ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

PROJECT MANAGEMENT PRACTICES IN DEVELOPMENT BANK OF ETHIOPIA; THE CASE OF NON-PERFORMING LOAN MEGA PROJECTS UNDER AN ONGOING CONCERN SCHEME

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ADVISOR: SOLOMON MARKOS (PhD)

ADVISOR APPROVAL SHEET

This is to certify that the thesis entitled "PROJECT MANAGEMENT PRACTICES IN DEVELOPMENT BANK OF ETHIOPIA; THE CASE OF NON-PERFORMING LOAN MEGA PROJECTS UNDER AN ONGOING CONCERN SCHEME" submitted in partial fulfillment of the requirements for the degree of Masters of Arts in Project Management, has been carried out by Kefale Mosa Ayana, under my supervision.

Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit the Project Work (thesis) to the department.

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DECLARATION

I declare that this thesis is my original work and has not been presented for degree or other purposes in any university or places. I further confirm that all the sources of materials used for this thesis are dully acknowledged.

Name: Kefale Mosa Ayana

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July, 2019

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ABBREVIATIONS AND ACRONYMS

BMBOK	Project Management Body of Knowledge
DBE	Development Bank of Ethiopia
DBE PRLRD	Development Bank of Ethiopia Project Rehabilitation and Loan Recovery Directorate
IFRCS	International Federation of Red Cross and Red Crescent Society
NPLs	Non Performing Loans
PMI	Project Management Institute
WBS	Work Breakdown Structure

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Abstract

The objective of the research was assessment on project management practices in DBE in case of projects under an ongoing concern scheme. The assessment was conducted using DBE PRLRD project team and project team at five mega projects site. The data was collected based on five point likert scale measurement and analyzed using descriptive statistic such as frequency, mean, and standard deviation; and presented using tables and textual constructs. The findings from the analysis shows that practice of project management in DBE based on selected project management practices project scope management, project human resource management, project communication management and project risk management practice were not properly and effectively applied while appraising, implementing, monitoring and controlling the mega projects. Finally, it was recommended that DBE have apply identified project management practices starting from early stage of projects properly and effectively to save upcoming projects from failure; further research also recommended for remaining project management practices, and the assessment also better if conducted for other sizes of projects in addition to mega projects.

Keywords: *Non-Performing Loan Projects, Mega Projects under an Ongoing Concern Scheme, Project Management Practices*

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

In contrast to advancement of project management practices particularly in exploration of new guidelines and standards (PM 5th edition, 2013), both project and/or non-project oriented organizations including both developed and developing countries are struggling with rehabilitating non-performing projects (Navaretti, et al, 2017). The impact is high in developing economy such as Africa. Literature shows that applying project management practices offers organizations the means to be efficient, effective, and competitive in a shifting complex, and unpredictable environment PMI (2009) and Lavagnon A. Ika (2017).

Iman Attarzadeh and Siew Hock Ow (2008) after identifying comprehensive factors causing project failure related to planning problems, implementation, monitoring and controlling problems; recommends that applying good project management practices would help to avoid these failure factors, and leading to project success. According to this study, applying project management practices at right time, in right way and for right activity contributes to reduction or elimination of projects getting into distressed/non-performing.

Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. Project management is accomplished through the appropriate application and integration of the 47 logically grouped project management processes, which are categorized into five Process Groups. These five process groups are: Initiating, Planning, Executing, Monitoring and Controlling, and Closing; which are applicable to manage a project toward a more successful outcome (PMI 5th edition, 2013: p5).

According to different literatures, project management body of knowledge (project process groups and knowledge areas) is among best practice in project management. In project management, best practice is a general term that includes: Guidelines and International standard. It is a technique, method, or process that is believed to be more efficient and effective in achieving a goal than any other techniques, methods and processes, when applied to a particular condition or circumstance. The best practice is based on experience, and is used to describe the process of developing and following a standard way of doing things (Emil Crisan, et al., 2010).

Hence, by applying such project management practices as prevention strategy eliminates/reduces fresh entrant of non-performing loan projects and contributes to success performance of projects in sustainable manner. Currently, DBE is struggling with rehabilitation of non-performing loan projects by applying different reactive strategies but this could not provide sustainable non-performing loan elimination/reduction strategy. This shows, instead of struggling to rehabilitate projects after they become non-performing, it is better to focus on management of source from which the non-performing loan flows improves performance of projects and cut the flow of fresh entrant non-performing loan projects.

The study focuses on assessing whether project management practices; particularly, project scope management, project human resource management, project communication management and project risk management, are properly applied while appraising, executing or implementing, monitoring and controlling mega projects that are currently under an ongoing concern scheme in Development Bank of Ethiopia Project Rehabilitation and Loan Recovery Directorate (DBE PRLRD). The findings from the assessment helps as a reference for applying project management practices properly for upcoming new project financing requests to DBE and for on process or under implementation stage projects to keep them from entering into non-performing loan project status.

1.2. Background of the Organization and Project

Non-performing loan Projects under ongoing concern scheme are projects that put under foreclosure and disposal process (fully on the hand of DBE, i.e., not on the hand of project owner) without displacing employees until such projects or assets transferred to third party through auction or bid. These are projects fully took-over from the promoter by the bank, and keep on operation under ongoing concern scheme maintaining existing employees through allotting required working capital budget. These projects are ongoing in that their sell/transfer to third party through auction or bid is not made by closing them. The scheme starts since 2016 for NPLs mega projects that performs under loss status, and failed to serve debt obligation and national objective expected of them.

For medium and long term loans, National Bank of Ethiopia classifies loan status into five, based on age of arrears. These include the following:-

Classification	**Age of arrears**
Pass	Less than 180 days
Special mention	Between 6 and 12 months
Substandard	Between 12 and 18 months
Doubtful	Between 18 months and 3 years
Loss	More than 3 years

According to National Bank Ethiopia for development financial institutions as per in the Directives No SBB/52/2012 of January 19, 2012, projects become non-performing loans or bad debts when they classified as doubtful or loss. Based on above loan classifications, National Bank Ethiopia also set percentage of provision for doubtful and loss status loans, which is 65% and 100% respectively. As the number of projects under doubtful and loss status increases, the provision amount for such projects also increase. As per Development Bank of Ethiopia annual Audit report for the year ended June 30, 2017, provision level for NPL projects reached more than 2.9 billion Ethiopian birr compared to the preceding similar reporting period 2016, which was 2.4 billion Ethiopian birr. This trend is still increasing and going to affect capital of the bank severely.

Mega projects financed by DBE such as textile, large commercial farms including flower farm projects are among others that contribute the increment in the level of provision due their bad performance status. Contribution of these projects is also high in creation of employment opportunity for many individuals (more than thousand individuals per each project), and source foreign currency generation for Ethiopia. Being under implementation or after short period of operation, some projects failed to run as planned and unable to serve debt obligation required of them, and fails to satisfy the objective of their establishment.

While the projects where in the hands of owner, after identifying problems encountered, DBE Project Rehabilitation and Loan Recovery Directorate (PRLRD) applied different rehabilitation mechanisms; such as repayment rescheduling, loan restructuring (for example, interest amortization), provision of additional working capital loans, management intervention or

combinations of mechanisms, but not successful. As a final resort, DBE PRLRD takes legal remedies to recover the loan when the NPLs seem unrecoverable through project rehabilitation mechanisms. Then, the PRLRD took-over the project from the owner in compliance with pertinent articles of Proclamation numbers 97/98 98/98 and 216/2000, and administer the took-over projects as an ongoing concern scheme. According to DBE, running NPLs projects under an ongoing concern depends on type of projects, their level of breakthrough on national economy, and other set of conditions.

1.3. Problem Statement

As indicated in DBE annual report of June 30, 2018, the ratio of non-performing loan projects reached 39 percent. The failures of mega projects aggravate this ratio. To overcome this problem, DBE took-over such mega projects from the promoter/owner, and running them under an ongoing concern scheme by allocating working capital budget, with objective of improving performance of projects, and /or transfer to third party within short period of time through bid or auction.

Since 2016, five projects put under an ongoing concern scheme, and their operation is running under administration of Development Bank of Ethiopia Project Rehabilitation and Loan Recovery Directorate (DBE PRLRD) in cooperation with executive management of the bank. Although efforts made to bring these projects to the right track and/or transfer to third party, their performance becomes less satisfactory. For the five mega projects, budget amounted to Birr 655,032,844 had been approved to continue their operation.

Project Rehabilitation and Loan Recovery Directorate (PRLRD) follow up report as at February, 2019 on budget utilization status shows that birr 151,877,087 utilized and revenue birr 148,299,392 generated. As indicated, revenue generated is less than budget utilized, which shows operation of the mega projects is still under loss status or opposite to progress towards achieving stated objectives. Experience from management of NPLs projects under the ongoing concern scheme shows that different challenges encountered; shortage of raw materials, product quality and marketing problem, less commitment of employees on assigned job, claims from different individuals and organization on the projects, etc. Due to these and others related reasons, the projects are still become in stressed condition, and results with less performing in terms of production, sales or revenue generation, including other performance aspects.

To conclude, the reactive/intervention strategy that DBE is following to rehabilitate/dispose such mega project is putting the bank under stress condition even up to collapse of the bank. This signifies requirement of proper management of projects starting from early phases projects before they turned into non-performing status. Among others, one of management approaches applicable for this purpose is proper application of project management tools and techniques that helps to improve performance of projects in sustainable manner. As identified by Befkadu (2017), proper application of project management tools and techniques is with the slowest pace in Ethiopia, which results in less performance of projects.

Hence, with the believe that prevention strategy have to get focus before projects become non-performing loans, the focus of the research is to assess whether project management practices; particularly, project scope management, project human resource management, project communication management, and project risk management, had been acknowledged and properly applied accordingly while appraising, implementing, monitoring and controlling of financed mega projects. The assessment covered nineteen processes by four knowledge areas for three process group considered (which are discussed in literature review part).

1.4. Research questions

(1) Were project requirements collection, scope definition, work break down structure creation; and scope validation & control activities properly conducted for each project?

(2) Were project human resource plan; and project team acquirement, development & management activities properly conducted for each project?

(3) Were development of project communication plan, communication management, and control activities properly conducted for each project?

(4) Were development of project risk plan, and project risk control activities, properly conducted for each project?

1.5. Research objectives

1.5.1. General objective

To describe and/or assess whether project management practices had been properly applied for DBE financed mega projects that are currently under an ongoing concern scheme.

1.5.2. Specific objectives

To describe and/or assess whether the following specific project management practices had been properly applied while appraising, implementing, monitoring and controlling/evaluating mega projects that are currently under an ongoing concern scheme:-

- Project scope management
- Project human resource management
- Project communication management
- Project risk management
- Finally, to draw recommendations based on findings that derived from the assessments.

1.6. Significance of the study

The study would be applicable:

(a) For DBE, as a reference to apply project management practices properly for upcoming new project financing requests and for on process or under implementation stage projects to keep them from entering into non-performing loan project status;

(b) To add knowledge to existing literatures, which in turn help as reference for the future researchers;

(c) For project consultants, as reference while preparing feasibility studies and other project consulting activities; and

(d) For other project stakeholders, including government and non-governmental organizations.

1.7. Scope of the study

The study focuses on projects under an ongoing concern under DBE PRLRD, which are took-over mega projects under full administration of project rehabilitation and loan recovery directorate.

Although other project management knowledge areas are important for effective project management, only project scope management, project human resource management, project communication management and project risk management; focusing on processes under Planning Process Group, Executing Process Group, and Project Monitoring and Controlling Process Group considered. That is, the study focuses on nineteen (19) processes by four (4) knowledge areas for three (3) process groups. These details are identified in literature review.

