The paper is devoted to the widely used in the developed countries project-oriented approach. In transitional countries, especially in the governmental sphere, this approach is used to the lesser extent. However, it is able to provide transitional governments with effective tools for realizing changes. The paper is aimed at examining basic principles of project management and its peculiarities in public administration, as well as at analyzing spheres of the project management implementation in public administration, in particular in the transitional countries, at studying stages of project management maturity and knowledge, which is necessary in project management, and at discovering benefits and obstacles of project management in the transitional countries.

During the research preceding the paper there were analyzed theoretical and practical aspects of the project management implementation both in business and governments. There were made interesting conclusions concerning specific characteristics of project management in the governmental sphere, which touch upon legal norms, a wide range of stakeholders, the usage of resources and establishing priorities. In the paper there was made a finding about the specific character of applying this approach in realizing changes in different spheres of life, in the organizational structure, in improvements of the infrastructure, of utilities, etc. There was made a significant conclusion about organizational aspects of the implementation of management by projects in public administration concerning the establishment of a coordination center – Program Management Office.

It seems to us that the most principle conclusion made in this paper refers to benefits and discovered obstacles of applying project management in the transitional countries, i.e. knowledge, expensiveness and misunderstanding, as well more contradictory and intricate barriers as the transitional character of the developing countries, where some peculiarities of public administration display more evident than in the developed countries. There was emphasized that the introduction of project management in the transitional countries should proceed together with other transformations, what will give these countries an opportunity to achieve the same results as in the developed countries.

During the last forty years project management gained popularity both in business and governmental spheres. While companies do not hesitate whether they should use project management and the vector has shifted toward the effectiveness of project management methodologies, in the latter sphere the situation is quite different and heterogeneous. The developed countries have realized the importance of project management methodologies in terms of effectiveness and productivity, in contrast to that the developing countries or transitional countries consider the usage of project management as the spirit of new public management and believe that it does not bring so many advantages for public administration.

In this paper we will discuss the implementation of project management in transitional countries. First of all, let us consider the term “transitional countries”. There can be different conceptions what countries we are able to define as transitional ones. It is obvious from the term that these countries are on a path leading to any goal. But it is also apparent that every society both with the high standard of life or with the lower standard of life sets any goal and tries to achieve it. In that case the question concerns the nature of this goal. Let us add to this discourse the concept dividing countries into three clusters: the developed countries, developing ones and under-developed countries. The latter group is treated as countries with the low quality of life, with the low economic development, etc. Societies of these countries have been dealing with such problems as civil wars, epidemics and so on, so that it is quite difficult to speak about the development, transitions and the movement toward a goal. Thus, under-developed countries cannot be included into the group of the transitional countries.

As far as the developed countries are concerned they always move toward some goals, they always change a little bit due to the dynamics of the environment, but at the same time their economic, political, social systems are stable, i.e. basic elements do not change. The developed countries have reached high standards of life; they became some kind of a reference point for many other countries. As for the developing countries they are really in the position of a transformation striving to get high indicators in many spheres. Many of the developing countries have been changing their economic, political and social systems. We mean above all former Soviet countries. The majority of them accepted western democracies as a reference point. So that they benchmark systems and values of the developed countries, as well as different management methodologies and techniques. One of these methodologies is project management. Hence, by the transitional countries we would primarily mean the developing countries that have chosen western democratic system as a guiding line and because of it benchmark their systems, models and in particular management methodologies.

1. Project and project management and their peculiarities in public administration

According to PMI (Project Management Institute) - one of the largest and one of the most famous institutes dealing with project management – project is a temporary endeavor undertaken to create a unique product, service or result. That is why we can mark out those characteristics that distinguish projects from processes, which are considered to

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be the basis of operational work. They are temporary character, producing unique results and progressive elaboration. We can conclude that project management is the administration of project, but there is also a wider definition given by PMI, according to which project management is the application of knowledge, skills, tools to project activities to meet project requirements. Project management is realized thorough the application and integration of PM processes of initiating, executing, monitoring, controlling and closing [1]. Projects are realized in all three spheres: in business, in the governmental sphere and in the non-profit one. But projects in all these spheres possess their own peculiarities, which depend on specific characters of each sector. Due to the fact that our paper is concentrated on the public sector, we will not mark out peculiarities of other sectors’ projects and will dwell on projects dealt by governments.

