

Project Planning, Implementation and Monitoring Issues, Findings and Recommendations

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Abstract: The Higher Education Commission (HEC), Pakistan is one of the prestigious institutions of Government of Pakistan. It sets educational policies for all public and private sector universities of Pakistan. The objective of this study is to find institutional problems and issues of a project planning, implementation and monitoring issues. For this purpose, projects data were collected from Project Directors, HEC personnel's and consultants. Data were collected from 150 public and private sector universities and higher learning institution in the regions of Pakistan (i.e., Khyber Pakhtoon Khwa, Punjab, Sindh, Balochistan and Azad Jamu Kashmir) using questionnaires. To provide the data, respondents were given the choice of being interviewed or self-administer the questionnaire and send them back to the researcher. After studying and analyzing the data, main problem and issues in project planning, implementation and monitoring issues were identified. In the view of these responses, rPecommendation had been concluded.

Keywords: ADP, CDWP, CPM, DDWP, ECNEC, FYP, FYPAPO, HEC, IRR, M&E, NPV, OVI, PC-1

INTRODUCTION

The Higher Education Commission (HEC), formerly the University Grant Commission (UGC), is the primary regulator of higher education in Pakistan (www.hec.gov.pk). Its main purpose is to upgrade universities in Pakistan to be centers of education, research and development.

Developing countries are rapidly becoming the driving force of innovation and entrepreneurship. According to World Bank, emerging economies will outgrow the developed nations by 2015. It is an established fact that there is a direct correlation between knowledge capital and economic development Muhammad Salim *et al.* (2010).

The mission of the Higher Education Commission (HEC) is "to facilitate institutions of higher education to serve as engine of growth for the socio-economic development of Pakistan". The Higher Education Commission (HEC) is faced with three key challenges

- Quality
- Access
- Relevance

In order to achieve these objectives, the Government is making significant investments towards developing institutional facilities, introducing new disciplines in cutting-edge and market based technologies, developing

human resource including faculty, improving research facilities and student services, creating linkages with local and foreign universities and promoting university-industry interaction, amongst many others. The planning and development activities of the Commission aim to meet reform objectives through the development, funding and implementation of projects in these key areas.

The main objective of this study is to identify the dimension in project planning, implementation and monitoring issues as well as finding and recommendation. For this purpose, data were collected from project directors, HEC personnel's and consultants of higher learning institution. Data were collected from public sector universities and higher learning institutions of Pakistan using questionnaires. As an alternative, choice was given to respondents to provide data through interview.

The findings and recommendations as placed in the end of study are interconnected and mutually support each other. The synergetic effects thus, will provide an improved management system and thereby satisfactory performances of development projects.

LITERATURE REVIEW

The progress and prosperity of a country mainly depends on the choices of higher education made available to its people. According to The Government of Pakistan rules of Business 1973, Ministry of Education

assigned responsibilities for development and coordination of national policies, plans and program in education and development of curricula (Planning Commission, 1991; The Development of Education, 2004).

At the start of the new millennium, the total development expenditure on the universities of Pakistan was around Rs. 400 million. So, the allocation of fund per student stood under US \$400 per year. This was due to conventional wisdom which stated that developing countries should place emphasis on the primary education. As a result, a small amount has been allocated for the development of higher education. But this situation changed dramatically in the last decade and the fund allocation per student per year stood about US \$2000. The enhanced funding has allowed the Higher Education Commission (HEC) of Pakistan to implement its ambitious uplift program of enhancing access, improving quality and increasing relevance of higher education to the needs and requirement of Pakistan (National Educational Policy, 1998-2010).

Each university and degree awarding institution was encouraged to develop a long-term vision plan and strategy for implementation. This was to ensure that each development project was in line with the overall development vision of the university as well as the country. Large amount was invested in faculty development program to overcome the shortage of qualified staff in existing universities and to rapidly increase the enrolment growth in these institutions. Foreign and local scholarship has been awarded to provide a chance to the young faculty members to enhance their qualification (NAQVI, 2007).

The Public Sector Development Programs (PSDP) is an annual document which lists all the public sector projects/programs with specific allocations made for each one of them in that particular financial year. Pakistan vision 2010 program was the first vision statement approved by the National Economic Council (NEC) in 1998, while Vision 2030 will be submitted soon. Since 2004, it has also decided to meet during the fiscal year to consider mid-year economic reviews and to monitor the progress of major projects and the utilization of the PSDP.

The Government of Pakistan allocates a good amount of fund for the development of higher education institution. In this regard, different projects have been initiated. Some of these projects have been completed while some are still in progress. Definitely there will be more projects in the future. Now our objective is to identify such issues and problems which degrade the advantages of a project (Planning Commission, 2005; Sohail, 2005; State Bank of Pakistan, 2004/05; Anonymous, 2005).

METHODOLOGY

Data were collected using questionnaires from public sector universities and higher learning institutions in the regions of Pakistan (i.e Khyber Pakhtoon Khwa, Punjab, Sindh, Balochistan and Azad Jamu Kashmir). To provide this data, respondents were given a choice of being interviewed or self-administer the questionnaires and send them back to the researchers. The data was collected from a selected pool of experienced project Director/Managers who were involved in project development. This also involved face-to-face interviews, phone interviews and survey forms to offer convenience to the respondents. This study examines dimension of planning, implementation and monitoring issues. The detail points are as follows:

Dimension of planning problems and issues: The planning plays a vital role in any project. The planning process can be judged from the project documents that were prepared and their effect in the field through implementation. The hidden dimension of the planning process has been explored through file studies, interviews and questionnaire. These findings are as below:

Quality of project preparations:

Feasibility study: The selection of a sound project to achieve the given target of economic development in a particular sector is very important for the attainment of objectives. Development projects often meet with difficulties during implementation process. Therefore, a feasibility study is a pre-requisite for the preparation of a development project on sound lines. However, the adequacy of the project documents revealed that feasibility study was uneven for most of the projects. Only agriculture and forestry were noticed to conduct feasibility study in details. Other departments do conduct but with little details. The respondents to the questionnaire also showed their frequency of using the feasibility study as depicted in Fig. 1. About 21% showed that they do not conduct any feasibility study. About 34% revealed that they conduct the feasibility rarely whereas 32% conduct feasibility study some times. Only 11% showed that they do feasibility study often or always. Poor attention to feasibility study causes the selection of wrong objectives and targets, since in the absence of such study, the actual needs of the people are not assessed properly and projects are more likely to face problems in achieving targets.

Project appraisal: If a project is well formulated and thoroughly appraised, a good follow-through on the subsequent stages of the project cycle will see to its good being achieved. Therefore, respondents were asked to

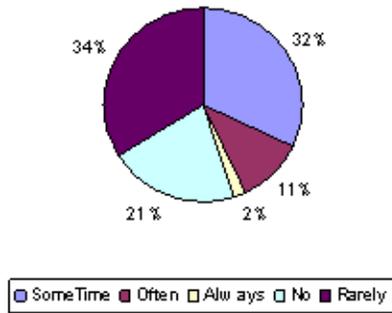


Fig. 1: The frequency of feasibility study

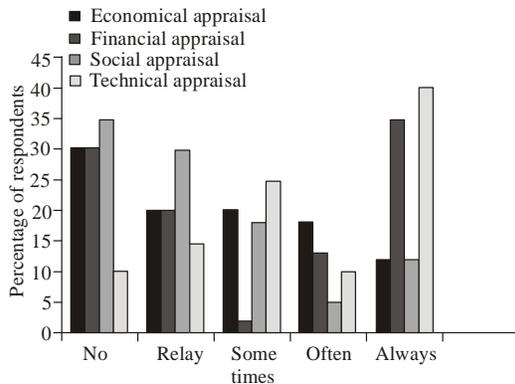


Fig. 2: Status of the project appraisal

give their opinion about the project appraisal situation in their respective departments. In this regard, the results of the questionnaire graphically depicted in Fig. 2 show that 30% either do not carry or rarely carry out the economic appraisal. While 35% replied that social appraisal of the project is not performed. However, more attention is paid to financial appraisal of the project (35%). Therefore, most of the development projects face failure to reach their targets.

Cost estimating procedures: The cost estimating procedures were inadequate. The large number of respondents (90%) revealed that they use cost estimates based on schedule, i.e., of rates of 1990. This schedule does not match the prevailing market prices. However, to lift the cost to more realistic levels, it was allowed that certain fixed percentage were added at the rate of 30%, to inflate the prices. Even such practice does not match the prevailing prices, it results in purchase of the low quality equipments, material and inputs which are available with lower rates. About 7% respondent's used market based prices; these respondents were mostly from the Agriculture, Forestry and Animal Husbandry. The reasons may be due to the fact that most of the items (seed, fertilizer, feed etc) used by these departments are of

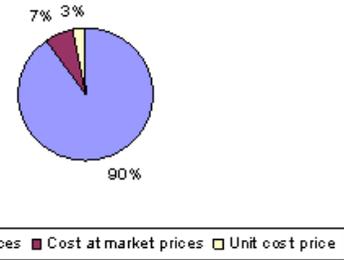


Fig. 3: Frequency use of the cost estimating procedure

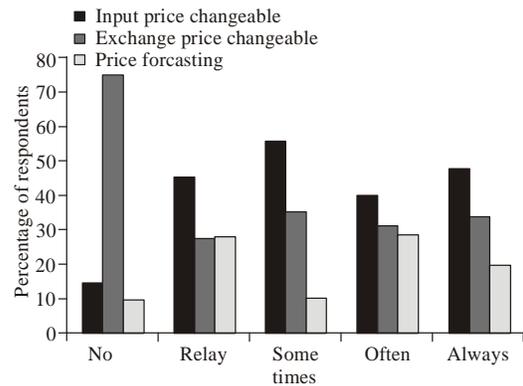


Fig. 4: Consideration of price changes during planning

nature laying the same prices in the market having no such match with fewer prices. Only 3% use unit-cost prices (Fig. 3).

