

WHO OWNS A PROJECT?

NILS O.E. OLSSON*

The Norwegian University of Science and Technology
Faculty of Engineering Science and Technology
Department of Civil and Transport Engineering
Högskoleringen 7 A, NO-7491 Trondheim, Norway
Tel: +47 73 59 46 01
Fax: +47 73 59 70 21
e-mail: nils.olsson@ntnu.no

AGNAR JOHANSEN

SINTEF Technology and Society
Productivity and Project Management
S. P. Andersens vei 5, NO-7465 Trondheim, Norway
Tel: +47 73 59 03 00
Fax: +47 73 55 13 26
e-mail: agnar.johansen@sintef.no

JAN ALEXANDER LANGLO

SINTEF Technology and Society
Productivity and Project Management
S. P. Andersens vei 5, NO-7465 Trondheim, Norway
Tel: +47 73 59 03 00
Fax: +47 73 55 13 26
e-mail: jan.a.langlo@sintef.no

OLAV TORP

The Norwegian University of Science and Technology
Faculty of Engineering Science and Technology
Department of Civil and Transport Engineering
Högskoleringen 7 A, NO-7491 Trondheim, Norway
Tel: +47 73 59 47 36
Fax: +47 73 59 70 21
e-mail: olav.torp@bygg.ntnu.no

* Corresponding author

ABSTRACT

The purpose of this paper is to discuss ownership in a project perspective, and to illustrate different aspects of ownership in a set of selected cases. Owners are defined as stakeholders who have both control and responsibility for cost and income related to a project. Results from our study indicate that owner responsibilities are not always concentrated to one individual stakeholder in a project. While a traditional owner can be identified for some projects, it is a more complex picture in many other projects. In particular, this is the case for governmental projects. The research is based on a case study of owner structures in 11 projects from both the private and public sectors. For each case, an analysis was made of which stakeholder that held six different roles related to project ownership. Multiple sources of information are used in the research, including archives, interviews and observations.

KEYWORDS

Project Management; Ownership, Stakeholders, Governance

INTRODUCTION

Project owners are in a special situation. In general, owners have both control and responsibility for cost and income related to a project. However, the background for this paper is that our experience indicates that this type of “pure” ownership of projects is less clear for many projects. While a traditional owner can be identified for some projects, it is a more complex picture in many other projects. The purpose of this paper is to discuss ownership in a project perspective, and illustrate different aspects of ownership in a set of selected cases.

PROJECT ACTORS AND ROLES

Project stakeholders are actively involved in a project, or their interests may be positively or negatively affected by a project. PMI (2000) defines stakeholders as individuals and organizations who are actively involved in the project, or whose interests may be positively or negatively affected as a result of project implementation or successful project completion. According to McElroy & Mills (2000), project stakeholders are persons or groups of people who have a vested interest in the success of a project and the environment within which the project operates. In a study of large engineering projects, Olander & Landin (2005) found that it is important for a project management team to identify stakeholders that can affect a project, and then manage their differing demands throughout the project stages. Mikkelsen and Riis (2003) point out that stakeholder analysis is not based on a democratic process to ensure equal rights or equal representation to all stakeholders. On the contrary, it could be said to be a process describing the project’s position in a political field of force between stakeholders with conflicting and congruent interests.

Project owner

Simply put, ownership gives control and responsibility. In economic terms, ownership gives residual control rights, and residual profit responsibility (Foss and Foss, 1999). Control rights give the owner full right of use, possession and disposal of a resource. Within the legal framework, an owner does not need to be accountable to anyone else (Hart, 1995). Profit responsibility means that the owner is responsible both the cost and income related to the resource. That these rights are residual means that the owner can lease out or in other ways delegate the authority of the owned resource to others (Grünfeldt and Jakobsen 2006).

A project owner bears the owner rights and responsibilities of the project (Eikeland 2001). According to Eikeland (2001), it is the project owner that takes the risk related to the cost and future value of the project. Both these risks can to a certain extent be transferred to other actors in the project. Samset (2003) uses the term financing party in a meaning similar to project owner. According to Samset (2003), financing parties, or owners, have, as a rule, their main interest first and foremost linked to the long-term effect of the project.

Users

The users of a project delivery can be described using a wide or a narrow definition. In the wide definition, users include everybody who uses the result of the project (the building, hospital, railway line etc.). During the project preparation and execution, users are not easily identified. This means that projects usually interacts with user representatives, who acts on behalf of those who intend to use the result of the project. In a narrow definition, “users” mean the user representatives. These user

representatives are not necessarily representative of the average user during the lifetime of the final product of the project. There can also be different layers of users, and a distinction can be made between primary and secondary users. Primary users are usually professional users of a projects delivery, such as the personnel working in a new building (hospital, office etc) or the train operators on a new railway line. Secondary users are the customers of these professional users, such as patients in a hospital or passengers on a train running on the new racks. A distinction between primary and secondary users can be clear, and important for an analysis of project stakeholder.

Project manager

In a project, many people will call themselves “project manager”, usually meaning that they are project managers of their organization’s part of the project. However, the project manager acting on behalf of the project owner is responsible for the overall management of a project (Eikeland, 2001). .

GOVERNANCE AND ACCOUNTABILITY

According to Stame (2006) governance is related to ‘the process of governing’, in contrast to the ‘institution of government’. Samset, Berg and Klakegg (2006) describe ‘governance regimes’ as the processes and systems that need to be in place on behalf of the financing party to ensure successful investments. The term ‘Good governance’ and ‘Governance’ can be used in the same meaning (Grünfeldt and Jakobsen, 2006). In more general terms, governance deals with the processes and systems by which an

organization or a society operates. Kaufmann and Vicente (2005) relate governance to the traditions and institutions by which authority is exercised for the common good.

Corporate governance is the set of processes and policies affecting the way a corporation is directed, administered or controlled (New York Society of Securities Analysts, 2003). Corporate governance also includes the relationships among stakeholders, including shareholders, top management and the board of directors, but also employees, suppliers, customers and regulators, among others.

An important theme of corporate governance deals with mechanisms to ensure good behaviour and protect shareholders' interests. Corporate governance codes have been developed in different countries. Compliance with these governance recommendations is generally not mandated by law, although the codes linked to stock exchange listing, as is the case for the Oslo Stock Exchange. Listed companies have to practice corporate governance in accordance to the Norwegian Code of Practice for Corporate Governance (Norsk Utvalg for Eierstyring og Selskapsledelse, 2006). In other countries, companies may not need to follow the recommendations of their respective national codes, but they must disclose whether they follow the recommendations in those documents or not.

