Challenges Project Management in Bangladesh:

Positive Factors:
1. Growing economy, scope for fresh and new projects, need for infrastructural facilities.
2. Availability of resources.
3. Abundance of manpower.
4. Urge for development.
5. Adaptability of manpower vis-à-vis technologies.

Negative Factors:
1. Poor & very inadequate technical bases.
2. Inadequacy of research & trained manpower.
3. Serious brain drain.
4. Lack & inadequacy of infra-structural facilities.
5. Corruption (resource utilization is only 40% effectively).
6. Very poor project planning.
7. Data bank lacking & highly inaccurate.
8. Dearth of experienced & hardworking and honest entrepreneurs.
9. Poor general economic conditions & low per capita income.
10. Size of market & buying capacities.
12. Absence of good governance.
13. Unfriendly administrative machinery.
15. Weak & ineffective capital market.
16. Inefficient monitoring of banking structure & banking policy.
17. Default culture.
19. Lack of political will.
20. High political risk including instability.
22. Bangladesh is classified as “high risk” country.
23. Low savings - GDP ratio.
24. Majority of the population lives below poverty level.
25. Low literacy rate & lack of civic sense, patriotism, and sense of belongingness.
26. Unhealthy distribution of income and concentration of most of the wealth of the country in the hand of several thousands.
27. Absence of social values and social justice with its serious erosion.
28. Serious exploitation of society and country by educated people.
29. Inadequacy of physical resources.
30. Growth of population.
31. Wrong conception about religion & week socio-cultural institution, of which family is the weakest.
32. Cumbersome custom formalities.
33. Very low contribution of service sector.
34. Imbalance between direct and indirect tax structure.
35. Very loose boarder and smuggling.
36. Very wide trade gap that is unfavorable balance of trade & balance of payment position (Export earning is about 40% import bills).
37. Ineffective balance of growth of agricultural & industrial sectors.
38. Initial industrial base was planned on the basis of different geographical dispersion and market.
39. Inadequacy of basic, heavy and mother industries.
40. Irregular flow of foreign funds.
41. Lack of interdepartmental, ministerial coordination & ineffective sectoral adjustment.
42. High frequency of natural calamities and disaster.
43. Serious impacts of ozone unbalancing, warming up of atmosphere, increase of sea level, probable flood and erosion of landscape.
44. Serious problem of time and cost overruns of project implementation.
45. Lack of motivation in implementation of projects with serious snags.
46. Political unrest impedes projects implementation & absence of network analysis or project scheduling is hardly pursued.
47. Impacts of open market economy & formation of regional economic blocs.
48. Ineffective & corrupted banking structure.
49. High degree of propensity to incur unproductive expenses out of project funds both in public and private sectors.
50. Trading mentality of entrepreneurs, lack of business farsightedness resulting into interest towards painstaking industrial projects.
51. High degree of irresponsibility, callousness & indifference on the part of project managers of public sector projects.
IMPLEMENTATION OF DEVELOPMENT PROJECTS IN BANGLADESH:
EXISTING CHALLENGES & FUTURE STRATEGIES

Prof. Md. Muinuddin Khan

Abstract: In a developing country like Bangladesh, where resources are scarce and where the private sector is still in its infancy, efficacy in managing the projects is proportionately and directly, conjoined to her growth and well-being. Delayed implementation of projects, which is a regular phenomenon in our country, distorts the very objectives of the projects and diminishes the benefits of the projects. As such effective implementation of projects in time and within the budget is vital. In this context this paper makes an attempt to identify the problems of project implementation Bangladesh and recommend measures for improvement.

I. Introduction
a. Statement of the problem
One of the most critical and gigantic problem which most of the developing countries have been facing is that of poverty and special backwardness. These countries tend to be very anxious to overcome these problems. During the last two decades these developing countries have been initiating a number of development programmes and projects under their development plans aiming at increasing production, adopting technologies for modernization and social change, optimizing use of scarce resources, and above all raising the standard of living of the millions of people condemned to poverty, inequality and unemployment. Thus the public sector growth is one of the natural consequences of planned economy. It is the public enterprises which constitute the most important Institutional framework for achieving these objectives.

The problem of poverty, inequality and stagnation in the developing countries to be as daunting as ever in spite of massive programme of modernisation and social change were undertaken by these countries. This has happened due to unsuccessful implementation of development projects. Existence of a plan does not by any means ensure its effective implementation. Effective management is vital for the development of any economy because development itself is the effect of a series of successfully managed projects. This makes project management an extremely important problem area for a developing economy. Bangladesh being a developing country is no exception to this.

