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IMPLEMENTATION OF THE
WORLD BANK PROJECTS IN KAZAKHSTAN

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ЖОБАЛАРЫНЫҢ ІСКЕ АСЫРУЫ

РЕАЛИЗАЦИЯ ПРОЕКТОВ ВСЕМИРНОГО БАНКА В КАЗАХСТАНЕ

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by

BOTAGOZ KUNEDILOVA

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List of Abbreviations

CCC	Customs Control Committee
CDP	Customs Development Project
FPRP	Forest Protection and Reforestation Project
FHC	Forest and Hunting Committee
FWC	Forest and Wildlife Committee
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results
IFI	International Financial Institution
IMF	International Monetary Fund
IEG	Independent Evaluation Group
KZT	Kazakhstani Tenge
MoES	Ministry of Education and Science
PIE	Project Implementing Entity
PDO	Project Development Objective
PMU	Project Management Unit
SRC	State Revenue Committee
TVEMP	Technical and Vocational Education Modernization Project
US	United States
WB	World Bank

Abstract

International financial institutions (IFIs), such as the World Bank, play a significant role in world development. The World Bank's global agenda on ending poverty through the implementation of various development projects has been present in Kazakhstan over almost two decades. Even though Kazakhstan is a relatively young developing Central Asian state, it has been cooperating with the World Bank since 1992, and, so far, forty seven World Bank projects were implemented in Kazakhstan (World Bank 2016b). However, the data shows that not all projects are successful, and projects have different outcomes.

Scholars identify different factors that can explain successful or unsuccessful outcomes of the projects. The purpose of this thesis is to conform or refute some of the theories and arguments, and discover which factors explain different outcomes of the World Bank projects. As a result, this paper reveals that the success of projects depends on a number of factors such as institutional capacity of state entities which implement the projects, country ownership, and management capacity. This thesis contributes to the literature on success of development projects and to our understanding of implementation of such projects in the Central Asian region. It also provides findings that can be used for further research across other developing states. Finally, this research's findings are useful for providing policy recommendations for the implementation of development projects.

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Chapter 1 Why Are Some World Bank Projects Successful and Others Are Not?

International development is among the main issues in the International and Political Economy (IPE) field. One of the key international financial institutions (IFIs) that plays a substantial role in world development is one of the Bretton Woods institutions, the World Bank (WB), which is concerned about ending poverty and provides loans for the implementation of various development projects. Kazakhstan, even though being a relatively young developing Central Asian state that has been actively cooperating with the World Bank since its membership in 1992, has implemented 47 World Bank projects (World Bank 2016b). The scholarly literature has been concerned with what makes a successful project. This thesis aims to answer this question specifically to Kazakhstan, which represents an interesting case. When we look at the data on World Bank's lending to Kazakhstan, we can see that along with implementation of successful projects (World Bank 2016d; World Bank 2015), some projects have less successful ratings, most of the project's goals were not fully achieved. Furthermore, the data shows that some projects have not been finished by the original date of closure and have been extended. In addition, the loans (which were given for the implementation of projects) have negative disbursement records, i.e. the majority of loans' amounts were not disbursed (World Bank 2016c). This means that project's outcomes were not that "successful".

A particularly interesting case is Customs Development Project (CDP). Since its approval in November of 2007, the project was supposed to be closed in December of 2012, but it was extended for three more years until December of 2015 (World Bank 2016c). Moreover, the Implementation Completion and Results Report (IBRD- 48740) shows that the project's outcomes, bank and borrower's performances were rated as "moderately unsatisfactory". In addition, only \$US 7.35 million has been disbursed out of the revised loan amount, which was \$US 14.50 million (World Bank 2016c).

On the other hand, there are some loans that have better ratings. Those are: Technical and Vocational Education Modernization Project (TVEMP) and Forest Protection and Reforestation Project (FPRP). For example, TVEMP has overall “satisfactory” ratings and positive disbursement records with only \$US 0.15 million undisbursed (World Bank 2016d). The other project, FPRP, received slightly lower ratings, but still, is considered as overall “moderately satisfactory”. Moreover, the majority of the loan was disbursed: \$US 29.17 million out of \$US 30 million (World Bank 2015).

Thus, I find it interesting to discover why some projects are “successful” and others are not. To be more precise, what can explain this puzzle in the variation of different outcomes and what are the factors that impact such outcomes? A lot has been written about the execution of World Bank projects and programs in developing countries. Many debates in the scholarly work on the World Bank’s activity are centered around the effectiveness of World Bank projects. There are different views on factors which influence successful outcomes of projects. In general, the literature provides us with “macro-level” i.e. country-level economic factors (income level, economic capacity and external economic environment) and political factors (centralization of a government, institutional capacity, country ownership and domestic opposition). Furthermore, scholars outline “micro-level” i.e. project-specific factors related to project effectiveness delays, as well as project managerial characteristics. However, despite extensive background studies on IFIs’ lending, there is no consensus in scholars’ arguments regarding the factors influencing successful implementation of World Bank projects. Thus, it is interesting to know if there are some country-level constraints to implement particular policy actions or is it purely related to project-specific issues?

In order to answer this puzzle and see how the implementation of World Bank projects works, we need to investigate the degree to which projects achieved their objectives and

analyze factors which influenced their implementation process and outcomes. Moreover, some literature emphasizes that even “success” of a project can be controversial because different parties can assess it differently (Sener 2015; Denizet et al. 2013), so high World Bank’s ratings do not necessarily mean success of projects. Therefore, it is worth analyzing the situation in Kazakhstan. To be more precise, I am also interested in discovering whether high ratings do correspond with project outcomes or not. In other words, do high ratings mean that a project was actually successful and vice-versa?

In this thesis, I hope to confirm or refute some of the scholars’ arguments on the example of my case study on the implementation of World Bank projects in Kazakhstan. In particular, I examine investment projects as almost all WB loans in Kazakhstan are related to the Investment Policy Financing (IPF) instrument. The gap in the literature is a lack of focus on studying the Central Asian practice and context-specific factors that could explain variance in the success of project. Therefore, the purpose of this thesis is to fill this gap and discover how the process of implementation of World Bank projects actually works in Kazakhstan and try to explain the puzzle in the variation of different projects’ outcomes.

This thesis argues that, first, the lower institutional capacity (Jayarajah and Barnson 1995; Denizet et al. 2013; Sener 2015; Buntaine and Parks 2013; Ross 2001) of state institutions specified by the higher extent of their reorganization and significant effect of corruption influences unsuccessful project’s outcome, while higher institutional capacity due to the lower extent of reorganization and the insignificant corruption effect (or a lack of such), leads to better (successful or less successful) projects’ outcomes. My second argument is that due to a lack of strong domestic opposition in Kazakhstan, none of the projects’ outcomes can be explained by domestic opposition. However, I argue that, still, insufficient country ownership has a negative impact on the outcomes, in contrast to a higher degree of country ownership which leads to positive outcomes (Smets et al. 2013; Mosley et al. 1991;

Mosley 1987; Helmke and McLean 2013; Rosser and Bremner 2015). Third, my findings suggest that the bureaucratic system of decision-making of state entities has a negative impact on projects; however, I argue that such factor is insignificant because it does not explain why projects, implemented under similar bureaucratic systems, have different outcomes.

Finally, my research draws on the literature, which stresses the impact of management capacity on a project's success (Denizer et al. 2013; Sener 2015; Rosser and Bremner 2015). I argue that higher management capacity influences successful or less successful projects' outcomes, while lower management capacity results in an unsuccessful outcome. In particular, management capacity in unsuccessful projects can be weakened by the state reform on a high extent of a state entity's reorganization, which, in turn, means that there can be unstable management due to a flow of people who implement the project. My research also finds that despite the claim that a project's outcome can be negatively affected by the insufficient capacity of the local staff's in procurement management in accordance with the WB's rules and procedures (Sener 2015), the effect of procurement management is too weak because it does not explain why some projects have better results i.e. successful or less successful.

The structure of this thesis is as follows. Following the introduction, the second chapter discusses the literature review and introduces main debates on World Bank projects. Later, the section is followed by the study's contribution. The third chapter presents my research design, including research questions that further derive my hypotheses, data sources, and sampling of research participants. In the fourth chapter, I analyze my cases and present my findings, as well as the limitations of the study. Finally, the fifth chapter presents my conclusion and the research's implication for future study.

Chapter 2 Factors in Determining Success of the World Bank Projects

The literature presents various debates and views on factors which affect the implementation of World Bank projects. Overall, they can be grouped as “*macro-level*” and “*micro-level*” factors. Talking about *macro-level factors*, in particular, the literature emphasizes several state factors that can explain success of projects. The first part of the literature review (first subchapter) presents economic factors such as income level, economic capacity and external economic environment (Webb and Shariff 1992; Smets et al. 2013; Jayarajah and Barnson 1995). The second part of this subchapter discusses political factors like centralization of a government (Wade 2007) institutional capacity (Jayarajah and Barnson 1995; Denizer et al. 2013; Sener 2015; Buntaine and Parks 2013; Ross 2001), country ownership (Smets et al. 2013; Mosley et al. 1991; Mosley 1987; Helmke and McLean 2013; Rosser and Bremner 2015), and domestic opposition (Smets et al. 2013; Mosley 1987; Güleç 2014; Rosser and Bremner 2015).

Finally, as for *micro-level factors*, a substantial part of the literature discusses project-specific factors that influence project’s outcomes like project effectiveness delays (Denizer et al. 2012; 2013), as well as human-related factors, i.e. capacity of project managers (Denizer et al. 2013; Sener 2015; Rosser and Bremner 2015). Such factors are presented in the second subchapter.

2.1. Macro-level Factors

2.1.1. Income Level, Economic Capacity and External Economic Environment

A group of scholars point out a number of economic factors that influence implementation of World Bank projects and programs (Webb and Shariff 1992; Smets et al. 2013; Jayarajah and Barnson 1995). For example, one of the common types of loans that the World Bank and the International Monetary Fund (IMF) provide are Structural Adjustment

Loan (SAL)¹ and Development Policy Loan (DPL). According to Webb and Shariff (1992), low-income countries may have a lack of infrastructure and appropriate institutional framework that might be crucial for attracting private investment for the implementation of structural reforms. Lack of economic capacity can also be reflected in limited technical and administrative resources, which could explain poor implementation of programs in Sub-Saharan Africa (Jayarajah and Barnson 1995). However, can Webb and Shariff (1992), as well as Jayarajah and Barnson's (1995) statements actually explain the country's economic capacity to implement structural reforms or projects in case of Kazakhstan? This is unlikely because Kazakhstan is not a low-income country, but considered as an "upper middle income" country (World Bank Group 2016a).

As for external environment, a country that faces unfavorable international economic environment might be less capable to implement policy reforms and structural adjustment programs, in contrast to states that face a more stable external environment (Webb and Shariff 1992). Other alternative factor that can reflect implementation capacity is the openness of a country's economy. For instance, open economies are considered more flexible and thus, more adjustable to shocks, in contrast to less diversified and more rural economies (Jayarajah and Barnson 1995). External environment factor can be relevant to my cases because Kazakhstan experienced economic crisis and devalued its currency twice: both in 2014 and in 2016 (Epstein et al. 2016). However, talking about factors that can explain variation in the projects' outcomes, macro-economic environment of a single country is not really useful because the number of my cases (3 cases) is not so high.

It is worth mentioning that even though the scholars discuss the factors influencing success of reform programs (Structural Adjustment and Development Policy Lending), they

¹ SAL is one of the types of financing instruments of the World Bank, the "earlier version" of Development Policy Loan (DPL), or Development Policy Financing (DPF). Both are referred as programmatic (or program-based) loans, in contrast to project-based loans, such as a Special Investment Loan (SIL) which represents a different type of financing instrument – Investment Project Financing (IPF) (World Bank Group 2017a).

still provide important findings because, for example, as Smets et al. (2013) argue, the determinants of success of DPLs are likewise applicable to other World Bank operations, including investment projects.

2.1.2. Centralization of a Government

Another part of literature emphasizes political factors upon which success of reforms and projects depends on political factors among which is a state's policymaking and a government's centralization. For example, Wade (2007) stresses the role of policymaking and argues that the effective implementation of IFIs' policies is more effective when the policymaking is not highly centralized and not separated from the broader political domain because each institution aims to promote policies that need broader support by entities, besides those that the IMF and the World Bank usually negotiate with. This means that successful policy should be supported not only by the government, but by secondary agencies, with whom IFIs do not usually negotiate over the implementation of policies (Wade, 2007). Interestingly, WB's "Guidance Note for Project Management" provides cases of good practice examples that address country's project implementation performance and development of institutional capacity. One of the successful case studies is about China, where project execution has systematically been satisfactory. China has highly decentralized administrative structures, which means that projects are under responsibility of provinces and municipalities and are executed through locally established project management offices (PMOs).

Wade's paper presents an interesting claim because, according to Luong (2004), especially during the second half of the first ten years of its independence, Kazakhstan received an international reputation as a highly centralized government, exclusively governed by the President. According to Liebert et al. (2013), such highly centralized hierarchical government administration leaves very restricted decision-making authority to local

administrators and prevents common citizens' participation in political decision-making. As scholars argue, the government structure is characterized by "a top-down decision-making authority and management system" (Liebert et al. 2013, 53). It is also worth mentioning that Liebert et al. (2013) characterize Kazakhstan's centralized government as highly bureaucratic, with inherited "culture of strict subordination within a highly centralized hierarchy" (56). On the other hand, Luong (2004) stresses that central-peripheral relations constitute important components of the country's structure and functions, so "the state-building process in Kazakhstan is being driven as much from below as it is from above" (183). However, despite contrasting views, again, as this is a single case study, then I do not expect that centralization of a government can explain the puzzle in my research.

2.1.3. Institutional Capacity

Next, the literature stresses the importance of institutional development for success of programs. For instance, talking about sector investment programs (SIPs) of the World Bank, Jayarajah and Barnson (1995) argue that an essential precondition for such programs is existence of clear institutional capacities to implement the program and ability to work on institutional weaknesses. If government agencies lack capacity, then it may be even important for a state to implement public sector reform and restructure government institutions, although this can be difficult. The scholars add that many SIPs have faced delays in disbursement and implementation because of failing to restructure government institutions within the settled time period.

