 percent from 2002 levels, most likely as a result of the second Intifada. While this is a low figure, it is only marginally lower than the 1974 per capita GNP of US dollars (in constant prices). The only other era where per capita GNP fell significantly was during the first Intifada, which began in December 1987 and lasted until the Madrid Conference in October 1991. The two Intifada eras are the only two in which the per capita GNP saw large and sustained declines. Exports per capita decreased from US dollars 278 in 1999 to just US dollars 141 in 2002 during the second Intifada (-49 percent). Per capita trade declined from US dollars 1379 to US dollars 987 (-28%) during this period, although income from foreign labour reduced from US dollars 294 to US dollars 86. (-71 percent). Due to the fact that nearly all exports, imports, and foreign profits pass via Israel, the fall in GNP during the Intifada is largely due to the poor economic-political ties with Israel throughout the Intifada times (Abadie and Gardeazabal ,2008).

## 1.4 Political conflict's economic impact on Palestine:

The Palestinian economy continues to struggle after nearly a decade of occupation. Physical infrastructures, such as transportation networks, electricity grids, and wastewater and sewage treatment facilities, are in disrepair. As a result, in 1994, an extensive restoration and reconstruction effort supported by international assistance began.

Since the signing of the Israeli-Palestinian Declaration of Principles in September 1993, commonly referred to as the Oslo accords, foreign donor organisations have committed significant economic resources to peacekeeping activities. These resources have been allocated

to strengthen the Palestinian Authority's capacity, to make real improvements in Palestinians' everyday lives, and to create the basis for future sustainable development. However, 10 years of foreign assistance inflows resulted in the economy deteriorating rather than recovering (Farsakh ,2001). Even while nations experiencing internal strife received the most foreign aid, they frequently failed to produce meaningful medium- or long-term progressive outcomes. However, aid has frequently been channelled into non-developmental initiatives that have proven unsustainable in the face of war or have vanished entirely at the hands of recipient governments or donor agencies. At worst, help has slowed or exacerbated fighting in certain instances. While donor priorities such as institution building, governance and legal reform, democracy promotion, and private sector growth may be beneficial in 'normal' conditions, they are unlikely to help to the economic recovery of a conflict-affected economy (Taghdisi-Rad, 2010).

Keeping in mind the country's peculiarities, we should not forget the fact that Palestine was expected to have a post-conflict environment and achieve genuine growth between 1994 and 2000, thanks to the international community's massive funding to the Palestinian Authority, but this did not happen. Additionally, in September 2000, the second Intifada began, precipitating a precipitous descent into a harsh and murderous war, jeopardising the efficacy of international aid in response to the PA's political interferences. While poverty alleviation is the primary goal of many aid programmes, promoting security is also a significant and justifiable goal. Collier and Dollar (2001) emphasised that war is a primary source of poverty and that establishing peace is a vital precondition for development. While the link between poverty and conflict is not clear, it does appear to exist. Violent conflict may not only cause economic, social, and political upheaval, but may also create new economic activity such as military industries and foreign aid (Cramer, 1997).

One of the most significant development programmes of the 1990s was the recognition of the critical role of aid programmes in conflict environments in conflict prevention and post-conflict peacebuilding, Strategies aimed at aiding communities and rural populations in preserving their livelihoods are of special interest. As defined by the United Nations, peacebuilding is any activity that aims to prevent the outbreak, recurrence, or continuation of armed conflict. As such, it encompasses a wide range of political, developmental, humanitarian, and human rights programmes, as well as certain mechanisms mandated by Security Council resolutions. At its core, this notion asserts that the most effective way to prevent conflict is to address its root causes, which are frequently related to meeting the social, political, and economic needs of impoverished and disadvantaged groups, who are disproportionately vulnerable to all forms of violence in society Despite the fact that the Palestinian–Israeli conflict might be classified as a civil war (Wood et.al, 2001).

Collier and Hoeffler (2002) suggested that countries emerging from violence are unusually in need of financial resources as well as policy assistance. Their societies are frequently quite vulnerable, and the international development community's approach should reflect this. The authors concluded that the primary policy priorities should be social policies first, sectoral policies second, typically with the same priority as in other situations, and macro policies last, in comparison to an otherwise similar society without a history of recent conflict. Additionally, they discovered that actual policy gains during the first decade of peace do not appear to reflect these primary concerns: all policies except governance appear to have improved in lockstep.

There is an inherent danger of war resurfacing in nations with a lengthy history of violence. Aid may immediately mitigate this hazard through growth programmes and poverty alleviation initiatives. Aid has a tendency to stimulate growth, which decreases the likelihood of violence (Collier and Hoeffler, 2002). Similarly, any assistance aimed at reducing poverty may likewise help to peacebuilding. Collier and Hoeffler (2002) highlighted that, historically, donor

responses to post-conflict circumstances have been inefficient in terms of poverty alleviation. They discovered that the greater the per capita income, the lower the probability of conflict; conversely, the slower the growth rate, the greater the danger of war.

Elonen and Artto (2003) argued that evaluating the effectiveness of development projects in peace and conflict environments is distinct from evaluating them in a conventional sense, or in non-conflict countries, because its scope extends far beyond the outputs, outcomes, goals, and objectives of conventional development projects or programmes. As a result, it is quite conceivable for a project to fail on narrow developmental criteria yet thrive on wider peace-building criteria. Likewise, the reverse is true. It is conceivable for a project to succeed in terms of predetermined developmental criteria yet fail in terms of having a favourable effect for peace, which was Israel's primary objective.

Unfortunately, neither poverty reduction nor peace have been sustained in Palestine. As Wood et al. (2001) argue, foreign aid may have failed to adequately address the fundamental causes of war. Since September 2000, the continuing war has paralysed the economy. Now, both the international world and the Palestinian Authority are primarily concerned with political concerns, ignoring the country's social and economic growth.

Barro (1991), Fosu (2001), and Gounder (1999) agreed that political instability impedes the adoption of growth-enhancing economic reforms, decreases production from existing resources, and limits the availability of inputs such as human and physical capital. Both the Japan and World Bank (1999) and UNCTAD (2006) concluded that the Palestinian economy was running at a significant fraction of its capacity, to capture the specific negative effects of political instability, such as the disincentive to invest and crowding out of private investment, which has been argued earlier in this chapter to be the primary source of employment

opportunities, Gyimah-Brempong and Traynor (1999) discovered that political instability has a direct negative effect on growth and an indirect effect via discouraging investment

## 1.4 COVID-19 devastation impact on Palestine's economy:

In its current state of occupation, the Palestinian National Authority lacks the policy space and economic resources necessary to address the enormous challenge posed by the pandemic. According to the most recent UNCTAD research, COVID-19 worsened already precarious economic circumstances in the Occupied Palestinian Territory (oPt). The epidemic occurred. The pandemic struck at a very trying time for the PA. According to the same research, even before to COVID-19, Palestinian economic forecasts for 2020 and 2021 were already pessimistic, with GDP per capita decreasing by 3% to 4.5. Poverty and unemployment remained high, and GDP per capita decreased for the third consecutive year as the Palestinian economy continued to struggle in 2019 and the first half of 2020. (Mahayosnand, 2020).

In 2019, real GDP increased by less than 1%, a far lower increase than the previous two years. The West Bank recorded its worst growth rate since 2012 (1.10 percent), while Gaza saw practically no growth as it struggled to recover from two consecutive GDP declines of 7.0 percent and -3.8 percent in 2017 and 2018. UNCTAD regularly assesses and reports on the Israeli economy's economic effects. Occupation of Palestine in accordance with various UN General Assembly resolutions (Mahayosnand, 2020).

Fiscal constraints and their distribution continue to wreak havoc on the Palestinian economy to this day. According to UNCTAD, Palestinian fiscal resources are diverted to the Israeli budget on an annual basis at a rate of 3.7 percent of GDP or 17.8 percent of total tax collections (Mahayosnand, 2020).

Additionally, in March 2021, a new annual deduction of 144 million dollars from Palestinian clearance revenues was implemented, equating to payments made by the Palestinian National

Authority (PNA) to families of Palestinians imprisoned in Israeli jails or killed in attacks, or alleged attacks, against Israelis. The financial loss incurred by occupation has been worsened by the PNA's significant reduction in donor funding. Budget help from donors decreased from 32% of GDP in 2008 to 3.5 percent in 2019. According to the UNCTAD study, Israel's policy approaches, the loss in foreign donor assistance, and the resulting poor economic presentation have all contributed to a severe deterioration of the opts socioeconomic situation. The recession-era unemployment rate of 30% in 2018 increased to above 34% in 2019, while poverty increased from 25.8 to 29.2 percent between 2011 and 2017, before deteriorating. 80% of Gaza's population is dependent on unpredictable international handouts, lacks food security, lacks sanitation resources, and lacks access to appropriate health care, electricity, and safe drinking water (Mahayosnand, 2020).

### 1.4.3 COVID-19 and the economic conflict:

To manage, restrict access. Since its detection in the oPt in early March, COVID-19 has had significant financial consequences. Within a month after the epidemic, the PNA's revenue from commerce, tourism, and transfers had fallen to its lowest level in 18 years. Increased investment in health, social well-being, and private-sector assistance necessitated by the epidemic worsened financial difficulties. While the Palestinian economy has historically relied heavily on both state and private remittances, both are expected to diminish as the illness progresses. Donor funding is expected to decrease to around 260 million USD in 2020. the lowest level in almost a decade Various estimates indicate that the pandemic would cost the economy between 7% and 35% of GDP, depending on the intensity and duration of the epidemic. Financial revenues are anticipated to decline in lockstep with GDP during the next few years (Mahayosnand, 2020).

## 1.5 Need for the Study:

The need for this research stems from the complex relationship between the massive amounts of aid received (by government institutions and non-governmental organisations) and development indicators such as education, health, employment, and unemployment rates, and gender equality, as well as annual economic growth achieved, in addition to basic needs services. Government institutions and non-governmental organisations (NGOs) receive assistance to provide services and accomplish development goals in the Palestinian community, particularly in the health, education, and infrastructure sectors.

In the Palestinian territories, government institutions and non-governmental organisations are regarded as the primary service providers. They receive nearly all of their annual funding from aid, which means that aid plays a critical role in the work of Palestinian institutions in providing services to the Palestinian community, and it is for this reason that it is worthwhile to examine these institutions' work specifically regarding their management of foreign aid. This study is expected to offer adequate information for players in Palestinian institutions, particularly those involved in foreign aid management, to strengthen and promote efficient foreign assistance management in Palestinian organisations (De Voir and Tartir, 2009).

Table (1) The below illustrates the amount of aid received by the Palestinian Authority per year from 1993 to 2018. When the PA was established following the Oslo agreement, approximately in 1993 178,000,740 million dollars were delivered to the Palestinian organisation, increasing to approximately 2,000,255,000 in 2018. This represents a significant increase in aid and reflects Palestinians' reliance on aid to deliver basic services.

*Table 1*

| Year | Amount | Year | Amount |
|---|---|---|---|
| **1993** | 178,740,000 | 2008 | 2,470,080,000 |
| **1994** | 471,980,000 | 2009 | 2,826,680,000 |
| **1995** | 514,110,000 | 2010 | 2,518,700,000 |
| **1996** | 552,410,000 | 2011 | 2,441,970,000 |
| **1997** | 613,030,000 | 2012 | 2,011,430,000 |
| **1998** | 612,570,000 | 2013 | 2,610,410,000 |
| **1999** | 580,550,000 | 2014 | 2,452,300,000 |
| **2000** | 684,500,000 | 2015 | 1,900,710,000 |
| **2001** | 997,590,000 | 2016 | 2,110,640,000 |
| **2002** | 971,610,000 | 2017 | 3,010,490,000 |
| **2003** | 1,041,840,000 | 2018 | 2,000,255,000 |
| **2004** | 1,160,840,000 | | |
| **2005** | 1,015,710,000 | | |
| **2006** | 2,360,250,000 | | |
| **2007** | 1,717,110,000 | TOTAL | **31,557,645,000** |

*Table 1 Aid Total Development Aid and Recurrent 1993-2018* ***Source: May 8, 2018 - World Bank***

## 1.6 Statement of the Problem

Since 1994, when the Palestinian Authority was created in accordance with the Oslo Accords, a sizable amount of international assistance has been poured into the Palestinian economy. Between 1993 and 2016, the Organization for Economic Cooperation and Development (OECD) estimates that more than $35 billion in aid was spent on the West Bank and Gaza Strip (Tartir, 2017). Additionally, it is critical to highlight that more than 70% of government expenditure is supported by foreign aid, the EU pays the monthly wages of government personnel, and international aid totally funds infrastructure, hospitals, and schools (World Bank, 2013). Concerning NGOs, the majority of their yearly budgets are funded by

international aid. Approximately 80% of the budgets of Palestinian NGOs are supported by external donors, primarily from the EU and the United States (Gerster, 2011). Despite receiving substantial help, poverty rates have increased by more than 60%, while unemployment rates vary between 30% and 50%. (Qamhieh, 2002).

According to Palestinian Central Bureau of Statistics, Gaza's unemployment rate grew by 3.6 percent in the second quarter of 2020 over the previous quarter and by 2.4 percent over the second quarter of 2019, to 49.1 percent.

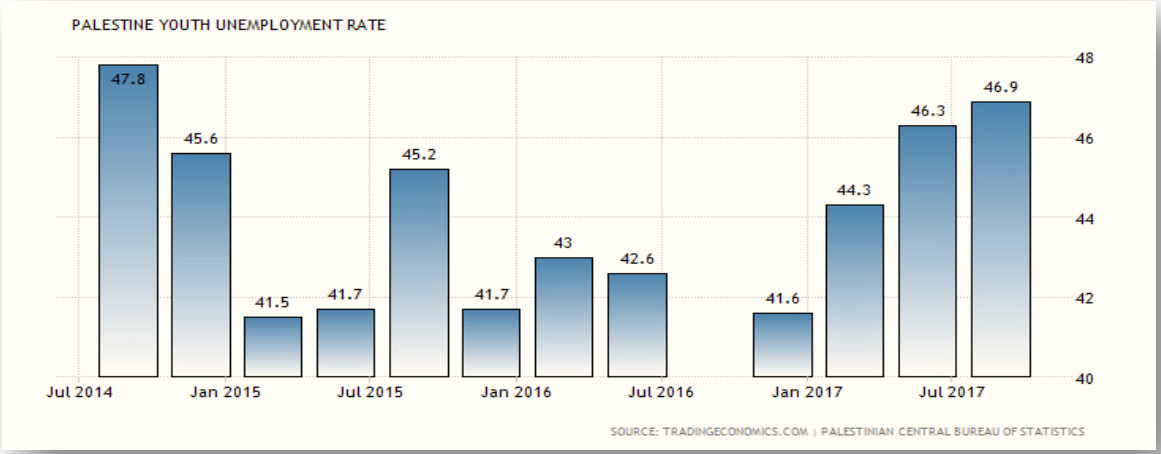


*Figure 4* ***Unemployment among Palestinian, 2017***

***Source: Palestinian statistical bureau, 2017***

Despite the high-volume influx of international aid, deficiencies in the budgets of the Palestinian Authority and NGOs are always prevalent, according to (Palestinian Reform development Plan) PRDP (2017) (Knudsen and Tartir, 2017). Furthermore, economic conditions in the past ten years have

severely deteriorated, and the developmental indicators and annual economic growth, are both in decline, in addition to significant ongoing weaknesses in the main services sectors, including in health, education, and infrastructure (World Bank, 2013)

Figure 5 below shows the GDP annual growth in Palestine. The severe fluctuations in the %ages between 2014 and-2018, sometimes exceeding 10% in negative figures are highlighted. Even as recently as 2018, the numbers are declining. There has been huge debate among economists as to whether there were any positive GDP figures because of aid being pumped in the economy, which despite that economic sector are not doing well.

*Figure 5* ***GDP annual growth in Palestine Source: Palestinian central bureau for statistics 2018***

Along with these economic data, many studies have been published raising concerns about possible corruption inside Palestinian organisations. For example, an EU investigation published in 2014 indicated that financial corruption inside the PA resulted in the loss of around €2 billion in aid provided to the West Bank and Gaza Strip between 2008 and 2012. (EU, 2014). According to The Sunday Times, there is a huge disparity in how European money is spent and managed in the Palestinian territories (Ramahi, 2013). Other World Bank (2011) studies assert that corruption has resulted in the disappearance of vast sums of money, particularly from international aid. Additionally, a study by Transparency International, an international non-governmental organisation dedicated to combating corruption and renowned for its yearly study on the global corruption index, emphasised the growth of corruption among the West Bank's security forces as a result of the lack of the Palestinian Legislative Council's supervisory

function. This had a detrimental influence on the security sector's integrity and undermined the effectiveness of security institutions' oversight (Transparency International, 2018).

Similar studies have emphasised the enormous amount of money given to security, which accounted for around 35% of the PA budget, while 20% was provided to both the critical sectors of education and health (Lambsdorff, 2011). Furthermore, 76 percent of Palestinians feel the PA is corrupt, according to a July 2000 study done by the Palestinian Centre for Policy and Survey Research (Figure 2). Later that year, in May 2006, the same survey was repeated, and the percentage of respondents above the age of 18 climbed to 83 percent (Le More, 2008).

Although other reports about possible corruption and misuse of foreign aid in the Palestinian Authority have been revealed by international organisations, it was surprising that the first report about possible corruption was produced by the Palestinian Legislative Council itself and examined the use of public funds, particularly foreign aid. While this report was questioned for its veracity due to the fact that it came from PA authorities and the public lacks faith in PA top officials, it was a sign of the prevalence of corruption inside the PA organisation. The General Control Office analysed this report and determined that about $326 million, or almost one-third of the PA's annual budget, had been abused or squandered (Aman, 2013).

The World Bank issued research on corruption in the Palestinian Authority in 2011. According to their research, one of the primary reasons of corruption is a lack of openness and accountability in the management system's processes and rules (World Bank, 2011).

Figure 5 represents public opinion in Palestine in 2012 on the Ministries most prone to corruption. It's worth noting that the Ministry of Finance had the highest perceived corruption rate, despite the fact that it serves as the major source of financing for other ministries.

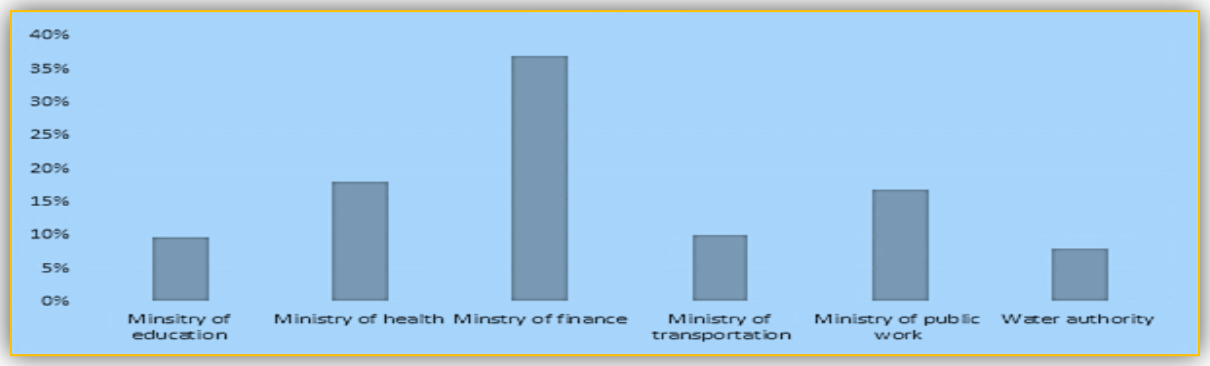


*Figure 6* ***The Coalition for Accountability and Integrity AMAN. Ministries most prone to corruption in Palestine in 2019***

## 1.7 The Palestinian Economy:

In 1994, following the September 1993 revolution in Israeli-Palestinian discussions that culminated in the Statement of Principles, the PLO and Israel struck an agreement in Paris about economic ties. The Economic Procedure, as the accord is referred to, established the de jure system for a five-year period between 1994 and 1999. Ironically, the Palestinian economy has suffered a serious crisis since the Paris accord, resulting in, among other things, a series of border closures. These restrictions peaked during the 'second Intifada,' which erupted in September 2000, and created impediments to labour and commercial movements (World Bank, 2001).

Unlike other economies, the Palestinian economy requires national strategic management and a self-monitoring mechanism, as it has never been adequately governed by Palestinians. This is despite the fact that the peace process began in 1993. Since Israel's occupation of the WBGS (the occupied Palestinian territories) in 1967, the economy has seen major changes, primarily due to external causes such as employment in Israel and the wealthy Arab Gulf 5 States, as well as the number of external donations. Since the first Gulf War in 1991, Israel's onerous

restrictions on the movement of persons and commodities in the Palestinian territories have had a severe effect on the economy (Democracy and Workers' Rights Centre) (DWRC, 2003).

Between 1967 and 1991, the Palestinian economy grew at an average annual rate of 4.5 percent (World Bank, 1993a). The Palestinian economy as a whole performed poorly throughout the aforementioned transitory period, driven by negative growth rates. For example, between the end of 1992 and the end of 1996, the West Bank and Gaza Strip's actual GNP fell by 18.4 percent, from about 5,000 million to approximately 4,100 million US dollars (World Bank, 2017).

Bennett et al. (2003) claimed that in order to have a better understanding of the variables influencing macroeconomic trends in WBGS, it is necessary to recognise the Palestinian economy's reliance on Israel. This economic dependence is the result of a number of causes. To begin, the Israeli labour market has historically been a significant source of work and income for a large number of Palestinians. Second, Israel is by far the WBGS's largest trading partner. Thirdly, Israel collects taxes on behalf of the Palestinian Authority (PA), which typically accounts for around two-thirds of the PA's overall revenue.

Israel's closure policy is not the sole factor contributing to the Palestinian economy's decline. Other causes have aided in its current state. Dajani (1998) referred to the Palestinian economy as "a siege economy." According to him, this is because three key actors have adopted three distinct policies that are impeding Palestine's economic growth. On a global scale, there are donors and their financing policies; on a regional scale, there are Israelis and their closure policy; and on a domestic scale, there are Palestinians and their investment strategy. The diversity of policies and entities pursuing policy in the Palestinian economy has resulted in a unique economic situation that sets this study apart from prior research on the efficacy of foreign assistance management. The purpose of this study is to examine the function of the PA

administrative system, namely foreign aid, as well as the PA's governance quality in the administration of foreign aid (World Bank Group, 2017).

**This research will be addressing the following aim, questions, and objectives:**

## 1.8 Research Aim:

The research aim is to explore the effectiveness of aid management in Palestinian organisations, through analysing and examining organisational procedures and policies regarding managing international aid.

## 1.8.1 Research Objectives:

In order to achieve the aim of the study the researcher established three objectives as follows:

1) To examine the administration of aid within the current management system, concerning the regulations and procedures of managing projects funded by international aid.

2) Identify measures of performance around selected indicators including effectiveness, efficiency, accountability and monitoring & evaluation within the organisations 'management process.

3) To create a better understanding of how aid is being managed, to allocate and detect the reasons behind any mismanagement and ineffectiveness of development aid to Palestine and examine the reasons that help it to reproduced and maintained.

## 1.8.2 Research questions:

1) In what way is the progression of mismanagement and ineffectiveness of development aid to Palestine reproduced and maintained?'

2)Are there any standard measurements being used regarding, regulations, and procedures, when addressing managing foreign aid?

3) How is governance reflected in regulations, and procedures?

## 1.8.3 Research Methodology

The pertinent literature has been examined in order to gain a better knowledge of the many methodologies and techniques used to measure the efficacy of assistance management and to identify the factors, indicators, and circumstances that may affect aid management performance in developing countries. On the basis of this knowledge, a collection of questions has been developed and aimed to elicit direct responses regarding respondents' experiences, views, attitudes, and beliefs regarding the efficacy of assistance management.

A qualitative analysis approach was used to observe the social fabric and deeply human influence of the environment research. Several case studies were chosen, and data were obtained via semi-structured interviews. The interviews are designed to foster knowledge and to elicit responses from respondents on the connections between aid management, governance, donor behaviour, and any other issues that may affect assistance management. This technique enables the collection of intensive and targeted data, as well as the enrichment of the study by providing a more complete image, as well as a better explanation and comprehension of the research issues.

## 1.9 Main Theory:

A comprehensive assessment of the literature resulted in the establishment of an acceptable theoretical framework for explaining the study's findings. The research is primarily concerned with institutional theory and the need of good governance as a prerequisite for improved organisational performance (Dimaggio and Powell, 1983). This aims to explain the impacts of many variables on the operations of organisations, including organisational structure, leadership, managerial system, political, economic, social, and other external factors, with a particular emphasis on aid effectiveness (Powell and DiMaggio, 2012). According to the idea,

organisations' structures, processes, and principles are heavily impacted by external forces rather than rational optimization (Powell and DiMaggio, 2012). Additionally, the existence of external variables might have a major impact on an organization's operational policies. Within this paradigm, factors that may influence an organization's behavioural decisions have been discovered and described (DiMaggio and Powell, 1983; Hsu and Hasmath, 2014).

Thus, good governance theory is a theory of governance that defines certain fundamental rules for the administration of a good government, regardless of its form. Accountability, control, responsiveness, openness, public involvement, economy, and efficiency are some of these concepts. In summary, the idea of good governance is intended to incorporate all of the concepts outlined above, as well as several more (Minogue, Polidano and Hulme, 1998).

Additionally, the IMF report (2012) adds that good governance, in all of its manifestations, is achieved through upholding the rule of law, enhancing the efficiency and accountability of the public sector, and combating corruption as necessary components of a framework in which economies may thrive. Adding UNDP (2007) also advocates eight characteristics in addition to the basic pillars of good governance: political involvement, rule of law, transparency, responsiveness, consensus, equality and inclusivity, efficiency and effectiveness, and accountability.

Thus, the accountability mechanisms established by organisations that rely heavily on aid may not be fully logical; they may be impacted by the institutional context mandated by donors, governments, regulatory agencies, and professional associations, among others. In consequence, conformity to these institutional factors may justify and promote an organization's legitimacy and existence. According to contemporary institutional theories of good governance, organisations are passive conformers to institutional constraints as they automatically respond to donor demand to demonstrate good governance. However, the use of

strategic response demonstrates that organisations are not reactive to institutional constraints but may develop plans and methods to deal with them (Elbers and Arts, 2011; Hsu and Hasmath, 2014; Rauh, and Sufi, 2010).

## 1.10 Key Literature:

One of the key literatures of the intuitional theories is The Bourdieusian theory with its focus on formative practices within organizations and the logic underpinning such practices, conceived as customary, habitual, or naturalized ways of doing things (Bourdieu, 1990). Hence Bourdieu's appeal to the strategy-as-practice school (Burgelman, Floyd, Laamanen, Mantere, Vaara, & Whittington, 2018; Jarzabkowski, 2004; Whittington, 2006). What Bourdieu brings to the study of strategy is a deep understanding of the dynamics of power in organizations, fields and society, and a conceptual arsenal that enables power effects to be identified and subject to the critical gaze.

A study of the existing research on organisational governance indicated the presence of various linked aspects that should be present, notably upward, and downward (Ahmed et al., 2012; Awio et al., 2011; Jordan et al., 2005; O'Dwyer and Unerman, 2007; Unerman and O'Dwyer, 2010). It is suggested, based on a review of relevant research, that assistance funds and other resources from donors should be used to provide services for the benefit of society in order to alleviate social suffering and poverty (Banks and Hulme, 2015; Brass, 2012; Fowler, 2013; Mercer and Green, 2013;). This arrangement, in which recipient countries use donor resources to provide goods and services to beneficiaries, has resulted in the emergence of several factors that contribute to good governance, the most important of which are accountability, transparency, mobilisation, and evaluation (Ahmed and Hopper, 2014; Awio et al., 2011; Banks and Hulme, 2012; Burger and Seabe, 2014; Ebrahim et al., 2014; Unerman and O'Dwyer, 2014). According to researchers, accountability, defined as the relationship between

a recipient organisation and its donors to ensures that these organisations can access and spend designated amounts of money and other resources from donors/funders on designated projects (Agyemang et al., 2012; Baur and Schmitz, 2012; Unerman and O'Dwyer, 2012; Najam, 1996).

Accountability, in general, also facilitates the fulfilment of contractual commitments between recipient nations and donors/funders. Downward accountability, on the other hand, refers to the link between contemporary organisations and their beneficiaries (Agyemang et al., 2012; Banks and Hulme, 2012; Baur and Schmitz, 2012; Unerman and O'Dwyer, 2012). The claim is made that strong governance enables these organisations, referred to as "recipients," to include beneficiaries in project decision-making and to learn and acquire indigenous knowledge about the process (Banks, Hulme, and Edwards, 2015; Unerman and O'Dwyer, 2012).

Moreover, it tries to encourage donors to be adaptable in their approach to holistically fulfilling the needs of recipients. It is informal and emphasises the need of ongoing interaction amongst parties (Banks and Hulme, 2012). Notably, accountability and transparency are qualitative, open, and participatory processes that benefit many stakeholders and allow for pluralistic negotiation (Banks and Hulme, 2012; Unerman and O'Dwyer, 2012).

It is believed that accountability is one of the most critical aspects that should exist to promote effective governance (Agyemang et al., 2012; Ahmed and Hopper, 2014; Awio et al., 2011; Banks and Hulme, 2012; Baur and Schmitz, 2012). Despite the imposition and dubious acceptance of accountability in beneficiaries' organisations, the number of mismanaged and unsuccessful financed projects, as well as numerous controversies, has increased significantly globally (Gibelman and Gelman, 2004; Trivunovic et al, 2011).

To this aim, the literature study highlights the growing number of demands for beneficiaries' organisations to take a more comprehensive or holistic approach to accountability,

transparency, and monitoring that incorporates and enhances good governance (Agyemang et al., 2012; Ahmed et al., 2012; Awio et al., 2011).

## 1.11 Structure of the Thesis:

This thesis will continue with seven further chapters. The next chapter conducts a comprehensive examination of the pertinent literature on foreign aid and its efficacy. The chapter discusses the limits of the econometric models that govern the literature in light of recent debates among major writers in this field of study in order to emphasise the conditions necessary for enhancing assistance management effectiveness.

Chapter three's first section examines the historical, geopolitical, and socioeconomic forces that created the study's background. This is done on the idea that it is critical to comprehend the many components that contribute to the formation of the setting under study. As a result, a historical study of significant political events was essential to relate the present research topic to its origins and to gain a deeper understanding of the observed people and groups' behaviour and views.

To get a better understanding of the topics discussed in this thesis, it was determined that an examination of the Palestinian economy's historical context would be beneficial. Chapter three recounts Palestinian history and provides an overview of the Palestinian economy since Israel's occupation began in 1967. This chapter splits history into two distinct eras. The first spans the years 1967–1993. This era is defined by Israel's complete dominance over the Palestinian economy. The second phase, beginning in 1993, examines the self-rule era, focusing on efforts to rebuild the economy through the infusion of massive sums of foreign aid.

Chapter four details the breadth of corruption inside the PA as determined by the General Control Office and other international agencies, as well as some of the more apparent methods used. Additionally, it gives vital information regarding the enormous impact of corruption on

the economy and foreign assistance allocation, given the enormous potential for misuse of public funds, especially international aid. Moreover, this chapter will highlight the hidden reasons of maintaining and reproducing a corrupted system, and how the regulations and rules being used to maintain on aid mismanagement and failure of achieving aid development as a result.

Chapter five discusses the study's aims and research topics. Additionally, it provides vital information on my path from the start of my inquiry. The chapter discusses the thesis's evolution and defends the methodological choices used. Furthermore, it discusses the research's setting, participant demographics, and the case studies chosen for the study.

Chapter Six analyses field data, mostly replies to open-ended questions during semi-structured interviews. The background of the Palestinian climate is examined, as are the primary economic challenges identified by respondents. The chapter examines many negative indicators in state finances, with a particular emphasis on foreign aid. Additionally, it emphasises the problems and difficulties inherent in administering foreign aid efforts. The chapter discusses the degradation of Palestinian organisations and who is responsible, whether the Palestinian Authority, Israel, or donors.

Chapter Seven examined and classified the findings from each of the qualitative data analysis's themes. The four subjects are the starting prerequisites of good governance for recipients, the corruption culture, the Israeli occupation, and donor interests. The shifting public perceptions of the Palestinian economy, as well as the connections and relationships between many components, such as corruption culture, individualism, returnees, donor interests, foreign assistance efficacy, and political intervention, are examined. Chapter Eight also summarises the thesis's contribution to the literature on the efficacy and administration of foreign aid. The chapter highlights the study's major results and discusses the dynamics of the corruption

culture. The chapter addresses both methodological and empirical difficulties addressed in the thesis. Finally, this chapter discusses the thesis's merits and shortcomings and makes recommendations for further studies.

# Chapter (2)

# *Literature Review*

## Institutional Theories & Foreign Aid Effectiveness

## 2.1Introduction:

There is considerable literature can be found on the topic of foreign aid generally, as well as other literature with a focus on the impact of the existing conflicts on aid and to examine the negative impact of these conflicts on and its effectiveness. However, none of the literature published has its major focus on the internal administration system in the Palestinian organisations with main concentration on managing foreign aid. This examines relevant literature starting with institutional theories related to good governance and management practices.

The second part of the discussion on governance will be expanded to focusing on the major component of good governance which includes literature concerning, accountability, transparency, monitoring and evaluation, which creates the main core of the theoretical framework. The third sub-set of the literature to be examined is on good practice which includes the main elements of aid management effectiveness, communication, rule of law and its role in achieving the success of management effectiveness.

## 2.1 Institutional Theories:

New Institutional Sociology (NIS) encourages us to look beyond typical methodologies that consider an organisation as merely a collection of technical processes or a production system in order to better understand them and their evolutions (Scott and Meyer, 1991). In addition to the "technical environment," NIS suggests thinking on the "institutional environment," which refers to the legal and cultural laws and standards that businesses must adhere to (Scott and Meyer, 1991). According to NIS, actors and organisations develop shared systems of meanings within an organisational field (defined as "sets of organisations that, in the aggregate, constitute an area of institutional life; key suppliers, resource and product consumers, regulatory agencies, and other organisations that produce similar services or products" (DiMaggio and Powell, 1983). The transmission of these shared convictions is being studied as the discipline of management control is typically better documented in terms of change through control systems, and dissemination channels are made more evident than in organisational theory (for examples, see Ansari and Euske, 1987; Covaleski and Dirsmith, 1988; Covaleski et al., 1993; Abernethy and Chua, 1996; Collier, 2001; Siti-Nabiha and Scapens, 2005). However, we lack a method for describing the institutionalisation process, and the process of decoupling is still poorly understood (Siti-Nabiha and Scapens, 2005). In this context, the analytical method proposed by Hasselbladh and Kallinikos (2000) may be useful in comprehending the institutionalisation process at work in an organisation. They suggest looking at the institutionalisation process's principles, narratives, and control techniques.

It trenches elite actors against one another while also offering the institutional conditions for collaboration through the establishment of issue-based alliances with time limits (Maclean & Harvey, 2016; O'Mahony & Bechky, 2008).

Elite actors strive to influence societal decision-making processes, resource flows, opinion formation, and larger logics of action by enhancing commitment to specific projects or

objectives or the status quo through networks created inside the sphere of power. They inform collective systems of meaning as suppliers of legitimising myths (Creed, Scully, & Austin, 2002). They use their social abilities to direct power and shape action, according to Fligstein (1997) it is essential that their actions are legitimized by wider public perceptions of civic-mindedness and disinterestedness (Bourdieu, 1996), since, as Fligstein (1997, p. 400) argues, 'if others think that one wants something and that it is narrowly for selfish purposes, then they are unlikely to try to negotiate'.

According to Harvey et al (2020). Bourdieu brings to the study of strategy a profound awareness of the dynamics of power in organisations, fields, and society, as well as a conceptual armoury that allows power effects to be discovered and subjected to the critical gaze.

Several authors used the word "institutional" to refer to elements of organisations that are concerned with their external and surrounding contexts. Effective perceptions of an organisation are required in order to ensure the flow of essential resources. An early remark by a prominent proponent of the school, Parsons (1956), who presents a "cultural institutional" view on organisations in the first issue of the Administrative Science Quarterly, exemplifies structural of the superordinate system's generalised ideals, Parsons (1956) asserts. In this setting, the tasks necessary to manufacture commodities were organised in three layers: on the bottom, technical tasks (such as manufacturing chores); in the centre, management duties (such as coordination and control); and on top, institutional tasks (administration of external connections) (Parsons, 1960). According to Parsons, institutions at the institutional level play a critical role in articulating the link between a specific organization's declared goals and the functioning of the larger external society, allowing that organisation to be seen as legitimate in general.

Despite the significance of institutionalisation in the new institutional theory, there are few explanations for the process. Zucker (1977) is the first to present empirical evidence that institutionalisation occurs inside organisations. To build a behavioural perspective on institutionalisation, Barley and Tolbert (1997) used new institutional theory and structuration theory to develop a framework of institutionalisation that connected behaviours and institutions. To underline the relevance of language processes for institutionalisation, Phillips, Lawrence, and Hardy (2004) integrate new institutional theory with discourse theory (see also Berger and Luckmann (1967); Green and Li (2011).

Selznick (1996) expanded on this notion in a previous study of top management positions and performance, recognising institutionalisation as a vital task for organisational leaders. Following that, institutionalisation entailed linking an organisation with wider societal principles in the public perception, thereby enhancing its long-term sustainability. When organisations expand to embody the community's aspirations and sense of self, they gain value. A company that embraces this symbolic meaning has been successful in gaining public confidence and developing trusting connections (Selznick, 1996, p. 19). As a result, Selznick associates' "institution" with an organisation that has come to represent important cultural values that are necessary for meaningful management success. Selznick's (1996) emphasis on the function of leaders in this process is in line with his previous research on the subject on top management's significant impact and effect on the whole management system (Selznick,1996).

Despite the fact that these viewpoints contributed greatly to a more complete understanding of institutionalisation, the Bourdieu's 1990 theory of practise adds a new dimension to institutionalisation frameworks. It underlines that transmission mechanisms are not limited to language; they may also occur through imitation, or an individual's unconscious copying of the acts of others. Research in social psychology (e.g., Chartrand and Bargh (1999); Dalton, Chartrand, and Finkel (2010), cultural anthropology (e.g., Tomasello (2001); Tomasello,

Kruger, and Ratner (1993), and neuroscience (e.g., Gallese (2009); Iacoboni (2005) supports Bourdieu's claim that imitating is important for cultural learning. Despite the fact that DiMaggio and Powell (1983) mention imitative processes at the organisational field level, institutional theory academics disagree have paid little attention to this approach on the micro-level.

Moreover, via easy access to resources, organisations may rely on institutions to reduce ambiguity and increase their audience's confidence and transparency in their activities. As a result, institutions constrain, but also support/enable, organisational activities and choices that contribute to good governance (Barley and Tolbert 1997). Institutional Theory of Organizations refers to the structure of "organisational fields" in this instance. The notion of good governance has gained popularity as a way to describe how common understandings of organisational designs and practises evolve through time. A prevalent misconception was that organisations are strange concepts that cannot be easily comprehended and that individuals are never reasonable about them (DiMaggio 1995: 395). Experimental investigations have cast doubt on this misunderstanding. For example, Fligstein (1996) examined the development of the multidivisional organisational structure across big institutions between 1918 and 1978 in order to determine the origins of this dispersion. He discovered that organisations were aware of the rise of the multidivisional organisational structure, which refers to an organisational structure in which the organisation is divided into several semi-autonomous units that are guided and controlled by central targets. This structure originated in the surrounding environment and was adopted reflexively by the organization's daily work. Further, Hoffman (1999) demonstrated that governance occurs when organisations or their representatives convene to debate critical issues and influence existing and/or fledgling institutions, which therefore should result in increased openness as a component of effective governance.

## 2.2 Global Governance and Good Governance:

The United Nations Development Program (UNDP) seeks to define the word "governance" by bringing together a set of overlapping concepts that exist in most of the literature and may be universally recognised. These are the principles of legitimacy and representation, accountability, direction, performance, and equity. The UNDP emphasises the importance of public administration and its role in economic development as a tool for defining successful governance and consolidating acceptable state-society interactions under the broader umbrella of "governance." As a global organisation, the UNDP's approach to public administration at the national and subnational levels is to encourage incremental steps toward transforming public administration into a representative, responsive, and democratic institution that serves as an indispensable link between government and society. The UNDP emphasises the critical role of democratic linkages between public administration and its consumers in overcoming barriers to acceptable service delivery and encourages increasing attention to public administration and civil service management (UNDP, 2010).

The UNDP's governance literature may be thought of as an all-encompassing body of work that codifies universally recognised best principles and practises of "good governance." However, its relevance to all areas of the globe, which are characterised by varied governance systems, insufficient development across nations, few resources, and the far-reaching forces of globalisation, continues to be questioned. These issues have re-ignited longstanding arguments about governance and public administration, as well as the interaction between states and non-state actors in terms of meeting societal demands most effectively and efficiently.

It is critical to find some of the most recent literature on governance in the context of this research, as it will contribute to a better understanding of the interaction between state and non-state actors in both developed and unstable situations. According to Wesley (2008), the

majority of the undeveloped welfare state, which supports the ruling state, has driven a great deal of state construction and governance in developed and developing countries alike. Government controls and administration are severely constrained in a governing state's economy and many spheres of service supply. Thus, the government's mission shifted from generating social, political, and economic results to establishing conducive conditions for non-state players, such as the private sector, to do so (Wesley, 2008).

## 2.3 Governance in under-developed Countries' Obstacles and Restrictions:

Which nations are considered to be underdeveloped? Staley (1961) defined an underdeveloped country as "a country marked by widespread chronic poverty that is not the result of temporary misfortune and outmoded production and social organisation, implying that the poverty is not caused by a scarcity of natural resources and thus could presumably be alleviated through methods already proven in other countries" (Staley, 1961). Wesley (2008) stated that despite initiatives aimed at establishing stable systems of public administration, political instability continues to be one of the most significant impediments to state building objectives.

Wesley (2008) emphasises the growing evidence that state-building efforts have been less effective than anticipated, despite the clarity of their tactics and the billions of dollars invested over time. State-building efforts, for example, face growing bloodshed in nations such as Iraq, Syria, and Afghanistan. Additionally, in early 2006, state-building initiatives in East Timor and the Solomon Islands encountered unresolved conflicts and societal instability, resulting in violent riots. Bosnia and Kosovo are far from having functioning governments and self-government, while the Democratic Republic of Congo remains weak despite international assistance for state formation (Wesley, 2008).

Developmental difficulties are inextricably linked to governance issues. Unless local, regional, and national governments effectively carry out their given responsibilities, no respite from poverty, illness, illiteracy, crime, and civil conflict will be found in the developing world. International organisations, non-profit organisations, and market powers can only accomplish so much (Kraatz & Flores, 2015).

Additionally, this critical truth has been widely recognised in recent years. Over the last few decades, researchers and policymakers have focused on governance issues, including democracy, corruption control, capacity building, electoral systems, and jurisdictional systems. It is now widely accepted that growth will occur only if a society has "excellent institutions," and many of these institutions are either intrinsically or indirectly political. Thus, the establishment of effective property rights is contingent upon the existence of a legal system and its enforcement; they do not and cannot exist independently of government. Similarly, developing a robust civil society is nearly difficult without developing powerful official institutions of government (Dingwerth, 2008).

Nonetheless, Wesley (2008) identified corruption as another significant issue. Corruption and political instability both contribute to an atmosphere of distrust and mistrust between local authorities and state-building missions. Certain core budgetary principles are neglected in this atmosphere, and efforts to establish transparent and effective governmental institutions continue to meet obstacles (Wesley, 2008). Furthermore, Wesley (2008) emphasised that a fundamental failing in state-building efforts is the notion of the state as a self-contained entity that is unrelated to the economy, politics, or society. He underlined how foolish it is to consider the state as apart from the political, economic, and social spheres of influence; a true, stable state can only arise through forceful understandings, reductions, and categories within these spheres of human activity (Wesley, 2008p. 381). He did emphasise, however, that an essential step toward efficient state formation is acknowledging the broad variety of state forms that

exist now and the fact that new forms will continue to emerge in the future decades. Additionally, a lowest-to-highest approach to state building efforts establishes that a stable and effective state can only be achieved through the cooperation of all segments of society and requires the exchange of some management methods that assert that no single distinct plan for designing the state can be exported and enforced in the interest of enhancing good governance (Wesley, 2008).

Foreign aid is the primary means of supporting the Palestinian economy under the Oslo deal. Foreign assistance policies shape the institutional and socioeconomic realities of Palestinians in the occupied territories, and it is critical to understand their nature and consequences for the Palestinian governmental system and socioeconomic situations.

## 2.4 Foreign Aid in Palestine:

Hever (2010) detailed how Western funding continues to maintain Israeli occupation, therefore extending the political impasse by economically enabling Israel to keep control over the Palestinian areas. According to Hever (2010), the struggling Palestinian economy's inability to support the Palestinian population necessitates humanitarian help. However, the huge sums of money that have poured into the PA since its inception have weakened the Palestinian political movement, alleviated the occupied situation, and slowed the process of finding a sustainable solution to the Palestinian issue (Hever, 2010, p. 28).

According to Tartir (2012), international donors to Palestine distributed about 20.4 billion US dollars in international aid between 1993 and 2012, average US $ 317 per capita year. Between 1993 and 2004, assistance inflows grew from an average of 614 million US dollars per year in 1993 to over 1.7 billion US dollars in 2004. Additionally, the European Community (EC) (including EU and non-EU countries), the United States, and Saudi Arabia have been the major

international donors to the Palestinian territories since the creation of the PA, according to the OECD's online statistics database. Prior to 2003, the EC's total contribution to Palestine was around 2.4 percent of its total aid globally (Taghdisi-Rad, 2010).

Hever (2010, p. 24) drew a distinction between foreign aid and humanitarian assistance, arguing that the two notions should be legally and statutorily distinct, notwithstanding the difficulty of doing so on the ground. He said that whereas foreign aid is typically provided to governments, humanitarian help is frequently distributed to the populace via the mediation of non-governmental organisations. Additionally, although foreign assistance is viewed as a political act intended at assisting a government or policy, humanitarian help is viewed as a political act (Lancaster, 2008). Hever (2010) said that before the 1990s, the United Nations Relief and Works Agency (UNRWA) handled the majority of humanitarian assistance to the OPTs, followed by the World Food Program (WFP) and the World Bank. UNRWA has been the largest and most reliable source of humanitarian assistance to the Palestinian community of refugees since they were forced to flee their homes during the 1948 Nakba/Israeli Liberation War, and it continues to be so to this day (Hever, 2010). The formation of the PA in the OPTs following the Oslo agreements created an opportunity for donors to channel assistance money to the PA, which was believed vital to sustain the Palestinian economy even though the PA remained under Israeli occupation (Hever, 2010).

According to Hever (2010), the current circumstances under occupation, aid was provided to enable Palestinians to establish self-governing institutions and a self-sufficient economy in preparation for Israel's exit and long-awaited freedom. Hever (2010) stated as well that the weakness in this improved rationale was that Western foreign donors opted (by default or purpose) to absolve Israel of its legal and ethical obligation to compensate Palestinians for decades of occupation and economic manipulation.

Globalized Palestine: The National Sell-Out of a Homeland, authored by Regan (2013) established a monthly examination of what he referred to as Palestine's image of development. According to his evaluation of several of his case studies, what has been done in the OPTs in terms of development and foreign aid since the start of the Oslo peace process is nothing more than the embrace of dishonesty. According to Nakhleh (2012), the money sent to the West Bank and Gaza were not intended or designed to assist Palestinians living under occupation in their transition to a free and just society. Rather than that, foreign aid has aided and restructured a coalition of 1) Palestinian capitalist political elites; 2) Palestinian developmental non-governmental organisations; and 3) Multinational aid agencies that are delaying, stalling, and opposing the process of People-Centred Liberationist Development (PCLD) (Nakhleh, 2012, p. 17).

Nakhleh (2012) described PCLD as a process of sustained engagement aimed at increasing the maximum level of individual and collective options available to the human being, the person, the everyday citizen, who is balanced from generation to generation. PCLD aims to strengthen and develop the society's ethnic resources by emphasising and elevating ethnic background and people resources. PCLD development strives to liberate Palestinians from internal oppression, violence, abuse, corruption, and distorted access to sources of power that are used to dominate them.

On the other hand, Roy (2012)'s new book, titled Hamas, and Civil Society in Gaza: Involving the Islamist Social Sector, paints a more nuanced image of Palestinian CSOs. Her book chronicled the origins of Islamic civil society organisations in Gaza and their ties with Hamas, with an emphasis on the grassroots nature of these organisations. Roy (2012) examined the period leading up to and including the Oslo Accords, from the first Uprising in 1987 through the failure of the peace talks and the outbreak of the second Uprising in 2000. She stated that during this era, the violence-controlled political climate and Hamas' position within it were

transformed, therefore boosting Hamas' influence in and purpose for Islamic organisations in Gaza and the West Bank. As a result, the connection between Islamist political and social sectors shifted.

## 2.5 Foreign Aid (background):

Prior to proceeding, it is important to explain what we mean by foreign aid. Foreign assistance may be defined as "the charitable giving of monies by wealthy nations to impoverished nations in order for the impoverished nations to satisfy their people's basic requirements" (Hoy, 1998). Foreign assistance, on the other hand, is classified by the Development Assistance Committee (DAC) as Official Development Assistance (ODA). This definition is considered the technical definition of foreign assistance; foreign aid or ODA is a "concessional transfer of resources, mostly by official organisations; with the primary aim of economic growth and welfare," and is regarded the technical definition of foreign aid (Cassen, 1994). Foreign aid was first given to support a variety of purposes and hence takes on a variety of forms. Morgenthau (1962) utilised political ideas to describe the phenomena of foreign help in 1962, at the height of the cold war, and identified six main forms of aid: humanitarian, sustenance, military, bribery, prestige, and aid for economic growth.

Foreign assistance, it has long been claimed and established, is a major objective for developing nations, in the sense that it assists in the fulfilment of development programmes in such countries. Additionally, during the last few decades, foreign aid has been the primary source of development financing for the majority of developing nations (Goldin, Rogers, and Stern, 2002). Foreign aid, however, may also include the transfer of financial resources or tangible commodities (e.g., food or military equipment), as well as technical assistance or training. Financial contributions can support government financial loans, economic aid, trade, and charitable organisations, as well as military, security, and political assistance (Elayah, 2016).

