ST. MARY'S UNIVERSITY

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FACTORS AFFECTING THE DELAY OF PROJECT IMPLEMENTATION: THE CASE OF WEGAGEN BANK FINANCED PROJECTS

A THESIS SUBMITTED TO St. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF ARTS IN PROJECT MANAGEMENT

BY

DAWIT FERESEW

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ADDDIS ABABA, ETHIOPIA

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ACRONYMS

BCR- Benefit Cost Ratio

IRR- Internal Rate of Return

OC- Opportunity Cost

ROI- Return on Investment

TC- Total Cost

WACC- Weighted Average Cost of Capital

WB – Wegagen Bank S.co

SPSS - Statistical package for social science

Abstract

Timely completion of projects within the predetermined schedule and cost haves a competitive advantage for all stakeholders involved under projects. Project implementation delay refers to the late completion of works compared to the pre-planned schedule. The study assumes, project implantation delay can be rectified and eased when major affecting variables are identified. With the aim of discovering these factors, the researcher identified variables based on different literatures and published materials and aims to filter out and investigate the effect of Project appraisal and approval process, Promoters change request, Project monitoring and follow-up, Project implementation, Project planning, External environment conditions versus project delay under selected Wegagen Bank s.co financed projects that founds at Corporate Head-office level. With the aim of assessing the effect of the mentioned factors, research hypothesis was formulated to explore major factors that affect project implementation. Therefore, the above mentioned variables identified to be independent variables and the dependent variable identified to be project delay. With the aim of testing the proposed hypothesis, the research identifies 75 projects through purposive sampling method and data collected from professionals under credit cluster namely from credit analysts, relationship managers and Loan workout officers. Primary Data were collected from selected credit professionals and the collected data analyzed using linear regression method. Following proper checking, coding and encoding of responses in to SPSS V.26 data analysis software The findings infer that there is a strong positive and significant relationship among all the mentioned factors namely; Project appraisal and approval process, Promoters change request, Project monitoring and follow-up, Project implementation, Project planning, External environment conditions and from these unfavorable variables, external environment condition founds to have the strongest influence on project completion delay. Furthermore, after checking indicated variables are free from collinearity or the level of collinearity is within acceptable range, the researcher conducts multiple regression test and results have shown if the bank control and manipulate these factors, the bank can reduce delays from reducing a minimal 17% delay in time up to 200+ percent reduction of delay time. Therefore, the bank shall take a due consideration under mentioned variables before rendering any type of project financing and the bank shall halt financing before adequate risk mitigation mechanism is in place.

Keywords: *Project Appraisal and Approval, Project M&E, Project planning, Project Implementation, External environment condition, and Promoters change request.*

Chapter one: Introduction

1.1 Background

In lenient terms projects are temporary endeavors which aims to address particular problem within a predetermined scope, schedule and cost. The Project Management Institute (2008) defines a project as "a temporary endeavor undertaken to produce a unique product, service, or result". According to Krzner (1998) projects are any series of activities and tasks having, specific objective to be completed within certain specifications. In other words, projects have predefined objective with start and end dates, devised cost and consume resources (i.e. financial, human resource and, equipment's).

Projects can be exemplified from a range of large Construction and development projects to a minor personal projects like weddings, remodeling home. The main attribute of projects can be expressed as; projects are non-repetitive, time bounded, resource driven, outcomes oriented. According to PMI (2008) projects expected to go through 5 iterative process groups which encompassing; initiation, planning, executing, monitoring and evaluation and closing.

On the other hand, Project delay is a time overrun either beyond the contract date or beyond the date that the parties have agreed upon for the delivery of a project (Lo et al, 2006). Project delay is one of the major risk factors for both contractors and owners and causes difficulties within the project and then leads to cost and time overruns. At normal circumstance, construction project is commonly admitted as successful when it complete on time, with budget, according the specification and the stakeholder satisfaction. However, most of the projects did not finished as per the expected timetable (Tsegay and Hanbin, 2017).

Various researchers had also been studying the causes and effects of delays in construction projects all over the world and according to Ashley et al. (2008) projects facing of cost overrun worldwide is common and that is more severe in developing countries. The study conducted in UAE indicates that 50% of the construction projects in the United Arab Emirates (UAE) encountered construction delay (Faridi, A.S and El-sayegh, S.M 2006).

Projects have a variety of reasons to experience delay and various studies across the globe also conducted in investigating factors affecting project implementation delay. An investigation made by Tsegay and Hunbin (2017) concerning construction project delays in Ethiopia conducted by developing questionnaires with previously identified 52 causes and 5 effects of delay. The analysis indicates the most influential delay causes of construction projects are;

corruption, unavailability of utilities at site, inflation/price increases in materials, lack of quality materials, late design and design documents, slow delivery of materials, late in approving and receiving of complete project work, poor site management and performance, late release budget/funds, and ineffective project planning and scheduling successively as unique to the Ethiopian construction project. The other study found out that, delays are endemic to the construction projects in Ethiopia. The study examines 15 completed projects in different regions of the country, the delay encountered in most projects range from 20.66% to 50% of original contract time and the researcher pronounce Project delays are the major causes of claims for time extension and associated cost in Ethiopia (Abdissa, 2003).

According to Mansfield et al. (1994). The study conducted in Nigeria, the four most important items, as agreed by contractors, consultants and public clients are; the financing of and payment for completed works, poor contract management, changes in site conditions and shortage of materials. The study review contractual systems of selected projects and project financing in Nigeria and collected information from construction personnel using 5 scale Likert model questionnaire. The study further pointed out that, at the preliminary stage of the project, it's essential that effective decisions on design specifications, project financing, contractual systems, and methods of construction can have far-reaching effects on the success of the project.

The study conducted in UK explores causes of construction project delays in Australia, Ghana and, Malaysia and the study identified various country specific delay factors ; The findings from the case studies exposed that the most influential factors in Australia are (1) planning and scheduling deficiencies, (2) methods of construction, (3) effective monitoring and feedback process, whereas in Ghana, (1) delay in payment certificates (2) underestimating of project cost, (3) complexity of projects are the most influential factors. However, in Malaysia (1) Contractor's improper planning, (2) poor site management, (3) inadequate contractor experience are the most influential factors (Raj Kapur, 2016). Furthermore, the study stressed out that there are diverse group of delay factors from one country to another country that cause project delay.

The study by Z. Ren, M. Atout, & J. Jones. (2008), aims to identify the most important causes of delays in Dubai construction projects. A serial of questionnaire survey and interviews were conducted to explore each project participant's contributions to the causes of delays and the designed instrument distributed to: the client, the consultant and the contractor. The results

show that the major causes of delays vary from the unrealistic project duration, clients' irregular payment to the contractor, provisional sums and prime costs, nominated sub-contractors, and the culture impacts.

The study conducted by Callistus et. al, (2019) emphasize monitoring and evaluation system as a critical factor for the successful implementation of projects. The study employs comprehensive literature review and 19 monitoring and evaluation determinants were identified and the top (5) determinants identified as; budgetary allocation for monitoring & Evaluation, the quality of Monitoring and evaluation data, technical capacity of monitoring and evaluation team or directorate, leadership, monitoring and evaluation system (MEIS). Hence, the study concludes the compliment of all the above determinate the era of poor performance to one of a successful project implementation.

Project financing is the other essential component of a project, and commercial banks have long played an important role in project finance transactions. Literatures show that project fiancé have begun in the 1930 when Dallas Bank made a non-recourse loan to develop an oil and gas property (J.poul forster, 1994). Project finance allows project assets to be separated from the sponsor and to be financed on the basis of the cash flow from the project assets.

According to NBE (National Bank of Ethiopia) the total number of banks in Ethiopian financial industry reached 23 and from these 2 of them are state owned banks and the rest 2 provides dedicated interest free banking. The Monetary and Banking Proclamation of 1994 and subsequent directives of National Bank of Ethiopia allow project financing loans to be rendered by both private and public Banks. Hence, Wegagen Bank render finances for projects related to manufacturing, hotel, building construction and agriculture (Wegagen Bank, 2020). The study intends to focus on assessing bank side attributes and process of project loan appraisal, project monitoring and follow-up, project loan approval, external environment conditions against projects implementation delay. The other external aspect of the research also would be exploring the effect of project planning in relation with project implementation delay.

1.2 Project financing in commercial banks

Project finance is generally used to refer to a non-recourse or limited recourse financing structure in which debt, equity and credit enhancement are combined for the construction and operation or the financing, of a particular facility in a capital-intensive industry. According to J. Paul Forrester (1995) Most of the larger commercial banks have accelerated the development of their syndication, private placement, and other similar debt distribution groups. The author

also expresses that the, scheme of project finance is also commonly used in countries whose domestic capital markets are small relative to their project development requirements.

As described earlier Commercial banks have always had an active role in project finance transactions because of their ability to evaluate complex project financing transactions and to assess and assume the construction and performance risks usually involved in such financings. The other reason behind financing project loans is Largely because of the short-term nature of a commercial bank liabilities (it's deposits) However, commercial bank participation is usually limited in amount, although these banks closely monitor and control their project finance assets much they do their other long-term assets.

Project financing Credit appraisals and debt terms are typically based on projected cash flow forecasts as opposed to the creditworthiness of the sponsors and the actual value of the project assets. The rendered Project financing together with the equity from the project sponsors, must be enough to cover all the costs related to the development of the project as well as working capital needs (Stefanie et al, 2000). In doing so, Forecasting is at the heart of project financing techniques. However, according to Gebru (2015) poor credit analysis /appraisal is one of the common attribute under Ethiopian banking industry that hampers the due execution of projects.

The other scenario for projects which face cost overrun and any delay in arranging the required finance to meet the cost overrun will only further tend to increase the cost and this may land the project in trouble leading eventually to the death of the project and the project may not take off (Adhikarib, 2002).

The other type of project financing called syndicate financing and the whole purpose of Syndicate Loans is co-financing investment ventures that demand a large amount of funding to diversify risk and reduce liquidity problems. The funding may be used to acquire fixed assets and may also incorporate a working capital for the project under consideration. Syndicate financing holds the following contracted entities; Lead Bank, Agent Bank, The Participant Bank and, Joint Leading Banks and, each banks have segregated duties and responsibilities (Stefanie et al, 2000).

1.3 Statement of problem

The bank has engaged in financing projects in Areas of Manufacturing, Hotel and tourism, building construction, Agriculture and Health services. The bank's credit processing procedure (2015) define project financing as, a medium or long term loans to be availed for the purpose

of covering capital expenditures or non-current assets which are presumed to cover costs of capital goods, non-recurrent renovations, research and development, long term business programs and portfolios or projects, acquisition of businesses or investment properties, business reorganization and financial reconstruction. In other words, the financing scheme refers to incorporation of financing of capital investment and initial working capital and other related expenses.

