

2 METHODOLOGY

2.1 Developing the Analytical Framework

28. Assessing the implementation capacity for large public infrastructure projects requires an examination of the overall construction industry. This industry has many backward and forward linkages with other industries and interacts with numerous government departments, ministries and private sector enterprises (refer Charts 3 and 4).

29. The report looks at the entire public implementation processes (not just procurement, financial management, finances or consulting industry) and business environment both in Pakistan and abroad. The assessment was carried to reflect the views and capacity constraints of the entire construction industry. Such as, the executing agencies (or client), construction companies and consulting firms. The scope of data collection in the report was limited to large public infrastructure programs. Within the construction industry, focus is on the sub sectors of roads, irrigation, power, airports, ports and railways. The extent of expansion envisaged under the MTFD and other policy initiatives was estimated and factored in projections and assessments of capacity of the economy in handling future demands.

30. The design of the study incorporated an initial overview of the industry through a national and international literature review with a perception survey of key stakeholders. Once the constraints and bottlenecks faced in the project cycle had been identified an analytical framework (refer Chart 5) was designed to verify these preliminary findings. Analytical information was assembled around four broad emerging themes. Such as, Business Environment, HR, Materials and Equipment/Machinery.

31. In order to understand the complex dynamics of the industry and formulate a strategy it was important to elicit the views of the stakeholders. It not only informed the design process of the report but also helped in establishing a democratic foundation of the review process which the concerned stakeholders took ownership of. The GoP and local stakeholders were involved through a set of four targeted interactive focus groups and also through fortnightly discussions held amongst a local panel of experts. The Planning Commission of Pakistan served as the focal point. Focus group discussions included participants from federal, provincial and district tiers of the GoP through their written inputs, local and foreign consultants and contractors.

32. The research and analytical rigor were ensured by technical studies carried out to evaluate the gaps between supply and demand of HR, materials, equipment, study the business environment and processes, review industry costs, and a review of development models in regional countries. The technical studies further included an assessment of the issues faced by the construction industry in Pakistan relative to some comparators along with a review of the GoP's ability to plan and execute large infrastructure projects.

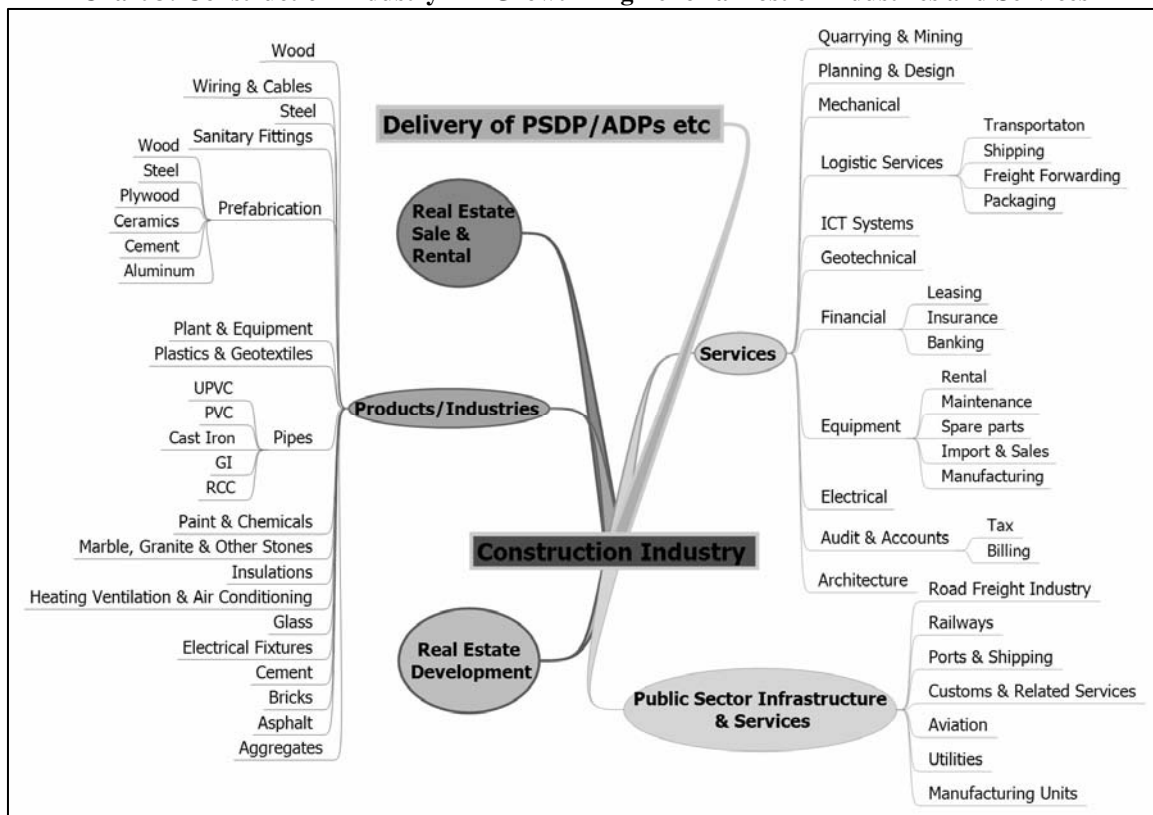
33. This indicative assessment recognized that the stakeholders are also the agents of change. Perceptions are central in motivating behavior and in many cases lead to suboptimal outcomes due to self-fulfilling perceptions causing coordination failures and perpetuating status quo. That is why the importance of factual evidence and on ground realities has not been neglected and extensive diagnostic studies have been conducted within the given analytical framework. The objective is therefore, for developing proposals for change through either reinforcing or refuting perceptions based on facts to ensure appropriate ownership.

