

### Box 1. Achievements of the CoST pilot

The pilot took place over three years in eight diverse countries at an average investment of GBP210,000 per country.

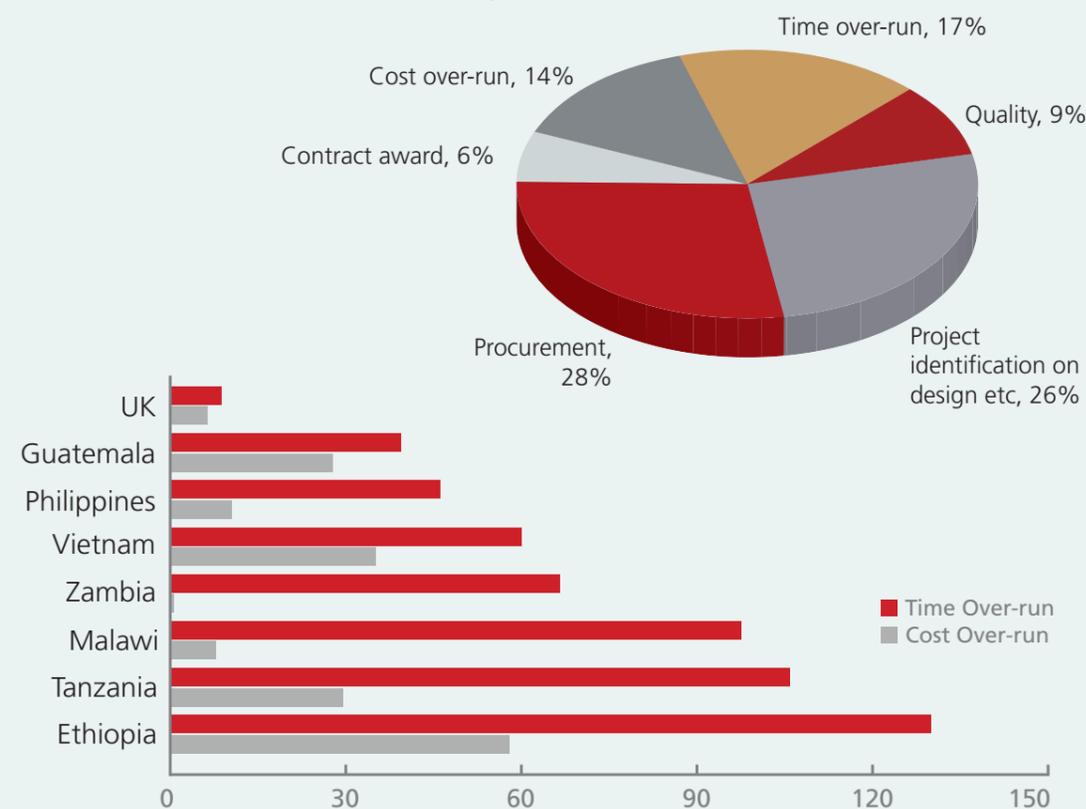
In every country, the pilot achieved the disclosure of previously unavailable information. It has shown that with commitment from key players, the disclosure and verification of key data can be achieved with a very small investment of funds. The multi-stakeholder process, the public disclosure of understandable information on projects, and the demand for this information, constitute a new governance and accountability mechanism in all the pilot countries.

In each pilot country, CoST has been endorsed by government and the national multi-stakeholder group continues to operate beyond the pilot stage. Support for CoST has survived the political changes associated with elections. In some countries the pilot

has led to changes in government procedures, while others are in the process of integrating CoST procedures into their existing institutional frameworks.

The pilot identified widespread inefficiency and mismanagement throughout the project cycle, notably including weak initial preparation (Figure a).

The pilot also generated data helpful for conducting international analysis and benchmarking, for example on average time and cost overruns on sample projects (Figure b) and on the level of competition for procurement.



## The CoST programme

CoST is a country-centred initiative to improve the value for money spent on public infrastructure by increasing transparency in the delivery of construction projects.

The CoST programme is a partnership between participating countries and international stakeholders. Building on experience from a successful three-year pilot programme (Box 1), it provides technical and financial support to countries' own CoST programmes and facilitates international exchange of experience and knowledge to improve transparency in public construction around the world. The programme was launched in 2012 and is expected to run for 10 to 20 years, subject to periodic reviews.

