CAUSES OF FAILURE OF PROJECTS FINANCED BY DEVELOPMENT BANK OF ETHIOPIA: THE CASE OF DESSIE DISTRICT

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A Research Project Submitted to Addis Ababa University, School of Commerce in Partial Fulfillment of the Requirements for the Master's Degree in Project Management

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PROGRAM OF PROJECT MANAGEMENT

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, the undersigned, declare that this research project paper is my original work and prepared under the guidance of my advisor, Dr. Solomon Markos. All the materials used for the study have been fully acknowledged.

Name of Student -----------------

Signature-----------------

Date-----------------

STATEMENT OF CERTIFICATION

This is to certify that Alex Sahle who has carried out his research work on the topic entitled "Causes of Failure of Projects Financed by Development Bank of Ethiopia: The Case of Dessie District". The work is original in nature and is suitable for submission for the award of Master of Project management

Advisor: ____________________

Signature: __________________

Date: ____________________

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At the outset I want to thank the Almighty God for giving me this chance of academic advancement. I would like to take this opportunity to forward my deepest gratitude to my advisor Solomon Markos (Dr.) who contributed a lot for my achievement. I would also like to carry my gratitude to employees of DBE and financed project owners and managers for their friendly and dedicated cooperation. My special gratitude goes to my family for their invaluable encouragement throughout the study period. Finally, I would like to express my sincere appreciation to those individuals who forwarded their help to me.

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ABSTRACT

Corporate Credit Process (CCP) of DBE is the major lending unit of the Bank and through which more than 75% of the total annual lending amount of the Bank has been granted to borrowers. However, failure of projects financed by the Process is becoming a big problem. According to the information obtained from the bank annual performance report of 2012, only 29% of projects financed by bank are categorized as successful while the remaining 71% are in failure category. Hence the objective of this research project was to identify the major causes of failure of projects that were financed by DBE Dessie district. Survey questionnaire, Document analysis and open ended interview were employed to identify the major causes. As a result, project specific factors, credit related management factors, socio political environment and economic factors of 24 financed projects are considered for the study. The projects were from the three economic sectors, agriculture, industry and service. After collecting the required data, a descriptive analysis has been conducted. The results of the analysis had shown that cause of project failure financed by the bank are management problem, implementation problem market problem, technical failure ,quality of manpower problem, missing objectives, follow up level /technical support given by the bank ,overestimation of project return and manpower quality of projects, problems of corruption and related cause, continuous rise of product price ,raw materials price and wages, intervention of political leaders on project ,government officials perception towards the project and change in economic policies. Moreover, the study that the concerned stakeholders, mainly the bank helps the project to be implemented as per the stated schedule and the bank has to conduct follow up activity through give intensive training to the operators and also the bank should involve in finding market destination of the product or giving advice to the promoter by assigning marketing experts.

Key Words: Project failure, Corporate Credit Process, Development Bank of Ethiopia

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

According to Project Management institute (PMI, ,2013) guide to project management body of knowledge (PMBOK Guide), project as a temporary endeavor undertaken to create a unique product, service, or result. According to it, the temporary nature of projects indicates that a project has a definite beginning and end while unique means that the product, service or result is different in some distinguishing way from all other products, services or results due to the different location, different design, different circumstances and situations, different stakeholders, and so on. Hence, a project should have definite starting and ending points (time), a budget (cost), a clearly defined scope or magnitude of work to be done, and specific performance requirements that must be met.

Projects are the concrete manifestations of the development plans and programs in a specific place and time. One can think of projects as subunits and bricks of programs, which constitute a component of or the entire national plan. They can be implemented either by public organization or private establishment. Projects are financed from two major sources – Equity and Debt. In project financing, the debt-equity-ratio is varying with the magnitude of flexibility, risk, and income and tax generation capacity according to him.

Project financing is the raising of funds on a limited-recourse or non-recourse basis to finance economically separable capital investment project in which the providers of fund look primarily to the cash flow from the project as the source of funds to service their loan (Zinat, 2010).

Development Bank of Ethiopia (DBE) as one of the development institutions in the country is a financial institution established to support the economic development of the country by providing project finance, in particular the bank provides medium and long term loan finance to encourage private sector investment of commercial agriculture, agro processing, manufacturing and mining industries for projects that support socio-economic development of the country. The selected sectors which are financed by the bank are government priority areas.

Hence, DBE support is mainly focused at the national goal to accelerate the progress of the countries development effort so as to bring sustained economic growth. In order to meet this core objective, projects that are financed by the bank should be successful or achieve the objective for which they are established. According to annual performance of the Bank (2013) project success is evaluated using different dimensions including employment creation, tax payment to the government, percentage of generating foreign currency, local raw materials consumption, agro processing and technology transfer for the local economy.

So, in order to achieve this objective DBE requires successful implementation of projects, however many projects are being found under failure category (DBE, 2013)

Failed projects are increasing the suck cost of the country since fixed investment of the project are specific to intended purpose and difficult to liquidate or require high switching cost moreover ,it depletes the fund available for loan that the bank could fiancé other projects that may have significant importance for the economic growth the country .This study ,therefore ,focus on identifying the cause of project failure financed by DBE and assist the bank to develop the a strategy and mitigating measures to reduce project failure.

1.2. Statements of the Problem

Most frequently projects are considered failures when they fail to meet their targeted cost, time, or scope. However, (Ika, 2012) demonstrated that projects may be completed within their targeted time, cost and scope criteria but still be classified as failures. Therefore, it becomes necessary to consider failure beyond these criteria and include targets such as the aspiration of stakeholders, the benefits accruing to society or project organization among criteria for determining project failure. Several researchers including (Nelson, 2005) support this notion and have equally criticized defining project failure by just using cost, time, scope and other traditional indicators, arguing that value added assessment criteria like project usefulness, value to organizations and learning potential must be considered when evaluating project failure.

Thus, other than cost, time and quality specification criteria, bank financed projects can fail due to many reasons, such as change in macro-economic variables, socio political change and internal weakness of the project besides to poor credit poor credit management system of the bank as indicated in the theoretical literature. According to corporate balanced score card of (DBE, 2010), promoting the national development agenda thorough project finance is the mission of DBE. thus to meet its mission the projects financed by the bank should have been operated successfully.

However, failure of projects financed by DBE is a big challenge to achieve the mission of the bank. According to the information obtained from the bank annual performance report of 2012, only 29% of projects financed by bank are categorized as successful while the remaining 71% are in failure category, from this figure we can easily understand that failure of projects in the bank is becoming a very serious issue and needs critical study. Moreover, it is common to see foreclosure advertisement of DBE on different mass media following the failure of projects to service their debts. This situation created a bad image on the public about DBE finance by misperceiving that credit management system the bank as the main causes of project failure (DBE, 2012)

By considering the seriousness of the problem and perceptions of the public, the bank has tried to set its own vision and mission. So to achieve the vision from the risky natures of project finance, a profound study is required to identify the causes of project failure financed and to design appropriate strategy to achieve the stipulated vision and also no other researchers has used the mixed research approach to study cause of project failure financed by the bank, thus, In the light of the above all facts, the aim of this study is to fill up these gap.