Specific characters of governmental projects are in the direct relation with peculiarities of the government as the specific subject of decision-making process. Apart from such characteristics as heterogeneous object of its impact, public authority, the combination of double, triple and so on standards there is a specific context that should be taken into account dealing with governmental projects:

- **The existence of specific legal norms** that determine activities of the whole society, on the one hand, and of institutions which realize projects – on the other. There are far more such legal norms than in business.

- **The existence of a wide range of stakeholders and the accountability to the society**, at that stakeholders can be both within the accountability process and outside this process. The inner stakeholders are governmental institutions, government agencies, public managers and so on. The range of external stakeholders is wider – the mass media, citizens, interest groups, etc.

- **The usage of public resources** which governmental projects are financed through a state budget by. That is why the responsibility of a public manager increases and it is complicated by the fact that it is rather difficult to measure the success of a project as well as of manager’s work. Besides, it is also very difficult to appraise project’s benefits for the society because sometimes it is not possible to use such indicators as Benefit-Cost Analysis (BCA) and Return of Investment (ROI). Public managers tend to estimate project’s effectiveness and benefits by qualitative indicators [2].

- **Difficulties in establishing priorities and in the differentiation of governmental projects.** This characteristic follows from the previous one. While in business the system of projects’ differentiation is based on principles of cost and profit, these principles often cannot be applied to governmental projects and it is necessary to establish the system which is quite different from the business one and which considers interests of different groups of citizens.

Due to the fact that the government deals with complex problems rather than with single particular ones, the government often tends to shift to more complex level of project management, in particular to program management. Program is a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside of the scope of the discrete projects in the program [3]. Exactly because of that tendency organizational aspects also shift to more complex level, i.e. to the level of Program Management Office (it will be discussed below).

It is worth mentioning that for a long time project management was considered in business just as mechanisms of technical support for business operations. That was reflected in the fact that project management was used not as some kind of approach to doing business, but as a methodology related to planning activities. At the close of the XX century the situation has changed and nowadays project management is considered as more than approach, it is considered as the philosophy of both business and the whole society. And the attitude toward project management in public administration of the developed countries is not the exception. Nevertheless, there is a difference in attitudes of business and the government toward project management. The difference in the nature of their tasks is at the bottom of different attitudes. While business strives for improvements and project management provides an organization with techniques in order to realize a desired change, the government is aimed sometimes at the retention of a situation rather than at the improvement, i.e. vectors of goals are in different directions. The point is that project management works only in the direction of improvements; it is inefficient when the deal concerns the retention. That is one of the main constraints of project management in public administration. We should pay a special attention to this constraint, because it leaves a mark on spheres of the project management implementation in public administration.

2. **The history of project management in public administration**

To begin with, it is argued whether project management is really the spirit of new public management or in fact the tendency of returning to methodologies that were in use few decades ago. To prove the latter we should not necessarily remember the history of Ancient Egypt. The point is that the modern development of project management has begun in the forties of the XX century exactly in public administration in the USA, in current opinion. In the USA project management has formed into the separate knowledge area. However, project management also developed in other countries, but probably in a latent form. Only after the development within public administration in the sixties of the XX century business started adopting these techniques due to the tendencies in the environment such as the dynamics of the environment and the complexity of tasks faced by business. We examine a tendency, which is opposite to the modern situation, when the government adopts business management techniques. Before the sixties project management existed in business in elements of management by objectives and results-based management, which established the basic principles of project management.
At first project management was more contract management (the tendency toward contract management in public administration we can examine nowadays). The development of project management itself began during the Cold War, when the American government ordered in agencies armament, uniform and military equipment. For the first time project management was used in American programs Navy's Complex Polaris and NASA Apollo in 50 – 60s of XX century. NASA introduced project management in aerospace. Interested in the development of project management the American government contributed to this process by developing the systems of planning, monitoring and control for projects, creating the group of project auditors who were responsible for controlling the introduction of project management [4]. The Manhattan Project of the creation of the first atomic bomb is considered to be the first project realized on project management principles [5]. Undoubtedly, project management that was used in the past is not the same as the modern one. That time projects were used as the tool of technical support of operations.

In 1960-1985 due to the high dynamics of environment and the complication of tasks business began searching for new tools that can be effective in the new environment. It is project management that was able to solve problems faced by business. At the same time there was the depression of project management development in public administration. It is explained by the fact that government is considered to be a process-oriented organization, that is why it exhausted potentialities of project management, which were seen in the past. In contrast to the government business is more flexible and sensitive to innovations. Thus, project management took new opportunities for the development.

