

PROJECT MANAGEMENT SYSTEM: ISSUES, CHALLENGES AND IMPROVEMENT IN NEPAL

Nimesh Bhandari¹, Sarjun Khatri², Susan Mahatara³, Purna Bahadur Saud⁴

¹²³⁴Department of Geomatics Engineering, Kathmandu University

¹nimeshbhandari44@gmail.com, ²sarjun.khatri.3@gmail.com, ³susanmahatara11@gmail.com,

⁴purnasaud3@gmail.com

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ABSTRACT

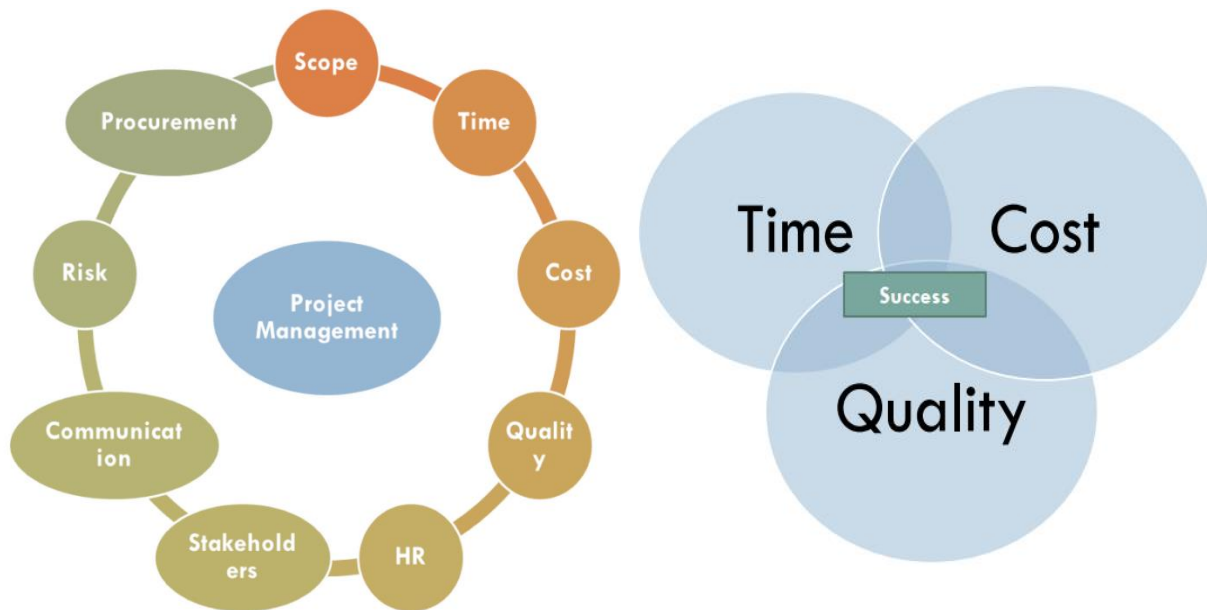
Project Management is a task force approach to achieve project objectives within the constraints that makes efficient and effective use of resources. It involves planning, organizing, directing and controlling of organization's resources for a relatively short-term objective that has been established to complete specific goals and objectives. It is much more than much more than keeping project management's iron triangle in check, delivering on time, budget, and project scope; it unites teams with public and different agencies involved, creates a vision for a successful project, and gets everyone on the same page of what's needed to stay on track for success. When projects are managed properly, there's a positive impact that reverberates beyond the delivery of 'the stuff'. Every project revolves around the practice of Project Management cycle that involves; project conception, project definition, project execution, its monitoring and closure. Projects are the backbone of Nepal's development process. They encompass all development activities. Nevertheless, Projects in Nepal are facing various issues because of the work being not managed efficiently. In Nepal, projects fail mainly through inadequate planning, poor communication, inefficient task management, lack of accountability, inadequate monitoring, and haphazard scheduling. It is very important to apply proper managerial procedures and improvement for the overall success in the project that triggers the development of the country. Effective implementation of policies and guidelines, improving project management and financial management, controlling corruption and politicization seems to be major actions needed for improvement of project management.

1. INTRODUCTION

Project management is the application of processes, methods, skills, knowledge and experience to achieve specific project objectives according to the project acceptance criteria within agreed parameters. Project management has final deliverables that are constrained to a finite timescale and budget.

