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Independent External Evaluation of the Construction Sector Transparency Initiative (CoST)

FINAL REPORT

November 2015

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FOREWORD

The publication of this independent evaluation report is an important milestone in the development of CoST. It focuses on the support provided by the World Bank from 2011-2014 through its Development Grant Facility (DGF). In hindsight, that support has proved critical in helping to establish what is now a robust programme with 15 participating countries, significantly strengthened systems and procedures and benefiting from the financial support of the UK and Dutch Governments. All those involved owe a debt of gratitude to the World Bank for its support.

Agulhas Applied Knowledge approached this evaluation with commitment and professionalism. It was a challenging task and we express our thanks to them for their efforts. This report represents a balanced account of the implementation of the DGF grant and it is gratifying that it recognises that CoST is an important programme and worthy of continued support.

The CoST Board and International Secretariat have already begun a process of responding to the recommendations made in this report. Importantly, they are feeding into a Strategic Review of the programme that we are undertaking jointly with our supporters.

This report demonstrates that the ambitious targets of the DGF grant were substantially met, despite severe financial constraints during the period of the DGF grant. We recognise however that much work remains to be done and that there is no room for complacency. This report will be a vital resource in all our future efforts.

CoST International Secretariat, November 2015

EXECUTIVE SUMMARY

This evaluation assesses the effectiveness of the CoST programme since the commencement of the World Bank Grant (DGF) agreement in November 2011. The World Bank 3-year grant, totaling USD1.5m, provides support to the CoST International Secretariat – currently hosted by the UK-based Engineers Against Poverty (EAP) - to meet the following two objectives:

- Strengthening existing programmes;
- Establishing CoST as a global programme

The OECD DAC criteria of relevance, efficiency, impact and sustainability are also looked at. This evaluation draws evidence from documentation, two country visits (Malawi and Guatemala), interviews with key informants and two survey questionnaires for Multi-Stakeholder Group (MSG) members in established and new participating countries. Lessons from the DFID-funded pilot phase (2007-10) were also looked at.

CoST Relevance

There is a strong consensus that the initiative is promoting an important cause. CoST's goal is "to improve the value for money spent on public infrastructure by increasing transparency in the delivery of construction projects". Public infrastructure accounts for a significant share of government budgets and provides an essential service to citizens, but it is also prone to irregularities at all stages of the project cycle.

CoST's multi-stakeholder approach seeks to promote a broad ownership for the initiative. Real politick, the strength of the construction industry, and the capacity and independence of civil society representatives are all key factors determining the strength of country ownership in the 14 participating countries.

The design of the programme was finalized in the first year of the DGF agreement. The programme benefited from an extensive lesson learning exercise from the CoST pilot phase. A participatory process was used, hence ensuring essential buy-in from key stakeholders in participating countries. Flexibility remains a key strength of the CoST model. As well as letting participating countries take the lead, CoST's model has evolved, leading to more streamlined processes over time.

The evaluation finds that CoST's Theory of Change does not go far enough in elucidating CoST's strategic vision and unpacking its assumptions. In particular, the result chain comes with a limited analysis of stakeholders' incentives, does not integrate Multi-Stakeholder Group (MSG) working as a precondition for change, and lacks adequate feedback mechanisms to test some of the CoST features.

In participating countries, CoST's ambitious mandate and range of activities have not been sufficiently supported by comprehensive medium-term strategies. Due to limited funding, the level of administrative support in the form of MSG National Coordinators has also remained inadequate. An unrealistic assumption about pro-active disclosure has meant that the assurance process has remained unwieldy and has not turned, as expected, into regular events for public outreach and advocacy. Furthermore, when highlighting issues of potential concerns that are revealed by the disclosed information, CoST assurance process comes with little emphasis on the quality of construction projects. This constitutes an important gap in terms of advocacy.

CoST model, despite being defined as a partnership between participating countries and international stakeholders, does not look at transparency issues in infrastructure from a global perspective. While the focus on country-owned processes is appropriate, the role that global businesses could play in strengthening transparency in infrastructure has yet to be looked at.

CoST effectiveness

An overview of CoST results shows the following:

- Outcome Indicator 1: Two established countries (Guatemala, Ethiopia) out of a targeted six have introduced mandatory disclosure requirements. It is hoped that Vietnam and Malawi will soon follow. Complementary work was carried out in some countries to help strengthening the government's information disclosure systems.
- Outcome Indicator 2: The number of Procuring Entities (PEs) pro-actively disclosing information remains unknown. Five assurance reports, combined with smaller exercises, have led to the independent verification and disclosure of 95 projects over the review period. Complementary work was carried out in some countries to build PEs capacity.
- Outcome Indicator 3: Because of limited success in attracting donor support, the Interim Board postponed the establishment of a global governance structure, consisting of a Global Assembly and an International Board. Instead, the Interim Board appointed in end-2011 has continued to exist. The evaluation concludes that this decision was appropriate, given the limited funding, but that the current governance arrangements remain nonetheless sub-optimal and are no substitute for collegial decision-making.
- Outcome Indicator 4: A total of six new countries have adopted the initiative, which is slightly below target. Progress in getting the new countries to start implementing CoST has been slower than expected. By the end of the review period, four of the new countries had MSGs in place, Ukraine had finalized a scoping report, and, Honduras had introduced mandatory disclosure requirements.
- Outcome Indicator 5: An equivalent USD2.8m (USD1.3m in participating countries and USD1.5m for the International Secretariat) has been raised, which is well below the initial target of USD8.5m. This limited success in raising funds contrasts with the high-level endorsements that the initiative received at the G20 Cannes summit in November 2011 and in subsequent years.

The above shows that progress has overall been slow but that the DGF targets were also over-ambitious. For example, MSG respondents in all countries but Zambia and the UK consider that they have made good progress in persuading their governments to improve disclosure requirements, even though those are not mandatory yet. Securing the participation of PEs was seen more of a challenge.

Four factors explain CoST performance in participating countries: access to resources, MSG working, political will and PEs preparedness.

1. <u>Access to resources:</u> The 18 months funding gap after the pilot phase has meant that momentum was lost in established countries, as new activities could not be funded. Although all countries have since been relatively successful in attracting support, funding has been limited, short-term and subject to delays. Limited access to human and administrative resources has also been a limiting factor.

2. <u>MSG working:</u> Two-third of survey respondents are overall satisfied with the attendance and participation of their MSGs. Balanced representation between government, civil society and private sector and strong commitment from MSG members were identified as conducive factors; frequent changes in MSG memberships, uneven capacity amongst MSG members, and demotivation owing to slow progress, as negative. The role of the host organizations was by and large described as positive, although establishing CoST as an independent, legal, entity is now seen as a priority.

3. Political will: Political will remains the greatest external challenge to CoST success. Evidence shows that improving disclosure is often part of a broader agenda of reforms, consisting of change in public finance management and revisions to access-to-information laws. CoST remains relatively small and will need to influence – or rely on other key players to cut down government reluctance. In order to gain political support, some countries in Africa have searched for a CoST champion within government. Experience on this front has been positive in Ethiopia, but has proved more challenging in other African countries.

4. PEs preparedness. Even in countries with mandatory disclosure requirements in place, there is a risk that PEs may not be forthcoming with information. Law compliance takes time and PEs with poor data management or internal governance issues, in particular, have shown little willingness to participate. This makes CoST capacity building work with PEs highly pertinent. In Ukraine, Uganda, Honduras, and El Salvador, CoST is ruled by formal agreements signed with the countries' largest PEs. This approach should help ensure immediate success, but could also come with a trade-off, if other PEs and government are left behind.

It is important to note that DGF agreement principally focus on disclosure and do not have a target on building public demand for transparency. Progress on this front has been disappointing, due to the limited number of assurance reports produced over the evaluation period and the lack of resources.

Concerning the establishment of CoST as a global programme, the evaluation notes that because of the resource gap, the Secretariat had to make hard decisions with regard to prioritization. (EAP has also suffered cash-flow issues on two occasions, because of delays in the World Bank grant disbursement).

The Secretariat's hands-on approach to supporting the application of new members has paid off in view of the results achieved, even though the pursuit of some new members (notably in Mexico and South Africa) was not always successful.

The Secretariat has also invested significant time and efforts in developing, implementing and updating a fundraising strategy. According to the evaluation, fundraising has proved difficult for a number of reasons. Generally speaking, CoST is perceived as technical and only adequately understood by a few. The difference that CoST could make to people's life has not been sufficiently publicized.

Efficiency and grantee's performance

EAP's support to the Interim Board has been effective. The Secretariat has also received positive feedback from participating countries on the quality and usefulness of its technical support. Results from the survey show that while more than 60% of respondents were very satisfied with the Secretariat's technical guidance in new countries, this percentage fell to 30% in established countries – an indication of the complex realities that MSG are facing when implementing CoST core processes (disclosure standards and assurance process). Country visits and regional /global workshops were seen as particularly effective in promoting learning across the initiative. On a less positive note, CoST's communication has suffered from the slow progress in finalizing the M&E framework and in developing a CoST Infrastructure Index, owing to limited time and resources.

With only three staff working part-time, and a growing number of national programmes to coordinate, the capacity of the Secretariat has been overstretched, notwithstanding their access to a team of experts. The evaluation finds, in particular, that a full time communication and advocacy specialist and a Spanish speaker were needed.

Choosing a non-profit, independent, organization like EAP to host the Secretariat has been good value for money, with overhead cost remaining well below 10%. CoST registered status as a charity should open up new options for delivery. Currently, the CoST initiative is based on a "management consultancy" model, with EAP staff and their associate consultants charging daily fee rates for their time.

Impact and sustainability

Working to scale and ensuring compliance are the greatest challenges to CoST impact and sustainability. It is encouraging to see that governments were on occasions prompt at taking remedial actions against projects highlighted as problematic in the CoST assurance reports. Examples in Ethiopia and Malawi demonstrate that information disclosure can lead to instances of accountability and greater value for money. There is a long way to go, however, before those transparency and accountability mechanisms are mainstreamed into government systems. The CoST model promotes sustainability in three main ways: enacting new laws, using e-procurement systems to mainstream CoST disclosure requirements, and involving relevant agencies in the assurance process. Findings from this evaluation show good prospects for the first two to be achieved in selected countries, assuming the initiative continue to receive sufficient funding. Unless participating countries manage to attract donor and government support to continue their activities, the CoST initiative could face another damaging loss of momentum in the coming months.

Recommendations

To Donors:

1. Urgently provide more funding to CoST International and Country CoSTs, as part of their commitment to promoting transparency, accountability, and value for money in infrastructure. CoST cannot afford to be confronted with another funding gap.
2. Ensure flexible and predictable funding

To CoST Interim Board and International Secretariat:

3. Revisit the CoST theory of change to test the validity and added-value of CoST multi-stakeholder, disclosure, and public outreach approach, and make CoST's risks and assumptions more explicit. Once revisited, this theory of change should support a more structured lesson learning process within CoST, and stronger strategic positioning in participating countries.
4. Consider options to extend CoST assurance process to incorporate more information and analysis on the quality of infrastructure.
5. Capitalise on existing knowledge and experience to strengthen and develop CoST approach to influencing, capacity building, advocacy and public outreach.
6. Explore the role of international stakeholders, in particular donor agencies and the construction industry, can play to support and/or mainstream CoST principles in their own businesses and ways of working.[1]
7. Make the Interim Board permanent, using a light global governance structure that gives participating countries voting power.
8. Estimate operational and programme costs for a fully-fledged International Secretariat, based on CoST International's charity status.

[1] We note for example DFID's decision to stipulate that one of its rural road programmes must comply with CoST requirement procedures.

9. Continue to explore funding models, drawing from the multiplicity of actors in this sector.
10. Monitor systemic changes and communicate results, using a variety of tools (outcome mapping, stories of change, traffic lights) to measure and report changes.
11. Refrain from getting new countries on board until sufficient funding is secured and some of the above recommendations are addressed.

To participating countries

12. To achieve greater results, better prioritize, sequence, and coordinate CoST's activities, using medium-term strategies, and seek partnership with other transparency and accountability initiatives, including donor supported-programmes in public finance management, to build synergy.

1. INTRODUCTION

Section 1 provides a summary of the Construction Sector Transparency Initiative (CoST) programme and presents the objectives, scope, approach and methodology, and limitations of the evaluation.

1.1. The CoST Programme[2]

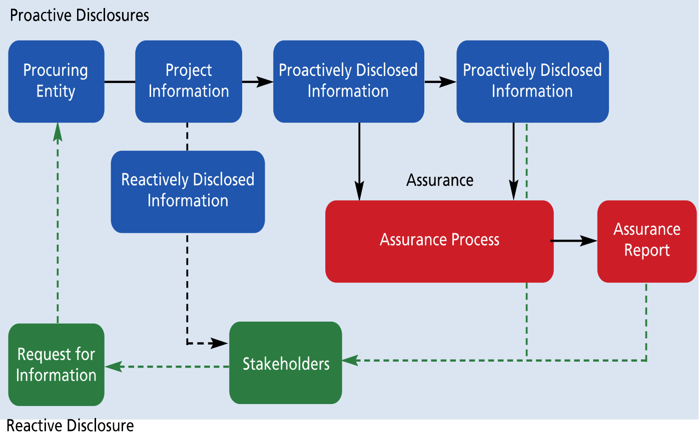
CoST so-called reconfigured programme (therein referred to as the CoST programme) is a partnership between participating countries and international stakeholders, whose primary purpose is to help raise the standards of transparency and accountability in the public construction sector internationally. The programme builds on the experience of a three-year pilot program funded by DFID in eight countries.

Box 1: CoST core processes

The core processes implemented in a country CoST programme are:

Disclosure. The disclosure process requires procuring entities to publish a limited amount of key project information at selected stages of the project cycle (proactive disclosure) and to give access to other relevant information on projects on request (reactive disclosure).

Assurance. The assurance process adds value to the disclosures by assessing the credibility of the results and helping to interpret salient messages of interest to the main stakeholders. It is carried out by an independent team or entity.



CoST is a country-centered initiative. CoST promotes transparency in public construction by ensuring that basic information on projects is disclosed to the public at key points throughout the project cycle. CoST adds an assurance process to validate the disclosed information and interpret it in plain language that helps stakeholders understand the main issues. Stakeholders can then use this knowledge as a basis for holding the responsible parties accountable. (See Box 1)

The expectation is that disclosure will increase transparency and accountability in the participating country, and in the long term will help to improve value for money from investments in infrastructure.

