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Donors assessment methods and the institutional capacity of grassroots organizations in Egypt.

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ABSTRACT

Donors are increasingly addressing the institutional capacity of partner grassroots organizations using various tools and methods. This study aims to analyze donors' assessment methods and tools and the capacity building efforts of four key donors in Egypt. Using qualitative research, the study looks at donors' assessment tools and methods before, during, and after the cooperation along with efforts in building the institutional capacities. The study finds that the project size is key to the level of donor engagement in the capacity building of grassroots organizations. Donors efforts primarily focus on managerial and technical capacities along with skills of proposal writing and financial management. These assessment and capacity building efforts stop at the institutional capacity level and do not take a holistic approach by looking at issues of internal governance and policies. There is also a clear absence of systems assessing the impact of such capacity building efforts by donors.

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List of acronyms

CBOs,	Community-Based Organizations
CN,	Concept Note
CSOs,	Civil Society Organizations
U.K DFID,	United Kingdom Department for International Development
EU,	European Union
FA,	Full Application
GO-NGO,	Government-organized NGOs
U.K. ICF,	U.K International Climate Fund
IFAD,	International Fund for Agriculture Development
ILO,	International Labour Organization
INGO,	International Non-Government Organization
MDGs,	Millennium Development Goals
MHUUC,	Ministry of Housing Utilities and Urban Communities
MOSS,	Ministry of the Social Solidarity
NGOs,	Non for Governmental Organizations
NPO,	Not for Profit Organizations
OECD,	Organization for Economic Co-operation and Development
PCA,	Project Cooperative Agreement
PDP,	Participatory Development Program
PRAG,	Procedures, and Practical Guide
UNDP,	United Nations for Development Projects

UNESCO,	the United Nations Educational Scientific and Cultural Organization
UNICEF,	United Nations for International Children's Emergency Fund
USAID,	United States Assistance for International Development
WCEA,	World Conference on Education for All

I. Introduction

Non-governmental sector is an active actor in the society (Salamon, 1994). They emerge to provide various important services which they present better than any actor. Lester M. Salamon addressed the purposes of establishing an NGO as

> *"people are forming associations, foundations, and similar institutions to deliver human services, promote grass-roots economic development, prevent environmental degradation, protect civil rights and pursue a thousand other objectives formerly unattended or left to the state"(ibid, pg.109).*

Because of their role, they encounter various challenges and experiences from multiple actors, and donors are of the most influential actors that push them to work on their capacities (ibid, p.112). Also, because they can implement some work better than the government, the international agencies gave a focus on the role of the NGOs in the society (ibid).

The motive behined the research is the chnaged realtion between donors and NGOs. During the past 20 decades, the relation changed from donors- NGOs recepients of funding to donors and partners NGOs. The paradigme had been shifted from philanthropic approach to the partnership approach. Moreover, the objective of the change is achieving sustainble development goals instead of the short term projects. The matter that caused the international donors and development agencies to consider looking at the institutional capacity of the organizations (individual level, organizational level, networking, governance, policies, and technical skills).

In the late 1990s of the past century, donors raised new calls and terms on the value of their aids (Kindornay and Morton, 2010). *"Development aid effectiveness"* was one of the donors' new development terms which were implemented differently by each donor and confused the performance of the recipients (ibid, pg. 315). The World Bank interprets the term as the "*organizational performance and outputs*". Some reports of the United Nations for Development Programme (UNDP) distinguishes between organizational and development effectiveness while in other reports sets a relation between the organization's mission and results, and the aid' impact on causing a change on the recipient performance and results (ibid). the International Fund for Agriculture Development (IFAD) sees the term in the light of integrating the efforts and collaboration between national and international actors for achieving specific goals (ibid, 317). With the change of concepts, there was also a change of methods, techniques, requirements, and capacities.

Prior to the adoption of new development terms, the relation between donors and NGOs was simpler (Pratt, 2010). The relation was only about giving out charitable assistance to unprivileged people. However, after the statement of the Organization for Economic Co-operation and Development (OECD) on "shaping the new century", the international agreements on the Millennium Development Goals (MDGs) and Paris Declaration in 2005, there started to be a new approach framework for the international development aids (Kindornay and Morton, 2010). Such new trends became serious challenges to NGOs, the matter that did not leave to them a choice but to work on building their Institutional capacities (Pratt, 2010).

Institutional capacity building is a controversial expression with no fixed meaning. Some of the scholars used it to refer to improving the NGO's organizational performance to achieve results that meet their mission (James, 2010). Others use the expression to refer to enhancing the civil society and stakeholders' performance to be included in the political participation (ibid). However, scholars think it is holistic expression that overarching the organizational performance, roles identification, building active relations with other actors in the society (TACSO, 2010); and the required skills and qualifications that help the organization to survive, innovate, and be balanced in the markets' competitive edge (Ross, 2002).

The concern of building the institutional capacity of NGOs became a priority in some development cooperation. Because international organizations wanted to improve the quality and capacity of NGOs to become partners, international donors used programs of building the institutional capacity as tools to improve the performance and productivity of partner NGOs (Mizrahi, 2003). In many development projects, donors adopted programs to build NGOs partners' capacities. In the two cases of Tanzania and Ethiopia –in the literature- donors used certain tools and topics in their programs for achieving the project. Therefore, the purpose was to serve the project, achieve its objectives and only during the project duration. In other words, donors do not care about enhancing NGOs' capacities unless if they are partners in the project. That explains the situation of weak NGOs' institutional capacities in Egypt.

I.1. an Overview on the Environment of the Nongovernmental Sector in Egypt:

There are some factors that shaped the environment of the nongovernmental sector's work in Egypt. The political approach and legal framework are highly control the sector. Moreover, they helped, in a way or another, to shape and determine the type and objectives of the NGOs' work. Since its emergence till present, the NGO sector encountered changes that influenced its productivity.

The sector started in Egypt during Mohamed Ali's era in the 1820s. First founded NGOs in Egypt had limited areas of services such as serving foreign community; education and cultural; and the faith based NGOs started in the late 1870s. (Kandil, 1993) (Portal, 2016). When Egypt approached the 20th century, total NPO sector reached 159 organizations in different services (ibid).

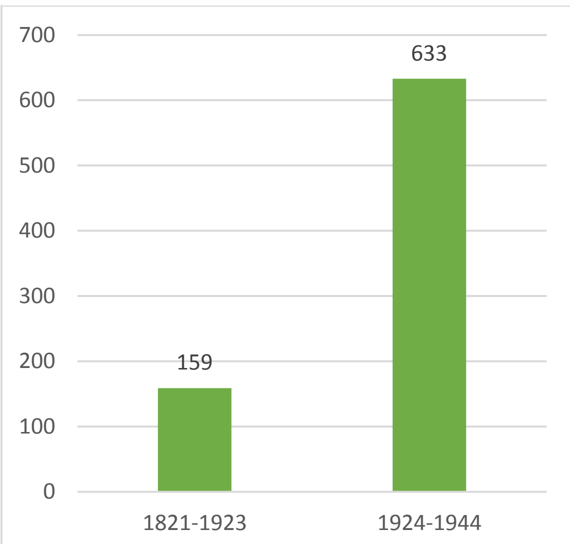
The following regimes had different orientations towards the effectiveness of the nonprofit sector. During the era from 1920s to 1950s, and by enacting the constitution of 1923, the law gave the Egyptians the right to form social organizations, the thing that increased the number of NGOs in the years between 1923 and 1944 (Hassan, 2011) (Kandil, 1993) to 633 organizations (Portal, 2016). The number of NGOs in Egypt reached 5000 organizations in 1950 (Kandil, 1993). The general theme of non-governmental organizations was for providing charitable services, and social services to foreign communities (ibid) (Shukrallah, 1999). On the contrary, the era of Gamal Abd-El Nasser's ruling was remarked by a restrictive centered control (McGann, 2008) (Shukrallah, 1999). The law 1964 forbade forming any organized groups in the form of unions, associations, or charitable organization

(Kandil, 1993). In that period there were only 4 new organizations formed with very limited activities (ibid). However, the liberal politics of Sadat allowed a few limits to civil society organizations, but he encouraged establishing political parties such as the "The New Wafd Party (NWP), the National Democratic Party (NDP), and Socialist Labor Party (SLP) (Hassan, 2010). This era witnessed also more extensions of the faith-based charitable organizations (Abd-Elrahman, 2002). The nonprofit sector thrived in numbers in the period from 1976- 1981 as reached from 7,593 10,731 in 1981 (Al-Sayyid, 1993). So in this period, the trend of NPOs emergence was the political approach.

Mubarak tried to stand in a middle point between liberalization and control (Ismail, 1995). So, his decades of the ruling, he promoted for the National Dialogue and democracy and keeping control of the organizations of civil society (ibid) (Behr & Siitonen, 2013). In his era, Egypt witnessed a rise in syndicates and unions; moreover, they worked on guarantee their rights from the government's control (ibid). However, in the same era, with the increase of faith-based NGOs, Egypt encountered seriously tensed challenges between the government and political opponents groups (Abd-Elrahman, 2002). Moreover, the battle between the state and opponents' extremists toke a noticeable challenge on controlling workers syndicates (Ismail, 1995). Total number of NGOs in Egypt leaped in unprecedented status. In 1991, NPO sector reached 12,832 organization (Al-Sayyid, 1993), and by 2000 reached 30,000 (Beinin, 2014). The number can be categorized to "43% Islamic associations, 9 % Coptic associations, and 25% quasi-governmental community development associations" (ibid). by 2011, NGOs became 45,000 (USAID, 2011), and reached 48,000 in 2015 (Algaly, 2016).

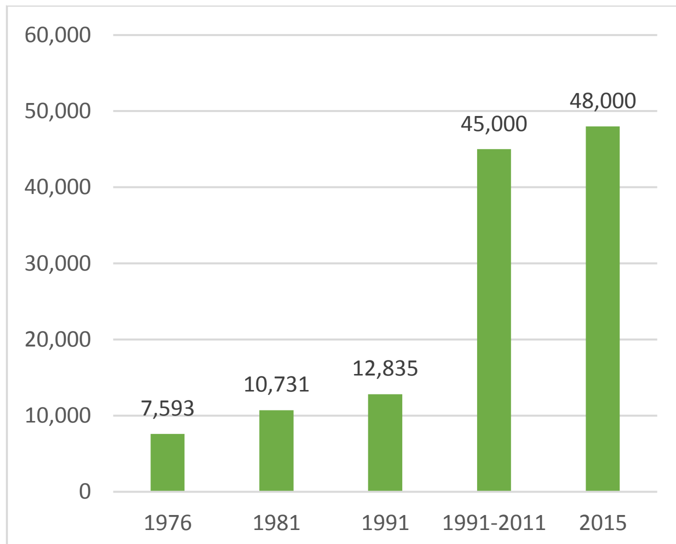
From this political background, the study refers to the role of politics in supporting or limiting the NGOs' existence in Egypt. During liberal eras, the third sector witnessed empowerment and increase in all fields (Al-Sayyid, 1993) (Hassan, 2011). Besides,

Figure 1: the Rise of the NGOs in Egypt in the Period from 1821-1944



Source: based on (Amani Kandil 1993), (Hassan 2011), (Portal 2016) (Abd-Elrahman 2011)

Figure 2: The increase of NGOs in Egypt from 1950-2015



Source: based on (Kandil, 1993) (Al-Sayyid, 1993) (Ismail, 1995) (Abd-Elrahman, 2002) (Hassan, 2010) (USAID, 2011) (Beinin, 2014) (Algaly, 2016)

the exposure to foreign cultures entrenched the value of the civil service (ibid). However, in repressive rulings, the sector did not have the role and space of work in the community.

I.1.a. The Legal Framework for Nonprofit Organizations in Egypt:

It is important to shed the light on the privileges that singled the CSOs' work and encouraged their increase. The law has supported the third sector with wide exemptions and permissions in designing the activities and possessing facilities. For instance, article 13 of the law 84 of the year 2002 includes some vital mandates such as (BU, 2012):

a. Exemption from the NGO registration fees, or any documentation or possessions fees.
b. Exemption from any future contracting registration fees.
c. Exemption from customs duties and other fees imposed on the imported equipment and supplies, as well as on what they received as gifts, or, donations or, aid from abroad.
d. NGOs' owned property, agriculture lands, are fully exempted from all real estate taxes, and ratifying the signatures fees.
e. Exemption by 25% of total cost of shipping the equipment and machines by real way stations.
f. Exempting the organization's telephone landline from the charges that are assigned to the telephone usage at the private sector.
g. Exempting the organization from 50% of the total cost of electricity and water consumption of the organization. However, the article is not completely applied because the law restricted the water discount on the companies that produce water not that distribute water. Accordingly, NGOs have no reductions in the cost of water reduction.

h. The donations that are given to the NGOs shouldn't exceed 10% of the donors' income.