However, the changes to input and price exchange rates are very least considered and mentioned in project documents. About 15% respondents consider input price changes to work out for project document, while 75% do not mention exchange rate changes. The price forecasting do not get attention of the respondents and only 10% include price forecasting in the document (Fig. 4).

All in all, the cost estimating, procedure was recorded as unrealistic, because it is based on the estimation which do not match the present and future forked prices. This leads to arithmetic errors which consequently results in difficulties in project implementation.

Technical deficiencies: During the project preparation, it is imperative to provide details of each and every aspect of the project document. The different sections of the PC-1 also ask for details. The lack of details has severe effect on project quality. To know how much attention is paid to important aspects that need to be explained, respondents were asked to give their views on explaining the most important aspects that is project scope, objectives, physical and financial phasing and land acquisition procedures. The results are graphically depicted in Fig. 5.

About 7% do not consider any need to give description about project scope, while 43% do consider it but provide very short description. On the other hand,

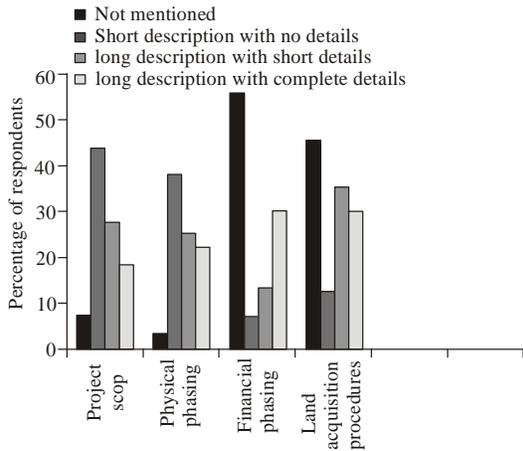


Fig. 5: Detail explanation of project aspects during planning

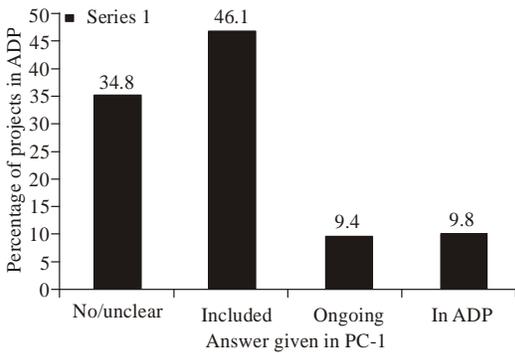


Fig. 6: Inclusion of project in FYP

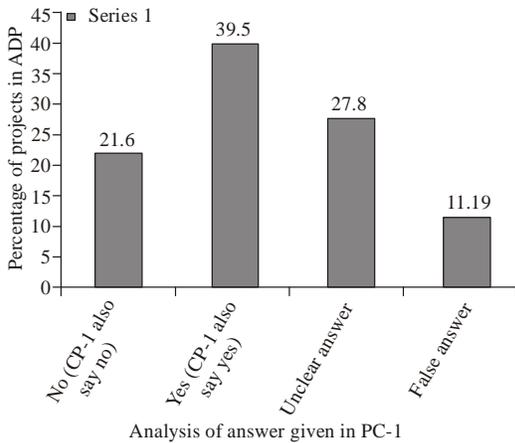


Fig. 7: Was the project really included in the FYP

27% give long description however with short details. Only 18% consider it important to give complete description of project scope with full details. In the case of physical phasing, 37% give short description without further detail to the physical phasing of the project.

Similarly, 25% give long description but with short detail. While 22% give complete details of the physical phasing. A mixed response has been recorded for financial phasing, where one quarter 7% give short description, while 13% provide fully detailed description of the financial phasing. Land acquisition procedures are not mentioned by 45% respondents at all in their project documents where more than half 35% do consider it but with short description.

These results revealed that less attention is paid to live details of all the aspects unless these are not described in detail at the time of planning and then the consequences of bad planning appear at the time of implementation stage with confusion and mismanagement.

Project relations with five year plans: The relation of the projects to the Five Year Plan (FYP) is addressed in two items of the PC-1. The item 4 asks for the plan provision of the project:

- If it is in the FYP, the actual allocation for the project has to be specified.
- If it is not included, it has to be specified what warrants its inclusion in the plan and how it is proposed to be accommodated financially.

The item 5 asks for the relationship of the project with the objectives of the sector as mentioned in PC-1.

A first finding is that less than half of all projects proposals (46.1%) answers the question whether they were included in the FYP positively and around one third of the cases (34.8%) have given no answers at all or "N.A." (not applicable/not available) is indicated. The results are shown in Fig. 6.

In a further fifth of all cases, it is stated that the project is ongoing or it is a revision of an earlier project, or it has been included in the ALP. Of all PC-1s which stated that the project was not included in the FYP, only very few gave special reasons warranting its inclusion in the ADP. In most cases, where a project was not included in the FYP, the issue in item 4 (special reasons) was ignored. Thus, when a major divergence from the FYP project list was deemed necessary, there was insufficient justification in the PC-1 and neither any explanation of the effect that this divergence would have on the other commitments already in the plan. Of the PC-1, which stated that the project was included in the FYP, nearly three quarter (73.5%) did not indicate the budgetary size located for the project in the FYP. However, to test whether the statements about the inclusion in the plan given in the PC-1 were correct, a study of the file indicated that only 40% rightly indicated the project to have been included in the FYP, whereas 22% correctly stated it was not included. The remainder has given confusing statements. The results are shown in Fig. 7.

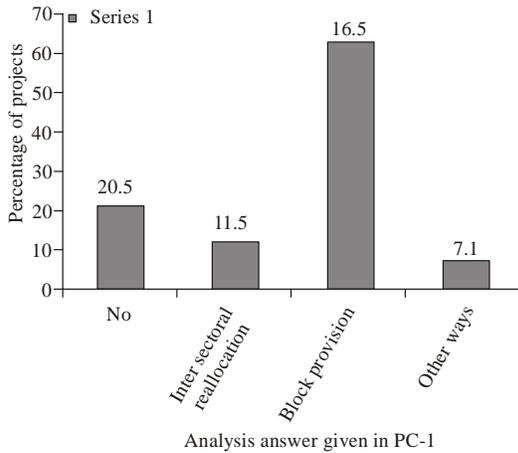


Fig. 8: Was for project outside the FYP method of financing elaborated

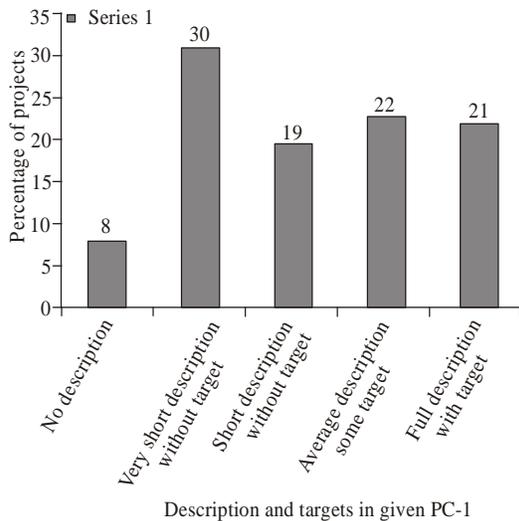


Fig. 9: Description of objectives relationship with FYP in PC-1

Financing of projects not included in the five year plan: There are generally two possibilities open to departments proposing to finance projects not originally included in the Five Year Plan:

- They can remove another financially equivalent project from the plan
- They can take smaller sum from a number of projects

However, whichever option is adopted, the fulfillment of the plan objectives is bound to be jeopardized. On the basis of the sample, it could be ascertained that the block provision was indicated as the source of the funds in more than half of all the projects which were not in the plan. Their total cost amounted to Rs.950 million or more than three times the size of all block provisions in the plan. The financing of these

unscheduled projects is a major problem for the completion of the targets of the FYP, particularly in a climate of financial stringency and because less funds are likely to be made available than required for the approved FYP. Apart from self-financing projects, which are very few in numbers, the solution has to come from either inter-sectoral or intra-sectoral re-allocation of funds. In the PC-1, solutions were seldom indicated, probably because no department wished to curtail its either projects and hoped that the Government would get the funds somewhere else (cutting projects in other sectors). As can be witnessed from Fig. 8 and 9, in only 12% of the sample, intersectoral reallocation was mentioned as the method of financing.

In fact, however, inter-sectoral reallocation must be considered the principal route for the funding few or larger-than-foreseen projects. Simply then the funding of other (ongoing and new) projects in the sector will be decreased or re-phrased to accommodate the new project. Given the large number of new or higher-cost raised schemes and the likelihood that rescheduling is the main route for new unforeseen projects to be accommodated in an ADP in the result of this practice is the thinning of resources for an ever increasing portfolio of the increasingly delayed projects, leading to inflation and other problems, possibly even the non-completion of some projects.

One escape from this spiral would be a Financial Monitoring System dealing specifically with those projects which were not in the FYP or which were approved with a different budget. This should be basically the business of the sponsoring department, but P&D Department and the decision forums (DDWP, CDWP, ECNEC) could be kept updated on a regular basis, to see how much of the budget in each sector was exhausted, how much committed through the FYP and how much remains for new unforeseen projects, or project revisions.