A central feature of a CoST country programme is its multi-stakeholder governance arrangements. The national multi-stakeholder group (MSG) is responsible for coordinating programme preparation and implementation. It is supported by a management and coordination unit and employs teams to conduct independent assurance and monitoring and evaluation.

1.2. Evaluation purpose and scope

The purpose of this evaluation is to assess the effectiveness of the CoST programme since the commencement of the World Bank Grant agreement in November 2011. All World Bank Development Grant Facility (DGF) programmes are required to carry out an independent external evaluation in their final year of the grant agreement.

[2] This main source of information for this sub-section is CoST Programme Summary (October 2012)

The 3-year grant, worth USD1.5m, provides support to the CoST International Secretariat (therein named the Secretariat) – currently hosted by the UK-based Engineers Against Poverty (EAP) - to meet the following two objectives (DPOs):

- Strengthening existing programmes;
- Establishing CoST as a global programme[3]

The Secretariat supports the CoST Board, manages the programme, and administers the grant. As well as strengthening the existing programme, its main purpose is to scale-up and establish CoST as a global programme. Scaling-up objectives, as subsequently laid out in the CoST Business Plan for scaling-up 2013-16 (October 2013), are:[4]

- Strengthening the technical capacity and increasing the effectiveness of the 8 existing national programmes by December 2015.
- Establishing 14 new national programmes by December 2015.
- Building the capacity of the International Secretariat and the Board to implement and govern the CoST programme and provide support to national programmes.

This evaluation uses the OECD DAC evaluation criteria of relevance, effectiveness, efficiency and sustainability to assess the CoST programme. The DGF result framework is used to assess the effectiveness of the programme (see Table 1).

Table 1: Overview of expected results

PDO	Outcome indicators	Baseline and Targets			
		Base	F12	F13	F14
Implementation of the re-configured CoST program in existing countries	Implementation is met if the following requirements are jointly met: • A target number of countries have introduced the mandatory CoST disclosure requirement • A target number of procuring entities are disclosing information	0 0	0 0	2 4	6 14
CoST as a global program is established	Condition is met if the following requirements are jointly met: • A global governance structure has been agreed and established • A minimum target number of new countries implement CoST • A minimum target amount to new funding is secured (USD million)	-- 0 0	-- 0 0	-- 2 4	 [illegible] [illegible]
Intermediary outcomes/outputs	**Intermediary outcome/output indicators**				
Commitment to re-configure the national CoST program	Number of countries introducing the CoST mandatory disclosure requirement	0	0	2	6
Procuring entities participating in the national CoST program	Number of procuring entities disclosing information	0	0	4	14
A global governance structure has been agreed and established	A global governance structure for CoST has been agreed	--	--	--	
	An international Board for CoST is elected and has assumed its functions	--	--		
Number of new countries implementing CoST	Number of new MSGs created across new country participants	0	0	3	8
	Number of new countries introducing the CoST mandatory disclosure requirement	0	0	2	5
	Number of procuring entities disclosing information within new country participants	0	0	4	12
Amount of new donor funding secured	Amount in USD raised (USD millions)	0	0	4	8.5

[3] Development Grant Facility – CoST (FY 2012, 2013, 2014)
[4] CoST (October 2013) CoST Business Plan for scaling-up 2013-16

1.3. Approach and Methodology

This evaluation is based on a review of all the documentation produced by the Secretariat over the review period. A bibliography is given in Annex 1. In total, 17 international stakeholders were interviewed from the Interim Board, the International Secretariat, donor agencies and independent advisers.

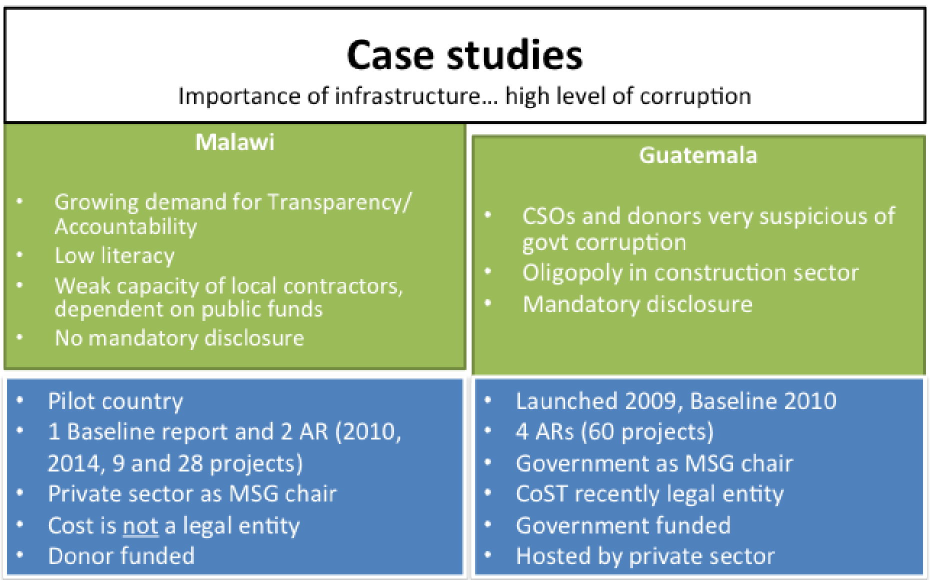
Table 2: Response rate - survey

Country	Received	Sent	%
Ethiopia	6	15	40%
Guatemala	5	14	36%
Zambia	1	5	20%
Malawi	3	16	19%
Philippines	1	5	20%
Tanzania	4	14	29%
UL	2	12	17%
Vietnam	1	16	6%
Afghanistan	4	10	40%
El Salvador	8	13	62%
Honduras	4	19	21%
Uganda	2	10	20%
Ukraine	2	2	100%
Total	43	151	28%
Total (excl. non-receivers)	43	141	30%

Two separate surveys were conducted to capture the views of Multi-Stakeholder Group (MSG) members in the established and new participating countries. The survey questions were concerned with the programme's achievements; the identification of conducive and hindering factors; the role of the Board and its Secretariat; and CoST long-term prospects. Each respondent was given an opportunity to make recommendations. As shown in Table 1 a total 43 responses was received, corresponding to a satisfactory 30% response rate.

Malawi and Guatemala were the case studies for this evaluation. Participating countries that recently joined the initiative were excluded from the choice of field visits, given resource constraints and the fact that all are still at inception stage. As illustrated in Chart 1, Malawi and Guatemala provide good contrasting pictures in terms of geographical coverage, level of income, sector and stakeholders' profile, and CoST-related activities. One-week country visits took place in October and November 2014.

Chart 1: overview of case studies



1.4. Limitations

Time and the lack of indicators were the main limitation for this 50-day evaluation. The lack of indicators was another one.

Concerning the latter, this evaluation principally assesses progress against the outcome indicators in the DGF. These indicators come with strong emphasis on disclosure and do not measure CoST progress in building public demand for accountability. In the absence of indicators, responses from the survey also remain largely based on personal opinions and experiences rather than facts. It is likely that some MSG members (most notably the MSG coordinators and chairmen) are biased towards CoST, given their direct involvement in the initiative.

Because the response rate per country has varied greatly, from one to eight respondents per country, this evaluation mostly treats responses from the survey as a collection of individuals' views rather than a statistically representative sample. It is also important to note that the evaluation findings for all countries but Guatemala and Malawi are purely based on available documentation (some patchy) and results from the survey.

2. CoST RELEVANCE

This section assesses CoST's relevance to country needs and priorities, CoST's strategic quality and theory of change, and whether the choice of activities was appropriate to support CoST objectives.

2.1. Relevance to country needs and priorities

CoST's purpose is to "to improve the value for money spent on public infrastructure by increasing transparency in the delivery of construction projects". This objective was found highly relevant to country needs in Malawi and Guatemala, where corruption in the construction sector is high. Infrastructure, which accounts for a significant share of the government budgets, provides people with essential access to services. The sector, however, is prone to irregularities and inefficiencies throughout the project cycle, from procurement to implementation. Importantly, CoST objective reflects government priorities in both countries, with successive governments reiterating their commitments to transparency and the fight against corruption in their strategies. (See Box 2)

Box 2: CoST relevance to country needs and priorities in Guatemala and Malawi

In Malawi, the construction industry accounts for 10% of GDP and in excess of 30% of the national budget. According to Vivien Foster and Maria Shkaratan (2011), "During the mid-2000s, Malawi's infrastructure spending was close to $200 million per year (6 percent of GDP). About half of that spending was in the transport sector. Because of widespread inefficiencies in several infrastructure sectors, an additional $200 million is wasted. Key areas of inefficiency include underpricing of power, under-maintenance of roads, and utility distribution losses. […] Evidence from enterprise surveys suggests that infrastructure constraints are responsible for about two-thirds of the productivity handicap faced by Malawi's firms,"[5] According to the same source, about 26 percent of Malawi's population lives within 2 kilometers (km) of an all-weather road, while unequal access to power and water services affect the poorest section of the population.

In 2013, a major corruption scandal, better known as Cashgate, and involving up to $250m of government money lost to fraudulent payments to businessmen, became public.

The second Malawi Growth and Development Strategy (MGDS II) singles out infrastructure development as one key priority area for reducing poverty and achieving sustainable economic growth. The CoST initiative complements the Malawi National Anti-Corruption Strategy, which

[5] Vivien Foster Maria Shkaratan (2011), Malawi's Infrastructure A Continental Perspective, Policy Research Working Paper 5598 The World Bank

aims at reducing corrupt practices in all sectors including the construction sector. A Presidential Initiative on Construction Costs was under development in 2012. Malawi has signed up to the Open Government Partnership initiative.

Guatemala ranks 115 out of a total 175 countries according to Transparency International's corruption perception index. Prominent individuals in both the government and opposition parties are widely believed to be corrupt themselves. As elsewhere, the construction sector is a key opportunity for corruption. A 2010 Enterprise Survey of nearly 600 Guatemalan firms found corruption to be a top issue. According to the World Bank, "Institutional shortcomings and limited demand from civil society continue to result in weak governance and impede anti-corruption efforts, despite some progress in recent years… Over 70 percent of public procurement is done through non-competitive methods." [6]

Government directly supports and funds CoST. There is also a broader Open Government initiative, which CoST is a useful contributor to. The Guatemalan Government has also included the implementation of CoST in its OPG Action Plan.

A key feature of CoST is its multi-stakeholder approach, which in principle should ensure that the country ownership for the initiative is broad-based, and hence genuine. The evaluation visits to Malawi and Guatemala have confirmed that real politik, the strength and position of the construction industry in the economy, and the independence of civil society have all been key factors in determining CoST country ownership. (See Box 3)

Box 3: MSG composition and country ownership for CoST in Guatemala and Malawi

Country ownership in Guatemala is relatively significant. The government funds CoST, and top government officials have chaired the MSG. It was originally given priority by the previous government, in 2010, with the Vice Minister of Finance chairing the MSG and the Vice Minister for Construction also on it. There was a difficult period of transition when the new government arrived in 2011. CoST could have been seen as a project of the previous government. But then CoST was taken up strongly by the new Vice President, who established a Presidential Commission on Transparency (COPRET). The COPRET Commissioner now chairs the CoST MSG. Guatemala's construction industry is characterized by an oligopoly – allowing the private sector to play an active and independent role in CoST MSG. In 2014, the key civil society representative, Accion Ciudadana (the local chapter of Transparency International), withdrew from the MSG – not because of anything specific to CoST but as part of withdrawing all cooperation with a government it saw as corrupt. Accion Ciduadana has since been replaced by another credible organization. While civil society is relatively strong in Guatemala, some organisations are known for being politicized and lacking independence.

Country ownership in Malawi is broad-based. The government in Malawi has adopted an arm-length approach to CoST over the evaluation period, as shown by the relatively poor attendance of representative from Line Ministries in MSG meetings.[7] In contrast, check and balance institutions, notably the Anti-Corruption Bureau and the Office of the Director of Public Procurement have played a lead role in the MSG over the years. The shape of the construction industry has had some implications for country ownership: in Malawi, the construction industry remains fragmented, and highly dependent on government funding to survive. This has made it difficult to boost private sector representation in the Malawi MSG.[8] A fair number of civil society organisations are members of Malawi MSG – including two new organisations (Namisa and Congoma) which joined in in 2013. Many civil society organisations are still personality-led and lack capacity in Malawi. Some, however, have been able to provide constant support to the CoST initiative. Citizens' demand for greater transparency and accountability has been rising in

[6] IBRD, *Country Partnership Strategy for Guatemala 2013-2016*, Aug 2012

[7] Minutes from the MSG meetings show a low level of attendance from the Department of Statutory Corporations and the Building Departments.

[8] The private sector representative, who is chairman of MSG, comes from the Contractors Association. There are two non-profit organisations (Business Action against Corruption and the African Institute of Corporate Citizenship (AICC) that specifically focus on promoting private sector responsibility. The Business Action against Corruption – a governance programme involving both private and public sectors is represented in the MSG by the Roads Authority.

Malawi in recent years. This is a good opportunity for CoST and other transparency initiatives. At the same time, following the Cashgate episode, fears of reprisals may have also stopped the country's advocates (including CoST MSG members) from speaking out.

In other participating countries, MSG survey respondents all stress how important and relevant CoST is to their countries– some pointing to the scale of the issue that CoST is trying to address, others referring more directly to CoST mandate. CoST's strength, as expressed by them, is that it can get simple information to the public; make Procuring Entities (PEs), government, and contractors more accountable; reduce corruption in construction; and promote greater value-for-money in infrastructure.

There is similarly strong consensus within the international community that the initiative is fighting an important cause. Increasingly, the donor community sees infrastructure development as a way to promote inclusive growth in partner countries. Infrastructure has also become a priority at the G20. They see CoST's unique focus on transparency in infrastructure as filling an important gap. Private sector representatives have also stressed the relevance of CoST: in an open letter to the UK Prime Minister, 11 companies, professional bodies and trade associations, fully endorsed the initiative, stating "*investment in infrastructure is one of the best ways to stimulate economic growth, create jobs and promote enterprise development. But the positive impacts of these investments often fall short of their full potential as a result of corruption and inefficiency*". [9]

2.2. Strategy quality

Design of the CoST programme

The design of the CoST programme was finalized in the first year of the DGF agreement. Led by an associate governance and infrastructure adviser, the design phase was already well advanced in November 2011, when the World Bank grant started. A first Option Paper was submitted to the Interim Board in that month and the final programme was approved in May 2012.

