ENSURING THE SUSTAINABILITY OF PUBLIC SECTOR UTILITY PROJECTS IN PAKISTAN

Shahid Sohail
University of Engineering & Technology, Taxila, Pakistan
ssohail58@gmail.com

ABSTRACT Pakistan is a developing country having a large imbalance between its resources and needs. Any Government that is at the helm of affairs always finds its reputation at stake due to the overwhelming expectations of its population, which it cannot fulfill completely as such, has to find other means that would keep them going peacefully. One of the steps she takes is the initiation of the public sector development projects and ensuring their completion within their incumbency. This gives them a public strength and makes them politically healthy because more the Projects are there on ones credit the greater is the politician / leader thought to be. Unfortunately, once such projects are completed, either very little or no efforts are made to ensure their sustainability, which results into under drawl of the benefits of the project. This situation gets graver for those projects whose ultimate resultant is a utility service because such projects require extensive effort for deriving the conceived benefits. Planning and Development Division of the Government, although remains concerned about the benefits of the Projects and severely monitors the Projects till their completion, but lacks firm control towards ensuring their sustainability by leaving everything to the sponsoring agency, who do not take the desired care that results into under drawl of its benefits. Several reasons can be attributed to this lack of effort by the sponsoring agency; however, this can be overcome by keeping stringent control at the Project Initiation stage. As such, the Project Charter, which forms the basis of initiation of the Projects, is required to be elaborated for the Projects of utility services to be undertaken in the developing countries. In this paper, the comparison is drawn between project life cycles conceived by august project management bodies of knowledge and compared with those in practice with the Government of Pakistan. The suggestions for increasing the possibilities of ensuring the sustainability of public sector projects shall also be made.

Keywords: Public Sector Development, Utility Projects, Initiation, Pakistan, Project Manager, Political interference, Sustainability

1. INTRODUCTION

Pakistan is a poor country with its 73.6 % population living below the poverty line i.e. relying on less than $ 2 a day (UNDP, 2008). The inflation is also very high and a disparity between its resources and needs. According to Statistical Bureau of the Government, the cumulative general inflation has been recorded as 46% for five years starting from the year 2001. According to another report issued by Statistical Bureau, reported by Rana (2008) in the Press, an abnormal rise in inflation, which was reported to be 31.6% just in the recent one week, ending July 03, 2008, was recorded. Nevertheless, the Government has to rely extensively on foreign assistance to keep going smoothly. The most foreign assistance coming to the country is utilized towards various projects. A large number of these projects are of infrastructure developments, which are co-financed by the Government from its own sources through Public Sector Development Projects (PSDP) allocations. So far as the public sector development projects are concerned, these are initiated by the sponsoring agencies of the country and are forwarded to the Government for approval of the schemes and arrangement of the funding. This is then for the Government to decide the priority of funding of the projects. A highly elaborated mechanism exists with the Government to prioritize the funding of the projects, yet this always has an influence of the elected incumbent of the Governments as they always like to bring it to their credit that several development projects were initiated by them.

It is generally seen that the Projects, if are initiated without due diligence, are likely to run into jeopardy or end up with under drawl of benefits. Although many other reasons can also be attributed to the failure of the drawl of benefits of the Projects, yet considering the maxim, ‘well begun is half done’, only those linked with the initiation of the Projects shall be discussed and examined. The Projects whose end product is the utility service pass through even a graver situation because the external factors, which are beyond the scope of the project team, have a dominant effect towards their execution and the sustainability. Assuming that such Projects are completed within scope, budget and the time i.e., without disturbing the project management triangle, the next thing to be seen is whether their benefits are drawn from them the way it was conceived at their initiation stage or otherwise. Usually, it happens differently because after the handover of the utility projects, extensive and continuous efforts are required for deriving the benefits out of such projects.

Notwithstanding other reasons attributable to this, one of the reason is directly linked to the initiation stage of the projects.