Relationship with five year plan objectives: With regard to the relation of the project to the sectoral FYP objectives as worked out, the following was found. Most PC-1 contained only very brief answers to the question on sector objectives. Generally, no department seemed able to do better than give a short description of the project and its intra and inter-sectoral relationships. In many cases, such objectives were specified; for example “to provide better transport to the public”, as with most road projects. The following Fig. 10 describes it in detail.

If policies, objectives and targets had been worked out and made specific in the Five Year Plan, than better quality answers would perhaps have been given. In other words, the project documents lacked quality in this respect also because they could not be properly related to the Five Year Plan or any other policy statements.

Thus, the conclusion is that there is difficulty to control the approval of the projects from the point of view

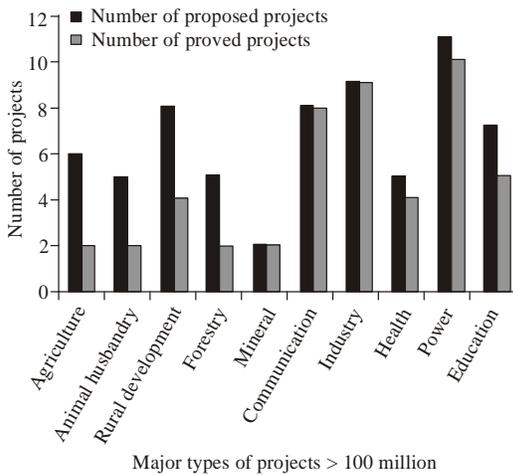


Fig. 10: Status of major project proposal and approval

of the Five Year Plan guidelines because these were insufficient in quality and information and were not followed by the departments. Interview with the concerned staff at the departments showed their own point of view, with regard to lack of guidelines from the P&D. they pothole that no clear policy and targets of the FYP were provided to them, on the basis of which they could prepare the projects.

Scrutiny of project proposals: If the department does not care about heading to the FYP in their PC-1, then the same can be said of the Planning Department. This can be judged from the working papers that are prepared by the Planning Department for approval forums (DDWP, CDWP etc.) about each project. In 96% of the working papers, the objectives of the FYP are not mentioned at all. A percentage of the main issues discussed in the working paper are worked out which are presented in Table 1.

The Table 1 reveals that main interests are usually shown in project proposals in terms of technical soundness and deflated costs. However, it largely ignores the real project commitment in their objectivity and viability. The practice has been described by an IJNDP report [1997, p.112] as, “the mechanism for allocating resources to development projects have encouraged the departments to view annual development programmes as bidding documents, leading to substantial differences between requests and allocations, that couple the departments to discard projects in a context in which the planning process itself does not provide a mean for reconciling requests and allocations (UNDP, 1997).

Poor attendant projects concerning rural development: Some departments which are directly related to rural development get harder time in approving their rural related projects. Projects proposed by

Table 1: Items frequently discussed in the working papers

Items mentioned in working papers	Percentage of the items (%)
Project objectives relationship with FYP	4
Costs of work	20
Charges and contingencies claimed by department1	1
Allocation of funds for projects in FYP	10
Over-commitment of project portfolios	3
Technical errors in construction work design	21
Wrong information of technical design in PC-1	13
Availability of land	11
Vehicles required in projects	7

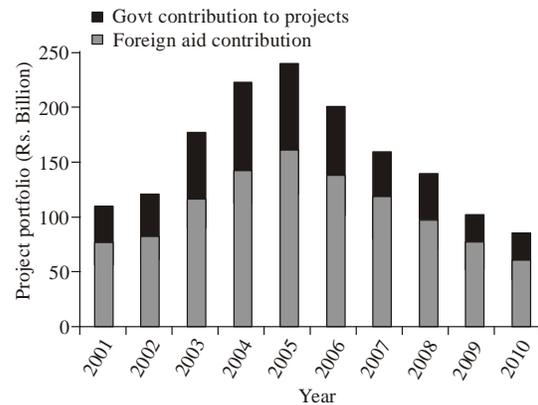


Fig. 11: Year wise composition of project portfolio

departments such as Agriculture, Animal Husbandry and Rural Development take almost double the average time to be approved (two or more years instead of one). The number of projects proposed and the costs for these projects are also slashed much more than other sectors. Similarly, numbers of projects proposals submitted by the Agriculture, Animal Husbandry and Rural Development also slashed substantially as shown in Fig. 11. For, Agriculture, Animal Husbandry and Rural Development 6, 5 and 8 projects were proposed respectively wherein only 2 projects for each in Agriculture and Animal Husbandry and 4 in Rural Development were approved during 2007-9. Many of these projects are decided only after constituting a special committee which is to scrutinize the proposals. The perceptions of the informants were that indenting these sectors is a luxury which can be afforded (1 only after the investment have been made in roads. electricity etc).

The nature of approval: There are two types of approval methods prevail at approving forums, these are:

Anticipatory approval: An anticipatory approval can be given by the DDWP, CDWP, ECNEC, depending upon the size of the project and is usually time bound (six month or one year). Since 20% of all the projects are based on anticipatory approval. It was observed that projects value around 45% of the budget is subject to anticipatory approval before the full approval was granted. There were two reasons for this approach:

- Infrequent meeting of the CDWP and ECNEC.
- Major reason was that departments took a lot of time to react to requests for additional information or re-costing from these higher levels.
- It is granted with a view to avoid further delay of the start of the project with some proposals in the quality and change of certain project information. However, the start of a project through an anticipatory approval arrangement is usually not conducive to serious improvements in the quality of the project's design later on. This conclusion is also corroborated by research conducted by Sahibzada and Mahmood (1992); according to them such projects usually ran into serious problems later on Sahibzada and Mahmood (1992).

Conditional approval: The conditional approval is an approval given to a project proposal on condition that certain stipulations are met, e.g., additional information is provided by the sponsoring department, or costing is done, or certain items are added or deleted. This kind of approval is given to avoid further time loss in redrafting the PC-1. Although, the conditions are intended to improve the project proposed, however that is merely met

The consequences of the conditional approval is similar to that of the anticipatory approval, the document gets approval but changes still have to be made to it, which departments usually don't make, the result appears into a poor project performance. Furthermore, apart from poor outputs of the project from the above practices, all this also requires extra man-hours of attention and extra time in re-approval, bad planning at the start then comes back to haunt the planners at a later stage.

Approval of large portfolio of projects: A common practice in the annual Development Programmes and too many FYP projects are approved and admitted into the ADP. A calculation to this effect was carried out to see how much funds are allocated for FYP in order to do justice to their financial phasing.

An estimate was made about the financial requirements of the projects for the ADP 2009-10. The following parameters were calculated as given in Table 2.

Thus Rs.223270 million was needed to complete the project on schedule. However, the ADP budget was Rs.27730 million, two times less than what would have been required. This provides a clear slippage in terms of the management of the development projects. For too many projects were approved and admitted into ADP. This over commitment, which translated into insufficient annual allocation for the projects, usually led to all sorts of huge delays in the completion of the projects.

Table 2: Calculations for financial requirements of the projects

Total number of project in ADP 2009-10 = 1467
Joint costs of all the project included(LC) = Rs.223270 million
Average duration of all the projects = 4.5 year
The average financial requirements of ADP = Rs. 223270/4.5 million = Rs.49615.56 million
Amount sanctioned for ADP 2009-10 = Rs. 27730 million
Financial difference = Rs. 281885.50 million or two times less

Interview with the concerned departments revealed that the practice of keeping a very large portfolio of projects is because of unforeseen problems such as lawsuits involving land acquisition, contractors problems, strikes, weather disasters etc. being able to shift funds around from one project to another then still enables absorption of the available funds. However, this practice too resulted in large number of half-finished buildings and uncompleted projects. As many as 118 projects were recorded in files declared as uncompleted. This practice was also noted in India by Chaturvedi (1998).

Unpredictable foreign aid: Another factor leading to delay in project implementation and deviation from the FYP is the unpredictability of foreign aid promised for the purpose. A major share of development comes from external sources (Fig. 25). The growing influence of the foreign aid can be attributed to the increasing resource problems of the country. But in most cases, the actual allocation of foreign aid falls behind the commitment made by the donors. As a result, coordination efforts by the different agencies, so far as development projects are concerned, become on many occasions difficult because of uncertainty associated with processing of foreign aid. Another dimension of the foreign aid loathing to distortion of projects' costs is that the foreign aids are being tied to respective projects by the donors. Aid tying means the conditions levied to the utilization of foreign lending. It may be tied in two forms:

- Single tying to the source of lending, it means that the recipient has to procure the supplies from the donor country which means buying of supplies from uncompetitive suppliers.
- Double tying means that project and the recipient country both are tied to the lending country for inputs purchase.

This leads to two problems:

- It restricts the choice of technology and purchasing from the uncompetitive suppliers which inflates the cost and distort the investment policy in the project.
- It also causes a lower Internal Rate of Return (IRR) for the respective project. The IRR may be higher if inputs are purchased from the competitive suppliers on cheaper prices.

