



ANALYTICAL STUDY OF PROJECTS PERFORMANCE BEFORE 21ST CENTURY IN PAKISTAN

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ABSTRACT

Economic growth and development has been pursued through public investments by the government into the development of agriculture, infrastructure, services, social and human sectors. The development of these sectors results into higher GDP per capital income and life standards. The objective of this paper is to find impact analysis of project in Pakistan. For this purpose, data were collected from project directors, HEC personnel's and consultants of higher learning institutions through interviews and a critical review of development projects performance and their impacts is being studied.

Keywords: *Higher Education Commission (HEC), Information System (IS), Gross National Production (GNP), International Monetary Fund (IMF), Gross Domestic Product (GDP), Purchasing Power Parity (PPP)*

1. INTRODUCTION:

Project management is the only tool and management process for consideration in a success of a project. It is necessary for a project manager to consider reduction of uncertainty during project planning. Information System (IS) Project Management is usually considered knowledge centralized and experience driven activity and difficult to implement by inexperienced staff [Lee & Lee, 2006].

In Pakistan, since the time of independence (1947), numerous development projects have been introduced to accelerate the economic growth and development. The development has been seen through twenty years perspectives plans and five year plans. Although, development was the principle objective of all the development projects, no appreciable development could be achieved in the broader perspective of poverty alleviation, health, education, infrastructures development, per capita increase in GDP and general economic growth. [GOP, 2004]

The impact analysis shows the results of the development efforts that were carried out in the past. While usually development is measured through the assessment of the impacts of programs and projects. The impact is indicated in terms of GDP, per capita income and other economical and social indicators [Norton & Alwang, 1993, p. 13].

The main objective of this paper is to find impact analysis of the project in Pakistan. The impact analysis thus revealed that besides the effects of the planning system, the management of development projects also has a marked effects on the objective achievements and project performance.

2. METHODOLOGY

Data were collected using Interview from all public and private sector higher learning institutions of Pakistan. To provide the data, respondents were given a choice of being telephonic/personnel face-to-face interviewed. The data is collected from a selected pool of experienced Project Director/Managers who

were involved in project development from last five years in higher learning Institution of Pakistan.. The detail points are as follows:

2.1. Under Development In Pakistan

The development is focused on the economic and growth through production and development of agriculture, services, infrastructure, social aid human sectors. In other words, development is described and prioritized for rapid production of agricultural commodities, expansion of services sector, building of infrastructure and roads, expansion of education and literacy rate, and health services. The development in the said sectors was indicated in terms of suitable Gross National Production (GNP), higher per capita income, less population, higher literacy rate, decreased rate in poverty and higher life standards. However, the same has not been the case of Pakistan.

Pakistan is still featured as a low income developing country. The underdevelopment conditions are reflected in Table 2. The GDP per capita is only US \$480. Population growth rate is 2.6 percent, one of the highest in the world. About 40% of the population is living below the poverty line [GOP, 2001]. Urbanization is rapid and fast. The literacy rate is 47%, which is the lowest even in the region. Low productive agriculture constitutes the main source of the economy (24% share of the GDP), wherein 48% people get employment, Employment in the industrial sector is very low (10.5%). The country is heavily relied on foreign aid and remittances from the large migrant labor force abroad. The exports are very low (US\$10 billion per annum) and mostly dependent on agriculture and by-products. Poor health care services and low education for the majority of the population, and squalid housing conditions for a large subsection of the population. Infrastructure is lacking in provision of electricity, sanitation and roads. Clean drinking water is available to only 53% of the population [GOP, 2001].

The economic situation is further crippled with the high internal and external indebtedness of the

country which stands at US\$ 38.2 Billion [ESP, 2001]. Very small foreign investments (\$ 81 million) and destabilizing effects of high inflation (between 7-13% annually) coupled with persistent depreciation of the Pakistani currency (Rupee) against international currencies make the situation further vulnerable. A worrying aspect also hazarding the planning is, lastly, Pakistan's high reliance on raw cotton and its products in foreign trade, in the context of continually declining term of trade and the vagaries of the nature.

