4 Digital government investments

While Norway has developed advanced practices for planning, funding, and managing digital government investments, there is a need for a more coherent approach across its public sector.

Norway could aim to have a strategic and integrated whole-of-government governance model for digital government investments to ensure that it realises the intended benefits of its investments.

Effective management of digital government investments helps to ensure that governments make the best use of public resources and realise the intended benefits of these investments. The evidence collected through the 2023 DGI shows that Norway has made good progress to date, having developed advanced practices for planning, funding, and managing digital government investments reflect the progress towards a strategic and whole-of-government approach to invest in the digital transformation of the public sector. Nevertheless, the country could benefit of integrating the existing procedures of investments lifecycle into a streamlined end-to-end process that delivers better value and impacts for Norway's digital government investments in line with the forthcoming OECD Digital Government Investment Framework.

Progress to date

Norway has many strong elements in place to help develop, manage, and deliver its digital government investments. This is clear from Norway's performance in the 2023 DGI, thanks to its:

- **project financing:** where Norway scored 100% (compared to the OECD average of 73%) for having a co-financing scheme in place to ensure that "socio-economically profitable digitalisation measures can cover part of the project cost," according to Norway's submission to the 2023 DGI.

- **value proposition:** where Norway scored 100% (compared to the OECD average of 88%) for having a standardised methodology for developing a value proposition for all digital projects. It also scored 100% (compared to the OECD average of 63%) for ensuring that this covers social and financial value, that it assesses risks and environmental impacts, prioritises digital projects, and aligns with standards and the objectives of the digitalisation strategy.

- **procurement:** where Norway scored 100% (compared to the OECD average of 67%) for having procurement guidelines for all projects, including specific considerations for digital projects.

- **project management:** where Norway scored 100% (compared to the OECD average of 58%) for having guidance in the Digitalisation Memorandum in all projects and Digdir's Project Wizard as a standard procurement management tool. Norway also scored 100% (compared to the OECD average of 39%) for this model including agile project management methodologies.

- **ex-post cost benefit analysis:** where Norway scored 100% (compared to the OECD average of 27%) for including this in the documents and reporting as part of Norway's annual budget process.

- **project evaluation:** where Norway scored 100% (compared to the OECD average of 39%) for having a common methodology provided by DFØ to support effective decision making, as well as scoring 100% (compared to the OECD average of 28%) for ensuring this evaluation considers the societal, economic, and environment considerations for government, citizens, and businesses.
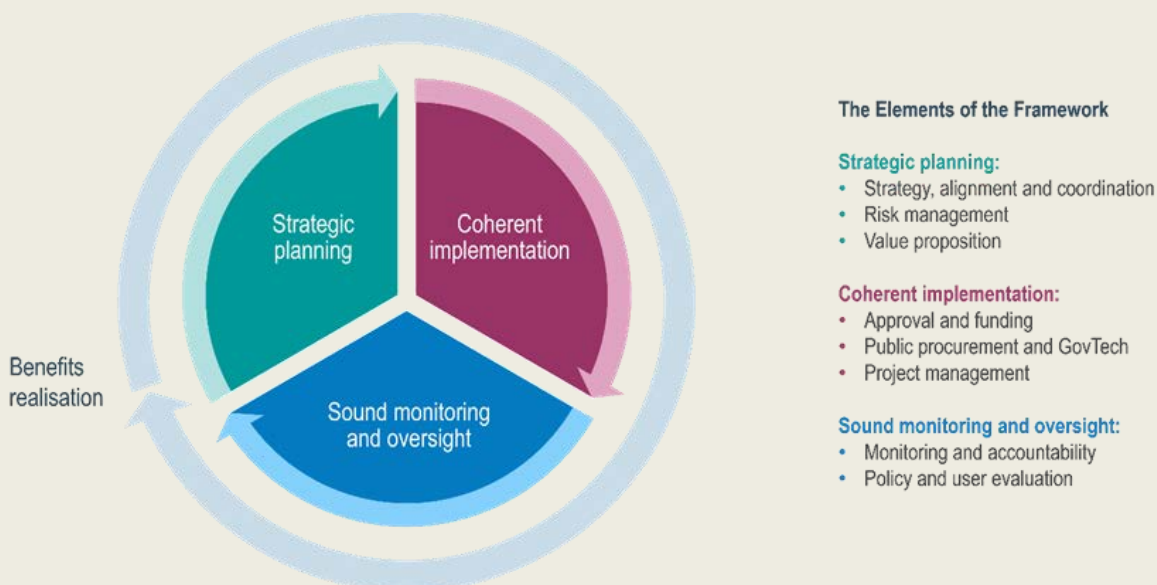
With strong maturity in each of these elements, Norway is ensuring that it is already making effective use of public resources and realising the intended benefits of its digital investments.