So, the law drops most of the legal cost of consumption or, possessing lands or, importing equipment or materials while the law adds a lot of taxes and fees on private sector companies or private business. Those exemptions save a lot of money to NGOs. Unfortunately, people want to take advantage of the law through establishing an NGO for individual interests and benefits. In addition, the law allows for the organizations to work in any area, except the political, advocacy, and human rights areas because they need a special permission and license. Also, the law gives the organizations the right to perform exhibitions, parties, clubs, selling shops, and any un-political and illegal activities that serve the public. Therefore, NGOs have a wide range of legal support. However, they lack the capacity that empowers them to bring to the community real valuable and tangible outcomes.

I.1.b. Increased Number despite Incapability:

According to a statement by the minister of the Ministry of the Social Solidarity (MOSS) (Algaly, 2016), there are 48,000 NGO, 97 INGO, and the total international funds/ aids to NGOs reached 1 billion and 634 thousands Egyptian pounds. The Institute of Development Studies (IDS) (USAID, 2011.p.9) classifies this number to:

1. 30,000 Social organizations.
2. 13,000 agricultural, water, and housing organizations.
3. 5,400 youth and sports centers.
4. 115 industrial and trade chambers.

5. 46 professional syndicates and workers unions

The major number of the NPO sector in Egypt work in child, family, and elderly care, social welfare and assistance, education and cultural, and community development (USAID, 2011. p.9). However, some experts claimed that there are more 50,000 CSO but unregistered in the MOSS because of the complications of legal procedures from the ministry (ibid).

I.2. Problem Statement:

From what has been previously presented in the background, the Egyptian society witnessed the growing number of established not-for-profit organizations for community development. However, most of the established organizations do not enjoy possessing the required capacities that achieve tangible results (Abdel-Hamid, 2014). In 2013, the National Council for Voluntary Organizations (NCVO), the Arab NGO Network for Development (ANND), and Civicus-World Alliance for Citizen Participation conducted a report on the needs assessment for the Egyptian civil Society organizations (NCVO, 2013). The study conducted on 34 participant NGOs. The results revealed the illness of the Egyptian grassroots NGOs, and emphasized some important figures and conclusions:

1- 94% of the caliber is voluntary work.
2- 70% of CSOs are in the big cities in Lower Egypt, while Upper Egypt witness scarcity of CSOs representation
3- 62% of the CSOs need to enhance their institutional capacities in financial management.

4- 71% of the CSOs need to enhance their institutional capacities in human resources management.
5- 74% of the CSOs need to enhance their institutional capacities in programming.
6- 65% of the CSOs need to enhance their institutional capacities in communication.

The results of the study affirmed the common problems of Egyptian CSOs and the weak areas that hamper their efforts. This leads to questions pertaining to the efforts donors undertake to address these challenges as they build partnerships with civil society organizations.

I.3. Research Questions

Some of the requirements, conditions, and prerequisite of donors are highly sophisticated to applicants; the majority of grassroots organizations stand helpless regarding the application.

Therefore, the study looks at the relation between the donors' assessment tools and methods and the growth of the efficiency and effectiveness of the NGOs' institutional capacity. Also, the study seeks to reach to effective and suitable solutions that support the grassroots NGOs in Egypt to build and maintain stronger institutional capacity for better development work. In order to reach to a clear analysis of the methods and tools the donors use to assess the grassroots organizations, the research is answering the following questions:

What donors do to assess and build the institutional capacity of grassroots organizations?

To answer this question, the study investigates the methods of various donors in assessing the capacities of grassroots NGOs in their annual grants. The goal of the study is to find out whether the donors have positive roles in improving the efficiency and effectiveness of NGOs; or, they hinder their growth by adding more challenges and requirements in the applications.

These questions guide the study to reach to a practical information and practices on the impact of the donors on boosting the growth of the institution capacity of applicant grassroots.

II. Chapter Two: the Literature Review

The literature in the study contains two sections. The first section in the study looks at the internal and external factors that affect the institutional capacity of Egyptian grassroots NGOs. The second section of the literature searches the importance of improving the institutional capacity; differences and similarities between institutional and organizational capacities; the dimensions of institutional capacity. And, the role of donors in improving the capacities of grassroots NGOs, how they affect the NGOs' performance and identity; and the tools that donors use to assess and improve NGO's capacities for the cooperation.

II.1. Section one: the Internal and External Challenges that Face the NPO Sector

According to the study of (NCVO, 2013) on a sample that included 34 Egyptian NGOs, there is a noticeable weakness in their institutional capacity in the areas of, human resources, financial management, and programming and communication. Also, the study pointed out that most of registered NGOs are not actually active (ibid). A big number of NGOs in Egypt suffer from the inefficient institutional capacity of their organizations because of lacking the adequate resources, and the insufficient managerial style and governance (Abdel-Hamid, 2014). There are some internal and external challenges that affect the effectiveness of the civil society generally, and the grassroots organizations particularly in Egypt. According to Egypt's Human Development Report (UNDP, 2008, p. 101), the challenges that hamper the civil society in Egypt are external such as cultural, political, and legislative as external impediments, and internal.

> *"The provisions of Law 84/2000 authorizing the state to interfere in the internal management of civil society organizations ... The other challenge is internal... These include vague and multiple mission goals, lack of democratic practices inside organizations, the poor technical capacity of staff, and top-down relationships between CSOs and their constituencies. Frequently, they are symptoms of inexperience, but they result in a low level of public trust in CSOs and also limit their ability to influence government" (ibid).*

II.1.1. Internal Challenges that Hinder Grassroots NGOs

The grassroots NGOs meet significant obstacles that affect their institutional capacity and productivity. The challenges range from lack of sustainable resources to unqualified human resources, inefficient financial management, to the relations with government and donors. In this section, there are three major internal problems that are common among the grassroots NGOs in developing countries and in Egypt.

II.1.1.a. Lack of sustainable resources:

According to (Kathryn Lefroy and Yelena Tsarenko, 2013), most of the nonprofit organizations do not possess the needed resources to the survival of their work, and they depend on external providers to keep the organization operates. The scarcity of organization's resources led to lacking the skills, human capacities (Behr & Siitonen, 2013), and requirements that the organization should acquire to attract providers (Attallah, 2015). Accordingly, they outsource either by partnering with the private sector, or applying for funds from donors (ibid). Therefore, the NGOs try to improve its capacities by partnering with private sector, to improve their capabilities and proficiency (Vernis, 2006)

Regarding the support of external actors to outsourcing, Lefroy and Vernis propose two important views. NGOs should distinguish between partnering with, and rely on for outsourcing on external providers. Outsourcing through an ultimate reliance on external actors puts the organization in front of two important consequences (Lefroy and Tsarenko, 2013). The first, the organizations will find itself under the conditions and demands of the provider; the second, conflict of interests between the organization and provider (ibid). The matter that threat the identity and mission of the organization and makes it vulnerable to the conditions of providers (ibid). But, partnering with corporates and stronger external organizations from the private sector, improves the organization' productivity and proficiency (Vernis, 2006, pp. 23-25).

II.1.1.b. Lacking Qualified Human Resources:

The staff is the capital of the organization (Vernis et al, 2006, p.127). Without a qualified team, the organization can't sustain its existence in the market, (Guo, et al 2011). Organizations that lack strong calibers, they don't have the ability to accommodate the organization's mission, and certainly miss many opportunities of growing the organizational performance and affect the development approach in their work (Lefroy and Tsarenko, 2013). Also, threatening to an organization to depend on voluntary staff as a source of its human capital if it wants to grow (Akingbola, 2012). A qualified team is a focal point between the NGO and the different stakeholders and partners in the society (ibid). They are capable of addressing the social needs and illness to the organization and carrying and implementing the organization' messages to the community (Lefroy and Tsarenko, 2013).

II.1.1.c. Unsustainable Financial Resources:

The financial capacity affects remarkably the performance and results of the organization (Ahmad, 2002), and weak financial management causes unstable work environment (Tsarenko, 2013) It determines the recruited calibers' salaries, career growth, the quality of work, types and requirements and means of activities, and size of publication and means of communication with the stakeholder in the society (ibid). Unfortunately, many of grassroots NGOs have unstable financial resources because of dependency on external funding (Behr & Siitonen, 2013) (Lefroy and Tsarenko, 2013). Because of lacking a strategic financial management and budgeting, NPO sector in Egypt seeks heavily the external aids of funding (Jalali, 2008). Lately, because of the corporate- social responsibility, NGOs try to build connections with the private sector to attract funding (Vernis, 2006). However, the common funding sources in the NPO sector are quite limited in donation, fees, and grants, (Lefroy and Tsarenko, 2014). Regarding the Egyptian context, donations and grants are the most common.

Donating is one of the important sources of funding (Bekkers & Wiepking, 2011). However, the situation differs according to the economic status of the society; as the societies of the poor countries do not show remarkable demand on donating (Phillips, 2010). Regarding donation, Egyptian society does not show motivation towards donating unless the times of religious feasts through Alzakat (McGann, 2008).

Grants are the second source of funding NGOs' projects. Because of the scarcity of recourses, grants considered an important source of financing and implementing projects either on the base of national, or international donors (Assi, 2013). Grants are not only a matter of financial outsourcing to the organization, but also a boost to the organization's reputation. But what matters to the NGOs applicants for the fund is the reputation and fame of the donor, and the organization's reputation after contracting with the donor (Lefroy and Tsarenko, 2013). Organizations think through getting funds they can attract more donors and public donations. Besides, hire qualified caliber, improve the organizational capabilities; allow more chances of cooperation either with national or international donors to add a prestigious fame and credibility in the market of development (ibid). However funds are never guaranteed; the whole matter depends on the donors' criteria of selection and priorities (Behr & Siitonen, 2013). The local NPOs/Grassroots of which depend totally on the donors' grants and build their production based on the donors' preferences usually fail in getting the fund.

> "*However, many CSOs, including small, community-based ones, are more donor driven, implementing the activities donors are willing to support. Despite their focus on obtaining donor funding, however, only a limited number of CSOs are actually able to access these funds. Because many organizations do not primarily address the priorities of*

their communities, they tend to have weak ties with their constituents" (USAID, p. 11).

II.1.1.d. Centralized Management & Weak Governance:

In most cases, the organizational structure is top-down structure. Plans, suggestions, activities, plans are mostly designed and shaped individually be the head of the organization; the matter that creates gaps between the management and the implementing team, and causes failure in building relations with other organizations and partners (ZEF, 2005) (Attallah, 2015). Because of the centralized management system, the grassroots organizations do not include the principles of the participatory approach with their communities (Behr & Siitonen, 2013). For instance, the Egyptian regulations of establishing a grassroots organization do not include any conditions or obligations to include a genuine community-based membership. Despite the conditions of establishing the general assembly address the administrative guidelines, value, and number and reasons of formulation, they do not affirm the significance of including representatives from the communities (BU, 2012). Therefore, they fail in addressing the community needs. Moreover, they don't have credibility nor social trust, and lose chances of attracting foreign funds. The matter that makes them lag behind the criteria and performance of social work and community development (ibid). Adding to that, the Egyptian NPO sector, precisely the NGOs, and grassroots, the managerial structure is quite unchangeable (Attallah, 2015). In many organizations, the board members may continue to more than 10 years without electing new members (ibid). On the contrary, the organizations that have better resources and institutional capacities such as some of the syndicates, and sports clubs adopt better strategic managerial practices, and able to build more social acceptance and credibility (USAID, 2011).

II.1.2. External Challenges that Impede NGOs:

II.1.2.a. NPO- Government relations:

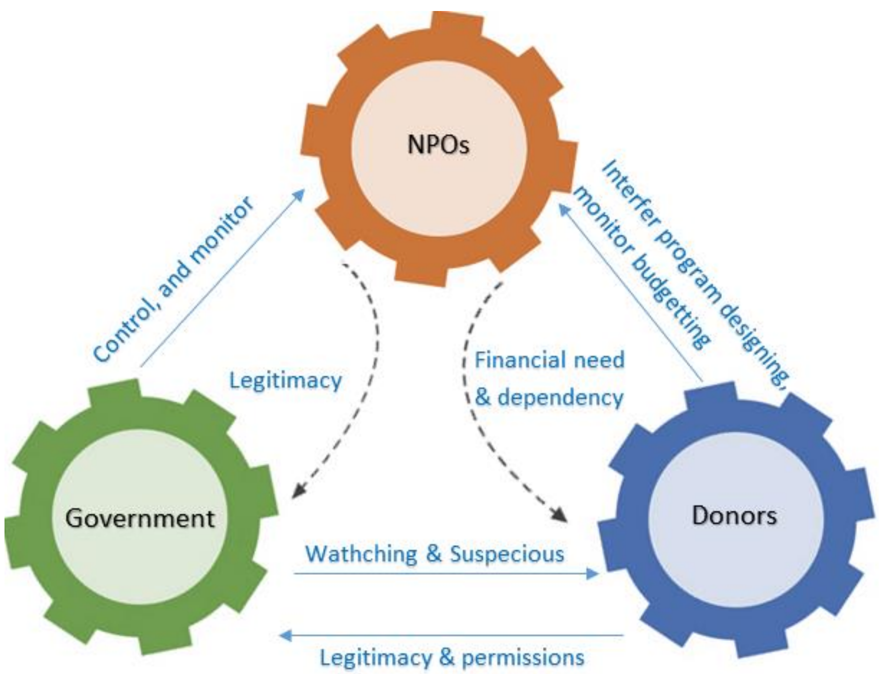
The relations between governments and civil society depend on how the government perceives their value and the general themes of laws and policies (Batley and Rose, 2010). In some Asian countries such as India, Bangladesh, and Pakistan, the government considers the role of civil society in enhancing services provision (ibid). Because Bangladesh's healthcare services rely on the active role of NGOs, the government collaborated with the nonprofit organizations to manage to get big funds from the donors through a 'directive policy' from the government (ibid). Same support was very influential in India when the Indian ministry of Human Development empowered the NGOs which give special attention and services to the excluded students from primary education. Moreover, the Indian government supported them with the required fund through an official contract of the cooperation (ibid). Also, the Pakistan government admitted the active role of Pakistani NGOs and empowered them by an official acknowledge that enhanced the NGO' work in educational service (ibid).