1.3. Research questions

In line with the above problem statement, the research question that are going to be answered

- What are project specific related causes of project failure of DBE financed projects?
- What are the major credit management related causes of failure of DBE financed projects?
- What are the major macroeconomic determinants of failure for DBE finance projects?
- What are the major sociopolitical determinants of failure for DBE finance projects?

1.4. Objective of the study

1.4.1. General objective

The general objective of the study is to identify the major causes of project failure financed by DBE

1.4.2. Specific objective

The study will have the following specific objectives

- To identify project specific related factors of project failure financed by DBE
- To identify the major credit management related cause of failure of DBE financed projects
- To identify the macroeconomic environment related cause of failure of DBE financed projects
- To examine the socio political environment related causes of failure of DBE financed projects

1.5. Significance of the Study

Research studies regarding bank financed projects in general and DBE financed projects in particular have not yet studied so far .This study, therefore it will assist in identifying the major causes of failure of projects financed by DBE and contributes some research avenue for those researchers in project finance in addition to being a step for the researchers educational career the study will forward appropriate recommendations to the concerned managements of the bank so as to create successful operating project (which in turn benefits the project owner in particular and the countries in general future operations and achieve of the bank 100% success for all financed project by 2020 and also it will be a stepping stone for further research in the area of causes of project failure.

1.6. Scope of the Study

The focus of this research project is to identify the major causes of project failure financed by development banks of Ethiopia and the study will consider all internal and external factors which causes a financed project to fail from the banks perspective but all project financed by the bank have not included yet in the research and also all the possible causes which makes a financed project to fail are not included in this paper in addition to this ,the analysis will not be conducted on all existing projects which are financed by DBE at Dessie district i.e., projects financed by other district organ ,branches and head office will not be included in the study and also projects that are financed during the period covering from July 01,2012- June 30,2016 are taken into account.

1.7. Definitions of Terms

Project can be considered to be any series of activities and tasks that have specific objective to be completed within certain specifications, defined start and end dates and consumes human and non-human resources.

Project financing is said to be non-recourse when lenders are repaid only from the cash flow generated by the project.

Project failure is a situation when a given project, which consumes human, material and financial resources, fails to deliver an acceptable return on investment, so it is terminated before the completion, no sufficient value is produced, and no benefit is delivered to the customer .

Development Bank of Ethiopia (DBE) -is specialized financial institutions established to support the economic development of the country by providing medium and long term loan to encourage private sector investment.

1.8. Organization of the study

The study consists of five chapters. The first chapter highlights the background of the study; which includes state of the problem, research questions, and objectives of the study, scope, significance and definitions of terms. The review of the related literature is discussed in the second chapter. It presents theoretical and empirical literature which serve as the basis and proof to support the basic questions of the study. Chapter three contains about the research methodology which includes the research design, approaches, types and sources of data, method of data collection and analysis, target population and validity and reliability. Fourth chapter focuses on the presentation, analysis and interpretation of the data and finally the last chapter deals with, conclusions and recommendations based on the findings.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical literature

Under this chapter of the research project paper, the available literatures on the area of the research topic under caption are reviewed. These literatures are obtained from books, journals, government publications and other dependable sources. Possible causes of project failure are discussed in detail using the theoretical and empirical perspectives. Before discussing causes of project failure, concepts and definitions of some terms that are related to the research topic are explained briefly.

2.2. Concept and Definition of Project

Various definitions of a project are given by different scholars of the field and hence some of them are discussed below. (Kerzner, 2009) Defined a project can be considered to be any series of activities and tasks that have specific objective to be completed within certain specifications, defined start and endpoints.

According to Project Management institute (PMI, 2013) guide to project management body of knowledge (PMBOK Guide), Project is a temporary endeavor undertaken to create a unique product, service, or result. According to it, the temporary nature of projects indicates that a project has a definite beginning and end while unique means that the product, service or result is different in some distinguishing way from all other products, services or results due to the different location, different design, different circumstances and situations, different stakeholders, and so on. Hence, a project should have definite starting and ending points (time), a budget (cost), a clearly defined scope or magnitude of work to be done, and specific performance requirements that must be met. Kerzner (2009) had given a similar definition for a project. According to him, a project can be considered to be any series of activities and tasks that have specific objective to be completed within certain specifications, defined start and end dates, funding limits (if applicable), consumed human and nonhuman resources (i.e., money, people, equipment) and are multifunctional (i.e., cut across several functional Typically a project is a one-time effort to accomplish an explicit objective by a specific time. According to (Lewis, 2002), projects are different from standard business operational activities as it Has defined time boundary- which means projects clear start and ending date within which the deliverable must be produced to meet the customer's requirement, in addition it is unique in nature –projects don't involve repetitive process and every project is different from the last. Moreover, it Has limited resource -at the start of a project an agreed amount of labor, equipment and materials are allocated to the project.

2.3. Project Finance

They are most commonly non- recourse loans, which are secured by the project assets and paid entirely from project cash flow, rather than from the general assets or creditworthiness of the project sponsors, a decision in part supported by financial modeling. Project finance is a method of raising long-term debt for major projects and lending of them relaying on the cash flows generated by the project alone for repayment (Yescombe, 2002). (World Bank , 2001) defined project finance as the "use of non-recourse or limited-recourse financing." Further defining these two terms, "the financing of a project is said to be non-recourse when lenders are repaid only from the cash flow generated by the project, or in the event of complete failure, from the value of the projects assets. Lenders may also have limited recourse to the assets of a parent company sponsoring a project. "Raising capital through project finance has many advantages. According to Cleland and Ireland (2008), project financing is most appropriate when a large amount of capital is required and high risks are involved and hence by using the method of project finance the risk is distributed to several parties who are in the best position to control the risk factors that in turn reduces the moral hazard problem and minimizes the cost of bearing risk.

2.4. Concepts of Project Failure and Success

The inability of many projects to generally satisfy the desires and aspirations of the end user is also an instance of failure (Nwachukwu, 2009). A project, irrespective of completion time or cost fitting is indeed a failed one if it does not justify its cost and the value derivable from its use. This refers to a case of a white elephant project. In a study (Baker, Fisher & Murphy, 2010) to gauge the value of customer satisfaction as a measure of project success, analysis of responses from project managers caused the researchers to conclude that that project success means much more than merely meeting cost schedules and performance specifications. In fact, the level of satisfaction of the client is a very strong index of project failure or success.

