



by Tatiana Serafin * illustration by Stephanie Wunderlich

beyond BRIC

Project management opportunities abound in the next tier of emerging markets, but they often carry more risk.

Move over, BRIC. It's time for NCPV.

Okay, it may not have quite the same ring—yet. But now that the proven markets of Brazil, Russia, India and China are practically part of the establishment, Nigeria, Chile, Poland and Vietnam are quickly emerging as the next generation of serious global contenders.

The four countries are rife with project management opportunities across an array of sectors, including IT, construction and mining. Those growth prospects, however, are tempered by more perilous project environments. Governance is particularly an issue in Vietnam and Nigeria, where regulations are opaque and shifting, while macro-economic and financial stability is a concern in Chile and Poland. And in all four countries, there is a staggering lack of project management knowledge.

Still, these up-and-comers could offer great rewards for companies willing to take a calculated risk.

A SLEEPING GIANT AWAKENS

South Africa is getting all the press these days as it prepares a bevy of megaprojects to host the World Cup in June. But Nigeria—Africa's most populous nation—is quickly coming into its own. Buoyed by strong oil prices, the country saw its GDP increase by 3.8 percent in 2009. Armed with those numbers, Nigeria is staking its ground on the project management landscape with a commitment to continuing economic reforms and a focus on infrastructure.

Poor infrastructure has been one of the main impediments to growth in the West African country. In the hopes of developing public-private partnerships (PPPs) for electricity and road projects, the government has pledged nearly US\$3 billion this year and up to US\$7 billion by 2014, according to Business Monitor International.

Chinese companies have been quick to spot the project opportunities, particularly with railways. In January, the Lagos government announced that

China Civil Engineering Construction was selected as the main contractor for the first light-rail project, modernizing the Lagos-Kano line by 2012.

Another bright spot is the developments in telecom infrastructure. Helios Towers Nigeria recently announced plans to construct 917 additional wireless towers to bring its total to 1,300 by the end of the year. Plus, African telecom giant Globacom launched a US\$800 million project to expand its network, laying the first submarine cable between Nigeria and the United Kingdom.

Risk management takes center stage, though, especially concerning the instability of the government. President Umaru Musa Yar'Adua has been ill, and the political situation is tenuous. In March, ethnic violence ravaged the city of Jos.

Project sponsors and managers face corruption (particularly on the part of contract managers), security concerns and a poor regulatory environment outside of the more metropolitan areas. And until the infrastructure is up and running, many other projects face expensive work-arounds.

"It's a chicken-egg problem," explains Bisi Osunneye, managing partner, New Africa Business Development and Investment Co., Lagos. "There are problems with transportation and power, so you have to develop those first before you can focus on other projects."

These risks aren't as serious as they once were.

"We still have many U.S. and European companies with hundreds of expatriates as staff operating here," says Mr. Osunneye. The once-volatile Niger Delta region has seen fewer incidents of late, with kidnappings and general unrest declining significantly, he says.

The country lags in project management knowledge, though. Many organizations aren't aware of best practices, and even with those that are, there's often a lack of executive buy-in, says Kayode Adeniyi, PMP, owner of

Construction Quotient Ltd., a contracting and consulting firm in Lagos.

The situation is further exacerbated by the lack of opportunities for professional development and knowledge exchange. An insufficient pool of professionals makes it difficult to influence government decision-makers on project management issues, he explains.

AFTER THE EARTHQUAKE

Despite a massive tragedy just months ago, Chile remains one of the strongest of the Latin American pack. It ranked as one of the top 30 countries on the World Economic Forum's *Global Competitiveness Report*, ahead of its regional rivals, including even the mighty Brazil.

Part of the credit goes to the municipal leaders.

"Chile has probably one of the cleanest, most transparent governments in Latin America," says Charles Spencer, general manager, Spencer Global Chile, a legal, relocation and investment firm in Temuco.

The government will clearly have its work cut out as it tries to recover from the 8.8-magnitude earthquake that devastated the country in February. The Ministry of Public Works estimates rebuilding the decimated infrastructure will cost US\$20 billion to US\$30 billion and will take at least two years.

The government had already committed to spend US\$12 billion to revamp the national infrastructure, particularly roads and power plants. Plans include implementing the ministry's strategy to grant concessions to companies that finance public-works projects. The companies will be responsible for operations and will retain profits for up to 50 years.

Along with all the infrastructure opportunities, portfolio and program managers could also strike gold in the mining sector. The country is already the world's biggest copper producer—accounting for about 35 percent of global output—and mining giant BHP Billiton has several multimillion-dollar



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projects underway. Plus, Chile also intends to triple its gold production over the next five years.

Despite all the initiatives, the project management profession has yet to gain full respect in the country.

"Project management as a discipline is growing in interest and importance in Chile," says Eduardo Rodríguez Pinto, project director, Heredia y Santana Project Management, a consulting company in Santiago. "But often for top managers, project management as a discipline is a low priority to implement due to a perceived substantial time and effort commitment and a lack of internal skills to support it."

Project managers in Chile must seek to improve handling of control, timing, budget and environmental issues, especially in mining and energy projects, says Mr. Rodríguez Pinto.

At the same time, the demands on project managers are growing as projects become more sophisticated.

"Complex projects integrate many different skills and knowledge," Mr. Rodríguez Pinto says. In mining and energy projects, for example, teams might consist of civil structural and chemical process engineers, as well as IT staff. And they all "need to speak and work as a team aligned to project objectives and planning," he adds.