The bank has also delineates required processing documents and respective equity contributions for each type of sectors under its credit processing procedure. However, significant number of project loans subjected to schedule and cost overrun and the trend has caused a significant problem in timely collection of loans and advances which enforces the bank to hold a significant provision amount for such delayed and doubtful assets. (Wegagen Bank, 2021).

On the other hand, it has been observed that project loans financed under the bank faces a frequent financing request for primarily unidentified items and frequent design change request by project owners/promoters. Which implies distorting projected cash flow of projects and weakens the repayment capacity of borrowers and triggers repetitive request for renegotiation of loans. (Wegagen Bank, 2020). Additionally, various researchers indicate the banking industry faces different type of risks arising from operational, reputation, compliance and credit risk. But, credit risk has been the most influential risk type to be existed in finance, trade activity and financial institutions too (Hailu and D.Gunna, 2019).

Bearing the above in mind, NPLs are closely associated with banking crisis, according to National Bank of Ethiopia 'Non -performing' refers to loans and advances whose credit quality has deteriorated and collection of principal and/or interest in accordance with the contractual repayment terms of the loan or advances is in question or advances is due and uncollected for 90 (ninety) consecutive days or more beyond the scheduled payment date or maturity. Hence, since project loans become a major NPL generating stream and projects are delayed more than the predetermined Cost and implementation schedule as indicated in feasibility study, the researcher intends to quest internal and external factors that hamper proper implementation of projects that are financed by the Bank.

1.4 Research objective

1.4.1 General objectives

The general objective of this study is to find out the main factors of project implementation delay for project financed by Wegagen bank S.co specifically at head office level.

1.4.2 Specific objectives

The specific objectives of the study are:

- To investigate the relationship between project evaluation/approval process and completion of projects.
- To investigate the relationship between frequent promoters' design/change request and completion of projects.
- To examine the relationship between poor project monitoring and evaluation and completion of projects.
- To find out the relationship between poor planning of projects and completion of projects.
- To find out the effect of external environmental condition for satisfactory completion of project.
- To examine the effect of poor project implementation for timely completion of projects.

1.5 Significance of the study

The study assess factors affecting the success of the projects financed under Wegagen Bank S,co and the study is accustomed with benefits for different parties including; the Organization, similar Banks in the industry, for the researcher and for others. The following section briefly describes significance of the proposed study;

To the organization: The research enables the company to detect problems arising from project stakeholders i.e. promoters and from internal process of the Bank. Such includes, poor project initiation, poor project planning, poor project monitoring and evaluation, project appraisal, timely project financing decision. This help the organization to establish effective and efficient project financing schema which enhance the profitability of business and save many reversible & irreversible costs. On the other hand, customers would also benefit from timely credit decisions which potentially tackle unnecessary price escalation and related disputes on the project.

To the researcher: Helps to enhance theoretical and empirical knowledge in the area of project financing and project management and ultimately helps to apply it in to practice.

To others: The research serves as a blue print for students and applied researchers who would like to explore further on the area of project financing and project management. It's also helpful for others in providing reference and secondary data who want to study the same and/or related topics.

1.6 Scope of the study

Based on the reviewed literature, the study strictly focused on exploring the relationship between selected variables by using designated information from credit related Directorates and employees at head office level and the respondents include; Credit Relationship Managers, Credit Analysts, Credit Directors, Recovery/Monitoring Officers, Auditors, Loan Officers, Vice President – credit. To keep the robustness of the study, the researcher intends to review selected documentations of financed projects at Wegagen bank s.co.

1.7 Limitation of the study

The researcher founds very difficult to find similar empirical research on factors affecting project completion under bank financed projects in Ethiopia. However, researcher intends to prepare literatures in similar area from peer developing nations. The other limitation of the study was, the researcher unable to access project managers of certain projects due to projects are scattered across the country and the required resource and time to access project managers is cumbersome. Therefore, the researcher forced to heavily depend on observations of credit process owners at head office level and documentation review of selected financed projects.

Chapter Two: Review of related literature

The subsequent section describes literatures written by various authors, researchers and scholars across the globe about the study area and present a precise summary of project implementation delay literatures, assumptions, major factors of project implementation delay and consequences from review of empirical works. Additionally, the section comprises conceptual framework of the study by extracting literatures from different authors.

2.1 Theoretical review

2.1.1 Concept and definition of a project

According to Nieto (2021), Projects are limited in time; they have a start and an end. They require an investment in the form of capital resources (money, funds) and human resources (effort, time). Mostly projects bring individuals with diverse expertise and different backgrounds. Projects affect entities that can be affected positively or negatively mostly called stakeholders. Projects are also made up of a series of activities included in a plan, which is determined to deliver an output or a product, a service or a solution to a particular problem and some elements of projects must be unique i.e. something that has not been done before.

According to PMI (2008) project management is the application of knowledge, skills, tools and techniques to project activities to meet the project requirements and the objective can be achieved through appropriate application and integration of the 42 logically grouped project management process which comprising 5 process groups. These 5 process groups include;

- Initiating,
- Planning,
- Executing.
- Monitoring and controlling, and
- Closing

In nut shell Managing a project is a sequential activity of identifying requirements, addressing needs, and concerns of stakeholders as the project is planned, and Balancing competing project constraints such as: scope, quality, schedule, budget, resources, and risk. However, these activities and process under project management can’t be managed without the role of project manager.

The Project Management Institute (2008), PMBOK (Project Management Body of Knowledge) guideline define project manager is the person assigned by the performing organization to achieve project objectives and effective manager possess knowledge, performance and personal effectiveness. The project manager alongside with team members start the project, organize and prepare, carry out the project work and close the project as per the predetermined schedule, cost and, specification.

2.1.2 Role of commercial Banks in project finance

Commercial Banks transform savings of individual depositors into credit finance and this practice called financial intermediation (Jonathan & Philip, 2013). In other words, Banks borrow money from those with surplus funds (depositors) and lends the same funds to entities in need of funds (borrowers). In exchange for advancing funds to borrowers, the bank earns for itself a spread (or margin) between what it pays on funds borrowed. In other words, the bank earns for itself a spread or margin between what it pays on funds borrowed from saver and what it earns on the funds it lends to customers.

Banks provide loans for commercial or noncommercial organizations so long as interest earned from borrowers exceeded interest paid to depositors and banks able to earn substantial revenues through high leverage often lucrative returns. Much of the credit advanced by banks in form of loans can be categorized in terms of tenor: short term vs. long term; collateral: secured vs unsecured; currency: local vs. foreign; legal obligation: committed vs. uncommitted (Jonathan & Philip, 2013).

Projects require funds and project promoters look for financial sources and projects can be financed using owner's equity, debt financing or using capital markets. Since, banks are major source of finance and there is no active capital market in Ethiopia project owners or promoters submit project proposals and feasibility study for subsequent financing. Banks subject these applications for rigorous project analysis activity and Project analysis mostly focused on analyzing project cost. Initial investment cost, gaining and ensuring project promoters commitment. Such tasks can be achieved through documentary analysis and review of projected financial statements such as; projected cash flow statement, balance sheet which enables to calculate IRR (Internal rate of Return), NPV (Net present Value), pay-back period etc.. On the other hand, Qualitative aspects of the project such as, technological, input material availability, plant capacity, required human capital also analyzed using analytical and descriptive analysis.

According to Fouzul & Robert (2003), Project Finance loans have fairly uniform characteristics:

(a) A roll-up of interest during construction;

(b) An amortizing loan repayment structure with a notable absence of balloon payments/postponement of repayments;

(c) Tight tailoring, for example, during construction between loan draws and stage payments and during operations, between cash flow generation and loan repayments/matching repayment with cash flow movement;

(d) Sharing with lenders of operating control of the project vehicle;

(e) Creation of various accounts and/or cash traps to meet operating needs and contingencies; and

(f) Complex documentation.

Bearing the above in mind, Projects built from scratch or expansion of facilities can be financed using owners' equity, borrowing from banks, unsecured lending/leasing, long-term loans, and raising funds in capital markets through issuing shares and bonds. According to J. Paul Forrester (1995) scheme of project finance is also commonly used in countries whose domestic capital markets are small relative to their project development requirements. In Ethiopian banking industry both public banks and private commercial banks are engaged in financing project loans for different parts of economy such as; Agriculture, manufacturing, quarrying, and hotel and tourism initiatives (NBE,2020).

Since projects require financial resources, Commercial Banks and financial institutions play a major role in project financing and providing the required resources for the execution of projects. As earlier mentioned before advancing any amount of loans for project initiatives banks examine credit worthiness of the customer.

According to Jonathan and Philippe (2001), lenders, or creditors, extend funds—or "credit"—based upon the belief that the borrower can be entrusted to repay the sum advanced, together with interest, according to the terms agreed. This can be qualified and quantified through asking two fundamental question;

1. The borrower is, and will be, willing to repay the funds advanced?
2. Did the borrower has, and will have, the capacity to repay those funds?

The credit analysis is the primary method in reducing the credit risk on the loan request and credit analyst will determine the likelihood that a borrower will perform its financial

obligations in accordance with their terms. This includes determining the financial strength of borrowers, estimating the probability of default and reducing the risk of non-repayment to an acceptable level. Lawrence (1997), identified five C's of credit. They include; Character, Capacity, Capital, Collateral, and Conditions. Normally all Ethiopian public and private bank's credit analysts often use five C's of credit to focus their analysis on the key dimensions of an applicant's credit worthiness i.e. loan officer/ credit analysts attempt to evaluate a borrower's ability and willingness to pay.

According to Golden and Walker (1993), there are five C's of bad debt; representing things to prevent problems. These refers to; complacency, carelessness, communication breakdown, contingency, and competition. The complacency refers to the tendency assuming things were good in the past will be good in the future. Carelessness involves poor underwriting, typically evidenced by inadequate loan documentation, lack of current information in the credit files, lack of protective covenants in loan agreement. This makes difficult to monitor borrowers progress and identify problem early. The communication breakdown assumes existing loans appear as they are and the financial institutions shall articulate under loan analysts should make aware the management regarding specific problems of loans. A contingency refers to lenders tendency to play down or ignore circumstances in which a loan might in default. Competition involves following competitors' behavior rather than maintain the bank's own standards.

It is difficult to explain the process of appraisal in an article or even a set of articles. It is a very extensive work being done at financial institutions. They have a separate team of professionals for conducting such project appraisals and the activity involves extensive financial modeling in excel. It takes the financial statements of previous periods and forecasts the future financial position for at least till the loan matures. From that, the cash flows of each year are compared with the installment of loan because ultimately the cash flows are going to honor the payments of the bank. The same is true, Feasibility of the project is evaluated in terms of the debt servicing capacity of the firm. Debt service coverage ratio is a key ratio which is calculated for each future financial period and if that ratio is satisfying the norms accepted by the bank, the loan would get another green signal (Shyam, 2002).