2. PROBLEM STATEMENT

Many factors can contribute towards the under drawl of the benefits of the utility projects, yet only those that are in the scope of this paper shall be discussed. These are listed as under;

i) **Political Interference:** Japan Bank of International Cooperation (2001), while discussing the political role in PSDP Projects of Pakistan, reported that 'quite often new additions are politically sponsored regardless of their relative importance in increasing the productivity of the economy. Occasionally projects started by the previous government are stopped at an advanced stage making investment infractions. Pakistan has seen lot of political instability during the last 12 years. Each change of government has meant addition of many politically sponsored and constituency building projects'. It will not be out of place to mention that, as reported by Plett (2008), the country is facing shortage of about 4000 megawatts of electrical power and as further reported by the Associated Press of Pakistan (2008), the Government, which has assumed the office in February 2008, has set the establishment of power generation projects on its top priority and has vowed to develop additional power generation capacity of the country to the extent of 2200 MW within one year… This shortage of power, as stated by the Prime Minister of the country, is the result of not undertaking any project of power generation by the previous governments in the past 10 years. So the Government is now taking emergent steps and is issuing tenders to the private companies to build power plants, as fast as possible. Can it be regarded as a dilemma for the country towards development projects? Khan, Azhar Mansur (2006) maintains that, 'for developing nations such as Pakistan, for countries which engage in very little project management research, project management is still a new subject and technique. The prevailing view in these countries is that whoever is at the helm of affairs is the leader, regardless of the motivation for the team'. Similarly, while discussing the case study of a railway project in Australia, Martin (2007) argued that, 'this contract was hastily signed in record time just prior to the 1995 elections, arguably, to generate votes for the

state government. Indeed, political pressure can grow to such an extent that it blinds policy makers to the risks involved in projects'.

ii) **Independent Project Manager:** A notion about the life cycle of the projects that prevails in the country is needed to be elaborated. The typical life cycle of the project, has four distinct phases, i.e. initiation, planning, execution and the handover. The most project mangers of the executing agencies regard only the execution phase of the project, 'the project' and about the other phases of the project life cycle they do not seem to bother about. So they act as construction managers rather than the project managers and excel for the completion of the construction work of the projects during its execution stage and seldom take any step towards ensuring their sustainability. The Government, through its Planning and Development Division (P&D), has placed a restriction on the sponsoring agencies to appoint independent project managers on all projects costing over Rs.100 million (1US $ = Rs.75). These project managers are usually posted at the execution stage of the Project where it becomes almost impossible for the freshly inducted project manager to grasp the problem and give his input. The Government however monitors severely the progress of the implementation of all projects funded by her. This monitoring is done through monthly, quarterly and yearly reports, which are prepared by the project managers. Once the construction work is over, the projects is considered completed and the project manager is usually absolved of its responsibilities and the project goes into the hands of the operational managers.

iii) **Project Context:** The utility service projects are complex in their entirety as a large number of external factors exert influence towards their sustainability, which are usually out of the scope of the project team at the execution stage. For instance a project of water supply for the city can typically face the water rights issue upstream of the project limits. It can also encounter a problem of power supply problem from the electrical utility company who might have to execute a separate project for laying of transmission mains or establishing a grid station close to the project site. The undertaking of such support projects can always influence the time schedule and / or requirements of the main project. Even at the downstream of the project, where the water is to be conveyed, the pipeline network is also to be laid as a separate project that has its own constraints and might not tally the schedule of the main project. Similarly for a project of

developing a sewage treatment plant for the city, the work on the sewerage network of the city is to be undertaken, which if is delayed can result into the time overrun for the main project and alter the dimensions of the project management triangle.

All the above noted three points, one or the other way, are those, which can be overcome at the initiation stage of the projects. These factors exert a dominating influence towards the success of the projects, as such, if some diligence is applied to at the start, can improve the end products / results of the projects.