The new programme benefited from an extensive lesson learning exercise, consisting of an independent evaluation and a report by the then International Advisory Group (IAG), at the end of the CoST pilot phase in late 2010. Most lessons and overall recommendations were - in fact remarkably so- taken on board in the new reconfigured programme.[10]

The finalisation of the Option Paper coincided with a termination of activities in the pilot countries, DFID's withdrawal from the initiative and the discontinuation of the IAG. Consultations with IAG nonetheless continued informally and written comments were received from the MSGs as well as individuals from the private sector, academia and civil society.[11] This participatory process has been essential in ensuring buy-in from all participating countries. A total 90% of the survey respondents present at the time of the design phase confirmed that their views were broadly taken into account into the reconfigured programme.

Changes made in response to the consultation process included removing the different phases that had been suggested for CoST implementation. Plans for a country certification system similar to the one used by the Extractive Industry Transparency Initiative (EITI) were also discussed, with stakeholders giving final preference to a

[9] http://www.theguardian.com/global-development/2013/jun/13/lack-funding-construction-transparency-programme

[10] CoST (December 2010), Report of the CoST International Advisory Group; GHK Consulting Ltd (January 2011), Evaluation of the CoST Pilot Project

[11] CoST Secretariat (2012), Summary of Comments on the Design Document

Construction Transparency Index instead. Although the programme does not involve overall any major re-design compared to the pilot CoST, the result framework does put more emphasis on strengthening the participating countries' disclosure requirements.

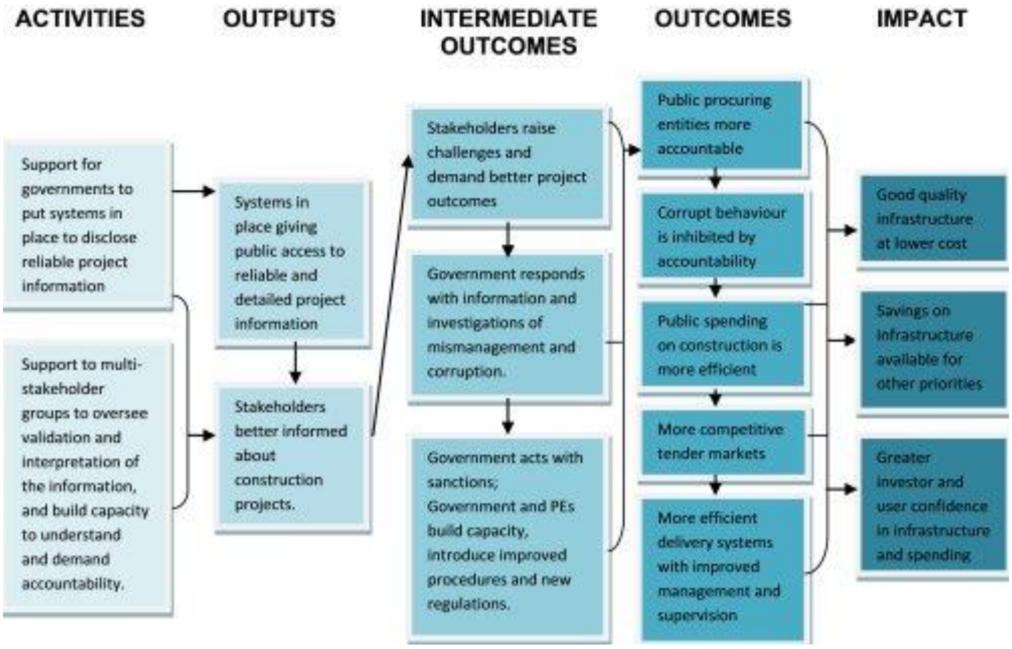
The programme was launched in London, and then South Africa, in October 2012. The launch events were well attended and involved some keynote speakers, notwithstanding a last minute withdrawal from the UK (DFID) and South African Ministers.[12]

Although the Option Paper was very thorough and comprehensive, its attention to details made the design of the programme a time-consuming and difficult task; it may have also overshadowed CoST's key messages and its strategic vision, as explained below.[13]

<u>CoST Model</u>

The CoST Result Chain is given in Chart 2.

Chart 2. CoST Result Chain.



CoST Theory of Change is described in the DGF agreement as follows:

The theory of change underlying CoST is that the provision of support to governments to improve their mandatory requirements for disclosing information on construction projects, coupled with support to procuring entities to disclose the required information while ensuring that the information is reliable and understandable (the assurance process), will result in the public being better informed about construction projects, particularly with regard to cost and efficiency of delivery. Empowered with information, stakeholders (e.g. citizens, media, parliament, and oversight agencies) will be able to challenge procuring entities over instances of poor performance, mismanagement or corruption and demand better projects and more effective and efficient governance systems for delivery. Governments may respond by commissioning audits into specific projects or wider reviews into the poor performance of an agency. It will have information to investigate alleged incidents of corruption and subsequently act to sanction staff or prosecute offenders. Governments and procuring entities will then improve corporate and project governance with the introduction of new regulations, operational procedures and build capacity to improve projects outcomes. These actions would encourage and enable positive changes in behavior in procuring entities (better management and less corruption) and possibly attract new companies into the market (fairer

[12] The London event coincided with the arrival of a new Secretary of State for DFID. The Minister of Public Works in South Africa withdrew from launch event in Johannesburg *(IB minutes, Dec 2012)*
[13] CoST (September 2012), Design of Global COST Programme: Options

competition) leading to lower cost, reduced time in delivery, better quality projects and improved certainty of outcomes.
Incremental changes compared to baseline conditions directly attributable to the program include an increase in the number of procuring entities disclosing information, the number of projects covered and the number of items disclosed. Further changes that could be attributed to the program's interventions are an increase in the number of challenges raised by stakeholders, the number of audits/reviews/investigations commissioned by government and the number of bidders in tender markets.
The keys to achieving the desired outcomes (higher level goal) are whether stakeholders are sufficiently interested to raise challenges on the basis of the disclosed information and the subsequent response of governments to the challenges raised. A further critical assumption that needs to be examined is whether increased competition in tender markets necessarily leads to lower out-turn costs.

While the principles underpinning the narrative linking access to information, stakeholders' awareness and government accountability make sense, the evaluation finds that a more in-depth and fully-fledged Theory of Change exercise, focusing on assumptions and preconditions for change, was needed to unpack CoST model.

First, CoST analysis of stakeholders' incentives does not go far enough. The Options Paper assumes that stakeholders will be willing to participate in the initiative, because of the benefits to be gained from achieving the CoST objectives of transparency, accountability and value for money. (See Box 4) This "aspirational" approach to incentives – while useful - remains disconnected from the local realities. It does not take into account political economy factors that come into play in participating countries, and that there will be some losers and winners, and hence some resistance, as CoST supporters seek to promote better access to public information. The mixed response, which the initiative received from PEs, in particular, calls for a more nuanced understanding of what drives some but not others to participate.

Box 4: CoST definition of stakeholders' incentives

Industry participation is driven by a belief that transparency can improve competition and provide them with a fairer opportunity to compete for work and contribute towards developing local market capacity.

Civil society interest is driven by the potential improvements in infrastructures services, value for money, and the avoidance of misuse of funds.

Governments join CoST because they know that the up-front investment of time and resources that are required to establish the programme are likely to be exceeded by the cost savings that result from improvements in efficiency and reductions in corruption.

CoST can be beneficial for a PE as it provides it with an opportunity to show that it conforms to high levels of transparency; it builds greater public confidence in the organisation; it improves information management procedures; it gives better recognition of areas for improvement; and it facilitates the PE's response to an audit process.

Source: Options Paper (Oct 2011), Business Plan (Oct 2012)

Second, while central to the CoST model, the added value of an MSG is not adequately reflected in CoST's narrative. It is generally thought that programming in the field of anti-corruption tends to put too much faith in a principal-agent theory - a trap, which a multi-stakeholder approach tries to by-pass by promoting collective action. According to the Option Paper, "*by bringing stakeholders together, CoST provides a neutral ground for them to find shared objectives*". Ultimately, MSG, by bringing stakeholders together, should help to "build a demand for increased transparency and better value for money in infrastructure" Yet these statements, which draw from the conclusions of the pilot phase, are not explained or put forward as a precondition for change in CoST's Theory of Change.

The reputational risk attached to MSG also needs more consideration. For example, achieving the right balance between securing the participation of PEs and guaranteeing the independence of the initiative appears crucial. Importantly, in some countries, the lack of progress in fighting corruption in infrastructure also comes with a reputational risk for the initiative, as MSG members may be perceived as lacking sufficient integrity to put their own house in order.

Making the CoST model's assumptions more explicit would help place greater emphasis on behavioural change, and in so doing, move away from technocratic and apolitical result chains.[14] It is worthwhile noting, for example, that the CoST objective – as currently defined in the Business Plan– puts too much emphasis on the technical aspects of the CoST model: According to the Business Plan, the goal of a national programme is: "*to establish a public disclosure process for the construction sector that is viable and appropriate to country conditions, sustainable […] and achieves a credible and substantial level of compliance in the relevant procuring entities*." In this definition, building public demand is entirely lost. MSG working, which is a central tenet of CoST, is also over-looked.

Finally, a well-developed theory of change is also needed to support a more structured and continuous knowledge building exercise, consisting of testing Theory of Change assumptions by gathering evidence on what works and does not work in specific contexts. The evaluation finds that, although lessons about the programme have been learned and shared effectively across the participating countries during workshops (see Section 5.3), some important questions raised by stakeholders during the design of the reconfigured programme remain outside the core narrative of CoST's Theory of Change. These include, amongst others, MSG composition; the link between MSG members and their organizations; the importance of having a CoST champion; and the future of MSGs.[15]

Flexibility

Flexibility is a key strength of the CoST model. The CoST programme fully recognizes that for the programme to be led and managed by the participating countries, it is essential to "*adapt and apply the principles and framework with flexibility to the local context in the way that best suits the legal, institutional, and sectoral environment*".[16]

As well as letting participating countries take the lead, CoST's model has evolved over the evaluation period. Some of its processes have been streamlined and strengthened. As mentioned before, the somewhat cumbersome phasing of CoST implementation – suggested in the early drafts of the Option Paper – was discarded during the design phase of the programme. It was also decided in the first part of the review period to discard the two stages of the Assurance process, consisting of a first analysis focusing on the sector, and a second analysis focusing on projects. The baseline report, renamed the scoping report, has also evolved and moved away from gathering data on completed projects to instead focus on the data required to support a new national programme. [17]

Adequacy of strategies and activities in participating countries

CoST activities in participating countries, as listed in the DGF agreement, consist of establishing and maintaining the MSG; providing support to governments to improve their disclosure requirements; producing baseline reports; facilitating and coordinating

[14] A checklist of what constitutes a good Theory of Change can be defined as follows: all preconditions are made explicit; a strong focus is placed on behavioural change; consideration is given to the sequencing, complementarity, and prioritisation of reforms, leading to realistic expectations; the focus moves away from technocratic and apolitical results chains; new entry points for programmes and strategies are identified (Jesper, 2012)

[15] CoST Secretariat (2012), Summary of Comments on the Design Document

[16] CoST (September 2012), Design of Global COST Programme: Options

op. cit

[17] Interim Board Minutes (April 2014)

the assurance process; providing technical assistance to Procuring Entities (PEs); and public outreach and campaigning to build demand and capacity to interpret the data disclosed by the PEs and the findings of the independent experts.[18]

These activities fit well with CoST's Theory of Change. They are broad and ambitious in scope, however, and could be regarded as objectives rather than activities. The evaluation finds that as a result, comprehensive strategies were needed to support their prioritisation and implementation.

A Secretariat's Guidance Note calls on MSGs in participating countries to identify their strategic objectives.[19] Yet, at present, most participating countries have stopped short of elaborating a medium-term strategy to articulate their vision and objectives. They have produced yearly implementation plans instead (an approach in line with the Secretariat's Guidance Note "developing an implementation plan") and have not put in writing their longer term vision.[20] As put by one survey respondent, there is currently little guidance on what an MSG's overall vision should be beyond that of "simply promoting CoST" and implementing CoST processes.

As already noted in the IAG pilot evaluation report and subsequently mentioned by the Secretariat in a Guidance Note, an effective communication strategy is also needed to build public demand.[21] Most countries, however, including Tanzania, Malawi and Guatemala, have lacked a comprehensive advocacy and communication strategy to support effective public outreach. The Philippines (led by a representative from civil society) are in fact the only country to have such a communication plan in place.

The above shows that, due to insufficient time and resources, few CoST countries have benefited from strategies that could guide their decisions around sequencing, complementarity and prioritization. These include how best to combine the introduction of CoST disclosure standards with capacity building for PEs, and how best to sequence the CoST assurance process with public outreach campaigns.

The evaluation team also finds that the above objectives have not been matched by an adequate level of tools and resources.

By and large, CoST core processes, that is, CoST disclosure standards and the assurance process, remain the mechanisms by which countries try to meet CoST's multiple objectives of disclosure, transparency, capacity and demand for accountability. These processes come with two main limitations:

First, CoST's assurance process is based on the assumption that PEs will disclose pro-actively the required information, as Formal Disclosure Requirements (FDRs) are established and the capacity of PEs is built.[22] Although prospects are slowly improving (see section 3), this assumption has proved largely unrealistic. As a result, the process of producing an Assurance Report has remained somewhat unwieldy and resource consuming, as the teams involved continued to collect as well as verify project information.