Nowadays, the most prevalent kind of foreign aid is official development assistance, abbreviated as ODA, which refers to support provided to promote development and alleviate poverty (Williams, 2006).

Foreign aid is by far the major source of external funding in a low-income country. Total post-war aid rose gradually in constant US dollars, reaching a peak of 71 billion US dollars (in 1995 values) in 1991 (World Bank, 1998). The most well-known and understood kind of financial help is in the form of monetary gifts to assist low-income countries in their growth. Thus, for the purposes of this research, the emphasis will be on this element of financial assistance intended to aid in a country's growth.

## 2.6 Foreign assistance objectives from the recipient's perspective:

Economic aid's primary function in developing nations has been widely debated in order to analyse the advantages in terms of macroeconomic influence on development, recipient needs, and donor self-interest, among other factors. According to general declarations from donor countries, foreign aid serves a variety of purposes. Australia's assistance aims, for example, are classified as humanitarian, commercial, and strategic (Hood, 1995).

We have many sorts of help, but the majority of it is aimed toward developing nations. The first is bilateral aid (sometimes known as 'tied aid'), in which the country receiving the aid is required to spend the money on products and services from the country providing it. Second is multilateral assistance, which is funded by high-income nations via organisations such as the United Nations (UN) and the World Bank. However, verified declarations from the US Government indicate that help is intended for humanitarian objectives and to contribute to the long-term economic and social development of low-income nations, while simultaneously claiming that aid should be utilised to enhance national security (Trumbull and Wall,1994)

The literature presents an extremely important question regarding the donors' self-interest, Maizels and Nissanke (1984); Frey and Schneider (1986); Trumbull and Wall (1994)]. In general, this research demonstrates that donors' strategic interests have played a significant influence in aid distribution, whilst commercial interests have been ignored. Additionally, help is supplied to low-income nations, and aid per GDP is significantly larger for countries with less people. Maizels and Nissanke (1984) confirmed and summarised previous research, noting that bilateral aid, which occurs when money is transferred directly from one government to another, is generally allocated to support a donor's perceived foreign economic, political, and security interests, whereas multilateral aid is primarily allocated on the basis of recipient need. Apart from the immediate and long-term economic advantages of development assistance, another type of assistance is institution building. In emerging countries, several educational, commercial, and scientific organisations have been created (Le & Winters, 2001).

There is little doubt that the allocation of foreign aid involves a conflict of interest. In general, there are two distinct reasons for assistance allocation: recipient need and donor interest, which would be complex and confusing if they were combined (McGillivray and Oczkowski, 1992). If assistance is based on recipient need, it will be utilised to stimulate growth, alleviate poverty, and eliminate disparities between developing and wealthy nations. If the donor's interest is the motivation for assistance, then aid will be utilised to further the donor's trade, security, and investment interests. Burnside and Dollar (1997) discovered that factors reflecting donor interest had a larger symbolic value when comparing total and multilateral aid allocations (multilateral aid is different from bilateral aid as it comes from numerous different governments and organisations and is usually arranged by an international organisation such as the World Bank or the UN.). This notion, when combined with the striking result that bilateral assistance is significantly positively related with government consumption, may help explain why foreign aid does not have a more generally beneficial effect on growth.

Alesina and Dollar (2000) claimed that donor nations disburse foreign aid mostly for strategic reasons, rather than to meet the genuine needs of recipient countries. They demonstrate that bilateral assistance allocation is heavily influenced by political and strategic considerations, such as colonial connections and UN vote histories. By contrast, the economic policies or political institutions of beneficiaries play a relatively little role in influencing assistance disbursement. They discover, for example, that non-democratic or former colonial states receive almost double the amount of aid as democratic, non-colonized states.

Clearly, if donor interests and recipient needs are aligned and there is no conflict, foreign aid should have a beneficial effect on the recipient economy, assuming that other economic circumstances are adequate. However, the issue arises when the donor's and recipient's aims are at odds. Cordella & Dell'Ariccia (2001) conclude from their study that where such conflicts of interest exist between the donor and the recipient government, assistance programmes should be tailored to the recipient government's features and aims. Brenner (1999) stated that "for foreign aid to promote development in third world nations, the donor and recipient must agree on a shared definition of development that includes the areas to which foreign aid should be directed." Hudson and Mosley (1996), as well as Svensson (1996), have suggested that when the donor-recipient relationship is seen as a non-cooperative game, foreign aid can have minimal effect on the issues it is meant to alleviate.

While one claimed purpose of foreign aid is to promote progress in the developing countries, the most frequently expressed objective is poverty alleviation. While poverty reduction and growth generally go hand in hand, it is nevertheless conceivable that foreign aid was successful in relieving poverty but had no discernible influence on growth. Aid may also have had an effect on non-poverty-related anti-poverty aims. For example, progress in health, education, and environmental quality are ends in and of themselves, as reflected in the Millennium Development Goals (MDGs). The MDGs – which include halving extreme poverty rates,

halting the spread of HIV/AIDS and providing universal primary education by the target date of 2015 – form a blueprint agreed upon by all of the world's countries and leading deliberative bodies (Dollar and Burnside, 1998).

To summarise, foreign aid objectives can be a blend of donor and recipient interests, which is the most reasonable way to accomplish international assistance goals. Mutual assistance is primarily concerned with serving the donors' strategic interests, whereas joint aid is concerned with meeting recipient needs. It is critical to keep in mind that beneficiary criteria are constantly changing and vary per nation.

## 2.7 Aid objectives (Donor Perspective) conflict of Interests:

"Throughout its history, foreign aid has been intended to offer global development assistance that is considered to be central to ethical goals - donors' ethical commitment to improving the living conditions of the poor in developing countries" (Nigatu, 2015.p2). However, given the modern world's quick speed of development and change, it is impossible to evaluate aid in isolation from the broader political environment - including questions of control, security, philosophy, foreign policy, and national interest. Additionally, assistance is provided to promote a variety of different aims, and hence takes on a variety of shapes. Morgenthau (1962) demonstrated how political ideas were employed to explain the flow of foreign aid during the cold war. He distinguished six main categories of assistance: humanitarian, sustenance, military, enticement, reputational, and economic development assistance.

Wickstead (2015) also observed that help is given for a variety of diverse purposes. According to him, this is contingent on donor desire and purpose and might take several forms, including military, economic, or humanitarian objectives. Although many donors offer foreign assistance to preserve national security, this does not exclude aid from supporting specific sectors and

serving a bilateral purpose focused on the public sector, another specific sector, or assisting multiple organisations multilaterally.

The literature has extensively discussed donor self-interest as a crucial factor in the distribution of foreign aid (Maizels and Nassanke, 1984). Fernandez (2013) argues in favour of this idea, a country's consideration of assistance investment in developing nations is always influenced by its political agenda. Fernandez (2013) noted that all political parties recognise that foreign aid is utilised to further humanitarian, national security, geopolitical, and economic goals. Nonetheless, he argued that it is lawful since they are providing the funds and may impose conditions that promote their interests or at the very least avoid anything that would jeopardise their interests or safety. Sogge (2002) continued in this vein, stating that management responsible for assistance distribution is intent on projecting a political image of foreign aid that reflects their own political views. According to Maizels and Nassanke (1984), the majority of prior research has emphasised the fact that bilateral aid is generally distributed and tailored to promote donors' foreign economic interests and political security.

However, Shirazi, Mannap, and Ali (2009) noted that this does not diminish the specific objectives motivating aid distribution to support development in underdeveloped countries. One such positive impact of aid is institution building, as educational sectors, hospitals, infrastructure projects, and scientific organisations have been established in underdeveloped countries.

Ehrenfeld (2004) noted that despite the significant correlation between foreign assistance distribution and the donor's political and economic interests, aid assists developing nations by funding projects that benefit the public and improve access to health and education for local residents. Additionally, aid promotes a mutually advantageous political connection between donor and recipient countries.

Niyonkuru (2016) argued that if donors and recipients' interests are truly aligned, foreign assistance should have a greater beneficial effect on the recipient economy in the context of strong governance. However, Cordella & Dell'Ariccia (2007) argue that when the donor's and recipient's aims and interests' conflict, assistance policy should be adapted to the recipient's characteristics in order to assure the achievement of aid development goals. Brenner (1999) adds to this by suggesting that in order for foreign aid to be effective in achieving development goals, the donor and recipient countries must agree on development goals and prioritise areas for international assistance. However, Hudson and Mosley (2008) demonstrated that the donor-recipient relationship may be described as a non-cooperative game, and therefore that certain ethical difficulties might result in foreign assistance objectives having minimal influence on the issues they are intended to help or advance.

To determine the efficacy of foreign help in any economy, it is important to first define the precise objectives for which the aid was provided. On a macroeconomic level, one could argue that the literature has failed to establish a conclusive conclusion about whether foreign aid benefits recipients' countries, as the majority of studies are based on cross-country regression analysis, in which different types of aid are provided to accomplish different objectives at different points in time. These studies largely employed inadequate indicators and variables, and in many cases, the data were insufficient, forcing the authors to rely on proxies.

## 2.8 Effectiveness of aid:

The efficacy of aid may be defined as the influence of assistance on growth and poverty reduction in the recipient country (see Burnside and Dollar, 1997; World Bank, 1998; Collier and Dollar 2001; Riddell, 2007). Doucouliagos and Paldam (2006) define aid effectiveness as "the influence of aid on development, particularly accumulation and growth"227).

The debate about the efficiency of assistance and which parties have been more instrumental in achieving foreign aid objectives continues. Despite this, the bulk of current research continue to demonstrate foreign aid's efficacy. Durbarry et al. (1998) expressed worry that a large infusion of aid will exacerbate macroeconomic uncertainty by increasing inflation and re-establishing the real exchange rate. These causal results all illustrate how economic policy has an effect on the efficacy of help. Capacity limitations and institutional decay are inextricably linked to macroeconomic governance; they also reflect ineffective exchange rate management and domestic fiscal and monetary policy (Hansen and Tarp, 2000).

However, the argument over assistance efficacy and its effects on recipient nations' economy has been continuing since the latter part of the 1990s. As Rad (2015) expressed it most succinctly, help works in certain countries but not in others. The topic of whether or not help works has been examined from a variety of angles and interests in order to determine its efficacy (Wickstead, 2015). The outcome of aid is evaluated at both the macroeconomic and microeconomic levels, as well as via a case study of a specific nation (Tarp and Hansen, 2003). Additionally, academics and scholars have utilised a variety of metrics to determine the efficacy of help. For instance, the World Bank Report (1998) made a connection between assistance effectiveness and the ultimate objective of fostering growth and alleviating poverty in order to satisfy the requirements of developing nations. However, Burnside and Dollar (1997) showed that aid had a beneficial influence on economic growth in developing nations with good fiscal policies, which they attribute to greater aid effectiveness.

By contrast, ineffective and inefficient fiscal measures will have a detrimental effect on growth. Fischer (1993) proposed that inflation, together with other macroeconomic variables such as unemployment, poverty, education, and health, should serve as the key indicators of efficacy.

Levine (2005) emphasised the importance of institutions with solid infrastructures that include the rule of law, multicultural civil and political rights, and responsibility for assistance effectiveness.

Easterly and Levine (1997) argue that aid effectiveness is not solely determined by the amount of aid directed toward developmental projects and programmes, but also by how aid is allocated and managed, and that a rational allocation of aid among various economic sectors is a critical component of aid effectiveness. Neoclassical development policy opponents stated that in the 1970s and 1980s, recipient nations who had undertaken significant planning programmes performed better than those that did not. They felt that allocation of resources was more essential than the quantity of resources (Engel, 2010). Nonetheless, aid may occasionally reflect an underlying bias, such as if donors choose to provide assistance to nations with failing and low-quality national management and governance, this may result in increased corruption and abuse of money (Swedlund, 2017). However, Ear (2007) suggested that it may be smarter for donors to pay countries for increasing institutional quality, as these countries are less likely to squander any aid they get. Finally, Smith (2007) said that aid can help to good governance if it is contingent on the receiving government improving its administration. This indicates that positive change in the direction of good governance is both feasible and possible.

Collier and Dollar (2001) emphasised the need of donors doing a better job of supporting reforms and providing examples of good governance to serve as a guide for successful change in the receiving nation. Hansen and Tarp (2000) emphasised, however, that there was a greater probability of help being successful when it was linked with sound policies in recipient nations. Boone (1996, p. 13) expanded on this point, stating that foreign aid would fail unless it is conditioned on policy change, and policy reforms are necessary if help is to boost growth and alleviate poverty.

On the other hand, in each case, the breadth of administrative activity, the abuse of government authorities, and the promotion of corporate interests by public officials posed a threat to genuine growth. As a result, sustainable development frequently necessitates the establishment of a formal system of constraints that holds the state and its officials accountable for their activities (World Bank, 1998). This may not be successful in combating corruption if the corruption is cultural in character, or ingrained in the institutions; in this case, structural change is required to advance toward good governance, and aid is likely to be ineffective without it (Otusanya, 2011).

According to Ear (2007), it is more about governance, the rule of law, and accountability than it is about assistance management efficiency that determines the amount of corruption. Additionally, Ear (2007) stated that absolute reliance on foreign help might erode institutional quality and accountability and promote corruption in the receiving nation, since certain governments and organisations in some recipient countries view aid as free money or incentives to be used however, they please.

Many scholars, politicians, and practitioners who have examined the efficacy of assistance have come to the conclusion that help cannot offer developing nations with unconditional advantages (Chong & Gradstein, 2008). In other words, they have discovered via academic study that there are numerous critical variables that must be present for help to be successful or insufficient. They do so by emphasising the critical importance of governance in aid-receiving nations (Bourguignon & Sundberg, 2007). For example, assistance would be more successful if a recipient country's government worked more effectively and openly (Dietrich, 2013; Easterly & Pfutze, 2008; Kaufmann, 2009). To a significant part, the efficacy of aid is determined by the donor country's governance qualities (Gulrajani, 2014). However, the difficulties would be exacerbated if nations with weak governance, inadequate practises, and unreliable governments received help, since this would enable corruption and aid misuse to

flourish, therefore eroding aid effectiveness (Kaufmann, 2009). As a result, a well-managed government is a critical factor in determining the success of help in a recipient country (Radelet, 2004).

Much discussion on the efficiency of aid has centred on the receiving country's political and administrative settings There is, however, no single model or research that specifically addresses the donor country's management system, despite the fact that some donor nations view assistance as closely related to policymaking, management, and changing structure as a critical component that might contribute to aid effectiveness (Burnside & Dollar, 2000; Radelet, 2004).

Choi & Bak (2017), on the other hand, stated that assistance effectiveness cannot be solely the responsibility of the receiving country. A significant portion of assistance efficacy is determined by a donor country's performance, which is influenced by its governance and good practises. If the donor government's assistance policies and budgeting are poorly conceived and implemented, excellent outcomes in recipient nations cannot be expected. Additionally, if a donor's assistance performance is influenced by its bureaucratic and institutional capacities, governance as a concept demonstrating a donor country's competence becomes relevant (Bourguignon & Sundberg, 2007). Thus, just as governance conditions are critical in a recipient nation, they are equally critical in a donor country (Gulrajani, 2014). Regardless of the donor country's level of governance, assistance programmes cannot achieve the most beneficial effects if the recipient country's government is incapable of implementing them efficiently (Bourguignon & Sundberg, 2007).

Birdsall et al. (2010) conducted an investigation into the extent to which the donor country's assistance system structure influenced aid effectiveness. While the organisation of an assistance agency is a difficult topic to answer, the aid management system is generally framed

within the political and administrative settings of each nation. As a result, numerous recent macroeconomic studies based on new growth theories have been conducted to examine any characteristics that have been overlooked yet might contribute to increased assistance effectiveness. These studies concentrated on aspects of recipient nations' environments, such as the quality of macroeconomic policies and governance, as well as the management in place, which have a direct and major impact on assistance effectiveness (Aubut, 2004).

While it is well acknowledged that excellent governance increases the possibility of assistance effectiveness, it is critical to evaluate the many components that contribute to the formation of successful foreign aid management practise.

## 2.9 Framework for Research Scope:

**Factors that contribute to effective governance include the following:**

To elucidate the variables affecting the efficiency of assistance management in chosen Palestinian organisations, as well as the critical aspects affecting governance and good practise, an in-depth examination of processes in a number of selected foreign aid-funded projects was conducted.

The emphasis will be on the rules, policies, formulations, and measures that affect the efficacy of aid management. The purpose of this part is to explore the role of aid management and excellent management practises in achieving effectiveness in all phases of aid management, which was clearly defined in the literature as a necessary prerequisite for foreign aid to succeed in achieving its objectives. This discussion will assist in gaining a knowledge of the factors that contribute to the success of showing sound project management practises. Given the large amount of time and energy involved in development projects, the most appropriate research approach would be to analyse the life cycles of the selected projects as case studies. This will entail segmenting the interdependent phases of a project, programme, or portfolio, as well as

developing a structure for controlling the work's evolution. According to Bonghez et al. (2012), the project management cycle is a continuous process of enhancing an organization's management performance via the use of individual and team goals that align with the organization's strategic goals. Other aspects of project management include planning performance to meet stated objectives, monitoring and assessing progress, and upskilling and re-educating stakeholders. In general, all projects and programmes are structured to produce results and objectives through the performance management cycle, which provides indicators to track the project's progress through each step, "Plan, Act, Track, Review" (Hearn, 2017).

To evaluate effective management practises, the most effective and appropriate component to incorporate would be institutional theories and good governance models.

As a result, the figure 7 below shows the theoretical framework and research strategy were developed:

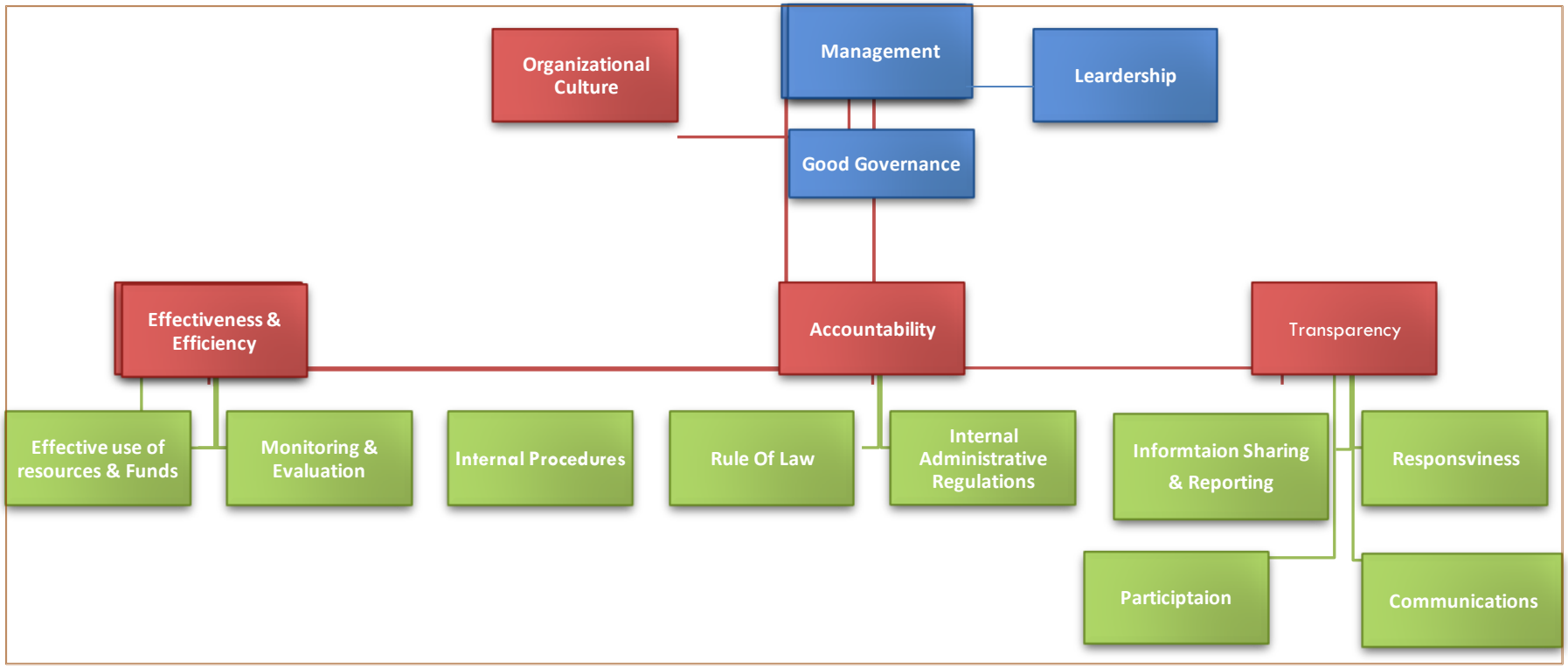


*Figure 7 Theoretical Framework of the Thesis*

*Theoretical Framework 1*

## 2.10 Identifying good Governance in organisations' management:

The term "governance model" is synonymous with the terms "governing," "government," and "self-control" (Klakegg et al., 2008). In every organisation, governance establishes a framework and foundation for ethical decision-making, policy formulation, and management activity that is based on accountability, transparency, and clearly defined responsibilities (Turner and Muller, 2003).

The notion of governance evolved in response to the challenges inherent in the hierarchical structure of organisations (Miller and Lessard, 2000). As a result, as Klakegg et al. (2008) explain, it is critical for the government to cover all stages and levels of the organisation, from the top to the middle and all the way down to low-level management.

Governance is the process of supervising policy and decision-making linked to strategic direction, financial planning, and bylaws, which are a collection of fundamental policies outlining the organization's mission, values, and structure. Management is used to refer to the daily choices and administrative tasks associated with the organization's daily operations. Management choices should be made in favour of or in accordance with the aims and values established by governing bodies (such as the Board of Directors) and documents such as the by-laws (Arnwine, 2002). Additionally, governance choices should provide standards for the administration of the organisation.

Nonetheless, governance and management are both classified as hierarchical systems. Individuals at the system's apex delegate power and accountability for predetermined acts to those at lower levels in the hierarchy. While senior management intends to utilise control tools and assurance processes to verify that these authorizations are exercised and used correctly. Thus, delegation is a critical element in governance management and can be combined, unless it is expressly specified that an approved person cannot delegate it to another. As a result,

delegation of responsibility does not constitute a transfer of liability (Loughlin, 2018). Accountability for the governance of the organisation is defined in the governance system's architecture and monitoring the management system's performance should remain the responsibility of the organization's board of directors. Additionally, a critical component of the governing board's job is to guarantee that the organization's management structure is comprised of the proper individuals. However, sufficient power can be delegated to capable managers, followed by the development of an effective management system that fulfils the organization's governance requirements (Roberts and Scapens, 1985).

Organizations frequently make decisions to add value to their operations by altering their strategic direction and improving the quality of their people services, as well as expanding capacity or implementing new technology that will increase the organization's efficiency and competitiveness (Dooley, Lupton, and O'Sullivan, 2005). There was debate over the overall goal of governance, particularly in the development of accountability frameworks. To fulfil its diverse range of functions, the public sector must satisfy a complex array of political, economic, social, and environmental objectives in the short, medium, and long term. These themes correspond to a distinct set of external and internal restrictions and incentives in the public sector compared to the private sector, all of which have an effect on the sector's governance structures (Knodel, 2004; Weill and Ross, 2004). Additionally, governance is the function of leading an organisation, whereas management is the day-to-day operation of the organisation. The governing body, such as a committee or board, is responsible for providing direction, leadership, and control. In other words, governance systems encompass management processes that are meant to achieve performance objectives; moreover, we may consider process governance to be a critical issue that is frequently ignored and forgotten by organisations. In a nutshell, process governance is the means through which a business may

integrate its process management activities inside a framework of norms, rules, and guidelines that all work toward a single purpose (Paim and Flexa, 2011).

Nonetheless, developing governance systems, particularly in the two critical components of governance, openness, and accountability, sometimes generates fear and some hostility among those in the organisation who are truly corrupt and have something to conceal. In actuality, responsibility is a source of frustration for some managers and frequently results in confusion among employees at various management levels (Lee and Lee, 2009; Knodel, 2004).

It will be critical for individuals who operate at the institution's senior management level of policymaking to disaggregate the general governance aim or output the rule of law. For instance, the characteristics that contribute to effective governance policies and organisational practises; that should be reflected in the internal management system, which includes but is not limited to the recruiting system; that regulates individual, group, and organisational behaviour; and so forth. As a result, particular activities are planned to enhance the organization's existing software and information systems. Of course, each of these actions is unique in terms of their ease or difficulty of implementation. Certain acts conflict more than others, are more time-consuming or administratively difficult than others, and need a greater degree of behavioural change than others (Grindle, 2011). To increase an organization's trustworthiness and integrity, it is necessary to implement essential governance characteristics that support the WGI's six composite indicators of broad governance dimensions covering over 200 countries since 1996: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, and Regulation this might be accomplished through the organization's use of universal formulations and procedures (Kaufmann and Kraay, 2002).

To summarise, in order to achieve effective governance in an organisation, several important aspects must be considered. To begin, suitable policies and activity structure elements should

be in place and officially defined to enable certain activities to be accomplished (Marnewick and Labuschagne, 2011). Second, all tasks and activities should have identifiable individuals who are accountable for them (accountability). According to Müller, Pemsel, and Shao (2014), governance can be enabled by implementing a variety of different forms and shapes of flexibility at various levels of governance, including the institutional structure, authority, and decision-making level at the top management, as well as adaptable structures and approaches of workers at the organisational level, and by leveraging development of a variety of.

Grindle (2011) argued that governance may be improved by pursuing fundamental changes that affect almost every aspect of the organisation. These enhancements begin with the establishment of policies, decision-making structures that prioritise public problems, allocate resources, and organise services to citizens — as well as the recruitment of staff. In addition to promoting good governance, these enhancements raise a slew of questions about what needs to be done, when it needs to be done, and how it needs to be done.

To illuminate and explain governance-related issues, the following section will highlight many critical variables that are necessary and critical for enhancing governance and good practise in organisational management.

## 2.11 Accountability in management

Accountability is a reflection of responsibility, obligation, and the expectation of account presentation. It is also an acknowledgement and declaration of responsibility for actions, harvests, decisions, and policies, including the administration, governance, and operation within the scope of the role or employment position and the responsibility to report, clarify, and account for resulting consequences (Williams, 2006).

Accountability refers to an individual's or organization's obligation to account for its actions, accept responsibility for them, and publicly report the outcomes. Additionally, it encompasses

accountability for money or other allocated property (Ghartey, 1987). Ghartey (1987) clarified, however, that accountability is also designed to provide solutions and answers to concerns about what, who, whom, whose, where, and how. Meanwhile, Jabbra and Dwivedi (2004) assert that the government and public institutions should operate in an accountable manner to the public, noting that accountability is also a tool for controlling and monitoring operations.

Accountability is viewed as a necessary condition for preventing the misuse of delegated authority and ensuring that authority is directed toward accomplishing the organization's goals and objectives (Sahid and Kesuma, 2016). Meanwhile, Sahid and Kesuma (2016) argue that public accountability, defined as the evaluation of ethical responsibility for acts and choices, should be included in public expenditures. Additionally, it is critical to identify accountability indicators and to emphasise whether or not accountability is implemented. Transparency, accessibility, reporting requirements, control (monitoring and assessment), and accountability are only a few of these indications. Bertelli and Lynn (2006) defined accountabilities as "the procedures, techniques, and motivating forces that decide whether values are expressed in administrative choices."

In its broadest sense, accountability entails responsibility for all individuals touched by an organization's decisions and activities. Organizations are accountable for the execution of their operations and the outcomes of their decisions; even if the outcomes were not as anticipated or planned. Additionally, the organisation should report on what was learned and how it intends to use the knowledge; and how the organization's decisions and actions should conform with applicable legislation and internal policies (Jabbra and Dwivedi, 2004).

Additionally, any anticipated activities that may have an effect on stakeholders or those who may be affected by the decision results should be stated. Additionally, they should identify the objectives they aim to achieve, as well as who and why they believe the outcomes they plan

are desirable and equitable; and how they intend to serve the interests of stakeholders and receivers affected by their choices. Nonetheless, the New Public Management paradigm, which was launched in the early 1990s, placed a premium on the enhancement of "accountability to the public. “The public interest, which must be safeguarded in terms of law, stability, and shared values" (Bivins 2006, pp.19-38).

On the other hand, Ondrová (2016) stated that in certain developing nations or transitional societies, some traditions, conventions, or inherited habits are as valuable as legislative laws, implying the existence of an informal institution. A public worker or practitioner cannot ignore or oppose such benevolent customs and ancient institutions; they are also held accountable in some way to these customary rules. Thus, these practises and habits become an integral component of a social system, laying the groundwork for administration and development planning frameworks.

Furthermore, there is an accountability to ethics or integrity, referred to as bureaucratic integrity, or what some public administrators refer to as bureaucratic moral ethics. This requires a public worker to be truthful, trustworthy, and efficient. This is particularly pertinent given that public employees' power is derived from the state treasury and their salaries are funded by people' taxes. Public funds should be used prudently and in accordance with established rules and laws, and their priority should be efficiency and honesty in order to discharge functions with the utmost sincerity and efficiency (Cox, 2009).

Several measures should be implemented to ensure accountability is well-integrated within the organization's internal management structure. To begin, the organisation should guarantee that all employees, including supervisors, have a job description and a full understanding of it. Workers who lack the necessary competence for a position should be given with additional training (Kearns, 2014). Second, when things go wrong in an organisation, responsibility

should not be depended upon. Management should foster an accountability culture by establishing performance standards and goals that inform employees and supervisors about what is expected of them based on what norms. These objectives should be SMART; they should be precise, measurable, attainable, relevant, and time bound. Thirdly, organisations should guarantee that supervisors have supervisory abilities, which will contribute to employee performance improvement. Workers should be examined to determine their compliance with established goals. This procedure should be continuous (Halachmi, 2002).

Moreover, organisations should ensure that repercussions are established for both positive and poor performance levels. This will improve employee performance, since if an individual anticipates being disciplined for bad performance, they will take on additional responsibilities and account appropriately when questioned, resulting in an increase in productivity (Jackson, 2009). Additionally, when accountability is viewed positively and implemented properly, it can result in positive outcomes such as improved communication between employers and employees, increased employee commitment and involvement, increased job satisfaction, and increased employee productivity, creativity, and innovation.

Successful accountability is inextricably linked to public administration norms and processes in terms of accountability and openness to the public. Individuals are accountable to the public for their acts, behaviours, and decision-making processes. According to Ondrová (2016), accountability to the public has several dimensions: hierarchical, legal, professional, political, moral, and ethical. Nonetheless, the idea of accountability is more than a collection of formal requirements. When public officials and contractors serve with a determination to do the right thing and act in the right way, a moral, ethical, and professional structure is formed.

## 2.12 Transparency:

Transparency, according to the literature, is founded on information exchange and is entirely dependent on increasing disclosure of information (Bushman et al., 2004; Eijffinger et.al, 2006). Transparency is typically defined as "the consistency of information disclosure" (Berglund, 2014, p. 360), and "complete disclosure of all relevant information in a timely way" (Berglund, 2014, p. 360). (Berglund, 2014, p. 362). Similarly, it is emphasised that "knowledge must be provided openly in order to be deemed transparent" (Schnackenberg & Tomlinson, 2016, p. 9). Additionally, it has been described more simply as "the perceived quality of information voluntarily provided by a sender" (Schnackenber and Tomlinson, 2014.p5).

Nedbal et al. (2013) cited the Paris declaration, which emphasised the critical role of openness in management effectiveness, as well as the Accra agenda for action from 2005, Paris Declaration and Accra Agenda for Action - OECD. “Transparency is always beneficial, but it is more so in public administration. Making officials more accountable and vesting authority in the people would end the corrupt control of powerful bureaucrats".

Transparency entails accountability, openness, and communication. Additionally, it is seen as a crucial component of knowledge sharing, since it improves the awareness, consistency, and clarity of information communicated amongst all parties involved (Pagano & Roell, 1996). Transparency, particularly in budgetary matters, is a critical measure of a government's willingness to disclose and publicise its internal decision-making processes. Citizens should be able to make requests for government action, generate pressure for performance improvements, and evaluate the efficiency of administrative activities through fiscal openness and information exchange, particularly about budgets, audits, and any associated financial policies (Harrison and Sayogo, 2014). Transparency is seen as a key tenet of government. Additionally, openness and information exchange are critical for accountability to operate effectively inside an

organisation. However, transparency demands that some management performance criteria, such as assessment and communication, be transparent, ensuring that appropriate and clear information is supplied to people who may be impacted by the organization's actions. This method should be secure and transparent, allowing individuals impacted to comprehend the influence of decisions on their interests. As a result, it is critical that information is adequate, accessible, readily available, and reasonable. Transparency requires an open flow of information, as well as sufficient knowledge to comprehend and monitor them in the short and long term (Cadbury, 2000).

Transparency of service delivery techniques is one of the rights of stakeholders and recipients of a particular project or programme. Public service delivery, in particular, should endeavour to be transparent and accessible to all service consumers. As a result, details about the procedures used to develop certain policies should be supplied. Additionally, the government shall provide any form of action, as well as the time and manner in which the action occurs, freely and transparently to the public and stakeholders (Idris et al., 2015).

## 2.13 Management effectiveness and efficiency:

Effectiveness is a major metric used in management in general. It is concerned with the philosophical/developmental suitability of the chosen project objective. Ultimately, this may be determined by the program's or project's environmental, social, and economic sustainability. Finally, efficiency is concerned with cost and management processes (i.e., the effective conversion of inputs to outputs within the constraints of a defined budget and schedule) and the prudent use of human capital, in addition to financial and natural capital (Zidane and Olsson, 2017). However, Drucker (2001) thought that efficiency cannot exist without effectiveness, since it is more necessary to accomplish well what you suggest (effectiveness) than it is to perform well anything else that is not necessarily relevant (Drucker, 2001, p.147).

The relationship between efficiency and effectiveness is critical because effectiveness is both a prerequisite and a required condition for obtaining efficiency. The efficacy and efficiency of government expenditure show the nature of the relationship between inputs (entries), outputs (results), and results (effects). According to Manzoor (2014, p. 4), "efficiency refers to the extent to which the government generates a result with the fewest available resources." Effectiveness is defined as the totality and quality of the outcome, as well as the actual service delivered to recipients.

This implies that, prior to devoting time or money to public sector initiatives or programmes, an accurate and thorough assessment of the financial and logistical viability of each project or activity should be made. It is important and critical to the project's success; do it wrong, and the project will fail (Martyr, 2018). Furthermore, Munns & Bjeirmi (1996) stated that good management involves preparation, comprehensive and accurate research, and data, as well as a genuine dedication to the project's completion. Other factors that contribute to management effectiveness include the appointment of highly skilled individuals to lead organisations; sufficient time to adequately define projects; planning the activities of the organization's project at each phase; and proper and adequate information sharing and flow. Additionally, activities can be designed to adapt to frequent changes, such as changing employees' personal objectives in relation to performance and rewards and initiating a new start when implementation errors are found.

However, Elonen and Artto (2003) discovered that substantial difficulties in a project or programme are a result of ineffective planning. Planning is the phase during which objectives are established, which should reduce ambiguity throughout the execution phase. Whereas Atkinson, Crawford, and Ward (2006, p.691) argue that the ultimate goal of management for any activity or project is to eliminate or minimise uncertainty and risk associated with fulfilling the defined objectives established during the planning phase (Too and Weaver, 2014). At times,

perceptions and continuous conflict, which have an influence on day-to-day activities, may be inevitable owing to ambiguity, organisational difficulty in defining the organization's objectives, and should need responding to the present state of the surrounding environment (Atkinson, Crawford, and Ward, 2006).

According to Crawford and Bryce (2003), one of the most often debated issues is the success of a programme or project, and there is a degree of dissimilarity in the criteria used to determine success. (2008) Prabhakar (cited in Pinto and Slevin 1988, Freeman and Beale 1992; Shenhar, Levy, and Dvir 1997; Baccarini 1999). Management success requires a knowledge of what constitutes a "full accomplishment," whether internally or outside. Success is only a possibility if the management team of the organisation adheres to the technical, managerial, and performance criteria via the activity's operations process. Another sign of success is a high degree of satisfaction with the project's outcome among those who benefit from it (Albert, Balve and Spang, 2017). Along with measuring procedures, it is necessary to establish and use standards to improve management performance. Management activities, such as the establishment of an adequate technical infrastructure, will have an impact on how knowledge is generated, shared, and entrenched inside an individual, a group, or an organisation (Liebowitz, 2003).

If an organisation is focused on establishing and implementing processes to guarantee that appropriate projects and programmes are picked, it stands to reason that these selected projects and programmes will be more efficiently and successfully completed (Too and Weaver, 2014). To accomplish this goal, it is necessary to establish the appropriate objectives during the planning phase of the project and to ask the appropriate questions about any potential risk, in order to ensure that the governing board is confident, and that the organization's management is making the best use of available resources. Management's responsibility in this context is to comprehend the board's strategy and objectives and to build processes capable of providing

effective, acceptable responses and actions in response to any issues or incidents that may arise, as well as offering guidance and ideas for development (Dinsmore & Rocha, 2012).

Baker, Murphy, and Fisher (1997) also emphasised the importance of seeming performance as a substitute for time, cost, and performance as indicators of managerial success. If a given activity or task does not match the specified time and budget constraints, it will be viewed as a failure. Organizational management, on the other hand, is not necessarily viewed as totally effective or completely dysfunctional, and various participants may perceive the outcome of the same action differently. Baker, Murphy, and Fisher (1997) assert that what counts is if the important parties involved with and affected by the organization's conclusion are pleased with the outcome. Thus, in certain situations, superior schedule and cost performance means little in the face of substandard managerial performance. Clarke and Dawson (1999) explained that by focusing on the primary obstacles and issues affecting the organization's management and utilising some of the critical success factors, this could result in a significant increase in the effectiveness of the organization's management and ensure that any task is completed effectively. Clarke and Dawson (1999) emphasised the need of maintaining a strategy in order to overcome hurdles and adjust for any changes.

## 2.14 Organizational Communication for management effectiveness:

According to Kreps (1990), organisational communication is the process through which individuals get pertinent information about their job, their organisation, and the changes that occur within it. Additionally, it may be described as "the act of disseminating information about the organization's activities to and through personnel" (Phattanacheewapul & Ussahawanitchakit, 2008; Chen et al., 2006). With regards to the various definitions of organisational communication provided, a broad and inclusive definition could be as follows: organisational communication is defined as a social process that facilitates contact and

information exchange between departments, organisational units, and the organization's environment, with the goal of achieving organisational operation and achievement of the or Organizational communication, in general, has two primary goals. The major aim is to adequately inform the workers on their responsibilities and the organization's policies (De Ridder, 2004; Elving, 2005). The following goal of administrative communication is to foster an environment of understanding and cooperation inside the organisation (Elving, 2005; Postmes et al., 2001; De Ridder, 2004). Communication is critical to management effectiveness, even more so when dealing with dispersed and multitasking activities that demand continual communication across different organisational levels (Katerega and Sebunya, 2017; Muszyska, 2018).

To communicate successfully, adequate communication management practises must be implemented to guarantee that project information is shared appropriately. Communications will be beneficial if objectives have been met and the intended purpose has been accomplished. However, in order to quantify communication efficacy, a more explicit and thorough list of characteristics defining the success of the communication process is required (Muszyska, 2018). Zulch (2014) said that the fundamental purpose of feedback is to guarantee that it reaches the intended audience clearly and on time. Zulch also emphasised the need of maintaining communication records and maintaining open lines of communication among team members in order to provide documentation for others who may require it in the future for similar types of operations.

Torrington and Hall (1991) argued that communication cannot be a one-way street; it must be both downward and upward communication. Effective downward communication enables management decisions to be translated into action by employees. Additionally, it improves

cooperation, trust, relationships, and productivity, while decreasing the likelihood of gossip and misunderstanding. Additionally, it enables consistency of action and may motivate personnel to increase their dedication. Alternatively, upward communication enables managers to comprehend both business and personal concerns affecting employees. It will encourage workers to provide innovative recommendations to assist management in making decisions and improving the organisation (Rajhans, 2012).

Communication is critical for defining the parties engaged in a project or programme, particularly during the planning phase. It will aid in defining the type of information that should be exchanged and distributed, as well as the most convenient ways and instruments for project communication (Taleb et al. ,2017). Additionally, it is necessary to develop understanding and trust, as well as to foster cooperation and support among various activities or project workers (Nangoli et al., 2013). Much of the research supports this, indicating that effective communication fosters member trust and participation on project teams (Bond-Barnarda and Steyna, 2015; Müller, 2003). Thus, communication will help to alleviate distrust and conflicts of interest across management levels, thus improving project performance (Turner and Müller, 2003).

Nonetheless, trust is viewed as a critical component of successful internal communication, both as a function of predictability and expectations and as a means of raising the degree of excellent communication between team members on the behaviours of others or a belief in their skills. This will influence performance through energising genuine collaboration based on trust or other collaborative procedures (Tyler, 2003; Chiocchio et.al, 2012). When trust is there, individuals are more likely to seek assistance, communicate openly and honestly, take chances, and, of course, embrace new challenges. Additionally, they will perform their tasks with less worry and tension, which will have positive impact on the organization.

As a consequence, improved communication will occur (Carvalho, 2008). Effective communication is critical for management success because it keeps project stakeholders focused on the project's objectives and enables the project's stakeholders to overcome barriers and resolve disputes during its implementation (Zulch, 2014; Ozieraska et al. 2016). Researchers have listed many variables that contribute to effective organisational communication in modern organisational communication: 1) Establish suitable communication channels through the use of modern technological tools that enhance communication 2) to foster a realistic and acceptable environment of communication among team members by encouraging them to share their thoughts and efforts. 3) conduct a network analysis in order to provide periodic reports 4) face-to-face contact via scheduled meetings; and 5) adopting an information-processing mindset (Kim, 2005).

## 2.15 Monitoring and Evaluation:

Over the previous two decades, the term "monitoring and evaluation" has become widely used in the management sector. This is the concept of attempting to quantify the management performance of an organisation over the course of the lifecycle of any activity carried out by the organisation, or the process of comprehending and identifying what went right or wrong during the process of managing the organization's activities (Cracknell, 2000).

According to the Organization for Economic Cooperation and Development (OECD), monitoring is a continuous evaluation process that attempts to provide all stakeholders with timely and thorough information about the progress or delay of currently reviewed operations. It is the phase of the activity's implementation that is supervised. Its goal is to ascertain whether the expected outputs, deliveries, and timetables have been met so that corrective action may be made as fast as feasible. Nonetheless, competent planning, monitoring, and assessment may significantly contribute to the efficacy of development initiatives and organisational

management methods. Appropriate planning helps maintain emphasis on the important results, whilst monitoring and evaluation assist give insight into past achievements and problems and inform decision-making, ensuring that current and future efforts are more capable of enhancing the organization's outcome (OECD,2002).

Evaluation, on the other hand, is described as the systematic and objective appraisal of a current or completed project, programme, or policy. The purpose is to establish the relevance and accomplishment of objectives, as well as the development's efficiency, effectiveness, effect, and sustainability. It should include the application of learnt lessons into decision-making. Additionally, it refers to the value or importance of an action, policy, or programme (OECD, 2002 p.27). A critical objective of assessment is to offer recommendations and instructions to project managers and implementation teams that worked on the projects, as well as to those who will implement and work on similar projects in the future.

Evaluation is not a direct method of informing the donor about the activities carried out. It is a way to ensure that donated monies are properly managed and used openly. Assessors should be obliged to verify and analyse budget lines and to document their conclusions. Evaluation may be an excellent tool for learning as well as for improving programme effectiveness and establishing responsibility (UNICEF, 1991).

While monitoring and assessment are often regarded synonymous, they are in fact different functions. Monitoring is a procedure that collects information and data in order to analyse the impacts and impact of projects or activities both while and after they are completed (Otieno, 2000). On the other hand, evaluation is a continuous process of assessment with the purpose of gaining knowledge for future planning. It is largely externally focused, occurs in the middle or at the conclusion of projects and activities, and triangulates the project or task completion

determined during the monitoring phase. Combined with additional data, such as beneficiary community input, to ascertain the strategy's efficacy (Crawford and Bryce, 2003).

Monitoring and evaluation (M&E) are a procedure that aides in performance improvement and goal attainment. Its objective is to enhance management results, outputs, and effects in the present and future. It is largely used to evaluate the effectiveness of management processes, institutions, and programmes established by governments, international organisations, and non-governmental organisations. It connects past, present, and future activities (UNDP, 2010). As a result, methods, and tools for managing actions and knowledge in a systematic manner are required to establish a database of knowledge and experience. This may be used to other organisational operations, ensuring that the organisation benefits from the knowledge, procedures, and tools that are potentially transferable from one project to the next (Kasvi, Vartiainen and Hailikari, 2003). Additionally, a well-organized archive system is required, in terms of how the organization's archive is realised and wisely utilised of this information, which can be readily transported and used in current and future initiatives (Oluikpe, Sohail and Odhiambo, 2011).

Monitoring and evaluation processes can be handled by the donors who fund the evaluated activities or by an independent evaluator manager; nevertheless, the credibility and objectivity of monitoring and evaluation reports are highly dependent on the evaluators' independence. Their knowledge and independence are critical to the process's success and credibility (OECD,2008).

To conclusion, the new method to monitoring and evaluation has proved the need of following a few critical procedures to guarantee consistent monitoring and assessment. To begin, a well-established system of reporting on programmes and initiatives must be implemented; second, high-quality and reliable data must be made available; third, efficient coordination among all

departments and stakeholders at all levels must be established; and fourth, essential infrastructure and capacity for implementing the improved system must be made available (Kusek and Rist,2004).

## 2.16 Concluding Chapter Two:

A study of the literature on foreign assistance efficacy reveals that there is no unambiguous conclusion on the success of foreign aid management. Numerous studies have been conducted over the last five decades to determine the efficacy of foreign aid using a variety of approaches and procedures. The dispute over whether the management system has a beneficial influence on foreign assistance continues, as does the discussion over how foreign aid efficacy should be assessed and under what conditions it can be effective. Several studies indicate that foreign help works best when the receiving nation has sound policy, while others believe that the impact of foreign aid is not dependant on policy.

The majority of research employed econometric approaches, but with a variety of models, specification specifications, indicators, and variables. This study establishes that the variance in findings is a result of these variances and a dearth of sufficient and relevant data. By analysing several case studies, this research can adopt novel approaches and conduct research that is capable of delving deeply into and being close to the study environment, which I believe is absolutely necessary and critical for the accuracy of data, the dynamics that underpin the effect of organisational management on aid effectiveness. A case study technique might be advantageous for this type of research.

Finally, foreign aid is given to developing nations to accomplish a range of goals that vary from time to time and from developing country to developing country. However, regardless of its aims, foreign aid ultimately benefits the people living in poor nations. In this study, I will examine participants' experiences and perceptions on the quality of governance in a developing

country, as well as other aspects that may affect the efficacy of assistance management. The substantial literature on foreign aid has omitted surveys of the attitudes, opinions, and experiences of those involved in aid management in recipient countries. Thus, it is necessary to evaluate the efficiency of foreign assistance management from the perspective of beneficiaries in order to comprehend the elements that influence the efficacy of foreign aid.

To provide context for the topics discussed in this thesis and the study's backdrop, the next chapter will discuss the historical context of the Palestinian lands, the Palestinian economy, and the current situation.

# Chapter (3)

# *Historical Preview*

## 3.1 Introduction

The purpose of this chapter is to offer an overview of the Palestinian situation's historical backdrop. The chapter details the economic and political developments of Palestine's West Bank and Gaza Strip (WBGS) regions since their takeover in 1967. This overview is intended to serve as a basis for and aid comprehension of the analysis, as well as the study's background.

This chapter will cover the Palestinian economy's historical growth and characteristics. The chapter will trace the evolution of the economy through time and identify two key political eras that moulded and characterised the Palestinian economy to a large extent. These stages include the Israeli occupation, which lasted from 1967 to 1994, and the temporary self-rule that began in 1994. Since the creation of the Palestinian Central Bureau of Statistics (PCBS) in 1994, the quality of data has increased significantly, and labour market data are of the greatest quality (Fischer et al, 2001). As a result, there are more allusions to the second phase, which began in 1994 with the formation of the Palestine authority. This is also the most pertinent point in terms of the thesis's focus on the influence of foreign aid since the start of the self-rule era and the formation of the Palestinian Authority.

## 3.2 Historical context (Palestinian context)

### The period 1948–1967 to the outbreak of the First Intifada in 1987

In this part, we will explore the historical events that had an influence on the political and economic atmosphere of what was left of historic Palestine after Israel was established in 1948. Consequently, the West Bank and Gaza Strip are all that remain, starting with their political situation following the 1947 war on the Palestinians. Following the conclusion of the 1948 conflict, the remaining Palestinian territories were seized by neighbouring countries. Jordan seized control of the West Bank, which included East Jerusalem, while Egypt seized authority of the Gaza Strip from Israel. When Israel won the Six-Day War in June 1967, it took complete control of the whole of the Palestinian Territories (including East Jerusalem), as well as Egypt's Sinai Peninsula and Syrian territory (including the Golan Heights). The Israeli occupation of the West Bank and Gaza Strip, which began in June 1967, led in the development of a new political and economic order in the occupied territories (Hilal, 2010). The State of Israel annexed East Jerusalem and approximately 62 square kilometres of its suburbs that were previously considered to be part of the West Bank while the West Bank and Gaza Strip were under military occupation, allowing for the establishment of more than 12 Jewish communities (B'Tselem, 2013).

The State of Israel was faced against an Arab military alliance as well as Palestinian Arab forces during the 1948 conflict. It is also known as the 1967 conflict or al-Naksah, which is an annual day of remembrance for the Palestinian people commemorating their displacement as a result of Israel's victory in the Six-Day War on June 5, 1967. An identification card issued by the Israeli government that serves as a permit for entry into Israel is known as a Blue ID. In 2013, it was distributed to Palestinian residents of east Jerusalem, allowing them to work in Israel and receive the same health insurance and social security benefits as all Israeli residents

(B'Tselem, 2013). On the other hand, they were required to pay all municipal and governmental fees and taxes, which were frequently used to coerce residents into leaving the city and immigrating to Israel (AbuZayyad, 2012).