(Ghattas, 2001) defined project as Nick Graham did. They defined project failure as non-completion of or wrongly completed project. According to Project Management Body of

Knowledge (2013), project success should be referred to the last baselines approved by the authorized stakeholders and the project manager is responsible and accountable for setting realistic and achievable boundaries for the project and to accomplish the project within the approved baselines.

(Mishra, 2005) had identified different project success factors. According to them, clearly defined goals, support of top management, competent project manager & team members, sufficient project resources, client involvement in defining needs and requirements, adequate communication channels, involvement of all parties in project review and corrections, consulting with users, implementing appropriate technology and control measures to keep project on track and daily trouble shooting and resolution of problems are the factors that have influences over the direction of project success.

2.4.1. Concepts of Project Failure

There is no commonly accepted definition for project failure. Different authors define from different perspective and context. According to Carlos (2002), a project is considered as failed when it has not delivered what was required, in line with expectations. Therefore, in order to succeed, a project must deliver utilizing the minimum cost possible, the expected quality, and on the time scheduled, and it must deliver the benefits presented in the business case.

Even if a project has delivered everything that was in the detailed project designs, it may still be considered a failure if it did not include vital elements that the key stakeholders needed (Carlos, 2002). According to him, project success and failure is not just about the facts, nor is it simply about what was delivered. It is also, crucially, about how the project is perceived. McConnell (2010) expanded the definition of project failure more than expectation.

According to him, project failure is a situation when a given project, which consumes human, material and financial resources, fails to deliver an acceptable return on investment, so it is In most of the cases, the types of financing covered by project financing is large complex and expensive installation that might include power plants, chemical processing plants, mines, transportation infrastructures, telecommunication infrastructures, etc(Committee, 2001). The project is considered "failed" when it does not produce results as proposed, exceeds its budget and time, and does not meet specifications.

2.4.2. Concept of Project Success

In the past twenty years, project success was defined as the completion of an activity within the constraints of time, cost, and performance (Kerzner, 2009). Today, the definition of project success has been modified to include completion within the allocated time period, within the budgeted cost, at the proper performance or specification level, with acceptance by the customer/user, with minimum or mutually agreed upon scope changes, without disturbing the main work flow of the organization and without changing the corporate culture (Ibid).

Since projects are temporary in nature, the success of the project should be measured in terms of completing the project within the constraints of scope, time (to ensure realization of benefits for the undertaken project, a test period such as soft launch in services can be part of the total project time before handing it over to the permanent operations), cost, quality, resources, and risk as approved between the project managers and senior management (Project Management Body of Knowledge, 2013). According to Project Management Body of Knowledge (PMI, 2013), project success should be referred to the last baselines approved by the authorized stakeholders and the project manager is responsible and accountable for setting realistic and achievable boundaries for the project and to accomplish the project within the approved baselines.

Development Bank of Ethiopia has also defined the term project success from its perspective. According to DBE"s Corporate Balanced Scorecard (2010), a project is classified under the category of successful project if the project properly meets its debt service, performs above its breakeven point and meets its objective by generating tax revenue to the government, creating employment opportunity and generating and/or saving foreign currency.

For a project to be completed successfully great effort should be exerted on project success factors. Mishra and Soota (2005) had identified different project success factors. According to them, clearly defined goals, support of top management, competent project manager & team members, sufficient project resources, client involvement in defining needs and requirements, adequate communication channels, involvement of all parties in project review and corrections, consulting with users, implementing appropriate technology and control measures to keep project on track and daily trouble shooting and resolution of problems are the factors that have influences over the direction of project success.

In this research project, success (i.e., project success) is defined as it has been defined by Development Bank of Ethiopia.

2.5. Cause of Project Failure

Olalusi and Otunola (2012) identified incorrect estimation; lack of available skilled personnel; inadequate planning; poor risk management; misunderstanding of the work requirement; corruption tobe among reasons for failed construction projects in Nigeria.

Scholars dwelling on project in general identified various causes for project failure. In 2005, the Office of Government Commerce (OGC), part of the Efficiency and Reform Group within the Cabinet Office in England, identified the following eight common management causes which lead to project failure.

.• Clear linkage problems between the project and the organization's strategic priorities;
• Absence of clear demarcation among senior management, ownership and leadership;
•Unclear and ineffective engagement among stakeholders;
•Skills and knowledge gap about project and risk management;
• Too little attention to breaking development and implementation into manageable steps;
• Appraisal of project proposals using current price rather than long-term money value;
•Low understanding and weak relation with the supply industry; and
• Lack of effective project team integration

Mishra and Soota (2005) have identified many factors that have an influence over the direction of project failure. Inadequate skills, unsupportive top management, a project manager who cannot cope up with the demands of project, ignoring the systematic nature of projects with hardware, software, and other resources handled precisely in an independent manner, inadequate communication in the project, failure to involve the user, inadequate project planning, insufficient project definition, improper estimation of time and resources, incorrect scheduling and handling of resources, enormous changes during the last implementation phase, inadequate control and poorly planned project termination are the possible causes of project failure.

Yescome (2002) divided risk/causes of failure of bank financed projects into three main categories. All of the three causes summarized below expected to be the cause in DBE financed projects.

- Commercial causes – those inherent in the project itself or the market it operates in,
- Macro-economic causes – financial/economic causes that are out of the control of the project,
- Political causes – causes related to the government actions or political force.

According to him, “commercial risk” captures the risks that are associated with in different project cycle: implementation and operation. During the implementation phase the contractor can bankrupt and the project implementation can be delayed, which will increase the costs and postpone the revenue stream. The operation phase contains risk such as management incompetency to run the operation, technological failure or obsolescence, input shortage and revenue decrease. And also he has also classified financial risks such as change in inflation; interest rate and exchange rate that have not been accounted properly in the project formulation can hamper the viability of the project. Investment risk considered under political component includes expropriation of the investment by the government and war or internal and external conflicts, which makes the project unable to function properly or entirely halt. The second political risk component, “change of law”, include factors like price controls, withdrawal of permits, licenses or concessions, deregulation of the market introducing new competitors, increases in tax, tariffs, import duties or controls.

Therefore causes of project failure, according to the above review, can be summarized in to four categories. These factors are project specific, credit management, and macro and socio political environment.

- ✓ **Project specific factors includes:** Poor implementation/time overrun, management problem, poor governance, cost overrun, size of the project, technical failure, market and marketing problem, quality of manpower, missing of objective missing stockholder’s requirement, losses because of uninsured items damage, financial insolvency of the promoter absence of change control system.
- ✓ **Credit Management related factors are**: Over appraisals of collateral, Project planning capacities of the financers, follow-up level/providing technical advice, over estimation of returns from the project, appraisal of project proposals using current price rather than long term money value.
- ✓ **Macro Environment factors are:** Change in economic policies, the mismatch and change in exchange rate, increases in energy prices and economic growth and Inflation rate.