These knowledge areas are selected purposively by connecting them with DBE financed project situations or projects under the study; mega projects under an ongoing concern scheme. According to follow up report documented in projects document, failure of projects are related to willful default of promoters, scope deviations, less competent manpower that deal with complexity of mega projects, communication gap between promoter and DBE, and less attention to risk management.

1.8. Limitations of the study

Inclusion of each project management practices into assessment requires ample time; which in turn affects findings to be drawn, due to the overlapping characteristics and existence input-output relationship among each knowledge areas within a given project management process group.

The other limitation of this study is difficulties of collecting data from each project site physically, due to some of the projects are at far distance from Addis Ababa.

1.9. Operational Definitions

Non-Performing Loan Projects – Projects incapable to serve debt obligation required of them for more than 18 months, and failed to meet intended objectives (as per National Bank Ethiopia, Directives No SBB/52/2012)

Mega Projects Under an Ongoing Concern Scheme – Projects that are put under foreclosure and disposal process (fully on the hand of DBE, i.e., not on the hand of project owner) without displacing employees until such projects or assets transferred to third party through auction or bid.

Project Management Practices – these are project management knowledge areas indicated in project management body of knowledge guide, which includes collection of processes and

knowledge. In this research, four project management practices considered; project scope management, project human resource management, project communications management and project risk management.

1.10. Organization of the Study

This research project paper organized into five chapters. The first chapter is introduction which covers background of the study, background of organization and project, problem statement, research questions, research objectives, significance of the study, and limitations of the study. The second chapter focused on reviewing related materials. The third chapter is research methodology which put methods used to collect, analyze, and present data. It also includes validity and reliability of data, and ethical issues considered while conducting this research. The fourth chapter presents result and discussion of the findings; and the last chapter includes summary, conclusion, and recommendations of the research.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1. Introduction

The study focus on project management practices in DBE, particularly, on selected project management knowledge areas; project scope management, project human resource management, project communication management and project risk management. Project financing that follows application of updated project management practices while appraising, implementing, monitoring and controlling/evaluating, meet its organizational objectives including contribution to national economy. As indicated in different literatures, failure to acknowledge and properly apply project management practices while financing projects end up with non-performing loan. The impact of non-performing loan is high to banks, and to economy at large because once such situation happen recovering projects become difficult, which takes time and sometimes no result be attained although different mechanisms or effort made to recover them.

Hence, working on the basis of prevention strategy to avoid or reduce fresh entrant of non-performing loan is advantageous. Applying tools and techniques of project management practice has contribution towards implementation of prevention strategy in each phase of project.

2.2. Theoretical Review

2.2.1. Project

A project is a temporary endeavor undertaken to create a unique product, service, or result. The temporary nature of projects indicates that a project has a definite beginning and end (PMI 5th edition, 2013: P - 3). It is a tool through which organizations interpret corporate strategies into proper actions (Hamed Taherdoost, Abolfazl Keshavarzsaleh, 2016). They are also considered as a tool for achieving economic stability (J. Rigassi, and C.R. Campos, 2018).

Regardless of their type or class, development or undertaking of projects requires resource; both financial and non-financial resources. Resources are scarce compared to project finance demand. Among other types of projects, mega projects are characterized by a natural consequence of the technical, managerial and political risks, and hence, both management and financing require equally innovative strategies (Jakob Müllner, 2017). Lavagnon A. Ika (2012) study on *'Project Management for Development in Africa: Why Projects are failing and what can be done about'* explores the contribution of Project Management to development in Africa. According this study,

underdevelopment in Africa is more a result of poor implementation than of a lack of big development goals, and as poor performance of projects, and suggested that problems in area of project management into three main categories: structural/contextual, institutional/sustainability, and managerial/organizational problems. While forwarding ways to improve performance of international development projects (mega projects) in Africa, Lavagnon A. Ika (2012) point out that "a move away from the prevailing one-size-fits-all project management approach in International Development to refocus project management for International Development on managing objectives for long-term development results, to increase the aid agencies' supervision efforts notably in failing countries, and to tailor project management to African cultures".

Not only for International development projects, project management is meant for successful planning, implementation, closure and operation of national projects whether it is mega or non-mega project. Applying project management tools, techniques and processes in proper way enhances successfulness of projects while they are at different stages. More than just a passing novelty, project management offers organizations the means to be efficient, effective, and competitive in a shifting complex, and unpredictable environment PMI (2009) and Lavagnon A. Ika (2017).

2.2.2. Characteristics of a project

Nowadays, projects are far more complicated than ever before due to large capital investments, embrace several disciplines, widely dispersed project participants, tighter schedules, stringent quality standards, escalating cost, environment shocks, and increasing stakeholders' power (NA Haron, et al., 2017).

2.2.3. Classification of the projects

Based on different criteria, classification of projects varies. As indicated by Bent Flyvbjerg, (2014:P3), projects are classified as Mega, Giga, and Tera projects; "mega project – the large-scale, complex ventures that typically cost a billion dollars or more, take many years to develop and build, involve multiple public and private stakeholders, are transformational, and impact millions of people large-scale, complex ventures that typically cost a billion dollars or more, take many years to develop and build, involve multiple public and private stakeholders, are transformational, and impact millions of people", "Giga Project – projects that require in billion dollars", and "terra project – projects that require in trillion dollars". As indicated in other

research by Clancy T., (2008), projects can be classified into three based on project resolution types:

A. *Resolution Type 1 (project success):* The project is completed on-time, on-budget, fulfilled all functions and features as specified.

B. *Resolution Type 2 (project challenged)*: The project is completed and operational but over-budget, over the time estimate, and offers fewer functions and features than originally specified.

C. *Resolution Type 3 (project impaired)*: The project is cancelled at some point during the development cycle.

Among these three types, the success rate was only16.2%, while challenged projects accounted for 52.7%, and impaired (cancelled) were 31.1%.

2.2.4. Project phases

As indicated in PMI (2013), a project may be divided into a number of phases. A project phase is a collection of logically related project activities that culminates in the completion of one or more deliverables. Project phases are used when the nature of the work to be performed is unique to a portion of the project, and are typically linked to the development of a specific major deliverable. A phase may emphasize processes from a particular Project Management Process Group, but it is likely that most or all processes be executed in some form in each phase. Project phases typically are completed sequentially, but can overlap in some project situations. Different phases typically have a different duration or effort. The high-level nature of project phases makes them an element of the project life cycle.

2.2.5. Project finance

2.2.5.1. Defining project finance

Literature shows that there is no universally accepted definition of project finance. As defined by A. Garcia-Bernabeu, F. Mayor-Vitoria, and F. Mas-Verdu (2015), the term “project finance” is defined as the raisings on a limited-recourse or nonrecourse basis to finance an economically separable capital investment project in which the providers of the funds look primarily to the cash flow from the project as the source of funds to service their loans and provide the return of and a return on their equity invested in the project. Project finance was growing financial

technique in the last four decades, ranging from 100 to 150 loans annually in the 1980s; project finance loans reached 213.5 million USD in 2012".

The other study by João M. Pinto (2017) defined project finance as the process of financing a specific economic unit that the sponsors create, in which creditors share much of the venture's business risk and funding is obtained strictly for the project itself. It creates value by reducing the costs of funding, maintaining the sponsors financial flexibility, increasing the leverage ratios, avoiding contamination risk, reducing corporate taxes, improving risk management, and reducing the costs associated with market imperfections. However, project finance transactions are complex undertakings, they have higher costs of borrowing when compared to conventional financing and the negotiation of the financing and operating agreements is time-consuming.

2.2.5.2. The need for financing projects

Funding projects through Project Finance arrangements in contemporary Economic and Corporate and Economic Governance has become the catalyst for developing capital intensive projects in most Organizations and Nations (Mawutor and Kwadwo, 2014: P2). Organizations undertake different types of projects in order to implement their organizational or business strategies and to reach objectives of their establishment (for example, business strategies, which imply organizational change, usually require the development of projects) (C.E.M. Serra, M. Kunc, 2014; p-1).

PMI, (2103; P10) Projects are typically authorized/undertaken as a result of one or more of the following strategic considerations:-

- Market demand (e.g., a car company authorizing a project to build more fuel-efficient cars in response to gasoline shortages);
- Strategic opportunity/business need (e.g., a training company authorizing a project to create a new course to increase its revenues);
- Social need (e.g., a nongovernmental organization in a developing country authorizing a project to provide potable water systems, latrines, and sanitation education to communities suffering from high rates of infectious diseases);
- Environmental consideration (e.g., a public company authorizing a project to create a new service for electric car sharing to reduce pollution);

- Customer request (e.g., an electric utility authorizing a project to build a new substation to serve a new industrial park);
- Technological advance (e.g., an electronics firm authorizing a new project to develop a faster, cheaper, and smaller laptop based on advances in computer memory and electronics technology); and
- Legal requirement (e.g., a chemical manufacturer authorizing a project to establish guidelines for proper handling of a new toxic material).

2.2.5.3. Characteristics of project finance

Project finance is a funding technique that looks to the cash flows generated by a project to provide investor returns and lenders' debt service. There are a number of core principles that characterize this form of financing and, once understood, these can be applied to raise capital for almost any type of project.

According João M. Pinto (2017), there are five distinctive features of a project finance transaction. First, the debtor is a project company (special purpose vehicle – SPV) that is financially and legally independent from the sponsors, i.e., project companies are standalone entities. Second, financiers have only limited or no recourse to the sponsors – the extent, amount and quality of their involvement is limited. Third, project risks are allocated to those parties that are best able to manage them. Fourth, the cash flow generated by the project must be sufficient to cover operating cash flows and service the debt in terms of interest and debt repayment. Finally, collateral is given by sponsors to financiers as security for cash inflows.

2.2.5.4. Role of development banks in project finance

According to Welt (2015), potential contribution of international institutions like World Bank and other development banks are paramount in achieving and maintaining sustainable development through provision of increased technical assistance and financial support to development projects of different types. The role of development banks includes but not limited to: financing long-term investment, providing systemic stability (especially by providing counter-cyclical financing, to maintain investment), lending for relevant projects, and financing public goods such as climate change mitigation and adaptation.

2.2.6. Why projects fail or become non-performing?

Project failures caused by both due to unforeseen circumstances and/or due to management error (Jeffrey K. Pinto, Samuel J., & Mantel, Jr., 2017). There are a number of causes for project failures. According to Justina U., Esther I., Fidelis I., (2015), increase in the price of raw materials, poor planning of project implementation, variation of project scope and political pressure, are the major causes of project failure. As pointed out by T. Zuofal, et al (2014), project failure is perceived on a variety of factors that exceed the inability to execute and deliver projects within defined cost, time or scope. It had been identified that, an in-depth understanding of project failure can only emerge from the activities undertaken during the lifecycle of projects and based on stakeholder definitions and criteria, by indicating corruption, lack of professionalism, inexperienced project managers and project personnel, bureaucratic procurement process as the main causes of project failure.

Financed projects does not guarantee for achievement of intended objectives and goals unless backed by with proper project management practices. Different factors negatively affect success of projects. According to global journal of management and business research, 2015, reasons for credit going bad includes but not limited to: Poor appraisal of proposal by lending officer, Poor quality of financial statement used for analysis, Insensitivity of economic and environmental trends, Loss of market, Inadequate project monitoring, Incomplete knowledge of customer's activities, Bad management of accounts, Poor judgment, Inadequate funding, Inadequate or inappropriate equipment, Over-reliance on pledge security, and Raw material shortage**.**

Managing projects in Africa is among challenges that slow development of African economy. Ama Lewani and David Moore (2016) refer this challenge as “African Project Syndrome” confirming that inability of delivering projects goal on time, on budget, within scope and with intended value. To mitigate the challenge, practice of applying project management tools and techniques is slowly growing.