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“Integration among disciplines, areas or phases inside projects is the most important task to solve. It’s also a challenge for managers to find, promote and mentor people at the practitioner level to help in that integration,” says Jorge A. Nemiña, PMP, acting project services regional manager of the project delivery firm Sinclair Knight Merz, Santiago.

EASTERN EUROPE’S NEXT STAR?

Poland’s meteoric rise to the top of the economic up-and-comers took a tragic turn in April when a plane crash killed Polish President Lech Kaczynski, along with many of the country’s top political, military and banking leaders. The vacuum left creates a somewhat chaotic business world and leaves many projects in doubt, but the country’s long-term prospects remain strong.

While much of Europe stagnated, Poland boasted an annual GDP growth of 5 percent through 2009. Its infrastructure sector grew 8.5 percent to US\$14.6 billion, largely courtesy of its European Union membership, reports Business Monitor International.

“The European Union alone will soon be investing €60 billion in infrastructure projects in Poland,” says Peter Hostrup Rasmussen, vice president, COWI, a Kongens Lyngby, Denmark-based consultancy that will perform project feasibility studies.

The many ongoing megaprojects face a major stumbling block if the funding spigot dries up, however. Greece’s sovereign default has hit the European Union hard, stalling funds for Poland’s infrastructure development.

The reality is that Poland remains highly dependent on Western Europe, much of which remains mired in an economic funk.

“I don’t believe that Eastern European emerging markets can really recover if the West doesn’t,” says Krzysztof Smigiel, PMP, chairman and CEO of AK&K Consulting International, a project management training firm in Brno, Czech Republic.

If funds come through, the country will focus on the Trans-European Transport Networks, which aims to connect Central and Eastern Europe with Western Europe’s motorways, rail lines and waterways.

On the domestic front, some much-needed rail projects are in the works, including a US\$1.4 billion megaproject to construct a new section of the Warsaw metro. The country is also slated to revamp up to 3,000 kilometers (1,800 miles) of highways in the next year and a half.

Utilities, which make up one-third of the infrastructure sector, have seen a number of large-scale projects as well. Oil refiner PKN Orlen is planning two power plants with a combined price tag of US\$1.07 billion, while electric energy titan Energa and Belgian engineering firm ES International have joined forces to build a US\$1.39 billion plant.

Another driving force in project growth is the 2012 European Football Championship, which Poland will co-host with Ukraine. To accommodate the 500,000 visitors expected during the three-week tournament, Poland initiated a massive construction blitz for sports complexes (building three new stadiums and renovating three others), airport and rail infrastructure, and tourist facilities.

In addition to being an infrastructure project center, Poland is trying to create a competitive edge with technology.

“The biggest opportunities in project management are software development and deployment of various IT systems, which can help organizations achieve greater savings and maximize profits,” Mr. Smigiel says.

Poland’s location and educated workforce also make it a hotspot for IT outsourcing projects. The country ranked among the top 10 emerging outsourcing destinations in a 2009 report by Tholons, a global outsourcing advisory firm.

As is so often the case with emerging markets, however, project management has yet to firmly establish itself.

“For medium and large international companies, the awareness of project management is at a good level,” Mr. Smigiel says. For smaller companies, though, it’s still a bit of a mystery, he adds.

FINALLY MOVING BEYOND THE WAR

Vietnam’s economy grew more than 5 percent last year, proving more resilient than the rest of Asia, with the exception of BRIC powerhouses China and India. Fueled in part by government-funded infrastructure megaprojects, the construction industry posted the most growth, with an 11.4 percent jump.

The socialist republic has been investing in infrastructure development since the early 1990s when it began opening relations with the international community. As investors flocked to the nation, the government plowed dong into roads, electric power, water and telecom infrastructure left decimated after years of war.

The country currently spends about 9 percent of its GDP on infrastructure projects, and Business Monitor International predicts that investment in building and sustaining infrastructure will significantly accelerate in the next two years.

Though Vietnam has caught up with its Southeast Asian neighbors in some ways, it has an insufficient transportation infrastructure, and communication

networks frequently drop calls. With energy consumption up by nearly one-fifth from last year and an electricity shortage predicted in areas already experiencing blackouts, the greatest demand is for power projects, sparking at least two megaprojects.

Multinationals are active, with Malaysian water management company JAKS Resources Berhad announcing the first PPP in power generation.

The World Bank, meanwhile, has been working with the Ministry of Planning and Investment, the Ministry of Finance and other government agencies to build a market-oriented PPP financing system to boost private capital into infrastructure projects. The pilot PPP, the Dau Giay-Phan Thiet expressway, aims to pave the way.

Many obstacles remain in carrying out PPP projects in the country’s transport sector, according to Ha Khac Hao, PhD, deputy director of the Planning and Investment Department under the Ministry of Transport.

A perplexing legal framework may prove the most difficult area for project managers to negotiate. A system of regulations and procedures must be put in place to create a standard for private investments and to delineate the state’s role, stated Kamran Khan, director of World Bank Infrastructure Financing and Research Group at an international conference in November.

“This is a highly bureaucratic society,” says Ajay Bandhu, CEO of PPF Vietnam Finance Co. Ltd., Ho Chi Minh City.

Even after project portfolio managers navigate the rules and regulations, retaining talent becomes a major concern. “Qualified staff are always at risk of being poached,” Mr. Bandhu says.

The next tier of emerging markets reveals some dark horse contenders. And although nothing’s ever certain in the world of project management, this probably isn’t the last you’ve heard of NCPV. PM

»» The Other Up-and-Comers

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