2.2. Performance Of Development Projects

A critical analysis of the economic situation of Pakistan reveals that the country had a miserable start in the earlier years of its independence with weak economic infrastructure, poor social services, and inadequate administrative set up. Therefore, it was recognized by the government that economic development and prosperity should be pursued through ideal of the growth with equity and social justice. This ideal is reflected in the aspirations of all Five Year Plans (FYP) prepared since the independence. It is mentionable that the FYP is the vision plan of developmental projects and programs in Pakistan.

2.2.1. First five year plan (1955-60)

The first Five Year Plan was developed and launched in July 1955. The main objective was to achieve higher economic growth through establishment of industry and improved infrastructure. A total outlay of Rs.7.33 billion had been allocated (Table-2). However, projects were seriously upset by the lack of organization and untrained professionals. Furthermore, political instability also played its role since no clear vision was provided. Foreign aid availability (52%) too could not bring any change since most of the expenditure been made on non-developmental side. As a result, only 22.5% of the projects had been completed (Fig-1).



2.2.2. Second five year plan (1960-65)

The Second Five Year Plan was envisaged with a total outlay of Rs. 11.05 billion. Government adopted strategies developed by the World Bank and IMF, based on the primacy of the economic

growth and the principle of “functional inequality”, with intended concentration of capital in a few hands for purposes of maximum reinvestment, and ‘trickle down’ effects only in later stages [Saeed 2001, p.53], foreign technical assistance by international donors has been

Table -1: Five Year Plans’ Allocation, Actual Outlay and Foreign Aid Inflow (1955-98) (At respective base year prices, Rs. in Billion

No.	Project Plans	Allocation	Actual outlay	Foreign Loan inflow in %- ag	% Utilization
1.	First Five Year Plan (1955-60)	7.33	4.79	52.0	65.34
2.	Second Five Year Plan (1960-65)	11.05	10.57	67.0	95.65
3.	Third Five Year Plan (1965-70)	18.62	12.91	84.2	69.33
4.	Fourth Five Year Plan (1970-78)	159.78	72.91	63.0	45.33
5.	Fifth Five Year Plan (1978-83)	296.15	150.29	79.0	50.41
6.	Sixth Five Year Plan (1983-88)	395.60	228.33	86.2	57.41
7.	Seventh Five Year Plan (1988-93)	763.57	308.83	70.9	40.45
8.	Eighth Five Year Plan (1993-98)	1995.24	535.24	65.0	38.37

Source: Author’s Computation from the Data of Planning and Development Division, 2000

arranged to finance the projects. Government had paid serious attention on the success of the projects. As a result, 95.65% of the financial resources had fully been utilized (Table 2) and record 81.7% of the projects were completed. Thus, the second plan embraced a great success.

The Pakistan’s GDP in that time rose substantially by an average more than 6 percent per year. Economic growth was significant and Pakistan came to be seen as a model of central planning for the entire developing world to follow. Delegations from the the poor countries such as South Korea came to learn from it. In the opinion of Myrdal [1968, p.757] in his classic and authoritative study of South and South-East

Asia, Pakistan was one of the developing countries most seriously concerned with economic planning. Many reasons have been warranted for the success of the second FYP. The reasons are:

- A great deal of technical assistance was devoted to the methods and techniques of central planning and management of the project and economy. Much attention was given to training of the experts in the planning and management of the projects, and hundreds of senior civil servants were imbued with concept of central planning.

- Pakistan’s major institution for planning and development, the Federal Planning Commission, relied on the Ford Foundation’s Harvard group of Western Planning Experts, who were engaged in macroeconomic techniques of forecasting and drafting of plans documents on scientific basis (Waterston 1990, pp. 34-35)
- Political stability and government commitment also played an important role. A free environment helped the development process to flourish without interventions of the external vested interests

Reasonable growth did occur; however, it ensued inequalities and ultimately unleashed tension among the masses thereby political instability in the country. However, from the development project point of view, that was a successful era with tremendous achievements.

