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Critical Issues in Project Management China-Pakistan Economic Corridor (CPEC)



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Introduction

China Pakistan Economic Corridor (CPEC) is an immense-scale, comprising about 122 sub-projects ([CSISBriefs](#), 2020), still ongoing in Pakistan initiated specifically with the aim of strengthening the country's infrastructure by building energy production units, better highways, and convenient ports so as to reinforce the economic connections between two neighbouring countries: China and Pakistan ([Zhiqin and Yang](#), 2016).

For the regionalisation of the economy in a globalised world, the CPEC project was initiated back in the year 2015 during the visit of a Chinese President XI (Jinping) to Islamabad; even though it was first proposed in the year 2013. The then prime minister of Pakistan; Nawaz Sharif and President Jinping uncovered a \$46B CPEC project ([Sacks](#), 2021) which is considered to be China's flagship project; the most aspiring, coming in with the most expensive components; of the Belt and Road Initiative(BRI); also quoted sometimes as a new Silk Road; a strategy aimed at networking Asia with Africa and EU via land routes and naval networks ([EBRD](#), no date) specifically for enhanced trading, integration of districts, regions, and economic growth stimulation therein.

Although the project has been transpired between China and Pakistan, the large-scale project offers a framework of regional connectivity such that it will have a pleasant impact not only on project hosting countries(Pak-China) but also on other countries like Iran, Afghanistan, the Central Asian Republic, and the entire region ([CPEC](#), no date).

For Pakistan, the need for CPEC was critical due to a lack of economic backbone. For example, the immense shortage in consistent power supply often caused blackouts exhaustively ([TheAssociatedPress](#), 2010). Then there were no established transportation routes which caused disruptions ([Alam, Li, and Baig](#), 2019) in trade activities causing anger and loss of hope for marketers. All of this provided China with a good opportunity to leverage its close relationship with the country and come up with the proposal of setting up the country's economy on the right trajectory by improvising a model that all other BRI countries ([GreenFDC](#), 2022) might adapt to. To add credibility to the project proposal, China made Pakistani government officials envision the project as an initiative toward a stronger Pakistan that could help the Chinese over their strategic competitors like India and the US ([Zhiqin and Yang](#), 2016).

Organisational Strategy

The organisational strategy of the CPEC project has been devised with the purpose of ameliorating Pakistan's energy-deficit economy and strengthening its internal stability ([Rifaat and Maini](#), 2016). The impregnable relationship between the two neighbouring countries serves the corridor project as a dominant reason for the strengthening of collaborations and convergence of strategic interests between the two countries ([Makhdoom, Shah, and Sami](#), 2017). Geopolitical dynamics of Pakistan: geographical closeness to Afghanistan and consistent hostilities with India that have led to several incidences like cross-border confrontations, proclamations of cross-border terrorism, and above all the Kashmir disputes ([Rifaat and Maini](#), 2016); all have a marked impact on the project organisation and strategy.

Of all the promised deliverables of the CPEC project, the energy sector of Pakistan (costing around \$33B or approx. 72% of the proposed total project budget of \$46B) would be the greatest one to be delivered ([Rifaat and Maini, 2016](#)). The strategy used entails utilising natural resources such as coal ([Ali, Khayyam, and Nazar, 2021](#)) for the generation of gas and electricity. An additional \$2.5B have been strategised to be utilised in laying down pipelines for the transport of liquified natural gas (LNG) from the state of Iran to Pakistan's Nawabshah city in Sindh province and Gawadar in Balochistan ([Rifaat and Maini, 2016](#)).

The second deliverable of the CPEC is the transportation infrastructure; comprising railway and highway networks; up-gradation and for that, approx. 24% of the total proposed project budget has been allocated which accounts for \$11B. This deliverable includes the construction of about 1100km long motorway that would connect the coastal cities in the province of Sindh with the locality of Punjab province alongside the determination of internal connectivity and economic growth ([Rifaat and Maini, 2016](#)). Other than the construction of new transportation networks, revamping the existing networks is also part of the agenda of the CPEC project ([Rakisits, 2015](#)). The allocation of resources for three major deliverables of the project are listed below in a tabular form:

TABLE I - Deliverables of CPEC

Investment Area	%age Investment Allocated	Amount of Investment Allocated
Energy Development Plants	71.7%	\$33 billion
Transport Infrastructure and networking	23.91%	\$11 billion
Liquefied Natural Gas	4.34%	2\$ billion

Yet another important strategy associated with the CPEC project is the objective of promoting regional connectivity via the establishment of Special Economic Zones (SEZs) ([PakistanEconomicSurvey., 2021](#)). This strategy will strongly assist in facilitating the industrial growth in Pakistan's key financial centres and strategically important localities ([HRCP, 2013](#)).