Nowadays, the tendencies of adopting business techniques by the government are opposite to those in the past, when corporations tended to adopt governmental tools. Today governments adopt not only tools and techniques, but also the spheres of the project management implementation. Project management is no longer considered as the supportive tool, it is a powerful tool for realizing changes. Nowadays in the governmental sphere there appears the tendency of outsourcing of different functions and project management plays a great role in this area.

3. Spheres of project management implementation in public administration

Project management is considered to be the powerful tool for realizing changes. We can distinguish four main groups of relations where project management works, that are

- Changes in different spheres of life;
- Changes in the organizational structure of governmental bodies;
- Private-public partnership;
- Project-oriented branches of economy.

Changes in different spheres of life. By the term “spheres of life” we mean such spheres as economic, social, political, etc. One cannot deny that it is essential to conduct the permanent development of these spheres. Depending on the radical character of changes the government is able to use incremental or project-oriented approach. While the government realizes changes gradual, it is more effective to apply the incremental approach. But when the changes are considerable, the government should turn to the project-oriented one. It provides the government with effective tools for realizing radical changes in the shorter period of time. Moreover, the changes in this context are under the permanent monitoring and control of public managers, what in its turn contributes to the increase of quality of the desired changes and of a management system.

Added to that, in the context of transitional countries the usage of this approach acquires a special importance. It is reflected in the fact that these countries undergo significant changes. Mostly these changes are not incremental, but drastic. Take us as the example the former Soviet Union countries. In these countries all spheres of life differed from those in other countries. After the break-up of the Soviet Union countries that were its parts chose another model. They needed to proceed to the new chosen model, so that to make a dramatic change. The best way to realize such a change is to apply project management. Unfortunately, the project-oriented approach was not used by these countries or used partially depending on the knowledge and competence of public managers and leaders and on political will.

Besides, project management is able to work effectively in less dramatic changes than the radical change of the system. If a country is willing to conduct a reform in a particular sphere of life or to reach another level of the development in a qualitative sense, the project-oriented approach would be also helpful. In this case the government is able to develop a project (for a particular change) or the whole complex program in order to realize a considerable change. Let us take as the example Russia. It tries to realize a set of changes based on the project approach. We can argue whether it is a real project-oriented approach as it is understood by the developed countries or the process approach setting up for the project one, but we can affirm that there is an attempt to use this approach or its elements. For instance, Russia has been realizing four national projects in the spheres of public health, housing and communal services, education and agriculture. These four projects are more strategic plans than strategic projects. Furthermore, each of them is so complex that it should have been developed not as a project, but as a program, so that these four programs would have been able to form a portfolio. But at the same time, these projects could be considered as the first step toward the project management development.

In the Russian Federation programs are also developed in the R&D sphere, telecommunications and IT, transport, aviation, culture, in the social sphere, education, etc. These programs are developed by Ministries. From all mentioned above we are able to conclude that the transitional countries should pay more serious attention to project management dealing with considerable changes in different spheres of life. The degree of the project
management usage in this group of relations should be higher than in the same group within the developed countries, because the latter tend to realize incremental changes. At the same this does not mean that the developed countries use project management to a lesser extend. The situation is that these countries are on the higher level of project management culture and that why the totality of projects realized in the developed countries is larger than in the developing ones. Ideally proceeding from the nature of project management the situation should be reverse.

Changes in the organizational structure of governmental bodies. It is common knowledge that during the last forty years structures of governmental bodies have changed in different countries to a greater or lesser extent. This was the result of the development of concepts “New public management” and then of “Governance”. Due to the perception of these concepts the government began to realize such changes in their organizational systems as the decentralization, the privatization of many governmental functions, restructuring, etc. All of these transitions require the specific plan of activities, which should include time frames, budget, systems of monitoring, evaluation and control. It seems to be that the only instrument which is able to produce these transformations effectively is project management. So that before realizing the changes in the organizational structure the government should develop a project or, in some cases a program, when it concerns, for example, the transformations of the whole organizational structure.

As far as the developed countries are concerned most of them have overcome the period of these changes or are at the end of such transitions. Many of these changes were made based on the project-oriented approach. After these reforms during the stable period of the permanent development these countries would be able to implement the incremental approach. Thus, it is clear that the developing countries should adopt the approach that the developed countries tend to apply during the transitions due to the showed effectiveness and productivity. It is obvious that the transitional countries should not adopt tools blindly, they must analyze all strengths and weaknesses, but it should be pointed out that project management as a managerial instrument is neutral to cultural peculiarities.