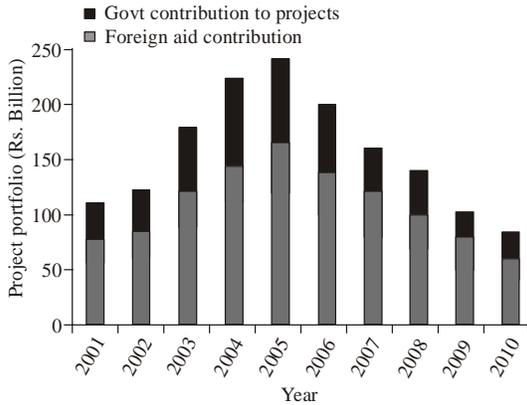


Fig. 12: Year wise composition of project portfolio

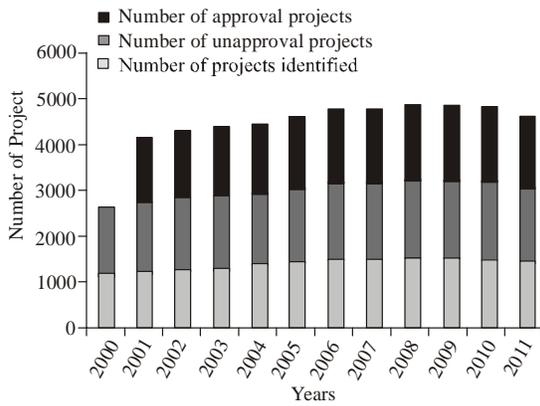


Fig. 13: Project included in ADP during the Year 2001-2011

While infusion of foreign capital undoable contributed to growth and development, it has also led to growing indebtedness in absolute terms.

Changing priorities of successive governments: Political interference in Annual development program also result in inclusion of politically motivated projects that rarely benefit the masses. The inclusion of politically motivated projects also leads to dilution of financial resources to a large portfolio of projects that ever get completed. Due to the frequent chain of the democratic governments and their likes and dislikes to include and exclude projects from the ADP, priorities also get changes as a whole, since the new governments deviate from the policies of the previous governments. This results in exclusion of implementing projects which are partly completed and inclusion of new ones. This process from 2001 to 2010 has led to higher number of new projects admitted to the ADP, as can be seen in the Fig. 12 and 13, but without increases in the overall ADP lump sum allocation. This also resulted into the loss of huge amount of development funds over uncompleted projects.

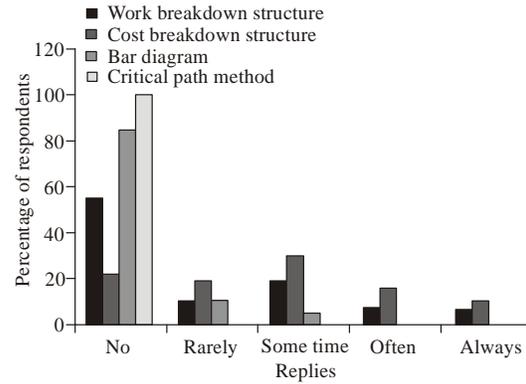


Fig. 14: Use of management techniques for coordination and control

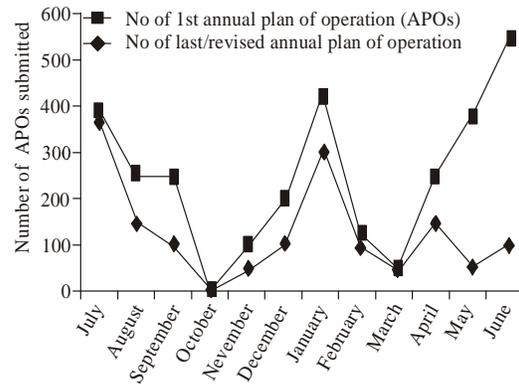


Fig. 15: Timing for submission of annual plan of operation

Dimensions of implementation problems and issue: Implementation is a set or series of actions, whereby the plan documents are transformed into studies and the potential of the project becomes a physical fact. However, the bad planning has a marked effect on implementation. Also the implementation capacities affect project performance at this stage. The dimensions of the problems and issues are elaborated here.

Use of management techniques: For achievements of the targets and tangible returns in stipulated time and cost, it is necessary to coordinate day to day activities through effective management. For this purpose, study and cost breakdown structures are used. Critical Path Method (CPM) helps to recognize and implement those activities which are most important to conduct. But it was noticed that the same were largely absent in the project documents (Fig. 14).

The replies of the questionnaire confirms that 55% either do not use VBS or rarely use. While 20% use it sometimes. Only quarter 25% uses it frequently. The similar situation was also reported in the case of Cost Breakdown Structure where nearly half 22% do not use or

rarely use it while 20% of the respondents use it frequently. However, 85% of the respondents do not use Bar Charts to plot the progress, while all the respondents (100%) don't know about the CPM method. This results reveal that the personnel of the planning cells are least acquainted with the project management tools, partly because of the less skills and partly because they do not receive trainings in the project management techniques. The absence of these schedules results into no coordination of the activities thereby poor implementation and activities cannot be integrated to achieve the targets.

Submission of Annual Plan of Operation (APO): The submission of Annual Plan of Operation (APO) by the Departments of the Planning and Development is important so that the implementation plan of the operations gets the formal approval of the government and the financial allocation is also provided to them accordingly. It also helps to execute and maintain the speed of the project activities. It reflects the physical and financial targets and their progress during one year. This instrument is also helpful to get the financing for the project in time. The time for the submission of the APO is July, when the new financial year starts so that the project can be released in the beginning of the year.

However, interview with the staff reflected a poor performance in this case too. The study revealed that only around one fourth (i.e., 366 APOs) out of 1467 projects, had submitted APOs in time that is in July. The staff also informed that they did not generally utilize APOs for any other purpose than filing. What is more, most of the APOs were not submitted at the start of the financial year but over the entire period of the year, with peaks before review meetings and at the very end of the year when unspent ADP funds lapse (Fig. 15).

Interviews corroborated that APO was often submitted only just before the first expenditure was to be incurred, which was not at the start of the year. This not only creates release of funds for respective quarter of the year in time but also delay the implementation of the projects.

Similarly, after looking at the APOs submitted to Planning Department, it is concluded that their quality was often very low. Only the Agriculture and Education projects gave useful and detailed information by which the projects could be implemented and monitored in details. Other than in these two sectors, the APOs distinguished few individual items and gave targets only as percentages or sums of money. The departments' activities, as distinct from financial inputs or physical outputs, were seldom made clear in the APO. Quarterly breakdowns, essential for implementation and monitoring, timings of inputs and activities were only occasionally included in the return.

Changes in project during implementation: Changes have been observed in project documents even after its

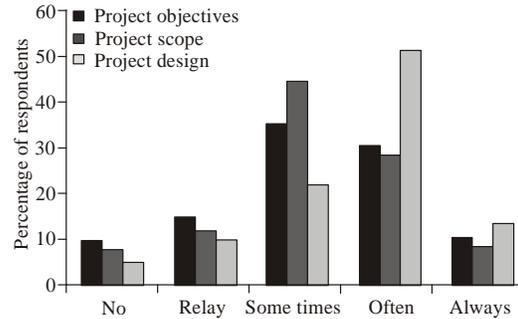


Fig. 16: Change in project v during implementation

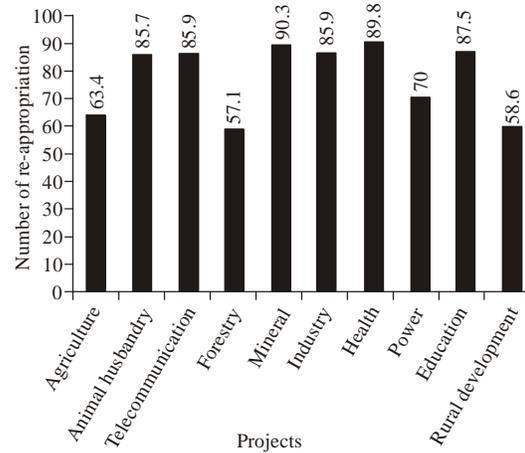


Fig. 17: Percentage of financial re appropriate ion made between the project

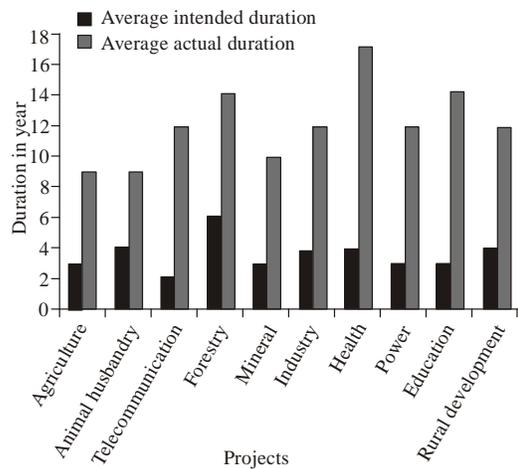


Fig. 18: Intended and actual duration of projects

approval of APO and start of the project. Almost all aspects are subject to changes, project objectives, scope and design are more vulnerable to changes. The questionnaire replies also mentioned the same problems and the results are shown in Fig. 16.

Changes in objectives were mentioned by 35% respondents, while 10% said no or very little change are made. In a similar way, changes have been reported by 45% respondents in project scope in which many new things included in the project document which consequently affect the project cost and time. Precut design as a whole also subject to changes as reported by 50% respondents, while only 5% think rare or no changes are done. Such changes bear drastic effects with respect to time and cost overruns, as the new changes demand for more funds and time to complete those activities.

Financial re-appropriation between the projects: The sloppy planning practice as regards to the release of funds was witnessed even more starkly by the frequent resort to budgetary "re-appropriation" in the second half of the financial year. Figure 17 gives an image of the degree to which deviations were carried through and shows that revised allocations were frequently made in all sectors of the ADP, in spite of the financial rules which state that re-appropriation between development schemes is allowed only in very exceptional cases. Whereas the shifting of allocations between projects within sectors and eventually also between sectors was, in part, a consequence of the intra-annually changing size of lump sum funds, the main reasons lay between "bad planning" and "project management" by the departments. Time and again, it turned out that certain projects which were supposed to spend funds could not in actual fact absorb these, whereas others needed more than what was foreseen. Every one in five of all projects in the ADP could not even begin to absorb their proposed allocation over the year (due to contractor problems, land etc.). There was thus extensive shifting of funds between slow and fast moving projects, rendering the APO almost obsolete the moment it was issued. Whereas a timely adjustment of project budgets to realities in the field is in principle positive, the frequency with which it occur (86% of all APOs submitted) was indicative of the fact that the implementation process could not be carried out according to the schedules, rendering big problems to the project.