2.1.3 Post-modern Project Appraisal

Project appraisal is the process of analyzing the technical feasibility and economic viability of the project proposal with the view of financing their costs. Hence, project appraisal enables to take a decision on investment with long term effects. It has been observed that measurement

of costs and benefits are difficult as these are spread over long term with high degree of uncertainty (ATI, Publication 2020).

According to ATI, Publication (2020), Project appraisal founds at the heart of analyzing, Financial, Economical, Technical, Social, Legal, Commercial and institutional capability of the project on servicing the futuristic project cost and this depicts as under the subsequent section;

a. Technical Appraisal

Determines whether the technical parameters are soundly conceived, realistic and technically feasible. Technical feasibility analysis is the systematic gathering and analysis of the data pertaining to the technical inputs required and formation of conclusion there from. The availability of the raw materials, equipment, hard/software, power, sanitary and sewerage services, transportation facility, skilled man power, engineering facilities, maintenance, local people etc., depending on the type of project are coming under technical analysis. This feasibility analysis is very important since its significance lies in planning the exercises, documentation process, and risk minimization process and to get approval.

b. Financial appraisal

To determine whether the financial costs and returns are properly estimated and whether the Project is financially viable. Following minimum details are determined in the financial Appraisal;

- Total Cost
- C & M Expenditure
- Opportunity costs
- Other costs
- Returns on Investment over project life
- NPV (Net Present Value)
- CBR (Cost Benefit Ratio)
- IRR (Internal Rate of Return)

c. Institutional Appraisal

To determine whether the implementing agencies as identified in the report are capable for Effective implementation, monitoring, and evaluation of the scheme. Managerial competence, Integrity, knowledge of the project, the promoters should have the knowledge and ability to

plan, implement and operate the entire project effectively. The past record of the promoters is to be appraised to clarify their ability in handling the projects.

d. Commercial appraisal

The demand and scope of the project among the beneficiaries, customer friendly process and Preferences, future demand of the supply, effectiveness of the selling arrangement, latest Information availability on all areas, government control measures, etc. The appraisal involves the assessment of the current demand/market scenario, which enables the project to get adequate demand. Estimation, distribution and advertisement scenario also to be here Considered into.

e. Environmental Appraisal

To see any detrimental environmental impacts and how to minimise the impacts. Environmental appraisal concerns with the impact of environment on the project. The factors Include the water, air, land, sound, geographical location etc.

f. Economic Appraisal

How far the project contributes to the development of the sector, industrial development, Social development, maximizing the growth of employment, etc. are kept in view while Evaluating the economic feasibility of the project.

g. Legal Appraisal

To determine whether the project satisfies the legal issues related to land acquisition, title Deed, environmental clearance etc.

Types of Appraisal Techniques

Project analysis as per project cash flows the overriding concept mainly refers to; the method of dealing with the flows of costs and benefits over time in project analysis is called time-discounting. This is a method of reducing to a comparable base the costs and benefits of a project that accrue at different intervals. The underlying thesis in this concept is that the value of money is different at different points of time and manifests through;

The techniques of project appraisal include discounted techniques that takes into account the time value of money and include (a) Net Present Value (NPV), (b) Benefit Cost Ratio (BCR), (c) Internal Rate of Return (IRR) (d) Sensitivity Analysis. Economic viability of the project is invariably judged at certain percent discount rate/opportunity cost of capital. However, in case

of financial analysis, the actual rate of interest i.e. the rate at which capital is obtained is used. In case the project is funded by more than one source, the financial analysis is carried out on the weighted average cost of capital (WACC) for each project. Since, projects are implemented in certain societal area, its impact on the society and in general and to the community should be accounted through Social costs- Benefits analysis.

2.1.4 Attributes of successful project

Project- based work is the engine that drives change and progress. Projects generate the major accomplishments of our civilization. They stimulate society to advance beyond what things are and how they are done and even to surpass long- established scientific and cultural limits. Traditionally projects considered as successful when they completed within time, within budget and as per user satisfaction.

According to Long et al. (2004) a successful project is one that is completed within the agreed contract budget and deadline, in accordance with required specifications, and to the satisfaction of stakeholders. However, authors like Baccarini (1999) adds extra conformance criteria on top of existing criteria and these includes; meet specification quality, address project stakeholder satisfaction, quality of project management applied and have net benefits of the project.

Moreover, Contemporary project success criteria extend traditional project success criteria even furthermore and According to Weshuizen and Fitzgerald (2005), successful project is completed within time, within budget, satisfy users and stakeholders, meets specification quality and applies quality project management techniques and which able to attain Net gains and it must be value adding. For most of projects financed by Banks, the objective of ROI is the main financial success factor of the project. However, financial success cannot be determined until sometime after the project is completed.

The implementation phase is the longest phase of the project which conducts after careful planning of the project. In this stage project deliverables are physically built and presented to the customer for the acceptance. To ensure that the customer requirements are met, the project manager monitors and controls the production of each deliverables have been

2.1.5 Project Management success factors

The section depicts important factors that enable projects to route on successful epoch and these include;

Peter and Horner (1997) highlighted the role of project management for successful implementation of projects. Additionally, ATI (2008) identifies that application of project management tools and techniques contributes for the success of the project i.e. application of knowledge areas including: project integration management, scope management, schedule management, cost management, quality management, human resource management, communications management, risk, procurement management, and stakeholder management.

According to Morris and Hugh (1986) project success would be depended on these factors; projects need to have realistic goal, depends on competition, client satisfaction, a definite goal, a profitability, effect of third parties, market availability, the implementation process, the perceived value of the project. On the other hand, Antonio (2021) in his publication on Harvard business review he identifies 12 principles of successful projects which include;

1. Projects need a clear rationale, business case, and connection to a higher purpose before they are launched.
2. An active, ongoing, and fully engaged executive sponsor is critical to project success.
3. Projects change the status quo. Resistance should be expected and addressed from the early stages.
4. Effective project managers have to be true leaders. They must understand the technical aspects of the project while they lead and empower the team members to perform at their best.
5. Project failure is not always bad. Often, failure is an opportunity to learn, mature, and refocus on other more relevant projects.
6. Uncertainty is inherent in projects. Project management also means risk management.
7. Changes to initial project plans and requirements will most likely occur. Agility is essential.
8. Project- driven organizations work across silos, allowing greater flexibility and faster response time to competition and changing market conditions than do traditional hierarchical organizations.
9. Organizations need to prioritize projects to increase the success rate of project execution.
10. Project performance indicators should focus on outcomes (benefits, value creation, impact, opportunities, and risks) instead of inputs (costs, time, material, and scope).
11. Projects cannot go on forever; they have to be closed even if sometimes not all tasks are fully completed.

2.1.6 Causes of project delay

The magnitude of projects implementation delay investigated by many authors and Sambasivan and Soon (2007), and Agyekum-Mensah et al. (2012) investigate delays observed in literature and it was established that more than 40% projects globally experience delays. On the other hand, according to PricewaterhouseCoopers (PWC) survey under 200 companies from 30 different countries about 50% of all their projects are failed in terms of meeting either scope, schedule or cost.

Classical experts of Project Management delineate factors which may cause project failure under the process of the project management by emphasising on factors like; lack of thorough planning, and commitment to complete the project, incompetent human resource, absence of top-management etc. particularly Avots (1969) founds out these project failure factors;

- Inadequate basis for project;
- Wrong person as project manager;
- Unsupportive top-management;
- Inadequately defined tasks;
- Lack of project management techniques;
- Management techniques Misused;
- Project closedown not planned;
- Lack of commitment to project

As cited by Moons (1989), Kerzner (1989) and Duncan (1983) pointed out the importance of applying project management techniques in achieving project objectives. The authors also further stress that successful implementation of techniques contributes to a successful execution of incumbent projects.

Based on the literature the common reasons for project failure identified as; Unclear objectives, Scope Creep, communication gap, lack of visibility of the project i.e. lack of communication between project team, project manager and executive team, poor planning of resource, poor implementation, Monitoring and evaluation, risk, communication, closeout planning. Lack of financial resource and materials, unavailability of competent human resource.

According to Nagarajian (2015), the role of the project leader in conducting managerial functions for the achievement of goal paramount importance regardless of the resource on its hand.

2.1.7 Project implementation

Particularly in construction project delay could be defined as the time overrun either beyond completion date specified in a contract or beyond the date that the parties agreed upon for delivery of a project. To the owner, delay means loss of revenue through lack of production facilities and rentable space or a dependence on present facilities. In some cases, to the contractor, delay means higher overhead costs because of longer work period, higher material costs through inflation, and due to labor cost increases (Parvaneh et al, 2016).

Furthermore, Parvaneh et.al (2016) identifies that, the implementation phase is the longest phase of the project which conducts after careful planning of the project. In this stage project deliverables are physically built and presented to the customer for the acceptance. To ensure that the customer requirements are met, the project manager monitors and controls the production of each deliverables have been physically constructed and accepted by the customer, a phase review is carried out to determine whether the project is complete and ready for closure.

According to Jason Westland (2006), to successfully deliver the project on time, within budget and to specification you need to implement concurrent list of activities including;

- Build deliverables
- perform phase review
- monitor and control
- perform time management
- perform time management
- perform risk management
- perform cost management
- perform issue management
- Perform quality management.

2.1.8 Measuring project implementation delay

After finalization and approval of project planning and following the necessary type of organizational and contractual arrangement the next course is known as Project implementation. Project implementations are subjected to record inputs, activities and outputs, identify deviations from work plans, identifying constraints and work plans PMI (2008). In other words, projects performance in terms of, quality and relevance will also be assessed this

ensures cost effectiveness and overall achievement of project objectives within the allotted schedule.

According to Heagney, J. (2012), the objective of keeping projects within the track of allotted time, budget and specification can be achieved through using tools for Project monitoring and from these tools EVM (Earned Value Management is the well-known type of tool that is used by project managers. The tool establishes a clear relationship between planned accomplishments and actual accomplishments through comparing Earned value against planned and actual cost. Which is comparing the incurred cost against planned cost, planned value in terms of works completed. Hence, the project manager can detect whether the project is over the budget or behind the schedule i.e. remaining backlog work and cost escalation at earliest stages of the project.

2.1.9 Project Risk Management

Risk is a crucial factor in project finance since it is responsible for unexpected changes in the ability of the project to repay costs, debt service, and dividends to shareholders. Cash flows can be affected by risk, and if the risk hasn't been anticipated and properly hedged, it can generate a cash shortfall. If cash is not sufficient to pay creditors, the project is technically in default (Stefano, 2018).