On the whole project management is also a powerful tool for realizing changes in this sphere. It should be used more actively in the transitional countries.

Private-public partnership. Projects based on principles of private-public partnership represent a special form of collaboration between the government and business in order to realize long-term strategic investment projects. We can name typical projects that include the construction/reconstruction of transport infrastructure (airports, highways, railways, bridges, etc.), of a public real estate (hospitals, schools, museums), of utilities, as well as the management of these objects. Besides, private-public partnership is widely spread in R&D and in non-manufacturing business. Within this form of the collaboration the integration of resources of two main entities takes part. These entities are the government with its huge potential of a real estate and business, which tends to use effective management methodologies, possesses resources for investing.

We should bear in mind that not all forms of private-public partnership deal with projects. Economic classification of these forms, accepted in the World Bank, includes such forms as:

- Contracts to management (in particular rent);
- Enterprises, which were created through the process of going public or on the basis of shareholding of both the government and business;
- Concession.

Most of private-public partnerships initiatives are processes rather than projects. First two forms represent processes within the partnership. These forms are widely used in the transitional countries. For example, in Russia business organizations tend to rent enterprises that are not going to be public ones. In 2004 the group “Industrial investors” rented ice-boats of Far-Eastern sea steam navigation. There exist a huge number of examples of renting see berths, terminals and other objects in airports, see ports, etc. Besides, there are many companies, where the government acts through its part of a capital. For instance, in the Russian Federation the most famous are Gazprom (the Russian Government controls 50, 002% of stock [6]), RAO UES of Russia (52,6832% of joint stock belong to the Russian Federation [7]). As far as the organizational aspects of these forms of private-public partnership are concerned, there were created special structures such as Federal agencies for the management of federal property and committees created for the same objective.

The third form of private-public partnership concerns projects. Concessions are applied in huge strategic projects especially in the spheres of construction of objects of infrastructure and in R&D. They contribute to the attraction of private investments. In Russia, for example, there are not so many concession projects and the most famous ones are the construction of railways between cities Berkakit-Tommot-Yakutsk, the construction of the branch line of the see commercial port Olya, the construction of the port Gelezniy Rog, the construction of four train-ferries in Dagestan. It is clear, therefore, that project management in public-private partnership should be used and in its turn it will raise profitability due to the reduction of the period of the realization and the increase of quality and effectiveness. Some developing countries have yet shown the effectiveness of projects based on private-public partnership; among them are South Korea, Malaysia, Indonesia, where the number of highways built within the partnership approximates to 100% [8].

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2 The information is for the date March 29, 2007.
3 The information is for the date March 29, 2007.
We would like to mention that project in the transitional countries based on the partnership resolve not only economic problems, but also political ones. The point is that such collaboration allows introducing the goal-oriented system of the use of resources and may contribute to the reduction of the level of corruption, and these problems are among the critical ones. A private investor is interested in the high return of the project and in receiving a legal profit. Moreover, private-public partnership can help to reduce the negative perception of business and government in many transitional countries.

We should pay attention to the fact that in order to realize an effective project and achieve desired results it is not enough to develop a plan, it is necessary to manage this project. It is only a manager who possesses special knowledge, project management knowledge and skills, is able to make it on the high level of quality.

What is more, in the case of private-public partnership there becomes apparent a transformation from project management toward contract management. Thus, a public manager, who is responsible for such a project, needs to possess skills from both professional areas. Knowledge in project management is essential, because the manager is responsible from the part of the government for controlling the development and the realization of a particular project. Undoubtedly, the public manager in this case should not possess the whole totality of project management knowledge, but he should have enough basic knowledge and skills in order to exercise his responsibilities. As for the contract management knowledge it should form the basis of public manager’s responsibilities, because he acts on behalf of the government and should coordinate the relations between the parts of a contract.

**Project-oriented branches of economy.** This sphere of project-management implementation is similar to private-public partnership. The only difference is the number of members of a project. In contrast to a partnership project where there are at the minimum two parts – the government and business – in these projects the government operates alone. The government is responsible for all aspects of the project. The difference also lies in the knowledge and skill that should be possessed by a public project manager. In the case of these projects the public project manager should be a professional project manager, who is responsible for developing and/or realizing the project.

