



Norwegian Ministry
of Finance

Updates on Project Governance in Norway

Ingvild Melvær Hanssen, Deputy Director General

The 9th Concept Symposium on Project Governance, 22. september 2022

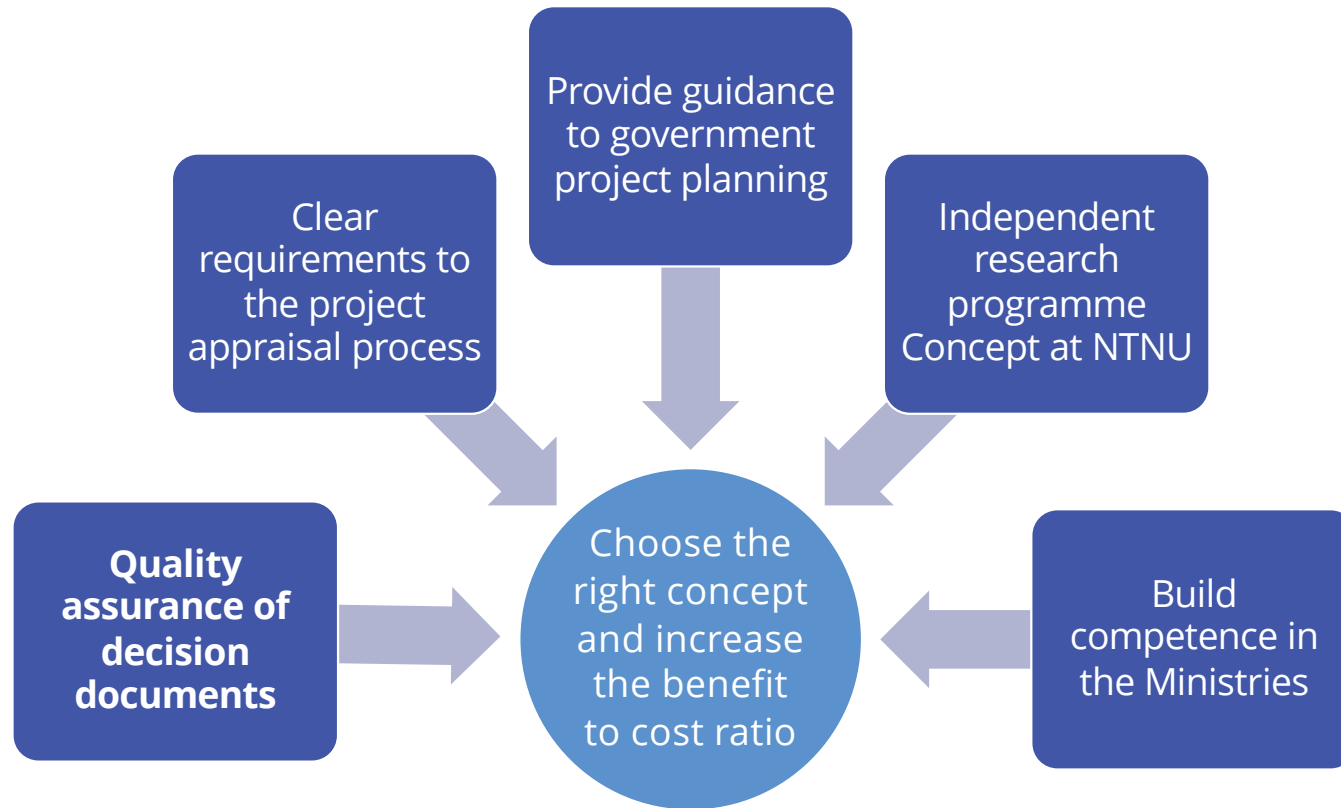


**Welcome
- finally here!**



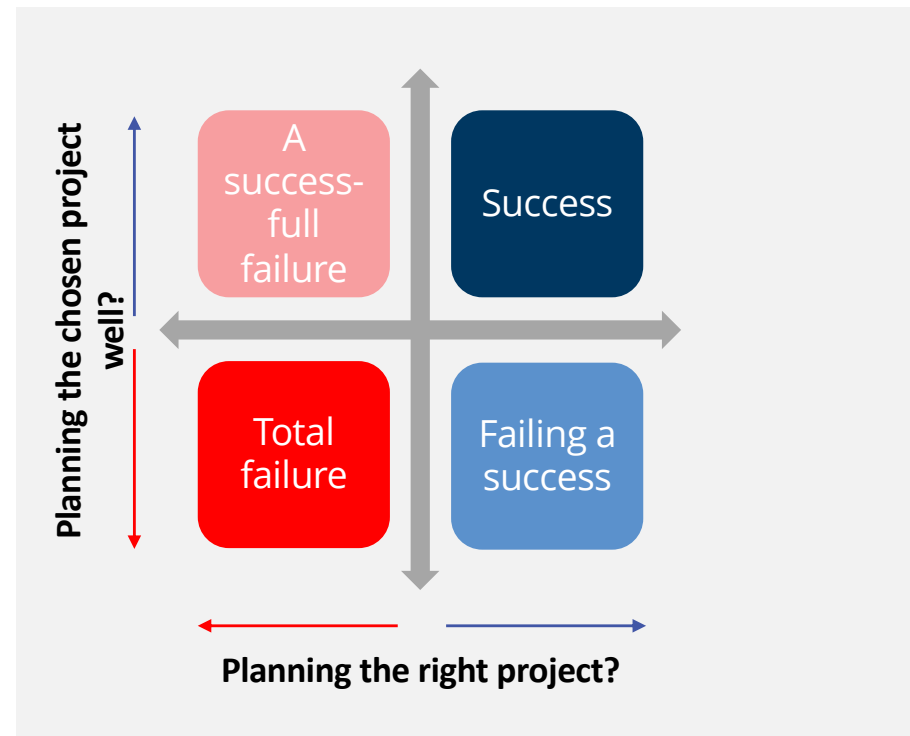
The Norwegian Project Modell

- different measures to improve infrastructure governance and decision making processes

