

Challenges of Managing Public Projects

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Leveraging project management for excellence, growth and transformation



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Private partner's contribution in public projects for supporting economic growth in the country is vital and the Government has accepted such contributions whole heartedly. With Public Private Partnership (PPP) models being one of the preferred methodologies for undertaking Government projects, it becomes essential for the private players, especially at the functional level to understand the functioning of the Government machinery. The track record of performance of such projects is disheartening and reflects poorly on the capabilities of the project management teams driving these projects. Time and cost overruns defeat the purpose of public utility or prudence in public spending. Apart from lack of knowledge or competent persons at the helm of affairs plaguing project performance at the Governmental level, other issues like incomplete scope assessments, indecisiveness, bureaucratic procedures, etc are some of the other issues that need to be addressed for enhancing project performance.

While some of the shortcomings that are restraining project performance are inherent in the system, they are not completely unmanageable. With an understanding of the system and their impact on projects, teams can ensure enhanced performance through better planning. Teams can leverage the system for enhancing quality of delivery with high level of maturity, behavioral skills and general management skills. Apart from differences in the organizational structure of the private and public partners, the other challenges for effective project management are rules, procedures and public accountability. An understanding of the terminal objectives, technical competence, flexibility, innovativeness and diplomacy are the key ingredients for driving social projects.

Key words


Public Private Partnerships (PPP), Expert Knowledge, Professional Responsibility, Project Objectives,

1.1 Introduction

The progress and growth of a nation is measured by the infrastructure available for supporting economic activities. That it is beyond the capability of the State alone to create infrastructure to support economic growth is not a new awareness. The history of the concept of Public Private Partnership (PPP) model for creating infrastructure and their maintenance can be traced to ancient India, wherein to facilitate and support economic growth, the rulers of Ancient India were granting concessions in tax levies for individuals who created these infrastructural support systems.¹

Today, in spite of the global recession and the economic downturn, the economic growth in the country has been vibrant and is growing at a good pace. To support this growth the Government intends to spend over Rs 14,36,559 crores during the period 2007 - 2012 on creation of new infrastructure and plans to harness over Rs 6,91,591 crores in the 11th Five year plan from private investment for building good infrastructure. Compared to Rs 1,75,203 crores contributed by the private partners in the 10th National Plan, which is nearly a 400% increase, the targets are ambitious but

¹Kautilya – The Artha Shastra, by L N Rangarajan, Penguin Books, 1990, page 76 and 231.



achievable². Due to excessive growth in the demands of public services, which the Government is unable to meet, it is promoting the entry of private partners. Private partners have been permitted to foray in to even basic necessities like education and health related services. With such large opportunities open for participating in the nation building process, business houses from all across the globe and industries are competing with one another for a share of this budget.

1.2 Participatory Mechanisms for PPPs

Post independence, in India, the participation of private business entities in government projects has been going on in different forms - allotment of land for projects with some contribution by the beneficiaries to the economically weaker sections and financial incentives in different forms for encouraging heavier incentives. The methodologies adopted for PPP in social projects are many, like Service Contracts Management Contract/Lease, different forms of Build Operate Transfer (BOT) schemes, Concessions of various natures for specific periods and Joint Venture, which have their own specific characteristics.

The objective of PPPs is to combine the skills, expertise, and experience of both the public and private sectors to deliver higher standard of services to customers or citizens. While the government assures the private partner in terms of stable governance, citizens' support, financing, and assumes ownership of social, environmental, and political risks, the private sector contributes in terms of operational efficiencies by innovative technologies, managerial effectiveness, access to additional finances, and construction and commercial risk sharing.

Strengths of the PPP model, according to a note prepared by the Government of Tamil Nadu favoring PPP models as a route for infrastructure creation are³:-


- ◆ Robust and dynamic structure, which involves the participation of government, financial institutions, investors, consumers, NGOs etc
- ◆ Government is in an enabler role and has ownership.
- ◆ Governance structure ensures consumer and public interests are safeguarded,
- ◆ Transparent and well conceived contracts ensures that risks are transferred to parties equipped to handle them for a price,
- ◆ Documentation recognizes rights and responsibilities of all project-related parties,
- ◆ Concerns of all stakeholders are addressed.