According to Stefano (2018), projects may encounter various types of risk at each level of project cycle i.e. pre-completion phase risks and post completion phase risks;

Project Life cycle	Mitigation mechanism
1. Pre-completion phase risks • Activity planning • Technological • Construction	Allocation through contracts Turnkey(EPC) contract
2. post-completion phase risks • supply risk • operational risk • market risk	Put or Pay agreement
3. Risks common to pre-completion and post-completion phases • Interest rate risk • Exchange risk • Inflation risk • Environmental risk • Regulatory risk • Legal risk • Credit/Counterparty risk	Use of insurance policies (If any) Use of derivative contract

Source: Stefano, (2018)

Table 1.1 *Classification of risks and the strategies for their allocation (hedging).*

To avoid project doomed to failure project managers must consistently use the best practice available. Tom Kendrick (2015), identifies best generic risk management practice applicable for all type of complicated projects which encompasses a range of activities;

- Planning for risk management;
- Identifying project scope risk;
- Identifying project schedule risk;
- Identifying project resource risk;
- Managing project constraints and documenting risk;
- Quantifying and analyzing project risk;
- Managing project risk;
- Monitoring and controlling projects;
- Closing projects.

According to Fouzul et.al (2003), the fair and equitable allocation of risks among the participants is a key element of a successful Project Financing. The various types of risks inherent in a Project Financing are identified as follows:

Completion risk. Completion risks are those associated with (a) failure to complete the project at all; (b) a construction delay and/or a cost overrun; (c) failure of the project to perform to

technical specifications resulting in shortfalls in expected capacity, output, efficiency, etc.; (d) shortfalls in expected resources (reserves); (e) occurrence of a force majeure (FM) event leading to a construction delay and cost overrun; and (f) unavailability of qualified staff, managers and reliable subcontractors.

2.2 Empirical review

Different researchers in different countries investigate factors influencing project completion from different perspectives. In this sub section, the mythology used and findings identified on studies conducted on project completion influencing factors are reviewed. Since most of financed projects fall under construction and related facilities reviewed literatures the study inclined to delay of construction projects.

According to Kartam (1999), delays can be originated from owner, contractor or third-party and as cited by Aleksander and Jana (2015), delays can be also classified in terms of origin, compensability, timing and impact. The compensability of delays whether projects are excusable or non-excusable, compensable or non-compensable is the other basis of classification. The classification of delays based timing i.e. non-current or concurrent is also depicted under the study. The last form of project delay classification is based on impact of delays and whether the impact is Direct or Indirect.

2.2.1 Project appraisal/approval process and project implementation

Credit appraisal refers to a critical assessment of a business entity to see whether it is strong enough to warrant lending of money to it, and related risks. It's generally done to assess the credit worthiness of a borrower and involves the ability of the business/ the project to repay debt of kind. Since, project financing requests are heavily depended on forecasted financial statements the reliability and consistency of the presented feasibility should be analyzed by financiers' banks or governments. However, according to Mulugeta (2010), lengthened appraisal and approval process leads to late disbursement of funds and ultimately contributes for the delayed implementation of the project. On the other hand, Mansfield et.al (1994), identifies that excessive bureaucratic checking and approval procedures negatively affect timely payout of funds for the project.

The study by Tsegay and Hanbin (2017) reveals that delays can be generated from stages of pre-construction, construction and post-construction stage and the causes identified through 5 scale Likert model questionnaire and based on data collected from construction project

participants such as; general contractors, sub-contractors, surveyors and architects. The study identifies major causes of delay at pre-construction stage and the influential factor founds to be resource related i.e. finance related cause which is late release budget/funds is the most important cause of project delay in the Ethiopian construction project.

The study conducted in Malaysian construction industry by Hamzah et al (2009) identifies the root causes of construction project delays extracted from literature and primary data were collected through preliminary interview, questionnaire survey and in depth structured interview. The literature expedition reveals four main reasons named; late payment, poor cash flow management, insufficient financial resources and financial market instability. On the other hand, the primary data collection revealed that poor cash flow management, late payment, insufficient financial resources and financial market instability, instable financial background of contractors, clients poor financial and poor business management, difficulties in obtaining loan from financiers and inflation were identified as the most significant underlying causes.

Ren et. al (2008) identifies delays are major problem suffered by most of the construction projects in Dubai and unlike in other countries projects face many special challenges such as; the unique high architecture and quality requirements, unrealistic project duration, nomination of sub-contractors and suppliers, client's irregular payments are the top-five causes of delay contributed by the client. On the other hand, preparing the method statements, ill financed project, inappropriate organizational management, unsmooth internal and external communication and, mistakes are the top-causes contributed by the contractor.

The above studies commonly revealed that delaying in payment for construction project is a major contributing factor for delay of projects. Especially bank financed projects go through rigorous appraisal and approval process before advancing the required loan amount. With the aim of standardizing and easing the credit appraising and approving process banks strives to declare standard CSDT (Credit Service Delivery Time) the designated time represents the time taken from the solicitation of credit application to the final release of funds (Loan). The research intends to reveal release of funds at earliest possible time positively affects projects performance and contrarily long issuing time of funds negatively affects the swift progress of the project.

2.2.2 Project monitoring and evaluation and project implementation

This section depicts a conceptual description of the key determinants of effective monitoring and evaluation system as critical factors for the successful implementation of projects.

To ensure that customer requirements are met, the project manager monitors and controls the production of each deliverable by executing a suit of management process. After the deliverables have been physically constructed and accepted by the customer, a phase review is carried out to determine whether the project is complete and ready for closure. To successfully deliver the project on time, within budget and to specification you need to execute activities mentioned under project implementation stage and periodic monitoring and evaluation shall also be carried out during projects gestation period.

Callistus et.al (2019), identified 19 monitoring and evaluation determinants for effective implementation of projects via extensive review of journal, conference and academic thesis. The study further delineate five most influential determinants for effective project monitoring and evaluation system through collecting information from construction management professionals and the identified key determinants of monitoring and evaluation founds to be: budgetary allocation for Monitoring and evaluation, Monitoring and valuation data quality, technical capacity of Monitoring and evaluation team, leadership capability and, availability of monitoring and evaluation information System. Hence, the combination of these factors enhance and assure the successful implementation projects.

2.2.3 Promoters design/change request and project implementation

During many construction projects frequent changes often result in time delays, cost overruns, quality defects and other negative impacts. Morris 1987 founds key factors that were the most likely influenced on cost overruns. These factors found out to be design changes, poor planning, unpredictable weather condition and fluctuation in prices of building materials. According to Sweis et al. (2008) studied the causes of delay in residential projects in Jordan and concluded that financial difficulties faced by the contractor and too many change orders by the owner are the leading causes of construction delay.

According to John (1971) data obtained from a nationwide survey of architects, engineers, and contractors into the causes of construction industry delays are presented. Seventeen items were examined: weather; labor supply; material shortage; equipment failure; finances; manufactured items; construction mistakes; design changes; foundation conditions; permits; shop drawings; sample approvals; building codes; subcontractors; contracts; jurisdictional disputes; and inspections. Those found to be most important are described in an effort to suggest ways to reduce costly delays.

On the other hand, Abd El-Razek et al. (2008) founds out that in a similar study in Egypt found that the most important causes of delay are financed by contractor during construction, delays in contractor's payment by owner, design changes by owner or his agent during construction, partial payments during construction, and non-utilization of professional construction/contractual management.

2.2.4 External environment conditions and project implementation

The external environment refers to which the firm operates its operations represents Economic, political, Socio-cultural, Technological and Legal environment changes and their impact on due implementation of the project. The tendency of analyzing and predicting these factors under financed projects believed to plays paramount importance.

Mansfield et.al (1994) identify major variables that lead to excessive project overruns in a developing countries and these identified as; poor contract management, shortage of materials, price fluctuations (hyperinflation), and, inaccurate estimation of projects leads to project delays.

The study emphasizes on gaining more accurate cost estimates on the observed erroneous estimation and trainings must be provided for senior and middle level managers to reduce the incidence of poor contract management. Additionally, the research stressed out the necessity of prioritizing in improving the stock of local materials and supply to tackle the hyperinflation of goods for imported construction materials.

2.2.5 Quality of project planning and project implementation

Most financed projects under commercial banks are initiated because of profit motive indicating forecasted revenues and costs during projects gestation period. Project promoters and owners craft detailed feasibility study using certified professionals according to EMI (Ethiopian Management Institute) and National Bank of Ethiopia Requirement.

According to Raj Kapur (2016), cost and time overruns are the key problems of any construction projects and these issues are causing negative impact on the development of country economic growth and prosperity. According to the study major Delays of Ghanaian construction projects have been identified as a result of late payments, underestimating project costs, and project complexity. By the same token Mansfield et. al (1994), identifies that half of Nigerian government projects become incomplete, because of inaccurate cost estimation of projects.

Watches (1990) reported that, planners adjusted the cost figures of the project downward to gain grant from the project. On the other hand, Flyvbjerg et.al (2004) finds out that planners know the real costs and outturn costs are higher than estimated cost due to scope change, complex interfaces, archeology, geology, bad weather, business cycles etc. but because of an ambition securing funds for the projects they hold back their knowledge. Ineffective project planning and scheduling of projects by contractors as one of the most important causes of project delay. Hence, since projects well planned and scheduled can be executed at ease and contrarily improper planning at the initial stages of a project manifests throughout the project and result delays at various stages.

2.2.6 Poor project implementation and project delay

Project implementation can also be affected by various internal and external factors. According to Jeffrey (1987) the causes of implementation delay arises from unclear project objective among stakeholders, lack of top-management support, lack of comprehensive project plan, inadequate client consultation, lack of skilled personnel, technical capability, lack of pre execution client acceptance test, lack of communication, lack of troubleshoot plan. These factors have been identified as a major factor which affect the timely implementation of the project.

2.3 Research Gap

The researcher conducts extensive review of theoretical and empirical literatures indicating different factors that affect project implementation and the above mentioned factors identified as critical factors that affect implementation and ultimately results project delay. The researcher pointed out that critical delay factors identified as independent variables such includes project appraisal process, project monitoring and evaluation, design change, external environment conditions, quality of project planning and poor project implementation of projects considered as critical factors which affect the dependent variable delay and ultimately affects timely completion of projects. The concern of project implementation delay in Ethiopian context is not widely studied matter and respective Factors affecting implementation delay and completion of projects from financiers' perspective totally not studied in Ethiopian context. Therefore, the study strives to investigate selected actual factors influencing timely implementation of projects under projects financed by Wegagen Bank S.co.

2.4 Conceptual framework

The conceptual framework of the study was developed and adopted from findings of different authors; Rashid Saeed (2018), Tadesse (2017), Morris (1987), Mansfield et.al (1994), Parvaneh et al (2016).

