

Minutes of CoST Board Meeting No.16

14-15 September 2015, Manila, Philippines

Participants	
<p>Board: Chrik Poortman (Chair) George Ofori (GO) Vincent Lazatin (VL) Petter Matthews (PM)</p> <p>Apologies: Per Nielsen (PN)</p>	<p>In Attendance: Bernadine Fernz (BF) Marcela Roso (MR) Marloes Hulshof (MH) Jos Lubbers (JL) Patricia Alvendia (PA) Day 2 only</p> <p>Apologies: Mark Harvey (MH) Andri van Mens (AvM)</p>

	Discussion & Decisions	Responsible	Deadline
Item 1. Chairman's Welcome and Opening Remarks			
1.1	The Chair welcomed all those present and thanked them for attending. He extended a special greeting to MH and JL representing the Netherlands Embassy in Manila in AvM's absence.	N/A	N/A
1.2	The Chair went on to explain that Bekure Ketema has resigned his position on the Board and was not therefore present in this meeting (see Item 8).	N/A	N/A
Item 2. Approval of the Minutes of Meetings 15 and 16			
2.1	<i>Meeting 14, Item 7.13.5</i> – The “three areas” in line 4 should be changed to “four areas”.	IS	Before next mtng
2.2	Subject to the correction above (see 2.1), the minutes of meetings 15 and 16 were approved as an accurate record.	N/A	N/A
Item 3. Matters Arising from the Minutes of Meetings 14 and 15			
3.1	Most matters arising will be addressed under items on the agenda. PM went through those that will not.	N/A	N/A
3.2	<i>Meeting 14, Item 4.3</i> – The ‘Improving Performance Monitoring’ policy paper has been developed. It will be circulated amongst Board members on a no-objection basis and after that, it will be published on the CoST website.	IS	October 2015
3.3	<i>Meeting 14, Item 4.4</i> - The IS believes that it will be of value to develop a ‘self-assessment tool’ for use by	IS	2016

	national programmes. However it is not amongst the key priorities in the next 12 months.		
3.4	<i>Meeting 14, Item 12.2</i> – CoST organised a panel discussion as part of the 16 th International Anti-Corruption Conference held in Malaysia 2-4 September 2015. The session was entitled ‘Rooting out impunity and strengthening integrity in the construction sector’. A report is available here .	N/A	N/A
3.5	<i>Meeting 14, item 13.4</i> – A meeting should be convened involving MR, PM and Gavin Hayman of the Open Contracting Partnership (OCP) to discuss collaboration between OCP and CoST.	MR, PM	Before end 2015
3.6	<i>Meeting 15, Item 2</i> - EAP has recruited two new staff - a Communications Manager and a Programme Assistant - who will start work on CoST in October 2015.	N/A	N/A
3.7	<i>Meeting 15, Item 5.1</i> – The Independent Evaluation Report has been revised by the consultant in response to the concerns raised by the CoST Board. The IS will circulate it amongst the Board Members on a no-objection basis.	IS	October 2015
3.8	<i>Meeting 15 Item 6.1</i> – CoST Vietnam was unable to host this meeting for practical reasons. They suggested that Vietnam might be able to host a future meeting.	N/A	N/A
Item 4. CoST Programme Report			
4.1	Afghanistan		
4.1.1	Progress has remained slow as a result of elections and a worsening security situation in Kabul. However, despite these difficult circumstances, there have been some important developments.	N/A	N/A
4.1.2	The MSG has been meeting routinely, Integrity Watch Afghanistan (IWA) has agreed to be the Host Organisation and GIZ has agreed to support the completion of the Scoping Study. These are positive developments, but CoST Afghanistan will continue to face challenges that will make progress difficult relative to some other countries.	N/A	N/A
4.2	Botswana		
4.2.1	A working group made up of key stakeholders has met to discuss how to take CoST forward. It has begun an analysis of current disclosure requirements relative to the CoST IDS. The MSG will soon be formed from working group members.	N/A	N/A
4.2.2	The CoST IS will visit Botswana in October to provide capacity building support. It is anticipated that the focus will be on disclosure, assurance and multi-stakeholder working.	N/A	N/A
4.3	El Salvador		

