Engaging volunteer multi-stakeholder groups (MSGs) is a key feature of the Construction Sector Transparency Initiative (CoST). A significant purpose of the CoST pilot was to test whether volunteer multi-stakeholder working is a sustainable, credible, and effective way to increase transparency (Box 1). The experience has shown that the multi-stakeholder approach can work successfully in the construction sector and in a variety of political and social environments, provided certain conditions are met. It has also provided incentives in the pilot countries to sustain the application of CoST beyond the pilot.

This note reviews the CoST experience with MSGs and the lessons emerging.

Box 1 Why engage MSGs?
For an initiative promoting transparency, multi-stakeholder groups provide a number of advantages:
- Credibility (if properly constituted)
- A forum for sectoral exchange and discussion
- A body of professional opinion and a lobby/advocacy group
- A political space for dialogue that may not previously have existed
- The building of country ownership for an initiative
- Knowledge of the local context.

The CoST MSGs
Within participating countries, CoST policy, approach, leadership and management is provided by a multi-stakeholder group comprising representatives of the public sector, private sector, and civil society, thus bringing together the concerns of the parties involved in public construction (Box 2).

Box 2 MSG roles and responsibilities
- Decide on the overall policy objective and focus of CoST in the specific country context. This is best done after a baseline or some mapping analysis is done to identify particular weaknesses in information disclosure
- Engage a CoST Champion in the policy decisions and relevant outreach
- Stakeholder outreach and consultation
- Establish and implement a process and criteria for selecting CoST projects and the scope of the assurance work needed
- Engage with Procurement Entities to understand their capacity and expectations
- Translate the objectives into a work plan with clear milestones and activities
- Analyse technical, financial and capacity-building needs in order to achieve its objectives and implement the work plan and request assistance
- Establish a working structure to ensure progress and the credible implementation of the initiative
- Procure the baseline, assurance and other technical work needed and review the results when available
- Take appropriate action in response to the baseline assurance work: disclose information, organise workshops, targeted communication and outreach
- Elect a Chairperson and an IAG representative
- Ensure that funds are used as agreed in the work plan
- Communicate regularly with the IAG representative
- Engage regularly with the country CoST champions
- Ensure continuity and a proper succession plan
- Report to the International Secretariat as per the agreed work plans and share lessons learned and challenges.

Giving broader civil society a credible role at the table on transparency issues is quite a new approach in the construction sector. Typically, the government as purchaser and the engineering profession and industry as suppliers have clearly defined roles and contractual obligations. Modern forms of construction contract, involving partnering or sharing of risk, have brought more cooperation and openness to the relationship. But the role of civil society has generally been limited to consultation with people adversely affected by social, environmental, or safety impacts of the project.
The format of the CoST MSGs varied across the pilot countries reflecting different local approaches. The Philippines had a slim executive type MSG of five people, with one each from government, industry, and civil society, plus academia and the World Bank. Tanzania and Ethiopia had very large CoST Multi-Stakeholder Fora of more than 100 and 40 members respectively, but smaller executive type MSGs of elected representatives tasked with the ‘running’ of CoST (about ten members). In Zambia, the MSG started with 39 members but later adapted the Tanzania and Ethiopia approaches as being more efficient. It constituted a CoST Annual General Assembly (AGM), while the regular project management was left to a ten member MSG.

In the UK, industry was heavily involved in the MSG, with lower representation from government and civil society. In Vietnam, while government had a dominant number of members, the industry members represented large associations and the civil society member represented the mass organisation of citizen groups. These differences reflected local circumstances.

Each MSG had to produce a stakeholder outreach and communication plan as part of its work. As a result, many MSGs expanded during the pilot phase. In most cases, donors funding construction joined as members or observers.

The MSG operations also varied. The chairperson came from civil society, industry, or government in different groups. As the workload increased, time and commitment became an issue – for officials with multiple responsibilities and for private sector members participating on a voluntary basis. Most members received a basic travel or meeting allowance and the CoST evaluation concluded that remuneration beyond that was not expected or appropriate. Various issues arose, providing lessons for the future:

**Composition and legitimacy**

Selection of members--formal criteria would have been beneficial

Different models were explored in different countries; in most cases, the appointments in the early stages when the idea was new and untested, were by invitation or self-appointment. In later stages, the MSGs showed increased ability to selectively invite or change members based on their working needs. This took time, capacity building and good understanding of the project and the tasks at hand.