b. Rationale and objectives of the study
In a country where resources are scarce and the development projects are heavily dependent on foreign aids and grants, the burden of the poor or unsuccessful implementation of developing projects can not be imagined. But in actual practice in Bangladesh we find that many development projects remain incomplete or abandoned, and while others are completed after the expiry of the schedule as a result the objectives of those projects are very much distorted and the general publics are deprived of the benefits. Most macroeconomists will agree that in a country like Bangladesh, where the private sector is still in its infancy and where the development activity is largely steered by centrally controlled pecuniary resources, efficacy in managing projects is proportionately and directly conjoined to her growth and well-being. It is, therefore, important that the efficient management of the development projects are vital. The findings of the study would private valuable indication for policy makers looking forward to improving the project management.
Against the background of the above circumstances, this paper is an attempt to identify the factors that help the project implementation; the factors that delay the development projects, the factors that effect the cost barriers of the projects; and elicit effective ways and means to overcome the problems of project implementation in Bangladesh.

c. Review of the Past Studies

To have a proper insight into the different aspects of the project management in the developing countries, it would be useful to have in brief a review of the studies made in the past. However, wholesale comparison of the experience of one country with that of another country may not be proper. Nevertheless a lot of knowledge on the subject can be gained from the experiences of the other developing countries.

Youker, Robert and Burnett made comprehensive study of implementation of development projects in developing economy and identified the following problems: (i) lack of supportive policy environment; (ii) inaccurate demand forecasts and cost of the project estimation (iii) Selection of wrong technology; (iv) defective project design; and (v) personnel management problems. While Rondinelli in his article summarise an extensive analysis of international assistance agencies project management procedures in developing countries. He pointed out some serious problems in the project execution which include: U) Ineffective project planning and preparation; (ii) defective project design; (iii) problems in start up and activation; (iv) inadequate project execution, operation and supervision; (v) ineffective external coordination of project activities; (vi) deficiencies in diffusion and evaluation of project results and follow up action.

Israel pointed out in his study that the main reason for project failure is the lack of country's or agency's commitment to the project objectives. Shaw and Bruce in their case study revealed the following shortcomings of the project planning and implementation: (i) no system exists to ensure systemization of project approval and appraisal process; (ii) industrial or other projects are not related to Macroplans, rather than appraising the individual project in its perspective, (iii) annual budget is the source of allocation of resources and lies with the Ministry of Finance; (iv) lack of equitable economic and social development of the country is due to lack of comprehensive and consistent system of project planning and implementation; and (v) delay in implementation causing cost overruns.

Youker in his study emphasizes managing time, cost and performance of a project. The reasons for cost overruns have been identified by him as follows: (i) bad estimates, (ii) inflation; (iii) lack in cost control; (iv) change in design; (v) acts of god; and (vi) bad decisions. The reasons for overruns in schedule are (i) Changes in technical scope; (ii) over-optimistic time estimates; (iii) problems with supplies; and (iv) changes in economic conditions and monetary fluctuations including devaluation of currency.

Baker and Fisher identified a number of factors contributing to cost growth. These factors are: (i) early contractor cost estimates; (ii) early government cost estimates for Planning; (iii) early government cost estimates for budgeting; (iv) cost estimates for contracting; (v) contract negotiation and forward procedures; (vi) contractor performance; (vii) contract changes; (viii) follow-on contracts; and (iv) other factors. Wrong or inaccurate cost estimation is occurred mainly due to (a) lack of an adequate data base; (b) lack of adequate job definitions; drawings and specifications; and (c) lack of experienced and qualified estimated personnel. Shared identified in his study that delays and cost overruns were mainly due to lack of frequent and periodic planning and review meetings.
d. Methodology of the Study

The research method of documentary analysis has been used in this study. It required a thorough probe into various reports, documents relating to development projects. These documents were collected from the relevant authorities. Much useful qualitative information was collected from the planners, policy makers and the personnel responsible for the project implementation by interviewees. All possible care has been taken in recording various information and views from different relevant sources. All available literature and studies on the subject were reviewed. In addition, some actual project cases are also studied, which gave some insight to the problems and issues relating to project implementation in Bangladesh.

II. Project Management Scenario in Bangladesh

Just after liberation of Bangladesh in 1971 the major portion of the industries was nationalised and brought under the direct management of the government. Since inception government of Bangladesh felt an urgent need for a planned and rapid development in an attempt to solve economic and social problems. Consequently, the public sector investments have been playing a dominating role in the economic development of the country. Although, political changes in the mid-seventies brought about changes in favour of private sector, the role of public sector development until now remains dominant as is evident from the following Table-1:

<table>
<thead>
<tr>
<th>Plans and Period</th>
<th>Planned Outlay</th>
<th>Total (in million Tk.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public Sector</td>
<td>Private Sector</td>
</tr>
<tr>
<td></td>
<td>Amount (in million Tk.)</td>
<td>%</td>
</tr>
<tr>
<td>First Five Year Plan (1973-78)</td>
<td>39,520</td>
<td>89</td>
</tr>
<tr>
<td>Two Year Plan (1978-80)</td>
<td>32,610</td>
<td>84</td>
</tr>
<tr>
<td>Second Five Year Plan (1980-85)</td>
<td>111,000</td>
<td>65</td>
</tr>
<tr>
<td>Third Five Year (1985-90)</td>
<td>250,000</td>
<td>65</td>
</tr>
<tr>
<td>Fourth Five Year Plan (1990-95)</td>
<td>407,300</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Relevant Five Year Plans, Planning Commission, Government of Bangladesh.