It is relevant to refer to Sener's (2015) paper which shows how, in the case of the Social Risk Mitigation Project², a lack of right order of the project's structure and plan had an

² The project aimed to provide assistance to the poor and vulnerable population in order to decrease the impact of its exposure to risk caused by severe economic crisis that took place in Turkey. According to many World Bank and state officials, the project could also help prevent a potential "social explosion", namely, there was a fear of protests, demonstrations and increase of criminal activities that might occur in the country (Sener 2015).

impact on the fourth component³ of SRMP. In order to facilitate institutional development, first of all, institutional infrastructure of the General Directorate of Social Assistance and Solidarity (SYDGM⁴) and local Social Solidarity Foundations (SYDVs) had to be developed, even before the project started to be executed. However, the interviews revealed that the Project Management Unit (PMU⁵) did not take the issue into serious consideration and put it aside until the end of the project. Even after that, the component was not fully implemented⁶.

Definitely, public institutions play a big role in the execution of WB projects in Kazakhstan because different state ministries are considered as the principal implementers of the projects, depending on the project's sector. Interestingly, if we take a look at Kazakhstan's state institutions relevant to my cases, then we can notice that there has been some reorganization of public institutions during the projects' implementation periods. In particular, the Forest and Hunting Committee was reformed to Forest and Wildlife Committee, while the Customs Control Committee and the Tax Committee were merged and reorganized into the State Revenue Committee (World Bank 2015; World Bank 2016c).

Similarly as Jayarajah and Barnson (1995), Denizer et al.'s paper (2013) discovers "macro"-level correlates of World Bank project results on the case of over 6000 WB projects evaluated between 1983 and 2011. The scholars find that country-level "macro" measures of the quality of policies and institutions are strongly correlated with project outcomes ("macro variation"). In particular, Denizer et al. (2013) find a correlation between the World Bank's Country Policy and Institutional Assessment (CPIA) ratings and project performance. Unfortunately, CPIA database includes only borrowers and aid recipients of International

³ Each project consists of several components, and each is responsible for the implementation of certain project-related activities.

⁴ The abbreviations (SYDGM, SYDV) come from the official Turkish abbreviation and are kept as in the original source (Sener 2015).

⁵ Project Implementation Unit (PIU), Project Coordination Unit (PCU) or Project Management Unit (PMU) are different names used for the same structure (The World Bank, 2005, 3). In this research I prefer to use PMU abbreviation as it is the most commonly used one in the context of the WB projects in Kazakhstan.

⁶ There was inappropriate and weak development of management information systems and information technology needed for information storage about applicants (Sener 2015).

Development Agency (IDA), not the International Bank for Reconstruction and Development (IBRD) that provides loans to Kazakhstan (World Bank Group 2016b), so no CPIA assessment for Kazakhstan is available.

Buntaine and Parks' (2013) paper analyzes the conditions under which environmental projects achieve their goals. Basing their hypotheses on the common position held in development finance, the scholars find that the strength of public sector institutions (quality of governance) in a recipient country is another factor that contributes to the achievement of objectives of development projects. Similarly, Ross (2001) claims that the policy is more effective while the institutional quality is high and corruption is absent. As for Rondinelli (1976), the scholar points out that most developing states lack adequate institutional capacity which, in turn, limits effective project planning and execution. Since Kazakhstan is a developing country, insufficient institutional capacity can be a potential factor that can explain a lack of a project's success.

2.1.4. Country Ownership

“Country ownership”⁷ is one of the concepts which is an important part of the effective implementation and success of IFIs' programs and projects which, in short, implies the existence of a political country support for a particular program or a project. In addition, not only within-government support (line ministries, parliament, subnational governments), but outside-government support is crucial as well, which includes civil society organizations, and private sector groups. At the same time, according to the World Bank, “(c)ountry ownership does not require full consensus within a country” (World Bank Group 2008, para. 2). Instead, it means that the government may still be able to gather political support for programs and policies, even despite some opposition. For instance, in comparison to large-

⁷ According to the World Bank's definition, “(c)ountry ownership means that there is sufficient political support within a country to implement its developmental strategy, including the projects, programs, and policies for which external partners provide assistance” (World Bank Group 2008, para. 1).

scale programs, relatively small-scale programs may not necessarily require strong support at the national level. In contrast, local-level community support can be enough (World Bank Group 2008).

Most importantly, country ownership implies effectiveness of development assistance. According to the World Bank, “development assistance is most effective when it is driven by demand from the country, not by internal incentives among development assistance agencies” (World Bank Group 2008, para. 3). Thus, a pure support for and commitment in the policy, program or the project should come initially from the government itself, not from assisting organizations and institutions, such as the World Bank.

The literature reflects a significant role of country ownership. For example, Smets et al. (2013) stress that a state’s commitment is crucial for a program or a project’s success. More specifically, the program on privatization of the telecommunications sector in Mozambique showed a strong and firm government’s (left-wing government) commitment to implement the program: an independent regulatory body was established, the telecommunications sector law was developed, and a new mobile operator was attracted. By 2005 the quality of service improved considerably. Thus, numerous negotiation and preparation stages had facilitated change in perception towards the advantages of market reform and consequently increased commitment. A similar case refers to restructuring of state-owned non-bank financial institutions in Zambia (Smets et al. 2013). As for Helmke and McLean (2013), the scholars study the implementation of the World Bank’s legal reforms. Their article, in turn, argues that the involvement of non-governmental actors and their cooperation with the government can be instrumental in the execution of World Bank projects and the likelihood of their success.

In contrast, the World Bank’s fiscal reform program in Mexico (right-wing government) provides a different picture (Smets et al. 2013). In 2001, the Mexican

government wanted to decrease its dependence on oil sector, so, together with the Bank, it quickly prepared the program (in less than two months) because the government's policy objectives were close to the World Bank prescriptions. Similarly, case studies on Thailand, Turkey and Jamaica show that SAL worked well in these countries because it supported political reforms that the governments already committed to implement, even without the World Bank and the IMF's pressure (Mosley et al. 1991; Mosley 1987). Another case is related to the implementation of the World Bank's projects in health and education sectors in Timor-Leste (Rosser and Bremner 2015). The article reveals that the health sector project was more successful because it gained more leadership's support, in comparison to the education sector project. As Rosser and Bremner (2015) claim, the Fretilin leadership had a priority of building a particular national identity, rather than strengthening the country's education system. In particular, since the country's leadership composed of individuals who were educated at the time of the Portuguese colonial era, they wanted to promote a particular brand of nationalism in the period after 1999 by emphasizing "Portuguese cultural values and the use of Portuguese language as a marker of national identity" (Rosser and Bremner 2015, 447). Thus, the government's commitment to the project in the education sector was undermined.

We cannot say in advance whether the reforms in the framework of WB projects or the projects' goals themselves support and correspond with Kazakhstan's policies; however, since WB projects show some variance in their outcomes, then it is interesting to see how the country ownership varies in each WB project in Kazakhstan. Moreover, it is interesting to test if the country ownership can be the potential factor that can explain or contribute to such variance.

2.1.5. Political Contestations and Domestic Opposition

Smets et al. (2013) and Mosley's (1987) papers emphasize that IFIs' policies can be

controversial and conflicting for powerful interest groups, which can lead to increased domestic opposition⁸ and political destabilization and undermine a reform's or a program's success. Even though the presence of opposition can leave the success of a reform unaffected (as we mentioned above in the definition of country ownership), this case shows that there was still a lack of public support. Following this, the scope, financing and relevance of the program were largely decreased. Thus, Smets et al. (2013) emphasize that in the case of the right-wing government, the Bank did not allocate resources to adjust the program to local conditions which led to the low-quality program.

In contrast, talking more about domestic factors, Güleç (2014) argues that social support, agreement among social actors and among the interests of different constituents have significantly contributed to the character of pension reforms and success of reforms in Greece and Turkey. Different constituencies included employers, private insurance companies and public officials. Güleç (2014) adds that even though political opposition can restrict the reform's extent, at the same time, little pressure from societal/social groups can provide a favorable and supportive environment for a policy driven by technocrats.

Rosser and Bremner's (2015) article analyzes the World Bank's health projects in Timor-Leste⁹. Besides a relatively favorable broad political economy context, the authors argue that the projects' outcomes vary dramatically across sectors and the overall projects' performance was poor. Likewise as Smets et al. (2013), Mosley (1987) and Güleç (2014) whose works touch the issue of domestic opposition, Rosser and Bremner's (2015) paper reveals that the Bank's agenda faced much less resistance from domestic political elites in the health sector, in comparison to other sectors. The scholars emphasize that domestic political elites provided support to the Bank or could either build the bridge between the Bank's and alternative policy agendas.

⁸ For instance, despite the good start of the fiscal reform program in Mexico, the opposition in Congress and insufficient public support led to rejection of the VAT (Value-Added Tax) reforms.

⁹ Also referred as East Timor or, officially, the Democratic Republic of Timor-Leste

Talking about domestic opposition in Kazakhstan, in general, it is not considered to be strong. Indeed, if we look at the assessment of Kazakhstan's regime, it is considered as a "consolidated authoritarian" (Freedom House 2016). Its overall democracy score is 6.61¹⁰, which shows that democracy is not so strong in Kazakhstan, as well as the presence of civil society (score 6.50), independent media (score 6.75), as well as the level of national democratic governance (score 6.75) and local democratic governance (score 6.50)¹¹. Yet, still, based on the literature, we can expect that there could be certain political opposition during the projects' implementation process that had an impact on their outcomes.

2.2. Micro-level Factors

A number of scholars, certainly, makes a strong emphasis on project-specific factors that influence project outcomes (Denizer et al. 2012, 2013; Sener 2015). For example, Denizer et al. (2013) do not analyze only "macro"-level factors that correlate with World Bank project outcomes (as it was mentioned above), but instead, their findings show that there is higher variation in project outcomes *within* countries than *between* countries. Therefore, they focus on project-level "micro" correlates to explain this substantial variation ("micro" variation).

2.2.1. Project Effectiveness Delays

Denizer et al. (2012, 2013) find robust negative partial correlation between project effectiveness delays and project outcomes. This implies that project effectiveness delays correlate with worse project outcomes. By "project effectiveness delay" Denizer et al. (2012) mean "the length of the delay between the approval date of the project, and the date at which disbursements begin" (295). To be more precise, project effectiveness means a stage when a

¹⁰ Based on a scale, 1 represents the highest level of democratic progress and 7 the lowest (Freedom House 2016).

¹¹ Freedom House (2016)

loan agreement (based on which a project is executed) enters into force, i.e. becomes *effective* after the loan agreement is approved and signed. When the loan agreement becomes effective, then the official project implementation starts and Bank may start disbursing money for the project execution.

The scholars name project effectiveness delays as one of early-warning indicators which flag “problematic” or “potentially problematic” projects. To be more precise, each year projects are being rated on their implementation status¹², so if it receives a negative rating, like unsatisfactory, then it is flagged as a “problem project” (Denizer et al. 2013, 295). As Denizer et al. (2012, 2013) note, delays in a project’s actual start can reflect inadequate planning before the project is approved and insufficient borrower commitment to the project. Thus, the overall satisfactory rate of World Bank projects could be improved if such “problem” projects were either restructured or cancelled at the implementation stage, and if more accent was put on monitoring and assessment over the project’s life cycle (302). At the same time, the scholars argue that project delay can be explained by the borrower’s willingness to “remedy deficiencies” in project preparation, which can consequently lead to better outcomes and, in the end, “the sign of the relation between project effectiveness delays and outcomes is a priori ambiguous” (Denizer et al. 2013, 295).

Nevertheless, the scholars face the endogeneity issue which means that negative partial correlations between these factors and project outcomes “cannot be interpreted as a causal effect of the former on the latter” (Denizer et al. 2013, 294-295). The scholars approach their research through a quantitative analysis; however, even though they provide us with some evidence, it is not very clear why, for example, there were initial project delays or why some projects were “problematic” since the very beginning. Therefore, it is worth

¹² Periodically the World Bank releases Implementation Status and Results (ISR) report specific to each project, which provides interim assessment of project performance and project’s status relative to its ultimate development objective. Here, Denizer et al. (2013) imply that, for example, in case a project receives unsatisfactory rating, then it is flagged as a “problem project”.

approaching my cases (projects in Kazakhstan) through a qualitative case study analysis and discover what factors could contribute to satisfactory or less satisfactory projects' outcomes.

2.2.2. Management Capacity

Finally, Denizer et al. (2013) find that characteristics of task team leaders (TTLs)¹³ are also crucial, as they are strongly correlated with project outcomes. This, in turn, emphasizes the necessity of internal policies to develop and grow task manager skills for the better project outcomes. As for TTLs' quality itself, Denizer et al. (2013) assess it based on the performance of projects they managed. Overall, the scholars claim that their results show important "human factor" in influencing project outcomes (Denizer et al. 2013, 301). However, they also emphasize two cautions: first, findings do not tell exactly which TTL characteristics explain variation in average project outcomes, i.e. whether it is education, experience, or career path; second, other human factor should be taken into consideration because TTLs are not the only people who can influence project outcomes. Denizer et al. (2013) argue that variation in project outcomes can be associated with managerial quality (reflecting the abilities and priorities) of higher level authorities, such as World Bank country or regional managers.

Similarly, Rosser and Bremner (2015) stress that during the implementation of the World Bank's health project in Timor-Leste, a relatively conducive political economy context of the country (which contributed to the project) was partially due to the country's health minister's strong technical, leadership and administrative skills. During the interviews with the World Bank staff, Rosser and Bremner (2015) found that the relative personal abilities of state officials were one of the factors which reflect the differences in project outcomes across sectors. In particular, several interviewees contrasted the abilities of the former health

¹³ Task Team Leader, or TTL, is a leader of the project, who takes a supreme position in a project team (from the World Bank's side).

minister at the time of the Fretilin government¹⁴, Rui Maria de Araujo, and that time the education minister. Thus, through the interviews, it is interesting to discover what project specialists (interviewees) think about the role of management in Kazakhstan in the case of each project (TVEMP, FPRP, and CDP).

Management capacity can also be determined by the staff's familiarity with the World Bank's procedures, especially on procurement management. For instance, Sener (2015) states that "(it) [the WB] assesses first of all the capacity of the existing staff. There are very high standard requirements for procurement and for financial management" (769". Moreover, Sener (2015) points out that, according to the country's officials, the Bank's practice was quite problematic and conflicting with the administrative rules and procedures in Turkey. An example of such contradiction is a procurement management: in Turkey, public purchases are subject to Public Procurement Law, but PMU also has to obey the World Bank procurement guidance and general WB's procedures and principles on project execution. Sener's (2015) example is very relevant to Kazakhstan (or any other country that implements WB project) because projects are being implemented in the framework of the state rules and laws, in combination with the World Bank's regulations. Therefore, there is an expectation that this fact can be a potential obstacle for a project's implementation.