- ✓ **Sociopolitical Environment factors are:** demographic variables, literacy level, religion diversity, Jurisdiction system, Political system, government official's perception for the projects, the government change and the politicization of projects, the problem of corruption and related cases, all of the causes summarized above all expected to be the cause in DBE financed projects too.

2.6. Empirical Results and Facts

Indices of ICT projects in the Nigerian public sector, (Akinyoku, 2009) disclosed that failures in IT project were still common in Nigeria. Their study attributed the failures to poor planning, lack of top management support, inadequate skill and expertise of IT project managers.(Ubani, 2010) study on variation factors of project plans and their contributions to project failure in Nigeria identified design errors, management problems and resource delivery constraints as the significant variation factors that significantly contribute to project failure in Nigeria. On the perceived lack of professionalism, inexperienced project managers and team members; granted that certain participants disclosed that project teams in Nigeria may comprise of personnel with high educational qualifications and project management skills while others may not(Odedairo, 2011), Igbokwe-Ibeto (2012)examined issues and challenges affecting local government projects and concluded that corruption, inappropriate timing of budget releases, untimely payment of performance certificates, community and labour problems, contractor's default and inaccurate assessment of the project environment have been responsible for failures in most local government sponsored projects in Nigeria. Finally, Ubaniet al. (2010) study on variation factors of project plans and their contributions to project failure in Nigeria identified design errors, management problems and resource delivery constraints as the significant variation factors that significantly contribute to project failure in Nigeria.

On the perceived lack of professionalism, inexperienced project managers and team members; granted that certain participants disclosed that project teams in Nigeria may comprise of personnel with high educational qualifications and project management skills while others may not. Odedairo, Oke and Oyalowo (2011) suggested that project management as a professional career path still remains unrecognized and largely unpatronised in Nigeria. This can also lead to a debate that there may also be gaps between what providers of project management learning are offering and what is needed to deal with the main issues affecting the generic project environment in

Nigeria. Nonetheless, the need for sagacity in the deployment of project management skills can never be overemphasized during any project.

For this and other reasons, (David, 2006) maintained that it is critical for all project team members to have an understanding of the fundamental project requirements and requisite project management skills. These requirements include project planning, risk management, organizing, motivating, directing and controlling as well as maintaining a positive attitude. Inadequate budgetary allocation was another debatable factor identified as being contributory to project failure in Nigeria.

Due to the shortage of research studies on causes of Bank financed project failures, the research is compelled to consider similar studies conducted on different projectsassuming that causes for project failure could be closely related. With this understanding, the project failure surveys on IT projects done by two organizations [The Bull Survey (1998) and The Chaos Report (1995)] were reviewed. The Bull Survey (1998), the French computer manufacturer and systems integrator, Bull, requested an independent research company, Spikes Cavell, to conduct a survey in the UK to identify the major causes of IT project failure in the finance sector. The survey carried out on IT projects were identified missed deadlines (75%), exceeded budget (55%) and inability to meet project requirements (37%) as cause of project failure. The key findings of the survey reveals that the major causes of project failure during the lifecycle of the project are a breakdown in communications (57%), a lack of planning (39%) and poor quality control (35%).

The Chaos Report (1995) the scope and approach of this landmark survey had been conducted among 365 IT managers from companies of various sizes and in various economic sectors. The project evaluation criteria had considered cost overruns, time overruns and content deficiencies.

The KPMG Canada Survey (1997)

This study has been conducted by KPMG Canada. The Key Findings of the study identified the followings as the main causes of project failure:

1. Poor project planning: Specifically, inadequate risk management and a weak project plan. Risk management becomes more important as the organization gets bigger, so larger organizations need

to pay more attention to this area. 2. Weak business case: The need for the system should be justified in ways that relate directly to the organization's business needs. 3. Lack of top management involvement and support: This often dooms the project to failure before it starts. Securing buy-in from the top, often by a strong business case backed up with a realistic project plan, is an essential step.

The Bull Survey (1998)

In 1998, the French computer manufacturer and systems integrator, BULL, requested an independent research company, Spikes Cavell to conduct a survey in the UK to identify the major causes of IT project failure in the finance sector.

A total of203 telephone interviews were conducted with IT and project managers from the finance, utilities, manufacturing, business services, telecoms and IT services sectors in UK. All the managers interviewed had previously taken the lead in integrating large systems within organizations in the Times Top 100.

The main IT project failure criteria identified by the IT and project managers were missed deadlines (75%), exceeded budget (55%) poor communications (40%) inability to meet project requirements (37%).

On the other hand, the main success criteria identified were meeting milestones (51%), maintaining the required quality levels (32%) and meeting the budget (31%)

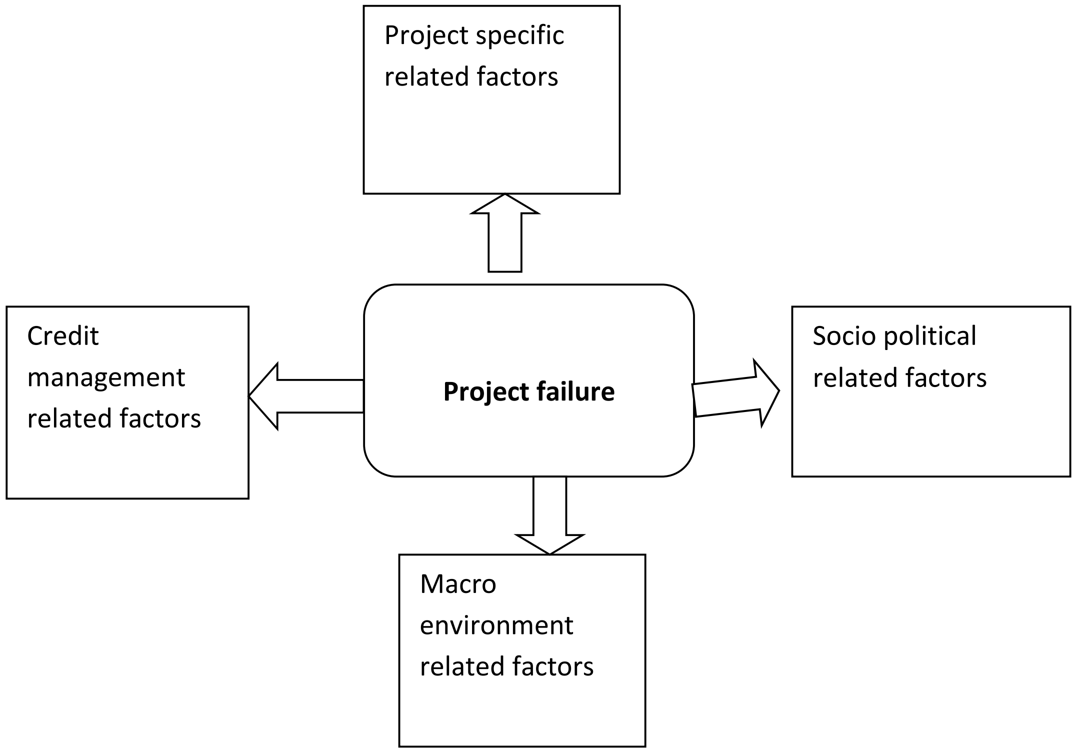
The key findings of the survey reveals that the major causes of project failure during the lifecycle of the project are a breakdown in communications (57%), a lack of planning (39%) and poor quality control (35%).