1.3 Management Challenges in Public Projects

While the participation in public projects has many incentives, the management of these projects is also very challenging and demanding. As rightfully identified in

²Private Participation in Infrastructure, Secretariat of Infrastructure, Planning Commission of India Report, Jan 2010, page 3, www.infrastructure.gov.in

³Workshop Report on "Facilitating Public Private Partnership for Accelerated Infrastructure Development in India", Asian Development Bank, Dec 2006, page 20. <http://www.adb.org/Documents/Reports/Consultant/39659-IND/39659-IND-TACR.pdf>



PMBOK, “Expert Judgment” is one of the most important tools for handling these complex situations. This versatile tool of Expert Judgment is the amalgamation of professional competency, analytical skills and practical application of theoretical knowledge to enhance effectiveness of decision making process. Unfortunately, today’s teams lack these ingredients, which is highlighted by the series of mishaps happening at the various venues of the Commonwealth Games scheduled from 03 Oct 2010 in New Delhi. If the collapse of the foot bridge was not due to rain or negligence,⁴ and the collapse of the roof of the Jawaharlal Nehru Stadium was due to the weight of the cable and the ducts, which was not visualized during the planning stage and also not due to poor design, then it points to only one aspect – lack of expert judgment. Perceived comfort in narrowed down subject expertise zones has deterred project managers from understanding the other facets of management and the importance of integration with other stages.


The project execution teams are challenged and their skill tested right from the initiation stage and continues even after completion of the project. While each public project is unique in its own way, and possible there may not a parallel in history to permit application of templates. Yet some of the areas are very generic in nature, where past experiences can guide the project team in successfully managing the current projects. With this premise, some of the major areas, which are generic and pose challenges to the successful completion of public projects, are discussed below. This is just an indicative list, for academic interest and not an exhaustive one. To manage the project specific and project peculiar challenges calls for excellent subject matter expertise apart from expert knowledge.

Understanding of Project Objectives. While the executing agency looks at the terminal result of the PPP project as the **requirements or scope** of the project, in reality it is a **benefit** from a larger program envisaged by the government. The objectives of the Government when they undertake public projects are much more than the deliverables of each individual project. Unfortunately, the constituent participants of the PPP seldom visualize beyond the scope of the project. In reality the scope of every public project can be called a work package of a bigger WBS, a WBS which most of us do not make an attempt to understand for sheer lack of subject expertise. Especially in the service solution projects, understanding of the bigger objectives of the role that the service provider can play in enhancing the quality of life of the common citizen will lead to improved service delivery.

One of the many notable examples where the understanding of the larger social benefit which drives current projects to deliver outstanding results is the transformation of Surat city from a urban garbage dump to a world class city, post the plague outbreak in 1994.⁵ While eradication of plague was the task at hand, the major objective was to bring about a change in mindset of the citizens and ensure voluntary contributions of citizens in maintaining hygienic living conditions. This in depth understanding of the benefits at large to society will drive the present performance to greater heights, as one then goes about the planning process with due diligence, leading to flawless execution. Failure to foresee future utilization of these resources as national assets, and myopic visions restricted only to the task at hand, will lead to situations comparable to the situation when the Bangalore International Airport could not become operational for almost two months for want of the road from the city, which

⁴“Footbridge Collapses near Delhi Stadium” The Hindu, 22 Sep 2010, Bangalore Edition, page 1.

⁵Making Breakthrough Innovation Happen, Porus Munshi, Collins Business, 2009, page 192 -216.



was not even envisaged, and today after about two years, the road is dug up for constructing the metro link.

Long Gestation periods. The journey of a good public project from the stage of idea generation to the stage of ground breaking, which marks the commencement of the execution process, is a very long one. During this long journey, the private partner is expected to partner with the Government with no economic results assured. Many a times such partnering has lead to heavy sunk costs, a fact which deters private players undertaking this journey. During this period the participating partners will be required to advice the Government on professional matters. These long drawn processes have their own implication on various aspects of planning and execution, and calls for a high level commitment. Market conditions pose a major risk during such long waits, but are inevitable.


Governmental procedures necessitate deliberate examination at various levels – Administrative and financial. Also, the government system of lowest quote getting the work order does impact the planning process. Some of the challenges that one faces due to this situation are:-

- ◆ Estimations becoming irrelevant as they do not anticipate and factor in for price fluctuations. Committing to execute work at non viable rates lead to compromise in the scope and quality of the work or cost overruns in projects. Projects executed for hosting the Commonwealth Games are expected to have cost the national exchequer 17times more than the original estimate made during
- ◆ Changes in technical specifications due to technological advances in the intervening periods,
- ◆ Competitive pressures on cost and time baselines.

The Unique Identification Number (UID), which has finally seen the light of the day, was conceived as a concept of financial inclusion when Dr Manmohan Singh was the Finance Minister. With many changes happening over a period of years, it has finally taken the form of UID. However by the time the project encompasses the complete concept of social and financial inclusion of the weaker section of society into its folds, it is expected to take another five to six years. This implies that the partners in this project have to calculate their ROI over extended periods, provided they get to associate with such public projects and reap the benefits of their efforts.

