

Better value from public infrastructure investments



What is CoST?

The Construction Sector Transparency Initiative (CoST) works with governments, industry and local communities around the world to get better value from public infrastructure investment by increasing transparency and accountability.



CoST is a multi-stakeholder initiative with 15 participating countries spanning four continents. Launched in 2012, CoST grew out of the lessons learnt from a three-year pilot programme which tested the viability of a new transparency and accountability process in eight countries.

CoST promotes transparency by disclosing data from public infrastructure investment. This helps to inform and empower citizens, enabling them to hold decision-makers to account. Informed citizens and responsive public institutions can lead to the introduction of reforms that will reduce mismanagement, inefficiency, corruption and the risks posed to the public from poor infrastructure.

CoST works at the national and international level to facilitate the global exchange of experience and knowledge on transparency and accountability in public infrastructure. In so doing, CoST works closely with other global transparency initiatives like the Open Government Partnership and the Open Contracting Partnership.

Why do we need CoST?

Without significant improvements in the delivery of public infrastructure, up to US\$5 trillion could be lost annually by 2030. An international effort to improve infrastructure delivery is therefore essential.

CoST is spearheading international efforts by strengthening transparency and accountability in public infrastructure. We need this focus on transparency and accountability as it creates better value for everyone:

- **CoST is better value for governments** because it demonstrates how public money is spent, identifies potential efficiency savings and complements reforms in the management of public finances and the procurement of infrastructure. In addition to developing transparency, CoST helps increase the flow of direct overseas investment into a country's infrastructure sector.

- **CoST is better value for the private sector** because it ensures a level playing field and reduces the costs and risks of doing business. This means that companies bidding for contracts can be confident that the process is taking place in a fair, open and competitive environment.
- **CoST is better value for communities** because it ensures cost-effective delivery of improved infrastructure that changes lives. Communities gain access to work and markets through improved roads, clean drinking water, education in well-built schools and medical treatment in safe hospitals.

CoST has a track record of saving money, delivering legal and institutional reforms and building the capacity of stakeholders. This makes the initiative ideally placed to drive future efforts on increasing transparency, accountability and cost-effectiveness in the delivery of public infrastructure.

Saving costs in Ethiopia

US\$3.5 million saving

CoST Ethiopia's Assurance Team highlighted that original plans for a rural road in Eastern Ethiopia exaggerated the volume of retaining wall and excavation required for the road-building project. CoST Ethiopia's Multi-Stakeholder Group (MSG) then held a workshop involving the media and civil society organisations, sparking considerable interest in a revised road project.

As a result, the Government of Ethiopia adopted an alternative design for the road project. This led to a cost saving of US\$3.5 million, with construction completed six months early.

Furthermore, the original designers of the road project were debarred from Government contracts for two years. Reports suggest that, since the first sections of the road opened in 2011, the income of local farmers has doubled.

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How does CoST work?

At the international level, CoST provides a set of principles and guidance on increasing transparency and accountability in public infrastructure. At the national level, CoST has established a framework for evaluating and recognising the performance of country-led programmes.

Any country can apply to join CoST and set up a national programme. National programmes are locally led and managed, adapting and applying the core features of CoST according to the local legal, institutional and sector environment.

CoST achievements

Since the launch of CoST in 2012, the initiative has achieved the following

7 new countries

Afghanistan, Botswana, El Salvador, Honduras, Thailand, Uganda and Ukraine have joined CoST, which now spans four continents.

US\$8 million saved

Action taken on two projects created savings totalling US\$8 million.

Scaling up disclosure

CoST has scaled up disclosure requirements, with Ethiopia, Guatemala and Honduras integrating CoST's Infrastructure Data Standard into government systems. Guatemala is leading the way by disclosing data on over 3,000 projects via its e-procurement portal 'Guatecompras'.

Disclosure training

National programmes are using enhanced web portals as a mechanism for disclosure in Ethiopia, Guatemala, Honduras and the Philippines, with hundreds of government officials now trained on disclosure procedures.

Public awareness

Media and civil society training has helped to build public awareness of cost increases and poor design on infrastructure projects in Ethiopia and Malawi.

Industry support

Bechtel, Strabag and Skanska, three of the top eight international construction contractors, are now CoST supporters.

Reviewed 108 projects

The CoST assurance process has reviewed the disclosure of data on 108 projects, with reports published in Ethiopia, Guatemala, Honduras, Malawi and Vietnam.

Preventing wasted funds

The Malawi national programme highlighted issues of concern to the public, leading to the retendering of two road contracts and preventing the wastage of public resources.

Setting legal standards

CoST established Formal Disclosure Requirements in Ethiopia, Guatemala and Honduras. These provide a legal basis for the disclosure of data in accordance with the CoST Infrastructure Data Standard across the public sector.