The KPMG Canada Survey (1997) This study has been conducted by KPMG Canada. The Key Findings of the study identified the followings as the main causes of project failure: 1. ***Poor project planning:*** Specifically, inadequate risk management and a weak project plan. Risk management becomes more important as the organization gets bigger, so larger organizations need to pay more attention to this area. 2. ***Weak business case:*** The need for the system should be justified in ways that relate directly to the organization's business needs. 3. ***Lack of top management involvement and support:*** This often dooms the project to failure before it starts. Securing buy-in from the top, often by a strong business case backed up with a realistic project plan, is an essential step.Mubila et.al (2000) had worked more or less the same study on African Development Bank.They used project size, implementation delay, investment cost overrun, economic rate of return of the project and human development index as measure project specific success or failure determinant in their study. In this model, they have used project specific explanatory variables such as total project cost (to proxy project size), cost overrun in percent, time overrun in percent and dummies for economic sector. Moreover, they considered macroeconomic performance of the country, such as increases in energy prices, GDP, inflation rate, and domestic and regional politics as important influencing determinant in the study. Variables to capture the domestic economic environment – the average growth rate of the economy, the size of the population as well as dummies for regional distribution of customers included for the implementation period 1974 to 1994 to find if these variables have any relation to project success.

2.7. Conceptual framework

The main objective of this study is to identify cause of project failure financed by development banks of Ethiopia. Based on the objective of the study, the following conceptual model is framed. Even though literature is not extensively found upon causes of failures of banks financed projects, as previously discussed in the related literature review parts and a few studies mentioned under, project failure is caused by project specific related factors, credit management related factors, macro environment related factors and socio political environment factors. so based on theoretical and empirical literature, conceptual framework is developed as follows

Figure 1: conceptual framework



Source: Developed by researchers

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Design

In this study descriptive analysis has been used such as frequency and percentage computation has been conducted to describe the data being collected and also both quantitative and qualitative methods will be employed. Since the two methods have its own strength and limitations, the research will adopt both methods to benefit from the strength and avoid/minimize the limitations arising from using a single method.

3.2. Research Approach

3.2.1. Quantitative Approach

The purpose of the quantitative aspect of this proposed study is to seek information that can be generalized about the about the cause of project failure financed by development bank of Ethiopia. The study will use survey design with a structured self-administered questionnaire and structured record reviews. To gather data which will be used in the study, self-administered questionnaires will be distributed to research participants and documentary analysis from loan recovery and rehabilitation report, annual reports of the DBE and other relevant sources. The following discussions present the survey design (both survey of respondents opinion and documentary studies) as planned to be used in this proposed study.

3.2.2. Qualitative Research Approach

In order to minimize the limitation mentioned above in the quantitative approach and to obtain additional insight more than outlined in the questionnaire, in a less structured and more flexible approach a qualitative approach is used. Using this approach an in-depth interview is conducted on six respondents who have better experience in the bank. These were from banks that were covered and uncovered by survey and experts from the DBE. The researcher followed same interview protocol. However, qualitative method has a limitation because of the difficulty in generalizing findings to a large group as limited number of participants is involved in this approach.

3.3. Types, Sources and Method of data collection

Both primary and secondary source of data has been used for the analysis. All primary data has been collected through interview and questionnaire from DBE Dessie district credit performers or employees and project promoters and also all secondary data or documents has been assessed from loan recovery and rehabilitation report, follow up report as well as approval reports of the District.

3.4. Target Population

The units of analysis in the study is the projects which is being financed From the period July 01, 2012-to June 30,2016 and which has been started operation and stayed for a minimum of one year and the target population is 26 project promoters and project manager taken from the financed projects and 24 credit performers will be considered ,thus the total number of respondents are 50 since these population is very low and manageable ,there is no need to take sample In addition, banks annual report and loan recover and rehabilitation reports of has been used as secondary data.

3.5. Data Analysis

The data obtained through surveying is being analyzed with the use of the SPSS (statistical package for the social sciences) program 22-23v and also descriptive statistical computation such as, percentage and frequency distribution will be utilized.

3.6. Reliability and Validity

The reliability and internal consistency of the data has been assessed using Cronbach's Alpha and the minimum acceptable level expected to be above 70 as recommended by Carmines and Zeller (1989). Thus the research project of reliability test analysis is undertaken and obtained a result of 0 .71, then it suggests that all of the items are reliable and the entire test is internally consistent.

3.7. Ethical Considerations

The purpose of study is to identify causes of project failure and agreement was secured before data collection is launched. The intention of the data to be collected was made clear to participants and the information obtained from them would not be disclosed to any party and solely used for academic purpose. To ensure that privacy of the respondent, name and other identifying information were not used in the study. Participants were asked to take part willingly and responded on their own accord.

CHAPTER-FOUR

RESULT AND DISCUSSION

This chapter deals with presentation and discussion of data being collected. The first section of this chapter deals with respondent's profile, including their current position in the bank and project, their experience in the overall banking and project area, and their educational qualifications. The second part describes survey, document analysis and semi structured interview result upon project specific related cause of project failure, including poor implementation, management problem, poor governance, size of the project, technical failure, market and marketing problem, quality of manpower failure, missing of objective, losses because of uninsured items damage, financial insolvency of the promoter and absence of change control system. The third part assesses the survey results, interview and document analysis on the credit specific factors in connection with the over appraisals of collateral, project planning capacities of the financers, follow up level or providing technical advice, over estimation of return from the project and appraisals of projects proposal using current price rather long term money value.

The fourth part describes respondents' opinion and document analysis on macroeconomic and socio-political environment in connection with change in economic policies, mismatch and change in exchange rate, increases in energy price, continuous rise of price of product, raw materials and wage, literacy level, religion diversity, jurisdiction system, government officials perception, the intervention of political leader on projects and the problem of corruption and related cases. Originally 50 questionnaires were prepared, and from these questionnaires, 35 questionnaires distributed to those who were available in their workplace at the time of surveying while the remaining15 were sent by email, fax and through another person to those who were not available. From the 50 questionnaires, all are filled and returned successfully. Hence, 100% questionnaires are responded successfully.