Strengthening transparency and accountability in public construction yields benefits both domestic and international. It curbs mismanagement, waste, and corruption and reduces risks to public safety from poor building practices. It improves fairness in competition for contracts and can also increase the flow of foreign direct investment and development finance into a country's construction sector.



## Essentials of CoST

CoST seeks to enhance transparency in public construction by ensuring that basic information on projects is disclosed to the public at key points throughout the project

cycle. Within participating countries, the goal is to establish a public disclosure process for the construction sector that is viable and appropriate to country conditions, that is sustainable in the medium and long term as a government system, and that achieves a credible and substantial level of compliance in the relevant sector entities.

As information on construction projects is substantial and technical, and comes from many different procuring entities, CoST adds an assurance process to validate the 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. CoST aims to ensure that the disclosure process stimulates active demand for accountability and that this results in improved performance in the entities and in public construction projects. The expectation is that disclosure will increase transparency and accountability and thus, in the long term, help to improve value for money from investments in infrastructure (Figure 1).

In each country CoST is directed by a multi-stakeholder group (MSG) that comprises representatives of government, the private sector, and civil society. By bringing the key stakeholder groups together on neutral ground, CoST helps them to form and pursue shared objectives in improving value for money in construction projects and in improving efficiency and effectiveness.

As well as a standard approach to programme direction, the CoST pilot also developed standard but flexible procedures for gathering, verifying, and disclosing key project information. These procedures have been successfully applied in different political, social, and regulatory environments, demonstrating that the CoST approach can be used in any country that wishes to adopt it.