Core features

CoST comprises three core features which provide a global standard for transparency and accountability in the delivery of public infrastructure. This standard is flexible, allowing it to be applied in different political, economic, regulatory and social contexts. The core features of CoST are:



Disclosure

CoST increases transparency by disclosing data on public infrastructure projects. Forty data points are disclosed at key stages throughout a project cycle, as set out in the CoST Infrastructure Data Standard (IDS). Ultimately, a national programme establishes a disclosure process for public infrastructure that is viable, sustainable and appropriate to local conditions and that can achieve a credible and substantial level of compliance. For further information on disclosure, see **Guidance Note 6: Designing a Disclosure Process**.



Assurance

CoST promotes accountability through an independent review of the disclosed data. Through this assurance process, CoST validates technical data, interprets it into plain language and identifies issues of concern. This helps stakeholders to understand the main issues and acts as a basis for holding decision-makers accountable. For further information on assurance, see **Guidance Note 7: Designing an Assurance Process**.



Multi-stakeholder working

In each country, CoST is directed by a Multi-Stakeholder Group (MSG) that comprises representatives of government, the private sector and civil society. By providing a neutral forum, CoST helps these key stakeholders pursue shared objectives to improve the value, efficiency and effectiveness of investment in public infrastructure. For further information on multi-stakeholder working, see **Guidance Note 4: Establishing a Multi-Stakeholder Group and National Secretariat**.



Contract annulment saves US\$5 million

The contract for the rehabilitation of the Belize Bridge in Guatemala City was annulled following recommendations by the CoST Guatemala Assurance Team. The Team pointed out that the use of emergency procedures for awarding this contract was inappropriate; emergency procedures are intended only for circumstances that require a rapid response, such as reconstruction after natural disasters.

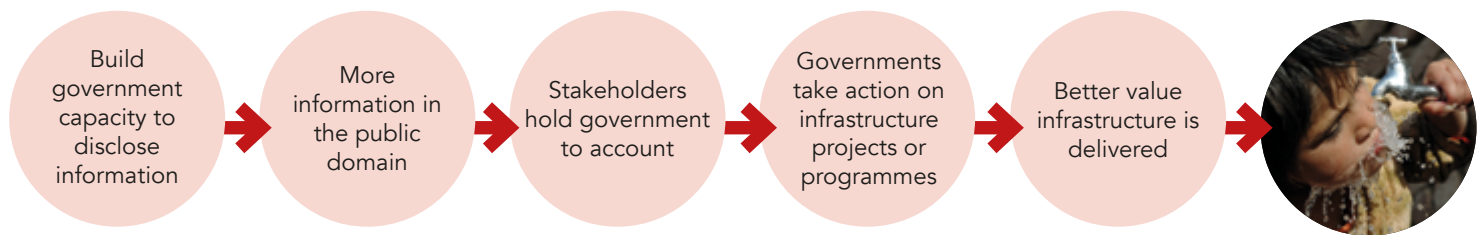
The contract was annulled prior to any payment, resulting in a saving of US\$5 million. The Assurance Team also highlighted that the bridge did not require rehabilitation and that the planned work could have made the bridge dangerous.

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Achieving impact

CoST achieves its impact by strengthening social accountability. This is realised through a series of actions that together form a 'results chain', as highlighted below.



Governance of CoST

CoST is a UK registered charity and not-for-profit company. The CoST Board is responsible for governing the initiative which includes approving strategy and budgets, setting the principles and standards for participation and admitting new countries into the CoST initiative.

The Board appoints an International Secretariat to provide management support for CoST's international programme, support countries interested in joining CoST, provide guidance and technical assistance to national programmes and administer international funds.





How can you get involved?




Are you a government interested in joining CoST? Or are you an interested private sector, civil society or donor supporter? If so, and you would like to see the benefits of CoST in action, please contact us via CoST@constructiontransparency.org

Building civil society and media capacity in Malawi

Malawi's Multi-Stakeholder Group (MSG) has been building civil society and media capacity through workshops to raise awareness of the importance of transparency and accountability in public infrastructure. The MSG has also introduced 'Media Awards' for outstanding work in reporting important issues on public infrastructure projects.

Critically, the MSG has engaged citizens directly through public radio debates. This allowed the public to address questions via SMS to key figures from government, industry and civil society about Malawi's infrastructure and the importance of increasing transparency and accountability. Malawi's increased public profile of infrastructure accountability has led to high-level government support, with Vice President Saulos Chilima being named as the CoST Malawi Champion.

 CoST International
 @CoSTransparency

  Construction Sector Transparency Initiative (CoST)
 www.constructiontransparency.org

CoST – the Construction Sector Transparency Initiative – is a multi-stakeholder initiative funded by the UK Government's Department for International Development and the Ministry of Foreign Affairs of the Netherlands. CoST works with governments, the private sector and civil society to get better value from public infrastructure investments by increasing transparency and accountability. To find out more, please visit the CoST website.

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