As indicated in literatures project management practice is considered as tool and techniques through which African countries can improve trend of delivering successful projects, so as to improve macroeconomic and microeconomic conditions of the regions (Lavagnon A. Ika, 2012). NA Haron, et al., (2017) affirm importance of project` management practice both for developed, and developing countries; “application of PM practice has become important issues in many

developed and developing countries due to its successful application in various industries and its proven effectiveness and flexibility in attaining project goals and objectives through reduction or elimination project failure factors".

Failure in projects financed by bank become among the challenges facing global financial institutions. Sudden growth of NPL volume became one of the up-to-date problems of bank sector in late 2000s. NPLs became one of the most serious effects of world financial crisis for many countries of the world. Bank systems of Russia, Kazakhstan, CIS countries, Central Europe and Eastern Europe countries experience big difficulties with timely return and servicing of loans. Catastrophic growth of NPL in many countries has become the reason for deterioration of economic situation and socioeconomic sphere, which demands urgent measures to avoid further worsening and overcoming of crisis effects (Mingaleva Z., Zhumabayeva M., & Karimbayeva G, 2014).

As per study by Araka H., Mogwambo V., and Otieno S., (2018: P44-51), increment of loan defaulters in the bank could lead to financial distress of the banks even eventual collapse. All financial institutions in the world operate in a changing environment. These changes expose banking sector to threats or opportunities. Threats to banking sector leads to collapse of a number of financial institutions in the world, due to banks failure to practice efficient credit management systems.

2.2.7. Project management

Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements (PMI, 2013). Although organizations nowadays often eager to realize their business goals and tasks using project-based approach, it is nothing unless proper and effective project management applied because successful realization of projects is closely related to proper application of project management (Karolina Muszyńska, 2016: P113). It is considered as a means of avoiding the ills inherent in the economy by improving management projects (Justina U., Esther I., Fidelis I., 2015).

An efficient project management practice helps for successful initiation, planning, execution, monitoring and controlling and closing of projects and to meet the functional aim of the projects within their lifetime (NA Haron, et al., 2017).

Nowadays in this competitive project oriented glob, majority of organizations are committed for capturing market and doing projects profitably, but the fact of the matter is that organizations should more focus upon a fulfilling the projects successfully, because the importance of project accomplishment in a profitable manner outweigh its commencing. The empirical study demonstrates that project mangers' managerial skills, team members' commitment, and their technical background, project attributes and environmental factors are as visible and can be as critical as the organizational factors, although criticality of these factors varies between industries (Taherdoos, et al, 2016).

Iman Attarzadeh and Siew Hock Ow, (2008) after identifying comprehensive factors causing project failure, recommends that applying good project management practices would help to avoid these failure factors, and leading to project success. Araka H., Mogwambo V., and Otieno S., (2018) stated specific recommendations related to credit risk management; "Banks should also apply efficient and effective credit risk management that will ensure that loans are matched with ability to repay, loan defaults are projected accordingly and relevant measures taken to minimize the same including periodic credit risk monitoring of their loan portfolio to reduce the level of NPLs".

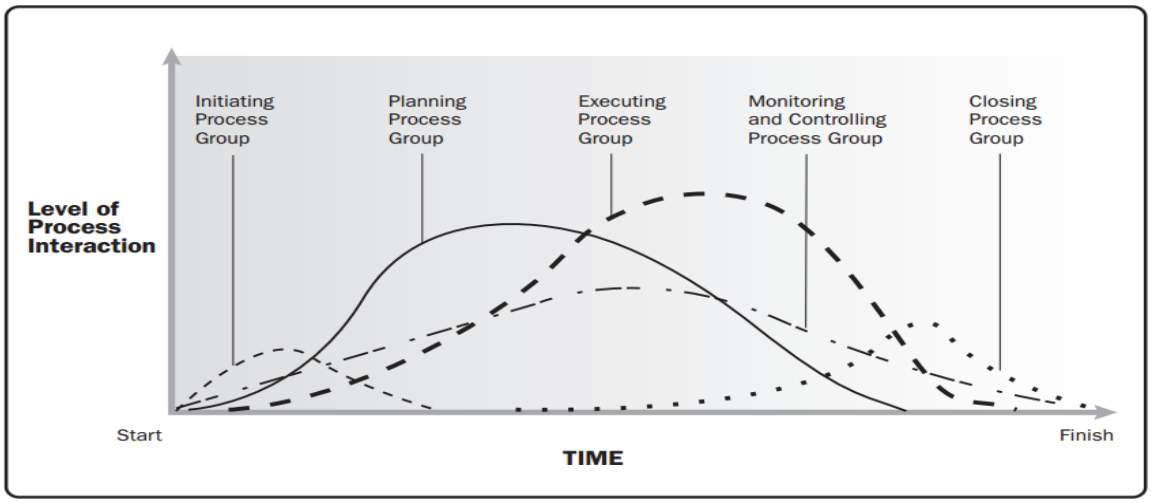
There are best practices, in project management to deal with change in modern organizations. Organizations and project management associations all over the world update and follow them to optimize the project management activity. Best practice is technique, method, or process that is believed to be more efficient and effective in achieving a goal than any other techniques, methods and processes, when applied to a particular condition or circumstance; and it is based on experience and is used to describe the process of developing and following a standard way of doing things. In project management, best practice is a general term that includes: Guidelines and International standards. The Project Management Body of Knowledge (PMBOK), which is a collection of processes and knowledge areas, is generally accepted as best practice within the project management discipline. They considered so, based on experience, but impossible to say a given best practice is better than other (Emil Crisan, et al., 2010).

2.2.8. Project management processes

The project management processes are process that presented as discrete elements with well-defined interfaces. These are processes through which project management is accomplished. They are integration of the 47 logically grouped project management processes, which are categorized into five Process Groups. These five process groups are: Initiating, Planning, Executing, Monitoring and Controlling, and Closing; which are applicable to manage a project toward a more successful outcome (PMI 5thedition, 2013: p5).

PMI indicates that the project management processes are linked by inputs and outputs where the result or outcome of one process becomes the input for another process but not necessarily in the same Process Group. The Process Groups are not project phases. In fact, it is possible that all Process Groups could be conducted within a phase. As projects are separated into distinct phases or subcomponents, such as concept development, feasibility study, design, prototype, build, or test, etc., all of the Process Groups would normally be repeated for each phase or subcomponent as shown in below figure.

Figure 2.1: Process Group Interactions in a Project



Source: Project Management Institute, 2013

According to PMI (2013), there is more than one way to manage a project. The required Process Groups and processes under each of them are guides for applying appropriate project management knowledge and skills during the project. The application of the project management processes is iterative, and many processes are repeated during the project. Process groups those are covered in this research, and corresponding processes and knowledge areas become reviewed

in below/next subsections. That is, other processes and knowledge areas outside scope of this research not included.

2.2.8.1. Planning process group

Planning Process Group includes processes required to establish the scope of the project, refine the objectives, and define the course of action required to attain the objectives that the project was undertaken to achieve (PMI, 2013). This is the process group that has more processes associated with it. There are eleven processes associated with the four knowledge areas (N. Mustaro and R. Rossi, 2013: P332& PMI, 2013) as shown in table 2.1 below.

Table 2. 1: Process by Knowledge Area for the Planning Process Group

Knowledge Areas	**Process**
Project Scope Management	Plan Scope Management
	Collect Requirements
	Define Scope
	Create WBS
Project Human Resource Management	Plan Human Resource Management
Project Communications Management	Plan Communication Management
Project Risk Management	Plan Risk Management
	Identify Risks
	Perform Qualitative Risk Analysis
	Perform Quantitative Risk Analysis
	Plan Risk Responses

Source: PMI, 2013

2.2.8.2. Executing process group

Executing Process Group includes those processes performed to complete the work defined in the project management plan to satisfy the project specifications. There are four processes associated with the two knowledge areas, as shown in table 2.2 below (PMI, 2013).

Table 2. 2: Process by Knowledge Area for the Executing Process Group

Knowledge Areas	**Process**
Project Human Resource Management	Acquire Project Team
	Develop Project Team
	Manage Project Team
Project Communications Management	Manage Communications

Source: PMI, 2013

2.2.8.3. Monitoring and controlling process group

Monitoring and controlling Process Group includes those processes required to track, review, and regulate the progress and performance of the project; identify any areas in which changes to the plan are required; and initiate the corresponding changes. There are three processes associated with the four knowledge areas, as shown in table 2.3 below (PMI, 2013).

Table 2. 3: Process by Knowledge Area for the Monitoring and Controlling Process Group

Knowledge Areas	**Process**
Project Scope Management	Validate Scope
	Control Scope
Project Communications Management	Control Communication
Project Risk Management	Control Risks

Source: PMI, 2013

Monitoring and controlling/evaluation help project managers in keeping track the implementation of the projects and its prudence in the utilization of the resources. It provides decision makers with a strategy to plan for sustainability of the projects and guidance for future endeavors.

According to IFRCS (2011), monitoring is the routine collection and analysis of information to track progress against set plans and check compliance to established standards. It helps identify trends and patterns, adapt strategies and inform decisions for project/programme management. It includes logframe objectives; inputs, activities, outputs, outcomes and goal.

By adopting the OECD/DAC definition, IFRCS's secretariat defined evaluation as "an assessment, as systematic and objective as possible, of an ongoing or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, developmental efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors." Evaluations involve identifying and reflecting upon the effects of what has been done, and judging their worth. Their findings allow project/programme managers, beneficiaries, partners, donors and other project/programme stakeholders to learn from the experience and improve future interventions.

Biwott T., Egesah O., & Ngeywo J., (2017) state role of monitoring as follows: "Monitoring is the continuous assessment of a programme or project in relation to the established schedule. It is a management tool that provides continuous feedback on the project implementation as it identifies potential successes and constraints that may guide in timely decisions. Monitoring assesses physical and financial progress of project or programme activities against established schedules and indicators of success; it assesses Process which account for progress of activities or success of output production. It also assesses the Impact by Measuring the initial responses and reactions to project activities and their immediate short-term effects".

As indicated by Charles G. Kamau and Humam Bin Mohamed (2015), an effective monitoring & evolution is a major contributor to project success. Strong monitoring team is required along with good monitoring and evaluation approach. The strength of monitoring could be measured in terms of financial availability, number of monitoring team, monitoring staff skills, frequency of monitoring, power of monitoring and evaluation team, information systems use; and the approach followed for monitoring and evaluation could be measured in terms of basic research, accounting and certification, status assessment, effectiveness measurement, objectives evaluation, internal audits, balanced scorecard, earned value analysis, and logframe matrix.

2.2.9. PM practices

There are a number of project management practices; project management knowledge areas, applicable/contribute for successful management of projects (PMI, 2013). Among others, in line with the objective of this research, project management practices related to Project scope management, Project human resource management, Project communication management and project risk management, become reviewed under this subsection.

2.2.9.1. Project Scope Management

As defined by PMI (2013), Project Scope Management includes the processes required to ensure that the project includes all the work required, and only the work required, to complete the project successfully. Managing the project scope is primarily concerned with defining and controlling what is and is not included in the project. The Project Scope Management processes need to be well integrated with the other Knowledge Area processes, so that the work of the project will result in delivery of the specified product scope. In the project context, the term scope can refer to **product scope -** the features and functions that characterize a product, service,

or result; and/or **project scope -** the work performed to deliver a product, service, or result with the specified features and functions. The term project scope is sometimes viewed as including product scope.

A major contribution to unsuccessful projects is the lack of understanding on project definition and its scope. A properly defined and managed scope leads to delivering quality project in agreed cost and within specified schedules to the stake-holders (T. G. K. Vasista, 2017). The application of project scope management practices has significant impact on project success leading to fulfilled customer expectation and satisfaction; better resource allocation and timely project delivery (Ogunberu, A.O., Akintelu, S.O. and Olaposi, T.O., 2018: P518). A clear project scope facilitates for the project organization to realize the actual magnitude of the work and creates an understanding for the achievements that are required in the project.

