

English translation of Circular R-108/25

Preface to the English version

This is an English translation of Norwegian government Circular R-108/25, valid from November 21st, 2025. Translation done by the Ministry of Finance, completed December 5th, 2025.

When the text refers to links, English goal sites with official information have been inserted in place of the original sites, to aid the English reader. If there is no English site, the links lead to the Norwegian sites. When necessary to enlighten the reader, supplemental explanatory information is provided in brackets [...].

The Norwegian document is formally distributed by the Ministry of Finance to all ministries and the Office of the Prime Minister, with a copy to the National Audit Office and the Norwegian Agency for Public and Financial Management. The English version is made available on the government website: <https://www.regjeringen.no/>

R-108/25 The State project model – Requirements for concept appraisal, planning and quality assurance of large government investment projects

1. Content

This circular describes the State project model for implementing large investment projects, and establishes requirements for appraisal, planning and quality assurance of the projects. The circular specifies the requirements for appraisal, planning and management of large government investments, following the [Instructions for Official Studies of Central Government Measures](#) [short name Instructions for Official Studies, further information in English: [Guidance Notes on the Instructions for Official Studies](#)] and the [Regulation on Financial Management in Central Government](#). It specifies requirements for content and method in concept appraisal and the preliminary project phase. For transport projects planned according to the Planning and Building Act, the preliminary project phase will normally include a municipal sub-area plan and zoning plan. Furthermore, the circular describes the requirements and process for external quality assurance.

The purpose of the circular is to ensure that projects are of sufficient quality and all the necessary information is available when large government investments are decided.

The Ministry of Finance has established guidance for the described topics. In addition, the Norwegian Agency for Public and Financial Management has made guidance notes for cost-benefit analyses in line with *Circular R-109 Principles and requirements for the preparation of cost-benefit analyses etc.*, and guidance notes for the Instructions for official studies. The requirements described in the circular are at an elevated level and are intended to cover all

types of projects. Within the framework of this circular, sector guides may also be developed to provide in-depth explanations and guidelines for sector-specific challenges.

2. Scope

The circular applies to all types of government investment projects by the state with an estimated total budget for the investment above the threshold value for the State project model. The total budget is calculated, based on an estimate of basic costs and a risk analysis, and is normally set corresponding to P85 from the risk analysis with a deduction of the project's reduction list. P85 corresponds to the amount that gives an 85 percent probability of avoiding cost overrun.

Government investment projects above the threshold value must follow the model's requirements for appraisal, planning, and quality assurance, including external quality assurance at two decision points before the project is presented to the Storting [the Norwegian parliament]. QA1 is a quality assurance of the concept appraisal (CA), which is conducted before the Government decides on a concept. QA2 is a quality assurance of the project's management case and cost estimates, conducted before the total budget and investment case is presented to the Storting. QA2 may, in some cases, be conducted before the preliminary project is completed.

The threshold value for digitalisation projects is 300 million kroner. For other projects, the threshold value is 1 billion kroner.

A digitalisation project is a development project or transformational project where ICT constitutes a central part, and which changes work processes, organisation, regulations, or technology¹. Larger procurement projects, for example within construction projects or defence material, where ICT is an important component, are not considered digitalisation projects in this context.

When the government fully or partially funds or gives financial guarantees for investment projects in companies, foundations and other independent legal entities that are not part of the state, and in non-state enterprises (for example, municipal), the requirements in this circular also apply. Government funding decided on a commercial basis, is not covered by the requirements of the circular.

Investment projects that follow from the government's direct economic engagement in petroleum activities (SDØE) are exempt. Investment projects under the auspices of the regional health authorities follow their own requirements for appraisal, planning and quality assurance and are not covered by the circular. Statnett SF [government company for electrical infrastructure] is also not covered by the circular and is independently responsible for ensuring the quality of its investment projects. Nye Veier AS [government owned road construction company] and Bane NOR SF [government company for railroad infrastructure]

¹ Cf. definition of digitalisation projects in the white paper on digital agenda for Norway - ICT for a simpler everyday life and increased productivity, Chapter 12 (Meld. St. 27 (2015-2016))

are responsible for projects in the preliminary project and implementation phase, i.e. after concept appraisal and quality assurance (CA/QA1) and the choice of concept. They are not covered by the circular's requirements for quality assurance of the preliminary project QA2 (including requirements for management objectives), but are independently responsible for carrying out quality assurance of the management case and cost estimate within the framework of the Ministry of Transport's contract structures with the companies and the Railway Directorate's agreements with Bane NOR. If the two companies, as part of the project implementation, recommend solutions that significantly change previous choice of concept or approved plans, the change may be subject to external quality assurance (QA1) in accordance with this circular. The regional health authorities, Statnett SF, Avinor, Nye Veier AS and Bane NOR SF, can report project data to the Concept Research Programme corresponding to the requirements in Chapter 11 in this circular, but adapted to the decision points in their respective project models.