Remaining challenges

While Norway demonstrates maturity in its governance of digital government investments, it could benefit from integrating the existing elements listed above into a more streamlined and coordinated process – supporting the Government to derive the best value from its digital government investments throughout the investment lifecycle. In line with the forthcoming OECD Digital Government Investment Framework (see Box 4.1), Norway could implement measures in each of the key phases of Norway's strategic planning, coherent implementation, and sound monitoring and oversight of digital government investments.

Strategic planning for digital government investments

In the case of Norway, Digdir has an explicit mandate for advising and monitoring public sector institutions at federal level in the implementation of digital government investments.

Skate play a role in the strategic planning and oversight of digital government investments as the top strategic body for digital transformation. This role provides a unique overview of the digital governments investments situation, facilitating the identification of potential needs and steering public investments in digital transformation towards strategic policy goals. Nevertheless, the evidence collected shows the

coordination between Skate and Digdir focuses on large investments and there is an opportunity to extend its oversight to cover all digital government investments.

Together with close coordination and alignment, digital government investments require whole-of-government risk management and value proposition for investments on digital government to secure coherence and sustainability in the use of digital technologies in the public sector.

The strategic relevance of digital technologies stresses the importance of developing a thorough identification, understanding and mitigation when investing in digital. The evidence collected through the 2023 DGI shows Norway has set a comprehensive framework to define, identify and mitigate potential risks. Digdir has developed dedicated guidelines and procedures to assess and manage risks, including a preliminary assessment, methodologies for assessing risks, risk management, monitoring and measurement and evaluation. (Digdir, 2023[2]) In addition, DFØ, the body responsible for public procurement, has a specific guidance for information security and privacy for ICT procurement.

The value proposition is another critical element when it comes to planning digital government investments. It includes the policy instruments for assessing and estimating value to inform investments decision-making. One critical consideration of the value proposition is the alignment with the strategic objectives of the public sector, including how digital investment are in line with the digitalisation strategy. Many OECD countries use business cases to assess the merits of digital government investments, providing a structured and standardised method to estimate costs, benefits and potential risks associated with a specific initiative.

Norway's value proposition for digital government investments provides a holistic assessment to inform decision-making, enabling the approval and prioritisation of these investments. The mechanism allows the public sector to estimate the social and financial value of digital projects, enabling a comprehensive analysis of their societal benefits and economic feasibility. It also estimates potential risks and environmental impact. This instrument is also used to assess alignment of digital government investments with national standards and the objectives of the current Digital Strategy.

Coherent and sustainable implementation

The approval process for digital projects is a critical milestone to build consistency in the funding and implementation of digital government investments. As indicated in the previous section, the comprehensive value proposition mechanism in place in Norway is a critical building block for the approval of digital investments and constitute the cornerstone of the approval process.

