COST MANAGEMENT PRACTICES BY PUBLIC OWNERS AND CONTRACTORS IN THE GAZA STRIP

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Abstract
The objective of this paper is to investigate the project cost management practices adopted by public owners and contractors in the Gaza Strip. The paper also studies the level of using project cost management tools and techniques. This study has been conducted by means of a survey questionnaire. Seventy-three questionnaires were distributed to contractors and twenty-five questionnaires for public owners. Sixty questionnaires from contractors and twenty-three questionnaires from public owners were received and analysed. The results indicate that project cost management tools and techniques are not widely used by contractors and public owners. Cost estimating and cost control applications are still not satisfactorily used. The results of this study conclude that there is an urgent need to establish a professional body such as the Chartered Institute of Buildings to review the local cost management practices and advise on required training programs. The current training effort should be tailored to improve the abilities of owners to use the detailed estimating, cost variance and earned value concepts while the contractors training should be focused on using parametric estimate, analogous estimate, cost variances and earned value.

Keywords
management tools, contractors, owners, cost, Gaza Strip

INTRODUCTION
The Palestinian economy may be characterised by its limited size. In 1999, the GDP accounted for approximately US$ 4.15 billion; the total population was approximately 2.8 million; and thus GDP per capita reached approximately $1,500. The GNP per capita was higher, around $1,800, given the large inflow of remittances from Palestinian workers in Israel and international aid. By using GNP or GDP criteria, the West Bank and Gaza Strip ranks within the group of lower middle income countries, while the demographic growth rate is among the highest in the world (World Bank, 2001).

From 1994 to 2000, the total disbursements by donors were US$3,057 million (53.3% of total pledged funds) to specific projects. The average of yearly total commitments for the period from 1994 to September 2000 was US$688 million, and the average yearly total disbursement for the same period was US$ 453 million (MOPIC, 2000). The construction industry (infrastructure development and natural resource management) received US$ 1.023 million, which represented 33.5% of the total disbursement (MOPIC, 2000).

The construction sector showed a steady increase from 1991, due to high demand from the Intifada, and to accommodate Palestinian returnees from the Gulf and after the Gulf War. The peace process accelerated this increase, especially after the return of many Palestinians within the early stages of establishing the Palestinian National Authority (PNA). In 1994, services