2.2.3. Third five year plan (1965-70)

The third Five Year Plan was put into effect with the similar objectives to achieve higher GDP growth through improved infrastructure, industry, and water and power sectors. However, the plan faced a much hard time due to the following reasons:

- The influence of war with India
- The political unrest
- Societal dissent over the strategy of ‘betting on the strong’ that culminated the inequality among the masses.

The project achievement efficiency remained at 42.3% (Fig-1) and the utilization of resources was 69% (Table 1) since the trained staff managed the projects on basis of their previous experience.

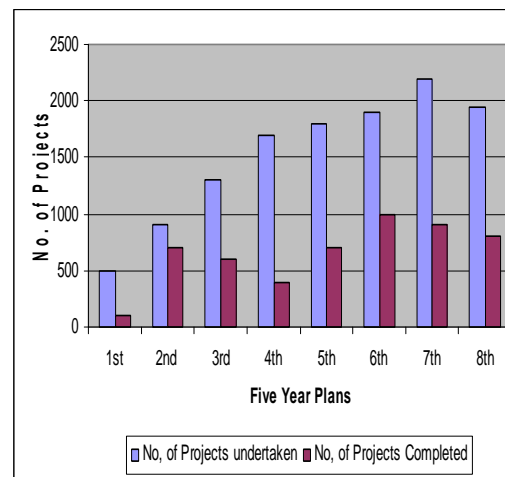


Figure 1. Performance of project during Five Years Plans

2.2.4. fourth five year plan and non plan period (1970-78)

The 4th Five Year Plan (1970-75), was launched with the objective to tackle the problem of inequality and put forth more emphasis on public problems. However, the plan could not implemented completely due to following reasons:

- Effects of second war with India
- Political instability

The change of the government brought a change into the policy of the government to abandon the FYP system for implementing the projects.

The establishment of the socialist government during that time did not follow the system and ceased the FYP and putting forward the nationalization policy of all the private industry. However, strengthened the central planning system by bringing all the system under the central political and bureaucratic machinery. The main idea behind the policy shift was to pursue the objectives of alleviation of poverty by providing food, shelter and clothing to very citizen of the country. Projects of variant size and Costs were planned and implemented. However, the combined achievements of both



the 4th FYP and non-planned projects were around 21 % with fund utilization of 50%. The major causes behind less success were:

- The weak management of nationalized instructions and industries, the institutions become white elephants grabbing the capital without any significant output.
- Reluctance of the private sector to mobilize the resources and take part in economic development [Aslam, 1991].
- Natural calamities in the form of floods (1973 and 1975) and earthquakes (1974).

2.2.5. Fifth year plan (1978-83)

Although the succeeding government did not endorse the socialist path to development, it continued to emphasize prosperity and self sufficiency. The government again revitalized the FYP and put into effect the Fifth FYP (1978-1983). The Fifth plan had many problems due to it following factors [Aslam, 1991]:

- Afghan war and the refugee influx.
- Oil crises in 1979.
- Economic recession in the West (1980) and the increase in the interest rates.
- Continued effects of the previous nationalization policy.

Despite all the above odd factors, higher GDP growth of 6 percent had been noted during the plan period. Higher performance although attributed to foreign aid (79%) and increased remittances from the Pakistani workers in the Gulf States that even exceeded earnings from all the sectors including exports [Aslam 1991; The project performance during the period was around 36 percent (Fig -1).

2.2.6. Sixth five year plan (1983-1988)

The 6th FYP was formulated with the policy to continue the development of infrastructure and induce private sector investment. However, government also increased the funding towards social sector especially in education. Increased finding were ensured through higher rate of foreign loans (86%). The economic growth remained at satisfactory level, but successes of projects were dwindled around 57% (Fig-1). These exhibits the fact that project were poorly managed. Economic growth has been generally boosted again by the continued influx of the heavy foreign loans and the remittances of the workers that kept the government's accounts financially strong.