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[18] It was decided end 2013 to replace Baseline reports by scoping studies. See sub-section on flexibility.
[19] CoST (2013), Guidance Note 4: Establishing a Multi-Stakeholder Group and National Secretariat
[20] Countries with strategies include Vietnam, Ethiopia, El Salvador and Honduras
[21] CoST (2013), Guidance Note 4: Establishing a Multi-Stakeholder Group and National Secretariat
[22] A Formal Disclosure Requirement (FDR) is the term used by CoST for the administrative or legal basis that provides the authority and the requirement for procuring entities to disclose project information into the public domain. Establishing the FDR may be completed in stages, by introducing an Interim Disclosure Requirement (IDR) to launch the CoST programme. **(the SecretariatGuidance note)**

This, coupled with limited resources, have meant that most countries have struggled to produced Assurance Reports on a regular basis, and in so doing, make it a regular event and tool for advocacy.[23]

Considering that raising public awareness is at best ambitious and challenging, a greater appreciation of what CoST assurance process can do and cannot do on this front is needed. It is worth noting that CoST assurance process is in essence a top-down initiative that does not engage with end-users. This is in contrast with home-grown participatory transparency initiatives, such as the DFID-funded Kalondolondo in Malawi, which uses a bottom up, community-led approach to building evidence, raising awareness, and promoting accountability, focusing on selected sectors including in rural infrastructure.[24]. The centrality of the CoST assurance process in promoting public demand, and, its added-value and complementarity with other home-grown transparency initiative hence need to be looked at.

Second, in its design, the Assurance Report aims to turn the information disclosed by PEs into a report that is accessible to the general public. Yet, as pointed out by one stakeholder in Malawi, the information compiled and verified using CoST disclosure standards do not provide all the information that citizens need to advocate for better value-for-money infrastructure: Information about the quality of construction work for projects at completion is notably largely missing, the focus being principally on cost and time overrun.[25] Considering the increased importance that donors and participating countries alike confer to the quality of public goods and services' provision, this leaves an important gap. This situation is explained by a combination of two main factors:

- In CoST now-called infrastructure data standard, post-completion data disclosure is found in the category "project information for reactive disclosure on request". Hence, in most countries, PEs are not required to disclose project information post-completion.[26]
- Post-completion data is often generated by internal and external control agencies, such as the Supreme Audit Institutions, not PEs as such. To capture issues of concern about quality infrastructure, CoST assurance process in practice will hence need to go beyond the information disclosed by PEs to include project information generated from elsewhere.

Finally, one key lesson from the pilot evaluation is the need for "adequate executive capacity for administering the initiative through a management team or host institution".[27] The programme has taken this into account by providing financial support to recruit full-time coordinators in participating countries. Yet the evaluation finds that this sole position remains inadequate for the level and range of activities that participating countries aim to carry out. Currently, CoST coordinators are expected to have sufficient experience, skills, and knowledge to cover all aspects of the management of the programme, from facilitating CoST processes and financial and activity reporting to networking, mediation and advocacy. The expectation is that the MSG members will fill the knowledge and expertise gap, but they only do so on a voluntary basis.

Adequacy of strategies and activities for the international programme

[23] It is worth pointing out that each assurance process was funded by non-DGF sources.

[24] This participatory approach also seems to be a successful approach at country level for the INGO Integrity Action

[25] CoST disclosure standards cover project information for five phases within the construction project cycle: project identification, project preparation, project completion, procurement and implementation.

[26] In the category "project data for proactive disclosure", under completion, PEs need to disclose information about completion cost, completion date and reference to evaluation and audit reports.

[27] GHK Consulting Ltd (January 2011), Evaluation of the CoST Pilot Project

CoST activities under the second objectives "to establish CoST as a global programme" include the launch of the new programme, generating demand from new countries, resource mobilization, communication, and more recently, the development and piloting of the CoST Construction Transparency Index.

Two strategies have been developed to support this objective: one on communication and one on fundraising. The quality of the CoST fundraising strategy is discussed in Section 4. A Communication strategy was submitted to the Board in May 2012. This strategy unpacks key messages about CoST, defines its target audience, and is subject to revision every year.[28] This strategy principally focuses on two of CoST's main activities - gaining new members and fundraising- rather than general public outreach. As a result, the World Bank (25% of resources), other donors (50%) followed by existing and potential CoST countries (20%) constitute its primary audience. In contrast, the communication strategy considers individual private sector companies, civil society and the general public, as its secondary audience, receiving only 5% of resources. While this approach reflects the Secretariat's immediate priorities, the evaluation team finds that it has not served the Secretariat well in its public outreach efforts. Indeed, its public outreach activities, by not being articulated around well-defined advocacy and outreach objectives, appear somewhat disparate.

Finally, the evaluation notes that, in its design, CoST's model focuses exclusively on country-owned processes. This bias towards country participation is appropriate, as such an approach only can foster an alignment to the local context and lead to sustainable results.

At the same time, the evaluation team finds that despite defining itself as a partnership between participating countries and international stakeholders, CoST does not focus on transparency in infrastructure as a global issue. This leaves important gaps. In the absence of such a global lens, the Secretariat is largely known and recognised for its coordination and support role to participating countries. The role of international stakeholders (beyond that of providing funding and general statements of support) and with it, the need for mutual accountability and shared responsibility, are overlooked. With the Secretariat's own admission, the partnership between CoST and the private sector at an international level has yet to be adequately defined or acted upon.[29]

[28] CoST Secretariat (2012), Market Positioning for CoST
[29] CoST Secretariat (2014), CoST Fundraising Meeting

3. PROGRAMME EFFECTIVENESS: STRENGTHENING EXISTING PROGRAMMES

This section specifically looks at progress against the two DGF Programme Development Objectives (PDOs), as set out under the results overview.

3.1. Progress against DGF targets

Strengthening existing programmes

This section of the report focuses on the DGF PDO to strengthen existing programmes in countries already involved in the pilot phase, namely Vietnam, Tanzania, Zambia, Philippines, UK, Malawi, Ethiopia, and Guatemala.

The outcome indicators and targets agreed under the DGF grant were as follows:

PDO	Outcome indicators	Baseline and Targets			
		Base	F12	F13	F14
Implementation of the re-configured CoST program in existing countries	Implementation is met if the following requirements are jointly met:				
	• A target number of countries have introduced the mandatory CoST disclosure requirement	0	0	2	6
	• A target number of procuring entities are disclosing information	0	0	4	14

<u>Countries introducing the mandatory CoST disclosure requirement</u>

The DGF target was to have six established countries adopt FDR by the end of the review period.[30] Progress has been slower than expected: as of today, Guatemala and Ethiopia are the only two CoST countries to have done so, although it is hoped that Vietnam and Malawi will soon follow.

Feedbacks from MSG respondents are generally positive: When asked if they have made, or are likely to make, sufficient progress, in persuading the government to improve their mandatory disclosure requirements, the majority of MSG members say yes in Tanzania, Philippines, Malawi, Ethiopia, Vietnam, and Guatemala; and no in the UK and Zambia.

Box 5. Progress against introducing the mandatory CoST disclosure requirements

In Ethiopia the MSG persuaded the Ethiopian Government to include in a new Procurement Proclamation most of the information that CoST requires to be disclosed during the pilot phase. The MSG has also helped with the development of a website for the Procurement Authority, which includes secure access for PEs to disclose the proactive project information required by CoST. The country has now established its FDR through a series of proclamations, regulations and instruments, and it is now mandatory for all PEs to disclose CoST information items on the PPPAA website, launched mid-2013.

In Guatemala, legislation requiring the mandatory disclosure of all CoST information items by public infrastructure PEs was introduced in January 2014. This makes Guatemala the first CoST country to introduce such a requirement across the entire project cycle.

In Vietnam, the technical assistance provided to make appropriate changes to the new Construction Law's associated decrees was funded by DFID under its Vietnam Anti-Corruption Strategic Fund. Nonetheless, there was a strong complementarity between the two DFID-funded initiatives as the work was carried out by one CoST consultant adviser, hence ensuring that CoST standards were fully taken into account.

In Malawi, the Office of the Director of Public Procurement (ODPP), which is represented in the MSG, started a review of the Public Procurement Act with the intention of incorporating CoST disclosure requirements at the end of the Pilot Phase. As a result, Malawi's draft Procurement Bill, as submitted to the former government in 2013, does now include CoST disclosure

[30] See definition in Section 2.

requirements. But there has been continued delay in getting the Act to be passed into law. These delays are mostly explained by repeated changes in government, following the death of President Mutharika in 2012 and the 2014 elections. It is also worth noting that while the amendments related to CoST requirements are not politically sensitive, other aspects of the Act (notably that of providing greater independence to ODPP), may be more so.

In Tanzania, the MSG persuaded the Public Procurement Regulatory Authority to adopt some of the CoST principles in the new Public Procurement Act, which was subsequently approved in December 2012 – a major achievement. Yet progress in getting CoST disclosure requirements into the relevant procurement regulations have been stalled, with "integrating CoST in government hardware and software" being identified by one survey respondent as a main challenge.

Achievements in participating countries are given in Box 5. It is evident that the same level of ambition cannot be expected from all countries. As shown in the baseline studies produced during the pilot phase, the countries do not start from the same base, and the number of items that their law requires to be disclosed vary.[31] This has been taken into account in the CoST programme, as participating countries are left to take the lead and set their own agenda.

In practice, not all participating countries have sought to promote legal procurement reforms as Malawi, Guatemala, Ethiopia, and Vietnam have. In some countries, like the Philippines, MSGs have chosen instead to help the authorities to strengthen their information disclosure mechanisms and procedures. In Ethiopia and Guatemala, the MSGs have done both (see Box 5).

Focusing on information disclosure mechanisms makes particular sense in countries where electronic procurement systems are being established or upgraded, as it allows CoST MSGs to work to scale. In the Philippines, the MSG's approach to helping modernise Government Electronic Procurement System (PhilGEPS) is in fact twofold: to strengthen system compliance and to mainstream CoST disclosure requirements in PhilGEPS. Results were still pending at the time of writing this report.

In Guatemala, establishing the legal requirements on PEs to disclose information on all CoST indicators using the open electronic procurement database Guatecompras was highlighted as a main achievement by survey respondents. 146 projects were disclosed on Guatecompras by the end of 2014 and 6,000 are expected to be disclosed in 2015.

The overall slow progress in moving towards effective FDR shows that getting government systems right takes time as it is often part of a much broader agenda of reforms, consisting of changes in public finance management and revisions in access-to-information laws. MSGs may be well positioned to provide technical inputs into draft laws and procedures but will ultimately rely on other actors (civil society, parliament and donors in particular) and other programmes to (i) ensure resources are available to finance government plans for computerized information management systems; (ii) promote transparency in government affairs. This situation is well summarized by a recent quote from a WB representative: "*I wonder the extent to which CoST really wants to get into that – system reforms is a big business and is a massive task and is it really realistic? … but the running of a multi-stakeholder group is fine but it is only a tiny part of procurement reforms*".[32]

In Malawi, for example, the MSG was successful in providing technical inputs to the Procurement Act. The MSG also lobbied the Parliamentary Committee of Transport and Public Works to ensure the Act will get their backing up when the bill is submitted to

[31] For example, in Guatemala, the procurement law already included 80% of CoST indicators when Guatemala CoST was launched in 2009.

[32] See / Research and Planning (April 2014) – CoST Funding Attitudes

parliament. Because of government changes, however, the bill was still with the Ministry of Justice at the time of the country visit in November 2014; a situation that prompted donors to put additional pressure on the government to accelerate procurement reforms.

Number of PEs disclosing information

Concerning effective disclosure by PEs, the DGF target was to have 14 PEs pro-actively disclose information by the end of the review period. This indicator should have, in principle, covered all PEs that pro-actively disclose information, whether they decide to take part in CoST assurance process or not. In many countries, this information is not yet available and the Secretariat has not monitored this indicator. As of today, CoST assurance reports remain the main data source on PEs disclosure, except in Guatemala and Honduras, where adequate information management systems (Guatecompras and SISOCS) have now been set up.

CoST's assurance process has overall suffered from an important gap in implementation, in large part because it took more time than expected for participating countries to raise funds and launch their new programmes. The situation improved in the second part of 2014, when MSGs in Malawi, Guatemala and Ethiopia, published their second, fourth and second assurance report respectively.[33]

Consultancy teams were hired to carry out the exercise. In the Philippines, MSG had arranged to appoint the Commission for Audit as the CoST assurance team. In 2014, the MSG commissioned a consultant to develop an Assurance Manual for the Commission of Audit. Following a change of staff at the Commission, the MSG has since changed its strategy and is now working with PhilGEPS and the Government Public Procurement Board to take the assurance function forward. [34]

Table 2 Number of projects disclosed as part of CoST exercises

	2012	2013	2014		
	No. of projects	**No. of projects**	**No. of new projects**	**No. of projects included in previous assurance process**	**Total No. of projects**
Ethiopia	0	0	16	0	16
Guatemala	0	17	24	13	41
Malawi	0	0	28	0	28
Vietnam	9	0	0	0	9
Total	**9**	**18**	**68**	**13**	**95**

All in all, five assurance reports (2 in Guatemala, 1 each in Ethiopia, Malawi, and Vietnam) were finalized and disseminated over the last three years, which, combined with other smaller exercises, led to the disclosure and independent verification of 95 projects in total (See Table 2).[35] The total value of those projects has not been calculated.

Box 6 (overleaf) provides more details on the scope, quality and dissemination of CoST Assurance Reports produced over the review period. Overall, the scope and quality of the Assurance Reports has varied quite substantially.

[33] First reports were published in 2009 during the pilot phase.

[34] The Philippines case study shows the potential advantage of partnering with formal check and balance institution, as the Assurance Process is mainstreamed in government systems at an early stage, hence ensuring sustainability. The risk, however, is that it may compromise the perceived independence of the Assurance Process.

[35] As mentioned by the International Secretariat, this is 5 less than the pilot with a fraction of the resources.

Box 6. Scope, quality and dissemination of CoST Assurance Reports (2012-14)

In Ethiopia, the projects selected for the 2014 assurance exercise were publicly financed mega projects from the road, water, education and health sector. The views of MSG members on whether the assurance report was robust and comprehensive strongly differed, although all agreed the report was overall well written and understandable. The evaluation thinks that Ethiopian reports may be too technical and as a consequence inaccessible to the public.

In Guatemala, no less than 4 very lengthy ARs have been produced since 2011, to a reasonable standard (4th probably weaker because the field visits were less investigative). The first Assurance Report produced in 2011 was limited to three cooperating PEs, the second to six, the third to five, and the fourth to eight. All but one respondent thought the reports was robust, comprehensive and understandable. The evaluation finds that the 4th Guatemala report suffered from an inadequate executive summary, and is inaccessible at 500 pages long. The 2014 Guatemala assurance process re-examined 13 projects that were included in 2013 assurance process.