4.1. Respondent's profile

This section shows the respondent's profile regarding their current position in the Bank, their experience in the overall banking business and project area as well as in the credit area and their educational qualifications.

Respondents' gender

Out of total responses, 78% were male and 22% were female. This shows that respondents are dominated by male.

Table 4.1: Sex of respondent

Sex		Frequency	Percent
	Female	11	22
	male	39	78
	Total	50	100

Source: survey result and own computation

Respondents' Current Position in the Bank and in the project

30% of the respondents are General Manager or project promoter followed by credit appraisal officer, project manager, due diligence team member, loan review team member and loan recovery team member which accounts 24%, 18 %, 12 %, 8 %, 8 %   share respectively (See table 4.2). The respondents' current positions in the Bank and in the project being financed indicate that half of the respondents participate in project management and the remaining participate in project finance, from credit origination to final loan recovery work process.

Table .4.2. Respondents' current position in the Bank and in the project

Position of respondent	Number	Percent
loan appraisal officer	12	24.0
loan review team member	4	8.0
due diligence team member	6	12.0
Loan recovery team member	4	8.0
project promoter	15	30.0
project manager	9	18.0
Total	50	100.0

Source: survey result and own computation

As mentioned earlier, a large portion of the respondents are general manager or project promoter

Since, in the population also customer relationship managers hold a great number of all credit performers. In addition, Customer Relationship Managers have a relatively more exposure in the project financing process from recruiting the customer to final loan disbursement and follow-up. Furthermore, they have a great contact with the customers.

Respondents' Experience in the Bank and in the project

As shown in the following table, 88 % of the respondents' have an experience of less than 5 Years in the Bank and in the project, while 12% have more than 5 years of experience (See table 4.3) from this we can deduce that few respondents are experienced.

Table 4.3: Respondents Experience in the Bank and in the project

Years of experience	Number	Percent
1-5 years	44	88.0
5-10 years	6	12.0
Total	50	100.0

(Source: Survey Result and own computation)

Respondents' Educational Background

With regard to the educational background of the respondents', 84 % have at least Bachelor degree, 18 % have at least master degree and 16% are below bachelor degree (See table 4.4.) Hence, we can see that the respondents are well qualified.

Table 4.4. Educational Background of the respondents

Education	Frequency	Percent
<BA/BSC	8	16
BA/BSC	33	66
MA/MSC	9	18
Total	50	100

(Source: Survey result and own computation)

In general, the respondents' profile indicates that most of them have adequate qualification which we can obtain relevant information regarding the issues being studied.

4.2. Project specific cause of project failure

Table: 4.5. Project specific Cause of project failure

Project specific Cause of project failure	Strongly disagree(%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
Project implementation	2	12	2	46	38
Management problem	4	2	4	40	50
Poor Governance	4	22	12	32	30
Size of the project	18	30	18	32	2
Technical failure	4	6	20	48	24
Market and marking problem	4	16	10	42	28
Quality of manpower failure	10	16	8	48	18
Missing objectives	8	12	18	48	14
losses because of uninsured damage	12	24	28	26	10
Financial insolvency of the promoter	4	8	18	64	6
Absence of change control system	6	20	16	46	12

From the above result 84 % of the respondents support that poor implementation of project can cause a financed project to fail, like wise two few respondents (2%) are neutral in this case while 14 % 0f the respondents are responded that a problem of implementation has no impact on project failure. Upon management problem ,50 % and 40% of the respondents are strongly agreed and agreed respectively and 4% are neutral in the case and the remaining 6 % are conformed that management problem has no effect on project failure. From this figure we deduce that management problem is highly responsible for a financed project to fail.

In relation to the size of the project 18 % of the respondents are strongly disagreed that size of the project is not cause for a project to fail, 30 % of the respondents are disagreed on that project failure is not caused by the project size on the other hand 34 % of the respondents support size of the project causes a financed project to fail and 18 % of the respondent result shows that they have no stand on this case .hence from this we can infer that 48% of the respondents declined that this factor is not a basic reason for failure.

Based on the above survey result ,72% of the respondent conforms that technical failure is a cause for project failure while 10 % of them are not agreed on the issue and 20 % of them are neutral on the case of technical failure and its impact on project failure ,hence from the respondents response, we can generalize that technical failure is highly responsible for a given project financed by the bank and market and marketing problem are also ensured by 70% of the respondents as if it can cause a project to succeed or fail while 20% respondents don't agree that project failure can't be caused by market and marketing problem and also form the presentation the respondents have agreed that quality of manpower failure ,missing objectives ,financial insolvency of the promoter and absence of change control system are causes for a financed project failure because 66% of response tell us manpower failure is causing for project failure,

62 % of the respondent's result conforms that missing objectives affects project failure directly and 58 % of the respondents supports that absence of change control system affects project failure directly while 26 % of the respondents disagreed that absence of change control system doesn't impact a project to fail. Therefore, we can conclude that this factors influence project failure directly. In addition document analysis of loan recovery report describes that management problem or lack of adequate knowledge and experience on how to manage the finance given by the bank by the promoter , problems of market and marketing problem ,shortage and price fluctuations of raw materials and delay in implementing the project such as construction for working progress and procurement of machineries and in raising equity contribution as per the agreement are the major project specific causes of project failure financed by the DBE . Moreover, In order to get deep understanding about the cause of project failure financed by the bank in depth interview was conducted with senior or experienced bank credit officers and the conformed that absence of skilled and quality manpower in the project or not having the right person for the right position, poor project planning capacities of the promoter, market problem **,**low project management capacities of the project manager and delay in project implementation which means the customer is delayed due to unwillingness to block the equity contributed by promoter are the major causes of project failure which is supplemented by the interview .

4.3. Credit management related factors of project failure

Table: 4.6. Credit management related cause of project failure

Credit management related cause of project failure	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
Over appraisals of collateral	10	38	22	18	12
Project planning capacity of the financer	16	24	22	34	4
Follow up level/ providing technical advice	4	8	18	56	14
Over estimation of return from the project	8	18	20	50	4
Appraisals of project proposal using current price	6	16	18	52	8

Upon credit management related cause of project failure, respondents are asked on over appraisals of collateral and its effect on project failure and from these 38 % of respondents are disagreed and 10% of respondents strongly agreed while 22% are neutral and 30 % are agreed on the impact of over appraisals of collateral on project failure, hence from this we can deduce that nearly half of the respondents response has shown that over appraisals of collateral has no impact on the financed project to fail and also upon project planning capacity of the financers, 40 % respondents don't agree that project failure cannot be caused by it and on the other hand 38 % are agreed that project failure is caused by project planning capacity of the financers and the remaining are neutral in this issues.