Time overrun: Time overrun were found endemic in almost every project. The respondents to the questionnaire also mentioned the phenomena with 92% found same problem. The original intended duration of a project found by research work ranges from two to five years. Most of the project 57% were supposed to take two years or three years and the average original project duration was calculated at around forty months. (i.e., 5 years). However, after an integrated finding, it was estimated at 103 months or 8 years. Thus, the average time overrun of a given project was almost three years (Fig. 18).

Financial problem: Since almost all projects recorded significant time overruns, it was found through study that

the most important factors were excessively large portfolio of projects. This led to severe under-allocation of funds to project in any given years, holding back their completion. In 2004-5, the average project budget was around Rs. 152.19 million but the average allocation per project was only Rs. 18.90 million. This means that the average project get only on-eight of its total budget in a year and corroborate that such a project will take eight years to complete.

Land acquisition: Many line departments and their staff during interview and questionnaire replied regarding the delays in the acquisition of land for purposes of construction and the related cost and time escalations are the main bottlenecks in the implementation of projects. About 73% respondents showed land acquisition as problem that they are facing. From the projects under study, it was calculated that 62.5% of all the projects had land as a budget item and of all projects for which a cost revision was submitted, 73.6% had land as an item. From the research study and respondent replies, it was revealed that systemic factors contribute to the problem, these are:

- Underestimation and understated in project document about the clear policy, procedure and price for land at the time of project planning.
- The departments also prefer a project to be approved and then start working on land acquisition and hence ignore land issues before the submission of a project proposal.
- Untimely clearance of contract award
- Land acquisition is further hampered by the frequent litigations by the land owners and stay orders against the purchase or vacation of land.
- Absence of institutional mechanism for speedy disposal of land disputes.

The problems thereof take years to settle, for example land acquisition for the project of construction of 80 km long Ring Road around the Peshawar, Khyber Pakhtoon Khawah (KPK), Pakistan the last 14 years, with a cost escalation from Rs.450 million 1986 to Rs.1320 million (288%) in the Year 1999-2000.

Effects of time overruns on the rate of return of projects: There are important negative consequences recorded of the time overruns for the overall benefits of a project. Any delay in the completion of a project directly has negative implications for its IRR and Net Present Value (NPV).

The IRR and NPV are to be calculated over a certain period of time, say 30 years for an irrigation project. If the (discounted) benefits exceed the (discounted) costs over this period by a percentage of 12 then according to Planning Commission (1991), it is regarded' as viable (or 10% according to the World Bank). If it remains below these percentages then it is regarded that the reservation

of funds for this project is not justified and had better be diverted to another project. Now suppose that within 30 years period. The period of completion of the irrigation works is delayed due to implementation problems, this will effect as:

- Reduce the quality of the work due to the greater effects of wear and tear on unfinished buildings and due to other cost escalating factors.
- The operating costs of the scheme will be diminished for the period of delay
- The period of increased agricultural yield due to irrigation is also diminished for the period of the delay in completion.

The overall benefits of the project are highly sensitive to this implementation delay factor. Therefore it is calculated that if the capital works are not finished within the envisaged one year but in four years (of the 30), then the whole project will not be viable anymore. The NPV will have gone below zero (0) and the IRR reduce to a figure below 12%. The essence of the argument is that funds invested have to yield benefits calculated over a period which includes:

- The construction period
- The period of build up to full production

The build-up to full production is further affected by:

- Slower adoption by farmers of new packages and techniques.
- Higher than foreseen construction costs.
- Variations in crop yields and crop prices.
- Higher than foreseen labor costs.

Thus project benefits are sensitive to implementation delays and if the latter are serious then they decrease the NPV of the project to far below zero. In other words, if the government ties up funds in unfinished projects and does not complete these as per their schedule then it may be better for the economy as a whole to make the same funds available to for instance the private sector.

Economic efficiency factor: The present allocating system practiced is oriented to starting more projects than can be justified on the grounds of economic efficiency. An example can elaborate the point. Suppose the primary education sector is allocating Rs. 100 million each year. If twenty schools such a capacity of 500 seats each can be built with this money then economic efficiency would dictate that these twenty schools are built within the same year. In the next year, the new allocation of Rs.100 million can then be utilized to build twenty more schools. By the start of year two, 10,000 children could then be offered education in twenty schools; by year three,

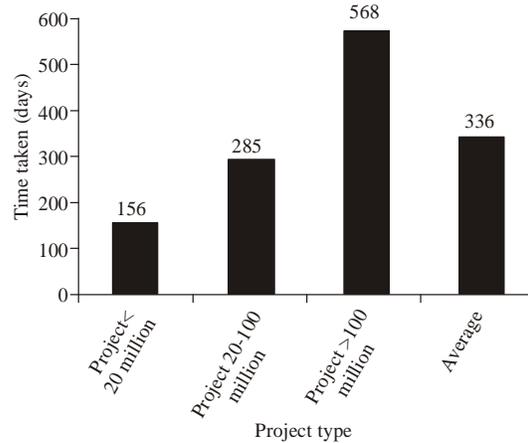


Fig. 19: Average time taken from project submission to forum approval

20,000. The system practiced is that, in year one, works on the forty schools is started. On each school Rs. 2.5 million is spent. No school would be finished by the end of year one. All forty schools would be finished by the end of year two. Only by the start of the year three, education can be offered to 20,000 children. The loss is one of education year for 10,000 children However, delay in the completion of schools are much larger than 100% and, the loss in benefits are greater than the example chosen indicates. The example also reveals that the same kind of losses due to implementation delays occur in social sector projects for which an IRR or NPV cannot easily be calculated.

Cost escalation factor in time overruns: In Pakistan, a ‘cost escalation’ factor is allowed as a separate budget line to the value of 6.5% of the cost in year two and 13% in year three and so on. The purpose is to compensate for the eroding influence of inflation. Allowing for cost escalation in budgets is in principle good but in practice there are still drawbacks. First of all, the allowed rate has been an underestimation of the inflation rate, which remained 10%. Secondly as calculated, the approval process for an average project takes around one year (Fig. 19).

So that project implementation is usually already one year ‘behind’ on the date of the cost-estimate. The one year delay is not accounted for by the cost escalation budget line. Thirdly, if the implementation process, itself is taking longer than expected, then inflation further gets a grip on projects and are widely observed to cut on quantity or quality if prices or wages rise and they are given insufficient funds to finish the job in time. As was noticed, most of the projects are delayed by more than 100%. Since delays need not in themselves require an official project revision, there is tendency to avoid such

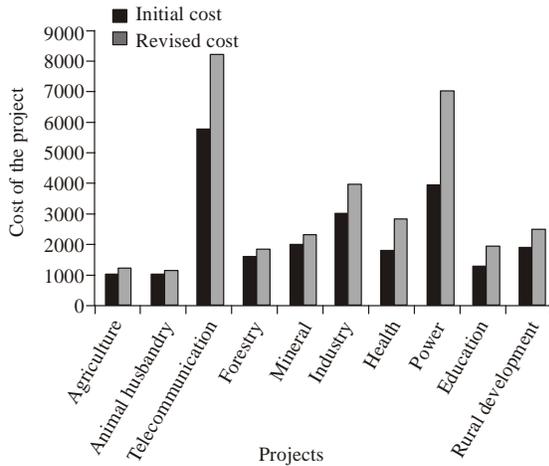


Fig. 20: Cost overrun recorded in the projects

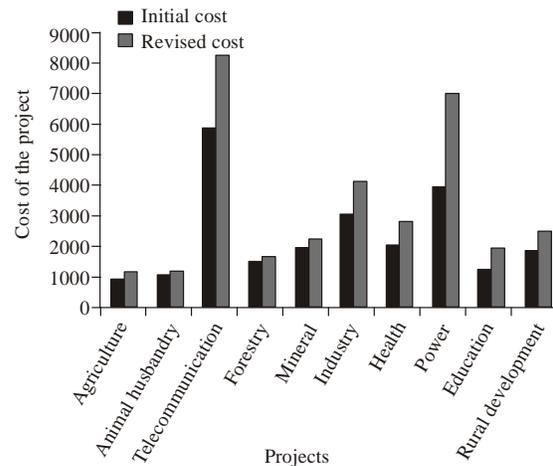


Fig. 21: Cost overruns recorded in the projects

Table 3: Hidden losses in projects

Average time taken during approval of processes = 1 year
Average time overruns recorded in the projects = 8.5 years
Total time overruns = 9.5 years
Average inflation per year = 10%
Total average inflation for delayed projects = 95%
Sanctioned cost revision for delayed projects = 41%
Hidden losses in projects = 54%

administrative hassles. Only in very serious cases, a revision of the approved cost of the project is applied for. As consequences the executing department will save on the quantity or quality of materials, equipment or works required. The result in practice is a loss in the quality of the project output.

Cost overruns: Cost overruns are a consequence of the following factors:

- Lack of planning/designing capacity
- Changes of the project scopes Time overruns
- Cost revision

About 95% of the respondents has mentioned that cost overruns in their projects. It is related to the fact that projects were deliberately undercoated initially in order to increase their chances of being approved. It was specially notices in the irrigation projects and power projects. While an overall 44% of all projects undergoes a formal cost revision at some point during their implementation. The total increase in the cost of the portfolio was of the order of 41% (Fig. 20).

