

Concept Symposium 2006

Principles of Governance for Major Investment Projects

The Concept Program; NTNU; Department of Civil and Transport Engineering
Høgskoleringen 7A; 7491 Trondheim; Norway; Web: <http://www.concept.ntnu.no/>

Professional Exchange Sessions – Summary by Moderator Wayne Abba, Proprietor, Abba Consulting, USA

Exchange Sessions Topics

Governance regimes for major investment projects comprise the processes and systems that need to be in place on behalf of the financing party to ensure successful investments. This would typically include a regulatory framework to ensure adequate quality at entry, standards for quality review of key governance documents, compliance with original objectives, management and resolution of issues that may arise during the project, etc.

The challenges are abundant: How to ensure viability and relevance up-front; to avoid hidden agendas during planning, underestimation of costs and overestimation of utility, unrealistic and inconsistent assumptions; to secure essential planning data, adequate contract regimes, etc.

The topic for this symposium is: Which are the current procedures and their effects? What would it take to develop more effective governance regimes at international, government or corporate level to ensure maximum utility and return on investment for society and investors? What would be the optimal mix of regulations, economic means and information in improved governance regimes for major investment projects?

The sessions are conducted in five parallel groups, and discussing two different topics – one each day. The sessions are hosted by international experts. A supporting team of professional staff from the Concept Program is responsible for documenting the outcome. Results will be available on the Symposium web site after the symposium.

Exchange Session Day 1: Lessons from today's practice

The purpose for the first session was to discuss current principles and procedures in different countries, their effect and shortcomings.

Exchange Session Day 2: Recommendations for the future

The purpose for the second session is to identify ways and means to improve performance and effect of governance regimes in the future, topics for further research, and ways to share experience.

GROUP C, DAY 1

- Denmark have benchmarked procedures in neighbouring countries. High score for Norwegian QA-system.
- Experience from first QA1-process in Norway is that it takes much time (and plan became better/more extensive and more expensive).
- In Gateway 1 the project can be stopped. In Gateway 2 it is too late, and only revisions are possible.
- The QA-process has positive effects, but there are some concerns regarding bureaucracy and politics.
- Study benefit/efficiency to community or users. Not only cost, time, quality and scope.
- What kind of skills and experience do the evaluators need (Optimum balance between independence and detailed knowledge about the investment).

GROUP C, DAY 2

- Hold government and individuals within the governmental institutions responsible by organization. Raise government responsibility to similar degree as corporate (e.g. Sarbanes-Oxley).
- There is a concern that QA constellations will become quasi-governmental & thereby complacent, and that they then will exclude new firms from entry.
- Enlarge “community” to include the global community (e.g. World Bank and other large organizations not identified with a nation).
- Explore similarities among gateways, QA and Integrated baseline review (IBR). All the methods are “non-audit” and all can learn from cross-fertilization.
- Certification of project managers.
- The level of assessment should be raised from cost+scope+schedule to a strategic business perspective with stakeholders/users. The business case should be continuously assessed throughout program lifecycle.
- Ensure top-level view at QA1 (low-level lack perspective).
- Research benefits of front-end planning and cost-benefit. Is assumed based on past failures, but has not been demonstrated. Explore the benefits.
- How to avoid undue political influence too early in project life.
- Explore alternatives – Dutch model – before committing to a solution.
- Government strategic plan - 30 year in Victoria.
- Reconcile goals among project owners & project managers –work toward same ends?