On the other hand, (Bloodgood, et al,2014) proposes an analysis of the relations between the government and nonprofit organizations according to the ruling political system and types of regimes. The author explained this relation with comparing two types of governance ‘ pluralist and corporatist’ as contradicting models (ibid). The research revealed that 92% of corporatist countries -such as Japan- enact very restrictive laws to the third sector’s work which permit them to work in welfare only (ibid). On the other hand, 64% of pluralist countries –such as United Stated- enacts more resilient legislation to NGO’s that allow them even to more political involvement and participation according to the classification of the organization (ibid).

In the case of Egypt, the civil society encountered different challenges. Since the liberal era ended by 1952 revolution, the government tends to scrutinize any non-governmental entity; “Freedom of association has been limited to the ruling party” (Medni, 2013). However, with the pressures of international recommendations on democratization and liberalization, the government allowed a controlled space for CSOs (Tadros, 2011). According to (Tadros 2011) the government exercises excessive control on CSOs to determine the type and identity of actors because of three important factors. The probability of winning social acceptance, the increase of activists in advocacy and human rights, and INGOs’ preference to direct their funds to CSOs (ibid).

The state uses laws to express its control on the NGOs. Despite Egypt has a big number of CSOs and NPOs in a wide range of services and activities, the Egyptian laws are very restrictive to NGOs work (UNDP, 2008) (Al-Sayyid, 1993). The government decided to put hands on the NPO sector in order to eliminate any possible emergence of fundamentalist or any organizations that opponent to the government preferences and orientation (Gubser, 2002). Laws no. 32 of 1964, the law no. 40 of 1977, and currently law no. 84 of 2002, are such restrictive laws for the CSOs (UNDP, 2008). The current law has many restrictions on the establishment, the formation of the board, sources of financing the organization, and even the cadre (ibid). On one hand, the legal procedures and laws that shape the establishment and monitoring NGOs encompass complicated and hectic procedures that push many people to quit registration in the ministry (USAID, 2011). Registration in the Ministry of Social Solidarity takes more time than expected, in addition, the government has the right to interfere the formation of members of the board of organizations (ibid). On the other hand, the government keeps a tight control on the organizations in the matter of foreign fund.

Figure 3: Grassroots NGOs -Government-Donor Relations



Source: based on (Batley and Rose, 2010) (Bloodgood, et al,2014) (Medni, 2013) (Tadros, 2011) (UNDP, 2008) (Al-Sayyid, 1993) (Gubser, 2002)(USAID, 2011) (Abdalla, 2008)

The government considers the foreign fund as a high-level security issue. Therefore, the government does not allow for the organization to receive the fund until all legal procedures are finalized (Abdalla, 2008). The law prohibits getting any international/ foreign fund to the organization without getting a prior approval from the Ministry of Social Solidarity (USAID, 2011). However, the ministry may refuse the cooperation between the donors and the NGO without giving any notification of rejection (Tadros, 2011). The relation with government is sensitive because of all changes and incidents that forged the relation (ibid).

II.1.2.b. NPOs-Donors Relation:

Donors are the organizations and agencies that financially support development programs and projects (Elbers and Arts, 2011). Some scholars say that the donors' financial support is ethical obligation towards the poor while others assume that is nothing more than showing off for covering other self-interests (ibid) (Assi, 2013). NGOs and donors started to build a reciprocal relation of preferences (ibid). NGOs prefer cooperation with donors because of resources scarcity, boosting the NGOs' reputation, and the shortage of government support (Lefroy and Tsarenko, 2013). Also, donors, prefer funding NGOs because they are more connected to the social needs (Assi, 2013). According to the OECD, the international aids for development had been increased 15-20 % over previous aids (Parks, 2008). However, this reciprocal preferences between NGOs and International nongovernment organizations (INGO) is a serious threat to the organization (AboAssi, 2012) (Lefroy and Tsarenko, 2013).

The threats of donors' control on weak NGOs can be categorized in two areas. The first threat is affecting the organization's identity and mission. Weak grassroots NGOs which used to rely on international donor's fund, training, and guidance to stay alive in the market, put donors in controlling position in the relation (Haily, 2000). Sometimes, donors in order to accept funding NGOs, they impose their requirements which may deeply affect the shape, culture, and mission of the organization (Behr & Siitonen, 2013, p. 17). Or, in other times, international donors rather directing their funds to the beneficiaries of the cooperation than supporting the organization in training or administrative needs (Guo et al, 2011). In the case of Egypt, some of Salafies NGOs in order to receive the generous Saudi's fund, they adopted and implemented the provider's values and worked on achieving the Saudi goals (Behr & Siitonen, 2013, p. 18).

The second threat of organization's viability in the market. Lately, with the rise of NGOs number and the donors' financial aids, donors started to have more complex requirements that hinder applicants NGOs from getting the fund easily, or continue functioning in the market (Parks, 2008). For instance, despite the Palestinian NGOs have stronger capacities and work, some of them had to change their scope of work from social services to political and advocacy services because donors shifted their funds' priorities (Assi, 2012). On the contrary, Cambodian NGOs stand as a different model of strong NPO sector. In the period from 1990 to 2000, Cambodian NGOs represented unique example because they managed to implement successful programs post the war (ibid). The matter that forced the donor organization to follow their priorities of funding. Unfortunately, with the rise of smaller NGOs that sought only making money, donor got back their upper hand on directing the priorities of NPO sector (Parks, 2008).

Fund-driven organizations usually are not lucky in winning the fund because they don't have the adequate experience nor the knowledge in the areas and fields of services that are targeted by the donor (Elbers and Arts, 2011). Recently, "Donor conditions not only affect the orientation of projects, but also the way in which they are designed and planned" (ibid). The dependency and insufficiency of NGOs gave donors the mandates and control to set the rules of the game.

II.2. Section two: Meaning and Levels of the Institutional Capacity, and Role of Donors in ICB:

In this section, the study focuses on the meaning and levels of institutional capacity of NGOs, and the necessity of assessment before the cooperation between donors and NGOs. Also, the section includes the role of donors in the assessment through two cases in Tanzania and Ethiopia.

II.2.1. The Need to Build the Organization's Institutional Capacity

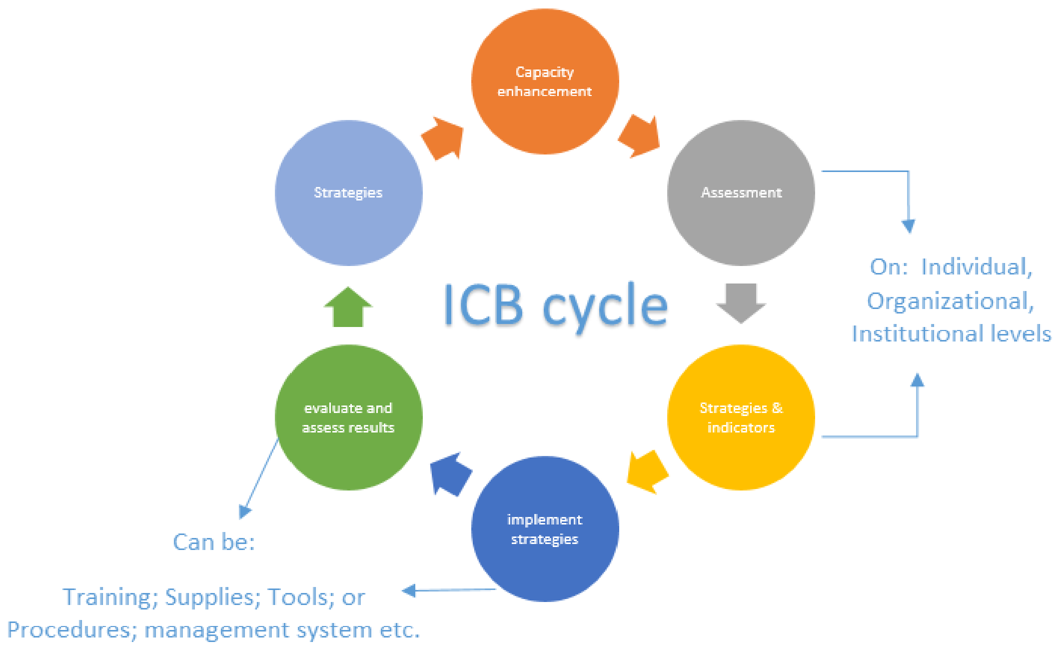
> Improving the capacity *"involves not only the ability to identify needs and acquire the missing resources but also the ability to design adequate incentives and create the opportunities to use these resources effectively and efficiently. This often requires the introduction of substantial institutional and organizational reforms and the ability to manage the changes that necessarily accompanies this process*" (Mizrahi, 2003)

There is an agreement between development actors on the significance of "strengthening capacity.. for development" (Mizrahi, 2003). Improving the organization's capacity has a remarkable role in improving the performance in development projects (Anyonge et al, 2013, p. 17). The development aids have been changed from just giving humanitarian aids and assistance to needy and developing countries to providing the required support to achieve a sustainable development (Pratt, 2010, p. 166) (Mizrahi, 2003); and achieve the Millennium development goals (MDGs) (Graham, 2002). During the past decades, donors used to give grants to the NPO sector according to the field of work (Marshall, 2012). However, because of the weak institutional and organizational capacity of the sector in benefited countries and limited funds opportunities (Haily, 2000), donors do not trust the NGOs' capacities to achieve the effectiveness and impact they expect from giving their money (Marshall, 2012) (Graham, 2002). In order to achieve successful capacity building programs, there should be a critical and detailed analysis of "existing managerial and technical capacities" (Komba, 1998).

Lacking the adequate institutional capacity affects the NGOs' performance, and planned results by donors (Edwards and Hulme, 2000). In the late 1990s, Pakistan had witnessed a remarkable change in education because of integrating the social participation approach (Memon, and Mithani, 2003). The government allowed to the NGOs and grassroots to participate in reforming education, and that encouraged many grassroots to emerge (ibid). However, weak grassroots couldn't be involved in this movement because of their insufficient institutional capacities and skills (ibid). Because of this problematic issue, organizations lose many opportunities of catching good relations with potential partners. Therefore, the approach of the institutional and organizational capacity became the focus of NPO sector to become professional and productive in the field (Marshall, 2012).

Institutional capacity building (ICB) programs are means to improve the productivity of local NGOs, and achieve sustainable development (Stamberg, et al, 1998). It encompasses a complex of procedures to assess and enhance, then re-assess the acquired impact on the individual, organizational, and institutional levels in order to improve the organizational performance and results (Mizrahi, 2003). Improving the institutional capacity aims to improve the present capacity to enhance the performance and results or to acquire new capacities to do new and challenging tasks “to achieve new objectives” (Virgin, 2014). In order to improve the capacity of the organization, there will be an infusion of a new learning capacity and approach which will influence the management system, structure, values, and culture (Padaki, 2002); and acquiring skills, knowledge, tools, organizational structure, culture and values, or internal or external regulations (Kaplan, 2003) In 1998, and in shadowing of its core values of enhancing education and cultural services to least developing countries, the United Nations Educational, Scientific and Cultural Organization (UNESCO) implemented a project for enhancing the local NGOs’ institutional capacity in Eastern Africa and south Asia (Komba, 1998). The project aimed to achieve three objectives: 1) strengthen the ‘managerial and professional capacities’ to NGOs which were involved in implementation of educational services; 2) preparing a ‘training kit’ on enhancing the capacities of NGOs that is applicable in different culture; 3) to prepare a better training plan in next rounds (ibid). The project included several areas of activities that for strengthening capacity, people's performance, networking with other actors in their fields, awareness on national policies, improving research skills, improving technical and administrative services, and enhance participants NGOs to catch up the international summits' recommendations (ibid).

