

Minutes of CoST Board Meeting No.29

26th and 27th September 2019

Participants			
Board: Chrik Poortman (Chair) George Ofori (GO) (item 11 only) Alfredo Cantero (AC) Petter Matthews (PM) Gavin English (GE) (Friday only) Vincent Lazatin (VL)		Observers: Alexandra Habershon (AH) World Bank Hayley Sharp (HS) DFID Ivo Stoel (IS) MinBuZa In attendance: John Hawkins (JH) International Secretariat Evelyn Hernandez (EH) International Secretariat Charlotte Broyd (CB) International Secretariat Sean Henderson (SH) International Secretariat (up to item 6 only) Maria Prado (MP) International Secretariat (from item 7 onwards) Nora Pesheva (NP) International Secretariat Will Lodder (WL) Magma LLP auditor (item 4 only) Justine Davila (JD) Crown Agents (item 10 only) Paolo Craviotti (PC) Crown Agents (item 10 only) Eddie Rich (ER) Crown Agents (item 10 only) David Cornish (DC) Crown Agents (item 10 only) David Odihambo (DC) Crown Agents (item 10 only)	
	Discussion & Decisions	Responsible	Deadline
Item 1. Chairman's welcome and opening remarks			
1.1	The Chair welcomed the Members and Observers to the meeting.	N/A	N/A
1.2	Apologies were received from GO and GE for not attending the first day of the meeting.	N/A	N/A
Item 2. Approval of Meeting 28 Minutes and matters arising			
2.1	The minutes from meeting 28 were approved as an accurate record.	N/A	N/A
2.2	Outstanding actions Meeting 27, Minute 3.1. – it was agreed that there should be a discussion about the Board sub-groups to check if they are working. Meeting 27, Minute 12.3 - CoST provided two case studies to be included in an OECD white paper on infrastructure, but the paper has not been published. PM to follow-up.	Next meeting PM	October 2019

2.3	<p>Meeting 26, minute 7.3 – CoST participated at the FIDIC Africa conference (GAMA) in Kampala in May and the FIDIC International Conference in Mexico City in September. The Board expressed its thanks to GE for assisting with CoST’s participation at the two events and the forthcoming endorsement from the FIDIC Board.</p> <p>Meeting 26, Minute 9.1 - the updating of the operational policies and procedures is still an outstanding matter to be completed.</p>	JH & SH	Jan 2020
Item 3. Financial Report			
3.1	It was reported that expenditure until 30 th June 2019 had been slower than expenditure due to CoST members not absorbing funds as quickly as anticipated. This is partly due to staff changes and structural issues in one or two programmes and the consequences of political instability in a further programme. It was confirmed that those programmes that are performing receive more funding than those CoST member programmes that perform less well and are less able to absorb the funding.	N/A	N/A
3.2	There has been a significant change to the 2019 budget with £152k moved from the member budget to the international budget. This is detailed in the ‘Variations to 2019 Budget’ column of the reforecast budget. This reflects the current priorities of engaging donors through international and regional promotion and engaging governments interested in joining CoST.	N/A	N/A
3.3	However, 66% of the reforecast budget in the second half of 2019 is allocated Member & Affiliate Programmes. This includes three regional workshops and a managers’ workshop for CoST members.	N/A	N/A
Item 4. Annual General Meeting			
4.1	WL joined the meeting for the Annual General Meeting.	N/A	N/A
4.2	The Board raised no questions on the summary of the audit report or the KDD document from WL.	N/A	N/A
4.3	The draft management representation letter from CoST to Magma has been approved.	N/A	N/A
4.4	CB to send to SH the correct wording for an error on page of the audit report.	CB	30 th Sep 2019
4.5	The Board approved the audited accounts and KDD report. PM and CP to sign the audited accounts and letter of representation for SH to send to Magma LLP (two copies of each).	PM CP SH	30 th Sep 2019
4.6	The Board approved reappointing Magma as the auditor for the 2019 accounts. A review will take place in 2021 following their 5 th audit report. SH to inform Magma.	SH	Oct 2019