The first and foremost strategic rationale of China behind the immense-scale CPEC project is to subsidise its position as a universal player in international affairs by creating its reputation as a nation that conspires with states to invest in human capital, business, and infrastructure betterment without contravening with a state's dominion ([Rifaat and Maini, 2016](#)). On top of it, the economic interests along with the bilateral relations with Pakistan form a major part of the motivation for the project in that the Chinese aim to accomplish the shortest transport network route to the Arabian Sea via Pakistan, ultimately connecting to the Middle East, that the Chinese could not accomplish via other routes that involved other neighbouring countries due to both geographical and political terms with them ([Rifaat and Maini, 2016](#)). The buildout of the Gawadar port as an SEZ under the CPEC project is to allow China to enter the Persian Gulf market which holds oil reservoirs as a common export amenity ([Barnes and Jaffe, 2006](#)).

My Role

With a large-scale project such as CPEC that involves immense construction comes a threat to biodiversity ([Lashari, et al., 2020](#)) which is obvious due to road network expansion being part of the project. What makes the situation threatening for biodiversity is that the road expansion proposed in the project plan requires forest cutting ([Sadaqat, 2017](#)). This imposes a threat to the habitats of especially the jeopardised species, of both foliage and animals, in the Himalayan region of Pakistan ([Bharali and Khan, 2011](#)). Similarly, environmental conditions also get affected by such large scale development projects which in turn again affects biodiversity as well as the livelihoods of the locality residing therein. Both Pakistan and China have critically been analysing and identifying methods to safeguard and mitigate any harm to the biodiversity due to the CPEC project such that the project itself is delivered in its full capacity, as envisioned.

This is where my role in the CPEC comes in where I am hired as a project manager by the IUCN (International Union for Conservation of Nature) ([Taymoor, 2016](#)) for the preservation of biodiversity by first researching and reducing the knowledge gap in the global state of nature and then bringing the topic of biodiversity into conforming political and economic decision making. Under IUCN, I was to put in place a Technical Advisory Panel (TAP) after assessing the environmental effects of infrastructure development together with the rest of the team appointed by IUCN. The advisory panel I established was able to strategically provide a piece of advice on the preservation of biodiversity. Whilst coordinating with the government officials of Gilgit Baltistan(GB), the established TAP was to provide support in the efficacious implementation of CPEC project activities at GB under my supervision as a project manager. My role required me to put in the conceptual input in natural resource management in general and biodiversity conservation in particular which significantly helped in accomplishing the envisioned strategy of the CPEC project.

SWOT Analysis

This immense-scale project, although, has been eagerly accepted by either nation (Pak-China) for relations solidification, yet it comes with its own challenges related to both security and politics ([Zhiqin and Yang, 2016](#)). Unlike any other project, the CPEC project has its supply of strengths, weaknesses, opportunities, and threats which are discussed down below.

1) Strengths

- The project will Strengthen both countries in terms of trade, business, bilateral relations, infrastructure, transport, energy, along with other social sectors ([Kundi, 2017](#)). In terms of transport, the new transportation networks will offer reduced costs of transportation.
- The proposed railway network between Peshawar and Karachi will help connect all major and small cities of Sindh, Balochistan, and KPK which will help with improving and stabilising the economy of Pakistan by paving the way for new business avenues. All new investment avenues for business in the fields of power, energy, and

communication, will aid the regional development initiatives under the project for enhanced economic stabilisation ([Asghar, et al., 2021](#)).

- Connecting former central states of the Soviet Empire with Peshawar in KPK via the extension of the Eurasian Continental Bridge will open up a vast array of opportunities to both host countries of the CPEC project as the connecting route will serve as the shortest networking route from Karachi to Peshawar ([Zhiqin and Yang, 2016](#)).
- CPEC is a modification project for Pakistan ([Kundi, 2017](#)) in terms of economy, entrepreneurship and opportunity creation, growth, education, peace and prosperity, safety and security, social vibrancy, along with social capital.
- China's investments in CPEC will boost the overall GDP of Pakistan by over 15% ([Mirza, Fatima, and Kafaitullah, 2019](#)).

2) Weaknesses

- Being a multi-billion dollar project, CPEC needs a surplus supply of financial terms to achieve all of its intended deliverables. The varying regional, local, global, and political conditions often cause disruptions in reaping perfectly the rewards with the allocated resources for instance political upheavals within a country lead to unaccounted problems for both government and common businessmen ([Rifaat and Maini, 2016](#)).
- Employing immense manpower for project work activities although on one side helps tackle Pakistan's unemployment issue, however, on the other side of the spectrum, even small inexperienced management of human resource planning would unnecessarily add up to the total budget required for the project whilst deterring the implementation of the project. This can even negatively affect and shake off the confidence and trust of investors in the project when inexperienced management fails to allocate resources and utilise funds appropriately for the project.
- Often the formulating and modification of internal and external policies about project execution often cause interruptions when the interests and conditions keep changing with the change in terms of operation by either side; Pak-China

3) Opportunities

- CPEC will provide access to the global world of business to either country
- Creation of a vast array of job opportunities to help counter unemployment issues
- Increase in Foreign Direct Investment which could significantly help better economic growth and development
- Increase in National Interest can help with currency value increase which could help attract foreign investments.

