



Updates on Project Governance in Norway

Peder A. Berg, Deputy Director General
Ministry of Finance, Norway

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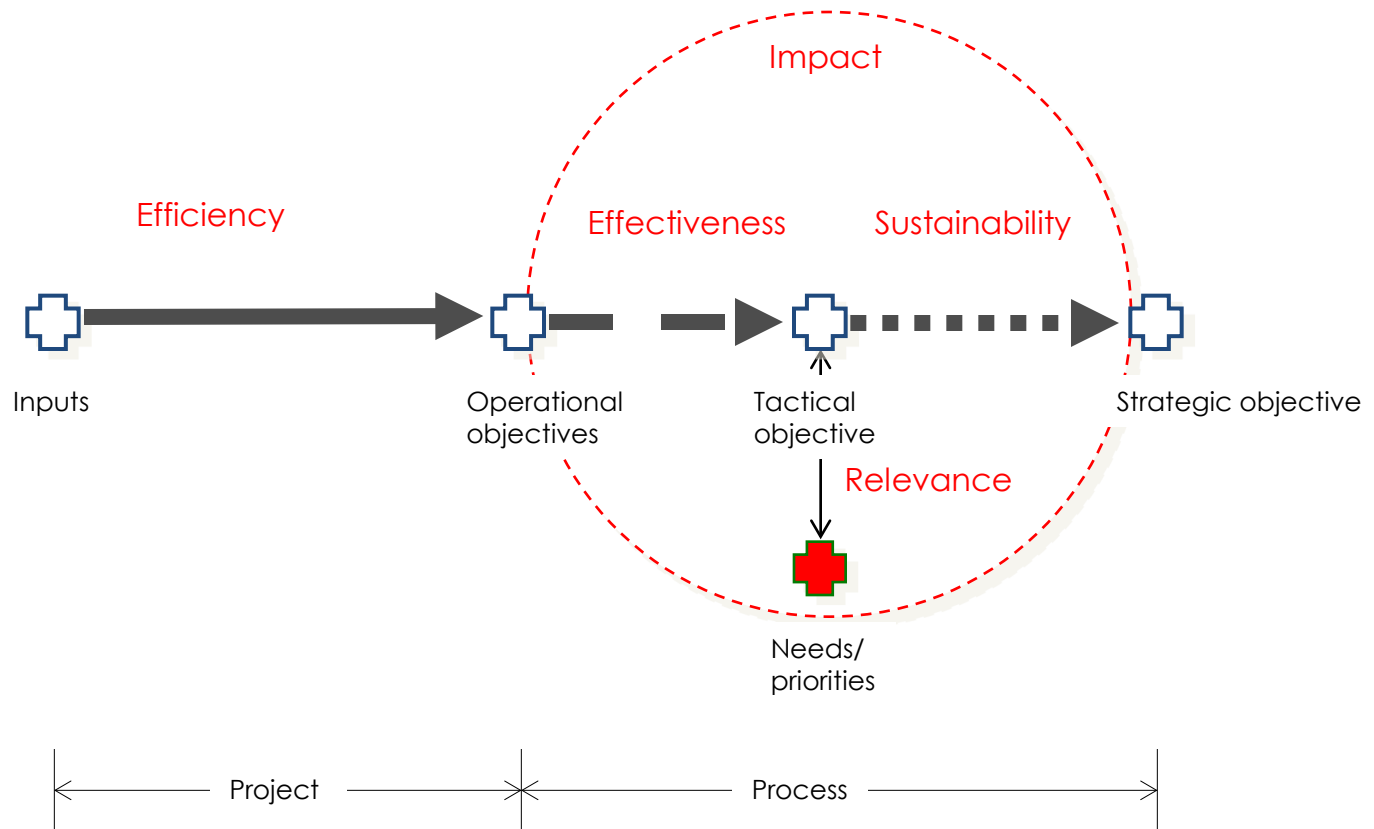
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What is peculiar to the Norwegian case?

- Concentration on the initial project phases, when alternatives still exist and amendments can be made at reasonable cost
- Concentration on the bigger projects
- Extensive, in-depth reviews lasting several months
- Truly independent private sector reviewers
- Governance based on systems responsibility with the Ministry of Finance and go/no go decisions elevated to Cabinet level

Five success criteria used to evaluate a project (OECD)



QA regime: scope and procedure

- Needs analysis
- Overall Strategy
- Requirements
- Opportunity space
- Alternatives analysis
- Key guidelines

- Overall strategy document
- Budget

Decision documents produced by responsible ministry/agency

Government decision

Parliament decision

Needs



- QA 1:**
- Review :** documents
 - Analyze:** economic analysis
uncertainty
 - Assess:** relevance
feasibility
sustainability
timing
 - Recomm:** ranking
management strategy

- QA 2:**
- Review:** documents
 - Analyze:** management strategy
success factors and
uncertainty
 - Recomm.:** budget, contract and
management strategy

Scope of external quality assurance

QA 2 Experience

- 52 completed projects have been reviewed (one of them outside of the state sector). This is the grand total of quality assured projects that are completed including the termination report.
- 14 cost overruns and the remainders, about 73%, with (considerable) cost savings.
- 60% were over P50.
- There are few projects that combine the properties "many changes" and "the contingency is spent". The evidence thus does not support the allegation that risk analyses are cost driving.
- Total net savings amount to about 3,5 per cent of the total investments.
- These 52 projects were contracted throughout a complete business cycle. In earlier reports we have emphasized that market conditions were favourable at the time of contracting.
- The results are somewhat weaker than what we could observe for the first 40 projects. We are pretty confident that more demanding market conditions are part of the explanation, but we cannot confidently conclude that this has been the only factor.