Figure 4: the Cycle of ICB



Source: Based on (Mizrahi, 2003) (Padaki, 2002) (Kaplan, 2003)

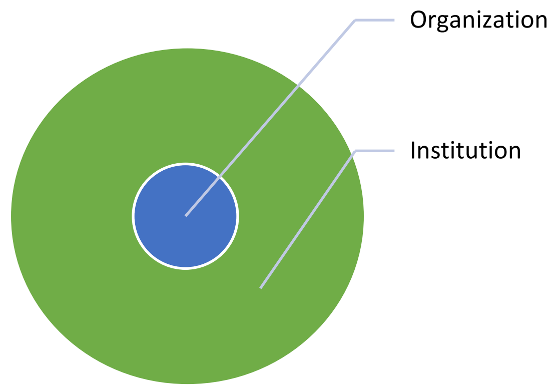
II.2.2. Institutional vs. organizational capacities

In the literature, the distinction between the two terms isn't frequently highlighted because of the interrelation and similarity in between. However, it is important in this study to show the difference and conceptualize the study.

As well as (Mizrahi, 2003), (Komba, 1998), and (Padaki, 2002), Willems and Baumert see institutional capacity is a holistic term that includes the tools, materials, staff, rules, and policies that allow the entity to be efficient and productive (Willems and Baumert, 2003). Moreover, they bring back the success of the organizational changes to an enabling environment of the institutional that has clear rules, roles, and practices (ibid). While, (Hodgson 2006) affirms that the institutional capacity is the force that boosts or hinders the growth of the organization; (Anyonge et al, 2013) sees the institutional capacity is the implementation and adherence to the new laws and rules. In broader line, (TACSO, 2010) thinks that the institutional capacity is a matter of networking group of organizations that reallocate resources to achieve a specific goal. However, this approach is a wider explanation of the capabilities of the organizations to achieve their goals. Moreover, Williems and Baumert 2003 say that the effectiveness of the institutional capacity can be measured by the strength and efficiency of the organizational performance (Willems and Baumert, 2003).

On the other side, (Anyonge, 2013) sees organizational capacity (OC) as “the processes whereby individuals, organizations, and communities strengthen and sustain their ability to perform their chosen functions”. (Lusthaus, et al 2002) identify the OC as the ability to use financial management, human resources management, materials, management structure, working resources, leadership, governance, and infrastructure – of which each component can be measured and weighed- in order to approach the set goals. (ibid). (Cairns, et al 2005) cited scholars such as Fiszbein and Letts et al 1997, who defined the organizational capacity as "enabling factor" that empower the organization to achieve their goals.

Figure 5: Distinction between Institutional & Organizational capacity



Source: based on (Mizrahi, 2003), (Komba, 1998),(Padaki, 2002) (Stéphane Willems and Kevin Baumert, 2003) (Hodgson 2006) (Tom Anyonge, 2013) (TACSO, 2010) ". (Charles Lusthaus, et al 2002) (Ben Cairns, et al, 2005)

II.2.3. Levels of Institutional Capacity

Institutional capacity according to (Mizrahi, 2003), (Komba, 1998),(Padaki, 2002) (Willems and Baumert, 2003), is an "enabling environment" that allows better interaction between employees and the organization in three levels: The organizations that assess NGOs and Grassroots performance illustrated this environment in 3 levels (ibid) :

1- First: the individual level that contains people' skills and capacity, and its influence on the development.

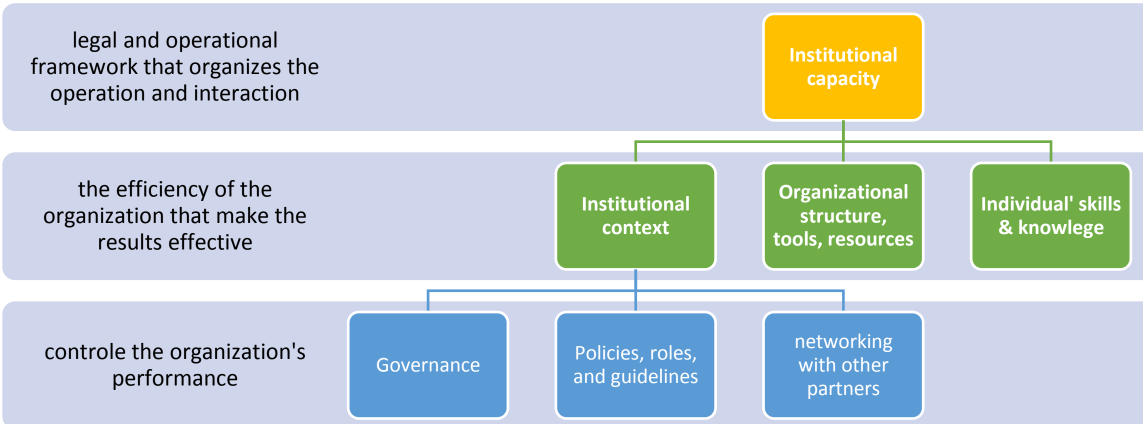
2- Second: the organizational level that contains management, resources, culture, values and structure.

3- Third: the broader institutional context that includes policies, roles, guidelines for networking, and governance

The levels and components of the institutional capacity are the identifiers of the organization's efficiency, and effectiveness (UNDP, 2011). According to the UNDP in their report Governance Principles- Institutional Capacity and Quality in 2011, efficiency: "is the ratio of produced outputs to the resources used to create them" while effectiveness: "is the degree to which an institution's objectives are achieved". And, to Fine and Synder 1999, the relation between the employed resources 'inputs' and the deliverables 'achieved results' called efficiency whereas measuring achieved organizational plans and mission is 'effectiveness' (Abdel-Kader and Billy, 2011) (Abo-Ramada and Borgonovi, 2015). Meaning, the ability to utilize the available sources to achieve the planned goals is a managerial capacity that keeps the organization efficient, reformed, and revitalized and produce effective results that interpret the mission of the organization.

Therefore, the relation between utilized tools, resources, and employees' knowledge and skills and the achieved results called efficiency; whereas, the degree of the achieved results and deliverables to the original objectives is the effectiveness of the organization.

Figure 6: Components and Levels of Institutional Capacity Highlighting the Importance of Internal Governance



Source: based on (Mizrahi, 2003), (Komba, 1998),(Padaki, 2002) (Willems and Baumert, 2003)

Therefore, this study uses the term "institutional capacity" because it is a holistic approach. The term contains the interrelated components that form the environment of work in the organization. The research sees that Willems and Baumert's approach on institutional capacity highlights the role of improving individuals' skills and knowledge, the organizational performance, and the institutional context of developing the organizations' institutional capacities. Therefore, the study adopts this approach as it is the most suitable approach to explaine and assess the institutional capacity of the Egyptian Grassroots.

II.2.3.a. Individual Levels: Employees' skills and knowledge

The staff of any given organization represents the dynamics that maintain the organization's life (Vernis, 2006). The impact of employees' skills and knowledge have greater effects on the efficiency and effectiveness of the organization (Willems and Baumert, 2003) as stakeholders and constituents in the organizations (Oster, 1995). So, in order to improve employees' skills and performance, the organization should consider rethinking its position in a changing market, and the benefits of adopting the HR practices in improving the staff' performance (Androniceanu, 2011). One of the important HR practices that improve employees' performance and knowledge is training.

The (USAID, 2010) defines training as "the performance solution that is effective in addressing performance gaps related only to skills and knowledge". It is commonly adopted as the most effective tool to improve "organizational competencies" (Vernis et al, 2006, p.140). Training presented to enhance attendees' needs, provide solutions to few problematic issues, can be modified according to the type and focus of attendees' knowledge. The goal of training as a continuing education, is an investment in the human capital of the organization because it connects employees with the international market (ILO, 2010).

II.2.3.b. Organizational Level

The organizational level is a set of elements that affect employees' performance and institutional growth. The organization's structure, capacity, system, and culture (Lowis, 2003) which are integrated with the organization's resources (tools, technology, systems) (GarcÍa-FalcÓn et al, 2011), work together to shape the organization's capacity and performance (Lowis, 2003) (Anyonge et al, 2013).

Organization's Management Structure is the group that takes decisions, affect policy making, and lead the organization (Padaki, 2002). Organizational Capacity, is the ability of the organization to use its collective resources for better performance and adaptation internally and externally for the sake of organizational growth (Lusthaus, et al. Pg.50). The management system is the agreed customary processes that govern the steps and mechanisms of decision making and operation (ibid). Organizational Culture, is the set of values, beliefs, and attitudes that the staff share together to form the organization sole identity in the market (Pearce and Robinson, 2011) and reflect the manners of doing the job (Lowis, 2003) (Lefroy and Tsarenko, 2014). Organizations change because of their dynamic status that pushes its elements to be changed continuously (Wong, 2011). Therefore, the most important factor that directs the process of development is the organizational ability to change in order to cope with the market trends and reputation (ibid).

II.2.3.c. Institutional Level

The capacity on the institutional level is not a fixed meaning or interpretation at scholars (Davies, 1997). Some use the term to refer to the institutional capacity of the organization to reform and improve its performance to achieve its missions (Haily and James, 2010). Others use it to refer to enhancing the participation of stakeholders and civil society for active political and social participation (ibid). As it was previously defined, an institution is a set of rules, structure, instructions, framework, policies, system, directions, guidelines, culture, that form a unique and sole identity to the organization (Anyonge et al, 2013). (Hodgson, 2006) Defines institutions as "*systems of established and prevalent social rules that structure social interactions*". As the definition applies to the state's institutional composition, it is also applied to the individual entities and "informal social patterns" (Anyonge et al 2013). Those different definitions refer to the contextual environment of the organization's operation and boundaries (ibid). The institutional level, also, refers to interconnecting the organization's internal and external capacities, opportunities of networking and building coalitions, and including the concerned social actors in a participatory planning and implementation (Memon and Mithani, 2003). Besides, this theme is influenced by the change that is aspired by the organization and extending the relations and networking with other actors in the field (Mizrahi, 2003).

II.2.4. the significance of Assessing the Institutional and Technical Capacities of Grassroots NGOs

The need to assess the organization's capacity emerged in the development field after the UN emphasized the importance of sustainability, management capacity, governance and accountability, and adopting measurement tools and methods such as logical framework and action plans (Haily, 2000). Besides, the assessment includes measuring the technical capacities of the NGOs in order to improve their performance to the level that qualify them to be partners in development. Improving the 'know-how' capacities guarantees achieving the objectives of the projects and sustainable results (Humphries, 2010). Assessing the institutional and technical capacities of NGOs partners, or even countries, aims to know and analyze the capability of the organization in occurring a change or influence (Anyonge, et al, 2013). Planning for enhancing the institutional capacity indicates weakness in the organization internally and externally that was seen in the outputs (Commission, 2005). The purpose is to investigate the available and missed resources in the organization (Hudock, 1997). In sometimes, also, to get back the control and upper hand on the organization under the scarcity of resources and demands of the donor (Haily, 2000). Assessing the institutional and technical capacities of the organization helps examining the managerial capacity, performance, tools, rules, and resources that influence the operation and meet the organizational values and purposes (ibid). Such practices and objectives added more challenges to grassroots organizations because of their weak institutional capacity and jeopardize their inclusion in the market competition (ibid).

Haily (2000) Proposed some indicators that assess help in assessing the institutional capacity of the organization. In interconnected techniques, some of the indicators come jointly in the donors' requirements of funding, others should be adopted in the organization for self-assessment (ibid). Also, the European Commission (2005) stands in the same line by using different analysis according to various approaches. The study will list the indicators according to the aforementioned three levels of institutional capacity by (Willems and Baumert, 2003).

Table 1: indicators to assess the institutional capacity of NGOs

People {skills, knowledge, performance}	Organization {Management, resources, structure, skills, tools..}
• Staff shares local needs and culture • Level of technical help/ request of donor's support • Enhancing staff knowledge and performance through training, materials, or incentives.	• Annual analysis, evaluation, and auditing • Knowledge of technical help/ request of donor's support. • Management represents the local community. • Leadership style

	• Regular staff meeting and evaluation • Organization’s hierarchy • Stakeholders & partners
Institutional context: {regulatory framework, networking, governance, accountability} • Participatory approach: in setting organization’s culture, work, decision making, program planning, visual or written reporting, public meetings, • Reporting system • Compensation system (training, materials, or incentives) • Networking & partnering with similar NGOs in the area • Transparency of internal & external governance • Inclusion of target group in decision-making	

Source: based on (Haily, 2000) (Willems and Baumert, 2003) (Commission, 2007)

II.2.5. Donor’s role in assessing and building Grassroots capacity

As was clarified earlier in part II.2.1, donors agencies implement institutional capacity building programs for partner organizations as means to achieve greater development goals. After the international consensus and agreements such as the Millennium Development Goals and Paris Declaration in 2005, development gained new attributes and objectives rather than just limited to the humanitarian assistance (Kindornay and Morton, 2010). However, because of the weak institutional capacities of either NGOs or developing countries, donors implement capacity building projects to improve the NGOs’ organizational performance and to be a partner in achieving the international agreements (Graham, 2002) (Komba, 1998). So, the donors-NGOs relation has encountered a “redefinition” (Lewis, 1998). The relation changed from “donor-recipient model to capacity building”; and from NGOs’ dependency on donor’s skills and resources to independent capacity to sustain themselves and development results (ibid). However, there are two important factors that encouraged the donors to work on improving their partner grassroots NGOs. As pointed earlier in point II.1.2.b, the first factor is the mutual preferences between donors and NGOs. Donors prefer working with local NGOs because of their local acceptance and access to their communities (Assi, 2013), and the inefficiency of government in delivering some services of which NGOs are better at (Salamon, 1994). The second factor is the international orientation of development objectives from philanthripic assistance to partnership (Kindornay and Morton, 2010). Funders use the capacity building programs as a tool to empower and enable “partner organizations” to qualify as local development agencies (Mizrahi, 2003).