4) Threats

- The increase in the militancy, especially in the regions of Pakistan which will entail the central hub of all activities of the CPEC project; the Balochistan region; imposes a serious threat to the envisioned corridor implementation ([Sial, 2014](#)).
- Security of the route is by far the biggest threat that needs addressal for the safe delivery of goods of either nation ([Rifaat and Maini, 2016](#)). Several activists group laced with the anger of religious radicalism breaches, extremists, intolerants, and other domestic insurgence are some of the biggest threats that could derail the entire project from its track.
- The surge in inflation rates accounts for a surplus budget requirement for the project activities ([Asghar. et al., 2021](#)).
- Unexperienced management in some areas of the project may result in a loss in revenue generation
- Social relations breakdown when other countries approach violently like India through bomb blasts etc ([Sial, 2014](#)).

Recommendations

- ❖ Reflecting on the climatic change and environmental impacts taking place due to immense development there is a dire need for regular and critical monitoring at site localities to help with the biodiversity loss issues. The management needs to make certain that all the development taking place as of the project is climate resilient. Should the development affects this resilience level, immediate and critical actions must be undertaken. Although measures are been taken to counter the issue, however, in some parts of the project, inexperienced management has failed to avoid the negligence of water supply being cut short due to the surplus use of water in coal-powered energy producing units constructed under the CPEC project ([Asghar. et al., 2021](#)).
- ❖ For large scale construction projects, water is used as an essential build element which imposes a negative consumption impact on the overall water supply of the country.
- ❖ On top of that, the deficit in water supply caused due to climate change ([Asghar. et al., 2021](#)) imposes a severe threat to biodiversity preservation. Water resources management, therefore, needs to be crucially considered by the CPEC management. In all areas where CPEC has proposed SEZs, awareness of climate and environmental change issues along with solutions need to be assessed crucially with all stakeholders on board ([Janjua. and Asif, 2018](#)).
- ❖ Only by considering both EIA(Environmental Impact Assessment) and SEA(Strategic Environment Assessment) can an envisioned sustainable development be achieved from the CPEC project.
- ❖ Reforestation and water management ([Asghar, et al., 2021](#)) efforts can accord to achieving better environmental sustainability through CPEC. The need is for the

policymakers to be conscious of these aspects while considering the environmental risks associated with the development of the CPEC projects.

- ❖ By committing to green technology, CPEC can overcome the major threats to climate change ([Asghar, et al.](#), 2021).
- ❖ Being a major host of the CPEC project, Pakistan needs to allocate fairly the economic benefits to all its provinces and cities and should help eradicate the attempts of external forces such as India's enmity and the unwillingness toward the project ([Shah](#), 2017) aimed at creating disharmony and discord within the country.
- ❖ Modern economics operates on a capital market and for that in order to make available adequate local financing for achieving the CPEC project objectives, Pakistan should reasonable expand its market capitalisation ([Asghar, et al.](#), 2021).
- ❖ Recruiting a joint group of professionals in varying fields of international and strategic planning, experts in business, education and economical planning, military and security specialists, as well as politically nubile parliamentarians from both Pakistan and China can help scrutinise internal and external threats along with the timely devised planning and strategies that could help transform threats into opportunities ([Kundi](#), 2017).

Conclusion

The envisioned infrastructure upgrade and economy strengthening project, CPEC, can only prove fruitful to the economy of both countries if the government takes the approach of enlarging the financial and policy support to the CPEC project such that it then covers diverse sectors of the economy like private sector SMEs (Small and Medium Enterprises) rather than the only focus on energy and transport sectors.

By establishing relations with their counterparts in China, the entrepreneur community of Pakistan needs to develop a level of understanding through which a mechanism for cross-border business can become a common practice to reduce unemployment and poverty, thereby strengthening the Pakistani economy vigorously, which is the very envisioned objective of CPEC.

All in all, the framework of the CPEC project promises a well connected and integrated region that would allow harmony alongside a shared destiny and development. After about nearly 6yrs of the project launch and with 73% of project work progress status, the GDP of Pakistan has already started experiencing a surge in value. The country is close to meeting its targetted 8% GDP by the year 2025-30 ([Mirza, Fatima, and Kafaitullah](#), 2019).

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