For transport solutions in urban areas, where the sum of the government's investment exceeds the threshold value and are part of a total solution alongside local investment projects, or where the state grants funding to local investment projects with an estimated total budget above the threshold value, a joint CA and QA1 for all the projects is required.

For road toll packages where the total scope of the package exceeds the threshold value, the estimate for financing and underlying premises must be quality assured through QA2 in accordance with this circular. For measures in such packages that individually or in natural connection have an estimated total budget that exceeds the threshold value, quality assurance QA2 of the management case and cost estimate must also be conducted when the projects have been adequately planned.

Normally, the county is responsible for quality assurance QA2 for its projects in a road toll package. In cases where the management case and cost estimate should undergo quality assurance QA2 before the proposition is presented, this must have been conducted before the state can start quality assurance QA2 of the financing scheme. The state can conduct a joint quality assurance QA2 if necessary to ensure timely progress in presenting the package for the Storting. Choice of procedure is agreed with the relevant county authority/-ies.

For selected, large public transport projects in urban areas, where the state contributes up to half of the target budgets, so-called 50/50 projects, the state will set its own requirements for cost management. The projects must be quality assured, corresponding to QA2, before an investment decision is made. The county is independently responsible for ensuring this quality assurance.

For county transport projects above the threshold value that are funded with road tolls, quality assurance QA2 is required before a proposition on toll financing can be presented to the Storting. Similarly, quality assurance QA2 is required for county ferry replacement projects before the funding application can be processed. Quality assurance of the estimate for financing and underlying premises for the estimate must be conducted in accordance with

this circular for both road toll and ferry replacement projects. Normally, the county is responsible for quality assurance of the management case and cost estimate. The quality assurance must be available before the state starts quality assurance of the financing scheme. The state can conduct a joint quality assurance QA2 if necessary to ensure timely progress in presenting the package for the Storting. Choice of procedure is agreed with the relevant county authority/-ies.

3. Defining the threshold value

The requirements for concept appraisal CA and quality assurance QA1 apply if at least one of the alternative concepts has an estimated total budget², as measured by the P85, above the threshold value. In programmes or packages consisting of several projects or measures that are closely linked, the requirement for CA and QA1 applies if the programme or package's estimated total budget exceeds the threshold value. For transport solutions in urban areas and road toll packages, see details in Chapter 2. Strategies, including digitalisation strategies, in national agencies, are not subjected to the requirements of concept appraisal or quality assurance QA1.

Requirements for the preliminary project and quality assurance QA2 apply if the estimated total budget for the chosen concept exceeds the threshold value. For a programme or package with several measures, it may be appropriate that the measures are planned as individual projects with separate total budgets, which are then presented to the Storting. In these cases, it is the estimated total budget of the individual project that determines whether quality assurance QA2 is required for each project. Measures that naturally belong together or have mutually dependent benefits should be planned together. There is also a requirement for quality assurance QA2 of the programme's/package's overall management and funding plan if it is to be approved in one by the Storting.

The threshold value that triggers the requirement for quality assurance is determined based on the project's estimated total investment cost, regardless of how it is funded (state budget allocation, state guarantee, loan, self-payment, road tolls, etc.) and whether the funding comes from several different sources. The requirement applies regardless of whether the costs can be covered within existing budget frames.

The total investment cost should, both at QA1 and QA2, be understood as the total scope of investments necessary for the project to fulfil established framework conditions, and objectives, and provide the intended function. This means that estimates should include necessary investment costs for maintenance infrastructure, equipment, etc. Other examples of what should be included in the investment cost are significant one-off costs related to restructuring, and introduction to and training in new routines.

² It is not a requirement that an estimate for total budget and risk analysis is done before the QA is initiated. Alternative solutions must be defined more closely before this can be done. A rough estimate is made for cost and uncertainty as grounds for choosing relevant level of detail of the appraisal. The level of detail can be adjusted as the work progresses.

Construction projects and necessary user equipment should be seen in context, and be described, planned and quality assured together through CA and QA1. In the preliminary project, buildings and user equipment are planned as two projects, but the planning should be coordinated to ensure that the projects can undergo joint quality assurance QA2. The project is covered by the circular if the total estimated investment costs (building and user equipment) exceed the threshold value.

