

The Construction Sector Transparency Initiative

Business plan for scaling-up 2013 - 2016

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Executive Summary

The value of global construction is expected to grow to \$12 trillion by 2020, but it is estimated that up to a third of this investment could be lost through corruption, mismanagement and inefficiency. The Construction Sector Transparency (CoST) Initiative helps to improve this situation by disclosing information on publicly funded construction projects that informs stakeholders and enables them to hold decision-makers to account.

This business plan describes how CoST can be scaled-up and the benefits of improved transparency and accountability extended to 22 countries over a three year period. It is based on undertaking activities and achieving objectives in three areas:

1. Strengthening the technical capacity and increasing the effectiveness of the 8 existing national programmes by December 2015.
2. Establishing 14 new national programmes by December 2015.
3. Building the capacity of the International Secretariat and the Board to implement and govern the CoST programme and provide support to national programmes.

The resources needed for this programme are summarised in the following table:

	Year 1	Year 2	Year 3	Total
Existing national programmes	\$1,012,000	\$2,166,102	\$3,344,002	\$6,527,302
New national programmes	\$2,256,100	\$2,656,500	\$3,157,000	\$8,069,600
International programme	\$1,355,200	\$2,123,000	\$1,595,000	\$5,073,200
Overheads (5% total budget)	\$231,165	\$347,280	\$404,800	\$983,245
Total	\$4,854,465	\$7,292,882	\$8,500,802	\$20,653,347

It is proposed that these resources are overseen by the CoST Board and managed by an existing trust fund administered by a multilateral or bilateral donor, or a new independent fund.

CoST has most of the key elements in place that are necessary for it to be successfully scaled-up including:

- A robust programme design, that has been refined as a result of a successful pilot stage
- Participation of 8 countries and interest from 10 more to join the programme, including developed, developing and emerging economies. This includes demand and support from civil society, private and public sectors.
- The support of leading international bodies including the World Bank, G8 and G20, leading private sector organisations and international and national level civil society.

No significant risks exist that are likely to threaten the future of the programme. The three year pilot project has ensured that the CoST approach is rigorously designed and can be adapted for application in a variety of political and geographical settings. The CoST Board and the International Secretariat have acquired the knowledge and experience necessary to successfully implement the programme.

CoST is poised to transform the relationship between citizens and government with regard to public investment in infrastructure. It now requires the resources to translate its widely acknowledged potential into practical impact on the ground.

1. Introduction

The CoST programme is the result of an intensive international effort involving 8 Governments, domestic construction industries and civil society organisations with support from the World Bank, the Department for International Development and the World Bank and leading international companies. All those involved agree that the CoST approach has the potential to make a major contribution to improving the value for money invested in public sector infrastructure.

This proposal describes how CoST can be rapidly scaled-up over a three year period and the benefits it provides extended to at least 14 new countries. It is aimed at potential funders with an interest in obtaining better value for money from public investments in infrastructure.

CoST was developed through a pilot project between April 2008 and December 2010 involving eight diverse countries (Ethiopia, Guatemala, the Philippines, Malawi, Tanzania, UK, Vietnam and Zambia) across four continents. Even in this short timeframe, participating countries achieved a range of benefits including financial cost savings, regulatory reforms and strengthened institutional capacity. Examples of these benefits include:

- A direct cost saving \$3.2m on a rural road project in Ethiopia
- Improvements in government policy on data management in the UK
- Highlighting procurement irregularities that led to the cancellation of a contract to reconstruct the Belize bridge in Guatemala
- Changes to procurement laws and regulations that require procuring entities to disclose more information from publicly funded construction projects in Tanzania and Ethiopia
- Significant improvements in human and financial management practices in procuring entities in Tanzania and Malawi.

The new International Programme was launched in October 2012. This followed a period of review in which the lessons from the pilot project were incorporated into the new programme. All the countries involved in the pilot project remain involved. El Salvador and Ukraine have formally applied to join the programme and Uganda is expected to apply shortly. A further ten countries have expressed interest in joining including Botswana, Colombia, Kazakhstan, Mexico and South Africa.