4.3.1	An IS led workshop was held with the MSG in June, aimed at improving multi-stakeholder working, developing a plan to establish a FDR and commencing disclosure. It helped to invigorate the efforts of the MSG and provided a clearer sense of direction. It is hoped that a Presidential Decree will be in place by November 2015.	N/A	N/A
	A Scoping Study, establishing the baseline for transparency, has been completed. A broader Scoping Study covering all the recommended items in GN5 is underway.		
4.3.2	An assurance report has been completed looking at 8 projects from 2 PEs.	N/A	N/A
4.3.3	A good relationship has been established with the Inter-American Development Bank (IDB) and it is hoped that it will eventually result in the provision of financial support by the bank to CoST El Salvador.	N/A	N/A
4.4	Ethiopia		
4.4.1	CoST Ethiopia was previously amongst the better performing countries, but recently some momentum appears to have been lost. Reasons include tensions in the MSG, inadequate funding and limited political space. An IS led workshop was held in July to help address these challenges.	N/A	N/A
4.4.2	An FDR has been established but there is some uncertainty about its veracity. Compliance is very low and PEs are not showing enough interest.	N/A	N/A
4.4.3	A number of multilaterals and bilaterals based in Addis Ababa have expressed interest in supporting CoST and there is good potential for funding. It will be necessary to convert this interest into support.	N/A	N/A
4.4.4	If the CoST Champion travels to Washington for the Annual 'Corruption Hunters' meeting, the Chair will try to arrange a meeting with him.	Chair	Before end 2015
4.5	Guatemala		
4.5.1	Guatemala has experienced considerable upheaval recently as a result of a corruption scandal affecting top levels of Government. The CoST Champion and (former) Vice President resigned in May and the Presidential Commissioner for Transparency and MSG Chair also resigned. (Former) President Pérez Molina resigned in September and is the subject of a prosecution.	N/A	N/A
	An IS led workshop was held in June to address the power vacuum, tensions between members and improve multi-stakeholder working. Since then, democratic and participatory decision making has improved significantly. As a result, industry and civil society members felt able to		

	make a compelling case to Accion Ciudadana to re-join the MSG.		
4.5.2	The volume of disclosure is expected to continue to increase. Information on more than 3000 projects has been disclosed on Guatecompras and the 5 th assurance report is being developed.	N/A	N/A
4.5.3	Limited finance- is becoming an increasing problem. The election cycle (Sept/Oct) adds further uncertainty to programme funding and it is unlikely that funding will be made available before Q2 next year. An application for grant support has been received by the IS and subject to the quality of the application, it is hoped that all or a substantial part of the funds requested can be met.	N/A	N/A
4.6	Honduras		
4.6.1	Honduras has experienced upheaval as a result of mass protests against the ruling party and allegations of corruption, although President Juan Orlando Hernández has not been implicated in the allegations. Despite this uncertainty the MSG remains committed and continues to make progress.	N/A	N/A
4.6.2	The first assurance report is completed and information on 145 projects is now available on SISOCS. The MSG is exploring how CoST can work with other initiatives to leverage their expertise in building accountability.	N/A	N/A
4.6.3	The IDB has agreed to provide \$650k over three years, but disbursement has been delayed. The Government has agreed to step- in to bridge the funding gap but no disbursements have been made to date. The programme is in urgent need of funding and any further delay is likely to undermine the progress that has been made.	N/A	N/A
4.7	Malawi		
4.7.1	Malawi continues to perform well as a result of an effective MSG and a sustained high-level political support. As a result, CoST Malawi is highly respected and its advice has been sought by various parts of Government.	N/A	N/A
4.7.2	AfDB funding is at an end and this poses a challenge for the MSG. It has developed a new Business Plan which it has shared with DFID and the World Bank and has received positive feedback.	N/A	N/A
4.7.3	The Board will consider holding one of its meetings in Malawi in 2016.	N/A	N/A
4.8	Philippines		
4.8.1	The CoST Philippines MSG has always sought to institutionalise CoST through existing mechanisms. This is the long-term goal of all CoST programmes, but CoST	N/A	N/A

