



Norwegian Ministry  
of Finance

# The Norwegian state project model

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# How it started

Experienced large cost overruns in several projects during the 1990-ties

National Audit office comments on the problem

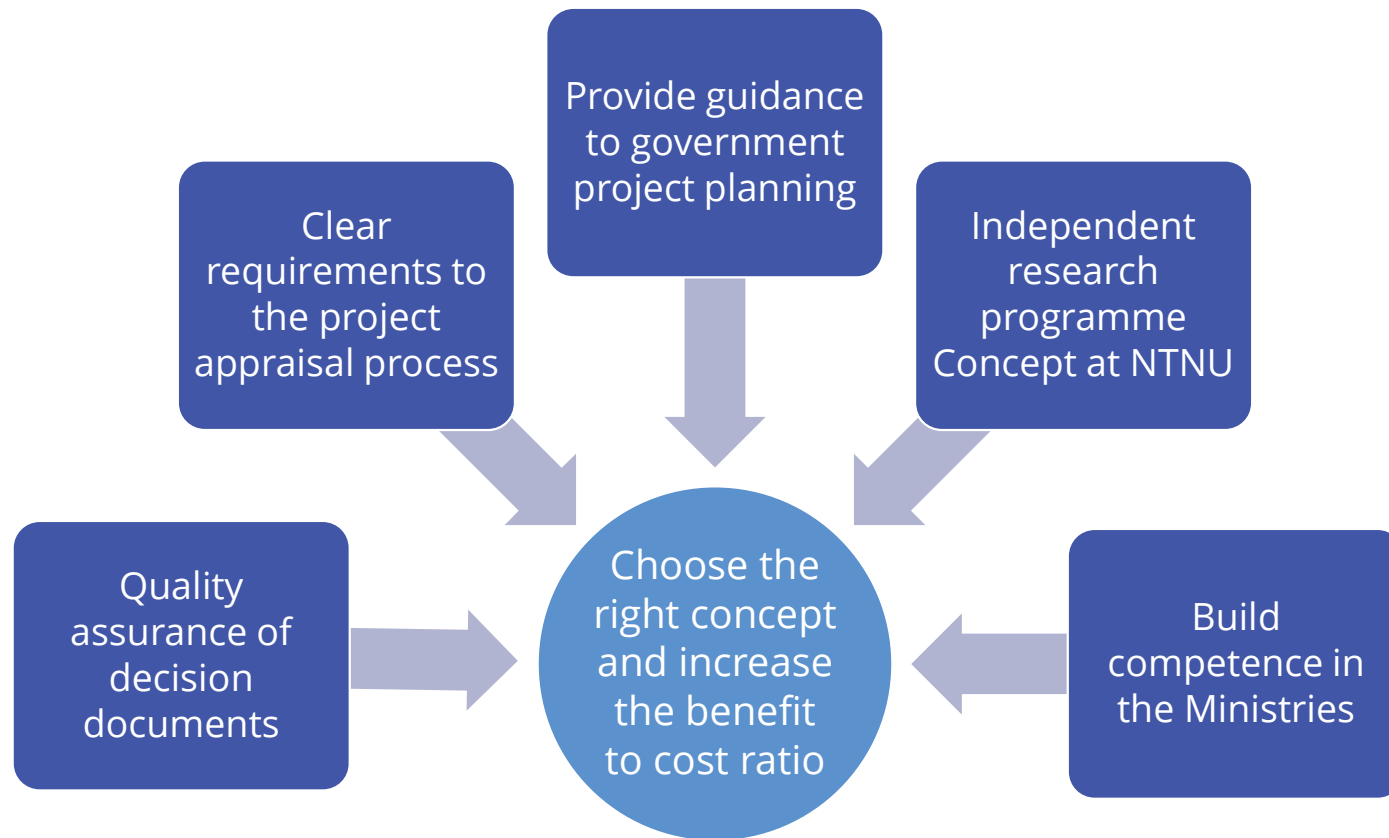
A working group across Ministries evaluate 11 different projects and find some main challenges:

- Scope creep
- Increasing planning costs
- Increasing costs of contracts

➤ Introduction of requirement for quality assurance of estimated costs and implementation strategy before Parliament approval



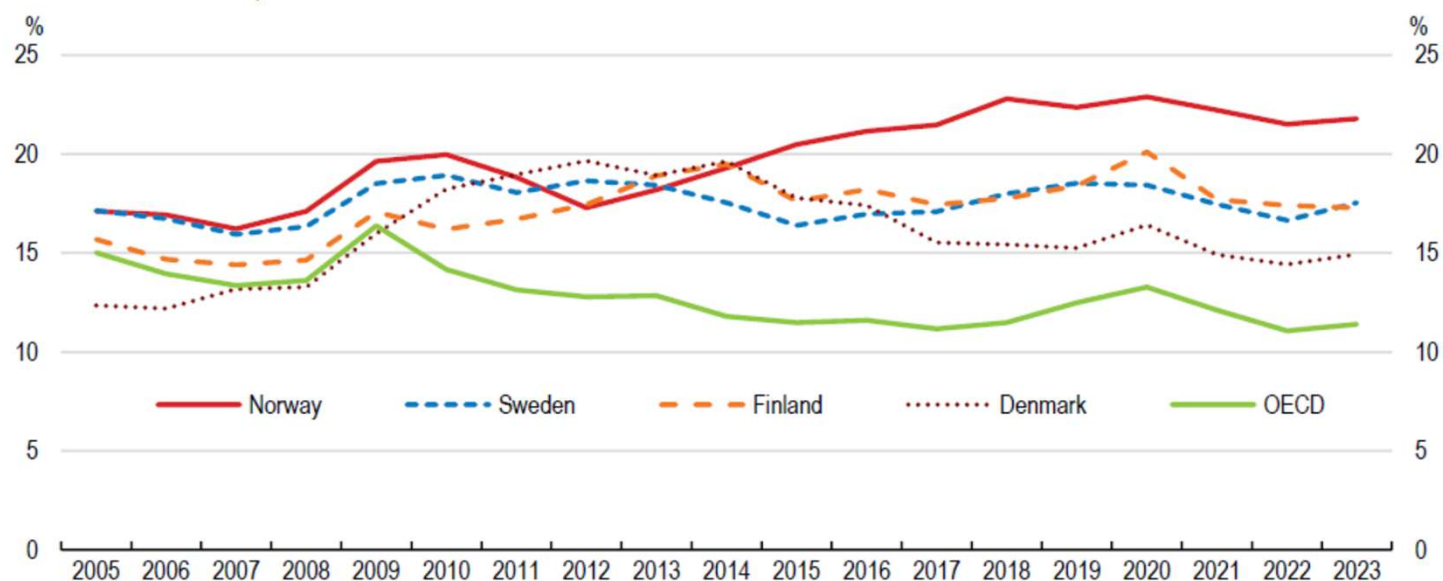
# Different measures to improve infrastructure governance



