An assessment of the Project Governance Structure in Projectified Iceland

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Context

» Share of projects in GVA in Iceland almost 1/3 and rising
» Status and general perception?
» We will be investing close to 10 billion Euro in infrastructure in the coming years
   › more than 100 projects
   › 29.000 euro pr capita
   › Comparable amount for Germany would be 2300 billion euros
» Do we have a project governance system that can handle this?
» What about the awareness of the real situation within the system?

Context

Some background

Method

» Desk analysis of the Icelandic project governance system

» Document analysis => Reference

» Questionnaire based on elements within the Norwegian State Model

› 21 questions, scoring scale 0-4

» Applied by the authors

» Interviews with nine stakeholders to map their perceptions

Norwegian system
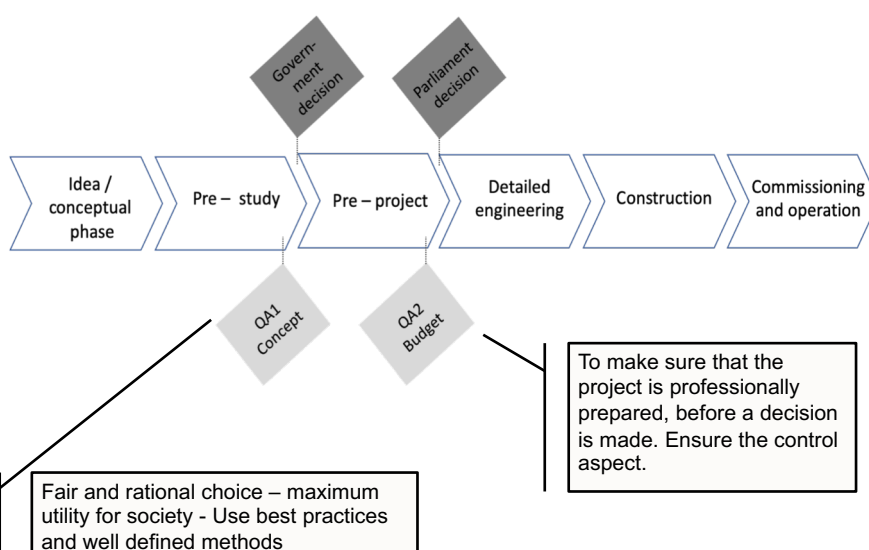
Icelandic system
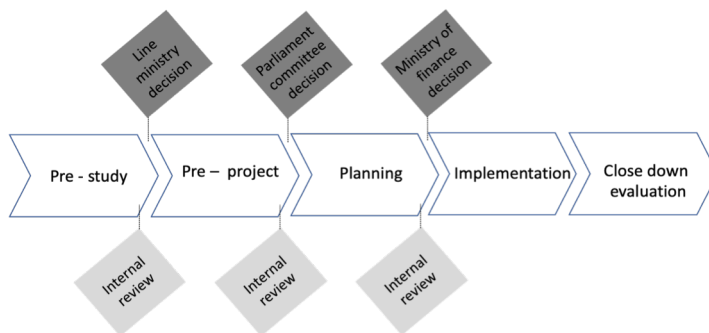
No further guidelines or instructions are given on the content and scope of the different assessments or analysis listed here.

https://www.althingi.is/lagas/nuna/2001084.html

Lög um skipan opinberra framkvæmda nr. 84/2001

Assessment of the Icelandic system - Authors

Criteria (possible score)	Score	Relative score	Comment
Idea phase (8)	0	0%	No definitions of how project ideas originate and how they are chosen
Needs analysis (8)	4	50%	There is stakeholder analysis, but no assessment of societal needs
Strategy (8)	8	100%	Goal and purpose are defined, as well as requirements to define scope
Possibility study (8)	5	63%	Needs and objectives are clearly defined but opportunity space is narrow
Alternatives analysis (12)	6	50%	At least two alternatives are evaluated, partly subjected to cost–benefit analysis but zero option is not included
QA of the pre-study (12)	3	25%	There is quality assurance but it is not standardized and not independent
Strategy document (12)	7	44%	There is an implementation strategy and a cost and income statement, but budget cost and target cost are not evaluated individually and there is no appraisal of different contract strategies
QA of the pre-project (12)	4	33%	There is quality assurance after the pre-project phase but it is not standardized and not independent
Total	**37**	**45.6%**	

Assessment of the Icelandic system - Stakeholders

Criteria (possible score)	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8	No. 9	Total weighted %
Idea phase (8)	2	3	3	6	4	5	6	1	7	51%
Needs analysis (8)	4	4	4	8	8	5	5	3	8	68%
Strategy (8)	6	8	8	8	8	4	7	1	4	75%
Possibility study (8)	6	6	6	8	8	7	2	2	4	68%
Alternatives analysis (12)	6	8	11	12	12	9	7	7	9	75%
QA of the pre-study (12)	0	6	4	0	8	0	0	0	0	17%
Strategy document (16)	9	12	10	12	12	2	2	5	5	48%
QA of the pre-project (12)	0	6	4	0	8	4	5	1	0	26%
Total score	33	53	50	54	68	36	34	20	37	
Total weighted	39%	63%	60%	64%	81%	43%	40%	24%	44%	53,5%

Assessment of the Icelandic system

– A few comments from stakeholders

» *The ideas usually come from the voters, we don't have any standardized methods to prioritize them.*

» *In some cases, the need analysis is done in retrospect, to justify some principal decisions that have already been made.*

» *I think that this (assessing social importance) is done, but it is often quite subjective and I don't think any formal methods are applied.*

» *I think that the notion that you need to finish what you start is very strong in our culture and if you start a project you just continue, regardless of indications that you are perhaps not on the right track.*

» *I have never heard of quality assessment in these projects.*

Comparison

	Participants	Authors	Gap
Idea phase	51%	0%	51%
Needs analysis	68%	50%	18%
Strategy	75%	100%	-25%
Possibility study	68%	63%	5%
Alternatives analysis	75%	50%	25%
QA of the pre-study	17%	25%	-8%
Strategy document	48%	44%	4%
QA of the pre-project	26%	33%	-7%
Total average	**54%**	**46%**	**8%**

Conclusion

» The project governance system in Iceland lacks crucial elements of what is generally considered to be best practice in public project governance.

» The difference between the outcomes of a desk study by the authors and the perceptions of leading stakeholders indicate biases or inherent system errors in the system.

» It seems inevitable that improvements must be made on the Icelandic public project governance structure if the country aims to turn around the problem of cost overruns.

» A part of those improvements should be to educate and train people working on public project governance, to reduce biases and correct the inherent system errors.

Thank you!