In line with the *Instructions on building and lease matters* [full Norwegian name is *kgl. res. Instruks om håndtering av bygge- og leiesaker i statlig sivil sektor*], the requirement for external quality assurance of choice of concept (QA1) applies regardless of how the construction project is funded. When the estimated total future lease obligation³ exceeds the threshold value set by the Ministry of Finance, quality assurance must also be conducted when planning to rent in the market.

4. The State project model

Large government investment projects should be conducted with the following phases:

1. Idea phase
2. Concept phase
3. Preliminary project
4. Execution

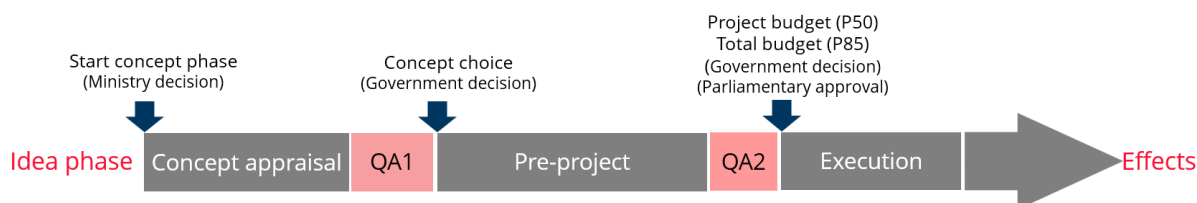


Figure 0-1 The State project model

The idea phase encompasses the earliest work to clarify whether there is, or will arise, a problem that suggests that the government should implement measures, and a consideration on how this should be investigated further. For large projects, the result of the idea phase will be a mandate for the concept phase. The responsible line ministry initiates and describes the mandate for the concept phase. The phase should culminate in a concept appraisal (CA), which must undergo external quality assurance (QA1) before a choice of concept can be made by the Government. After choice of concept, the management case and cost estimates for the chosen concept are produced in the preliminary project. Duration, especially for the preliminary project phase, will vary between sectors, especially projects that also need to be planned according to the Planning and Building Act, see more below. The management case and cost estimates must be quality assured through QA2 before the investment decision and the total budget can be presented to the Storting. After the investment decision, project execution begins. This circular primarily describes the requirements for the concept phase and the preliminary project, along with the requirements for quality assurance of the products of these phases.

³ The calculation formula for future lease obligation is defined in [Instructions on building and lease matters in the civilian government sector](#) [link leads to Norwegian page, no translation exists].

The concept appraisal and QA1 can be split into two stages if desired. Stage 1 is the concept selection, while stage 2 should clarify the further requirements for the chosen concept and provide recommendations for the preliminary project phase. A split into two stages may be appropriate if the concept selection is based on a less detailed description or for the sake of progress and maturity in the project. A split will entail more decision points, as shown in figure 4.2. QA1 in two stages is not used in transport projects.

In certain projects/programmes, there may be a need to adapt the division of quality assurance or the timing of implementation to the individual project, both in terms of QA1 and QA2, as discussed further in Chapters 6 and 9.

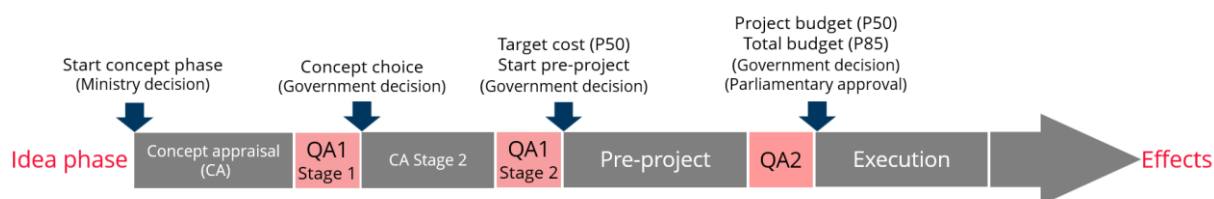


Figure 0-2 The State project model with concept appraisal and quality assurance QA1 in two stages

In cases involving land interventions, planning must be done in accordance with the Planning and Building Act, with statutory requirements for consultation, etc. The processes following the Planning and Building Act apply regardless of this circular. In creating the project's total progress plan, how that process can be organised to contribute to efficient execution should be taken into consideration. Normally, the regulatory zoning will be part of the preliminary project phase. In transport projects, the preliminary project phase will normally contain several regulatory steps, normally a sub-area plan to the municipal master plan and a zoning plan, and the preliminary project will thus extend over a longer period than many other projects.

