

Overcoming Punjab's Energy Crisis:

A Case Study of the Financial Close of the Punjab Thermal Power Limited (PTPL) Project

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Abstract

This case study explores the critical role played by the bureaucratic leadership of the Secretary of the Government of Punjab's Energy Department in driving the financial close of the 1263-megawatt Punjab Thermal Power Limited (PTPL) project valued at PKR 140 billion. The PTPL marked Pakistan's largest financing for a Re-gasified Liquefied Natural Gas (RLNG)-based power generation initiative with one of the world's highest designed efficiencies of 61.16%. The study demonstrates strategies adopted by the Secretary to overcome myriad challenges and bring this mega project's financing to fruition over a four-year period from 2018 to 2021. When assigned to lead the Energy Department in October 2018, the Secretary inherited the PTPL project in a catastrophic state. Construction had commenced hastily before fulfilling requirements like financial close, putting the provincial government's PKR 60 billion guarantees at risk of encashment. Lenders had abandoned the transaction due to unmet obligations. The case examines how the Secretary re-engaged stakeholders like lenders through consistent coordination, team motivation, and delegation based on capacity, and one-on-one relationship building. It analyzes his crisis management approach of prioritizing immediate targets like re-securing withdrawn lenders. The paper explores the bureaucratic leader's strategies for maintaining transparency and political ownership amidst disruptions like a change in regime and NAB

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investigations into power sector projects. It dissects the skills of the bureaucratic leaders in attracting new lenders by pitching the project as a secure investment given its 80% completion. The financing documents signed by six lending consortiums in early 2021 culminated in the celebrated financial close. The study derives key administrative and personal lessons on achieving mega project success via due diligence, political ownership, persistent policies, and continuity of tenure, prioritization, consultation, and negotiation skills. Recommendations based on this experience are provided for enhancing bureaucratic leadership effectiveness in future initiatives.

Keywords: *energy, Punjab, finance, PTPL.*

1. Introduction

Mega infrastructure projects are critical drivers of economic growth and development, but their successful execution faces numerous challenges and risks. This case study provides an insider's perspective on the bureaucratic leadership strategies employed to bring a massively complex and financially consequential power generation project to fruition in Pakistan. Specifically, it examines the pivotal role played by the Secretary of the Government of Punjab's Energy Department in driving the financial close of the 1263-megawatt Punjab Thermal Power Limited (PTPL) initiative - valued at a staggering PKR 140 billion and representing the largest financing for a Regasified Liquefied Natural Gas (RLNG)-based power plant in the country's history.

With an unprecedented, designed efficiency of 61.16%, the PTPL project was originally hailed as the solution to Punjab's crippling energy crisis by the previous political regime. However, by October 2018 when the new Secretary assumed leadership of the Energy Department, the endeavor had descended into disarray. Construction commenced hastily before key requirements like financial close were met, exposing the provincial government to liabilities of PKR 60 billion against interim funding. Compounding issues included the arrest of the project company's CEO amidst accountability probes, abandoned commitments by lenders, and a complete halt in progress.

The Secretary inherited a mega project on the brink of catastrophic failure, with the provincial government's credibility and foresight under severe threat. Undeterred, he confronted the daunting challenge of reviving the harrowing situation through strategic bureaucratic leadership intervention. This study conducts a longitudinal examination of the strategies adopted over four years from 2018 to 2021 to resuscitate the PTPL project from its moribund state and navigate a complex maze of obstacles to ultimately achieve successful financial close.

1.1. Case Study

This case study demonstrates the role played by the Secretary of the Government of Punjab's Energy Department (GoPED) in driving the financial close of the 1263-megawatt Punjab Thermal Power Limited (PTPL), a project valued at PKR 140 billion. Till date, this initiative remains the largest financing for a Re-gasified Liquefied Natural Gas (RLNG)-based power generation project in Pakistan. The case study explores strategies adopted by the Secretary to overcome a series of challenges for bringing the project's financing to fruition. All along the way, consistent coordination had to be maintained both at the provincial and federal levels while ensuring transparency and accountability at every step along the way

The detailing of this process that was spread over a period of four years from 2018 to 2021 provides an insider's look into the range of factors that contribute to the success or failure of a mega project's take-off. Also answered is the question whether the bureaucracy is capable enough of handling initiatives of this scope and nature.

1.2. Scene-Setter

On a cold morning in October 2018, the secretary gulped down a hot cup of tea to ready himself for the events of the day. Much like his first order of business every time he received a new posting, he was about to lead a stock-take meeting of the fiscal year's activities with the entire department. This time, however, he knew everything was going to look different, because he had been assigned to lead the GoPED, a highly technical organization. As he was briefed about one multi-billion initiative after the other, he realized that the scale and scope of the work being undertaken by the department was unlike anything he had experienced before - or one usually experienced in Pakistan's bureaucracy.