The necessity for a cost revision of the project in itself further contributes to implementation delays. There is a requirement that for as long as the approval of the project revision takes, the works have to be stopped. Similarly, the administrative processes also do not go much quicker than in the case of original project approval; they take again almost one year to complete. It further

contributes to lower rates of returns of the project, even if it is properly executed and does not suffer from the low quality.

Effects on the quality of output: Time overrun have an eroding effect on the intended quality of output. The unfinished state of many buildings perennially under construction, but in fact abandoned over long intervals, leads to quicker than normal dilapidation. There is, however, a more serious effect, which has been calculated from the data (Table 3).

Given that the approval process takes one year as from the last cost estimate in the PC-1 and that there is an average delay of over eight and half years during implementation of the project, 114 months of delay would mean that the project has to some how accommodate at least 95% unforeseen affixation (compounded at the rate of 10% annually) as shown in Fig. 21.

If the recorded and actually sanctioned cost revision is in the order of only 41%, then this must lead to 54% hidden losses 'which are likely to be compensated for by reduced quality of the output (Table 3). The symptoms are there for everyone to see: substandard cement mixtures and other materials used for buildings and structures; cracks appearing sometimes immediately after delivery of the building, roads with thin surfaces, potholes and cracks; fewer teachers trained than targeted or less well trained than intended, smaller quantities of seeds distributed than intended, fewer trees planted, smaller coverage of irrigation works, large electricity line losses due to poor standards of construction etc.

Cost and time overruns in all projects: The overall pattern of significant time and cost overruns applies to all projects in various departments of investment and only the projects with Agriculture sector are less plagued by

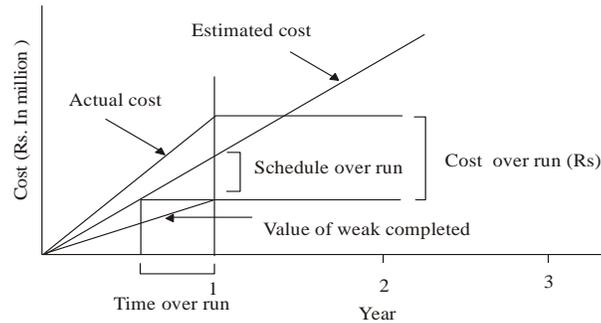


Fig. 22: Cumulated time, cost and schedule overruns recorded in projects

the phenomenon, although average time overrun is still almost 90%. But this is due to strategic reasons. In projects of Agriculture and Forestry departments, the projects are in fact, serial projects or phases of programmes of long durations. For example there is a project in Forestry, “Reforestation of Banks Phase-TI”, the second of seven projects of a programme which is scheduled to take 35 years. What is not achieved in the first phase can then be argued to be achieved in later phase, with a new project. However, this also put impact on the cost and time overruns, since the unachieved targets are carried on to the next phase, which consequently result in time and cost overruns since what should have been achieved now are delayed in next phase.

The overall project performance is the crux of the matter and must not be overlooked. One way of measuring overall performance is by using an aggregated performance measure Earned Value. The earned value of work performed (value completed) for these tasks in progress is found by multiplying the estimated percentage completion for each task by the planned cost for that tasks. The result is the amount that should have been spent on the tasks thus far. This can then be compared with the actual amount spent. The following Fig. 22, reflects the time, cost and schedule overruns recorded for the projects.

Low maintenance and operation budgets: The already lower than anticipated benefits may be further jeopardized as a consequence of insufficient budgets made available for Operation and Maintenance (O and M). The interviews with the concerned project managers of different departments revealed that maintaining the continuity of the project benefits after the project completion, it is necessary to have 20% budgets for O and M. However, the managers face the problem of the budget. For example, to maintain buildings and roads Communication department needs to spend Rs. 770 million each year, but they receive only Rs. 220 million for the purpose.

Most of the development budgets are allocated for construction oriented projects and enough development budgets for infrastructure development are provided. But at the same time, attention is paid to O and M requirements of the projects after the completion. The research has disclosed that the major concern in the O and M cases remained the take-over of the staff positions created under the development projects. That these costs of projects are significant. The low maintenance budget thus erodes the basic objectives of projects as the projects could not be sustained after their completion.

Contracts and contractors: At the time of execution, projects also need many of the equip rents and materials to run the project activities. For acquiring such materials and equipments, the services of the contractors are hired who provide these materials and equipments. During the interview, many of the deficiencies were noted which hamper the implementation process. Interviews disclosed the following deficiencies:

- Established tendering procedures were often not followed.
- Invitations to bid were insufficiently advertised and insufficient time was given for interested parties to react.
- Contractors were furthermore often not short listed before invitations to tender were issued, so that large numbers of unqualified, untrained and inexperienced contractors would come forward and a gradual weeding out process did not occur. This would then also lead to excessive amounts of time taken for the contract award.
- Selection of the contract is based on the criterion that the contract must be the lowest bidder, not the most responsive.
- Bids are normally submitted as a percentage mark-up on the official schedule of rates which bear no relevance to prevailing market rates and are based on Bill of Quantities which is incomplete with respect to both items of study and specifications of material and

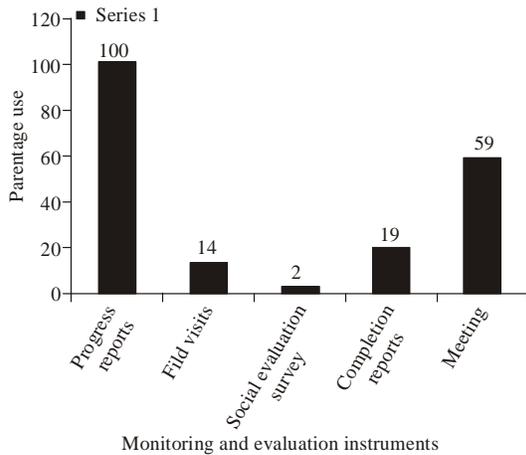


Fig. 23: Monitoring and evaluation instruction used for project

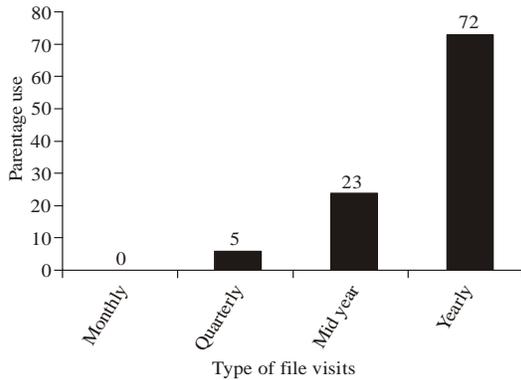


Fig. 24: Frequency of field visits made by visit type

standards to be achieved during construction. This results in lower quality of the material and construction.

Monitoring and evaluation: Monitoring and Evaluation (M&E) of projects are undertaken to introduce the necessary corrective steps in project formulation and implementation. Following mechanism in principle is being used for monitoring and evaluation:

- Field tours/project visits.
- Specially commissioned surveys or evaluation of projects.
- Progress reports for individual projects and their review in meetings
- Completion and post-completion reports for projects.
- Evaluation rounds connected with the preparation of FYP evaluation reports.

Respondents disclosed that the main instrument for monitoring and evaluation is progress reports (100%), while review meetings (59%) and completion reports

(19%) are also used frequently (Fig. 23). Respondents disclosed that very few Field Visits (14%) are done and only 2% mentioned special evaluation surveys. ‘‘hose mechanisms are discussed to analyze their modalities and practices that are carried out.

Field tours and site visits: Field trips to visit project are supposed to be conducted on a regular basis by all respective Planning and Monitoring staff. However, the frequency and clear procedures has not been chalked out for the purpose. Very few field visits have been noticed. As only 14% field visits were mentioned by the respondents that are made. Among these field visits, 72% are said to be made on yearly basis. mid-year visits were recorded as 23% and quarterly as only 5%, however no monthly visit have been recorded to the project sites where results are shown in Fig. 24. The research through interview and the questionnaire disclosed that the main, reason for such few visits was overload of the office work due to which they could not find time to visit the project systematically. They also pointed out to the following reasons too:

- Non-availability of transport facility to the site.
- Lack of funds to support site visit
- Under staffing of the M&E cells.
- Lack of experience in monitoring.

Reporting for central quarterly reviews: In the absence of regular field checking of progress, the main mechanism for the control of the implementation process and feedback to planning was the quarterly review meetings organized by the planning department. These reviews were big meetings of usually one day duration, based on hundreds of project progress reports submitted by line departments. All projects were supposed to be discussed during these reviews and decisions taking as required. Occasionally, in third quarter reviews, decisions would also be taken to re-appropriate finds within sectors among slow and fast moving projects.

An agenda and working paper for the meeting is prepared, which is circulated to all. The follow up on decisions taken previously meeting is also discussed and included in the agenda. However, the implementation on the decisions was found very slow and the follow up also remain poor. The problems recorded in Review meetings were:

- Faulty preparation and hap hazard organization by the concerned departments, since such meeting is organized in a very short notice without giving time for the preparation for the respective line departments to fully prepare their projects for presentation.
- Due to hap hazard organization and short time of meeting, the progress report and follow-up reports submitted are not counterchecked.

- The beneficiaries and stake holders of the projects are not invited to the meetings so that they could also present their independent project progress and evaluation to the review meetings.
- Similarly, in such meeting, the communication is towards one direction and hence an open environment for discussion is not maintained that could be beneficial to discuss projects freely.