Since this research is focusing its analysis on a single country, then project-specific factors such as the project effectiveness delays and management capacity can be actually helpful in explaining the difference in the outcomes of World Bank projects in Kazakhstan.

*

The literature provides various views on factors which have impact on successful implementation of IFIs' programs and projects. Overall, it emphasizes state factors, domestic environment and project-specific factors. Despite such extensive background knowledge on

¹⁴ Fretilin was the dominant political party in Timor-Liste 2002-2007 (Rosser and Bremner 2015).

IFIs' and, especially, World Bank's lending activities, we see that there is no consensus among scholars regarding the factors which can explain success or failure of World Bank projects. We also see that even "success" itself can be controversial. Moreover, the majority of the scholars base their findings on quantitative analysis, which is actually limited in explaining how and why some things work. Since the literature provides different findings, I find it important to investigate how the implementation of IFIs' projects works in practice.

Kazakhstan's case shows the puzzle that there is within-case variance in different project outcomes rather than between cases only. In order to answer this puzzle and see how the implementation of World Bank projects works in practice, we need to analyze the degree to which projects have achieved their objectives and analyze factors which influenced their implementation process and outcomes. Moreover, as some scholars like Sener (2015) and Denizer et al. (2013) argue, high World Bank ratings do not necessarily mean success of projects. The way different parties assess project outcomes is another interesting issue: is it the case in Kazakhstan? Thus, I am also interested in discovering if different actors involved in project implementation process also have different views regarding the projects' outcomes, despite the assessment and reports provided by the World Bank staff? Whether high ratings do correspond with project outcomes or not? In other words, do high ratings mean that a project was actually successful and vice-versa?

To that end, in the current research project, I study the project-based loans provided to Kazakhstan by the World Bank Group, mainly, its major sub-institution - the International Bank for Reconstruction and Development (IBRD). Before going deeper in presenting Kazakhstan's case, first, I want to shortly describe the difference between program-based and project-based lending which is clearly outlined in Sharma's (2013) paper. The difference between two types of lending is in its scale and financing: "program loans" go directly to support a state's budget and these types of loans have a larger scale as they support a program

on a nation-level, such as the structural adjustment, implementation of reforms, etc. In contrast, “project loans” are given for specific development projects, such as the constructions of dams, ports, or highways. In addition, program loans are considered to be “quick disbursing”, in comparison to project loans (Sharma 2013, 668-669).

It is worth mentioning that the project-based lending is actually the most common type of WB’s lending in Kazakhstan, therefore, I choose to study World Bank projects in my research, rather than programs. I choose Kazakhstan as a representative of Central Asia. I choose the World Bank because this is one of the major IFIs that, since its establishment at the Bretton Woods conference in 1944 has been active worldwide (World Bank 2016a). In addition, the World Bank is one of the major loan providers not only in Kazakhstan, but in overall Central Asian region. Kazakhstan has been receiving loans from the IBRD since it joined the World Bank Group in 1992. Since that time, the IBRD has approved 47 loans for Kazakhstan, the total amount of which is more than \$US 9.1 billion (The World Bank 2016).

This study contributes to the literature on the IFIs lending operations, mainly to the debates on success or failure of projects financed by IFIs. In addition, since IFIs’ programs and projects have a great impact on a state’s policy actions, then it is really important for the sake of countries to understand why some policy actions can be achieved and others cannot. This thesis presents an empirical research that tries to test some of the theoretical claims of previous research and tries to discover which explanatory variables explain variance in outcomes in the case of World Bank projects in Kazakhstan.

Most importantly, there is lack of focus in academic literature on the implementation of the World Bank projects in the Central Asian region. In comparison to other regions, Central Asia can represent different political, economic, or business environments, so there can be different underlying factors that influence implementation of projects in Kazakhstan.

Chapter 3 Project Outcome, Macro-level and Micro-level Factors

3.1. Research Questions

My research questions are centered on the puzzle of various project outcomes: successful, less successful, and unsuccessful projects. As the literature shows, some scholars (Denizer et al. 2013) also assess projects' outcomes by using World Bank ratings and by evaluating the extent to which projects achieved their development objectives. So does the World Bank itself through its "Results Framework Analysis" in ICR reports, which presents data on the achievement of Project Development Objective¹⁵ (PDO) through the achievement of PDO indicators and Intermediate Outcome (IO) indicators¹⁶. In this research, I use Results Framework Analysis presented in ICR reports as a foundation for one of the measurements of my dependent variable (achievement of PDO indicators). Therefore, in my research I define "more successful" projects as those which: (a) have overall positive outcome ratings ("satisfactory" or "moderately satisfactory"), which, in turn implies that projects (b) have largely achieved their development objectives (PDOs), and (c) have positive disbursement records¹⁷. In contrast, the opposite of the above criteria is the characteristic of a "less successful" ("moderately unsatisfactory") project. Therefore, my dependent variable focuses only on short-term project outcomes, and not on long-term outcomes. To be more precise, I do not analyze the projects' long-term impact on beneficiaries, but just analyze whether these projects were successful or not in a sense that their initial objectives were achieved.

Empirical question: How does implementation of the World Bank projects work in Kazakhstan and why some projects are more successful than the others?

¹⁵ PDO is an overall project objective, which is measured by so-called sub-objective(s) which are referred as PDO indicators.

¹⁶ I do not include IO indicators in the measurement of my dependent variable because PDO indicators are considered as key outcome indicators. However, I do focus on IO indicators in my analysis part.

¹⁷ In fact, each project was co-financed by the Republican budget. In addition, FPRP was also funded by a grant from the Global Environment Facility (GEF) Trust Fund (\$US 5 million). However, in this research, I focus only on the funds provided by the WB's side.

Theoretical question: What factors influence outcomes of the World Bank projects?

3.2. Dependent Variable

My dependent variable is a project outcome. I measure the degree (or extent) of success: successful, less successful and unsuccessful. For the measurement of project outcomes, I use the Independent Evaluation Group's (IEG¹⁸) World Bank Project Performance Ratings Codebook (Independent Evaluation Group 2015). Table 1 provides a set of existing project ratings, number of projects relative to these ratings and the cases (projects) that I selected out of the total number of projects.

Table 1. Selection of Cases

WB's project rating ¹⁹	Number of occurrence in Kazakhstan	Selected cases
Highly Satisfactory	0	-
Satisfactory	21	TVEMP
Moderately Satisfactory	3	FPRP
Moderately Unsatisfactory	1	CDP
Unsatisfactory	3	-
Highly Unsatisfactory	0	-

Source: Created by author based on the World Bank data (World Bank 2016)

I selected my cases from the total number of completed WB projects because such projects have ICR reports (except that has been finished relatively recently) that I use as one of the sources for my primary data. Out of all 29 completed WB projects²⁰, the information for which is available on the WB's website, we can see that there is a variance in projects' ratings (Table 1). The majority, 21 projects have "satisfactory" ratings, 3 projects have "moderately satisfactory" ratings, 1 project has a "moderately unsatisfactory" rating, and three projects have "unsatisfactory" ratings. Also, one project does not have the outcome

¹⁸ IEG is an independent unit within the World Bank Group which evaluates the activities of the World Bank's major institutions, including the International Bank for Reconstruction and Development (IBRD).

¹⁹ According to the IEG Ratings Codebook, the explanation of all six ratings are as follows: "(t)here were no shortcomings [/ minor shortcomings / moderate shortcomings / significant shortcomings / major shortcomings / severe shortcomings] in the operation's achievement of its objectives, in its efficiency, or in its relevance" (Independent Evaluation Group 2015, 14).

²⁰ On the World Bank's database, all loans (as well as grants) provided to Kazakhstan for both program-based and project-based loans are referred as "projects"; however, during my selection process I already excluded program-based loans as I focus on project-based lending.

rating yet, because it was closed in December of 2016, so no ICR report is available yet (World Bank 2016). We see that none of the projects has “highly satisfactory” or “highly unsatisfactory” rating.

For the purpose of this research, I engaged in “nonprobability” sampling as it is the most commonly chosen sampling for a qualitative research. In contrast to “probability” sampling that aims to answer questions like “how much” or “how often”, nonprobability sampling provides an in-depth analysis and focuses on qualitative issues like investigating what occurs, the implications of these occurrences and relationships linking them (Merriam and Tisdell 2016). The most common form of nonprobability sampling is “purposive” or “purposeful” sampling. According to Merriam and Tisdell (2016), purposeful sampling is used when a researcher wants to learn from *information-rich cases*, “those from which one can learn a great deal about issues of central importance to the purpose of the inquiry” (Merriam and Tisdell 2016, 96).

Thus, since the purpose of my inquiry is to learn why some WB projects are “successful” and others are not, I chose projects with different outcome ratings: 1 “satisfactory”, 1 “moderately satisfactory” and 1 “moderately unsatisfactory”. I focus on the time period from 2005, when the Forest Protection and Reforestation Project was approved (the earliest approval among three projects) until the end of 2016, by which time all projects were already closed and ICR reports were issued. Next, I selected projects on different areas (education, environment, and customs), so that to make my cases more representative. At the same time, I tried to select (relatively) recently completed projects (completed in 2015 and 2016) because this increased the likelihood that I could find potential interviewees.

It would be reasonable to choose a project with the unsatisfactory rating; however, there are two reasons why I did not do so. First, Legal Reform Project and Social Protection Project were completed in 2003 and 2002, respectively. Based on my preliminary

consultation with employers from state ministries' experts and World Bank staff, I was told that it might be very difficult to find specialists and experts who were working on this project, as it has been around 14 years since the projects' date of closure, and even more years if we consider the time when these projects started (Legal Reform Project was approved in 1999 and Social Protection Project was approved in 1995). As for Agricultural Post-Privatization Assistance 2 Project (APL Phase 2), unfortunately, I could not get access to potential interviewees as well.

In order to measure my dependent variable itself (project rating), I provide a composite measure (Table 2) of (a) the achievement of PDOs, (b) disbursement records, and (c) experts' perceptions on the projects' outcomes.

First, PDOs are measured by the achievement of PDO indicators. PDO indicators are countable and are already given in ICR reports. Second, I obtained the data on disbursement records from the Implementation Completion and Results (ICR)²¹ reports. I rely on disbursement records data because each project was implemented using the World Bank's loan. Thus, project-related activities are linked to the money. In case there is a large disbursement rate, then it implies that most project-related activities were implemented, while low disbursement rate means that many project-related activities were not implemented. My cases show that a degree of loan disbursement coincides with a degree of projects' success. To be more precise, the higher the project's rating, the more money was disbursed and vice-versa (Table 2).

²¹ ICR report is specific to each project and is issued by the World Bank staff after the end of a project. It is prepared by an independent World Bank team (ICR team) which is not involved in the project's execution process (Interview with WB1).

Table 2. Dependent Variable: Project Outcome

Degree of success	WB's project rating scale	The number of PDO indicators achieved²²	Percentage of money disbursed	Interviewees' perceptions
Successful	Satisfactory – TVEMP	two out of two	99,5 % (\$US 29.08 million out of \$US 29.23 million)	Positive
Less successful	Moderately Satisfactory - FPRP	six out of six	97,3 % (\$US 29.17 million out of \$US 30 million)	Less positive
Unsuccessful	Moderately Unsatisfactory - CDP	one achieved and one partially achieved (out of seven)	50,7 % (\$US 7.35 million out of \$US 14.50 million)	Negative

Source: Created by author based on the ICR reports (World Bank 2015; 2016c; 2016d).

Since I base project ratings on PDO indicators and loan disbursement records, I operationalize my dependent variable by, first, looking at the extent to which the targets of PDO indicators were achieved and, second, looking at the degree to which loans were disbursed.

At the same time, even the assessment of the World Bank project can be a ground for disagreement. As Sener (2015)²³ argues that the facts, i.e. numbers are just quantitative criteria which do not completely tell us about actual “success” and experience of people affected by the project such as beneficiaries and project implementers. Similarly, Denizer et al.’s (2013) paper brings up the doubt on the credibility of the assessment of World Bank projects. The authors argue that Implementation Completion and Results Report (ICR)²⁴-based ratings may just reflect the point of view of a project’s TTL, who may not actually be

²² See Tables 4, 5, 6 in Appendix

²³ By focusing on the implementation of the SRMP in Turkey, Sener (2015) analyzes the perspectives and opinions of various groups involved in the project implementation process and finds that, in particular, state officials and local implementers on one side (SYDGM staff and people working at local SYDVs) and PMU and the World Bank staff on the other side had different evaluations of the project; particularly the first party considered the project as not that “successful” despite its wide positive and successful representation.

²⁴ ICR report is specific to each project and is issued by the World Bank staff after the end of a project. It is prepared by an independent World Bank team (ICR team) which is not involved in the project’s execution process (Interview with WB1).

sincere about the project's drawbacks. Moreover, they claim that project success is explicitly evaluated "in attaining the stated "development objective" of each project, rather than relative to some common standard across projects and over time" (Denizer et al. 2013, 291). Credibility of success can also be subject to doubt as some objectives can be modest because projects are executed in countries with weak institutions and policies, while in other projects, the objectives can be ambitious since the projects are executed in countries with good institutions, policies and overall positive record on implementation of World Bank projects (Denizer et al. 2013).

Given the problems with the World Bank ratings, there was a need to explore my dependent variable itself – whether the achievement of PDO and high disbursement records actually mean that projects were successful and vice-versa. Therefore, in order to strengthen the credibility of projects' ratings, I integrate my findings on the interviewees' perceptions of ratings to the measurement of my dependent variable (Table 2).

Based on the interviews data, I divided respondents' perceptions on positive, less positive and negative perception. Starting from TVEMP, both MoeS1, PMU1, and WB1 agreed with the project's rating and had an overall positive perception of the project. Talking about FPRP, PMU2 noted that even a "moderately satisfactory" is quite a good rating, taking into account the fact that the project started later than when it was supposed to start. Moreover, both PMU2 and WB2 emphasized that the implementation process took longer time and the project was not completed over the 5 years period, but in 8 years. Next, WB2 said:

Because some of the FPRP's PDO indicators were revised, we cannot say that the project was really good because the assessment is made based on both the previous and revised indicators, depending on how much money was disbursed at the moment of revision of an indicator.