Item 5.	Risk management & safeguarding		
5.1	JH explained there has been a few additions to the risk register since the last meeting principally on disaster mitigation relating to access and damage to the office and ICT failures. It also included a risk where CoST assurance does not identify corruption or a firm or government challenges the assurance report findings.	N/A	N/A
5.2	It was agreed the governance Board Sub-Group would be responsible for the risk of misuse or misappropriation of grant funding from the CoST International Secretariat.	JH	Jan 2020
5.3	A DFID due diligence report in April identified that specific member risks should be added to the risk register. It was agreed with DFID this would be limited to 3-5 specific risks relating to the local context to avoid duplication and an unmanageable risk register. The Board concurred with this approach with an updated risk register to be shared with the Board before the next meeting.	JH	Jan 2020
5.4	No safeguarding incidents have been reported since the last Board meeting.	N/A	N/A
Item 6.	Constituting the CoST Board		
6.1	Articles of Association During last meeting the Board approved the updated Articles of Association in principle. The Board agreed the minor changes to the Articles of Association following a recommendation from the governance Board sub-group.	N/A	N/A
6.2	The Articles now have to be approved by 75% of CoST members via their Multi-stakeholder Groups. This approval will be included in a minute of an MSG meeting. The approved Articles are then submitted to the Charity Commission.	PM	Dec 2019
6.3	Board elections It was clarified that the regional delegate assembly elects the Board member. The regional delegate assembly would consist of six representatives (2 per sector) from each CoST member programme. They would normally be MSG members. Nominees to the Board would not necessarily be MSG members. There would be no limit on number of candidates for the Board per CoST member.	N/A	N/A
6.4	A back up telephone connection would be required for the on-line hustings. The Board thought the CoST IS should consider a physical meeting of the delegate assembly where they met the candidates.	N/A	N/A

6.5	It was agreed that a candidate would require two nominees and in principle a single transferable vote system would operate. This would allow the electorate to vote for candidates from their own country but then chose a second and third preference.	N/A	N/A
6.6	Candidates would be required to set out a full financial disclosure with the minimum requirements for a nominee to be set at a fairly high level. It would also be made clear that the candidate would be a trustee of UK charity and would be required to comply with the legal requirements of the Charity Commission.	N/A	N/A
6.7	It was agreed that diversity including gender would be actively encouraged but would not be mandatory at this stage.	N/A	N/A
6.8	The Board agreed that the International Secretariat would manage the process but they had the option of engaging a technical advisor who could potentially be an independent observer.	N/A	N/A
6.9	It was agreed that the international representatives for civil society and the private sector would be identified by seeking nominations from relevant organisations. On occasion the Board may opt to advertise for the co-opted position.	N/A	N/A
6.10	PM to update the presentation based on Board feedback and to ask the legal advisor to develop guidance on the electoral process.	PM	January 2020
6.11	The Board agreed that alternate Board members would not be introduced at this stage.	N/A	N/A
Item 7	CoST & EAP MoU		
7.1	The Board approved the update MoU following a recommendation by the Governance Sub-Group. The MoU will now be circulated to the EAP Board for approval.	PM	Nov 2019
7.2	It was confirmed that EAP has the insurance and indemnification policies that are required and if necessary will reimburse CoST. It was further explained that EAP has several other policies in place, most of which are applicable to CoST but as CoST does not have employed staff, but relies on consultants, it has less liabilities of concern.	N/A	N/A
7.3	Staff at the national level are employed by local organisation and are paid through the grant made available to them by the CoST IS.	N/A	N/A