In the 2023 DGI, Norway scored 50% for its system of project approvals (compared to the OECD average of 55%) as this system was in place only for certain digital projects. Currently the approval process differs according to the investment's complexity reflected in the total budget. Digital government investments over 300 million NOK must undergo different procedures according to complexity and strategic relevance of investments. The Project Model for large investments include two different approval stages, including external quality assurance of the conceptual choice, securing alignment with strategic goals and a second validation focusing on emphasis on budget and implementation considerations.

Norway has also developed funding mechanisms to support digital government investments. The Co-Financing Scheme for new, small-to-medium-sized digitalisation initiatives was established in 2016 under Digdir with an estimate budget of 140 million NOK. (Digdir, 2024[3]) This mechanism was designed to fund investments between 10 and 100 million NOK with a maximum contribution period of three years. Public sector institutions benefiting from this instrument are required to contribute a minimum of 50% of the investment funding. Project are selected according to a separate procedure based on considering both quantifiable and non-quantifiable impacts. Additionally, beneficiaries must commit to accepting a budget reduction equal to 50% of the estimated internal net benefit.

Another critical element in the implementation phase is the development and promotion of shared tools as part of the common building blocks required to standardise and secure a coherent deployment of digital investments. OECD countries have taken different actions to foster project management ecosystem that can foster collaboration and peer learning across the public sector. Norway has developed different management tools that can support the delivery of investments. For example, the Prosjektveiviseren is a project management guideline designed to support public sector teams in developing investment projects. (Projektveiviseren, 2023[4]) Similarly, the aforementioned Project Model for large investments also provides a set of standards and assurance mechanisms that support the implementation.

Sound monitoring and oversight

In the case of Norway, the evidence collected through the 2023 DGI shows the existence of different instruments to monitor digital government investments. These include a monitoring system for the implementation of the Action Plan for digital transformation of the public sector (Digdir, 2023[5]) and monitoring mechanisms of the *Project Model for large investments.* The evidence showed the monitoring mechanisms could further strengthen accountability by making the information more granular, for example by leveraging open government data. Norway could consider expanding the monitoring coverage to secure a full oversight of how the country is investing in the digital transformation of the public sector. The country could strengthen the overall governance framework by building a joint whole-of-government overview of digital government investments.

Building on the existing governance, including with Digdir and Skate, Norway could benefit from a strategic oversight of the digital investments cycle. By creating a strategic overview of the digital government investments being planned and implemented, the country could foster coherence and efficiency in the use of digital technologies in the public sector. Advancing this whole-of-government approach can strengthen the governance for digital government allowing Norway to plan and implement investments in line with long-term policy goals. This is in line with the findings outlined in Chapter **3**.

Finally, regarding the evaluation of digital government investments, the country has developed solid framework to collect evidence on the impact of digital government. The Directorate for Administration and Financial Management (DFØ) has developed in collaboration with Digdir a thorough guideline to measure benefit realisation (*Gevinstrealisering*). This document provides specific guideline to plan, identify and measure benefits for digital government investments. These guidelines are fully connected with the Agency *prosjektveiviseren,* which provides a clear example of the benefits of integrating the investments phases to deliver value.

Recommendations

Based on these findings, the Government could consider incorporating the strategic objective below into its new digitalisation strategy, which could be achieved by addressing the associated recommendations:

Strategic objective: Digital Government Investments

Norway could aim to have a strategic and integrated whole-of-government governance model for digital government investments to ensure that it realises the intended benefits of its investments.

- **Recommendation 4:**

  The Government could advance towards an end-to-end approach by integrating the different phases of the investments cycle under one consolidated process. Additional efforts are also required to enhanced cohesiveness on lower capital-intensive investments.

- **Recommendation 5:**

  The Government could adopt a portfolio management approach to foster agility and experimentation in the implementation of digital government investments.

- **Recommendation 6:**

  The Government could leverage data for monitoring and integrate the existing monitoring tools to strengthen transparency and accountability in the delivery of digital government investments. Norway could benefit from a strategic use of the data to support a whole-of-government monitoring of digital government investments and maximise coherence and value for money.

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