CoST is now poised to make a major contribution to improving efficiency in public sector infrastructure investment throughout the world. This proposal describes how it can be scaled-up through:

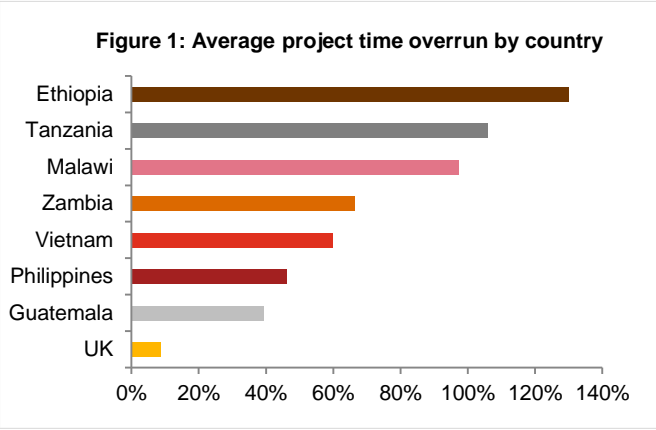
- Strengthening the technical capacity and increasing the effectiveness of the 8 existing national programmes by December 2015.
- Establishing 14 new national programmes by December 2015.
- Building the capacity of the International Secretariat and the Board to implement and govern the CoST programme and provide support to national programmes.

2. Business case

The value of global construction is expected to grow to \$12 trillion by 2020, or 13.2 per cent of global GDP (Global Construction2020). It is estimated however that up to a third of this investment could be lost through corruption, mismanagement and inefficiency (Transparency International 2005). Construction is prone to corruption and mismanagement due to the variation in project size and value, the uniqueness and complexity of each project and a long project cycle with often numerous contractual links. CoST helps to overcome these problems by promoting transparency and accountability and enabling stakeholders to hold decision-makers to account.

Multilateral and bilateral donors invest considerable resources in public infrastructure projects in low and middle income countries. They also assist governments to build their capacity to manage infrastructure programmes effectively and improve their governance systems. Often this investment is in areas where public funding is needed to reach those poorly served by existing infrastructure. Incorporating measures to improve transparency and accountability into these programmes is essential to minimise the risk of corruption and mismanagement and ensure value for money.

CoST helps improve the effectiveness of development assistance by providing an approach that ensures that project funding is administered transparently. In time CoST will provide data on the performance of infrastructure projects and programmes that will enable government and investors to develop benchmarks in support of value for money improvements. Figure 1 provides an example of the performance data gathered during the CoST pilot.



A number of donors are working with construction industry stakeholders to develop local market capacity through the supply chain to maximise the local economic benefit and pro-poor growth from infrastructure investment. Donors also work with civil society to develop their capacity to hold government to account. The local construction industry and civil society is strongly represented in all CoST participating countries. Industry participation is driven by a belief that transparency can improve competition and provide them with a fairer opportunity to compete for work and contribute towards developing local market capacity. Civil Society interest is driven by the potential improvements in infrastructure services, value for money and the avoidance of misuse of funds.

Governments join CoST because they know that the up-front investment of time and resources that are required to establish the programme are likely to be exceeded by the cost savings that result from improvements in efficiency and reductions in corruption. In Ethiopia for example, CoST secured a saving of \$3.7m on a single project more than ten times the cost of the Ethiopian pilot programme. They also know that CoST can help to create a level playing field that promotes competition and contributes towards a more attractive investment environment.

Getting value for money is equally important in high income countries, particularly where public spending is under pressure as part of deficit reduction programmes. Disclosing project information can help stakeholders to identify efficiency savings as well as highlighting deeper concerns relating to mismanagement or corruption.

In the course of implementing this proposal information will be disclosed on close to 1000 projects. The likelihood of costs savings similar to the one made in Ethiopia is strong and when combined with the more difficult to quantify savings that result from efficiency gains, the resources invested in CoST by bilateral and multilateral agencies are likely to provide a good rate of return. CoST is currently operating with the support of a grant from the World Bank of \$1.5m over a three year period.

