The Construction Sector Transparency Initiative (CoST) seeks to improve transparency and accountability in publicly financed construction projects through the public disclosure of information in a form that is accessible to a range of stakeholders. Over the long term, the increase in transparency and accountability is expected to improve value for money from investments in infrastructure. Ethiopia is one of seven pilot countries and Guatemala has joined as an associate country. In each country CoST is managed by a multi-stakeholder group (MSG) that represents the interests of government, the private sector, and civil society (see Briefing Note 1: Overview of CoST).

The Ethiopian MSG sought to develop a system of information disclosure about the procurement and delivery of construction services. This briefing note outlines how the CoST pilot was implemented in Ethiopia and describes the results obtained.

Commitment, participation, and management

CoST Ethiopia has enjoyed strong and effective political support from its Champion, H.E. Ali Sulaiman, Commissioner, Federal Ethics and Anti-Corruption Commission. This support was strengthened when four procuring entities (PEs)—the Ethiopian Roads Authority, the Ministry of Health, the Ministry of Education, and the Ministry of Water and Energy—signed memoranda of understanding with CoST Ethiopia to participate in the pilot.

CoST Ethiopia’s MSG comprises representatives from government (Federal Ethics and Anti-Corruption Commission, Ethiopian Roads Authority, Ministry of Urban Development and Construction, Public Procurement Agency), the Private Sector (Ethiopian Construction Contractors’ Association, Ethiopian Consulting Engineers’ & Architects’ Association, Ethiopian Grade I Contractors’ Association), and civil society (Transparency Ethiopia, Birhane Tibeb Art, Health & Environmental Association, and the Ethiopian Association of Engineers) and is hosted by the Federal Ethics and Anti-Corruption Commission. It is managed by a full-time coordinator and supported by a full-time administrator and part-time accountant.

Multi-stakeholder advocacy

In Ethiopia the multi-stakeholder approach has successfully brought government, the private sector, and civil society together to achieve a common goal. The MSG persuaded the Ethiopian Government to include in a new Procurement Proclamation most of the information that CoST requires to be disclosed. The MSG gained direct access to the Public Procurement Agency by inviting a senior representative to join the group as a government representative. The Proclamation was published in 2010. Ethiopia is the only country to have changed its legal requirements for disclosure during the pilot.

CoST is also included in Ethiopia’s national Growth and Transformation Plan. And the next Roads Sector Development Plan includes a commitment to collaborate with CoST Ethiopia in the course of its five-year programme.

Baseline study

At the outset of the CoST pilot, a baseline study described the level of transparency in the Ethiopian construction sector. It highlighted the gap between the legal requirements for disclosure and the procuring entities’ understanding of those requirements. It also revealed that the procurement law prohibited the disclosure of information relating to tender submissions and evaluations.

The baseline study examined 25 completed projects in four sectors: roads, health, education, and water. Figures 1 and 2 show the huge differences found in average time and cost to completion between the PEs’ estimates and actual values. These gaps are partly explained by the MSG’s deliberate selection of projects where there were known problems.
CoST Pilot Experience in Ethiopia
July 2011

Assurance process

To provide an independent assessment of the information being disclosed, the MSG appointed five assurance teams (ATs) consisting of highly experienced construction professionals, each with a team leader and one or two members. In practice, the teams' first task was to collate the information from the selected projects, because the procuring entities lacked the capacity to undertake this task. The teams then (1) verified the information for accuracy and completeness, (2) used the information to assess the time, cost, and quality of each project, and (3) produced a report on each project identifying any causes for concern (figure 3).

The assurance teams found collating the information a challenge, mainly because of poor record keeping within the PEs. They had particular difficulty in obtaining information on contracts for supervision and design in the education sector, and feasibility studies were rarely available. Despite these challenges, most of the information called for in the pilot design document was eventually collected and summarised in the MPI templates.

Driven by the MSG’s desire to identify whether the public was ‘getting what it paid for’, the Ethiopian assurance teams carried out more in-depth analysis than the teams in any other pilot country.

Their analysis highlighted causes for concern throughout the project cycle, particularly in the tender evaluation process and in contract implementation where time and cost overruns were commonplace. But it could not demonstrate whether the public ‘got what it paid for’. The MSG felt that this was because information was collected and analysed on a one-off basis, rather than, as the CoST pilot design document had anticipated, on a regular basis until project completion. To make a ‘get what you pay for’ judgment also requires a technical audit.

The assurance teams produced long technical reports that were not accessible to the public. Executive summaries became essential for communicating the key findings and the ‘causes for concern’.