3. THE PROJECT LIFE CYCLE CONCEPT

The Project Management Institute of the USA (PMI) has set much elaborated guidelines for managing the Projects. In the Project Management Context, it explains that the organizations performing projects will usually divide each project into several project phases to improve management control and provide for links to the ongoing operations of the performing organizations. Collectively, the project phases are known as the project life cycle. While explaining a representative life cycle of a construction project, four distinct phases have been defined for the entire life cycle of the project which are 'feasibility', 'planning & design', 'construction' and 'turnover & startup'. The deliverables in each phase have further been elaborated as follows; The feasibility phase comprises of project formulation, feasibility studies, strategy design and the approval. The planning & design phase includes base design, cost and schedule, contract terms & conditions and detailed planning. The construction stage envisages manufacturing, delivery, civil works, installation and testing. Whereas the turnover & startup stage is the final stage having the final testing and the maintenance. The APM Body of Knowledge has also defined the project life cycle to be consisting of number of distinct phases. However, concept, definition, implementation and handover & closeout have been defined as four distinct phases of a project life cycle, which have also been elaborated in more or less the same fashion as done by the Project Management Institute. But the concept of the Project Management Cycle is conceived differently by the P & D Division, which has been elaborated in its Manual for Development Projects. The P&D Division has divided the life cycle of the project into five phases instead of four. These phases are named as identification, feasibility study, appraisal / approval, implementation and evaluation. All public sector development projects of the Government has to undergo all the

phases defined by the P&D Division. The processes of all these phases indicate a strong bureaucratic hold. In order to have an understanding of the processes of the life cycle concept of the P&D Division, a comparison of project life cycle's concept among the PMI, APM and that of the concept prevailing with the Government has been drawn in the Table 1 that will give a fair understanding of the deviation from the universally accepted concept of the project cycle by the Government. It can be seen that the processes of the first three phases of the P&D Division are almost the same as that of the first two phases of PMI and the APM, thereby indicating that a major emphasis of the Government is towards the initiation of the projects, which have to pass through a strong bureaucratic channel before their execution. This indicates that all PSDP projects are rigorously thrashed at the initiation stage. If that be the case, all projects should be bringing success stories.

Table 1. Comparison of Life Cycle Concept

Phases	PMI	APM	P&D DIVISION
1	**Feasibility** • Project Formulation • Feasibility Studies • Strategy Design & Design	**Concept** • Confirmation of Need, Opportunity or Problem • Identification of Preferred Solutions • Preparation of Business Case	**Identification** • Plan Priorities/Plan Documents • Sectoral Analysis & Current Situation • Special Policy Directives • New Ideas/Area of Investments
2	**Planning & Design** • Base Design • Cost & Schedule • Contract Terms & Conditions • Detailed Planning	**Definition** • Evaluation & Optimization of Preferred Solutions • Preparation of Project Management Plan (PMP) • Identification of Resources	**Feasibility Study** • Appointment of Consultants • Objectives & Targets • Financial Analysis • Rough Cost Estimate • Cost Benefit Analysis • Preparation of Project Document (PC-I)
3	**Construction** • Manufacturing • Delivery • Civil Woks • Installation • Testing	**Implementation** • Execution, Monitoring & Control of PMP • Finalization of Design • Build Deliverables	**Appraisal / Approval** • Detail Checking of PC-I • Validation of Data • Determination of viability of Project • Accord of Approval (Conditional or Unconditional)
4	**Turnover & Startup** • Final Testing	**Handover & Closeout** • Finalization of Project	**Implementation** • Appointment of Project

	• Maintenance	Matters • Carrying Project Reviews • Archiving Project Information • Redeploying Project Team	Director • Establishment of project Office • Execution • Monitoring
5			**Evaluation** • Studying project executions' details • Assessing economic and social benefits • Feedback for future

4. THE ROLE OF SPONSORING AGENCIES

The P & D Division mainly approves and provides funding for the execution of the projects. Its execution and the operation & maintenance however are carried out by the sponsoring agencies. The role of sponsoring agencies is multifarious and has to have a close and continuous liaison with the P&D Division throughout the life cycle of the projects. The split of responsibilities and sequence of movements of the project portfolios can be seen in the matrix drawn in Figure 1.