Project completion reports and post completion reports: Another mechanism available for monitoring and evaluation purposes is the government requirements that for each completed project, a so-called PC-IV pro forma is filled out as a completion report. The pro forma checks whether the targets laid out in the project document have been achieved and if not, it asks for an explanation. It also asks the department to spell out the financial and staff requirements after completion. The study of the PC-Is of completed projects indicates that only 10% of all completed projects had used the pro forma. However, these were used for the projects which needed to transfer staff liabilities from the development budget to the recurrent budget. Thus, the focus of these PC-1s was procedural and unfortunately there was often no real analysis or explanation of project progress of success and failures. As a tool of evaluation, they were found to have little significance.

Five year plan evaluation: The mechanism of the required Five Year Plan evaluation, lastly, could be potentially an important incentive to triggering a special check whether development as a whole was on target. However, at provincial levels such reports contain only financial utilization with a few physical achievements compared with the targets. Special surveys or data gathering rounds were not undertaken.

All in all, the focus of monitoring and evaluation endeavors is the quarterly progress reporting exercise conducted by line departments. The types of information submitted through these progress reports and its shortcomings is the subject of further discussion in the following sections.

Submission of progress reports: Defining characteristics of any monitoring is the regularity and speed of submission of its reports. Therefore, the last date of submission of quarterly progress reports has been fixed usually in the 15th of the month after the quarter to be reviewed. While the review itself is ideally held at the end of the month, in practice this deadline was usually not met.

The following account of the process in the first quarter of 2009-2010 has been recorded which is also illustrated in Table 4 only three (3) out of eleven (11) projects met the deadline of the 15th of October. The other

Table 4: Submission of quarterly progress reports by the projects for meeting

Projects	Dates when reports were submitted	No of days taken in submission as on 15.10.2010
Agriculture	14.10.2010	-1 day
Animal husbandry	13.10.2010	-2 days
Education	23.10.2010	+8 days
Forestry	15.10.2010	0 days
Health	24.10.2010	+9 days
Industry	29.10.2010	+14 days
Minerals	03.11.2010	+18 days
Power	30.10.2010	+15 days
Physical planning	25.10.2010	+10 days
Rural development	01.11.2010	+17 days
Transport and communication	30.10.2010	+15 days

eight (8) projects missed the deadline by a few days up to almost three (3) weeks.

The delay in submission of the reports creates problems for analysis of the physical and financial progress through review and discussions in the meeting. Since such reports could not properly be analyzed and thus these are presented haphazardly before the meeting. The reason for late submission of reports was investigated through interviews. The respondents explained the problems for the late submission as the late availability of the physical progress reports from the project field. Because of the procedural delay also, the information could not be submitted in the specified date. The financial figures are needed to be consolidated and checked in accounts at the last day of the month being closing date. The figures then enter into the quarterly reports. In the similar way, physical progress has also to be checked and consolidated according to the financial figures; both information are consolidated together and then signed by the respective heads and after that it is dispatched to the Planning department. All these process further take 10 days. These further confirm that the procedures also contribute to the delay time this restraint the proper analysis of the project's physical and financial progress.

Systematic problems to the monitoring and evaluation:

The replies of the questionnaire also exposed some other problems that are being faced by the project staff and planning cell of the respective projects. These problems are as under:

- Heavy load of work 57%
- Lack of staff 53%
- Lack of Experience 40%
- Absence of a separate monitoring officer. 32%
- Lack of Motivation due to poor career advancement) 19%

The problems mentioned were noticed in all the projects and planning cells that were dealing with the projects. The respondents have also disclosed about the

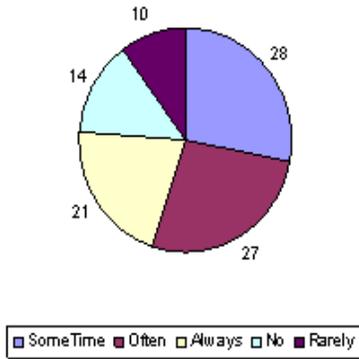


Fig. 25: Implementation of findings in projects

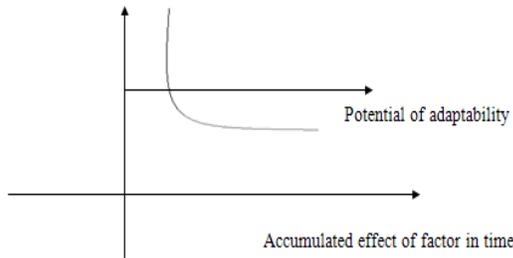


Fig. 26: Accumulated effect of factors in time potential of adaptability

use of findings during project implementation. Only 31% respondents said that findings are used always or frequently. About 41% said that the findings are not used or rarely used, the results are depicted in Fig. 25. It revealed problems in the monitoring and evaluation processes that are hampering the progress of the projects.

Staffing situation in planning cells: The staffing position of planning cells reflects the shortage of the staff to carry out the work load of project management activities (Table 5)

The planning staff are supposed to perform the following tasks in the planning cells:

- Preparation of projects on PC-1
- Collection of relevant statistical data
- Liaisons with other organizations over project activities.
- Maintenance of the project relevant data on daily basis
- Preparation of plan of operations
- Preparation of quarterly and monthly progress reports
- Monitoring of the projects
- Preparation of ADPs

On the basis of the tasks assigned to them and the number of projects to deal with, the value of work and its loadscan easily be judged. The results is also corroborated

Table 5: Staffing situation in the planning cells of the organizations

Projects cells	No of staff	Project per staff
Agriculture	4	9.0
Animal husbandry	4	7.5
Education	13	14.3
Forestry	8	5.6
Health	14	10.3
Industry	15	8.0
Minerals	9	11.4
Power	18	10.7
Physical planning	16	11.2
Rural development	11	8.6
Transport and communication	17	19.8

with the findings of Clayton (1990) who also observed similar problems.

Potential of adaptability to change within projects: The prevalence of different delaying factors as discussed above become so complex and interlocked with each other that the purpose of the development project, i.e. to bring about specific change is slow down. The potential of adaptability to change, which is greatest at the beginning starts diminishes with the passage of time, or more precisely with the successive locking of the number of delaying factors. A curve can be drawn as shown in Fig. 26, which depicts that even the most alive and flexible project management can at one stage find it difficult to push the change.

CONCLUSION

The development in Pakistan was initiated with objectives to bring the social, physical and economic change. For this purpose, comprehensive development was pursued by undertaking development activities in all the sectors. Central planning system was adopted wherein policies, strategies, goals, planning and budgeting decisions for all the sectors are made at the national level. These are then reflected through Five Year Plans and Annual development Plans. The development projects are used as an instrument for development, which enables to combine the human and material resources in coherent way to cause a determined amount of economic and social development. Thus, desirable development levels are pursued through implementation of projects in all those sectors.

However, the research findings revealed that suboptimal performances of the development projects lie in both central planning system and in the planning, implementation and management process. The problems and the issues have manifested in the processes as:

The approval for a project gets delay almost one year, since the project document has to pass through a long process of approval. On the similar basis, further three months delay occurs for the release of fund after the project gets approved. This reflects that the more time

taken for approval and release of funds, the more scheduled starting period falls behind, the more cost overruns, poor IRR, loss of interest, unfinished target activities which consequently results in poor performance of the projects.

- The format of organization and mechanism for the project document processing also results in large accumulation of projects with planning and approving bodies
- Due to centralized system, the efficient control and checking system could not be developed to implement policies effectively. Once the approval of projects is given, the line departments follow their own way of implementation, which do not match the guidelines of the government.

These factors would have been less problematic for the efficiency and effectiveness of the development projects, if another type of planning had been relied on, namely disjointed increment list planning. However, the following conflict set the limits for the purpose. These are:

- The absence of a developed civic society with articulated interests represented by professional organizations.
- Virtual absence of local govt. system which can provide better public services at local level with their own planning at the local level need.
- Low level of literacy and education, which have an effect on the quality of the system functioning and quality of work,
- At any rate, the new project management technical use has not spread very fast.

A dramatic improvement in literacy levels and the creation of more professional organizations and stake holders are the difficult changes to bring about, although if it were undertaken in the past, the benefit might have been reaped by this time. However, institutions of local level government system are more easy and quickly to pursue implementation planning at local level. This would help to rationalize the planning and develop rent according to the needs of the local people.

Numerous issues and problems concerning project planning, implementation and monitoring has been found during the research study. These are summarized as follow:

- The projects are poorly formulated, lacking the feasibility study and proper appraisal at the time of planning. Unrealistic cost estimations of inputs and their prices are used without giving due considerations to the market prices.
- Details about project objectives, scope, physical and financial phasing and land acquisition procedures are

not provided. The lack of details at the time of project planning had severe affect on project quality and on the implementation.

- Changes in priorities on part of the governments results in the inclusion of new projects and exclusion of unfinished projects, which result in wastage of the precious and limited resources that could have benefited the country.
- At the time of implementation, changes in project scope, objectives and design are done which also causes time and cost overruns since the new changes demand for more resources and time to complete the projects.
- A lot of projects are get approved despite their incompatibility with FYP goals and objectives. This also lead to a huge budgetary over-commitment and delays in implementation as well as low quality of output. Furthermore such projects are outside of the FYP and funds are consumed over these projects which did not account for the whole development purpose.
- The preparation of the ADP does not follow the sectoral distribution of funds as laid down in FYP. Also the acceptance of projects into ADP does not correspond to the most urgent local needs, because too few societal stake holders are invited to participate in the planning process.
- The Annual Plan of Operation for projects is not used as a serious instrument for implementation and monitoring. Because the practice of shifting budgets from one project to another over the year, is so strong that the use of APOs and other techniques become useless.
- Lack of funds to implement projects also affect their performance, since projects need these funds at the most critical time, Furthermore, to sustain the output of the project after project completion when no fund is available results into the loss of not only resources that are used on the projects but also the whole process of the economic development is lost.
- Lack of coordination and cooperation between organizations during the whole project life cycle which results in duplication, overlapping, haphazard use of resources and irrational and unsustainable planning
- The technical staff is inadequately qualified according to the latest project management techniques and tools. The limited staff with heavy load of work further cripples the situation, since they could not carry out their wok efficiently. Thus, the institutions facing lack of institutional capacity and expertise.
- The planners and the decision makers do not have access to current and extensive well-researched data. At the same time, every organization has its own data which do not tally with other sources, making the overall quality of data and planning questionable.

