



Norwegian Ministry
of Finance

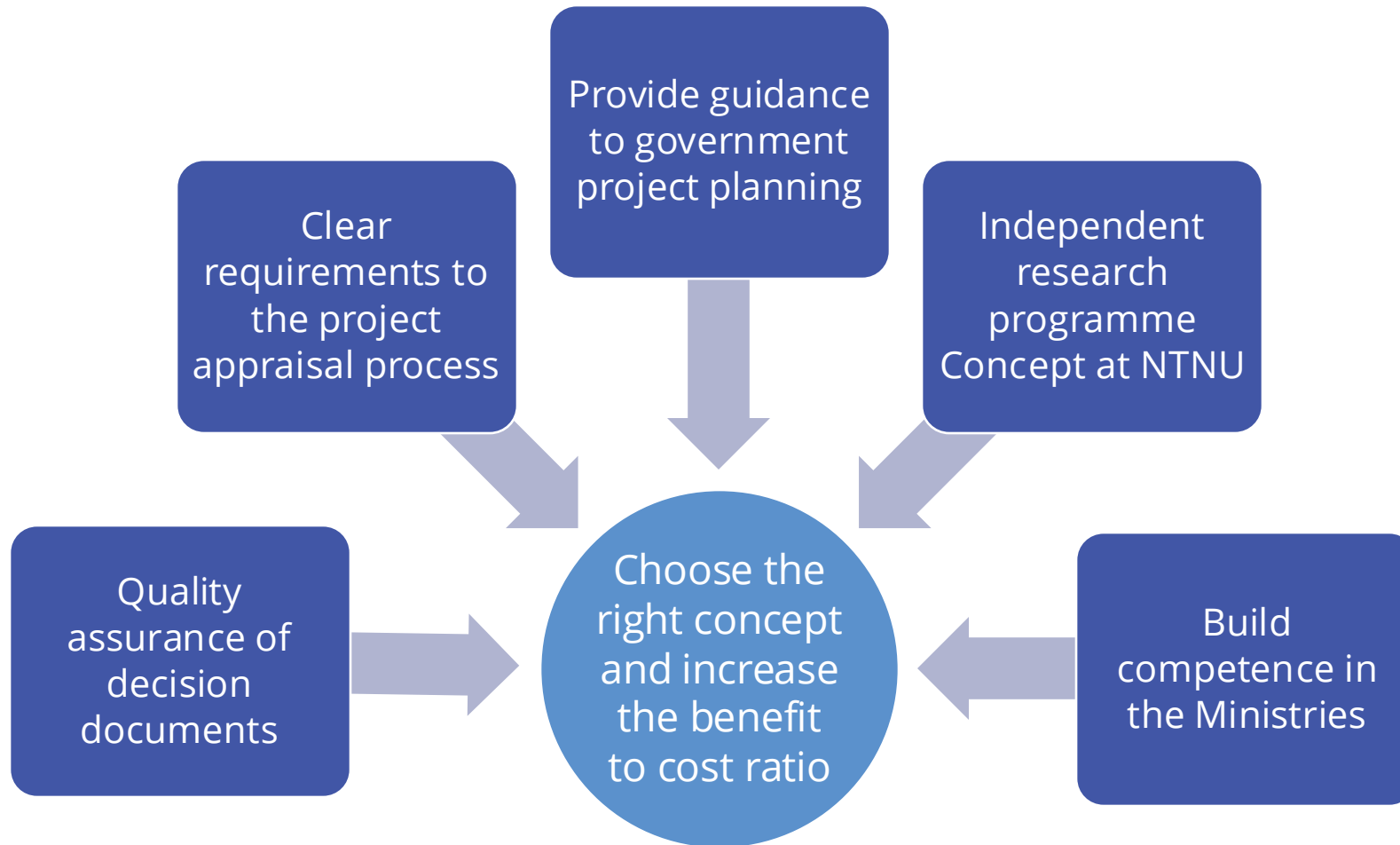
Updates on Project Governance in Norway

Ingvild Melvær Hanssen, Deputy Director General

The 10th Concept Symposium on Project Governance, 19. september 2024

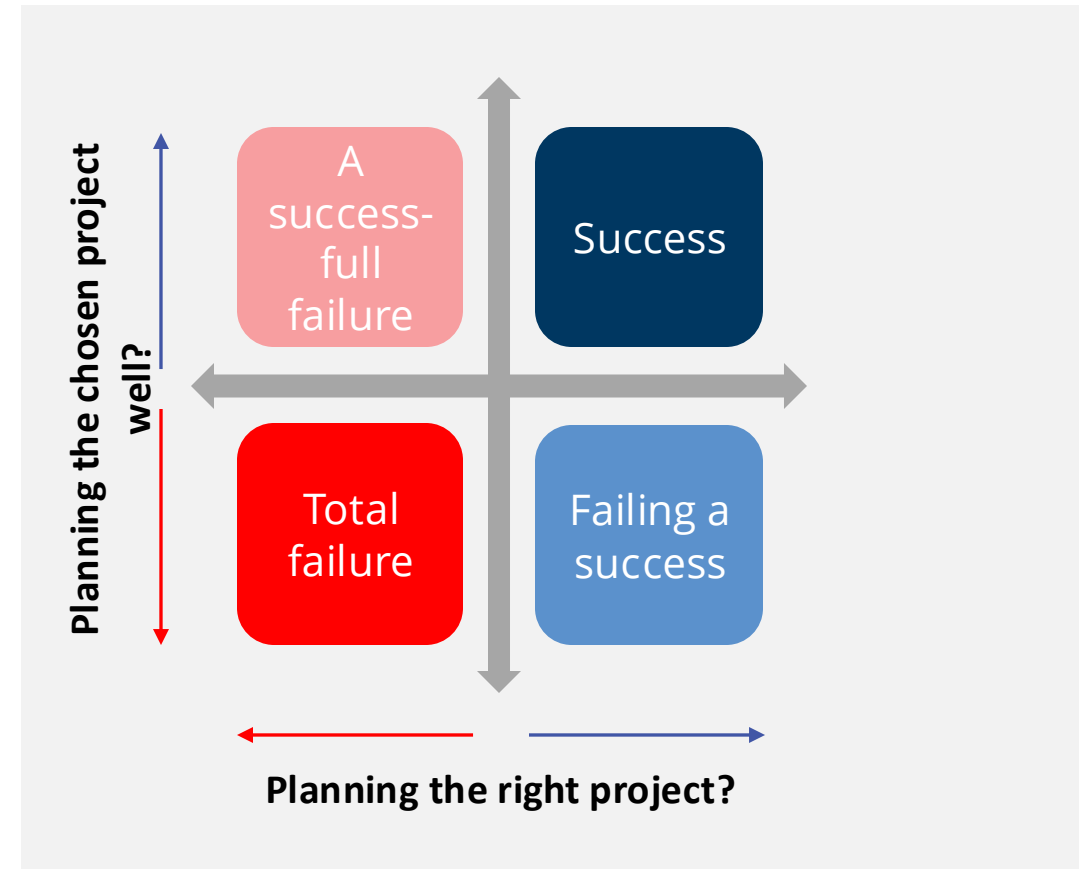
The Norwegian state Project Modell

- different measures to improve infrastructure governance and decision making processes



What makes a successful project?

- Find the right measures to solve the problem.
- Optimize the measures in a well planned project
- The Norwegian project model have 2 important stop points:
 - QA1 to help find the right project
 - QA2 to guide a successful implementation



Conceptual Appraisal:

- Problem and needs analysis
- Strategy chapter
- Requirements
- Possibilities study
- Alternatives analysis
- Guidelines for pre-project phase

Overall strategy document:

- Budget and target cost
- Implementation strategy
- Contract strategies

Decision documents produced by responsible ministry/agency

Mandate:
Ministry decision

Cabinet decision

Parliamentary approval

Problem

Conceptual appraisal

QA1

Pre-project

QA2

Execution

Effects

QA1:

- Review: documents
- Analyse: cost-benefit analysis
uncertainty
- Assess: relevance
Feasibility
Sustainability
Timing

Recommend: Ranking and management strategy

QA 2:

- Review: documents
- Analyse: management strategy
success factors
uncertainty
- Recommend: budget, contract-
and implementation strategy

Scope of external quality assurance



The Norwegian Project Model applies for...

- All government investment projects with an estimated total cost frame above the set threshold value of 1 billion NOK (300 million NOK for ICT projects)
- Investment projects in companies, foundations and other independent legal entities that are not part of the state, as well as in non-state enterprises (for example local government projects), if the state contributes with full or partial financing or guarantee of the project.