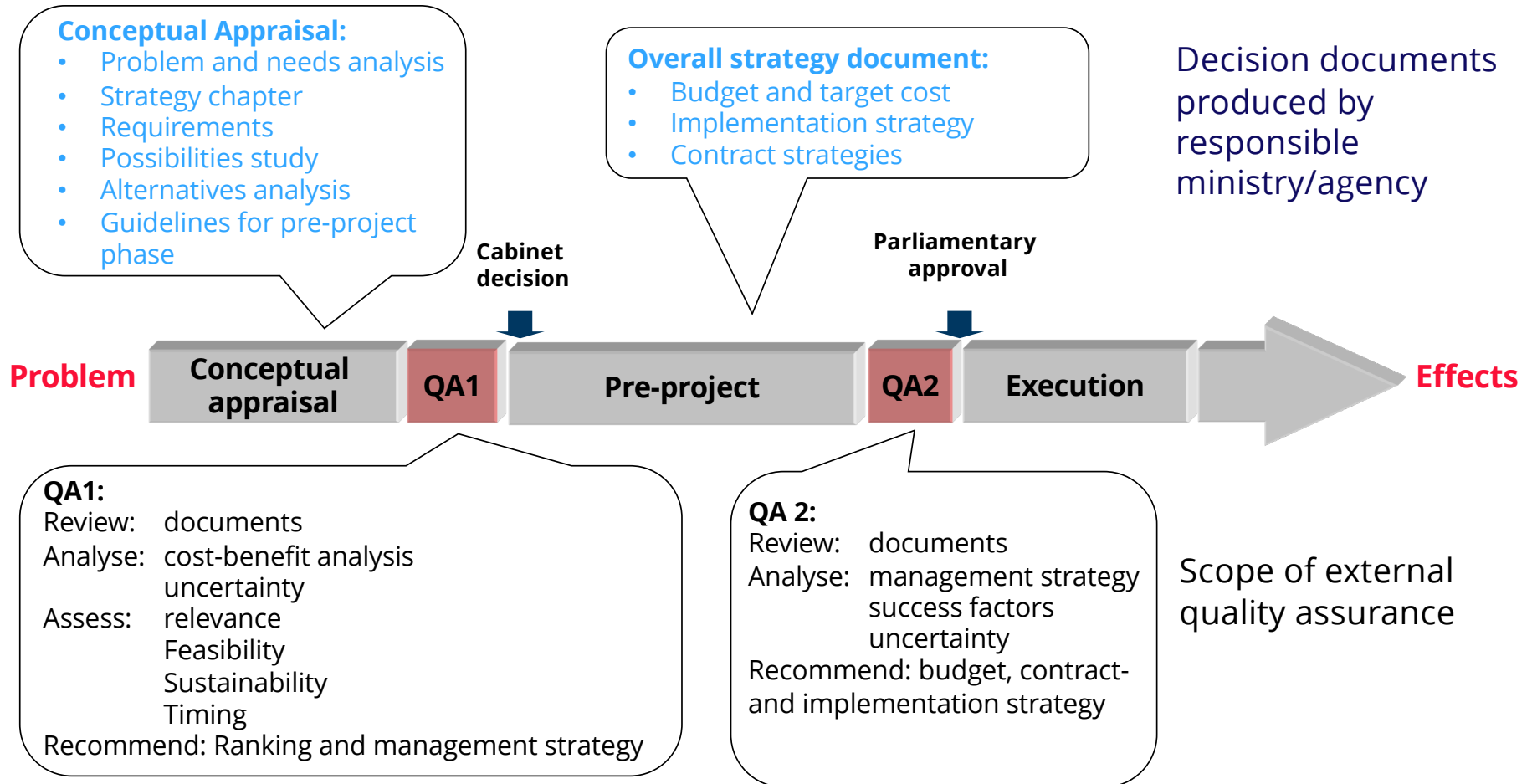


What makes a successful project?

- 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



The Norwegian Project Model



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



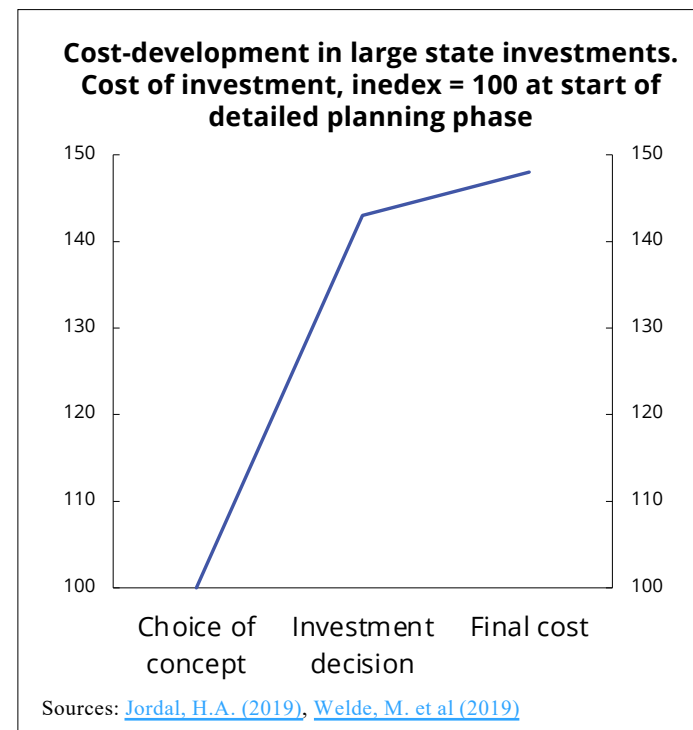
Cost-development through planning and execution