"Stop here," he ordered the Deputy Secretary, Energy when the presentation slide displayed the status of the 1263-Megawatt (MW) PTPL project that had once been hailed by the previous government as the solution to Punjab's energy crisis. The secretary was aghast to discover that the mega project had been started hastily without fulfilling all of the requirements. In fact, this was not without precedent in case of projects where the political leadership required "quick and demonstrable results." Without having waited for the project to achieve a financial close, the contractor had completed around PKR 60 billion worth of work, simply against the debit authority issued by the Government of Punjab (GoPb). Construction was at a complete halt now, with the project having amassed a long list of problems, including the arrest of the Chief Executive Officer (CEO) of the company, initiation of inquiries against power sector projects by the National Accountability Bureau (NAB) and abandoned sponsorships by lenders.



If, and when, the contractor made good on the threats to call on the LCs and encash the debit authority / guarantee for rightful compensation of work undertaken, the repercussions would not only lead to a significant financial loss of several billion rupees, but also irreversible damage to the credibility and foresight of both the federal and provincial governments.

The secretary's eyes opened even wider as he processed this information in front of him, knowing that the responsibility for all and sundry of this project lay upon him from this day forward. The gravity of this situation was even more pronounced, as this was his first posting under the newly elected government. He fully realized that every aspect of his leadership would be assessed with a extremely minute, even microscopic, vision.

Upon his probing, no one in the department seemed willing to take ownership of the PTPL project or provide any insight into how one crisis after another was allowed to occur in it. It was clear that all the functionaries treated this initiative as a brainchild of the previous government and were more than happy to detach themselves from any responsibility as soon as the actors at the top had changed. The fate of the project seemed doomed to failure. This was not, however, how the secretary handled business.

"How can this situation be salvaged, if indeed, it is salvageable at all?" he thought to himself.

2. Research Methodology

This case study focuses on the secretary's firsthand experience and involvement in the PTPL project as a lead decision maker. As much as is possible, an effort has been made to depict these events from an objective perspective so as to facilitate a critical examination of the past and promote learnings. The secretary's personal account is supplemented by secondary research, including technical facts, figures and records of meetings provided by the GoPED to ensure accuracy of information presented. Additionally, Key Informant Interviews (KIIs) were held with relevant stakeholders who feature in this study to seek their points of view. Published literature on bureaucratic leadership has also been used to frame the case study.

2.1. Timeline

The timeline of the case study runs from the posting of the protagonist as Secretary, GoPED in October 2018 till his transfer in November 2019, followed by his reappointment in September 2020 up until the financial close of the PTPL project in April 2021.

2.2. Stakeholders

The main actor in this case study is the Secretary, GoPE. His efforts to negotiate issues and develop a consensus among several stakeholders from the public as

well as private sectors are explored. Stakeholders from the public sector include the Federal Government, specifically the Prime Minister of Pakistan, Special Assistant to Prime Minister, Ministry of Energy (Power & Petroleum Divisions), Ministry of Finance etc., and the Provincial Government of Punjab, including the Chief Minister, Chief Secretary, GoPED, Finance Department, Planning & Development (P&D) Board, PTPL etc. Major parties from the private sector include project lenders – National Bank of Pakistan (NBP), Habib Bank Limited (HBL), United Bank Limited (UBL), Bank of Punjab (BoP), Meezan Bank Limited (MBL) and Askari Bank Limited (AKBL) – and project contractors – China Machinery Engineering Corporation (CMEC) and Siemens.

3. Background: Punjab Thermal Power Limited (PTPL) Project

3.1. Context

With the population plagued by recurring load-shedding in Pakistan, the Government at the time considered it a top priority to ensure supply of energy throughout the year. In June 2017, the Cabinet Committee on Energy (CCOE) decided to establish a new power plant under compressed timelines. It is impossible to ignore the political underpinnings of this decision; with general elections around the corner, the political leadership would have hoped that a highly visible mega project may provide a boost at the polls.

3.2. Objectives

The objective of a new 1263-MW RLNG PTPL project was to bridge the energy deficit in the country by generating electricity and dispatching it to the national grid. The newly established Company PTPL had been incorporated under the Companies Act 2017 by GoPb through the Energy Department (ED) and was tasked with the responsibility to construct, develop, operate and maintain this plant. The decision to delegate this role to a public sector company was to facilitate good governance and professional decision making.

3.3. Progress

Around 67% of the project had been completed by the EPC (engineering, procurement & construction) contractor CMEC. As per the EPC contract, an advance payment of USD 78 million (15% of EPC price) had been made from the equity, while the remaining payment was linked with completion of milestones. The GoPb provided provincial guarantees and debit authority (PKR 60 billion) as security for lenders and LCs worth USD 443 million were opened in favour of the EPC contractor. The provincial government's Standing Committee of Cabinet on Finance & Development approved essential documents pertaining to the project's technical and financial feasibility, including a clause that *the entire funding would be provided if financial close of the project could not be achieved*. However, concession agreements remained



unsigned, leading to delays in payments to the EPC contractor despite all major equipment being delivered at the site. Concerns over non-payments had halted the construction process and increased project costs. Lenders, who had agreed to finance 80% of the cost of the project had become apprehensive due to non-fulfillment of sponsorship obligations by GoPb and had formally walked away from the transaction until their concerns were effectively resolved.

4. The Story

4.1. 2018: The Ball Starts Rolling

Following general elections in 2018, a new government had been sworn in. This government placed the power sector at the lower end of its action agenda. Moreover, since the PTPL project had been a brainchild of the previous administration, this change in the country's political scenario meant a complete halt of the project's activities.