Though huge amount of money was invested in the development projects during the last two decades as is evident from the above table, the results were somewhat disappointing. In the seventies, the GDP growth rate was more than 4.4% on average whereas between FY82-FY89 it came down to 3.1%. These are many reasons for this poor condition of our economy, of which mismanagement of the development projects is one of them.
In order to identify the areas of strengths and weaknesses of the management of the development projects in Bangladesh, the following factors may be specified as impelling and impeding, factors towards smooth, efficient and effective implementation of Development project in Bangladesh.

a. Positive Factors
Though Bangladesh is one of the least developed countries of the world there are some positive factors that help successful implementation of the development projects. These factors are:

(i) Manpower availability
Supply of unskilled manpower is unlimited. One need not to worry for manpower resource optimisation as one has to strive for in the projects in the industrialised country. It is very easy to hire and fire the temporary staff, a situation that is common in projects.

(ii) Low Wages
Wage rate in Bangladesh is one of the cheapest in the world. A worker will work for a full day for just 1.50 US dollar.

(iii) Manpower adaptability
The workers readily work on overtime, if necessary. Family requirements do not get preference to the demands at work. Officers work on overtime without any overtime salaries making the project working more flexible.

In addition to the above receptiveness to banning, cultural heritage and hospitality are also positive factors which contribute to the successful project implementation.

b. Negative factors
There are some negative factors as well towards smooth project implementation in Bangladesh. These are as follows:

(i) lack of timeliness or time consciousness;
(ii) poor delegation of authority;
(iii) cumbersome and lengthy procedural formalities;
(iv) lack of general and technical competence in project management;
(v) absence of reward/punishment system for success or failure of achieving targets; and (vi) hesitance in decision-making.

(c) Time Overruns
It has been observed that most of the projects in Bangladesh are not implemented within the time specified. As a result the benefits of the projects are delayed and in most of the cases benefits are eliminated. Table-2 reveals the situation in respect of time overruns in Bangladesh during 1987-88 as per annual review by implementation Monitoring and Evaluation Division (IMED), Ministry of Planning, Government of Bangladesh.

Table-2: Time Overruns

<table>
<thead>
<tr>
<th>Duration of Delay</th>
<th>No. of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5 years</td>
<td>96</td>
</tr>
<tr>
<td>Duration</td>
<td>No. of Projects</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>38</td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>12</td>
</tr>
<tr>
<td>16 – and above years</td>
<td>5</td>
</tr>
</tbody>
</table>

**Source**: Own study

**(d) Cost Overrun**

Actual costs in most of the cases exceeded the planned costs and as such the benefits of the projects are outweighed. A situation in respect of the cost overrun in Bangladesh during 1987-88 as per annual review by IMED is presented by Table-3 below:

**Table-3 Showing Cost overruns**

<table>
<thead>
<tr>
<th>Cost overruns in %</th>
<th>No. of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 – 200%</td>
<td>17</td>
</tr>
<tr>
<td>200 – 300%</td>
<td>7</td>
</tr>
<tr>
<td>300 – 400%</td>
<td>6</td>
</tr>
<tr>
<td>400 – 500%</td>
<td>1</td>
</tr>
<tr>
<td>500 – 600%</td>
<td>2</td>
</tr>
<tr>
<td>600 – 700%</td>
<td>3</td>
</tr>
<tr>
<td>over 700%</td>
<td>6</td>
</tr>
</tbody>
</table>

**Source**: Own study

It has been observed that time overrun and cost overrun were mainly due to time consuming and lengthy procedure in project approval; delay in the appointment of project staff, especially foreign consultants; cumbersome and slow moving procedure for procurement of materials and services, delay in releasing the fund, delay in the clearance of imported goods due to cumbersome customs formalities; scarcity of critical construction materials in the country; lack of cost control, and lack of interagency co-ordination.

**III. Future Strategies**

From the above discussions it is clear that there are ample scopes for improvement of project implementation performance. The following measures are suggested in order to overcome the problems identified above:

1. Develop indigenous skills for project implementation;
2. Develop technicians sensitive to national needs, constraints and opportunities instead of imposing a well-developed system suitable for developed countries;
3. Project approval procedures should be simplified and shortcut so that valuable time is not wasted.
4. Recruitment of project staff and foreign consultants should be made in time;
5. Procurement of Foreign goods should be done timely;
6. There must be appropriate budget provision so that fund can be released smoothly;
7. Customs formalities should be simplified for quick clearance of the goods from the port;
8. Periodic review and evaluation should be done so that inter-agency co-ordination is achieved.
IV. Concluding Remarks:
Effective project implementation would improve aid utilization and result in an increase in long-term economic growth. It is expected that the findings of this study would create awareness in the minds of the policy planners and the personnel involved in the formulation of development and implementation of projects and help them to take appropriate measures so that the projects are successfully implemented in future.