Follow up level/ providing technical advice, over estimation of return from the project and appraisals of project proposal using current price are responded as if it causes a project to fail.Since 70% of the respondents are agreed on follow up level or technical advice can cause a project failure and followed by this 54% and 60% respondents have supported over estimation of return from the project and appraisals of project proposal using current price respectively.

Document analysis have been undertaken upon credit management related factors and it has been reported that lack of strict follow-up of financed projects by the credit performers, poor credit analysis made by the bank such as Lack of proper market and project viability study made by the bank ,Over estimation of cash flow or revenue from the project during appraisal and absence of reliable price, market and cost of production data for project planning purpose are the major factors addressed for a financed project to fail and also to triangulate the result found from survey and document analysis an in depth interview were held with senior credit officers and the response is summarized that Lack of pertinent credit policies set by the bank, Poor follow up function or activities in the bank advice given by the bank , Improper credit appraisal (analysis) made by the bank or error in estimating the return of the project, Lack of in depth due diligence (KYC) assessment on potential borrowers/credit applicants and Over appraising collateral are the major factors of project failure supported by the interviewee.

4.4. Macro environment factors of project failure

Table: 4.7. Macro –Economic Environment factors

	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
change in economic policies	6	22	12	50	10
the miss much and change in exchange rate	4	26	18	38	14
increase in energy price /electric city /gas	8	26	26	36	4
continuous rise of price of the product ,raw materials	2	12	12	60	14

The statement change in economic policies affect project failure has ensured by 60% of the respondents which means they have agreed with change in economic policies has an impact on project failure financed by the bank on the other hand 28 % of the respondents have disagreed the impact on project failure while 12% are neutral in this case and also 52 % and 74 % respondents have agreed that the miss much and change in exchange rate and continuous rise of price of the product ,raw materials and wage causes project failure respectively. From the document being analyzed, lack of foreign currency to import raw materials is a single cause for a project to fail in this section.

The semi structured interview result has depicted that sudden change in economic policies and Continues rise of raw materials and wages are the major factors for a financed project to fail.

4.5. Socio-political Environment factors causes of project failure

Table: 4.8 .Sociopolitical Environment factors

	Strongly disagree(%)	Disagree (%)	Neutral(%)	Agree (%)	Strongly agree(%)
literacy level	10	16	24	38	12
religion diversity	24	32	28	16	
Jurisdiction system	8	26	26	34	6
Government officials perception	6	20	16	42	16
intervention of political leader on projects	10	30	2	34	24
problem of corruption and related cases	4	8	2	30	56

From the above survey result, it has been shown that respondents have supported that literacy level, government officials perception and problem of corruption and related cases can cause a financed project to fail since 50% ,64 % and 86 % of the respondents response has told that these factors affects the issue respectively. Hence from this figure, we can deduce that the problem of corruption and related cases has significant impact on project failure followed by government official’s perception towards the project being financed. On the other hand few respondents don’t agree with issue of problems of corruption and related cases, literacy Level, government official’s perception.

In the same way 56 % respondents disagree that religious diversity affect project performance where as 28% are neutral while too few respondents (16%) of the respondents have accepted that religious diversity has no impact on project failure. Thus from this we can deduce that religious diversity has no effect on project success or failure since more of the response has indicated that it cannot impact project failure. Upon Jurisdiction system, 34 % of the respondents agreed, 6% of them have strongly agreed while 8% have strongly disagreed, 26% of them disagreed and the rest are neutral, hence from this we can deduce that more response is being received as if Jurisdiction system can be a cause for a financed project to fail .Therefore, out of the socio political factors problem of corruption and related cases, Government officials perception, intervention of political leader on projects and literacy level are caused a banked financed project failure where as religion diversity is not responsible for banks financed project success and also the semi structured interview confirmed that unnecessary intervention of external bodies during credit assessment and approval decision and the problems of corruption and good governance within the project life cycle.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of the Findings

As has been stated in chapter one the broad objective of this study was to identify the major cause of project failure Further, the following specific questions were formulated to meet the general objective of the research:

- What are project specific related causes of project failure of DBE financed projects?
- What are the major credit management related causes of failure of DBE financed projects?
- What are the major macroeconomic determinants of failure for DBE finance projects?
- What are the major sociopolitical determinants of failure for DBE finance projects?

So based on the research question the findings of the study in identifying cause of project failure financed by development banks of Ethiopia is discussed as follows:

A. Project specific related cause of Project failure

In relation to respondents' view, the survey result shows that the project specific related causes of project failure are ranked as follows from the analysis. These are management problem, poor implementation, technical failure, market and marketing problem, financial insolvency of the promoter, quality of man power failure, missing objectives and poor governance. The document analysis report result also confirms that management problem, market and marketing problems and delay in project implementation are the major project specific related cause of project failure. And also an in-depth interview conducted with senior credit officers conforms that market problem, manpower quality problem, delay in project implementation causes a project to fail.

B. Credit management related causes of project failure

In relation to respondents' view, the survey result shows that credit management related causes of project failure are ranked based on respondents' agreement as follows: Follow up level or providing technical advice, appraisals of project using current price, over estimation of return from project and project planning capacity of the financers are major causes a project to fail.

The document analysis report result also shows that lack of strict follow-up of financed projects by the credit performers, poor credit analysis made by the bank such as Lack of proper market and project viability study made by the bank, Over estimation of cash flow or revenue from the project during appraisal and absence of reliable price, market and cost of production data for project planning purpose. Moreover, from credit management related factors Poor follow up function or activities in the bank advice given by the bank, Improper credit appraisal (analysis) made by the bank are supported by interviewee as if it can cause a project to fail.

C. Macro environment related causes of Project failure

Continuous rise of product price, raw materials price and wages, sudden change in economic policies are strongly supported both in survey and in depth interview.

D. Socio political related causes of project failure

The Problems of corruption and related problems and intervention of political leaders on project has been supported both in survey and interview result whereas government official's perception towards the project has got only support from survey result.

5.2. Conclusion

The objective of this research was to identify the causes of project failure financed by development bank of Ethiopia in general and specifically factors in connection with project specific, credit management related factors, and macro environment related factors and socio political environment factors. To achieve this objective, the study used mixed research approach and more specifically survey and an in-depth interview. In addition, the study uses secondary sources of information. The cause of project failure financed by development bank of Ethiopia are factors in connection with project specific, factors in connection with credit management, factors in connection with macro environment related factors and factors in connection socio political environments.