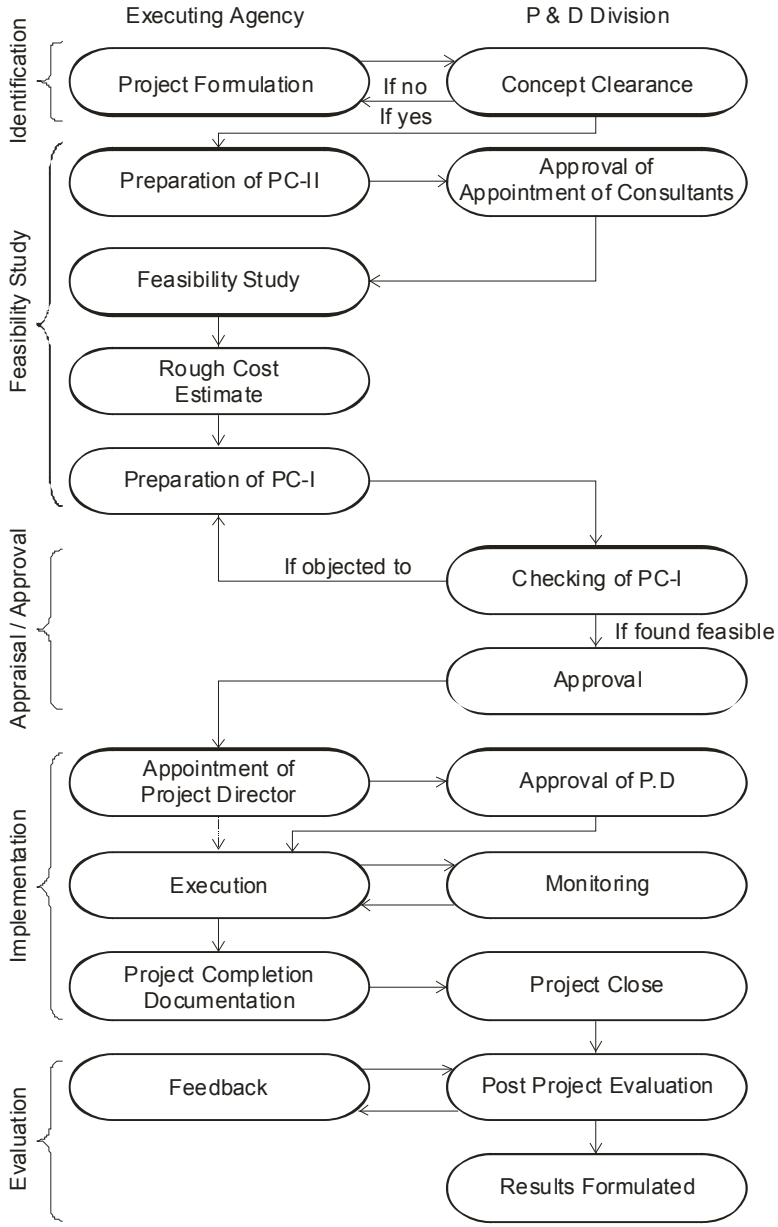

Figure 1. Matrix of Responsibilities Between the Sponsoring Agency and the Government

From this matrix, it can be seen that the appointment of the project director takes place at a belated stage of the life cycle of the project i.e. at the execution stage when the most of the activities of the project life cycle have taken place prior to the appointment of the project director and establishment of the project office.