If the ministry/agency uses other terms for the project phases or terms in this circular in their documents and project management tools, it must be documented how these correspond to the phases and terms in this circular.

5. Requirements for the concept appraisal (CA)

The purpose of the concept appraisal is to create a basis for deciding which concept, if any, should continue to the preliminary project phase. The concept appraisal should adhere to the following chapter structure:

1. Description of the problem
2. Needs analysis
3. Strategic goals
4. Framework conditions
5. Exploration of opportunity space
6. Analysis of alternatives
7. Recommendations for the preliminary project phase

5.1. Description of the problem

The starting point for any project is a problem that needs to be solved. The problem description should clarify which unresolved problems are being addressed and what points towards the government implementing measures. It should reveal the scope of the problem, how serious it is and who is or will be affected, without going into how the problem might be solved. The problem description must include both current problems and expected future development. The cause of the problem should be assessed.

5.2. Needs analysis

The needs analysis should describe the breadth of relevant, concrete needs related to the problem description, assessed from a broader societal perspective. It should include a mapping of relevant stakeholders in a stakeholder analysis. The analysis should reveal who is affected by the measure and uncover conflicts of interest. The analysis must assess how strong the various identified needs are, and it must be clear which need(s) should form the basis for the further investigation.

5.3. Strategic goals

Based on the problem description and needs analysis, goals for effects of the measure should be defined:

- For society: societal goals
- For users: outcome objectives

The societal goal should describe the development that the project should support. It is linked to the measure's impact on society and should provide the overall justification for the measure. Realisation of the societal goal must, to some extent, be attributable to the project.

The outcome objectives shall describe the effects sought to be achieved for the users of the measure. They should be project-specific and formulated to describe relevant characteristics of the desired state following the implementation of the measure. If there are multiple outcome objectives, they should be internally consistent, and how the objectives have been prioritised should be clearly stated. The overall set of objectives must be realistically achievable, and the degree of attainment should be verifiable retrospectively.

Whether the project aligns with societal goals and priorities in other areas should be discussed. The relevance, prioritisation, and dependencies of the measure in relation to other initiatives should be clearly stated, enabling the project to be assessed in the context of the portfolio of other measures under the line ministry or within other relevant domains. Potential goal conflicts should be highlighted.

5.4. Framework conditions

The framework conditions are conditions that must be met for the selection of a conceptual solution and future operation.

There are two types of framework conditions:

- restrictions derived from societal goals and outcome objectives
- restrictions related to other non-project-specific goals and principal issues

The chapter should focus on effects and functions at an elevated level. The number of conditions must be limited to those that are particularly relevant to the exploration of the scope of opportunities, and the ones that must be met for the project to succeed. The framework conditions must not unnecessarily limit the opportunity space.

5.5. Exploration of opportunity space

Problems, needs, goals, and framework conditions together define an opportunity space. The exploration of opportunities should be a broad approach to what possible alternative solutions might be. It should consider different approaches, instruments, and measures that alone, or in combination, can solve the problem at hand, regardless of which state agency is responsible for the instrument. This provides a basis for defining different concepts as alternative solutions.

In the exploration of opportunity space, whether various conceptual solutions can achieve the objectives and satisfy the specific framework conditions of the measures should be assessed. This provides a basis for an initial screening of options, and when solutions are excluded at an early stage, the reasoning for the exclusion must be documented.

5.6. Analysis of alternatives

Based on the points above, alternatives should be analysed. The do-nothing alternative, and at least two other conceptually different alternatives, must be assessed through a cost-benefit analysis. The analysis of alternatives should be limited to the most interesting and realistic concepts for the identified societal need, within the defined opportunity space.

The concepts must be detailed to the necessary extent (but not further) to be able to assess how they achieve the established objectives and framework conditions, as well as to be able to conduct a cost-benefit analysis that includes both monetised and non-monetised effects. The need for detail may vary between sectors, and it may depend on whether it is a project or a programme comprising multiple measures that is being evaluated. The analysis must be conducted in accordance with the requirements outlined in the Ministry of Finance's circular [*R-109 Principles and requirements for the preparation of cost-benefit analyses etc.*](#) [Link goes to the Norwegian document, no translation exists]

The analysis of alternatives provides a ranking of the options. The recommendation should include an assessment of whether to proceed with one or multiple alternatives, whether there is a basis for phased implementation or division into sub-projects, and whether dependencies on other projects or technological development and additional information suggest a deferral.