It was amidst these dire circumstances that the secretary had been entrusted with the responsibility of the GoPED in October 2018. As someone who had always prided himself on his pragmatism and honesty, he could not help but feel like he had boarded a sinking ship. Previously, a number of officers had refused to take this post due to the current state of affairs of the ED. He knew that it would be difficult to get the required attention and support from concerned quarters and that it would be even more difficult to handle day-to-day affairs of the department due to the notoriety of the ongoing NAB inquires, investigations and excessive audits against various power sector projects as well as their functionaries.

On his first day at the new post, the secretary brought himself up-to-date with the activities of the fiscal year, familiarizing himself with ongoing and planned initiatives of the department. When introduced to the PTPL project, he was flabbergasted as he processed the situation in front of him. After carefully reviewing the facts, he identified the following shortcomings/challenges:

4.1.1. absence of a prior risk assessment framework

The decision to implement this mega project had been at such a rapid pace that the essential risk assessment and problem analysis had not been carried out in advance. Potential risks, such as halts in supply of RLNG or inflation of international prices of gas were neither considered nor analyzed prior to initiation of construction activities.

4.1.2. Initiation of construction before completion of due financial requirements

The most glaring shortcoming of the project was the provincial government's decision to initiate the construction phase before the financial close had been achieved; this had been done by providing interim funding through the PSDP.

While the contractor had mobilized all resources and delivered major equipment in the shortest possible time, this was done without proper arrangements made for complete payment for services. In the absence of signed concession agreements by the Federal Government, the project could not be made bankable, even though it was premised to be a commercially viable and self-sustainable initiative.

4.1.3. Political discontinuity

Uncertainty caused by political discontinuity affected the project in 2018 when suo motu proceedings were initiated by the Chief Justice of the Supreme Court against 56 companies, including the PTPL. The CEO of the company had been arrested by NAB in a matter not related to PTPL. The caretaker government was not able to provide any support due to lack of ownership.

The Secretary recognized that not only was the project at a catastrophic pause it could not afford, but the GoPb's guarantees of PKR 60 billion were exposed to encashment. Research from the Project Management Institute found that decisions most likely to make a project successful should be made long before the design and construction stages start (Parth, 2014). The seeds are sown in the very earliest set up stages before engineers are even involved. The chances of the secretary transforming the fate of the PTPL project were not high. However, he knew he could not let the statistical chances of his success determine how he was going to proceed next.

Following internal brainstorming, the secretary realized that the matter at hand was not just the revival of a project, but the revival of a project that had a political legacy. His immediate battle had to be the dispersal of the shadows of doubt cast by the new government on all mega projects that had been initiated prior to its election.

A light bulb went off in the Secretary's head. He knew exactly what to do. As the first strategy to win the trust of his superiors, he ensured timely provision of records to various agencies and government auditors for ongoing investigations of power sector projects. This indicated a clear message: project affairs were being managed in more transparent manner by the new secretary and all records were available for scrutiny as and when needed. In addition to this, the secretary made himself available for any meetings, using these forums to reiterate his firm belief in a zero tolerance policy for corruption.

Once he had explicitly demonstrated his commitment towards accountability and support for the administration's processes, the secretary narrowed his focus to the PTPL project in particular. First and foremost, he initiated the process of appointing a professional and neutral BoD for the PTPL, as a majority of the previous members had resigned due to the change of regime and fear of unnecessary accountability. By December 2018, the secretary had succeeded in this task. A new BoD comprising the finest blend of private sector



specialists, including experts in finance, accountancy, banking, energy and other businesses, as well as public sector officials well-versed with mega projects was in place. He could rely on them to provide him the technical expertise he needed as he navigated the rocky road ahead.

Once this crucial task had been completed, the secretary knew he needed to secure the new government's ownership of this initiative and seek requisite financial support. However, when he expressed these intentions to his team at the ED, he was quick to notice an overwhelming resistance to reignite this project. He discussed the matter with the Additional Secretary, Energy, who informed him that the excessive involvement of investigating agencies and authorities over the past few months had weakened the morale of the team. The secretary put himself in the shoes of his employees and realized that getting involved in a project like PTPL that was beset with high scrutiny and low chances of success made them hesitant, as no one wanted to be targeted in the future in case anything went wrong.

He rallied the entire Department together for a series of team-building sessions. At the first session, he motivated them stating, *"I want everyone to treat this period as a fresh start. If we embrace values of honesty and transparency in everything we do, there is no reason for any of us to feel anything but proud in what we bring to the table."*

At these sessions, concerns were openly discussed, fears were openly expressed and a positive way forward was explored. After the secretary felt confident that the team's confidence had been rekindled, he supervised the preparation of comprehensive documents including a project brief, a progress update and a working paper that clearly indicated the situation at hand and the support needed from the government. He directed his team not to sugarcoat any of the facts relating to the project, but to lay them bare without any fear of repercussions. He provided hands-on advice and guidance during the entire process, designating tasks to each subordinate according to his or her respective skillset and encouraging them to work together. This not only served as a capacity building exercise for the team, but also as a reference point for future projects and an effective way of sharing information with stakeholders at the provincial and federal governments.