Main measures:

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

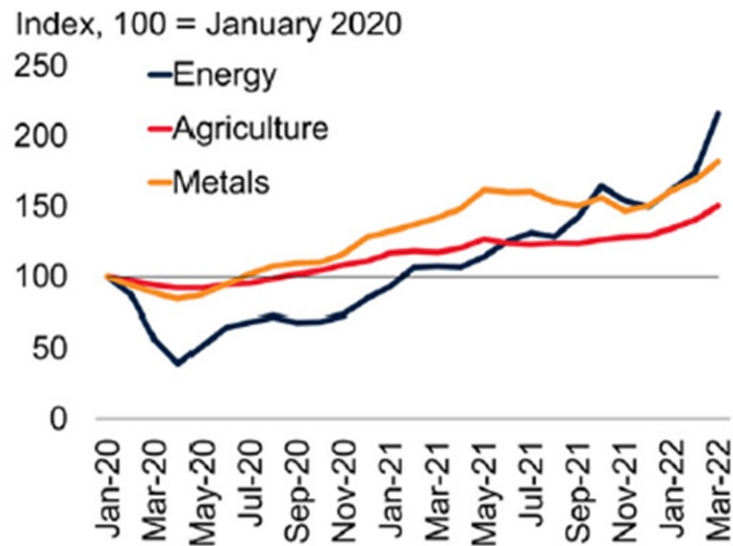


Lower threshold for ITC projects

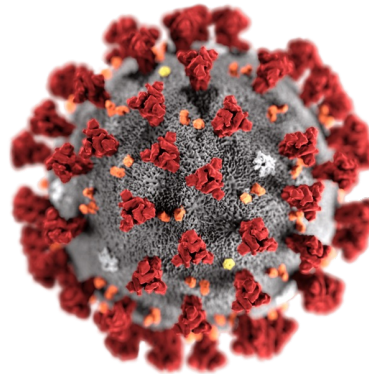
- Often more complex at lower costs than traditional projects
- High risk for cost overruns
- Need for improved benefit management