Many of the literature and international reports refer heavily to the role that donors play in changing NGOs’ orientation, values, and may threat NGOs’ continuity in the market (AboAssi, 2012). Very limited resources highlighted their roles in the capacity building of the NGOs they partner with (Commission, 2007. Pg 26). However, donors have an important role in this area. They need to be sure that their grants will be used in the best way to achieve the contracted goals and projects (Marshall, 2012). Their role is to ensure their availability in providing all the required support only for the best use of their grants (Kreidler, 2011).

However, there are two orientations on donors' intervention in building the institutional capacity of NGOs. While the first suggests that donors should initiate a program for the capacity program but with implementation leadership of local partners; the second suggests that donors should retreat on involvement in the capacity building because it is not their concern (Commission, 2005). In the book 'Institutional Assessment and Capacity Development Why, what and how?', The European Commission suggests that donors should not heavily involve in the capacity building of NGOs but to be the motivator of the mission (ibid). But in case of donors are put in the obligation to do capacity building to partner NGOs, they may consider these areas of intervention: (ibid) (Stamberg, et al, 1998):

1- Focusing on enhancing the output. In this area, donors support can be by training staff, or enhancing performance in a specific weak area.
2- Setting short-term goals based on the agreement between donors and recipients NGOs to be able to measure the results of the change that produced by donors' support.
3- Enhancing the relations with development partners, such as government and involved ministries, to have a mutual understanding of the critical needs and development plans.
4- Funding development plans that were set through the agreement with partners.

On the other hand, Humanitarian Practice Network (HPN) at ODI (Overseas Development Institute), sees that donors' participation in building the capacity of NGOs recipients is a kind of donor's accountability towards development. The HPN suggests some direct and indirect ways for donors to help NGO applicants to enhance their capacities such as (Kreidler, 2011):

1- Adherence to standards of the application system and requirements during the processes of project applications {governance, transparency, participation with local communities, monitoring, and evaluations system.
2- Peers monitoring in individual monitoring visits to enhance the two organizations' relations, and build an environment of cooperation, in-depth discussions, and more effective solutions and plans.
3- Use systematic reporting system that can be submitted to legal auditing parties. So, people understand that reporting system is an indicator to transparency and accountability.
4- Donors may help NGOs partners by allying to enhance some broader and wider rules. In this matter, NGOs present their demands to concerned parties through donors leverage.

Thus, donors have multiple areas for intervention in building the institutional capacity of NGOs, and their role cannot be undermined.

II.2.6. Why Donors Assess Potential NGOs Partners before Cooperation?

Assessment is a mean that helps donors to collect analytical "baseline information" about the organizations' available capacities and competencies of "functions, resources, and structures" (Virgin, 2014). Donors adopted assessment methods to create a fair and just competitive system of selection from big numbers of applicants NGOs (Mirabella, 2013). Conducting assessment of capacity or needs facilitates making the decision about who will get the grant or attend a training of capacity building (Carins et al, 2005). Moreover, assessing the current situation and environment of potential work leads to preparing tailored processes and tools that fit the context of the cooperation (Adler et al, 2015). There is no fixed assessment tools and methods for donors to use; each donor creates its own system that fit its objectives and the environment of the cooperation. In this approach, the cooperation between the United Kingdom climate finance in Ethiopia, and UNESCO and Tanzania stand as examples on how donors design and tailor special assessment for each cooperation theme and context.

Ethiopian government wanted to cooperate with the U.K International Climate Fund (ICF), an inter-ministerial fund, and with an ongoing dialogue between U.K. Department For International Development (DFID) advisors for initiating programs that protect Ethiopia from the climate change (ibid). Accordingly, in order to achieve greater impact, the UK DFID, and ICF tailored tools to assess the general organizational capacity and climate capacity in the qualitative and quantitative analysis at all levels of government to grassroots NGOs (ibid). "The tool identified and measured the full set of required competencies for climate policy implementation" through a scoring system to grade all items that relevant to the project (ibid). according to (Adler, 2015), despite the assessment methods and tools were not critical to reflect the full picture, it helped to structure the mechanisms that collected and analyzed the organizational and institutional capacities that were required to fulfill the Climate Resilience Green Economy (CRGE) (ibid).

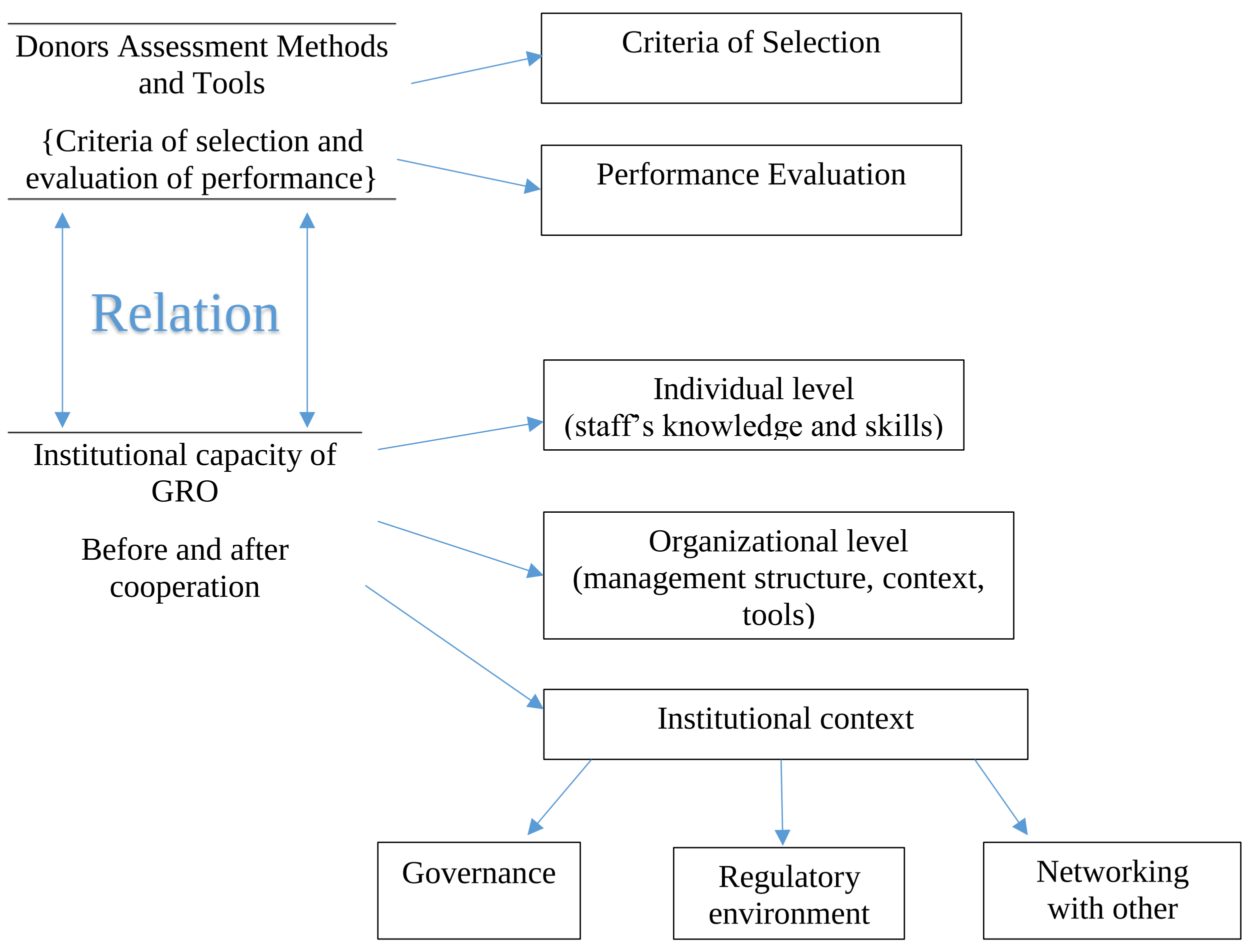
The other example is the cooperation between Tanzania and UNESCO to improve basic education services provision of grassroots NGOs. In 1990, Tanzania was a member of the Jomtien World Conference on Education for All (WCEA) and committed enhancing basic education to meet the needs of basic education for all by the new millennium (Komba, 1998). For that purpose, the government acknowledged the role of grassroots NGOs which are involved in providing basic education services and initiated cooperation between the public, private, and third sectors to achieve the objectives of the conference (ibid). Until 1996 Tanzania couldn't achieve the targeted results because of the weak institutional capacity of the country and the grassroots NGOs in the area of basic education (ibid). NGOs that were members in the Education for All network, asked the UNESCO for strengthening the capacity of involved grassroots NGOs in the project (ibid). The UNESCO initiated a project for building the capacities of grassroots organization which was built on the results of an assessment that was done to participant NGOs in the project of (ibid). According to the assessment results, UNESCO designed a project for strengthening the capacity of involved grassroots NGOs in the areas of strategic management and technical support which improved NGOs' performance in the project of Education for All (ibid).

From the two examples, donors prefer assessing potential NGOs partners to collect all required and necessary information that indicates the success or failure of the project.

III. Chapter Three: The Conceptual Framework of the Study

The conceptual framework of this study focuses on the relations between donors' efforts in building the institutional capacity of grassroots through partnering with government and other important actors in the society. Because the study aims to analyze the effect of donors' processes of assessment and application requirements on growing the institutional capacity of grassroots, the study uses the following definitions to shape its orientation.

Figure 7: Author's conceptualization



Building on (Mizrahi, 2003), (Komba, 1998),(Padaki, 2002) (Willems and Baumert, 2003) (Hodgson 2006) (Anyonge, 2013) (TACSO, 2010) ". (Lusthaus, et al 2002) (Cairns, et al, 2005), (Commission, 2005), (Stamberg, et al, 1998)

III.1. Donors

Donors are, the organizations and agencies that financially support development programs and projects (Elbers and Arts, 2011); or with other different ways (Mirabella, 2013). In the study, donors can be regional offices of country representatives, or bilateral or multilateral organizations (Davies, 1997), or local donors. Donors, also disburse big financial aids to NGOs, grassroots organization, or governments to improve their institutional capacity to achieve the objectives of the aid (ibid). Donors' support can be of various types not only the financial support (Lewis and Sobhan, 1999).

From the definition of donors, in the study, they represent any organization that gives funds to grassroots NGOs to implement development objectives and provide services.

III.2. Assessment tools and Methods

According to point II.2.6, as was seen in the case of Ethiopia and UK DFID, Tanzania and UNESCO, there are no fixed tools and methods that are used by all donors. However, each donor designs and adopts its own tools that are adequate to assess the institutional capacity and competencies of the organization and the enabling environment for their work. However, the study considers the important aspects of assessment such as the NGO's field experience generally and the field of cooperation with partners; financial capacity management, networking with NGOs and other partners in communities, and human resources capacities.

The study analysis each donor's methods and tools according to their context and development objectives in the targeted group of NGOs for the project, and regarding their criteria for selection and assessment of the organization's capabilities and performance evaluation.

III.3. Capacity Building:

As a term, capacity building emerged during the 1990s as "one of the main objectives of the donor community's assistance to developing countries" (Virgin, 2014). To (Ben Carins, 2005), and (Purushothaman, 2002) about UNDP 1997, capacity building, as a mean, is to improve people's potentials to improve their skills to perform tasks (Mizrahi, 2003), and the organization to achieve sustainable development objectives through strengthening the people of the organization. According to James 1994, capacity building is an external assistance to "improve the organization's effectiveness and sustainability" (Lewis, 1998), which is built on the results of the needs assessment that was conducted by the external provider (Virgin, 2014). It can be through training; restructuring the organization; fostering the development practices such as governance and accountability (Carins et al, 2005); or enhancing used technologies and tools (Hartwing at al, 2008). The purpose of the capacity building is to produce effective and efficient development services to society and empower the organization to build coalitions with their active peers (ibid).

The term 'building the institutional capacity' refers to the donors' role in improving the levels of the individual, organizational, and institutional to achieve the project's objective, and to qualify the organization to be sustainable and independent.

III.4. Grassroots NGOs:

Grassroots NGOs is a term that is not common solely in the literature which refers to "local-level, small-scale efforts that are driven by groups who are directly impacted by the problems or conditions they seek to change" (Dempsey, 2009). In other meaning, they are usually defined as community-based organizations (CBOs) (Purushothaman, 2002). Grassroots is an important component in the nonprofit sector because of its local nature (ibid). (Gubser, 2002) See that, the 'local level' that is approached by many of the NGOs is an advantage because it facilitates addressing people's needs. However, they are also based on the voluntary human resources and lack a formal structure and strategies (Yachkaschi, 2005).