Malawi's second assurance report, launched in mid-2014, covers 28 projects, some donor-funded, others government-funded. The selected team closely followed the AR approach and methodology, which included site visits to verify the extent and accuracy of information released on CoST projects. MSG members thought that the report was overall sufficiently robust, comprehensive and understandable, although the evaluation finds the quality of the report relatively weak and it took a few rounds of revision to get it right. It was nonetheless argued during the country visit that the country's second Assurance Report could have been stronger in its analysis, and in particular, explore the real causes behind the many cases of delays and suspension of work, leading to time and cost overrun. For example, while delayed payments by the PEs are put forward as an explanatory factor, the reasons behind those – related to political and electoral pledges and with it, poor project preparedness and design - are not mentioned.

In Vietnam, information was collated from 9 projects as part of its "Bridging Period" and published in a newspaper and website.

The Assurance process is not the only way some MSGs have sought to secure the participations of PEs. In Malawi, engagement with PEs principally took place in the context of preparation of the assurance report and hence largely focused on presenting CoST core processes to participating PEs and explaining what was expected of them during the assurance exercise. [36]Elsewhere, the work of MSGs has formed part of a wider remit to provide technical assistance to PEs (an activity under DPO), and has entailed needs assessment exercises for selected PEs (Ethiopia, Tanzania); training; and the production of guidance manuals on disclosure (Guatemala, Ethiopia). [37] [38] In the UK, MSG has engaged a consultant to help the local authorities identify how they currently engage with civil society and the information that they disclose to the public, but progress has been slow.

Confirming the trends above, the majority of MSGs members in Malawi, Ethiopia and Guatemala think that they have made sufficient progress, or are likely to do so, in securing the participation of PEs in disclosing the required information; likewise for Philippines, where MSG has obtained approval from the main procuring entity, the Department of Public Works and Highways to participate. In contrast, the majority of MSG members in Tanzania, the UK, Vietnam, and Zambia think insufficient progress has been made.

[36] In total 24, 35, and 28 representatives of PEs attended the Mzuzu, Lilongwe and Blantyre workshops

[37] In Guatemala, the Assurance Team produced an operations manual to assist PEs disclose information and trained officials from over 300 PEs. CoST Ethiopia has also developed disclosure standards to assist PEs on disclosure; and, in 2014, trained over 100 officials from 20 procuring entities on CoST and on how to use the FPPPAA website to disclose project information.

[38] Some of those activities were funded with complementary funding from GIZ

3.2. Conducive and hindering factors

Four main factors explain CoST performance in established countries: access to resources, MSG working, political will, and PEs preparedness.[39] Those factors also explain the performance of new countries.

While only explicitly identified as a conducive factor by MSG respondents in Uganda and Afghanistan, the positive feedbacks that the Secretariat has received from MSG members on the quality of its technical assistance lead the evaluation team to conclude that the work of the Secretariat has also contributed to the above results. This is further discussed in section 5.

Access to resources

According to MSG respondents in all participating countries, funding has remained the greatest constraint to good performance. There was in all evidence a loss of momentum owing to the 18 months gap between the pilot phase and the new round of funding. Although all eight countries were relatively successful in raising some funds (see Section 4), funding has remained limited and short-term, and delays in disbursements have been an issue.

In large part because of limited funding, some MSGs have had to operate with limited administrative support, and so have not carried out their activities as planned. While they have made some relatively good progress in carrying out their planned activities, CoSTs in Ethiopia, Guatemala, Malawi, Tanzania, and Vietnam, have all suffered some significant delays compared to their initial workplans. Amongst the list of planned activities mentioned in the DGF, no existing countries have found resources to conduct a baseline study (since renamed scoping study). Activities have been stalled in Zambia and remained very restricted in the UK.

Finding coordinators with the right level of experience and skills has also been a challenge. Zambia, Malawi, Vietnam and the Philippines retained their coordinators from the pilot. By the end of 2012, four full time and permanent coordinators (Philippines, Vietnam, Guatemala, and Ethiopia) and one part-time coordinator (Zambia) were in place. Malawi and Tanzania recruited a full-time coordinator and the UK a part-time coordinator in 2013. All positions but one (Guatemala) were supported with the Secretariat funding. In Tanzania, the contract for CoST Manager was not renewed because of poor performance. There has not been a coordinator in place in Zambia since 2012.

Delays in setting up a national secretariat was also identified as a challenge in new countries, notably in Uganda, where the suspension of the top four management officers of the Uganda national roads authority led to freezing of accounts, contributing to delays.

In some cases, limited access to office equipment and stationary has also come to undermine CoST performance. In Malawi, the Secretariat suffered from a capacity gap and in particular had no vehicle to provide mobility for the CoST coordinator to reach out to all stakeholders countrywide. The coordinator also had to operate without a computer for a crucial few months in 2014. While they may be seen as trivial, these

[39] Our analysis is broadly in line with the Secretariat's own assessment. According to the Secretariat ft, three factors explain the better performing national programmes: funding, strong political support, and a pro-active MSG supported by highly competent and hands on coordinators / managers. In contrast, the remaining countries do not have strong political support (Tanzania, Zambia, Philippines, UK), tand/or additional funding (Philippines, the UK) or proactive MSGs (ft)

issues created frustration and demotivation as well as hindered the success of the programme.[40]

The Secretariat's individual grants have helped, with the bulk of its funding spent on supporting MSG meetings, the salaries of National Secretariats, and other operational costs. Yet those grants have also remained relative small, owing to scare resources (see section below). In Malawi, the MSG was under the impression that the Secretariat would cover two years of the country manager's salary; the proposed salary was, however, too low, and the position open for recruitment was demoted to that of national coordinator, enabling to free up sufficient funding for one and half year's salary.[41] Because of delayed disbursement in the Secretariat's grant, the host organization, NCIC, as well as providing office and stationary support, had temporarily to cover the CoST coordinator's salary in 2013; this temporarily increased CoST's dependency vis-à-vis the host organization.

Funding issues were also found in Guatemala, despite CoST being government-funded. In 2013, the government reduced funding to the Secretariat. The Coordinator did continue, despite a cut in salary, but the experienced engineer who had been leading the Assurance Team could not be afforded, and as a result it took much longer than before to produce the fourth Assurance Report to a satisfactory standard. Concerns over reliance on government funding were also raised by MSG respondents in Uganda, (which also receives funding from the African Development Bank). The issue of limited funding, or lack of funding, was also raised as a concern in new countries (Honduras, Afghanistan and El Salvador).[42]

MSG working

MSG partnership working is seen as an essential component of the programme. A total of 74% of survey respondents were overall satisfied with their MSG's quality of participation; 83% also thought that MSGs came with a clear mandate.

Positive features identified by respondents included MSG balanced representation between government, civil society and private sector (Tanzania, Guatemala, Ethiopia) and strong commitment from MSG members (Tanzania, the Philippines, Malawi, and to a lesser extent, Ethiopia).[43]

MSG partnership with the host organizations was also described as largely positive in Guatemala, Vietnam, Ethiopia, and (until recently) Malawi (see Box 7). The host organisation's limited capacity was described as a constraint in Zambia.

Box 7: Malawi MSG

The Malawi MSG is working relatively well, thanks to a strongly committed core team, a good level of seniority, and good chairmanship. The MSG has managed to meet regularly (4 times in 2012, 5 in 2013 and twice in 2014 (when the assurance process required their participation elsewhere). The group benefited from the institutional memory of its core members, all already involved in the pilot phase. Discussions were described as relatively open. Achieving a balanced representation between government, civil society and private sector has been more difficult (see Box 3).

[40] CoST Malawi Quarterly Technical Reports (April 2014)
[41] CoST Malawi MSG Minutes
[42] Honduras has received USD100, 000 from the World Bank to get started. Yet as pointed out by one respondent, this will be not sufficient "to follow through all processes"
[43] That only three countries have identified balanced representation as a conducive factor in their response to the survey nonetheless that getting the right numbers of representatives per sector do not necessarily translate into a balanced representation. Much will depend on the influence and interest of each individual involved. Recently, the Ukraine scoping study has used stakeholder mapping more effectively to identify which key players should be involved in MSG.

CoST greatly benefited from the support of National Construction Industry Council (NCIC), its host organization, especially during the years when no funding was available and NCIC had to act as coordinator. NCIC also has good access to government, which has helped to give credence to the initiative. Lately, however, this partnership has become less advantageous to CoST. In part because CoST is seen by many stakeholders, including PEs, as an NCIC initiative and in part because the division of role and responsibility between MSG chairman (supported by its coordinator) and NCIC representative has become increasingly blurred. As a result, making CoST an independent organization has now become a priority, not only to counter the risk of NCIC taking control of the initiative but also for fundraising purposes, the absence of a legal status having prevented CoST Malawi from attracting funds.

Negative factors included frequent changes in MSG memberships (Zambia, Malawi), uneven capacity amongst MSG members (Malawi, Vietnam), and, demotivation owing to slow progress (Zambia, UK).[44]

Some MSG members in Malawi, Guatemala, and Uganda have also alluded to the risk of domination by one sector. That a representative of one sector had begun to dominate in a small number of cases was also raised as a matter of concern by the Interim Board. In Guatemala, in particular, there has been a tension, rising and falling over time, between the government and the other members of the MSG. This was rectified after, the private sector, CSOs and a World Bank representative joined forces to press for the MSG's independence.

While many established countries (UK, Ethiopia, Uganda, and Tanzania) have established ToR to define the rules of the game, responses from the survey indicate that those have not always materialized into clear and effective guidance to ensure internal accountability. In new countries (Honduras, El Salvador), the need for a formal agreement to be signed between CSOs, the private sector and the government as part of CoST's application process was identified as a conducive factor to ensure both balanced representation and strong commitment from all involved.

Looking forward, establishing a legal status for CoST and in so doing, securing full independence for the initiative, has become a main priority for MSGs in Malawi, Tanzania and Ethiopia. All in all, it is clear that MSG members in these three countries no longer consider the hosting of CoST by a separate organization as a viable option for CoST's future.[45]

Political will

Looking at external factors, political will remains by far the greatest challenge in both established and new participating countries. Strong interest and leadership from government or lead procurement agency was identified as a key success factor in Honduras, Uganda, and El Salvador. Conversely, the lack of government commitment due to unstable political situations was put forward as a main challenge to starting CoST implementation in Ukraine and Afghanistan.

With hindsight, the DGF target of having 6 established participating countries and 5 new participating countries may have been too ambitious.

In order to gain political support, some countries have sought to nominate a CoST champion within government. While finding and using a CoST champion to promote the initiative strongly featured in the pilot phase, this is no longer the case in the reconfigured programme. Opinion about its usefulness varies, and experience over the review period has been mixed. In Ethiopia, the CoST champion has been actively engaged in CoST promotion and was identified by survey respondents as a conducive

44 MSG members contribute to CoST on a voluntary basis.

45 Guatemala MSG gained legal status as an independent organisation in August 2012. So have the Philippines

factor to the MSG's success. The very appointment of a CoST champion was identified as an achievement in Tanzania.[46] In contrast, in Zambia, the designation of the Ministry of Public Works as Champion did not work, owing to frequent government reshuffles.

MSG Malawi failed to find a CoST champion over the review period, mostly owing to government instability.[47] MSG respondents in Malawi see this as a key explanation for the lack of progress in enacting the procurement bill. In response to Malawi's difficulties, the Secretariat advised the MSG that "*most countries were moving away from having a CoST champion, due to the challenges experienced in eliciting such support, and are instead opting to partner with Open Government Partnership (OPG)".*[48]At the time of writing this report, the Secretariat was planning to organize an African champions' meeting in the foreseeable future, should resources allow it.[49]

In the new participating countries, formal agreements have been introduced to support CoST, which is an improvement compared to established programmes. This in principle should ensure stronger commitment and leadership for the initiative. It is important to note, however, that these agreement involve different counterparts; in Ukraine and Uganda, CoST was signed by the National Road Agencies; in Honduras and El Salvador, by the Infrastructure / Public Work Ministries; and, in Afghanistan, by the Ministry of Economy. This may affect the extent to which the initiative will receive full government backing in the future, and where that backing will be.

PEs readiness

Another constraint is the will and capacity of PEs to disclosure pro-actively and/or participate in the CoST assurance process.

There is a consensus amongst all MSGs that much more needs doing to get PEs to disclose pro-actively the required information. In countries like Malawi, where the governments have yet to adopt FDR, it has been hard to convince PEs that CoST is not a "name and shame" exercise and that it is in their interest to participate, because CoST could potentially strengthen their reputation, efficiency and value-for-money. [50] Even in countries like Ethiopia and Guatemala, where the new laws should in principle ensure the participation of all PEs, not all PEs have been forthcoming with information.[51] [52] More time and technical support to PEs are required to ensure compliance.

The two GIZ-funded need assessment studies, conducted in Ethiopia and Tanzania in 2013, indeed confirm PEs to be a very heterogonous group across and within countries. Only a minority of PEs currently have the right organizational structure, disclosure

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[46] Whether the Ministry of Good Governance will have sufficient clout in Tanzania to push for the reforms agenda still needs to be tested.

[47] At the time of finalizing this report, CoST Malawi had appointed Vice-President Saulos Chilima as its new Champion.

[48] CoST MSG Minutes (January 2014)

[49] Interim Board Minutes (April 2014)

[50] For the assurance report, Malawi only managed to convince 5 out of 11 PEs to participate in the study; and, those thought to have internal governance issues or poor data management have remained largely elusive.

[51] In Guatemala, since the establishment of mandatory disclosure, projects in the pre-contract stage have reported 65% of the CoST indicators pro-actively – compared to 32% of projects at the Contract stage (so ones which had started earlier). Even then, it is found that amongst PEs, some are cooperative but others are not so forthcoming. Furthermore, AR projects were selected from a list proposed by PEs – who could therefore have excluded projects they did not want examined.