Once key stakeholders were brought on the same page, the secretary initiated a process of consistent lobbying for the release of necessary funds. During this time, he also invited the Chinese Ambassador to Pakistan to visit the ED. This helped to publicly demonstrate Chinese investment and engagement in the project as well as the government's commitment to see the initiative through.

4.1.4. 2019: The Plot Thickens

Within months, the project was operating at a momentum that had not been witnessed before. Instead of taking on everything at once, the secretary

prioritized his targets, identifying the first one to be the re-engagement of lenders who had walked away from the transaction.

Drawing on his social capital and extensive network, he arranged several meetings with the heads of banks, as well as senior members of their management teams, at rapid speed. Research shows that mega projects repeatedly fail due to misunderstanding of expectations (Shenhar & Holzmann, 2017). In order to avoid this, a Lenders' Conference, which had previously been canceled, was reconvened in January 2019 as a result of the secretary's efforts. The secretary convinced the finance minister and the Energy Minister to chair the conference and invited key stakeholders to attend. At this event, all pressing concerns were openly discussed. For example, banks were reluctant to finance the project until concession agreements had been executed and felt apprehensive regarding mega projects in general due to the negative image spread by recent NAB investigations. By acknowledging and taking note of stakeholders' issues, the secretary was able to take a critical step towards mending its broken relationship with these partners. Participants were assured that the government was committed to resolve their issues on an immediate basis.

True to this promise, the secretary vigorously deliberated the stakeholders' concerns at various forums at the federal and provincial levels. The secretary maintained regular coordination with the finance minister and Energy Minister and held sessions with the Standing Committee on Finance & Development and Cabinet Committee on Energy (CCoE) as well. Support was sought in terms of additional equity, bridge loan(s), provincial guarantees, debit authorities and general guidance. Meticulous records were maintained and briefs about all activities were regularly sent to the Chief Minister (CM) and Chief Secretary (CS) of Punjab.

Knowing that billions of rupees were at stake, the secretary did not hesitate to seek the support of senior-level officials where required, such as requesting the CS to convene a meeting with the President of BoP in February 2019, instead of meeting him alone. Key Provincial stakeholders, including Chairman P&D, Secretary Finance and Additional Chief Secretary (ACS) Energy, were invited to this discussion as well. At this meeting, it was made clear that the stakes were high if the financial close was not achieved immediately. There was a risk of potential loss to public exchequer and embarrassment to the Government if it failed to fulfill its financial commitments to Chinese and German investors. The concerns of BoP were similar to the ones expressed by other lenders, such as NBP and HBL, when they had been approached by the Secretary. Despite several options presented to banks, there was still a deadlock, as they were still reluctant to support the PTPL project financially until concession agreements were signed.

The secretary knew it was now or never. Upon his request made to the CM, the



matter was elevated to the Prime Minister (PM) and support was sought for signing of concession agreements that had been delayed by federal government entities. A meeting was convened at the Prime Minister House in the same month wherein the premier questioned how a mega project of this nature was allowed to commence without signing of concession documents and ordered an inquiry in this regard. At this moment, the Secretary stepped in and briefed the Prime Minister about the plethora of delays that had already dented lenders' confidence; he informed him that further lapses would force them to detach themselves from the project entirely. The Prime Minister understood the gravity of the situation. Upon the secretary's recommendation, directed for concession agreements to be executed immediately. He announced to all those assembled:

"I am giving all stakeholders a period of two weeks to take action on these matters. Regular progress update reports will be submitted to my office against implementation of this directive. This is a matter of our prestige and self-respect now; we cannot afford to be slack about it."

The secretary was reassured by the PM's words and confident that his forthrightness would succeed in getting the job done. However, much to his dismay, despite the strong push from the highest level possible, concession agreements were *still* not signed by the end of the two-week deadline. There was a complete failure on the part of the Ministry of Power and its related entities - Sui Northern Gas Pipelines Limited (SNGPL) and Pakistan LNG Limited (PLL) - to understand the serious impact of their inaction pertaining to execution of the relevant agreements, leading to serious implications for both the government and the public exchequer to the tune of approximately USD 10 to 15 million per month.

"This is not the time to back down", the secretary reminded himself. Once again, he ensured that the matter was escalated to the Special Assistant to the Prime Minister (SAPM) and Federal Minister for Finance for resolution by March 2019. He knew this was the only way to put pressure on SNGPL and PLL. As a result of his vigilance and promptness to bring the issue to the notice of senior-level officials, the stakeholders were finally convinced to initial the concession agreements. Even though this was a stage before the final documents could be signed and locked, it was a major breakthrough for the project. The secretary felt overwhelmed with joy and celebrated this good news with his team.

Unfortunately, however, shortly thereafter, the spirit of jubilation evaporated as quickly as it had come. Things had taken a sudden turn for the worse. One of the project's major financiers, UBL, had cold feet and decided to walk away from the transaction after having previously committed to provide PKR 25 billion. This twist came out of nowhere and rattled the secretary's confidence.

