Megapropjects and Risk: An Anatomy of Ambition, , Bent Flyvbjerg, Nils Bruzelius, Werner Rothengatter, Cambridge University Press, 2003, 0521009464, 9780521009461, 207 pages. This book is a fascinating account of how promoters of multi-billion dollar megapropjects systematically and self-servingly misinform parliaments, the public and the media in order to get projects approved and built. The authors not only explore the problems but also suggest practical solutions drawing on theory and scientific evidence from the several hundred projects in twenty nations and five continents that illustrate the book. Accessibly written, it will be the standard reference in its field for students, scholars, planners, economists, auditors, politicians and interested citizens for many years to come..

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Making Social Science Matter Why Social Inquiry Fails and How it Can Succeed Again, Bent Flyvbjerg, Jan 15, 2001, Social Science, 204 pages. 6 The power of example..


Promoters of multi-billion dollar land-use development megaprojects systematically misinform parliaments, the public and the media in order to get them approved and built. This book not only explores these issues, but suggests practical solutions drawing on theory and scientific evidence from the several hundred projects in twenty nations and five continents. It is of interest to students, scholars, planners, economists, auditors, politicians and concerned citizens.

"Megaprojects and Risk: An Anatomy of Ambition provides a fascinating look at the pervasiveness of misinformation in the planning of major construction projects and the systematic bias of such misinformation towards justifying project implementation. The power of its analysis is vastly reinforced by the range of cases examined, extending over 70 years and five continents. An extraordinary accomplishment, it will doubtless serve as the standard reference on this topic for many years to come." Alan Altshuler, Professor of Urban Policy and Planning, Kennedy School of Government, Harvard University

"Anyone concerned with public works projects, planning, and ethics in public policy should read this book. It provides a genuinely original perspective on why large complex projects often cost much more than their planners say they will and treats this problem as a fascinating puzzle involving technical methods, professional ethics and the politics of urban decision making." Martin Wachs, Director of Institute of Transportation Studies, Professor of Civil and Environmental Engineering, Professor of City and Regional Planning, University of California at Berkeley

"Life is too short to read every tome penned by Scandinavian and German social scientists. But Megaprojects and Risk, written by Bent Flyvbjerg, Nils Bruzelius and Werner Rothengatter, is a cracker. In lurid and startling detail it examines dozens of vast construction schemes around the world." Times Online

"By vividly illustrating the dynamics of megaprojects, Flyvbjerg and his colleagues clearly and acutely identify the problem and propose sensible solutions. Hopefully, their work will receive the kind of attention that it deserves from planners, decision makers, technical experts and the public, stimulate discussion on how to resolve what is likely to be an ever growing problem and lead to the adoption, by at least a few countries, of a new approach to megaproject decision making." Journal of Planning Education & Research

This book is a fascinating account of how promoters of multi-billion dollar megaprojects systematically and self-servingly misinform parliaments, the public and the media in order to get projects approved and built. The authors not only explore the problems but also suggest practical solutions drawing on theory and scientific evidence from the several hundred projects in twenty nations and five continents that illustrate the book. Accessibly written, it will be the standard reference in its field for students, scholars, planners, economists, auditors, politicians and interested citizens for many years to come.