4. **The implementation of the maturity model in public administration**

It will be interesting to examine conditions of project management in public administration of the developed countries and of the transitional ones based on the maturity model. The project management maturity model is a widely accepted concept in business. It shows different stages of the project management development in a corporation. The famous theorist and consultant in project management Harold Kerzner emphasizes that “all organizations go through a maturity process” [9] and to our point of view the government is not the exception. The maturity in project management is the development of systems and processes that are able to contribute to success. It is worth mentioning that these systems and process do not guarantee success, they just increase the probability of success [9].

**Figure 1 Project Management Maturity Model**


Further we would like to consider this model in public administration. It is worth being underlined that according to the model the level of the project management development in public administration can be on another level than business of this country. As a rule the level of the project management development in business is higher than in public administration. Besides, different countries can be related to one level, but there necessarily exists a difference between countries.
The first level – *Common Language* – is characterized by the recognition of project management importance and the need for a good understanding of basic knowledge on project management and the accompanying terminology. On our mind we can put CIS countries on this stage. As a rule business in these countries has already recognized the importance of project management and began developing methodologies and the maturity. Governments tend to be behind the business in this sphere. Moreover, there is a tendency of the discrete development of project management in business, i.e. project management is used mostly in project-driven companies. Furthermore, such countries as Russia, Ukraine and Kazakhstan are seen to be leaders in this sphere, nevertheless one cannot mark out the tendency of shifting toward the next level of the maturity.

The second level – *Common Processes* – begins when an organization recognizes that common processes are necessary to be defined and developed in order to repeat the achieved success. The third level of maturity is the development of *Singular Methodology*. At this level an organization recognizes the importance of combining all project management methodologies, what in its turn provides projects with synergistic effects.

It is very difficult to assign different countries to two mentioned above groups. But it is obvious that the developing countries, which have chosen the western democratic model as a reference point and interact with the developed countries very closely, are at these stages. Moreover, such developing countries as China, South Korea, and Malaysia can be ranked among countries at these two stages.

It is necessary to underline that in the developing countries project management is widely used in e-government projects; perhaps it tends to be the most widespread application of project management in the transitional countries. The fourth level – *Benchmarking* – is characterized by the recognition that it is essential to improve processes in order to maintain competitive advantage. Many developed European countries can be placed here. Besides, Japan is known for its high level of the project management development. It is very difficult to determine the place of Japan in this classification, but from our point of view it has been shifting from the third level to the fourth.

The last level of maturity is *Continuous Improvement*, when an organization having recognized the importance of project management develops permanently its methodologies and approaches [10]. The absolute leaders in project management implementation in public administration are the USA, Great Britain and Germany. The transitional countries are placed in this model on the lower stages. The thing is that in order to develop the maturity in project management transitional governments have to pay attention to the maturity model, because their countries will have to pass all stages described in the model.

5. **Organizational aspects of project management implementation in public administration**

When a corporation in business is at the high level of project management maturity, it establishes a special project management center – Project Management Office. The governmental sphere is not the exception, but this tendency is not pronounced in public administration. It was mentioned above that governments shift to more complex level of project management – to the level of programs. Because the government is able to realize projects and programs in different spheres, it is necessary to build them into one guiding line, at that within a governmental politics. To manage this huge complex of programs and projects it is worth to establish a portfolio. While in business companies tend to realize more projects than programs they form project portfolios and in its turn Project Management Offices; in contrast to companies governments realizing the huge number of programs have to form program portfolios and that is why have to establish Program Management Offices (PMO). This Office becomes both an institution which is responsible for managing programs and the totality of norms that establishes legal principles of managing projects within this institution. Offices are formed in order to avoid imbalance between all governmental programs, in order to establish a system of prioritization of programs (strategic level) as well as for management (both strategic and tactical). Ideally the government should establish the united Office for managing all projects and programs in a country. In federative countries there should exist the set of offices subordinate like public authorities. Nevertheless, even in the developed countries with the high level of project management maturity and project management culture in the society, Offices exist within governmental institutions, i.e. ministries, agencies, etc.

In the transitional countries due to the lack of understanding of project management and its importance, due to the underestimation of this instrument, governments form such institutions unwillingly. Even if a similar institution is established, it is established for a one vitally important project (program). As usual projects or programs are performed as a simple plan, what in its turn contributes to the reconsideration of a project and frequently to its transformation to the plan with the title “project/program”. It happens not because of the ineffectiveness of the approach, but because of the ineffective management. Transitional governments try to manage projects/programs on the same basis as operations, what is followed from and leads further to the misunderstanding of the nature of the approach. The transitional countries get to vicious circle.