In addition to the cost information provided in the cost-benefit analysis, it is necessary to estimate the total investment cost. This will be used for cost management and to inform projected budget impact. For all alternatives, estimates of the total non-discounted

investment cost, including value-added tax, must be provided. The uncertainty of the estimate must be made explicit by presenting estimates for both P50 and P85.

5.7. Recommendations for the preliminary project phase

During the concept appraisal, conditions that are essential for a successful execution of the project are uncovered. Examples are prerequisites for benefits realisation, information about uncertainty and risk, external actors' interests, competence requirements or other things. In the concept appraisal, an execution strategy for the subsequent preliminary project phase should be prepared to ensure that central information is transferred from the concept phase to the preliminary project phase, and so that the decision-maker can set necessary requirements for the next phases of the project.

The execution strategy must, as far as possible, include the following:

Premises for the management of the preliminary project phase:

- An overview of interfaces with other projects and any programme perspectives that must be taken into consideration during the preliminary project phase.
- Requirements for project-specific content in the central management case.
- Requirements for skills and capacity in the coming project organisation.
- Project-specific success factors and pitfalls, along with an assessment of how these should be followed up on going forward.
- Proposals for measures to reduce risk and realise upside potential, based on the risk analysis.
- Information about external project-related factors of significance to the line ministry that owns the project.

Contract strategy:

- An assessment of the contract strategy, with emphasis on whether the project is suitable for early supplier involvement contracts. If early involvement is recommended, the contract strategy must facilitate this. Early involvement may also be suggested at a later stage. Further requirements are provided in Chapter 8.3, but the scope and level of detail must be based on the maturity of the measure.

Plan for optimising net social value:

- Key measures for a benefits realisation plan to maximise social value from the project, including recommendations for managerial flexibility as well as potential simplifications and reductions that can be pursued to lower the cost.

5.8. Change log and target cost

To contribute to effective management and cost control in the preliminary project phase, a change log for the project should be established. Through a change log, the project owner gains a better overview of the project's content, benefits, scope, and costs at any time, based on available information. Significant changes in the requirements and delimitations of the project, as a basis for further management, must be highlighted. Examples are information about the standard that is used, dimensions for the number of users, interface against other projects, etc.

Requirements for the change log and the related cost management are designed somewhat differently in various sectors. The main rule in the State project model is that the change log should be established and maintained from the choice of concept through QA2. When

deciding on a concept (QA1 in one step) or early in the preliminary project phase (at step two with QA1 in two steps), the Government sets a target cost for investment as a baseline for the change log. The target cost is set as P50 for the total investment cost. Uncertainty is also described by providing estimates for P85.

In road projects, the change log is kept in two phases. The first phase is from the choice of concept and until the target cost is set, and the main purpose is to explain major changes from the Government's chosen concept. For projects included in the Norwegian Public Roads Administration's portfolio of road projects, the Government sets cost goals for the projects as a basis for the total budget for the portfolio in connection with the NTP⁴. The Norwegian Public Roads Administration sets its own target cost. The second phase begins when the target cost is set after the municipal sub-area plan.

For building projects in the civilian sector above threshold value, the government decides the concept after QA1. After choice of concept, the responsible line ministry ensures a clarification phase, where the chosen concept is defined more closely in consultation with Statsbygg [the Norwegian government's building commissioner, property manager and developer]. After the clarification phase, the government decides whether to start the preliminary project [Norwegian short term: OFP] and sets the project's target cost. A change log is required from choice of concept to the start of the preliminary project, with the purpose of documenting substantial changes from the choice of concept. From the start of the preliminary project, the change log should show the changes in cost estimates compared to the target cost. The P50 estimate from the clarification phase is used as the target cost for building projects and is the basis for cost-based project development, cf. Order in Council of January 12th, 2012, *Instructions on building and lease matters in the civilian government sector*, which also provides other rules for building projects⁵.

5.9. Concept appraisal in one or two stages

The process of concept appraisal can be split into two stages if desired, where stage 1 is the concept selection. In contrast, stage 2 should clarify the further requirements for the chosen concept and provide recommendations for the preliminary project phase. A division into two stages may be appropriate if the concept selection is based on a less detailed description or to promote progress and maturity in the project. This affects when different parts of the concept appraisal are completed. The responsible line ministry may choose whether the concept appraisal should be conducted in one or two stages. QA1 in two stages is not conducted in the transport sector.