Palestinians residing in the West Bank and Gaza were granted identification cards in the colour orange in order to differentiate themselves from residents of the capital city. Furthermore, they were not granted any of the privileges that were accorded to the inhabitants of Jerusalem. Following the signing of the Oslo Accords in 1993 and the formation of the Palestinian Authority, the orange identity card was replaced with a green one in order to identify Palestinian people from Israeli citizens. Even though Palestinians living in the West Bank did not have the right to national self-government or self-determination while under Jordanian authority from 1948 to 1967, they did handle their own affairs within the framework of the Jordanian political system during that time period (Heller and Nusseibeh, 1993). Jordan's government functioned as a horizontal canopy for Palestinian self-governance during the 1967 war. Following the 1967 war, Israel's military authorities took over some of the functions formerly performed by the umbrella organisation. Palestinian recruitment in several Jordanian government areas, including health, education, and social welfare, came under the control of the Israeli military ruler, who was later appointed as the head of the "civil administration.

Therefore, Israel imposed control over the people through a complex and rigorous authorization system for crossing the new Israel-Jordan border, which was established in 2000 (Gat, 2003). Prior to the creation of the PA in 1993, and while Israel maintained strong control over the borders with Jordan, Israel opened the borders with the West Bank and Gaza, allowing residents of the Occupied Palestinian Territories to move almost freely into Israel. East Jerusalem inhabitants were distinguished from Palestinians who resided in the West Bank, Gaza Strip, or Alshatat (diaspora). The term "Occupied Palestinian Territories" refers to the

areas conquered by Israel in the 1967 War, including East Jerusalem, the West Bank, and the Gaza Strip. "Open bridges" policy related only to the decision to permit passage from the West Bank (Gat, 2003).

Furthermore, Israel has gained possession of hundreds of thousands of dunams throughout the West Bank since the occupation began, with the primary aim of building Israeli colonies and land reserves for future expansion. Settlements vary considerably in nature, ranging from rural settlements and frontier villages to urban suburbs and neighbourhoods. Modi'in Illit, Ma'ale Adummim, Beitar Illit, and Ariel were granted 'city' status. It is noteworthy that all settlements are unlawful under international law, which prohibits their formation in Occupied Territory (B'Tselem, 2009). Despite this, almost 121 recognised colonies and around a hundred unrecognised settlements, dubbed "illegal settlements," have been established in the West Bank (Dhaher, 2017).

Israel has gained possession of hundreds of thousands of dunams throughout the West Bank since it began its occupation of Palestine, with the primary goal of building settlements and establishing reserves of land for their development. This has been accomplished through the use of a complicated legal-bureaucratic system centred on the designation and registration of property as "state land." Additionally, Israel seizes land through a variety of means, including requisitioning land for military purposes, declaring land derelict, and expropriating land for public purposes. Additionally, Israel has aided its Jewish residents in acquiring land on the open market in order to build additional settlements. Israel has taken control of about 50% of the West Bank, excluding East Jerusalem, using these means (Falah, 2005), despite the fact that these settlements are illegal under international law due to their construction on stolen territory (Falah, 2005).

Over time, the Occupied Territories became reliant on the Israeli economy; Palestinian markets became confined to Israeli goods and commodities; and a sizable section of the Palestinian labour force became jobless without recourse to the Israeli labour market (Hilal, 2010).

There were two primary causes that contributed to this economic reliance on Israel. Firstly, there were high unemployment rates in both the West Bank and Gaza Strip following the 1967 war, and secondly, Israel's urgent need for labour, mainly in construction and agriculture, during the economic boom that began in Israel at the time, fuelled in part by the construction of Israeli settlements in the Occupied Territories. Economic integration between Israel and the Palestinian Occupied Territories began in 1967 and lasted until the outbreak of the first Intifada in 1987 (Gross, 1999). Israel virtually exclusively shaped such interactions; Palestinians had no important role in that environment and had no participation in any decision-making processes. The enormous economic divide between the two was characterised by the Palestinian economy's one-sided reliance on Israel. Israel determined its outlines unilaterally, not through a consensual accord between two parties with approximately equal negotiating ability and leverage" (Gross, 1999: 1551). Following the start of the "first Intifada" in December 1987, Israel's security measures resulted in a subsequent decline in the number of Palestinian employees working in the Israeli labour market (Hilal, 2010).

### 3.2.1 The First Intifada 1987-1993

The first trigger of the intifada, or Palestinian population uprising, occurred in 1987. It is worth noting that the term "Intifada" in Arabic means (the uprising), which has progressed over the twenty years of occupation since 1967. It was triggered following the December killing of four Palestinian workers at an Israeli checkpoint in Gaza. Over the next few weeks, apparently disorganised Palestinian protests erupted across the occupied territories, blocking highways and delaying the Israeli army." Israel dispatched hundreds of troops to quell the revolt,

following which they organised widespread strikes and boycotts of Israeli civil administration institutions in both the Gaza Strip and the West Bank". They engage in civil disobedience in defiance of Israeli army commands and have refused to labour in Israeli settlements (Afflerbach & Strachan, 2012). The protestors hurled stones at the Israeli army and remained in the front line despite Israeli forces' deployment of tear gas and rubber-coated bullets against them. Lustick (1993: 560) contended that any Palestinian outbursts would cease if Israeli soldiers were attached. Lustick (1993:560) explained: "Since Israel's control of the West Bank and Gaza Strip in 1967, it has prohibited practically all types of political engagement by the Arab people of those regions." The first Intifada's demonstrations grew in size, drawing such large crowds into the streets that Israeli units were overwhelmed, as Lustick (1993: 561) noted: "Within weeks, a clandestine coordinating committee emerged that assisted in sustaining an uninterrupted series of commercial and general strikes and mass demonstrations."

The First Intifada was a protracted period of Palestinian protests and violent rioting throughout the West Bank, Gaza Strip, and Israel. The demonstrations were held in opposition to Israel's occupation, not only did the West Bank and Gaza provide a new nonviolent means of resistance to Israeli occupation, but the Intifada ushered in a sea change in Palestinian organisation, thinking, and leadership roles. In principle, the Palestinians have opted to abandon their legacy of armed resistance in favour of nonmilitary, civilian means of conflict. Lockman & Beinin (1989) stated that "the first Intifada put an end to the informal negotiating mechanism that had formed between the Israeli administration and Palestinian notables in the Occupied Territories." This genuine civil movement has spawned a new generation of Palestinian leadership, mostly composed of youth (young men), who grow into the new social character reference point in the Palestinian Occupied Territories in place of the society's or extended family's head (AbuZayyad, 2012).

## 3.2.2 The Oslo Conference of 1993:

The Oslo Peace Agreements, which were the result of " The Oslo negation process began after secret negotiations in Norway, resulting in the recognition of the State of Israel by the PLO Palestinian liberation organisation (The Palestine Liberation Organization is a non-governmental organisation founded in 1964 with the mission of "liberating Palestine" through armed struggle) and by Israel. Israel recognised the P.L.O.'s existence and offered Palestinians some civil autonomy in the West Bank and Gaza Strip in exchange for peace and an end to Palestinian claims on Israeli land. Israel formed a transitional government, the Palestinian Authority, enabled PA president, and the Chairman and President of the Palestine Liberation Organization, to return to the territory and seize leadership of the Palestinian Authority. Nonetheless, although some saw the Oslo Peace Agreements as a significant accomplishment, others were denounced by some Palestinians as one-sided agreements that benefited primarily Israel, resulting in disputes over land, water, highways, and other resources. Israel's right wing also denounced it. Opponents on both sides claimed that the other side, the government, was acting in their own self-interest and that the agreement did not establish a timetable for Israel's withdrawal from the Territories, and some Palestinian opposition members refused to sign the agreement because the majority of its terms benefit Israel. (McMahon, 2010).

Following the Oslo agreement, which was jointly signed in 1993 by the Palestinian Liberation Organization and Israel, enabled the PA to take control of and responsibility for the Palestinian territories in the West Bank and Gaza Strip and to be responsible for providing essential services for the Palestinian citizens. As a result, it was possible to establish foundations for a stable and reliable economy in the West Bank and Gaza strip (Even, 2013). Currently, the Palestinian economy was in its earliest stages of development and did not have any fundamental drivers or resources to build their economy. Therefore, international aid was relied

on upon to establish the Palestinian institutions from scratch. The donors provided generous support during this period to support the Palestinian institutions (Le More, 2008).

As a result, it was possible to establish foundations for a stable and reliable economy in the West Bank and Gaza strip (Even, 2013). Currently, the Palestinian economy was in its earliest stages of development and did not have any fundamental drivers or resources to build their economy. Therefore, international aid was relied upon to establish the Palestinian institutions from scratch. The donors provided generous support during this period to support the Palestinian institutions (Le More, 2008). Despite this significant support, the Palestinian economy continued to face a variety of crises and difficulties on a regular basis. In 2000, the second intifada (uprising) began. Other setbacks, such as (grade one two), which appear to occur at least every two years, wreaked havoc on the majority of the Palestinian economy's sectors (Naqib, 2003). Fortunately, the flood of foreign help avoided the collapse of the Palestinian economy. However, when the Palestinian economy experienced a major slump, donors were under considerable pressure to cover the gaps, which increased reliance on aid (Khan, 2005).

### 3.2.3 The Palestinian civic society between 1967 and 1993:

Throughout Israel's occupation, which started in 1967, the occupying troops supplied only the most basic public services. Throughout the 1970s, the West Bank and Gaza Strip saw the emergence of several pro-independence and socialist NGOs, as well as Islamic-oriented NGOs. As a result of the absence of genuine leadership, the relatively powerful Palestinian civil society developed as the leaders of the Palestinian community. Civil society existed in Palestine prior to the establishment of a state, which has prompted some scholars to assert that Palestine lacks civil society (See Roy, 1996). Nonetheless, the majority of scholars think that Palestinian civil society is one of the most robust in the Arab world (Hammami, 2000; Robinson, 1997).

Throughout the 1970s, the majority of newly formed NGOs were inextricably linked to and ingrained in the many PLO factions. Indeed, the PLO sponsored the majority of them. Islamist organisations operated independently of the PLO. They acquired financial resources through collecting zakat in Palestine and through sister organisations in other countries. The Socialists who worked outside the framework of the PLO at the time were also engaged in civil society, which was characterised by Dodge (2014) as "a collection of formal institutions, popular organisations, and political parties that exist and operate beyond the bounds of government."

Throughout the first Intifada (1987–1993), the success of Palestinian nongovernmental organisations (NGOs) and the uprising acted as a watershed moment for civil society movements, inspiring the establishment of numerous new civil society organisations in the Palestinian territories. This was the case for the most part during the first three years of the revolt. As a result of their activities during the first Intifada, nongovernmental organisations (NGOs) in this nation have come to be seen as a type of shadow government. As a result, a thriving and well-funded nongovernmental organisation (NGO) sector has taken up the majority of the country's health, agriculture, education, and human rights needs (Muslih, 1993). The non-governmental sector, according to Sullivan (1996), was responsible for 60 percent of healthcare, 50 percent of hospitals, 100 percent of disability care, 100 percent of agricultural development and associated agencies, and 30 percent of educational institutions worldwide (including most early learning organisations). Several non-governmental organisations (NGOs) came perilously near to achieving the status of ministries, and they were closely tied to the local Palestinian community. This was the case with several of the largest medical non-governmental organisations (NGOs) working in the field of healthcare, including the Union of Palestinian Medical and Relief Committees (UPMRC). When the Palestinian National Authority (PNA) was established in 1994, the UPMRC had built no fewer than 31 permanents clinics, nine mobile clinics serving 220 villages and camps, ten reintegration

programmes serving 80 communities, and seven mobile dentistry clinics serving 50 communities, all of which were funded by the United Nations Relief and Works Agency (UNRWA) (Robinson, 1997, 42ff).

According to Hammami, socialist-based nongovernmental organisations (NGOs) were among the first to establish contact with European donor NGOs in the early 1980s. Other left-wing organisations immediately followed suit, gaining more support from political organisations as a result of their acceptance of donor funds. During the first Intifada, this pattern became more pronounced (Hammami, 2000, 16). Shafi (2004) remarked that the Intifada years influenced not only the top political leaders, but also the NGO elite, and that this was particularly true in Jerusalem.

Left-wing sympathisers were engaged in both political party politics and non-governmental organisation activities throughout the period under consideration. These leaders only cut connections with the political establishment following the signing of the Oslo Accord. A national agenda was being followed by the majority of Palestinian civil society organisations at the time, which included strengthening the Palestinian population while simultaneously preserving the democratic rights of the Palestinian people. However, as foreign donors poured money into non-governmental organisations (NGOs), Palestinian officials discovered that some of the organisations had become financially self-sufficient from their respective parties. In the early 1990s, a number of well-known Palestinian nongovernmental organisations (NGOs) "converted into professionally operated, foreign assistance-funded, development-oriented centres," according to Hammami, in order to qualify for foreign help (Hammami, 2000, 16-17).

## 3.2.4 The Oslo Accord and the West Bank Administrative Divisions:

The Oslo Agreement, which took place behind closed doors between Israel and the Palestine Liberation Organization (PLO), came to an end in 1993 with the publishing of the Declaration of Principles, which laid down the basis for future negotiations (DOP). More extensive negotiations followed, culminating in the 1995 Israeli-Palestinian "Provisional Deal" and the formation of the "Palestinian Authority," which was to be terminated in 1999 when a permanent deal was signed between the two sides. On a slew of problems, known as the "final contested position issues," on which the two parties could not come to terms, including Jerusalem and the border with Jordan and Egypt, it was authorised to postpone the talks until later. Even Though it was not stated explicitly, it was widely assumed that the process would culminate in the formation of a Palestinian state alongside Israel in 1999, as specified by the Oslo Peace Accords (Shihadeh, 1993). Despite this, putting the "Provisional Agreement" into effect was not without its difficulties. Numerous obstacles stood in the way of its execution, the most significant of which was an upsurge in violence conducted by Hamas and other Palestinian organisations trying to overturn the Oslo deal (Lasensky, 2005).

The Palestine Liberation Organization (PLO) was founded in 1964 with the declared purpose of "liberating Palestine." It has been in existence since that time. It is widely recognised as the "only legitimate representative" of the Palestinian people. It has been a member of the United Nations since 1974, and it has observer status. Until the 1991 Madrid Conference, the United States and Israel regarded the Palestinian Liberation Organization (PLO) to be an extremist group. By 1993, the Palestinian Liberation Organization (PLO) had chosen a violent approach to free Palestine, and the international community recognised it as a terrorist organisation. For the first time, they acknowledged Israel's right to exist in peace and accepted two UN Security Council Resolutions, 242 and 338. They also denied "violence and extremism." This was the

beginning of a shift in their perspective of the PLO. As a result, Israel began to recognise the Palestine Liberation Organization (PLO) as the genuine representative of the Palestinian people (Pundak, 2001).

As part of the Oslo Accords, Palestinians were to be granted control of the West Bank (excluding Jewish settlements and military sites) in three phases: one every six months under a redeployment system, and the last phase in three years. It was chosen to divide the method into three sections: A, B, and C, in order to make it easier to follow. Region C was to be transferred to Region B, then to Region A, until the entire region came under the control of the Palestinian Authority (AbuZayyad, 2012).

After completing the first step of the three-stage transfer, the West Bank remained separated into three administrative sections known as: area A, area B, and area C, each of which was granted its own municipal and security permits. Regarding Area A, the Palestinian Authority held full civil and military control over an area covering roughly 3.5 percent of the West Bank, including Palestinian cities and their surrounding territories. In terms of area B, 24 percent of the West Bank was under Palestinian civil and joint Israeli-Palestinian security control, including the East Jerusalem suburbs, according to the most recent figures available. Finally, regarding Area C, Israel retained total civil and security control over the remaining 73 percent of the occupied Palestinian territory. By 2000, a series of agreements had resulted in a shift in the relative allocation of the areas once more, this time to the south. Area A covered 18 percent of the West Bank, Area B covered 22 percent, and Area C covered 64 percent of the West Bank. Alternatively, as Gordon (2008: 36) described it, the Palestinian-controlled regions were "like an archipelago of sorts," whilst the Israeli-controlled areas functioned as strategic passageways that broke the continuity of the West Bank's territorial integrity.

Following the agreement, regions in the West Bank were divided into three major categories A, B, and C based on the density of Palestinians living there: all Palestinian cities with a high

population densities were transferred to the Palestinian Authority, which was given complete civil and security control. The duty for Palestinian security was given to the Palestinian Police when Israel's military troops were evacuated outside the West Bank, and they were recognised as the sole Palestinian security authority. Their aim was to oppose all types of violence in whatever way they could. Among the responsibilities assigned to the Palestinian Authority was the prevention of violent acts against Israel. But the Palestinian cities of Jenin, Nablus, Tulkarem, Qalqilya, Ramallah, Bethlehem, and Jericho, which were under its authority, claimed responsibility for the personal protection of Palestinians in their own towns and cities. While Israel retained security control in Area B, the Palestinians formed a civilian administration in the region (Shlaim, 2016). There were two distinct definitions of the term "joint Israeli-Palestinian security control." Security, in the eyes of the Israelis, meant just one thing: Israel's protection, not the security of the Palestinians (AbuZayyad, 2012).

Israeli security forces responded in Area B largely in reaction to threats to their own security, but they did not hold back when it came to risks to the security of the Palestinian people. According to AbuZayyad (2012), when two Palestinian vehicles crash, for example, Israelis do not interfere to stop the collision. However, Palestinian police officers are unable to move freely between Areas A and B because they must first coordinate with the Joint Security Coordination office, which, under the Cairo Protocol, can take as long as forty-eight hours to convene and is therefore rendered essentially worthless in an emergency situation. A temporary division of the West Bank into three areas, designated as areas A, B, and C, was intended to be implemented over a 20-month period, with area C gradually being transferred to area B and B to A until all of the West Bank, except for Israeli military bases and settlements, was designated as area A, with Palestinians in complete control of civilian and security affairs. The Oslo Accords demanded that this be completed by the end of 1999, however it was not completed by that time. Ehud Barak, Israel's Prime Minister, was opposed to the move and suggested that

it be postponed until a final settlement on the country's future was achieved (AbuZayyad, 2012). Specifically, Gordon (2008) asserted that the basic motivation for the Oslo Accords might be summarised as follows: "Israel handed all responsibility for population management to the Palestinians while keeping control of the Palestinian territory" (Gordon, 2008: 35).

It was hoped that the signing of the Declaration of Principles in 1993 and the completion of the Paris Protocol in April 1994 "would signal the beginning of a new-old age," according to Gross (1999:1556). In the sense that it restored the framework of economic integration that existed before to the First Intifada, from 1967 to 1987, this era was "old"; nevertheless, it was "new" in the sense that it was built on a consensus, rather than an independent, concept. A group of Palestinian, Jordanian, Israeli, and American economists proposed the assumptions for a thriving Palestinian entity in 1993. Prior to the Oslo peace discussions reaching them or the broader public, Fischer et al. (2001) offered the assumptions for a flourishing Palestinian entity. They suggested that the Palestinian economy would be dominated by the private sector, with markets dictating the distribution of scarce natural resources. They emphasised the advantages of free trade in goods and capital between the Palestinian entity, Israel, and Jordan, as well as the fact that Israel has let thousands of Palestinian labourers to work in the country, as evidence of Israel's sincere goodwill. The Palestinian economy has been constrained owing to security concerns during the First Intifada, and some perceive it as a tactic to increase Israel's reliance on foreign markets and give them greater economic control over the Palestinian economy.

Additional to this, they requested the formation of a Palestinian economic administration to supervise the financial system, including the leasing and regulation of new banks, in addition to certain agreements regarding taxes spent on Palestinian infrastructure. Finally, foreign assistance would be required to play a substantial role in the economic development of the future Palestinian country. In their subsequent argument, Fischer et al. (2001) stated that

while some of the conditions mentioned above were met, some of the most essential ones were not.

The aid provided by the donor community has been significant, and it cannot be blamed to Palestine's low development record. However, aspirations for more flexibility in product and service commerce between the Palestinian economy, Israel, and Jordan were dashed. The Palestinian economy has suffered, according to Fischer et al. (2001: F264), "not only from a lack of adequate access to world markets, but also, and perhaps more significantly, from restrictions on the movement of goods and people between and within the West Bank and the Gaza Strip, and at times even within West Bank cities and villages." Because of the permits system and tightening of restrictions, including closures, imposed by Israel on a regular basis in response to security events or at times when the threat of security incidents was deemed high, an unpleasant environment has developed. As a result of Israel's limitations on Palestinians' freedom of movement, the number of Palestinians authorised to work in Israel has decreased significantly since 1993. Economic Development in the West Bank and Gaza since Oslo (Fischer et al. 2001) argued that maintaining a large labour flow from the West Bank and Gaza to Israel is critical for Palestine's economic development, particularly in the early stages. The Palestinian economy requires time for investments to grow and, concurrently, labour demand to grow, as stated in their article. Nonetheless, the political situation deteriorated between 1995 and 1999, largely as a result of Israel's closure policy, which resulted in a reduction in the number of working licences.

Palestinian employment in Israel has decreased as a result, and settlements have been reduced, resulting in a serious economic crisis in the Palestinian economy (Fischer, et.al, 2001). When the Oslo Accords were signed, both parties violated their commitments. Israel has previously stated that no new settlements will be constructed on Palestinian territory. Palestinians, on the other hand, have pledged to put an end to bloodshed. Despite the fact that the Oslo talks were

well-intentioned, they eventually failed (Smith, 2010). The failure of the peace negotiations in 2000 was a precipitating factor in the outbreak of the Second Intifada. On both sides, a wave of violence and counter-violence had begun to sweep over the country.

## 3.2.5 The Second Intifada in (Year 2000):

An official visit to al-Aqsa Mosque was made by Israeli Prime Minister Ariel Sharon in September of 2000. This visit, which the Palestinians saw as extremely confrontational, was termed "the match that lit the fuse that set off the powder barrel that had been threatening to explode for years," according to the Palestinian press (Pundak and Khoury, 2012). Diverse elements of Israel's occupation of the West Bank and Gaza Strip increased rather than diminished over the period 1993–2000, according to the International Crisis Group (Pressman, 2003). People in Palestine expected changes in their everyday life, such as more mobility and improved economic conditions, which would result in greater average wages and living standards. When these conditions deteriorated, a significant amount of resentment was generated, which fuelled Palestinian society's worry and unrest. The start of the Second Intifada was caused by this discontent, which was compounded by Sharon's arrival. In contrast to the Temple Mount, the Har Ha-Bayit, also known in Arabic as Haram al-Sharif, is one of the most prominent holy sites in Jerusalem's Old City. The Har Ha-Bayit is also known in Hebrew as Har Ha-Bayit and in Arabic as Haram al-Sharif. Judaism, Christianity, the Roman religion, and Islam are all known to have made use of the Temple Mount at various times throughout history. It is the al-Aqsa Mosque, the Dome of the Rock, and the Dome of the Chain that dominate the contemporary site. These three colossal structures date back to early Umayyad period and are the most visible features of the current site.

When it came to violence, the Second Intifada did not hold any back. For one thing, the new generation of Palestinian terrorists believed that employing force would aid the success of

peace discussions, which was one of the reasons for their actions. According to Pressman (2003), the Israeli and Palestinian responses to the early protests had a role in the uprising's escalation. During the Second Intifada, a slew of occurrences occurred, including Palestinian suicide bombers, tank gunfire and air strikes, targeted killings, and violent Israeli reactions to demonstrations.

In the Israeli-Palestinian conflict, Israel's control over the movement of Palestinian people, goods, and resources is a significant component of the conflict (World Bank, 2010). Since 1967, the restrictions on Palestinian migration have fluctuated between being relaxed and being tightened. The apparatus of control, on the other hand, has become increasingly complex and effective over time. A large-scale and sophisticated control mechanism was in place throughout The Second Intifada, which included the development of a permission system and the implementation of physical obstacles like as closures and traffic restrictions. Throughout the Second Intifada, Israel made frequent use of military "curfews," which were imposed by the Israeli military. Massive blockades of Palestinian population centres were implemented in late 2001, essentially imprisoning the vast majority of West Bank inhabitants in "township incarceration," as the United Nations put it (World Bank, 2004).

During the Second Intifada, "the primary economic consequences of widespread violence and movement restrictions imposed by checkpoints between Palestinian cities were disruptions in the production and circulation of goods and services, resulting in a sharp decline in national income," according to Ajluni (2003: 67).

Certain Palestinian, Israeli, and international people and organisations have criticised the checkpoints, claiming that they are unnecessary, humiliating, and detrimental to the humanitarian situation in the Occupied Territories. The gross national income (GNI) is a more complete estimate of the general income ratio. Unemployment reached unprecedented heights, climbing from 10.5 percent in 2000 to more than 41 percent in the third quarter of 2002,

according to the Bureau of Labour Statistics. Because of the restrictions, economic activity, employment, and income in Palestine were further stifled, resulting in a deterioration in the poverty rate (Ajluni, 2003).

In 1967, Israel conquered the remaining territories of the Western Balkans and grabbed their markets. Palestinians were economically dependent on Israel's economy as a result of Israel's activities during the occupied era in the West Bank. For most of the 1970s and 1980s, the Palestinian economy prospered largely as a result of the transfer of workers to Israel. Since Israel's occupation began over three decades ago, the Palestinian economy has suffered tremendously. Physical infrastructures, including as roads and electricity networks, as well as wastewater and sewage disposal facilities, were in poor condition because of years of neglect and abuse. All of them required substantial repair and renovation, a process that began in 1994 with the aid of international donors and continued to the present.

Since the signing of the Israeli-Palestinian Declaration of Principles in September 1993, the worldwide donor community has committed significant financial resources to the advancement of the cause of peace between the two countries. These monies were intended to be used to enhance the Palestinian Authority's capabilities, to bring about real changes in the daily lives of Palestinians, and to provide the basis for long-term sustainable development in the region. However, after ten years of foreign assistance, the economy has deteriorated rather than improved, according to the World Bank.

So, to summarise, Farsakh (2001) asserts that four major developments have exacerbated the economic insecurity of Palestinians living in the West Bank and Gaza Strip (WBGS) since the inception of the Oslo process in 1993: declining living standards, increasing rather than decreasing reliance on Israel, disintegration of Palestinian territorial and economic unity, and the establishment of a more powerful Palestinian Authority.

## 3.3 The Palestinian economy features (historical preview):

Economic history in Palestine is equally as volatile and difficult as political history, with a strong linkage between political-military events, economic problems, and the harshness faced by the civilian population in both the West Bank and Gaza. The Palestinian economy, which has been a consistent victim of the latter, has suffered not only from a lack of consistency, but also from a lack of structural stability. Changing political administrations happen relatively frequently, requiring the economy to reconfigure itself multiple times to accommodate unforeseen demographic movements, changes in important trading partners, and changes in authorised and physical infrastructure, among other things. The presence of some qualities, on the other hand, has persisted throughout the many fortune reversals. For a variety of factors, the West Bank and Gaza Strip have been unable to achieve industrial growth. As a result of the economy's historically heavy reliance on imports, capital allocations have typically played a key role in financing trade deficits. The development of financial mediators has been greatly hindered by the various regimes in charge of administering the West Bank and Gaza Strip. Furthermore, because of the absence of political self-rule, Palestinians have never been able to exert responsibility over their fiscal policy, making them powerless to dictate or choose the path of their economic future (IMF, 2013).

It is impossible to speak about Palestine as a self-sufficient economic entity in the modern era. The administration of Palestine has been carried out by foreign powers throughout modern history. Until 1967, the West Bank's economy was intertwined with that of Jordan, while the economy of Gaza was intertwined with that of Egypt. Since 1967, Israel has integrated the Palestinian economy with its own, creating a de facto fiscal union that was enforced by Israel on its own initiative. Not only is the Palestinian economy largely reliant on the neighbouring state of Israel, but it is also extensively influenced and controlled by Israel in many other ways.

Israel maintains complete control over the transportation of goods into and out of the Palestinian Authority (PA) (Kroll, 2013).

Because it lacks both airports and seaports, the Palestinian Authority is unable to provide essential transportation links. Israel has nearly complete control over its geographical borders. Prior to 1967, exports from the West Bank and Gaza were modest, with the vast majority of them going to Jordan and Egypt, two countries with whom Israel was at war during the post-1967 era of the country's existence. As a result, it should come as no surprise that Israel has surpassed the United States as the Palestinian Authority's major trade partner. Furthermore, the Palestinian Authority does not have its own currency and does not yet have a thriving financial services market. Water shortage and a lack of arable land are limiting factors in agricultural production. The natural resources of the Palestinian Authority are limited to the granite industry and cannot be used for other purposes. The huge potential of the tourism sector cannot be fully exploited in the current war-related climate (Oren, 2017).

As a result of this, as well as Palestine's high birth rate, the country has a high unemployment rate (especially in Gaza) and relies disproportionately on international aid and charitable donations. As a result, there is a paradoxical situation in which the Palestinians' efforts to decouple from Israel's economy through the development of an independent economy may end up depriving the Palestinian economy of growth potential that is inherent in the country's good economic relationship with Israel (Oren, 2017).

Because it has never been fully under Palestinian control, even though the peace process began in 1993, the Palestinian economy, unlike any other economy in the world, lacks national strategic management as well as a self-monitoring mechanism. This is due to the fact that the Palestinian economy has never been fully under Palestinian control. However, since Israel's occupation of the West Bank and Gaza Strip in 1967, the economy has undergone dramatic changes, the majority of which have been attributed to external factors such as employment in

Israel's labour market, the volume of external donations, and Israel's restrictions on the movement of people and goods in the Palestinian territories, particularly since the first Gulf War (1991), which resulted in the expulsion of a large number of Palestinians from Israel. DWRC published a report in 2003 stating that

During Israel's control of the West Bank and Gaza Strip (after the 1948 and 1967 wars), the Palestinian economy experienced substantial losses, which had a profound influence on the Palestinian economy and all service sectors (UN, 2012). During this time period, Israel has not only stolen Palestinian territory, but it has also imposed total control over the Palestinian economy, converting it into one that is heavily dependent on Israel to meet its needs. Apart from this, Israel employs a significant section of the Palestinian labour force in its many industries (Otusanya, 2011).

## 3.4 Foreign Aid's History:

The creation of a political culture capable of handling money on the individual level was assisted by the spread of the idea of rent dependence. The foreign aid effort had different aims from the development goals of the Palestinian community, causing political rents to be necessary while doing harm to internal development because of the foreign aid approach's differing aims from the community's development goals and requirements in the West Bank and Gaza Strip. Moreover, foreign aid has had a little influence on socioeconomic gaps. There has been no long-term economic growth as a result of the number of years the building has been occupied. Rather than attempting to serve the needs of the OPT's population, donor organisations imposed their own objectives on the funds given, which had nothing to do with the local area's advancement and prosperity, but rather had only the purpose of serving the interests of the foreign donor nations. Shtayyeh asserts that each contributor is driven by a certain vision of the Palestinian issue or viewpoint on the subject, and as a result his particular

agenda takes precedence over the practical requirements. Charitable donors' purposes are not always congruent with the country's social and economic requirements (Brynen, 2000, p161). In the case of Palestine, donors put more emphasis on areas like democracy, human rights, the environment, and gender, which may not necessarily align with NGO or societal objectives. Despite this, many NGOs have found it important to adhere to these standards for continued operations. Officials from the PA were worried that donor aid was focused on helping the organisation implement its own priorities rather than using the money to help the people of OPT expand its economic infrastructure, agricultural productivity, and overall quality of life. When there was a mismatch between what PA officials thought to be required and what was actually required, some officials stole funds to finance personal expenses, as a result of having overfunded initiatives that were unrelated to the political reality on the ground. These further points out that charitable organisations who exist for the sole purpose of receiving donations wind down when the funding dries up (Brynen, 2000).

Several studies, such as the aforementioned work by Amundsen et al. (2000), pointed out the country's "short-term foreign financing dependency." Holding accountable donors for fraudulent papers and bills alone, not the general public. Some of the system's core leaders, while still in power, had little choice but to "acquire as much and as quickly as possible." as a result, society came to be saturated by the mindset of political elites, because the only way to gain access to resources, access to healthcare, or permission, employment, or resources of any kind was to pay something in some way or another.

## 3.5 Historical Background of Aid to the Palestinian organisations:

International assistance has been given to Palestinians since 1948, following Israel's declaration of independence. The present turmoil in the region has played a key influence in the exponential growth of aid to the Palestinians. The Palestinian National Authority in the West Bank and Gaza Strip is regarded as one of the world's biggest assistance recipients (Hever, 2005). Though

overseas assistance has been a steady source of support for Palestinians since the 1948 War. However, the nature of assistance and the methods by which it is provided have evolved substantially throughout time, as recipient nations progress through various periods of crisis and growth. Indeed, the composition and quantity of international aid funds have shifted dramatically during the last decade. Since the PA's inception, two distinct phases have been established. The first is called period of development, which lasted about five years, from 1994 to 1999. Donor efforts were centred on two areas during this time period: restoration of the devastated and neglected infrastructural base and formation of the PA's institutions. It is notable that, at the time, little attention or concern was given to aid mishandling since donors' primary objective was to help the peace process. This resulted in the emergence of a deficient controlling and regulating system for international fund management. The second stage identified was after 2000, when donors shifted a portion of their aid to social and community services directed at Palestinians in the West Bank and Gaza Strip, with a greater emphasis on governance than in the past, but it did not result in a significant improvement in aid management (Hilal and Khan, 2004).

## 3.6 Political framework of assistance:

Foreign aid to the Palestinian Authority was correlated with Palestinian recognition of Israel's right to exist over occupied Palestine in 1948; following this recognition, foreign aid began to flow to the Palestinians; additionally, the PLO launched a political initiative for the establishment of a national authority over any land they liberate or from which Israel withdraws (Khaldi, 2008). Beginning in 1978, international capital began to flood into opt It is widely thought that the process of NGO-stationing (the transformation of Palestinian mass organisations into NGOs) began in 1978.

Numerous reasons contributed to the formation of the original group of Palestinian NGOs during this period. Certain educated Palestinians and university graduates desired to assist the society through non-governmental organisations (Samara, 2000). The United States and Israel reached an agreement to allow occupied Palestinians to breathe and reclaim their economic position as a diversion from the national fight (Qassoum, 2004).

The first wave of donor funds was directed toward relief operations by a number of American and international Nonprofit organisations (Nakhleh, 1989), with the objective of alleviating the effects of the occupation. It was followed by academic grants to create a cadre of co-opted educated individuals devoted to the promotion of peace and nonviolent conflict resolution approaches (Qassoum, 2004). On the one hand, the United States recognised that poverty and refugee tents under military rule have little choice but to arm themselves in opposition to the occupation. Wealthy families, on the other hand, were busy constructing mansions and pursuing personal interests, which are likely to hamper rather than progress the ongoing national battle. Certain activists questioned the relationship between NGOs, Camp David, and available funds, reflecting the reality that NGOs were hostile to the agreement and the concept of restricted sovereignty it offered the Palestinians. Meanwhile, Palestinian political factions advocated for the formation of non-governmental organisations (NGOs) in order to enhance community engagement as a method of combating the occupation. A thorough analysis of the influence of these historical events on NGO creation and the operation of the Joint Palestinian-Jordanian Committee is missing.

Furthermore, such a vision ignores the fact that donors and non-governmental organisations have mostly concentrated on service delivery and have done little to enhance national interests (Qassoum, 2004; Samara, 200). Furthermore, non-governmental organisations (NGOs) seldom admit that the Oslo Accord offered financing opportunities in the 1990s, all of which were founded on the ideas of the Camp David Agreement which is (The political agreements signed

by Egyptian President Anwar Sadat and Israeli Prime Minister Menachem Begin on 17 September 1978). Similarly, NGOs can be said to have been organised by donors. Numerous NGO experts participated in the negotiating process (through technical committee membership) or joined the numerous PA entities. Foreign aid's primary objective is to reform the geographic area, guided by a long-term political vision; nevertheless, this objective must be balanced against Israel's interest in retaining control over the PA and reducing its economy (Hamdan, 2010). Additionally, foreign financing of the Palestinian Authority may be seen in a variety of ways. A highly common position among Palestinian non-governmental organisations is humanitarian assistance as a legal entitlement for an occupied nation is contemplated in a number of UN resolutions and remarks (UN General Assembly Resolution NO 128/41 quoted in Hamdan, 2010).

The following perspective relates to the guilty conscience of contributors on behalf of Western governments seeking to recompense Palestinians for bringing about the Israeli occupation and the subsequent misery. The third perspective is based on the notion that aid is a duty stemming from the Madrid and Oslo Accords' negotiating procedures. Finally, the 'legal' viewpoint presupposes an unrealistic future in which foreign help is governed by international law, whereas the 'guilty' and 'compensatory' views depoliticize and promote aid. Nonetheless, these viewpoints contribute to an understanding of why financial assistance is frequently accompanied or driven by donors' personal objectives and the political, social, and economic developments brought about by foreign money in the Palestinian territories.

There are other perspectives that connect foreign funding to a Neo-liberal agenda and the restructure of the Palestinian Authority through funding; in other words, the hidden purpose of foreign aid is to transform the Palestinian society politically, ideologically, and culturally in order to make it more receptive to and indefinitely tolerant of the Israeli occupation (Samara, 2000). A less alarming variant of this concept envisions donor funds assisting in the

maintenance of peace and non-violence, as well as supporting the peace process by guaranteeing that the Palestinian Authority remains a 'non-viable' organisation in the absence of international financial aid.

To summarise, a substantial quantity of aid was launched by political visions with hidden agendas, which aided in tying aid in certain circumstances as a condition for continuing to pump aid to the Palestinians.

## 3.7 Aid following the Oslo Accords in 1993:

In 1993, the Oslo Declaration of Principles (alternatively referred to as the Oslo Accords) resulted in Israel's withdrawal from the West Bank and Gaza (starting with Gaza and Jericho leading to the Palestinian Authority's foundation. The Authority assumed control of the West Bank and Gaza Strip's civil administration, including education, health, and social welfare. With the foundation of the Palestinian Authority, Palestinian economic institutions were established with the authority to formulate fiscal, monetary, and development policies. Rather than being imposed, the parameters of Israel's economic connections with the future peace administration were to be discussed. The 1994 Paris Protocol defined the extent and nature of the Palestinian Authority's economic interactions with Israel. While Israel pushed for the continuation of a borderless customs union, Palestinians urged for a free trade pact that would provide Palestinian's autonomy over their commercial relations with third-party states while preserving duty-free commerce within Israel, the West Bank, and Gaza. Israel threatened to impose conditions on the entry of Palestinian employees to coerce Palestinian support of the reaffirmation of a customs union (Arnon and Weinblatt, 2001).

Governance in the Palestinian territories across all economic sectors presented several challenges for Palestinian Authority organisations, given the necessity to establish not just programmes and services, but also the fundamental foundations of government. Additionally,

because a major portion of the budget and nearly all public investment were supported by very specific donor contributions, the Palestinian Authority's resource allocation was not fully independent. Public revenues, which comprised not just foreign aid but also taxes collected by Israel on behalf of the Authority, were not entirely within the Authority's authority. Confidence and a good internal flow of money, on the other hand, sparked substantial growth in the second part of the 1990s. Between 1994 and 1999, investment increased, with capital allocated toward valued companies outside the construction industry. The encouraging influence persisted until September 2000, when the Al Aqsa Intifada began (Arnon, 2007).

Several countries, including the founding members of the European Union, the United States, and, to a lesser degree, Japan, contributed funds to the process of Palestinian nation-building, which was overseen by the World Bank and sponsored primarily by the World Bank. In order to be comprehensive, foreign aid was to include humanitarian assistance, social services, political and economic "capacity building," private sector development, and physical infrastructure development. Construction of an airport and seaport in Gaza, as well as power plants, road and rail lines, industrial parks, and logistical facilities, were among the most significant infrastructural projects undertaken in the Gaza Strip. With the explicit goal of giving economic support to the Palestinian Authority in order to assist in the establishment of government institutions, the Jorgen Holst Fund was founded (Arnon, 2007). Following the signing of the Oslo Accords in 1993 and the establishment of the Palestine Authority (PA) in 1994, aid to Palestine increased dramatically as donors concentrated their efforts on the development of Palestinian institutions to support and advance the peace process in the Middle East region. In addition, there was a strong emphasis on restoring the infrastructure of the Palestinian territories and aiding the Palestinian Authority in recovering control of the West Bank and Gaza Strip, among other things (Le More, 2008).

In the years 1994 to 1998, donors committed around 3.6 billion US dollars and disbursed 2.5 billion to the Palestinian Authority, accounting for nearly 18 percent of its GDP and virtually all public investment during this time period, according to the Palestinian Authority. Total donor commitments had topped 5.2 billion dollars by the time of the Al Aqsa Intifada in 2000, and total pay-outs had exceeded 3.5 billion dollars. Additionally, the international community upped its level of support, thinking that it was important to gather all of the financial resources necessary to assure the agreement's success before it could be implemented. As a result, in order for a thorough understanding to be reached, as well as for the agreement to withstand the daily hurdles encountered on the ground, ordinary Palestinians needed to perceive a positive shift in their own circumstances (Payes, 2003).

However, Le More (2004) claimed that between 1993 and 1999, the majority of international donors, particularly the United States, failed to prioritise or recognise the significance of restructuring the Palestinian Authority organisation. Simultaneously, there were reports of corruption. The PA was a victim of serious and widespread assistance mismanagement, involving billions of euros. This is despite the fact that the donors' major interest, particularly the US and Israel, was security; as long as the PA maintained solid security relations with Israel, nothing else mattered at this point. At the time, their primary objective was to avoid jeopardising the peace accord, and therefore worries about potential corruption were dismissed, despite accusations of high-level wrongdoing.

## 3.6 Major donors to PA Following 1993:

The major sources of assistance to the Palestinians are classified as follows: Arab nations, the European Union, the United States, Japan, international organisations (including UN agencies), European countries, and other states. Following 1993, the European Union (EU), the United States (US), the World Bank, and Saudi Arabia were the major donors to the Palestine Authority. However, two donors dominated the period preceding the intifada: the United States

and the United Kingdom. Nonetheless, the EU has been a significant donor to the Palestinian Authority. Following the Oslo accord, it nearly dominated the scene, allocating more than 2.2 percent of its entire assistance donor budget to the Palestinian Authority and even tripling its commitment (Zanotti, 2016).

By 2006, donor disbursement in the West Bank and Gaza had reached its highest level since World War II, at US$ 383 per capita (World Bank, 2004, p.64). However, during the second intifada, the EU switched its focus of funding away from infrastructure and development projects and toward institutional development and good governance (EU, 2014). However, according to Taghdisi-Rad (2010), it did not fit the PA's desire or immediate need at the time, but the Palestinian organisation accepted the help regardless of whether it met the Palestinian society's urgent requirements.

## 3.9 Civil Society in the Post-Oslo Era:

When the Oslo Declaration of Principles was signed in 1993, it significantly altered the nature and scope of international aid to Palestinians. Within a month, 42 donor nations donated more than US$2.4 billion with the declared objective of "improving the Palestinian population's capacity to organise and control their own political, economic, and social affairs." However, in addition to reviving the economy of a projected Palestinian state, this massive infusion of cash was anticipated to guarantee that Palestinians experienced tangible changes in their daily lives, therefore, minimising resistance to the Accords. The contradiction, as we now know, is that while aid grew, economic and social indices unquestionably decreased, and the promise of peace remained unfulfilled, as Kimmerling (2009) noted the fantasy of the so-called "peace dividend" rapidly vanished in the face of progressively dwindling economic opportunity and political freedom.

Despite the majority of donors' promises to adopt a participatory strategy that "empowers" local actors, the Palestinian situation demonstrates unequivocally that international assistance, whether direct or channelled via local organisations, seldom results in widespread political participation. To deal with the inflow of money brought about by the peace process, several new Palestinian nongovernmental organisations (NGOs) were established, while existing civic organisations were reorganised to appeal to international funders. Within a few years, hundreds of new organisations emerged, but many of the associations and unions that had long played a critical role in Palestinian society were forced to close their doors and cease operations. By examining the discourse of the three largest US government institutions involved in the post-Oslo democratisation project the United States Agency for International Development (USAID), the National Democratic Institute (NDI), and the International Republican Institute the underlying goals of civic education projects in the West Bank and Gaza can be ascertained. As an examination of papers provided by these three organisations demonstrates, civic education programmes frequently distorted historical accounts and manufactured fictitious issues in order to legitimise contributors' specialised engagement (Lagerquist, 2003).

## 3.7 Conclusion of Chapter three:

It is critical to recognise and comprehend the West Bank and Gaza Strip situations, particularly Israel's occupation policies and the restrictions they imposed on the Palestinian economy. It is obvious that the Oslo Peace Accords did not enhance or even alter the Palestinians' socioeconomic condition. Rather than that, Israel maintained a tacit grip over Palestinian resources and prevented them from developing an autonomous economy. The persistence of Israel's occupation and the subsequent Palestinian division have compounded the conflict's present situation. A successful peace and development process need an inclusive political process that incorporates all significant actors on the ground and overcomes the socioeconomic

restrictions imposed by occupation practises. It is also critical to comprehend Hamas' governing environment in light of the present divide, as well as the reasons that aided Hamas in consolidating its position in Gaza and retaining control of the Strip. This helps to clarify Hamas' policy choices regarding funders and civil society organisations.

# Chapter (4)

## *The Palestinian Authority and the Corruption Culture*

### 4.1 Introduction:

Corruption is a confusing and complicated phenomenon that manifests itself in many ways depending on the circumstances. As a result, several reasons for corruption have been suggested, ranging from ethical deterioration to the abuse of public authority for private gain to precise legal definitions of corruption as an "act of bribery" including a public retainer and the transfer of actual cash. According to Joseph Nye, corruption is defined as "behaviour that deviates from the formal responsibilities of a public position for personal financial or prestige benefit" (Nye, 1967).

The first is Transparency International's definition of corruption, which defines it as a deliberate "abuse of power for personal benefit." Transparency Worldwide is a well-known global organisation committed to fighting corruption, with a focus on nations where high levels of corruption hamper political, social, and economic progress. Corruption monitoring by Transparency International is critical because it sets a definition of power abuse for private benefit that can be applied to any area whether political, economic, or social (Robert, 2000).

J.S. Nye, an internationally known expert on power and mutuality, provides the second definition of corruption pertinent to our argument. His proposal prioritises corruption in the poor world, particularly in post-colonial governments. He defined corruption as behaviour that deviates from the formal responsibilities of a public position (electing or hiring) for personal gain, strong familial ties, or participation in a private elite) money or prestige advantages; or breaks the law (Nye, 1967).

Controlling the use of some forms of private influence. Thirdly Corruption, in other terms, is the official's use of his or her public position and authority to influence or obstruct public/private actions for private benefit, as defined by Leys (Leys ,1965). Furthermore, Williams (2000) asserted that corruption is "both old and modern," although academic research on corruption acquired prominence and relevance in the late twentieth century. When investigating the formation of the nation state.

Corruption in public institutions has long been regarded, and even expected, as an essential process and condition of 'launch' for any country striving to develop. This notion is based on the assumption that state actors may improve their governance system by passing and implementing anti-corruption legislation and regulations. However, under post-transitional administrations, the original policies and design of the state structure and political system can, and often do, become permanent components of the political system. The institutionalisation of policies, processes, and recognised sets of norms for new states happens at a variety of state levels and channels. As a result, if corruption becomes institutionalised during the state-building process, as has happened in a number of emerging countries. Williams questioned the continuance of corruption in public life, stating that, like universal wealth, perfect honesty in public life is not literal nor naïve, but rather practical and genuine. As a result, eradicating large-scale corruption is an unachievable task (Williams, 2000).

Nonetheless, it appears that the amount of corruption and the need for solutions in developing countries is substantially larger than in established ones. If a state has a plethora of rules but no standardised methods of enforcing them, as many new nations have, it provides an opportunity for interested members of society to engage in corrupt practises and conspire with authorities to enhance their gain. Corruption may emerge at any point in a country's political evolution. According to J.S. Nye if political development cannot coexist with corruption,

because it is defined as "rational, modern, and honest administration," and a politically evolved society cannot sustain pervasive government corruption. Corruption stifles progress and inhibits foreign investment in politically unstable and underdeveloped/developing countries (Messick, 2014).

Similarly, a number of the world's major international organisations are addressing corruption issues through their different branches across the world, with a particular emphasis on places where high levels of corruption impede political, social, and economic progress. Transparency International's definition of corruption is critical since it provides a universally applicable notion. Second, Nye's concept of corruption would be utilised to get access to the political evolution of post-colonial administrations. Nye is a well-known specialist on power and reciprocity, with a focus on corruption in poor countries. Corruption, according to him, is "behaviour that deviates from the official obligations of a public function in return for private-interested rewards, whether financial or positional; or that violates laws prohibiting the use of particular forms of private-interested influence." As a result, for the sake of this thesis, corruption is defined as an official's use of his or her public position and authority to exert control over or obstruct public/private operations for private gain (Messick, 2014).

## 4.2 Corruption in Palestine (A Historical Overview):

Corruption is allegedly prevalent, systematic, and entrenched in the Occupied Palestinian Territory (Ramahi, 2013; AMAN, 2013; Dana, 2015). Corruption has a detrimental effect on the operation of the Palestinian National Authority (PNA), as well as on the continued survival of the Palestinian polity. Corruption wreaks havoc on the state–society relationship in unanticipated ways. This is also one of the reasons why the Israeli occupation is so adamant about refusing to recognise Palestinian statehood.

According to an AMAN study conducted in 2018, the most significant impediment to Palestinian "governing competency" is the absence of a clear and open institutional and legal structure capable of effectively combating corruption in the Palestinian Authority. In part as a result of this lack of "governing competency," the public have experienced an "aggravated state of dissatisfaction," which has led them to "believe that the PNA will not hold corrupt officials accountable for their misdeeds or crimes" (AMAN 2018, p.42). According to the findings of the AMAN research, this lack of openness is not a product of Palestinian culture, but rather a result of the terrible geopolitical realities that have historically moulded the institutional and legal framework of the Palestinian territory. Since 1967, Israel has enforced a harsh military occupation on the occupied Palestinian land, resulting in the deaths of thousands of Palestinians. On the basis of the Oslo Accords, a Palestinian administration with no legislative authority was created in 1994 and remains in place today. Prior governance systems of the Palestinian National Authority (PNA) were inherited from the revolutionary struggle movement of the Palestine Liberation Organization (PLO), which put little emphasis on transparency or public administration.