In contrast, talking about the negative perception, in SRC1's opinion, the CDP's rating was even higher than it should be, if we assess it based on the achievement of PDO

indicators. SRC1 skepticism in the plausibility of World Bank's ratings. The expert added that the World Bank would avoid giving Kazakhstan low ratings as, first, it may cause a threat of decreasing or terminating projects in Kazakhstan. Second, such ratings reflect the performance of World Bank missions (of project task team) who periodically come to Kazakhstan. Next, talking about the non-achievement of most of PDO indicators, SRC1 stressed that it was not quite correct to compare some indicators²⁵ final values with the baseline data (for instance as of 2006) because there was a difference in nine years, and the key performance indicators²⁶ (KPI) were not adjusted, or revised, since 2006²⁷, although they should have been.

3.3. Independent Variables and Hypotheses

As we can see from the literature review, obviously, there are many different factors that can be taken into account when assessing project outcomes. However, as it was already mentioned, most of the scholars use quantitative analysis in their studies. Since in my research I mainly use a qualitative analysis, then it is not possible to test all independent variables. Moreover, I do a case study on a single country including three projects, so I use only those variables that are more "operationalizable" in qualitative analysis and within the single case study.

Because I am studying the implementation of World Bank projects in a single country, Kazakhstan, then I cannot test certain macro-level factors like economic capacity, external economic environment, or centralization of a government, for which we need to have a large number of cases. Therefore, my hypotheses are based on and limited to certain macro-level and micro-level factors, for the purpose of not explaining causality or making generalization, but in order to discover what factors have impact on projects' outcomes.

²⁵ PDO indicators 3, 4, 6

²⁶ In other words, key performance indicators (KPI), or just key indicators are also referred as PDO indicators.

²⁷ As we can see from Table 6, none of PDO indicators was revised ("N/A").

3.3.1. Macro-level Factors: Institutional Capacity, Country Ownership and Domestic Opposition

Institutional capacity (Jayarajah and Barnson 1995; Denizer et al. 2013; Buntaine and Parks 2013; Ross 2001; Rondinelli 1976; Sener 2015; Ika 2012) can indeed be relevant because certain government entities were responsible for the projects' implementation. All three projects were implemented by different state entities which can have different capacities. As it was previously mentioned, there was a reorganization within the Ministry of Agriculture and the Ministry of Finance. Therefore, since there are three different institutions across the three projects, the reformation of government institutions can potentially help us discover why there was a variance in the project's outcomes. This leads to my first hypothesis.

Hypothesis 1. Higher institutional capacity leads to a project's successful or less successful outcomes, while the lower institutional capacity results in unsuccessful project's outcome.

In my research, by institutional capacity I mean the capacity of a state institution (i.e. state ministry) to implement a project. Drawing from Jayarajah and Barnson's (1995) argument on restructuring of public institutions, I measure institutional capacity by the effect of a reorganization of a state entity (or PIE). In particular, I will look at institutional state reform's (reform on reorganization of a state entity) impact on the project. I hypothesize that the reorganization of a project's implementing entity can negatively affect the project's outcome, while the lack of reorganization will lead to a more successful outcome.

Next, as the absence of corruption is what makes institutional capacity (Ross 2001), then it is also worth exploring whether some cases of corruption took place during the implementation of the projects. Therefore, I also measure institutional capacity by PIEs' involvement in corruption. In particular, I hypothesize that the presence of a corruption case

during a project's implementation process is associated with a lower institutional capacity and vice-versa.

Next, as the literature substantially focuses on country ownership, then I expect that *country ownership* can also have a significant influence on project outcomes (Smets et. al 2013; Mosley et al. 1991; Mosley 1987). The degree of the country ownership may vary among the projects since all three projects focus on different areas and stakeholders. Besides country ownership, it is worth exploring whether there was certain *domestic opposition* that could have affected the projects' outcomes (Smets et al. 2013; Mosley 1987; Güleç 2014). Thus, my second hypothesis is as follows:

Hypothesis 2. Higher degree of country ownership coupled with a lack of domestic opposition leads to successful or less successful project's rate, while the lower degree of country ownership coupled with the presence of domestic opposition leads to unsuccessful project's rate.

I measure country ownership by the interviewees' perceptions on how much key stakeholders were interested in the projects and supported project-related activities. In addition, I trace the reforms, policies, and programs introduced in Kazakhstan to see how much the projects supported them and whether the projects actually supported Kazakhstan's or each PIE's goals. With the help of the personal interviews and secondary data, I can construct the picture of the degree of country ownership. Furthermore, ICR reports provide information on various surveys made during or by the end of projects. Next, in order to get information on whether some project-related activities faced political contestations and domestic opposition, I will analyze both primary and secondary data (my primary and secondary data sources are presented later in the data subchapter).

3.3.2. Micro-level Factors: Project Effectiveness Delays and Management Capacity

As for micro-level factors, In Denizer et al.'s (2012, 2013) paper, the scholars argue that *project effectiveness delays* have a negative impact on project outcomes. However, as I

previously said, they do not explain why project effectiveness delays may occur. Therefore, since the project effectiveness delays implies the delay in time between the project approval and project effectiveness, then I hypothesize that such delays may be caused by the bureaucratic system of a PIE's decision-making. As PIEs across the three cases are different, so the level of bureaucratization of PIE may be different.

Hypothesis 3. PIE's highly bureaucratic system of decision-making negatively affects project implementation and leads to unsuccessful project's outcome, while the lower degree of bureaucratic decision-making of PIE leads to successful or less successful outcomes.

We can also predict that the *management capacity* (Denizer et al. 2013) is likewise important. Although Denizer et al. (2013) focus on the capacity of project TTLs, in this research I expect to explore state employees and PMU staff's position on the management capacity and how influential it is because they are the ones who are involved in project *implementation*, rather than supervision²⁸. This leads to my next hypothesis.

Hypothesis 4. Higher management capacity leads to successful or less successful projects' outcomes, while lower management capacity leads to unsuccessful project's outcome.

Thus, first, I measure management capacity by the interviewees' perceptions of project management i.e. people who managed the project from each corresponding PIE and PMU. I operationalize my independent variable by providing positive and less positive (or negative) responses. Moreover, as Sener (2015) shows that intersection of the World Bank's rules and procedures (especially on procurement management) with the governmental ones can create an obstacle for a project's implementation, then I also measure management capacity by the interviewees' perceptions of the local staff's²⁹ practical familiarity with the

²⁸ As a TTL is the member of the task team from the World Bank's side, then we may consider him or her as a supervising actor (functions of each project actors are shortly described in subchapter 3.4.).

²⁹ Staff who works in PMU and PIE

World Bank's procurement management and their capacity to manage projects in accordance with such rules and procedures.

3.4. Case Study: Kazakhstan

In this research, I use qualitative research methods. Mainly, I do a multiple case study within a single case study research: implementation of the three World Bank projects in Kazakhstan. I use the case study research because the purpose of my study is to know, exactly, how implementation of World Bank projects works in a particular country – Kazakhstan. Furthermore, I am interested in why some projects are more successful than others. Therefore, I analyze multiple cases within my single case study.

According to Yin (2014), case study is the preferred method of research when the main research questions are “how” or “why” questions, for example, how some phenomenon works. Thus, it provides both an exploratory and explanatory analysis. The definition of the case study given by Yin (2014) perfectly relates to and describes the purpose of my study: “(t)he essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a *decision* or set of decisions; why they were taken, how they were implemented, and with what result (15). Next, the case study is relevant when the research requires an extensive and “in-depth” explanation of the phenomenon (Yin 2014, 4). Since I am focusing only on a single country, then it is important to make a deeper analysis by taking into consideration various factors than can affect project outcomes. In addition, I think that factors which influence successful, less successful or unsuccessful project outcomes should be project- (case) specific, so this research also present an exploratory analysis.

In this research, I gather and analyze primary resources, such as interview findings, project reports, as well as use the secondary data in my analysis part. Furthermore, I engage in mapping technique: I provide a map of governance for each project.

3.5. Data

The primary source of data were in-depth, qualitative semi-structured interviews conducted from December 2016 until March 2017, as they allowed me to ask experts direct questions about how the process of implementation of World Bank projects in Kazakhstan looks like, as well as learn about the interviewees' views regarding project outcomes. I interviewed experts who were directly involved in projects from state agencies, PMU staff and World Bank's local office in Astana.

My questions were designed in a way to reflect the theoretical background in the literature and to support or refute the aforementioned hypotheses. Although the majority of the questions were open-ended, some were close-ended. Yet, still they included follow-up questions for the purpose of extracting larger amount of information. Below I present some of the questions asked of each informant:

1. According to the Implementation Completion and Results Report, Technical and Vocational Education Modernization Project has positive ratings and the majority of the loan has been disbursed (\$US 29.09 million out of \$US 29.23 million). How do you think what caused such positive outcome? Are/were there factors that facilitated the project's implementation process?

2. How did you perceive the management capacity of the project?

3. Were there some issues on procurement management that you, PMU of PIE's staff faced?

4. Originally, the Project [FPRP] was supposed to close in November 30, 2012, but was extended until June 30, 2015. Could you please tell why?

5. How do you think, whether the anti-corruption recommendations during the Project's implementation were taken into account? Were there any issues related to corruption?

6. How do you think, was there a strong country ownership (interest, involvement, or support for the Project) in the case of this Project by different parties involved in the project's implementation process, such as the implementing agency(ies), Project Management Unit, state authorities, local NGOs, etc.?

7. Was there a conflict of interest between the above-mentioned (or other) parties involved in the project, or the parties whose interests were affected by the Project? Did the project involve any opposition or political contestations?

8. According to the Implementation Completion and Results Report, Customs Development Project has moderately satisfactory ratings and almost half of the loan amount has not been disbursed (\$US 7.08 million out of revised \$US 14.50 million). How do you think, what caused such quite negative outcome? Are/were there factors that complicated the project's implementation process?

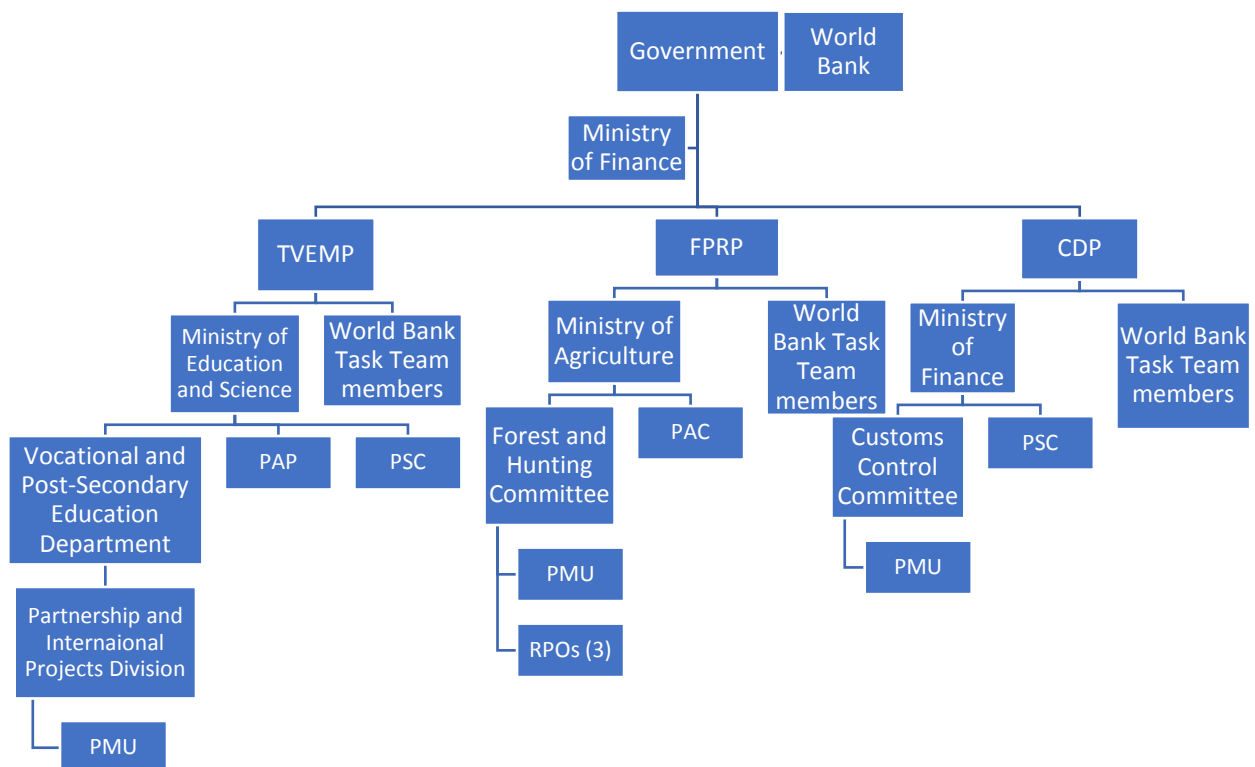
9. According to the Implementation Completion and Results Report on the Project, 75% reduction in average customs processing time at the border posts (based on client surveys) by end of the Project (PDO indicator 1) was not achieved: there was a decrease only by 53%. Could you tell why the originally set target could not be achieved?

The second primary source of data for my research comes from the secondary data. First, I used Implementation Completion and Results (ICR) reports, which provided an in-depth analysis of the overall project execution process and final project outcomes. Besides ICR reports, I also studied loan agreements and “International Bank for Reconstruction and Development General Conditions for Loans”. I got access to all these documents through the official website and database of the World Bank. I also used the Legal information system of Regulatory Legal Acts of the Republic of Kazakhstan (ILS “Adilet”), as it is an official online resource for the laws, regulations and orders implemented in Kazakhstan by state agencies, likewise as Kazinform International News Agency, “Zakon.kz”, and “Akorda.kz”.

3.6. Sampling of Research Participants

Before introducing my research participants, in this section I provide the project governance model. Figure 1 maps out the governance system, i.e. the key actors and project implementing entities (PIEs) involved in project execution.