2.2.7. The seventh and eighth five year plans (1988-93, 1993-98)

The 7th and 8th FYP were well written documents. The main thrust were social development in the field of health, education and human development. The main rationales for these plans were to have their usefulness for backing up requests for foreign aid and loans from international donors. Due to the difficulty at making hard choices and the need for giving due lip service to all sectors with a view to secure foreign aid, the plans stressed all the things under the sun. However, both could hardly meet half of their projected targets. The numbers of projects completed were only 46.45% and 44.21% in the 7th and 8th FYPs respectively. Due to which the creation of work opportunities become less and economic activity become slow. This resulted in erratic economic growth which in turn tailed off the GDP growth rate to an average per capita growth rate of only one percent annually. Both the plans faced similar problems. The political disturbances, economic uncertainties, frequent change of governments and policies, reduction in inflow of foreign aid and investment were main causes during these periods. Furthermore, the remittances also declined substantially. Debt servicing of foreign loans, which had been secured for the previous FYPs, has also began taking big chunks of the resources that could be



used for the economic growth and development [Afzar 1992, p.8]. Population at the end of the plan periods was 137.51 million, with a growth rate of 2.6%, GDP growth rate was 3.9% against the projected targets of 7% each. The unemployment rate stood at 6.10%, indicating a constantly rising trend. The poverty reached to 43%, with per capita income only USD 480 per annum (Table-2).

2.3.. Impact Analysis

The impact analysis of the development efforts before 21st century in Pakistan are presented hereunder.

2.3.1 Economic impact of the development efforts

In the evaluation of Pakistan's economic growth patterns since the first FYP put into effect, Malik et al [1994, pp.66-68] conclude that in the 1960 up to the 1990s, the increase in the Gross National Product (GNP at constant factor cost) has been at a compound annual rate of around 5% due to the high population growth (more than 3%). However, the per capita income grew at an annual rate of just 2% over the year 1949-50 to 1987-88. The 1960s were the years of highest growth rates; in the 1970s the influence of the oil crises and international recession was felt, compounded by a nationalization policy which led to reduce investment, in the 1980s, these policies were to some extent reversed, while the influence of greatly increased remittances from Pakistani workers in the Gulf States began positively influence the GNP. However, from the study of Economic surveys published in 2000-2001, it can be seen that economic growth has steadily went down to just one percent annually.

In relative terms, the level of wealth or poverty in Pakistan can be evaluated on the basis of International comparisons of Purchasing Power Parities (PPP) estimates. If these are looked into, it must be concluded that Pakistan's population were generally better off than most of the other countries of South Asia i.e. India, Bangladesh, Nepal and Bhutan. It is slightly worse than Sri

Lanka. According to World Development Report, 2000, the PPP of the GNP per capita in Pakistan, if the USA would be indexed at a 100 in 1999, Pakistan would be at 8.3 or US \$2230. India on the same scale would have a position of 6.2, Bangladesh 5.1, and Sri Lanka 12.1. In comparison, countries such as Thailand recorded 28.0, Brazil 20.0, and Indonesia 14.1 in the same year [World Development Report, 2000]. The purchasing Power Parity, as the GDP per capita does not reveal the potentially large gap between poor and the rich. This gap is widening. In 1990s, gap recorded in terms of Ginni Index, was 0.37, which now widened to 0.40 (Table-2). The above reflects that economic impact of development has not been visible on the living conditions of general masses.

2.3.2. The social impact of development efforts

A general notion, now widely accepted in Pakistan and outside, is that the country has lagged behind in social sector development in comparison with the rest of the world. The literacy rate is one of the lowest worldwide including South Asia and is currently estimated at 47% [ESP 2001]. Levels of literacy less than half that size are encountered in the rural areas, a cause of their high unemployment level as well as lack of organization (Table-2).