Not part of the requirements

- Government direct ownership in petroleum sector
- Corporations with government ownership

Separate (and similar) requirements

- Government Healthcare enterprises
- Statnett SF
- Nye veier AS
- Bane NOR SF



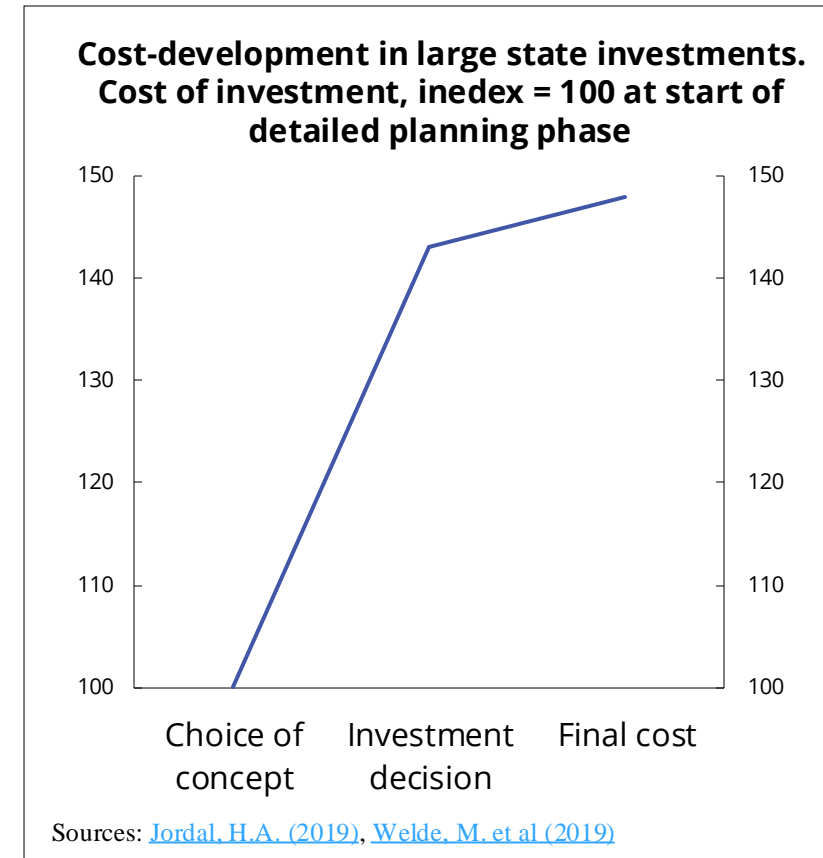
Increasing costs in early planning has been a challenge

Main measures implemented in 2017:

Improve quality of project appraisal before QA1

Improve management and cost control in the pre-project phase, from QA1 to QA2:

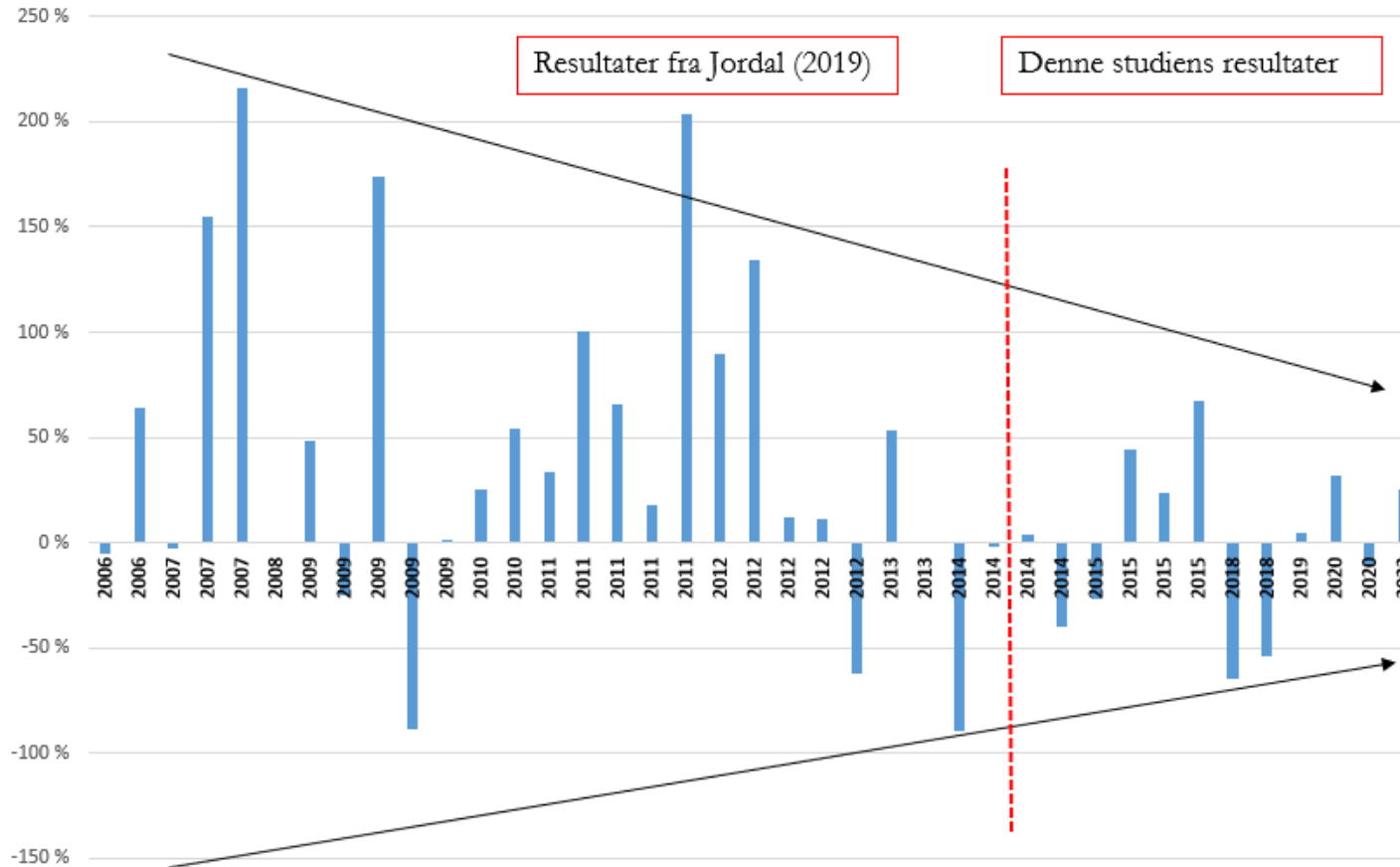
- A budget target equal to P50 at QA1 measuring cost development between QA1 and QA2
- Requirement to log changes in the project
- Large changes in concept or budget target need to be presented for the Cabinet



Source: Figure 12.1 in Meld. St. 14 (2020-21) Long-term Perspectives on the Norwegian Economy 2021