Item 8. International and regional promotion

8.1	<p>The Board noted that the advocacy strategy had been approved by the advocacy sub-group as a live document.</p> <p>It was agreed to consider if and how OECD would endorse CoST or refer to it as good practice. CoST IS to develop an action plan and informally discuss with OECD contacts.</p>	CB JH PM	Dec 2019
8.2	The Board agreed that PM should continue in his role as C20 Infrastructure Chair based on how civil society will engage with Saudi Arabia as the incoming Chair.	PM	Dec 2019
8.3	JH thanked Board members and observers that commented on the High Income Study report. The report will be published in November.	CB	Nov 2019
Item 9. Key issues in CoST Member programmes			
9.1	The Board congratulated Nataliya Forsyuk, who was the CoST Ukraine Manager on her appointment as the Deputy Minister for Infrastructure.		
9.2	<p>Governance</p> <p>The Board was informed that the governance review and audit of the CoST Tanzania programme will commence shortly. The review and audit will identify the steps that are required to improve the governance of the programme. The aim is to complete the review and audit by early 2020.</p>	JH	Jan 2020
9.3	<p>The Board was also informed that the CoST Uganda MSG Chair has agreed to give evidence in court following the payment in error to the former CoST Uganda manager who then failed to return the funds.</p> <p>The MSG Chair has also agreed to a governance review of the CoST Uganda programme following some concerns that have been raised.</p>	EH	March 2020
9.4	Following the change in government in El Salvador, MG and OGP will visit the country to encourage greater government involvement on the MSG.	Manuel Gonzalez	Dec 2019
9.5	<p>JH is drafting guidance that will help to clarify the roles of the MSG and Host Secretariat. It will include guidance on gender, a standard MSG ToR and a reasonably detailed standard code of conduct for MSG members to help establish the expected behaviours and values. EH said that a code of conduct in Honduras had in the past help to defuse a situation.</p> <p>EH is drafting a governance health check tool for CoST members that will assist member managers to ensure</p>	JH EH	Dec 2019

	that the programme is operating correctly. Both documents are to be completed by December 2019		
9.6	The Board agreed that the CoST IS should in principle manage challenges involving poor governance, mismanagement and difficult MSG members. But the CoST IS needs the tools to be able to escalate matters when the MSG fails to act as there are reputation and branding risks to be considered as well as the potential negative impact on the member programme.	JH EH	Dec 2019
9.7	The Board agreed that the CoST principals should be reviewed to help with establishing the values and behaviours.	PM	Jan 2020
9.8	<p>Implementing the OC4IDS</p> <p>The Board was given a presentation on the new OC4IDS and how it will be implemented. It was also given a demonstration of the CoST Ukraine disclosure platform that now uses OC4IDS and adds a powerful analytical tool that provides real time analysis of the disclosed data. CoST Ukraine have agreed that the technology can be used and adapted for other CoST member.</p> <p>The Board were impressed with the platform and endorsed its use as an international tool. The analytical tool would principally be used by more mature CoST members where there is a considerable of good quality data is being disclosed. EH to discuss with CoST Ukraine how the technology can be transferred to other CoST members.</p>	EH	Jan 2020
9.9	<p>CB is working with CoST Ukraine to translate a video that would help to explain how the platform can be used to access and use the disclosed data.</p> <p>It was suggested that the platform could be shared with the World Economic Forum's Tech 4 Integrity forum.</p>	CB	Nov 2019
9.10	<p>Infrastructure Transparency Index</p> <p>The Board was greatly encouraged by the initial results from the testing of the Index in Guatemala and Honduras but recognised that it could be a political tool and that the implications of this need to be considered and whether it could be used in countries that are not members. There was also some discussion about whether the tool should be called an Index as it leads to discussion about a ranking when it is a more analytical tool.</p> <p>It was agreed that it was important to get the indices and methodology right before it is published as it will be criticised if it is not sufficiently rigorous. Thus, it was agreed the Index should be subject to external peer review and potentially further testing once the current work is concluded. EH and JH to take this forward.</p>	EH JH	Dec 2020