It became necessary for CoST representatives to meet with PEs who felt that some of the assurance team reports contained subjective judgments. This led to delays in publishing the reports. In the meetings the MSG sought to achieve consensus between the assurance team and procuring entities. The MSG agreed to correct the reports where the PEs’ comments were factually based and the assurance teams were found to have made errors.
Disclosure

CoST Ethiopia has disclosed information from more construction projects than its counterparts in any other pilot country. The disclosure of construction project information was found to be feasible across the project cycle and applicable across all sectors: roads, health, education, and water.

The MSG took responsibility for disclosure by holding a disclosure launch event and publishing the material project information (MPI) from the 25 projects on the CoST Ethiopia website. (MPI is defined as information that is sufficient to enable stakeholders to make informed judgements about the cost, time to completion, and quality of the infrastructure concerned.) The MSG then decided to present five of the twenty-five assurance team reports, including a report on the most expensive road in Ethiopian history, to an invited group of civil society organisations at a civil society workshop.

This workshop acted as a catalyst for building the demand for CoST in Ethiopia, as it significantly raised the level of interest in CoST within the Ethiopian media. Participants at the workshop from the media, civil society groups, and professional bodies were asked whether the AT reports were accessible, understandable, relevant, and useful. They were then asked to identify and discuss the issues that they found relevant. Initially the participants, particularly those from the media, were apprehensive about talking publicly about such sensitive issues. As the event progressed they began to feel more confident in expressing their views, and began to hold the PEs to account. Some highlighted issues of poor governance and negligence and discussed whether corruption had taken place—although all agreed this was something that CoST is unable to prove. Others thought the procuring entity had given adequate explanation. At the end of the workshop the participants had developed a mutual understanding of each other’s positions.

The workshop stimulated demands for interviews with both government and independent newspapers and documentary programmes on radio and television. Hagos Abdie Ahmed, the Country Coordinator, took part in a discussion programme with the public on Radio Fana’s Construction Cafe programme. The Reporter, a popular independent newspaper, has requested further information and an interview concerning three projects: the building of 13 new universities, the construction of Kessem dam and ancillary works to irrigate farmland, and the Gindebar to Gobensa road in Southern Ethiopia. The journalist was interested in these projects having read an interview with Hagos in the Ethiopian Herald newspaper.

The workshop also led to a number of speaking engagements and meetings with the donor community and the professional and trade associations. At one meeting, demand was expressed for the Federal Ethics and Anti-Corruption Commission to take action against the PEs and the contractors based on the findings from the CoST pilot.

Impact

CoST Ethiopia has shown how disclosure of information into the public domain from a small sample of projects can act as a catalyst for improving the governance of publicly funded construction projects. The Ethiopian Roads Authority (ERA), the Ministry of Education (MoE), and Ministry of Health (MoH) have all publicly stated that they have learnt valuable lessons from the pilot process and are looking to make improvements in document management (ERA) and in compliance with the procurement regulations (MoE), and carrying out a feasibility study for all major projects (MoH).
Looking forward

All those involved in CoST Ethiopia remain committed to improving transparency and accountability in the construction sector. Undertaking a SWOT (strengths, weaknesses, opportunities, and threats) analysis has shown the MSG that the priority is now to establish a constitution for CoST Ethiopia that firmly establishes the MSG’s rules and procedures, based on the lessons of the pilot. The constitution needs to cover:

- The future composition of the MSG
- How MSG members are elected
- The tenure of MSG members
- A code of conduct for MSG members
- How conflicts of interest within the MSG are managed.

The intention is to hold an annual general meeting that widens the CoST Ethiopia network, approves the constitution, and elects the MSG.

The discussions among the procuring entities, the assurance team, and the MSG highlighted the need to devise a disclosure standard to govern future information disclosure. The standard needs to provide for:

- The form of the disclosure
- The process of disclosure
- The timing of public disclosure
- To whom the disclosure shall be made and how.

The MSG is keen to see ongoing disclosure on the 25 projects that were included in the pilot and to see the participation of additional procuring entities. Key to taking this agenda forward and building on the success of the pilot is identifying a future funding stream. The MSG is currently engaging with country donor offices to secure this funding.

Other briefing notes in this series:
1. Overview of CoST
2. Working in multi-stakeholder groups
3. Transparency and accountability in the construction sector
4. Disclosure
5. Baseline studies
6. CoST and the private sector
7. The assurance process
8. The cost of CoST
9. The CoST pilot experience in the Philippines
10. CoST and civil society

For more information and to contact us:
http://www.constructiontransparency.org
mail: Cost@engineersagainstpoverty.org
Telephone: +44 (0)20 3206 0489