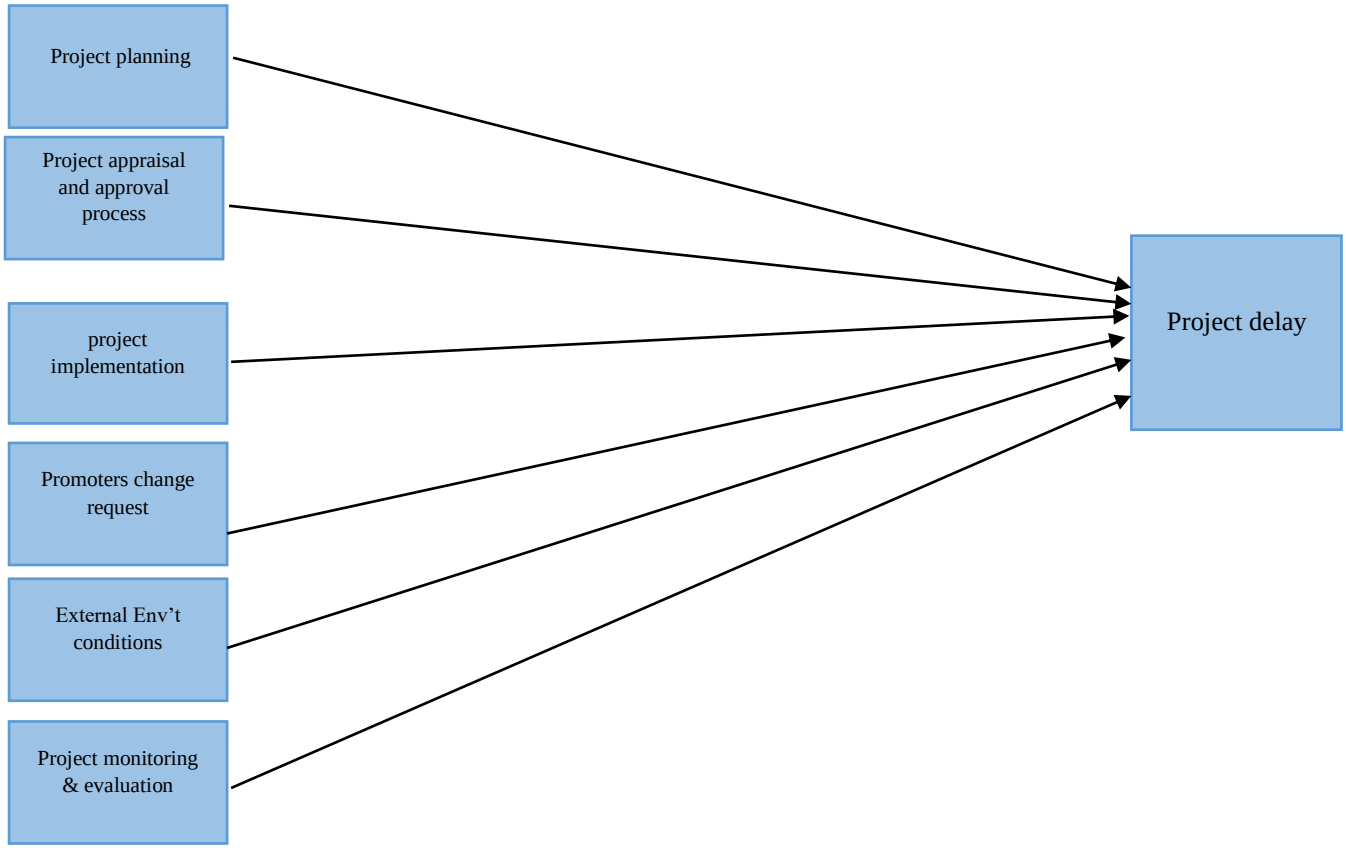

Fig 1.1: conceptual framework of the study

With regard to the relationship between these six independent variables and the dependent variable, it is believed to be by the Bank that appropriate credit appraisal and proper monitoring and evaluation of projects have the effect on project delay. Also the external environment condition and project planning and monitoring and evaluation have similar effects on project success or failure of the project.

Chapter Three: Methodology

The book called research methodology by Kothari (2004) defines research methodology is a way to systematically solve the research problem and it's a science of studying how research is done scientifically. Hence, the statement identifies that research and scientific methods are closely related for an inquiry into the nature of, the reasons for, and the consequences of any particular set of circumstances, whether these circumstances are experimentally controlled or recorded just as they occur.

According to Pearson(2014), the scientific method is one and the same in the branches (of science) and that method of all logically trained minds…the unity of all sciences consists alone in its methods, not its materials; the man who classifies facts of any kind whatever, who sees their mutual relation and describes their sequences, is applying the scientific method is a man of science since, scientific method is the pursuit of truth as determined by logical considerations and scientific method attempts to achieve 'this ideal by experimentation, observation, logical arguments from accepted postulates and a combination of these three in varying proportions.'

In descriptive as well as in diagnostic studies, the researcher must be able to define clearly, what he wants to measure and must find adequate methods for measuring it along with a clear cut definition of 'population' he wants to study. Therefore, in order to address the research objectives, the researcher employ suitable study method that is free from bias and misrepresentation.

Hence, "the scientific method encourages a rigorous, impersonal mode of procedure dictated by the demands of logic and objective procedure." Accordingly, scientific method implies an objective, logical and systematic method, i.e., a method free from personal bias or prejudice, a method to ascertain demonstrable qualities of a phenomenon capable of being verified, a method wherein the researcher is guided by the rules of logical reasoning, a method wherein the investigation proceeds in an orderly manner and a method that implies internal consistency.

Since the aim is to obtain complete and accurate information in the said studies, the procedure to be used must be carefully planned. The research design must make enough provision for protection against bias and must maximize reliability, with due concern for the economical completion of the research study.

3.1 Research approach and design

The study aims to assess factors affecting project implementation delay under Wegagen bank financed projects. Therefore, in order to be efficient and yield maximal information and to achieve research objectives of the study this research implement explanatory research design as per indicated under conceptual framework of the study. As a result, the hypothesis that will be investigated and tested is shown in the part that follows. It was formed using the results of earlier research investigations by different writers.

3.2 Research Hypothesis

The following hypothesis developed depending on literatures under empirical review of (Tsegay and Hanbin 2017; Mulugeta 2010; Hamzah et.al 2009; callistus et.al 2019; Sweis et.al 2008; Mansfield et.al 1994; Watches 1990; Flyvbjerg 2004; and Jeffery 1987). Referring such literatures, the research hypothesis identified as depicted below;

H1: *Project appraisal and approval process has a significant negative impact on project completion*

H2: *Promoters/Owners Change request has a significant negative impact on project completion*

H3: *Project Monitoring and follow-up has a significant negative impact on project completion*

H4: *Planning of projects has negative impact on project completion*

H5: *External environment condition has significant negative impact on project completion*

H6: *Project Implementation has significant negative impact on project completion*

3.3 Type and source of data

The study generally focused on analyzing factors that are causes of implementation delay for projects financed by Wegagen Bank S,co. As the conceptual framework of the study depicts the study intends to assess Bank wise and other external factors which predominantly hamper due execution of projects. In doing so, diagnostic/causal type of research is employed. Additionally, the research uses descriptive approach and According to Zikmund et al (2012) descriptive research describe the characteristics of objects or organization or in other words descriptive research paints a picture of a particular situation, social setting or relationship

among certain entities and the particular type of study provides an answer for 'Wh'/ What, When, Where, and how type of questions.

Bearing the above in mind, the research aims to provide insights of selected variables that are arisen from theoretical and empirical literatures. In assessing and grasping the bank wise practice causal type of research is selected because the research type draws a clear picture of the practice and respective implication accordingly. In precise terms the effect of malfunction practice of selected variables under the implementation of projects also described under Wegagen Bank financed projects.

In sum, with the aim of achieving research objectives the study intends to use both quantitative and qualitative approach. Quantitative data gathered through close ended questions and unquantifiable date planned to be collected through open ended questions.

3.4 Source of data and Method of data collection

Primary data collected through structured 5 Scale-Likert model questionnaires and to be distributed for respondents at head-office that involves Department Managers and Senior Officers on loan processing. Such group involves Loan Officers, Credit Analysts, Credit follow-up and Monitoring officers, Credit wing Directors, Relationship Managers and Recovery/Monitoring Officers etc.

Since, the study intends to conduct a documentation analysis for selected project nature loans the researcher intend to review documentations of financed projects under manufacturing, hotel and tourism, agriculture, and building construction sectors. The number of files subject for review identified to be 75 and to be evenly distributed to each aforementioned sectors.

Secondary Data also gathered from records of regulatory body and Bank's Annual report, policy and procedures, publications, press releases, magazines. Other external sources, include websites, journals, and books written under subject matter extensively referred.

3.5 Sample Size and Sampling procedures

Since the study focused on credit related area and majority of high-value project loans are appraised, approved, disbursed and maintained at head office level and all expertise related opinions and expertise judgments are accumulated in this specific stratum, the study selected professionals working under 3 Directorates and 1 Division Namely: Credit Analysis and portfolio management directorate, Corporate business relationship management directorate, personal, small and medium enterprises management directorate and, Loan Workout Division.

Therefore, a total number of 75 questionnaires distributed for work units respectively with a denomination of 19, 34,12, 8 and remaining 5 questionnaires were distributed for Chief Credit, Chief IBD and Chief finance, Chief, Risk and Compliance. Reflecting the research applied the method of non-probability purposive sampling design to extract sample member from the target population. As a result, non-probability sampling method is suitable to address research objectives. It also helps to choose the respondents that are suitable for the study plan. Therefore, professional employees found under Credit cluster are key respondents of the study.

On the other hand, since the establishment, the bank has financed many projects under various economic sectors such as; hotel and tourism, real estate development, manufacturing, road construction, building construction and health service. Since January 2016 and November 30, 2021 a total number of 119 projects that worth 5.2 billion has financed by the bank and the status of entities found at different level. The study excludes projects financed and their gestation period finalized and debts settled before maturity of loans and advances. From these 119 financed projects only 29 projects completed timely. The rest 92 projects that are approved and financed at Head-office processing pool records cost and schedule overrun. Hence, the researcher considers these 92 projects as population of the study. Hence, considering the time and resource constraint to Analyze and measure delay factors for all mentioned 92 projects, the researcher decides to curb out sample representative from the total population of the study.

Therefore, with a 95% confidence level and corresponding Z score value of 1.96 and the population identified as finite population, the sample size is determined by the following simplistic formula;

$$n = \frac{N}{1+N(e)^2}$$

Where 'n' is the required sample size,

N is the population size and

e is the level of precision (Margin of error)

Whereas, $n = \frac{92}{1+92(0.05)^2}$

Hence, the population of the study determined to be 75 and projects financed during the selected period also measured and analyzed with selected credit professional's judgment.

3.6 Data analysis technique and approach

The primary data collected from survey questionnaire is thoroughly coded and checked for dependability and encoded into SPSS version 26 spreadsheet. Respondent's profile under credit cluster and profile of high level personnel is described through descriptive statistics and analysis of the collected data was done using correlation and multiple regression. Additionally, the collected qualitative data also described using descriptive survey.

3.7 Model and Variable specification

In order to achieve research objectives, the study forced to establish hypothesis. However, asper indicated under the objective of the study, the research makes generalizations and conclusions on variables mentioned based on the analysis using methods of statistical inference. Therefore, to test the existence of significant relationship among dependent and independent variables Pearson correlation analysis was conducted. Finally, with the aim of measuring how much percent of independent variable affect the project implementation delay, multiple regression conducted using SPSS 26 analysis tool.