Figure 1. Project Governance



Source: Created by author, based on the loan agreements, ICR reports and interviews

According to Figure 1, three ministries and corresponding committees/departments were involved in project execution, such as the Ministry of Education and Science, the Forest and Hunting Committee under the Ministry of Agriculture and the Customs Control Committee under the Ministry of Finance. Figure 1 presents the initial project governance system; however, during the project execution, some changes took place. The Forest and Hunting Committee was reorganized to Forest and Wildlife Committee (World Bank 2015) and the Customs Control Committee was merged with the Tax Committee under the State Revenue Committee (World Bank 2016c).

Besides PIEs, other actors are also involved in project implementation process. In Figure 1, we see that PMU was created under each ministry specific to each project. PMU is responsible for daily management of the project and consists of a project director, a financial management specialist, coordinators for project's components, and an administrative assistant or a translator (World Bank 2010a, 16). In addition, such units as Project Advisory Panel (PAP)³⁰, Project Advisory Committee (PAC)³¹ and Project Steering Committee (PSC)³² were created under corresponding projects, including the three regional project offices (RPOs) in Semey, Irtysh and Kyzyl Orda under the Forest Protection and Reforestation Project (World Bank 2006). However, it should be emphasized that PIE and PMU are **principal** actors responsible for project management and implementation. Next, according to the World Bank Guide, "The borrowing country [implementing entity] is responsible for implementing the project, while the Bank is responsible for supervision" (World Bank 2007, 79). Thus, each project was supervised by the Bank's specialist on a project's sector.

Thus, as for research participants, my sample size includes 9 people in total: I interviewed 1 person from each PIE (the Ministry of Education and Science, the Forest and Wildlife Committee under the Ministry of Agriculture, and the State Revenue Committee under the Ministry of Finance), 1 person from PMUs that managed TVEMP and FPRP³³, 1 World Bank specialist specific to each of the three projects, and 1 expert from the Ministry of Finance. My research participants were key (or principal) informants, who were involved in project implementation process on almost daily basis. Since getting access and trying to contact people who work in state ministries and the World Bank office was difficult, my

³⁰ PAP consisted of technical experts who had to provide technical support to PMU (World Bank 2010a).

³¹ PAC included the representatives of key ministries, project implementing agencies, NGOs, private sector, international organizations and donors involved in forest-sector activities which also provided policy advice and guidance (World Bank 2006).

³² PSC was responsible for overall project oversight, coordination, as well as provision of policy guidance. PSC was established under corresponding PIEs.

³³ Unfortunately, I could not access the person who worked in PMU under the Customs Development Project (CDP).

sample size was limited to these key informants. Yet, personal interviews with 9 people in total still produced sufficient in-depth findings. In this research, I used snowball sampling which was very helpful. This means that I contacted a number of research participants based on acquaintance of my initial interviewees.

Prior to conducting interviews, I obtained a research approval from the Nazarbayev University Institutional Research Ethics Committee (IREC). The research did not involve any physical risks to research participants. If participants felt uncomfortable during the interview process, they were free to skip the questions or stop the discussion, although I did not come across such situations. The participation in the interview was voluntary. The information was recorded for further examination only with each participant's consent. All interviewees were kept anonymous and their names were coded. Table 3 (in Appendix) provides coding for each interviewer for all WB projects. Job position of participants was not mentioned as well and all of them were referred as "experts" or "specialists". The only thing that was revealed is participants' place of work. All data was kept confidential and anonymous as well. Audio recording was destroyed as soon as the research was finished.

Chapter 4 Project Development Objectives, Indicators, and Disbursement Records

Each project has its own objective (Project Development Objective, or PDO), the achievement of which depends on project's results. In this section, I provide description of each project's project development objective (PDO), as well as information on PDO indicators and disbursement records of projects. In this chapter, I also shortly describe the projects themselves. Most importantly, the end of this chapter provides analysis of my key findings.

4.1. Cases

4.1.1. Technical and Vocational Education Modernization Project

The issue in the technical and vocational education (TVE³⁴) system in Kazakhstan was the provision of narrow skills for students' success in labor market. There were relatively narrow vocational specializations. Even though students in TVE colleges³⁵ were taking a similar range of courses as those taught in general educational institutions, the scope of their programs was much less demanding. Furthermore, the material base in technical and vocational schools was very low and the old equipment did not correspond with modern production technologies. Overall, previously existing TVE system suffered "from a lack of linkages to the market economy" and TVE graduates did not possess sufficient competencies that the labor market required which consequently affected the business development in the country (World Bank 2010b, 9). Thus, the aim of TVEMP (i.e. the project's PDO) was "to raise the relevance, quality and efficiency of technical and vocational education (TVE) through an improved policy framework and institutional capacity" (World Bank 2010a, 4).

³⁴ In Kazakhstan, two types of institutions such as vocational schools (professional lyceums) and colleges provide TVE. At vocational schools, programs last from 2 to 3 years, and students focus on technical and service fields. Colleges, in turn, provide education and more theoretical work in science and mathematics, where students study from three to four years and graduate as technicians, masters, or supervisors. Thus, after finishing secondary education, students can choose either to continue higher education or TVE (World Bank 2010b).

³⁵ In the ICR report, TVE educational units are referred by different names, such as schools, institutions, or colleges.

The achievement of the objective was measured by the two PDO indicators (Table 4 in Appendix).

TVEMP represents a project with a higher degree of success. First, its loan disbursement record accounts for 99,5 percent. Second, according to Table 4, both PDO indicators are positive: PDO indicator 1 was surpassed and PDO indicator 2 was achieved. The quantitative value of PDO indicator 1 was even higher than expected: 100% in comparison to original target of 60%. In particular, the report says that “employers’ associations and the private sector’s full endorsement of occupational standards is considered as a proxy for their satisfaction” as employers approved 100% of developed standards (World Bank 2016d, iii). Occupational standards provided the basis for the development of training curriculum in 147 specializations. Talking about the second PDO indicator 2, the quantitative value was fully achieved: by 100% as well. According to the ICR report, all 68 schools participating in the project, developed a competency-based program for specializations in accordance with the professional standards. In addition, all school programs were reviewed on the basis of 147 professional standards that were developed at the national level.

Talking about loan disbursement, the loan agreement on TVEMP specifies eligible expenditures under the project. In other words, it shows the distribution of loan amount among different project’s components. However, again, as the ICR report shows (World Bank 2016d), the loan’s disbursement record accounts for 99.5 percent, which implies that most project-related activities were implemented.

4.1.2. Forest Protection and Reforestation Project

Kazakhstan has rich forest resources which play a significant role in providing key environmental and economic services. However, the country has inherited serious environmental issues of the post-Soviet countries. In addition, the generally dry climate affects the existing forest and rangeland ecosystems and makes them vulnerable to various

threats like “fires, pest infestations, overgrazing, over-harvesting, habitat degradation, [and] desertification” (World Bank 2015, 1). Such problems especially increased following the country’s political and economic transformation during the 1990s. The forest sector suffered from a lack of labor with required modern skills. Furthermore, (i)nadequate information facilities and flow, and rigid top-down administrative management styles also limited organizational effectiveness” (World Bank 2015, 1). Thus, the PDO of FPRP was “to assist the Borrower to develop cost effective and sustainable environmental rehabilitation and management of forest lands and associated rangelands with a focus on the Irtysh pine forest, the dry Aral Seabed and saxaul rangelands” (World Bank 2006, 13). The achievement of PDO was measured by the PDO indicators presented in Table 5 (in Appendix).

Likewise as TVEMP, FPRP is an example of the more successful project. 97,3 percent of its loan was disbursed. According to Table 5, we can see that, just like in TVEMP, all PDO indicators of FPRP are satisfactory: 4 indicators were achieved, while 2 indicators were surpassed. In short, Table 5 shows that 46,000 ha³⁶ of Irtysh Pine forest was rehabilitated, and prevention of fire and other degradation trends had started on around 650,000 ha area. Next, there was a coverage of around 61,000 ha area in Dry Aral Seabed by vegetation, as well as effective resource-led grazing management of 168,000 ha of saxaul rangelands³⁷. As for restoration and re-afforestation of project area, according to Table 5, 46,000 ha of area was re-afforested, while 61,000 ha of area was restored³⁸.

Next, 3,422 people were seasonally employed in Irtysh Pine forest, 2,650 in Dry Aral Seabed, and 1,480 in saxaul rangelands³⁹. Talking about enhanced knowledge on forest sector issues, the report states that currently the government uses most efficient methods of planting and the most advanced Forest Fire Control Information System (FFCIS) was

³⁶ “ha” means hectare, a measurement used for land area

³⁷ Achievement of PDO indicator 1

³⁸ Achievement of PDO indicator 6

³⁹ Achievement of PDO indicator 2

established. In particular, the report states that “(m)ore than 30 trials and studies conducted on nursery technologies, planting regimes, disease and fire management” showed improved capacity for efficient public expenditures due to decreased unit costs of planting, increased survival rates, and decreased fire incidents and response times (World Bank 2015, vii).

Most importantly, certain policy and legislative actions were made: the State Forest Policy concept until 2020 was developed, as well as amendments to Forest Code were made⁴⁰ (World Bank 2015). As for public support to the project, according to the public opinion survey⁴¹ completed in September 2014, the respondents highly evaluated the efficiency of project activities⁴² (World Bank 2015).

4.1.3. Customs Development Project

During the design of the CDP, one of the Kazakhstan’s goals was to integrate into the global economy and regional partnerships such as the Eurasian Economic Community in order to enhance its economic development. The government was also in the process of entering the World Trade Organization (WTO), which was expected to boost the country’s foreign trade, its competitiveness in international markets, and improve its international investment reputation. For that, the government’s priority was to modernize the Customs Control Committee’s (CCC) business processes in order to facilitate trade operations, which was a key issue discussed in WTO negotiations. Kazakhstan started the customs reform aimed at facilitating international trade and transit, improving the country’s business climate, and fighting corruption. Thus, the PDO of CDP was:

to “(i) promote internationally acceptable practices for expeditious processing of international trade flows, so as to further integrate the country into the world economy and

⁴⁰ Achievement of PDO indicator 4

⁴¹ The participants of the survey included 300 people living in villages in the project sites. 98% (in the Irtysh Pine region) and 74% (in Kyzylorda) assessed project activities as “very efficient” and “somewhat efficient”. Around 70% of respondents also considered that the quality of forestry management had improved during the past decade. (World Bank 2015, viii).

⁴² Achievement of PDO indicator 5

improve the investment climate and competitiveness; (ii) improve taxpayer compliance with the Customs Code and thereby increase revenue collection; and (iii) support transparency of customs operations to reduce the potential for corruption and increase predictability for traders (World Bank 2008, 4).

In contrast to TVEMP and FPRP, CDP represents an example of the less successful project: its disbursement record accounts for 50.7 percent and the majority of its PDO indicators were not achieved (Table 6 in Appendix). Even though in contrast to two previous projects, no clear assessments on the achievements/non-achievements of several PDO indicators (2, 3, 4, 5) are made⁴³, I had to refer to comments made in ICR reports and interview findings to assume that likewise as PDO indicator 1, indicators 2, 3, 4, and 5 were not achieved.

Starting from the achieved indicator (PDO indicator 6), the ICR report states that six service standards were adopted by the Government Decree⁴⁴, according to which key government agencies were obliged to prepare and report on service standards since 2013. In addition, a new Government Decree No. 284 was adopted in April 2015 which listed standards for 23 customs related public services (World Bank 2016c; State Revenue Committee 2014). Even though the report states that the data on actual performance against standards is not made public on SRC's website and it may be difficult to analyze what makes good performance, it stresses that (t)he adoption of the standards represented a significant improvement in transparency and public accountability to which the CDP contributed" (World Bank 2016c, vii).

Next, PDO indicator 7 is considered to be partially achieved as there was 71,2 percent improvement of traders and stakeholders' perception on the frequency of unofficial payments given to customs officials (Table 6). In other words, this indicator was associated with

⁴³ To be more precise, assessment such as "achieved", "not achieved", "partially achieved" or "surpassed" is absent for PDO indicators (2, 3, 4, 5). Therefore, I put "N/A" in the "result" column on these PDO indicators.

⁴⁴ Government Decree No. 273 dated 29 February 2012 (World Bank 2016c; Zakon.kz 2012)

corruption measurement. The ICR report states that the methodology and questions used in surveys, as well as analysis and interpretation of responses were not completely disclosed. Moreover, it is unclear what was the source of this indicator because no survey was funded by the project in 2014, except the previous two surveys in 2011 and 2012 (World Bank 2016c, 18). During the interview with the expert from the State Revenue Committee (SRC) SRC1 said that after the Customs and Tax Committees were merged, the new State Revenue Committee decided not to spend money on conducting the survey, which was very costly. Instead, it used the data provided by the Association of Taxpayers of Kazakhstan on a free basis. Nevertheless, according to ICR team⁴⁵ such improvement in the indicator's value did not seem too solid and "it is not possible to identify whether and how the CDP contributed to this trend" (World Bank 2016c, viii).

As for the rest of PDO indicators (1, 2, 3, 4), according to reports and interview data, there are some discrepancies in the data as the ICR report states that "the ICR team could not find credible evidence of the CDP's contribution to this positive trend", "it is difficult to confirm that the project contributed to this result" or "as with other indicators, it is not possible to identify whether and how the CDP contributed to this trend." (World Bank 2016c, vi-viii). Both WB3 and SRC1, just like the ICR report, stressed that the reason why the ICR team could not find the credible evidence on the achievement of PDO indicators (1, 2, 3, 4, and 7) is the fact that the integrated ICT system and e-declaration were not fully implemented, so, probably, the positive trends were assumed to happen due to other factors, like Kazakhstan's entry to the Eurasian Customs Union (WB3). As for PDO indicator 5 (20% growth in ratio of total revenue collected by customs to number of customs staff), then, again, we see some discrepancy in the data as the final growth in ratio of total revenue collected by customs to a number of customs staff account for 179% (Table 6). According to the ICR

⁴⁵ By ICR team I mean the World Bank staff who produced ICR report.

report, in 2011, the new baseline was used and based on that new baseline, performance was improved by 79 percent in 2014. However, the report stresses that we cannot compare data from 2011 and 2014 because in 2014, the Customs and Tax Committees were merged to SRC, so revenues and staffing numbers included both tax and customs. Likewise, during the interview, SRC1 said that since the two committees were merged, the SRC provided a gross percentage of total revenue collected by customs and tax employees, and, obviously, the total percentage was very high. Thus, the achievement of PDO indicators could be affected by the merger of both committees. As SRC1 said, “if the project had been closed by 2014, then this indicator [PDO indicator 5] would have been achieved”.