	Philippines differs in that unlike other programmes, it has not promoted disclosure and assurance on a 'voluntary' basis in the medium term to demonstrate usefulness and build support. It has instead attempted to work towards institutionalising CoST prior to broad-based application of disclosure and assurance processes.		
4.8.2	The Government's electronic procurement system 'PhilGEPs' will be the disclosure platform for the IDS. Until recently the Commission on Audit was to perform the assurance function, but changes in senior staff means that this commitment is no longer there.	N/A	N/A
4.8.3	There is a difference of opinion amongst MSG members about the future of the programme. One view is that institutionalising disclosure through PhilGEPs achieves CoST's ambition and the programme can close. The alternative view is that there is a role to monitor and ensure effective disclosure and to explore the need to support the 'demand' for information.	N/A	N/A
4.8.4	It was proposed that the MSG seek the views of others involved in transparency-related reforms and subject to there being sufficient interest, seek to reconfigure the MSG and develop a new strategy.	VL	Before end 2015
4.9	Tanzania		
4.9.1	CoST Tanzania continues to struggle to make progress. An IS led workshop was held in August to try and help resolve the barriers to progress. Whilst it helped to diagnose the problems, the General Election which will be held in October 2015 makes it very difficult to get things back on track. The MSG has developed a post-election strategy to win political support for CoST.	N/A	N/A
4.10	Thailand		
4.10.1	The Prime Minister is urging the rapid incorporation of CoST into state enterprise projects. Information has been disclosed on the first 4 contracts of the extension to Suvarnabhumi Airport. Airports of Thailand (AoT) staff have requested assistance to improve the presentation and usability of the disclosed information. The IS will undertake a technical assistance visit in November. The visit will help to develop detailed disclosure and assurance processes.	N/A	N/A
4.10.2	The scoping study is not yet complete, but an advanced draft is available.	N/A	N/A
4.10.3	Dr Ekniti Nitithanprapas has been appointed the new Director General of the State Enterprise Policy Office (SEPO). He is widely respected and he has expressed his interest in and commit to the promotion of transparency and accountability.	N/A	N/A
4.11	Uganda		

4.11.1	The Mukono-Katosi Road scandal has created considerable uncertainty and impeded progress. Four Ugandan National Road Agency (UNRA) officials have been suspended and charged in relation to the scandal. Significant restructuring at UNRA is underway.	N/A	N/A
4.11.2	Previously, UNRA dominated the MSG. The IS convened a workshop with the MSG in August in order to empower them. As a result of the workshop, the MSG now has a better understanding of their mandate, roles and responsibilities.	N/A	N/A
	Since then, they have been working effectively to advance CoST with other parts of Government; they have secured a formal letter from the Ministry of Works committing that all the agencies within its purview (including UNRA) must disclose according to CoST by June 2016. The Uganda Road Fund (which provides funding for construction and maintenance of roads to UNRA) is also on-board.		
4.11.3	A Scoping Study is underway and will be completed by the end of 2015.		
	The MSG is also pursuing FDR through the Offices of the President, Vice President and Prime Minister.		
4.11.4	The absence of a National Secretariat has impeded progress. Delays in AfDB funding have prevented the appointment of National Secretariat staff. The IS has attempted to intervene, but AfDB staff have been reluctant to engage.	N/A	N/A
4.12	Ukraine		
4.12.1	Responsibility for CoST Ukraine has now shifted from the State Road Agency (UAD) to the Ministry of Infrastructure (Mol). Minister of Infrastructure Andriy Pyvovarsky is reform-minded, energetic and committed to supporting CoST. The Mol also has highly capable non-paid advisers who are working hard to establish CoST Ukraine.	N/A	N/A
4.12.2	IS-led workshops were held in July and helped to strengthen the MSG and establish disclosure and assurance processes. Soon after that, the MSG developed and submitted an application for grant funding to the IS.	N/A	N/A
4.12.3	Three State-funded investments will be subject to disclosure in addition to the World Bank funded Kyiv-Kharkiv Highway Rehabilitation project.		
4.13	United Kingdom		
4.13.1	There has been no recent progress and the programme has stalled. The MSG has acknowledged the need to assess the programme as it is currently configured and	IS	Before end 2015