In a project context, APM defines governance of project management as 'Governance of project management (GoPM) concerns those areas of corporate governance that are specifically related to project activities. Effective governance of project management ensures that an organisation's project portfolio is aligned to the organisation's objectives, is delivered efficiently and is sustainable.' (APM, 2007:4).

The APM definition aims at the relation between an organisation and the projects carried out by the organisation. Governance then means to ensure that the projects are carried out in accordance with the overall objectives of the organisation.

Accountability can be used synonymously with such concepts as answerability, responsibility and liability. As an aspect of governance, accountability has been central in discussions related to problems in both a public and business context. Accountability is frequently seen as an important means of achieving governance. In Britain, accountability has been formally identified by Government since 1995 as one of the Seven Principles of Public Life (Committee on Standards in Public Life, 1995). Hardie (2005) and Vedung (1998) argues that an ambition to achieve accountability by openness and transparency, fits well with the rationalist view of deciding, but fits badly with what he claims to be the reality of good decisions.

Flyvbjerg et al. (2003) argues that involvement of private capital in public investments can serve as a tool for accountability. Their idea is that private ownership gives incentives for scrutiny of a project in a way that contributes to realistic estimates of future cost and revenue from the project.

In both the public and private sectors, a key issue related to governance is that an executing stakeholder does not necessarily have the same incentives as owners who finance the endeavour. In a company, the managing director can be seen as the executing actor, while for public projects, it is often an agency or a project manager.

As a summary, governance is seen as initiatives originating at owner level (including mechanisms for accountability), while accountability in practice is represented by justification of decisions, information etc flowing from the executing level to owners.

This is illustrated in Figure 1.

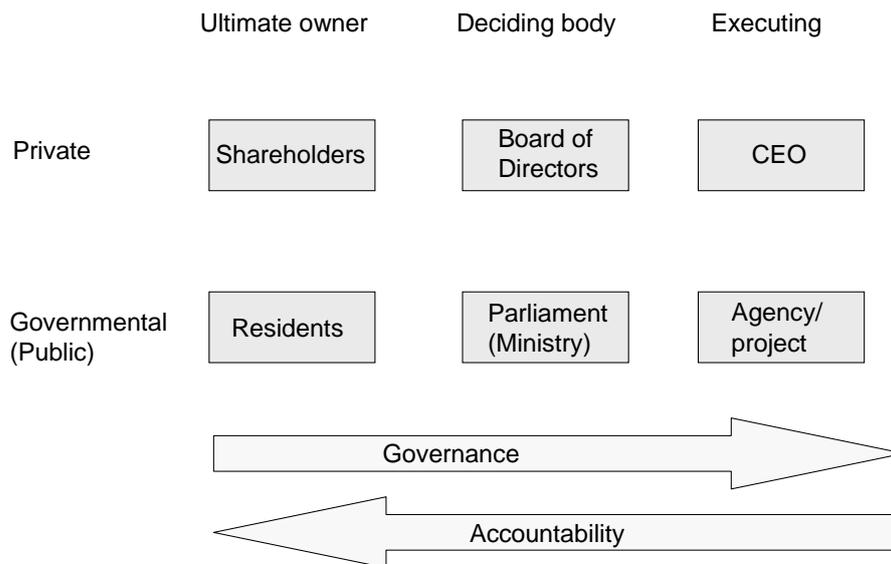


Figure 1 Governance and accountability

Why focus on owners?

As Grünfeldt and Jakobsen (2006) points out, the combination of control, along with the responsibility for both cost and income from the owned resource, put owners in a special position. A stakeholder who both has control and profit responsibility has incentives to maximise the value creation related to the resource. If a stakeholder has control, but no result responsibility, there is a danger that the control might be used to fulfil own interests. Similarly, to have ultimate responsibility but no control is a demanding situation. The beauty behind the concept of a project owner lies in the fact that a project owner has incentives for weighing costs against benefits for a project. Project owners are therefore expected to strive for project governance aimed at maximising the value from the project.

METHODOLOGY

This study is a case study based on trailing research (Finne et al. 1995). In the terminology of Yin (2003), this is a multi case study. Separate sets of research

material have been used, particularly a combination of personal qualitative experience and quantitative decision support information. Multiple sources of information are used, including archives, interviews and observations. The data is not formally analysed in a statistical way. The applied research design was chosen in order to illustrate variations between the projects.

In order to analyze the information related to the projects, codified data was entered into a database.

Sector	Type of projects	Studied projects	Number of projects	Size of projects
Private	Ship building	New buildings	2	About 700-800 mill NOK per ship
	Offshore oil and gas development	Ormen Lange	1	60 billion NOK
	New product development	New product	1	Confidential
	Internal change	ISO 9000 system	1	Estimated to about one-man year
Governmental	Public building	New Opera building in Oslo	1	4 billion NOK
	Railway	Gardermobanen Asker-Sandvika	2	3-6 billion NOK
	Road	E6 Østfold	1	2,1 billion NOK
Public Private Partnership	PPP Road	E39	1	1,5 billion NOK
Health	Hospital	St. Olavs	1	11,5 billion NOK (Des 04)

Table 1. Summary of studied projects. N=11. 8 NOK= 1 Euro

The authors have been personally involved in many of the analysed projects. This has benefits, but also calls for special attention. Due to the large size of the projects in question, the actual research and its results have most probably had little impact on the outcome of the projects, in contrast to what is the situation in action research, where the researchers have a stronger influence on the events that are studied and results from the research are fed back into the projects.

Variables - studied stakeholders

To structure our experiences from such a wide range of projects, a set of key variables were established. The research has focused on which stakeholder that held different aspects of project ownership. For each project or type of projects, the actor filling the following six roles were identified.

Responsible for financing

This is the stakeholder which was responsible for providing funds to the project, either using own funds or to coordinate the financing from different sources.

Ultimate owner of responsible financier

The ultimate owners are legal owners of the stakeholder which is responsible for financing. Ultimate owners can be shareholders in a company. The inhabitants in the country are chosen as ultimate owners of governmental projects. There are also other types of ownership, including limited liability partnerships, which is a common way of organising consultancies and legal advisory, self-owning foundations or non-governmental organisations. However, different aspects of ownership in our studied projects are mainly related to either commercial actors, with shareholders as ultimate owners, or public projects with the country's inhabitants as ultimate owners. Many project included both of these actors.

Project management

Project management is not traditionally seen as a candidate for project ownership. Vaagaasar (2006) has followed one specific project in public sector over a prolonged period of time, and has observed that the project actively tries to influence its

surroundings and its owners through building relations and by developing and following a strategy of communication and proactive interaction. Responsibility for project management was included in the analysis because it adds important information about the project structure.