34. Considering the backward and forward linkages of the construction industry and the pivotal role of the public sector planners and institutions, understanding constraints in implementation mechanisms for delivery of large infrastructure projects necessitated maintaining a holistic approach. As a result of the extensive and wide ranging technical studies and the stakeholders' surveys, the following technical notes were prepared:

1. Development of Construction Industry – A Literature Review
2. Local Stakeholders' Perceptions Survey
3. Foreign Stakeholders' Perceptions Survey
4. Business Environment and Cost of Doing Business
5. Purchase Price Review in the Infrastructure Industry
6. A Review of Allocations and Expenditures in the Public Sector
7. Demand Supply Gap Analysis
8. International Case Study – UAE, China and Malaysia
9. Local Case Studies
10. Response to International and Local Bids
11. Focus Group Discussions

35. Based on the analysis, short-term recommendations were made keeping in mind that there are vital infrastructure requirements in Pakistan which need to be delivered in the immediate future. Alongside, there is recognition that there are no sustainable quick fixes for the industry at large. Hence long-term recommendations have been developed to address fundamental weaknesses and constraints¹².

Chart 3: Construction Industry – A Growth Engine for a Host of Industries and Services



¹² The analysis and recommendations used a short-term horizon of five years (FY07-12) and 10-15 years (FY07-17/23) for longer term.

Chart 4: Public & Private Sector Stakeholders in Pakistan's Construction Industry

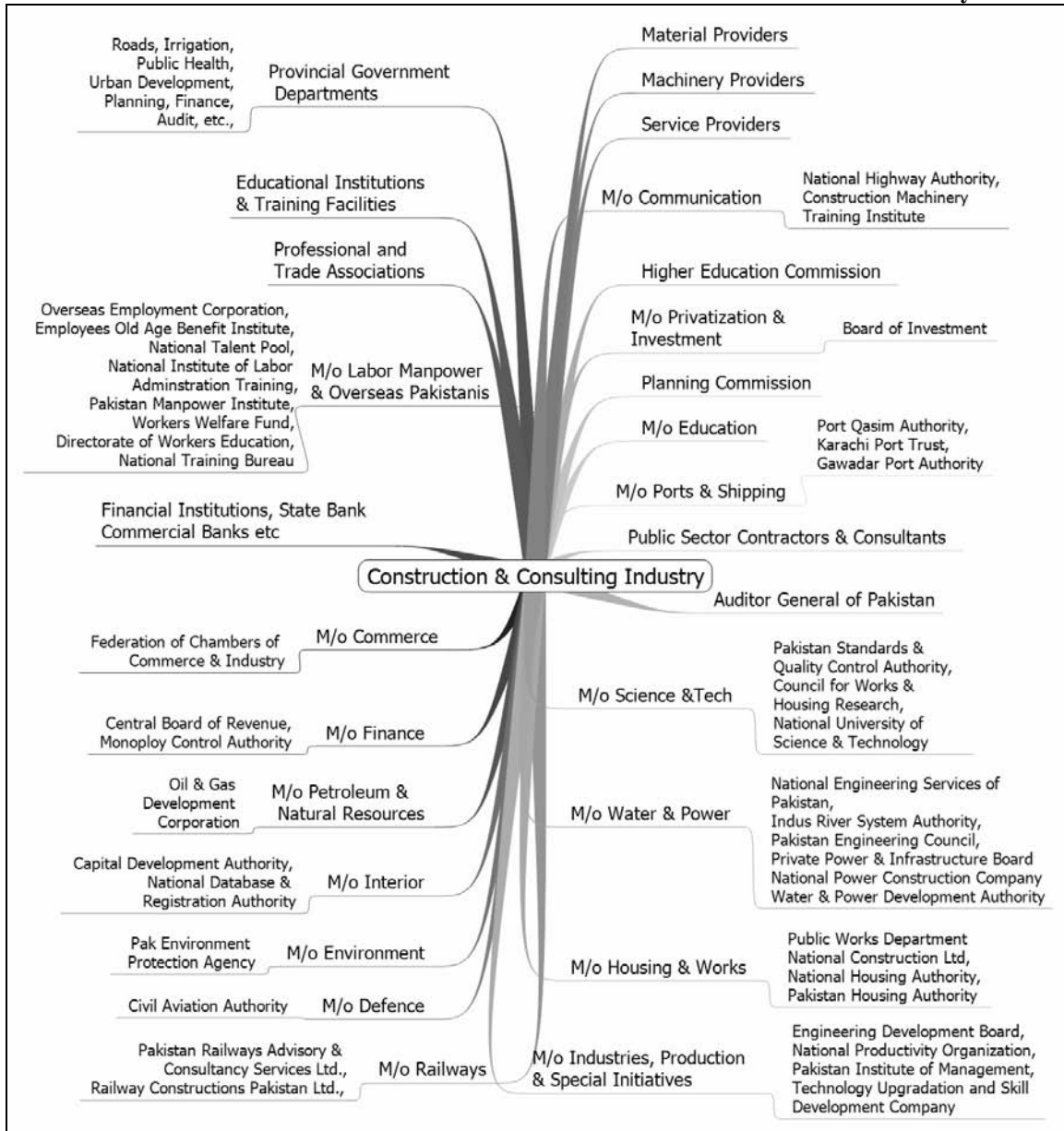


Chart 5: Analytical Framework - Pakistan Infrastructure Implementation Capacity Assessment