As indicated in PMI, 2013, there are six main steps in scope management process namely; plan the scope, collect the requirements, define the scope, create work breakdown structure (WBS), validate scope and control the scope. These processes been highlighted in different scale in project methods and standards.

2.2.9.1.1. Plan Scope Management

Plan scope management is the process of creating a scope management plan that documents how the project scope will be defined, validated, and controlled. The outputs form plan scope management is scope management plan, and requirements management plan, which is developed using inputs such as project management plan, project charter, enterprise environmental factors and organizational process assets; and using tool and techniques such as expert judgment and meetings (PMI, 2013).

According to Gupta, Aha, Nau, & Munoz-Avila, (2008), scope planning is viewing of different approaches to the project in order to find the most suitable method for the current situation. The outcome from the scope planning is the scope management plan that mainly describes how and the project scope will be managed and how scope changes will be integrated into the project.

2.2.9.1.2. Collect Requirements

Collect requirement is the process of determining, documenting, and managing stakeholder needs and requirements to meet project objectives. The outputs from collect requirements are

requirements documentation and requirements traceability matrix, which developed using inputs; scope management plan, requirements management plan, stakeholder management plan, project charter, and stakeholder register; and tools and techniques such as interviews, focus groups, facilitated workshops, group creativity techniques, group decision-making techniques, questionnaires and surveys, observations, prototypes, benchmarking, context diagrams, and document analysis (PMI, 2013).

According to Antvik & Sjöholm, (2007) it is not unusual that a project is rushed into start without the proper planning and preparation, which leads to problems for both suppliers and customers as extra costs and delays are likely to occur.

2.2.9.1.3. Define Scope

It is the process of developing a detailed description of the project and product. The outcomes from define scope includes project scope statement and project documents updates, which require inputs: scope management plan, project charter, requirements documentation, and organizational process assets by tools and techniques: expert judgment, product analysis, alternatives generation, and facilitated workshops (PMI, 2013).

In the scope definition, the project's major deliverables and conditions documented in the scope statement are analyzed. The analysis should be based on needs and expectations from stakeholders, and thereby generate requirements of the project (Gupta, Aha, Nau, & Munoz-Avila, 2008).

2.2.9.1.4. Create Work Breakdown Structure (WBS)

It is the process of subdividing project deliverables and project work into smaller, more manageable components. This element of project scope management includes outputs: scope baseline and project documents updates that developed using inputs: Scope management plan, Project scope statement, Requirements documentation, Enterprise environmental factors and Organizational process assets by applying tools and techniques: decomposition and expert judgment (PMI, 2013).

When more specified requirements are known, the deliverables are subdivided into smaller, more manageable groups, through the use of a Work Breakdown Structure, WBS. By dividing major tasks into smaller work packages, the accuracy of cost, time and resource estimates are

improved. A WBS also makes it easier to assign clear responsibility to each group of tasks, which is necessary in order for the project organization to gain control of the project (Antvik & Sjöholm, 2007).

2.2.9.1.5. Validate Scope

Validating project scope is the process of formalizing acceptance of the completed project deliverables. The outcomes from validate scope includes accepted deliverables, change requests, work performance information and project documents updates; which are delivered using inputs such project management plan, requirements documentation, requirements traceability matrix, verified deliverables and work performance data by applying tools and techniques including inspection and group decision-making techniques (PMI, 2013). Scope verification is the work to obtain the stakeholders acceptance for the project scope. Deliverables and work results must be reviewed to ensure that it is completed satisfactorily in order to keep a good relationship with the customer (Walker, 2007).

2.2.9.1.6. Control Scope

Control scope is the process of monitoring the status of the project and product scope and managing changes to the scope baseline. It uses inputs Project management plan, Requirements documentation, Requirements traceability matrix, Work performance data, and Organizational process assets; and tools and techniques Variance analysis and the expected outputs from the process includes Work performance information, Change requests, Project management plan updates, Project documents updates and Organizational process assets updates (PMI, 2013).

2.2.9.2. Project Human Resource Management

Project Human Resource Management includes the processes that organize, manage, and lead the project team. The project team is comprised of the people with assigned roles and responsibilities for completing the project. Project team members may have varied skill sets, may be assigned full or part-time, and may be added or removed from the team as the project progresses. Project team members may also be referred to as the project's staff. Although specific roles and responsibilities for the project team members are assigned, the involvement of all team members in project planning and decision making is beneficial. Participation of team members during

planning adds their expertise to the process and strengthens their commitment to the project (PMI, 2013).

According to PMBOK, 5th edition (2013), project human resource management includes the following processes:-

Plan Human resource Management – it is the process of identifying and documenting project roles, responsibilities, the required skills, reporting relationships, and creating a staffing management plan.

Acquire Project team - the process of confirming human resource availability and obtaining the team necessary to complete project activities.

Develop Project team - the process of improving competencies, team member interaction, and overall team environment to enhance project performance.

Manage Project team - the process of tracking team member performance, providing feedback, resolving issues, and managing changes to optimize project performance.

Humans are the main resources of any organization, without their desired skills, educational background and commitment to their work, an organization cannot achieve success in their projects (Huma Sarwar, Junaid Aftab, Haisam Sarwar, and Amna Shahid, 2016:P116).

Leadership skill of project manager and skills of staff incorporating in the project team is vital in contributing towards project success. As revealed by Ahmed Riaz, Masood Muhammad Tahir and Azmi Noor, (2013), leadership skill of project manager in managing projects effectively and efficiently is paramount. The function of project managers is rapidly evolving from managing or directing to leading the projects who must possess essential knowledge, skills, and new emerging concept of leadership. According to literature, project manager including other staff having intact with project have to acquaint with leadership skills and competences that cope with modern challenges of project, which has impact on success or failure of project. The utility of project management become be more exciting, challenging and critical in as time goes from today to tomorrow, which require the position of project manager to be much more diverse.

In the early phases of a project it is necessary for the project management to plan how the project team should be organized and determine what roles that are required (Al-Maghraby, 2008). Each role in the project team should be assigned with areas of responsibility, authority and required

competence (Antvik & Sjöholm, 2007). It is important that a role with a defined area of responsibility also has the authority to make decisions within that area. Responsibility without authority makes it very hard for middle management to influence the work, which most likely will affect the project negatively (Walker, 2007).

Staff changes, especially when key-roles are involved, often affect the project negatively in aspects of time, cost and team development. The project management should therefore strive to make as few changes as possible in key roles of the project team (Al-Maghraby, 2008).

Research shows that existence of best practices in human resource management. As indicated in study conducted by Haniyeh Homayounfard and Gholamreza Safakish (2016), there are two types of best practices in human resource management; HR Process Best Practices and HR Organizational Enabler Best Practices. According to this study, HR Process Best Practices includes plan human resource management, acquire project team, develop project team and manage project team; while HR Organizational Enabler Best Practices includes organizational factors, administrative and employees affairs, salary and gratuity management, project manager's individual factors, training, performance assessment, conflict management, environmental factors, and other human resource factors.

2.2.9.3. Project Communications Management

Project Communications Management includes the processes that are required to ensure timely and appropriate planning, collection, creation, distribution, storage, retrieval, management, control, monitoring, and the ultimate disposition of project information. The project communications management processes in this knowledge area are plan communications management, manage communications, and control communications (PMI, 2013):-

Plan communications Management - the process of developing an appropriate approach and plan for project communications based on stakeholder's information needs and requirements, and available organizational assets.

Manage communications - the process of creating, collecting, and distributing, storing, retrieving and the ultimate disposition of project information in accordance with the communications management plan.

Control communications - the process of monitoring and controlling communications throughout the entire project life cycle to ensure the information needs of the project stakeholders are met.

As cited by B.G. Zulch (2014: P1001 - 1002) communication is the process of acquiring all relevant information, interpreting this information and effectively disseminating the information to persons who might need it. Communication is of vital importance to everyone involved in, and influenced by, projects. It is so important to project success that it has been referred to as the lifeblood of a project by more than one practitioner. Researchers agree on the fundamental role of feedback in communication. Where feedback is absent, delayed or not soon forthcoming, interventions are required to enhance communication. In their implementation, communicators need to constantly monitor and review the success of their communication processes and systems with a view to forming a basis upon which assessments can be made. The receiver of the message should, therefore, confirm the understanding of the message, because without understanding, communication cannot be effective. Improved communication by the project manager may lead to less failure, innovation and technical solutions, positively influencing the quality and leading to better decision making.

According B.G. Zulch (2014:P1000) communication is a foundation area of project management, as it support/combines and coordinates the various processes and project management activities. The study by this author found that communication is needed to effectively communicate the areas of cost, scope, time, and quality. Communication is the function that integrates cost, scope and time to achieve a quality product and may be seen as having a foundation function to support all the areas; the means that assist in achieving the project management areas. The author concluded that, "communication is the foundation that supports the pillars and cornerstones (other project management areas) for achieving the project objectives".

As indicated by KTH Royal Institute of Technology Industrial Engineering and Management, Olenalys (2015), with an increasing complexity of projects, communication becomes a critical factor for prosperous project management. Effective communication is commonly recognized as a key for projects success. Careful communications planning and development of profound Project communications management plan are claimed to be necessary to ensure high quality of project communication.

How communication in a project is handled must be planned in order to perform effective work and minimize the risks. A communication plan is necessary to ensure that both internal and external project communication is carried out effectively. The plan should contain details regarding what type of information that need to be distributed, who needs to receive the information, the purpose of the information, the frequency of the distribution and the responsible person to issue the information (Ramsing, 2009). The communication plan should also include what meetings are required within the project and a specification of participants, purpose and frequency for each type of meeting (PMI, 2013).

It is important that the project manager performs frequently progress reports, mainly to inform clients and other stakeholders of the status of the project but also for the management team to keep control of all areas of the project. A progress report should focus on deviations from the project plan and contain current status of the project, executed and planned actions, uncertainties and forecasts regarding cost and time (Antvik & Sjöholm, 2007). When deviations from the baseline are identified in the progress report, the management team should include recommended corrective actions in order to bring the project in line with the project plan (Ramsing, 2009).

2.2.9.4. Project Risk Management

Project risk is defined as: "an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives such as scope, schedule, cost, or quality" (PMBOK® Guide, PMI, 2013, cited in Cinzia Murianaa and Giovanni Vizzini RM (2017)).

Project Risk Management includes the processes of conducting risk management planning, identification, analysis, response planning, and controlling risk on a project. The objectives of project risk management are to increase the likelihood and impact of positive events, and decrease the likelihood and impact of negative events in the project. It includes processes; plan risk management, identify risks, perform qualitative risk analysis, perform quantitative risk analysis, plan risk responses, and control risks (PMI, 2013: P 309):-

Plan risk Management - The process of defining how to conduct risk management activities for a project.

Identify risks - The process of determining which risks may affect the project and documenting their characteristics.

Perform Qualitative risk Analysis - The process of prioritizing risks for further analysis or action by assessing and combining their probability of occurrence and impact.

Perform Quantitative risk Analysis - The process of numerically analyzing the effect of identified risks on overall project objectives.

Plan risk responses - The process of developing options and actions to enhance opportunities and to reduce threats to project objectives.

Control risks - The process of implementing risk response plans, tracking identified risks, monitoring residual risks, identifying new risks, and evaluating risk process effectiveness throughout the project.