# High investment -

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

Public investment as a per cent of total investment



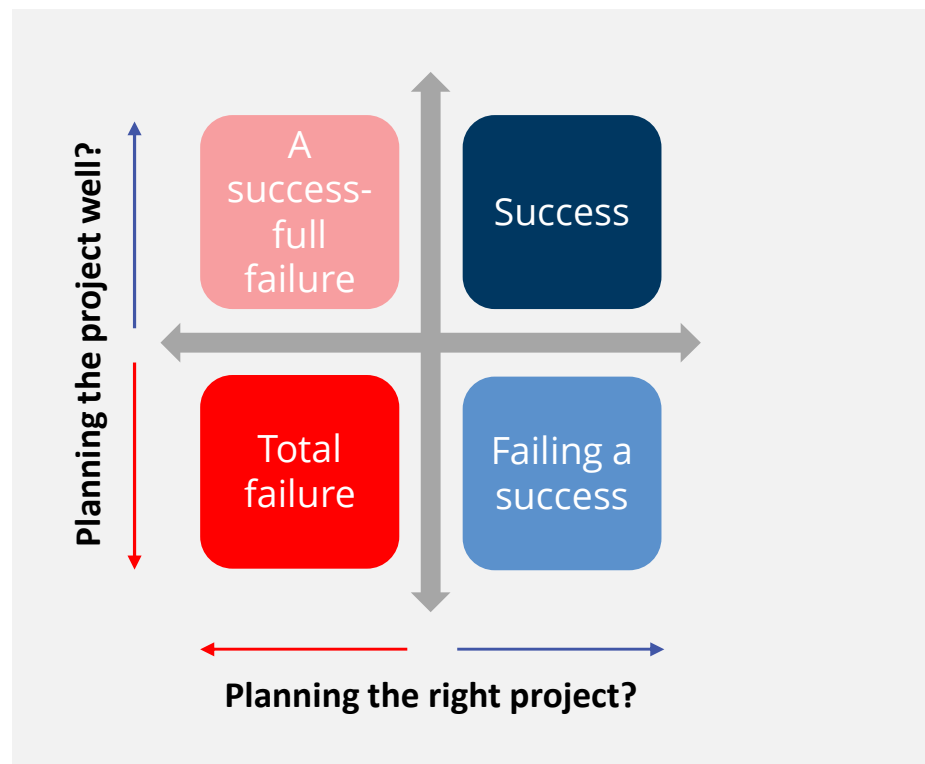
Note: OECD average refers to overall investment weighted average.

Source: OECD, National Accounts database.



## - and the importance of investing right

- 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 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

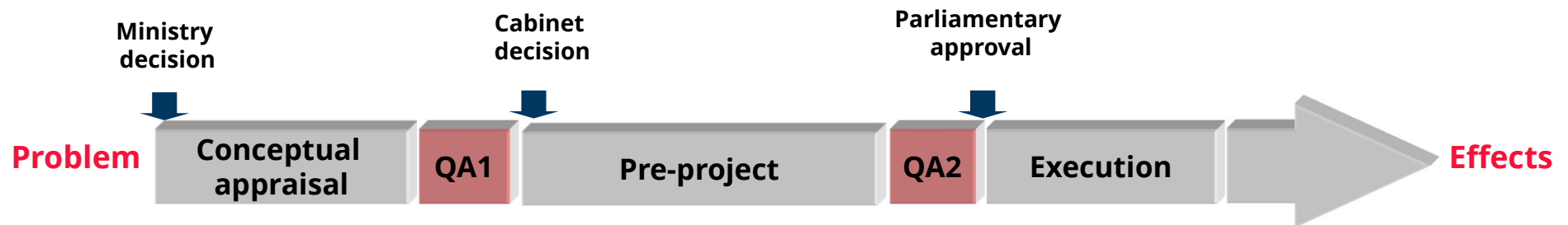
## Separate (and similar) requirements

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



# Two important decision gates

- **QA1** – Quality assurance of the **conceptual choice** before Cabinet decision on go-ahead for a pre-project phase.
- **QA2** - Quality assurance of the overall strategy document with focus on budget and implementation strategy before Parliamentary approval of **final investment decision**.



# The Norwegian Project Model

## 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





# What is the role of the Ministry of Finance?

- Responsible for the project model and administer the requirements for appraisal, planning and quality assurance
- Guide the line ministries on project governance
- Follow investments through the quality assurance together with the line ministries
- Dialogue with different line ministries ahead of major decisions in the Cabinet to ensure a good information basis for decisions.
- Advise the Minister of Finance on investment discussions and project governance policy
- We follow the projects in the budget process
  - Cost overruns – are possibilities for cutting cost sufficiently explored?
  - Investment decision – Is there any special requirements that should be set for the implementation phase?
  - If problems occur between decision gates or in implementation– do an extra quality assurance?