The shocks you don't estimate for - Covid and other uncertainties

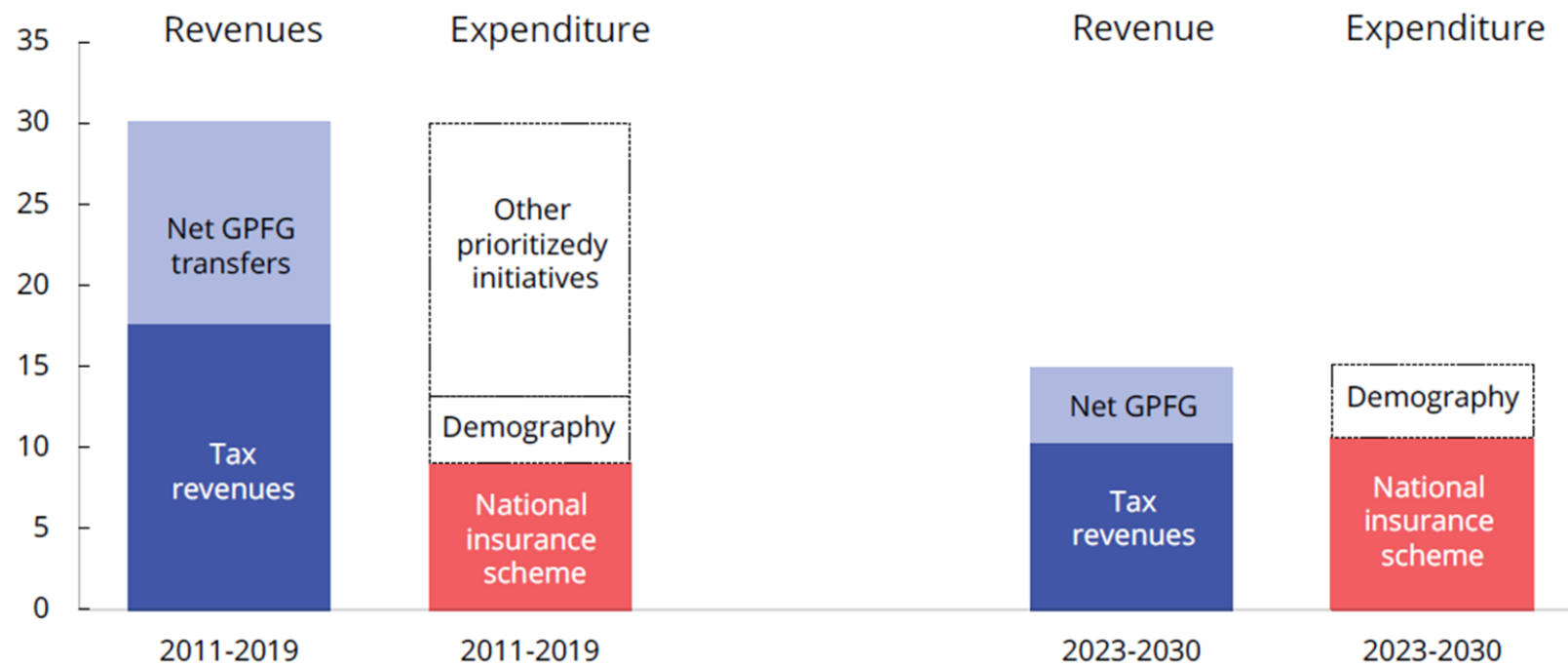


Source: World Bank (2022)



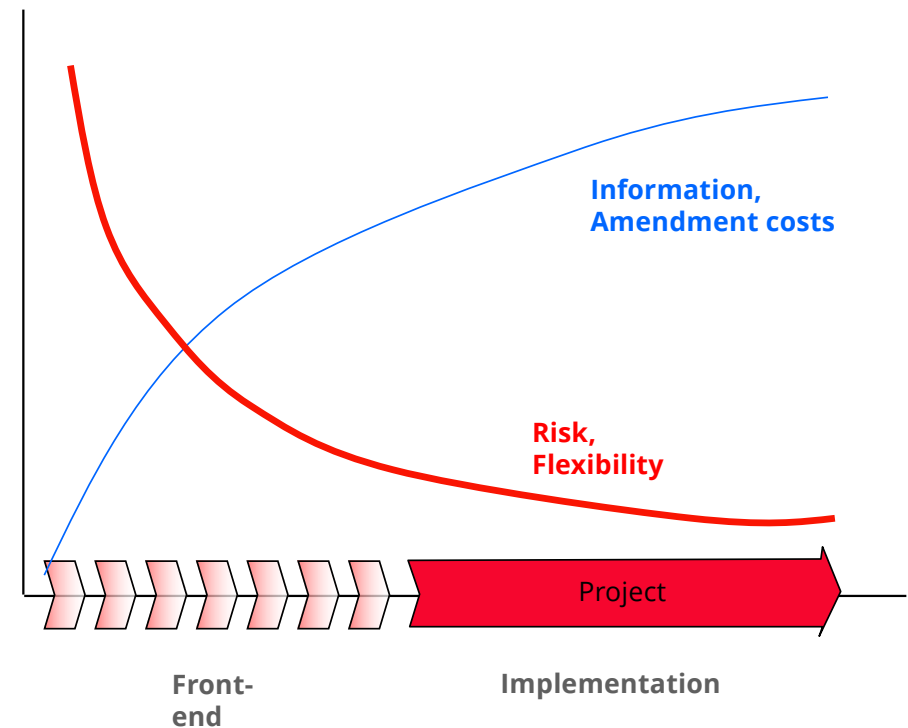
The fiscal space is getting smaller

Room for manoeuvre. NOK billion at 2021 prices



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