Referring conceptual framework of the study, the relationship between delay factors and project implementation delay expressed in the multiple regression equation as:

$$Y = X0 + X1\,(PA) + X2\,(PCR) + X3\,(PM) + X4\,(PP) + X5\,(EE) + X6\,(PPI) + e$$

Where: Y= PD= Project Delay.

PA = Project Appraisal and approval

PCR = Promoters/Owners Change Request

PME = Project Follow-up and Monitoring

PP = Project Planning

EE = External Environment

PPI = Poor Project Implementation

X0= the constant parameter.

X1= Coefficient of Project Appraisal and Approval

X2= Coefficient of Promoters/owners change request

X3= Coefficient of project follow-up and Monitoring

X4= Coefficient of Project planning

X5= Coefficient of external environment condition

X6= Coefficient of project implementation

e = error term

Based on the above mathematical representation the General objectives and specific objectives of the study tested depending on the significance level of each constant parameter in regression analysis.

3.8 Validity of the instrument and pre-testing

Making a duly validity and reliability for the questionnaire and questions organized for group discussion and interview is a fundamental cornerstone to obtain appropriate information. Cognizant of this, questionnaire pre-testing undertaken primarily depending on similar studies under the area, piloting to professionals and subsequent approval by the Advisor.

3.9 Reliability test

In statistics Cronbach alpha is the most commonly accepted tool to measure validity and reliability and measures internal consistency of items in a scale measuring the extent of each items under the questionnaire. According to George and Mallery (2003) Cronbach's alpha reliability coefficient normally ranges between 0 and 1 when the coefficient near to 1, the greater is the internal consistency of the items (variables) in the scale and when the output is closer to 0 the consistency becomes Weaken or no relation at all. In other words, Cronbach alpha's coefficient increases either as the number of items (variables) increases, or as the average inter-item correlations increase i.e. if the number of items less than 10 items the Cronbach's alpha should be >0.5 and according to J. Pallant (2020) Cronbach's alpha result more than 0.7 considered as acceptable.

Table 1.2: Cronbach alpha test

Cronbach alpha	Number of items(n)
0.78	**28**

Source: Own survey (2022) N=75

3.10 Ethical considerations

The confidentiality and anonymity of respondents were assured and any information they have provided kept only for academic purpose only. Any group or individual is not forced to provide his opinion. The researcher utmost extends an effort to avoid misleading data distortions and manipulation. Hence, the researcher arrives on conclusion based on the data collected and subsequent interpretation of findings using appropriate tools.

Chapter Four: Data Analysis, Presentations & Interpretations

4.1 Introduction

This part presents the finding of the study conducted using data collected by questionnaire. The data were analyzed using SPSS software for response collected from 75 respondents which are to be filled by Credit Analyst and appraisal officers, Credit relationship managers, Credit portfolio officers, Loan workout officers, and vice presidents which are working on credit processing and financing operation.

The objective of the study was to investigate the relationship between project evaluation/approval process and completion of projects, to investigate the relationship between frequent promoters' design/change request and completion of projects, to examine the relationship between poor project monitoring and evaluation and completion of projects , to find out the relationship between poor planning of projects and completion of projects and to find out the effect of external environmental condition for satisfactory completion of project. Their responses structured with five Likert Scale labeled as Strongly Agreed (5), Agreed (4), Neutral (3), Disagreed (2) or Strongly Disagreed (1) and presented using tables. Furthermore, the questions which asked to check whether there are additional factors under each perceived resource mobilization variables were organized and elaborated in descriptive survey.

The researcher distributed 75 questionnaires and had a return rate of 74 or 98.6% and the return rate is acceptable for the purpose of conducting data analysis and interpretation of findings.

4.2 Description of respondents' characteristics

The researcher conducts frequency analysis to describe respondents' Age, education level, type of education awarded, respondent's functional unit, experience in the industry, experience under financing area, delay time, ranking of the mentioned delay factors etc.

Table 1.3: demographic background of respondents

NO	Demographic factors	classification	Frequency N=75	% age
1	Education level	BA	47	62.7
		MBA	20	26.7
		MPM	6	8
		MSC	1	1.3
		LLM	1	1.3
2	Current position	Loan Workout officers	7	9.3
		Relationship Mangers	48	64
		Credit Analysts	18	24.2
		Credit Monitoring Officers	-	-
		Credit Directors	2	2.66
		Vice Presidents	5	6.66
3	Experience in Banking	1-5year	13	17.3
		5-10 year	39	52
		Above 10 Year	23	30.7
4	Experience in Credit	< 1 Year	2	2.7
		1-5 Year	46	61.3
		6-10 Year	21	28
		Above 10 Year	6	8
5	Delay Time	less than 12 month	11	14.6
		12-24 month	43	57.3
		Above 24-48 month	21	28
		above 48 month	-	-

Source: Survey (SPSS V.26 output 2022)

The table shows demographical characteristics of projects, as indicated 47(62.7%) of respondents are BA degree holders 20 (26.7%) of respondents hold their MBA degree, the rest 6 (8%) of respondents are holders of MPM and the remaining 2 respondents are holders of Law and civil engineering degree.

Regarding the current position of respondents, 48(64%) of respondents are Relationship managers who frequently interact with project owners and promoters. 18(24.2%) of respondents are credit analysts who measure the risk level & propose way-out for each financing request. 7(9.3%) of respondents are from Loan workout division mainly responsible for recovery of bad-debt. The rest 2directors and 5 vice presidents provide decision making for financing request as per their jurisdiction. Referring experience in banking and credit related 39 (52%) have an experience ranging 5-10 years and 23 (30.7%) serves more than 10-year baking experience and the rest 13 (17.3%) haves a less than 5-year experience. On the other hand, 46 (61.3%) of respondent's haves an experience ranging 1- years in credit related area, 21 (28%) of respondents' haves an experience ranging from 5-10-year experience and the

remaining 6(8%) respondents' haves an experience above 10 years under credit related profession.

From the selected corresponding projects as of at November 30, 2022, 43 (57.3%) of projects delayed for ranging from 12-24 months. 21 projects or (28%) of projects delayed for 24-48 months, 11 projects (14.6%) of projects delayed for less than 12 months.

Referring the data collected the subsequent table presents the interpretation and a response below median value of 3 indicates disagreement, 3 neutral opinion and above 3 considered as incremental level of agreement of the respondents.

4.3 Ranking of the Delay Factors

Table 1.4: Ranking of delay factors

Code	Delay factor	Mean	Rank
PA	Project Appraisal and approval	3.066	**5**
PCR	Promoters/Owners Change Request	4.413	**3**
PME	Project Follow-up and Monitoring	4.626	**1**
PP	Project Planning	1.360	**6**
EE	External Environment	4.520	**2**
PPI	Poor Project Implementation	3.093	**4**

Source: Survey (SPSS V.26 output 2022)

The above mentioned table displays respective rankings of delay factor according to the mean value and factors exceeding to 3.0 present fairly high agreement of respondents. Based on the ranking, the top influential factors identified as; project monitoring and follow-up (PME) (mean=4.626); External environment condition follows with (mean=4.520); frequent promoters/owners project request (mean=4.413); poor project implementation (mean=3.093); project appraisal and approval (mean=3.066) and project planning holds sixth place with mean value of 1.360. Respondents' finds out that, poor monitoring and follow-up of projects is 1the main cause for delay of projects and ultimately leads to fund diversion and further stagnation of financed projects. The lack of periodic and ongoing monitoring and follow-up activity can be observed either from bank side or from project owners stand point. However, the respondents expressed that financed projects at the bank didn't critically monitored and evaluated at the desired level and this leads to cost and schedule overrun of projects.

The least factors that have the lowest mean in contrast with other variables identified as; project planning (mean= 1.36) and project appraisal and approval (mean=3.066). This indicates project plans submitted for financing are comprehensive and solid. Reflecting planning related

problems are not major issue for the delay projects. On the other hand, project appraisal also holds the second lowest mean, indicating project appraisal and approval plays lowest role for the delay of projects.

4.4 Results and Discussion of Inferential Statistics

4.4.1 Correlation results of project implementation delay factors and project delay

The study uses scale typed questionnaire that is distributed to relevant respondents and responses of questionnaires encoded in to the SPSS 26 version. The study intends to measure the strength and the type of relationship among the independent variables Project appraisal and approval process, Promoters change request, Project monitoring and follow-up, Project implementation, Project planning, External environment conditions versus the dependent variable namely project delay. To determine the relationship among variables correlation coefficient tool used. Therefore, results of correlation between these variables shown below, referring the same table there is a strong negative, strong and statistically strong correlation between project implementation delay factors and project delay at 1% level of significance ($P<0.01$) affects project implementation delay factors under project completion delay.

To clarify the analysis for each factors, referring correlation matrix table it's observed that there is a negative, strong and statistically significant correlation between project implementation delay factors namely, project evaluation and approval process, promoters change request, project monitoring and follow-up, project planning, external environment condition, and project implementation. As the correlation coefficient for each factors respectively identified as 0.989, 0.775, 0.538, 0.326, 0.269 and 0.416 and in all cases at 1% significance level ($p < 0.01$).

Table 1.5: Correlation between factors and project delay

No	Items	Project Delay		
		Degree of correlation	**P Value**	**Significance Level**
1	Project Appraisal and approval	0.989**	0.001	significant
2	Promoters/Owners Change Request	0.775**	0.000	Significant
3	Project Follow-up and Monitoring	0.538**	0.020	Significant
4	Project Planning	0.326**	0.000	Significant
5	External Environment	0.269*	0.000	significant
6	Poor Project Implementation	0.416**	0.000	significant

**** Correlation is significant at the 0.01 level (2-tailed), and ** Correlation is significant at the 0.05 level (2-tailed)*

Source: Survey (SPSS V.26 output 2022)

4.4.2 Regression Analysis and interpretation and generalization of findings

Regression analysis conducted with the aim of how much the independent variable explains the dependent variable. Hence, regression modelling employed to examine effect of selected delay factors such includes; project evaluation and approval process, promoters change request, project monitoring and follow-up, project implementation, project planning, and external environment condition. Therefore, multi collinearity test employed because of when independent variables in a regression model are correlated. This correlation is a problem because independent variables should be independent. If the degree of correlation between variables is high enough, it can cause problems when you fit the model and interpret the results.

Therefore, the coefficient determination (R2) and correlation coefficient (R) sows the degree of association between the two. And indicating R= 0.365 and R2= 0.133 theses coefficients reflects the positive relationship between independent variable namely; project evaluation and approval process, promoters change request, project monitoring and follow-up, project implementation, project planning, and external environment condition and dependent variable (project delay). Hence, aiming to ensure there is low-co-linearity VIF (Value Inflation Factor) shall be assessed.