Responsible for operation of project delivery

Operation of project delivery indicates which stakeholder that will operate the delivery of a project. This means responsibility for facilities management, maintenance etc. Note that this role is related to operation of infrastructure, which can be different from the value generating activity that utilises the infrastructure.

Responsible for value generating activity of project delivery

These are the stakeholders that represent the value generating activity that utilises the project delivery. These stakeholders may also be referred to as users, and most frequently what was previously termed primary users.

Deciding body

Formal decision to go ahead with a project is made by what has been called deciding body. This can be the board of directors for a company making a major investment, or the parliament for major governmental investments.

STUDIED CASES

In the following, we present the studied cases, with main focus on the strategic perspective of the projects. In the following section, we summarise key aspects of project ownership in the presented cases.

Ship building

Generally, ship owners refer to owners of commercial ships. In this connection, ship owner refers to a commercial organisation, rather than an individual. Ship owners equip and exploit ships, usually for delivering cargo at a certain freight rate. Our experiences are based on new-building of tank ships. For commercial reasons, the involved parties are not mentioned by name.

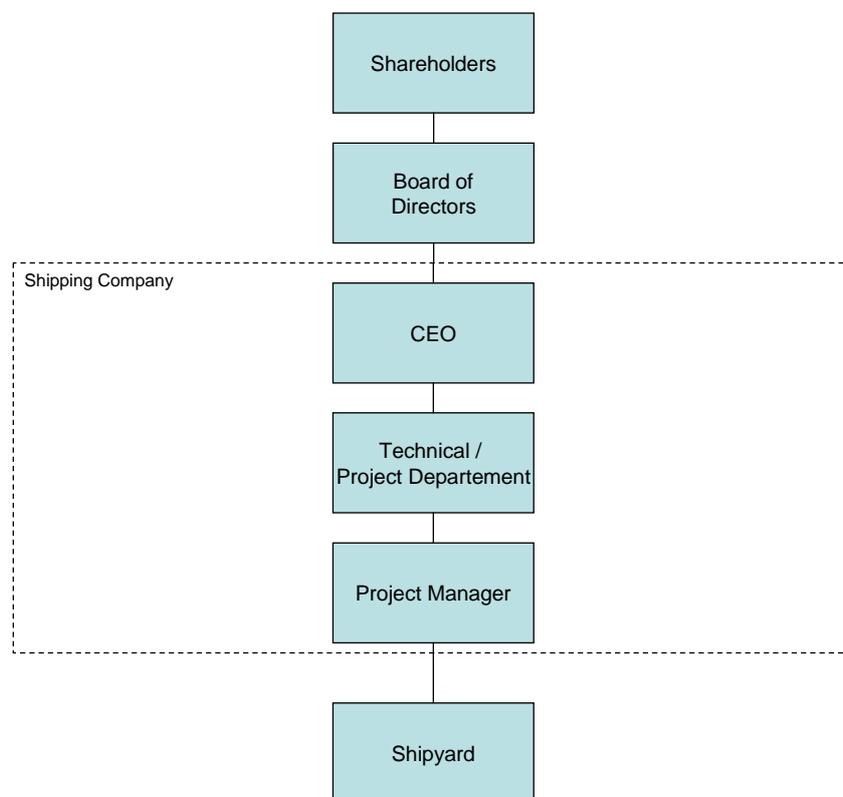


Figure 2 General organisation of a Ship building project in from a ship owner perspective

Ship building project typically consists of an established set of stakeholders. The new buildings were decided upon by a commercial company, referred to as the ship owner. The ship owner was also responsible for financing of the project, which involved financing institutions. Shipbuilding takes place in a shipyard. Shipbuilding encompasses the shipyards, the marine equipment manufacturers and a large number

of service and knowledge providers. The ship owner we have studied had their own technical staff, which supervised the construction on site at the yard. Ships can be ordered on speculation, based on an expected demand for transport, or based on established transportation contracts that secure incomes for the ordered ships. As in our cases, commercial details about expected revenues are not publicly available.

Off-shore – The complexity of Ormen Lange/Langed

Ormen Lange/Langed is one of the largest offshore projects in Norway, with a budget of more than to 60 billion NOK. The project includes an offshore sub sea production facility, an onshore processing plant, pipelines bringing unprocessed oil and gas to the onshore processing facility and returning well fluid and waste back to the wells, and finally, an export pipeline to Easington, England. When working on full capacity, Ormen Lange/Langed will provide 20 % of UK demand for gas. The project is complex due to both ownership structure, degree of technological innovation and the large number of organisations involved (more than 3000). Figure 3 illustrates how the project is organised on the executive level.

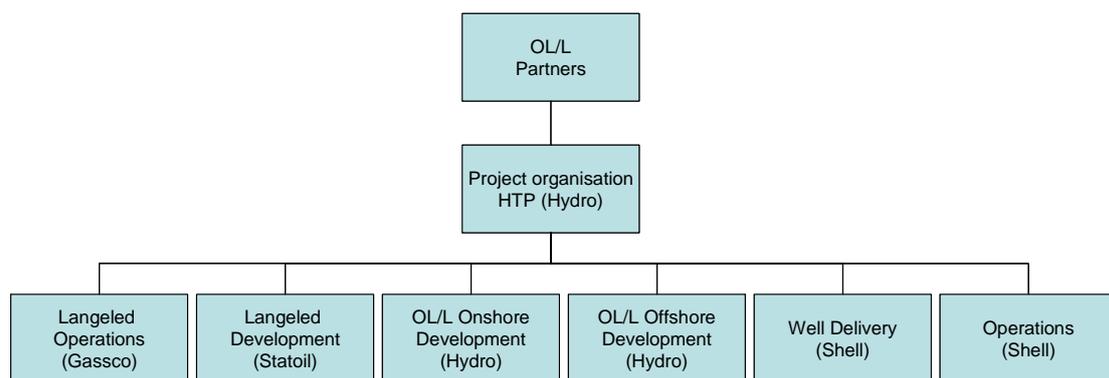


Figure 3 Organisation chart for a complex offshore project (project perspective)

Ormen Lange partners include Hydro, Statoil, Shell, Petoro, DONG Energy and ExxonMobil. The Langed joint venture includes Ormen Lange partners, Gassco and ConnocoPhillips. Hydro was awarded the responsibility for overall construction and development, while Shell was awarded with operation of offshore and onshore facilities. Statoil was awarded with construction of Langed, while operation of Langed was awarded to Gassco.

ISO 9000 certification and new product development

We have studied two internal projects in an industrial company producing ships equipment. The first project was aimed at an ISO 9001 certification of the company. This was run as an internal project, utilising own resources. The quality assurance manager was project manager. The management group, consisting of all department managers and the CEO, acted in effect as steering committee for the project.

