

# CoST and the Open Government Partnership

The Open Government Partnership (OGP) has been hugely successful in raising the importance of transparency and accountability in public service delivery, including how it contributes to more accessible and affordable infrastructure for citizens. This Guidance Note<sup>1</sup> outlines how CoST – the Infrastructure Transparency Initiative (CoST) can assist members of the OGP to meet their commitments to improving transparency and accountability in public infrastructure. It identifies how the CoST approach to transparency and accountability aligns with the OGP principles and provides model commitments for inclusion in an OGP Action Plan.

## Why infrastructure transparency and accountability?

Investing in public infrastructure is a vital part of efforts to meet pressing global challenges such as climate change, poverty, rapid urbanisation and ageing populations. According to the International Finance Corporation, World Bank Group, infrastructure investments which are well planned and executed tend to boost GDP and offset any increase in debt - in other words, they pay for themselves.<sup>2</sup>

However, it is estimated that up to a third of public infrastructure investment could be lost through corruption, mismanagement and inefficiency.<sup>3</sup> With US(\$) 78 trillion expected to be invested in infrastructure between 2014 and 2025,<sup>4</sup> the financial losses could be enormous, the full social and economic benefits unrealised and poor construction a threat to public safety.

### Box 1: CoST used as a standard for open government reforms in Honduras



Citizens in Honduras help monitor road projects

Since joining CoST in 2014, Honduras has developed a highly innovative approach to implementing CoST based on the OGP principles.

Transparency was enhanced by establishing a Presidential Decree that mandated the disclosure of data in the CoST Infrastructure Data Standard (CoST IDS) format and a mandate for its Multi-Stakeholder Group (MSG) to operate. It also used technology to develop SISOCS a user-friendly information platform where data from almost 1000 infrastructure projects has been disclosed to the public. It has recently pushed the boundaries of transparency further by developing SISOCS for Public Private Partnership (PPP) projects based on the World Bank PPP Disclosure Framework, the CoST IDS and the Open Contracting Data Standard and has driven innovation by developing an Infrastructure Transparency Index.

Citizen participation has increased by training 250 municipal Citizen Transparency Commissions to empower communities to use information on public infrastructure to demand accountability. Citizens then formed their own monitoring groups to compare the disclosed data with direct observation by measuring roads, reviewing materials and assessing their status to highlight cases where works had either not been carried out or were insufficient. This approach to citizen participation was recognised by OGP when they awarded CoST Honduras with an Open Government Award in 2016.

The experience of CoST Honduras has been used to improve other areas of public contracting and citizenship participation as referenced within Honduras OGP action plans for 2016-2018 and 2018 – 2020.



<sup>1</sup> This Guidance Note is part of a series focussed on CoST implementation. Other Guidance Notes can be found here: <https://bit.ly/2L8dxCc>.

<sup>2</sup> International Finance Corporation (IFC) (2012) *Poverty Literature Review Summary: Infrastructure and Poverty Reduction*, IFC.

<sup>3</sup> Stansbury, N. (2005) 'Corruption in Construction', *Global Corruption Report Transparency International*.

<sup>4</sup> Oxford Research (2014) 'Capital project and infrastructure spending Outlook to 2025', PricewaterhouseCoopers.

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## Box 2: Ukraine Assurance Report enhances accountability

In 2016 CoST Ukraine published an assurance report that reviewed data from over 120 public road repairment contracts across 17 regions with a value of UAH 3,399 billion (US(\$)) 119 million), approximately a third of the total government investment in the road sector. The Ukraine Government had agreed to participate in the review as part of its 2016-18 OGP Action Plan.

The report highlighted:

- **A lack of competition in the market** – in three regions one company won all relevant tenders;
- **Inadequate justification for funding distribution** – almost 50% of the allocated funds for road repairs were provided to just five out of the 17 regions;
- **Poor quality works** – simple requirements such as smoothness and durability were not met, representing an inefficient use of budgetary funds; and
- **Discrepancies across pricing** – average prices of repairs for one kilometre of road varied considerably across the different regions.

Following considerable media coverage of the report, the Ukraine State Roads Agency acted on CoST Ukraine's findings by instructing the contractor to repair a defective bridge. They also took steps to improve the supervision of roads contract and agreed to introduce open tenders for engineering services.



CoST addresses these challenges by working directly with government, industry and civil society to promote greater transparency and accountability in public infrastructure. This helps to inform and empower citizens and enables them to hold decision-makers to account. Informed citizens and responsive public institutions help drive reforms that reduce mismanagement, inefficiency, corruption and the risks posed to the public from poor quality infrastructure.

CoST results speak for themselves: from disclosing data on over 6,000 infrastructure projects in 2017 (a two-fold increase on 2016); to cancelling a contract for rebuilding Guatemala's Belize Bridge which saved the miss-appropriation of \$(US) 5 million; to repairing a defective bridge in Ukraine; to stopping environmental pollution on a construction site in Honduras; to a \$(US) 3.5 million saving on upgrading Ethiopia's Gindebir to Gobensa Road, which now provides a lifeline to hospitals, schools and the local economy.