Furthermore, according to a recent survey conducted by the Aman Palestinian Alliance for Accountability and Integrity in 2018, up to 81 percent of Palestinians residing in the West Bank and Gaza Strip feel that the Palestinian Authority is corrupt. In addition, the Palestinian Alliance for Accountability and Integrity (AMAN) 2018 annual report, which is part of Transparency International's Palestinian chapter (and which also demonstrates Palestinians' conviction in corruption by some Palestinian Authority officials and influence individuals), reinforces this picture of the Palestinian Authority. These findings persisted despite the widely publicized efforts of former Prime Minister Salam Fayyad to eliminate corruption, as well as assessments from the World Bank and the International Monetary Fund (IMF) indicating that good governance standards had improved. The corruption of Palestinian political organisations,

according to Tariq Dana, a fellow at Al-Shabaka Strategy, is entrenched and prevalent in their politics, and this has been true even before the creation of the Palestinian Authority. Due to Israel's continuing colonialism and occupation, as well as its encouragement and facilitation of corruption, he argued that the issue must be tackled at its source and that normal techniques employed in other nations will not be effective in resolving it (Aman, 2018).

The pre-existing political culture in Palestine did not take on the structure of the pre-existing political culture in the Palestinian Territories until the Oslo Accord in 1993. Since the establishment of the PA and all those who came from outside the West Bank and Gaza Strip, this new political culture, which endorsed corruption as a political tool, has pervaded every aspect of the community, resulting in a new type of corruption that has shaped the PA culture's primary characteristic (Rabia, 2018).

Doubts regarding the PA's legitimacy as a genuine representative of the Palestinian people continue to this day. Since the last elections in 2006, the PA has been unable to advance peace negotiations or establish complete control over its institutions, resulting in the most politically powerful individuals dominating PA structures and areas of work relating to formal and informal Palestinian organisations operating in Palestine. As a result, democratic ideas and potential have been consistently and successfully stifled. Former President Yasser Arafat used corruption to subsidise international criticism, ensure loyalty, maintain control, and keep his own political authority (Shikaki, 2006).

The former president and his allies used tools such as the spread of controls and the distribution of payments such as economic aid to keep the opposition at bay, weakening some of the privileged class, which is a group of powerful individuals who have an outsized share of wealth, privilege, political power, or skill in a society, both directly and indirectly (Lasensky, 2002). The Palestinian Authority evolved and created an economy largely reliant on foreign donors. This resulted in political pressure from funders, most notably the United States of America,

Israel, and other foreign donors, who placed a premium on Israeli security above Palestinian democracy, therefore placing Arafat is mostly responsible for ensuring it. This finally led in widespread fear and insecurity among Palestinians, a deterioration of confidence in the PA's formal procedures for delivering on its promises, and the covert acceptance and encouragement of the institution of corruption. This chapter will identify and analyse the most pervasive forms of corruption in the Palestinian Authority. It will conduct investigations into allegations of corruption, constructing a narrative about the rise of corruption in the PA and the extent to which it infiltrated the Palestinian administration. Additionally, it will identify some of the key players and the processes by which the use of corrupt practises enabled the evolution of a parallel system of rule that serves as a kind of safe haven for powerful people to serve their interests without fear of prosecution, thereby laying the groundwork for the PA's corruption culture (Dana, 2015).

## 4.3 The Politicians' Dominance and the Culture of Corruption "An Historical Perspective":

Weak and low economic facilities, high external resource dependency, and establishing monopolies in some industries were particularly harmful and prevented 'free growth of the private sector and distorted pricing' as well. Dominant firms maintain complete control over market conditions and price in the absence of competition. Internally, because of the lack of opponent weaknesses, there is no incentive for modernising, or internal reform (Fox, 2000). This was a threatening political economy, which slowed down economic reforms and prevented competition, discouraged investors, and prevented the establishment of competitive, long-term, sustainable economic businesses. The 'good' control portions of the industry, including the reclamation of certain industries from Israeli domination, were inadequate to compensate for the bad features of the trade monopolies which had established. This was typical in PA

monopolies when PA management and family or friends gained financial advantages (Jackson, 2009).

Moreover, most 'public' companies were owned or controlled by the PA, giving it complete influence over whole economic sectors. According to a PLC Corruption Report for 1997: Petrol, and the Palestinian Commercial Service Company (PCSC Company) and many other major companies, each holding one of the largest development contracts with international companies, donors, and government, the original GCO failed to report tax-free returns from three of the major PA companies. The PCSC was established in 1994, for example, to meet the need for inexpensive cements on the Palestinian market. The OPT frequently prosecutes monopoly public businesses for racketeering, extortions, money laundering and funding of "off-the-book" expenditure (Brynen, 2000).

In addition, concerns were raised about the prevalence of semi-private/semi-public limitations in the OPT. It was estimated, in 1997, that about 27 of those companies were operating, typically with an Israel supplier exclusive to Israel and one of the numerous agencies for PA security, which control import trade in a variety of sectors, among which 'fuel, cement, gravel, cigarettes, flour, steel and constructive material' and the PA was unable or unwilling to regulate these industries. Two big companies were involved and in close touch with the PA leadership in these kinds of transactions. These included the PCSC which at that time was managed by Khalid Salam, the main economic adviser in the management, and Sharakat alBahr, which was co-owned by the manager of Arafat. In their ownership and activities, these companies, owned or co-owned by the PA and its executives, were eventually discontinued, or privatised Publicity has attracted the attention of donor nations and international organisations (Fangalua, 2012).

Several donors and organisations, to decrease competition and create control over certain social sectors, expressed worry about how the PA imposed limitations and maybe focused money to spend in a single pot that benefited the PA networks itself in an OPT area.

These monopolies monitored the import of petroleum, cement, gravel, cigarettes, wheat, steel and building materials in particular in the most profitable areas of society." By 1997, 27 or more of these companies were anticipated to operate to their full capacity in OPT (Abrams, 2012). Owning monopolies to the PA hampered the growth of Palestinian society by competing directly with local companies. When the PA learned that a cement contract between a collection of local companies and the Israeli cement companying Nesher had been inked, it rejected the contract and substituted local merchants and partners with the PA (2000, Brynen).

In its examination of the commercial monopoly of the Palestinian Authority (PA), the PLC Special Committee's 1997 report examined the Palestinian General Control Office's 1996 Corruptions Report. The report was not complete. The issue was not discussed in the GCO report and only the problems mentioned in the GCO report were carefully investigated. However, this did not indicate that the PA was not monopolised or damaged the Palestinian economy. Arafat and PA were quite famous for their dedication and commitment to it since they granted monopolies for commercial agencies and rich businesspeople (Brynen, 2000). The main focus of trade was to provide incentives and personal links to favouritism called "Wasta," which allowed Arafat the previous president to create the power platform at the expense of the private sector. They were, nevertheless, a vital instrument for the survival of the PA government, according to top officials. Arafat backed the PLO according to Shu'aybi and monopoly by PA officials since the income was earned and used for Arafat's non-PA and personal operations was moved into the subsidiary accounts.

Individuals that own specific companies have also benefited from this system, as they have revenue incentives and control over other companies that rely on their investment. In other situations, high officials have turned a blind eye to some behaviours, so subordinates can submit to them. Many PA executives have either set up their own personal companies in addition to their governmental obligations, or their role in the negotiation of business

transactions, the establishment of partnerships between foreign and domestic companies or exclusive contracts or the access to a certain market for specific companies have been compensated for. Ghanem visited personnel of the Post and Communications Ministry, for example, whose bosses had been accused of official wrongdoing (Fangalua ,2012).

The Chairman of the General Control Committee asked the Minister for Posting and Communication, in response to grave charges of a wrongdoing in the legal and financial field, to explain the use of his official powers for enterprises working with the Ministry. The minister was not charged individually since he was not acting as Post Minister at the time of the crime. However, the Deputy Assistant to the Minister, Mr. Allaham, and the Directive General of the Ministry, Mr. Skaik, have been revealed to have negotiated personal agreements with international and domestic companies. In cooperation with specific firms and architects Skaik was responsible for increasing the activities in Gaza and constructing a new postal and communication Ministry (Fangalua, 2012).

Such behaviour, in particular the contractors and architected who were more skilled and adapted to the type of projects that the Ministry sought, was effectively marginalised and excluded companies. Only ministry officials were responsible for contract competitions and decisions on the exclusion or acceptance of other firms (Schenker, 2002).

The PA was increasingly pressurised to prosecute top officials, and anyone involved in charges of corruption. Nevertheless, accusations were either withdrawn or ignored, as were the case with high-ranking officials for many past corruptions in the Palestinian Authority. PLC members and some other opponent of the PA & the PA president, expresses concern about a lack of legal responsibilities and a lack of law enforcement or accountability to officials and criminals. They accused PA officials of working in the manner of a mafia organisation that dominated and monopolised the economic industry, lacked ethics, encouraged agitation against

the PLC and attempted to destabilise the government in order to continue its unchecked criminal operations (Rubenberg, 2003).

Consequently, international assistance to the Palestinian Authority (PA), which was intended to strengthen the PA by developing its institutions and infrastructures while uniting its political capacity, instead became a financial resource that was used to maintain excessive public sector employment, support political groups and PA supporters, and appease opposition through Arafat's individualised administration. This was done by portraying the infusion of foreign cash, the uncertainty of transitional arrangements, and the fragility of existing institutions as factors that facilitate and prolong corruption in the Palestinian Authority.

Fragile state institutions lack the institutional capacity to effectively document joint creative endeavours or to regulate monopolies that have established, deterring genuine investors. A Palestinian Authority official, for example, may enter into a deal with an Israeli counterpart (company or individual) to purchase a commodity in quantity at a specified price. The official would then sell the commodity at inflated rates on the Palestinian market, profiting directly from each transaction. If Palestinian merchants could acquire the same items at a lower price in another market, the PA security apparatus would approach them in order to "convince" them to buy solely from PA officials. Similarly, PA politicians dominated the lucrative petroleum industry. At the time of the Paris Protocol in April 1994, the West Bank and Gaza Strip consumed around 40 million litres of gasoline per month. Pedasco, a joint venture of three major Israeli gasoline companies (Delek, Paz, and Sonol), was contracted to provide around 65 stations in the West Bank and Gaza Strip until the year 2000 (Rubenberg, 2003).

Another example of officials misusing their positions for financial gain was the PA Health Ministry in Gaza, which used and sold drugs that were legally forbidden in the West Bank due to noncompliance with health regulatory requirements. Certain PA officials exploited their office power to authorise and create a partnership in Gaza with a pharmaceutical business, the

Medicine Company, to operate as the Health Ministry's pharmaceutical distributor, thereby eliminating real and qualified competitors. The Health Ministry approved, repackaged, and placed on the market medications that had previously been refused in the West Bank due to packing issues, expiration dates, and pharmaceutical registration rules, all of which constituted criminal offences' and posed a risk to patients. The pharmacy's general director at the time, was charged with knowing and willingly consenting to the medicine company providing/selling unlicensed medications to the ministry (Rubenberg, 2003).

Furthermore, the medicine company worked with other PA officials, including the General Director of the Ministry in Gaza and Civil Affairs Minister at the time, and Mr. Tarifi (who was also implicated in other cases of corruption), to transport these unregistered drugs from Egypt under the guise of donated goods. The Gaza borders with Egypt, which was free of customs and VAT, made transportation easier. After being subjected to VAT and customs charges, the medications were sold to the Ministry. In its 1997 report, the PLC recommended that the medicine drug matter be forwarded to the PA Attorney General's office for prosecution of PA officials and ministers involved. While the plan aroused little outrage, no official repercussions were imposed (Abrams, 2012).

Furthermore, by combining the PLO and PA institutions, the PA was deprived of adequate accounting procedures. According to Azmi Shu'aybi, Israel and the PA collaborated when monies were transferred to authorised accounts in the names of Ministers or close friends of high officials, specifically Mr. Salam and Mr. Nashashibi, who served as Finance Minister at the time. There were no duties attached to the transferred tax revenues. It was placed in a transit account, from which PA President can transfer funds to other accounts for his own use or the benefit of others. VAT and customs revenue were transferred to the Palestinian Authority's Ministry of Finance, whereas fuel excises were transferred to a "secret" account in Tel Aviv accessible only to senior leadership and Mr. Rashid. Meanwhile, excises on cigarettes and

alcohol collected locally, as well as income from PA economic operations and trade monopolies, were transferred to non-Ministry of Finance accounts (Bergman and Ratner 1997). According to an IMF analysis, about 591 million US dollars in excise tax collections were diverted beyond the Ministry of Finance between 1995 and 2000. The vast bulk of excise tax revenue diverted from the Ministry of Finance appears to have been spent on PA commercial operations, assisted by PA subsidiary enterprises such as the Palestinian Commercial Services Corporation, as well as private monopolies such as the Palestinian Commercial Services Corporation A substantial amount of money was created by these sorts of commercial companies for the PA, which was once again taken from the Ministry of Finance's budget. Excise tax revenues, earnings from these limits, and commercial investments transferred from the Ministry of Finance budget were projected to total more than 900 million US dollars between 1995 and 2000, according to projections (Amundsen et al., 2004).

Despite the fact that these linked public corporations and cartels were portrayed as entities that would contribute to the development and improvement of the public sector, job creation, and economic development in Palestine, profits from these businesses were redirected to the senior Palestinian Authority officials who oversaw them and their family members. As a result, international donations as well as domestic and Israeli tax money were channelled to the PA President's auxiliary fund, which was used to finance the bloated public sector and to the Ministry of Finance, which was used to pay off debts and expenses, rather than to genuine state-building efforts in the Palestinian Authority (Palestinian Authority). The money was also spent on favours for allies and on buying political support by generating employment in the government sector. For the PA, the now-exorbitant public sector budget, which was being forced to cut other departments' budgets to meet the pay standards it had established, was becoming a major source of anxiety (Dana, 2020).

According to General Rothschild, the Israeli government's coordinator of efforts in the OPT during the PA's formation, the PA did not start from scratch. With the departure of the Israeli Civil Administration, rather than eliminating the existing 21,000 employees, the PA added more than 22,000 clerks who returned with PA President from Tunis, as well as an additional 41,000 policemen and security officers, creating an unreasonably bloated public sector of employment (Brynen, 2000).

In order to support PA institutions, the PA never revised its needs, structures, or personnel structure. Mr. Al-Salhi, one of the Palestinian Authority's senior officials with whom we spoke, remarked during the conversation that Palestinian society has become increasingly reliant on the jobs provided by the PA. However, as the OPT's principal employer, the PA created roles that frequently overlapped, covered, or served no function. By September 1998, the PA employed around 85,000 employees, with wage costs accounting for approximately 14.5% of Palestinian GDP and 58 percent of Palestinian frequent financial expenditures (Bergman and Ratner, 1997).

After 10 years, the PA employed around 170,000 people, which was detrimental to the country's political and economic progress. As a result, this put a pressure on the PA's table budget, which, as Al-Salhi pointed out, limited the PA's ability to engage on development projects. He predicted that the inflated figure will be closer to 50,000 actual employees than the 30,000 officially disclosed (Abu Arafeh, 2006).

The Deputy Minister of Economics and Trade argued that the overexertion of the public sector and the transfer of development money into this supporting fund was a necessary requirement and an important positive feature of the Palestinian economy and a major economic success for the Authority. To stress the remarkable achievement of the PA, he stressed that if the PA did not provide these people with jobs, especially those who battled with the PA President, where

would they find work and how would they find work? Instead, a renowned Palestinian economic expert, Mr. Awartami cautioned that the bloated bureaucracy was a ticking time bomb. For a strong basis that would be difficult to break, PA President counted upon such people. PA President In order to preserve the neo-patrimonial system, PA President prioritised compensation payments above sustained growth, generating viable jobs for the population. However, his proposal was just band support for a future economic and political catastrophe (Abu Arafeh, 2006).

The persistent involvement of prominent PA leaders and their families in corruption investigations has undermined the PA's legitimacy. On the one hand, the PA leadership officially condemned corrupt practises, while on the other, they were accused of corruption and were believed to benefit directly from negotiations with Israeli and international businesses.

For example, when Prime Minister Qureia, a main negotiator during the Oslo Accords, was screaming to EU leaders over the construction of Israeli Walls, his cement business, Al Quds, was selling cement to the Israeli government.

The structure was built in Israel's biggest settlement, namely in the Abu Dis neighbourhood, and when confronted with the Associated Press report and accusations of hypocrisy aired by Israeli television, Mr. Qureia furiously rejected the allegations. However, Al-Quds Cement Company CCTV shows cement trucks leaving for these settlements. When reporters questioned about the company's ownership, they were told that it was owned by the Qureia family, which included one of the company's leaders and the head of PLC at the time. The accusation of corruption stemmed not from his company's building of the wall, but from Qureia's monopoly over the cement sector, which allowed him to get a disproportionate percentage of significant bids and new business opportunities in that field. Certain opponents accused even the PA current President, a favourite of the Israeli and US administrations, of corruption. PA current President was viewed as an advocate of peace and openness, as well as

the Palestinian Authority's face of political reform. In one of several examples of corruption, PA current President sponsored and insured that a business managed by his own son, Mr. Yasser, shared a consumer entertainment monopoly with other businessmen (Dana, 2015).

Another famous politician, Minister of International Cooperation Dr. Sha'ath, has been accused of misusing public funds to pay for his wedding. Sha'ath was also cited in the 1997 Corruption Report, according to Azmi Shu'aybi, for allegedly abusing public funds to finance a computer endeavour in which his company maintained a monopoly. Families of PA officials were given benefits. Their children received a prestigious private education, while relatives received special support in establishing new businesses. Even members of President PA family have been accused with corruption. The French authorities began an inspection into the enormous-scale transfer of funds worth $14.5 million USD from European bank accounts to Mrs. Suha the wife's president personal accounts (Abu Nimah, 2004).

In one of his interviews with a well-known publication in 2004, PA President was asked about the transactions, and he answered that he saw no impropriety on his part in transferring that significant quantity of money to care for his family while they fought Palestinian interests overseas. The elitism of the returnees from Tunis, where the PLO was based previous to the creation of the PA, their regiments, and their understanding of this corruption were stunning, displaying a separation from reality on the ground and a dissociation from the misery of the Palestinian masses. Both international donors and the PLC urged for the launching of government corruption charges. The PLC's 1997 Corruption Report made it very clear that PA members exploited monopolies and mismanaged funds. However, no PA official has ever been legally charged with corruption, let alone convicted and imprisoned by a court. Instead, the PA leadership was found not guilty of corruption-related charges. If, and only if, any of the PA officials or cohorts were prosecuted, there was almost always a gap in the law, Because of the

exceptional historical discrepancy of the legal system controlling the officers of the PA which might be employed to argue in favour of the leader's (Rubenberg, 2003).

While the Palestinian legal system is based on Egyptian by-law, Jordanian rule governs the West Bank. As a result, an accused individual is commonly exonerated based on his ability to maintain great connections, or friends or relatives in prominent positions who may take advantage of the court system's flaws and inconsistencies. This was typically the case with PA elites, who were legally protected. Individuals were tried on charges of corruption, drug smuggling, and incitement against the state in the early 2000s, when international pressure on the PA to address corruption allegations was at its peak; these cases were frequently associated with the parallel legal system. Both cases drew international attention and demonstrated the PA's efforts to silence any critical voice regarding their method of governance and corruption allegations; however, all of this was a show for international donors to demonstrate that we are fighting corruption, as no one was charged at the conclusion (Abu Nimah, 2004). The PLC reviewed its 1997 PLC corruption report as the PA garnered international attention for rampant corruption., the owner of a local television and an independent journalist, was arrested and detained for one week on suspicion of breaching his contract with the Ministry of Communications and the PLC by broadcasting the infamous corruption debate session, which he was not permitted to broadcast despite having a valid permit to broadcast PLC sessions (Abrams, 2012).

PA officials were concerned about what the PLC may say about the corruption accusations. Therefore, the PA's censoring and reluctance to allow the debate to be aired cost them the opportunity to rebuild their reputation and provide a transparent picture to the national and international public (Pipes, 2000).

It was aggravated by the PA's inability to combat corruption, which was compounded by the failure to advance the Peace Process at the same time - the two were inextricably linked in a

rotating loop. The ability of the Palestinian Authority President to preserve the PA's public legitimacy was contingent on his ability to offer actual advantages from the progress of peace negotiations. In the latter, he was restricted by the Palestinian Authority's relative sensitivity to Israeli attacks and, as a result, his reliance on Israel (and the discussions' arbitrator, the United States) to make necessary concessions on his terms. Because the Palestinian Authority (PA) was unable to stand up to the Israeli state, Israel had even less motivation to make such concessions, thus weakening the legitimacy of the PA in the process. On the other hand, even if the Palestinian Authority were in a strong position, Israel would continue to refuse to surrender, despite likely international pressure to make a serious attempt at a political settlement. The PA President was compelled to advocate for alternative forms of "management" in order to improve the legitimacy of the PA and, consequently, his own personal legitimacy, to ensure the PA's long-term viability, and to increase his influence over Palestinian society as a result of his leadership of the PA. Examples include the increased use of international financial assistance as well as the redirection of excise taxes and revenues from PA-owned or partly owned companies to accounts outside the Ministry of Finance in order to invest in PA commercial ventures through the PCSC, provide patronage to both prominent individuals (through corruption and privileges) and support public sector employment, among other initiatives. Therefore, they developed a parallel budget in addition to the regular budget and used it to carry out the dirty business, with millions of dollars from the official budget going towards growing the unofficial system and buying loyalty at the price of developing and creating infrastructure (Halevi, 1998).

## Corruption and neo-patrimonialism:

Neopatrimonialism is a system of social hierarchy in which patrons utilise state resources to ensure the allegiance of clients in the general population and exploit it as a method of ruling

(Erdmann and Engel, 2007, p.99). As Christopher Clapham identifies as well, neopatrimonialism is a "form of organisation in which relationships of a broadly patrimonial type pervade a political and administrative system which is formally constructed on rational-legal lines" (Clapham, 2002 p.48)

In turn, these sorts of behaviours damaged the PA's integrity in front of the International Community, with the PLC. As a result, the Palestinian Authority degraded as an institution, PA President's reliance on corruption increased, and the Palestinian Authority collapsed more in a self-perpetuating circle. As a result, corruption became ingrained in the practise of the PA. Because of the lack of a unified body of law, the illogical realization of existing laws, and legal gaps, many of the Outside elites on whose allegiance PA President relied for political power took advantage of the chance to engage in corrupt activities and avoid legal penalties. They were able to achieve this by undermining the efforts of international donors and Palestinian inner privileged groups to establish long-term financial institutions capable of funding a potential democratic state in the Palestinian territories. In 2005, Khan asserted that "because evidence of corruption, monopolies, centralised power, and slow progress toward democratisation can easily be found within the PA, the good governance and favrorism model proposes that these factors, such as monopolies, corruption, and so on, played a significant role in impeding Palestinian progress toward feasible statehood (Samara, 2000).

As public disgust with the PA's pervasive corruption grows, the PA is under increasing pressure. The international donor community, dissatisfied with the diversion of donor funds and accounts, has harshly criticised the Palestinian Authority (PA) for corruption and its inability to address donor concerns. A long-standing split between international donors and the Palestinian Authority threatens to explode, escalating the situation and leading to a catastrophe. Salam Fayyad, IMF Resident Representative in Palestine, proposed a three-stage Economic

Policy Framework reform proposal to alleviate tensions between the donor community and the Palestinian Authority. Starting with the first contribution, all PA income would be funnelled into a single account (Separate Treasure Bank Account). Second, the Gaza payroll division would be under the supervision of the Ministry of Finance, which would also be in charge of overseeing the recruitment process. In addition, all of the PA's commercial assets would be subjected to international audits, with earnings being distributed to the Ministry of Finance (Samara, 2000).

Consolidating the PA's finances was regarded as the first step in assuaging international donors' concerns. Nonetheless, establishing a framework for economic reform did not guarantee that the PA would follow through on the agreed-upon steps. As the IMF acknowledged, there is a separation between broad consensus, Presidential order issuing, and reform implementation.

Analysis of Corruption: The Relationship Between a Supporter and a Client

Corruption in public administration (PA) organisations cannot be limited to administrative and financial misbehaviour committed by irresponsible staff driven by greed and personal gain. Palestinian scandals, such as theft of public finances, resource misappropriation, and favouritism, are the consequence of long-standing corruption that was established in the Palestine Liberation Organization (PLO) prior to the Oslo process (Dana, 2015).

Recent anti-corruption initiatives have largely been "technical," focusing on subjects such as developing codes of conduct, improving recruitment techniques, and designing preventative measures to handle specific transgressions. While such systems are necessary, they will be ineffective if the fundamental causes of corruption are not addressed. As a result, understanding the nature of corruption, particularly as it relates to the PA, is important in order to successfully resist it (Fangalua, 2012).

In Palestine, the Palestinian Authority's corruption has become a self-perpetuating system. "Donor-clientelism" may be the most important factor in repeating and sustaining the corrupt

nature of Palestinian policy. In Palestine, donor-clientelism is based on social values such as connections and familial ties, which are shaped by sectarian politics. These social and political ties allow the ruling elite to exert control over residents and expand their network of supporters by reallocating public resources to purchase political allegiances, assisting the dominant elite in maintaining the status quo and maintaining its dominance of political and economic assets (Dana, 2015).

Given that a significant portion of Palestinian culture is built on tribal, and familial social connections, the PA has attempted to help big families in ensuring their allegiance. When the Palestinian Authority formed the Ministry of Local government, it included a specific department devoted to tribal issues. The Ministry recognises what is called mukhtars (tribal leaders) and empowers them to advocate for their families. While tribalism had been marginalised with the development of the national movement, the PA nominated several representatives of prominent families to cabinet positions in the 1990s on tribal grounds. Following that, these ministries were primarily staffed by family and associates of the ministers. Following recent gains in state-building, there was a decline in employment based on family concerns. However, other ministers have surrounded themselves with loyalists as an alternative (Fangalua, 2012).

## 4.4 Elites' Wealth and Power in PA:

Capitalism built on the principle of exploitation It is common in the popular press and among political activists to allude to predatory rent-seeking and mutually beneficial relationships between politicians and businesses by using the phrase "crony capitalism." The corrupting nature of elite engagement in economic management, as well as the resulting harmful social and economic implications for society, have been the subject of recent academic research investigations. Crony capitalism is a broad word that refers to a political system in which those

who are linked to the political authorities who design and implement policies get considerable economic rewards from their connections? Due to these favours, economically connected individuals can receive returns that are higher than those that would be gained in a market-priced economy (Dana, 2020).

Crony capitalism is fundamentally anchored by a broad array of overt and covert as well as formal and informal networks that span governmental institutions and private companies, contrary to the liberal meaning of the term. Rent-seeking, political entrepreneurship, money politics, bribery, and corrupt public–private transactions are some of the key components of crony arrangements that have been studied in depth, including Because of this research, a critical analytical framework has been developed to better understand the political and economic behaviour of these networks, as well as the redistribution of money among friends in order to gain support and compliance. Beginning with the prominent, who directly benefit from private business transactions and other interactions, these networks spread outward.

The responsibility for other forms of governmental mismanagement falls on the shoulders of lower-level state officials, whose unbridled authority is routinely misused to advance self-serving agendas via competition for political rent and financial rewards Through their participation, many centres of power help to sustain the status quo while also favouring the cronyism system (Dana, 2020).

Crony capitalism exists in both democratic and authoritarian governments across the world, and it is not limited to any one type of political structure. Clone capitalism is more of a political–economic structure that may be found across the capitalist system and its numerous expressions, such as state capitalism and neoliberalism, than it is a specific political–economic structure. The degree, scope, and depth of crony ties in each case, on the other hand, are still up for debate (Clarno, 2017).

When a government intervenes in the market through regulation, taxation, and subsidies, companies may be enticed to seek political relationships in order to receive preferential treatment and maximise their profits. This is especially true in states with free enterprise or "big government" systems. The use of bribery, favouritism, public–private partnerships, and participation in monopolies are all methods by which politicians earn economically from favoured companies. As a result of favourable ties between governments and big businesses, policy formation can be influenced in favour of growing crony relationships between political and economic elites, therefore building the robustness of a crony capitalist system (Dana ,2015).

A feature of the neoliberal mindset is also the existence of crony connections. Several neoliberal policies, like market deregulation, denationalisation, and progressive taxation, make it feasible for cronyism to flourish. If a state's enterprises are privatised, the proceeds of the sale may be distributed to politically linked entrepreneurs, resulting in increased financial gain and political power for those involved. Furthermore, cronyism is institutionalised through harsh fiscal policy regimes that impose higher taxes on individuals and small and medium-sized businesses, while foreign corporations and the wealthy face only minor fiscal constraints and, in many cases, are completely tax exempt from the government. It is regularly exposed through humiliating exposes how politicians' profit from this energising energy. (Dana,2020)

A number of Arab nations, including the Palestinian Authority, use a kind of capitalism known as "neo-patrimonial crony capitalism," which is characterised by nepotism, theft of public property, enlarged bureaucracy, rampant corruption, and a lack of adherence to the rule of law. Neither state capitalism nor neoliberalism are used to describe this system; instead, it is described as "a twisted combination of the two, in which the state and its resources serve as a cash cow for the absolute ruler and his family staff, buddies, and henchmen" When seen from

these perspectives, the nature of crony capitalism is worsened by authoritarian and militaristic regimes, inefficient capitalists, and a state security system that is firmly ingrained in society. However, cronyism in the context of the Palestinian Authority is different in that it functions within a framework defined by continuing colonialism, foreign assistance rentiers, and the absence of a viable alternative political system to the Palestinian Authority (Clarno, 2017). In the Palestinian political system, corruption is exemplified by the connection between power and money at the highest levels of political authority, which is endemic to the system. This is the most common kind of corruption, but it is also the most difficult to prosecute since leaders often have social, political, or legal protection. This type of corruption is especially widespread in the developing world. Further complicating matters is the fact that this form of corruption is exceedingly difficult to identify due to the intricacy of the money transfer process and the fact that it is transnational in nature - which may involve illegal marketplaces, money laundering, and foreign bank accounts (Abrams, 2012).

A common occurrence during moments of intra-elite political struggle is the exposure of elite corruption, which occurs when mutual claims of large-scale fraud dominate news headlines. For example, Mohammed Dahlan, the former head of Gaza's security forces, earned a substantial amount of his wealth throughout the 1990s by imposing restrictions on vital imports into the territory of Gaza. The allegations of corrupt practises against him increased after he was expelled from the Fatah Central Committee over allegations that he was plotting to depose Palestinian Authority President Mahmoud Abbas. These allegations included activities such as skimming off tax revenues for his London and Dubai businesses (Schöberlein, 2019).

Dahlan's close buddy Mohammad Rashid was convicted in absentia of diverting millions of dollars from the Palestinian Investment Fund to bogus firms that he founded. Mr. Rashid had been Arafat's long-time economic consultant and a close friend of Dahlan's. The President and two of his buddies were in charge of Fatah's secret money account in Jordan, which Rashid

later disclosed to the public. In each of these cases, the answer is yes. Each of these occurrences was the product of a power struggle rather than a deliberate effort to eradicate corruption from the system (Dana, 2015).

Elite corruption also includes the exploitation of official positions for personal gain, which is another aspect of the phenomenon. Elite corruption manifests itself in a variety of ways, including the unauthorised use of public resources, the formation of illegal public-private partnerships, and the theft of public property. In the 1990s, such techniques were widely used, and they had a negative impact on both internal and international perceptions of the Palestinian Authority. According to the findings of the first Palestinian audit, which was completed in 1997, more than 40% of the Palestinian Authority's budget - about US$326 million - was stolen (Halevi, 1998).

Despite several attempts to reform the PA in recent years, it appears that little progress has been made in this regard. Public property misuse and waste are clearly visible in the distribution of state holdings to people or businesses, according to study conducted by the AMAN Foundation in 2008. In accordance with the AMAN 2011 report, this pattern of corruption is continuing, with public funds squandering remaining the most visible manifestation of corruption (Abrams, 2012).

The political elite in Palestine also took advantage of the rest of the people by imposing significant income discrimination on them, as well. For the year 2013, the Global Gini Index illustrates the huge wage inequality between senior officials and the remainder of the public administration workforce. According to recent reports, some public sector leaders earn more than $10,000 per month in salary and perks, on top of their other compensation. In contrast, two-thirds of Pennsylvania's public sector employees make between $ 510 and $ 600 per month, according to the state's data (OECD, 2011).

## 4.5 Allegation of corruption:

Unrecorded, hidden, or missing documentation of potentially corrupt transactions may jeopardise some corruption investigations. The difficulty in tracking corruption stems from the fact that no party would purposefully leave any evidence or paperwork in the aftermath of such endeavours that might be used to explicitly tie them to such crimes. Thus, transactions are generally carried out in secret, hidden beneath the cover of other lawful activities or where evidence may be obtained or legitimated by a majority's agreement, or pushed through in situations of political instability (Abrams, 2012).

The PA's leaders, who exposed informal networks and encouraged the employment of neo-patrimonial behaviour, which is characterised as "a framework of social hierarchy in which patrons utilise state resources to secure the allegiance of customers in general society." It is a casual patron–client relationship that may extend to the highest echelons of government organisations and can last for years (Eisenstadt, 1973). The objective circumstances that led to the establishment of the PA were favourable in terms of ambiguity, novelty, and political pressure, all of which were present at the same time. As a result of the signing of the Oslo Accords, foreign donors promised an estimated USD 3.6 billion over a five-year period, which will be spent on humanitarian assistance. As a result of the establishment of an interim Palestinian Authority government in the Gaza Strip, the Palestinian economic environment has undergone substantial transformation. International financial assistance was flooding into the Palestinian Authority through agents such as the World Bank and, to a lesser extent, the European Union, all anxious to display their support for the new peace process. It was created by donors in response to early internal concerns about the spending of foreign aid funds under the World Bank system. By the end of 1996, it was anticipated that the development plan will have disbursed more than $488 million USD. Europe was the largest donor, with 195 million

dollars USD. The United States contributed dollars 90 million USD, Japan contributed dollars 88 million USD, while the Arab countries and the Arab Fund contributed dollars 105 million USD each. (Lasensky, 2002).

A number of high-ranking Pennsylvania officials misused their positions by taking advantage of the tax system as a whole. In the absence of a well-defined mechanism for collecting and openly reallocating "government" funds, the PA was only partially responsible for the money's distribution. A result of the 1994 Protocol on the Status of Palestinian Territories (the Paris Protocol), the Palestinian Authority was granted four distinct types of taxes to be collected on their behalf by the Israeli government: VAT; excise taxes on petrol, cigarettes, and alcohol; income taxes on Palestinian labourers (in the OPT); and health taxes (Rubenberg, 2003).

### 4.5.1 Abuse of power and tax evasion:

Israel would deduct its service charge and refund the PA for its taxes. It also has the ability to suspend payments paid by the Palestinian Authority to the Bezek Electric Company and Israeli hospitals. It's important noting that the PA leadership requested that taxes be relocated. Mr. Rashid, Chief of Staff and Economic Advisor for the Palestinian Authority, demanded that Israel refund tax money received on their behalf and deposit it in four different accounts at specific bank accounts in west bank and Gaza. Rashid also supervised the establishment of a secret account at one of the Israelis Banks in Tel Aviv. Despite the fact that the PA's requests raised some concerns on the Israeli side, and despite their awareness of the implications of such an oblique request, they chose to withdraw from the Palestinian internal economic problems, failing to question the PA's official's motivation and ultimately complying with the PA's demands. Regardless of the illegality of informal transactions for an official governing body, the Israeli government's response to these PA requests demonstrates how the Israeli government covertly supported and fostered corruption inside the PA (Bergman and Ratner, 1997).

This is referred to as corruption including the abuse of public authority at times. Tax payments to PA accounts amounted to roughly 70 million NIS in 1994, 790 million NIS in 1995, and 1,390 million NIS in 1996. Certain PA opponents alleged that these were PLO accounts that were directly handled by PA officials, putting the PA's financial openness at risk (Bergman and Ratner, 1997).

It was clear that the entire society was going through a social and political transformation, because of the disparities in lifestyles and behaviours between indigenous and returnee cultures, as well as the weaknesses of the new political structures, there was an early sense of alienation, distrust, and even hatred toward returnees. However, the crisis created opportunity for others to amass money and advance in the new administration. Inadequate institutionalisation and social power asymmetries, as observed by Brynen (2000), have aided the emergence of unprincipled and parasitic forms of criminal corruption. When the Palestinian Authority was created, the PLO's previous position as resistance fighters was reclassified as one entailing, to put it gently, the formal obligations and liabilities that come with running a "state-like" organisation (Brynen, 2000).

the Palestinian National Council's first meeting in Algeria in 1988 as evidence of the PLO's compromised behaviour. The United Nations Security Council Resolutions 242 and 338 were placed on the table for discussion. Concurrently, PNC members' personal bank accounts were being supplied with cash from international aid, putting pressure on the PLO to continue the peace process. As a consequence, despite breaching the PLO's fundamental principles and objectives, the Palestinian National Council agreed to acknowledge Israel's right to exist and to strive toward peaceful coexistence with Palestine. It was clear that without financial incentives for and from PLO officials, none of these actions and decisions, which were highly criticised by segments of the public, would have been accepted by the PNC or PLC (Farsakh, 2008).

In contrast to the well-defined norms and functions that are normally developed in formal state organisations, the governmental structure built by the PLO as the PA and controlled by Fatah party Returnees lacked such a purpose. While the PNC recommended that a section of the Agreement be rescinded, no action was taken until PA president officially sent a letter to President Clinton on January 13, 1998, indicating that the PNC had proceeded to modify the agreement and that any elements conflicting with the Oslo Accords had been deleted (Lewis, 1998).

As a result, it served as a channel for the new governmental institutions to duplicate the PLO's informal networks and individualistic behaviour. As a result, the PA provided an excellent platform for manipulating resources meant for government co-optation or sponsorship of clandestine operations. For example, in response to a request from the US Congress in 1995 to investigate the legitimacy of a series of letters prepared by the Palestinian Authority's Minister of Finance, and PECDAR Director General, Mr. Shtayyeh, the US General Accounting Office conducted an investigation, in which they discovered inconsistencies in a January 1996 report.

The reports indicated, according to the GAO, that in late 1994, about US$138 million was transferred from unidentified sources to fund "secret transactions." These 'transactions' included the purchase of Israeli real estate and flats, the financing of Palestinian organisations in Israel, and the purchasing of a Palestinian newspaper. The numerous incidents and allegations of corruption that occurred, in which officials spent money beyond the scope of official business, established an impression of unaccountability, and the PA quickly became identical with corruption and the heart of the corrupt activities network (Abu Nimah, 2004).

Some members of PLO's Palestinian National Council and the PLC pointed out, the PLO did not have a real problem with corruption since "there was no clear budget and no clear funding. The PA's embrace of the PLO's political culture exposed the absence of components of regular state institutions' financial responsibility in the first place General Accounting Office of the

United States report (GAO,1996). A former Palestinian Legislative Council member Azmi Shuaybi, and one of the few who publicly criticised corruption in the PA, claimed that the PA participated in corrupt practises reminiscent of the PLO's early years in the diaspora. These included not just the standard enticement techniques common in many post-colonialist regimes, but also more "modern" forms of neopatrimonialism including political co-optation, nepotism, economic monopolies, fraud, and the diversion of public funds. The data obtained indicated that corruption extended all the way to the top of the PA, that it was ingrained as the primary method of operation for ministries, rather than merely a pattern of behaviour that existed alongside or in addition to transparent and accountable financial systems. In one of the cases, the Health Ministry, for example, was accused of hiding evidence, which resulted in corrupt behaviour. The Ministry of Health was in charge of transferring medical patients who could not receive treatment in the Palestinian Territories to medical facilities outside the Palestinian Territories.

Bribery, on the other hand, was not as common or widespread in the PA as other forms of corruption. PA Previous president was not corrupt in the traditional sense of obtaining wealth; rather, he corrupted individuals in order to make them reliant on him and therefore controlled, which was more dangerous and had a long-term detrimental effect on the PA, which considered more dangerous and helped to easily spread the culture of existing corruption. While others around him realised the advantages of Arafat's neo-patrimonial manner, often collecting millions of dollars, Arafat himself maintained an austere and unostentatious lifestyle, prioritising power and authority over personal riches or national purpose. Corruption quickly extended beyond the PA's institutions. Because of the state structure's shortcomings, all elements of society have been left exposed and unprotected by formal processes and rules (Zanotti, 2010).

## 4.5.1 Corrupt Sectors:

Shannon (2016) cites AMAN's (2015) poll, which found that "wasta, nepotism, and favouritism are the most widespread types of corruption in Palestinian society." According to 63% of respondents, these three techniques are the most often used types of corruption in the public sector" (Shannon, 2016: 14). Additionally, the poll demonstrates that people continue to use these systems for personal benefit, since Palestinians maintain trust in the dependability of Wasta access to public services (Shannon, 2016). The Accountability and Integrity Coalition AMAN was founded in 2000 on the initiative of several Palestinian civil society organisations working in the areas of democracy, human rights, and good governance. The organization's mission is to combat corruption and to strengthen the values of integrity, transparency, and accountability in Palestinian society. Wasta is a term that refers to the practise of using personal connections or influence to gain items such as employment or promotion, passport renewal, or the waiver of traffic penalties. Andriani (2011) says that Wasta is a harbinger of the system's darker side. "Under these conditions, the adage "it is essential who you know" takes on a negative meaning. Wasta, like other types of corruption, is based on personal relationships" (Andriani, 2011: 13).

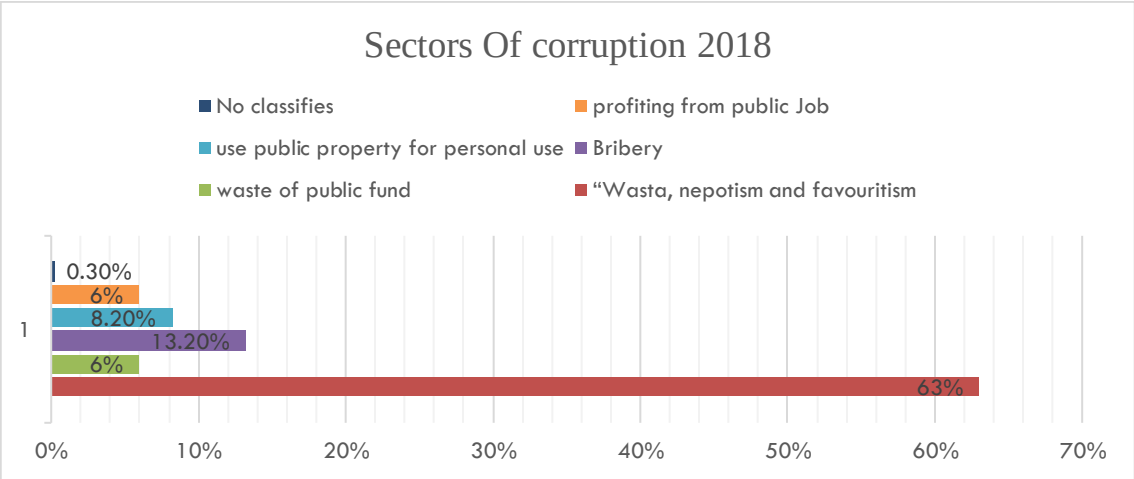


Figure 8 **Sectors of Corruption: source AMAN 201**

## 4.5 Favourism "Wasta "in the PA:

The PA's institutional weakness, combined with massive infusion of international donor aid, provided numerous opportunities for the profit of dishonest individuals, and even the president had every reason to take advantage of that to enhance his own hold on the power. The Palestinian community was mainly concerned. The neo-patrimonial (the form of administration it has developed inside the PLO) government may be brought into the hands of the OPT and applied to official institutions of the PA. Whilst the rich classes wanted their own increasing democratic culture to be reflected, they were equally subject to the patronage attempts of PA previous president. As a result, the Palestinian national movement maintained its symbolic position when the uniting emblem; it had coercive and unrestricted devices for sanctions against dissidents; and as the peace process and the PA itself failed to fulfil people's economic desires, co-optation chances expanded. However, PA previous president is more likely to be seen as a skilled and clever person former President of the Palestinian Liberation Organization (PLO). He was able to recognise and exploit the faults of the elite and the surrounding people. By providing the elites, their families, and personal and commercial endeavours financial support, he fostered corruption, then turned blind eyes to certain activities by exploiting and preserving the vulnerabilities of PA institutions. Also awarded and given special care were families, family, or friends of those associated with the office of the President and PA officials, such as vehicle tax exemptions, mechanical furniture, and scholarships. PA previous presidents had been directly supported and exercised by the PLC Prime Minister's Committee on Jamil Tarifi, Minister of Civil Affairs (Bennett, 2003).

Moreover, while working under the jurisdiction of the Ministry of Finance, the ministry of civil affairs was accused of unlawful imposed customs exclusions. The PLC has revealed that the Minister of Finance have written to the Minister of Civil Affairs requesting that it cease illegal intrusion into their authority and stop awarding customs exemptions. Mr. Tarifi was also

charged as a government official with operating and benefiting from his cement company. For example, Tarifi is blocked to import cement from its firm for all other importers (Al-Karmel Company). Tarifi was assigned to conclude an arrangement in which Islam promised to pay tariffi $2.9 million for each tonne imported cement (the Palestinian service company which Mr. Islam owns). The Minister provided exemptions for friends and cohorts, which led to huge waste of public money, not to mention foreign exemptions. Tarifi was charged with abusing his position in government, but during his term as Minister of Civil Affairs in 1999, he got little more than a public blow to the wrist. Unexpectedly by 2004, Tarifi was not accused of wrongdoing and continued in the same job (Bennett, el, 2003).

The thoughts of the PA officials on corruption reflect the overview of their political culture. In 1997, at an informal World bank conference in Washington, D.C., PA officials disputed corruption charges from PLC's 1997 Corruption Report. They argued that the lack of funding was not due to illegal behaviour, but to deliberate policy choices. In response to allegations of GCO and PLC corruption, Mohammed Shtayyeh made the same argument in a Ramallah interview, claiming that "poor policy" does not involve "corruption." According to Shtayyeh, tax benefits for foreigners were bad policies rather than corruption because they were voted over and supported by the majority (Ghanem, 2001).

Moreover, between 1995 and 1995 it was revealed that the PLC Special Commission anticipated that medical expenses for treatment in other countries would exceed USD 28 million, representing 22% of the Ministry's budget. If the deputy Health minister asked about this expenditure, it was found, "without going through the Ministry for Health," those specific suggestions had been made. It was apparent that officials in the PA simply felt it could be bypassed, so that they could satisfy the demands of the President and his friends and ministers, instead than being important protocols for PA ministerial decision-making. PA authorities, who have just superficially reproofed the cabinet while maintaining all the ministers in charge of its

execution, have generally rejected its request for change and ideas. Corruption and misdeed in order to get parliamentary support and appease opponents he simultaneously picked 10 cabinet members, most of them from the PLC (Meyers, 2002).

The opposition created in the PLC was merely intended to indicate that we have legal opposition that criticises our work and that we are democratic in our approach. It was a classic ploy of PA previous president to showcase to the world community. It therefore shows that we are a democratic society, and that the PLC has become active and critical. However, the decline of PLC criticism may be ascribed, as Mr. Al-Khatib pointed out, to the rising pressure in relations with Israel in that time, which culminated in the commencement of the second intifada in the year 2000, and to internal challenges being brushed aside. The counteract elites who sought to equip the PA institutions with democratic instruments, without a firmly established and autonomous position, were permanently helpless, and could not stand up to the problem of corruption or the wider question of the management method of PA previous president which he represented (Meyers, 2002).

Apart from the fact that it was corrupt, there are several experts and former colleagues from the President who have come to defend PA previous president, who argued that he was not a corrupt guy who amassed billions for his own profit, but a compassionate man who took care of the Palestinians. PA previous president streamlined his actions by saying that he offered informal support during the revolutionary era to select people who fought with him and deserved compensation for their efforts (Hilal and khan, 2004).

The international Community is stunted by first disclosure of full payroll and investment figures and promising changes in June 2000 as a reaction to continuing donors demand to take action against PA members. This report had a number of components upon deeper investigation. The reform project started as a reinvigorated drive to secure new incomes and improve openness. The report was also produced following the Sharm Al-Shaykh Conference

to redouble efforts for re-opening talks by both parties. Thirdly, the PA expressed worry about reducing donor funds. Fourth, the Camp David agreement which took place in 2000 remained a good will gesture in the plan, demonstrating the sincerity and commitment of PA previous president to reforms and transparency in the resumption of the talks which were also required by the IMF Framework Agreement for Economic Improvement of 1999, signed by PA previous president (Schwarze, 2015).

## 4.6 Parallel system of rule:

As said earlier in various sections of this chapter, it is critical to emphasise the two legal systems regarding the use of public office for personal gain. Certain acts can be 'legitimised' by the application of 'legal' or formal procedures. As Brynen (2000) notes, it combines and overlays informal forms of favouritism with the state's official legal structures. In the case of the PA, one method of governance was through the use of private relations, either rewarding loyalty or punishing opposition, a strategy that was virtually implemented by many senior officials who could use their personal investment, which was actually made illegally with public funds, through distribution of financial and other assets to surrounding supporters.

By representing themselves as equal leaders for both the PLO and the PA, the PLO gained control over the whole PLO's revolutionary ground-breaking and communicable political leadership and were able to legitimise their new position through a mechanism that mirrored a PA election process. The people first saw this as a dependable and real fulfilment of its obligations, in spite of the democratic privileged class issues (Schwarze, 2015).

A greater understanding of the political system was critical to PA’s previous president successful co-optation of political opponents. He was able to use this knowledge to influence these individuals to surrender to his ultimate authority by getting them to work in formal PA institutions and hold official positions within it. Using his exceptional personal position, he

was able to draw upon the impressive strength of his authority as President of the Palestinian Authority and as a powerfully inspiring representation of the role of leader of the Palestinian Nationwide Group, which founded the PLO. This is another case when the unapproved official method was used to give the unapproved official method even more authority. Although official and unofficial systems of power coexisted, PA's previous president standing as the preferred candidate of the international community had a major role in their formation. During the process of developing a peace agreement, US Middle East envoy Dennis Ross noted in his book that Arafat believed he was the only one capable of helping the Palestinian population manage their fractured identities and dampen the hostility to the peace process. Leaders at senior levels were able to take advantage of this, and instead requested money to fund the PA's formal institutions while still keeping a large measure of control over how they were used (Ross, 2005).