In connection with project specific factor District Management problem, poor implementation, market and marketing problem, quality of manpower failure are the major cause. It is also concluded that the following are among the major bank or credit management related cause of project failure are: follow up level or providing technical advice, appraisals of project proposals using current price rather than long term money value, project planning capacity of the financers are the major causes of a financed project to fail. Factors in connection with macro environment, continuous rise of product price, raw materials price and wages, sudden change in economic policies are reason for project failure. Factors in connection socio political environments it has been concluded that the Problems of corruption and related problems and intervention of political leaders on project is an identified cause for project failure

5.3. Recommendation

Aligned with the above conclusion, the researcher proposes the following corrective measures that should be considered by concerned stake holders in order to reduce project failure regarding DBE financed projects.

- As far as marketing problem is concerned, the bank need to be involved in finding of market destination for the produce of the projects in addition advising the promoter by assigning operators in credit process that are well trained and experienced in marketing or establishing marketing advisor team. The research wing of DBE, therefore, has to scale-up the market studying method of commodities from traditional gap analysis to standard market research in order to buildup the knowledge of operators in credit processing units. In addition to this, DBE has to arrange training, exposure visit and experience sharing programs to local project managers/owners to improve their marketing knowledge.
- In order to help projects to be implemented as per the stated schedule, the Bank has to conduct strict project implementation follow-up in order to verify whether the implementation of the project is conducted as per the schedule which is stated in the Banks appraisal document. Immediate & appropriate actions should be taken on the identified problems which hinder the project from being implemented on and or before the stated schedule.
- Regarding manpower problem of projects, the Bank has to enforce the project owners to recruit as per stipulated number, experience and knowledge requirements of manpower plan in appraisal documents since the project working capital requirement is determined considering the salary of these employees.
- With respect to the follow-up activity of the Bank, the Bank has to give intensive training to the operators to fill the skill gap in addition to assigning the required human resource on merit base. Follow-up reports have to be conducted with a group of multidisciplinary experts rather

than on an individual basis so as to achieve the purpose for which the follow-up report is designed to meet. The follow-up reports should have been made critically. The concerned management of the Bank has to take immediate action as per the recommendation of the follow-up report. Moreover, the performance evaluating unit of the Bank has to check the depth of the follow-up report prepared by operating units by going one step forward and has to take appropriate measure rather than collecting simply coverage number

- Upon the intervention of political leaders on projects, the bank as well the project promoter should create awareness upon the contributions of the project to the community.
- Given that corruption and related problems is the major socio political cause of project failure, it is surprising that little has been researched about it, hence, the need for further investigation into the phenomenon. This can be achieved by exploring how corruption affects project failure financed by the bank and the cost associated with this.

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APPENDIX

Addis Ababa University School of Commerce

School of Graduate Studies

Program of Project Management

QUESTIONNAIRE

This survey is going to be undertaken by a student of Addis Ababa University, College of commerce in the Department of Project Management as a partial fulfillment for the award of Master of Project Management. This questionnaire is designed to obtain information on Cause of project failure financed by development bank of Ethiopia.

The information collected is purely for academic purpose and will be kept confidential. And your personal information will never be linked with your responses. Hence, you are kindly requested to fill the questionnaire and provide your opinion as truthfully as you can.

PART I: General Information/Personal Data Respondent's Background

Pleases tick and fill in the blanks if you select others.

1. Sex

Male☐ female☐

2. Educational Qualification

Below BA/BSC☐BA/BSC degree☐

MA/ MSC☐D. above MA/PhD☐

3. State respondent position in organizations/company. In which position you are currently working?

I. Respondents from DBE

Appraisal team member☐ Loan review team member ☐Due diligence team member ☐Loan approval team member☐ Loan recovery team member☐

II. Respondents out of DBE

Promoter ☐Manager of the project being financed ☐

Local government officials ☐

4. State the number of year respondent has experienced in the industry/Bank /project/office. For how long have you been working in the Industry/Bank/ project/office?

1 to 5 years☐5 to 10 years☐

11- to 15 years☐16 and above☐

Please tick and fill in the blanks if you select others. Each scale represents the following rating:(5).strongly agree (4).Agree (3).Neutral (2) disagree (1) strongly disagree

Section B	**No.**	**Causes of failure**	**1**	**2**	**3**	**4**	**5**
Project Specific	**1**	Poor implementation					
	2	Management problem					
	3	Poor governance					
	4	Size of the project					
	5	Technical failure					
	6	Market and marketing problem					
	7	Quality of manpower failure.					
	8	Missing of objective					
	9	Losses because of uninsured items damage					

	10	Financial insolvency of the promoter					
	11	Absence of change control system					
Section C			**1**	**2**	**3**	**4**	**5**
Credit Management	**1**	Over appraisals of collateral					
	2	Project planning capacities of the financers					
	3	Follow-up level/providing technical advice					
	4	Over estimation of returns from the project					
	5	Appraisal of projects proposal using current price rather than long term money value					
Section D			**1**	**2**	**3**	**4**	**5**
		Section D/I Macro-Economic Environment					
Macro- economic Environment and Sociopolitical Environment	**1**	Change in economic policies					
	2	The mismatch and change in exchange rate					
	3	Increases in energy prices/electricity/dissel/oilgass					
	4	The continuous rise of price of product, raw materials and wage					
		Section D/II Sociopolitical Environment					
	1	Literacy level					
	2	Religion diversity					
	3	Jurisdiction system					
	4	Government officials' perception					
	5	The interventions of political leaders on projects					
	6	The problem of corruption and related cases					

Semi structured interview guide line: This is designed to acquire more additional information and triangulate the result obtained from questionnaire and Your answer will be treated confidentially. The findings of the study will be used for academic purposes. *Thank you for your cooperation*

1. What are project specific related factors for project failure for projects financed by DBE? Do the following factors contribute for project failure? How?
   1. Poor implementation/Time overrun;
   2. Management problem;
   3. Poor governance;
   4. Size of the project;
   5. Technical failure;
   6. Market and marketing problem;
   7. Quality of manpower;
   8. Missing of objective
   9. Losses because of uninsured items damage;
   10. Financial insolvency of the promoter
   11. Absence of change control system

   Add if you have additional ____
2. What are Credit Management related factors for project failure for projects financed by DBE? Do the following factors contribute for project failure? How?
   1. Over appraisals of collateral;
   2. Project planning capacities of the financers;
   3. Follow-up level/providing technical advice;
   4. Over estimation of returns from the project;
   5. Appraisal of project proposals using current
   6. price rather than long-term money value;

   Add if you have additional ____

What are Macro-economic Environment and Sociopolitical related factors for project failure for projects financed by DBE? Do the following factors contribute for project failure? How?

1. Change in economic policies;
2. The mismatch and change in exchange rate;
3. Increases in energy prices,

4. Rise of price of goods rate,
5. Literacy level;
6. Religion diversity
7. Jurisdiction system

8. Government officials perception for the project

9. The government change and intervention of political leaders on the project

10. The problem of corruption and related cases

Add if you have additional ____