Pallant (2007) indicates that, tolerance depicts to what extent the dependent variables do not explain much of the variability of a specified independent variable and the value recommends no to be small from (0.10) to indicate co-linearity and VIF recommended to have a value less than 10 with the same intent avoiding co-linearity. Therefore, refer the subsequent table and values under table 1.4 indicate low co-linearity because of all tolerance values are above 0.1 and all VIF values are less than 10. Hence, the study is free from co-linearity.

Table 1.6: Multi-collinearity Test

NO	Items	Unstandardized coefficients	Collinearity statistics	
		B	Tolerance	VIF
1	Constant	1.349		
2	Project Appraisal and approval	.860	.406	2.462
3	Promoters/Owners Change Request	-.690	.368	2.716
4	Project Follow-up and Monitoring	-.467	.608	1.645
5	Project Planning	0.17	.481	2.080
6	External Environment	-2658	.287	3.484
7	Poor Project Implementation	1.412	.248	4.029

Source: Survey (SPSS V.26 output 2022)

The findings of regression analysis reflect positive and significant relationship between the project delay factors and project delay. Indicating predicting variables (independent variables) such includes project evaluation and approval process, promoters change request, project monitoring and follow-up, project implementation, project planning, and external environment condition determine the dependent variable project delay.

Since, we have more than two independent variables we're forced to adjusted R2 and the adjusted R2 calculated as R2=0.55 indicating the explanatory power of all variables indicating under the study. Therefore, the above mentioned factors project evaluation and approval process, promoters change request, project monitoring and follow-up, project implementation, project planning, and external environment condition determine the dependent variable project delay jointly explain 55% of the variance in project delay. Where the remaining chunk of the project implementation delay was explained by the variables which are not indicated under this study.

Table 1.7: project implementation affecting factors

Variables		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	48.784	14.438		3.379	.001	19.957	77.611
	PA	.860	.647	.239	1.329	.189	-.432	2.151
	PCR	-.690	.729	-.179	-.946	.347	-2.147	.766
	PME	-.467	.286	-.240	-1.635	.107	-1.037	.103
	PP	.017	.403	.007	.043	.966	-.788	.823
	EE	-2.658	1.059	-.537	-2.510	.015	-4.773	-.543
	PPI	1.412	.729	.445	1.936	.057	-.044	2.867

Source: Survey (SPSS V.26 output 2022)

The pre-established hypothesis testing was made based on β, t, and P values. Hence using those coefficient results, the proposed hypotheses for this study were tested as follows.

H1: *Poor Project appraisal and approval process has a significant negative impact on project completion*

The results of multiple regression indicated under table 1.7 shows that, poor project appraisal and approval process haves significant effect on project delay referring ($\beta = 0.860$, $t = 1.329$ & $p < 0.05$). Hence, the pre-established hypothesis means to be accepted. The statistics reflating if the bank strive to channel funds timely and adequately by 1% then the project delay can be

decreased by 86%. Therefore, the findings of the study are in line with the former findings by Mulugeta (2010), Maniesfield (1994), Tsegay & Hanbin (2017) stating late payment, slow decision making and lengthy bureaucratic checking negatively affects project implementation and resulting project delay.

H2: *Promoters/Owners Change request has a significant negative impact on project completion*

The results of multiple regression indicated under table 1.7 shows that, frequent request for design change by promoters and project owners' haves a significant effect on project delay referring (β =0.690, t=-946 & p <0.05). Hence, the pre-established hypothesis means to be accepted. The statistics reflects, if the bank able to restrict frequent design request by 1% then the project delay can be decreased by 69%. Therefore, the findings of the study are in line with former findings of researchers including Morris (1987), Sweis et.al (2008), John (1971), and Abdel Razek (2008) studying effects of frequent design change due to poor planning which resulting significant project implantation delay.

H3: *Poor Project Monitoring and follow-up has a significant negative impact on project completion*

The results of multiple regression indicated under table 1.7 shows that, poor project monitoring and follow-up haves significant effect on project delay referring (β =0.467, t = -1.635 & p <0.05). Hence, the pre-established hypothesis means to be accepted. The statistics reflecting if the bank strives to adopt monitoring and follow-up by 1% the project delay can be decreased by 46%. Therefore, the findings of the study is in line with the former research findings by callistus et,al (2019) stating for successful delivery of the project on time, within budget and to specification you need to execute activities mentioned under project implementation stage and periodic monitoring and evaluation shall also be carried out during projects gestation period.

H4: *Poor Planning of projects has negative impact on project delay*

The results of multiple regression indicated under table 1.7 shows that, poor project planning has negative impact on project delay referring (β =0.17, t = 0.43 & p <0.05). Hence, the pre-established hypothesis means to be accepted. The statistics reflecting if projects are mean to be planned properly by 1% then the project delay can be decreased by 17%. Therefore, findings of the study are in line with former researches by Maniesfield (1994), watches (1990),

Flyvbjerg et.al (2004), and Kapur (2016) identifying in effective planning of projects ultimately contributes for the delay of projects implementation.

H5: *External environment condition has significant negative impact on project completion*

The results of multiple regression indicated under table 1.7 shows that, external environment condition such as Political, Economic, Social, Technological and Legal environment affects the project delay referring (β =2.658, t = -2.210 & p <0.05). Hence, the pre-established hypothesis meant to be accepted, the statistics reflecting if the bank primarily able to identify these macro-economic factors by 1% then the project delay can be reduced by more than double 200+%. Therefore, the findings of the study are in line with findings of former research by Mansfield et.al (1994) stating most projects in developing nations are severely affected by hyperinflation and political changes under the country and these variables significantly and predominantly affects projects implementation.

H6: *Poor Project Implementation has significant negative impact on project completion*

The results of multiple regression indicated under table 1.7 shows that, poor project implementation has negative impact on project delay reflecting (β =1.412, t = -1.936 & p <0.05). Hence, the pre-established hypothesis meant to accept. The statistics reflecting if projects are implemented properly at 1% then the project delay can be decreased by 100+%. Therefore, findings of the study are in line with research outputs of former research by Jeffery (1987) states that implementation delay arises from unclear project objectives among stakeholders, lack of top management support, lack of comprehensive project plan, lack of skilled personnel, lack of technical capability, lack of communication and these factors under implantation period severely affects timely implementation of projects.

Table 1.8: Summary of regression findings

Hypothesis	Tool	outcome
H1: *Poor Project appraisal and approval process has a significant negative impact on project completion*	Multiple Regression	ACCEPTED
H2: *Promoters/Owners Change request has a significant negative impact on project completion*	Multiple Regression	ACCEPTED
H3: *Poor Project Monitoring and follow-up has a significant negative impact on project completion*	Multiple Regression	ACCEPTED
H4: *Poor Planning of projects has negative impact on project delay*	Multiple Regression	ACCEPTED
H5: *External environment condition has significant negative impact on project completion*	Multiple Regression	ACCEPTED
H6: *Poor Project Implementation has Significant negative impact on project completion*	Multiple Regression	ACCEPTED

Chapter Five: Summary conclusion and recommendation

The chapter main deals with the summary of major findings of the study and respective conclusions drawn from the analysis made, additionally, based on these findings the study will make possible recommendations.

5.1 Summary of major findings

To achieve the study project objectives a reliability test was conducted on selected items under the questionnaire and as per table number 1.2 a Cronbach's alpha result 0.78 founds and the questionnaire founds to be acceptable and reliable.

The demography of respondents described under table number 1.3 and 48(64%) of respondents are Relationship managers, 18(24.2%) of respondents are credit analysts, the remaining 14 respondents belongs to 5 Vice presidents, 2 directors and 7(9.3%) loan workout division staffs. Looking the educational qualification, 47(62.7%) of respondents are BA holders, 20(26.7%) of respondents re MBA graduates, and the remaining 6 (8%) of respondents hold Masters of project management. Additionally, majority i.e. 43 (57.3%) of projects delayed for 12-24 months, 21(28%) projects delayed for a period of 24-48 months, 11(14.6%) projects delayed for a period of less than 1 year.

On the other hand, correlation analysis made and table 1.5 depicts that all independent variables i.e. Project appraisal and approval process, Promoters change request, Project monitoring and follow-up, Project implementation, Project planning, External environment conditions are positively and significantly correlated with dependent variable i.e. (project delay) at 1% level of significance. The highest correlation is attached to poor project appraisal and approval (r=0.989), followed by project design request (r=0.775), Project monitoring and follow-up (r=0.538), poor implementation (r=0.416), Project planning(r=0.326), and External environment (r=0.269).

The researcher conducts multi collinearity test before conducting multiple regression and Tolerance values are above 0.1 and both Variance Inflationary Factor are less than 10. Hence, variables used in the study are free from co-linearity.

In conclusion, multiple regression analysis was conducted to test the hypothesis and table number 1.7 depicts results of multiple regression and the tested model result shows 0.55 adjusted R2 at $p<0.000$ significance level. The value indicates that 55% of delay occurred is attributed to the six independent variables that are indicated under this study. The remaining

45% of the variance in project implementation delay may arise from other factors. Hence, the pre-established 6 hypotheses are accepted by referring the β values under table number 1.7. As a result, external factors i.e. macro-economic founds to be a dominant hurdle for swift project implementation. The other factor identified under the study was poor implementation due to lack of technical capability, unclear objectives also the main factor for project delay.

5.2 Conclusion

The conclusion of the study made through comparison of project specific objectives in contrast with final end results. Hence, broad aim of the study achieved at most possible way and projects financed by Wegagen bank s.co influenced by various factors.

Hence, the study concludes that Poor Project appraisal and approval process has a significant negative impact on project completion and this is in line with findings of Mulugeta (2010), Maniesfield (1994), Tsegay & Hanbin (2017) stating late payment, slow decision making and lengthy bureaucratic checking negatively affects project implementation and resulting project delay.

The study also concludes that Promoters/Owners Change request has a significant negative impact on project completion this is in line with findings of Morris (1987), Sweis et.al (2008), John (1971), and Abdel Razek (2008) studying effects of frequent design change due to poor planning which resulting significant project implantation delay.

The study also concludes that Poor Project Monitoring and follow-up has a significant negative impact on project completion. This is also in line with callistus et,al (2019) stating for successful delivery of the project on time, within budget and to specification you need to execute activities mentioned under project implementation stage and periodic monitoring and evaluation shall also be carried out during projects gestation period.

The study also concludes that Poor Planning of projects has negative impact on project delay this is in line with Maniesfield (1994), watches (1990), Flyvbjerg et.al (2004), and Kapur (2016) identifying in accurate estimate of costs, time, other factors such as weather and inability of proper planning of projects ultimately contributes for the delay of projects implementation.

The study also concludes that External environment condition has significant negative impact on project completion and this is in line with findings of Mansfield et.al (1994) stating most projects in developing nations are severely affected by hyperinflation and political changes

under the country and these variables significantly and predominantly affects projects implementation.