Ensuring that the members truly represented all the stakeholders in public construction was often difficult. Experience suggests that doing a stakeholder analysis and baseline studies is helpful, to indicate which groups should be represented in the MSG and how to involve them.

Ensuring the MSGs accountability and consistency was also difficult as all the members were volunteers. The balance between internationally prescriptive versus country-led approach was hard to find in the initial stages. The pilot has clearly demonstrated that the MSGs role and responsibilities needs to be clearly defined. There also needs to be a well established and communicated accountability mechanism—both inter nationally and in-country. The synergies between countries and the achievements improved significantly when the MSG Chairs started attending the CoST International Advisory Group.

The appointment of full-time coordinators, trained by the CoST International Secretariat was another definitive contribution to the MSG work.

**Conflict-of-interest situations should be managed transparently**

The nature of CoST disclosures and the parties involved mean that sensitive issues are likely to arise. The MSG needs to handle all issues objectively and professionally so that the broader stakeholder constituencies develop confidence in the MSG, the process and the disclosures. As would be expected, MSG members at times brought their own agendas and biases to the table. This made the process representative but it also endangered the interests of stakeholders not included in the MSG.

In addition, cultural and political economy differences meant that in different countries and environments the understanding of conflict of interest is different. The UK MSG and IAG representatives, for example, were particularly aware of and interested in conflict of interest. In other countries, the notion of conflict of interest was hard to understand. Capacity building and guidance on what constituted conflict of interest was needed and when available it proved very helpful. The International Secretariat served as a ‘dispute resolution’ mechanism and as an independent advisor on conflict of interest. This was an essential function that can only be fulfilled by an external to the country, independent body.

Conflicts of interest have been handled by requiring a declaration of interest when a private sector or government member is involved in projects under review. In general it seems better for an MSG’s industry members to be representatives of an association rather than a firm, and to observe limitations on representation from procuring entities, in order to reduce the risk (either perceived or real) of undue influence being exerted on group decisions or disclosures.
Models for leveraging the broader constituencies of civil society and industry are needed

Active participation of civil society organisations is crucial for CoST buy-in, impact, and sustainability. But most of the MSGs secured only limited CSO participation in CoST activities, and the views of campaigning organisations and those working closely with poor and marginalised people were mostly absent. The models in Ethiopia and Vietnam, where civil society activity is restricted, differ from those in countries where it is not. The UK is seeking ways to activate more civil society interest because civil society is generally comfortable with channels available for seeking information. In Vietnam, there is little experience of working across sectors and civil society collaboration.

Expert facilitation of initial dialogue and establishing ways of working together was needed. A forum involving an array of private and international CSOs was started as a means of communicating between the MSG representatives and the broader constituency. Building effective engagement with contractors and professional groups in the private sector also calls for a means of communication. The schedule in the pilot allowed too little time for these models to progress.

Limits to voluntarism

Incentives are fundamental to keep stakeholders not just at the table but committed to new standards of transparency and conduct

The pilot experience shows that the time, effort, and continuity of contributions needed are too great to be left to voluntarism. Members attended MSG meetings when they could, and contributed irregularly. This resulted in uneven knowledge within the MSGs and lack of shared understanding of technical issues, and it delayed decisions significantly.

Competent, paid coordinators were critical to success

Paid MSG coordinators were not part of the original CoST design, but their appointment — to full-time positions — helped to accelerate progress in the pilot countries. Project management experience and knowledge of the construction industry were the most important factors considered when recruiting coordinators.

Legal status and governance structure

Ensuring credibility and objectivity is crucial for the MSG to achieve its mandate

Providing an independent legal status for the MSG may be appropriate in some situations to increase independence.

Establishing the CoST structures was difficult

Typically, groups of volunteers are neither a legal entity nor connected in any contractual or hierarchical form. Except in the Philippines, the MSGs were not legal entities, so host agencies had to be appointed to administer their funds and enter into contractual relationships.