If the concept appraisal is conducted in one step, Chapters 5.1-5.7 above are completed and quality assured together.

⁴ The reference budget is a ceiling for the project portfolio in the National Transport Plan (NTP). In case of cost increases, the Norwegian Public Roads Administration must demonstrate possible overrun coverage through cuts in other projects in the portfolio.

⁵ See a more detailed description in the [Instructions on building and lease matters in the civilian government sector](#) and the guidance notes from the Ministry of Digitalisation and Public Governance: [Management of large government building projects in the early phase](#) [documents only in Norwegian]

If the concept appraisal is divided into two stages, the process is as follows:

- Stage 1 in the concept appraisal deals with the choice of concept itself, up to and including the analysis of alternatives, cf. Chapters 5.1-5.6 above. Stage 1 is quality assured, and the Government selects the concept before stage 2 is started.
- Stage 2 in the concept appraisal should clarify the further requirements for the chosen concept and provide recommendations for the preliminary project phase, cf. chapter 5.7 above. In addition, the cost estimates and risk analysis for the chosen concept must be updated, given the relevant clarifications. Stage 2 is quality assured, and the Government decides whether to start the preliminary project phase and defines relevant premises for the project.

If a line ministry wishes to split the concept appraisal and QA1 into two stages in civilian government sector building project, preparation of the recommendations for the preliminary project phase, cf. chapter 5.7, should be planned so that the requirements in the *Instructions on building and lease matters in the civilian government sector* are also met. Concept appraisal in two stages cannot replace the requirement for a clarification phase. The result is collected in a report, the OFP report [the abbreviation OFP is short for the Norwegian Start preliminary project phase], which is quality assured in QA1 stage 2 before the Government decides the start of the preliminary project.

6. Quality assurance of choice of concept (QA1)

When the concept appraisal is complete, it should undergo external quality assurance before further planning. It is the responsible line ministry that decides whether the concept appraisal is ready for quality assurance.

External quality assurance is conducted according to requirements set in this circular and in accordance with the framework agreement between the Ministry of Finance and external consultants. The Ministry of Finance and the responsible line ministry(-ies) are joint commissioners for the quality assurance.

Quality assurance of the choice of concept, QA1, can be conducted in one or two stages, cf. chapter 5.8.

In some projects/programmes, it may be necessary to adapt further follow-up with QA1 in two stages or with other supplementary analyses before a choice of concept is made or the start of the preliminary project phase is decided. This is agreed between the responsible line ministry and the Ministry of Finance in each individual case.

If it is clear after the concept appraisal that the project will not proceed, quality assurance is not required.

7. Choice of concept

A recommendation on choice of concept, a plan for further follow-up and progress of concept appraisal/ QA1 or to not proceed with the project should be presented to the Government by the responsible minister no later than six months after the final QA1-report is completed.

If the concept appraisal and QA1 are conducted in two stages, cf. chapter 5.9, the matter is presented to the Government in two rounds: after QA1 stage 1, a proposal for choice of concept is submitted, after QA1 stage 2, a proposal for starting the preliminary project is submitted. Building projects in the civilian sector above threshold value, cf. chapter 5.8, are also presented to the Government twice: for choice of concept after QA1, and after the clarification phase before starting the preliminary project.

Before the matter is presented to the Government, proposals for choice of concept, proposals for target cost and starting point for the change log, as well as important requirements for the preliminary project phase, should be submitted to the Ministry of Finance for comment. When the preliminary project and target cost is decided, routines for change management in the preliminary project must be established. Throughout the preliminary project phase, the commissioning ministry is responsible for following up the project and assessing whether any changes in the project are of such a size or nature that they should be presented to the Government.

For projects where the preliminary project cannot be funded within the current budget allocation, the decision should be handled in the ordinary budget process.

8. Requirements for the preliminary project phase

Before QA2, the preliminary project phase should normally be completed. The purpose of the preliminary project phase is to ensure that an investment decision can be made with sufficient information about risk and uncertainty, a suggestion for the formal budget and recommendations for the subsequent management of the project. For projects that have undergone QA1, how recommendations for the preliminary project from the concept appraisal stage have been followed up should be reflected in the documents.

The documentation should include a management case to provide an overview of all key aspects of the project in a manner that is both directive and clarifying for all internal stakeholders, the commissioning ministry, and relevant external stakeholders.