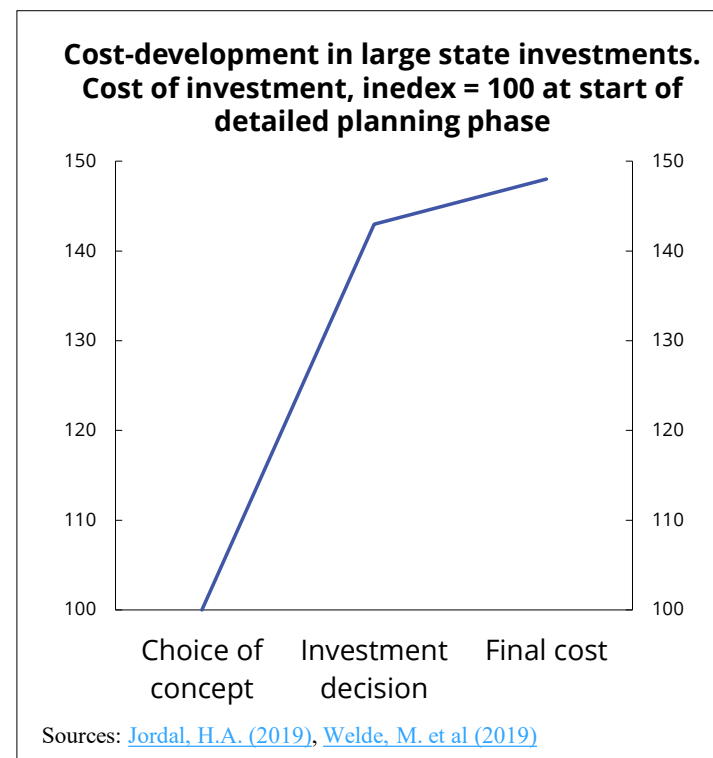
# Increasing costs in early planning has been a challenge

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:

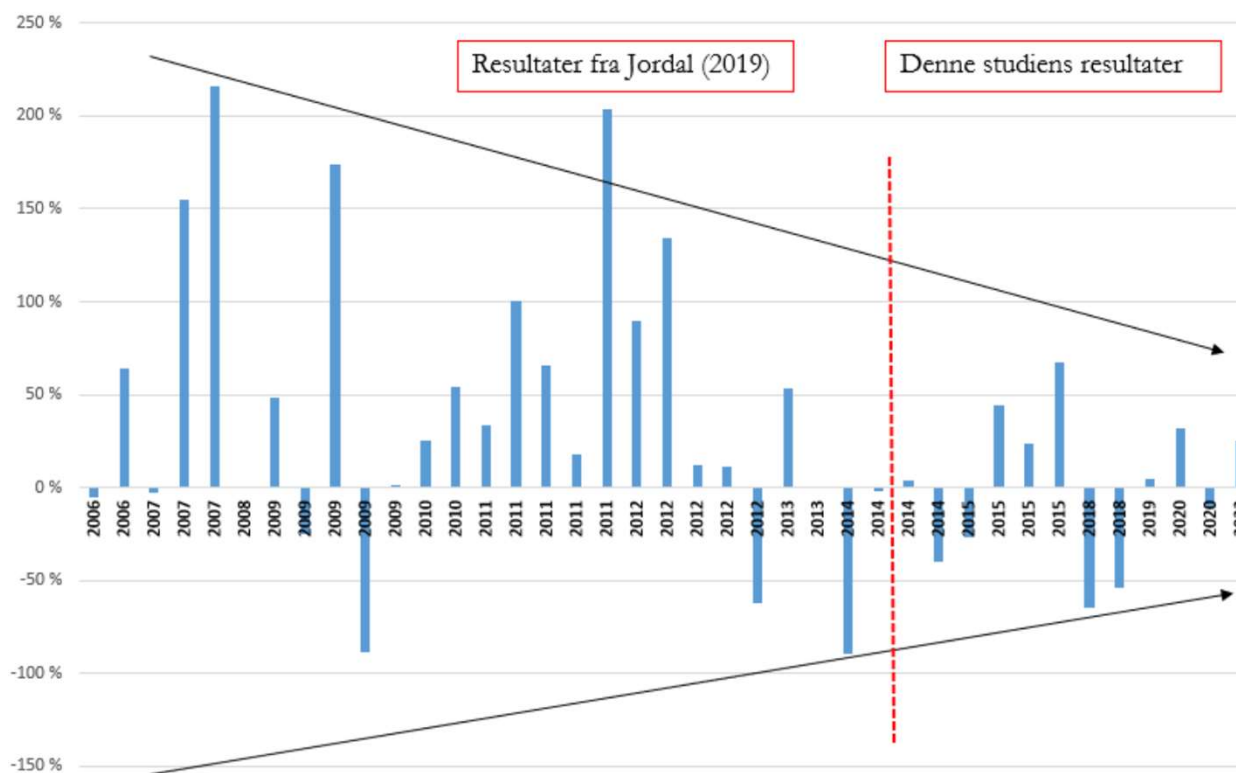
- A budget target equal to P50 at QA1 measuring cost development between QA1 and QA2
- Requirement to log changes in the project
- Large changes in concept or budget target need to be presented for the Cabinet