The PA had a huge funding gap of 69 % of its overall GDP on investment projects in the West Bank and Gaza Strip during the time between 1994 and 2000. Due to a lack of monitoring systems, both by the PA and by other organisations, it is unknown exactly how much money international donors provide to the PA. (Brynen, 1995). The World Bank conducted an informal review of the PA's budgeting using donor budgets, according to a donor survey. The PA received $4.8 billion USD in distribution throughout the period of 1993 to 1998, of which $3.55 billion was pledged. Overall, the number of unemployed individuals rose to 38.5%, up from 7.8 % before the Oslo Accords. As summarised in the World Bank's simplified form, the PA obtained around 419 million USD in 1998, 482 million USD in 1999, and 549 million USD in 2000, with the lion's share going to infrastructure, technical support, and facility construction projects. Since he was able to exert such a powerful personal influence on the PA's bodies and personnel with so many resources at his disposal, it's not unexpected that Arafat was able to exercise so much control over the PA's resources. Some of Israel and the United States'

attention was drawn to his practise of managing finances in order to favour those who supported him and to keep his own security forces in check, but to the extent that this kept the PA on the negotiation track, they were not a major concern for Israel and the US (Ross, 2005).

In general, PA top officials supported the president's method of administering two distinct forms of government in a single document, which included one that was informal and the other that was governed by law. Having famous officials successfully dodge early limits and constraints on their own authority by applying these two strategies, these two methods are known to many as Sarcastic. Even though the Palestinian Liberation Organization (PLO) and the Palestinian Authority (PA) both had informal power structures, the merger of the two eventually rendered the PA nonviable as a state-building institution in Palestine. Unparalleled influence was granted to the president because of his compensatory authority. Since the PA's cabinet and the PLO Supervisory Committee have similar responsibilities, functions, and membership, the two were discovered to be suitable. In instances when policy was being developed, the PLO's cabinet sessions held priority over the PA's cabinet meetings. Although it was not responsible to the PLC, or any other PNA organisation, the PLO formal body, which comprised members of both the PAS and PLO, made decisions, and these judgments were final, according to Amundsen and Ezbidi (2004) As a consequence, the many and distinct PLO and PA recordings both were recorded and unify. While the PLO and its leadership council, the PNC, could engage with foreign forces, including Israel, without regard to the Oslo Accords, the PA and the PLC were bound by the Oslo Accords. As such, without consideration for the Oslo Accords, the PA and the PLC were unable to deal with external forces, including Israel (Ross, 2005).

This is clear because while the PA was the governing body of the OPT, the PLO was unquestionably in charge and the PA subordinated to it. According to an audit of the Palestinian Authority's early financial reports completed by an American organisation, some PLO costs

, such as payments to former PLO militia members who now work for the PA, allowances for widows and children of martyrs, and pensions, were transferred to the operating budget. A concrete example is the PLO, which supported the PA's running costs that were not included in the budget. The President was able to achieve what he did because to this alternative organisation. Not only did he serve to help the PA reach its stated goals, but he also worked to help international donors' goals. These actions resulted in additional money for the PA, which ultimately contributed to the success of the PLO/stated PA's goals (Weiner, 1997).

Amundsen and Ezbidi (2004) asserted that although the peace agreements collapsed, due to PA's previous president intransigence and refusal to fully restrain violent Islamist opposition organisations, discussions ground to a halt. Israel and the United States have become more willing to criticise the Palestinian Authority president and the Palestinian Authority for their corruption and violations of international human rights standards. As a result of this pervasive corruption, the US State Department admitted it, stating that "at least thirteen recognised monopolies are controlled by little more than five PA inner circle members." They further claim that duties on these territories are mostly used to support the salaries of police officers and other government workers who are no longer receiving funding from donors.

When the PA president and the PA were subjected to such harsh criticism, outside funding were frequently hidden until the PA president was able to strike an agreement with internal opposition parties, which resulted in a reduction in attacks on Israel. This demonstrated both the foreign powers' grip on the Palestinian Authority and the PA's inability to withstand such pressure. During the Al-Aqsa Intifada, Israel withheld tax payments from the Palestinian Authority, which resulted in the Palestinian Authority being unable to pay its bills (Shlaim, 2016).

By rejecting the transfers, Israel compelled the Palestinian Authority (PA) to deal with irate government employees whose pay had not been received. Israel was well aware that Palestinian

Authority officials had taken advantage of the transfers to distribute aid in the form of money at their whim. When the peace process looked to be on track, however, the president of the Palestinian Authority (PA) was given considerable leeway to administer the PA anyway he deemed appropriate. According to Dennis Ross's book, neither the United States nor Israel questioned what the president of the Palestinian Authority was doing on the inside. It was believed at the time by both the US and Israel that the Palestinian Authority's president was the only person capable of maintaining control over the Palestinians. As Rabin demonstrated, we should avoid from exerting pressure on the Palestinian Authority president on issues such as human rights or corruption. According to some, Israel's government has enabled and even delighted the authoritarian Palestinian Authority leadership, which has been condemned. One of Denis Ross's conversations with The Jerusalem Post at the time, during which he was asked why the Clinton administration was less forceful in dealing with a Palestinian Authority that was becoming increasingly authoritarian and corrupt, was published today. Because Israel was worried with the extent of corruption within the Palestinian Authority, he argued, why should the Palestinian Authority's administration be? Rather than being unaware of, encouraging, or even "entertained" by the fact that the Palestinian Authority's senior leadership had been compromised, Israel's government took advantage of the situation (Samara, 2000).

Furthermore, co-opted Palestinians were not only dependant on the peace process to protect their new commercial interests, but they were also less difficult to deal with since they were obedient and self-interested, which made dealing with them simpler for Israel. The establishment of this dependent relationship enabled Israel to exert control over the growth of an autonomous Palestinian economy, which could have posed a danger to Israeli enterprises. In the OPT, the United States and Israel have worked to undermine the legal and economic frameworks of the Palestinian Authority (PA) by lobbying for the elimination of economic competitors to PA officials' monopolies in industries such as cement, cigarettes, natural gas,

petroleum, telecommunications, and other businesses, while turning a blind eye to blatant abuses of authority by PA officials. Even individuals in the Palestinian Authority (PA) who were involved in monopolies and nepotism were praised as role models for change by Israel, the United States, and Western media (Rubenberg, 2003).

In another instance, Mr. Dahlan, one of the most powerful figures in Palestinian society since the establishment of the Palestinian Authority, has been criticised by many for his hegemony over gas in the Gaza Strip, where his security forces "forced" petrol station owners to purchase gas from his firm at inflated prices, according to reports. Besides that, Dahlan's group company, which was under the authority of the protective security force stationed at the Erez border between Gaza and the West Bank, "required" that every store and vehicle owner contribute to or "give" to his security system, Force, which was under Dahlan's control. Dahlan was also in control of the border crossings between Egypt and Gaza, and he received a portion of the transit fees (Rubenberg, 2003).

By providing a share of the earnings to senior Palestinian Authority officials throughout the PA's transition years, Israel was able to coop foreign leaders into assuring the continuity and stability of the peace process. "We live in horrible, humiliating circumstances," said one Gazan merchant and former Fatah member, "but you should understand that every revolution has its warriors, academics, and abusers." Profiteers are all that is left as a result of our armed forces being murdered, our scholars being killed, and our scholars being butchered." Those who do not consider the rationale in the first place, or even consider it at all, are categorised as "non-considerers.

They recognise that they are transients in this place, just as they were in Tunis, and, like any government reaching the end of its tenure, they are only concerned with collecting the advantages while they still have the opportunity. However, while it appeared that the Palestinians were loud in their condemnation of the PA official's attitude, Israeli officials and

members of the international community remained deafeningly quiet. As the Palestinian Authority's financial support dwindled, Israel, the United States, and the international donor community used it as a lever to exert pressure on the PA's president to rein in protester voices, particularly Hamas, which had grown increasingly powerful and popular in the face of a collapsing peace process (Bergman and Ratner, 1997).

## 4.7 The Non-Existence Rule of Law:

The Palestinian territories have emerged as a focal point of concern for concerns relating to the rule of law. Both the international world and Palestinians have frequently asserted that the Palestinian National Authority (PNA) has steadily undermined judicial processes and legislation in favour of benefaction and violence. Following the outbreak of the second intifada in late summer 2000, pundits saw a “collapse of law and order” in the Palestinian Territories (Brown, 2000).

As soon as the peace agreements were signed, the Palestinian Authority began to take on the features of a body that functioned in part as a Parliament and in part as an administration committee, and this continued for the next few years. Because of the ambiguity of the accords, the Palestinian Authority was compelled to develop its own Basic Law to govern its own organisation, structure, and activities. The Basic Law would establish the conceptions of law and authority by categorising and regulating the responsibilities of the three governing bodies: the Administrative, Legislative, and Judicial, and it would do so by utilising the three governing bodies: the Administrative, Legislative, and Judicial. Along with this, it would define, provide for, and protect the rights of its citizens, amongst other duties. It is also possible that the introduction of a Basic Law would have the effect of limiting Arafat's personal capacity to manage the PA as an extension of the Palestinian Liberation Organization. Besides that, he'd be obligated to follow democratic political institutions, processes, and standards of conduct,

putting a crimp on the PLO's neopatrimonialism practises and informal networks. Neopatrimonialism is a word that refers to a social hierarchical structure in which patrons utilise state resources to ensure the allegiance of general population consumers. It is also known as patronage capitalism. A patron–client relationship is one that is not formalised and can extend from the highest levels of government organisations to individuals who live in tiny communities. Both the notion of a democratic and independent Palestinian state, as well as the concept of a Basic Law, were not new concepts (Brown, 2000).

PNC approved a statement authorising the Central Committee to enact a fundamental legislation as a result of the PNC's proclamation of an independent Palestinian state through Algeria's parliamentary system. They proposed the basic Law as an expression of legal principles rather than as a single document. As Nathan Brown has pointed out, the formation of a judicial system may have been premature given the PLO and PNC's lack of territory and people over whom to exercise authority. Constitutions are often created after a country has gained independence from foreign domination and established a functioning governing structure. As a result, the political elite is able to maintain a constitution that represents the most recent "power certainties" available. In the case of Palestine, the 1988 Palestinian National Council resolution in favour of a Basic Law was disregarded until 1993 (Aruri & Carroll, 1994).

Ultimately, the Declaration of Principles shifted the priority of crafting Israel's Basic Law, which had previously been restricted by the Oslo Accords by limitations and prescriptions as well as principles that ultimately prioritised Israel's security over Palestinian development, from first to second. As a temporary PA, it was created by PLO officials who were picked at random, and it did not engage in any public participation processes. It was under the control of the PLO when it was formed. This was not in accordance with the standards of the legal system. According to general consensus, a constitution should be drafted by elected representatives

who represent the people (rather than by individuals appointed by the leadership) and then put to a popular vote, with the understanding that once approved, a constitution can only be revised by a constitutional majority of the legislature, followed by popular approval? As the keeper of the basic law, the United Nations Because the PLO was devoid of the rules and regulations that would ultimately control the Palestinian Authority, it became vital for PA President Arafat that the core laws be brought up prior to the establishment of the Palestinian Authority (AbuZayyad, 2012).

The Essential By-law was drafted in 1993 by a panel of Palestinian jurists established by the Palestine Liberation Organization (PLO). Although created when Israel was still under foreign occupation, the Basic Law did not provide a clear indication of the power dynamics between occupier and occupied, nor did it provide a framework for a long-term settlement. It was clear that the Essential Law was a transitory and conditional arrangement since it lacked the essential elements of a regular constitution (such as clearly defined policy competencies for the administrative and legislative institutions) and was entirely reliant on the interim period. It was limited in scope because it was contingent on the effective achievement and execution of the DOP, and it was transitory in character since it was only intended to last for a short period of time (Al-Qasem, 2015).

Despite this, it was meant to serve as the legal basis for a future Palestinian constitution in the years to come. Because of this, the Palestinian Basic Law was created to achieve a number of goals: first, to symbolically suggest a degree of autonomy; and second, to concretely establish a democratic, liberal, and accountable government. Establishing a Basic Law would therefore lay a claim not just on a sovereign and independent Palestinian entity, but also on a constitutional government, marking a break from the "standard" of the Arab world in terms of political organisation and governance (Aruri and Carroll, 1994).

On the declared goal of institutional stability and political responsibility expressed in the Basic Law, as well as on the Palestinians' potential to break away from the regional "norm" of authoritarian and neo-patrimonial power, there was general agreement among participants. The Palestinian Liberation Organization's hasty formulation of the Basic Law in preparation for the interim administration did nothing to establish a positive image of a comprehensive planning process or to convince the Palestinian people that the contents would be fair and democratic in nature. The PLO and its leadership were given authority to define and control the aims of the new Palestinian entity, rather than just providing a governance structure for it to operate within. When the PLO refused to publish the draught Basic Law in order to elicit public opinion and participation in its development, the international community urged the organisation to do so before establishing the provisional Palestinian Authority government in the Gaza Strip.

As a result, the new Basic Law was promulgated in December 1993, causing widespread indignation and condemnation among the general people. Israel and the Palestinian people, on the other hand, both rejected parts of the proposal. Israelis were outraged by the Palestinian National Council's reference to the Palestinian people as the foundation of its authority, as well as by the declaration of Jerusalem as Palestine's capital. Palestinian detractors argued that it gave sole power to the executive branch, which they considered unacceptable. The Basic Law was meant to act as a "constitution" for the newly constituted Palestinian entity until an independent state could be founded, at which point a more permanent constitution could be drafted, however, the Basic Law was never implemented as intended (Aruri and Carroll ,1994). According to critics, if the Basic Law is not modified, the planned autonomous state's temporary constitution would become permanent. Furthermore, they said that the framework had weaknesses that favoured presidential repression because of the nature and circumstances of its construction, in secret and haste, and with no public or external input. As a result of public outrage, the document was updated and republished in March 1994, then altered and reissued

in January 1994. While some academics claimed that this method resulted in a little improvement and reconstruction of the Basic Law's March drafting, which corrected many problems, they also pointed out that the improvement was relative to the first draught. Furthermore, many of the concessions were merely symbolic in nature. Following draughts of the basic legislation, the PLO leadership, notably Arafat, tried to continually postpone revisions that would have curtailed his authority. Stall-elites saw their attempts to rewrite comprehensive and liberal basic laws as a way to balance power imbalances in their political sphere of influence at the time (Brown, 2000).

Following the election in 1996, the Palestinian Legislative Council was expected to resolve public issues, difficulties, and complaints through comprehensive legislative actions and the application of the rule of law, as well as by other means. A fundamental piece of legislation was required, and bench leaders recognised the need of adopting it. This law would not only limit and clarify the PA president's function as president, but it would also provide PLC members the ability to execute and develop policies on their own. This resulted in a resolution issued in May 1996, during its second session of its first term, ordering the Palestinian Legislative Council to deliver a final draught of the Fundamental Law to the Legislative Council within three weeks of receiving the draught. It failed because PA’s previous president was reluctant to establish and execute a Basic Law that would force him to relinquish or share his authority, but it did pave the way for change and transparency in the Palestinian Authority, despite PA’s previous president's opposition (Aruri, and Carroll, 1994).

Subsequent revisions to the al-Qasem version drew on a number of sources, including a number of human rights organisation and the constitutions of other countries, to create a more comprehensive and inclusive Basic Law than the original version. After a while, this degenerated into a battle for control between the privileged elite of the PLC and PA president and his foreign sponsors in Israel. The Palestinian Legislative Council (PLC) sought PA’s

previous president's approval to pass legislation, but PA's previous president rejected each version sent to him. This confrontation between the President of the Palestinian Authority and members of the Privileged Classes demonstrated PA's previous president's use and abuse of authority. He made it plain to the PLC that he would reject any legislation that curtailed his ability to exercise his powers. While the Privileged classes sought to divert, and to some degree reform, the 'state' institutions in order to diminish PA's previous president's monopoly of power and thwart his neo-transmissible style of leadership, the Privileged classes were unsuccessful. Among the most outspoken PLC opponents of the PA leadership is Dr. Abu Amr. He has portrayed the conflict as a fight over the PLC's incapacity to fulfil its mandate and impose authority on the Executive.

Following more revisions and PA's previous president's rejection, the Palestinian Legislative Council (PLC) opted to pass the modified version of the Basic Law on its own, without seeking "consultation" or accommodation from PA's previous president or the Palestinian Authority (PA). A prominent supporter of PA's previous president expressed opposition to the Basic Law and threatened to delegate authority to the president; as a result, several PLC leaders viewed PA's previous president's diminution and the act of approving the modification as a foundational act for diminishing the PLC's role and autonomy as a legislative body to limit interfering with the president's office. Following an investigation, an additional ten members of the 88-member legislative council requested a special session because they had lost trust in the administration or any of the government's ministries (Al-Qasem, 2015).

Although all legal processes and standards were followed, the PA president maintained "informally" control and influence over the administration during the development and passage of these pieces of legislation. While, in 2003, the level of violence escalated between both parties, the PA president exercised his presidential prerogative to form an emergency administration and a new eight-member cabinet without first submitting the names of his

cabinet members to the Palestinian Legislative Council for approval. They argued that not only did the move negate and undermine the role of the Palestinian Legislative Council (PLC), which had granted the Prime Minister the authority to select a cabinet, but it also chastised the Palestinian Authority president for imposing his will as President to implement an "emergency government" resolution that was not included in the Palestinian Basic Law (Constitution). It was his most "trusted" allies who comprised the majority of the PA president's cabinet, many of whom were named in the PLC's 1997 Corruption Report and would not have been approved by the PLC if they had been assessed prior to the cabinet members being officially "installed" in office by the PA president (Mark, 2001).

More importantly, it demonstrates the fragility of Palestinian institutions and their reliance on foreign support that is motivated by self-serving Israeli security interests rather than democratic principles. A major component of the PLC's attempts to convert the PA into anything resembling a democratically governed organisation was the enactment of a Basic Law regulating the PA, as well as the revelation and settlement of the PA's financial misbehaviour. It was anticipated that this would pave the way for a more transparent and accountable political system in the future. As a result, the PLC maintained transparency throughout its 1997 Corruption report, which was itself a response to PA's previous president's appointment of the Palestinian Authority's Auditor General's Office to produce a trailed auditing report in response to PA's previous president's appointment of the Palestinian Authority's Auditor General's Office to produce a trailed auditing report in response to PA's previous president's appointment of the Palestinian Authority's Auditor General's Office to prod (Frisch& Sandler,2004).

A number of the PLC members also raised concern over the 1997 PLC corruption report investigation, which was launched at the time. a description of how it revealed clear instances of authority being abused for personal benefit.

Furthermore, the 1997 PLC report discovered violations as well as corrupt ministers and ministries, highlighting the divisions' unequal and duplicative responsibilities and roles, the absence of monitoring and accountability standards, and the prevalence of an informal governance structure, among other things. At the end of the day, it is clear that the PLC's privileged class members used this report to advocate for political changes and to limit PA's previous president's use and abuse of power (Finklestein, 2007).

## 4.5 Rent Seeking Economics:

"Rent seeking is an economic notion to which a unit attempts to make money without reciprocal productive contribution," the definition reads (Tullock, 1993). Consequently, political rents were the financial aid transferred to the PA. Martin Beck states that rent is 'a separate type of income not caused by a monetary investment or an obligation, but does not have to be reinvested, unlike profits, to make future rents. The PLO and PA disbursements amounted to a particular rent type, political pay-out, described as "financial aid that is not comparable to economic amounts." Long and Riley (p. 39, 2007) observe that despite the underdevelopment of the OPT economies the PA's fundamental political origins have made it more useful and flexible for them to seek rent of this sort, above all others. For the privileged immigrant class this was nothing new: The PLO relied heavily on extreme radical Arab political rents and was accustomed to properly managing its structures, operations, and conduct (Amundsen and Ezbidi, 2004).

Khalidi (1995) points out that without sovereign control over its internal processes and without a well-established financial and regulatory framework, it is impossible for a country to function properly the PA was eventually led to follow the same behaviour, despite its nominal democratic state structure, transparent financial management and regulation. Indeed, the populations of the OPTs have relied on international assistance since the Israeli-Palestinian war of 1948 and the setting up of significant refugee communities supported by the United Nations

and others international organisations, donors and governments for humanitarian and development assistance. Sadly, the culture that emerged from that event was internalised and was very rent-dependent,

The purpose of the aid was initially to give temporary help to relieve OPT poverty and to resolve political disagreements between foreign nations and the two opponent parties. It was also meant to provide the Palestinian community a "support" foundation, enabling it to become an autonomous and participant in society. But Palestine's pursuit of self-sufficiency and creating an autonomous and equitable economy is worsened and made harder by ineptitude and existing corruption in dealing with aid. When the PA was established, they had the same dependence problems. The PA was not able to grow and flourish during the early formative phase that began in the beginning of 1994 with foreigners' return and concluded with Israel's reoccupation in Israel during the second Intifada. Therefore, it is worth assessing whether the PA would have been efficient if the relevant political and economic space had been allowed to grow on its own. Unfortunately, the PA has not established the capacity to oversee and control monies and turn them into cost-effective and successful OPT projects (Falah, 1999).

The PA did not have the power or maybe the will to penalise anyone who used the opportunities for rents. There was also a lack of an institutional structure for the supervision and balances of transfers, allocation, and distribution of rents, as well as those responsible for rentals. In comparison, the political and infrastructure of the PA, along with its helplessness and inability to control its people through legitimate methods, have forced the PA to engage in rent management and develop some capacity for pursuing rents which are favourable to the political existence of its privileged class but are prejudicial to the development of the country. During their proper entry into office, they had no genuine government authority to execute any legislation or programmes or to employ legal force (Falah, 1999).

As a result of political rental practises, especially in the USA and Europe, the new 'state-like' structure' has been undermined by its capacity to establish a viable political economy on its own revenues and profit. Amundsen et.al. (2004) asked if the path of nation development had already been or had not been affected by foreign influences. Given the weaker political and economic status of the PA and the restricted power and the political and socio-economic self-sufficiency required by the Oslo Accords, the PA seems more inclined to adopt certain management principles, attitudes, and practises. Donor countries and organisations compelled and placed them under the stick and carrot approach. The PA depends on them to survive, and they are attached to foreign forces. The PA would collapse owing to it's unable to fulfil its huge financial obligations without its financial support. In that respect and because of this dependency the PA will simply "delay" or withdraw, on the pretext that the PA has violated one or more laws, if the donors do not comply with their aims and wants. This would mean that only if PA met or met the donor's agenda or wishes would the funding vital to the existence of the PA go to the OPT (Amundsen and Ezbidi, 2004).

Mr. Tahboub, Minister of Finance associate with the Palestinian Authority, stated that foreign donors and the USA granted the President of the PA total authority over the money because they intended him to use them to invalidate, moderate and deploy political groups. The PA remained economically weak and without military capacity to protect itself from external powers or to avoid domestic criticism of its dependence on other organisations. As a result, government activities focused on internal opposition organisations and individuals have played a harsher policing role to crush domestic disagreement and to take external demands into account to control every aspect of Palestinian society that lead to greater divisions within Palestinian society. The political rents provided to the PA for development undermined the Government, instead of constructing and uniting a PA and a Palestinian society, they served as a vehicle for PA officials to pursue their own 'commercial' interests. In order to pay its financial

commitments, bills, and wages, the PA also relied substantially on this money stream and so used it to finance the activities of security apparatuses (Abrams, 2012).

According to Beck (2000), overall donor financing to the PA in 1996 was 980 million US dollars, or 35% of the PA's budget. Other political rentiers have seldom received more than this amount of donor help. In a variety of ways, the PA's reliance on political rent hampered and delayed Palestinian society's political, economic, and social progress. Political rent hindered and delayed progress in the OPT by building an economy that was overly reliant on "handout" money and required no labour-induced initiatives, financial reinvestment, or a sense of accountability. Furthermore, accountability mechanisms were lacking at all levels of the political infrastructure and institutions. Political rent did not result in long-term economic enterprises because firms were hampered by Israeli travel and trade restrictions, as well as the unstable policy of destroying infrastructure as a measure of punishment, resistance, or nonconformity. Politically, a number of leaders controlled and exploited the political rents transmitted to the PA/OPT in order to increase their wealth, influence, and power. The existence of the PA was unknown, and there was no realistic source of funding to build anything sustainable in the OPT, owing primarily to Israeli military orders and practises (Beck, 2000).

The creation of a political culture capable of handling money on the individual level was assisted by the spread of the idea of rent dependence. The foreign aid effort had different aims from the development goals of the Palestinian community, causing political rents to be necessary while doing harm to internal development because of the foreign aid approach's differing aims from the community's development goals and requirements in the West Bank and Gaza Strip. Moreover, foreign aid has had a little influence on socioeconomic gaps. There has been no long-term economic growth as a result of the number of years the building has been occupied. Rather than attempting to serve the needs of the OPT's population, donor

organisations imposed their own objectives on the funds given, which had nothing to do with the local area's advancement and prosperity, but rather had only the purpose of serving the interests of the foreign donor nations. Shtayyeh asserts that each contributor is driven by a certain vision of the Palestinian issue or viewpoint on the subject, and as a result his particular agenda takes precedence over the practical requirements. Charitable donors' purposes are not always congruent with the country's social and economic requirements (Brynen, 2000, p161). In the case of Palestine, donors put more emphasis on areas like democracy, human rights, the environment, and gender, which may not necessarily align with NGO or societal objectives. Despite this, many NGOs have found it important to adhere to these standards for continued operations. Officials from the PA were worried that donor aid was focused on helping the organisation implement its own priorities rather than using the money to help the people of OPT expand its economic infrastructure, agricultural productivity, and overall quality of life. When there was a mismatch between what PA officials thought to be required and what was actually required, some officials stole funds to finance personal expenses, as a result of having overfunded initiatives that were unrelated to the political reality on the ground. These further points out that charitable organisations who exist for the sole purpose of receiving donations wind down when the funding dries up (Brynen, 2000).

Several studies, such as the aforementioned work by Amundsen et al. (2000), pointed out the country's "short-term foreign financing dependency." Holding accountable donors for fraudulent papers and bills alone, not the general public. Some of the system's core leaders, while still in power, had little choice but to "acquire as much and as quickly as possible." as a result, society came to be saturated by the mindset of political elites, because the only way to gain access to funds, access to healthcare, or clearance, employment, or resources of any kind was to pay something in some way or another.

According to Hilal and Khan (2008), many recipient organisations establish alternative business and objective ventures, either within or outside their primary circle of knowledge, in order to meet the criteria and conditions of the donor countries, thereby retaining resources within their circle of network and ensuring the flow of aid to their organisations, which is considered.

The PA leaders' families were also rewarded. Their children attended prestigious private schools, and their family lent personal financial support to new business ventures. The charges of corruption reached President Arafat's family. The French authorities launched an investigation into the large-scale transfer of $14.5 million USD from Swiss banks accounts to Mrs. Arafat's personal accounts. When asked about the transactions in the February 2004 issue, Mrs. Arafat said she perceived no impropriety by President Arafat in moving the enormous quantity of money to care for his family overseas. Disengagement from the Palestinian masses was evident in the returnees' elites' and their collaborators' attitudes and knowledge of corruption (Rubenberg, 2003)

Figure 9 below illustrates the framework of corruption culture

## Corruption Culture framework:

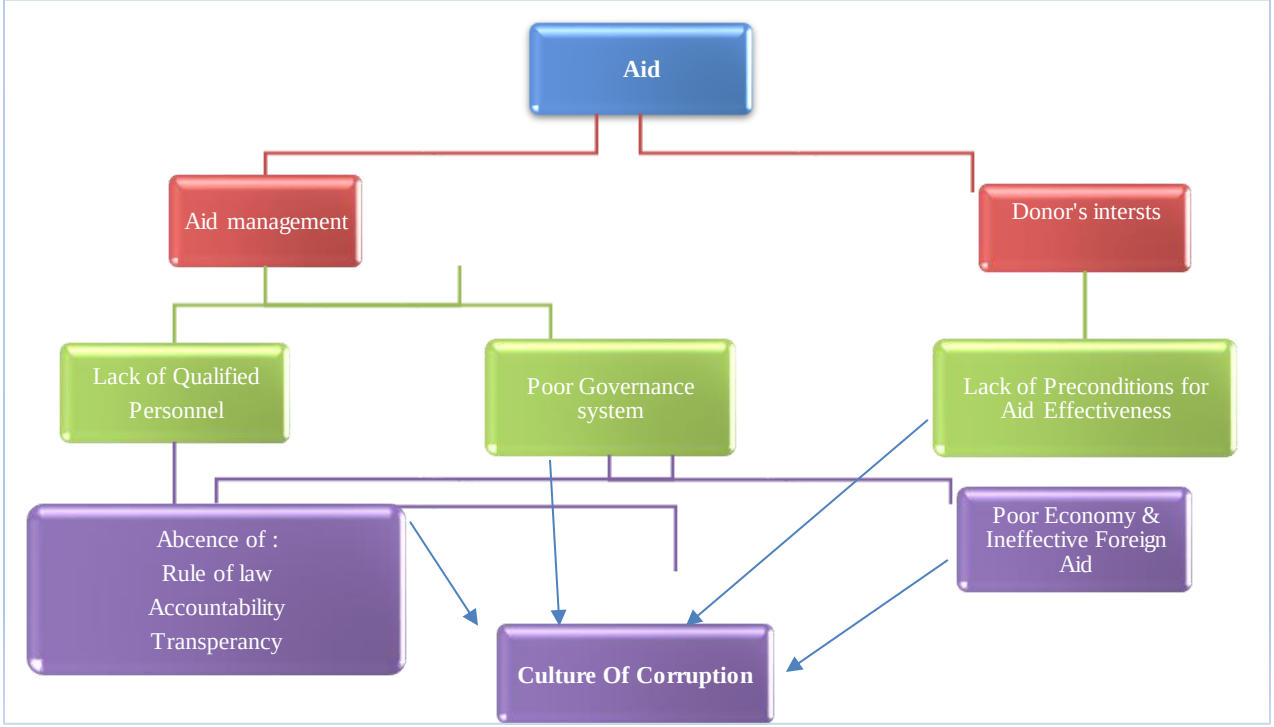


*Figure 9* ***Corruption Culture framework***

## 4.8 Chapter conclusion

This chapter discussed the breadth and nature of corruption inside the PA, as well as actual examples of how corruption was carried out on a day-to-day basis in practise , and how the corruption and mismanagement revealed and reproduced with the PA orgnizations system .Political rents were significant enough that PA leaders were able to take advantage of underdeveloped state institutions, particularly those pertaining to financial management and accountability, and redirect these rents to their own benefit through the manipulation of rules and processes, as illustrated in the following illustration. Officials at the highest levels of the PA supported and encouraged such activities, taking advantage of the same institutional flaws to ensure that PA revenues were diverted to alternative back accounts, where they could be used to bolster the authority of officials at all levels, including through the distribution of

support and subsequent co-optation not only of opposition critics, but also of the general populace.

It was also utilised for other purposes, such as funding a massive security infrastructure capable of punishing and silencing its opponents (Baumgarten and Helga 2008).

In order to do this, PA officials took advantage of possibilities to run concurrently, if overlapping, institutions and networks of authority in the shape of the PA and informal PLO organisations. They were able to engage in neo-patrimonial behaviour not only to increase the power and legitimacy of both organisations, but also to avoid some of the restrictions imposed by the Oslo Accords, such as the establishment of an independent Palestinian Legislative Council and Israel's continued control over all decision-making.

To secure Israel's long-term security and a peace process that would ensure that security, Israel, and the US tolerated and even encouraged some Palestinian Authority leaders to hold such power. Because the US and Israel encouraged and ensured the Palestinian Authority's and close allies' reliance on political rents, as well as their sovereignty to decide how to use them, they were able to ensure compliance in repressing opposition to the peace process and terrorist attacks against Israel.

Following the failure of the peace process and the outbreak of a new Intifada, some international donors intervened to protest corruption and abuses of power by PA elites, pressuring the president to revert to this passive role rather than attempting to re-establish his national legality with the Palestinian people by refraining from launching an aggressive against the militant groups. Palestinians, both those exiled in other areas of the Arab world and those who stayed within the Organization of the Islamic Conference (OPTS), had become used to the political and economic deficiencies caused by political rent. As a result, when Palestinian Authority institutions proved incapable of reining in Arafat's and his cronies' excesses, they altered their behaviour, aiding in the consolidation of corruption at all levels of society.

# Chapter (5)

# *Research Methodology*

## 5.1 Introduction:

### 5.1.1 International Aid: Assessing Aid Effectiveness:

This study examines the impact of foreign aid and related policies implemented at the local level in Palestinian territories, as well as the interrelationship of factors influencing the relationship between foreign aid and civil society, in the context of a comprehensive national strategy, and the interplay of various variables.

Assessing the efficacy of aid in Palestinian organisations can be done in a variety of ways. This encompasses both traditional approaches to existing management system structures, as well as activities associated with assistance management work as inputs and the accomplishment of sustainable development in specific projects as an outcome. However, there are numerous aspects to consider while determining the research methodologies to use. For instance, while adopting research methodologies, it is necessary to take into account Palestinian organisations' strong political power, lengthy bureaucratic procedures, and the effect they have on the volume and sensitivity of data that may be provided.

Marczyk, DeMatteo, and Festinger (2021) emphasised that while selecting a study technique for data collecting, the researcher should consider many factors. To begin, will the researcher's selected approaches enable him or her to find what is required? Second, what hurdles could

stand in the way of the researcher uncovering what is required? Finally, what type of problem will be investigated after the approach is chosen?

The purpose of this research is to determine the efficiency of assistance management in Palestinian organisations by analysing and examining organisational processes and policies governing the administration of international aid. Additionally, it is designed to analyse the laws and processes governing projects supported by international aid and to establish performance benchmarks. This study is expected to identify areas of weakness or lack in attaining excellent practise in aid management, allowing us to better understand how to overcome them.

The research topics must be amenable to being addressed using currently known scientific methodologies and processes. "Probably the most critical stage in doing research is defining the study topics" (Yin, 2003, p.7). According to the issue statement, and despite the huge sums of international money pushed into the Palestinian economy over the last decade, economic circumstances have deteriorated, development indicators have declined, and there are severe deficiencies in the services sector. As such, this study evaluates the efficacy of foreign assistance management in the Palestinian economy as seen by a selected international aid-funded enterprise.

## 5.2 Research Objectives:

- To investigate the management of aid within the current administrative system, concerning the regulations and procedures of managing projects funded by international aid.

- To identify measures of performance (effectiveness, efficiency, accountability, and monitoring & evaluation) within the project's management process.

- To create a better understanding of how aid is being managed and to detect the reasons behind failure in achieving good practice in aid management.

## 5.3 Research questions:

1) In what way is the progression of mismanagement and ineffectiveness of development aid to Palestine reproduced and maintained?

2) Are there any standard practices being used regulatory and procedurally, when addressing the management of foreign aid?

3)Is governance and good practice reflected in regulations, and procedures of the Palestinian organisations?

## 5.4 Methodology strategy:

This thesis argues that the efficiency of foreign assistance management is contingent on a phenomenon, a socially created phenomenon, which involves the interaction of a complex set of elements that cannot be quantified.

The idea of culture is borrowed from anthropology and is utilised in a variety of ways in organisational studies. It has been regarded as a variable, dependent or independent, within a functionalist system-oriented perspective; or as a "root metaphor" within a process-oriented perspective on "organisation as a process" (Smircich, 1983). On the basis of interpreting society (the complex organisation) as a "culture" or "a system of common symbols and meanings" (Geertz, 1973, quoted in Smircich, 1983, p. 350), culture must be interpreted in order to be fully comprehended. Thus, it is important to illustrate how the research component environment is connected in a meaningful way and how it is tied to the actions of the people in the setting (Smircich, 1983, p. 350).

To gain a better understanding of Palestinians' experiences, perceptions, and beliefs regarding the effectiveness of foreign aid and its management in relevant administrative/governing organisations, two investigative approaches were used: a literature review to identify, evaluate, and interpret available scientific literature, and an exploratory approach using the (qualitative) method.

Additionally, the interpretivism/constructivism paradigm approach will be used in this research as the technique for philosophical assumptions and the interpretive framework. According to the interpretivism/constructivism paradigm, individual groups create reality. Additionally, it is necessary to have a better knowledge of human beings' interaction with their environment and to allow analysis of the role those individuals play in the creation of reality and social fabric. As Creswell (2013) stated, the most realistic method would be to become acquainted with the research environment's inhabitants.

Additionally, the social world can only be comprehended through the eyes of those who participate in it (Cohen, Manion & Morrison 2007, p. 19). Thus, because human behaviour has a considerable influence on the development of the rules, procedures, and administrative systems that govern assistance management, human behaviour is a fundamental component of this research.

Case studies' comprehensive qualitative narratives not only assist in exploring or describing data in a real-world context, but also in explaining the intricacies of real-world circumstances that cannot be represented by experimental or survey research (Zainal, 2007pp.1-6).

For the objectives of this research, a few case studies were chosen to allow for a more in-depth examination of a specific scenario rather than a broad statistical survey. Additionally, this will condense a wide area of research into a manageable instance. Additionally, the case study research technique will be beneficial for determining if scientific ideas and models function in

practise (Shuttleworth, 2008). Yin (1984:23) described case study research as "an empirical investigation that examines a current phenomenon inside its real-world context; when the distinction between phenomenon and context is not readily apparent; and when various sources of data are employed." Additionally, the case study technique is frequently used to examine data in the context of its application, that is, in the scenario in which the action occurs (Yin, 1984).

The interpretivist perspective emphasises that all social phenomena are unique because they are generated by people or groups of humans in a particular context that is too complex to be reduced to generalised rules and equations (Crotty, 1998; Rowlands, 2005). This idea is the polar opposite of positivism's proponents, since it states that the phenomenological paradigm seeks to investigate social phenomena in their context and takes into account the researcher's interaction relationship with the research environment. Interpretive research demonstrates that the researcher's role as the primary social actor requires them to enter the social world of the research to obtain necessary knowledge and information, as well as to develop a more complete understanding of the phenomena being examined, from their personal and empathetic perspective (Holden and Lynch, 2004).

Taylor et al. (1973, p.20) explained that an interpretivism/constructivism perspective is necessary when addressing a social case that requires an understanding of people's behaviour, because people create reality; thus, the data required for the study will be generated by people and will be an accurate reflection of reality. Additionally, according to Dudovskiy (2016), interpretivism, also known as interpretative research, refers to the process through which researchers interpret various aspects of a study; therefore, interpretivism entails human interest in a study.

The interpretative paradigm is concerned with comprehending a phenomenon through the eyes of a person, with the interplay of individuals and the historical and cultural settings in which people live (Scotland, 2012, p.9). Denzin and Lincoln (2011) added to this by noting that the primary need is that the study's object be quantified. Thus, interpretivism states that the researcher's duty is to explain and analyse the world through the eyes of people who participate in its execution. According to Geertz (1973, p.9), every sociological research entail peering into the worlds of people who produce and construct them to acquire a deeper understanding of their views and those of their countrymen.

In social research, two research techniques are available: quantitative or qualitative, or a combination of the two. As will be addressed later, many scholars in the social sciences feel that these two techniques constitute two separate paradigms: positivist and interpretivist. The choice will have ramifications, as each of these paradigms is predicated on distinct assumptions. Others believe that the distinction between the two techniques is purely technical, and that they may thus be utilised in the same research. While constructivists do not begin with a theory like post positivists do, they do "create or build a theory" throughout the research process (Creswell, 2013, p.9). Constructivist researchers often gather data qualitatively; however, they may occasionally analyse data using a single approach or a mixture of qualitative and quantitative methods (mixed methods). Constructivist methods, on the other hand, can be transactional in their epistemology and hermeneutic or dialectical in their technique (Guba and Lincoln, 1994; Wisker, 2007). In other words, constructivist research attempts to generate reconstructed understandings through an emphasis on trustworthiness and authenticity, rather than validity (Denzin and Lincoln, 2011; Wisker, 2007).

Morgan and Smircich (1980) assert that, in addition to epistemological, ontological, and philosophical considerations, human nature plays a role in determining the most appropriate

research methodology. It can also be influenced by a variety of other aspects, including the researcher's interests, generalisability, predictability, replicability, causation, meaning, and processes. Another essential aspect to consider when determining the most effective research approach is if the purpose of the research is to analyse current ideas or to develop new ones. As a result, it is critical to investigate the connection between theory and methodology. According to Patton (1988, p.119), if the objective is to depict "the unfolding of social processes," "various techniques are suitable for different contexts." Qualitative research is more suited in this case, but quantitative research is useful when the objective is to explain the social structure (Van Maanen, 1979, p. 520).

The qualitative approach used in this study is in-depth one-on-one interviews with semi-structured questions. Interviews were undertaken to elicit respondents' experiences and perceptions of the processes, rules, and human behaviour that affect assistance management. As a result, the qualitative technique will enhance the research data, particularly when multiple examples are examined, and will therefore allow the development of more precise responses to the research questions. According to DiCiccoBloom and Crabtree (2006), while conducting an interview qualitatively, what matters is the type and style of questions, which may be semi-structured or multiple choice, depending on the data and individuals being interviewed.

Qualitative research employs various methodological techniques within inquiry traditions to investigate a social phenomenon or human problem (Creswell, 1998, p. 44-64). Qualitative inquiry is characterised by the following traditions: biography, phenomenology, grounded theory, ethnography, and case studies. While biography is concerned with the life of an individual, phenomenology is concerned with the understanding of an idea or phenomenon. A theory is created through grounded theory, whereas an ethnographic method results in the creation of a picture of a cultural group of individuals. Because the study's environment is

strongly characterised by social and human intervention in the creation of reality, the case study technique is the most effective way to comprehend the study's spectrum of phenomena. Yin (2003, p. 9-13) affirms this, arguing that case studies are the optimal research approach when how or why questions are addressed, when the researcher has minimal influence over occurrences, and when the focus is on a contemporary phenomenon occurring in a real-world environment.

## Case Study approach:

Case study research entails an in-depth scientific investigation of a real-life phenomenon within its environmental setting. An individual, a group, an organisation, an event, a problem, or an anomaly can all be examples of such cases (Burawoy 2009; Stake 2005; Yin 2014). Unlike in experiments, the contextual circumstances are not defined and/or controlled but are instead a part of the research. Non-random sampling is common in case study research; there is no sample that reflects a wider population. In contrast to quantitative logic, the example is picked because it is of interest (Stake 2005), or for theoretical grounds (Eisenhardt and Graebner 2007). The emphasis on data collecting for within-case and across-case analysis is on interviews, archives, and (participant) observation (Flick 2009: 257; Mason 2002). Case study researchers typically triangulate data as part of their data gathering strategy, resulting in a detailed case description (Burns 2000; Dooley 2002; Eisenhardt 1989; Ridder 2016; Stake 2005: 454).

Additionally, the case study research technique will be beneficial for determining some of the scientific ideas and models function in practise (Shuttleworth, 2008). Yin (1984:23) described case study research as "an empirical investigation that examines a current phenomenon inside its real-world context; when the distinction between phenomenon and context is not readily apparent; and when various sources of data are employed." Additionally, the case study

technique is frequently used to examine data in the context of its application, that is, in the scenario in which the action occurs (Yin, 1984).

Moreover, case data may be used to identify patterns and correlations, as well as to develop, expand, or test a hypothesis (Gomm et al. 2000). Cross-case analysis demonstrates the potential benefits of numerous case study research. In cross-case analysis, a systematic comparison exposes similarities and differences, as well as how they impact conclusions. Each example is examined as a separate case in order to compare the mechanisms discovered, resulting in theoretical conclusions (Vaughan 1992: 178). As a result, case study research has varying goals in terms of theory contribution. On the one hand, case study research excels in developing theory through expanding constructs and connections within specific situations (e.g., in single case studies). Case study research, on the other hand, is a method of progress advancing theories by comparing similarities and differences among cases (e.g., in multiple case studies).

## 5.5 Collecting Qualitative Data:

Qualitative research is an investigative technique in which researchers seek a thorough knowledge of their subjects. Methods are chosen to facilitate the exchange of cognitive and emotional ideas. The researcher in qualitative research has a unique viewpoint on the whole investigation, which enables him to change the design as the study progresses. Continuous data analysis enables the researcher to work on both the process and the product concurrently. The data analysis process begins with the data collecting phase of the interview. The term "analysis" refers to the process of dismantling, separating, or deconstructing research materials into their constituent components, parts, elements, or units. The researcher sifts the material into digestible bits, 60 looking for categories, classes, sequences, processes, patterns, or wholes. The objective is to organise or reconstruct the data in a meaningful or understandable manner (Merriam and Tisdell, 2015).

Using a qualitative method confirms the social construction of reality, the tight link between the researcher and the subject of study, and the situational limitations that influence inquiry. Additionally, it tries to address concerns about how social experience is generated and given meaning (Creswell and Poth, 2016). Meek (1988, p. 454) asserts that both organisational culture and structure are "socially constructed" and that "the concept of organisational culture can be a powerful analytical tool for analysing and interpreting human behaviour within complex organisations, but it can also be abused to reify social reality."

“It is not accepted that the social environment has an objective, self-contained existence that imposes itself on human beings. Rather than that, the community or organisational world exists only as a model of metaphorical ties and meanings that endure via human interaction.” (1983, Smircich, p. 353). If culture emerges as a result of "individual innovation" rather than being imposed by those at the top of the organisational hierarchy (Linstead and Grafton-Small, 1992, p. 333), the presence of cultures within the accumulated shared cultural standards may indicate the existence of "unity and division in cycle," and thus any event is qualified with various explanations by di. Additionally, organisational members may be affiliated with other social and cultural organisations and forms that may exert a stronger impact over values and beliefs (Linstead and Grafton-Small, 1992, p. 335). This hypothesis may explain why the statistical techniques employed in the first stage of this research were unable to account for a large proportion of the variation in answers.

Apart from its emphasis on meaning, "qualitative research may also enable the investigator to infer causal processes that have a striking similarity to the kind of causal assertions associated with quantitative research" (although without the precise delineation of cause and effect which quantitative researchers seek to generate) 2016 Klenke (cited in Bryman, 1988, p.120). All of the aforementioned traditions were thoroughly examined and their relevance to the current

study determined. Among all prior traditions, case study and phenomenology were the most relevant. This is because the current study's objective is to ascertain the participants' perceptions on foreign aid and its influence on the Palestinian economy. Thus, the Palestinian economy is unique, and foreign aid management is a phenomenon.

To gather data directly from the area of study, the researcher used a semi-structured interview method. This is the most often used data gathering method in qualitative research. Qualitative interviewing, according to Jamshed (2014), is a sort of framework in which practises, and standards are not only documented, but also accomplished, questioned, observed, and reinforced. Additionally, the majority of qualitative research interviews are semi-structured, loosely organised, or in-depth. Unstructured interviews are typically recommended when doing long-term fieldwork because they allow respondents to express themselves freely and at their own speed, with little constraint on their replies (Jamshed, 2014).

The semi-structured interview approach provided for flexibility of inquiry, clarification, and exploration within the inquiry topics in this study. Prior to entering the area of study and ensuring that the interviews were purposeful, the researcher developed a theme guide (interview guidelines) that was reviewed with the supervisors. Despite its many advantages, the interview method for collecting qualitative data may be criticised for its lack of 'ecological validity,' which may result in a failure to capture the subjects' daily lives, conditions, opinions, values, attitudes, and knowledge base. By its very nature, an interview creates an artificial situation.

As a result, individuals may behave or respond differently than they do in real life, and the risk of missing the chance to reflect the real world exists. Additionally, the results may be unrelated to the phenomenon being studied. This is referred to as the concept of 'ecological validity.' Additionally, the semi-structured interview is frequently criticised for its ‘relative lack of a

sense of process' and for interfering with the natural flow of events (Alshenqeeti, 2014). The interview technique, as a qualitative approach, may generate abundant data that aid in the construction of a more complete image of the social environment. However, such an image can never be called reality, particularly when it is based on the opinions and perceptions of a tiny, randomly selected sample of the population.

The fieldwork took place in Palestine's West Bank, which is located in the Middle East. The Middle East is a region centred on Western Asia and Egypt (much of which is in North Africa), just like Turkey is centred on both Asia and Europe (Cleveland and Bunton, 2016). The West Bank is located in Palestine and encompasses East Jerusalem. It has a geographical area of 5,645 km2 and an estimated population of 2,747,943 Palestinians as of July 2017 (World Bank, 2018).

While the implementation of the Oslo Accords in 1993 and the division of the West Bank and Gaza Strip into three different administrative entities resulted in some restrictions being constant, they stayed for the most part unchanged because of it. Israel controls Palestinian cities, and they have checkpoints set up between them, which limits the amount of time it takes to get through each location. There were a few months that Palestinians had to travel extensively via Israel and the West Bank before Israel closed most border crossings between the West Bank and Gaza Strip. Following the lifting of restrictions, Israelis allowed Palestinians to enter Israel for medical treatment, trade, and other purposes, as well as allowing a limited number of labourers to work in Israel. It was until about the year 2000 that this disease existed. Because of Palestinian unrest, Israel has imposed blanket restrictions and at times has revoked licences in reaction to the violence.

Palestinians' freedom of movement in the West Bank was limited by the deployment of permanent, temporary, and random checkpoints, a barrier to be built around the West Bank,

and a prohibition on the use of major roadways. A 2007 World Bank study claims that mobility and access in the West Bank is severely restricted, the economy is suffering, and the situation is very volatile. Dirt heaps, concrete blocks, big stones, ditches, and metal gates can all be considered physical road/path obstacles. These obstacles are subject to regular changes because of security and political issues.

Because of these checkpoints, traffic was interrupted, and interviews were carried out in three main towns (Bethlehem in the centre, Ramallah in the north, and Hebron in the south). Due to the military checkpoints in Israel, interviews had to be postponed or rescheduled on many occasions.

## 5.6 The Dynamics of Corruption and Aid Misuse:

The qualitative research methodology facilitated the detection of corruption dynamics as perceived by the study's participants. It can indicate the various key issues and core concepts that emerged from the research conducted for this thesis, but it does not represent any mathematical or econometric relationships.