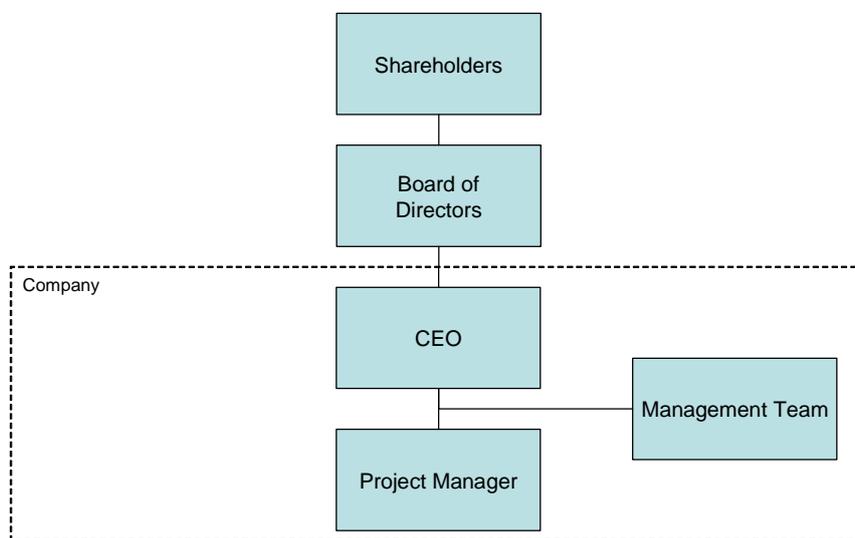


Figure 4 General organisation of the ISO 9000 and product development projects

The second project in the company was a product development project. This was also run as an internal project, utilising own resources. The research and development

manager was project manager. Due to the importance of the project, the board of directors acted in effect as steering committee for this project.

New Opera house

A new opera house is under construction in the Norwegian capital, Oslo. It will be located in the harbour area at the waterfront, and many see the new opera house as a new landmark for Oslo. The opera is located in a previously neglected part of central Oslo, and many see the new opera as a vitamin injection to trigger a wider urban development scene. For decades the area has been typified by harbour activities, heavy traffic and extensive railway activities. The project has therefore become part of a long time discussion regarding the use of Oslo's harbour areas. The planned finished for the project is 12 April 2008 and with a budgeted upper cost limit of 4.0 billion NOK (2006 value).

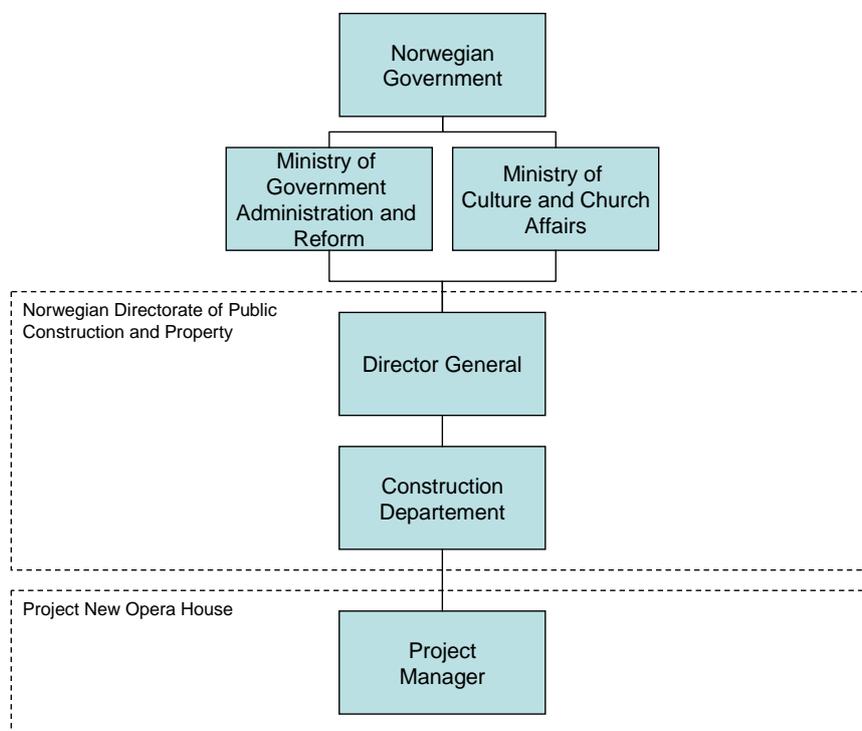


Figure 5 General organisation of the New Opera project

Statsbygg – *The Directorate of Public Construction and Property* acts on behalf of the Norwegian government as manager and advisor in construction and property affairs. As shown by Figure 5, Statsbygg is responsible for the planning and construction works for The New Opera House on behalf of The Ministry of Cultural and Church Affairs. Statsbygg is an administrative body, responsible to the Ministry of Labour and Government Administration.

Railways – Gardermobanen

Our first railway case comes from the establishing of Oslo's new airport Gardermoen, Gardermobanen (the Airport Express Train). The airport opened in 1998, and the complete railway line was taken into use during the following year.

The Norwegian State Railways (NSB) was split into the train operator NSB BA (now NSB AS), the Norwegian Railway Inspectorate and the Norwegian National Rail Administration in 1996.

A basis for the decision to build Gardermobanen was that the revenue from the train passengers should cover both infrastructure and rolling stock investments as well as the cost of operation. As shown by later developments and one of the evaluations of the project (NOU 1999:28) this was not realistic.

Project management lay in a company, NSB Gardermobanen AS, owned by the state through NSB. The users of this project are the train operators and the travellers. Both project management as well as the primary important users - train operators - reported to the ministry of transportation. Figure 6 shows the organization of the Gardermoen project.

