



Project Management for Development Organizations

Doing the Right Projects,
Doing the Projects Right

Project Governance

Project governance can be defined as an organization's overall process for sharing decision rights about projects and monitoring the performance of project interventions. All development organizations have some form of project governance. Those with effective governance have actively designed a set of project governance mechanisms (committees, budgeting processes, approvals, etc.), that encourage behavior consistent with the organization's mission, strategy, values, norms, and culture.

The objective of project governance is to establish clear levels of authority and decision making including the planning, influencing and conducting of the policy and affairs of the project. It involves the people, policies and processes that provide the framework within which project managers make decisions and take actions to optimize outcomes related to their areas of responsibility. This is achieved by defining and identifying the roles, responsibilities and accountability of all people involved in a project, including their interaction and level of coordination with internal and external dependencies.

The organization's management team is responsible for setting up and supporting the governance structure before the project initiates its activities to ensure that all key decisions are made at the right time. The management team defines the project governance in a document that outlines the roles and responsibilities for decision making in the project team and stakeholders; this may include the creation of a project committee and its high level operating rules. A good project governance document helps projects by defining the procedures to follow escalation of issues, defines the decision making structure, roles and responsibilities of each key stakeholder about the different processes in the project from communications to budget change authorizations.

Some development organizations may choose to have a standing project governance committee that oversees all projects and defines the decision making structure for each project. In this case the committee may include decisions about project proposal approvals and supervision of the organizations' project portfolio in general, including the selection or appointment of project managers. Project governance also includes the relationships among the stakeholders involved. The project needs to identify who are the principal stakeholders these may include management, partners, beneficiaries and the community at large.

For large projects the main concern of the governance structure is to reduce risks. The organization will need to establish a model that can reduce risks; the model can include the following elements:

- A Project Board, formed by the organization key executives and donor representatives
- A Steering Committee, formed by organization management, partners or other key stakeholders
- Advisory Committee, made of experts or representatives of communities or beneficiary groups
- Management Team, which may include the Program Manager, project managers and key management staff from the organization.
- Project Manager and the project team

For smaller, less risky projects, the model needs to be flexible and have reduced levels of decision making; typically for a small project the governance will include the following elements:

- Advisory Committee made of experts or representatives of communities or beneficiary groups.
- Key management staff of the organization.
- Project Manager and the project team.

Project governance is a management framework to help the project make critical decisions. A project governance structure is a critical element of any project. An organization may have its own organizational governance arrangements where the accountabilities and responsibilities are laid down; seldom does an equivalent framework exist to govern the management of its projects. For instance, the organization chart provides a good indication of who in the organization is responsible for any particular operational activity. But unless an organization has specifically developed a project governance policy, no such chart is likely to exist for project development activity.

The role of project governance is to provide a decision making framework that is logical, robust and repeatable to govern an organization's projects. In this way, an organization will have a structured approach to conducting both its usual activities and its project activities.

These series of articles focuses on concepts and practices related to development projects. It is our hope that the ideas and methodologies presented here prove useful to anyone who is engaged in managing projects in the broader development community, and helps bring sustainable benefits to the communities and beneficiaries who need it the most.

The Millennium Development Goals aim by 2015 to reverse the grinding poverty, hunger and disease affecting billions of people.

PM4DEV is committed to provide resources and develop knowledge and expertise to support development organizations in their efforts to achieve this ambitious goal.



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