3. Operations

CoST comprises a series of national programmes that are supported by a lean and efficient Board and International Secretariat (IS). The goal for a national programme is to establish a public disclosure process for the construction sector that is viable and appropriate to country conditions, sustainable in the medium and long term as a governance system, and achieves a credible and substantial level of

compliance in the relevant procuring entities. Each national programme is overseen by a Multi-stakeholder Group (MSG) comprising representatives from government, industry and civil society. This approach builds legitimacy and creates public confidence in the application of CoST.

Ultimately, a country programme seeks to have the CoST disclosure requirements and related provisions authorised in national/state legislation or regulations and mainstreamed in government systems, with a high degree of compliance and effectiveness.

At that stage, the disclosure processes will become sustainable and the results from improved transparency will start to become more evident. It is likely that the country management structure specific to CoST will then be dismantled and its roles taken over by government and non-government institutions.

The CoST Board administers membership of the programme, promotes the CoST brand and is the collective voice of the national programmes in the international arena. The IS promotes knowledge sharing, peer learning and good practice and provides technical support and capacity building to national programmes. The individuals involved in the Board and IS were involved in the pilot project and between them have the knowledge, experience and network of contacts that are necessary to successfully implement the CoST programme.

Eventually the CoST Board will convene a Delegate Assembly - comprised of participating countries and international stakeholders – to report on progress, consult on the future of the programme and importantly, elect a new Board. This will help foster a strong sense of ownership over the CoST programme and ensure it retains a high degree of legitimacy amongst stakeholders.

The value of CoST was recognised by British Prime Minister David Cameron in his letter to G8 leaders in January 2013. In it he identified transparency as a priority for the G8 during the UK Presidency and he referred to CoST as a programme that should be supported. This followed the endorsement of the G20 in 2011.

4. Scaling-up strategy

The programme for scaling-up CoST involves three areas:

- Strengthening existing national programmes
- Assisting the development of new national programmes
- Strengthening the international programme.

4.1 Strengthening existing national programmes.

Objective 1: Strengthen the technical capacity and increase the effectiveness of the 8 existing national programmes by December 2015.

The degree of support required by a national programme varies considerably depending on the public policy environment, level of institutional capacity and political economy, and the extent to which they are supportive of information disclosure. These may include statutory requirements for information disclosure, information management systems and the 'demand' (e.g. from civil society, government oversight bodies, investors or parliamentarians) for access to information.

Target 1.1 At least 6 MSGs report a material improvement in their capacity to oversee their national programme by December 2015

The national Multi-Stakeholder Group (MSG) with representatives from government, civil society and the private sector is responsible for coordinating programme preparation and implementation. It is

supported by a management and coordination unit and employs teams to conduct independent assurance and monitoring and evaluation. The establishment of the unit is crucial to providing the capacity to manage the programme on a day to day basis on behalf of the MSG.

The CoST Pilot Monitoring and Evaluation Report reported that the MSGs performed well under often challenging circumstances.¹ The report goes on to state that the MSGs are functioning, lively and capable of reaching decisions, invariably by consensus with a generally high level of commitment. To achieve this there was considerable investment in capacity-building workshops where MSGs were brought together to share ideas and lessons. It was acknowledged that investing in such workshops occurred belatedly and that in future there should be a higher level of investment in building trust between MSG members and in developing the governance capacity of the MSG during its formative phase. This important lesson has been incorporated into the current programme.

Box 1: Tanzania Electoral College

Under their Rules of CoST, CoST Tanzania established an electoral college for electing the Multi-Stakeholder Group. The Electoral College consists of members of the CoST Tanzania Association (which comprises representatives from the public sector, private sector and civil society). A weighted voting system was developed in partnership with the International Secretariat whereby each stakeholder group has the equivalent of one collective vote per group regardless of the number of organisations or individuals within each of those groups. Each group votes to elect the civil society, private sector and public sector representatives in turn. This means that representatives are likely to require the support of the other stakeholder groups in order to be elected; for example, a private sector member is likely to require the support of civil society and government as well their own sector to be elected. A Chair and Vice Chair are then elected on the same weighted voting system by the elected MSG. A third of the MSG is elected each year on a rotational basis. This means a member will serve for 3 years.