Econometric studies typically use a sample of or time series data for a single country; in either case, it is a heroic assumption that any biases introduced by the complexity demonstrated here would be randomly distributed and balancing, let alone that any theoretical abstractions could adequately represent the behaviour of agents and the dynamic social structures in which they operate.

The research has established an emergent social reality and complexity that is best captured by allowing Palestinian interviewees to speak for themselves. To quote Luft and Shields (2003, p.200) in their discussion of qualitative management accounting studies, "it is intricately involved in the unfolding of events as both cause and effect of changes" (see Chapter Seven).

The study's findings indicated that the participants (in the opinion of some senior officials) were concerned about a lack of governance and good practise. As detailed in Chapter seven, 96 percent of respondents believed that good governance is a necessary condition for effective foreign aid management, but the majority expressed dissatisfaction with the existing governance indicators.

## 5.7 The Respondents' Qualitative Sample:

The sample included persons in a variety of roles, including senior management, middle management, and legal management; moreover, participants came from a variety of cultural and academic backgrounds within the organisations that participated in this study.

Three case studies were chosen as the basis for this research: one from a government background, one from an NGO background, and one from a Local Authority (Municipality) background. The focus was on the administrative system's internal procedures and instructions regarding international aid management.

The table (2) below represents The Respondents Sample background, their orgnizations, position, and years of experience

**Table 2.**

**Qualitative Sample: Demographic Characteristics of the Interviewees**

*Demographic Characteristics of the Interviewees*

*Table 2*

| No. | Organisation | Gender | Project | Position | Years of experience |
|---|---|---|---|---|---|
| Respondent # 1 | PECDAR (Ministry of Health) | Male | The Hugo Chavez Ophthalmic Hospital | Manager | 12 |
| Respondent # 2 | PECDAR | Male | The Hugo Chavez Ophthalmic Hospital | Projects Manager | 14 |
| Respondent # 3 | PECDAR | Male | The Hugo Chavez Ophthalmic Hospital | Projects Coordinator | 9 |
| Respondent # 4 | PECDAR | Male | The Hugo Chavez Ophthalmic Hospital | Financial Manager | 10 |
| Respondent # 5 | Bethlehem Municipality | Male | Road renovation in Bethlehem city | Board Member | 4 |
| Respondent # 6 | Bethlehem Municipality | Male | Road renovation in Bethlehem city | Financial Manager | 10 |
| Respondent # 7 | Bethlehem Municipality | Female | Road renovation in Bethlehem city | Projects Coordinator | 6 |
| Respondent # 8 | Bethlehem Municipality | Male | Road renovation in Bethlehem city | Human Resources Manager | 9.5 |
| Respondent # 9 | Bethlehem Municipality | Male | Road renovation in Bethlehem city | Projects Manager | 7.5 |
| Respondent # 10 | The Community Development & Continuing Education Institute (CDCE-I) | Male | Youth Partnership Project | CEO | 15 |
| Respondent # 11 | The Community Development & Continuing Education Institute (CDCE-I) | Male | Youth Partnership Project | Board Member | 7 |

| | | | | | |
|---|---|---|---|---|---|
| Respondent # 12 | The Community Development & Continuing Education Institute (CDCE-I) | Female | Youth Partnership Project | Projects Coordinator | 6 |
| Respondent # 13 | The Community Development & Continuing Education Institute (CDCE-I) | Male | Youth Partnership Project | Financial Manager | 9 |
| Respondent # 14 | The Community Development & Continuing Education Institute (CDCE-I) | Female | Youth Partnership Project | Projects Manager | 7 |
| Respondent # 15 | The Community Development & Continuing Education Institute (CDCE-I) | Female | Youth Partnership Project | Projects Coordinator | 5 |
| Respondent # 16 | The Community Development & Continuing Education Institute (CDCE-I) | Male | Youth Partnership Project | Human Resources Manager | 14 |
| Respondent # 17 | Palestine Institute for | Male | Empowerment to protect land | CEO | 18 |
| Respondent # 18 | Palestine institute for biodiversity & substantiality | | Empowerment to protect land and Palestinian heritage | Projects Coordinator | 7 |
| Respondent # 19 | Previous Managerial Manager | Female | Women and child centre NGO | Projects Manager (previously) | 5.5 |
| Respondent # 20 | previous projects manger | Male | Arab Rehabilitation Institute (Medical) | CEO (previously) | 22 |
| Respondent # 21 | Previous CEO of youth foundation | Male | Rawwad Cultural Organization | CEO (previously) | 11 |
| Respondent # 22 | Ministry of higher education Biodiversity & Substantiality | Female | Equipping universities with physiotherapy equipment's and Palestinian heritage | Head Unit Project Coordination Unit (PCU) of the MoEHE in Charge of the QIF Projects | 15 |
| Respondent # 23 | Palestine Institute for Biodiversity & Substantiality | Male | Empowerment to protect land and Palestinian heritage | Financial Manager | 8 |

## 5.8 Interviewing & Questions

The researcher structured the interview questions in such a way that they began with the organization's basic structure and processes and directions and ended with inquiries regarding specific projects.

While a few interviews followed a traditional question-and-answer style, the majority of interviews followed a more informal conversational format. Due to the sensitivity of the responders' viewpoints, certain subjects were prohibited from discussion on occasion. Although a few respondents originally objected to the interview being recorded, the researcher was able to assure them that the aim was simply academic, and that confidentiality would be maintained. Due to the apprehension of ten respondents, written notes of the interview were obtained in lieu of audio recording.

Throughout the interview, one respondent was reluctant and sceptical, answering only with very brief and vague comments. He believed that, as a member of the security apparatus, he was not authorised to reply to any type of interview. In the majority of interviews, it was observed that respondents began responding to questions in a fairly conservative manner, providing open, brief, and generic responses. They were calmer and candid in their replies as the interview continued, owing to the researcher's progressive transition from the question-answer style to the conversation format. Several conversations were paused to allow for more candid discussion of certain difficult topics, such as corruption.

Each interview concluded with the following questions: a) would the interviewee want to contribute anything that was not covered in the conversation; and b) what further information they would seek if they were the researcher. This line of enquiry was chosen to obtain more, pertinent information and to encourage elaboration without restriction. Following each

interview, the researcher listened to the audio recording to determine if any areas of clarification were necessary and to achieve the highest possible degree of transcribing quality.

## 5.10 The Analysis of Qualitative Data:

Qualitative data analysis is the act of evaluating qualitative data in order to generate an explanation for a particular event and to get a better grasp of the research aim by identifying patterns and themes in the data. The researcher in qualitative research has a unique viewpoint on the whole investigation, which enables them to change the design as the study progresses. Continuous data analysis enables the researcher to work on both the process and outcome of the study concurrently.

The researcher and the study participants co-create reality, with the depth of the data obtained taking precedence over the recruitment of huge samples. Individual interviews are the most often used data collecting technique in qualitative research, and a variety of data types can be gathered, including field notes, audio and video recordings, pictures, and documents. When doing qualitative research, qualitative researchers often work with text; material can be transcribed in its whole or in selected portions. However, focusing on selected areas of the data may miss subtleties in observations or participant descriptions, fragmenting the data. The difficulty for qualitative researchers is to convey data in a coherent manner (Noble and Smith,2014).

The term "analysis" refers to the process of dismantling, separating, or deconstructing research materials into their constituent components, parts, elements, or units. The researcher sifts through the material in digestible chunks, looking for categories, classes, sequences, processes, patterns, or wholes. The objective is to organise or reconstruct the data in a meaningful or understandable manner (Rudy, 1990, p. 107).

The data analysis process begins with the data collecting phase of the interview. Transcripts of the interviews were created. The audio-recorded interviews and written notes were meticulously transcribed to retain the dialogue's main essence.

The 'Grounded Theory' technique is intended to assist researchers in developing theory that is 'conceptually dense,' with numerous conceptual links expressed as propositions and anchored in a rich framework of descriptive and conceptual writing (Glaser and Strauss, 2017, p. 31-32). The pioneers of grounded theory advocated that researcher should gather and analyse data concurrently, which has become a standard practise in qualitative research. The researcher codes data, compares data, codes, and finds analytic leads and preliminary categories to explore via more data collecting. A grounded theory of a subject begins with tangible data and concludes with their transformation into an explanatory theory.

Grounded theory analysis is inductive in nature, in that the resultant theory arises from the data through a rigorous and organised analytic process. It is critical to stress that theory is the product of grounded theory (Strauss and Corbin, 1998). Other types of qualitative analysis, on the other hand, may properly stop at the level of description or simple interpretation (Lacey and Luff, 2001).

Unlike grounded theory, the framework analysis technique was created expressly for practical policy research. Its objective is to satisfy particular information requirements and to offer findings or suggestions, frequently within a limited timeframe. Thus, a framework analysis technique is more suited to research that addresses particular issues and has a constrained time period than a grounded theory approach (Lacey and Luff, 2001).

As a result, the data analysis and interpretation techniques used in this research were comparable to those used in framework analysis, which originated in applied policy research. Framework analysis is a more pragmatic method for analysing qualitative data. It is a method

of content analysis that entails summarising and categorising material within a theme framework. The advantage of framework analysis is that it defines the stages of the analysis process, allowing for easy identification of the steps used to acquire the findings from the data. Although framework analysis is inductive in nature, it allows for the incorporation of both a priori and emergent ideas (Lacey and Luff, 2001).

The framework analysis method is comprised of five major phases that proceed in a linear way but allow for backtracking or cycling through the stage's multiple times during the analysis and interpretation process. The five steps of framework analysis are rarely prescriptive; rather, they are frequently modified to fit the particular requirements of different research projects. As Ritchie and Spencer (quoted in Burgess et al., 1994) indicate, "the approach, of course, must be altered to fit the objectives and scope of a particular piece of research, but it has proven adaptable to a variety of different sorts of studies." The next section summarises the researcher's application of the framework analysis's five steps.

**Stage 1 - Familiarisation:**

By listening to audio recordings, translating transcripts from Arabic to English, identifying major themes, and combining topics, the researcher became acquainted with the breadth and diversity of the material. Familiarisation, which requires the researcher to redirect his or her attention from data creation (including transcription) to analysis, is basically about perceiving the data as data. The process entails getting "immersed" in the data and interacting with it in a variety of ways: engaged, but yet relaxed; noting casually, but also thoughtfully and curiously. It is not about assigning formal labels at this early stage, but about identifying what is fascinating about the data and noticing possibilities, linkages (between people, data, and existing literature), and oddities that may give depth and subtlety to the coding process. It may

be one of the most fun parts of the analytic process, and by questioning and internalising the data, it can provide a firm basis for the analysis.

The researcher translated 23 of the interviews from Arabic to English. In certain situations, particularly due to the interviewees' usage of the local dialect, it was difficult to preserve the same degree of textual and contextual depth. Nonetheless, much effort was made to preserve the original intended meaning. Although some themes arose throughout the interviews, familiarisation enabled the researcher to transition from the position of interviewer to that of analyst.

**Stage 2: Establish a conceptual framework:**

This is the first coding framework that is built in response to both a priori and emergent difficulties. Prior or a priori ideas of PA government, occupation (closures and Intifada), and donor responsibilities guided the unstructured interview questions and formed the major theme framework.

**Stage 3 Coding (indexing):**

Coding is the process of identifying themes, problems, similarities, and contrasts that emerge from participant narratives and are interpreted by the researcher. This procedure helps the researcher to gain a better understanding of the world from the perspective of each participant. Coding can be accomplished manually on a physical copy of the transcript, by adding marginal notes, or by highlighting and labelling parts of text. Researchers frequently employ qualitative research tools (e.g., NVivo, QSR). The thematic framework was then applied to all data, finding emergent categories, themes, and sub-themes in each transcript. A numbered index of themes and sub-themes was created. Each transcript was reviewed in detail and the corresponding index number was put in the margin next to each item of data.

Despite the tensions that may arise when using positivist language (for example, causes and effects), Van Maanen (1979, p. 520) argues that using the 'logic of scientific empiricism' with qualitative methods is not prohibited. However, because qualitative research tends to regard social phenomena as more particular and ambiguous than reproducible and clearly defined, the 'logic of phenome' Thus, the axial coding approach of grounded theory was largely used throughout this procedure to determine the causes and effects associated with each category.

Once all research interviews have been transcribed and verified, the coding process may begin. Field notes taken during an interview can be a valuable supplement to this procedure, as the time gap between the interview, transcription, and coding might result in memory bias about nonverbal or environmental context difficulties, which can impact data interpretation (Sutton and Austin, 2015).

**Stage 4 Charting:**

Charting is used to facilitate reading throughout the entire dataset. It can be classified either by subject across all respondents or by responder across all themes (Lacey and Luff, 2001). The data are extracted from their original context and reorganised according to the relevant thematic reference using the thematic charting approach. Four thematic charts relating to the major topics were developed using Microsoft Word. Each transcript's indexed data was moved to an appropriate graphic. Thus, the data were organised into an analytical framework founded on the respondents' personal narratives. The charts illustrate the breadth of perspectives expressed by respondents, allowing for comparison and contrast within and between case studies.

**Stage 5 Mapping and interpretation**:

Any depiction conveys the impression that the analyst operates mechanically, producing clear conceptualisations and linkages, whereas in fact each step takes leaps of intuition and imagination (Ritchie & Spencer; cited in Burgess et. al., 1994).

The mapping step establishes a framework that sheds light on the dynamics of the phenomena under inquiry. This entails:

- Conducting a search for significant results.

- Comparing and establishing relationships.

- Providing rationales.

The analysis is iterative, with each cycle moving us a little farther in some recognisable direction: "To define a process as iterative is to indicate that it takes the shape of a spiral rather than a circle, with each cycle bringing us a little further in some identifiable direction" (Palys, 2003, p. 298). Qualitative analysis converts facts to conclusions. However, there is no formula for that transition. Guidance is possible, but not a formula. Although directions can and will be provided, the final location remains unique for each inquirer, known only when -and if- reached (Patton, 2002, p. 432).

**Stage 6 Reporting Qualitative Findings**

There are two methods for presenting qualitative data that are collected as part of a study and are relevant to various types of research. One technique is to summarise the key qualitative findings in a distinct chapter/section of the findings, with minimal commentary on the literature, examples, and quotations, and in accordance with the aims that drove the data gathering. The results would then be included in the 'Discussion' chapter, together with those

from other data collecting methods, and represented in the summary of findings and suggestions. Another approach is to completely integrate several data sets in the findings chapter, where the findings will be addressed in relation to the literature and theory (Bryman, 2001, p. 497). To eliminate duplication and overlaps in my investigation, I shall choose the second technique.

One of the difficulties encountered by the researcher in this research occurred during the data gathering phase. Being in the field and enjoying the event provided an excellent chance to capture even the most minute details such as tone of voice, pauses, and eye blinks. Nonetheless, one of the difficulties associated with semi-structured interviews was the breadth of material obtained. While this made it more difficult to focus on a single path, it resulted in significantly more favourable outcomes in terms of degree of detail collected, scope of information obtained, and completeness of the data collecting experience.

## 5.9 Sample characteristics and descriptive

This study is anticipated to shed light on how public opinion leaders in Palestine view foreign aid, its impact, and administration. Following Chapter three's discussion, the necessity to examine views of foreign assistance management and its influence on the people in the receiving nation emerges from the never-ending argument about the efficacy of foreign aid and the circumstances necessary to assure its success in the recipient country. Through a series of semi-structured on-location interviews with officials from Palestinian organisations, this research examines their experiences, attitudes, and opinions about governance difficulties they have encountered and feel have an impact on the efficacy of foreign aid. The interviews were conducted to elicit information about aid management perspectives and the effect of internal management on the efficacy of help. Palestine was chosen for this study because it is a unique aid recipient with a difficult economic and political climate (see Chapter one).

The study of the literature found that the success of foreign aid is typically dependent on a number of aspects, including the governance of aid management, the establishment of objectives and targeting, as well as the recipient country's economic, social, and political situations.

As indicated in the methodology chapter, the interview questions are separated into three portions. The first portion is an introductory question about the respondents' demographic attributes. This section's data will be used to compare and explore differences in opinion across various demographic categories.

The second section discusses the organization's internal managerial structure, mission, and objectives.

The final portion discusses the components of sound management practise and performance.

In this chapter, descriptive statistics will be used to examine the interviewees' and their organisations' backgrounds, providing a comprehensive picture of the participants' individual backgrounds and cultures, as well as the overall backdrop and internal structure of the organisations. The analysis will offer a more complete knowledge of the findings and outcomes, which may then be utilised to conduct more data gathering, investigation, and analysis.

### 5.9.1 Selection criteria for case studies (Projects):

To conduct an in-depth examination and gain a more rational knowledge of aid management, the most appropriate method is to select some case studies in order to have a better understanding of how assistance is managed and to examine all the variables that have a direct influence on aid management.

Several conditions (Criteria) were established to determine which projects were eligible for the case study:

The timing of the projects was critical because, as of the time of data collection, the three projects chosen will provide coverage of the projects at three distinct stages; one will have just begun, another will be in the middle phase, and the third will be nearly complete. This will aid in comprehending and examining the project management process at various phases, resulting in a more complete approach.

Second, in selecting the most relevant case studies for the research, the whole range of governmental organisations, local public organisations, and non-governmental organisations (NGOs) was examined, given that a substantial portion of aid is channelled via these organisations. Following that, one project was chosen from the public sector, another from an NGO, and the third from a municipality, a local public organisation. By include projects from all three types of organisations, assistance management may be viewed through the lens of those three distinct settings, each of which will surely contribute its own unique set of techniques, aims, and tactics to the study data.

Thirdly, a critical element in selecting whether initiatives are acceptable for case studies is the number of individuals who benefit from them and the project's total impact. As a result, one project from the Ministry of Health was chosen and implemented by PECDAR with the objective of establishing an eye hospital in Ramallah's suburbs. Ramallah is a significant city in the West Bank's central region, with a population of around 500,000, according to the Palestinian bureau of statistics (2018), and so the project has the potential to assist a sizable number of residents. The second project chosen was from a non-governmental organisation in the southern portion of the West Bank, benefiting the inhabitants of Bethlehem and Hebron city in the south, as well as their neighbouring areas. The third project, an infrastructure

development project to restore numerous roadways in Bethlehem, was chosen from the Bethlehem municipality. This initiative is expected to benefit a sizable population.

The last criterion for selecting a suitable case study for this research is sustainability; initiatives should continue to benefit the Palestinian community for at least a year after they are done.

## 5.9.2The selected organisations for the case studies:

1) The Palestinian Economic Council for Development and Reconstruction (PEDCAR) - In 1993, the Palestine Liberation Organization (PLO) created PECDAR as an autonomous organisation in full collaboration and coordination with the donor community in support of the peace process. PEDCAR has a wide variety of duties, including aid management, economic policy, project management, coordination with NGO's and UN specialised agencies, technical support, training, and information technology.

2) Bethlehem Municipality: One of the first Palestinian municipalities, Bethlehem Municipality was formed in 1872. It offers services and programmes to help Bethlehem, the birthplace of Jesus Christ, grow in all aspects of life.

3) The Community Development & Continuing Education Institute (CDCE-I) is dedicated to contributing to the development of the local Palestinian community by improving youth labour-force integration, working toward sustainable development, and encouraging citizens' active participation in public discourse. CDCE-I aims to achieve these goals through the implementation of programmes and projects in the areas of capacity building, awareness raising, and advocacy, all of which are based on CDCE-belief I's in the importance of citizens' active participation in the development process, as well as their equal right to access and benefit from all social resources and opportunities.

The projects (Case Studies

**Table 3 Comparative table of the case study organisations**

| **Organization** | **Background** | **Funds** | **Project Selected** | **No. Of Staff** | **Area of operation** |
|---|---|---|---|---|---|
| PECDAR | Governmental | -70% From international aid<br>-30% on taxes and customs | Ramallah Village Eye Hospital – Ministry of Health – Budget: **$15,000,000 US Dollars** | 245 | All west bank mainly Ramallah |
| Bethlehem municipality | Public Sector | -60 % from international aid<br>-40% on internal revenues | Road Renovations in Bethlehem's Old Streets - Budget of **$4,000,000 USD** | 134 | Bethlehem city |
| The Community Development & Continuing Education Institute (CDCE-I) | NGO | 100% from aid | Youth Capacity Building- **$250,000 USD budget** | 25 | Hebron & Bethlehem |

## 5.9.3 Participants: (see Appendix A)

The case studies chosen for this study serve as the major data source. As a result, the purposive sampling approach was utilised. As described by Bryman and Bell (2011), owing to the nature of the study design and aims, a small number of persons will serve as primary data and the key data resource for the research.

A preliminary scan of the study's target organisations was conducted to identify the study's main actors. This facilitated the selection of the most qualified individuals for interview purposes, which was narrowed down to board members involved in the organization's policy and decision-making processes, the project's CEO, as well as financial and human resource managers who represent senior management and whose roles are deemed critical to the organization's management. Additionally, they play a critical role in developing and implementing internal processes, such as recruiting personnel and mobilising and spending the project money at each project phase.

To ensure completeness, those who supervise field activities are also interviewed, as these individuals are frequently the project's organisers. In general, it was critical to analyse the whole range of management levels and to comprehend the hierarchy's flow, linkages, and modes of communication between different levels of management.

To bolster the data's reliability and accuracy, certain interviews were conducted with individuals who have previously held positions of power and have expertise administering foreign aid and projects supported by international aid. Due to the fact that these persons are no longer in office, it is predicted that they would talk more freely, therefore enhancing the data obtained.

## 5.9.4 Examining and contextualising the interviewees:

The qualitative research technique is concerned with comprehending the intervention or phenomena and with addressing issues such as "why was this effective or ineffective?" and "how is this beneficial for learning?" The purpose of qualitative research is to further knowledge.

A qualitative researcher must guarantee that they have access to their subjects and that the subjects have first-hand knowledge of the phenomena being studied. Given that the majority of qualitative data is gathered through contacts with individuals via interviews, surveys, questionnaires, or focus groups, the researcher conducted a comprehensive search for suitable participants eager to speak about their experiences. The study's objective is to identify possible volunteers who have knowledge of the phenomena being studied and are ready to give their perspectives (Sargeant, 2012).

Because the instances chosen in this study constitute the major data source, a goal-directed sampling approach was employed to pick them. A small number of individuals will act as primary data and the research's key data resource. (2011) (Bryman and Bell).

In accordance with the study's objectives, a significant portion of the research focuses on policy, planning, financial concerns, decision-making, hiring employees, monitoring, documentation, and regulations, as well as managing aid-funded projects. However, a brief pre-scanning of the study's target organisations was conducted to identify the research object's main participants. As a result, the following persons will be interviewed: one or two board members who will be active in the organisations' policy and decision-making processes. Along with the project's CEO, finance manager, and human resources manager, those persons are critical actors in the organization's management and represent the project's senior management.

Additionally, they play a critical role in developing and executing internal processes — as well as recruiting workers and mobilising and spending the project budget during each of the project's phases.

Additionally, to complete the circle, those responsible for field operations will be questioned; these persons will mostly be the project's coordinators. Nonetheless, it is critical and necessary to interview these individuals in order to integrate all management levels and to ascertain the hierarchy's flow, relationships, and modes of communication between upper and lower management.

Moreover, to increase the data's reliability and accuracy, some meetings will be held with former officials who used to manage foreign aid and have information about managing projects funded by international aid; because they are no longer in office, they can speak freely and may corroborate the collected data.

### 5.9.5 Qualitative data protocol and guidelines:

Qualitative data collection took place in April 2019. One of the advantages of this method of data collection is that it enables the researcher to maintain focus on what is important for both the interviewee and the researcher, as the researcher has the flexibility to ask questions about a variety of topics, such as "viewing events, actions, norms, and values from the perspective of the people" (Bryman, 1988, p. 61). However, this may not always work; to maintain emphasis on the research question(s), it is impractical to focus only on the interviewee's concerns. Frequently, the interviewee would go far from the study domain (framework), resulting in a loss of time, effort, and resources (Lune and Berg, 2016).

As a result, the researcher must interfere to keep the interviewee -at the very least - inside the parameters of the study. Thus, even with the most unstructured interviews, the researcher must develop a framework for conducting and controlling the interview.

The interviews were conducted in Arabic. For all respondents, a single theme guide (interview guidelines) information letter served as the primary reference during the interviews. The guide included an outline of the interview's themes or subjects and sub-themes. The researcher created a preliminary theme guide and then had it reviewed by supervisors to ensure the material was accurate. Thematic analysis is beneficial in the context of exploring public participation because it enables us to examine, from a constructionist methodological perspective, the meanings people place on their community participation, the significance it has in their lives, and, more broadly, their social constructions of the community.

However, the framework was flexible, and the researcher was free to use personal judgement in determining how closely to follow the guidance and how aggressively to pursue an individual respondent's response. This method helped the researcher to strike a balance between the interviewee's priorities and the study's objectives. By utilising a semi-structured interviewing technique, it was feasible to rephrase questions that were unclear to the responder (s). Additionally, probing questions were utilised to steer participants in critical directions and to corroborate or refute the interviewer's judgement. Throughout this stage of data collecting, no predetermined order of questions was used. The order and nature of the questions were decided by the specific circumstances surrounding each interview.

Following Glaser & Strauss's 1965 recommendation (cited in Burgess, 1982, p. 108), the following types of questions were used: • Devil's advocate questions, in which the interviewee is presented with an opposing viewpoint to stimulate them to provide additional details.

Hypothetical questions, in which the interviewee is asked what they might do or say in hypothetical situations.

At the conclusion of questioning, interviews were closed with the researcher's summary in order to elicit a response from the respondent, either with contradictory information or affirmation.

To schedule interviews, the researcher contacted individuals via email and phone. The majority of interviews took place during the interviewees' normal working hours. The researcher performed 23 in-person interviews, 14 of which were recorded on audiotape. Except for interview #17, which lasted around 90 minutes, each interview lasted approximately 45-60 minutes.

## 5.9.6 Fieldwork context:

The fieldwork took place in Palestine's West Bank, which is located in the Middle East. The Middle East is centred on Western Asia and Egypt (much of which is in North Africa), similar to how Turkey is centred on both Asia and Europe. Geographically, Saudi Arabia is the largest Middle Eastern country, whereas Bahrain is the smallest. Middle Eastern is another term for Middle Easterner, which is a noun. In the early twentieth century, this phrase (Middle East) became popular as a replacement for the term Near East (as opposed to Far East) (Cleveland and Bunton, 2016).

The West Bank is a Palestinian territory that includes East Jerusalem. It has a land area of 5,645 km2 and a water area of 220 km2, which includes the northwest portion of the Dead Sea. It was home to an estimated 2,747,943 Palestinians as of July 2017. (World Bank, 2015).

With the ratification of the Oslo Accords in 1993 and the division of the West Bank and Gaza Strip into three different administrative entities, these constraints remained virtually unaltered.

Israel retains control over the Palestinian cities, and checkpoints have been built between them, making travel difficult and time-consuming. Furthermore, the beginning of the Second Intifada led in significant closures, resulting in a few months of near-complete restrictions on Palestinian transit into Israel and between the West Bank and Gaza Strip. Israel then allowed Palestinians to enter the country on a limited basis for medical treatment, trade, and other purposes, and a limited number of labourers were allowed to work in Israel. This state continued until about the year 2000. In reaction to Palestinian acts of violence and during Israeli holidays, Israel continues to apply blanket restrictions and periodically withdraw licences (B'Tselem, 2013).

Israel severely restricted Palestinians' freedom of movement in the West Bank by employing a system of checkpoints, including permanent, temporary, and random checkpoints, the West Bank Barrier, and banning Palestinians from using highways. According to a World Bank assessment published in 2007, the West Bank "is experiencing severe and rising limitations on movement and access, as well as high levels of unpredictability and a collapsing economy." Dirt mounds, concrete blocks, large stones, ditches, and metal gates may all physically impede roads and pathways. These obstacles can shift often, depending on political and security circumstances.

Interviews were held in three cities (Bethlehem, Ramallah, and Hebron), despite tough roadblocks that slowed travel time. Interview appointments had to be postponed and rescheduled many times due to delays at Israeli military checkpoints.

## 5.10 Classification of Respondents by Demographic Factors:

This section will analyse the respondents' demographic data, such as gender, age, place of birth, and educational level, for the chosen leaders/managers who participated in this study. The

demographic characteristics are helpful for the succeeding sections' examination and interpretation of the data.

### 5.10.1 Gender

One of the demographic characteristics that can be used to classify the respondents into two distinct social groups is gender. This kind of classification helps in exploring the impact of gender differences on respondents' attitudes and perceptions. However, the limited involvement of women in the Palestinian public life, particularly in senior positions, may have an impact on both the women's perceptions and representation in this study, as we can notice from Table (insert number).

***Table 4. Gender Classification of Respondents (See Appendix A)***

| Gender | Number | % |
|---|---|---|
| **Males** | 18 | 78% |
| **Females** | 5 | 12% |
| **Total** | 23 | 100% |

The target population for this study as mentioned above is public opinion leaders; therefore, the male-female ratio does not reflect the ratio present in the Palestinian population. This ratio may reflect the nature of the sample and the prevailing traditions and beliefs which, to a certain extent, restrict women's participation in public life.

### 5.10.2 Age

In the surveys, respondents were asked to state their exact age. As the research progressed, it was thought that to be more accessible, it was better to classify the respondents into three age groups. Table 5.2.2 below shows the frequency of each age group. In classifying the

respondents according to their age, the groups reflect the respondents as belonging to those aged 20-30, 30-40, and 40-55. The frequency table below shows the distribution of the respondents over the three age ranges. The middle group constitutes half of the respondents, while the other two groups are approximately equal with each of them representing about a quarter of the total sample.

***Table 5 Age Range of Participants (See Appendix A)***

| Age Range | Number | % |
|---|---|---|
| **20-30** | 5 | 21.73 % |
| **30-40** | 12 | 52.173 % |
| **40-55** | 6 | 26.086 % |

### 5.10.3 Employment

One of the important demographic questions been posed to the respondents concerns the nature of their employment. Employment is classified into three categories dependent on the type of organisation pertaining to the respondents' employment including government, NGOs, and the private sector. It is anticipated that the type of organisation may have a great influence on the opinions of the respondents on the various issues addressed in the questionnaire and the semi-structured interview, potentially attributed to cultural differences in the three different types of organisations. Kilmann (1982, p.11) refers to culture as 'the collective will of members. According to Schwartz and Davis (1981, p. 33) culture is 'a pattern of beliefs and expectations shared by the organization's members' that create 'norms that powerfully shape the behaviour of individuals and groups in the organisation'.

One can expect certain shared philosophies, ideologies, values, assumptions, beliefs, expectations, and attitudes, in each of the three sectors that might lead to different tendencies

in responding to issues raised in the questionnaire. For example, Savage (1991, cited in De Werfhorst and De Graaf, 2004, p. 213) found that the voting behaviour of occupational groups within the British middle class depended upon their sector of employment. Groups working in the public sector were much more inclined to vote for the Labour Party than those working in the private sector. Therefore, and because of the cultural issues discussed above, government employees may evaluate governance indicators to be highly favourable while NGOs employees evaluate the impact of foreign aid to be highly positive. The frequency table 5.2.3 shows the distribution of the respondents according to the employment type.

***Table 6 Employment(See Appendix A)***

| Sector | Number | % |
|---|---|---|
| **Government** | 7 | 30.43% |
| **Public** | 8 | 34.78% |
| **NGO** | 8 | 34.78% |

## 5.10.4 Occupational Level

The target population for this study is the people who are involved in aid management in the Palestinian organisations. It is worth mentioning that the respondents do not necessarily occupy top-level managerial posts. Many of them may occupy middle or lower-level management roles yet have a significant influence within the organisation for which they are employed. The classifications, given in Table 5.2.4, are self-classifications of the respondents. This means the reliability and validity of this data could be problematic as there is a risk the respondents might inflate their importance and render the data inaccurate. Since there are no specific guidelines to determine occupational level, two individuals holding the same level in two similar organisations may classify themselves differently.

In addition, lines of authority and responsibility are not defined within the PA's institutions. There is sometimes an unclear division of responsibilities and poorly specified job profiles and lines of reporting. Maybe the high %age of respondents claiming to be top and middle level management highlights this kind of risk and therefore this information has been handled with cautious throughout this research process.

***Table 7 Occupational Level (See Appendix A)***

| Levels of management | Number | % |
|---|---|---|
| **Senior management** | 17 | 73.91% |
| **Middle management** | 3 | 13.04% |
| **Lower management** | 3 | 13.04% |

### 5.10.5 Educational Level

An important demographic characteristic that may affect respondents' opinions and attitudes is their educational status. The importance of education in shaping attitudes, norms, and values has been acknowledged by social scientists for some time. For example, De Werfhorst and De Graaf (2004, p. 212) argued that the educational level shapes political preferences, and that education affects attitudes through processes of socialization and internalization. In the same way, Bozkurt, and Aydin (2004) argued that the results of their study pertain to the effect of educational background of their respondents.

Therefore, this classification will be useful in the subsequent analysis to find out whether there are significant variations in the opinion and attitudes of the respondents based on their educational level.

***Table 8 Educational Level (See Appendix A)***

| Level of education | Number | % |
|---|---|---|
| **Postgraduate (Master, Doctorate)** | 6 | 26.08% |
| **Undergraduate** | 15 | 65.21% |
| **Diploma or less** | 2 | 8.69% |

## 5.10.6 Income

On the bases of income, the respondents were classified into three income groups; those who earn more than 2,000 US dollars per month, those who earn between 1,500 US dollars and 2,000 dollars, and those whose income is less than 1,500 US dollars. Income level is another characteristic that may influence the respondents' opinion, especially when the issues of discussion relate to the economic performance of the country. Various income groups are differently affected by the economic conditions and governance quality. For example, the lower income group is expected to be more concerned with the efficiency of public services and social welfare system and issues that may affect their daily lives. Whereas the upper income group is likely to be concerned about the investment environment and related issues such as property rights, monopolistic actions, etc. This may influence their perception towards the various economic aspects addressed in the questionnaire.

***Table 9 Income (See Appendix A)***

| Level of income in US Dollars | Number | % |
|---|---|---|
| **High: 1500 or more** | 14 | 60.86% |
| **Medium: less than 1000** | 6 | 26.08% |
| **Low: 300 to 500** | 3 | 13.04% |

## 5.10.7 Financial Resources of the Organisation

As this study is concerned with the management of foreign aid funds in the Palestinian organisations, the source of financial resources available to the respondent's organisation may affect his/her perceptions. For example, the degree of involvement in foreign aid and its management may offer more opportunity to observe the associated problems. It is expected that those who work with organisations that depend on foreign aid may respond differently. The questionnaire classified the source of financial resources for respondent employer organisations into two areas. These are: foreign aid, internal financial resources (resources generated out of the organisation's operations), both foreign aids along with internal financial resources, and others. funds as a source of finance for their operation, which in fact does not come under any of the other three categories.

However, in this study the focus was on the foreign aid resources for these organisations, which in most of cases goes to certain projects, and the most elastic and sensible approach would be to select case study from the projects funded by international aid.

## 5.10.8 Regional Distribution of Respondents

The Palestinian territories consist of two distinct regions: the West Bank and Gaza Strip. These two regions do not have any kind of geographical proximity or unity. Before the Israeli occupation in 1967, the West Bank was under Jordanian rule whereas the Gaza Strip was under Egyptian rule. The population of the West Bank is double that of the Gaza strip. Due to these facts, and others that have already been mentioned in Chapter Four, it is expected that possible cultural differences between these two regions may lead to significant differences in the opinions of respondents based on their regional distribution.

In this study, the focus will be on west bank and therefore the researcher aimed to cover three main regions in the West Bank; Bethlehem, Hebron, and Ramallah which represents North, middle, South of west bank. These three areas represent about more than one third of the west bank population.

***Table 10 Regional Distribution of Respondents (See Appendix A)***

| Area – City | Number | % |
|---|---|---|
| **West Bank – Ramallah** | 5 | 21.73% |
| **West Bank – Hebron** | 4 | 17.39% |
| **West Bank – Bethlehem** | 15 | 65.21% |

**Former Individuals in authority:** ***(See Appendix A)***

As explained before, I added 5 of the interviewees who were in authority and were in direct relation with managing foreign aid, and most of them they quite or stopped working range sine 2-8 years.

*Table 11*

| Years | Number | % |
|---|---|---|
| **1-3** | 2 | 40% |
| **3-5** | 2 | 40 % |
| **5 and more** | 1 | 20 % |

## 5.11 Chapter Conclusion

The sample's demographic classification enables an understanding of the respondents' characteristics. The majority of sample respondents were males of various ages who worked in the governmental, public, and non-governmental sectors. Additionally, half of respondents work in middle management, with over 70% of the overall sample employed by organisations

that rely entirely or partially on foreign aid to support their operations. This percentage age shows Palestine's degree of reliance on foreign help. More than half of respondents had a monthly salary greater than US$2000. Their educational achievement is rather impressive. Over 92 percent have a secondary school diploma or above and over 30 percent have a master's or doctoral degree. Finally, around 66% of responders are from the West Bank, whereas 34% are from the Gaza Strip.

Nonetheless, respondents feel that foreign aid is a critical tool for economic growth. However, as the response analysis reveals, its efficacy is contingent on a number of things, one of which is excellent governance. This view is consistent with Burnside and Dollar's (1997, 2000) thesis that aid has no beneficial influence on growth in the context of ineffective policies.

Despite its inability to improve the Palestinian economy, respondents stated that international help was critical in averting the country's collapse. This supports the idea that there is no such thing as an absolute failure or success, and that foreign aid may fail on one front while succeeding on another.

The literature in chapter two suggests that the contradiction between donors' objectives (mostly political) and the recipient's economic requirements, as discussed in the chapter on foreign assistance literature, would have a detrimental effect on foreign aid's effectiveness as an economic development instrument. Around 80% of respondents felt that foreign aid is directed toward political objectives that are primarily in the contributors' interests. Numerous previous studies (Maizels and Nissanke, 1984; Trumbull and Wall, 1994; Burnside and Dollar, 1997) reached the same conclusion, arguing that when foreign aid is directed toward donors' interests rather than recipient needs, there is a high probability that it will fail to achieve any economic objective.

Respondents feel that contributors have a significant influence on the PA's economic aims and political policies. Although the research was unable to establish whether respondents viewed this as a good interference or not, they unexpectedly agreed that conditional aid increases aid effectiveness. In contrast to this finding, the majority of research on the effectiveness of foreign aid (Santiso, 2001).

According to Killick (1998), Gwin and Nelson (1997), assistance conditionality has failed to accomplish its stated goals. If we assume that donors' moulding the recipient's aims and policies is a kind of aid conditionality, how come foreign aid is regarded to be useless despite the presence of such conditionality as an effective instrument for increasing aid effectiveness?

It seems to be a perceptual paradox, implying the existence of a particular problem or the absence of some factors. As a result, the necessity for more exploration becomes apparent. Again, it is reasonable to assert that conditionality's inability to accomplish its 'declared aims' should not be seen as evidence of conditionality's failure. It is possible that the receiving country's organisations' aims are problematic; either they are incorrectly defined, or they are directed toward unneeded initiatives or programmes that would aid in society's growth.

Along with examining donors' assistance aims and conditions, the role of the Palestinian Authority and Israel as an occupying authority, as well as the problems associated with foreign help and its efficacy, have been examined. Respondents concur that both parties contribute to the ineffectiveness of help by impeding its efficacy. Palestinian public opinion leaders are unanimous in their belief that the effectiveness of foreign aid is contingent on excellent administration, and they express grave worry about the quality of the PA's governance. This conclusion corroborates the results of Ahrens and Meurers (2002); Harms and Lutz (2006); and Dollar and Burnside (1998), who concluded that foreign assistance success is contingent on the

recipient's governance quality. We assessed respondents' perceptions of the quality of PA governance.

Though views were dispersed randomly, the data revealed relatively few statistically significant impacts, and in many cases, no effect at all. As a result, it was impossible to determine the root of the disagreement. This might indicate a hidden level of richness and diversity, or it could indicate the absence of variables and complicated relationships that require in-depth qualitative examination.

To summarise, the outcomes of this chapter's study are insufficient to adequately address the thesis questions. In many situations, intriguing findings prompted further intriguing issues that require further investigation. There are instances where respondents' perceptions contradict one another. For example, foreign aid is viewed as a failure, but it is also viewed as a buffer against the economy collapsing. Additionally, respondents agree on the beneficial benefits of aid conditionality.

The perceived elements that may have a detrimental influence on assistance efficacy are confirmed to be those anticipated in Chapters Two and Four. However, how, and why are these characteristics believed to have an impact on the effectiveness of foreign aid? Which elements are the most critical? Who among the parties (Israel, the Palestinian Authority, and donors) is most blamed for the failure of foreign aid, and why?

To address these questions and gain a better understanding of respondent experiences, Chapter seven examines various facets of responsibility and attempts to determine the extent to which various actors bear responsibility for foreign aid failure management and the difficulties confronting the contemporary Palestinian economy, as perceived by respondents. Chapter seven will provide the groundwork for the qualitative portion of this research project by concentrating on the examination of responses to more open-ended questions.

# Chapter (6)

# *Data Analysis of fieldwork Findings*

## 6.1 Introduction:

The aim of this study is to examine the effectiveness of aid management within Palestinian organisations. This chapter discusses the findings that emerged from the qualitative data analysis of the people involved in management of foreign aid their perceptions, knowledge, understandings, interpretations, and experiences regarding the impact of foreign aid on the Palestinian economy. The discussion centres on the factors affecting foreign aid in the Palestinian economy and whether foreign aid is effective and produces the desired outcomes. Four major themes have emerged out of the qualitative analysis which will be used in developing this chapter. The four themes are:

- Procedures and rules of the administrative system.

- Initial conditions and governance of the recipient.

- The culture of corruption,

- Issues related to the donor countries.

It is surprising to find that the focal theme around which all the findings in this chapter revolve is the pervasive culture of corruption. Although almost all the reports and studies of the World Bank, IMF, UNCTAD, and many other international agencies and economists hold the Israeli occupation and its policies as mainly responsible for the economic hardship and suffering of

the Palestinian people, a sizable number of the interviewees devoted much of the interview time to discussing the widespread corruption of the PA and its implications. Some of the respondents argued that political instability and violence are the condition and outcome of the corrupt practices. Consequently, I argue in this chapter, that there is a culture of corruption that affects all aspects of Palestinian life: political, economic, and social. The argument will be developed throughout this chapter to illustrate how the 'politically' evolved culture of corruption has escalated violence, led to a deterioration of economic conditions, and encouraged donors' agencies to impose their own objectives and priorities. Altogether, the ultimate effect is ineffective foreign aid and economic hardship.

## 6.2 Culture of Corruption:

This chapter makes significant use of the phrase 'culture of corruption', as well as other words such as 'misuse.' It is considered necessary to devote a section to explaining this phrase and how it has been understood in the current literature. The phrase originates in comparative political science and refers to ordinary bribery and the buying and selling of official favours (corruption practises) in developing nations and post-Communist Eastern Europe. According to Kamiski (1997), when senior leaders engage in corrupt behaviour, a culture of corruption is likely to emerge. For a lengthy period of time, the allegation of 'corruption' was levelled against political opponents. Long considered a cultural, moral, and historical issue, systemic corruption had evolved into a political and institutional one by the 1990s (Galtung and Pope, 1999).

According to Shleifer and Vishny (1993), corruption is "the selling of government property by government officials for personal benefit." When a public person has discretionary authority to transfer government services, on which it generally has a monopoly, to the private sector, incentives for corruption develop. Klitgaard (1988, p. 75) defined corruption as monopolistic power plus discretion minus responsibility.

Though corruption is frequently associated with the governmental sector, it is a pervasive problem in both the developed and developing world's business sectors (Goudie and Stasavage, 1997). However, corruption occurs inside and between private companies and non-governmental organisations, without the involvement of any state agency or official.

Additionally, corruption occurs as a moral and cultural issue in society, manifesting itself in people' daily transactions (Amundsen et. al., 2000). Thus, corruption may be broadly described as the abuse of public or private sector power, authority, and resources for personal benefit. Corruption may be classified into two distinct categories. There are two types of corruption: administrative or bureaucratic corruption, which includes the use of public office for personal benefit, and political corruption, which involves politicians using public office for both personal gain and the goal of continuing in government (Tanzi, 1994).

The study of the qualitative data reveals that those involved in foreign assistance management placed a premium on the management of the Palestinian organisation, its impact on the efficacy of foreign aid, and the economy. A significant portion of the respondents' discussions centred on the internal administrative system's involvement in influencing the consequences of all other elements. For instance, the research indicates that interviewees feel that the 'culture of corruption' has exacerbated occupation harshness. It has enabled donors to put 'severe restrictions' on how money is disbursed, with little regard for waste, rerouting of cash, or the Palestinian economy's objectives. Contrary to respondents' opinions, UNCTAD (2006) claimed that the decline in the quality of PA governance was mostly due to external restrictions, most notably Israel's asymmetric containment policy.

The PA was founded in 1994 as a result of the peace process that resulted in the so-called 'Oslo Accord.' The notion of the 'Palestinian Authority' was ambiguous throughout the examination of quantitative survey data. Numerous PA personnel were observed speaking about the PA in

a way that showed they were not a member of it. In light of this ambiguity, the researcher sought to obtain a better understanding of what the PA officials do, what is regarded to be, and the parameters within which the PA should operate in accordance with the Oslo Accords and other relevant accords.

The debate in Chapter 2 demonstrated the need of examining public views of foreign assistance management and its influence on the recipient country's population. This requirement stems from the never-ending debate about the efficiency of foreign assistance in general and the conditions necessary for foreign aid to succeed in improving the recipient economy in particular. This research examines the experiences, attitudes, and opinions of recipients on a range of factors that may have an effect on the efficacy of foreign aid.

Chapter (2)'s literature analysis revealed that the efficacy of foreign aid management is typically dependent on a number of criteria. As a result, a series of questions was devised to elicit information about the perspectives of those involved in assistance management regarding these characteristics and the economic impact of foreign aid. To conduct this study, a few organisations were also chosen to evaluate the determinants of excellent practise described in the literature review chapter, as a unique assistance recipient with a difficult economic and political context (2).

Throughout my fieldwork, I classified my interview questions according to the study goals' themes in order to reflect the literature review and analyse the relationship between the theoretical background and the field data. The following are the research's aims and objectives: -The following questions were created to answer and meet the objectives and aim of this research **(see chapter 1):**

## 6.3 Questions of the interviews: (see Appendix Section D)

The questions of the interviews were categorised in the following themes

- ✓ Introductory questions
- ✓ General Administrative Structure and Internal Procedures
- ✓ Planning & preparation:
- ✓ Communications, Documentation, Information sharing:
- ✓ Transparency and Accountability:
- ✓ Project's information Financial and management:
- ✓ Project coordinators questions:

**Please to see all question in detail refer ti the Appendices section at the end thesis**

## 6.4 Comments and minutes from the participants interviews:

In this section I have classified the interviews answers and feedback into themes according to the questions of the interviews, and to make the discussion in each theme according to the exiting literature in chapter two.

### 6.4.1 Strategic Planning theme:

Effective project management is essential from the outset of any project. It is a crucial and absolute towards its outcomes, get it wrong, and a failed project is guaranteed (Martyr, 2018). Munns & Bjeirmi (1996) also pointed out that successful management requires planning on robust, and reliable studies and data with a real commitment to complete the project. Moreover, also essential is the careful appointment of highly skilled people to run the organisations; enough time to define the project adequately; and appropriate planning the activities of the organisation's project in each phase. Finally, correct, and adequate information sharing ensures good project management.

## 6.4.2 Interviewees comments and answers (Strategic Planning theme):

There were some common themes arising from the discussions in the semi-structured interviews. Most interviewees emphasised a lack of strategic planning, especially regarding projects funded by foreign aid where there is no solid and scientific ground to build on it, there is no database and experienced people and there is no analytical process before the project is being prepared. In addition, with poor strategic planning, there is inappropriate or ineffective identification and preparation procedures.

> ***"The main reason for the failure of foreign aid funds is the absence of strategic planning. There is no clear organisational hierarchy, no professional purchasing committees, this is an administrative weakness" {Respondent # 11}***.

Others talked about the absence of a strategic plan. One of the respondents said: **-.**

> ***"We supposed to have a plan for the current project to renovate streets in Bethlehem old city however we did not omit to any phase of it and by the way If there is any strategic plan it will be just for registration issues or cosmetic purposes to fulfil the requirements of the donors that's it" {Respondent #1}.***

Some others talked about the current projects of eye hospital should be terminated a while ago

> ***"The proposed plan suggests that the hospital should be ready in 2017 now we are in 2019 and still we need more year, so you can see the gap between the plan and real work, we are talking massive delays even for very essential projects "{Respondent #***2}.

Another respondent, talked about the negative impact of the delay in terminating projects on time

> ***"The renovation project for Bethlehem streets it supposed to be done 11 months ago, still the work on it and the serious problem there, are many shops and stores in these streets, they had to close for long periods and if they manage to open nobody will be***

***able to come to them as there are working and it is very dangerous to reach these shops "{Respondent # 14}.***

Others emphasised the absence of need assessment for the project which is a very critical stage of any project. Many respondents pointed out that there were no specific department or appropriately skilled people carry out an initial need assessment or to do any pre-research before onset of the project. Several interviewees said that there was a tendency to rely on their own predication and experience to make the need assessment and even to the budget for the project.

***"Usually we do not do any real need assessment before submitting proposal for any project, we depend on previous needs from the government, and according to that we started to work on this project, and it depends on the funding and what are the donors are willing to give money for, so it does not depend on your real needed assessment. At the end you must follow the donors' interests and for what they are willing to donate for, and of course this creates huge obstacles on implementing the real needed projects in the community" {Respondent #2}.***

***"All our plans and projects depend on the need of the city. If we feel and know that there is a need, for example, renovation of streets or general parks or any other maintenance in the city infrastructure, we do it at once." Respondent #7***

***"One of the major obstacles is the absence of the needed technology and software to do the need assessment in addition to the absence of experienced people in this field". {Respondent # 11}.***

Some interviewees talked frankly about accepting donor money, even if it was not congruent with their organisations' needs, purely in the interests of survival: -

***"Honestly, we don't do real development, it's just taking money from donors to implement projects which in many times does not reflect our real needs, and we need money to survive and maintain the continuity of our organisation and pay salaries" {Respondent #10}.***

One talked about the current project of youth capacity building,

> ***"Well to be fair and honest, we have applied for this project as it was offered by the donor, and we have done many projects like this, and the same participants comes for this training, no real added value, just we need money to maintain on our sustainability and doesn't have any relation with matching any real needs. {Respondent #6}.***

Some respondents also then connected this non-alignment of funding to the real needs of the community with a lack of sustainability of most of the projects, which come to stop when funding ends. This is attributable to the fact that most of it was not done according to a well-planned and real need assessment and does not match the real needs of the organization and the need of the community.