A key factor that distinguishes project management from just 'management' is that it has this final deliverable and a finite timespan, unlike management which is an ongoing process. Because of

this a project proficient needs a wide range of skills; often technical skills, and undoubtedly people management skills and good business awareness (Murray-Webster & Dalcher, 2019).



(Raghu, 2020)

poor communication, inefficient task management, lack of accountability, inadequate monitoring, and haphazard scheduling (Clouddtai, 2022).

Every project's priority is its successful implementation and accomplishment by saving time and money, which is possible with proper work and project management

To put out in points;

A project is planned investment. It is undertaken to deliver a unique product. It is a set of one-time-only activities designed to:

- Attain specific objectives within the constraints of time, cost and quality performance,
- Create a unique product through the planning and control of variety of resources in dynamic environment.

Economically viable, technically feasible, politically suitable and socially acceptable ideas result in projects. All projects must be owned by their beneficiaries (Agarawal, n.d.).

2. OBJECTIVES

The objectives of this research paper are listed below:

- To explore importance of project management.
- To explore importance, process and approaches of project management.
- To understand the current foremost issues, challenges and opportunity regarding project management in Nepal.

3. METHODOLOGY

The findings of this study were compiled through a literature review. Desk study was carried out and scientific literature that are cited such as journal article, reports, research paper, blogs, websites, etc. to understand and analyze importance of project management are attached in reference section.

3.1 Literature Review

In this section, we go through different articles and documents that are published to support importance of project management in achieving project objectives.

3.2 Importance of Project Management

Planning, organizing, directing and controlling of organization's resources for a relatively short-term objective that has been established to complete specific goals and objectives is basically the

project management (Kerzner, 2003). Effective project management process begins early in the project with planning and ends late with post - implementation review.

Great project management means much more than keeping project management's iron triangle in check, delivering on time, budget, and project scope; it unites teams with public and different agencies involved, creates a vision for a successful project, and gets everyone on the same page of what's needed to stay on track for success. When projects are managed properly, there's a positive impact that reverberates beyond the delivery of 'the stuff' (Aston, 2021).

The importance of Project Management is highlighted as follows (Aston, 2021), (Shaw, 2022) (Meirelles et al., 2019):

A) Strategic Alignment

Project management is important because it brings leadership and direction to projects. Good project management ensures that the goals of projects closely align with the strategic goals or the roadmap that is designed.

In identifying a solid business case, and being methodical about calculating return of investment from the project, project management is important because it can help to ensure the right thing is delivered, that's going to deliver real value.

B) Leadership

Project management is important because it brings leadership and direction to projects. Without project management, a project can be like a ship without a rudder; moving but without direction, control, or purpose. Leadership allows and enables team members to do their best work. Project management provides leadership and vision, motivation, removing roadblocks, coaching, and inspiring the team to do their best work.

C) Clear Focus & Objectives

Project management is important because it ensures there's a proper plan for executing on strategic goals. Oftentimes, the foresight to take such an approach is what differentiates good project management from bad. Breaking up into smaller chunks of work enables teams to remain focused on clear objectives, gear their efforts towards achieving the ultimate project goal through the completion of smaller steps, and quickly identify risks since risk management is important in project management.

D) Realistic Project Planning

Project management is important because it ensures proper expectations are set around what can be delivered, by when, and for how much. Without proper project management and a solid project plan, budget estimates and project delivery timelines can be set that are over-ambitious or lacking in analogous estimating insight from similar projects. Ultimately this means without good project management, projects get delivered late, and over budget. It is important in project management to create a clear process, with achievable deadlines, that enables everyone within the project team to work within reasonable bounds, and not unreasonable expectations.

E) Quality Control

Project management is important because it ensures the quality of whatever is being delivered, consistently hits the mark. Projects are also usually under enormous pressure to be completed. Without a dedicated project manager, who has the support and buy-in of executive management, tasks are underestimated, schedules tightened and processes rushed. The result is bad quality output because there's no quality management in place.

3.3 Project Management Life Cycle

Every project roll around the following practice of Project Management cycle (Eby, 2022), (“Project Management Life Cycle | 5 Amazing Phases of Project Life Cycle,” 2019).



Figure 2. Project Management Life Cycle (Eby, 2022)

i) Project Identification and Initiation

It is the project conception stage where potential project ideas to address public infrastructure needs/problems/demands are conceptualized. Primarily it is carried out with a aim of addressing

needs or problems or to explore opportunities as a proposed measure to solve them or to realize opportunities.