4.2. Findings

Besides ICR reports, during interviews, I tried to understand in more detail what were the factors that influenced more successful or less successful project outcomes. I could get more into project’s insights with the help of in-depth personal interviews. Based on interview findings, first, I tried to extract main themes from each interview. Next, I divide the data based on different topics and develop a thematic analysis. Thus, I divided findings on groups which correspond to my hypotheses such as institutional capacity, country ownership, PIE’s bureaucratic system of decision-making, and management capacity.

There are several things that I would like to mention regarding the data collection process, in particular, the conduction of personal interviews. First, the use of networking was really helpful in accessibility as almost all potential interviewees gave their agreement for the interview, except two people. One person, whom I found through the use of snowball sampling, helped me to find an additional interviewee, who, probably, from that person’s point of view was more informed about the project, but did not want to be interviewed

him/herself⁴⁶ later. Likewise, I found another potential interviewee, who even agreed to be interviewed. However, later, I lost connection with that person.

Second, unlike my initial expectations, the interviewees were not against tape recording. The majority of interviewees was fine with being tape recorded, and only four interviewees were not recorded. The first interviewer was in a hurry, so after familiarizing with the informed consent form, the interviewer started to talk about the project. Thus, I couldn't ask permission for being tape recorded, so we immediately went to the interview questions. As for the other three interviewees, it was comfortable for them to meet in their offices in a government entity. According to the relatively new state rules, visitors and employers themselves cannot bring electronic/technical devices inside the government entities, so I could not take my tape recorder to the office with me and had to leave it at the entrance hall. The next interesting thing for me was the fact that the interviewees did not make any specific requests regarding the anonymity, and only two interviewees clarified the anonymity of the research: one at the time of being contacted and one before the start of the interview.

Among the interviewees, only two people were quite laconic, so I had to ask more clarifying questions. Nevertheless, except these two people, overall, all interviewees were quite open and willing to answer all interview questions. They were also willing to explain any concept, regulation, etc. that I was not familiar with. Therefore, personally I believe that such interviewees' openness was because of the networking, which played a big role. In other words, I think I managed to be trustworthy to them with the help of networking and snowball sampling method.

At the same time, I faced some difficulties during the data collection. Despite the fact that all interviewees gave their agreement to be interviewed right away when being contacted,

⁴⁶ Adhering to the Protocol submitted to the Institutional Research Ethics Committee (IREC), no interviewee's gender information is mentioned.

it took a long time to settle a meeting with them. Some meetings were postponed, and in some cases, I could not receive a timely reply from the interviewees. However, I think that this is a natural issue that researchers face, because people can often be busy, both on weekdays and weekends.

4.2.1. Institutional Capacity

Hypothesis 1. Higher institutional capacity leads to a project's successful or a less successful outcomes, while the lower institutional capacity results in an unsuccessful project's outcome.

Based on interview findings, I found support for my first hypothesis. There was a different interaction effect between institutional capacity of PIEs which were directly responsible for project implementation and projects' outcomes. In particular, I found that in case of TVEMP, there was a higher institutional capacity of MoES because the same ministry was responsible for project implementation during the whole project's implementation period and it was not reorganized. Next, in case of FPRP, there was the insignificant interaction effect because of the low extent of the reorganization. On the other hand, state reform on the larger extent of the reorganization of CCC and the Tax Committee which undermined the institutional capacity of CCC had a significant negative impact on CDP's outcome. Furthermore, the interview findings present some corruption cases that took place during the projects. In particular, in case of FPRP, corruption case was insignificant to the project's outcome (less successful outcome), while in case of CDP, the corruption case had a significant effect on project's unsuccessful outcome.

During the interviews, the experts frequently stressed that the reorganization of state entities took place both in the case of FPRP and CDP. Due to the President's Decree⁴⁷ on the reform of the public administration system, the Ministry of Agriculture was reorganized and

⁴⁷ President's Decree No. 875 from August 6, 2014 (Kazinform International News Agency 2014).

the functions of the Ministry of Environment and Water Resources⁴⁸ (in the sphere of fishery development, water resources management, forests, and wildlife) were transferred to the Ministry of Agriculture. Consequently, the Forest and Hunting Committee was renamed to the Forest and Wildlife Committee (Kazinform International News Agency 2014). However, as FWC1 said, such reorganization did not have a big impact on the project because the Committee still continued to perform its key duties.

In case of CDP, the Customs Control Committee (CCC) and the Tax Committee were reorganized⁴⁹ and merged in the State Revenue Committee in 2014 (World Bank 2016c).

According to WB3:

By the end of the project's implementation, the Customs Control Committee and the Tax Committee were merged into a single unit [State Revenue Committee]. Therefore, many functions of both Committees started to unite, and consequently, certain project's objectives, so to speak, lost their "owners" or "hosts", and their sponsors who would be willing to achieve such objectives. Consequently, some project components were achieved, some were not.

Moreover, WB3 said that after the creation of the State Revenue Committee (SRC), the new strategy of the whole integrated Committee was developing, so "we cannot say that the earlier strategy of the CCC became the strategy of the SRC; as new manager comes, everything is being built from scratch". For instance, the advice on organizational structure of the Committee that were developed by consultants during the project were no longer relevant because such recommendations had to take into account the new employers (of the Tax Committee), too.

Second, the major issue with the CDP was the implementation of the third component of the project, namely, the development of the information and communication technology (ICT) systems. In particular, the CCC was expected to introduce the system of electronic filing of customs declarations (e-declaration) as part of the ICT system. However, IT

⁴⁸ In accordance with the Decree (No. 875), this ministry was abolished.

⁴⁹ Government's Resolution No. 933 from August 14, 2014 (Zakon.kz 2014)

procurements related to the third component were cancelled following the merger of the CCC and the Tax Committee. Instead of using its own e-declaration system, the new SRC decided to acquire the Automated System for Customs Data (ASYCUDA) system which was provided by the United Nations Conference on Trade and Development (UNCTAD). As both SRC1 and WB3 said, the acquaintance with such system was made during the Government's visit to Georgia. According to ICR report, the government "believes that the ASYCUDA system will serve the needs of the new SRC better than would different customized systems for customs, tax and economic crimes" (World Bank 2016c).

According to WB3, the project was going to be closed in December 2015 (revised date), but only by the mid-2014, the CCC "knew what they wanted to do in the ICT component". However, as both WB3 and SRC1 argued, following the merger of the two committees, the system that was initially developed by the contractor did not meet the requirements of the new head of the SRC. The SRC wanted to establish a joint system that would be applicable both for tax and customs officers. The SRC wanted to re-consider and revise the system, but since the project was approaching its end, the SRC decided to use the ASYCUDA. Moreover, as SRC1 said, such system was provided by the UNCTAD on a free basis. Hence, as the key system was rejected, then all other sub-systems (server equipment, training of staff etc.) were likewise rejected. Therefore, overall, the ICT component was not implemented.

Interestingly, the interview findings revealed several corruption cases which complicated the projects' implementation process. Interestingly, corruption issue was present not only in the less satisfactory project, but also in the more satisfactory one. For example, talking about FPRP, PMU2 said that once, a contractor (company which was hired for the project) was deceived by a sub-contractor, whom he or she hired for a construction of a fire station. The sub-contractor did not perform his or her work according to the contract, so the

case was brought to the court. Another case was related to the third component of the project, namely, the provision of grants for innovative sub-projects related to forestry. According to PMU2, in two grant projects the grantees turned out to be scammers. However, PMU won both lawsuits, so the cases did not have a major impact on project's implementation process.

In contrast, in case of CDP, as SRC1, Minfin1 and WB3 said, there was a criminal case that had a severe impact on the project's third component⁵⁰. In particular, SRC1 stated:

The criminal investigation regarding the employees of the Customs Control Committee began because the following situation happened. According to the ongoing criminal case, people responsible for the project, namely IT specialists who implemented the third component, they were...in general, any procurement process starting from consulting until the system [implementation] begins with the development of technical documentation [technical task]. Such documentation is being prepared by the customer, i.e. state employee him/herself.

SRC1 emphasized that when the criminal procedure began, CCC's employees were the first suspects. When I asked SRC1 what exactly happened, the interviewee added:

That is, they wrote a technical assignment for one specific company. Other could not win [the bidding process] in such conditions.

Thus, according to SRC1, CCC staff engaged in corruption and hired specific contractor (company) that would provide the relevant service for the implementation of the project's third component, namely, development of e-declaration system. Yet, as the interviewee said, consequently, the e-system was not considered to be appropriate, so the whole component 3 was cancelled. Furthermore, the respondent stressed that the establishment of e-declaration was the key purpose of the whole project. We can even notice that by looking at the project's PDO indicators.

My cases also show that loan disbursement records coincide with a degree of a project's success. To be more precise, the higher a project's rating, the more money was disbursed and vice-versa (Table 2). Both TVEMP and FPRP have high disbursement records,

⁵⁰ The criminal case was related to the development of e-declaration system which was part of the Component 3 (Information and Communication Technology).

in comparison to CDP. We can see that even though the loan amount was revised and decreased, still, there was a significant lack of disbursement. Specifically, \$US 7.15 million was not disbursed. Therefore, with the help of interviews with SRC1 and WB3, I discovered that the cancelation of the ICT component reflects this lack of disbursement. As SRC1 said:

The money were available, but we [State Revenue Committee] ourselves refused to take and use this money since we cancelled the ICT component. The Republic of Kazakhstan itself refused the money.

Thus, the interview findings show that due to higher institutional capacity of MoES, TVEMP had the successful outcome. In particular, as one same ministry was responsible for project implementation and it was not reorganized, we may assume that there was same high institutional capacity over the project's life. In contrast, talking about FPRP and CDP, the reorganization of state ministries did take place; however, both projects have different degree of success: what can explain that? The interview findings suggest that the experts on FPRP did not perceive such reform as having a significant impact on the project's outcome because the FWC (previously the FHC) continued to implement its key duties⁵¹ and the reorganization did not affect the project-related activities. In case of CDP, however, the merger of the CCC and the Tax Committee into the State Revenue Committee had a significant impact on the project's execution because, as we can see from the analysis of achievement of PDO indicators (Chapter 5.3), most of PDO indicators were not achieved. They were not achieved because the project's ICT component was cancelled, which, in turn, was due to the new leadership's vision⁵². Thus, I found confirmation for my first hypothesis. Next, the findings suggest that the CDP's success could have been undermined by the presence of the intervening variable such as corruption because the CCC engaged in corruption⁵³. This was the case for CDP; however, we see that the corruption was present

⁵¹ Interviews with FWC1 and PMU2

⁵² Interviews with SRC1 and WB3

⁵³ Interview with SRC1 and Minfin1

even in the case of the more successful project – FPRP, and it did not significantly affect the project's outcome as the project still ended up being more successful. Therefore, the findings suggest that the corruption case had the insignificant impact on the FPRP's less successful outcome, and, at the same time, significantly affected the CDP's unsuccessful outcome.

4.2.2. Country Ownership and Domestic Opposition

Hypothesis 2. Higher degree of country ownership coupled with a lack of domestic opposition leads to a successful or a less successful project's rate, while the lower degree of country ownership coupled with the presence of domestic opposition leads to an unsuccessful project's rate.

An interesting part of interview findings is associated with the respondents' views and perceptions on country ownership, or, instead, potential existence of conflicts during the implementation of the projects, and how they influenced projects' outcomes. My interview findings support scholars' (Smets et al. 2013; Mosley et al. 1991; Mosley 1987) claims and provide evidence of a higher degree of country ownership in case of TVEMP and FPRP and the lack of domestic opposition which led to successful and less successful projects' outcomes, as well as the lower degree of country ownership which led to unsuccessful outcome in case of CDP.

Talking about TVEMP, PMU, MoES1 and WB1 emphasized that there has been a strong interest of the principal actors who implemented the project such as the MoES (Vocational and Post-Secondary Education Department) and PMU. Furthermore, WB1 noted that during the project preparation and implementation process, coordination councils and steering groups were established, where all interested actors could participate, so we cannot claim that the MoES was the only actual implementer of the project.

As MoES1 said, even before the start of TVEMP, much effort in the development of TVE has already been made in the country. In particular, MoES1 mentioned that the TVEMP

supported the State Program for Technical and Vocational Education (TVE) Development 2008-2012⁵⁴. WB1, in turn, mentioned another program, namely the State Education Development Program 2016-2019⁵⁵. WB1 added that the World Bank's preference is to support state programs, initiatives, and structural reforms through its projects. Even in the Project Appraisal Document (PAD), first, country and sector contexts are being described, which explains why the project is important. Thus, WB1 stressed that a project comes directly from the state priorities.

Likewise, the interviewees on FPRP also showed that the country ownership was present in the project's implementation. WB2 argued:

There was a big interest in the project. If not the World Bank's project, they [Ministry of Agriculture] would have to implement them [project activities] anyway because they received international expertise, support, and they understood that the project completely corresponds to their [Ministry of Agriculture's] programs, plans, etc.

Furthermore, as PMU2 and FWC1 emphasized, besides the Forest and Hunting Committee (FHC), specialists of forestry were very interested in the project. PMU2 him/herself said that one of the main important things that pleased him/her was the fact that many specialists of forestry were very grateful to PMU and PIE for the work done. Next, PMU2 stressed that NGOs were also involved in the project. In particular, there were public councils for joint forest management, the goal of which was to attract and involve local population in joint forest management. As PMU2 said, such councils held various seminars and trained the locals how to protect forests, plant trees, etc. Moreover, as PMU said:

But people, they were receiving money for their work. They were not working for free, and consequently, they could also profit from the benefits of planting and use the "gifts" of the forest. Not for free, but at low prices or by having special rights.

As the ICR report states, in particular, Participatory Forest Management (PFM) program operated in 16 villages and 5 PFM unions and councils were established "for

⁵⁴ The project was approved on July 1, 2008 (World Bank 2016d, 1).

⁵⁵ The program was approved in March 2016 (World Bank 2016d, 11).

engagement with forest authorities, protection and promotion of local community rights to resources, and development of activities that reduce indirect negative impacts on forest resources” (World Bank 2015, 28). Furthermore, amendments to Forest Code (2012) were made in order to develop institutional basis for community’s engagement in forest management (World Bank 2015, 28).

FWC1 added that thanks to the project, new workplaces were created for the locals. Furthermore, the expert emphasized that even though different actors could have different interests in the project, for example, commercial organizations would like to receive material benefits, a part of local population wanted to get new jobs etc., all of them were united in one goal: forest protection.

