Strengthening transparency and accountability in a challenging context

CoST increases transparency and accountability to deliver better infrastructure more efficiently. This is achieved by enabling the disclosure of infrastructure project data in the CoST Infrastructure Data Standard (IDS) format and then validating and interpreting the disclosed data through an Assurance process. Through disclosure and assurance, government, industry and civil society can work together to demand better infrastructure.

The Ukraine case study demonstrates how CoST can be successfully used to promote greater transparency and accountability in public infrastructure within a challenging political, social and economic context. The case study highlights the success factors and identifies the key lessons learned.

Success factors

1. Initiating a stakeholder dialogue for Ukraine to join CoST

The Ukraine roads sector has been characterised by poor governance, mismanagement and corruption with the influence of vested interests deeply entrenched. In an effort to improve its public reputation and the efficiency of its operations, the Ukraine National States Roads Authority (UAD) expressed an interest in establishing a CoST Ukraine programme in early 2013.

The World Bank, which provides finance to Ukraine for upgrading its priority road network and technical assistance for moving forward sector reforms, played a catalysing role in UAD’s decision. It brought key stakeholders from government, industry and civil society together to meet with the CoST International Secretariat (IS) to learn about the programme. As a result of the meeting, UAD committed to pilot CoST on one World Bank financed project. The CoST Board approved Ukraine’s application to join CoST in October 2013, with UAD formally announcing that they had joined CoST in November 2013.

January 2013: UAD formally express interest in piloting CoST at a meeting organised by the World Bank.

November 2013: UAD publicly announces that it has joined CoST.

May 2014: CoST IS facilitated roundtable meeting to discuss the information that should be disclosed to the public.

January 2015: Scoping study published.

April 2015: An Institutional Advisor and Technical Advisor appointed by the World Bank to support the programme.

July 2015: Ministry of Infrastructure Decree provides legitimacy to CoST and Multi-Stakeholder Group (MSG) is formed.

October 2015: MoU signed by Ministry of Infrastructure, UAD and CoST IS expands the pilot to four projects.

January 2016: Full-time National Secretariat appointed with funding from CoST IS.

February 2016: Training workshop for Oblasts and UAD officials on disclosing data.

May 2016: National consultants trained in implementing the CoST assurance process, and disclosure on four pilot projects commences.

June 2016: Assurance consultants are appointed by the MSG.

November 2016: Assurance reports published.
Scoping Study identifies an approach to multi-stakeholder working

The ‘Maidan’ uprising that led to the ousting of the then President in early 2014 broadened demand for the reform agenda. At a meeting with UAD and the CoST IS in May 2014 an emboldened civil society highlighted lack of trust towards roads sector institutions and was demanding increased transparency, improved governance and reduced corruption from them.

In January 2015, the CoST IS published a Scoping Study on the Ukraine road sector which reported that up to 50% of the sector’s budget was lost through unscrupulous financial management. It also identified that there was no systemic and consistent mechanism of civil society monitoring UAD’s actions and spending and reflected on how CoST could be aligned and adapted to the local context and how a Multi-Stakeholder Group (MSG) might bring together civil society, the private sector and the government into a constructive forum. It also recommended that the MSG should have access to financial, technical and intellectual assistance which would be used to build trust between UAD, industry and civil society.

Government’s strong commitment ensured legitimacy for CoST

In July 2015 the Ministry of Infrastructure took a strong leadership role in CoST Ukraine and issued a Decree that provided a mandate for the programme. The Scoping Study had identified that a Government Decree could mitigate the risk of UAD’s commitment to greater transparency and openness being undermined by the complex political economy and their difficult fiscal situation. The Decree ensured the necessary high level political support to help overcome these challenges and legitimise the role of the MSG. This message was enhanced when a Memorandum of Understanding (MoU) was signed between the Ministry and the CoST IS which expanded the number of the pilot projects to four – funded by the World Bank, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), and two funded by the state budget.

The Decree was also aligned with a number of other reforms including Law of Ukraine ‘On Performing Public Procurement’ (April 2014), Decree of the Cabinet of Ministers (March 2015) that committed the Government to improving transparency in the roads sector, and the Government’s adoption of open data principles, open contracting and the development of ProZorro – the government’s e-procurement portal.

The Ministry also established a Stakeholder Working Group (SWG) in June 2015, which evolved into the MSG with representation from a number of civil society organisations and businesses. The MSG has met on a regular basis providing oversight and leadership for the CoST Ukraine programme. In January 2016, a National Secretariat was appointed with financial support from the CoST IS.

Members of the MSG

Government: UAD, Ministry of Infrastructure.

Civil society: Centre of Political Studies and Analysis (EIDOS), ‘My Roads’ Public Union, Transparency International Ukraine.


World Bank technical assistance provides independent oversight and mentoring

After fulfilling the facilitator’s role, the World Bank provided further technical assistance to CoST Ukraine with funding from the UK Government’s Department for International Development (DFID). In April 2015 the World Bank appointed an Institutional Advisor who helped to constitute the MSG and build its capacity by facilitating a dialogue that would allow for decisions to be reached by consensus.