[52] In Ethiopia, PEs were already required to disclose basic tender and contract award data on PPPAA website back in 2013, yet none was doing it. A MoU signed between CoST MSG and 7-8 PEs and subsequent training on disclosure using the new website should help. According to survey respondents, one out of the three PEs involved in the assurance process exercise have agreed to disclose information on 5 out of 10 of their projects of their own accord.

policies and practices, internal incentives and information systems in place to meet CoST requirements. Those thought to have internal governance issues or poor data management are likely to remain ineffective not only until the FDR are firmly in place but also until they receive sufficient support for capacity building.

In the new countries, formal agreements have been signed with the countries' largest PEs in Ukraine, Uganda, Honduras, and El Salvador. This approach should help ensure immediate success as PEs willingly subject themselves to CoST processes; yet as shown in Ukraine, this comes with a trade-off as the lack of direct engagement with government could fail to generate reforms to increase transparency in the construction sector.

4. PROGRAMME EFFECTIVENESS: ESTABLISHING COST AS A GLOBAL PROGRAMME

This section of the report focuses on the DGF PDO to establish CoST as a global programme.

4.1. Progress against DGF targets

The outcome indicators and targets agreed under DGF are as follows:

PDO	Outcome indicators	Baseline and Targets			
		Base	F12	F13	F14
CoST as a global program is established	Condition is met if the following requirements are jointly met:				
	A global governance structure has been agreed and established	--	--	--	
	A minimum target number of new countries implement CoST	0	0	2	[illegible]
	A minimum target amount to new funding is secured (USD million)	0	0	4	[illegible]

Meeting these objectives has fallen principally under the responsibility of the Secretariat.

<u>A global governance structure</u>

Concerning the establishment of a Global Governance Structure, the CoST reconfigured programme envisages a structure, comprising:

1. An International CoST Secretariat
2. An International Board, consisting of twelve elected members and a Chairperson, with a balanced representation of country and international stakeholders. .
3. A Delegate Assembly, mostly made of stakeholder groups from CoST participating countries, each eligible country being entitled to three delegates (government, private sector, and civil society) with voting power.

It was expected that the Delegate Assembly would convene periodically – initially once every two years – to elect the members of the Board and provide input and direction on the programme.

The Secretariat's initial plans were to elect an Interim Board; establish CoST as a not-for profit legal entity; and organize an inaugural meeting for the CoST General Assembly leading to a first Board meeting by the end of 2012.[53]

[53] CoST Secretariat (2011), CoST Draft Implementation Plan (July 2011-June 2012)

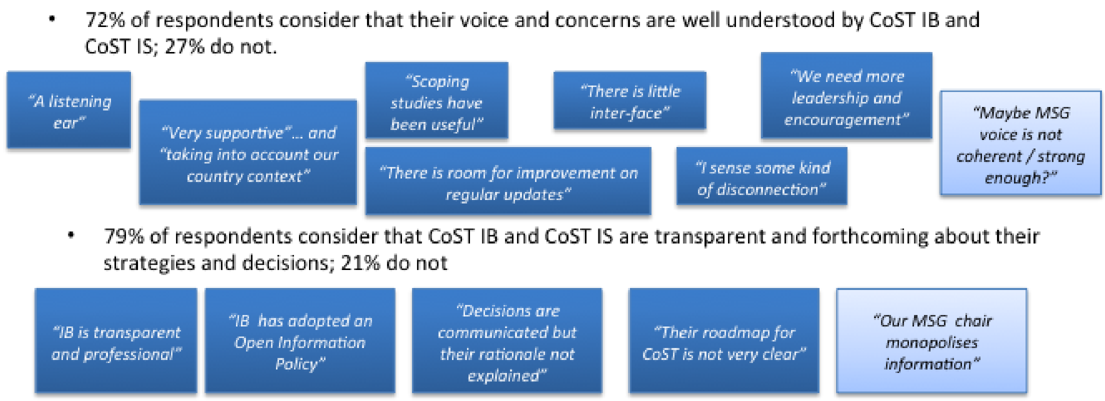
The Interim Board was installed as planned in September 2011. The chairman of CoST pilot's IAG was re-appointed as chairman, hence providing continuity between the pilot phase and the reconfigured programme. The other five members representing government, civil society and private sector, were elected in two rounds of voting by IAG members.

As no additional funding was raised in 2012, and the lack of funding persisted in the ensuing years, it was decided not to convene a General Assembly and retain the current Interim Board instead. The decision not to convene a General Assembly until more funding was secured was appropriate: setting up the new governance structure would have required significant resources, in a way that was clearly disproportionate for the level of funding provided by the World Bank grant only – all the more so because of the size of the Delegate Assembly was set to grow with the numbers of participating countries.

All MSGs were informed of the current situation and given an opportunity in October 2014 to comment on the Interim Board proposal to continue on an interim basis.

The Board has benefited from strong institutional memory and a good balance of representation, as two new members, one representing industry, the other government (as Deputy Chair) were added in 2013. The Board has also shown itself to be open to scrutiny and feedback. In 2014, the l Secretariat conducted desk-based research to determine how transparent CoST is in its operations compared to other transparency initiatives. An Open Information Policy was subsequently developed and approved by the Board. Minutes of the Board meeting are now available on the CoST website.

Box 8: Feedbacks from MSG survey respondents on the Interim Board



Consequently, no MSG member that took part in the survey has raised particular concern about the legitimacy of the Interim Board. 72% of the survey respondents in fact consider that their voice and concerns are well understood, and 79% that the CoST Interim Board and its Secretariat are sufficiently transparent and forthcoming about their strategies and decisions (see Box 8).

The current governance arrangements nonetheless remain sub-optimal and are clearly no substitute for the all-inclusive collegial decision-making process that was initially envisaged. This limitation is captured in the feedback received by the remaining 27% and 21% of respondents, who do not feel adequately represented by the Board, some mentioning the lack of interface leading to some "disconnection" between the Board and MSGs, others calling for a clearer vision and roadmap to explain some of the Board's decisions. The evaluation team also finds that because the initiative is run by an Interim rather than Permanent Board, this is also likely to send the wrong signals and undermine confidence in the initiative.

The registration of CoST as a charity in 2012, coupled with the Board's renewed commitment to explore ways to move towards a permanent structure, should open up new opportunities to review and establish an adequate global governance structure for the initiative.

New countries implementing CoST

A central component to establishing CoST as a global programme was to get new countries to join and start implementing CoST.

The agreed sub-targets were as follows:

		FY2011	FY2012	FY2013	FY2014
Intermediary outcomes/outputs	Intermediary outcome/output indicators				
Number of new countries implementing CoST	Number of new MSGs created across new country participants	0	0	3	8
	Number of new countries introducing the CoST mandatory disclosure requirement	0	0	2	5
	Number of procuring entities disclosing information within new country participants	0	0	4	12

Compared to the pilot phase, the Secretariat has followed a more hands-on and managed approach to having new countries joining in; there was a considerable amount of engagement with other countries interested in joining CoST over the evaluation period

It was agreed that no country should be invited to join CoST until the Global Programme was launched. Representatives from four countries interested in joining CoST (Botswana, Mexico, South Africa and Uganda) were subsequently invited to attend CoST's first international workshop in South Africa in 2012; other prospective countries also attended regional conference in Guatemala (2013) and in Uganda (2014). Technical visits were made to Mexico, Botswana, El Salvador, Honduras, Thailand, the Ukraine, Afghanistan and Uganda, with preliminary discussion also taking place with Brazil, DRC, Indonesia, Mauritius, and Kazakhstan. Some applications, notably in Afghanistan and Thailand, received careful consideration, given the risks involved in engaging in fragile contexts.

El Salvador was the first new country to join CoST after the launch of the international programme in late 2012, followed by Uganda, Afghanistan and Ukraine in 2013 and Honduras in 2014; Thailand is soon to become the 6th new country to join, bringing the total number of participating countries to 14. This remains below the initial target of having 8 new countries joining CoST by end 2014.

Expectations were for new countries to start implementing the initiative as soon as their application was accepted, this leading to 7 new countries establishing FDR and 16 PEs disclosing information. Progress has also been slower than expected on this front. While all the countries have developed a strategy or implementation plan – a requirement in their request for membership - it took between 1 month and 9 months for El Salvador, Afghanistan, Honduras and Uganda to establish their MSGs. In Ukraine, the establishment of an MSG was deliberately postponed, pending the outcomes of a Scoping Study. The Study, finalized in late 2014, puts forward various options for the country's MSG arrangements. The move towards FDR and disclosure has also been slow, although not all countries started from the same base and positive developments were noted in Uganda and Honduras in the course of 2014. The Uganda Road Authority is currently reviewing its procurement procedures and plans to start disclosure in the coming months, and, Honduras now has an FDR as of January 2015.

The pursuit of new members has not always been successful. Initially the focus was on getting more middle income and high income countries on board; there was a strong rationale for doing so, as it was expected those new countries would help to raise CoST's global profile as well as be less reliant on external funding.

Mexico (an OECD DAC country) was expected to join CoST by the end of 2012. The situation, however, changed after a new government was installed. A multi-stakeholder meeting and fact-finding visits to El Salvador, Guatemala and the UK were organized in support of Mexico's application in mid-2013. Nevertheless, the new government has yet to be persuaded to apply to join CoST; meanwhile, the CoST disclosure requirements are currently piloted on one project to inform future steps. The Secretariat has remained closely involved, and in 2014 raised some concerns about the design of the assurance process and lack of disclosure requirements in the pilot. The issues have since been resolved, with Mexico's pilot now following the disclosure requirements.

South Africa was expected to join CoST in October 2012. Its application subsequently fell through, after changes took place at the Construction Industry Development Board and it became clear that the Department of Public Works was resistant to joining CoST. As a result, the country chose not to apply for membership.

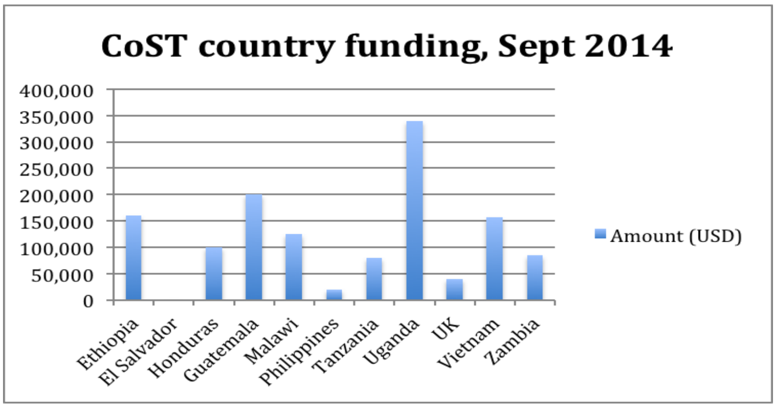
One application (Botswana) was still pending at the time of writing this report. In 2014, the government, with support from CoST, organized a workshop, which was attended by key-note speakers and more than 100 participants. The application process has now started following formal approval from the Ministry of Finance.

New funding secured

Concerning fundraising, under the World Bank grant agreement the International Secretariat aimed at securing new funds worth USD4m by end 2013 and USD8.5m by end 2014. This target was not met and only USD2.8m was secured over the evaluation period - USD1.3m in participating countries and the rest by the International Secretariat.

Although there was a gap in funding after the end of the pilot phase, participating countries were by and large relatively quick in attracting new support for the initiative: by end 2012, 7 of the 8 participating countries had either received funding from external sources or had funding agreed in principle. But funding has varied widely across countries and in most cases, remained limited and short-term (see Chart 3). This combined with late disbursement has meant that the majority, if not all, participating countries had to operate with a very limited budget.

Chart 3: Funding for CoST country programmes



In parallel, the CoST Secretariat secured €205,000 (USD266, 500) from GIZ in 2012 and €1m (USD1.19m) from the Netherlands in 2014 to support the international programme. The amount raised has clearly been far below expectation.

The limited success in raising funds for the initiative is hard to explain, given the high-level endorsement that the initiative received at the G20 Cannes summit in November 2011 and in subsequent years (see section 5.2), The G20 has reiterated its support to CoST Anti-Corruption Action Plan 2013-14. The Board and its Secretariat have spent significant time in developing, implementing and regularly revisiting their fundraising strategy. The 2012 fundraising strategy, which was submitted to the Board in May that year, focuses on 2-3 donors, while "casting a broader net through opportunistic engagement and exploring options for private funding".[54] A modular approach, enabling donors to fund stand-alone components of the global programme, was also considered. Initial plans to develop or incorporate CoST into a Multi-Donor Trust Fund (MDTF) were not pursued, after it was thought to be impractical unless the initiative received a significant sum from one donor country.

Consequently, over the years, the Board and its Secretariat engaged closely with select key donors (Dutch, DFID, GIZ), as well as other bilateral and multilateral agencies, including the European Commission and the African Development Bank. High-level meetings, notably with the African Development Bank president in 2012, were secured. The Secretariat also supported participating countries' fundraising efforts by engaging with donors during their visits.

Thanks to wider public outreach, the initiative also received public endorsement from 11 companies, professional bodies and trade associations pleading for "CoST survival" ahead of the UK Presidency of the G8 summit in 2013.[55] The UK Prime Minister had previously mentioned CoST in a letter to G8 leaders, although this too did not translate into further commitments.

In response to this limited success, regular internal discussions ensued to discuss and re-examine CoST's approach to fundraising. Specifically, in 2014 the Board and its International Secretariat looked at new areas of opportunity for funding. While some Trusts and Foundations were subsequently approached and a proposal to the Siemens Foundation was submitted, it was decided that efforts to raise funds through the private sector, charitable giving or trust funds would be premature. A donor attitude survey was also commissioned in late 2014 to assess the overall reasons why seemingly a positive attitude towards CoST is not currently translating into funding. This is further discussed in section 5.

4.2. Conducive and hindering factors

Factors explaining the Secretariat's performance in establishing CoST as a global programme are as diverse as the specific objectives it entails:

1. Limited funding explains the lack of progress in establishing a global governance structure. The envisaged structure may have also proved over-ambitious in its design.

2. Factors mentioned in section 3 on CoST performance in established countries are by and large the same factors explaining CoST's success in gaining new members. Feedback from new countries also confirm that the CoST criteria for admission were clear and well-defined, and that the Secretariat's hands-on approach has helped. This

[54] CoST Secretariat (2012), CoST Fundraising – Strategic Priorities 2012
[55] Open letter published in the Guardian http://www.theguardian.com/global-development/2013/jun/13/lack-funding-construction-transparency-programme

reflects a deliberate decision by the Interim Board not to set the bar too high and to clarify the criteria and process for joining, the onus being on the new countries to demonstrate commitment and leadership. A briefing note on how to join CoST was produced in 2012, followed by a guidance note in early 2013.