Others talked about the lack of strategic planning and its wider implications, said: -

> ***"This is more cultural and traditional thinking that we use to solve emergency issues which do not need any pre-planning as we live in an exceptional situation, however that has really damaged impact on the long run as we don't have any applicable strategic planning in our organisations". {Respondent # 18}***
>
> ***"Another risk is that a lack of a strategic plan has a detrimental influence on an organization's team's mindset. Employees that view aimlessness inside a company lack a feeling of a bigger purpose or are unsure about the organization's direction. Every day, people need a purpose to come to work" {Respondent # 22}.***
>
> ***"Most policies will not be changed especially in terms of conducting real strategic planning unless as it does not serve the interest of the influence people, as they will be accountable for any mismanagement misuse of the resources unfortunately, this is the reality in our organisations "{Respondent # 12}.***

Some interviewees, who previously were in a senior position, emphasised that planning means commitment, over the short and long term, and means accountability for what you have achieved.

> ***"Lack of a clear strategy regarding foreign aid funds and the development process created disorder and chaos that adversely affected the Palestinian organization credibility" {Respondent # 19}.***
>
> ***"Lack of direction leads to moral issues since the future is unclear, unpredictable, and out of control for your staff. These deplorable findings can only be seen as a job danger, which affects productivity negatively" {Respondent # 16}.***

Some talked about the relation between the donors and planning, as if there is a strategic planning it is for official use noy for real implementing:

> ***"Can't say we have a clear strategic plan because we mainly depend on donors and international fund to implement our projects, so even if you have a strategic plan for three or five years you don't have the fund and the money to implement it". {Respondent # 21}.***

### 6.4.3 Need assessment and selection process:

There were many respondents who agreed that the overall objectives and expected outputs of projects were not clearly defined and measured. The perpetuation of adjusting projects according to donor requirements and inadequate assessment of requests for continuation or second-phase funding also contributed to poor project delivery for aid-funded projects. There was also an absence of forecasting the true costs of projects development.

> *"**In general, we adjust our needs with the donor requirements. Our organisation does not really go with the real need. Honestly, we have our reasons as we need money to maintain on our organisation continuity even if these projects are not our priority and does not match our needs. So, in most of the ties we adjust and rearrange our needs to cope with donor criteria and conditions and sometimes we work in" {Respondents # 15}**.*

*Some others talked about deadlines.*

> ***"It is normal to have delays in achieving different milestones in a project; but when this is the case all the time, and when we talk about years of delay then we have a***

***real problem, however, you can prevent the project from going off track by monitoring the project from the very beginning" {Respondent # 14}.***

## Summary of answers and findings (Planning theme):

Planning is the phase during which objectives are established, which should reduce ambiguity throughout the execution phase. Whereas Atkinson, Crawford, and Ward (2006, p.691) argue that the ultimate goal of management for any activity or project is to eliminate or minimise uncertainty and risk associated with fulfilling the defined objectives established during the planning phase (Too and Weaver, 2014).

Appropriate planning helps maintain emphasis on the important results, whilst monitoring and evaluation assist give insight into past achievements and problems and inform decision-making, ensuring that current and future efforts are more capable of enhancing the organization's outcome (OECD,2002).

However, based on the responses of the interviewees, there was an agreement about inadequate project planning and preparation, as well as unsuitable or ineffective methods for identifying and preparing development projects, and a lack of genuine need assessment. Financially, some respondents emphasised the existence of obsolete or insufficient capital planning and budgeting processes. Additionally, the absence of need assessments for the true needs of projects results in inefficient assistance distribution and overinvestment in particular types of projects. Additionally, there was a dearth of sector assessments, feasibility studies, and technical appraisals that would have provided the necessary knowledge for the design of following projects.

The project's design was incompatible with the needs and capabilities of these organisations. There were errors in the actual resource requirements, payback responsibilities, and provision for the resource demands of other existing projects, resulting in unexpected new initiatives.

Additionally, respondents acknowledged that inadequately detailed designs at the start necessitated many design modifications during the project's following phases of planning. This would result in unexpected chores and unnecessarily large project extensions. and a failure to integrate physical infrastructure and capital building projects into bigger and related systems or networks.

Almost all interviewees noted a lack of contingency planning to address catastrophes or unforeseen delays in completing ongoing projects.

Additionally, some respondents highlighted a lack of contact between project planners and final users, beneficiaries, and stakeholders during the design process, as well as an apparent failure to account effectively for delays in project execution in financial projections. Which results in increased expenses and financial strain.

### 6.4.4 Effectiveness & Efficiency in management Theme:

The best definition of "doing the right thing" is associated with effectiveness, which is among the major instruments used to assess the performance of management strategies. Moreover, it considers the suitability of the project aim with regard to philosophical and developmental appropriateness. Program or project sustainability ultimately boils down to whether or not it is environmentally, socially, and economically sustainable. The efficient utilisation of human resources and natural and financial capital are in addition to cost and financial management processes (e.g., the efficient conversion of inputs to outputs within a defined budget and schedule). the breath-taking athleticism of (Zidane and Olsson, 2017)

## 6.4.5 Interviewees notes and comments (Effectiveness & Efficiency in management Theme)

In this part, the questions were about the internal administrative procedures and the tools which are used within the organisations, to make sure that the most efficient procedures and regulations are used to deliver the work in the most appropriate and effective: way

> ***"We suffered a lot because of individualism {leadership] in ruling the government. We also suffered and still suffering from individualism in making decisions and controlling job vacancies since the formation of the PA, which will have negative impact on the effectiveness of work as prioritization of personal interests upon the organization's "{Respondent # 14}.***

Another respondent declared that:

> "***Some of our internal procedures are overdate and do not meet the work requirements and involve a high level of bureaucracy which delays work" {Respondent # 5}.***
>
> "***We may have internal procedures and instructions, but many times it is leapt on and most of the times ignored without no specific reasons, because sometimes it contradicts some influence people interests" {Respondent #8}.***
>
> "When ***it comes to implementing certain procedures or punishments on some individuals or external dealers doing the work it will not be implemented, as they may be supported by influence people from the higher management***" **{*Respondent #11*}.**

One respondent talked also about contractors and said that: -

> ***"Despite the problems and obstacles that we have in most of the previous implemented projects with some external contractors, we were surprised that they consider giving them the work in the coming projects, don't know what the secret behind that "{Respondent #15}.***

Others stated:

> ***"The lack of experience in some managers regarding project management which lead to a low level of implementation, and you feel some of them they have no idea about project management"*** ***{Respondents #8}.***

Some talked about lack of infrastructure and services provided in the organization, from providing the needed and reliable software for finance and management and talked about the poor internet connection.

For example, the eye hospital project, till now we do not have an official Finance and HR software, it was changed three times in three years, which disturbed the work,

> ***"As for the project budgeting, in some projects and in the current projects the capacity building we usually depend on the previous budget to send an estimated costs for the donors, as we have already experience of the needs of the projects and its costs, which is not an efficient way of budgeting for certain project" {Respondent # 9}.***

Others talked about the miscoordination between different departments which had a negative impact on work carried out.

One respondent talked about the road renovation in Bethlehem, we have a real issue in communication between the management and external contractors who are doing the work, as the project took longer than it should the staff had changed from the organisation and external contractors, and each new staff should start picking up from where they finished and this lack of consistency of work, really damaged the efficiency of work

> ***"If the goals and objectives are not clearly defined, the project is doomed to fail, and that is really what is happening here, they mention a number of objectives, which unfortunately it was not built on real needs, that's why we have lack of sustainability in most of our projects" {Respondents # 17}.***

> ***"In the absence of a clearly stated objectives, the first significant difficulty that project managers and team members may encounter is a lack of clarity about what they may anticipate from the project" {Respondent # 10}.***

Some others talked about the impact of the donor interest in managing aid and how it should be directed:

> ***"Being the recipient, we have to accept donors' conditions quietly. Only donors have the right to decide priorities and ways of funds utilisation" {Respondent # 16}.***

### 6.4.6 Summary of answers and findings (Effectiveness & efficiency in management):

According to Drucker (2001), there is no such thing as efficiency without effectiveness, because it is more essential to do well what you suggest (effectiveness) than it is to perform well anything else that is not necessarily relevant (Drucker, 2001, p.147). The relationship between efficiency and effectiveness is critical because effectiveness is both a prerequisite and a required condition for obtaining efficiency. The efficacy and efficiency of government expenditure show the nature of the relationship between inputs (entries), outputs (results), and results (effects).

A pervasive consensus among interviewees on the delays in project construction, which result in higher expenses that surpass the planned budget. Other themes include a lack of consistency, oversight, and support from foreign funding bodies in resolving problems. Additionally, ineptitude of local contractors, as well as insufficient resource and work scheduling systems, contributed to poor project management.

Additionally, projects were harmed by poor equipment requirements, which led in delivery delays and the inability to acquire necessary resources, materials, and supplies on-site. Additionally, out-of-date accounting processes were highlighted, as were inadequate budgeting

methods and, on occasion, a deficient organisational architecture lacking an acceptable financial system.

Furthermore, there was genuine disagreement between project personnel or between project administrators and professional employees, as well as excessively complicated or inefficient bidding and contracting procedures. Additionally, the inability to recruit international consultants and contractors to augment the capacity of domestic consultants and contractors. Additionally, interviewers noted the absence of genuine planning, which adds to the degradation of assistance management's efficacy. Failure to build indigenous management capability through the use of projects as training exercises; undue reliance on expatriates in project design and execution; and failure to produce counterpart administrators.

Additionally, the majority of interviewees express displeasure with the evident inadequacy of supporting facilities, infrastructure, and services. Additionally, there is a lack of coordination among organisations that operate projects and programmes in closely connected development areas. Additionally, they suffer from a lack of coordination between the organization's various levels of administration.

## 6.5 Recruitment & Training theme:

One of the most important aspects of the governing board's responsibilities is to guarantee that the appropriate individuals are hired and promoted within the organization's management structure. The delegation of power to competent managers may be accomplished in an appropriate manner. Following that, a procedure should be implemented to ensure that managers build an effective system of management that fulfils the governance requirements of the organisation (Roberts and Scapings, 1985).

There was a common theme arising from respondents with regards to recruitment. Some respondents talked about obstacles and problems in the HR departments, or the lack of knowledge and skills when it comes of hiring people, as one of the respondents noted: -

> ***"As we are talking about projects which will be for a limited time , so when we do a wrong selection for staff it will cost us a lot ,because we usually discover that this mistake in recruiting the wrong person after 3 to 4 months and there is remaining 7 months in the projects and it will not be efficient to go through the hiring process and train people which will impact on the results and outcome of the projects" {Respondent #7}.***

Others talked about the lack of training for staff, and poor induction procedures:

> ***"Our induction or training is through as a short presentation and to provide an idea about work without any planned training ahead, and that will cost the org. in which the individual will take longer and could make big mistakes before being able to do the work properly" {Respondent #8}.***

Other interviewees talked about the staff training,

> ***"Honestly in most of the time the same training is repeated with same topics and same trainer , and afterwards realised it is a funded project and they must do it , I remember in one of the trainings , first thing in the morning they offered us breakfast , after one hour there was a break , and they offered more food , and before lunch time , they offered a snack then at 2pm they offered lunch , then we realised they have some money to spend even most of the food was wated*** " ***{Respondent #4}.***

Some of the previous people who use to be in authority talked about pressure being imposed on them by the board to hire some people which they felt were not qualified for certain positions, obviously negatively affecting the hiring organisation and the outcome of its work.

> ***"On many occasions people were hired before the announcement of the job, but they have to announce as a needed routine procedure, and I can say it is based on the relation with influential people in the organisation" {Respondent # 6}.***
>
> ***"The large army of employees is purposely formed. Excess employees are hired and paid salaries, not for the work they perform but to create a strong loyalty to the PA dominants so that such an army will serve as a shield and guarantee their continuity" {Respondent # 20].***
>
> ***"There are many unskilled persons occupying positions that require qualified and skilled professionals to lead success. This phenomenon has negative reflections on the Palestinian reality. Suppose we will suffer for a long period of time before we get rid of this ruling attitude. The President wanted that, he was all in one; the health minister, the education minister, the social affairs minister, the interior minister, the external affairs minister, he was even the attorney general and the judge" {Respondent # 17].***

One respondent talked about the people who have the right to take decision and he claims that

> ***"By the way we have qualified people in tour organizations, however they can't take critic decisions, the individuals who own the right to make this decision are mostly unqualified and the only interest is not serving the community and achieve real development, but to domain their position and serve their own interests and their close friends" {Respondent # 14].***

Others talked about the absence of scheduled training for staff to upgrade and develop their skills.

According to one of the respondents,

> ***" Governmental jobs, sought because of bad and weak private sectors, and usually given on the basis of cronyism, and appointments at higher levels shall continue, in violation of the principle of equal opportunities, without transparency or fair competition. In the media there were no jobs or rivals for any appointments "{Respondent # 8}.***

Some people complained about the squandering of public funds.

> ***"Enormous amounts of money is spent on non-existent institutions or bodies, such as wages and raises provided to employees of an aircraft firm and navy that no longer exist on the ground, as we do not have Palestinian Airlines or a sea under PA control {"Respondent #15}***

> ***""The Palestinian treasury paid hundreds of employees of the 'Palestinian Airlines and navy,' although we don't have an airport or a sea a state company with a board of directors directed by the Minister of Transportation. The budget for these personnel is included in the budget of the Ministry of Transport and Transportation, but no details are supplied. A non-existent airline whose employees were not only compensated, but also given increases" {Respondent #12}.***

One respondent added that when asked what things should be done to develop recruiting, he said

> ***"Many things should be done from the top management to the bottom, for example, the way of managing human resources and the way of requiting people and training them, and to put aside all the personal interest of some authorise people in the higher management" {Respondent #4}.***

> ***"In terms for our pensions as we are working on projects, according to our contract we don't have any kind of pensions or any savings or any rights at all, and even they can finish our work at any time" {Respondent #9}.***

> ***"My personal view that it is vital that the right people are employed, and they should receive the correct training, and they have need to have a clear idea about the objectives of the project, but unfortunately that's not what's in reality "{Respondent # 13}.***

One of the interviewees commented that

***"Wasta is everywhere, everybody has a Wasta to have a job or to remain in his current job or to get promoted" {Respondent # 2].***

## 6.5.1 Summary of answers and findings (Recruitment & Training):

A critical component of good governance is establishing the rules for policies, decision-making structures that prioritise public problems, allocate resources, and organise services to citizens — as well as recruiting staff. In addition to promoting good governance, government bureaucracies raise a plethora of questions about what needs to be done and when it needs to be done (Grindle, 2011).

While top management emphasises employee performance as a critical metric, employees are more concerned with their own productivity and are increasingly conscious of the diminished use of knowledge and skills in their uncertain workplace. As evidenced by the research, by effectively educating and developing individuals, they will acquire a stronger affinity for professional advancement—career potential increases personal inspiration (Cheng and Ho ,2001). To illustrate Cheng and Ho's (2001) perspective, Constantino and Merchant (1996) state that "both training and education are necessary components of a successful management system."

With a clear disagreement and in accordance with current research, the majority of respondents agreed on the lack of training for employees, which is likely to result in subpar job performance and elevated levels of work-related stress. Several respondents also highlighted other types of corruption, particularly in recruiting. Favoritism and political loyalty remained throughout the PNA and continue to infect government and non-government entities. Several correspondents in government and non-governmental organisations verified the prevalence of what is known as Wasta (favouritism) and nepotism in public posts. Appointments are seen as the most

prevalent form of corruption by more than half of respondents. Additionally, there is a deficiency in the recruitment method and particular requirements.

At the management level, it appears as though there is a shortage of appropriately trained and experienced project managers. Throughout organisations, there is frequently a high rate of staff turnover, insufficient personnel training, and insufficient compensation structures.

Except for the improvement of employment opportunities, particularly in the first five years – which is doubted to have been a direct result of foreign aid – and the fairly effective impact of road construction and rehabilitation, there is widespread disagreement among respondents regarding foreign aid's beneficial effect on the Palestinian economy. The efficacy of sectoral aid reflects international aid's inadequacy as a development instrument in Palestine. Since the Oslo process began in 1994, sectoral requirements and priorities have remained constant. However, foreign help has been shown to be beneficial in certain industries.

## 6.6 Accountability Theme:

Accountability is generally seen as a necessary condition for preventing the abuse of delegated power and ensuring that authority is directed toward accomplishing organisational goals and objectives (Sahid and Kesuma, 2016). Meanwhile, Idris et al. (2015) argue that public accountability, defined as the ethical appraisal of acts and decisions, should be incorporated into public spending. Additionally, it is critical to identify accountability indicators and to emphasise whether or not accountability is applied. Transparency, accessibility, reporting requirements, control (monitoring and assessment), and accountability are only a few of these indications. According to Bertelli and Lynn (2006), accountability refers to the procedures, techniques, and motivating forces that establish the ideals that will be represented in administrative choices.

During the interview process, it became clear that responsibility could be classified into two categories: internal accountability and external accountability.

Internal accountabilities include debates about internal policies and procedures, their implementation status, and views of whether or not they are fair and reasonable. External accountability, for example, is largely concerned with the external contractors who will carry out the projects on the ground.

### 6.6.1 Interviewees notes and comments (Accountability Theme):

Some respondents talked about the impact of standard measurements:

> ***"Because the absence of real measurement tools, employees often have no idea if they're making a contribution or not" {Respondent #9}.***

> ***"I believe that a lack of trust contributes to bad relationships among co-workers and throughout the company. It can also lead to employees' defensive, unproductive attitudes." {Respondent # 15}.***

And when asking about any delays from the contractors, all of respondents agreed that they experienced delays at all the times and even some delays in the projects were more than two years, we are suffering a lot from this issue,

> "***Really it has a very negative impact on our organization and the community in addition to the beneficiaries of the projects, and when asking again why not implement penalties most of them this usually comes from the higher management" {Respondent #4}.***

> ***"Some of the contractors sometimes try to do some tricks as not to commit to the agreements and that happens all the time in most of the projects, but we don't accept that and we could or in other words we should withdraw the offer from him and he could pay fines , so what happens they use their relationship with some influence people, and unfortunately we always excuse the contractors as most of them have a***

> ***very bad financial situation and we don't have a high number of contractors***". ***{Respondent #3}.***

The same Respondent added:

> ***"Let us be honest in terms of accountability and responsibility. Still things are not clear, and no real action or punishments are being made. Most of the time things or problems are just closed without a clear solution or something being done, which make things worse in the organisation. I think something should be done if we want to develop the work of our organisation" {Respondent #3}.***

Another one of the key findings of this study is the widespread culture of corruption in the PA organisations and its effects on the Palestinian economy. Different types of corruption were reported by the interviewees who primarily focused on bureaucratic and political corruption.

Due to external overfinancing of certain projects irrelevant to the policy realities on the ground, many PA officials have taken advantage of this chance to abuse some of this money for their own profit, because of the mismatch between actual and perceived requirements. In addition, temporary organisations have explicitly been created to collect donor money and the organisations disintegrate after funds have been spent.

There are several negative implications to the lack of the rule of law and a judicial system. According to the respondents, it is one of several reasons that have contributed to the Palestinian territories' economic decline.

> ***"Funds are misallocated and misused by corrupt officials who deliberately paralyse the rule of law for that purpose. Security disorder and 'chaos of weapons' has weakened the PA and has made investors feel insecure because their property rights are not protected. Such an environment; chaos and absence of the rule of law, violence, and a pervading culture of corruption have created a sense of animosity among the people towards the PA*** " ***{Respondent # 10}.***

Another respondent described the situation and stated:

> ***"There was government corruption in the form of monopolistic practices in the private sector that serves the interests of the top-level PA officials. Cigarettes import monopoly, foreign goods trade agencies, and IT and advertising companies. Do you know who the owner of the largest advertising company in Palestine is? He is the President's son {Respondent # 23}.***

When interviewing some of the board members and asking them about this issue, respondent #6 had the same answer, explaining that because the contractors are facing obstacles and having financial problems organisations are hesitant to push them otherwise for fear of not finding anyone to carry out the projects. However, when asking about the project's timeframe and potential negative impacts on the community in the instance of delay, respondent #3 said: -

> ***"There are things I can't talk about. Could cause problem for myself and I could lose my job "{Respondent #15}.***
>
> ***"There is high political interference from influential people in the authority which sometimes supports certain activities and certain procedures and certain individuals even if it was against the internal instructions" {Respondent # 7}.***
>
> ***"The greater the authority and influence of authorities in decision making, the greater the likelihood of corruption, because people are prepared to pay or offer payment to escape restrictions." {Respondent # 21}.***

Another respondent emphasised the insufficient and unsuitable internal processes, saying,

> ***"Non-payment of customs and taxes for the purchase of private vehicles is a waste of public dollars." Some powerful people in positions of power were awarded tax and customs exemptions without any legal basis for approval. The amount of lost cash is substantial, as some inquiry reports revealed eight incidents involving important people in which the amount spent reached hundreds of thousands of dollars that should have gone to the public treasury." {Respondent # 20}.***

Nevertheless, while interviewees consider that corruption is a negative social phenomenon, it is also so common now and natural and acceptable: "we have large scale corruption, however, corruption is everywhere in the world'.

Meanwhile, several respondents downplayed the corruption by saying:

> '***The large-scale corruption is because we are still in the transitional stage from a liberation movement to a formal" {Respondent 10}.***
>
> ***"The political situation in the region, especially in the past five years –the years of the second Intifada- has had its effects"*** {***Respondent # 2}.***
>
> ***"Foreign aid funds were misused and illegally distributed. This raised the level of corruption and hatred to the PA***" ***{Respondent # 22}.***
>
> **"*I think that only well organised state and well governed will be capable of managing a real development process. A state that depends on an individuality will never develop; it will always have defects and deficiencies. We experienced a lot because of individualism in ruling the state. We suffered from individuality in making decisions and controlling job jobs since the creation of the PA" {Respondent #9}.***
>
> ***"We can't deny that there is connection between the PA governance and the current political situation. However, they can't blame everything on the occupation This has to do with the Israeli policies and hindrances they have and to do much better than what they are now" {Respondent # 18}.***

This interviewee emphasises that despite the frustrating environment due to the occupation, the PA must be much better. It is not only the occupation that effects on performance. The rooted culture of corruption spread by the officials in PA has a major role in shaping the governance quality of the PA. In this context, UNCTAD (2006) and Amundsen et. al. (2004) argues that although several governance malfunctions within the PA were certainly avoidable, other cases were directly induced by absence of good governance in most of the Palestinian organizations.

Furthermore, according one respondent, previous director of one of the programs funded by EU in governmental organization in West Bank,

> "***The PA previous and current president as well used corruption as a tool to achieve political objectives and to boost their political domination which rooted the foundation for corruption culture" {Respondent # 21}.***

This was the view of many other interviewees as well as argued by Rubin (1999) he paralysed the rule of law, cancelled court decisions, and removed judges from office for both critical statements and unfavourable court decisions.

In line with this argument, one claimed that:

> ***"Corruption thrives in the absence of a transparent system, and the Palestinian legislation council failed to fulfil its mandate. It was supposed to be in charge of auditing and overseeing the government's performance and procedures. For this reason many of the Palestinians believes that there's a flaw: members of the PLC benefit from the weakness and absence or real accountability , or they're covering for others who do." {Respondent # 14 ].***

## 6.6.2 Summary of answers and findings (Accountability):

The phrase "accountability" refers to a person or organization's need to account for its actions, accept responsibility for them, and publicly reveal the outcomes. Additionally, it encompasses accountability for money or other allocated property (Ghartey, 1987). Ghartey (1987) clarified, however, that accountability is also designed to provide solutions and answers to concerns about what, who, whom, whose, where, and how. Meanwhile, Jabbra and Dwivedi (2004) assert that the government and public institutions should operate in an accountable manner to the public, noting that accountability is also a tool for controlling and monitoring operations.

Accountability is a reflection of responsibility, obligation, and the expectation of account presentation. It is also an acknowledgement and declaration of responsibility for actions,

harvests, decisions, and policies, including the administration, governance, and operation within the scope of the role or employment position and the responsibility to report, clarify, and account for resulting consequences (Williams, 2006).

Nonetheless, there was an apparent contradiction that the majority of respondents emphasised the significant link between undemocratic forms of government and high levels of corruption. The majority of interviewees felt that the PA operated on a one-man-one-party basis. According to individuals interviewed, the PA is controlled by a single political party, the Fateh Movement, which also controls the PLC and the PLO. All of these institutions are governed by individuals who returned to the Palestinian lands and established the Palestinian Authority. However, the PA eventually came to be dominated by late President Arafat.

The absence of the rule of law and judicial system resulted in a slew of severe consequences. According to interviewees – as mentioned later in this chapter – it is one of the several reasons leading to the Palestinian territories' economic decline. Corrupt authorities mismanage and abuse resources on purpose to paralyse the rule of law. Security instability and 'weapons anarchy,' as it is described to by interviewees, have harmed the PA and made investors feel uncomfortable due to the lack of protection for their property rights. This atmosphere of disorder and absence of the rule of law, violence, and a pervasive culture of corruption has instilled in the populace a sense of hostility against the PA.

Additionally, respondents emphasised the absence of defined processes and instructions in the majority of organisations regarding accountability for resource mismanagement and misuse, particularly in the context of foreign assistance corruption. Appointments to higher-level positions continued to be made without transparency or fair competition, and there was a lack of collaboration in allocating and disbursing resources necessary for project activation.

Difficulty acquiring local resources was also a frequent occurrence throughout building projects, resulting in delays and budget overruns. Additionally, management techniques have deteriorated in terms of defining the project organization's connection to wider institutional and administrative frameworks.

Others expressed concern about the lack of adequate analysis and comparisons of various techniques for achieving project objectives at the start-up period. Inadequate strategic planning resulted in the execution of unproductive or unsuitable projects, demonstrating the inadequate administration of foreign aid resources.

Additionally, respondents testified about insufficient or inappropriate internal reporting and monitoring procedures, which resulted in the failure to terminate projects on time or transfer project activities to established governmental organisations, as well as insufficient or inappropriate deployment of completed projects.

## 6.7 Theme of transparency and communication:

Organizational communication, in general, has two primary goals. The major aim is to adequately inform the workers on their responsibilities and the organization's policies (De Ridder, 2004; Elving, 2005). The second objective of organisational communication is to foster an environment of mutual understanding and cooperation inside the organisation (Elving, 2005; Postmes et al., 2001; De Ridder, 2004).

Without a question, communication is a critical aspect of managerial success. This is especially true for dispersed and multitasking activities that need continual communication between different organisational levels within the organisation, as several academics and practitioners have shown (Katerega and Sebunya, 2017; Muszyska, 2018).

### 6.7.1 Interviewees notes and comments (transparency and communication theme):

> ***"In the absence of a clear strategy built on transparency for keeping the right person in the right place, neither organisational development nor economic development will be achieved "{Respondent # 18}.***

Some respondents complained that their organisation did not routinely share internal issues with the public. There were also instances reported whereby two reports were created, one will be being correct, and the other altered for publishing and for marketing, not accurately reflect the real situation in the organisation.

> ***"Of course, one of the primary causes of low productivity is that the working crew just does not understand what the intended output of each project is. Managers must be able to convey not only the job at hand, but also the larger picture around it. It might help you discover a strategy to demonstrate staff how far they've gone toward achieving a goal on a regular basis "{Respondent #12}.***
>
> ***"Really we don't have a preschedule meeting or regular basis, and honestly I don't think the level of communication is enough, I think more should be done and more meetings should take place to hear the middle and low-level o management which will have a positive impact on the work in the organization, and I think the workers and employees will be more confident when they meet the higher management" {Respondent # 4}.***
>
> ***"There is clear miscoordination between the field and projects management and there are no good connection channels which make things harder and sometimes it ends with wrong instructions and effect the work and cause delays "{Respondent # 4}.***

Others talked about lack of transparency, particularly regarding internal decisions or making fundamental changes without giving any reason. and 11outlined a commonplace activity of withholding data: -

> ***"Not providing any data or information related to certain important issues which we never knew about, most of the information's known through gossips and delivering information from one person to another, and most of the time this information is misled and exaggerated which many times causes confusion in work and in certain time it caused damage for the work by not providing good channels for accurate information sharing" {Respondent # 13}***.

Another respondent mentioned an example of the purchasing process in their organisations

> ***"In one incident we needed to buy medical equipment's for the hospital and we have certain procedures to follow even there are many concerns of these procedures, anyway the amount of purchase was about 250000 dollars, through bids system and it should very confidential, at the same before the result were officially announced the wining contractor came in the morning and distributing chocolate for the staff as he knew already knew that he won the bid "{ Respondent 8}.***
>
> ***"Many leaders choose to keep things hidden from their staff because they think some knowledge is not "need-to-know" According to {Respondent 8}.***

Transparent leadership entails more than just looking at the broad picture. As a result, it has a spill over effect on day-to-day performance management. Each and every employee, from CEOs to interns, requires a clear knowledge of how they are performing in relation to their specific goals.

Respondents talked about the existence of transparency especially when it comes to bidding and requirements for the project needs. However, some mentioned agreements made 'under the table' with external contractors for important projects, citing instances of invoices being issued with inflated costs, sometimes in the region of hundreds of thousands or in some cases millions of dollars.

One respondent said,

> ***"The revealing of any information is very sensitive, and it depends on the interest of the influential people. If it conflicts with some interest, it will never be realised, however, if any were released it will never reflect the reality" {Respondent # 11}.***

Other interviewees by those at middle and lower management levels talked about their salaries.

> ***"The political corruption has its reflections on the development process. It is linked with political considerations for satisfying personal interests and creating political loyalty. Therefore, a suitable political and legal environment that can utilise the required qualified Palestinian human resources for the development process did not materialise on the ground." {Respondent # 15}.***

The above comments of respondent # 15 clearly reflect the size of the problem. As a result of the employment corruption, government institutions are highly politicised, lack professional and technical personnel, and often deprive citizens of their legitimate rights and opportunities (USAID,2005). The lack of proper qualifications and competence among the PA's cadre (which is considered as one of the factors responsible for the failure of the development process) necessitates the setting of a strategy to rectify the defect.

> ***"Low productivity is the outcome when people do not have the information or expertise. The simple explanation is that individuals are unwilling to be regarded as ignorant, unintelligent, or without knowledge. It is a challenge to appear as though you know what you are doing. It's possible that everyone experiences at least a little bit of dread, even if that fear is irrational "{Respondent # 23}.***

Another respondent added

> ***"Clear expectations and an overall sense of tension between management and staff frequently lead to high levels of turnover "{Respondent # 12}.***

> ***"Employees and leaders trust each other when they both believe they are serving the organisation and the community" {Respondent # 19}.***

One respondent stated:

"***There is an absence of communications skills that the project manager also needs to provide to the team leaders and members, to provide them with clear directions and feedback on their performance and obligations regarding the project" {Respondent # 6}.***

## 6.7.2 Summary of answers and findings:

According to Berglund (2014), transparency is defined as "the uniformity of information disclosure," and as such necessitates the timely publication of all relevant information (Berglund, 2014, p. 362). Additionally, it is stressed that "information must be shared openly in order to be considered transparent" (Schnackenberg & Tomlinson, 2016, p. 9). Additionally, it has been defined as "the perceived quality of information willingly given by a sender" in a more straightforward manner (Schnackenber and Tomlinson, 2014.p5).

Zulch (2014) stated that the fundamental purpose of feedback is to guarantee that it reaches the intended audience clearly and on time. Zulch also emphasised the need of maintaining communication records and maintaining open lines of communication among team members in order to provide documentation for others who may require it in the future for similar types of operations.

In stark contrast to the previous literature, the majority of respondents agreed on the absence of any openness or information sharing plan in any of the sample organisations. Despite the fact that all respondents stated that their financial and administrative reports would be published, none were located on their websites, and all refused to give copies, showing these organisations' blatant lack of openness.

The majority of respondents felt that their organisations lacked appropriate systems and processes for ensuring adequate information flows that indicated the accomplishment of specified performance objectives for the timely distribution of high-quality information.

Additionally, there is a great reluctance to disclose information, which results in mistrust and misunderstanding of data.

## 6.8 Theme of monitoring and evaluation:

Over the previous two decades, the term "monitoring and evaluation" has become widely used in the management sector. This is the notion of attempting to quantify the management performance of an organisation throughout the lifespan of every activity carried out by the organisation. It is an attempt to comprehend and determine what went correctly or wrong throughout the organization's management operations (Cracknell, 2000).

### 6.8.1 Interviewees notes and comments (Theme of monitoring and evaluation):

Some respondents talked about qualified people on the orgnizations

> ***"There are no qualified people in this field, and we don't have the needed software to do real monitoring and evaluation of our work" {Respondent # 2}.***
>
> ***"The absence of such an important element monitoring & evaluation which will lead not to achieve continuity ,and sustainability in most of our projects and eventually will not lead for a real development" {Respondent #1}.***

Another respondent outlined how their respective organisation was dealing M&E

> ***"Doing insufficient monitoring and evaluation just to fill the forms which are required by the donor without any real analysis or scientific background" {Respondent # 15}.***

Another said that

> ***"Can't say it is the organisation's fault for not doing real M&E, I think we should blame the lack of experienced people and the needed software and systems to do that." {Respondent # 19}.***

> ***"In general, I can't say that we have a good monitoring and evaluation system or procedures to follow up the work and use it for future projects. Still a lot should be done in this domain" {Respondent #1}.***

Other respondents talked about regular meetings in the organisation, and the real assessment of their achievements.

> ***"Sure, that there isn't any kind of continuous monitoring of our progress, and there isn't a real assessment being done for each individual working on the project. We feel that they look at the overall goal, and I think it is not fair because there are some working more than others and they should be rewarded or recognised for their work" {Respondent #4}.***

Other talked about the lack of technical infrastructure

> ***"We don't have the expertise neither the software to do so. We try to do daily filed monitoring through the field coordinators, and if something was found not following the plan, we interfere to do the needed adjustments, but that is not always the case. Sometimes we cannot find things until the end of the project, which is really a challenge for trying to fix things. And it will cost more, and it will take more time than it should" {Respondent # 7}.***

> ***"We firmly believe in impact assessment since some actions and results cannot be carried out unless they have an effect on the ground and the lives of people..." Claim {Respondent #14}.***

The same responder ***#14*** described their perspective of the purpose of monitoring as

> ***"For smart measurement, financial impact and the prevention of waste of resources for unnecessary operations" {Respondent #14}.***

> ***"The personnel and financial resources in the organisation are not enough devoted entirely to M&E operations. M&E staff are overburdened by other responsibilities such as reporting and collecting funds" {Respondent #18}.***

Others mentioned the problem of lacking real transparency in auditing

> ***"Unwatched aid money as come consider it as free gifts motivates robbery. And that's due to the absence of a reliable authorised body to the auditing and monitoring the work of the governmental and none governmental organisations." {Respondent # 22}.***

## 6.8.2 Summary of interviewees answers and findings for (Monitoring & Evaluation):

According to the Organization for Economic Cooperation and Development (OECD), monitoring is a continuous evaluation process that attempts to provide all stakeholders with timely and thorough information about the progress or delay of currently reviewed operations. It is the phase of the activity's implementation that is supervised. Its goal is to ascertain whether the expected outputs, deliveries, and timetables have been met so that corrective action may be made as fast as feasible. Nonetheless, efficient planning paired with effective monitoring and evaluation may significantly improve the efficacy of organisations' development plans and management practises. Appropriate planning helps maintain emphasis on the important results, whilst monitoring and evaluation assist give insight into past achievements and problems and inform decision-making, ensuring that current and future efforts are more capable of enhancing the organization's outcome (OECD,2002).

Monitoring and evaluation (M&E) are primarily concerned with developing a method for enhancing performance and achieving objectives. Its objective is to enhance management results, outputs, and effects in the present and future. It is largely used to evaluate the effectiveness of management processes, institutions, and programmes established by governments, international organisations, and non-governmental organisations. It connects past, present, and future activities (UNDP, 2010). As a result, methods, and tools for managing

actions and knowledge in a systematic manner are required to establish a database of knowledge and experience.

The overwhelming majority of responders emphasised the absence of effective monitoring and assessment during the project's execution phase. There was no evidence of any suitable monitoring and evaluation in any of the sample organisations, including the absence of any performance assessment methods or procedures for personnel or the organisation as a whole. The respondents indicated that this has a detrimental effect, citing examples such as a lack of reliable and comparable data and information for future projects, a lack of sufficient baseline data and information relevant to the M&E system's purpose, and limited and/or inconsistent financial resources to establish and sustain any M&E system over time.

Additionally, respondents agreed that project outputs and benefits were restricted to a smaller group of recipients with strong connections to officials in the PA, as intended by the project design; in addition to an inability to adopt any appropriate project outputs or techniques to monitor developmental activities implemented in certain aid-funded projects. Respondents also agreed that there were insufficient or ineffective techniques and processes for project post-evaluation, as well as a failure to choose suitable baseline data and developmental indicators during the design phase to enable effective monitoring, control, and post-evaluation. The respondents' descriptions of a lack of defined monitoring and evaluation mechanisms underscores this as a factor leading to the poor management of aid resources.

## 6.9 Conclusion to the Chapter

As stated at the outset of this chapter, the efficacy of assistance is affected by a variety of criteria. Burnside and Dollar (1998) found that aid will only be effective if it is spent on the proper country, one with low inflation, a modest fiscal deficit, openness to trade, a strong rule

of law, and a capable bureaucracy. As a result, the quality of a country's administration and the economic policies it adopts will have a significant impact on its progress. Bandow (1997) claimed that economic development is driven by good domestic policy, not foreign aid. However, foreign aid works despite the PA's unfavourable governance and policy climate (Hansen and Tarp, 2000).

In contrast to a portion of the literature that attributes the failure of foreign aid in Palestine to the Israeli occupation, this study establishes linkages between the PA's behaviour and governance quality. Several of the findings imply that Israeli occupation practises are connected to the corruption of the Palestinian Authority. Corruption was a factor in the failure of the peace accords and the rise of bloodshed between the Palestinians and Israel.

Despite Amundsen et al. (2004)'s assertion that certain forms of corruption are developmental, corrupt practises, as seen by respondents, actually stifle more expansive developmental activities. Amundsen and Ezbidi (2004), for example, claimed that monopolies granted to individuals with close links to political leadership harmed the economy's competitiveness, deterred some foreign investment, and contributed to lower-quality social services.

Additionally, the intersection of private-cooperate-political interests increased the scope for allocation via patron-client networks.

In Chapters seven and eight, the analysis determined that the primary reason for foreign aid's failure is not external factors such as occupation or donors, as some officials claimed, but rather that the majority of mismanagement and misuse of aid originates within Palestinian organisations, where corruption has a stronghold due to Israel's real control over them. As the qualitative study indicates, the primary reason for foreign aid's failure was the PA's internal policies and administrative regulations, as well as the absence of true accountability and transparency, which were inextricably linked to the PA's culture of corruption.

Furthermore, several respondents denied that any of the quality indicators for governance and good practise management mentioned in the interview questions exist in the Palestinian context. The respondents express the greatest degree of disagreement on the presence of "corruption-controlling measures." To ascertain the most pernicious forms of corruption, respondents indicated the most agreement with the assertion that PA monopolies impede market activity. By and large, major sectors of the Palestinian population are dissatisfied with the PA's actions and governance quality.

# Chapter (7)

## *"Discussion and Conclusion"*

## 7.1 Introduction

The purpose of this thesis is to examine the efficacy of aid in developing nations, with a particular emphasis on case studies from Palestine. The chapter discusses the research's major results and the connections between the survey and the qualitative data collected during the field investigation. Additionally, this chapter summarises the thesis's contributions to the literature on the efficacy of foreign assistance management. It will offer an overview of the methodological and empirical concerns presented in the thesis, as well as the major topics that contribute to or hinder assistance effectiveness.

Using case studies from development projects to examine management practises in Palestine, this dissertation examines the efficacy and obstacles of efficiently managing foreign aid. In contrast to models that rely on unrelated secondary data, this thesis examines primary data obtained in the field. Econometric methods have limitations, the most significant of which is their inability to explain social and cultural processes.

When examining the circumstances that may affect the efficacy of foreign assistance administration in the Palestinian economy, two critical themes emerge: the function of culture and the relevance of 'bureaucracy.' It was discovered that a corruption culture has resulted in a lack of effective governance. The thesis states that foreign assistance management, when considered in isolation from other critical elements, can never achieve true success; it is only the players involved, donors and receivers, who can affect aid effectiveness collectively.

## 7.2 The Learning Process

This exploratory study was a difficult intellectual journey that required significant effort, time, and, most importantly, commitment and self-discipline to complete. Throughout the research process, the primary issue was to maintain focus on the study's objective and to avoid generating a descriptive piece of work about foreign aid and its impact. For the last five decades, the foreign aid literature has been dominated by econometric approaches; as a result, there is always a risk that decisions regarding foreign assistance distribution and administration are based on insufficiently robust or relevant data. This might have an effect on policymakers' decision-making processes and on the comprehension of students educated in these approaches who may become prominent in assistance organisations. Thus, the motivation for this research was to provide a criticism of management models, with a particular emphasis on the efficacy of foreign assistance management. With a huge amount of data, the researcher needed to decide how to effectively explain and understand the participants' experiences and perspectives. The approach has honed the researcher's critical faculties and pushed him to appreciate and adopt a more concise style of writing. The empirical investigation has increased the researcher's understanding about doing research.

The researcher used qualitative study technique, which was the most successful way to ascertain the receiving country's citizens' opinions of foreign assistance efficacy. It was critical to examine the experiences and interpretations of diverse persons working in a variety of organisations and holding a variety of roles and responsibilities.

## 7.3 Thesis Summary:

This thesis is divided into seven chapters. Chapter One presented the thesis by providing an overview of the current situation and significant challenges confronting the Palestinian

territories, as well as describing the impact of aid on the Palestinian economy and its development progress. This section discusses the aims of foreign aid, the methods and instruments used to assess its success, and the various elements that may affect it. Additionally, it discussed problems relating to the Palestinian economy, including its limited sovereignty and significant reliance on the Israeli economy, the occupation's role and closure policy, donor policies, and the PA's administration. The chapter established a framework for the study presented in this thesis.

Chapter two included a survey of the literature on international aid. It stated that in order to administer aid effectively, many aspects must be recognised and present to ensure actual growth for the organisation and its community. This ineffectiveness un assistance administration is a result of a lack of a defined framework, which results in a lack of consistency in both the donors' and recipients' foreign aid objectives. Additionally, the recipient's unique condition complicates the adoption of a standardised and consistent strategy applicable to a variety of circumstances.

The literature was divided into two sections for the purposes of this study: The first section reviewed the research on institutional conceptions of good governance in both global and crisis-affected regions. The second section defined governance by outlining the key components of effective governance, which include accountability, transparency, monitoring, and assessment, all of which are incorporated into the theoretical framework.

Foreign aid's success or failure appears to be contingent on a number of preconditions, including the aims and interests of both donors and recipients, as well as the recipient country's governance quality. Securing peace is a critical precondition for foreign aid to succeed in attaining its economic objectives in war-torn economies.

Chapter three discussed the Palestinian economy's historical context. It documented economic and political development since the WBGS was occupied in 1967. Two distinct political and economic epochs have been identified: the time of occupation (1967-93) and the period of limited self-rule (1967-93). (1994 onwards). The chapter focused more on the second period because it is the study period for this research and addressed the economic trends of chosen industries. Additionally, it examined how, since the start of the second term, there have been evidence of corruption and bad governance in relation to the PA, including political hiring, unclear duties, mismanagement, and business monopolies owned and controlled by PA officials.

The second Intifada began in September 2000, igniting a fresh cycle of bloodshed. The Israeli Defense Army's practise of closing regions grew widespread. Typically, limitations on people's mobility were paired with limits on the movement of commodities. Economic indices reached previously unheard-of lows, with high rates of unemployment and destitution.

The fourth chapter demonstrated how the PA's organisational structure facilitated the spread of corruption, and how the corruption culture was created and how it manged to reproduces and sustained within the Palestinian orgnizations. According to the findings, the past peace agreements signed between the Palestinian Authority and the Israeli government required the PA to meet specific security conditions before to participating in final status discussions with the Israeli government. Accordingly, the PA engaged in particular human rights breaches, suppressed genuine opposition, and eventually established a dual system of formal and informal administration to satisfy the requirements of foreign parties (Israel and U.S.). The chapter also demonstrated that, as a result of the PA's frail structure, lack of legitimacy, and inability to enforce laws and policies, Arafat relied on his own informal networks to strengthen his position, exert control over dissident groups, and reclaim legitimacy through co-optation or

coercion, among other things. Corrupt activities were made simpler as a result, and they eventually became institutionalised throughout the PA system as a result of this, and as result of controlling most of main keys of ruling the Palestinian institutions, the top officials in the PA managed to maintain to create corrupted system to serve their own interests, in addition to their families and close friend since the establishment of the PA in 1993. According to the findings of this chapter, the neo-patrimonial framework under which the PA functioned and operated weakened the Insider privileged class and harmed the PA's institutional growth, restricting the PA's capacity to evolve into a truly democratic organisation.

Chapter five summarised the technique used to conduct the study. The chapter defined the research's aims and research questions. The study's primary goal was to analyse and explore possible explanations for the Palestinian economy's decline in recent decades, despite huge sums of international aid received.

The approach used in this study was qualitative; semi-structured interviews were used to obtain qualitative data. To examine survey data, descriptive statistical methods were used. Except for agreement on increased job possibilities, respondents were mostly divided on the favourable impact of foreign aid on the Palestinian economy. Respondents generally believed that foreign aid had failed to build a sustainable Palestinian economy. The majority of respondents believed that foreign aid programmes were harmed by either Israeli actions (closures, curfews, etc.) or by the PA institutions' corrupt behaviour. Palestinian public opinion leaders expressed worry about the governance quality. The poll found that the most frequently agreed with statement was the importance of governance quality in enhancing assistance effectiveness.

Whereas respondents showed the most discontent with anti-corruption efforts and the rule of law. Additionally, donors' aims, and practises were viewed as impeding assistance effectiveness. Nonetheless, in an uncertain context characterised by continuing war, the

influence of foreign aid may be felt in terms of quantifiable measures such as employment levels, poverty reduction, quality of living, and GDP growth, among others. The chapter stated that, despite the Palestinian economy's failure to create a viable and sustainable economy, international help had a role in averting its collapse.

Indeed, foreign help may still be beneficial in preventing the collapse of the economy. Cross-tabulation of several replies revealed significant divergences of opinion on critical topics of assistance efficacy, implying the necessity for qualitative study.

Chapter five discussed the rationale for the study's qualitative phase. It provided light on the Palestinian economy's current state and briefly emphasised the problems it faces. The role and behaviour of players believed to be accountable for those issues, as well as the amount to which each actor affected the economy, were also examined. Additionally, some unfavourable economic signs were emphasised. The chapter examined the solutions proposed by responders to the economic problems. They focused largely on strengthening the PA's governance and resolving the occupation peacefully in order to restore political stability and security in the region. Combating corruption, ensuring adequate planning, and ensuring effective administration were the most often mentioned proposals in relation to the PA. In terms of accountability, respondents regarded Israel, the Palestinian Authority, and donors to be most accountable for the present situation's challenges.

Chapter seven summarised the qualitative stage of this study's findings. The qualitative analysis revealed four key themes. These included the following:

- Recipient circumstances - Governance inadequacy

- Acceptable practise.

- Corruption culture.

The chapter's central subject was the prevalent corruption culture. For instance, the statistics indicated that the PA's 'culture of corruption' exacerbated the occupation's harshness and enabled donors to impose hash political circumstances favourable to their strategic objectives. Almost every participant in the Palestinian economy, including the PA, NGOs, political groups, Israel, and donors, was seen to be entangled in the corruption culture. Arafat's individuality and the returnees who ruled the Palestinian Authority were viewed as critical factors in the growth of corruption. A dominance chain was found inside the Palestinian political system.

This chapter will finish the thesis by summarising the research trip and discussing the key results. The discussion is centred on two primary points. To begin, it presents a critique of econometric models in light of the thesis's conclusions. Second, it analyses the dynamics of the corruption culture, which has been demonstrated throughout this study to have harmed the efficacy of aid in the Palestinian context. Additionally, this chapter acknowledges the thesis's flaws and limits and suggests topics for additional investigation.

## 7.4 Methodological Issues:

As discussed in Chapter 4, the traditional approach for examining the impact and efficacy of foreign aid is through the use of econometric tools, which are statistical techniques that employ quantitative data to build theories or evaluate existing assumptions in economics or finance. Until recently, the literature on assistance efficacy was dominated by cross-sectional studies employing single equation methodologies that produced inconsistent empirical findings. We may criticise econometrics on its own terms and in its own language, as well as a tool for examining the efficacy of help. To begin, we examine the technical challenges surrounding the employment of econometric models, which are not unconnected to the broader methodological concerns.

Burnside and Dollar (2000) revealed that while nations that pursue "decent policies" benefit from foreign assistance, the likelihood of a country adopting "excellent" policies is unrelated to the quantity of foreign aid received. As a result, especially in light of the limited scope of econometric models, numerous studies advocate for 'aid selectivity,' in which help is directed toward nations with low per capita incomes and a high proportion of the population living in poverty that have "excellent policies" (Collier and Dollar, 2001). This concept of 'aid selectivity' presupposes that policy has an effect on aid, which is represented in administrative procedures and norms. Whereas the outcomes of this thesis indicate that aid can have a significant impact on policy. Donors, who are believed to be complicit in the culture of corruption, really influence Palestinian economic policy by donating cash to development projects they deem significant or suitable rather than based on a true needs analysis of what is best for the beneficiary Palestinian communities.

This study demonstrated how decades of struggle and conflict have left the Palestinian economy in desperate need of funds to repair its infrastructure and institutions, rendering it vulnerable and receptive to any offers of foreign aid, regardless of the quality of the donor country's accompanying policy or agenda.

