

Concept Symposium 2006

Principles of Governance for Major Investment Projects

The Concept Program; NTNU; Department of Civil and Transport Engineering
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Professional Exchange Sessions – Summary by Moderator Petter Næss, Professor, Dr. ing., Aalborg University, Denmark

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 D, PES 1

- 1) Participants were much more experienced with project-stage planning than concept-level strategic planning.
- 2) Are the attempts at QA in the early stages of planning just another attempt to revive the rationalist model of planning?
- 3) Different concepts may not only be different physical solutions, but may also be, e.g., different schemes for maintenance and repair responsibility.

Group D, PES 1 cont'd

- 4) Participants considered (exact) quantification of impacts different in the front-end phase. Widespread scepticism against using formal cost-benefit analysis as part of front-end planning. It was considered better to make more rough assessments of effects, focusing on orders of magnitude rather than trying to calculate exact figures.

Group D, PES 2

- 1) Front-end planning should include needs and market analyses, identification of overall purpose of proposed projects, analysis of budget constraints, goal formulation, description of alternative conceptual solutions, and impact assessment.
- 2) The analysis should be carried out by cross-sectoral/multidisciplinary teams. But no formal requirement about this should be imposed on the line ministeries.

Group D, PES 2 cont'd

- 3) Most participants recommended focusing the need analysis primarily on the 'project-triggering' needs (and similarly for goal formulations). But some also stressed identifying needs emanating from possible pos. & neg. side effects. Some public participation in need analyses was recommended.
- 4) Most participants recommended that substantially different solution concept be identified and described. But a few held that most projects were quite routine and did not require consideration of alternative concepts.

Group D, PES 2 cont'd

- 5) Divided opinions on whether or not cost-benefit analyses are appropriate at the front-end stage. Most participants seemed to rather recommend rougher impact analyses without any attempt at monetarizing at this stage (except construction costs).