Cinzia Murianaa C., and Giovanni Vizzini RM (2017:P-2) considered the processes or techniques advocated by PMI (2013) as the techniques that allow to determine and manage the overall risk associated with a project. The authors advocated project risk management as a deterministic technique for assessing and preventing project risks, by determining the risk of the Work Progress Status. This study identified risk assessment and prevention with regard to Iron Triangle of the Project Management, to determine the current risk degree of the project through the Weighted Sum Method. First, the performance of the input factors, namely the costs, quality, and time, are detected (Iron Triangle of the Project Management), and then, actual values of the input factors are detected and compared with that planned, and finally, corrective actions are taken for considering the impact of the actual performances on the overall project. If it is higher than planned, preventive actions are taken, in order to mitigate the risk of the entire project. Practical applications of the technique relate to routine projects and those cases in which the schedule/costs/requirements are to be defined in the planning phase, and deviations are detected in the progress phase.

All projects have uncertainties that can either turn out to be an opportunity or a risk. Uncertainties often occur in areas where the management has little information of the current conditions. By effective management many uncertainties can be evolved into an opportunity rather than a risk (Antvik & Sjöholm, 2007). Risk analysis is often carried out early in a project when the information is highly limited within several areas. To manage risks and opportunities effectively, the analysis must be iterated throughout the project as more and more information becomes clear to the management team (Kululanga & Kuotcha, 2010).

The purpose of a risk analysis is to gain control of the uncertainties in the project. When risks are identified it is therefore important that a strategy is developed in order to response to the risk (PMI, 2013). A response strategy can be to eliminate the probability or impact of a risk, or to accept the risk and calculate with a potential extra cost if the risk occurs (Kululanga & Kuotcha, 2010). A common, and effective, approach to analyze risks is to estimate the probability and impact of a risk. The risk response is then based on the combined value of each risk, which leads to a risk management where the response is in relation to the magnitude of the risk.

2.3. Empirical Review

As indicated in theoretical literature review, application of project management practices effectively and efficiently at stage or phases of projects, enhances positive performance projects. Unfortunately, according to different scholars regarding application project management practices, there is a gap particularly, in Ethiopia. Among the many researches, some studies with critical issues in the area of Project Management practice are reviewed in this section.

2.3.1. Challenges in project finance

According to Neila Bouzguenda (2010), during the last decades, a new financing approach of major projects, called Project Finance, characterized by high investment costs and high risks, is more and more applied. The long-term financing of infrastructure and industrial projects are based upon the projected cash flows of the project rather than the balance sheets of its sponsors. Usually, a project financing structure involves a group of equity investors, called 'sponsors', and a 'syndicate' of banks or other lending institutions that provides loans to the operation. They are mostly nonrecourse loans, secured by the project assets and fully paid from project cash flows, rather than from the general assets or creditworthiness of the project sponsors. The financing is typically secured by all of the project assets. Generally, a special purpose entity is created for each project, and so the project company has no assets other than the project. In this context, risk identification and allocation are a key component of project finance. A large project is often exposed to a number of technical, environmental, economic and political risks, particularly in developing countries.

Other researcher, Sergey V. Nesterov (2017), indicated that financed projects failed due to different reasons; changing priorities within organization (40%), inaccurate requirements (38%), change in project objectives (35%), undefined risks/opportunities (30%), poor communication

(30%), undefined project goals (30%), inadequate sponsor support (29%), inadequate cost estimates (29%), inaccurate task time estimate (27%), resource dependency (25%), poor change management (25%), and inadequate resource forecasting (23%).

2.3.2. PM practices, the case of some project oriented companies

Research by PärKarlsson (2011); on project management practice of two companies, Midrok-Swedish company and Saudi Star Agriculture Development - Ethiopian company, are reviewed focusing on project scope management, project human resource management, project communication management and project risk management practice.

2.3.2.1. Midrok Project Management (MPM) Practice

Project scope management

MPM defined the project scope through identifying appropriate phases for the project and determining the required outcome of each phase. The most suitable way to break down the project into smaller work packages and deliverables were investigated. This was made as a WBS which was later used in the development of time schedules and budgets. The project scope was developed with a close contact between the client and the performing organization.

In a few projects there have been problems with defining a distinct project scope at an early stage of the project due to insufficient contact with the client. In the studied project the scope was distinctly defined, but not consistent with the required actual design of the project.

Project human resource management

The author, PärKarlsson (2011), states that human resources management in the project consists of three different activities; organizational planning, staff acquisition and team development. The organizational planning involves determining which roles that is required in the project. When a list of roles is developed, every role is assigned with areas of responsibility that includes which decisions every role is responsible for. The staff acquisition is about investigating what competence and other demands that are required for each role. Appropriate persons are then assigned to the roles in the organization plan. The project manager is responsible for team development in order to determine common goals and methods, and to create a good work environment, within the project team.

It was stated that in MPM's management system, every project role is described with general tasks and responsibilities. The project organization has an appropriate level of responsibility for each team member. The sub-managers can make decisions without consulting the project manager which makes the work efficient. Instead of consulting in every decision, the project manager is informed of the recent performed activities on a weekly basis. It is of great importance that the members of the project team stays in the project throughout the project execution. In projects where key persons have been replaced during a critical phase, the projects suffered losses in time, cost and future efficiency.

Project communications management

According to the author, the formal communications in the project were mostly carried out through meetings between different parties of the project. The ways of communication and frequency of meetings are regulated in a communication plan that is developed at an early stage in the project. There are three categories of meetings which all involves different people and handles different issues. All meetings have records that are based on a general template, which might be adjusted to a current issue. Each meeting category has a predefined list of participants and a distribution list of the meeting record. The three meeting categories are;

A – Meeting between the project manager and the client, where the project manager reports the current status and issues in the project. The client makes decisions regarding project principles and program issues. Decisions regarding issues from B-meetings are also made by the client. A-meetings are usually held monthly, but can be held more often if the project is in an intense phase.

B – Meeting between the design manager and the design consults. Design activities are coordinated and remaining tasks are allocated to the appropriate consult. Decisions are made regarding issues from C-meetings. B-meetings are usually held monthly.

C – Is a non-decision making meeting where different technical issues and coordination of the production is discussed. The meetings are usually held once a week or when an issue needs to be discussed. Every month a project status report is consolidated by the project manager. The status report is based on information from middle managers regarding current status in design, production, procurement, cost and time. The report is distributed to internal managers, clients

and other stakeholders of the project. The communication in the project works well with an honest approach to reports and forecasts regarding time schedules and cost control.

Project risk management

A risk analysis was carried out during the early phase in the project. Potential risks in the project were identified and evaluated regarding the probability that the risk occurs and the consequence of it. Each identified risk is graded from 0-10 in both probability and consequence. The grade places the risk in a matrix where the risks with high probability and/or severe consequences are highlighted and in need of an action plan. MPM's ambition is that an action plan for a risk is proportional to the probability and consequence of the risk. A template is used to grade and document identified risks in the project.

In the studied project a general extra cost were added to the budget for minor unexpected risks. When larger risks are identified a more extensive analysis are made, which often results in two budget alternatives. The first alternative includes the risk activity and is therefore more expensive, and in the second alternative the activity is excluded from the contract. The risk analysis in the studied project under estimated the magnitude of risks, which caused delays and therefore increased the cost of the project. The risk analysis was made in the beginning of the project and is not properly managed and continuously iterated throughout the entire project time.

2.3.2.2. Saudi Star Agriculture Development (SSAD) PM practice

According to the author, PärKarlsson (2011), Saudi Star Agriculture Development (SSAD) is a specialized company in agriculture projects. The project located in Gambela region, located in the southwest of Ethiopia.

Focusing on specific objectives the research, project management practices in Saudi Star Agriculture Development (SSAD), as studied by PärKarlsson (2011) identified below:-

SSAD did not have an implemented Management System to control the project management. Guidelines and work methods for different activities and phases in the project are developed gradually by the program director as the project goes on. The managers for the different areas largely base their work structure on their individual experience, without applying an overall management system that includes the whole project. There was a resistance, within the higher management, to implement new methods and structures in the project management activities.

Implementation of plans and guiding documents were not prioritized and in many cases considered superfluous.

Project scope management

The scope of work included in the project was defined by identifying appropriate phases and required deliverables of the project. The activities included in the project were then identified by a WBS where major deliverables are broken down into smaller and more manageable work packages and deliverables. The WBS was later used in the development of time schedules. It had been indicated that the project scope of the studied project was developed after the production started which caused confusion in the early stage and also caused a late development of time schedules.

Project human resources management

As identified in the study, there was a very extensive organization connected to the studied project. The organization chart was detailed and clear on how the organization was structured. The structure of responsibilities and authorities for the different roles in the organization was however not that clear. Middle management has very little authority to make decisions which affects the project progress negatively. The lack of assignment of responsibility in some areas of the organization also creates confusion and decreases the efficiency in the project. The project in general was highly controlled from the top of the organization. Middle management is forced to verify and establish close to all decisions with the top management, which makes the efficiency low and the progress in the projects low. The staff acquisition in the project organization had been in some cases caused that persons with insufficient knowledge and skills in the area of construction projects have been assigned to key-roles. The project organization has suffered many restructurings, both through personnel who have been replaced and through personnel who had been assigned to new roles in the organization. Some roles have remained vacant for several months during restructurings. These restructurings, especially when key roles are involved, have highly affected the project regarding progress and planning for future activities. One of the reasons to the overall lack of planning and control management in the project was the shortage of educated personnel in the management team.

Project communications management

It was indicated that the studied project does not have an implemented communication plan and distribution of information is not working well. A first draft to the communication plan was developed, but it is not ready to be implemented as a guiding document in the project management. The lack of a plan for how the communication is to be carried out is clear, which causes confusion and much information never reaches out to the responsible person or others involved in the issue. Much information also seems to be kept from distribution in order for the higher management to be in individual control of the project.

Reports regarding progress and schedule forecasts from the production organization to higher management were often not completely accurate. If the production was way behind in progress, this information was in some cases withheld and an inaccurate report was sent to the project manager.

A status report for the project is consolidated by the project manager every month. The status report includes current status and information regarding progress, design, procurement, time, schedules, cost and production. The report was distributed to the client and internal managers.

Project risk management

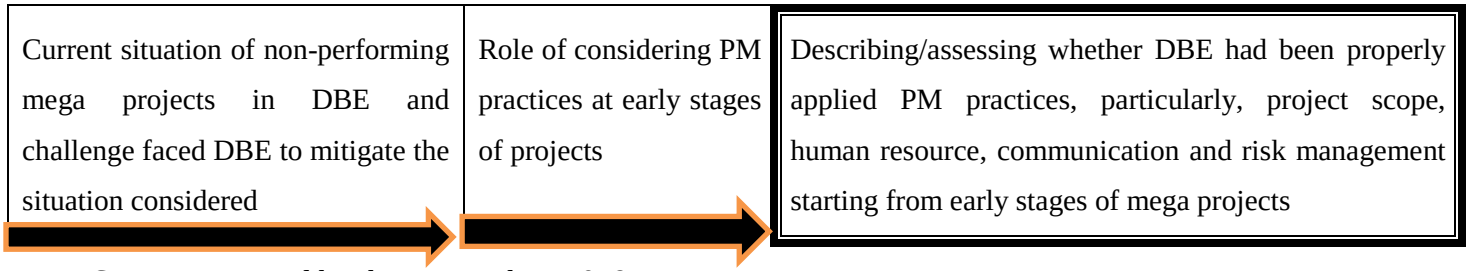
A risk analysis was developed early stage of the project. The risk analysis was rough and the identified risks were not classified regarding probability and consequence of the possible outcomes. Each identified risk was assigned with rough mitigation measures. The risk analysis was not implemented in the project management and several of the early identified risks had been occurred, with a big impact on the project, since the proposed mitigation measures never were executed. A detailed risk analysis with aspects to existing local villages and possible new settlements in the area of the project was developed. The conducted analysis was consists of all identified risks that the project can cause to nearby settlements. The risks were classified from 1-5 in both probability and consequence of the possible outcome. Mitigating measures were investigated in proportion to the classification of each risk. According to the author, the risk analysis was not completed and therefore not implemented in the project management on timely basis.