It was certain that if UBL decided not to remain involved, there was no way the project would take off or financial close could be achieved. The pressure was mounting, but the secretary did not lose heart. Demonstrating flexibility and re-calibrating his immediate focus to damage control mode, he diligently arranged talks with the Chairman of UBL and engaged the CM, Federal Finance Minister and Federal Energy Minister to impress upon and convince UBL to reconsider their decision to withdraw from funding the PTPL. As a result of this one-on-one interface, their concerns were addressed and the government's commitment towards this project and regard for UBL as an investor was made evident. Much to his relief, the secretary had been able to steer the project back on course by successfully bringing UBL on board with its previously committed amount.

The secretary also realized he needed to remain two steps ahead if he hoped to avoid similar shocks in the future. He continued to have consultative sessions with experts from the PTPL's BoD as well as from the field and tweaked his strategy based on their helpful inputs. For example, the advice of the Governor of SBP was sought to approach smaller banks and re-compute per party exposure. The SBP promised to provide any clarification and guidance to facilitate the process. Extensive meetings were held with banks. HBL decided to revise its participatory transaction to PKR 25 billion, instead of PKR 35 billion, while NBP promised to stick to its initial commitment of PKR 36 billion. Term sheet for financing facilities including project finance and working capital of PKR 90.7 billion was issued after several rounds of negotiations. To bridge the remaining funding, various international financiers, such as Credit Suisse, Citi Bank, IFC and Guarant Co. were approached, but due to stringent regulatory requirements and compressed timelines, direct foreign financing could not be secured.

By September 2019, the Secretary could not help but notice a lingering avoidance among federal government entities for moving towards the final signing of the concession agreements. Over his years in the service, he had learned to always trust his gut. He knew something fishy was going on as several months had passed since the documents had been initialized. Functionaries in the federal government were still trying to delay the process of final signing off the documents.

The secretary's instincts proved to be right, as he found out that the Ministry of Power and related entities wanted to change the terms and conditions of the agreements in departure to the already approved concession documents by the Economic Coordination Committee (ECC), which had been vetted and approved by the lenders as well. The secretary knew that any amendments to these agreements would mean repeating the entire process of approval by the ECC and lenders, risking long delays in the project's financial close as well as increasing overall costs. He knew a strong precedent existed, with the same



format of documents adopted by previous RLNG projects in Punjab. Hence such a demand was baseless and easily avoidable. However, there seemed to be a deadlock on this issue between the secretary and federal government.

At this critical make-or-break juncture, the secretary took the biggest risk of his tenure. Instead of silently accepting these delays, he knew he had to wave the banner of accountability, even if it meant angering senior officials at the Ministry of Power. He requested the CM to write a personal (demi-official) letter to the PM informing him of this colossal failure on the part of the federal government entities. The letter opened with the following words, *"I take this opportunity to regretfully indicate failure of the Ministry of Energy, including its entities (SNGPL and PLL) to understand the gravity and impact of their inaction pertaining to execution of the relevant agreements which would have serious implications for the government..."*

Acting as a charge sheet, the correspondence clearly pointed out the inability of the Ministry of Power to execute its required responsibilities within the specified time frame, risking irreversible damage to the project and hampering its financial close.

Within a couple of weeks of this correspondence, the secretary received news that he had been **transferred**. It was clear that the transfer of secretary at this stage could prove detrimental for the project and as per findings of the Project Management Institute mega projects can *"suffer huge changes in their behavior with small changes to their inputs."* (Parth, [2014](#)). The secretary knew that this decision would drastically impact the project's timelines.

The clock (to possible doom) was ticking, and the risk of the project's contractor encashing PKR 60 billion against the GoPb's guarantee loomed high. Despite the now former secretary's best efforts to ensure the concession agreements would follow the processes and conditionality already approved by the ECC, his absence meant that there was no one to push this project. As soon as a new secretary took up the post, the federal government entities that had been opposed to this idea from the beginning managed to convince the new secretary to reopen the initialized concession agreements. This was a turn for the worse. As expected, the new process of finalizing the concession agreements took eight extra months. Naturally, the lenders lost confidence in the government and the contractor was demobilized yet again.

4.2. 2020: Rising from the Ashes

The inordinate delay in the execution of revised concession agreements and financial close dampened the fate of the project. Once key stakeholders of the provincial government caught wind of this unfortunate turn of events, action was taken immediately. The CM, CS and Chairman P&D held an urgent meeting wherein they decided to make amends and reappoint the protagonist to his position as Secretary of the Energy Department. They knew that much

time had been lost, but still hoped this move would allow him to salvage the situation.

As soon as he rejoined the ED in September 2020, the Secretary resumed efforts to achieve the financial close with full throttle. However, he was thunderstruck to find that the situation in front of him had altered drastically. He directed his team to conduct a fresh risk assessment analysis. Like before, pressing issues included re-mobilization of the EPC contractor and arrangement of the funding shortage. However, the required funds had escalated due to increased interest rates, continuous devaluation and additional costs incurred due to project delays. Moreover, the COVID-19 pandemic had befallen the world, adding another layer of complexity to the whole scenario in terms of constraints on mobility and budgetary deficits.

Based on the findings of this report, the secretary decided to adopt a phased strategy. Starting with the 'big three', meetings were held with Presidents of UBL, NBP and HBL, who were relieved to see him back in the driving seat. As a result of the secretary's effective negotiation skills and the efforts he had put in to secure their confidence in the past year, the response from banks was overwhelmingly positive, with all partners promising full support for an early financial closure. This is exactly what he had hoped for.