9.11	<p>Logframe</p> <p>It was reported that the CoST IS is behind track on one or two indicators including developing new tools and standards and attracting new members (although the competitive process has largely addressed this) and attracting new funding.</p> <p>It was also reported that the Government of Thailand is reporting a 20% saving on 'CoST projects'. The Board agreed that this should be reported publicly but further information is required to understand the background to the claim.</p>	MP JH CB	Oct 2019
Item 10. CoST review			
10.1	CP welcomed the Crown Agents team to the meeting. Crown Agents thanked the CoST IS and the Board in contributing to the report. Crown Agents summarised the findings and recommendations from the report in a presentation.	N/A	N/A
10.2	<p>The Board indicated that they were broadly content with the direction of the interim report including the findings and recommendations. The review was not recommending any fundamental changes but some helpful ideas and improvements. It would be helpful if the report prioritised and sequenced some of the recommendations.</p> <p>There was some concern that the proposed Global conference may be expensive, and it would mean other priorities would go on hold but it may be the best option to raise the profile of CoST. Regional 'smaller' conferences were an alternative approach. There was also some concern about the proposed direction of the M&E framework, especially in 'following the money' which would require considerable resources.</p> <p>The Board agreed that the report could be used as a tool to reach other donors.</p>	N/A	N/A
10.3	The Board asked Crown Agents to consider the benefits of a establishing a trust fund. Crown Agents agreed to do this but it would be limited and based on personal experience. The Board also asked that the report considers CoST from a macroeconomic perspective and illicit finance.	Crown Agents	Oct 2019
10.4	The Board said that 'hard wiring' CoST into financial agreement with international financial institution has previously not been successful due to the perception of conditionalities. Thus, the final report would need to clarify how this would be achieved. Crown Agents explained the 'hard wiring' should not be included in a financial agreement between a government and donor but through more practical technical support.	N/A	N/A

	Donor offices can also get more involved in a CoST programme where the government is already a member and use its leverage to have a discussion where a government is not already a CoST member.		
10.5	Crown Agents stated that there was plenty of space and oxygen for CoST but it was a question of having the right messages and tools to engage the different audiences. It is part a matter of selling and partly a matter of product. There are multiple calls for infrastructure investment internationally but that is not matched with the calls for better transparency.	N/A	N/A
10.6	<p>Next steps</p> <p>Crown Agents will be using the feedback from this meeting plus carrying out a few final interviews including with Ukraine and Thailand with the final report due on 18th October. Board Members were asked to submit any additional comments to the CoST IS by Friday 4th October 2019. The presentation by Crown Agents will be shared with Board Members and Observers.</p> <p>The CoST IS and the Board will have 2 weeks to review the final report.</p>	Board Members & Observers	October 2019
Item 11. Funding			
11.1	IS confirmed that MinBuZa will not be providing further funding for CoST when the current agreement expires in 2021. There is growing pressure to invest in larger programmes and end support with smaller programmes such as CoST. The decision is not related to the performance of the programme which has proven successful. However, CoST can make the case for much higher level of investment in due course.	N/A	N/A
11.2	<p>HS explained to the Board that DFID currently fund CoST through the Infrastructure and Cities for Economic Development programme which concludes in mid-2020. DFID are developing a new programme to succeed ICED but nothing including future funding for CoST has been agreed and no guarantees can be made.</p> <p>HS agreed to set up a meeting between CP and the new DFID Head of Department in November.</p>	HS	Nov 2019
11.3	<p>One potential challenge is that CoST seems to work best in countries where DFID doesn't operate. However, DFID appreciates that CoST is trying to attract DFID priority countries into the programme. The relationship with the FCO in South East Asia and Colombia is helpful.</p> <p>A narrative also needs to be developed to say why CoST is important and how it has synergies with DFID programmes.</p>	CoST IS	Dec 2019