By comparing project management practices of the two companies, the author concluded as follows:- "More potential improvements regarding project management practices is required for Saudi Star Agriculture development company compared to Midrok Swedish owned company; particularly in areas related to project management system, project risk management, project human resource management and others".

2.4. Conceptual Framework of the Study

The proposed framework for this research is indicated in figure 2.2 below. The current project management problems (impact of non-performing mega projects) in DBE stated first, then the role of PM practices, particularly project management knowledge areas to mitigate such problems considered; and then assessment followed, that focus on whether PM practices specifically project scope management, project human resource management, project communication management, and project risk management were properly applied in DBE while financing mega projects starting from early stages.

Figure 2. 2: Conceptual Framework for conducting the study



Source: Prepared by the Researcher, 2019

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Research Design and Approach

The researcher used descriptive research design to describe and/or assess project management practices of NPLs mega projects that are under an ongoing concern scheme in DBE PRLRD. The description and/or assessment includes whether project management practices particularly, project scope management, project human resource management, project communication management, and project risk management were acknowledged and properly applied starting from early stages/phases, mainly project appraisal phase, implementation phase, and monitoring and control/evaluation. To perform this, the research employed mix of quantitative and qualitative approach.

3.2. Data Types and Sources

The research used quantitative and qualitative data types, and the data source includes both primary and secondary sources.

Primary data were collected from development bank of Ethiopia project rehabilitation and loan recovery directorate project team as well as project professionals at each project site; while secondary data were collected from projects document related to how their planning and implementation undertaken, what monitoring and evaluation activities were conducted, what challenges faced, what mitigation measures taken, and other relevant data.

3.3. Data Collection Methods

Primary data were collected using self-administered questionnaires and open interview. Data collection were made from DBE PRLRD project team members including team managers and project location project team members including project managers. While the secondary data were collected from ongoing concern project follow up reports, internal minutes, and other information in the document other than confidential documents that does not legitimize the company policy and procedures.

To collect primary data, direct deliveries of questionnaire were made for respondents at DBE PRLRD and projects at near distance from Addis Ababa; NPLs mega projects at Laga Tafo Laga Dadhi (Angle's Cotton and Textile Production PLC), Alemgena (Ayka Addis Investment group PLC), and Adama (Else Addis Industrial Development PLC). Primary data collection from the

remaining respondents' at NPLs mega projects location that are at far distance from Addis Ababa were made via phone call; Bahidar (Condor farms PLC) and Southern Omo (Omo Valley Farm Cooperation PLC). In addition to delivery of questionnaire, interview was made with selected managers including other project professionals expected to have good project management experience.

3.4. Target Population

As indicated in the background part of this research, since 2016 five projects become under ongoing concern scheme (as stated under sub-section 3.3 above) that are under administration of Development Bank Ethiopia Project Rehabilitation and Loan Recovery Directorate (DBE PRLRD). These projects are took-over from the owners, and their operation run by DBE PRLRD in cooperation with board of the DBE and other management executives of the bank. For some of these projects, professional project management hired including technical, production, finance and marketing experts.

Accordingly, target population for the research includes DBE PRLRD project team members including team managers (28 employees), and project team members including project managers at project site or location (30 employees). The total population from the two become 58, and hence, census or a complete enumeration of all employees (58 population) having project management knowledge were selected as target population of the research. Questionnaire were delivered/phone called to all 58 population.

3.5. Data Analysis and Presentation

Organization and encoding of collected data were made using excel sheet, and analysis was conducted using IBM SPSS software. Results from descriptive statistics such as mean, standard deviation, frequency, and percentage were presented using charts/tables, graphs and textual presentation.

3.6. Defining or Representing the Questionnaire with Equivalent Terminology

The development of the questionnaire was made in reference to project management processes under each selected project management knowledge areas (PMI, 2013). That is, the represented terminologies were used as base for development of questionnaire. Hence, while conducting assessment the short form of the processes used instead of extended definition (as used in

questionnaire development) considering each project processes (e.g. plan scope management, collect requirements) are representative of their detailed definition (in this case, in terms of questionnaire). This is done to facilitate the assessment of considered project management practices. As shown in table 3.1 below, the left-side and right-side statements are equivalent (as the right side of the table defines/elaborate processes in left-side of the table), and hence, terms on left-side of the table used while undertaking the assessment.

Table 3.1: Represented questionnaire with other equivalent terminology

Project management knowledge areas	**Definition in terms of developed questionnaire**
1. Project scope management	
Plan Scope Management	A project management plan that document how the project scope will be defined, validated and controlled was clearly developed
Collect Requirements	Requirements that need to meet project objectives was clearly determined, documented and managed accordingly
Define Scope and create WBS	A detailed description of the project and product were developed, and project deliverables and project work subdivided into smaller, more manageable components.
Validate Scope	Completed project deliverables were accepted formally
Control Scope	Status of the project and product scope were monitored to scope baseline
2. Project Human Resource Management	
Plan Human Resource Management	Roles, responsibilities, required skills, reporting relationships, and staffing management plan, were clearly identified and documented
Acquire Project Team	Availability and way of obtaining skilled human resource necessary to complete the project activities were confirmed by concerned unit
Develop Project Team	Activities related to team competency and team member interaction development, were undertaken to enhance project performance

Project management knowledge areas	Definition in terms of developed questionnaire
Manage Project Team	Efforts were made to optimize project performance through tracking project team member performance, providing feedback, resolving issues, and managing changes.
3. Project communication Management	
Plan Communications Management	An appropriate communication approach and plan that enhance smooth appraisal, implementation, monitoring and controlling activities were set between DBE and borrower
Manage Communications	Project information were created, collected, distributed, stored, and retrieved, in accordance with the established communications management plan
Control Communications	Communications were effectively monitored and controlled throughout life cycles of the project, particularly during each project appraisal and implementation
4. Project Risk Management	
Plan Risk Management	Risk management plan that shows how to conduct risk management activities for each project were defined
Identify Risks, Perform Qualitative and Quantitative Risk Analysis	Expected project risks were identified, characterized, prioritized (through conducting qualitative & quantitative risk analysis),and documented properly
Plan Risk Responses	Proper risk response plan was developed following prioritized risks
Control Risks	Risk response plan was implemented as per the plan

Source: Own construct in reference to PMI, 2013

3.7. Validity and Reliability

The validity and reliability of the research has been taken into consideration. The study gave virtuous care for issues of the data, the process and the output of the research. The questionnaire was adopted from Project Management Body of Knowledge (PMBOK 5th edition, 2013).

In addition, validity of the questionnaire was done through consultations with the advisor in order to establish any built-in errors in the measurement of the questionnaire.

The researcher also did Cronbach's alpha test to check reliability, of the questionnaire using IBM SPSS 20. The finding showed that overall Cronbach's Alpha value is 0.814 which is considered as acceptable, suggesting that the items have internal consistency.

The reliability of the questionnaire for each selected knowledge area is presented in the table 3.2 having a Cronbach's alpha value ranging from 0.728– 0.762, which is considered as satisfactory. George and Mallery (2003) provides rule of thumb: "≥ .9 – Excellent, ≥.8 – Good, ≥ .7 – Acceptable, ≥.6 – Questionable, ≥ .5 – Poor, and ≤ .5 – Unacceptable" (p. 231). According to this rule, Cronbach's alpha value for this research is acceptable because alpha value for each variable is greater than 0.7.

Table 3. 2: Reliability result of the selected knowledge areas

No.	**Variables**	**Cronbach's Alpha**	**No. of Items**	**Scale**
1	Project Scope Management Practice	.762	5	1-5
2	Project Human Resource Management Practice	.733	4	1-5
3	Project Communication Management Practice	.729	3	1-5
4	Project Risk Management Practice	.728	4	1-5
	Overall Practices	.814	**16**	**1-5**

Source: Own survey, 2019

3.8. Ethical Consideration

The questionnaires did not require the respondent's names or details that may reveal their identity. The researcher also adhered to strict confidentiality of the information gathered and assured the respondents that the research was meant for academic purposes only. Secondary data collection (from project documents) and primary data collection (getting project company entry permission, and to collect data from project team) were made after getting data collection permission from DBE concerned unit with written official letter.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1. Introduction

This chapter presents research findings and discussion of the study. The main objective was to assess project management practices in DBE particular to project scope management, project human resource management, project communication management, and project risk management. The analysis of data was done based on the objectives of the study as indicated in the questionnaire.

4.2. Respondents' Response Rate

The study targeted the 58 respondents out of which 28 respondents from DBE PRLRD and 30 from project team members at project companies. Among them, 55 respondents returned the response accordingly, and hence, the response rate is 95%. This response rate is adequate for analysis and reporting. According to the response, measurement on five point likert scale shows that a rate of 50 percent is disagree, a rate of 24 percent is agree, a rate of 23 percent is undecided, a rate of 2 percent is strongly disagree and a rate of 1 percent is strongly agree.

In addition, an interview was also held with selected project team members including managers of each project. Accordingly, about 11 interview questions filled.

4.3. Respondents' Demographic Characteristics

The study sought information on aspects of respondents' background, particularly, gender distribution, age distribution, educational level and experience of the population filling the questionnaire. Demographic characteristic is not part of part of assessment, but simply included to show respondent's information participated in the research.

According to result drawn (table 4.1 below), gender distribution shows 23.6% - female and 76.4% -male, age distribution (52.7% - age below 30, and 47.3% - age 30 to 40), educational level (67.3% BA/BSc holders, and remaining 32.7% MA/MSc holders), and regarding work experience, the result shows more percentage of respondents have work experience ranging from 4 to 6 years, which is 34.5% of 94.5% respondents.

Table 4. 1: Respondents' Demographic Characteristics

Description		Frequency	Percent
Gender	Female	13	23.6
	Male	42	76.4
	Total (N)	**55**	**100**
Age distribution	Below 30	29	52.7
	30 - 40	26	47.3
	Total	**55**	**100**
Educational Level	MA/MSc	18	32.7
	BA/BSc	37	67.3
	Total	**55**	**100.0**
Work Experience	Less than 4 years	12	21.8
	4 years to 6 years	19	34.5
	6 years to 8 years	7	12.7
	8 years to 10 years	9	16.4
	more than 10 years	5	9.1
	Total	**52**	**94.5**
Missing	System	3	5.5
	Total	**55**	**100.0**

Source: Own survey, 2019

4.4. Assessing project management practice based on selected project management knowledge areas

Assessments of selected project management practice; project scope management, project human resource management, project communication management, and project risk management in DBE is obtained by taking mean and standard deviation scores of the questions as well as response frequency, based responses of respondents under each knowledge areas and results are discussed in the following sub-sections.

4.4.1. Project scope management practice

According to the tabulated report on respondents response on project scope management practice (table 4.2 below), response rate result on plan scope management indicates 22(40%) disagree, 15 (27.27%) uncertain, 16(29.09%) agree, 1(1.82%) strongly agree and 1(1.82%) strongly disagree. The resultant of disagreed and undecided response rate is greater compared to others, which implies practice of plan scope management was not well applied for mega projects. Regarding

project requirements collection, 20(36.36%) agree, 9(16.36%) uncertain/undecided, and 26 (47.27%) disagree. This also shows projects requirement that need to meet project objectives was not clearly determined, documented and managed accordingly. Response on practice of project scope definition and work breakdown structure shows 18(32.73%) disagree, 23(41.82%) agree, 12(21.82%) undecided or uncertain, and 2(3.64%) strongly agree; and response on scope validation practice shows 22(40%) disagree, 16(29.09%) agree, 15(27.27%) undecided or uncertain, 1(1.82%) strongly agree and 1(1.82%) strongly disagree. Finally, response of practice of scope control shows 30(54.55%) disagree, 14(25.45%) undecided or uncertain, 9(16.36%) agree, and 2(3.64%) strongly agree. According to the response rate, among factors practice of scope control poorly practiced compared to remaining factors considered under project scope management. The mean for this factor also confirms this result in that it scores less mean (2.69). Interview and secondary data also support this result.