3. There is no single reason to explain the limited success in raising funds for the initiative at Headquarters. Overall the evaluation finds that :

- CoST's focus on construction does not seat easily with donors' priorities and internal structures – the donor focus being on infrastructure rather than construction. Promoting governance in specific sectors is still an emerging agenda that requires governance and sector specialists in donor agencies to work more closely together.
- CoST is overall perceived as relatively technical and only adequately understood by a few. In part because of limited resources for an effective outreach campaign, and in part because of the difficulties in generating news stories, the difference that CoST could make to people's lives has not been sufficiently publicized.
- The International Secretariat is mostly known for its coordination role and support to participating countries. Many donor agencies are decentralized and hence do give preference to providing direct support to participating countries.
- Boosted by a relatively well-funded pilot phase, the initiative may have been over-optimistic in setting its fundraising targets. The initiative also suffered from a loss of momentum after DFID's withdrawal from the pilot phase.

The first two explanations are in line with the results of the donor attitude survey, which are summarized in Box 9.[56] In response, the Secretariat has started to revise CoST's brand to one focusing on "better value for infrastructure" and to boost its communication, notably by commissioning films to demonstrate CoST's impact.

Box 9: Results from the donor attitude survey

The donor attitude survey, based on 10 one hour interviews with select donor agencies, suggests that CoST is "pushing an open door," all interviewees acknowledging that CosT is promoting an important cause. The survey comes with some findings that are specific to CoST's brand and fundraising strategy, others that challenge more directly the CoST model. Specific issues on fundraising included:

- Concern that CoST does not know organisations well enough.
- The need to better demonstrate the impact the initiative has.
- CoST's small size creates challenges for large donor organisations.
- Overall awareness of CoST is poor, particularly on the global stage.
- CoST's brand needs to better reflect and be part of global conversations.

Other findings from the donor attitude survey challenge more directly the CoST delivery model, in particular the choice of standards and benchmarking, the balance between local and global initiative, the risks and challenges linked to multi-stakeholder groups, and the partnership and role of private sector in supporting CoST.

[56] See / Research and Planning (April 2014) – CoST Funding Attitudes

Whereas the progress made in establishing existing programmes has been to a large extent driven by the performance of the MSGs, progress in establishing CoST as a global initiative very much reflects the performance of the Secretariat. This is further discussed in the following section.

5. EFFICIENCY AND GRANTEE'S PERFORMANCE

This section assesses efficiency and value for money questions, looking at the use of resources and quality of outputs delivered by EAP, the Secretariat.

5.1. Use of Resources

Resource gap

Inasmuch as limited funding has constrained the performance of MSGs in participating countries, limited success in raising funds at headquarters has restricted the number of activities that the Secretariat has been able to carry out over the evaluation period. Because of limited funding, the Secretariat had to make hard decisions with regard to prioritization, starting with delaying the establishment of the envisaged global governance structure (see section 4). Country visits were also less frequent in 2013.[57] In this context, the GIZ grant disbursed in 2012 was key in providing additional resources to the Secretariat to help finance some of its activities.

While the DGF aimed to raise USD8.5m centrally and in participating countries by end 2014, only USD2.8m was raised over the evaluation period. The CoST annual budget amounted to USD0.5m a year under DGF agreement, with GIZ providing an additional USD0.2m in 2012. By way of comparison, EITI (with 48 participating countries) operates with a yearly budget worth USD4m; which is 2.4 times higher than the CoST annual budget for the equivalent number of countries. It is important to note, however, that the difference in budget between the two initiatives also reflects EITI's more established position (EITI was established ten years ago in 2003).

Compounding this situation were delays in the World Bank grant disbursement in two occasions (before the first disbursement and at the end of year 1), which caused a significant cash-flow issue for the Secretariat. As a result, EAP had to draw on its own resources and delay its grant payments to participating countries.

Looking ahead, the CoST 2013-16 Business Plan estimates resource requirements to total USD20m for 22 countries, including USD5m for the international programme and an additional USD1m going towards overheads. Given past fundraising difficulties and the level of resources supporting other similar initiatives like EITI, the evaluation team thinks that this figure is unrealistic. This is further discussed in section 6.

Breakdown of expenditure

Table 2 provides a breakdown of expenditure across the CoST International Programme's three categories of activities: (1) strengthening the existing programmes; (2) establishing a CoST global programme; and (3) overhead costs. This shows some flexibility in the way money has been allocated from year to year. A decision to allocate more resources to the significantly under-resourced global programme was, for example, approved by the World Bank for 2013.

[57] In Guatemala, the Secretariat was only able to visit twice before mid-2014. There have been two visits since (August 2014 and December 2014). The Secretariat paid two visits to Malawi over the evaluation period.

Table 2: Breakdown of expenditures, CoST (USD)

	2012 (Apr-Dec)	2013 (Jan-Nov)	2014 (Jan-Dec)
Strengthening CoST current countries *(year budget)*	201,123 *(235,000)*	184,480 *(200,000)*	194,966 *(175,000)*
Establishing a CoST global programme *(year budget)*	247,226 *(215,000)*	290,925 *(270,000)*	236,521 *(225,000)*
Independent Evaluation	0	0	35,362 (50,000)
Overhead Costs *(year budget)*	35,120 *(50,000)*	24,562 *(30,000)*	27,988 *(50,000)*
Total (*year budget)*	**483,469 *(500,000)***	**499,907 *(500,000)***	**494,836 *(516,000)***

Looking at all main categories of outputs, financial and technical assistance to participating countries absorbed 45% of CoST's 2014 budget, followed by public outreach (25%), overheads (10%) and others (14%), with the Interim Board meetings receiving the remaining 7%.[58]

Looking ahead, the Secretariat's efforts to promote self-sustained programmes in participating countries, by encouraging them to raise their own funds appears to be the right approach. Much will, however, depend on what the next International Programme is made of.

Currently, the Business Plan envisages the International Programme to entail the following activities: establish and run CoST's international governance structure (USD630, 000), develop a PE information software (USD1m); launch CoST Construction Transparency Index (USD380, 000); provide technical assistance and public outreach activities (USD2.6m) and support international and country M&E (USD1.5m). The evaluation remains unconvinced by the costing and choice of some of those activities; investing USD1.5m into M&E seems over-priced; whereas a strong business case will be needed to support an USD1m investment into the development of a PE information software. There is also a need to maintain the right balance between the Secretariat's technical support and its role of oversight and partnership with stakeholders.

Staff resources

With only three staff working part-time on the CoST initiative, and a growing number of national programmes to cover and coordinate, the capacity of the Secretariat to manage the programme has been increasingly overstretched. While a full-time advocacy and communication position was mooted as a priority in early Board documents, recruitment was not pursued in the ensuing years. As mentioned below in section 5.2, the lack of Spanish-speaking staff was also an issue.

This staff shortage may be in part explained by the fact that EAP is a relatively small organization and hence has been less inclined to recruit. The use of an advisory team was instead preferred, with EAP drawing on the expertise of a handful of consultants (working on average 3 days a month) to cover communication, and issues related to private sector, civil society and multi-stakeholder working. The evaluation finds that while this arrangement has given the organization some flexibility, it has not always worked well in practice, as some advisers (especially those dealing with communication and civil society) had little opportunities to travel to participating countries and gain greater familiarity with developments on the ground.

[58] In comparison, EITI in 2013 allocated 85% of its resources to cover the International Secretariat's outreach activities, board meetings, relation with stakeholders, communication, training and management and administration, the remaining 15% being allocated for support to implementing countries.

Value for money

As CoST was not legally registered, there was no other option available to the World Bank but to award the grant to a supplier on a management consultancy model. Choosing a non-profit, independent, organization like EAP to host the Secretariat has made the initiative good value for money. Overhead costs have remained significantly below the 10% benchmark in every year of the review period, allowing some resources to be re-allocated to other categories in 2013.

In this particular case, the overhead costs do not cover staff salaries, with EAP staff and their associate consultants charging a daily rate of GBP500.[59] [60] Over the period under review, total fees paid to EAP staff and their consultants amounted to an average 50% of CoST total spent, roughly the equivalent of 2 full-time consultants and 4-5 permanent staff.[61] This "management consultancy" model is not necessarily the best approach in future and CoST registration as a charity should open up new options of delivery.

At the same time, there is no doubt that all EAP staff have worked significantly longer that the time they have charged. They have been strongly committed to support the initiative, and have received unanimous applause for their excellent work, as shown by the quality of their outputs described in a bit more detail in section 5.2. Members of the Interim Board are also working on a voluntary basis.

Furthermore, a lot of what EAP has done over the years is not adequately captured in the DGF budget and its progress reports. It is important to note, for example, that the support that the Secretariat provides to participating countries goes beyond that of providing technical guidance. It also involves mediating good partnerships under MSGs, fundraising, and developing and managing CoST brand.

Because of limited resources, the Secretariat has also had to be resourceful and find ways of saving money, for example by holding half the Board meetings via telecom or skype; by giving preference for admission to new countries that have already secured funding; by introducing new selection criteria for funding in 2014; and by encouraging participating countries to have a budget line to cover the cost of the technical assistance the Secretariat provides. The Secretariat is now envisaging the use of regional advisors to provide technical assistance – if this is cost-effective, it would also meet the expressed need for a Spanish speaker.

5.2. Quality of outputs

Support to Interim Board

All members of the Interim Board interviewed as part of this evaluation gave very good feedback about EAP. All agree that the Secretariat has done remarkably well given the limited funds. With the Secretariat support, the Board has been able to meet 3-4 times a year (sometimes through skype/video-conference). The Board members, who are operating on a voluntary basis, have in turn shown a strong commitment to CoST, with a good level of attendance and a good level of discussion from its members. As a result, MSGs in participating countries have been overall largely appreciative of the work of the Interim Board (see section 4.1).

Financial assistance

[59] Overheads cover a proportion of EAP expenses in Rent & Service; IT & Communications; Printing & postage; Insurance; Professional fees; Other office expenses; Training

[60] Recognising that the Secretariat and those working as CoST consultants had been giving their time on a pro bono basis since March 2011, the World Bank allowed backdated payment for work.

[61] Calculations are as follows: USD219,396 (against total spent USD483,469) in August 2011-December 2012; USD285,692 (USD499,907) in August 2012 – December 2013; USD 239,020 (USD494,836) in January-December 2014

Concerning CoST financial assistance to participating countries, EAP has managed its grant allocation well. Operational policies and procedures were introduced in 2012 to clarify the rules for allowances, reimbursement and per diems on international travel.

All participating countries that applied for funding received up to USD30,000 in grants in 2012 (two applications) and an average USD20,000 in 2013. In 2014, because of limited resources and an increase in the number of participating countries, it was no longer possible to provide limited funding for each programme. As a result, the Secretariat had to prioritise, giving preference to those countries where disclosure was most likely to occur that year.

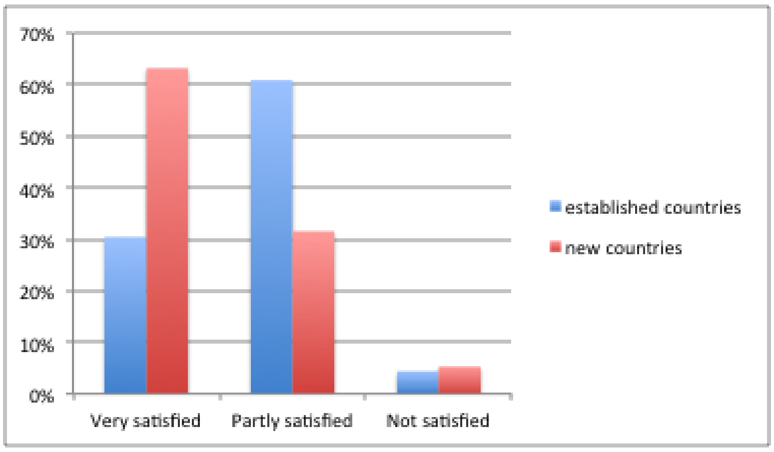
In 2013, disbursements were delayed because of cash-flow issues. As previously discussed in the case of Malawi, this had a negative impact on activities in participating countries.

Technical assistance

The Secretariat's technical assistance has consisted of regular country visits, producing a series of guidance notes in English (2013) and then Spanish (2014) (all available on the website); and meetings. It organised three workshops: an International Workshop in South Africa in 2012; a regional conference and one-day introductory workshop of CoST in Guatemala in 2013, and an African regional workshop in Uganda and a regional workshop in San Salvador in 2014. A CoST coordinator workshop was also held in London end-2014 and the Secretariat also regularly communicates by email and skype with MSG coordinators and chairmen.

The Secretariat has overall received very positive feedback from all participating countries on the quality and usefulness of its technical support. Results from the survey show less than 5% were dissatisfied; by contrast, in the new participating countries, more than 60% of respondents are very satisfied with the Secretariat's technical guidance (30% in the established participating countries) and the remainder partly satisfied (see Chart 4).

Chart 4 MSG members level of satisfaction with the Secretariat's technical assistance



This trend confirms that the Secretariat's pro-active engagement in new countries has paid-off, but that this needs to be sustained as countries start implementing CoST. In Malawi, the Secretariat was described as very committed, enthusiastic, and responsive. On a less positive note, the language barrier was mentioned as an issue by survey respondents in some Spanish-speaking countries, starting with Guatemala.

Country visits and opportunities for learning and sharing experience with different countries (including through CoST newsletters) were particularly valued by MSG respondents. The guidance notes, however, were mentioned only very occasionally.

The majority of MSG respondents in new countries find that CoST core processes and strategies are sufficiently clear and well defined. An overview of the eight guidance notes by the evaluation team shows that these documents are design focused, making them quite technical and process driven. The ample use of examples of what is being done in different countries in showing how CoST processes can be used and adapted to specific contexts, is particularly useful. Yet according to the evaluation team, those documents provide little assistance to participating countries when they come to grapple with the real difficulties of implementation. It was found that some issues, notably the risk of conflict within MSGs or lack of capacity and involvement of PEs, were the subjects of in-depth discussion during the Secretariat's country visits, the two regional workshops, and the CoST coordinators' and regional advisers' workshop. While those events have helped to ensure that lessons are learned and shared amongst participating countries, this has not made it into the public domain of guidance notes yet.