	consider alternative options for the future. It has requested that the IS provide support in this regard. A stakeholder meeting is being arranged.		
4.14	Vietnam		
	CoST Vietnam had been asked to host this meeting of the Board, but it declined explaining that responsibility for CoST in the Ministry of Construction recently shifted to a new Vice Minister and he was not comfortable hosting a meeting until he had a chance to learn more about the programme.	N/A	N/A
4.14.1	The IS has been unable to obtain an update on the status of the draft regulations of the new Construction Law that it is hoped will provide a legal basis for disclosure.	N/A	N/A
4.15	Zambia		
4.15.1	The Chair and PM spoke to the CoST Zambia MSG Chair and informed him that the Board was very concerned about the continued lack of progress. MSG Chair requested that IS write to the Minister of Transport, Works, Supply and Communication to ask if there is high-level political support for CoST Zambia. That was done on 5 th August but no reply has been received.	N/A	N/A
4.16	Conclusion		
4.16.1	This programme report comes at the end of a three-year period in which the programme has been severely financially constrained. It demonstrates that there is a high degree of differentiation in the relative progress of national programmes. Good performance tends to result from features that typically include well-functioning MSGs, effective National Secretariats, high-level political support and adequate funding. A lack of progress in general terms results from a lack of these features, although in all cases there are specific factors. The additional resources that will be available as a result of DFID support will help to overcome key challenges and accelerate progress.	N/A	N/A
Item 5. Strategic Review and DFID Support Update			
5.1	Five proposals were received from consultants to undertake the Strategic Review (SR) but they have not yet been evaluated. It is hoped that an appointment will be made in early October.	N/A	N/A
5.2	A number of individuals have accepted an invitation to join the Advisory Panel (AP). It will meet twice during the SR process and the first meeting will be held in early December in London.	N/A	N/A
5.3	It might be possible to arrange the next CoST Board meeting to coincide with the first meeting of the AP. Whilst it would not be appropriate for Board members to attend the AP meeting, it might be possible to arrange a	IS	October

	separate session where the Board Members can meet the AP members.		
Item 6. DGF Final Report			
6.1	EAP, in its role as grant holder of the World Bank Development Grant Facility (DGF) support, recently submitted a Final Report to the World Bank. It went beyond what was required in the narrow terms of the agreement in terms of reporting, to draw out key lessons from the experience.	N/A	N/A
6.2	The Chair welcomed the report. He said it showed that the DGF resources were put to good use and helped secure some very important achievements. He drew attention to the fact that overheads costs were on average 6 per cent and that this validated the decision of the Board and the Bank to partner with EAP.	N/A	N/A
6.3	Consideration should be given to how the contents of the report are used. It would be possible for example to publish a summary version of the report and/or to develop shorter briefing notes on particular aspects of it. On balance the Board felt that given that the IS is so busy with other things, it is probably most appropriate to publish the report in its current form and avoid additional effort.	IS	Nov 2015
Item 7. Financial Report			
7.1	The financial report concerned only the funds received from the Dutch Ministry of Foreign Affairs. The first tranche of funding has been received from DFID, but no expenditure has yet been made from it. The report was approved by the Board.	N/A	N/A
Item 8. Board Membership and Future Meetings			
8.1	The Chair reported that Bekure Ketema has resigned his position on the Board. The reason for the resignation was that he had retired from government service and as such was no longer in a position to represent government on the Board.	N/A	N/A
8.2	The Board expressed their thanks to Bekure for the tremendous contribution he had made through his participation on the CoST Board. The Board also welcomed the fact that Bekure had recently agreed to participate in the CoST Ethiopia MSG, meaning that his knowledge and experience would not be lost.	N/A	N/A
8.3	It was agreed that it would be appropriate to co-opt a government representative from amongst the countries participating in CoST. This would be consistent with CoST's Articles of Association and the mandate secured by the Board from MSGs in 2014.	N/A	N/A
8.4	It was proposed by the Chair and PM that the Board consider appointing Alfredo Cantero of the Honduran Government. This proposal was agreed by the Board and	IS	Sep 2015