I am the first amazon.com reviewer of this short, but important book. It concerns me that this might reflect a diminished U.S. readership. That would be unfortunate. Professor Bent Flyvbjerg and his colleagues have written a book of significance to taxpayers everywhere. It's apparent that they have written this book largely for the policy-maker; yet, make no mistake about it: the ordinary taxpayer has a major stake in this book's message. The central characters in Megaprojects and Risk are three large-scale, European transportation projects: the Chunnel, the Great Belt and the Oresund. American readers unfamiliar with these names (the chunnel connecting London and Paris is perhaps the most recognizable to American readers) will nonetheless recognize familiar features. Specifically, they will find project costs that exceed estimates, and revenue inflows that are below projections. The traits are not unique to these projects. In fact, cost over-runs and revenue
disappointments are a familiar global refrain, according to these authors. In spite of this, the number and scale of infrastructure projects continues to grow, forming what they call the megaproject paradox. The book is stronger on documenting problems, including the lack of project post-audits, than on providing solutions. I think they have correctly identified the problem -- the lack of accountability throughout the project life-cycle -- but their solution, which largely involves ensuring a healthy segment of private capital not supported by state guarantees, together with more attention to genuine risk assessment, falls short of the mark. The risk assessment tools are firmly established and largely well-understood (Monte Carlo simulation packages are increasingly available). So is the "moral hazard" problem that rears its ugly head when projects (in this case) are "over-insured." The difficulty, which they acknowledge, is that the political interplay between state, private interests and NGOs are decisive in determining whether and to what extent the appropriate risk assessment and risk management tools are used.

This problem is inherent in the beast. Policy-makers would love for the private sector to shoulder the risk, but may not be willing to permit a commensurate return. Private players, just as understandably, are apt to seek insurance of one kind or another on the downside. The best medicine, and one that this book delivers admirably, is simply to raise our awareness of the track record from the start.

This short book has the look and feel of an academic work. It would, however, be unfortunate if it languished at the university bookstore. Global demographics dictate that larger-scale infrastructure investments are in our future. No one should pay for, promote or plan for such projects before they have digested the lessons in Megaprojects and Risk. Read more ›

Every once in a while a little book comes along that, while small in size, carries sufficient intellectual weight to strike the body politic between the eyes, thereby getting its collective attention. This may be one such book. It offers a realistic look at megaprojects - those major infrastructure endeavors that span vast bodies of water, dam natural resources to generate energy and extend rail lines to previously unreachable regions - and compares the promises of these projects to what they actually deliver. The report card isn't very good. Cost overruns are typically 25% to 100%, and sometimes 200% or more. Worse yet, studies show that the public tends to use megaprojects - be they airports or subway systems - only a fraction of the amount predicted. We strongly recommends this book to politicians, legislators and anyone who wants to know the truth behind these huge infrastructure projects, as well as to CEOs, CFOs, project managers and risk officers in the private sector - this applies to your projects, even if there is a difference of scale.

It is not an accident that your local megaproject is running at least 50% over budget or, more likely, 100% (plus) over budget. It is so much of a problem in megaprojects that the only reasonable conclusion is to assume all announced megaproject budgets are low by multiple factors. The numbers are produced by experienced consulting professionals under the direction of government planning agencies. Both groups should know better. We are therefore forced to conclude that the numbers are not off by accident.

This book is an easy read with a recurring theme. By the time the book is finished the point is pounded home. Until the trend is corrected, which is until people and organizations are rewarded or penalized based on the accuracy of their numbers, all megaprojects everywhere are highly suspect - if not already convicted of deliberate deceit of the public.

The book, authored by Flyvbjerg, Bruzelius and Rothengatter (FBR), is subtitled "an anatomy of ambition" but its subtitle should be "an examination of why big transportation projects go wrong, how to make them right, and why these ideas apply to all large infrastructure projects," but the marketing department probably favored snappy over accurate.

The main point that FBR make, in clear and painful detail, is that megaprojects (projects that have big financial, economic, social and/or environmental impacts) usually fail because their proponents and constructors do not bear the risk of failure when estimating the cost of constructing the project or demand for its services once completed. The risk is instead carried by taxpayers who end up
paying more than expected to fund a project that's less useful than promised.

If that sounds familiar (it reminds me of Cadillac Desert, desalination in San Diego, the Colorado Aqueduct, Arizona's CAP, the Delta "Conveyance", Coyote's critiques of light rail, and chapter 8 of my book), then you will STILL gain something by reading this book due to its clear analysis, useful case studies and forthright declaration of how to prevent failures in the future.