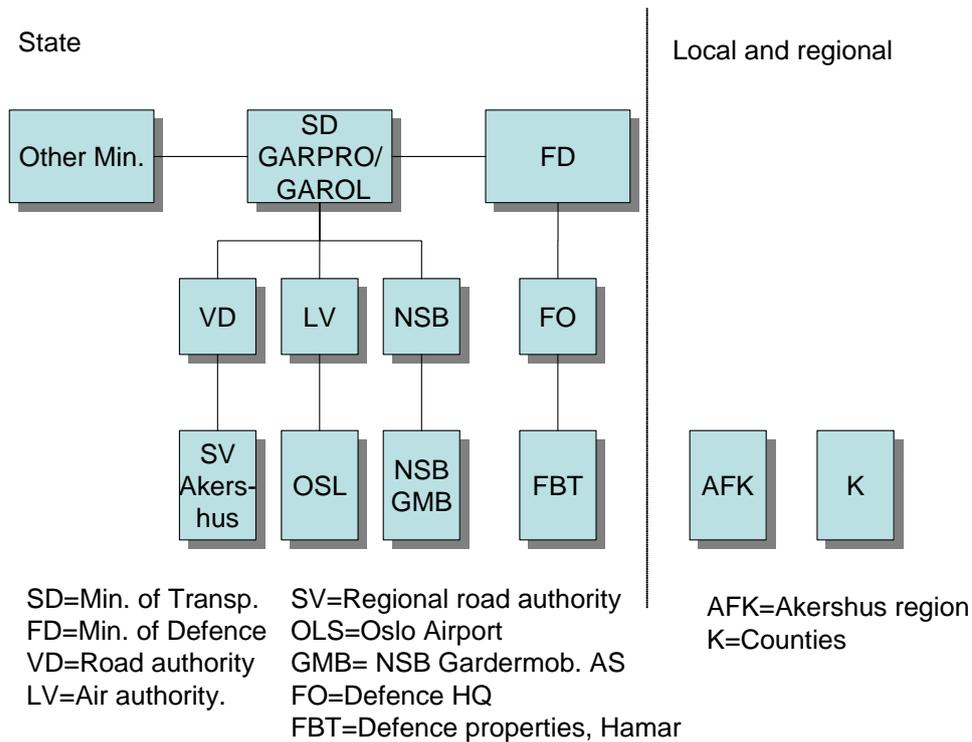


Figure 6. Organisation of the Gardermoen project. ¹

Railways – Asker-Sandvika

The new double track between Asker and Sandvika was finished in 2005. The project budget was 4065 million NOK. The new double track section is the first part of a planned new double track to the west of Oslo, and comes in addition to the existing double track. Existing tracks are highly utilised especially in rush hours, and a capacity increase was necessary (Stortingsproposisjon nr. 1 2002-2003). The new double track will improve capacity in the network, reduce travel time and improve comfort. Construction work of the whole double track is to be completed by 2011 (Oslopakke 2, 2006).

¹ GAROL was the coordinating body for the project within the ministry of transportation during the planning phase. The same coordinating body was called GARPRO during the construction phase. Based on NOU 1999:28.

The project is a part of Oslopakke 2. In 2001 local and national authorities approved the financing principles and economic framework for what is called Oslopakke 2. Oslopakke 2 is a plan for new and upgraded infrastructure and rolling stock for public transport in Oslo and Akershus (Oslopakke 2, 2006).

Oslopakke 2 is a financial plan for new and upgraded infrastructure and rolling stock for public transport in Oslo and Akershus. 71 % of the investment will be financed over the National Budget (Rail Infrastructure and Road Infrastructure), 5 % will be financed over Oslo's budget, 3 % will be financed by property developers and finally 21 % will be financed by payments from transport and road users. As shown in Figure 7, the project is organised in the infrastructure construction department of the Norwegian National Rail Administration. Prior to 1996, the infrastructure administration and construction of new lines, was in the same organization as the train operation. After 1996 the railway infrastructure has become a separate governmental agency.

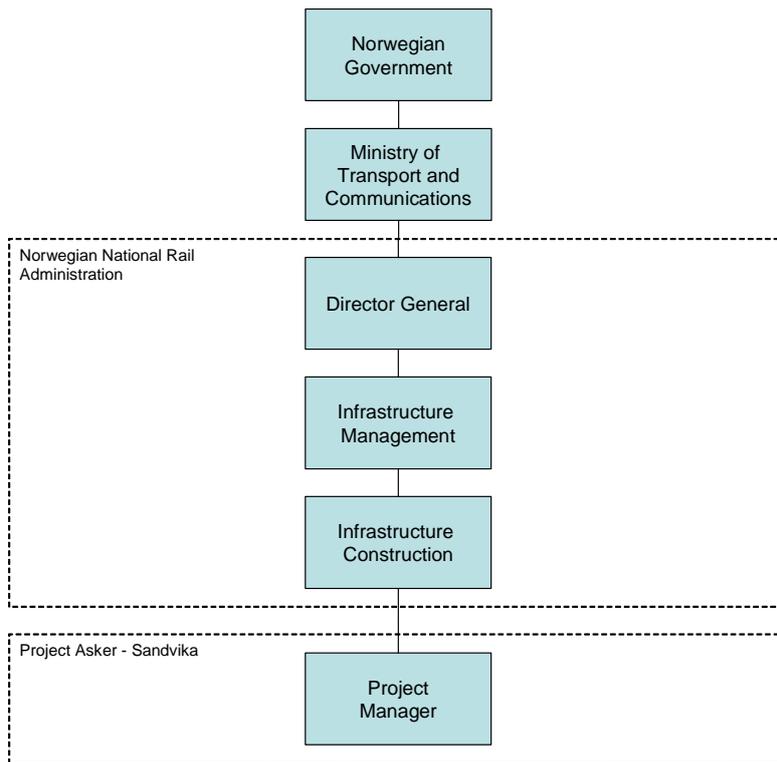


Figure 7 General organisation of the Asker-Sandvika project

Road project – E6 Østfold

E6 is one of the main roads in Norway, bringing road-users from the Swedish boarder at Svinesund in the south all the way to Kirkenes in the most northern part of Norway. The project E6 Østfold is one of the largest road construction projects in Norway. It is a part of an ongoing upgrading of the main roads in Østfold County from Oslo to Svinesund. The output of project E6 Østfold is approximately 33 km of four lane highway. The construction is scheduled to be completed in 2009. The budgeted upper cost limit is approximately 2.1 billion NOK (2006).