Importance of Project Identification:

- Good project ideas can bring big changes for the organizations/nations
- The ideas conceptualized today will be the big opportunity for investment
- Selecting wrong ideas makes an entire project fail
- May fail in feasibility, abandon during execution, or become unsuccessful for obtaining response because it is wrongly conceptualized.

In this stage, feasibility of whether a project is economically viable, technically feasible, politically suitable and socially acceptable is analyzed.

ii) Project Planning

The planning phase is key to successful project management and focuses on developing a roadmap for guiding the project in the right track. During this phase, a detailed project plan is created. This plan includes tasks, resources required, timelines, cost, etc. In addition, further planning for prioritizing requirements is done. Work Schedule Chart, which indicates timelines for the various task, is one of the important documents created for planning. A strategy for Human Resource Management, Instrumental Resource Plan, Quality Plan, Deployment Plan is made out.

A popular method for setting goal, S.M.A.R.T, is often implemented during project planning.



Figure 3. SMART Method of Setting Objectives

(Eby, 2022)

Post to the completion of various plans; risk management is carried out depending on the criticality of the project. Identifying the potential threats and analyzing the impact of such threats occur from the part of this sub-phase. A risk management report is prepared with a plan to mitigate future threats.

iii) Project Execution

Done with the project idea finalization and planning, it is the phase to put those plans into action. This phase depends highly on planning. Better the plan better will be the execution.

Task completed during the execution phase include:

- Project introduction and kick-off
- Organize workflow
- Tasking team member
- Communicating
- Monitoring
- Managing budget
- Update project schedule
- Modify project plans as needed

Budget resources and procurement plan are efficiently utilized. In this phase, resources' and tasks are distributed and teams are informed of their responsibilities and information related to the project are gathered. Project/Program is put into action.

While the project monitoring phase has a different set of requirements, these two phases often occur simultaneously.

iv) Project Performance and Monitoring:

This phase is merged with the execution phase because both occur at the same time and often ensures that project results align with the management plan. The main objective here is to ensure that execution is carried out as per the plan. Timelines and costs adhere. Key Performance Indicators (KPIs) are used to determine if the project is on track.

The most common KPIs for performance tracking are:

- Project Objectives: Measuring if a project is on schedule and budget is an indication if the project will meet targeted objectives.
- Quality Deliverables: This determines if specific task deliverables are being met.

- **Effort and Cost Tracking:** Accounts for the effort and cost of resources to see if the budget is on track. This type of tracking informs if a project will meet its completion date based on current performance.



Figure 4. Project Monitoring and Controlling

(Raghu, 2020)

- **Project Performance:** This monitors changes in the project. It takes into consideration the amount and types of issues that arise and how quickly they are addressed. These can occur from unforeseen hurdles and scope changes

vi) Project Closure:

After the completion of the project, it is deployed. This is where the collaborated efforts come to a fruitful end!! A deployment plan created in the planning phase comes into action.

The closure phase incorporates:

- Releasing the deliverables(product/service) to customers
- Clearing remaining payments
- Closing out administrative process
- Preparation and delivery of reports
- Termination of contracts
- Formally closing out project
- Documenting lessons learned
- Analyzing project performance and team performance

After project tasks are completed and evaluation is required to know about project success.

3.4 Project Scenario in Nepal

Nepal is a developing country. About 17.4 percent of people live below the poverty line (*Nepal Multidimensional Poverty Index 2021*, n.d.). Its per capita income is US \$ 1,223 in 2021 (*Nepal GDP Per Capita 1960-2022*, n.d.). It ranks low in the Human Development Index (HDI) of UNDP. The country's isolation from the outside world for more than one hundred years till 1950 keep it backward in terms of development. The project management in Nepal has the following scenario. The project concept in Nepal began in 1950/51 with a grant assistance of US\$ 100,000 by USA. The planned development began with the implementation of the First Five Year Plan in 1956 (Agarawal, n.d.). Since then, the financing of Nepal's development plans has been heavily dependent on foreign assistance. Foreign assistance in Nepal is heavily project-based.

Project management model appeared in Nepal during 1970's. The organization structure adopted for project was "Development Committee". It was an autonomous government-controlled project organization structure for the management of a specific project. The matrix project organization structure has also been used in selected cases.

INGOs and private sector are also using the project management concept since 1980s. BOT (Build, Operate, Transfer) modality has also emerged in power sector. Foreign Direct investment in Nepal has also led to greater use of project management. Nepal has approved 930 such projects till 2005. But few of them are operational. Today, the implementation of Nepal's development plan depends heavily on project management. The project management model is widely used to implement projects in public, private and non-government sectors.