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



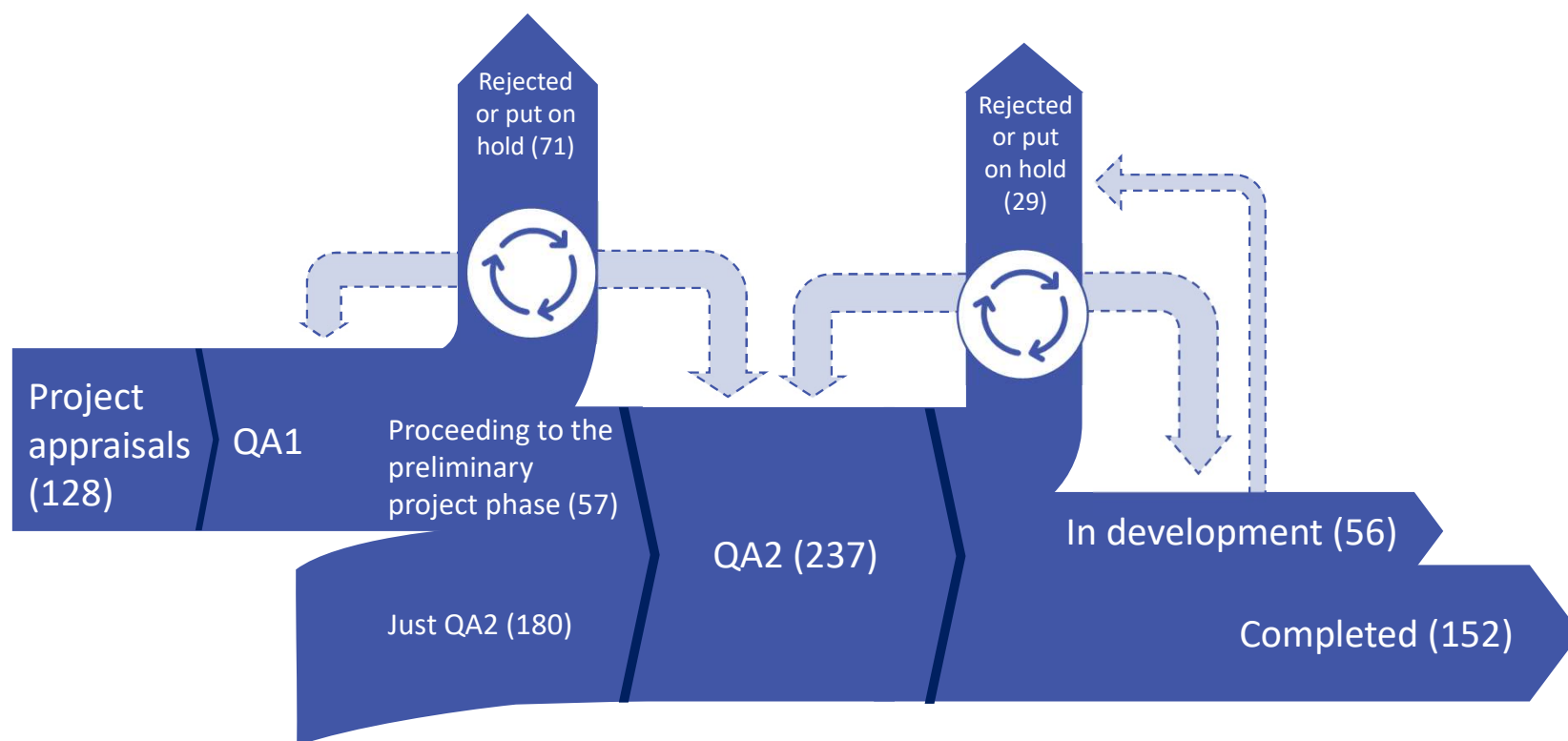
# Changes in cost development through planning