As for potential conflicts, PMU2 and WB2 claimed that no such big conflicts arose during the project. The World Bank has infrastructure projects that may cause harm for environment and affect the interests of local people, but, as the respondent stressed, in contrast, FPRP was indeed directed towards the protection of environment. As WB2 said, “in contrast, all NGOs, local population and local authorities always welcomed the planting of forests, therefore, we did not have such problems as protests”.

Moreover, PMU2 mentioned that by the end of the project there was a sociological research – population’s survey, according to which there were mainly positive assessments. As the ICR report states, the majority of 300 people living in the villages (project sites) evaluated the project activities as “very efficient” and “somewhat efficient” (98 percent in the Irtysh Pine region and 74 percent in Kyzylorda), while the majority of respondents (an average of 70 percent) also “considered the quality and level of forestry management to have improved over the past ten years”⁵⁶ (World Bank 2015, viii).

⁵⁶ The public opinion survey was completed in September 2014 (World Bank 2015).

Talking about CDP, SRC1 said that even before the project's realization there was the annual Address of the President to the People of Kazakhstan, according to which, the President instructed to carry out reforms of the tax and customs administration⁵⁷. The similar issues were addressed during the President's annual address in 2012:

We must continue the policy on liberalization of the tax administration and on systemizing customs administration. It is necessary to simplify and minimize tax reporting.⁵⁸

Likewise as other respondents, SRC1 said that the project did not involve any conflicts or protests among beneficiaries, stakeholders or local population. As the expert said:

On the opposite, we are working for the people's [participants of foreign economic activity] benefit. In contrast, he [participant of foreign economic activity] would thank us and the World Bank if he does not have to walk to customs and spend lots of time, but could rather stay at home and submit all necessary documents through internet.

Thus, even though the respondents emphasized that CDP was preceded by the Annual Speeches of the President, and legislative amendments were made to the Customs Code⁵⁹ during the project's execution, neither SRC1 nor WB3 stressed or mentioned the presence of strong support of the project by local communities or other interest groups.

Next, all interviews did not reveal strong signs of domestic opposition that could influence the projects' outcomes. This, of course, does not imply that the opposition was totally absent. However, this can be explained by the fact that the opposition is not so strong in Kazakhstan because the country's scores on democracy, civil society, independent media, level of national democratic governance and local democratic governance are high⁶⁰ (Freedom House 2016).

⁵⁷ The address was made in 2006 (Akorda.kz 2006).

⁵⁸ Akorda.kz (2012)

⁵⁹ Interviews with SRC1 and WB3

⁶⁰ According to the ranking, the higher the score, the less the level of the democracy, civil society, independent media, national democratic governance and local democratic governance.

4.2.3. PIE's Bureaucratic System of Decision-making

Hypothesis 3. PIE's highly bureaucratic system of decision-making negatively affects project implementation and leads to an unsuccessful project's outcome, while the lower degree of bureaucratic decision-making of PIE leads to a successful or a less successful outcomes.

My findings show that PIE's bureaucratic system of decision-making is informative in explaining all projects' outcomes and, unlike my expectation, highly bureaucratic decision-making was present even in the case of successful project - TVEMP. As the respondents stressed, bureaucracy led to delays in certain project-related activities, which affected the projects' outcomes as all projects were closed later than it was planned. In particular, the bureaucratic system had a significant effect on CDP because certain crucial project-related activities were belated and thus, PDO indicators reflected the old data. However, the PIE's bureaucratic system is not a sufficient variable to explain outcome because despite bureaucracy, projects like TVEMP and FPRP still ended up being successful. Therefore, I do not find strong evidence for my third hypothesis.

The interviewees stressed each PIE's bureaucratic system which influenced the projects' execution processes and, in particular, their extension. All respondents emphasized that all three projects did not move into active implementation phase from the very beginning. For example, as PMU1 said, especially during the first year, the project stayed on a kind of "dead point". WB1 stressed that each country has a different public administration system, which is at a different development stage: "in case of Kazakhstan, there is not always a high potential to execute a project". The interviewee stressed that there is often a slowdown in the project's implementation process, and there is such a "bureaucratic machine" present in the state ministries' administration system, which is definitely the case for MoES.

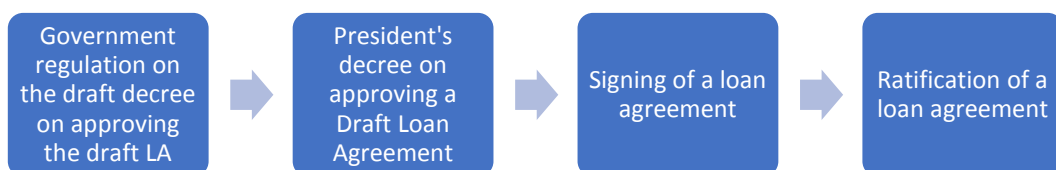
During the interview with SRC1, the expert likewise stressed the country's bureaucratic system:

For example, you need to establish the electronic customs declaration system. But how many internal state procedures are in place for ratification. On average, ratification takes place between a year and one year and eight months. A year and eight months is almost two and, of course, over two years nobody is waiting and much work is being done in Kazakhstan. But when your contract is ready, it is no more relevant. This is the problem. When we will have a fast-acting and very flexible legislation, then it is a different story.

Furthermore, in PMU1's opinion, the Bank was not really accustomed to the national budget system, rules on budget implementation, and hierarchy of the system of the state service (even though the majority of the WB local office's employees are Kazakh citizens). The interviewer stressed that, obviously, the Bank knew the above-mentioned elements, but did not exactly "understand" how they work in practice. For example, from PMU1's point of view, the Bank does not really understand how bureaucratic the state system can be, so sometimes the Bank's views and recommendations on project execution may not really work as the Bank might expect.

During the interview with the expert from the Ministry of Finance (Minfin1), the interviewee informed me about state-specific procedures that precede the project implementation stage.

Figure 2. State Procedures Preceding Ratification of a Loan Agreement



Source: Created by author based on interview sources

According to Figure 2, first, government regulation on the draft decree on the signing of the loan agreement (LA) is being established by the Ministry of Finance in coordination

with the interested ministry, i.e. project administrator⁶¹ or Project Implementing Entity (PIE), which is further submitted to the Head of State. After the President signs the decree and approves the draft LA, the decree authorizes the Minister of Finance to sign the LA on behalf of the Republic of Kazakhstan. Next, the two parties, Minister of Finance and representative of the World Bank sign the loan agreement. Finally, at the last stage, the law on ratification of the loan agreement is being issued. After that, the loan agreement comes into force and is considered valid. Thus, the loan is declared effective and ready for disbursement.

PMU1 also shared his/her opinion that not only the World Bank staff, but sometimes, state authorities themselves do not fully realize how time-consuming the project execution can be. PMU1 stressed that the civil servants were often busy, and it was time-consuming for PMU to get approval for various project-related activities. Thus, such bureaucratic system complicated the project and influenced its extension, while, in fact, initially the loan was given for a 3-year period (Table 7 in Appendix). Talking about the project's extension, WB1 noted that initially, the World Bank "warned" that any project requires 5 years of implementation, but, according to WB1, the government did not want to pay extra money for the loan and wanted to implement the project "quickly". Similarly, other respondents said that the process of coordination with various state bodies takes a long time. In particular, WB2, WB3, and FWC1 said that the projects were extended because of the initial project's delay during the long ratification of the loan agreement. FWC1 stressed that the loan agreement was signed in 2005, while the loan became effective only in 2007⁶² (Table 7).

4.2.4. Management Capacity

Hypothesis 4. Higher management capacity leads to a successful or a less successful projects' outcomes, while lower management capacity leads to an unsuccessful project's outcome.

⁶¹ Project administrator, or Project Implementing Entity (PIE) is a state ministry responsible for project implementation. PIEs vary across different WB projects.

⁶² World Bank 2015

My cases provided support for my hypothesis on the impact of management capacity on project execution. In particular, management capacity produces positive project outcomes (successful and less successful) in case of TVEMP and FPRP. In contrast, the interviews with SRC1 and WB3 suggest that the respondents' perceptions of the management capacity at the project's beginning stage were quite positive; however, due to the state reform on the reorganization of the CCC and the Tax Committee, management capacity had weakened. Next, talking about the respondents' views of the local staff's familiarity with the WB's procurement management procedures and their capacity to manage projects in accordance with the WB's procurement rules, all respondents stressed this issue in a similar way, so my hypothesis that this intervening variable can explain different projects' outcomes was insignificant. Moreover, even though the majority of interviewees stressed this issue, it is worth noting that according to both PMU2 and SRC1, such capacity had been developed over time.

Management capacity was not much about personal experience, education, or career path, but about managerial capabilities. In general, I discovered how the respondents perceived the management of each project and how often they mentioned it as an important factor that influenced projects' outcomes. I extracted positive and less positive (or negative) perceptions from interview findings, which are based on the groups of key words and phrases⁶³.

Starting from the positive perception, PMU1, PMU2, and FWC1, in particular, emphasized the role of PMUs themselves and their leaders in the project's implementation. PMU1 also stressed that a big role was played by a top-level⁶⁴ management. The interviewee added that there was a *strong support* by the Ministry of Education and Science (MoES),

⁶³ Such are written in italics

⁶⁴ Here, by "top-level" management I mean the management exercised by higher-level actors, such as the Vice-Minister of Education in charge of TVE, Vice Head of TVE Department, etc.

namely, by the Vice Minister of Education who was in charge of the technical and vocational education. PMU1 emphasized that the MoES “drove and helped to promote the project” and *clear goals* were set by the Vice Minister. From the respondent’s point of view, in contrast to other WB projects, TVEMP witnessed a *good delegation of functions* of the MoES to the Vice Minister and the corresponding Department (Vocational and Post-Secondary Education Department), which could help the Ministry achieve the project’s goals. Likewise, WB1 said that even though TVEMP was the first WB’s project for the MoES, there was a very *strong command* at the Ministry’s level, including the Vocational and Post-Secondary Education Department, and PMU.

SRC1, in turn, added that if the *executive authority* in the face of the *first leadership*, i.e. project director (Executive Secretary on the Ministry’s level and Vice-Chair of the Committee on the Committee’s level) is *genuinely interested* in implementing a project, then the project will be satisfactory. SRC1 added:

Even if a project has a strong PMU, but does not have a *strong administrator* [PIE] in the face of the first leadership, who will “*drive*” the project, then no one will do it; nobody is ready for reforms, everyone is working just like they always do and they are fine anyway.

Talking about project’s TTL, SRC1 provided quite a similar response as the experts of other projects:

The first team that started to work on the project...we met them, and, at that time I only started my project, Tax Administration Reform⁶⁵, while they [the Customs Control Committee] were implementing their project. They had quite a *strong team* and a *strong leader* [project manager⁶⁶ and project director], and there was a big interest in the project. They were working for almost four years and after that, there was shift in leadership, which continued to change every eight months, which “hit” the project very hard because there was no continuity in the decision-making. This was perhaps one of the key factors that influenced the implementation of the project.

⁶⁵ Here the interviewer meant another World Bank project that he/she was working on (at the time of CDP’s beginning, SRC1 was working in the Tax Committee).

⁶⁶ Head of Modernization Department was a project manager.

Interestingly, WB3's claims supported those of SRC1 as the expert stressed that the Customs Control Committee's (CCC) *leadership was changing* almost every year, so "some continuity in the project implementation was lost". Thus, we see that in case of CDP, SRC1 and WB3 had a much less positive perception of the management capacity after the change in the project's leadership.

Talking more about a project's overall management, PMU1 argued that the successful project implementation requires, first of all, *full understanding* by PIE and, accordingly, PMU, of what the project involves and how exactly it is going to be implemented. Despite being satisfied with the project's management, PMU1 claimed that initially both PIE and PMU did not exactly know "how to execute the project". In the respondent's opinion, the Ministry of Finance should allocate some money for hiring foreign consultants or experts who can design and develop a clear plan, for example, on procurement, *before* the project is being approved. It is necessary because, in that way, PIE would clearly know how much time and money is needed for implementing a particular activity⁶⁷, and under which circumstances this action could be implemented. Although, it should be noted that all experts working in the PIEs were completing some training courses financed by the World Bank.

As for the interviewees' perceptions on the local staff's (including certain interviewees themselves i.e. who worked in PIEs or PMUs) familiarity with the WB's procurement management procedures and their capacity to manage projects in accordance with the WB's procurement rules, as it was expected, management capacity was undermined by the difference between the WB's and the government's procurement rules and procedures⁶⁸. Indeed, as we can see from the "International Bank for Reconstruction and Development General Conditions for Loans" (World Bank 2012), all World Bank loans are subject to the Bank's rules. As WB1 said, even though, for example, all project-related

⁶⁷ By activity I mean any activity that project execution requires, for example, purchase of specific goods or services needed for the project (procurement).

⁶⁸ Interviews with WB1, PMU1, PMU2, SRC1 and WB2

procurement is carried out in coordination with the state laws and regulations, the World Bank's rules still have a paramount importance and PIE, as well as PMU, do not use the state procurement method.

Talking about bottom-level management, from the PMU1's point of view, there is a *lack of good qualified specialists who understand how to approach procurement*. For instance, writing a technical task⁶⁹ with a *clear view* on how it will be implemented further is not easy. Thus, the respondent claimed that it would be better if the Ministry of Finance would ask for less money (loan amount) than "attracting millions *without knowing* how to properly use them" (PMU1).

Likewise, WB2 said that the contractors' and consultants' work was not always satisfactory. FWC1, in turn, stressed that the fact that all project-related activities and procurement had to be executed in accordance with the World Bank rules caused a significant delay (over two to three months each time) in approval from the World Bank's side.

PMU2, in turn, said that the Feasibility Study actually "tells how to implement the project in detail". Nevertheless, the respondent stressed that initially, both PMU and FHC also *did not know* much about project implementation *in practice*. But after 4 years, this *capacity was developed*. Response from SRC1 was quite similar:

Talking about the PMU's capacity, the situation is better now. Look, this project is old as it was started in 2009⁷⁰. The PMU staff was learning on trial and error and now, over 8 or 9 years, a good PMU has been formed. In Kazakhstan, there is currently a big pull of people who are accustomed to the World Bank's rules and procedures. However, initially, of course, they faced some difficulties.

