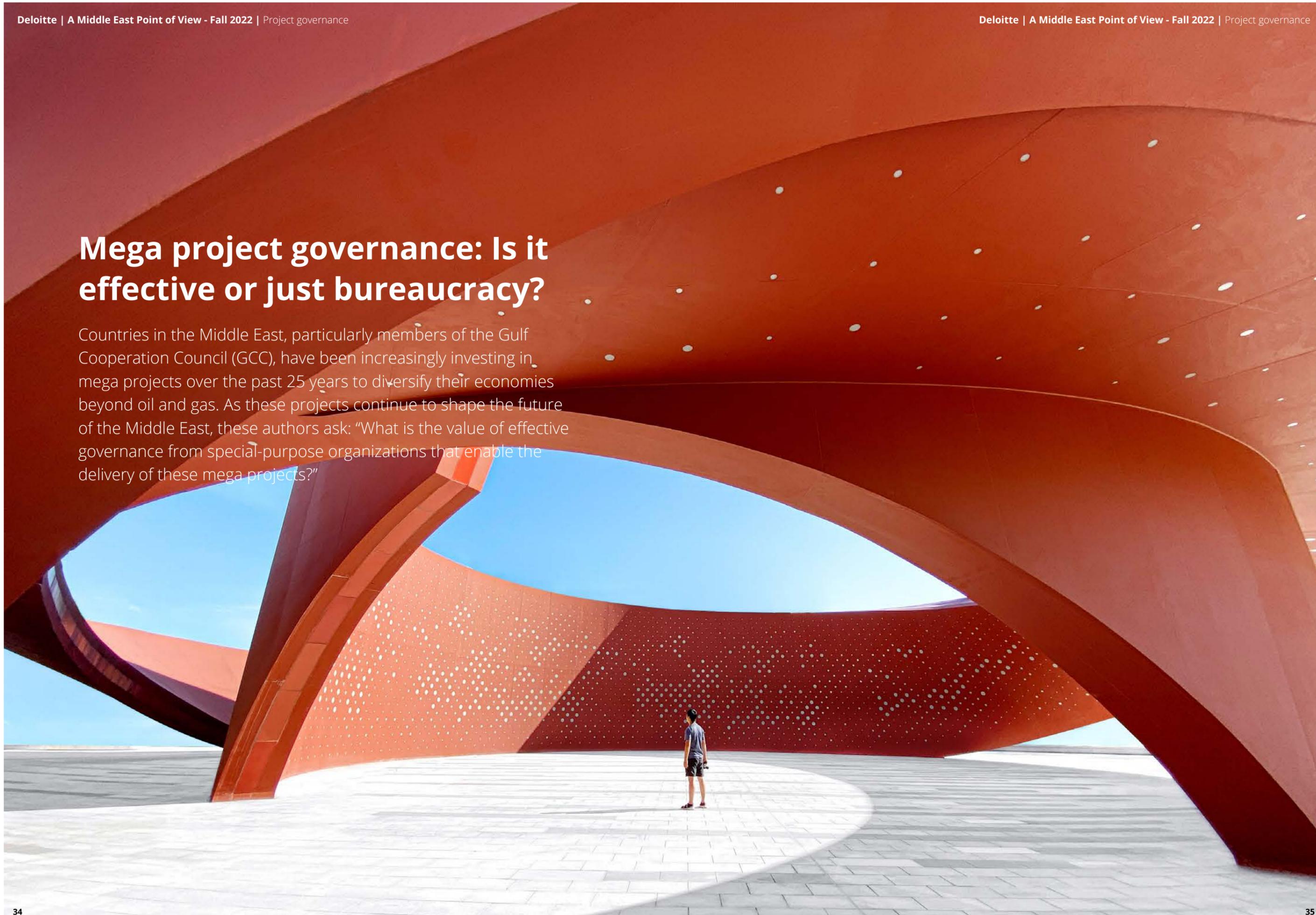


Mega project governance: Is it effective or just bureaucracy?

Countries in the Middle East, particularly members of the Gulf Cooperation Council (GCC), have been increasingly investing in mega projects over the past 25 years to diversify their economies beyond oil and gas. As these projects continue to shape the future of the Middle East, these authors ask: "What is the value of effective governance from special-purpose organizations that enable the delivery of these mega projects?"



Mega projects are typically measured in billions of dollars and are highly complex to deliver. They are intended to drive economic, political, social, and technological development. This creates a need to set up governing entities that will overlook and anchor the various aspects of those mega projects with the objective of creating a legacy.

The role of special-purpose organizations

Countries and governments are inclined to set up organizations with a special mandate that aims to drive, lead, and coordinate the required preparation to deliver mega projects.

Such organizations are set up with a clear vision and ultimate objective to be achieved in the medium and short-term-typically within a span of 10 years. The organizations will operate under a strict mandate and timeline. Should there be any deviation, the strategic and reputational risks will be high. We refer to these as special-purpose organizations.

Governance for mega projects

The members of the GCC-Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates-are heavily invested in the delivery of mega projects to fulfil the objectives set out in their ambitious long-term national visions. These countries are dependent on special-purpose

organizations to deliver their mega projects.