CoST Ukraine engages the media



The CoST Malawi information platform

### Box 3: CoST Malawi supports Open Government Plan commitments

CoST Malawi has supported the Government of Malawi's Action Plan commitments on public sector reform and anti-corruption using technology and increasing citizen participation to enhance transparency.

Transparency has been enhanced by working with the Government to amend the Public Procurement Act, establishing a legal mandate to disclose data from public infrastructure projects in the CoST IDS format. The legislation forms part of the Government's public-sector reform commitments. Technology from Honduras has been shared to develop the Information Platform for Public Infrastructure providing a platform for

procuring entities to disclose data in line with the new legal mandate. Prior to these reforms CoST Malawi had to request the release of the information from procuring entities on a limited number of infrastructure projects. Both the legal mandate and the platform are expected to lead to disclosure at scale and reduce the need to request information to be disclosed.

CoST Malawi has had a marked impact on citizenship participation in public infrastructure. They established an SMS messaging service that allows the public to easily share their concerns about local infrastructure projects. They hold public radio debates where citizens can question decision makers about key issues on public infrastructure projects. CoST Malawi has also built media capacity through training and introduced 'Media Awards' for outstanding work in reporting on key issues in public infrastructure. Its work on citizen participation was recognised by OGP through an Open Government Award in 2016.



### How does the CoST approach help to implement the Open Government Partnership principles?

The CoST approach to implementing the OGP principles of transparency, technology and innovation, citizen participation and accountability is based on four core features: disclosure, assurance, multi-stakeholder working and social accountability.

- **Transparency** is enhanced by establishing a legal mandate that requires government procuring entities to disclose 40 data points at key stages of the entire project cycle in CoST IDS format.
- CoST uses **technology and drives innovation** by developing information platforms as a tool for disclosing information to the public. This includes the sharing of technology between its members and affiliate members.
- **Accountability** is enhanced through an independent review that validates the disclosed data for accuracy and completeness and highlights issues of concern and examples of good practice for the public in a published assurance report. Accountability is achieved when governments respond to the demand for action and implement improvements on individual infrastructure projects and at a broader sector level.
- **Citizen participation** is increased by building civil society capacity to use the disclosed data and assurance reports to hold decision-makers to account and by establishing a multi-stakeholder approach that reflects the context. This is typically achieved through a multi-stakeholder group where representatives from government, industry and civil society oversee and lead the implementation of CoST.

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## Model Open Government Partnership Action Plan commitments

CoST members, Costa Rica, El Salvador, Guatemala, Honduras and Ukraine have all included CoST as part of recent OGP action plans. Table 1 below sets out some examples of model commitments that could be included in an OGP action plan.

TABLE 1: MODEL OPEN GOVERNMENT PARTNERSHIP ACTION PLAN COMMITMENTS	
Level of interest	Model commitment
Would like to join CoST as a member and believe each of its core features would add value.	The government will improve transparency and accountability in public infrastructure by joining CoST as a member and implementing its core features of disclosure, assurance, multi-stakeholder working and social accountability within 12 months.
Would like to introduce CoST as part of its open contracting commitments.	The government will improve open contracting in public infrastructure by joining CoST as a member and implementing its core features of disclosure, assurance, multi-stakeholder working and social accountability within 12 months.
Believe that some but not all of the CoST core features would improve current government systems for delivering public infrastructure.	The government will join CoST as an affiliate member and introduce the core features of CoST that add value to its current systems for delivering public infrastructure.
Interested in CoST but have yet to assess if its approach would add value.	The government will consider how the CoST approach to transparency and accountability will add value to improving the outcomes from its investment in public infrastructure
Would like to use the CoST IDS as a tool for increasing transparency in public infrastructure.	The government will introduce legislation that will mandate the disclosure of data from its infrastructure investments in CoST IDS format.
Would like to increase transparency, accountability and civic participation in public infrastructure but wishes to keep its options open as to how this is achieved.	The government will increase the current level of transparency, accountability and civic participation in public infrastructure.

### Box 4: CoST influences Panama OGP Action Plan

Panama joined CoST in late 2016 having learnt how Guatemala and Honduras had benefitted from the CoST approach at a workshop in Peru a year earlier. Panama's participation in CoST led to its first OGP Action Plan commitment on improving transparency in public infrastructure. The commitment was based on the importance of modernising the public procurement system according to OGP principles.

A scoping study commissioned by CoST Panama identified that existing procurement legislation did not require the publication of data during the project planning and project completion stages. The CoST Panama Multi-Stakeholder Group used the study to persuade the Government to increase transparency by mandating disclosure of the CoST IDS as part of a new 2018 Procurement Law. This provided a legal basis for information to be published during project planning and project completion.



In addition, technology is being used to enhance transparency by developing an information platform as the main tool for disclosing information in public infrastructure. The information platform was developed by the Panama Public Procurement Office with the cooperation of the Government of Honduras and is based on SISOCS. The platform is already being used by several public institutions including the Government of Panama City and it is likely that it will be used by all government procuring entities within the next two years.

## Conclusion

CoST is tried and tested and has been proven effective in diverse political and economic environments. It is available to OGP members as a cost-effective tool that can be incorporated into OGP action plans and help meet national and sub-national commitments.