Table 4. 2: Report on Project Scope Management Practice

Factors	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total		Mean	Std. Deviation
	n	%	n	%	n	%	n	%	n	%	N	%		
Plan Scope Management	1	1.82	16	29.09	15	27.27	22	40.00	1	1.82	55	100	2.89	0.92
Collect Requirements	0	-	20	36.36	9	16.36	26	47.27	0	-	55	100	2.89	0.92
Define Scope and create WBS	2	3.64	23	41.82	12	21.82	18	32.73	0	-	55	100	3.16	0.94
Validate Scope	1	1.82	16	29.09	15	27.27	22	40.00	1	1.82	55	100	2.89	0.92
Control Scope	2	3.64	9	16.36	14	25.45	30	54.55	0	-	55	100	2.69	0.88
Average mean and standard deviation													**2.905**	**0.91**

Where; n is frequency, and N is total population of the research. Source: Own survey, 2019

4.4.2. Project human resource management practice

According to the survey result report on project human resource management (table 4.3 below), practice of plan human resource management were poor, because out of total respondents 21 (38.18%) were disagree and 13(23.64%) were kept themselves from providing decision. On the other hand, 19(34.55%) and 2(3.64%) were agreed and strongly agreed respectively. Similar to

response rate on plan human resource management, disagreement response rate on remaining project human resource management factors; project team acquirement, development and management of project team is also higher. Compared to other factors, disagreement response rate on project team management were higher, which implies less practice of project team management in comparison to others.

Regarding mean and standard deviation of factors, while mean for develop project team and manage project team is similar, 2.62, mean for plan human resource management and acquire project team are 3.04 and 2.69 respectively; and standard deviation includes 0.94 for plan human resource management, 0.84 for acquire project team, 0.87 for develop project team and 0.93 for manage project team. Compared to others, plan human resource management has highest mean and high standard deviation.

Table 4. 3: Report on Project Human Resource Management Practice

Factors	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total		Mean	Std. Deviation
	n	%	n	%	n	%	n	%	n	%	N	%		
Plan Human Resource Management	2	3.64	19	34.55	13	23.64	21	38.18	0	-	55	100	3.04	0.94
Acquire Project Team	1	1.82	10	18.18	15	27.27	29	52.73	0	-	55	100	2.69	0.84
Develop Project Team	0	-	12	21.82	12	21.82	29	52.73	2	3.64	55	100	2.62	0.87
Manage Project Team	1	1.82	12	21.82	9	16.36	31	56.36	2	3.64	55	100	2.62	0.93
Average mean and standard deviation													**2.741**	**0.90**

Source: Own survey, 2019

Interview and secondary data also support the above result. According to interview made with selected respondents, in most case personnel that meant to handle either mega or small scale projects is assigned without having any experience related the project. There is also a problem of assigning a right person at right position. Expert with full knowledge of project management was not involved while appraising, implementing, and monitoring and controlling mega projects. Since most of mega projects are foreign based companies there is management concentration

problem early from beginning of projects. This leads to management imbalance and inability to know day to day activities of these projects at each stage. Decision passed regarding projects conducted without the consent of the financer, DBE. These all happen due to lack professionals that know specific characteristics of each mega projects on bank side, which in turn lead the bank being derived by what the foreign project owners say. During each stage follow up, project owners report problems only in order to get additional loan and rescheduling even before completion of projects.

In project appraisal document the required project management expert were planned (management skeleton developed) to some extent but in practice under implementation of the projects the planned man power not hired accordingly. Most of the time project owners manage the project without having project management knowledge or hire managers based on relatives instead of profession of the expert.

4.4.3. Project communication management practice

Respondents' response on project management practice factors; plan communication management, manage communication and control communication, shows that disagreement at different rates, which is 28(50.91%) for plan communication management, 27(49.09%) for manage communications and 24(43.64%) for control communications (table 4.4 below). There were also respondents who agree on existence of project communication management practice but less in percent compared to disagreed respondents; 10(18.18%) for plan communication management, 12(21.82%) for manage communication, and 18(32.73%) for control communication. Regarding mean and standard deviation, control communications has higher mean (2.89) and higher standard deviation (0.96) among other factors. But variation of mean from each other is less due less variation in standard deviation.

As per interview made selected respondents and secondary data collected from project documents, project communication management for mega projects is closely linked to project human resource management. Since management of mega projects from the beginning faced management concentration problem (more number of foreign employees) getting proper information about the project was challenging. In addition, getting of proper information require detail knowledge or understanding about the project which is less in DBE. This in turn lead to receiving of improper information from the project owner and preparation of wrong report about

status of the project at time of conducting project inspection at each phases of the project. Not only limited to DBE, mega projects are a type of contemporary projects which are not easy to understand at national level, because they are new to Ethiopia in terms huge capital requirement, requirement of experienced project management professionals, and other possible related characteristics of mega projects.

It was indicated that the communication platform was not well defined not only for mega projects but also for non-mega projects. Flow of order with hierarchies being role defined was not there. As a result monitoring and evaluation is unthinkable. This avoids strategic cooperation to the success of the project. In addition requirement of communication between financer (DBE) and borrower (project owner), communication with relevant stakeholder is also contributes for success of projects, but this experience is almost no in DBE.

Table 4. 4: Report on Project Communication Management Practice

Factors	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total		Mean	Std. Deviation
	n	%	n	%	n	%	n	%	n	%	N	%		
Plan Communications Management	1	1.82	10	18.18	16	29.09	28	50.91	0	-	55	100	2.71	0.83
Manage Communications	0	-	12	21.82	13	23.64	27	49.09	3	5.45	55	100	2.64	0.89
Control Communications	1	1.82	18	32.73	11	20.00	24	43.64	1	1.82	55	100	2.89	0.96
Average mean and standard deviation													**2.745**	**0.89**

Source: Own survey, 2019

4.4.4. Project risk management practice

Based on table 4.5, number of respondents responded disagree were still higher on each project risk management factors or components; of which practice of control risks takes the highest disagreement rate. This indicates that project risk management practice is poor in DBE. Scores on plan risk management includes 14(25.45%) agree, 10(18.18%) uncertain or undecided, 30 (54.55%) disagree, and 1(1.82%) strongly disagree; on identify risks, perform qualitative and quantitative analysis 1(1.82%) strongly agree, 10(18.18%) agree, 13(23.64%) uncertain or undecided, 13(54.55%) disagree and 1(1.82%) strongly disagree; on plan risk response 6

(10.91%) agree, 11(20.00%) uncertain or undecided, 36(65.45%) disagree and 2(3.64%) strongly disagree; on control risks 2(3.64%) agree, 10(18.18%) uncertain or undecided, 41(74.55%) disagree and 2(3.64%) strongly disagree.

In addition to result indicated in table 4.5, interview and secondary data from projects documents shows that existence of problem regarding planning, implementation and monitoring and controlling of risks. At appraisal stage, risks expected to face the project were not identified as per specific characteristics of the project rather copy pasted from previous project of the same trend. Although project risk management is not meant only for a given department, commitment of risk management department to follow the project from the initial is very poor instead they focus on policy and procedural fulfillment while financing the project.

Table 4. 5: Report on Project Risk Management Practice

Factors	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total		Mean	Std. Deviation
	n	%	n	%	n	%	n	%	n	%	N	%		
Plan Risk Management	0	0	14	25.45	10	18.18	30	54.55	1	1.82	55	100	2.67	0.88
Identify Risks, Perform Qual. and Quant. Risk Analysis	1	1.82	10	18.18	13	23.64	30	54.55	1	1.82	55	100	2.64	0.87
Plan Risk Responses	0	0	6	10.91	11	20.00	36	65.45	2	3.64	55	100	2.38	0.73
Control Risks	0	0	2	3.64	10	18.18	41	74.55	2	3.64	55	100	2.22	0.57
Average mean and standard deviation													**2.477**	**0.76**

Source: Own survey, 2019

In addition to assessment on each selected project management practice, the overall project management practice in terms of mean and standard deviation is summarized (table 4.6 below). According the scored rate or result, among the four project management practices rate of disagreement on project risk management practice is higher compared to other practices, which signifies practice of project risk management were at lowest stage in DBE.

The indicated average mean of major constructs (the addressed project management practices) ranges from 2.477 (lowest mean for project risk management) to 2.905 (highest mean for project

scope management). In addition, the standard deviation of major constructs ranges from 0.76 (lowest – for project risk management) to 0.91 (highest variation for project scope management). That is, putting the mean from lowest to the highest for each addressed project management practice, mean value for project risk management practice is 2.477, mean value for project human resource management practice is 2.741, mean value for project communication management is 2.745, and finally mean value for project scope management is 2.905.

Lowest mean value for project risk management practice implies that practice of risk management is very low compared to other project management practices such as project scope management and project communication management practice. While the highest mean value for project scope management practice implies, it was practiced more relative to the remaining management practices; project human, communication and risk management practices. Such imbalanced project management practice happen when companies fail to give attention equivalently for each practice, given the types and characteristics of projects. The less practice of project risk management in turn contributes more to bad performance of projects. Compared to other components or factors of risk management practice, less attention is given to planning risk response and controlling risks. Although the level of details while applying each project management practice varies based on type, characteristics, and situations of the project (e.g. complex or less complex project), PMI, 2013, recommends consideration of each project management practices in balanced manner to increase likely success of projects.

According to interview with key respondents and projects document review, project and product scoping list of all inclusive requirements were not set timely for mega projects. Mega projects considered were typically backward (input and intermediate products) and forward integrated projects (final products). Accordingly, requirements for such projects are huge, and require critical analysis of each requirements and linkage among requirements in order to achieve targeted objective. At a time of project appraisal, there was shortage expert that understand the project and list out all requirement on DBE side, and simply requirements listed by the owner considered. But, later at implementation period requirements related to list of all required machinery, acceptable product variety and product quality that meant for export and others become deviate. Following this deviation, the owner requested additional loan in order to meet those requirements that in turn contributes to delay of project implementation and other mismanagement practices. Not only miss of requirements there is also situations when extra

requirements listed in feasibility study of mega projects. Identification of such problem and saving money from extravagant or overage investment require skilled appraiser on DBE side. This is the other problem DBE disbursed more than investment level for some projects and the owner of the project in turn divert the overage amount for other investment without consensus of DBE.

Regarding project human resource management, as it was indicated in project appraisal document, organizational structure put with necessary qualification and experience personnel put, but at time of implementation checking such requirements faced challenge on DBE side because there management concentration problem. More percentage of hired implementers was foreigners, and these results in failure to conduct proper controlling and monitoring or evaluation activities on DBE side.

Project communication management planned poorly and it was challenging for DBE to get genuine information about projects at different stages of the projects. Project owners always report problem to get additional loan, and there was gap on DBE side to get accurate status mega projects. Since management was more dominated by foreigners information between DBE and project owner was less smooth. The owners not tell accurate status of the project instead they state problem as a mechanism to get additional loan or rescheduling of loan repayment.

Project risks were rated while appraising the project. But it was not conducted as per each unique characteristic of mega projects. There were practices of using a given rated risk for more than two different projects. But this not holds because projects are unique and hence, have unique risk. In addition, there was a gap in implementation of risk response plan and failure to conduct appropriate risk monitoring and control.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

Under this chapter, analysis of findings summarized, and recommendations forwarded based on findings on project management practices to help in improvement of addressed project management practices in DBE.