According to (Dempsey, 2009), grassroots NGOs have three strong attributes than the other types of the NPO sector. First, they understand the ills and problems of their areas, the traditions, and cultural level, so they use suitable means of communicating with people and design specific programs that fit the residents' needs and to achieve the goals of their programs (ibid). Second, they win people's trust because the members are well known for their communities, so they have more permissions to work freely for the good of their local groups (ibid). Third, the sense of ownership of programs is mutual and reciprocal between the organization and the served groups (ibid). In the study, grassroots NGOs include the NGOs that apply to funds from donors and have a small scale of resources.

IV. Chapter Four: Methodology, Data Collection Tools, and Limitations

IV.1. Methodology:

In order to answer the question of the research What donors do to assess and build the institutional capacity of grassroots organizations in Egypt?; the study relies on a qualitative analysis of semi-structured and in-depth interviews with four donors, an official at the Ministry of Social Solidarity Office in one of the branch offices. The interviews are the primary source of the study. The questions of the interviews varied according to the interviewee type and responsibility.

The donors' representatives in the study are the agencies that give funds to NGOs to implement projects which are

- the Deutsche Gesellschaft Für Internationale Zusammenarbeit GIZ
- the Australian Embassy
- United Nations International Children's Emergency Fund UNICEF,
- Sawiris Foundation for Social Development SFSD.

Interviewed MOSS Employee:

- Official at the Ministry of Social Solidarity Office in a branch office

IV.1. Questions of the Interviews with donors:

The interview questions are designed according to the position of the interviewees and the type and nature of their jobs. So, different sets of questions were proposed to the interviewees who represent donors and monitoring and evaluation officers, institutional capacity program manager, and MOSS officer.

- Interviews with donors: questions of the interview were mostly similar in order to build comparisons on unified ground and base. Donors varied in their scope of work and preferences, the requirements of cooperation, and assessment system and tools. Each donor adopts a different style of assessing grassroots NGOs institutional capacity.
- Interview with an official representative: the purpose of the interview is to reflect how the government sees the work of the grassroots organization, and how the Grassroots-donors relation is perceived. Including the point of view of governmental side helps to form a complete perspective on the factors that control the capacity building of the local development NGOs.

IV.2. Analysis of the used data:

For better data collection and variation, the data retrieved from various sources such as AUC library, Google scholars, Jstor Journal database, Elsevier journal database, and Springer journal database.

The types of used data are:

1- scholarly articles and academic books,

2- International reports from international actors such as USAID, UNDP, ILO, and European Commission, OECD, and ODI institute.

3- Egyptian reports, articles, and publishing from development organizations in Egypt such as ENID foundation.

IV.3. Limitations of the Study

The study found some hardships in the data collection phase that affected the accuracy of the data such as:

No consensus on concepts. The study relied on semi- consensus or similarities in some definitions such as institutional capacity and capacity building; and differences between organizations and institutions. Most of the scholars focus only on the organizational capacity as functions, inputs, performance and results and outputs. Limited sources that referred to the institutional capacity as a holistic term, and combines the institutional and organizational functions.

The difficulty of interviewing donors. Interviews were not easily suitable for some of the interviewees because of national and seasonal holidays in June, July, and August is peak either in work and annual summer holidays, and Ramadan fasting. The matter that decreased the chances of conducting more interviews with donors.

Interviewees' job and academic background played a role in collecting details. Some of the interviewees encountered academic experience, so they were open to information and clarifying the role of their agencies. On the contrary, some interviewees such as MOSS officer and the Embassy officer were conservative and gave short responses to the questions of the interviews.

The difficulty of interviewing grassroots NGOs. The researcher sought to interview some grassroots NGOs of which attended the capacity building programs by the donors in the study. However, NGOs showed negative responses to emails, phone calls, and even requests from connections. They, especially which were nominated by donors, feared of being prosecuted for getting funding from their donors again. Besides, they wanted to secure themselves and avoid any future questioning or problems.

The accuracy of interviews' data. Some of the interviewee**s** refused to record the interview, the matter that may effect on the accuracy of the data. Also, they refused to sign the consent form as fearing any official responsibility in the future.

Lack of Updated statistics. The study couldn't approach any updated statistics and data from the governmental organizations on a concrete number of registered and active NGOs in Egypt.

V. Chapter Five: Data Findings

In this chapter, the study includes the data found from the interviews with donors and development experts in Egypt. Interviewing donors aimed to search and analyze the processes, methods, techniques they use to assess grassroots NGOs which apply for their funds. This section presents the data according to the following themes:

V.1. Donors' Methods of Assessing Grassroots NGOs' Capacities:

Each donor follows its own methods and tools to assess grassroots NGOs before, during, and after contracting. Dependign on the scope, size, and donors of the project, or program, the interviewed donors conduct a different assessment to grassroots NGOs' capacities. From the interviewed representatives from four donors, the main used tools to assess the organization's capacities are the written applications and the field visits. Some use only applications while others use both to guarantee the correction of received data.

The data of the interviews can be categorized in the following sub-themes:

V.1.a. Before Contracting

For big projects, donors use different assessment to the status quo of the NGOs that are potential for a new partnership. For instance:

For its large scale project, the international NGO no. 1 (INGO1) used two methods of assessing applicant NGOs to the fund of the program. The first was a study on the NGOs which are in four targeted areas in 2014, the second is the Procedures, and

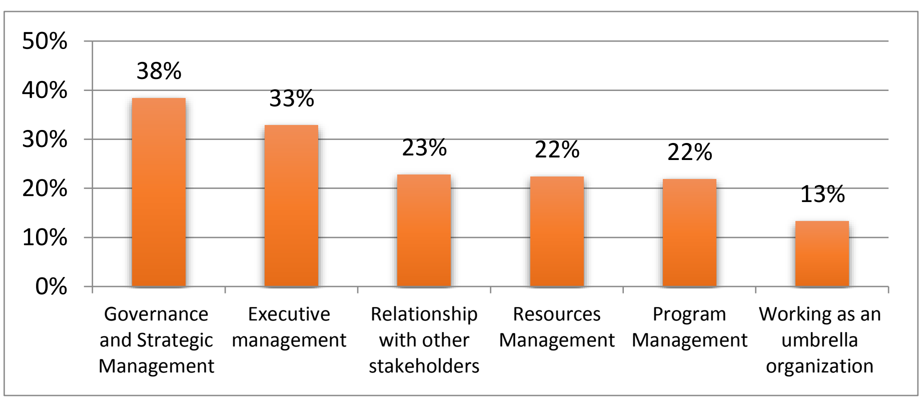
Practical Guide (PRAG) System. PRAG is the European Union manual that contains the procedures and tools for assessment. Besides it includes the required guidelines on monitoring and evaluation processes and forms, criteria of selection, and the grading system.

The study was conducted internally as a preparation for the project. The purpose of the study was to categorize the weakness of the NGOs, which assumed to implement the program.

> *"The study analyzed the status of 123 CBOs and NGOs in the targeted areas in order to know their scope of work weakness points, and what they need to improve their capacity" (INGO1, officer 2, August, 2016).*

The study found that the assessed NGOs and CBOs are lagging behind the 50% in the areas of the study.

Figure 8: Study on the Capacity levels of Community Development Associations.



Source: (Abdel-Hamid, 2014)

The second method is PRAG guidelines (Procedures and Practical Guide, adopted by the European Union) for assessing the submitted data in the Concept Notes (CN) and Full Applications (FA) and any step in the PDP project.

> *"Because the EU puts a huge fund in the program, the organization follows the instructions and procedures of PRAG. It contains all tools and processes of selection, evaluation, assessment, grading, reporting, application contents and timeline of the projects, even the timing of announcing the program in public newspapers. All used forms are the templates and forms of PRAG EU"* *(INGO1, officer 1, August, 2016).*

Because the EU is a big partner and funder in the big project, INGO1 is conformed to their guidelines and tools. They have to use their methods and criteria of measurements and selections. In other projects that are led by INGO1 the team uses different templates and forms. The systems of INGO1 is not easier than the PRAG system "*are not less complicated than PRAG's templates and forms*" (INGO1, Officer1, August, 2016). According to written data in the CN and FA, INGO1 assesses NGO applicants. From the results of the study and the CN and FA, INGO1 designed a program of training to the NGOs of the four areas, and unselected NGOs.

The second INGO (INGO2) uses simpler procedures for its Program's funds. Before any cooperation, the INGO2 conducts the assessment on two phases. First, submitting the Letter of Interest application. It is a simple application that targets getting information on the history of the NGO in the proposed field of the project, and the idea and budget of the project. Then, the committee of the Program screens applications to shortlist applicants and send notifications to winners of the first phase to send the full application. The second, writing the full application FA. The FA requires detailed data on the history of organization's work and the project. The committee must justify the reasons for selection, and the final word is up to the ambassador. Usually, the INGO2 does not notify unselected NGOs, but they welcome to answer any questions from applicants regarding their rejection.

> *"Professional NGOs keen to know how the embassy perceives their work or the reasons for rejection while other do not care" (INGO2, July, 2016).*

The third INGO uses the approach of the assessment based on the scope and planned results of their project. For instance, for the project of the Partnership Initiative to Improve the Health and Food Status for Children Less Than 5 Years in Two Unplanned Areas in Cairo, INGO3 adopted different steps regarding the selection of partners NGOs. For the project, the INGO3 received nominations from the Ministry of Social Solidarity (MOSS) on the NGOs that work in the fields of the project in the targeted areas.

> *"After the nominations, the INGO3 conducted a micro assessment of the NGOs through field visits. The assessment targeted measuring the past experiences, technical expertise, the sufficiency of human resources, and the administrative and financial systems to assess the capacity of the organization in achieving the planned results and given fund" (INGO3, August, 2016).*

Selected NGOs sign the Project Cooperative Agreement (PCA) that includes the regulatory articles between the two contractors, project' scope and proposal, targeted results, and the budget. The used system of assessment designed by INGO3, even if there is other donors in the project.

In other projects, INGO3 acts as a donor. In some cases, INGO2 announces a call for proposals in newspapers for getting applications from interested NGOs. According to the type of the project, the conditions of acceptance and eligibility is designed. *"The assessment of the NGOs applicants depends on the conditions and eligibility"* (INGO3, August, 2016)

A local donor agency uses both, applications and field visits to assess applicant organization's capacities.

> *"People communicate with us their projects' ideas in anytime through different means such as emails, telephone conversation, or written application; but we advise them to send their ideas written in our Project Nomination Form" (Local Donor, July, 2016).*

The Project Nomination Form is the first phase of assessing proposed projects. The form is quite similar to the letter of interest of the Australian Embassy. The form requires data on the eligibility of the NGO and the idea of the project. After selecting the idea of the project, the local don's field coordinators visit the NGO to make an institutional assessment to know the capacities of the NGO through answering the questions of the field evaluation form.

> *"This form is the make or break of the proposed project. We want to make sure that they possess the capabilities of managing the project"* (Local Donor, July, 2016).

The form should be filled in and graded by technical and administrative specialists to ask the NGO a set of questions on their organizational structure, the number of employees, meeting minitues, the auditing system, and the capability of the organization to manage the project.

> "*However, in other projects where we have other partners, it is difficult to apply our own tools and criteria"* (Local Donor, July, 2016).

Accordingly, donors usually apply their own methods except when they have more partners. Besides, the variation of using the tools gets back to the purpose of the project and the goals and objectives.

V.1.b. During and the end of the cooperation

The four donors agreed on the used tools of assessment and following up through reports and field visits. Interviewed donors use periodical and final financial and technical reports to assess the progress of the project and the ability of the NGO in implementation and management. Reports should reflect the administrative and financial sections, and achievements of the milestones of the project.

Also, donors prefer field visits to assess the tangible results and operation of the project, and to get the beneficiaries' opinions on the project. The field visits, are conducted by the area coordinators, to measure the truthfulness of the NGO regarding the submitted reports, and to assess the actual achieved results.

V.2. the qualifications which Donors look for to partner with grassroots NGOs

The donors agreed on some qualifications and varied in others according to the scope and purpose of the cooperation. But similarities came in the following areas.

1- Experience:

Donors are attracted to partners who have undeniable experience in their fields of services. They want to make sure that their partner possesses the knowledge and the skills that are required to manage the project, and able to achieve the project's objectives.

> *"The past experience of the NGO in implementing similar projects in the society in the same field of the proposed project" (INGO1, Officer1, August, 2016).*
>
> *"Applicants should have experiences in the fields of projects, and show credibility through providing references about their past cooperation" (INGO2, July, 2016).*
>
> *"We accept the NGOs that have some experience and some organizational structure... The NGO should apply projects that fit their past experience. However, if the organization wants to start a new field, it should support their project with pre-needs assessment, or networking with other actors or stakeholders" (Local Donor, July, 2016).*
>
> *"The NGOs must have relevant experience in the field of the project, and have a good reputation at MOSS and other previous donors" (INGO3, August, 2016)*

Experience is reflected on planning of the project, designing the program and its activities, approaching the targeted groups, identifying the gaps and potential hinders and how to come over them and solving the problems, and the previous work that is done either with a partner, or solely. Therefore, donors always check reference the previous cooperation to indicate the donor's strength and the NGO's capabilities.