The study also concludes that Poor Project Implementation has Significant negative impact on project completion and this is in line with findings of Jeffery (1987) states that implementation delay arises from unclear project objectives among stakeholders, lack of top management support, lack of comprehensive project plan, lack of skilled personnel, lack of technical capability, lack of communication and these factors under implantation period severely affects timely implementation of projects.

Finally, the result of the study reveals that poor Project appraisal and approval process, frequent Promoters change request, poor Project monitoring and follow-up, poor Project implementation, poor Project planning, External environment conditions negatively affects projects completion that are financed by Wegagen Bank s.co. Hence, this can be concluded that project completion time affected due to poor Project appraisal and approval process, frequent Promoters change request, poor Project monitoring and follow-up, poor Project implementation, poor Project planning, and negatively affected due to unfortunate External environment.

5.3 Recommendation

Referring the above conclusion, the researcher proposes the following rectifying courses that should be considered by top-management of the bank and the credit cluster in particular for the delayed projects financed under Wegagen Bank. These depicted below.

- As the study indicates unfavorable External environment is the most affecting factor of project implementation delay, the bank shall adopt stringent appraisal methods using prospective and retrospective methods before financing projects. This means the bank shall retain capable workforce that have the required competency in reading trends and forecasting events based on historic and predictive data. This includes recruiting professionals that have capacity under project financing this may include on temporarily or permanent basis.
- As the study indicates poor project implementation is the subsequent affecting factor of project implementation delay, the bank shall ensure proposed project goals are communicated to all stakeholders, check fulfillment of equipment alongside with required budget and personnel and project owners must be engaged throughout the implantation stage. These activities must be enforced through the implementation

period of the project and this reduce the project implementation delay significantly. Additionally, since project monitoring and follow-up is critical for timely implantation of projects, the bank shall adopt strong monitoring and follow-up at all stages of project.

- As the study indicates poor project evaluation and approval process haves significant impact the bank shall craft a smooth approval process. It can be described as conducting regular credit approval proceedings, developing standardized credit appraisal procedure, creating smooth and timely communication with promoters and avoiding excess bureaucratic checking. This will ease delay of finance for the proposed projects that ultimately contribute for timely completion of projects.
- Moreover, since the bank is disbursing public money, lending bank and project promoters should improve the efficiency and effectiveness of scarce resource and to complete proposed projects as per designated schedule.

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Appendices

Appendix 1

St. Mary University

School of Graduate Studies

MPM in Project Management (Main causes of project failure)

RESEARCH QUETIONAIRE

Dear Respondents, the purpose of this questioner is to collect data to make an assessment on the main causes of project failure financed by the Wegagen bank S.co.

The information collected on the performance of Wegagen Bank s.co project financing will have great contribution on building up knowledge and skill in the financing sector of the country. Would you please genuinely indicate your agreement or disagreement with each of the statements by putting (√) mark in the space provided for each items. This is purely for academic purpose and remains confidential.

Demographic profiles of the respondents

1. Age ☐
2. Educational Background
   BA ☐ BSC ☐ LLB ☐ MBA ☐ MPM ☐ LLM ☐ MSC ☐
3. Current Position
   Workout Officer ☐ Relationship Manager ☐ Credit analyst ☐
   Credit monitoring Officer ☐ Credit Director ☐ Credit Manager ☐
4. Work Experience in the Banking industry
   1-5years ☐ 5-10 year's ☐ above 10 years ☐
5. Experience in the Credit Process
   < Than 1Yr ☐ 1-5 Yr ☐ 6-10Yr ☐ above 10Yr ☐
6. Name of the Project financed_____ delay in months_____

I. No	Factors that cause project implementation delay	Rank
1	Project appraisal and approval process	
2	Promoters change request	
3	Project monitoring and follow-up	
4	Project implementation	

5	Project planning related	
6	External environment conditions	

Note:** 1 = **strongly disagree** 2 = **Disagree** 3 = **Neutral** 4 = **Agree** 5 = **strongly agree **Factors**	***Rating***				
	5	***4***	***3***	***2***	***1***
Project appraisal and approval process					
1. The bank places standard credit service delivery time					
2. Loans are disbursed as per standard credit processing time.					
3. Loans are analysed using bank's project-loan appraisal procedure.					
4. Projects loans disbursed timely and optimally					
5. Conducting regular credit approving meetings & communicates decision timely					
6. Projects financing proposals pass through inconsistent appraisal and approval process.					
7. Promoter complain long appraisal and checking for disbursement of fund					
Promoters/owners change request					
8. Projects financed face frequent Change orders by owner during construction					
9. Design and material change requests arises from unidentified items under feasibility study					
10. bank prohibits design change requests that exceed certain proportion of the projects TC					
11. The bank place limitation on iteration of design change request.					
12. Project scope management plan submitted and applied under project financed					
Project monitoring and follow-up					
13. Inadequate loan documentation hardens monitoring and follow-up of projects					
14. Project proposals contain comprehensive project management plan.					
15. Project managers' use (Earned Value management) or other type of project monitoring instruments.					
16. The Project is allocated with the required budgetary resource for project Monitoring and evaluation					
17. The Project is equipped with the necessary project Monitoring and follow-up system.					
18. Projects financed under the bank uses quality data management system for monitoring and evaluation.					
19. The Project management employs competent project Monitoring and evaluation team.					
Project planning related					
20. Underestimation of time for completion under feasibility study					
21. Underestimation of cost of projects under feasibility study					
22. Project proposals contain list of personnel with the necessary knowledge & experience.					

23. Project Proposals contain detail implementation schedule with the required financing plan.					
24. Before financing projects, Project deliverables, Scope & objectives are identified					
25. Project proposals contain evidences that reflect the project is socially acceptable and environmentally friendly.					
26. Project proposal contain clear project procurement management plan.					
27. Project proposals are prepared by authorized professionals. As per NBE and EMI (Ethiopian Management Institute) requirements					
External environment conditions					
28. Fluctuation of local currency negatively affects project implementation					
29. The Projects is affected by lack of input materials.					
30. Project proposals contain clear project risk management plan					
31. Changes in government regulations and laws affect the implementation of project					
32. Project proposals contain future prediction of political, Economic, Social, Technological, Legal conditions with respective mitigation tool					
Poor project implementation					
33. Goals of the project communicated to all stakeholders prior to implementation					
34. Disbursed funds are used for the intended purpose					
35. Project owners fully engaged throughout the implantation of the project					
36. Lack of qualified personnel (technical and functional)affect the project					
37. Lack of modern equipment and inefficient use of equipment					
38. Improper quantity and untimely materials procurement					

Any comment or suggestion that you think to be addressed.

39. _____

_____

_____

_____

_____

Thank you for your cooperation!

Appendix 2

Correlation analysis between delay factors and project delay

Correlations[c]								
		Delayinmo	PA	PCR	PME	PP	EE	PPI
Delayinmo	Pearson Correlation	1	.019	-.070	-.148	-.131	-.218	-.079
	Sig. (2-tailed)		.876	.557	.211	.271	.064	.507
PA	Pearson Correlation	.019	1	.753**	.538**	.326**	.269*	.416**
	Sig. (2-tailed)	.876		.000	.000	.005	.022	.000
PCR	Pearson Correlation	-.070	.753**	1	.549**	.423**	.275*	.462**
	Sig. (2-tailed)	.557	.000		.000	.000	.018	.000
PME	Pearson Correlation	-.148	.538**	.549**	1	.356**	.264*	.452**
	Sig. (2-tailed)	.211	.000	.000		.002	.024	.000
PP	Pearson Correlation	-.131	.326**	.423**	.356**	1	.657**	.670**
	Sig. (2-tailed)	.271	.005	.000	.002		.000	.000
EE	Pearson Correlation	-.218	.269*	.275*	.264*	.657**	1	.815**
	Sig. (2-tailed)	.064	.022	.018	.024	.000		.000
PPI	Pearson Correlation	-.079	.416**	.462**	.452**	.670**	.815**	1
	Sig. (2-tailed)	.507	.000	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								
c. Listwise N=73								

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.365[a]	.133	.055	14.86471	.133	1.693	6	66	.137
a. Predictors: (Constant), PPI, PA, PME, PP, PCR, EE									

Reliability Testing

Cronbach alpha	Number of items
0.78	**28**

Multiple Regression analysis using all variables

Coefficients[a]										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	48.784	14.438		3.379	.001	19.957	77.611		
	PA	.860	.647	.239	1.329	.189	-.432	2.151	.406	2.462
	PCR	-.690	.729	-.179	-.946	.347	-2.147	.766	.368	2.716
	PME	-.467	.286	-.240	-1.635	.107	-1.037	.103	.608	1.645
	PP	.017	.403	.007	.043	.966	-.788	.823	.481	2.080
	EE	-2.658	1.059	-.537	-2.510	.015	-4.773	-.543	.287	3.484
	PPI	1.412	.729	.445	1.936	.057	-.044	2.867	.248	4.029
a. Dependent Variable: Delay in mo										

Appendix 3

Key informant interview checklist

N.B *To further understand delays of projects financed by the bank, the following highly experienced personness are interviewed using the following check list survey instrument.*

Qualification	*BA & MBA Holders*	***Questions*** • *Do you have encountered project appraisal proposals?(Y/N)* • *How likely funds used to the predetermined purpose after disbursement?* • *What shall be done to avoid diversion of funds?(if any)* • *Rate the follow-up method employed by the bank(Poor, satisfactory, Good, Exceptional)* • *Rate the Manpower strength of project appraisal & approval team (Poor, satisfactory, Good, Exceptional)* • *How often project site visits conducted? (Every Month, quarterly, semi-annually, annually)* • *All financing requests present Robust proposals?(Y/N)* • *How often stakeholders are communicated before rendering finance?* • *Did the bank personnel check adequate equipment's & inputs are on the sight before implementation begin?* • *Did the appraisal team check adequate technical and managerial team is in place before financing the initiative?* • *External environment conditions carefully assessed before disbursement of loans? (Y/N) Why?* • *Borrowers' knowledge and experience/ management profile carefully assessed before financing? Y/N) Why?* • *Homogeneity of financing request i.e. concentration of economic sectors widely observed (if Yes) which sector is dominant i.e. highly demanded sector?* • *Any important points left unraised?* ***Thank you very much!***
Working Experience (Years)	*15 & 10 + years' experience*	
Specialization Area	*Financial Analysis, project loan Appraisal*	

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Temesgen Balayneh (PhD, MBA, MA). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full is to any other higher learning institution for the purpose of earning any degree.

Dawit Feresew H/Michael _____

Name Signature

St. Mary's University, Addis Ababa May, 2022

ENDORSEMENT

This thesis has been submitted to St. Mary's University School of Graduate Studies for examination with my approval as a university advisor.

Temesgen Belayneh (PhD,MBA,MA) _____

Advisor Signature

St. Mary's University, Addis Ababa June, 2022