Now that three leading national banks were part of the consortium of lenders, the secretary knew that attracting smaller or mid-tier banks for the remaining investment needed would be achievable. In addition to this, he thought strategically, and realized that around 80% of the PTPL project had already been completed, meaning it was not a 'greenfield' project anymore. Significant risks associated with its construction had already been addressed. With economic activity at a lull due to the pandemic, nearly every bank in the country had failed to achieve its annual target. Hence, there was a push among the community to lend money to affected sectors at lower rates. With only one month left before the end of the fiscal year, the PTPL project could now be pitched as a safe, low-risk investment to banks.

With this understanding, the Secretary approached several potential partners, including ICBC, MBL, AKBL Faysal Bank, Soneri Bank, Alfalah Bank, MCB Bank, Dubai Islamic etc., with requests to participate in this high-level transaction. Out of these, Meezan and Askari were successfully engaged after tireless negotiations. In his pitch to these banks, the secretary was able to build a narrative around a sound understanding of the business environment and market conditions and establish a personal relationship that earned their trust.

Meanwhile, the contractor was convinced to proceed with the project's completion. Till date, USD 198 million had been paid to CMEC, USD 51 million was in process and a further amount of PKR 10 billion could be provided through a bridge loan arranged from NBP and BOP. It was agreed that all other



issues would be settled after completion of the substantiation process. Concession agreements were finally signed in August 2020 after a delay of more than two years. Within four months of this signing, financing documents were signed by the six lenders (NBP, HBL, UBL, MBL, AKBL and BoP) as well.

4.3. 2021: The Final Lap

In April 2021, the PTPL project officially celebrated its financial close for PKR 140 billion. This was clearly the result of diligent efforts and perseverance of the secretary and his team at the Energy Department and PTPL. At the financial close ceremony of the project held in Islamabad, the Federal Energy Minister patted the secretary on the back and said, *“What you have achieved will go down in the course of history. You have made the country proud.”*

Till date, the project remains the largest RLNG-based power generation project established under the Power Generation Policy 2015. It set a new benchmark of lowest EPC price ever of \$418/kWh and had one of the highest calculated efficiencies of 61.16%. At a cost exceeding PKR 100 billion, it marked the biggest commercial bank financing transaction in the power sector and the largest funding by private banks without sovereign guarantee of the Government of Pakistan. Moreover, through the secretary’s negotiation skills in dealings with lenders and efficient financial management, a saving of PKR 4.8 billion was achieved.

As the icing on the cake, the financial close of the PTPL project was a headline that secured not only local but international attention as well. The project financial close was awarded the “Power Deal of the Year” by the Asset – Infrastructure Awards 2021 and serves as a successful model of bureaucratic management of a mega project not only for Pakistan, but other countries in the region as well.

Figure 1

Press Release by NBP

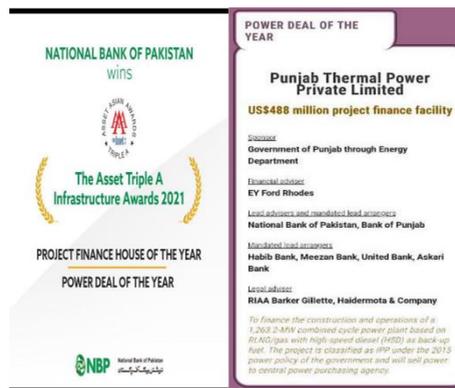


Table 1

Analysis of Bureaucratic Leadership Strategies

Leadership Strategy	Analysis
Establishing Authority and Building Institutional Memory	From the very beginning, the Secretary established what Max Weber calls 'legal-rational' authority' (Luenendonk, 2020). While managerial positions were not new to him, he had not worked in this particular sector before. Nonetheless, the nature of his position as a bureaucratic leader within an organization that had a well-defined hierarchy and continuous rules allowed him to immediately earn the due regard and compliance of his subordinates at the Energy Department. Moreover, the secretary went through briefings of the department's ongoing and planned interventions to determine his future course of action. According to Weber, the nature of his leadership can be understood as 'transactional', dealing with technical and routine challenges that demanded regular problem-solving based on a broader understanding of priorities
Motivating Employees and Assigning Tasks According to Respective Capacities	According to Paul Hersey and Ken Blanchard, if a bureaucratic leader feels his or her team needs direct supervision, a "telling leadership style" can be adopted whereby clear and achievable targets are assigned to spark action and ignite confidence (DeBruin, 2020). This is exactly what the secretary did. After he had re-motivated his team members through team-building workshops, he delegated responsibilities and demonstrated dynamic, hands-on involvement in the implementation of project tasks, such as regularly monitoring and evaluating his team's progress and giving guidance as needed. In line with Weber's theory, he also determined which roles to assign to what individual under his supervision as per his or her skills (Luenendonk, 2020).
Prioritizing Targets	Following the George Ritzer's McDonaldization theory, the secretary set clear objectives, approaching them one step at a time in the most "efficient" way possible (Ritzer, 1993). He determined that the optimal course of action to achieve his intended objective of bringing the project to financial close was not take on everything at once, but to prioritize his actions. Therefore, he