Education, health, rural water supply and sanitation have historically been neglected in terms of government attention, which has been directed more to government employment creation, infrastructure development and now debt servicing. For instance, expenditure on development related sectors such as social, community and economic services including subsidies was at 32% of the Federal budget after debt servicing which is 43% [ESP 2001]. The lack of literacy and education in wide sections of the population has not benefited the economy or the development of the country as a whole

2.4. Economic Prospects

Rapid development in Pakistan can tilt the balance through more efficient public resources utilization and better management. The country has widely acknowledged large economic potentials in terms of irrigated agriculture, hydropower, as well as coal, oil, gas and other mineral reserves. In that sense, Pakistan is not comparable to many other developing countries with smaller natural resources. Pakistan as Burki [1988, p.5] has highlighted, has also a sizeable reservoirs of well educated people (in spite of the low literacy rate). In addition, the uneducated masses still make up a vast and extremely cheap labour force to be used for industrial development. It is for this reason that well known economists such as Shahid Javed Barki [1993] and International establishments such as the World Bank, IMF, and the Asian Development Bank are still fairly positive about Pakistan's economic future.

However, this optimism is not reflected in some of the indicators. For example, the cost of living is rising sharply for large sections of the population. Even growth is occurring; history shows that it is easier to achieve high growth rates on a very low base, than to sustain these at a relatively advanced stage. It should not be assumed that earlier growth rates are any guidance to future growth rates. It is this reason that takes off of the economy is not occurring at all. Given the unstable environment, little foreign investment is coming forward even with the opening up of the economy, in year 2001 it was US \$247 m and 37% down on the previous year's level. Ultimately, the evaluation of Pakistan's potential as well as the positive effects of the economic growth might have on the quality of the management and development process remains a matter of speculations.

Table-2. Economic and Social Impact of Development

1999-2000	Average Annuals				Area / Indicator	S.No
	1990	1980	1970	1960		
3.9	4.6	6.5	4.8	6.8	GDP Growth (%)	1
2.0	4.4	5.4	2.4	5.1	Agriculture (%)	2
1.4	4.8	8.2	5.5	9.9	Manufacturing (%)	3
3.0	4.6	6.5	3.9	6.8	Commodity Producing Sector (%)	4
5.0	4.6	6.7	6.3	6.7	Services Sector (%)	5
480	445	420	370		Per Capita Income(USD)	6
9.8	10			.	Inflation rate (%)	7
137.51	122.49	96.32	84.25	65.32	Population(million persons)	8
2.60	2.81	3.06	3.10	3.21	Population Growth Rate (%)	9
47.1	39.8	29.5			Literacy Rate (%)	10
43	36	24	39	46	Population Below Poverty (%)	11
0.47	0.37	0.30			Ginni Coefficient	12
62.10	60.70	52.89			Life Expectancy (Years)	13

Author's computation data from (i.) Federal Bureau of Statistics. (ii.) Economic Survey of Pakistan 2001



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3. CONCLUSION

Economic growth and development has been pursued through public investments by the government into the development of agriculture, infrastructure, services, social and human

sectors. The development of these sectors results in higher GDP, per capita income, and life standards. The impact analysis revealed that although the elaborated planning system initially seemed to contribute to satisfactory economic growth levels in 1960s. However, due to internal unrest at the end of the 'development decade' in the 1960s, an international recession in the 1970s, increasing reliance on remittances from abroad in the 1980s and slowing growth in the 1990s, the relationship between development projects and national development become more and more difficult to substantiate. The average GDP growth remained 6% from 1960s to 1980s, which went down to only 4.6% in 1990s, poverty raised to 43%, and literacy rate to only 47%. The growth becomes more erratic in 1990s. The performances of the projects in achieving their objectives were higher (68%) in 1960s. However, in later decades (1970s-1990s), the performance was around 48%, in achieving their objectives. The impact analysis thus revealed that besides the effects of the planning system, the management of development projects also has a marked effects on the objective achievements and project performance.

4. FUTURE WORK:

A critical analysis of the projects processes is needed to explore the issues and problems of the development project that result in sub optimal performance and achievements.

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