A huge share of environmental impact reports are carried out when the project is already going forward, do not contain adequate baseline data (to make it possible to understand actual impacts) and are very rarely updated after project completion (this is a common problem; development aid projects are not often subject to performance reviews).

* Dan Ariely (review coming!) has found that transparency can result in MORE inaccuracy, as when the scrutinized estimator increases the fudge factor (e.g., +20 percent to cost) in the knowledge that it will be bargained down, but then makes more when it's not bargained down enough (e.g., -10 percent to cost). FBR's transparency is less vulnerable to this problem as they propose posting all documents in public AND allowing peer review, but this transparency will only really work if there's some SERIOUS exploration of numbers and estimates. Read more &rsaquo;

Megaprojects and Risk: An Anatomy of Ambition is a 2003 book by Bent Flyvbjerg, Nils Bruzelius, and Werner Rothengatter, published by Cambridge University Press. According to chief economist and director of transportation policy at Infrastructure Management Group, Inc. Porter K. Wheeler "this book makes an important contribution to understanding the infrastructure development process worldwide, with focus on megaprojects."[1] "Megaprojects" is the term applied to multi-billion dollar infrastructure developments such as massive dams and bridges, and to elaborate railways and highways. The "megaprojects paradox" is that more of these projects are being implemented, but such projects typically perform very poorly, often with substantial cost overruns and market shortfalls.[2][3] According to authors, the reason is that many of the participants in the process have incentives to underestimate costs, overestimate revenues, undervalue environmental impact, and overvalue economic development effects.[4] The central problems are lack of accountability and inappropriate risk sharing which can be improved by reforming the institutional arrangements of decision making and to institute accountability at the project development and evaluation stages.[1]

The text below is Chapter 1 of the book Megaprojects and Risk: An anatomy of Ambition, by Bent Flyvbjerg, Nils Bruzelius, and Werner Rothengatter (Cambridge University Press, 2003). For notes and references, see the book. To search inside the whole book, click here. To see a list of reviews of the book, click here.

Wherever we go in the world, we are confronted with a new political and physical animal: the multi-billion dollar mega infrastructure project. In Europe we have the Channel tunnel, the Øresund bridge between Denmark and Sweden, the Vasco da Gama bridge in Portugal, the German MAGLEV train between Berlin and Hamburg, the creation of an interconnected high-speed rail network for all of Europe, cross-national motorway systems, the Alp tunnels, the fixed link across the
Baltic Sea between Germany and Denmark, plans for airports to become gateways to Europe, enormous investments in new freight container harbours, DM 200 billion worth of transport infrastructure projects related to German unification alone, links across the straits of Gibraltar and Messina, the world’s longest road tunnel in Norway, not to speak of new and extended telecommunications networks, systems of cross-border pipelines for transport of oil and gas, and cross-national electrical power networks to meet the growing demand in an emerging European energy market. It seems like every country, and pairs of countries, are in the business of promoting this new animal, the megaproject, on the European policy-making scene. And the European Union, with its grand scheme for creating so-called “Trans-European Networks”, is an ardent supporter and even initiator of such projects, just as it is the driving force in creating the regulatory, and de-regulatory, regimes that are meant to make the projects viable.

The situation is similar in industrialised and industrialising countries in other parts of the world, from Asia to the Americas. There is, for example, Hong Kong’s Chek Lap Kok airport, China’s Quinling tunnel, the Akashi Kaikyo bridge in Japan, Sydney’s harbour tunnel, Malaysia’s North-South Expressway, Thailand’s Second Stage Expressway, and proposals for an integrated Eurasian transport network. In the Americas there is Boston’s Big Dig, freeways and railways in California, Denver’s new international airport, Canada’s Confederation bridge, the São Paulo-Buenos Aires Superhighway, the Bi-Oceanic highway right across South America from the Atlantic to the Pacific, and the Venezuela-Brazil highway. Even a proposed US$50 billion project to link the USA and Russia across the Bering Strait—and the biggest project in history, according to its promoters—is not missing in the megaproject scheme of things. Outside the field of transport infrastructure there is the Three Gorges dam in China, Russia’s natural gas pipelines, the Pergau dam in Malaysia, flood control in Bangladesh, the Bolivia-Brazil gas pipeline, the Venezuela-Brazil power line and, again and everywhere, the ultimate megaproject, the Internet with associated infrastructure and telecommunications projects.