6. **Knowledge and skills necessary to manage projects**

It is worth mentioning, that there is one more reason, which provides an explanation why the transitional countries tend to introduce project management to lower extant. This reason relates to the sphere of competences. Many knowledge areas which are now included in project management have been just developing nowadays and many transitional countries have been adopting these skills and competences trying to catch up with the developed ones. As for the skills, which a project manager should possess, due to the systematic character of project management itself there is a wide range of professional and personal competences and skills. As Harold Kerzner puts it in his book “Project Management: A Systems Approach to Planning, Scheduling, and Controlling”, managing complex projects and programs represents a challenge requiring “skills in team building, leadership, conflict resolution,
technical expertise, planning, organization, entrepreneurship, administration, management support, and the allocation of resources”. To get results, the “manager must relate to (1) the people to be managed, (2) the task to be done, (3) the tools available, (4) the organizational structure, and (5) the organizational environment, including the customer community” [11].

As project management began to grow and mature it became more a managerial rather than a technical profession. In the early days of project management it was assigned to technical-oriented spheres such as aerospace, R&D and construction. There is one evident reason why it was so: the American government introduced project management in these spheres and spread new approach to its subcontractors. All objectives within projects were defined in technical terms and so that most project managers were selected from engineering ranks. This caused the business community to view project management as a process applicable only to engineering-related projects [9]. This was enough for restraining management by projects in both the government and business: in the former because it has natural constraints as a process-driven organization and in the latter because of the misunderstanding. Only in the 1990s the situation began to change, first of all in business, which is more flexible for innovations and had requirements and then in the governmental sphere by means of adopting management techniques and in particular new opportunities of project management from business. We observe some kind of spiral of the development and the interchange of knowledge between two sectors.

Because of the engineering orientation of early projects a project manager had to possess technical education in order to understand, what a consumer needs and wants. Besides, he was also responsible for managing this project, that is why he also had to possess management knowledge and skills.

During the renaissance period of the 1980s, and because of the recession of 1979-1983 more organizations realized the importance of business objectives, this tendency has developed and new organizations put only 10% of technical objectives and 90% of business ones, according to Kerzner. The same facts relate to problems solved through projects, planning and the definition of success [9]. So that a modern project manager should possess diverse management knowledge. Because project management includes different management areas, the project manager (both in private and governmental organizations) should be a specialist in planning, general management, change management, stakeholder management, risk management, problem-solving and decision-making, resource management, quality management, monitoring and evaluation, etc., as well as be informed in activities he deals with. We mean that if the project manager dwells on manufacturing projects, for instance, he should also be aware of manufacturing technologies, of course, not to the same extent as a functional manager. Nowadays project management is considered to be a profession. It is taught in many universities and it has its certification programs and institutes, which develop methodologies, practices, standards, etc.

So that a public project manager should possess a wide range of competences and skills, but the profundity of his knowledge depends on his position: if he is a project manager controlling a project on the basis of private-public partnership, he tends to be a contract manager well-informed about project management; if he is a project manager managing a project within the system of public administration he should be a professional in project management.

7. Benefits and obstacles of project management implementation in transitional countries

Nowadays societies in the developed countries can be called project-oriented, that are societies, which consider projects and programs as an important form to organize work, in which there exists a relatively high number of project-oriented organizations, which has specific competences for the management of projects, programs, and project portfolios, and which has structures, to further develop these management competences. Further projects and project management are applied in local governments and in new social areas, such as (small) municipalities, associations, schools and even families to an increasing extent. “Management by Projects” becomes a macro-economic strategy of the society to cope with complexity and dynamics and to ensure quality of project results [12]. The developed countries have shown that project management is able to provide public administration with such benefits as

- Results-oriented public administration;
- Improved productivity;
- Higher service user satisfaction;
- Reduced costs;
- Improved utilization of resources;
- Better management of risk;
- Projects delivered on time;
- Projects delivered on budget;
- An auditable methodology.

Apart from results-oriented public administration, projects delivered on budget and other direct advantages, project management is able to produce such indirect benefits as the reduction of corruption, the increase of the level of trust in public authorities, the increase of confidence in future due to management by objectives, what in its turn leads to the improvement of the investment climate and other benefits. These advantages are of special importance for transitional countries, since the lack of trust, confidence are common problems of these countries.