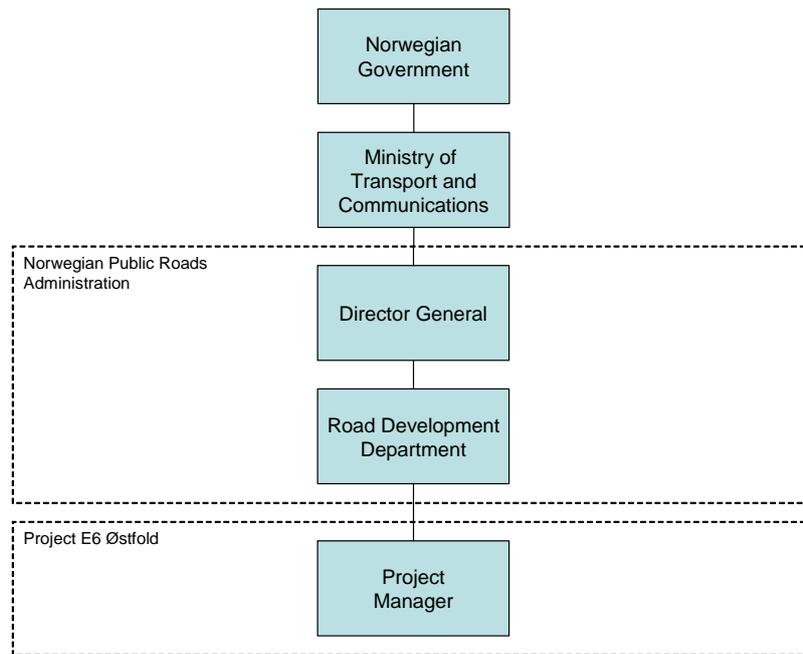


Figure 8 General organisation of the E6 project

The Norwegian Public Roads Administration (NPRA) is responsible for planning, construction and operation of the national and county road networks. NPRA usually use multiple prime contracts which mean that several contractors are competitively appointed to execute the work (Lædre et al, 2006). Figure 8 shows the general organisation of the project we have studied.

Road projects PPP - Public Private Partnership

In Norway, the E39 Klett-Bårdshaug was the first of a total of three PPP pilot projects to be carried out in the period from 2002 to 2008. KPMG (2003) defines PPP as a ‘public service that is developed (planning and executing) and provided from a private company (or together with public company) with joint risk between the public and the private company’. Koch and Buser (2006) points out that a PPP can be seen as a network, because PPPs usually involve a range of public and private stakeholders.

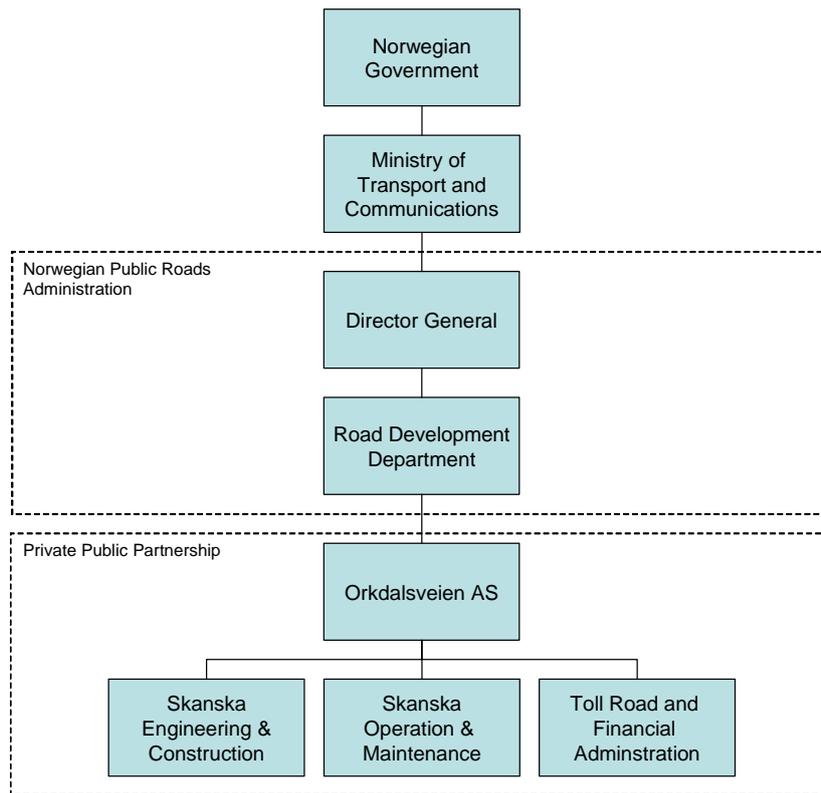


Figure 9 General organisation of the E39 project

The highway E39 between Klett and Bårdshaug is a part of the Norwegian network of European Highways and was finalized in June, 2005. The general organisation of the E39 project is shown in Figure 9. In addition to direct funding over the state budget, road toll will be collected, probably until the year 2017 (Orkdalsvegen 2006). Orkdalsvegen AS is a private company, owned 50 per cent by Skanska AB and 50 per cent by Laing Roads Ltd. The company acts as the client for the project and is in charge of, the total development, design and construction, financing as well as operation and maintenance till 2030. At the expiration of the contract in 2030 the highway will be returned to the public.

An inter-municipal road toll company, independent of the development project, will collect the road toll. The Public Roads Administration (PRA) has been in charge of

primary planning of the E39 highway project as well as the land acquisition. This work started in 1996. During construction the Public Roads Administration monitored the PPP contract and will continue this during the operational phase to ensure that the highway is delivered to the road user according to agreement.

Hospitals – St Olavs

Plan for a new university hospital in Trondheim was made in 1991, which was approved by the Norwegian Parliament in 1993. To begin with, the project was organised under the local county, but a major part of the financing was to be supplied by the government. In 2002 the parliament decided to build the university hospital at its current location based on the plans for Phase 1 of the building programme. The first phase of the construction of the new hospital in Trondheim, consisting of four centres making a total of app. 90 000 m², was completed on August 6th 2006. Phase 2, consisting of six centres is planned for completion in 2011/2012. Figure 10 shows the organisation of the project.

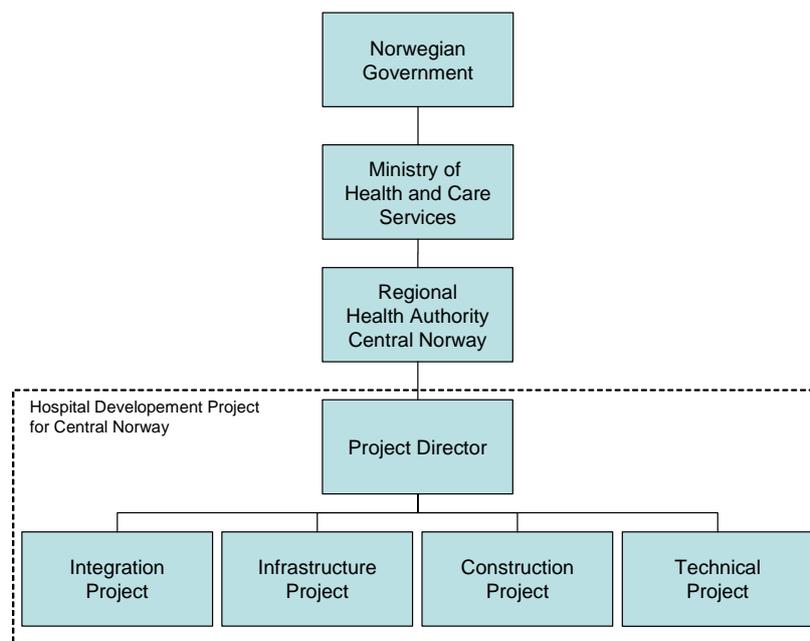


Figure 10. General organisation of the St Olavs project

The responsibility for providing health care services is delegated from the Ministry to five regional health authorities. In the case of St. Olavs hospital, it is the Central Regional Health Authority which is responsible for operation of the future hospital. A temporary public organisation called Hospital Development Project for Central Norway is responsible for construction of the hospital on behalf of the Central Regional Health Authority. The construction of St. Olavs hospital is complex, not only due to the construction of ten different medical centres, but also due to the fact that these centres should operate as one integrated and effective organisation in the future. The project actually consists of four main projects; construction of the centres, development of infrastructure, implementation of new technology, and integration of human resources, organisations, infrastructure and new technology.