The host agencies included national construction councils, government departments, and professional institutions. The need to appoint host agencies separated the responsibility for policymaking from that for administrative and financial management (and often subjected CoST spending to complex bureaucratic procedures).

The impact of the separation differed across countries. In Ethiopia, each partner had clear responsibilities and the parties worked together efficiently on the basis of existing strong working relationship. In other countries, establishing an efficient and accountable decision-making process took longer. In the Philippines, the reliance on the host agency, whose staff had other day jobs, was considered to slow down the process and the MSG formed a foundation that employed its own staff and had its own accounting and governance procedures according to applicable local laws. This action marked a significant change in the ability of the MSG to achieve results and follow its workplan.

In other pilots, the strong initial role of government as a host agency was seen to undermine the independence of the MSG. Overall, the MSGs were significantly more effective and accountable where they managed their own support staff and accounts or where the host agency reported openly and regularly on progress and took direction and feedback from the MSG.

For CoST to have an appropriate management system, the MSGs need their own administrative structures and support

Establishing MSGs as foundations may be a good way forward, because foundations are subject to the relevant local laws and reporting mechanisms and can enter into international contracts. In the Philippines, use of this model helped to clarify the MSG members’ responsibilities and to achieve clear records of spending decisions, account signatories, and decision-making procedures.

In Vietnam, establishment of a dedicated project management unit was part of the reason why the Vietnam pilot progressed faster than most. Such agreed and formalised procedures were missing in most of the other MSGs, whose results were often less positive in term of the effectiveness, independence and accountability of the process.
Functions and accountability

Terms of reference need to be clear
They need to indicate that the MSG plays an executive role and is responsible for achieving the aims of the country CoST program, coordination among stakeholders, and quality of outputs, and for upholding CoST principles. Members need to have a clear shared view of what CoST involves and of their role, including being advocates for transparency.

It is not sufficient to agree to or sign the terms of reference. They need to be operationalised in concrete decisions regarding management and policy responsibilities and processes. This process of operationalisation has demanded significant international support. Facilitating this process in groups of regional MSGs has been extremely beneficial as it has allowed for ideas and lessons sharing and peer support.

Terms of reference are necessary but not sufficient: trust is essential
Building mutual trust among group members and stakeholder organisations is crucial to reaching sustainable agreements – and takes time.

This trust seems to be a prerequisite to achieving genuine consensus about appropriate levels of information disclosure – the ‘who gets what information, when, and how’ transparency question. Building trust also takes honesty about capacity, and about conflict of interest, that cannot always be achieved among peers and in some political economy contexts.

Administrative and management tasks are best delegated to a supporting secretariat or project unit
Qualified paid coordinators were not part of the original pilot project design but were crucial to achieving results. A dedicated project management team of at least two staff – one administrative/financial and one technical – seems to be needed. Also, progress tended to be better among those MSGs that formed executive committees or established working groups to manage particular issues.

The MSG chair should be elected by group members and have clout and no conflict of interest
Those groups with rotating chairmanship achieved good results.

Definitions

Civil society: The groups and organisations that occupy a position between the household, the state, and the private sector. Includes non-governmental organisations, think tanks, trade unions, employers’ associations, business associations, professional associations, cooperatives, faith groups, social movements, community groups, and recreational groups.

Host agencies: Host agencies were legal entities who were appointed to administer funds and enter into contractual relationships, in circumstances when the MSG was not a legal entity. Examples included national construction councils, government departments and professional institutions.

International Advisory Group (IAG): The IAG comprises a representative from each of the pilot countries; specialists from industry, academia, and civil society and one representative from DFID and the World Bank. Its responsibilities included establishing policy, advising the International Secretariat on priorities and approach, and representing CoST.

International Secretariat (IS): The IS comprises a Chair, Managing Director, and a team of policy, civil society, multi-stakeholder-working, communications and technical advisers. It was responsible for the day-to-day management of the pilot project and for the provision of managerial, governance, technical and financial assistance to the pilot countries. It also supported the work of the IAG and implemented its decisions. The IS reported directly to DFID and worked closely with the Chair of the IAG in setting its work- plan and priorities.

Multi-stakeholder groups (MSGs): MSGs comprised representatives from government, industry and civil society. They were established in each pilot country to oversee the pilot project and ensure that the CoST Principles were upheld.