	the IS was instructed to write to him with an invitation to join the Board.		
8.5	It was agreed in principle that it would be advantageous to establish a programme of Board meetings for 2016. This will be done in the next meeting.	IS	Before end of 2015
Item 9. Fundraising			
9.1	At least three key elements will form part of our key fundraising activities in the next two years: (a) the participation of bilateral and multilateral donors on the Strategic Review Advisory Panel, (b) small-scale funding for particular activities, e.g. the UK Foreign and Commonwealth Office support for events in South America and Thailand; and (c) a more strategic engagement with regional development banks.	N/A	N/A
9.2	In addition to these points, it was agreed that a programme of global advocacy be developed to reach out to potential supporters in 2016. The IS will develop a draft programme.	IS	Before end of 2015
Item 10. Two Year Plan			
10.1	The Two Year Plan has been revised to reflect the comments made by the Board in its last meeting. The revised version was approved subject to the following amendments: (a) incorporate the need to build the 'demand' for information, (b) objective 2a should be completed by July 2016, (c) objective 2b should be complete before end 2016, (d) delete 'Botswana' from objective 4a, (e) include a baseline figure in objective 5b, (f) consider if/how a reference to M&E can be included; and (g) item 8 to include an objective on 'global advocacy' (see item 9.2 above).	N/A	N/A
10.2	The Two Year Plan identifies the need to generate evidence of the potential value-added of CoST in OECD countries. The evidence would be used to encourage OECD countries to join CoST which the Board considers essential for CoST to be considered a 'global' programme. Previously DFID and the Dutch Ministry of Foreign Affairs had requested a discussion to help them understand this issue better. In the absence of AvM and MH it was felt that this discussion should be held when they are available, hopefully in the next Board meeting.	IS	Next meeting
Item 11. Other Business			
11.1	The IS has commissioned an independent audit of CoST's 2013 accounts. The Auditors have asked if the Board is aware of any 'related party transactions' that should appear in the Annual report. The Board identified only one transaction that could potentially fall into this category (see 11.2).	N/A	N/A
11.2	The Board agreed this resolution: "Petter Matthews is a member of the CoST Board and Executive Director of	IS	Oct 2015

EAP, a full time position for which he receives a salary. CoST made payments to EAP during 2014 in compensation for it hosting the CoST International Secretariat. The CoST Board is aware of this transaction and believes that it was in the best interests of the Charity." This resolution was necessary to satisfy audit requirements.

12. Chair's Closing Remarks

12.1 The meeting was brought to a swift conclusion to accommodate a meeting between the Board and CoST Philippines MSG. The Chair said that the discussions had been positive and that there was good cause to be optimistic about our potential to accelerate progress. He thanked all those who attended for their contributions and the IS for preparing meeting papers. Finally he thanked the CoST Philippines MSG and particularly VL for all his help in hosting the meeting in Manila.

These minutes were approved as an accurate record of the meeting.



8th December 2015

Christiaan J. Poortman
Chair

Date