SUMMARY OF RESULTS

For each case we have made an analysis of which actor or stakeholder who holds the six different roles described previously in this paper. In order to compare the different cases and their business sectors, a summary showing selected ownership aspects of the studied projects is presented in Table 2.

Sector	Type of project	Responsible for financing	Ultimate owner of responsible financier	Project management	Responsible for operation of project delivery	Responsible for value generating activity of project delivery	Deciding body
Private	Ship building	Company (Ship owner)	Shareholders	Supplier (Yard)	Company (Ship owner)	Company (ship owner)	Directors
	Offshore oil and gas development	Block owners (Oil and gas companies and government)	Shareholders and residents	Project organisation	One of the block owners	Block owners	Parliament and directors of block owners
	New product development	Company	Shareholders	Company	Company	Company	Directors
	Internal change (ISO 9000 system)	Company	Shareholders	Company	Company	Company	CEO
Governmental	Public building (New Opera House)	Ministry of culture	Residents	Directorate of Public Construction and Property	Directorate of Public Construction and Property	Norwegian National Opera	Parliament
	Railway	Ministry of transport	Residents	Own company/ Railway Authority Project Division	Railway Authority Region	Train operators	Parliament
	Road	Ministry of transport	Residents	Road Authority Project Division	Road Authority Region	Users, private and corporate	Parliament
	Hospital	Regional Health Care Authorities	Residents	Project organisation	Regional Health Care Authorities	Hospital	Directors
Public Private Partnership	PPP Road	Consortium	Shareholders	Project organisation	Consortium	Users, private and corporate	Parliament

Table 2. Different aspects of project ownership in the studied projects

Characteristics of project ownership in private sector

In the studied shipping and company internal projects, project ownership is relatively concentrated to one project actor. A ship owner is typically responsible for financing, operation of the delivered ship as well as both costs and income related to the ship. Note that the daily operation of ships can be outsourced and actual ownership can be hidden by a network of legal manoeuvres. In our studied ship building cases, the ship owner organisation has all the traditional characteristics of an owner. The ship yards had a contractor role, responsible for the delivery of ship, but no involvement in the operation. For internal projects, control and responsibility lie within the organisation in question. In particular, we studied one internal change project and one product development project. Both projects had department managers as project manager. Project ownership can still be an issue, but on an interorganizational level.

The Ormen Lange offshore project illustrates that projects in private sector can have a complex owner structure as well. In one perspective, one could say that the Norwegian government is the owner. Norwegian interests are handled through Petoro, which is the major shareholder in both the gas field and the export pipeline. In another perspective, the partners in Ormen Lange/Langeled could be considered to be the owner(s). They will share the future profit of the gas production in accordance with the share they hold in both the gas field and the pipeline. In a third perspective, Shell Operations could be considered to be the owner, as they are responsible for efficient and reliable gas production, thus being responsible for actually providing and maximising the profit.

Characteristics of project ownership in public sector

Project ownership was found to have nuances for the governmental projects. In many of the governmental projects, different stakeholders are responsible for project cost and project benefits, respectively. Responsibility for project cost is typically allocated to a governmental agency, which shall provide the new infrastructure in accordance with a traditional project management perspective on time, cost and according to specification. For governmental projects, it is typically different kinds of users who are responsible for the benefits generated from the project deliveries. The value generating activity related to the governmental projects is represented by the train operators, hospital or road users. By going up the administrative ladder, it is possible to find stakeholders with interests in both the cost and benefit side. For governmental projects, this is usually at the ministry level, but two or more Ministries can be involved (for example the New Opera House and the Gardermoen project).

CONCLUDING DISCUSSION

Most literature on project ownership focuses on one owner having all the characteristics of owner. It is based on one stakeholder who takes the risk related to the cost and future value of the project. Our case study shows that owner responsibilities not necessarily are concentrated to one individual stakeholder in a project.

A governance perspective aims at securing that an executing body works in accordance to the owner's interest. Such an executing body is a project in our cases, while a corporate governance perspective focuses on the management of a company. APM (2007) pointed out that project governance aims at ensuring that an organisation's project portfolio is aligned to the organisation's objectives. With reference to our studied projects, this description works well in most of the private sector projects we have studied. With the possible exception of the Ormen Lange/Langed project, our private sector projects were carried out by one

identifiable “host organisation”, which can be termed project owner. Using a governance frame of reference, what is right to the project owner is by definition right to the project. At the end of the day, the owner takes responsibility for the value of the project. Related to stakeholder management, a governance perspective means that owners are a special kind of stakeholder.

Our studies indicate that not all projects have a single well identifiable project owner, as illustrated by Table 2. In particular, this is the case for governmental projects. A traditional owner is a stakeholder who takes the risk related to both the cost and future value of the project. Such a stakeholder has incentives to analyse and follow up a project based on weighting the costs against the benefits. Most stakeholders in governmental projects have their main incentives either on the cost or benefit side of a project. Even though the relevant Ministry has an interest in weighing costs against benefits for investments within their responsibility, our studies have also included projects involving more than one Ministry.

Figure 1 (on page 8) shows one “governance” arrow going to the right, indicating that governance originates from one owner, or a set of owners with aligned objectives. Accountability then flows back in the other direction, to the same owner, or group of aligned owners. Our studies indicate that for many governmental projects this flow can be described as two flows; one related to costs, and another related to benefits.

Governance of governmental projects can either acknowledge the dual flows and establish parallel governance regimes for both cost and benefits, or to strive to establish owners that have incentives for both cost and benefits. The studied projects include examples of the latter alternative, where project owners have been “created”. A driving force behind many PPP² initiatives internationally has been a lack of public funds. In Norway, other aspects of public management have also served as justifications for such partnerships. One objective has been

² Public Private Partnership

to establish project structures where one stakeholder has incentives related to both costs and benefits for an investment, in a manner that resembles a private sector project owner. A similar justification was used for the reorganisation of the Norwegian health care sector.