Changes in cost development through planning

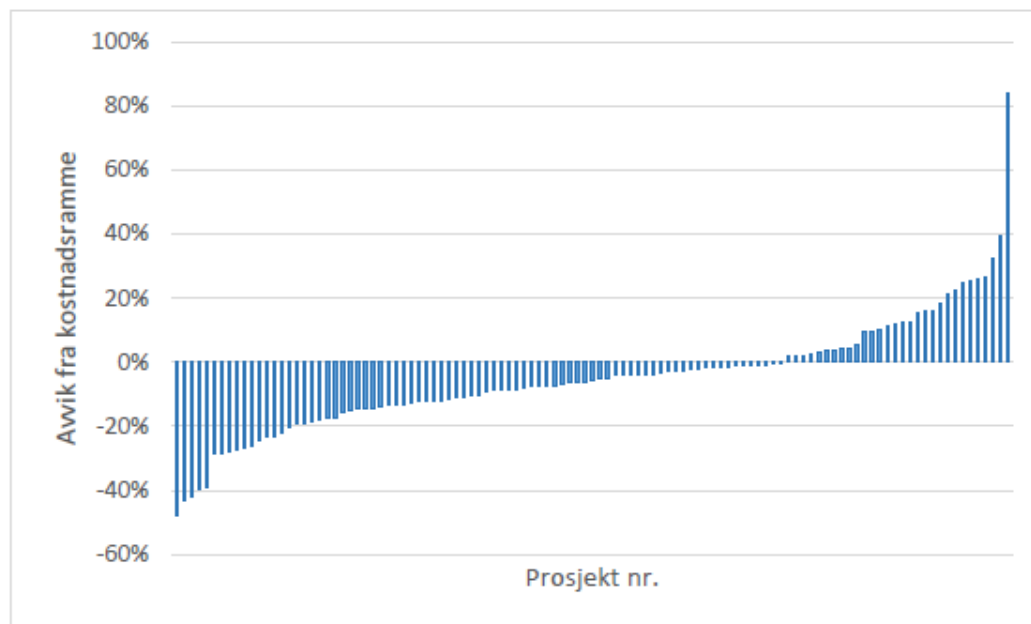


Source: Farid (2024) Concept working paper 2024-2

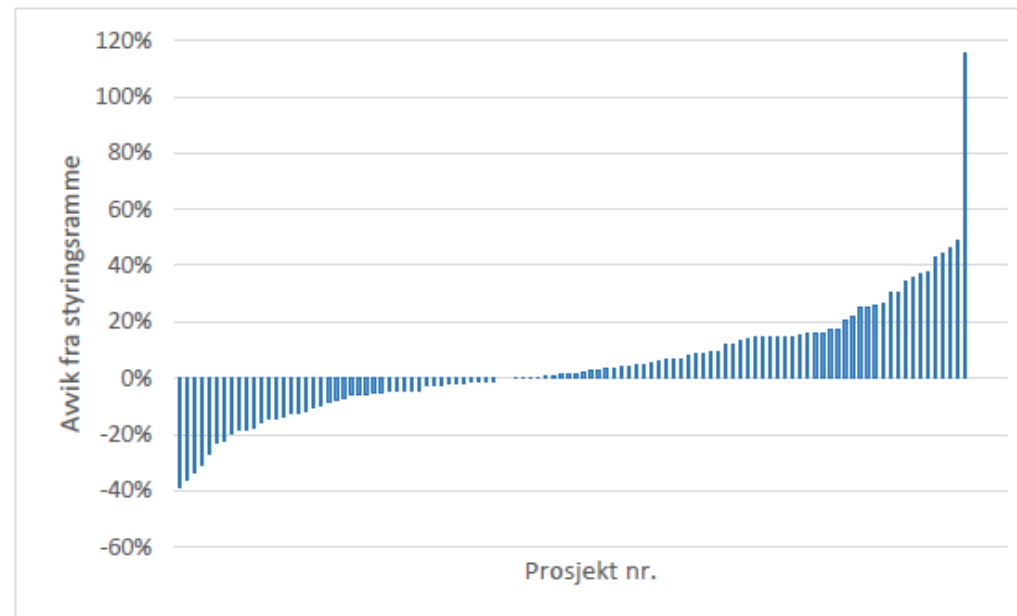


Cost development – implementation phase

Deviation between final cost and the cost frame approved by parliament (N=111)



Deviation between final cost and the agreed steering frame for the project (N=106)