The management case should contain a description of:

- Overall requirements
 - Purpose, requirements, and main concept
 - Project objectives
 - Critical success factors
 - Framework conditions, including requirements for the preliminary project phase
 - Interfaces
- Project strategy
 - Strategy for managing uncertainty
 - Execution strategy
 - Contract strategy
 - Organisation and authorisations
- Basis for project management
 - Scope, including change management

- Project breakdown structure (PBS)
- Cost estimates, budget, and investment plan
- Benefit realisation plan
- Timeline
- Internal quality assurance

The level of detail in the management case should be adapted to the project's nature, risk and significance. Below are requirements for central elements related to the investment decision.

8.1. Change log and cost management in the preliminary project phase

All projects should keep a change log throughout the preliminary project phase. The starting point for the change log varies between different sectors, cf. chapter 5.8.

In projects where a target cost has been set, the costs should be managed towards the set target as far as possible. However, there may be changes in the project costs as the project is developed which cannot be covered by cuts elsewhere in the project.

Through the change log and other central project management documents, the project owner gets a better overview of the project's content, benefits, scope and costs, based on available information. Measures to optimise the project, either through increased benefits or to find simpler and better solutions that reduce costs, implementation time and risk without affecting the main purpose and goals of the project, should be included.

The change log should document which changes have been implemented during the preliminary project phase. The reason for the change and who decided them, should be included in the log. The commissioning ministry is responsible for assessing whether any changes in the project are of such an impact or character that they should be presented to the Government. The change log should be completed when the preliminary project is completed.

For projects in the Norwegian Public Roads Administration's portfolio of road projects, the change log should highlight changes resulting from portfolio management, including changes in target cost and cost goals set as part of the reference budget for the National Transport Plan (NTP). Changes in individual projects included in the road portfolio do not initially need to be presented to the Government, unless the changes affect the concept selection itself or involve cost changes that cannot be resolved within the portfolio's reference budget.

8.2. Recommended target budget and total budget

The preliminary project should prepare a complete estimate of the base cost (the sum of the known factors plus an uplift for known unknowns, but without allowances for risk and uncertainty), and, if applicable, revenues at a corresponding level of specificity. The degree of specification should be in accordance with good estimation practice at the preliminary project level.

The target budget and total budget should be set based on a documented assessment and analysis of the project's uncertainty. If relevant, the analysis should also assess uncertainty for the overall timeline and the project's benefits.

The risk analysis should include the following:

- In general: project-internal and influenceable factors, but also all forms of externally given uncertainty and uncertainty that is not influenceable.
- Estimate uncertainty: The uncertainty of each input quantity that feeds into the final result.
- Event uncertainty: review of the event uncertainties that are relevant to the project, including an estimated probability of whether the events will occur.
- Risk reduction: assessment of possible risk reduction to avoid higher costs than the expected value, that the project will not be completed according to plan, or that benefits will not be realised.
- Simplifications and reductions: analysis of the potential for further simplifications and reductions in the project. The measures should be ranked according to the recommended order of implementation if implementation becomes relevant, along with a description and calculated cost and time. The analysis is grounds for preparing a possible reduction list.

Based on the risk analysis, a recommendation should be given on the target budget and total budget. In addition, uncertainty about the project's timeline and benefits of the project should be described. The total budget is the cost level the Storting is invited to adopt. It constitutes the upper financial ceiling for the project, normally dimensioned to P85 minus the project's reduction list. The target budget is the cost level the executing agency is expected to deliver the project for. It is normally set to P50. If there are special circumstances that justify deviating from the main rules for project budgeting, this must be documented.

Building projects and associated user equipment projects are planned as two projects in the preliminary project phase, but the work must be coordinated to ensure that the measures are coordinated, but with a clear interface between the projects. Separate budgets are set for the building project and the user equipment project.

8.3. Contract strategy

If the contract strategy has not been decided during the concept appraisal or at another early stage, at least two fundamentally different contract strategies should be described during the preliminary project phase⁶.

The basis should be an analysis of the properties of the project that are relevant in procurement processes. Properties of the project, market situation and contract partners influence the design of the specific contract strategy. This can typically be:

- the project's overall goals and restrictions
- scope, complexity and criticality
- competitive situation and uncertainty in the market
- competence and capacity of the project owner and the supplier market

⁶ In projects subject to the Security Act and in some defense projects, there may be exemptions from the requirement of two principally different contract strategies.

- the parties' ability to manage risk and interfaces

The following must be assessed:

- contract structure and contract types
- division of responsibility and mechanisms for risk and cost allocation
- format of compensation and incentives
- degree of specification, described requirements and change management
- procurement process - choice of procedures, requirements for qualification, and award criteria

The contract strategy should be holistic, stringent and realistic. If a model with early involvement of the supplier in the preliminary project phase has been chosen, an assessment of further follow-up of the chosen contract strategy should be described.