Leadership Strategy	Analysis
Consistent Coordination and Communication	<p>identified his first target as re-engagement of lenders who had walked away from the transaction. Following his reappointment as well, the secretary took things one at a time and embraced a phased strategy, first securing the 'big three' lenders (UBL, NBP and HBL), and then moving on to secure smaller new lenders to bridge the gap. According to Ritzer's lens, these steps can be seen as efficient as well as calculable (Ritzer, 1993).</p> <p>As the secretary began negotiating with lenders, he took efforts to streamline or build "predictability" as per Ritzer's theory (Ritzer, 1993). He consistently maintained coordination and communication with stakeholders at various tiers of the provincial government, from the Chief Minister at the top to his junior team members at the bottom level. Furthermore, he sought advice from the PTPL's BoD as well as experts from the field throughout the process. This emphasis on increasing his own knowledge is in line with Weber's emphasis on continuous development of the leader. It also helped to build what Ritzer would view as routine-like processes across the system in the present and the future, as everyone was on the same page, following the same short-term and medium-term targets (Ritzer, 1993).</p>
Willingness to Involve Senior Members of the Government	<p>Another key strategy adopted by the secretary was engaging senior members of the government in his meetings and correspondence with lenders. One example is how he requested the Chief Secretary to convene a meeting with the President of the BoP, instead of chairing this meeting by himself. Applying Weber's concept here, this demonstrates the secretary's clear understanding of the limits of his own legal-rational authority and his recognition that the nature of this meeting required the involvement of a leader with higher legal-rational authority than himself (Luenendonk, 2020). At such forums, the secretary always invited other stakeholders of higher, equal or lower hierarchy than him showing lenders a united front of the provincial government and a shared commitment to higher, equal or lower hierarchy than himself showing lenders a united front of the provincial government and a shared commitment to ensuring the</p>

Leadership Strategy	Analysis
Flexibility in Decision Making Through Consultative Discussion	project's success. Throughout his journey, the secretary displayed flexibility in his thinking as well as problem solving approach in line with Hershey and Blanchard's understanding of effective situational leadership (DeBruin, 2020). When the project suffered a sudden blow through UBL's unexpected decision to walk out of the transaction, the secretary adopted adaptiveness and switched gears towards immediate damage control to mitigate the situation. As a result of his prompt action, he was able to save the project from a disastrous end and bring the lender back to the table with the agreed amount. He consistently held consultative sessions with experts from PTPL's BoD as well as the field and did not hesitate to make changes to his strategy based on their inputs. Instead of being set on a particular way, he was open new ideas and opinions, which helped him embody Ritzer's efficient management (Ritzer, 1993).
Building Strong Interpersonal Relationships	The secretary's ability to draw on his social capital and linkages to arrange one-on-one meetings with lenders during the entire process helped him earn their trust and respect. In Weber's terms, this strategy demonstrated legal-rational authority as well as charismatic authority (Luenendonk, 2020). Following his reappointment, lenders that had previously walked away from the transaction were delighted to see him back in charge. This shows that their affiliation with him went beyond his leadership role. This is why dealings with the previous secretary had not worked and lenders were quick to jump back in once he had been replaced by a leader that they had confidence in.

5. Results

This case study offers several lessons in terms of the factors that influence the success or failure of a mega project in Pakistan. These lessons can be divided into administrative and personal learnings:

5.1. Administrative Learnings

Hasty commencement of a project without due diligence and proper preparation can prove to be a recipe for disaster. Under no circumstances should any attempt be made to side-step the required procedures, such as



coming up with quick financing solutions as in the case of the PTPL project which was done for political expediency. Requisite processes are in place for a reason and help cushion any risk or damage to the administering authority.

Mega projects require political ownership from the top-level for smooth implementation. Federal and provincial level stakeholders may not always be on the same page during different phases of the project, but such differences can be resolved through regular coordination, information sharing and engagement.

Mega projects are of national importance and need persistent policies at the top-level, irrespective of political priorities. Moreover, institutionalization of policies at every step of the project is important to ensure smooth implementation, irrespective of transfers or changes in bureaucratic leadership.

All too often, mega projects have been become linked to corruption and mismanagement of funds. This explains why lenders were hesitant to partake in the transaction and required consistent convincing. Accountability and transparency must remain guiding principles throughout the project, from its conceptualization to its execution.

An innovative institutional mechanism was explored by assigning the responsibility of implementation of the mega project to a profit-making public sector agency – the PTPL. This model facilitated better governance and faster decision making. Bureaucratic leaders alone do not have the technical expertise required to understand the nitty gritty of complex documents involved in a mega project. However, the involvement of the private sector, via a dynamic BoD of the PTPL, added a fresh flavor to regular public sector management styles and served as an excellent model of corporate governance for the public sector company as well.

A study on best practices in large infrastructure projects found that, *“Major projects take many years to implement, usually much longer than the lifetime of governments, and clarity of purpose and business case justification are vital if they are not to be hampered by changes in government occasioned either by a change of coalition party or key individuals”* (Hertogh et al., 2008). Continuity of tenure in bureaucracy is an essential factor that determines the success of a mega project. Average tenure of a senior bureaucrat like a secretary needs to be long enough to create an impact. In cases of inevitable transfers, it is important to prepare for such shifts in the balance of power through collaboration and consensus building.