Nevertheless, there exists a set of obstacles that prevent the development of project management in the transitional countries. At the surface there are such barriers as knowledge, expensiveness and misunderstanding. It was already said above that due to the complex characteristic of project management, a project manager should possess a wide range of professional and personal competences and skills. In itself the profession of the project manager is rather
complex and diverse. But in the transitional countries this peculiarity of project management intensifies. The reason concerns both the relative newness of this profession and the level of management development as a whole (in some transitional countries, i.e. former Soviet Union countries, management itself is a relative new profession), because this countries adopt modern management technologies, and complexity, antipathy and transitional character of a situation in one’s country. Project management is taught in a small number of universities and not in all transitional countries. In many of these countries project management is so far considered not as the profession. So that there is a lack of project managers both in business and governments. If a government wants to manage by projects, it has to develop specialists. The government should develop project management education in universities, as well as develop present public managers by providing them with special training courses. All of these measures are needed to be organized and will require time and resources.

Besides, project management technologies and software are also expensive. All over the world the position of the project manager is well-paid. Project management is really an expensive thing, but the game is worth the candle and costs of project management are quick rewarded and it brings a wide range of advantages.

As for misunderstanding, it was already partly discussed. In the transitional countries there are many myths concerning project management. These myths existed in the developed countries, but decades ago. According to these myths project management requires more people and increases costs; decreases profitability; creates organizational instability and increases the potential for conflicts; will end up creating more problems than usual; is applicable only to large technical-oriented projects; increases power and authority problems, etc. [10] These myths are intensified in public administration. Nevertheless, the practice of the developed countries has shown the opposite. Thus, there is no basis for such myths. Moreover, because of myths and the misunderstanding of the nature of project-oriented approach, the transitional countries tend to manage projects on the basis of managing operations, what arises a great number of problems and the rupture with the approach.

We have discussed those obstacles, which concern project management directly and thus are on the surface. But there are also such obstacles, which deal with the nature of the transitional countries and especially with barriers laid in the sphere of opposite interests of the society and governments. The point is that in the developed countries the concept of a government-servant is the basic one. In these countries the government serves the public and it is a stable apparition. In the transitional countries the government searches for its role in the society. In these countries such characteristics of the government as the existence of half-shady and shady forms of activities; double, triple standards of activities become more apparent than in the developed countries. Furthermore, bureaucracy displays its dysfunctions both as a social group and as an organization. That is why the government possesses its own interests that mostly contradict public ones.

Governments in the transitional countries not always perceive such beneficial changes in public administration, which project management brings, because they are contrary to their interests. Bureaucracy is afraid of these changes toward more accountability, transparency, etc. However, these improvements in techniques of public administration are necessary and inevitable if a country is aimed at the development.

In conclusion, project management is an effective tool for realizing changes. It possesses both advantages and obstacles, aggravating the project management implementation in public administration, especially in the transitional countries. However, it is able to provide governments with a means of achieving the desired goals, which cannot be achieved on the principles of managing operations. It is true both for the developed countries and the transitional ones. Project management is widely used in the former countries, but lesser in the latter ones. In this paper we tried to explain those obstacles, which prevent the project management development in the transitional countries. These barriers concern knowledge, skills, expensiveness of methodology, training courses, as well as the misunderstanding of the approach, misgoverning and the transitional character of the developing countries, where some peculiarities of public administration display. Furthermore, the complex character of the profession of a project manager is needed to be taken into account by the transitional countries in order to develop their own specialists, who would be able to manage governmental projects. Moreover, we have examined the spheres, where governments are able to use project management, i.e. changes in different spheres of life, as well in organizational structures, in the sphere of private-public partnership and in project-driven branches of economy. Transitional governments should pay special attention to the first two spheres of the project management implementation, because during the transformations, which take part in these countries, it is more appropriate to use project-oriented approach in order to conduct changes more painless and in the shorter period of time. In order to receive efficiency from project management the transitional countries should adopt technologies developed in other countries, which considered to be more mature in this sphere, and should improve project management in their own countries, in series passing the stages of project management maturity.

On the whole, it should be emphasized that all discussed above do not mean that the transitional countries should give up other improvements in public administration and concentrate only on project management perceiving it as a panacea. The introduction of project management methodologies should proceed together with other transformations. Only in that case it will have such an effect as in the developed countries.