4. DISCUSSIONS

Effective implementation is the essence of project management. Implementation is concerned with mobilization. It involves allocation of project tasks to project team within the project organization. Decisions are made about the procurement of equipment, resources and services, Implementation schedule is established.

4.1 Problems (Issues) of Project Management in Nepal

Project implementation in Nepal has remained ineffective. Most development projects have failed to achieve the desired objectives. Time and cost overruns are common. The average delay in implementation of projects is about three years. It is eight years for energy projects and seven years

for irrigation and transport projects. The main problems in project management in Nepal are (Agarawal, n.d.), (Raghu, 2020):

i) Unclear Policies and Objectives

Nepal lacks effective implementation of foreign aid policy. This has perpetuated donor-driven projects with lack links to national priorities. Conditionality of donor-assisted projects lack compatibility with the country's realities. Such projects also lack transparency considerations. Government policies keep on changing in Nepal.

ii) Weak Institutional Capabilities

An institutional capability for effective implementation of projects is weak in Nepal. The managerial aspects of implementation are also weak. Most project managers are appointed through political intervention. They get transferred frequently and project staffs tend to be under qualified and incompetent. This consequences in considerable delays happening in setting up the project team. Technical know-how is poor in the project team. However, the information system is weak.

iii) Lack of User Participation

Beneficiary participation is lacking during formulation, implementation and evaluation of projects in Nepal. This has led to lack of ownership of projects by the beneficiaries.

iv) Defective Project Design

Donor-driven projects get formulated in foreign countries. The involvement of government agencies in project formulation is inadequate. The result is defective project design, higher cost estimates and wrong assumptions. The implementation is ineffective. Technologies provide in the project also tend to be inappropriate.

v) Delays in Project Approval

Decision delays are common for project approval in Nepal. The process of project approval involves multiple parties and cumbersome procedure. Projects need approval from the concerned Ministry, National Planning Commission, and Ministry of Finance and in some cases the Cabinet. The approval process takes a lot of time.

vi) Delays in Appointment of Consultants

Procedures and guidelines for the appointment of consultants are complex and time consuming. Political pressures are pronounced in their appointment and moreover, the utilization of consultants by the projects is also poor due to their poor quality, and unclear terms of reference and poor supervision.

vii) Procurement Delays

Delays in procurement are also responsible for poor project implementation. Donor procedures are guidelines for procurement and Financial Administration Regulations of the government are largely responsible for such delay. Decisions take a long time in bureaucratic corridors of the Donor Headquarters and Ministries.

viii) Delays in Contract Award

The awards of project contracts are considerably delayed in Nepal because of political interference and pressures from commission agents. Those who do not win the contract generally lodge a complaint with the anticorruption agencies. This further delay awards of contract. Clear-cut procedural guidelines are also lacking to award of contracts.

ix) Lack of Co-ordination

Poor interaction and communication between executing agencies, line ministries, and a variety of other agencies has led to poor coordination. Project files remain unattended in the ministries for months. This has constrained project implementation. The project activities lack integration. There is lack of delegation of adequate authority to project manager. Donor co-ordination is also lacking for funding of projects.

x) Delays in Budget Releases

The budget releases for the project are not done on time. The donor funds need to be channeled through the Financial Comptroller General's Office. Considerable delays happen for the release of budget to the projects. This has adversely affected disbursement of funds in the project. Donor procedures also vary with each donor.

xi) Lack of Counterpart Funds

Most donor-supported projects require counterpart funding from the government. Inadequate allocation and lack of timely release of counterpart funds have constrained project implementation; this has adversely affected fund releases by donors since donor fund releases are tied to counterpart funds.

xii) Reimbursement Problems

Foreign aided projects operate on the reimbursement modality. The projects make claims for reimbursement after incurring expenses. There are delays in submission of reimbursement claims by the project. Donors also take a lot of time in processing such claims. Auditing and reporting requirements are also not fulfilled effectively by the project.

xiii) Poor Monitoring and Evaluation

Monitoring and evaluation has remained a weak aspect of projects in Nepal. Institutional arrangements exist for monitoring and evaluation. But action is lacking on the problems identified by monitoring and evaluation exercises. Corrective actions are lacking to improve implementation of the projects.

xiv) Corruption

Projects are the major source of corruption in Nepal. The recruitment of consultants, award of contracts and procurement of goods and services are the key areas for corruption. Corruption has led to delays in decision-making, poor quality of projects outputs, cost and time overruns. Vested interests "make or break" the projects. Actions for corruption are few and ineffective. Corruptions at higher political levels have further constrained project implementation.

