apm KNOWLEDGE

Governance of **Co-Owned Projects**

Governance of Co-owned Projects

Association for Project Management

Association for Project Management
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Contents

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The APM Governance SIG committee welcome suggestions for future editions of this guide and notifications of any errors.

1

Introduction

1.1 Context

The world today is increasingly interconnected. The role boundaries of government organisations, non-governmental organisations (NGOs), private enterprise, social enterprise, communities and individuals are increasingly ambiguous.

It is not surprising then that joint projects are becoming increasingly more common in practice. Whether it is government to government, government to NGO, government to private, private to private or any other form of joint project, the necessity and benefits of joint projects are leading to more organisations participating in more joint projects that are sometimes greater in scale and complexity than they have previously undertaken on their own.

By committing to a joint project the board of each participating organisation takes on more than if they did it on their own as each organisation will inevitably, in the eyes of stakeholders, be associated with the project – whether successful or not. So a core concept of joint projects is that they are 'co-owned' by the participating organisations.

The challenge for organisations who sponsor or deliver co-owned projects is that traditional project management frameworks and methods are based on governance structures that assume a single hierarchical route for authority and accountability. This is rarely the case for co-owned projects, which is why organisations are rightly challenging whether their traditional governance arrangements are fit for purpose.

1.2 Purpose

"How can boards be assured that their governance arrangements are appropriate for projects where they share control with other parties?"

The objective of this guide is to foster better practice in the governance of co-owned projects. It is aimed at those who influence corporate governance in

2

Principles for the governance of co-owned projects

Each co-owning board should strive to apply the following ten principles to its co-owned projects and evaluate the potential consequences where compromises need to be made.

These principles focus on factors relating to co-ownership rather than general factors relating to project management. For principles relating to the governance of project management generally, guidance can be found in the companion guides *Directing Change* and *Sponsoring Change*.

2.1 Formal arrangements

P01 Agreements

There should be formally agreed governance arrangements. These may include legal contracts and agreements among co-owners, which together ensure:

a. clear processes for decision making ensuring unified project management and unambiguous representation of each co-owner;
b. processes to deal with conflicts of duty, conflicts of interest, ambiguous accountability and the resolution of disputes;
c. explicit commitment to collaboration, resource provision, mobilisation and demobilisation.

P02 Flexibility and change management

The formal arrangements should provide for fundamental change including change in the group of co-owners and should define the process to be invoked. This includes changes as a result of revised project objectives or approach,

3

Key questions for the governance of co-owned projects

This section offers key questions to help you explore and decide whether the principles of good governance are being followed. These questions can also be used to check the governance arrangements for an individual project.

3.1 Alignment and compatibility

These questions address the need for both formal and informal arrangements to ensure that there is sufficient mutual understanding and commitment, and that objectives and cultures, where different, are compatible.

Formal documentation is a fundamental strength in establishing co-ownership relations and its compatibility with the respective organisations' strategies needs to be clear and checked. However, by committing to co-owned projects each co-owner board must take account of more than is usually included in the formal documentation. Mutual understanding of strengths, weaknesses, cultures, ethics and strategies is essential to judging whether there is sufficient alignment or manageable complementarity amongst the co-owners to jointly and successfully address unforeseen challenges and opportunities. Also each co-owning organisation will inevitably be associated with the reputation and brand of the other co-owners and needs to take account of their characteristics and likely actions.

A01	Are the benefits, objectives and scope of the project: a. documented, understood and formally approved by all co-owners? b. consistent with each co-owner's strategic objectives?
A02	Have the contractual arrangements been scrutinised in each co-owning organisation by senior staff who are independent of the project and/or an external specialist, for gaps, ambiguities, unrecognised risks and oversights?

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