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

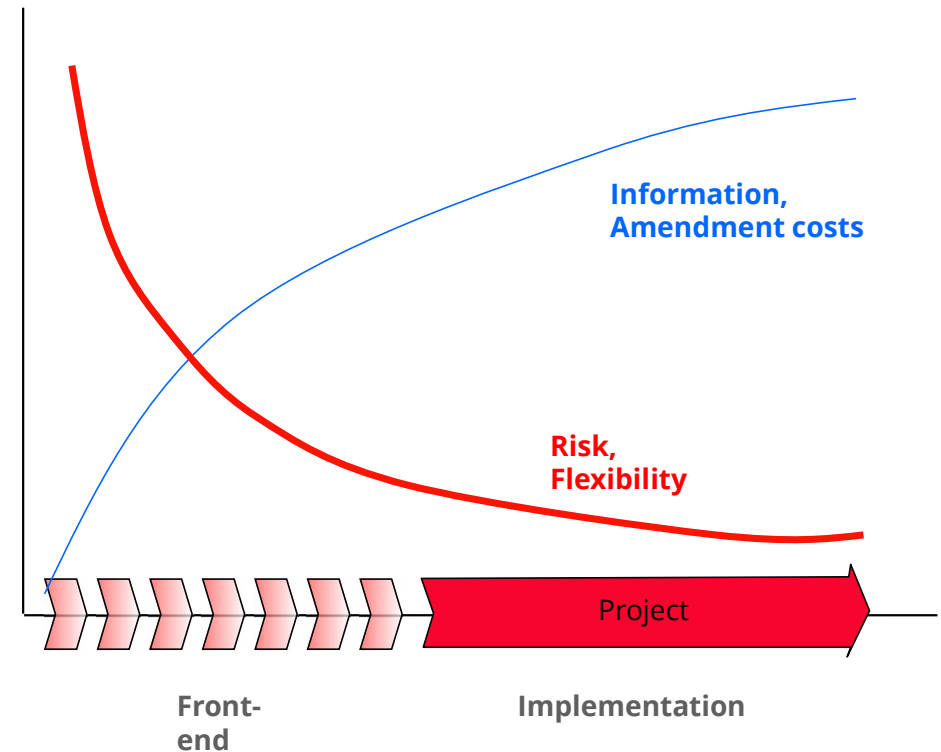


# What happens to the projects?



# Sound project appraisal especially important in times of uncertainty

- Keep an eye on the goals
- 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





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