Management of Statutory and Regulatory Agencies. Most of the private partners in a PPP have a pre conceived notion that the activities and mandate of statutory and regulatory bodies are restrictive in nature and one has to tread cautiously when they cross paths. The statutory and Regulatory Authorities have a constitutional role to play in safeguarding public monies and ensuring that it is not misused/squandered. Unfortunately in the complete set of processes designed, they come into play only after completion of the project, and as a result have been tagged as “*non objective critics*”. The role of these bodies cannot be undermined and bypassed under any pretext.

Executing agencies should be proactive in harnessing the support of these agencies. This calls for focused understanding of the functioning of these agencies, innovative plans to harness the support and cooperation of these agencies for constructive participation to facilitate smoother execution and hassle free completions. The objective of their critical analysis is to ensure that errors that occur are documented and are not repeated in future. The report of these organizations are a repository of lessons learnt, which form inputs for project planning as an ‘Organizational Process



Assets". They contain the unbiased versions of how the projects were planned, executed, monitored and closed, an activity which the project team does not perform in a balanced and judicious manner. The report of the CAG on the Delhi Metro Rail Project is an eye opener on the possible pitfalls, basic ones but yet overlooked for whatever reasons, which can be avoided by incorporating the aspects highlighted into the plans of future PPP projects.⁶


Knowledge Management and Capacity Building. This is another challenging and daunting task which is critical for the success of public projects. The expertise of government officials is limited to specific areas related with their work, and very few of them make the effort of acquiring new knowledge and skill sets. They depend on the private partner to bring in the domain knowledge and expertise. The private partner also has to build the capacity of the public bodies by imparting training and make the public partner competent and self dependent to sustain the operations. This calls for a high level of knowledge amongst the team members involved in the PPP projects. Timely answers and solutions to queries go a long way in infusing confidence in the public at large and facilitate better dependency.

Technology integration, legacy transformation, interfacing between various facets of functional components also demands a high level of understanding the various systems already in place and processes. Apart from domain knowledge, general management and public process awareness comes handy in integrating interests of various stakeholders.

Change Management System. Another important but yet overlooked area is the Change Management in PPP projects. That change is a necessary evil of PPP being a reputed fact, good project management practices and prudence demands that we anticipate it and be prepared to embrace it. This again calls extensively on the expert judgment skills of the project steering committees. Depending on the stage of the project, decisions on changes can be a complicated and murky affair. Either way, many aspects which are challenging and needs to be handled in a mature approach could include:-

- ♦ **Record Management.** The constant conflict between confidentiality, business competition and knowledge management generally impede correct and unbiased documenting of project information. It should be appreciated that compromising reality of facts for the sake of public image may not always be in the larger interest of good project governance. Sharing of lessons learnt enhances industry competency, which will be beneficial to society. In a PPP project the onus of maintaining correct records lies on the private player and the same has to be immaculate. These records come handy in mitigating risks, settling of disputes and ensuring stakeholder buy in.
- ♦ **Risk Sharing.** Due to the multi layered and multi actor processes of decision making in both the partner's hierarchy of organizational structure, project performance is compromised. For example, in the government the various hierarchies are - administrative channels to assess the impact of changes, the technical hierarchy for evaluating technical implications of changes and the financial authorities for scrutinizing the justification of cost implications. Handling of these situations which delays decision making calls for innovative and proactive

⁶.Report no 17 of 2008, Public Sector Undertakings – Implementation of Phase I of Delhi Mass Rapid Transit System by Delhi Metro Rail Corporation, <http://www.cag.gov.in>



approaches. Ownership of risks and the costs associated with it have to be identified upfront, defined, documented and exigency plans drawn up.

- ♦ **Dispute Resolution Mechanisms.** With conflicting objectives of social cause, profit motives of individuals and organizations, resolution of disputes is another issue which needs to be deliberated on and designed for quick resolution. Delays in dispute resolution will not only affect the project performance but may also adversely influence and hinder future player's active participation.

Definition of Joint Responsibilities. PPP projects involve a large amount of dependencies for performance. Especially dependencies on joint responsibilities are challenging task daunting project managers. There can be nothing more frustrating than uncertainty of your performance which is attributable to other's performance. Such areas of joint responsibilities, if not addressed correctly, can lead to delays, blaming games and jeopardize the very success of projects. Situations where policies are still to be put into place while project implementations are in progress brings in a lot of uncertainty and exposes the execution agencies to excessive risks.⁷ Any shift in stance by the Government on policy and regulatory issues at this belated stage is going to be a challenging proposition for players.⁸

Integration and communication management has to be at its best - visualizing dependencies, identifying areas of joint responsibilities and charting clear roles and duties. Understanding of project complexities, where joint responsibilities are involved, calls for factual examination at place of action rather than AC room reviews. Question is how do we move people to ground zero?