4.2 Improving Project Management in Nepal

Problems of project management are profound in Nepal. Poor management has been the key reason for most of the project failures. Project management needs improvement in Nepal.

The actions needed for this purpose are (Raghu, 2020), (Agarawal, n.d.):

1. Effectively Implement Policies and Guidelines

Foreign aid policies and guidelines should be effectively implemented. Need-based projects should substitute donor-driven projects and comprehensive guidelines should be laid down for all the important aspects related to projects, such as:

- Project formulation and planning methodologies and techniques of
- Project approval procedures
- Project implementation guidelines
- Procurement guidelines

2. Ensure Good Project Design

This should be done through:

- Enhanced Nepalese capacity to formulate and plan project. National planning Commission and Planning Cells of line ministries should be engineered and strengthened. Ministries involvement should be a must in all project designs.
- Ensured stakeholder ownership of the project. The key stakeholders, including the beneficiaries, should be involved and informed at all the phases of the project. Local level ownership of the project should be ensured.

- Improved project-screening process. Criteria should be defined for screening purposes. National Planning Commission should have a special cell for project screening staffed by professionals and experts.
- A "Project Bank" should be established in National planning Commission and line ministries.

3. Improve Project Management

This should be done through:

- Projects Management Information System (PMIS) should be established.
- Project manager should be given full accountability for the project. The needed authority should be delegated to the project manager to ensure accountability for results. There should be a performance contract with project manager.
- Project personnel should not generally be transferred till the completion of the project. They should be technically qualified and competent with adequate experience.
- Implementation plan should be prepared and effectively carried out for timely completion of project.
- Institutional capacity should be enhanced for project implementation. Training and development of project staff should be a continuous process.

4. Improving Financial Management

This can be done through:

- Project budgeting system should be effectively strengthened. Project budget should be released on time.
- Adequate provisions should be made for counterpart funds. The Ministry of Finance should have a special "Counterpart Fund" for this purpose.
- Reimbursement claims should be made on time. They should be accompanied by proper documentation, Financial statements and audit reports to track expenses
- Project costs should be effectively controlled.

5. Streamline Procedures

This can be done through:

- The procedures for procurement of goods and services, recruitment of consultants and award of contracts should be streamlined and made transparent.
- Government administrative procedures for project approval should be simplified. "One window" modality should be introduced for dealing with projects in the concerned agencies.

- Donor procedures should also be streamlined. Project personnel should get
- adequate training and orientation to gain the understanding of donor procedures.

6. Strengthen Co-ordination Monitoring and Evaluation

This can be done through:

- Project coordination with concerned agencies should be strengthened. Timely information flow, review meeting and effective supervision can ensure better coordination.
- Monitoring and Evaluation system for projects should be strengthened. The greatest need is to take corrective actions for solving the problems of the project. The organizational arrangement for monitoring and evaluation should be strengthened and simplified.

7. Control Corruption and Politicization

This can be done through

- Corruption should be effectively controlled in projects. The legal framework for corruption should be strengthened. Strict actions should be taken for cases of corruption. Vested interests should be discouraged.
- Project management is professional job. Politicians should not interfere in project matters. The initiative for this must come from the top political levels of the country.
- Above all, Nepal should increase its project management capabilities for effective management of its development process.

4. CONCLUSIONS

Project management is the primary tool for executing the plan, installing the processes, and achieving the strategic marks of the project. Project management helps to detail what tasks will be accomplished, who will be involved in completing the tasks, and when tasks should start and finish. Typically, projects progress in steps or incremental stages; however, other approaches for rapid, interactive project management are also widely used. Projects fail for many reasons. As of the case in Nepal, there are several factors reasoning project management problem in Nepal, the major being delays for various procedural like delay in approval, procurement delay, delay in budget release and so on. Another common reason is the wide existence of corruption in every sector. However, it needs improvement for the overall development of the country. Effective implementation of policies and guidelines, improving project management and financial management, controlling corruption and politicization seems to be major actions needed for

improvement of project management. Project management is not a panacea, but rather a critical tool in the never-ending process of growth and renewal of the business. Increase country ownership in project formulation improve project selection or screening criteria reform in budget allocation system ends political interference ensuring proper selecting of key project personnel and their retention over entire project implementation period improves coordination between the different agencies introduce result-based budging or performance-based budgeting, system, improve good governance system, establish corrective and result based monitoring system.

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