5.2. Summary of the findings

Findings derived from the assessment of practice of project scope management, project human resource management, project communication management, and project risk management are outlined below based on respondents' response scores on descriptive statistics:-

Findings on project scope management practice were derived based on factors; plan scope management, collect requirements, define scope, create WBS, validate scope and control scope. Among factors, controlling project scope and collection of projects requirements were poorly practiced in that the scored respondents' disagreement rate shows 54.55% and 47.27% respectively, which is highest compared to rates for other factors. Score of mean and standard deviation on control of project scope and requirements collection also support the above rate because the mean value on two factors is less comparison to mean value of remaining factors under project scope management plan. The less mean value implies poor practice of project scope control and project requirements collection. Mean and standard deviation value for overall factors (project scope management practice) shows 2.905 and 0.91 respectively.

Project human resource management practice was assessed based on plan human resource management, acquire project team, develop project team, and manage project team; and findings on these factors shows that lower practice of manage project team (56.36% rate of disagreement of respondents), acquire and develop project team (52.73% rate of disagreement of respondents) relative to plan human resource management (38.18% rate of disagreement of respondents). Interview and secondary data also confirms these findings. The overall mean and standard deviation shows 2.741 and 0.90 respectively.

Project communication management practice was assessed based on plan communication management, manage communications, and control communications management; and the

findings on these factors shows that plan communications management (50.91% rate disagreement of respondents), and manage communications (49.09% rate of disagreement of respondents) poorly practiced compared to control communications management (43.64% rate of disagreement of respondents). The overall mean and standard deviation shows 2.745 and 0.89 respectively.

Factors; plan risk management, identify risks, perform qualitative and quantitative risk analysis, plan risk responses, control risks, were considered to assess project risk management practice. Findings on these factors shows that risk controlling activity (74.55% rate of disagreement of respondents), and plan risk responses (65.45% rate of disagreement of respondents) were poorly practiced relative to plan risk management, identify risks, performing qualitative and quantitative risk analysis, which scores disagreement rate of 54.55%. The overall mean and standard deviation shows 2.477 and 0.76 respectively.

Compared to other project management practices mean value for project risk management (2.477) is small, which implies poor project risk management practice. While mean value for project scope management practice (2.905) is greater relative to other three project management practices (project human, communication, and risk management practice), implying that there is comparative scope management practice.

In general, since rate disagreement of respondents including uncertain or undecided respondents, on factors under each identified project management practice or knowledge area is greater than 50% of total respondents; all of the identified or project management practices addressed in this research were poorly applied for mega projects in DBE.

5.3. Conclusions

The research work paper was aimed to assess project management practices; particularly, project scope management practice, project human resource management, project communications, and project risk management practice, in DBE PRLRD focusing on five non performing mega projects that under an ongoing concern scheme.

The research was conducted using descriptive research design, both qualitative and quantitative data types, and the data were collected through self-administered questionnaire and open interview. The target populations for the research were 58 of which 55 respondents filled and return the questionnaire accordingly; and the responded questionnaire analyzed via IBM SPSS software using frequency, mean and standard deviation; and tables and textual constructs used to present the analyzed data.

The findings on identified project management practices; project scope management, project human resource management, project communication management and project risk management practice different results in terms of calculated mean and standard deviation. Among other, mean value of project management practices, mean value for project risk management is 2.477, which is the lowest mean value indicating risk management is poorly practiced compared to project scope management practice (mean 2.905), project human resource practice (2.741) and communication practice (mean 2.745).

In general, given the problems identified in project documents and interview, since rate disagreement of respondents including uncertain or undecided respondents, on factors under each addressed project management practice or knowledge area is greater than 50% of total respondents; all of the identified or project management practices addressed in this research were poorly applied for mega projects in DBE. Hence, practice of addressed project management knowledge areas; project scope management, project human resource management, project communication management, and project risk management had not been properly applied in DBE starting from early stages of mega projects.

5.4. Recommendations

In support of the outlined conclusions, the researcher put the following recommendations to address some of the key findings of the study.

- The findings of this research indicate that practice of project scope management, especially project scope control and project requirements collection were less practiced in DBE for mega projects. As identified in PMI (2013: P-106) collect requirements and control scope are among process that has linkage with preceding process and following processes. To improve practice of scope control and requirements collection involves consideration of other related processes; and hence, it is better to consider project scope management processes and application of corresponding tools and techniques, to increase practice project scope management which in turn has contribution in delivering successful and healthy mega projects. It requires attention in preparing effective project management plan, full collection of each requirements, detailed description of project and product, and experience in formal acceptance of projects deliverables as well as project and product scope monitoring have to practiced properly.
- As per the findings of this research, practice of project human resource management particularly practice of managing project team, and acquirement and development project team were poor compared to planning or appraising of required human resource. In mega projects problem of management concentration occurred in that foreign employee dominates the projects company that in turn influenced DBE to perform proper project monitoring and evaluation. Planning itself does not guarantee having skilled and experienced project team. It is recommendable to go beyond planning of human resource; availability of competent manpower, proper recruit and development of recruit project also required. Given other human resource management approaches, proper application of tools and techniques in project human resource management practices contributes to proper project management. Skilled and experienced project team have to considered starting from early stage projects and have to properly accessed and managed to as manpower is engine for project success.

- Findings on project communication management practice shows communication planning, and communication management were poorly practiced. Improvement on such practice requires considerations of other project management processes. As shown in this research finding being of having proper project human resource profile or balanced local and foreign team for a given mega project facilitates smooth communication between DBE and project owners. This decrease possibility of reporting wrong information on project status. Hence, Project communication plan have to well developed, and have to implemented and monitored accordingly to improve smooth communication between DBE and project owners as well as other relevant stakeholders.
- It has found that project risk management practices, particularly practice of risk response planning and controlling risks were poor in DBE in terms of managing considered mega projects. The other factors including plan risk management, risk identification, performing qualitative and quantitative risk analysis also poorly practiced. There is a consideration that a given rated risk applied for two more mega projects assuming the projects are from similar sector which improper practice. Projects, especially mega projects are complex and surrounded by complex environments. The level of their complexity changes from time to time which determines the likely risk that might occur. Hence, since these projects are unique in their characteristics and other related situations unique risks have to identified, quantified, prioritized as well as development of proper risk response plan and risk controlling activities have to considered.

5.5. Recommendation for further research

Since the research was focused on only four project management practices; project scope management, project human resource management, project communication management and project risk management, further research is recommended for other remaining project management practices. The other remaining practices include project integration, cost, time, quality, procurement and project stakeholder management. The further research is also required for other sizes of projects in addition to for mega projects. These include both medium and small scale projects that are categorized under priority area, and feasible for financing by DBE.

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APPENDIX A: QUESTIONNAIRES AND INTERVIEW

Addis Ababa University

College of Business and Economics

School of Commerce

Master of Project Management Program

Dear Respected Respondents:

This interview is conducted to collect data for a research on: Project Management Practices in Development Bank of Ethiopia; The Case of Non- Performing Loan Mega Projects under an Ongoing Concern Scheme. The information is going to be used as a primary data for this research. Therefore, your response and participation in the interview will be extremely valuable for the study. Please note that confidentiality of your response is secured and used only for the purpose of this study.

If you need to know the final results of the study, you may contact me via E- mail.

Thank you in advance for your voluntary participation.

Kind Regards

Kefale Mosa

Mobile: +251917210450

Email: olbutaamoosisaa@gmail.com

Direction

- ✓ No need of writing your name;
- ✓ Give brief answer in the space provided for the open ended items given below.

1. Did project deliverables and project work were subdivided into smaller components and in a more manageable process? _____.
2. Did design and product functionality was clearly collected, defined and documented?
   _____.
3. Did the total work required for the project identified properly early before implementation of the project?
   _____.
4. Did progress of the project scope, project product and scope change management monitored as per the scope baseline?
   _____.
5. Did project management expertise meant to handle scoping of mega project activities and products considered at early stage of projects and implemented accordingly?
   _____.
6. To what extent the following project management practices applied in management of mega projects:
   Project scope management:-
   _____
   _____
   _____
   _____.
   Project human resource management:-
   _____
   _____
   _____
   _____.

Project communication management:-

_____

_____

_____

_____.

Project risk management:-

_____

_____

_____

_____.

Addis Ababa University

College of Business and Economics

School of Commerce

Master of Project Management Program

Dear Respected Respondents:

This questionnaire is conducted to collect data for a research on: Project Management Practices in Development Bank of Ethiopia; The Case of Non- Performing Loan Mega Projects under an Ongoing Concern Scheme. The information is going to be used as a primary data for this research. Therefore, your response and participation in the interview will be extremely valuable for the study. Please note that confidentiality of your response is secured and used only for the purpose of this study.

If you need to know the final results of the study, you may contact me via E- mail.

Thank you in advance for your voluntary participation.

Kind Regards,

Kefale Mosa

Mobile: +251917210450

Email: olbutaamoosisaa@gmail.com

Direction

- ✓ No need of writing your name;
- ✓ Put "X" mark for your choice

Part I: Demographic characteristics and general background of the respondents

1. Sex:

Male ☐ Female ☐

2. Age:

Below 30 ☐ 31-40 ☐ 41-50 ☐ above 50 ☐

3. Educational Level

PHD ☐ MA/MSc ☐ BA/BSc ☐

If other, please specify_____

6. Work experience (in year) _____

Part II: Questions related to selected Knowledge Areas of Project Management according to Project Management Body of Knowledge

Based on your experience, please feedback to what extent do you think the following factors listed under each project management knowledge areas were applied during appraisal, implementation and monitoring and controlling of mega projects that are currently under an **ongoing concern scheme** in Development Bank of Ethiopia Project Rehabilitation Loan Recovery Directorate (DBE PRLRD). Please put "X" mark for your choice.

(Where: 1 = strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, and 5 = strongly Agree)

Where: 1 = strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, and 5 = strongly Agree					
Project management practices or Knowledge areas	1	2	3	4	5
1. Project Scope Management					
A project management plan that document how the project scope will be defined, validated and controlled was clearly developed					
Requirements that need to meet project objectives was clearly determined, documented and managed accordingly					
A detailed description of the project and product were developed, and project deliverables and project work subdivided into smaller, more manageable components.					
Completed project deliverables were accepted formally					

Where: 1 = strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, and 5 = strongly Agree					
Project management practices or Knowledge areas	1	2	3	4	5
Status of the project and product scope were monitored to scope baseline					
2. Project Human Resource Management					
Roles, responsibilities, required skills, reporting relationships, and staffing management plan, were clearly identified and documented					
Availability and way of obtaining skilled human resource necessary to complete the project activities were confirmed by concerned unit					
Activities related to team competency and team member interaction development, were undertaken to enhance project performance					
Efforts were made to optimize project performance through tracking project team member performance, providing feedback, resolving issues, and managing changes.					
3. Project Communication Management					
An appropriate communication approach and plan that enhance smooth appraisal, implementation, monitoring and controlling activities were set between DBE and borrower					
Project information were created, collected, distributed, stored, and retrieved, in accordance with the established communications management plan					
Communications were effectively monitored and controlled throughout life cycles of the project, particularly during each project appraisal and implementation					
4. Project Risk Management					
Risk management plan that shows how to conduct risk management activities for each project were defined					
Expected project risks were identified, characterized, prioritized (through conducting qualitative & quantitative risk analysis),and documented properly					
Proper risk response plan was developed following prioritized risks					
Risk response plan was implemented as per the plan					

Source: Adopted from PMI, 2013

APPENDIX B: RELIABILITY TEST TABLES

Scale: Reliability test table for questions under the four selected project management knowledge areas

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.814	.813	16

Scale: Reliability test for questions under project scope management practice

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.762	.762	5

Scale: Reliability test for questions under project human resource management practice

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.733	.734	4

Scale: Reliability test for questions under project communication management practice

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.729	.726	3

Scale: Reliability test for questions under project risk management practice

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.728	.729	4