The project execution process also involved many international companies and experts who came to Kazakhstan to share their knowledge. However, according to PMU1, *knowledge sharing* is not so developed because at some point such specialists leave and turns

⁶⁹ Technical task means a detailed justified procurement plan which specifies which goods and services will be purchased. Technical tasks are being prepared for a contest among different beneficiaries or contractors involved in the project. Consequently, the best technical tasks are being selected.

⁷⁰ The project's effectiveness date is March 24, 2009.

out that the *local staff does not know* how to “*proceed*” such *knowledge*. Instead, from PMU1’s point of view, foreign companies and experts should cooperate and work together with the local companies, so that the gradual transfer of knowledge will take place in Kazakhstan. In addition, the interviewee mentioned that all projects’ TTLs (Senior Education and Lead Education/Lead Social Sector Specialists) from the World Bank were foreigners, but a good suggestion could be to appoint, for instance, a Kazakhstani as a second or one of the TTLs.

4.3. Limitations of the Study

There are several limitations of this research. First, the main limitation is that I am doing a case study research on World Bank projects in Kazakhstan. Since I am focusing on the three projects (out of total 47 projects) in a single country, then the research’s findings may not provide the basis for significant generalizations across other projects implemented in Kazakhstan or across other countries.

Second, the current research is focusing only on short-term project outcomes relying on interview findings and secondary data, but does not take into consideration long-term outcomes. For example, it does not analyze how projects affected beneficiaries in a longer term and does not discover their point of views. Third, the amount of research participants is not so high; however, my initial population sample is not so big because there are not so many people who directly worked on the three studied projects on a daily basis and who are considered to be as principal informants. Nevertheless, saturation among different cases has already been achieved after the 9th interview.

Chapter 5 Factors That Influence the Outcomes of the World Bank Projects

This thesis aimed at discovering the factors which influence successful outcomes of the World Bank projects in Kazakhstan, in particular, the variation in their outcomes: why some projects are more successful, while others are less successful. Mostly, the literature on the implementation and success of projects studies the cross-country experiences, and does not focus much on intra-state experience. Therefore, in this research, I try to explain this puzzle in the within-state variation in project outcomes. Drawing from the background literature, I identified several factors, namely macro-(country) level factors such as institutional capacity, country ownership, as well as micro-level (project-specific) factors which include a PIE's bureaucratic system of decision-making and management capacity of project implementers.

My findings provide support for the scholarly literature which stresses the importance of institutional capacity for successful project's outcomes. In this research, I argue that the lower institutional capacity of PIEs specified by the higher extent of PIE's reorganization and significant effect of corruption influences unsuccessful project's outcome, while in the cases where institutional capacity was higher because of the lower extent of PIE's reorganization and the insignificant corruption effect (or a lack of such), projects had better outcomes, successful or less successful outcomes.

Next, my findings justify that successful (or less successful) projects' outcomes were associated with the higher degree of country ownership, while the insufficient and lower degree of country ownership led to the unsuccessful outcome of the project. However, in none of the cases domestic opposition was detected. This leads to the next argument that even though the domestic opposition is not strong in Kazakhstan, insufficient country ownership negatively influences projects' outcomes, while strong country ownership is one of the key factors which positively influences projects' outcomes.

At the same time, I argue that despite the fact that PIE's bureaucratic system of decision-making affected all three projects, bureaucracy is insufficient in explaining the outcomes as all three cases were implemented within the same level of bureaucratic system, but ended up having different outcomes.

Finally, as my findings support the literature on management capacity, I argue that higher management capacity produced successful or less successful projects' outcomes. In the other project, management capacity during the first stage was likewise high; however, it weakened because of significant impact of the state reform on PIE's reorganization and change in the project's leadership who were managing the project, which, consequently, led to the unsuccessful outcome. Furthermore, I found evidence that procurement management in accordance with the WB's rules and procedures was problematic for local staff; however, even though such an issue was present in all three cases, the findings show the inconsistency in the argument⁷¹. Therefore, my findings suggest that the effect of procurement management cannot explain why some projects ended up being successful or less successful.

This thesis contributes to the debates on success or failure of projects financed by IFIs. Moreover, it fills the gap in academic literature by providing the empirical research on the implementation of the World Bank projects in the Central Asian region. This thesis also has certain implications for the further research. First, even though this research represents a case study, still, the findings can be used for developing a comparative analysis on the implementation of the World Bank projects in other developing states, especially in Central Asia since Central Asian states tend to have more similar historical backgrounds, political and public administration systems. Second, the findings can be used for conducting a further quantitative analysis on all cases (47 projects) in Kazakhstan, so that to make them more

⁷¹ Here, I refer to different arguments made by interview respondents. For example, some interviewees stressed that management capacity was not high enough due to the staff's unfamiliarity with the procurement management in accordance with the WB's rules and procedures (PMU1 and WB1), while others argued that such capacity has been developed over time (PMU2 and SRC1).

representative. At the same time, the findings can be used for the multiple case studies across different countries. Finally, this research might benefit the World Bank, the Government, the Ministry of Finance and other governmental or non-governmental entities, who may consequently use the research's findings for providing policy recommendations for the implementation of the World Bank projects in Kazakhstan.

Appendix

Table 3. Coding of Interviewees

Expert from the Ministry of Finance (State Borrowing Department)		Minfin1
Technical and Vocational Education Modernization Project	Expert from the Ministry of Education and Science (Vocational and Post-Secondary Education Department)	MoES1
	Member of Project Management Unit	PMU1
	World Bank specialist	WB1
Forest Protection and Reforestation Project	Expert from the Forest and Wildlife Committee (under the Ministry of Agriculture)	FWC1
	Member of Project Management Unit	PMU2
	World Bank specialist	WB2
Customs Development Project	Expert from the State Revenue Committee (under the Ministry of Finance)	SRC1
	World Bank specialist	WB3

Table 4. PDO Indicators: TVEMP

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
PDO indicator 1:	Employers' satisfaction with the industry-led competency standards as a basis for development of curriculum and programs			
Value quantitative or qualitative	0%	60%	N/A	100%
Date achieved	07/08/2010	12/31/2013	N/A	12/31/2015
Result	SURPASSED			
PDO indicator 2:	Share of the existing programs in the project-supported schools revised in accordance with the newly introduced competency standards			
Value quantitative or qualitative	0	100%	N/A	100%
Date achieved	07/08/2010	12/31/2013	N/A	12/31/2015
Result	ACHIEVED			

Source: World Bank (2016d, i-iii). Slightly modified by author.

Table 5. PDO Indicators: FPRP

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
PDO indicator 1:	Prevention, reduction or amelioration of land degradation (specifically, deterioration or lack of tree cover or other vegetative cover)			
Value quantitative or qualitative	Coverage of 180,000 ha of total degraded area of Irtysh pine forest and 2.2 million ha of dry Aral Seabed; improved management required in saxaul rangelands	Rehabilitation of Irtysh pine forest (48,000 ha of forest) and cease of fire and other degradation trends on the entire area (650,000 ha); Coverage of more than 100,000 ha of current total 2.2 Dry Aral Seabed area within Kazakhstan (2.2 million ha) through vegetation; Saxaul and adjacent rangelands: 156,000 ha with rational resource-led grazing management	Rehabilitation of Irtysh pine forest (41,000 ha of forest) and cease of fire and other degradation trends on the entire area (650,000 ha); Coverage of more than 61,000 ha of current total 2.2 Dry Aral Seabed area within Kazakhstan (2.2 million ha) through vegetation; Saxaul and adjacent rangelands: 168,000 ha with rational resource-led grazing management	Rehabilitation of around 46,000 ha of Irtysh Pine forest; prevention of fire and other degradation trends started on approximately the entire area (650,000 ha); Coverage of around 61,000 ha in Dry Aral Seabed by vegetation; and Effective management of 168,000 ha of saxaul rangelands
Date achieved	09/19/2005	11/30/2005	11/28/2013	05/22/2015
Result	Revised target SURPASSED			
PDO indicator 2:	Capacity and decision to expand investment programs for forest lands based on improved knowledge of performance, costs, and impacts			
Value quantitative or qualitative	Lack of knowledge about performance, costs and impacts for justification of a large-scale program	Introduction of post-project replication plans to restore Irtysh forest and Dry Aral Seabed under the provisions of indicative vision until 2025, replication of a program of saxaul rangelands and application of the lessons from the sub-projects (under the	N/A	Government plans to increase the project rates of successful rehabilitation of the Dry Aral Seabed and Irtysh pine Forest, protection of forests against fire and joint forest

Date achieved	09/19/2005	sub-grants) 11/30/2005	N/A	management 05/22/2015
Result	ACHIEVED			
PDO indicator 3	Amount of people employed under the project, or otherwise involved as a result of the project			
Value quantitative or qualitative	0	6,000 employed in Irtysh pine forest; and 4,500 in Dry Aral Seabed. As for saxaul rangelands: TBD	3,000 employed in Irtysh pine forest; 2,000 in Dry Aral Seabed; and 1,500 in saxaul Rangelands	3,422 seasonally hired in Irtysh pine Forest; 2,650 in Dry Aral Seabed, and 1,480 in saxaul rangelands
Date achieved	09/19/2005	11/30/2005	11/28/2013	05/22/2015
Result	Revised target ACHIEVED			
PDO indicator 4	Enhanced knowledge of modern planting, fire management technologies, and of dynamics and rational use of natural resources, as well as opportunities for cost-effective and targeted public spending on forest lands			
Value quantitative or qualitative	Lack of information and analysis of the dynamics, policy development, or targeted government spending	Increased knowledge about the rational management of natural resources and the fight against forest fires, the development of policies and capacity for cost-effective and results-oriented public spending, reflected in research, policy and expenditures	N/A	Currently, the most sustainable and cost-effective methods of planting are used through a variety of proven planting techniques and studies carried out in the course of project implementation; the most advanced Forest Fire Control Information System (FFCIS) was designed and is under implementation; State forestry policy concept until 2020 was prepared
Date achieved	09/19/2005	11/30/2005	N/A	05/22/2015
Result	ACHIEVED			
PDO indicator 5	Project Reputation for integrity and public support for enhanced management of forests and associated rangelands, as reflected in public opinion surveys			
Value	No evaluation of	Increase of the	N/A	According to the

(quantitative or Qualitative)	original reputation was made	reputation for public support and integrity		public opinion survey completed in September 2014, the respondents highly evaluated the efficiency of project activities.
Date achieved	09/19/2005	11/30/2005	N/A	05/22/2015
Result	ACHIEVED			
PDO indicator 6	Restoration or re/afforestation of area (core area in ha)			
Value (quantitative or Qualitative)	0	102,000	N/A	107,000
Date achieved	11/30/2005	11/30/2005	11/30/2005 11/30/2005 05/22/2015	05/22/2015
Result	SURPASSED			
Sub-indicator	Re/afforestation of area (core breakdown in ha)			
Value (quantitative or Qualitative)	0	41,000	N/A	46,000
Date achieved	12/30/2005	12/30/2005	N/A	05/22/2015
Result	SURPASSED			
Sub-indicator	Restoration of area (core breakdown in ha)			
Value (quantitative or Qualitative)	0	61,000	N/A	61,000
Date achieved	11/30/2005	11/30/2005	N/A	05/22/2015
Result	ACHIEVED			

Source: World Bank (2015, i-viii). Slightly modified by author.

Table 6. PDO Indicators: CDP

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
PDO indicator 1:	Decrease in average customs processing time at the border posts by 75% by the end of the project⁷²			
Value quantitative or qualitative	29 hours (based on stakeholder survey)/1.36 hours (SRC ⁷³)	75%	N/A	13.4 hours - 53% decrease (based on stakeholder survey)/1.03 hours - 24% decrease (SRC)
Date achieved	2011	N/A	N/A	2014/2015
Result	NOT ACHIEVED			
PDO indicator 2:	Decrease in average customs clearance time at the inland posts by 75% by the end of the project⁷⁴			
Value quantitative or qualitative	17.2 hours (based on stakeholder survey)/1 hour (SRC)	75%	N/A	11.4 hours – 33% decrease (based on stakeholder survey)/0.55 hours for exports and 3.1 hours for imports (SRC)
Date achieved	2011	N/A	N/A	2014/2015
Result	N/A			
PDO indicator 3	Decrease of physical inspections of import declarations by Customs			
Value quantitative or qualitative	70%	20%	N/A	14.8%
Date achieved	2006	2012	N/A	2015
Result	N/A			
PDO indicator 4	Decrease of number of documents, which are required for border and customs clearance for imports, from 14 (in 2006) to 10 (in 2009) and to 7 (by 2012)			
Value quantitative or qualitative	14	7	N/A	3
Date achieved	2009	N/A	N/A	2011
Result	N/A			

⁷² Data is based on client surveys by the order of CCC (World Bank 2016c, WB3).

⁷³ Data is based on SRC's normative acts (WB3).

⁷⁴ Data is based on client surveys conducted by the order of CCC (World Bank 2016c, WB3).

PDO indicator 5	Growth in ratio of total revenue collected by customs to number of customs staff by 20% (in \$US)			
Value (quantitative or Qualitative)	426,250	20%	N/A	179%
Date achieved	2006	N/A	N/A	2015
Result	N/A			
PDO indicator 6	Creation of client service standards which cover main customs outputs by the end of 2008 with annual publishing of performance against standards (since 2009)			
Value (quantitative or Qualitative)	Not established, not published	Established, performance published	N/A	Adoption of six service standards by the Government Decree
Date achieved	2006	N/A	N/A	2012
Result	ACHIEVED			
PDO indicator 7	Improvement of traders and other stakeholders' perceptions on the frequency of unofficial payments to customs officials (measured by periodic surveys)			
Value (quantitative or Qualitative)	Base line to be established	Significant improvement	N/A	71,2%
Date achieved	2011	N/A	N/A	2014
Result	PARTIALLY ACHIEVED			

Source: World Bank (2016c, i-viii). Slightly modified by author.

Table 7. Key Dates

Project	Approval	Effectiveness (Revised / Actual Date)	Closing (original date)	Closing (Revised / Actual Date)
TVEMP	07/08/2010	08/09/2011	12/31/2013	12/31/2015
FPRP	11/29/2005	07/12/2007	11/30/2012	05/31/2014
CDP	11/27/2007	03/24/2009	12/31/2012	12/31/2015

Source: Created by author based on the ICR reports (World Bank 2015; 2016c; 2016d)

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