

Norway

Guidance on appraisal of government measures



TYPE OF TOOL
*Methodology/
Guidelines/
Requirements*



MAIN SECTORS
All sectors



INFRASTRUCTURE GOVERNANCE PILLARS
*Evidence-informed decision making;
Fiscal sustainability, affordability and
value for money*

In a nutshell



OBJECTIVE: “Circular R-109” and its accompanying guidance note, governing cost-benefit analysis for appraising government measures, provide an impressive account of the theory and evidence on cost and benefit measurement and raises key issues on a wide range of issues.



Agency in charge

Ministry of Finance; Norwegian Government Agency for Financial Management



Year of implementation
2014



Levels of government
National



Current status
Fully operational

Overview

Embedding evidence-based project selection and prioritisation processes in infrastructure decision making helps ensure value for money, affordability of infrastructure projects for the public budget and users, and minimal sustainability risks. For a sound technical appraisal process, cost-benefit analysis (CBA) methodologies require consideration of both monetised and non-monetised impacts. Supplementing CBA with other methodological tools to accommodate multiple objectives and uses has become increasingly important. This helps duly consider strategic policy goals and impacts that are difficult or even impossible to quantify (e.g. some environmental impacts, gender equality, inclusiveness, resilience). In line with best international practice, infrastructure projects in Norway undergo a thorough appraisal and two stage quality assurance (QA) process (see case study on the [QA scheme](#)), where assessment of the positive and negative impacts, both directly on users but also on the economy and society is an important part especially in the early stage of planning. The requirements in terms of analytical work are set out in the government’s **Instructions for Official Studies of Central Government Measures**, which apply to all public spending proposals. The Instructions require that central government bodies conduct impact assessments during the development of investment proposals, and economic analyses for measures that are expected to give rise to major benefits or costs. As in most OECD countries, CBA is used to rank alternative projects and alternative versions of the same project. In Norway, the CBA requirements are given in a concise document, “Circular R-109” which is accompanied by a very comprehensive guidance note. The guidelines include requirements to account for the wider ramifications of infrastructure projects using supplementary estimates and analysis, including environmental impacts.

REFERENCES:

- Ministry of Finance (2021), *Circular R-109 - Principles and requirements for the preparation of socio-economic analyses*, https://www.regjeringen.no/globalassets/upload/fin/vedlegg/okstyring/rundskriv/faste/r_109_2021.pdf
- Norwegian Government Agency for Financial Management (2018), *Guidance Notes on the Instructions for Official Studies*, https://dfo.no/sites/default/files/fagomr%C3%A5der/Utrekningsinstruksen/Guidance_Notes_on_the_Instructions_for_Official_Studies.pdf