This paper has primarily analysed project ownership on a macro level, between organisations. Challenges related to identifying a stakeholder with responsibility for both cost and benefits can to a certain extent also be found on a micro level, within the most involved organisations. Aspects of “internal project ownership” have not been the main focus of the research presented in this paper.

We have illustrated that project ownership can be diverse. Results from this study indicate that theories and practices related to ownership and governance are not necessarily directly transferable to a generic project context. While the question “Who owns a project” is easy to answer in some cases, it requires a more differentiated answer in other cases. Further research is proposed to investigate project ownership implications on project management. It will be interesting to explore how different ownership structures affect project costs as well as value realisation from finished projects. From a project uncertainty perspective, owners can be seen as a source of uncertainty to the project. In an owner perspective, uncertainty management is primarily related to future value of the project, which can be influenced by benefits and revenue from the project, alignment to overall objectives, project cost, and other issues. This is a wider perspective on project uncertainty than traditionally have been taken in project management. We propose further research related to project uncertainty and project stakeholder management from an owner perspective, in addition to the relatively established project perspective.

REFERENCES

- APM 2004. *Directing change; A guide to governance of project management*. Available at www.apm.org.uk, Accessed January 11, 2007
- Bush, Tor, Johnsen E., Klause
- Committee on Standards in Public Life. 1995. *Standards in Public Life: First Report of the Committee on Standards in Public Life* (1995)
- Eikeland, P.T. 2000. *Teoretisk Analyse av Byggeprosesser, Samspill i byggeprosessen*, prosjektnr. 10602 (In Norwegian)
- Finne, H., Levin, M., Nilsen T. 1995. *Trailing research: A model for useful program evaluation*, IFIM-paper 4/95, Trondheim: SINTEF IFIM
- Flyvbjerg, B., Bruzelius, N., and Rothengatter, W. 2003, *Megaprojects and Risk. An Anatomy of Ambition*. Cambridge, UK: Cambridge University Press
- Foss, K. and Foss, N.J. 1999. *Understanding Ownership: Residual Rights of Control and Appropriable Control Rights* DRUID Working Papers 99-4, DRUID, Copenhagen Business School, Department of Industrial Economics and Strategy/Aalborg University
- Grünfeldt, L.A. and Jakobsen, E.W. 2006. *Hvem eier Norge? Eierskap og verdiskapning i et grenseløst næringsliv*. Universitetsforlaget, Oslo
- Hardie, J. 2005. *Transparency, Accountability and Rationality*, Discussion paper series DP74/05, Centre for philosophy of natural and social science, LSE, London
- Hart, O., (1995) *Firms, Contracts and Financial Structure*. Oxford: Clarendon Press
- Johansen, A., 2004. Fra intressentanalyse til intressentledelse *Prosjektledelse*, , No. 1-2004, pp 6-7.
- Johansen, A. 2004. Efficient project start-up. Paper presented at the NORDNET 2004 International PM Conference, 29 September – 1 October 2004, Helsinki, Finland.

- Karlsen, J. T, 1998. *Mestring av omgivelsesusikkerhet* Ph.D. Thesis, the Norwegian University of Science and Technology (In Norwegian)
- Kaufmann, D and Vicente, P.C. 2005. *Legal Corruption* World bank. October, 2005 Second Draft. Available at http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/2-1_Governance_and_Corruption_Kaufmann.pdf
- Koch, C. and Buser, M. 2006. Emerging metagovernance as an institutional framework for public private partnership networks in Denmark. *International Journal of Project Management*, Vol. 24., No. 7, pp 548-556.
- KPMG. 2003. Kartlegging og utredning av former for offentlig privat samarbeid (OPS) – en KPMG-rapport til Nærings- og Handelsdepartementet, Mars 2003. KPMG AS, Oslo
- Lædre, O., Austeng, K., Haugen T.I., and Klakegg, O.J., 2006. Procurement Routes in Public Building and Construction Projects, *Journal of Construction Engineering and Management*, ASCE. July 2006 pp 689 – 696.
- McElroy, B. & Mills, C. 2000. Managing stakeholders. In: Turner, R.J. & Simister, S.J. (eds.) *Gower Handbook of Project Management*. Gower, Aldershot.
- Mikkelsen, H. & Riis, J.O. 2003. *Grunnbog i prosjektledelse [Text book in project management.]* Prodevo ApS, Rungsted.
- Miller, R., Lessard, D. 2000. *The Strategic Management of Large Engineering Projects, Shaping institutions, Risks and Governance*, Massachusetts Institute of Technology, USA
- New York Society of Securities Analysts. 2003. Corporate Governance Handbook,
- Norsk Utvalg for Eierstyring og Selskapsledelse. 2006. *Norsk anbefaling for eierstyring og selskapsledelse*, revidert versjon offentliggjort 8.desember 2005. <http://www.nues.no/>
- NOU 1999:28 *Gardermoprojektet, Evaluering av planlegging og gjennomføring*, Statens forvaltningstjeneste, Statens trykking

- Olander, S. & Landin, A. 2005. Evaluation of stakeholder influence in the implementation of construction projects. *International Journal of Project Management* 23:4, 321–328.
- Orkdalsvegen. 2006. <http://www.orkdalsvegen.no/>, Accessed on december 20th 2006
- Oslopakke 2. 2006. <http://www.oslopakke2.no/> Accessed on december 20th 2006
- PMI 2000. *A Guide to the Project Management Body of Knowledge*, Project Management Institute, Newton Square, PA
- Samset, K. 2003. *Project Evaluation: Making investments succeed*, Tapir Academic Press, Trondheim
- Samset, K., Berg, P., and Klakegg, O.J. 2006. Front end Governance of Major Public Projects Paper presented at the EURAM Conference, May 17-20 2006, Oslo, Norway
- Stame, N. 2006. Governance, Democracy and Evaluation, *Evaluation*, Vol 12(1) pp 7-16
- St. prp. Nr 1 (2002-2003), *Nasjonalbudsjett*, Samferdselsdepartementet, Oslo, Norge (Norwegian national budget)
- Vaagaasar, A.L. 2006. *From Tool to Actor - how a project came to orchestrate its own life and that of others*. Ph.D. Thesis Handelshøgskolen BI, Oslo
- Vedung, E. 1998. *Utvärdering i politik och förvaltning*, Studentlitteratur, Lund
- Yin, R.K. 2003. *Case Study Research: Design and Methods*. Sage, Thousand Oaks, CA/London/Dehli.