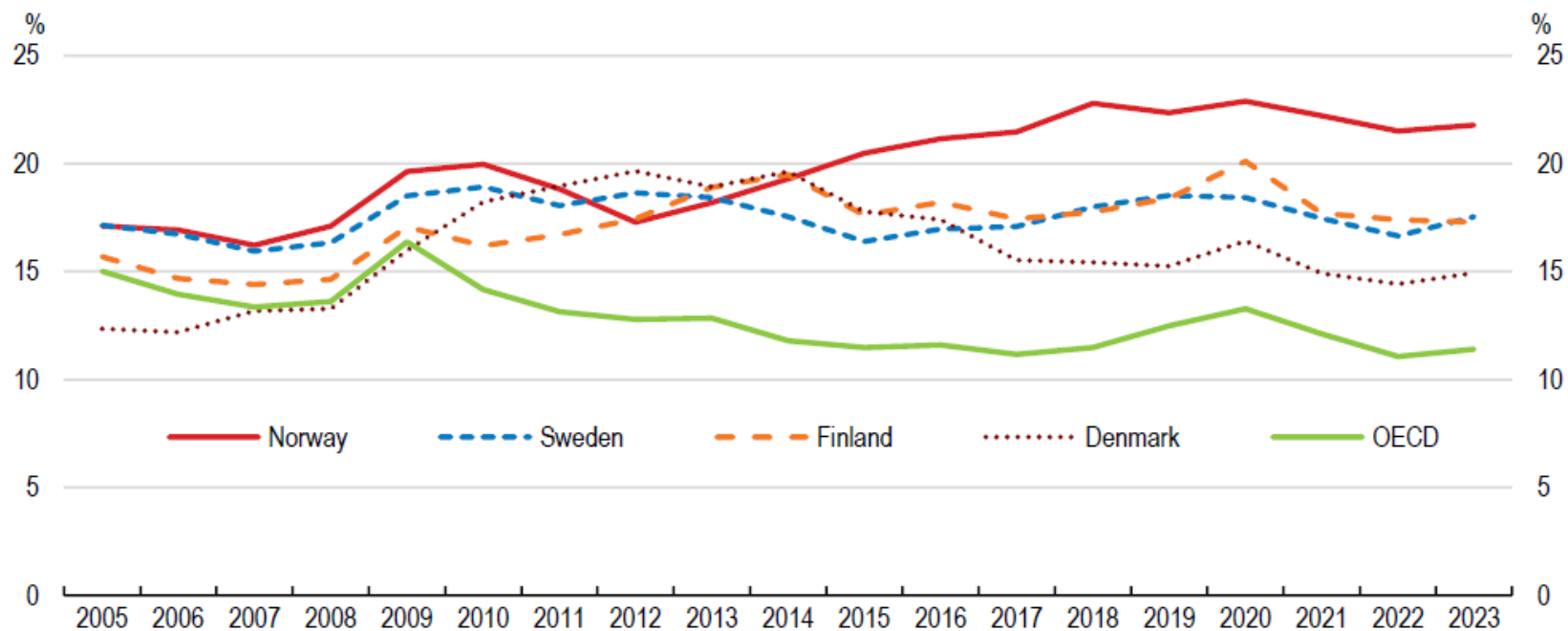


Source: Welde and Engebø (2024), Concept working paper 2024-1



Figure 2.14. Public investment is among the highest in the OECD

Public investment as a per cent of total investment



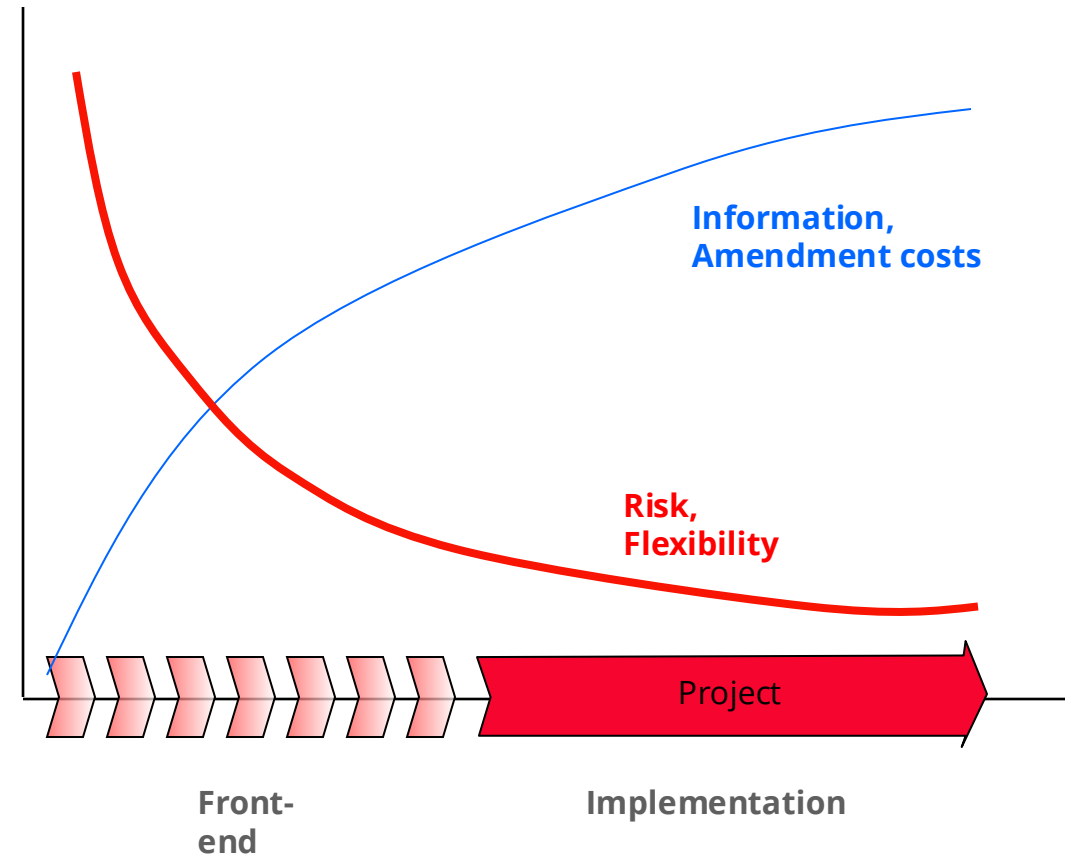
Note: OECD average refers to overall investment weighted average.

Source: OECD, National Accounts database.



Sound project appraisal especially important in times of uncertainty

- Keep an eye on the targets
- What are the most important needs?
- What are the most important drivers for benefits?
- What happens with life-cycle costs and the benefit to cost ratio?
- The importance of a well established project model





Norwegian Ministry
of Finance