Types of mega projects can vary across the development of transport infrastructure (i.e. airports, bridges, highways, railways, tunnels, seaports), power and utilities (i.e. dams, oil and gas, powerplants, telecommunications, wastewater), real estate (i.e. smart cities, redevelopment, towers, arenas, special economic zones), information systems and hosting global mega events, among others.



Figure 1: Example of mega project across the GCC

To enable special-purpose organizations to achieve their objectives progressively, they require effective governance that ensures consistent alignment with the strategic objectives, sets the tone at the top and cascades the direction of the various functions of the organization. From start to finish, effective governance ensures that the organization remains on track to achieve the end goal.

Deriving value for governance

There are various value drivers, of which five are listed below, that are sought after by special-purpose organizations to achieve effective governance for delivering mega projects:

1. A governance structure that sets the tone at the top

As per its definition, governance is the act of overseeing the control and direction of an organization. Governance is typically instilled in an organization by establishing forums at each level in its hierarchy. The governance framework instilled by such an organization should be tailored to its objectives and key stakeholders at each level in its hierarchy.

At the simplest level, a governance structure will set the tone at the top of the organization from where its mission, vision and objectives are cascaded down to project level. An effective Project Management Office (PMO) will be key to oversee the delivery of these projects in alignment with the strategic objectives.

2. Informed and timely decision-making

All special-purpose organizations require effective strategic decision-making supported by a strategic PMO function to track the progress against delivery of



milestones in the project plan, as well as understand the risks and issues to delivery of these milestones at any given point in time. After turning data into useful information, the PMO will then provide reporting by exception to each level of governance for timely decision-making by stakeholders.

The PMO may also look back at decisions made by the organization and to reflect on the results to identify key lessons learned for future reference. Through time, this will facilitate a more streamlined, effective, and efficient decision-making process. ➔

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3. Increasing resilience to challenges

Special-purpose organizations require a diligent resiliency framework that would allow the organization to anticipate any negative implications in a timely manner and thus, have mitigation plans and responses to any unforeseen events that could reduce any operational or reputational impact. Governance provides a structured mechanism for responding to threats to ensure business continuity, such as during a pandemic. The stakeholders involved in the governance of a special-purpose organization will have a mandate to act swiftly through consensus.

A well-equipped and adequately resourced governance function may enhance cost-effective resilience. Through a pool of experienced resources that have been in similar situations previously, governance can eliminate the costly trial and error problem-solving behavior that is seldom afforded to special-purpose organizations.

4. Building public trust

As special-purpose organizations are set up by countries and governments, the public are an involved and/or impacted stakeholder. Effective governance for such organizations should ensure that there is accountability to the public, transparency of information, and decision-making with the public's best interest at heart.

This will contribute to the public's sense of pride, belonging and social prosperity. This will positively impact the special-purpose organization's public image and reputation. Strategic brand and communications management is key to ensure that the required messages are adequately communicated to influential stakeholders, who will further promote the reputation of special-purpose organizations and delivery of the mega project, which should progressively create a legacy.

5. Delivering long-term value

Economic sustainability remains a hot topic in the Middle East. Special-purpose organizations should have legacy as part of their core and be intertwined with delivery of a country's long-term vision. Through governance, leaders of special-purpose organizations can identify and regularly monitor how the significant investments made by countries are building a brighter future for its citizens.

This will also reinforce the ability of leadership to ensure the sustainability and enhancement of the nation's legacy. The leadership of a special-purpose organization can achieve this through a phased governance approach, which ensures adequate risk and issue management, cascaded expertise, and a well-rounded knowledge transfer mechanism.

While setting up an effective governance framework will require significant resources whether cost, time, or manpower it will facilitate a successful legacy through enabling transparency, consistent stakeholder engagement and a structured decision-making process that incorporates adequate and timely management reporting on progress.

Opportunities for special-purpose organizations

The premise of a mega project is typically focused on the vision, master plan, and financial budget. The responsible party for delivering the master plan within the budget to fulfil the vision-the special-purpose organization-must be properly presided over. This is where governance can enable a platform for success.

An effective governance framework is essential to support the organization in being uniquely positioned to steadily progress towards achieving its objectives while maintaining the protection of the interests of all the stakeholders in the organization i.e. shareholders, governing bodies, employees, customers, vendors, regulators, the community. Further, governance will support such organizations to promote transparency and clearly articulate the division of responsibilities among different authorities to achieve its objectives.

Therefore, it is crucial for countries and governments to consider the mechanism of governance to preside over special-purpose organizations delivering their visions through mega projects.

Is it working?

Another point of view that emerges is: does governance not just mean more bureaucracy, which demands time and cost? What value can governance really deliver?

While setting up an effective governance framework will require significant resources-whether cost, time, or manpower-it will facilitate a successful legacy through enabling transparency, consistent stakeholder engagement and a structured decision-making process

that incorporates adequate and timely management reporting on progress. These positive factors should cause time and cost to be balanced against a higher sense of responsibility and accountability.

The roots implanted through governance should anchor the country's legacy to enable economic and social prosperity, and most importantly to create a stable and sustainable future. A single step on the journey of a thousand miles. ●

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Endnotes

1. <https://www.merriam-webster.com/dictionary/governance>