MSG coordinators: The MSG coordinators were employed full time to support the MSGs and manage day-to-day activities. Their responsibilities included implementing the country work-plan, managing technical assistance recruited locally, stakeholder engagement and outreach, liaising with the IS, reporting and oversight of project administration.

CoST champions: Champions were appointed in pilot countries to promote CoST within the senior levels of government and internationally. Usually holding a ministerial or permanent secretary position, the Champions were able to intervene at key moments to remove obstacles and stiffen the resolve of decision makers.

New MSGs need time and support to develop their processes and working methods
Developing shared understanding of clear roles, responsibilities, and building accountable decision-making structures took the MSGs much longer than pilot planners had expected.
Most MSGs had difficulties with operational issues, their decision making was not easy or quick, and all their members needed some kind of capacity building. Up-front analysis of the local political economy was also needed, and the MSGs needed external help to do this.

Box 4 Overall lessons
Be realistic about what can be done in a short time – working through MSGs is a good way to achieve sustainable change but it takes time to show results.
Do not rely wholly on voluntarism – dedicated paid coordinators, reporting to the MSG, are needed to achieve results.
MSGs need to be institutionalized with an independent legal status and clear governance structure. They need the right membership – an appropriate balance and representation of the various stakeholder groups – and clear terms of reference.
A successful MSG depends on:
• An efficient operating structure,
• Effective two-way communication with the broader constituencies,
• Maintaining credibility and objectivity, and
• Managing the risk of undue commercial or political influence.

Monitoring quality is important
If disclosure and assurance processes are to be meaningful they must be done well. A review of the technical content in the pilot country reports showed ways in which these processes could be strengthened:
encouraging more efficient document and information management in procuring entities; ensuring effective communication in plain language and a sharp identification of causes of concern; and guarding against overlap with the functions of formal oversight agencies. Some MSGs usefully employed technical professionals and/or academics to help with their reviews and provide additional inputs.

The CoST pilot left largely unresolved the issue of the accountability of MSGs
Even once the roles and terms of reference of MSGs were agreed, there was no way for the CoST international structures to enforce them, apart from potentially rejecting/discontinuing funding. Formal requirements for MSGs’ performance were kept to a minimum, because CoST relied on volunteers and demanded a significant investment of their time and effort.

The International Secretariat (IS) actively encouraged MSGs to be consistent in attendance and record keeping of meetings and decisions. But in retrospect, it is clear that rules about key decision making, record keeping for meetings, and a quorum vote should have been implemented.

Local donor support and participation in the MSGs has been beneficial
In Vietnam, for example, DFID and World Bank advisors are observers of the MSG meetings and participated in all major CoST events and workshops. This helped develop a strong relationship between the MSG and the donors based on mutual understanding and respect. This also helped mobilise resources and ensure adequate donor support. The CoST Vietnam pilot continues with local donor support beyond the closure of the international pilot. In the Philippines, the MSG invited a World Bank procurement expert as a member. This enriched the MSG understanding of international procurement systems, advantages and shortcomings.

Country ownership vs. quick outputs
CoST sought to ensure that in each country the MSG played the central role in the project and took ownership of its processes
Sometimes this led to tradeoffs. For example, the IS could have procured all the needed baseline studies up-front, from one or two skilled and well-staffed providers. Doing so would have saved time and money and would have likely resulted in much more consistent quality, but it would have undermined the MSGs’ leadership and ownership. Enabling the MSGs to drive the process, with support from the IS, achieved very strong commitment and ownership but at the expense of uneven quality of the studies.

The CoST IS organised two events in Africa, facilitated by a leading multi stakeholder working expert. The Tanzania and Ethiopia CoST MSGs met with the Uganda MeTA MSG for a working session. Similarly, the Zambia and Malawi CoST MSGs worked with the Zambia MeTA MSG. The Vietnam MSG visited the Philippines MSG. These exchanges changed the sense of belonging to an international network with common objectives and helped establish common rules, communication, understanding and commitments.

Other briefing notes in this series
1. Overview of CoST
2. Transparency in construction
3. Disclosure
4. Baseline studies
5. Impact of procurement reform on transparency
6. Impact of disclosure

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