Prior to the appointment of the project director, the feasibility of the project is prepared by others and any flaws that provided are left out have to overcome by the project director subsequently who if not in a position to overcome can put the onus

on to his predecessors. In these circumstances if the mandatory appointment of the project manager is approved by the P&D Division at the initiating stage of the project, would help giving his input for preparing the initiating documents and thereafter may continue its function in the execution stage of the project. This will help in improving the overall health of the project. It will not be out of place to mention that even if the approval of the project director has not been accorded by the P & D Division, the sponsoring agency continues with the execution of the project. In this event, the project director nominated by the sponsoring agency steers the project even without the approval of the P&D Division, at times, till its completion.

5. CONCLUSION

Political interference in initiating public sector development projects in a developing country is normal phenomenon and can hardly be averted. All that can be done is to live with it and still derive maximum benefits from these by taking those measures that can be controlled at the level of the sponsoring agency or the P&D Division at the outset. If we consider that a bar is proposed on the politicians for not interfering in the Public Sectors Development Projects; that would be just a wishful thinking because the public representatives are answerable to their voter and thus have to look at the development projects closely so as to ensure the satisfaction of the needs of the public at large. All that can be done is to find a way out in this situation for achieving the goals of the projects without disturbing the project management triangle. One of the answers is the appointment of the Project Manager and establishing the project office at the Planning stage of the Project. Khan Abdullah (2006) also maintained that, 'the project manager is the first full-time resource assigned to the project and that a project manager must be able to display a high level of both management and leadership qualities'. So far as the utility projects are concerned, the project manager appointed at the planning stage of the project should list out all the small support projects linked with the success of the main project and should obtain commitments from the executing agencies of the support projects and keep in the record of the main project. These commitments should also be made a part of the document (PC-I) of the project and prior to giving its approval, the P&D Division should also ensure and ratify. These support projects should also be followed up by the project manager from the very beginning so that the milestones of the main project are matched with those of the support projects.

REFERENCES

APM (2000) Project Management Body of Knowledge, 4th Edition, Association of Project Management, Cambridge Publishing Management, Cambridge, UK

Associated Press of Pakistan (2008), *Gilani Vows to Overcome Power Shortage*, APP (April 01, 2008) [Online] http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=34198&Itemid=1 [Accessed on August 15, 2008]

Japan Bank of International Cooperation (2001), *Public Expenditure Management in Developing Countries, JBIC Research Paper No.10* (p.150)

Khan, Abdullah (2006) Project Scope Management, *Cost Engineering* Vol. 48/No. 6 (JUNE 2006), pp 12-16

Khan, Azhar Mansur (2006) Project leadership: Analysis of the Perception of Selected Public Sector Project Managers in Pakistan, *PMI Global Congress 2005--Asia Pacific. Proceedings*, *Conference paper*, Project Management Institute, Pennsylvania, USA

Martin, A. Ng Loosemore, (2007) Risk Allocation in the Private Provision of Public Infrastructure, *International Journal of Project Management,* 25 (2007), pp. 66-76

Planning and Development Division (1997) Manual for Development Projects (Revised), Government of Pakistan

Plett Barbara (2008), *Pakistan Battles Power Shortage.* BBC News (July 15, 2008) [Online] http://news.bbc.co.uk/go/pr/fr/-/2/hi/south_asia/7403039.stm [Accessed on July 17, 2008]

PMI (2000) A Guide to the Project Management Body of Knowledge, Project Management Institute, Pennsylvania, USA

Rana, Shahbaz (2008), *Over 31pc Inflation in 7 Days Makes History*, The Nation (July 5, 2008) [Online] http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/Politics/05-Jul-2008/Over-31pc-inflation-in-7-days-makes-history [Accessed on July 17, 2008]

Statistical Bureau (2008), *Price Indices (general) with Percentage Change,* Monthly Bulletin of Statistics, Vol 56, March-April, p.47

UNDP (2008), *Human Development Report 2007/2008* [Online] http://hdrstats.undp.org/indicators/24.html [Accessed on August 14, 2008]