2- Qualified staff

Qualified caliber is deeply linked to the experience of the NGO. Some of donors reflected on the qualified staff explicitly while others referred to it in indirectly.

> *"The applicant NGO should have a qualified caliber that is able to manage and implement the project which already have the experience of the field of the proposal"* (INGO1, Officer1, August, 2016).
>
> *"The NGO should possess the caliber that can manage the projects and achieve the planned results"* (INGO3, August, 2016)
>
> *"At the end, who will manage the project is the people, even if they recruit other employees; if they do not know the project cycle, or how to prepare and do reports, the project will fail"* (Local Donor, July, 2016).
>
> *"We assume that applicant NGOs possess qualified teams; in any way we do not fund salaries or stipend"* (INGO2, July, 2016)

The human capacity of the grassroots organizations is mandatory for achieving and sustaining results. Moreover, from the interviewed actors, the human capacity of the organization is the factor that attracts donors, and help the organization to have the public existence and acceptance.

3- Financial management

Interviewed donors referred to the financial management in different ways. However, the clearest expressions were from 'INGO3' and the 'local donor' when they said explicitly they want "realistic" invoices, budgets, objectives, and results.

"The NGO have experience in managing funds of similar size to the proposed amounts in the budget; it is not logical that an NGO worked with 1000 EGP, or 5000 EGP to apply for a fund with 300,000 Euros" (INGO1, Officer1, August, 2016).

"The budget should be within the limit of the proposed scale" (INGO2, July, 2016)

"We do not fund newly established organizations which are less than 3 years. Such organizations do not possess the experience of the market... The foundation is concerned with the realistic of proposed project in budget, objectives, activities, and expected results. We want to make sure that they possess the capabilities of managing the project. We consider the financial system management, and management system" (Local Donor, July, 2016).

"The NGO should have a clear and legal system of financial management to the organization. Also, their financial capacity is reflected in proposing projects with reasonable cost effectiveness" (INGO3, August, 2016)

Financial management is not only about presented budgets, but also about financial reports, annual auditing and strategies of financial sustainability.

4- Networking with Local Community and Target Beneficiaries

One of the important factors of NGO's success. The organization's capacity of networking with stakeholders and other actors in the field or other areas enriches the NGO with channels of support.

"The PDP encourages working closely with local CBOs because they are the actors who have the outreach and know better their communities. Moreover, in the PDP we allowed to applicants to choose other co-applicants who may not be from the same areas of their project." (INGO1, Officer1, August, 2016)

"In cases of targeting deprived areas, we do not expect to find well-structured organizations with qualified caliber. So we connect them with other advanced NGOs for support" (Local Donor, July, 2016)

"Building connections is more important than donors" (Local Donor, July, 2016).

"In some projects we prefer working with NGOs because of their local existence and connection with the society" (INGO3, August, 2016)

Grassroots NGOs should build and participate in various networks inside and outside their geographical limits. Build relations with other NGOs in their communities for exchanging experiences and gaining bigger support, and market their reputation. Also, extending relations and networking with other organizations in different areas to build channels of knowledge and technical experience.

V.3. Donors' efforts for building the grassroots NGOs' institutional capacities

In this theme, training was the only method of building the capacity of grassroots NGOs. However, the interviewed representatives addressed the different styles and methods of their organizations.

Some INGOs conduct training that serve the scope of the calls, and to improve the work of the NGOs that want to apply for funds in such areas. Some use systematic phases, others use different steps.

> *"The study analyzed the status of 123 CBOs and NGOs in the targeted areas in order to know their scope of work weakness points, and what they need to improve their capacity; then we added the NGOs that were not selected in the concept note phase due to the weakness of proposed applications" (INGO1, officer 2, August, 2016)*

> *"Capacity building is done through two ways, training on the phases of writing the concept notes and full application to improve applicants' awareness on the skills of writing, and a training before contracting on the implementation. The second way is the capacity building program for unselected NGOs". (INGO1, officer 1, August, 2016)*

> *"Training in the following stages will not only be on the managerial and technical capacities but also some thematic areas for future grants. After the current rounds, we will hold other training on solid waste management, climate change, participatory design, and employment to prepare. The CBOs and NGOs to apply for the coming grants" (INGO1, officer 2, August, 2016)*

> *"Capacity building is a means to strengthen the capacity of a partner of a project. Sometimes, we support the NGOs with some training to the staff on the technicalities that are adopted by our organization in the project, besides improving the weakness that is revealed in the assessment" (INGO3, August, 2016)*

Other organizations adopt individual training style. Meaning, donors help applicant NGOs who passed from the first application in writing their project proposals in the best posible way.

> *"We help the NGO to write and plan the project proposal step by step… Supporting the NGO on how they produce a well-prepared proposal technically and financially. However, in the case of big projects such as the job creation competition, the foundation holds training workshops to applicant NGOs on how to write proposal and concept notes, and how to do reports"* (Local NGO, July, 2016)

> *"We do not interfere or lead any capacity building programs for weak NGOs. The limited human capacity limits the activities that are initiated by the embassy. However, the embassy may participate with other leader organizations in initiatives for capacity building for grassroots NGOs"* (INGO2, Jul, 2016)

Also, MOSS representative referred to the importance of building the institutional capacity of grassroots NGOs, and training as one of the tools for building the capacity of the grassroots NGOs.

> *"The branch offices perform technical and administrative training to the employees and the board of the NGOs to improve their work. Technical training for, instance, can be for the employees of kindergartens on methods of taking care of children, or to orphanages' employees on the proper methods and means that should be used to take care of orphans. Training usually held for few days and at any of the halls that are under the supervision of MOSS"* (MOSS-officer, August, 2016)

Thus, training is an important tool that improves the performance and assists in building the institutional capacity of applicant NGOs. Donors provide training for the purpose of improving the NGOs' performance in the implementation and achieving the results of the project.

V.4. Donors' coordination with the government to work with grassroots NGOs

Interviewed donors showed consensus on the importance of coordination with government, represented in MOSS, in two areas:

1- check references on the history of the NGOs and get approvals

> *"To be able to invite the CBOs to the capacity building training, we must get the approvals from, and coordination with the government (security and the MHUUC)" (INGO1, officer 2, August, 2016)*
>
> *"We must get approvals from MOSS to cooperate with the selected NGO to start the project. If MOSS refused the cooperation, even with no specific reasons, we cannot proceed to contract with the NGO" (INGO1, officer 2, August, 2016)*
>
> *"To select an NGO to implement a project, we should obtain MOSS approval on nominated NGOs" (INGO3, August, 2016)*
> *"The embassy contracts with the NGOs that are approved from MOSS" (INGO3, August, 2016)*
>
> *"According to law 84/2002, NGOs are not required to apply for MOSS approval if they are receiving funds from a national donor such as our organization. They only send a notification to MOSS. However, in practice, we find that the rules are different from one directorate to another and sometimes our partner NGOs do need to apply for approval from their MOSS local directorate" (Local NGO, July, 2016)*

2- helping the government to achieve it development goals and international agreements

> *"Choosing the areas based on the government's recommendation and plans of development for unplanned areas, and available fund from the EU. Once the agreement with the government on all the details of the program done, the organization starts to announce and proceed in implementing the other phases of the project" " (INGO1, officer 1, August, 2016)*

> *"we coordinate with the government because we should move withing the general scope of the development plan to avoid implementing projects which are considered in the general budget of the government" (INGO1, officer 3, August, 2016)*

> *"Our organization operates in Egypt to assist the government to implement the international treaties and declarations that concern child protection and survival" (INGO3, August, 2016)*

> *"The fields of our program's funds are designed according to the combination of the government's cooperation agreements, with the thoughts of diplomats in the embassy" (INGO2, August, 2016)*

Getting approvals on funding, or to achieve national development goals, coordination with the government is mandatory for proceeding and achieving the cooperation.

Also, from the point of the government's view, MOSS should be notified from both donors and grassroots NGOs applicants to check the eligibility of the donor. According to MOSS officer, *"Each NGO, or donor, should notify the office that supervises the area of the NGO; then the office sends to the directorate to inquire about the eligibility of donors to avoid approving any banned donors. We prefer sending the inquiries requests to the directorates, and directorates send them to MOSS because MOSS has the updated information on which donors can be active, and which should be banned" (MOSS-Officer, August, 2016)*

V.5. Donors prefer working with grassroots NGOs

Some of the interviewed donors expressed their preferences to fund grassroots NGOs for the following reasons:

"The grassroots NGOs have the influence in their communities, and they are capable of building connections and networks" (Local donor, July, 2016)

"The Program encourages working closely with local CBOs because they are the actors who have the outreach and know better their communities" (INGO1, Officer1, August, 2016)

"In some projects, we prefer to cooperate with NGOs through grants…", "in this part the most suitable partner is the NGOs because of they can do the awareness sessions" (INGO3, August, 2016)

Grassroots NGOs have qualities that attract donors such as their abilities to influence stakeholders, building connections, knowing their communities. Because of their domestic existance and knowledge of their communities' needs, grassroots NGOs can attract more partnerships with donors, and achieve greater influence in the society.

VI: Chapter Six: Data Analysis and Findings

The collected data reflected actual implications from the Egyptian context on the redefinition of donors-NGOs' relation (Lewis, 1998). Donors in Egypt, either international organizations or local organizations, started to involve requirements of work which may seem to some NGOs as challenges. From the interviews with donors, the analysis of collected data revealed the following findings in the donors-NGOs relation that agree with what have been proposed in the literature.

VI.1. Donors-Government Partnership and Size of the Projects Enables Donors to Work on NGOs' Capacities

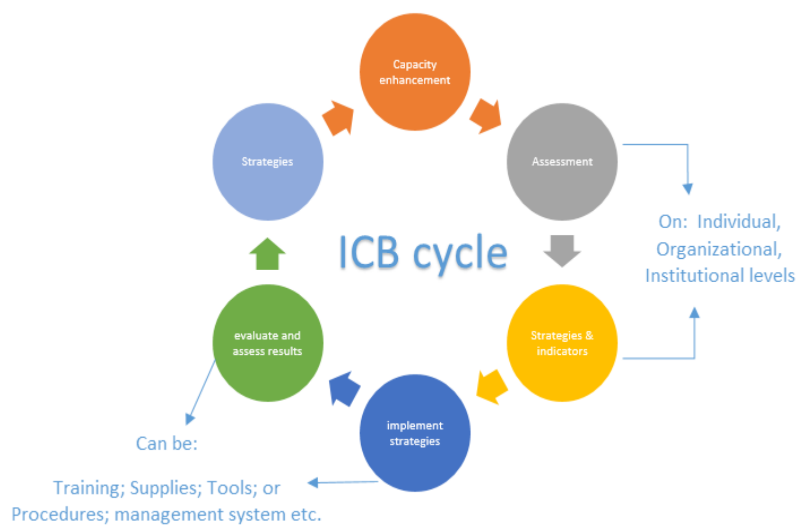
Donors have significant role in building grassroots NGOs' capacities in the large scale projects which aim to achieve government's development goals. The cases of INGO1 and INGO3 are similar to the cases of improving Education in Tanzania (Komba, 1998), and UK's development project in Ethiopia for sustainable development that fit the climate change (Adler, 2015). Because INGO1 and INGO3 were implementing national development goals, they were able to work in two dimensions:

1- Assessing NGOs' capacities in practical basis and for practical objectives. The needs assessment helped the Donors to obtain actual data on the needs, and problems of targeted areas; and setting actual and reachable goals. At this point, there is an agreement between the literature and what the study found. According to (Hudock, 1997), (Anyonge, 2013), (Virgin, 2014), (Carins, 2005), (Mirabella, 2013), assessment is a tool that enables donors to set strategies of program designing, setting criteria for selection, and reasonable goals that fit the partners' capabilities. For INGO1 and INGO3, The pre-analysis of the two projects led to setting "realistic objectives", and improve the performance of selected NGOs partners.

2- Design capacity building training programs based on the analysis of the assessment results that meet the requirements of the projects.

VI.2. Donors Lack a Clear System to Assessment the Impact of their ICB Programs

From the interviews with the international organizations in the study, and screening some of their applications, INGO1 and INGO3 do not have a system to re-assess NGOs' capacities after training. The only indicators of success are the improvement in filling in the CN and FA, and the capacity of the NGO in implementing the project. However, donors should adopt analytical tools to assess the gained enhancement and values from their training on grassroots NGOs. Reassessing means re-discovering more weakness and challenges that need strategies for fixing. Which in return achieves longer term success.