11.4	<p>Successful internal brown bag lunch meetings were held with the World Bank and IADB in June to help raise awareness among the respective organisations. Meetings were then held with the World Bank Regional Vice President for South Asia that has led to engagement with the office directors and with the MAPS team within the World Bank. IADB has since invited CoST to participate at events in Chile and Barbados in November.</p> <p>A series of meetings were held with the African Development Bank in May. Discussions have since taken place on how CoST could be incorporated into a range of AfDB tools. Gilbert Sendugwa, Africa Regional Manager is now on an AFDB working group.</p>	N/A	N/A
11.5	The Board agreed that it would be very challenging to obtain grant funding from multi-laterals and that the priority would thus be bilateral donors and foundations.	N/A	N/A
11.6	<p>SKJ to follow up with conversations with IFU and Danida on testing CoST on a project in Mali.</p> <p>EH to encourage CoST members in Latin America to apply to the IADB transparency and governance fund.</p>	SKJ EH	On going On going
11.7	It was agreed that a fundraising strategy was required with the CoST IS to develop an action plan for each donor. This should include the EU and IFC.	CoST IS	Jan 2020
11.8	The Board agreed that a high-level strategy is developed rather than a full business plan with different packages developed to attract funders. CoST IS to also consider if and how CoST should develop a commercial offer and to develop a short concept note on what CoST could do with for example £20m or £30m.	CoST IS	Jan 2020
11.9	The Board agreed to develop a plan B in case DFID opts not to renew their funding agreement.	CoST IS	March 2020
11.10	<p>CP agreed to work with AH to explore if and how CoST could establish a multi-donor trust fund with the support of the World Bank.</p> <p>CP suggested approaching a large accountancy firm as they are financing major research reports and piece of research.</p> <p>CP encouraged Board members to help engage donors wherever they can. If there is a need for another meeting in the next couple of weeks over the phone that can be arranged.</p>	CP AH	Jan 2020
Item 12. Applications to join CoST			
12.1	The Member and Affiliate Board Sub-Group stated that the competitive process to join CoST as a member had	N/A	N/A

	been very successful with seven applications. The applications are generally of high quality with the majority self-funding.		
12.2	The Board approved the application to join CoST as a member from Ecuador but asked for clarification on its commitment to a formal disclosure requirement and an improved implementation plan.	N/A	N/A
12.3	The Board approved the application to join CoST from Jalisco State, Mexico but asked that ITEI confirm their commitment to introducing a formal disclosure requirement.	N/A	N/A
12.4	The Board did not approve the application from Makueni Country, Kenya. The Board ask that the CoST IS encourages Makueni Country to reapply in 2020 and to provide technical support in developing their next application.	N/A	N/A
12.5	The Board approved the application in principle from the Mozambique Roads Fund but asked for some further detail on the implementation plan and a commitment to identifying how a Formal Disclosure Requirement could be introduced. It also asked that the applicant reconfirm its commitment to proceed with the programme following the forthcoming elections.	N/A	N/A
12.6	The Board approved the application to join CoST from Timor-Leste but asked that the Ministry of Public Works commits to identifying how a formal disclosure requirement could be introduced.	N/A	N/A
12.7	The Board approved the application in principle to join CoST as a member from West Lombok. The Board asked that further information on West Lombok's commitment towards transparency and accountability and how the programme could be scaled up.	N/A	N/A
12.8	JH to draft letters to the applicants for CP to review. The letters will follow an initial informal call with each applicant to inform them the outcome from the Board meeting.	JH EH	Oct 2019
12.9	<p>Lessons</p> <p>The Board agreed that the competitive process had been successful and should become the norm for applying to join CoST as a member. It was agreed that in principle the next competitive process would take place in 2020 with the number of available places and the timelines to be agreed when decisions about future funding have been confirmed. Governments can continue to apply to join CoST as an affiliate.</p> <p>It was agreed that the application template needs to ensure that avoids potential yes/no questions and that a</p>	CoST IS	Jan 2020

	more sophisticated evaluation system is required for reviewing the applications.		
12.10	It was agreed that a short risk assessment should be completed by the CoST IS for each application that places the application within the local political, economic and social context.	CoST IS	On-going
12.11	The CoST IS also reported that detailed scoping studies that looked to identify the added value of CoST, whilst useful, had not led to applications. It was now developing an alternative method to identifying some of the risks and how the programme would add value and would be implemented that would be cheaper than a full scoping study and would not slow the engagement process down. A more detailed study can then take place if and when an application is approved.	SKJ	Jan 2020
Item 13. Any other Business			
13.1	The Board agreed to a meeting in early February in London with a doodle poll to be used to agree the date. A second physical meeting to be in CoST African member in June with the date to be agreed in a doodle poll. If resources allow, a Ministers or Champions meeting will be attached to the meeting.	JH NP	Oct 2019
Item 14. Chair's closing remarks			
14.1	CP thanked the CoST IS for their hard work and thanked everyone for their participation.		

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



30/01/2020

Christiaan J. Poortman, Chair

Date