A Technical Advisor was also appointed to support the development of the disclosure standard and manual, in addition to an assurance manual. Furthermore, the Advisor provided strategic advice on the importance of the programme to the new Minister and advisors in the Ministry of Infrastructure. The Advisor also provided training for government officials on disclosing data and for national consultants on the assurance process. By engaging over a sustained period of time, the Advisor was able to provide on-going mentoring and technical advice to the newly appointed National Secretariat that initially lacked sector expertise.
5 Building government capacity to disclose data to the public

While disclosure practices within UAD are sound and largely consistent with the domestic legal requirements and international practice, the Scoping Study identified that information was not disclosed fully, regularly or systematically with considerable regional variation.

To overcome this challenge, the Technical Advisor worked with the MSG to develop a standard list of project data based on the IDS and a Disclosure Manual that provided a set of procedures for disclosing data to the public. Officials from 24 regional road authorities, known as Oblasts, and from UAD then participated in an intensive two day workshop organised by CoST Ukraine and the World Bank. The workshop helped to overcome the perception that CoST is designed to punish government employees by demonstrating how it supports officials to put in place systems that organise, manage and publish the data.

As the IDS is specific to projects, it was not suitable for the nationally funded road repair programme. A pioneering standard based on the IDS was subsequently developed and since May 2016, it has been used as a tool to disclose data from 140 road repairs. Data on the three remaining pilot projects has also been disclosed in the IDS format.

6 Assurance process highlights issues of concern for the public

The Assurance process is an independent review of the disclosed data. The review identifies how many data points have been disclosed, the accuracy of the disclosed data and issues of concern for the public. The findings and recommendations are published in a report.

To overcome the challenge of a lack of truly independent experts, the Technical Advisor developed terms of reference with the MSG that provided a step by step approach to the Assurance process. The Advisor then trained 16 national consultants on the Assurance process, followed by an assessment of their capacity and suitability to carry out the function. This allowed the MSG to identify and appoint a number of suitable assurance consultants, and gives the public confidence that the Assurance reports are independent and credible.

The reports highlight a number of significant issues including:

- An unusual approach to implementing a construction contract in relation to the role of the engineer on the three International Finance Institutions (IFI) funded projects.
- The inclusion of an outline or incomplete design in the bidding documents led to an increase in construction costs.
- A low level of market competition, inconsistent and poor budget planning and weak quality management procedures in nationally funded road repair programmes.

These findings allow for a clearer assessment of contract performance and the mismanagement risks.

7 A trusted partner

Through a process of constructive engagement, CoST Ukraine has become a trusted partner for government and IFIs allowing the programme to expand. This is demonstrated by Ukrenergo (the state owned energy company), EBRD, and EIB agreeing to include projects in the CoST Ukraine programme. There is also the potential opportunity to institutionalise transparency in public infrastructure. This follows CoST Ukraine’s inclusion in the Government’s Open Government Partnership (OGP) Action Plan and its partnership with ProZorro.

Since May 2016, a pioneering standard based on the IDS has been used as a tool to disclose data from 140 road repairs.
Conclusion and lessons learned

In light of the challenging context in Ukraine, the implementation of CoST to date must be considered a success story. The emerging lessons from Ukraine are especially relevant for the implementation of transparency and accountability initiatives and for other sectors and countries affected by political instability, poor governance, weak transparency, deeply entrenched corruption and a lack of public trust.

Six key lessons emerge from Ukraine:

1. **CoST provides an approach** that lends itself to a sector characterised with complex challenges, whilst complementing broader governance and transparency improvements. However, it is important to balance ambition with what can be realistically achieved given the political context. CoST is not a ‘silver bullet’ and must be seen as one of a number of tools and reforms that can improve the delivery of public infrastructure.

2. **Political will and leadership** is fundamental to providing the necessary legitimacy, authority and space for a CoST programme to be successfully implemented.

3. **The highly relevant role that international development organisations** (such as the World Bank) can play as a trusted partner, catalyst, bridge builder between sectors that do not trust each other and mobiliser of technical support. This can be done without having to be in the driver’s seat, working almost exclusively from behind the scenes to set and move the agenda forward.

4. **The added value of highly professional continued external technical assistance** by individuals with strong technical skills, global experience and communication skills. The independence of such a person combined with a strong understanding of the context enables the initiative to ‘keep its eye on the ball’ and take a strategic and flexible approach to overcome seemingly insurmountable challenges.

5. **Building trust between the stakeholders** through a facilitated process takes time and on-going support. An effective MSG supported by a competent National Secretariat can become a potential partner and anchor, providing institutional stability and continuity to the process of increasing transparency and accountability in public infrastructure.

6. **The most basic disclosed data generates valuable insights** into performance management. As and when data is disclosed from more projects, an increasingly valuable data set will be developed that will, when analysed, prove to be of critical importance to improving the preparation, procurement and construction of infrastructure.

CoST can be successfully used to promote greater transparency and accountability in public infrastructure within a challenging political, social and economic context.

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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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