Others

Other activities not already mentioned elsewhere in the report include the Secretariat's public outreach activities. Activities carried out over the evaluation period have included the launch event in 2012, the production of 15 Newsletters and 12 Press Releases over 2012-14, the use of website and social media (twitter); engagement with the media; seeking endorsement from new CoST supporters (including notably the private sector); and CoST participation in relevant high-level fora, such as the World Economic Forum regional events, the OECD G20 Anti-Corruption events, and Open Government Partnership.

This has led to some good outputs:

- Engagement with the media led to some coverage in the Guardian and in the specialized press; the website has received an average 771 visitors in 2014, with a peak of 876 in the second part of the year as a result of new newsletter. Twitter followers are over 600.
- Outside the G20 endorsement in 2011, the UK Prime Minister mentioned CoST in a letter to G8 leaders in 2013 ahead of the UK Presidency of the summit.
- The private sector has stated its support to CoST in individual and joint statements. About 10 global businesses, including top contractors such as Bechtel, Strabag and Skanska, have endorsed the initiative. Following the open letter in the Guardian by 11 private sector representatives (see section xx), an industry focus group meeting was held in July 2013 to discuss how CoST could engage with the private sector, though no firm conclusions were reached. In 2014, the UK Secretary of State (SOS) for International Development convened a meeting with construction industry leaders, at which four of the signatories to the letter were present and pressed the SoS on CoST.
- As well as lobbying the Open Governance Partnership, CoST is now sitting on the Advisory Board of the Open Contracting Partnership.
- At the time of writing this report, CoST had commissioned as part of its rebranding exercises 3 films (one international, one in Guatemala and one in Ethiopia). The Guatemala film on human impact was released in December 2014.

5.3. Monitoring and Evaluation

The Secretariat is responsible for developing a comprehensive Monitoring and Evaluation framework to assess progress against high-level objectives. The Interim Board has also stressed "the *importance of establishing a coherent and cost effective process for monitoring and evaluation and impact assessment*".[62] In 2014, the work on developing a CoST infrastructure Index and monitoring and supervising MSG activities was added to the list of DGF-funded activities.

Here progress has been mixed. Plans to hire a consultant to work on the M&E system fell through. An M&E framework was developed in-house instead in 2013, as part of two broader exercises – the Record Card and the Business Plan.

The main outcome indicators developed in the Result Matrix of the World Bank agreement primarily focus on measuring progress towards disclosure (introduction of mandatory disclosure requirements, and number of PEs disclosing information). A new table was subsequently introduced to capture the number and size of projects subject to disclosure. Recognising that disclosure of information only measures one aspect of CoST, the new M&E framework, introduced as part of the new Record Card in 2013, seeks to measure progress towards accountability, capacity, transparency, and stakeholder awareness alike. The programme log frame developed in the Business Plan, which is quite similar, goes a step further by introducing impact indicators on market competitiveness and infrastructure value for money.

Participating countries were not involved in the design of the M&E framework, although they can find it in their Record Card and there was a general session on M&E during the Uganda regional workshop. The M&E framework has not been piloted either, and there is a risk at present that the chosen indicators are too mechanistic and do not sufficiently capture the long-term transformational changes that the initiative seeks to address.

As a result, in part due to limited resources, CoST's new M&E system is neither owned nor used, and only the introduction of mandatory disclosure requirements in participating countries and the number of projects subject to disclosure as part of the assurance process are currently being monitored.

At output level, the Record Card introduced in 2013 would provide a useful and exhaustive overview of all activities at country and international level around specifically defined areas of focus. But the completion of the Record Card has been patchy. The Business Plan also comes with a more extensive and coherent set of objectives, indicators and outputs for the International Programme.

CoST also comes with a strong emphasis on baseline and benchmarking. All new countries are expected to produce a scoping study, which focuses on gathering the data needed to effectively plan the new national programme. Currently, one scoping study has been produced in Ukraine.[63]

A significant component of the CoST International Secretariat remit is to develop a transparency index, and in so doing, create a standardized measure to monitor transparency and accountability in public construction, which can be used as "a universal benchmark".[64] A particular concern from the Board was that the use of a single indicator could lend itself to cross-country comparison, which could be highly political

[62] Interim Board Meeting Minutes (2012)

[63] As of January 2015, there was a draft scoping study from Honduras and scoping studies have commenced in El Salvador and Thailand.

[64] CoST Secretariat (2012), Construction Sector Transparency Indices: Consultation Document.

and should be avoided. A composite index allowing individual countries to track their progress was preferred as a result. A first index was developed by an external adviser and submitted to the Board in early 2012. The index used a 3-tier approach focusing on the enabling environment, transparency in infrastructure, and social demand for transparency and accountability. The index was not adopted because of concern over the subjectivity of some indicators, and because data collection for the 36 indicators would need significant resources and a "sufficient number of PE disclosing information on a critical mass of projects". [65]

6. IMPACT AND SUSTAINABILITY

Medium-term prospects

Looking forward, CoST progress towards "helping raise the standards of transparency and accountability in the public construction sector" has varied greatly from one country to another. At one end, the continued existence of CoST was described as an achievement in itself in countries like Tanzania, Zambia, and the UK; on the other, a number of countries starting with Guatemala and Ethiopia, now Honduras, and soon Vietnam and Malawi, are showing positive signs of institutionalizing the disclosure process within government systems.

Respondents in Malawi and Guatemala alike have described the Secretariat as playing an essential role in adding weight and credibility to the initiative, by bringing an international perspective to it. In Guatemala, there is a widespread belief that CoST is in fact credible because it is an international organization (rather than a Guatemalan one, which would be suspect). Hence, while there are concerns amongst donors, that "CoST might appear as if it is telling Africa and Asia how to do things better", it seems that, in participating countries, the role of the Secretariat as "gate-keeper" - if done appropriately and in a way that allows flexibility and ownership in participating countries- is perceived as essential.

There is a risk that CoST does not survive in the poorest performing countries. In 2014, the Secretariat introduced a Memorandum of Understanding, to be signed by all participating countries, with a view to clarifying the responsibilities of all parties and reconfirming countries' commitment to implementing CoST.[66] At the time of writing this report, the Secretariat was in the process of further developing a formal process for dealing with countries that are not performing satisfactorily. Various options for declaring a national programme inactive; restoring participating status; and revoking CoST status have been put forward and submitted to MSGs for consultation. The evaluation expects this step to be welcomed by participating countries. It will be important that in doing so, the Secretariat gives CoST supporters some ammunition, by exploring with them opportunities for effective leverage.

As discussed in section 3, funding, MSG working, political will and PEs preparedness are the main constraints to CoST effectiveness in participating countries. For the majority of MSG respondents, CoST's future ultimately hinges on continued funding.[67] Unless the participating countries manage to attract donor support to continue their activities, the

[65] A consultation with MSGs on a new simplified CoST Infrastructure Index, focusing on a small number of indicators, had just begun at the time of writing this report.

[66] CoST Secretariat (2013), Memorandum of Understanding between CoST International Secretariat and CoST Programme

[67] Other conditions mentioned in the survey include the enactment or application of the new laws; CoST gaining legal status; and greater awareness from PEs and the general public, as all discussed in previous paragraphs.

CoST initiative could face another damaging loss of momentum.[68] There may also be cases when governments may show little appetite to apply to restore CoST status, but where the ownership for the initiative remains strong elsewhere. The issue of limited capacity also needs to be taken into account.

Impact and sustainability

While only a handful of assurance reports have been produced, those in Ethiopia, Guatemala and Malawi have been shown to be effective mechanisms to unveil or, in some cases, confirm cases of irregularities in some infrastructure projects, and it is encouraging to see that governments were on occasion prompt at taking remedial actions as soon as the reports were out. Examples are given in Box 10.

Box 10 Examples of impact of assurance reports

A key finding of the Ethiopia report was to highlight that incomplete and inadequate designs of infrastructure projects have led to major time and cost increases. This includes a $13.3m or 254% cost increase on the Gidabo irrigation project in central Ethiopia, a finding that was nonetheless challenged by the Deputy Minister for Water. In the previous assurance report, launched in 2011, the MSG successfully persuaded the Ethiopian Roads Authority to reconsider the design of a road, saving USD3.5m and 6 months construction time.

In Guatemala, AR projects were selected by PEs – who could therefore have excluded projects they did not want examined. Perhaps partly because of this, few projects have been shown to be problematic and have changed as a result of the AR. One project, however, was closed down, saving USD5m.

In Malawi, the Minister of Transport took the decision to close down the Nkhotakota Msulira Road project, a project, which the AR had criticized for having an estimated cost overrun of 262%. According to the Road Authority, two other projects were also closed down or suspended. MSG was reluctant to claim attribution, however, in part because the Ministerial decision (taken after a meeting with NCIC) was made before CoST had time to issue its press release about the AR. It is important to note that the difficulties related to this project were already well known and covered by the press back in 2013.

Examples in Box 10 clearly demonstrate that information disclosure can lead to instances of accountability and greater value for money. There is a long way to go, however, before those transparency and accountability mechanisms are mainstreamed and become sustainable – which is CoST's final objective. The CoST model promotes sustainability in three main ways:

- Enacting new laws
- Using e-procurement systems to mainstream CoST disclosure requirements
- Involving relevant agencies in the assurance process

All involve working to scale and working with government systems and institutions. There seem to be good prospects for the first two to be realized in a selected number of countries. Plans to involve a relevant agency to carry out the assurance process have remained inconclusive.

Ultimately, there is also a need to ensure that the information disclosed is used to inform stakeholders and/or hold government and procurement entities to account. For this to happen, some activities initially included in CoST programme would need to be

[68] Similarly, a Plan B developed by the Board and its Secretariat envisages three options, should CoST receive less than USD0.5m a year for the International Programme by 2014: a scaled-back program; merging CoST with a similar initiative; and closing CoST.

given greater resources and priorities in the next phase of programming - notably establishing PEs' feedback mechanisms, and building public demand for information,.

Building public demand is a key aspect of the CoST model. For many stakeholders interviewed, a key advantage of CoST compared to other initiatives is indeed its focus on getting accurate and simple information to the public in a sector of crucial importance to them. Progress has been relatively slow on this front. To the question "has the MSG made sufficient progress, or is likely to make sufficient progress, in building the public demand for disclosure of information", 52% of survey respondents responded No. The large majority of respondents that responded yes based their response on activities and prospects rather than outcomes.

More regular assurance exercises are evidently needed to build public awareness and public demand. Examples are given in Box 11. Given limited resources, building partnerships with advocacy organisations may also be key. The evaluation finds, however, that in many countries, including Malawi, there was little attempt to capitalize on the advocacy skills and networks of MSG CSO members to promote the initiative. This appears a lost opportunity.

Box 11: Public outreach of the assurance report

Guatemala, Malawi and Ethiopia were the most active in reaching out civil society and the media, as they raised awareness and disseminated results about their assurance reports.

In Ethiopia, a disclosure and validation event was held in October, when the procuring entities had the opportunity to respond to the findings in the assurance report. The event, which was attended by 80 participants, received encouraging media coverage and public demand.

In Guatemala, each AR had a public launch, well reported in the media.

In Malawi, regional workshops were held with civil society and the media separately ahead of the assurance report, attracting 100 media practitioners and 56 CSO representatives. During this workshop, the media and civil society were familiarized with the CoST initiative and made aware of their roles and responsibilities in disseminating available information on public infrastructure projects; advocating for the enactment of the relevant legislation; and sensitizing the population to demand information.

Under the Bank funding, Malawi MSG also initiated a media award to encourage the media to develop a keen interest in the activities of the construction industry. A total 49 articles were selected following a notice on Namisa (an MSG member)'s media forum and search through publications. Three awards were announced during the dissemination of the AR.

Malawi AR was subject to a validation workshop in July 2014, followed by a disclosure workshop in late August. Although the level of attendance at the dissemination workshop – and subsequent press coverage around the AR – was overall disappointing, the results of the assurance report were subsequently broadcast and discussed in two public debates on the national radio. About (tbc) hard copies were printedand distributed, though subsequent coverage on the media and radio was very limited.

7. RECOMMENDATIONS

In light of the above, the evaluation would like to make the following recommendations.

To Donors:

1. Urgently provide more funding to CoST International and Country CoSTs, as part of their commitment to promoting transparency, accountability, and value for money in infrastructure. CoST cannot afford to be confronted with another funding gap.
2. Ensure flexible and predictable funding

<u>To CoST Interim Board and International Secretariat:</u>

3. Revisit the CoST theory of change, using a participatory approach to (i) test the validity and added-value of CoST multi-stakeholder, disclosure, and public outreach approach, and (ii) make CoST's risks and assumptions more explicit. Once revisited, this theory of change should support a more structured lesson learning process within CoST, and stronger strategic positioning in participating countries.
4. Consider options to incorporate more information and analysis on the quality of infrastructure in CoST disclosure and assurance processes.Capitalise on existing knowledge and experience to strengthen and develop CoST approach to influencing, capacity building, advocacy and public outreach.
5.
6. Explore the role of international stakeholders, in particular donor agencies and the construction industry, can play to support and/or mainstream CoST principles in their own businesses and ways of working.[69]
7. Make the Interim Board permanent, using a light global governance structure enabling participating countries to vote.
8. Estimate operational and programme costs for a fully-fledged International Secretariat, based on CoST International's new legal status.
9. Continue to explore funding models, drawing from the multiplicity of actors in this sector.
10. Monitor systemic changes and communicate results, using a variety of tools (outcome mapping, stories of change, traffic lights) to measure and report changes.
11. Refrain from getting new countries on board until sufficient funding is secured and some of the above recommendations are addressed.

To participating countries

12. To achieve greater results, better prioritize, sequence, and coordinate CoST's activities using medium-term strategies and seek partnership with other transparency and accountability initiatives, including donor supported-programmes in public finance management to build synergies.

[69] We note for example DFID's decision to stipulate that one of its rural road programmes must comply with CoST requirement procedures.