Professional responsibility and ethics of both partners have to be impeccable, lack of which will completely ruin the outcome of the project. Actions like disowning/attempting to transfer responsibility for the failures of public projects, like the actions of Prometric attributing glitches during the CAT 2009 exam to unlicensed software used by their centers reflects poorly on the expert judgment of private partners and does not infuse confidence on their dependency.⁹ Projects have to be managed with a passion for only excellent delivery and not with passion for other personal objectives or motives. Drawing this line of ethics is another area which heavily draws on the expert judgment of the project teams.

1.4 Recommendations to enhance Performance

With this overview and selective identification of the complexities and the challenges faced during managing public projects, experiences of applying the best practices propounded by PMBOK, indicate relevance in handling these situations. Therefore, for better understanding of the complexities of public projects and to enhance performance of teams, some of the aspects which need to be kept in mind and addressed during the planning and execution stage can be summarized as under:-

⁷·TN e-security policy soon, The Hindu, 28 July 2010, Bangalore Edition, page 18.

⁸·Airport fee rejig to hit developers' profit margins, The Financial Express 07 Aug 2010, Bangalore Edition, page 1.

⁹·Unlicensed software blamed for CAT glitches, The Hindu, 24 Sep 2010, Bangalore Edition, page 4.

- ♣ Study the stories of successful public projects executed in our own country, to gain insights and draw lessons to guide project teams while executing future public projects.
- ♣ Make sincere attempts to understand the bigger picture, of which your project is a small component. This understanding will not only facilitate better planning, but also ensure stakeholders buy in and unflinching support in times of crisis.
- ♣ Arrange and organize teams around a core of dedicated visionary members, who possess extensive knowledge, both theoretical and practical, of social science apart from their technical skills in specialized areas.
- ♣ Collaborate and prepare for changes by active participation with the Government and industry partners to shape projects on the anvil right from the elementary stage.
- ♣ Have flexibility in estimates and design to cater for changes necessitated due to prolonged gaps between initiation, planning and execution stages, on account of procedural delays.
- ♣ Proactive interaction with the regulatory and statutory agencies can ensure that their participation contributes to the success of the projects. Their role must be changed from the traditional corrective to preventive.
- ♣ Project Managers must be visionaries, who are capable of understanding the complexities of social responsibilities and profit motives of organizations, and blend them for effective performance. Negotiation skills, conflict management capabilities and professional integrity are the other skills which need to be developed amongst project managers assigned to public projects.
- ♣ Maintain continuity in knowledge transfer amongst team members.

In his book from “Good to Great” Jim Collins speaks of Level 5 Leadership, which is very important and one of the primary ingredients to propel companies to greater heights and to continue sustained performance at peak levels.¹⁰ Organizations involved in PPP projects need to methodically build up the leadership hierarchy to ensure that Level 5 leaders are never in short supply and attrition at every level has enough buffers.

1.5 Conclusion

Due to the constraints on the State machinery and their inability to meet the demands of the public, the PPP model to create infrastructure is a viable option. The recent admission of the Finance Minister that the Government alone cannot meet the demand of skilled workforce and the assistance of the private players has been mandated, is a reinforcement of the dependency on the PPP model.¹¹ The PPP model which is passing through the initial teething problems faces many challenges for acceptance as a reliable mechanism for nation building. With rogue players threatening to destabilize the systems by their unfettered desire for profits there is a need to voluntarily monitor and nurture the growth of this business option in a protected environment for the benefit of all stakeholders. Therefore, to ensure that this model matures and stays, the onus is on private partners to effectively deliver the

¹⁰ Good to Great, Jim Collins, Random House Business Books, 2001, page 20.

¹¹ Private Sector can help meet skilled workforce target, The Hindu, 21 Sep 2010, Bangalore Edition, page 15.

promised deliverables. A conscious attempt by the business entities to display professional competency, integrity and the sense of joint ownership is very vital to instill confidence amongst all the stakeholders in the entire gamut of PPP projects.

“There is no worse mistake in public leadership than to hold out false hopes soon to be swept away”

Winston Churchill

1.6 Author(s) Profile



With over two decades of experience in executing government projects, his specialization is in successful completion of troubled projects. Project management consultancy, arbitrations, negotiations, teaching, corporate training and mentoring are key areas of his professional involvement. Presently he is assisting government bodies in developing and implementing project management solutions.

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