5.2. Personal Learnings

Dedication to a cause is necessary for a every leader and bureaucratic leaders are no exception. Once entrusted with the role of leading the Energy Department, the secretary found that the PTPL project had been taken by far

too many to be a lost cause. By deciding to fix the situation, rather than accept it, he was able to reignite the hope of his team and renew their commitment towards making this project a success. Despite several setbacks at various points of the project, the Secretary did not lose heart, and continued to remain focused and dedicated to the end goal.

The importance of one-on-one meetings for building positive interpersonal relationships with stakeholders cannot be understated. In this case, every lender was given due respect and the secretary took out time and energy to meet each one individually to discuss their specific concerns, answer questions in detail and establish trust. Similarly, the CM, CS, Energy Minister etc. were consistently updated on progress and their advice was sought in terms of proceeding further. These relationships were critical in managing the political economy around the project, as these individuals become invested in the cause and helped to drive the agenda at various forums.

Understanding the limitations of one's own authority is a humbling but core lesson. When delays in the project's implementation were due to the federal government's inability to fulfill its responsibilities, the secretary did not attempt to hold relevant parties accountable alone. He followed the hierarchical chain of command, engaging the CM who pushed the matter to the attention of the Prime Minister and his Special Assistant to resolve it.

Due to the multiple steps involved in a mega project, it can be useful to adopt a phased strategy, taking each step individually rather than attempting to tackle everything at once. Determining the urgency of each problem, the secretary took a stepwise approach to resolve it. A study has found that in addition to possessing a clear strategic vision, adapting to complexity is another major factor that distinguishes the success of a mega project (Shenhar & Holzmann, [2017](#)). In the case of any setback, the secretary immediately switched tactics and focused on the more urgent problem first, embodying flexibility and adaptiveness in his leadership approach.

Being mindful of the capacity of one's organization is essential in terms of delegating tasks and responsibilities to team members. By effectively supervising his team, the secretary was able to understand where every individual stood. He recruited the best talents to produce a final set of documents that were ready to be shared with stakeholders. Similar delegation was done during the process of a risk assessment analysis that was performed once the secretary had been reappointed.

Effective negotiation skills proved to be a much-needed booster during the onboarding of lenders. The secretary was able to effectively detach connotations of corruption, mismanagement of funds and poor success rates that lenders' commonly associate with mega projects and convince them to invest in the cause. He was able to bring back withdrawn lenders and approach new lenders



successfully by finding a middle ground between the needs and requirements of all parties.

6. Conclusion

Mega projects involve a range of complex issues that require dynamic leadership, consistent firefighting and domain-related knowledge. As demonstrated by the secretary's journey, the bureaucracy alone has the access, reach and clout to battle issues around political economy involved in the reaching the financial close of such a project.

This case study shows that the role played by due diligence, political ownership, persistent policies, accountability and transparency and continuity of tenure in bureaucracy are defining factors. One-on-one meetings with key stakeholders, understanding the limitations of one's own authority, prioritizing problems, and being mindful of the capacity of the organization can make or break a mega project. Effectiveness of bureaucratic leadership can be enhanced through various strategies that were adopted by the secretary, including consistent dedication and good negotiation skills.

Furthermore, the PTPL project adopted an innovative style of management through the use of a public sector company as an implementing agency. With an adept Board of Directors comprising public as well as private sector experts who were well-versed with mega projects of this nature and in this sector, the secretary was able to seek advice on domain-specific and technical matters and determine the best way forward. Simultaneously, he maintained coordination and built relationships with federal and provincial government stakeholders, as well as project lenders. The combination of both helped to bring the project to successful financial close.

7. Way Forward

Drawing on the Secretary's experience and lessons learned, the following recommendations may prove useful for future initiatives of a similar nature as the PTPL project:

In order to disassociate mega projects from connotations of corruption and mismanagement of funds, accountability and transparency must be adopted as guiding principles, with due documentation of all transactions and funding flows should be ensured from the beginning of the project.

As the first step for any mega project, a proper problem analysis must be undertaken to determine whether a proposed project is effective, efficient and legitimate (Altshuler & Luberoff, [2003](#)). Due diligence via necessary legal, financial, insurance and technical checks of all project parties must be completed prior to engagement.

The engagement of sector-specific, technically sound representatives from both

the public and private sectors is essential for brainstorming and arriving at the optimal course of action. Such a model of governance can blend technical expertise with administrative prowess and ensure a mega project reaches its final lap.

During the course of action, consistent communication and coordination needs to be maintained with the federal as well as the provincial government to air out concerns, ensure that key stakeholders are abreast of project progress and engage their support as and when needed. Through these strategies, alignment between national and regional stakeholders will be achieved. It is essential to achieve political ownership and maintain continuity of the project in the face of any discontinuity at the top-level.

Consistency of policies, irrespective of political priorities, must be adopted, as mega projects usually take years to implement and can suffer grave delays when they are faced by such external shocks.

Building the confidence of the lenders and establishing trust needs to be an important priority during the implementation phase. This can be done through one-on-one meetings, regular progress sharing and open communication so as to ensure that concerns are addressed in a timely manner.

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