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Critical success factors for World Bank projects: An empirical investigation

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Abstract

This paper analyzes the results of a survey that aims to explore World Bank project success factors and specifically the relationship between critical success factors (CSFs) and project success as perceived by World Bank Task Team Leaders (project supervisors). The exploratory factor analysis highlights a specific set of five CSFs: monitoring, coordination, design, training, and institutional environment. The regression analysis shows that there is a statistically significant and positive relationship between each of the five CSFs and project success. Consistent with theory and practice, the most prominent CSFs for project supervisors are design and monitoring. The findings contribute to the project CSF literature by conceptualizing project supervision as a multidimensional construct and by confirming supervision as a generic CSF for World Bank projects. The World Bank project supervisors and managers should strengthen project design and monitoring and thus improve project implementation as well as the chances for project success.

Keywords: Project success; Critical success factors; International development projects; World Bank; Project supervision

1. Introduction

Projects remain the instruments of choice for policy makers in international development. Yet, paradoxically, the poor performance of projects and the disappointment of project stakeholders and beneficiaries seem to have become the rule and not the exception in contemporary reality. Dissatisfaction with project results and performance dates back to the 1950s (see, for example, John F. Kennedy's speech to Congress in 1961). The project failure rate at the World Bank was over 50% in Africa until 2000 (see the 2000 Meltzer Commission). The World Bank's private arm, the International Finance Corporation has discovered that only half of its African projects succeed. In an independent rating, the Independent Evaluation Group (IEG) claimed that 39% of World Bank projects were unsuccessful in 2010 (e.g. Chauvet et al., 2010). World Bank projects all too frequently fail to achieve their goals due to a number of problems that could be termed "managerial" and "organizational" (Kwak, 2002): imperfect project design, poor stakeholder management, delays between project identification and start-up, delays during project implementation, cost overruns, coordination failure, etc. (Youker, 1999; Kilby, 2000; Ahsan and Gunawan, 2010).

Surprisingly, the focus of most international development research to date has been very narrow, examining projects and Project Management in general, despite the size of this industry sector ($120 billion U.S. a year in 2009), project proliferation, and the questionable outcomes of projects (Crawford and Bryce, 2003; Roodman, 2006; Ahsan and Gunawan, 2010). Further, the Project Management literature has focused little on international development projects, or typically, World Bank projects (Crawford and Bryce, 2003; Ahsan and Gunawan, 2010; Ika et al., 2010). In particular, very little has been written on international development project success, success criteria and critical success factors (Diallo and Thuillier, 2004, 2005; Khang and Moe, 2008; Ika et al., 2010).

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However, World Bank projects are very specific because of their unique environment. They are characterized by a rare complexity, the high delicacy and the relative intangibility of their ultimate objective of poverty reduction, their large number of heterogeneous stakeholders,[4] the divergent perspectives among these stakeholders, the need for compromise, their charm in the eyes of politicians, the profound cultural and geographical gap between project designers and their beneficiaries, and the prevalence of rather bureaucratic rules and procedures (Honadle and Rosengard, 1983; Rondinelli, 1983; Gow and Morss, 1988; Youker, 1999; Kwak, 2002; Crawford and Bryce, 2003; Diallo and Thuillier, 2004, 2005; Khang and Moe, 2008; Ika et al., 2010).

Consequently, the Project Management literature on project success falls short in addressing their specificity (Diallo and Thuillier, 2004, 2005; Khang and Moe, 2008; Ika et al., 2010). Very few authors have attempted to provide conceptual sets of critical success factors (CSFs) and even fewer empirical studies have attempted to explore the relationship between CSFs and project success in international development (e.g. Khang and Moe, 2008). This paper examines the empirical relationship between a specific set of World Bank project CSFs and project success as regarded from the perspective of World Bank project supervisors (Task Managers or Task Team Leaders).

This research is significant for both researchers and practitioners because it has the potential to shed light on CSFs for international development projects. It also contributes more generally to the evolving understanding of CSFs in the specific and non-traditional mode of project management, used in International Development Project Management (IDPM) (Ika et al., 2010). The research is significant for project supervisors and for national project coordinators and their project teams in that its findings, if incorporated into training programs, may lead to better understanding and use of CSFs. If the supervision of World Bank projects does in fact improve project success (e.g. Kilby, 2000; Chauvet et al., 2007, 2010), then there is a lack of knowledge on supervision CSFs and their relationship to project success, especially with the program approach, which can be seen as a framework to help make World Bank projects effective.

The paper begins with a description of World Bank project supervision and a review of the pertinent literature, followed by a justification of the research model. Next, it presents the research design and methodology. It then presents the questionnaire data and illustrates how it relates to the CSFs and project success variables. The following section looks at the results of principal component factor analysis and regressions. The paper concludes with a discussion of the study's findings, their implications for World Bank projects, and suggestions for further research on the relationship between CSFs and project success.

[4] Diallo and Thuillier (2004, 2005) have distinguished eight project stakeholders: the national project coordinator (NPC), who is the true project manager, the Task Manager of the World Bank (here the Task Team Leaders or project supervisors), the national supervisor (a high-ranking civil servant or the minister himself), a steering committee, subcontractors, suppliers of goods and services, beneficiaries, and the population at large.

2. Literature review

2.1. World Bank project supervision

The World Bank undertakes international development projects in most developing countries but does not implement projects itself. Instead it relies on partners on the ground and the title of *Project Manager* does not apply to the World Bank. The cycle of each project consists of different phases. Projects go from the preparation phase, through the implementation phase, and to the evaluation phase. In the preparation phase, agreement is reached with the recipient government on both the content and design of the project. Once approved by the World Bank's Board, the project enters its implementation phase, undertaken by the government or more specifically the national project coordinator. The implementation phase is broken down into different phases as determined by the preparation phase. The project is financed in parts provided by the World Bank. Each part is released, aborted, or scaled down by World Bank management depending on the conclusions of the supervision report designed to inform the management review. Therefore, two key participants are involved in projects funded by the World Bank: the World Bank project supervisor (Task Manager or Task Team Leader) – who supervises project implementation and ensures the agency's guidelines are strictly followed by the national Project Management unit – and the national project coordinator, the head of the national Project Management unit, who is considered the *true* project manager, i.e. the one in charge of project operations (see footnote 1). World Bank project supervisors are not involved in day-to-day IDPM, although they are updated on each step of the project and may not grant a "no objection" to the national project coordinator when he proceeds with important transactions, such as terms of reference, short lists, contract awards, etc. The World Bank project supervisor could reject the national project coordinator's request but such a decision is not made without good reason. Note that a rejection means that the project team has strayed too far from the guidelines or that the project management includes a poorly planned activity or simply does not conform to the project plan. Task Team Leaders supervise at least four or five projects at the same time generally in the same field, but not necessarily in the same country (e.g. Diallo and Thuillier, 2004, 2005; Chauvet et al., 2010). Once completed or aborted, the project is evaluated by an independent institution, the Independent Evaluation Group, after 2 years. The Independent Evaluation Group database provides information on project success (relevance, efficiency, and effectiveness) and on project characteristics (fields, investment project or not, quality of the World Bank's supervision efforts and the recipient government's preparation efforts). Not surprisingly, this database has been used to study World Bank project success.

If supervision is a generic CSF that has thus been shown to improve project implementation and impact project success (e.g. Kilby, 2000; Chauvet et al., 2007, 2010), then the analysis of the World Bank project supervision critical success factors has yet to be done.