- In monitoring and the evaluation process, progress reports and meetings are used. However, meetings and progress reports partially fulfill the monitoring criteria unless it is supplemented by the field visits. Since too little visits are made, which make the monitoring and evaluation process rudimentary.
- The results as discussed above lead to conclusion that although the PC-1 is by itself a comprehensive document that demands all the requirements needed for a well planned project. Yet minimum attentions are given to the quality management of the project document which leads to poor project processes thereby to poor performances. Furthermore, proper documentation and continuous improvement to the processes are neither followed nor shared. Hence, the main missing link in the whole process is a proper supervised quality management. Because of this reason, no proper project planning, implementation and monitoring are done.

The resultant of the effects of all the above was worked out in this study particularly for development projects. It is manifested in the following factors:

- Although, the average project is scheduled to take around four years to complete, the actual completion period observed is almost nine years. The over large project portfolio under implementation is the most important reason for this: too many projects are approved and not enough funds are available to complete each project in accordance with its implementation schedules. Because most projects have no returns until they are completed, the result of the delay is a serious loss of productivity of the capital invested with often too low internal rate of return.
- Partly as a result of time overruns and unaccounted for price inflation, 44% of all projects need an upward cost revision. Revisions add some 43% to the cost of the originally approved project portfolio. Given that most of the projects undertaken are fairly standard nature since they are prepared or the same PC-i format, this is very unfortunate.
- A pro forma calculation leads to the conclusion that there are losses in terms of project output equivalents to over 50% of the cost of the project portfolio. This is due to rises in inputs prices in inordinately delayed projects, which the implementation can only compensate for by reducing the quality of the output, poor workmanship and substandard materials and inputs. Lower than anticipated quality of output also lead projects to a slower than anticipated build up to full production, higher than warranted operating and maintenance costs and lower than anticipated benefits.

In conclusion, the central planning system and the project processes that is planning, implementation and

monitoring are riddled with problems. The sub-optimal performances of development projects are therefore the results of these problems. Hence, ameliorative steps needed to be introduced into the whole system and the processes that would be helpful in the improved management of development projects.

RECOMMENDATIONS

The findings of the research study can be used to put forward some recommendations regarding the improvement in the planning, implementation and monitoring processes. These include:

- Projects should be formulated on the basis of needs and availability of internal resources and experiences of foreign aid inflow. The objectives need to be clearly defined with detailed targets, integrated with Five Year Plans. Interaction among the departments and within the departments should be established for the purpose. Priority in selection of projects should be based on well defined objectives and detailed targets that address the real needs of the people and availability of full resources to the projects in terms of finance and manpower. For this a system may be used whereby approval for implementation is given to only those projects for which manpower and financial resources are fully ensured. Allocation of resources to the projects which are out of preview of FYP need to be discouraged so that the aim of comprehensive development is achieved.
- Improvement in the quality of projects at designing and planning stage will be helpful to improve the project performance. Therefore number of steps are required to be taken which may include:
 - Project feasibility, viability with detailed physical and financial phasing needs to be made essential part of the project document. Costs and work breakdown structures should be made integrated with physical and financial phasing.
 - Changes in interest rates, exchange rates, fiscal deficit and inflation rate needs consideration in working out the project viability Dissemination of the findings of ex-post evaluations and lessons learnt from the previous projects made available to the planners and managers, so that adequate attention is paid at the planning stage itself to prevent their recurrence.
 - There is a need for the development of a comprehensive statistical database, which is essential pre-requisite to project planning and management. Planners and managers should have access to an extensive, well researched data which can be regularly updated at suitable intervals, scientific approaches such as GIS etc. should be used to collect and maintain data that could be available to government functionaries as well as to the public.

- Selection and recruitment of more professional staff with continuity of job in the planning and implementing bodies. Furthermore the number of staff also need to be increased for efficient and smooth conduction of planning and monitoring work. Extensive training in behavioral sciences as well as modern management tools and techniques for designing, implementation, monitoring and evaluation of projects at all stages of the project cycle need to be instituted. The introduction and use of the Logical Frame Work approach, CASPAR/ COAR, Comport, falls should be ensured right from the project selection process. For sustainability and endurance of the capabilities, regular and frequent refresher courses is suggested.
- A more simplified and decentralized mechanism for project approval and fund release is suggested to improve the performances. Therefore following actions are proposed:
- Adoption of simplified procedures for acquisition of land for projects is required to avoid time and cost overruns. For this purpose land acquisition and litigation board is suggested, which will look into the whole matters of land acquisition in close coordination with planning bodies and line departments.
- The board will advise policy and procedures and negotiate for acquisition of land from the time of a project inception. The responsibilities will also include the cost assessment of land and resettlement. However, a more realistic approach is required for the determination of land prices at market rates.
- A Project Supervisory and Quality Management Committee is proposed to replace existing feedback system. The main tasks of the committee include:
 - **Documentation:** Each intervention of Project Supervisory and Quality Management Committee improve quality frameworks and OVI. Documentation is defined from Logical Frameworks based on quality check points called Objectively Verifiable Indicators (OVIs). Interventions update time scales, which will also be used to find biases. These guidelines will be followed by all project developers.
 - Identification and corrections of biases has following steps:
 - Potential identification (Review)
 - Technical assessment (audit)
 - Real time process evaluations (monthly repots) and
 - Immediate feedback (site visits).
 - Identified potential mostly come from the review of the facilities, equipments, personnel and their qualifications and procedures for conducting the projects.
 - Committee will assess technical details through project calls, process monitoring and post-project evaluations.
 - Data collected will be publicly available and serve as feedback to project developers for considerations into project planning, implementation and monitoring (feedback for project developers to (d)).
 - There will be a continuous two way communication among all the project developers and the committee making published details more precise (feedback for committee to c).
 - The committee will be assisted by advisory committee which will assign tasks to monitoring officers. It will consist of project consultants, programme beneficiaries and aid organizations.
 - Monitoring officers will be stationed at each planning cells of each project developer. These monitoring officers will ensure the application and conductions of project processes according to the specified quality documentations and checking indicators and will report to the advisory committee.

The present approving authority for the DDWP should be increased up to Rs. 100 million; on similar basis, the approving authority of PDWP should be allowed for all the projects of provincial jurisdictions. The approval from the CDWP for the provincial projects should be ceased. However, only the mega projects where the stakes of more than one province are involved should be recommended to ECNEC and NEC, after processing by the respective PDWP, CDWP and Planning Commission (1991).

The fund release procedure need to be made simple. For this purpose, the amalgamation of development and recurrent budgets needed to be done exclusively under the administrative control of the Finance Department. This will help in the following ways:

- As a professional financial body, the Finance Department will effectively participate in integrated analysis of anticipated project costs and monitoring of development expenditures and will ensure release of funds on regular and smooth basis as soon as project get approved. The release, of funds directly to the CEOs of the departments will further reduce the release time.
- Investment choices can be assumed to be more seriously considered by the Finance Department in the light of the Operational and Maintenance (O&M) requirements.
- To avoid duplication, overlapping and hap hazardous use of resources, coordination is essential to rationalize decision and integrate the development activities. A concerted effort is needed to establish and integrate horizontal coordination and cooperation among the departments right from the project formulating stages, for this purpose, planning bodies can provide a link between the departments and draw integrated strategy by involving them in the projects.

- Committee will be answerable to Development Working Party for discussions and future policies and strategies (feedback from external environment to a
- The role of monitoring and evaluation is important for the better performances and endurances of the project activities. Therefore following actions are proposed
- All projects need to be monitored and evaluated, through regular site and field visits. Resources and costs for the purpose of such studies should form a part of the project cost.
- A multi-dimensional monitoring system is suggested which will ensure the factuality of the results. For this purpose, reliance on different ways of information collection and valuation is needed such as Raped/Participatory Appraisal, surveys, scanning, resources mapping, problem trend shies and institutional profiles assessment, formal evaluation and meetings etc.
- The finding of such studies should be discussed in seminars and given publicity to generate awareness among project managers, planners and policy makers about the problems in design and implementation and to draw the lessons.
- Decentralization of development planning and management has the virtue of permitting development strategies and pregnancies to be customized to the needs of diverse groups of peoples. Decentralization of development planning and people's participation strengthen the sense of community ownership, the absence of which frequently leads to the failure of many well-conceived projects and programmes. Therefore local government system is suggested with devolution of planning and management of projects on self-financed basis. Local communities can be involved in planners process through creation of village, Tehsile and district planning committees. These committees will work in coordination with the local government departments to help them in identification of local needs, mobilization of local resources including human resources, identification of target groups beneficiaries, monitoring of implementation of local projects and sustainability of projects assets and outcomes. The capacity building of the local people through "plan-literacy" will help them to actively participate in the development project processes.

The recommendations as placed above are interconnected and mutually support each other. The synergetic effects thus, will provide an improved management system and thereby satisfactory performances of development projects.

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