VI.3. Donors do not work with the holistic approach of the Institutional Capacity

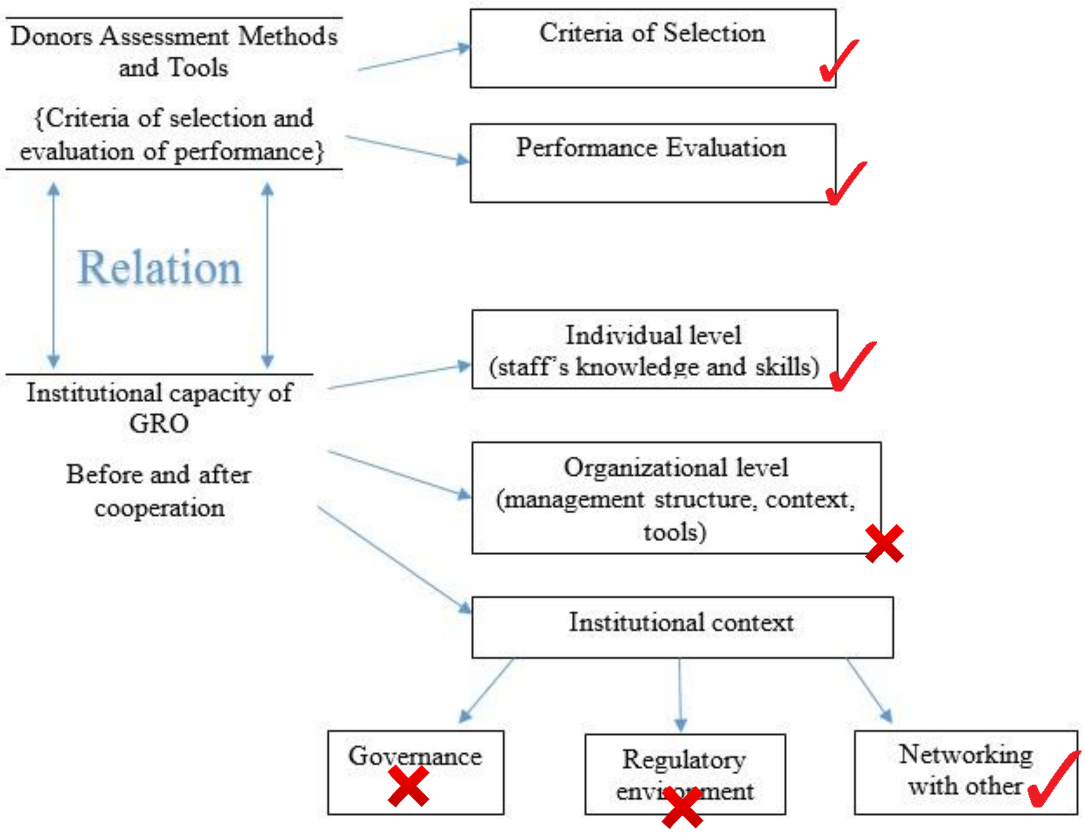
Based on the conceptual framework of the study which is built on (Haily, 2000), (Williems and Bumert, 2003) donors do not target some areas in the institutional capacity of the NGO. From the interviews, analyzing the scopes and topics of donors' capacity building programs, the study found that donors focus on:

1- Improving the individual level through training. This level targets to enhance the knowledge and skills of the employees in the areas of designing the programs, monitoring and evaluation, strategic planning and writing project proposals.

2- Expands the networking of the organization through training and public gatherings. This to increase the chances of networking with more actors in the development field.

At these results, Donors are aligned with the European (commission, 2005) and (Stamber et al, 1998). Both sources suggested to donors to perform limited institutional capacity building initiatives. According to both authors' approaches, donors focus on enhancing the results through training; setting short term goal with sustainable effects to be easily measured. Yet, their role in improving the relations between the actors in development is not clear. Still, there is a major dependency on donors' efforts in coordination between the government and the NGOs.

Figure 7: Author's conceptualization



VI.4. Training Boosts the Organizational Capacity of the NGOs:

Each of proposed training styles has its own positive and negative sides. The individual training style as adopted by the Local Donor can be more effective in the practical level. In this case agencies provide intensive and practical support to weak NGOs. This style handles and treats all concerns of applicants in practical and organized steps.

On the other hand, groups training, as adopted by INGO1 and INGO3, provide trainees with more chances of networking and learning from others' experiences. This style is also practical in the preparations of large scale projects.

However, based on (Vernis, 2006), (Oster, 1995), (ILO, 2010) NGOs should pursue training their staff to keep their organizations renewed and up to date. At this point, the study found a new result which is the role of consultancy development firms.

However, donors' training do not tackle the internal governance of partner NGOs. Donors focus only on improving the NGOs partners' performance for the project, although the internal governance affect the implementation remarkably.

VI.5. Role of local development consultancy and training firms

Local development firms and centers have more positive sides than reliance on INGOs. Firms such as the Egyptian NGOs Support Center knows the problems of local NGOs, the demand of Donors, and how to bridge them. Their functioning and existence in the market have longer term influence than Donors. Besides, such firms can accustom their supplied activities according to the needs of the NGOs in any time.

On the contrary, the INGO's training is not a continuous activity. The existence of international organizations is limited. There are many factors control their work and existence such as laws, political changes, global changes, treaties, etc. Besides; they provide the training according to the requirements of their projects.

VII. Chapter Seven: Recommendations and Conclusion

In this chapter the study contains some recommendations to the weaknesses of donors in building the institutional and technical capacities of grassroots NGOs. The recommendations are not only for donors, but also for NGOs and the government.

VII.1 Recommendations for donors:

Because donors aim to enhance the capacities and work of the grassroots NGOs for better and sustainable development results, the study recommends:

1- Setting clear plans and programs of tackling the weak capacities of the NGOs technically and institutionally. International development objectives have many topics that require the work of the NGOs such as the climate change, desert degradation, clean energy, etc. However, the majority of the grassroots NGOs in Egypt do not possess neither the technicalities nor the knowledge to work such areas. Therefore, donors are required to prepare the NGOs to work on the problems that they want to tackle. Capacity building programs should not be in the duration of the project only; but conducted separately to serve broader objectives.

2- Donors should give attention to the technical capacity of the NGOs. In the case of education in Tanzania, NGOs which work in the field of education achieved greater impact by improving their capacities. However, because of their clear technical capacity and needs, designing the program of capacity building carried clear goals, and effective solutions and results. Therefore, donors should consider the significance of the technical skills of NGOs partners.

3- Donors should not neglect assessing the internal governance of the organization. Sometimes donors attempt to assess the board members, structure and hierarchy of the NGO, check the periodical minutes of board meetings, but they cannot identify the gaps without assessment plan. Besides, including training programs on improving the internal governance and management systems of the NGO.

4- Activating results with policies. Donors, particularly the international agencies that help the government to achieve its development objectives, should empower and support the development work with recommendations of new policies. The purpose is to sustain their efforts of CB programs and support the government with a vision or solutions to the problems of the sector. In addition, new policies may encourage the integration of the NGOs in achieving the government's development plans.

5- Donors should build local networks with other training and research centers. Instead of endeavoring the assessment and collecting data from scratch, they can encourage building active networks with concerned entities and centers for better results, and support in preparing programs and collecting data.

VII.2. Recommendations to Grassroots NGOs

Grassroots NGOs have attributes that qualify them for achieving bigger development plans. The local existence, accessibility, and trust are some of the significant attributes of them. Therefore they should:

1- Work on their governance, and internal systems of management. The board should adopt new strategies to improve the management style and system of the organization. Setting new policies, guidelines, and transparent system for the internal and external work is a must for building bridges with staff, and the local community as well.

2- Modify the plans and objectives of the organization. Many of the grassroots are based on the charitable and philanthropic approach of service. However, the society have more needs, and donors have more areas of work. Therefore, there are various chances for achieving social objectives, and satisfy a need. Besides, the possibility of gaining the trust of more donors and agencies.

3- Work on improving their resources (human, materials, and financial). With the shift of the paradigm of development, grassroots NGOs will not be able to outsource their working tools as used to be. They need a loyal staff who plans for the wellbeing of the organizations and achieving its objectives. Adopting updated systems and technologies to increase the efficiency of work and improve communication with other organizations. Also, grassroots NGOs should have clear visions towards their financial sustainability and management. Self-sustained organizations have better and more chances of survival than dependent organizations.

VII.3. Recommendations to the Government:

Working on improving the holistic environment of NGOs' work in Egypt, will not achieve any tangible results without the support of the government. Accordingly, the study recommends to the government:

1- Building local networks of NGOs' unions and support centers. Authorized local networks should provide grassroots NGOs with the required technical and managerial support. Besides, the government may empower the local networks with the possibility of participation in formulating policies and set official communication with grassroots NGOs which are in disadvantaged areas and far governorates.
2- Initiate a partnership programs with international and local donors for establishing educational institutions for development. The institutions should do the role of CB programs of donors in the technical and institutional capacities. Also, to provide the updated knowledge on the know-how, management of NGOs, program designing, and any needed field of knowledge to improve the performance of the NGOs. Moreover, to control the number of new established NGOs, the registration should be linked and conditioned with passing certain scores and courses in the institution.

Conclusion:

As discussed in the earlier chapters, donors have significant role in building the institutional capacities of grassroots NGOs. The literature proposed various examples on donors' roles in building bridges between NGOs and government in achieving the development plans. In the examples of the literature, donors empower grassroots NGOs with required skills, techniques, knowledge, and speaking out the needs of the third sector to the government for policies reformation. In the Egyptian context, donors perform a limited role in building the institutional capacities of grassroots NGOs. Mostly, donors focus on building the individual level, and do not involve in building the organizational and institutional levels. Which undermines donors' efforts in the capacity building processes. Other donors do not put their focus on this issue because of their limited human capacity, or limited funds. At the end, the size of the project controls the dimensions of work.

From the collected and found data, the analysis discovered a consensus between the literature and findings of the analysis. The partnership with government in large scale projects include more involvement for the NGOs. The international donors' which aimed to implement large scale development projects, were keen to consider assessing and building the capacity of involved NGOs partners. On the contrary, when they work in smaller scale projects, their efforts in the capacity building programs are limited.

Due to the size of the project, the processes, methods, and tools of assessing partner NGOs differ. In the general theme, the goal of the assessment is to identify the capabilities, needs, and weakness of the implementing parties. However, the surprising result in the study is donors do not have a system or indicators to assess the impact of the capacity building programs.

Despite the efforts of donors in building NGOs' capacities, still NGOs have greater role to perform towards their improvement. Donors impart their knowledge in improving NGOs applicants' performance within the requirements and short term objectives of the project. But, NGOs need more than just improving the individual skills in limited chances of training. In this area, the interviewees reflected on the role of private institutions and firms that are qualified and target building the capacity of the nonprofit sector. Such organizations provide a sustainable support to the NGOs. Through training, guidance on policies and the work environment, private organizations can achieve greater impact in building NGOs' capacities. Therefore, it is recommended to the NGOs to pay attention to the importance of training; restructuring the organization, and get the support of local agencies.

In conclusion, the integration of government, donors, and NGOs' efforts, is the solution to build the institutional capacity of the grassroots NGOs in Egypt. Donors' sole efforts cannot make a tangible change. In order to improve the NGOs' capacities, the institutional holistic approach should be adopted. The individuals should work on developing their skills; the management should consider acquiring the changes that improves the organization's work and productivity. Policies and regulations should be proposed and implemented for better results.

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Appendix

Interview Questions with Donors
(Applications Assessors)

Q.1What are the core values that motivate the organization to support NGOs?

Q.2What are the qualities that the donor look for to accept funding grassroots organization?

Q.3What are the techniques, methods, tools, or criteria, for selecting an NGO to receive the fund?

Q.4Is the evaluation system disclosed to applicant NGO, or not? If not, why it is kept concealed?

Q.5Dose the development policy of the donor country recommend certain conditions of cooperation that is abide to the Egyptian government preferences and development plans? Or it is separate?

Q.6What are the tools and methods that the donor agencies use to assess and evaluate the NGO performance during and after the cooperation?

Q.7Does the donor provide any support to NGOs applicants to guide them in writing their application, execution, or evaluation?

Q.8Dose the donor lead any capacity building programs for grassroots NGOs? What are the criteria and bases of selection and acceptance in the program?

Interview Questions with MOSS Official

1- How the MOSS sees the role and value of NGOs in the society? And how the ministry supports this role?

2- What are the differences between the laws that control NGOs and CSOs {unions, chambers, ..ectc}

3- What are the most important conditions to establish an NGO?
    a. Management style
    b. Resources
    c. Governance of internal regulatory environment

4- Does the MOSS has any systematic tools and methods to monitor and assess development NGOs? What? How?

5- How the ministry controls and sees the relation between the foreign fund and NGOs?

6- Is there any updates on the current number of NGOs and statistics of their field of work and capacities?

7- What are the shortfalls of NGOs that the ministry noticed that as a frequent and common drawback among NGOs?

Interview questions with capacity building Officer

Q.9What are the core values that motivate the organization to support NGOs?

Q.10 When the agency decides to make institutional capacity building program? And how the topics are identified and prioritized?

Q.11 What are the techniques, methods, tools, or criteria, for selecting an NGO to receive the training?

Q.12 What are the tools and methods that are used to assess and evaluate the impact of the training on the NGOs performance?

Q.13 Is there any initiatives such as alumni, or any type of gathering, for registered and trained NGOs for further cooperation?