8.4. Follow-up of the choice of concept and realisation of expected benefits

It should be documented how the project has followed up central recommendations from the concept appraisal and requirements set along with the target cost, or at the start of the preliminary project for building projects. The documentation must contain an assessment of whether there are significant changes related to the potential to realise the expected benefits identified in the cost-benefit analysis from the concept appraisal CA/QA1. An updated cost-benefit estimate for the choice of concept should be presented after the preliminary project phase, and the factors that have caused changes should be described. If the project's scope, costs or benefits have changed significantly, the suitability of the concept should be reassessed. If the project is exempted from the requirement for CA/QA1, a cost-benefit analysis of the proposed measure should be prepared before QA2.

The project should have a benefit realisation plan. This plan is an overview of the expected and desired benefits of a project. It should be used for managing and planning how benefits should be realised, and which control mechanisms can ensure this quality, cf. the guidance notes on *Benefit realisation - planning to extract benefits from government projects* from the Norwegian Agency for Public and Financial Management. [Document only exists in Norwegian: [Gevinstrealisering – planlegging for å hente ut gevinster av offentlige prosjekter.](#)]

9. Quality assurance of the preliminary project (QA2)

Upon completion of the preliminary project, the documentation must undergo external quality assurance before an investment decision can be presented to the Storting. The responsible line ministry determines whether the preliminary project is ready for quality assurance.

External quality assurance is conducted according to requirements set in this circular and in accordance with the framework agreement between the Ministry of Finance and external consultants. The Ministry of Finance and the responsible line ministry(-ies) are joint commissioners for the quality assurance.

If it is necessary to consider early involvement of a contractor during the preliminary project phase, this can be addressed before the rest of the preliminary project. A contract strategy regarding this can be quality assured separately.

In certain projects/programmes, there may be a need to adapt the how and when QA2 is executed for the individual project. This is agreed between the responsible line ministry and the Ministry of Finance in each case.

10. Investment decision

Once the final QA2 report has been completed, the matter should be presented to the Government with a recommendation for a funding decision or a plan for further follow-up. The Government decides whether to propose the project to the Storting, which adopts the total budget for the project.

Proposals for target budget and total budget, as well as a plan for budgetary phasing based on the target budget, should be presented to the Ministry of Finance before the decision is presented to the Government and the Storting. Target budget and total budgets should normally include VAT. Relevant VAT rules for the project must be followed.

For roads, railways and the military, investment projects are mainly funded within specific investment items in the fiscal budget. Decisions to start investment projects within the summary posts can be proposed as an independent matter. Any use of the uncertainty provision (the difference between the target budget and total budget) must be covered within the allocated funding. This can also apply to other cases where the investment is funded within an unchanged budget allocation.

For other projects that require special allocation or reallocation, the matter should be proposed in the ordinary budget process. In these matters, it must be described who may decide on the use of the uncertainty provision.

11. Reporting

The Concept Research Programme at NTNU is the Ministry of Finance's follow-up research programme for projects covered by the State project model. The programme collects and systematises data about the projects and makes them available for research purposes.

Projects must at least provide the following documentation to Concept:

- concept appraisal report
- QA1 report
- preliminary project report, including the project's own risk analysis
- QA2 report
- management case (final version)
- project closure report (technical/economic) documenting how the project objectives were met

The documentation should not contain classified information.

12. Exemptions

Exemptions can be granted from the required concept appraisal and QA1 in projects where there are not at least two conceptually different alternatives in addition to the do-nothing alternative.

The Ministry of Finance may grant exemptions based on a written request from the responsible line ministry. The request for exemption must contain a description of the problem, needs and objectives, as per Chapters 5.1-5.3, which substantiates the necessity for measures. In addition, it must be demonstrated through a description of the framework conditions and the opportunity space, as per Chapters 5.4 and 5.5, that there are not at least two conceptually different alternatives in addition to the do-nothing alternative. The Ministry of Finance will decide on the matter after dialogue with the responsible line ministry. In case of disagreement between the Ministry of Finance and the responsible line ministry, the case should be presented to the Government by the responsible line ministry.

Exemption from the requirement to investigate different conceptual alternatives and QA1 does not imply exemption from the requirement of the Instructions for Official Studies to investigate the measure being planned.

No exemptions are granted for the requirements for the preliminary project phase and QA2.

13. Valid from

This circular enters into force from November 21st, 2025.