Megaprojects form part of a remarkably coherent story. Sociologist Zygmunt Bauman perceptively calls it the “Great War of Independence from Space”, and he sees the resulting new mobility as the most powerful and most coveted stratifying factor in contemporary society. Paul Virilio speaks of the “end of geography” while others talk of the “death of distance”. Bill Gates, founder and chairperson of Microsoft Corporation, has dubbed the phenomenon “frictionless capitalism” and sees it as a novel stage in capitalist evolution. When Microsoft and Gates single out a concept or a product one is well advised to pay attention. “Frictionless society” may sound as an advertiser’s slogan in their usage. It is not. The term signifies a qualitatively different stage of social and economic development.

In this development has become a catchword on a par with “technology”. Infrastructure has rapidly moved from being a simple precondition for production and consumption to being at the very core of these activities, with just-in-time delivery and instant Internet access being two spectacular examples of this. Infrastructure is the great space shrinker, and power, wealth and status increasingly belong to those who know how to shrink space, or know how to benefit from space being shrunk.

Today infrastructure plays a key role in nothing less than the creation of what many see as a new world order where people, goods, energy, information and money move about with unprecedented ease. Here the politics of distance is the elimination of distance. The name of utopia is Zero-Friction Society. And even if we can never achieve utopian frictionlessness, we may get close, as is currently happening with the spread of the Internet. Modern humans clearly have a preference for independence from space and are consistently undercutting the friction of distance by building more and improved infrastructure for transport, including telecommunications and energy.

Megaprojects are central to the new politics of distance because infrastructure is increasingly being built as megaprojects. Thus the past decade has seen a sharp increase in the magnitude and frequency of major infrastructure projects, supported by a mixture of national and supra-national
government, private capital and development banks. 

There is a paradox here, however. At the same time as many more and much larger infrastructure projects are being proposed and built around the world, it is becoming clear that many such projects have strikingly poor performance records in terms of economy, environment and public support. Cost overruns and lower-than-predicted revenues frequently place project viability at risk and redefine projects that were initially promoted as effective vehicles to economic growth as possible obstacles to such growth. The Channel tunnel, opened in 1994 at a construction cost of £4.7 billion, is a case in point with several near-bankruptcies caused by construction cost overruns of 80 percent, financing costs that are 140 percent higher than those forecast and revenues less than half of those projected (see chapters 2-4). The cost overrun for Denver’s US$5 billion new international airport, opened in 1995, was close to 200 percent and passenger traffic in the opening year was only half of that projected. Operating problems with Hong Kong’s US$20 billion Chek Lap Kok airport, which opened in 1998, initially caused havoc not only to costs and revenues at the airport; the problems spread to the Hong Kong economy as such with negative effects on growth in gross domestic product. After nine months of operations, The Economist dubbed the airport a “fiasco”, said to have cost the Hong Kong economy US$600 million. The fiasco may have been only a start-up problem, albeit an expensive one, but it is the type of expense that is rarely taken into account when planning megaprojects.

Some may argue that in the long term cost overruns do not really matter and that most monumental projects that excite the world’s imagination had large overruns. This line of argument is too facile, however. The physical and economic scale of today’s megaprojects is such that whole nations may be affected in both the medium and long term by the success or failure of just a single project. As observed by Edward Merrow in a RAND study of megaprojects:

“Such enormous sums of money ride on the success of megaprojects that company balance sheets and even government balance-of-payments accounts can be affected for years by the outcomes ... The success of these projects is so important to their sponsors that firms and even governments can collapse when they fail.”

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