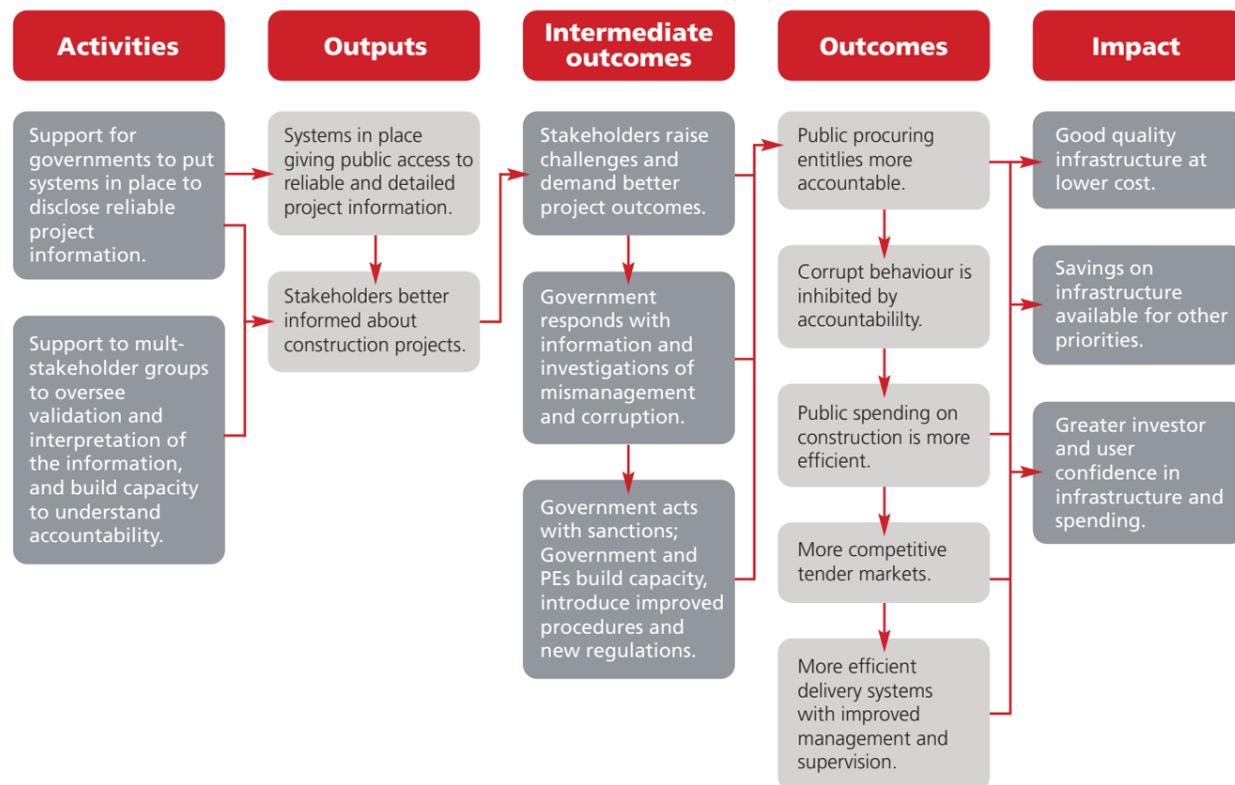
## How the CoST programme will work

At the international level, the CoST programme provides a set of principles, guidelines on enhancing transparency and accountability in public construction, and an international standard framework for evaluating and recognizing the performance of country programmes. It administers international funds to support country operations through technical guidance and technical support and through a Global Forum for exchange of knowledge and experience. At the country level, the operation of CoST reflects local conditions and preferences. Country programmes are locally led and managed, adapting and applying the CoST principles and framework according to the local legal, institutional, and sector environment.

## Country CoST programmes

For countries, participation in CoST promises multiple benefits: improving the use of funds in public construction, resulting in better and more reliable infrastructure; freeing savings to extend social and economic services; and raising investor confidence. Because it focuses on a large sector that accounts for the bulk of a country's capital spending, CoST is a natural complement to initiatives such as reform of public financial management and procurement. The CoST programme is open to applications from any country wishing to participate. The pace for implementation is flexible to accommodate different country circumstances.

Figure 1. Results chain for CoST programme



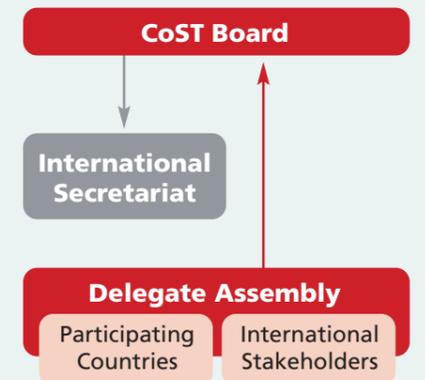
- **Engagement:** Prior to joining CoST is an engagement period. Through interaction with the International Secretariat, interested groups in the country gather information on CoST and what is involved in CoST implementation and participation, gauge the level of interest in CoST, and develop support for proceeding to preparation.
- **Participation:** A country can apply to participate in the CoST programme by submitting a letter to the CoST Board with government endorsement, together with an implementation plan for CoST. Typically, the plan will include early activities seek to develop consensus amongst stakeholders on implementing CoST, design and adapt CoST processes to operate in the country and establishing governance arrangements - such as the Multi-Stakeholder Group (MSG) and a management unit.
- **Implementation:** During implementation of country's CoST programme the participating procuring entities establish and operate disclosure for relevant projects and respond to any reactions or requests for information. An independent assurance team evaluates and reports on these disclosures. Periodic monitoring and reporting tracks progress in the programme and evaluates results. The aspiration for Participating Countries is to achieve sustainable operations. This is reached when disclosure requirements are integrated into formal government systems.

## Governance

The formal governance structure of the programme is:

- An International CoST Board directs the programme and is ultimately responsible for its outcomes. The Board will have a balanced representation of country and international stakeholder groups. It will be elected through
- A Delegate Assembly, which will have a similar composition that is balanced among stakeholder groups but with a majority representation of participating countries.
- An International CoST Secretariat supports the Board, manages the programme, and administers international funds in the programme.

In addition, an informal Global Forum provides an opportunity for exchange of information and broad interaction among all stakeholders.



## Funding

The programme will have three general sources of funding:

**Country resources:** In the long run, country CoST programmes must be sustainable without international funding. Thus the implementation of CoST in a country must rely first and foremost on government resources.

**International funds:** Managed by the CoST Board and International Secretariat and sourced from multilateral, bilateral, and other international funders. These funds will be directed to helping get the programme established, building support, and building capacity until ultimately the CoST processes become sustainable.

**Country-specific international financing:** These funds will typically be used to fill financing gaps for capacity-building activities in government agencies, such as technical assistance and systems development for procuring entities.

## Joining CoST

If you would like to see the benefits of CoST in action, please contact us for an initial discussion about how you can become involved. See over for contact details.