Other studies, such as Hansen and Tarp (2000), Collier and Dehn (2001), Lensink and White (2001), Guillaumont and Chauvet (2001), Easterly et al. (2004), and Dalgaard et al. (2004), discovered that when certain variables are included in their equations for per capita GDP growth, the aid policy coefficient becomes statistically insignificant. These studies are primarily concerned with the influence of policy on foreign assistance, while ignoring the impact of foreign aid on policy. By contrast, the data in this thesis show that foreign aid has a significant influence on the quality of governance and policies in developing countries such as Palestine, where social and political dynamics are constantly shifting.

The absence of a consistent and systematic methodology inside Palestinian organisations, as well as the use of proxies and replacements for a large number of variables, restricts the conclusions of econometric research. There is no agreed-upon comprehensive theoretical framework for analysing the efficacy of international aid. Different writers employ a variety of approaches despite the fact that they are working with the same data. The variation in the conclusions of different writers is mostly due to their differing approaches to assessing the efficacy of foreign aid, ranging from a single comparison to simultaneous equalities and so on. Additionally, the model definition and the authors' use of a variety of various types of variables and growth or development indicators add to the wide range of outcomes. As a result, when the same data are analysed by various researchers using different econometric approaches and assumptions, they provide contradictory conclusions. Cross-country growth regressions, as Hansen and Tarp (2000) demonstrate, rely on poorly understood non-linearities and key methodological decisions.

The variables utilised in these studies may not be representative of all factors that contribute to an understanding of the situation's dynamics. As the findings of this thesis show, various nations may have unique characteristics that play a critical role in determining the efficacy of help. In Palestine, the dynamics of the corruption culture, including returnees, individualism, and closure policy, were believed to have a significant impact on the efficacy of aid. It may be anticipated that when more factors are added, the results will continue to fluctuate. As a result, such models do not support a more precise understanding. For example, as Easterly et al. (2004) noted that when country-specific circumstances may alter, the results may be reversed. Moreover, by utilising extreme bound analysis (EBA). Levine and Renelt (1992) demonstrated that the majority of variables are not robust (i.e., their coefficients and significance can change substantially depending on which variables are included in the study).

As described in this study, assistance is provided to support a variety of purposes and hence takes on a variety of forms. Even when assistance is offered to promote economic growth and development, it may serve different purposes in different recipient nations. For instance, aims may range from supporting sound policy to rural development, poverty reduction, equitable income distribution, and human development via increased access to essential services in education, health, nutrition, and housing (Bao, 2003). If, for example, the aim of assistance is poverty reduction, evaluating its success via the lens of aid's influence on growth may not be appropriate, as poverty reduction is not always achieved through growth. Numerous studies have included one or more of the objective factors listed above. However, no one research incorporates all of these into a single model, and it appears that no study using econometric approaches can, underlining the limits of econometric methodology.

Additionally, the stated aims may differ from the actual ones followed. While it may appear that foreign aid is given for the sake of growth and development, in fact, other motivations are at work, as addressed by a number of authors. It was always thought that the published data (often from the World Bank and Penn World Tables) and the categorization of aid into development and non-development concerns were robust and reliable. However, these numbers and classifications are based on the proclaimed aims of a particular assistance initiative, which may not always correspond to the real reason for which the aid is employed. The semi-structured interviews conducted revealed that, while donors claim to be giving development assistance to Palestine, the respondents to this study believe differently. Additionally, there is the risk of clashing aims and interests between donors and recipients. Assuming, on the basis of donor assertions, that a particular aid money is for development assistance is difficult. Cross-country econometric models are unable of accurately representing or assessing the complexity of the situation. Morgenthau (1962) identified six main forms of assistance: humanitarian,

sustenance, military, bribery, prestige, and economic development assistance. It is expected that a country receiving any of these forms of assistance will reallocate some of its current resources and utilise them for reasons other than achieving the project's stated aims. As a result, any of these forms of assistance may have an effect on the development process. Military and security forces, for example, may contribute to the growth of a sense of security and may also provide job possibilities.

Despite the fact that security apparatuses have failed to instil a sense of security in Palestine, it is believed that funding provided for their construction has resulted in the creation of numerous job opportunities. Additionally, the form of humanitarian assistance varies by scenario, and in certain situations, it may directly help to the development process. Econometric studies concentrate exclusively on one form of foreign aid, namely official development assistance (ODA), which is likely to provide erroneous findings about aid efficacy.

In this context, the omission of assistance disaggregation in the literature on aid effectiveness is another source of worry. The findings in this study demonstrate that various forms of help serve distinct goals. Thus, adopting a single measure of aid's success in achieving a single objective – often economic growth – results in aggregation bias in the data and conclusions. According to the respondents in this survey, different forms of help serve distinct goals and have varying degrees of efficacy. For example, technical assistance is viewed as the least successful form of assistance, having the greatest failure rate.

While the majority of prior studies concentrated on the occupation's influence on the Palestinian economy, they failed to explain why, despite the massive sums of help received each year by Palestinian organisations, the aid was unsuccessful in reaching its development goals. There are several causes for the Palestinian towns' continued failure to achieve development. For example, Lahiri and Moller (2000) discovered that an increase in assistance

promotes corruption; however, their study does not explain how foreign aid affects or worsens corruption. Is it just as a result of increased aid or, as this study's data show, as a result of donors' policies that may in certain cases foster corruption in order to accomplish their strategic objectives or other political prisons?

The study described in this thesis indicates that both corruption and foreign assistance management have an effect on one another. Additionally, variables are employed as exogenic variables in the majority of specifications and estimators. They may depict a sophisticated web of connections in which one party exerts influence over several individuals while also being affected by others. The social dynamics in Palestine exemplify this point, demonstrating that many of the variables described in the econometric literature are really components of a complex network of relationships that cannot be explained using simple cause and effect models. Again, the survey and qualitative fieldwork findings presented in Chapters Six and Seven demonstrated the complexities of these social/economic linkages.

Econometric models are designed to match the given data, not to uncover novel or unanticipated relationships, problems, or context-specific concerns. Harms and Lutz (2006), for example, acknowledge this restriction since they were obliged to omit the ex-Soviet and ex-Yugoslav countries and confine their sample to the 1990s due to a lack of data. Even within the nations studied, not all data were accessible for all time periods. Burnside and Dollar (1997, 2000) restricted their sample to 56 nations due to data availability constraints. Apart from the fact that the sample was chosen arbitrarily rather than randomly, the excluded nations and missing data for the countries analysed are likely the strongest impacts on the results. One of the most often encountered issues in econometric model estimation is the presence of outliers, or values of the dependent variable that are exceptional in relation to the values of the explanatory variables (response outliers), or odd values of an explanatory variable (design

outliers). The inclusion or deletion of outliers, particularly when the sample size is small, can significantly alter the regression analysis findings (Gomanee et. al., 2002). Due to their atypical economic circumstances, post-conflict societies or war-torn economies such as Palestine (which, according to my research, has never been included in any of the cross-country studies on the effectiveness of foreign aid) may represent outliers, necessitating the need for an alternative methodology.

Using data for a single year to represent the influence of a variable over a lengthy period of time, often surpassing a decade, also casts doubt on the findings of several research. For example, Harms and Lutz (2006) utilised 1998 governance data to examine the influence of governance on assistance effectiveness across a 12-year period ending in 1999. Whereas the data in this thesis indicates that both the political regime and the quality of governance can change at any point in time. For instance, three significant turning events occurred in Palestine. One was the formation of the Palestinian Authority, followed by Arafat's death in 2004, and another was the 2006 election, both of which had a substantial influence on the Palestinian case studies examined in this paper.

In short, econometric outcomes are extremely dependent on the definition of help, the duration of the observation period, and the sample size and composition. Cross-country statistics are based on the assumption that critical information is embedded in the similarities across nations.

Second, one of the most serious errors is interpreting a social phenomenon as a solid structure that can be quantified using variables and indicators. Using numerical numbers to represent qualitative variables such as culture, corruption, policy, and institutional quality in order to investigate and explain the efficacy of foreign aid is insufficient to account for the whole range of phenomena examined in this Study.

Economic development is a complex process in which available resources, cultural values, institutional settings, and governance quality all interact to generate varying levels of growth and development in various nations. All of these elements' dynamics may generate a variety of various outcomes depending on the context, mix, time period, and influence of other variables. As a result, because these variables change over time, the appropriateness of any combination must be evaluated within a particular historical and local context. As a result of the variety of developing nations' natural endowments, cultural and socioeconomic features, there is a significant likelihood that many variables will be overlooked by econometric models since they are either country-specific or unobservable to an outsider. For instance, the factors discussed in Chapter 4 that influence effective aid, such as returnees ' informal power and family influence, an economy's dependence on another, trade agreements, the spill-over effects of a neighbouring economy, and a rooted culture of corruption, may have been missed by an econometric model. Additionally, the mechanical execution of effective changes in one nation may not work in another owing to social, cultural, political, economic, demographic, and geographic variations (Nissanke, 2000).

Foreign aid is a social action that encompasses several contacts in a highly dynamic environment for developing countries. This field of research is concerned with human and social interactions that are impacted and guided by a large number of interdependent factors. The empirical chapters of this thesis, particularly Chapter Seven, show that it may be impossible to represent these complex and dynamic relationships through the use of a simple econometric model. Though it initially provided a purpose of highlighting and detecting significant concerns such as corruption and donor behaviour, quantitative studies would be unable to give an explanation for the respondents' behaviour. Simple quantification of variables that reflect a static state with a high probability of measurement error for both objective and

subjective socioeconomic factors (Kaufmann and Kraay, 2002) is insufficient to comprehend these dynamics, but it may aid in pointing in the right direction.

A complex index of policies may describe certain components that contribute to the return on aid, while others have a negligible effect. And the efficacy of assistance. For instance, in Palestine, excessive commercial openness is seen as a detrimental economic strategy. Participants in this study stated that some commodities imports had a detrimental influence on the productive sectors, particularly agriculture. A uniform paradigm for studying the efficacy of foreign aid appears impossible to create, given the disparities in the social and cultural forces that govern various nations. As a result, a strategy is required that attempts to comprehend the intricate webs of connections and interactions and that delves into the interpretations of individuals involved. Qualitative research, in which the researcher operates as an insider to the extent feasible and delves deeply into the stakeholders' perceptions and interpretations, appears to be the most productive study approach.

Finally, it should be highlighted that the efficacy of foreign aid is determined not only by the amount of foreign aid or ODA dispensed, but also by the location and purpose for which it was disbursed. Is it employed as part of a complete system that is backed up by a genuine and well-organized development plan that has been carefully developed, checked, amended, and adhered to? Who gains? Is it the government or the recipients who bear the cost? These sorts of questions cannot be answered by the use of proxies and control variables in econometric methods. Qualitative research frequently verified quantitative findings and provided a rich and detailed explanation; it also gave insight on certain seeming inconsistencies, such as opinions on assistance conditionality and the identity of the PA, as addressed in Chapters four and seven. The utilisation of first-hand primary data from the field that was acquired specifically for this study bolsters the thesis's merits. The disaggregation of governance and corruption into more

granular and particular aspects is a novel feature of our study. This has aided in elucidating the connections between the various facets. For instance, the Chapter four discussion of the relationship between employment corruption and the quality of services given by the PA (such as authorising and monitoring NGOs).

## 7.5 Policy Consequences:

Econometric models presume that circumstances are uniformly distributed across nations. However, what is correct in one context may be incorrect in another. That is why a substantial proportion of respondents to this survey believed that donors' efforts to enforce certain criteria, which they feel are good, really harmed the Palestinian environment (give a solid example here). The existence of a certain circumstance (factor) can modify or even reverse the kind of interaction between two variables in another economy. The development and execution of a policy should be tailored to the recipient's particular circumstances; it should take into account the recipient's institutional context rather than applying a single policy in all recipient nations. Because the phrase 'good policy' is relative, no single policy framework is acceptable for all countries at all stages of development.

## 7.6 Alterations of Corruption Scheme

The corruption culture has been rooted in the Palestinian orgnizations structure for ages, and it actually it flourished with the time, and has the ability to retain ad sustain through the year years mainly since the establishment of the Palestine Authority. Chapters four and five discussed the pervasive presence of corruption and mismanagement of the distribution of humanitarian assistance, and how it managed to survive and flourished this corrupted system by creating a safety bubble through political interference and imposing parallel rules of law in order to sustain on this corrupted system for many years. This mostly relates to the Palestinian Authority's governance functioning under the context of Israeli occupation, and therefore in

addition to good governance. The qualitative data demonstrates that, despite the occupation's historical context, the PA's governance is extremely weak, if not non-existent. Returnees continue to have a significant role in influencing the PA's governance quality. Respondents generally agreed that corrupt institutions and ineffective policies limited the effectiveness of financial aid for Palestine's development.

The qualitative research shed light on the connections between Israeli policy and the administration of the Palestinian Authority. It drew attention to the connections between the severity of Israel's policies, the influence of foreign aid, and the corruption culture. These intricate and dynamic relationships may have gone undetected by econometric models. This study has detailed the PA's institutions' weak governance and its culture of corruption, which are characterised by the following characteristics: 1. Uniqueness 2. Inadequate Prerequisites for Aid Effectiveness 3. Ineffective governance 4. Personnel Shortage 5. Affluent economy & 6. Ineffective handling of foreign aid

The consequences of the Palestinian occupation, which were expected to fade away during the first five years of the peace process, are integrally tied to the PA's corrupt practises, which date all the way back to the PLO's exile years. The Oslo Peace Accord was declared a failure due to its completion by corrupt PLO officials. Additionally, it was discovered that the Palestinian Intifada against occupation is inextricably linked to the PA's corrupt activities. Corruption has been a significant element in deteriorating the political environment and escalating bloodshed.

Most significantly, this corruption culture has a significant influence on the efficacy of foreign aid in the Palestinian context. One of the primary consequences of corruption, as assessed by respondents to this survey, is a frail bureaucracy and therefore inadequate public services, including security and the rule of law. Three reasons contributed to the development and expansion of this culture: international PA seniors, individuality, and donor interest.

Easterly and Levine (1997) studied the basic notion that ethnic diversity has an effect on economic performance and concluded that the majority of this effect occurs indirectly via public policies, political stability, and other economic variables. However, in their model, the effect of ethnic diversity on economic success is uncertain. Though the situation is not one of ethnic diversity, but one of a comparable kind, the phenomena of senior officials and the plurality of political groups are variables that contribute to polarisation in this research. Polarization of interest groups fosters rent-seeking behaviour and erodes support for public goods, resulting in long-run growth issues (Easterly and Levine, 1997).

Chapter Seven examined the impact of cultural differences between local residents and the foreigners "PA elders from outside" who arrived with the creation of PA, as well as the mechanisms by which the returnees affect public policy and, ultimately, economic performance. Thus, the connections and how they function provide insight into the Palestinian issue. Easterly and Levine (1997) utilised an econometric model to identify correlations and connections but were unable to investigate the dynamics of these links. This is due to the fact that, like all other econometric models, it is based on static data and abstract ideas.

At the outset of this investigation, it was unclear what defines the PA. The data analysis revealed that even those PA workers who answered to the poll did not consider themselves to be PA employees and saw themselves as returnees. The second step of the research allowed for clarification of the respondents' perceptions on the PA concept. Throughout the interview process, it became clear that the PA were viewed as powerful returnees who dominated public and political choices. It is individuals who exhibited a high level of allegiance to President Arafat and were trusted by him. Returnees ' ideals, it was argued, led them to feel they were superior to other Palestinians. As liberation warriors who fought for the peace process, they believed they were entitled to hold decision-making positions in the PA and, as one interviewee

put it, to ‘receive the dividend' of the peace process. As a result, they dominate the PA at the expense of credentials and competence, which interview respondents saw as significant shortcomings. Within the WBGS, these powerful foreigners were disliked. They abused their influence among the local communities in order to increase their popularity. Numerous governmental services, including recruitment and employment in the institutions of the PA, were only accessible through their mediation. Returnees exploited and depended on cultural and social elements in this environment, relying on the family structure for their informal power network. Another issue contributing to inefficient aid management or management practises inside the PA is lax enforcement of the law and a low degree of respect for the law as a result of prolonged occupation.

It's worth noting that economic distress, poverty, and unemployment fostered rampant corruption. The severe economic hardship and unemployment caused by the repeated closures of the Palestinian territories, particularly during the second Intifada, drove those in need of work and other public services to rely on the powerful PA officials, who utilise them as 'wasta'.

### 7.6.1 Individuality:

Despite the fact that the WBGS had parliamentary elections in 1996 and 2006, the PLC was paralysed by returnees, retaining power and decision-making authority in their hands. However, it is conceivable that those foreigners were unable to operate freely because they were controlled by the President, who possessed charismatic traits that enabled him to exert influence over them. He may have had a significant role in impeding the PLC by refusing to approve a number of the PLC's legislation and resolutions. Thus, he increased the chances for his dominating officers to exercise their discretion rather than complying by any rule or regulation.

As the respondents stated, there is a chain of dominance in which individualism has controlled the Palestinian political regime. Arafat embodied a 'One-Man' authority, as several respondents characterised him. To retain supremacy, he tolerated corrupt methods from returnees to further his control and authority. According to the late President, loyalty preceded good behaviour and devotion before accountability. This behaviour aided in the growth of the corruption culture outlined in Chapter Seven.

The combination between top PA officials' 'individualism' and returnees ' drive to expand their resources and influence had an effect on the quality of the PA's governance and, eventually, on the quality of public services. The qualitative results revealed a perception that Arafat exploited corruption to accomplish political goals and strengthen his hold on power. According to the research, there is a substantial correlation between 'individualism' and a 'culture of corruption.

The late President and the foreigners who assumed control of the PA were key to the corruption culture that ensured their political and economic dominance. According to interviewees, 'one-man rule' is a contributing factor to rampant corruption. The one-man-dominance, rule's which paralysed the division of powers, hampered the formation of an institutional state structure. Indeed, throughout Arafat's tenure, the three administrative branches lacked independence from one another. Arafat had an unmistakable hold on both the judiciary and the legislative (PLC) chambers. As a result, the rule of law was not respected, which facilitated corrupt activities. Because the president disregarded all rules and regulations, officials, particularly those reporting directly to him, abused and monopolised public resources for their personal ends.

The rule of law has been undermined on two fronts. There is a widely held assumption in the literature on foreign aid effectiveness that donors' intentions are always generous as they seek to improve the recipient's institutions to maximise the efficacy of foreign aid. It has never been

believed that donors seek to corrupt recipient institutions or to perpetuate the status quo in order to further their objectives. The data for Palestine indicate that this is the case, and that donors are selective not just in terms of recipient nations, but also within each receiving country. They are selective in terms of sectors, and in many situations, donors pick programmes for financing, not the recipients.

The participants in this research were vehement in their criticisms of several of the organisations' internal policies on the allocation and management of foreign aid. As a result, foreign assistance allocation has been primarily determined by political and strategic concerns rather than recipient requirements. For example, one participant observed that "nobody ever offers you something for the sake of your eyes; there is always a political motivation."

Earlier research (Maizels and Nissanke, 1984; Trumbull and Wall, 1994; Burnside and Dollar, 1997) shown that when foreign aid is focused toward donors' interests rather than recipient needs, there is a significant likelihood that it will fail to achieve any economic aim.

Donors' aims in Palestine are largely political in nature and frequently entwined with the Middle East peace process. According to respondents, funders are not interested in economic growth; rather, they want to transform violent opposition to occupation into peaceful resistance based on negotiation and acceptance of the enforced 'occupation reality.' Burnside and Dollar (2004) claimed that in the 1990s, help to low-income countries was disproportionately allocated to those with higher institutional quality. Whereas data analysis in this study reveals that donors did not care to restrict or regulate aid if their interests were not jeopardised. Additionally, contributors were shown to be implicated in corrupt operations.

The data analysis in Chapter seven shows that contributors may indirectly contribute to the culture of corruption by pursuing their political aims. While Collier and Dollar (2001) advocate for channelling aid through NGOs in areas where the recipient's policies and institutions are

deficient, donors employ NGOs and corrupt PA officials to accomplish their political aims. Alesina and Weder (2002) showed that corruption did not always deter international help; rather, corruption and foreign aid were positively associated, with the most corrupt nations receiving more aid. However, because their findings do not specify the involvement of donors in corruption, they might be construed as indicating that donors are unconcerned about corruption. Thus, foreign aid promotes corruption not just through increasing the amount of the resources contested by interest groups and factions, as Dollar and Svensson (2000) argue, but also by the donors' spoiling behaviour (active engagement in the spread of corruption).

Certain donors may view overseas aid as a means of exerting political pressure rather than as a means of development. No foreign aid has been earmarked for a deliberate economic development strategy. As a result, donor monies were not directed toward the Palestinian people's needs. According to interviewees, they purposefully delay providing development aid to maintain economic pressure on the Palestinian people and the PA in order to achieve a political settlement favourable to Israel. At the same time, funders are persuaded that sustained economic development is impossible inside a partially sovereign state that lacks authority over several critical components, such as national currency and border control, which are required for economic development, growth, and independence. However, they are accused by interviewees for failing to apply sufficient pressure on Israel to fulfil agreed accords (Devarajan & Swaroop, 2000).

Additionally, conditionality has been utilised as a political instrument, and as a result, the kind and amount of foreign aid to the Palestinian people has always been contingent on the success of the peace process. Six months after the interviews, Hamas won the Palestinian Legislative Council election and became the Palestinian administration. Immediately, all donors suspended foreign aid, despite the Palestinian economy's pressing demands. Donors shown little regard

for the warnings issued by several international agencies that the economy was on the verge of collapsing. This is a strong indicator that the primary motivation for foreign aid in Palestine is political. The majority of recent research on aid effectiveness assumes that help has an influence on economic growth and development only through its amount. The findings of this study indicate that donors' behaviour plays a significant role in determining the effectiveness of foreign aid; thus, one could argue that improving the quality of aid should come before increasing its quantity, and that the process of quality improvement should begin with donors (Devarajan & Swaroop, 2000).

## 7.7 The Palestinian Bureaucracy

It has been suggested that bureaucracy is the most efficient method of enforcing the rule of law (Weber, 2009). Many of the measures of good governance are dependent on the bureaucracy's quality, and high-quality governance has a favourable correlation with development results (Ahrens and Meurers, 2001). Chapter Seven's results indicate that employment corruption has had a significant influence on the quality of the bureaucratic system and the services it delivers. It is so intriguing to explore whether bureaucracy, as defined in theoretical literature, can provide any light on the Palestinian predicament.

One of the most distinguishing characteristics of bureaucracies is the presence of a sizable full-time cadre of officials charged with the day-to-day administration of public affairs. According to Weber (2009), bureaucracy is an organisation that has the following characteristics: hierarchy, distinction or specialism, qualification or competence, and rule- and tactic-based decision-making. These qualities were created to ensure the organization's objectives are pursued consistently and effectively. Edwards (2014, p 108) argued that while simple control vests individuals with authority and allows them to exercise it arbitrarily according to their discretion, bureaucratic control institutionalises authority by vesting it in official positions or

roles and allowing it to be exercised only in accordance with prescribed rules, procedures, and expectations.

The connection between administrative performance, economic growth, and development outcomes is of interest to both the international development community and academics. It is considered that bureaucracy plays a key role in all aspects of the development process and that public bureaucracy is a necessary component of development. As a result, understanding developmental results requires an awareness of the bureaucratic system's quality. A bureaucracy functions optimally when limited to an administrative function, to the extent that this limits its capacity to assist society. Rauch and Evans (2000) claimed that a state's ability to be "developmental" requires the abolition of a patronage system for state officials and the establishment of a professional bureaucracy. The World Bank's 1993b study, "the Miracle Era in East Asia," emphasises the importance of meritocratic recruiting and entrenched bureaucratic traditions to their development achievement.

The findings of this thesis suggest that none of the characteristics of Weber's (2009) "reasonable bureaucracy" are present in the PA's institutions. There is no functional specialisation, no distinct hierarchical power structures, and decision-making is not governed by the rule of law. According to Weber (2009), appointment and promotion should be based on merit rather than favouritism to ensure competent management. One may argue that one of the major reasons Palestine's growths has failed is a lack of solid, morally secure public institutions, most notably the PA's predatory character. According to the facts in this thesis, the PA has sacrificed economic progress for other, more nefarious goals. The PA officials have a strong proclivity for exchanging growth for money transfers and for using unfettered choices to make such transfers to themselves or their followers.

According to the qualitative data, the most significant element contributing to the degradation of governance in Palestine is the discretionary recruitment strategy, which has resulted in a huge untrained bureaucracy incapable of performing its tasks. According to the qualitative statistics, illiteracy and a lack of credentials are the norm, whereas appropriate qualifications are the exception. Excessive employment and a failure to maintain the appropriate person in the right place have hampered the PA's ability to offer high-quality public services. Senior officials who are unqualified and unclear about their power and responsibilities have wreaked havoc on the PA's institutions, resulting in substandard public services.

Thus, incoherence and the lack of the rule of law are inextricably linked to a culture of corruption. Hydén and Bülow (2003) claimed that nations with meritocracies perform better, have lower levels of corruption and greater levels of service delivery efficiency, and create a more favourable environment for the private sector. Corruption in the workplace pervades and corrupts all organisational levels inside government organisations. There are three primary negative consequences of employment corruption: excessive employment, untrained management, and a shortage of qualified and professional Palestinian human resources. As a result, the entire organisational function becomes deficient. There is little planning and a lack of a defined vision and strategy, which all contribute to chaos and resource mismanagement or misallocation.

The public sector is harmed by excessive employment and the misappropriation of government financial resources in the form of compensation for fictitious employees. Several of the PA officials are top managers who work for a dominating official, either as a family member or for political reasons. The manager role is critical and critical in the PA's organisational structure. The calibre of people holding such positions may have a bearing on the overall quality of the PA government's administration. This study discovered that there are several

senior managers with significant responsibilities whose sole qualification is their "struggle history," which implies they have served time in prison or have been imprisoned as a result of their participation in any type of battle against occupation. They frequently lack even high secondary school diplomas. This shortage of qualified and trained human resources has a major influence on the level of management in the PA's institutions, and hence on the perceived quality of performance. Simultaneously, qualified individuals capable of leading a successful developmental process were marginalised, either by excluding them from decision-making centres or by not employing them at all. Marginalisation is one of the elements that contribute to the Palestinian economy operating at a significant fraction of its capacity (UNCTAD, 1998).

The most well-known form of corruption is employment corruption, which has a detrimental effect on the overall quality of the bureaucratic system. Corruption in the labour market has led in ineffective PA employees who are incapable of developing solid development plans for the efficient management and utilisation of resources. The outcome of the January 2006 election may be traced back to the PA's corruption. According to Weber (2009), when the demand for expert management is high and party followers must acknowledge a rationally formed, educated, and freely moving public opinion, the employment of untrained officials reverts to the party in power at the next election. Naturally, this is more likely to occur when the chief appoints officials.

The purpose of adopting a quality system rather than political appointment is to staff institutions with persons who are committed to the institution as a whole, rather than merely to a faction or to the institution's dominant authorities. The new Hamas government's experience exemplifies the 'irrationality' of the Palestinian bureaucratic structure. The bureaucracy has become so politicised that when another group develops, the entire system becomes unstable and ceases to operate. For example, the security institutions responsible for preserving order

and the rule of law are highly politicised, which has harmed their ability to function since Hamas gained control.

In accordance with this, Weber stated that a rationally organised system of officials continues to operate normally even after the adversary occupies the region; he only has to replace the top authorities. This body of authorities continues to function because it is in the best interests of everyone involved, most notably. According to Kaufman (2009), one of the remedial measures for alleviating bureaucracy's unpleasant symptoms is to "depoliticize" the administration. This entails limiting politicians' and political parties' influence over nominations to public jobs. However, whether “depoliticizing” is really conceivable in the Palestinian context remains an open topic.

To summarise, each of the variables described before demonstrates how returnees, the president, and contributors all behaved in their own self-interest. They worked to further their interests without regard for the actual demands and requirements of the Palestinian economy. Their connection thus produced an environment conducive to fraudulent activities in a self-perpetuating loop. As a result, weak governance developed, as did an insufficient bureaucracy devoid of skilled employees. This ultimately came at the expense of the Palestinian economy and was a clear illustration of the ineffective administration of foreign aid. The remainder of this chapter will explore the ramifications of the findings as well as the thesis's limits and shortcomings. Additionally, it will identify topics for future investigation.

## 7.8 Consequences of Policies

Econometric models presume that conditions impact all nations equally, however it is possible that what is correct for one situation may be incorrect for another. That is why a number of respondents felt that donors' efforts to enforce certain criteria they assume will benefit the

Palestinian environment really backfired. The existence of a certain circumstance (factor) can modify or even reverse the kind of interaction between two variables in another economy. The formulation and implementation of a policy should be tailored to the recipient's unique circumstances. It should take into account the recipient's institutional context rather than imposing a uniform policy on all recipient nations. Because the phrase 'good policy' is relative, no single policy framework is acceptable for all countries at all stages of development. Thus, research into the efficacy of foreign help should be conducted utilising a range of methodologies in order to ascertain the country-specific variables that may affect aid effectiveness. Finally, foreign aid systems require reform not just at the recipient level, but also at the donor level.

## 7.9 Summary of Thesis findings:

To analyse the challenges and efficacy of foreign assistance management in Palestine, this study deviated from standard econometric techniques and examined the views and experiences of 'public opinion leaders' and other management levels who have direct interaction with aid management in Palestine.

Numerous qualitative observations corroborate the conclusions of the scholarly research. The literature review aided in the development of interview questions that were thematically related to the field research, directly connecting the literature to the field study.

This study revealed that Palestinian organisations' procedures, regulations, and directions. is expected to exist and has a significant impact in the quality of government. Rather than focusing on the obstacles posed by Israeli occupation or any other external factors, which clearly had a significant impact on the Palestinian economy and have been extensively studied in the literature by a variety of different authors, the researcher focuses on the internal

Palestinian organisations. None of the studies examined provided a comprehensive explanation of the intricate interactions and relationships between the many internal management variables that affect assistance effectiveness.

The findings in Chapter Seven suggest that foreign assistance management efficacy may vary slightly but not significantly between sectors, since the researcher included organisations from three distinct sectors (government, public, and non-governmental organisations) when it comes to aid mishandling. This also reinforces the notion that cross-country research employing econometric approaches are most likely to miss the links underlying the issue of foreign assistance effectiveness.

The research findings suggest that it is the pre-existing circumstances, not the assistance itself, that have an effect on the effectiveness of the aid. As a result, foreign help is likely to result in success in one sector and failure in another. Where initiatives are effective, however, they may not be sufficient to sustain the country's economic development.

Furthermore, this study revealed the appalling amount of corruption in which is rooted in the Palestinian orgnizations, and how the top officials managed to sustain and secured this by creating rooted corrupted culture, through imposing trailed rules and using political influence to maintain on this system, and to recruit only individuals who can maintain on their superiority

According to the study's participants, success or failure appears to be related to a variety of factors. This comprises the quality of governance and the interests of contributors, which are believed to be the primary determinants. Donors' intentions frequently favour a certain sector, which makes foreign aid effective. Meanwhile, industries that have a substantial influence on macroeconomic growth receive less attention and may go unnoticed. Furthermore, while sectoral initiatives supported by foreign assistance may be effective on their own, they do not contribute to economic growth and development since they are not part of a complete

development strategy. This inference, as suggested by the data, may assist in understanding the so-called ‘macro-micro paradox' described by Mosley and Hudson (1996), in which foreign aid studies conducted at the micro level consistently produce the conclusion that foreign aid works, but no such unambiguous conclusion is reached at the macro level.

The findings of this thesis show that even when aid is aimed toward investment or development, it may fail to contribute to economic growth if it is not integrated into a complete development strategy. The majority of prior studies link assistance's ineffectiveness to recipient governments' fungible treatment of aid, diverting cash meant for development to less productive consumer purposes. Boone (1996) stated that successful help requires the implementation of proper policies. Thus, ineffectiveness is a result of recipient countries' poor policies (Burnside and Dollar, 1997, 2000; World Bank, 1998).

According to the results in this study, donor activities and behaviour may also have an effect on the effectiveness of help. For instance, the discussion in Chapter 2 demonstrates how some donors are primarily concerned with their own strategic aims, regardless of the recipient's economic consequences. They eventually became a part of the culture of corruption as a result of their actions.

Foreign assistance studies that find that it does not work or has a negative influence on growth or development may have overlooked the entire range of areas in which foreign help has been successful. While foreign aid did not succeed in creating a sustainable economy or noticeable economic development in Palestine, it did succeed in preventing the economy from collapsing. To have a comprehensive picture, it is necessary to look at the situation from the other side and analyse what would have happened to those economies if foreign help had been cut off. This may be accomplished most effectively by examining the perspectives of individuals who live inside the contextual environment. It is critical to remember that the participants' views and

understandings reflect a representative sample. While their experiences may reflect reality for individuals, they cannot always be generalised to the public at large or the organisations for which they work.

A major result in Chapter Five is that, among the respondents' demographic qualities, the ‘source of funding accessible to the organisation' had a greater influence on the respondent's opinions about specific foreign aid concerns than any of the other variables. Over half of the respondents were affiliated with organisations that were entirely or partially funded by foreign aid. It is obvious that people who are members of such organisations (PA institutions and NGOs) are less critical of assistance effectiveness concerns, such as donor policies, than those who are members of private sector organisations.

Numerous degrees of coordination have been discovered by the study's participants. These include coordination among donors, coordination between donors and recipients, cooperation between governments and non-governmental organisations, and collaboration among government agencies. The majority of coordination difficulties highlighted by participants lie under the PA's purview and are the result of weak governance and rampant corruption. Despite the fact that other actors contributed to the creation of coordination issues, it is noteworthy to notice respondents' proclivity for emphasising that the PA was largely responsible for resolving coordination difficulties. Examining the type of proposals made to the PA for resolving coordination issues reveals an essential insight: that the PA's corrupt practises are inextricably linked to the difficulties produced by other players, highlighting the PA's ultimate culpability.

Each donor is pursuing their own interests and ambitions. As a result, there is a lack of coordination among donors, and as previously said, each donor is concerned with their own agenda regardless of the recipient country's economic consequences. This inherent conflict of interest has harmed economic progress and development. Due to the assumption that all foreign

aid is of the same kind and serves the same purposes in cross-country research, this issue of donor coordination does not emerge.

Aid politicisation, or political involvement in aid distribution, occurs at two levels: donor and recipient. Chapter seven illustrates how the 'politically' formed culture of corruption may have contributed to the institutionalisation of corruption in Palestine, deteriorated economic circumstances, and encouraged donor organisations to impose their own aims and priorities. As a result, foreign help became ineffective, resulting in continued economic suffering.

It appears that the absence of governance and efficient administration in the PA's institutions, particularly following the outbreak of the Intifada, encouraged donors to fill the void by instituting costly parallel assistance management systems in which each donor operates independently. Numerous initiatives were designed and implemented without consulting local institutions. As a result, such initiatives functioned independently of any development strategy, perpetuating a reliance on assistance funding. This continued reliance on foreign help impairs Palestine's growth potential and capacity to achieve self-sufficiency. Indeed, one participant in this research expressed worry about the uncertainty surrounding the provision of foreign aid, which they thought harmed and demotivated economic planning. Similarly, Lensink and White (2001) discovered that the volatility of assistance inflows had a detrimental effect on growth.

Moreover , one of the major challenges and complications in the Palestinian orgnizations is the sustainability and reproducing of corruption within the orgnizations due to many reasons , one of the major reasons is the political influence on the orgnizations management , therefore ; in order to serve he interest of some officials their own political parties or some elites , they make sure to sustain and offer all the needed tools ,and to enforce their own rules ,regulations and to recruit individuals to maintain on the system they have created ,which in turn will contribute

to reproduce a rooted corruption culture ,which will enable them to have the upper hand to control and maintain on certain factors and elements .

Finally, the data analysis phase of this research determined that the primary factor contributing to ineffective organisational management is the corruption culture and its depth of penetration within Palestinian organisations, as well as a lack of organisational infrastructure in numerous critical management components, which inherently results in ineffective and mismanagement of aid resources.

## 7.10 Trailed proposal to match donors' criteria:

The researcher discovered an intriguing result, which is widely used by virtually all organisations, which may be referred to as Trailed proposal to fit donor requirements. This novel and inventive kind of corruption has been rapidly spreading among all recipient organisations in the West Bank and Palestinian territory. A trailed proposal is a type of project that is designed specially to meet the funders' requirements rather than the recipient organisations' needs, even if it deviates significantly from the recipient's primary activities or aims. It prioritises obtaining cash above addressing developmental requirements. This is a kind of covert corruption that is commonly employed in government and non-governmental organisations, when acquiring money necessary for the organization's existence is prioritised over meeting community and economic needs. This practise has persisted for many years in the Palestinian economy, with numerous organisations shifting their emphasis or regions of operation to continue receiving funding. Unfortunately, while many organisations justify their activities by citing the necessity to pay wages and bills, they ultimately abandon their core mission as a charity, which is to provide community services.

## 7.11 Implications and contribution to management practice Literature:

To the researcher's knowledge, this is the only study that focuses on the internal managerial system in Palestinian organisations, specifically on the processes and regulations that are followed internally to enhance best management practises. This study discovered that a variety of variables and strategies of local governments, in addition to political power, have an effect on the implementation of good governance in the Palestinian organisation.

Much literature has examined foreign assistance and conditionality in general, but in the Palestinian context, study has concentrated on the impact of occupation on aid and the Palestinian economy, as well as the detrimental impact of international help on Palestine specifically. However, none of the available material placed a premium on the internal management system of the Palestinian organisation in terms of foreign aid administration.

The study contributes significantly to knowledge in the fields of management best practises and theory, particularly for developing nations that rely heavily on foreign aid to provide basic services. In practise, the study's results explored best practises in assistance management and laid the groundwork for Palestinian organisations to implement policies and procedures that promote good governance and aid effectiveness through the adoption of best practises. Additionally, some interviewees expressed genuine interest in this study and a willingness to follow the recommendations if they aided and organised their work; however, this will not occur unless there is a genuine desire to adopt the study's findings and recommendations, as well as if they set aside any factors that would preclude implementation.

## 7.12 Study Weaknesses and Limitations:

This research is restricted to a certain time period and geographical location. The sample of individuals chosen is not typical of the entire population. Additionally, no systematic process

was utilised to determine the 'public opinion of persons involved in assistance management' within each group, which might be deemed arbitrary sampling. As a result, it is impossible to assert that the sample is typical of the 'public view of assistance management professionals.'

Additionally, this study's review is restricted to the experiences, attitudes, views, and perceptions of a chosen set of people in the recipient nation. The perspectives of such a tiny and selected group may not accurately reflect those of the entire population. The research made no attempt to elicit information on the experiences, opinions, and perceptions of donors or Israeli authorities. Even within the recipient country's population (Palestine).

The research was a significant practical effort with the objective of eliciting data on a broad range of people's understandings and perceptions of a wide variety of political and economic concerns. In light of this diversity and complexity, employing a single unitary or even many theoretical frameworks proved challenging. Thus, the theoretical emphasis is on a critique of the econometric literature and its positivist orientation, as well as some thoughts on the governance and bureaucratic roles. As a result, the research may be criticised for its lack of a more comprehensive theoretical treatment, which is something that future work in this field is intended to remedy. As a self-funded project, financial and time restrictions limited the researcher's resources, particularly in terms of field time.

This research examined what individuals say, not what they do. As a result, if the theory of information flows (Bikhchandani et al., 1998) is applied to the Phenomenon studied in this thesis, the findings and results are vulnerable. According to the information cascade theory, on many public policy problems, if opinion formation begins with incorrect ideas, these incorrect views will simply be strengthened. Everyone will express the same false viewpoint, but their expressions will be seen as indication, since they will presume that others know something they do not. Subjective states and understandings, regardless of their source, can be influential and

even critical for policy formation, and my research acknowledges this relevance by focusing on different sectors and levels of management during field work to collect data, the most reliable data for this research.

Finally, while utilising a qualitative research technique enriches the thesis arguments and results and increases the validity of the conclusions (Bryman, 1988, p. 131), it can be restrictive at times due to its focus on a restricted number of case studies and participants. The researcher must constantly be vigilant and avoid the tension that may result from the conflicting assumptions of two separate methods, which appears to be inescapable in absolute terms. Furthermore, Bogdan and Biklen (1982, quoted in Bryman 1988, p.108) indicated that "research combining the two techniques is likely to create a major headache due to the practical difficulties inherent in developing an effective qualitative design process."

## 7.13 Future Research

Foreign aid is widely acknowledged to be a source of abuse and mismanagement in a number of developing nations.

Because econometric models are incapable of capturing the entire intricacy and breadth of the topic matter, further qualitative research is required. Additional study is needed to determine the influence of donors' engagement in corrupt activities and the recipients' internal politics. Donors' and all other players' perspectives in future study may assist to clarify the image. Additionally, a potential for additional research into the efficacy of each form of help on its unique aims would be beneficial.

The influence of a donor-dependent culture on real economic and democratic political growth, as well as the sustainability of their societies, would also be an illuminating avenue of research to supplement this data. Future study might also examine the impact of corruption in sustaining

the donor-dependent culture, therefore impeding the possibility of true sustainable development.

Another very interesting phenomenon identified as a result of this research that warrants further investigation is the trailed proposal projects. While this practise is widely accepted and legitimised by all organisations, it is still viewed as a novel or creative method of corruption and aid misuse.

## 7.14 Recommendations:

In order to rebuild the Palestinian institutions and break the continuous chain of corruption to eliminate the factors that help it to sustain, the PA institutions must be thoroughly reformed from the top down in order to eradicate the ingrained culture of corruption. This will bolster the PA's institutions and public sectors, allowing them to reclaim their credibility. A deconstruction of political culture and priorities is necessary. Additionally, a lasting solution to building a functional state structure in Palestine with internal procedures for control, monitoring, and responsibility is necessary. This may be accomplished by establishing a mechanism for Palestinians to demand accountability and impose penalties on officials in order to prevent them from exercising control over and exploiting public resources for personal gain. Additionally, international donors and organisations should be accountable for adhering to and enforcing norms and procedures that ensure accountability both within their own organisation and with the recipient country. As such, development plans for recipient nations should begin with a preparatory stage in which representative groups of community experts, government officials, and communities offer feedback on domestic goals and requirements. This can help eliminate unnecessary and useless initiatives that may serve as a conduit for corruption by authorities and makeshift non-governmental organisations. On a national level, by integrating local communities in the policy-making procedure, it will encourage and promote local

representatives' and government officials' openness and accountability. This may be done by eliminating duplicative initiatives, allocating resources according to local needs rather than donor agendas, and finally ensuring governmental and foreign donor responsibility.

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# Appendices

Appendix **A** Bibliographic Data

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**SECTION (A)**

The following section contains questions related to your personal and organizational information. Please provide answer by putting a tick in the appropriate box:

No. :———————

Age :———————

Gender : ☐ Male ☐ Female

Place of Birth:———————

Profession:

☐ Employed ☐ Self-employed

Others: ———————

If Employed
- ☐ Government
- ☐ NGO
- ☐ Private Sector
- ☐ Others: ———

Annual Income:
- ☐ Less than $ 10000
- ☐ 10000- 15000
- ☐ More than 15000

Education:
- ☐ High Secondary School Certificate and below
- ☐ Diploma /BA
- ☐ High education (Master or PhD)

Current Position:
- ☐ Top Management
- ☐ Middle Management
- ☐ Lower Management

The organization's main financial resources:
- ☐ Foreign Aids
- ☐ Internal Income
- ☐ Both
- ☐ Others, specify: ———————

---

# Appendix B participation information sheet

## Participant Information Sheet

**Research Title**

**Aid effectiveness in developing countries: insights from managing International aid in Palestinian organisations.**
**Invitation:**

I would like to invite you to take part in my research study. Before you decide you need to understand why the research is being done and what it would involve for you. Please take time to read the following information carefully. Ask questions if anything you read is not clear or would like more information. Take time to decide whether or not to take part.

**What is the purpose of the study?**

Through this Research; it is intended to provide information about the current administrative system in Palestine, specifically in the governmental and none governmental org., to reflect its situation contents, strength, and weaknesses, its impact on the organizations itself, and the surrounding environment, and the quality of services being delivered. It will also analysis the procedures of the current system in operating and allocating the international financial Aid to implement different kinds of developmental projects .

You have been invited as ……Position…….. in ……organization name……

It's your decision if you would like to participate in this study. After reading the following information carefully , We will then ask you to sign a consent form to show you agreed to take part.

**What will happen to me if I take part?**

We will appoint an interview which will last approximately for about one and half to two hours maximum ,a number of questions will be asked .
We may do a voice recording for the interview and write some notes.
We may need to send a follow up questionnaire after 8 to 12 months.
No access or any use will be for any personal information.

**Expenses and payments?**

You do not have to pay any expenses.

**What will I have to do?**

We will need information concerning the current administrative system in your organizations in terms of its, structure, procedures, regulations, if any charts or any data is available will be appreciated.

**What are the possible disadvantages and risks of taking part?**

There will be no risks at all as the collected information will be only used for the research issues. Not any kind of personal information will be shared with anyone.

**What are the possible benefits of taking part?**

We cannot promise the study will help you but the information we get from the study ,will help you to increase the knowledge and awareness concerning the current administrative system ,and to highlight strengths and weaknesses and making recommendations to make the work of your organisation more efficient and effective especially in managing international aid.

**What if there is a problem?**

If you have a concern about any aspect of this study, you should ask to speak to the researcher who will do their best to answer your questions.

If you remain unhappy and wish to complain formally you can do this through here is the university contact number.

(All the needed contacts in the last page )

**Will my taking part in the study be kept confidential?**

All information which is collected about you during the course of the research will be kept strictly confidential, and any information about you which have your name and address will be removed so that you cannot be recognised.

**Data safety:**

The collected data will be securely stored without allowing the access for it to anyone .
The hard paper will be stored in a locked and safe cabinet.
The electronic data will be stores on a password protected computer only by the researcher

**What will happen if I don't carry on with the study?**

You can withdraw from the study and any recorded or taped interviews that can still be identified as yours will be destroyed if you wish. But we will need to use the data collected up to your withdrawal.

**What will happen to the results of the research study?**

The result of the collecting data will be included in the research thesis and we may provide you with a copy of data results if you wish.

Researcher contacts:

Name: Samer Ghabboun
Phone number: 07500060847
Email :samer.ghabboun@yorksj.ac.uk

University Website: https://www.yorksj.ac.uk/
Phone numbers: +44 1904 624624

Supervisor contact:

Dr.David Weir
Email : d.weir@yorksj.ac.uk

Appendix section C Participation consent form

**CONSENT FORM**

Research Title: Aid effectiveness in developing countries: insights from managing International aid in Palestinian organisations.

Name of Researcher: **Samer Ghabboun**

Please insert √ or × in the box

1. I confirm that I have read the information sheet. I have had the opportunity to consider the Information asks questions and have had these answered satisfactorily. ☐
2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason. ☐
3. (If appropriate) I understand that the information collected from me will be used to support the research objectives and may be shared anonymously with other researchers. ☐
4. I agree to take part in the above study. ☐

| Name of Participant | Date | Signature |
|---|---|---|

When completed: 1 for participant; 1 for researcher site file; 1 to be kept in medical notes.

Appendix Section D Interviews Questions

***Research Title: Aid effectiveness in developing countries: insights from managing International aid in Palestinian organisations.***

***Interviews questions:***

**Name of interviewee.....**

**Organization.....**

**Position.....**

**Date of interview.....**

*** Introductory questions:**

1. Could you tell me about yourself, your position, tasks, experience?

---

2. What are your qualifications and when you did join the institution?

---

**General Administrative structure and Internal procedures:**

1. Could you give us a Background and introduction of the institution?

---

2. What are the objectives of the organization?

---

3. How many employees are in the institution?

---

4. Could you tell us what are the departments of the institution and what each de partment tasks?

---

5. Could you please provide us with your recruitments policies in the organization?

---

6. Could you give us an idea about the administrative computerised system you use in the institution?

---

**Planning & preparation:**

1. Which department does the planning and is there a department for planning, please explain?

---

2. Could you please provide information about the strategic plans of the institution and are there long and short-term plans?

---

3. Could you please provide us with information on how you set your future plans and projects?

---

4. What kind of training or induction is being made for the new employees, please explain and example of training programs?

---

**7.4.4 Communications, Documentation, Information sharing:**

1. Could you please inform us about the kind of communication tools which is being used internally, and do you think it is efficient and good enough?

---

2. Do you think the information sharing in the institution is well implemented and does that have the needed impact on the work?

---

3. Could you explain how the data is being documented, and will this data be used in the future?

---

4. Could you explain the nature of frequent meeting that takes place, and who will be invited for these meetings?

---

**Transparency and Accountability:**

1. Could you please explain, how the institution reveals its financial and administrative report and who are the target people, and is it being published?

---

2. Could you please explain about the internal rules and procedures and if it is well recognised between the employees, and do they get copies of it to understand their obligations and rights?

---

3. Could you explain if all the employees have contracts with clear job description and they have a manual about the internal instructions and procedures, including penalties in case they did anything wrong?

---

4. But don't you think a specific standard would be fairer as not to leave for personal assumption? Added

---

5. Could you please explain do you have a measurable gaols/expectation for each of the staff, and how do you measure their achievements?

---

6. Could you please explain the procedures and internal rules of not achieving the goals or there was a problem or misuse of projects logistics whether financially or managerial, give an example if applicable?

---

**Monitoring and evaluation:**

1. Do you have a department for evaluation and what it's role?

---

2. Do you have special software for this department as it needs to have access to al data and information and the analysis, and please explain how the system works?

---

3. Could you explain how the work will be evaluated, and do you have standard forms and when this evaluation does take place?

---

4. Please explain how do you evaluate the outputs and outcomes of the projects?

---

5. Could you explain how to measure performance indicators to do the monitoring?

---

6. Could you please tell us what are the procedures if you did not meet the objectives or one of the departments did not achieve their tasks?

---

7. Could you explain how do you use the previous monitoring and evaluation reports to improve the coming work? Added

---

**Projects information Financial and management:**

1. Could you provide us with an introduction about the project and its objectives, budget?

---

2. How did you approach donors, announcements, agreement, others, please explain?