Table 1: Outputs for objective 1, target 1.1

Year	Outputs	Measurement dates	Budget (USD)
1 - 3	Capacity building of multi-stakeholder groups to engage and lead the programme effectively	6 – 36 months	56,000
1 - 3	An effective management and coordination unit managing the national programme	6 - 36 months	735,000

Target 1.2: At least 32 procuring entities each disclose information, on average, 8 projects per annum by December 2014 and 12 projects per annum by December 2015.

CoST requires the procuring entities to proactively disclose information from their public sector construction programmes. CoST provides a standard list of project information that can be used as the basis for defining the disclosure requirements for CoST countries (Annex B). This list can be adapted

¹The Monitoring and Evaluation Report was an internal document produced in autumn 2010 and subsequently updated in January 2011 by GHK for and on behalf of the Department for International Development.

where necessary for application in-country. The adaptation will be based on the information that stakeholders will find interesting and relevant, and the general capacity of the procuring entities to disclose information.

The target is based on the 32 procuring entities who disclosed information during the pilot. Each procuring entity disclosed information from an average of 3 projects on a one-off basis. The aim is to move from disclosure on a one-off basis to disclosure on a regular basis on an increasing number of projects.

Participating procuring entities will disclose information on selected projects identified in a national programme implementation plan or in accordance with the formal disclosure requirement. The procuring entities will arrange for the information to be assembled for proactive disclosure at each of the project stages specified by the formal disclosure requirement and or by the procuring entities' internal procedures for disclosure.

CoST preparation and implementation plans will need to provide for suitable support for capacity building in government agencies, to help them achieve the changes in their systems that CoST entails and to meet the targets set for CoST implementation. In procuring entities, the capacity for managing information records, the disclosure and dissemination process, and interactions with stakeholders are crucial to sustaining the CoST disclosure processes.

Box 2: Tanzanian procuring entities need better disclosure systems

A detailed study of Tanzanian procuring entities (PEs) revealed that systems and procedures for the disclosure of information need strengthening. The study looked in detail at the Tanzania National Roads Agency and the Ministry of Health and Social Welfare. The report concludes: “[t]he CoST agenda and mission is still relevant and needed to enable PEs organize information and key data with appropriate legal and institutional frame work put in place.”

A similar study in Ethiopia highlighted that the Ethiopian Roads Authority is in a good position to mainstream information disclosure due the development of a new database and a number of disclosure policies that are already in place. In comparison, the Ministry of Water and Energy has a largely paper based information management system with no disclosure policies in place.

The report recommends that both organisations develop a uniform mechanism for referencing and indexing of projects documents, and electronic document and record management system and a system to centrally monitor storage of electronic and printed documents and records. It also highlights the importance of identifying staff and resources for implementing information disclosure.

Table 2: Outputs for objective 1, target 1.2

Year	Outputs	Measurement dates	Budget (USD)
1 -3	Developing policies and procedures for procuring entities, and PE's to enable disclosure of project information	6 – 36 months	2,520,000
1	Adapting international guidance on disclosure to the national context	6 – 12 months	105,000

Target 1.3: The publication of Annual assurance reports from at least 6 countries

CoST's assurance process is designed to improve the usefulness of disclosed information to stakeholders. It does not interfere with or seek to duplicate existing processes. Assurance reports help to interpret and analyse the disclosed information, delivering key messages to stakeholders and the public. It is important to identify if the CoST assurance process has a direct equivalent within government systems to avoid duplication.

The CoST Assurance Process has three objectives:

- To monitor the compliance of participating procuring entities with the Interim Disclosure Requirement (IDR)/Formal Disclosure Requirement (FDR)² in terms of the completeness and accuracy of the disclosed information.
- To highlight issues of potential concern that are revealed by the disclosed information. This relates to individual projects as well as common performance concerns across the participating procuring entities.
- If appropriate, to carry out a more detailed review of a sample of projects or refer projects of concern to an independent authority.

Table 3: Causes for concern identified in the CoST pilot

Cause for concern	Project
"41% increase in price due to change in cladding... no reason provided for the change."	New office block for the Ministry of Works and Supply, Zambia
"£4.5m cost increase due to delay in third party providing site access."	M40 road improvement scheme, UK
"Volume of retaining wall in the bills of quantity exaggerated"	Gindebir to Gobensa rural road scheme, Ethiopia
"Inappropriate use of emergency procurement procedures leading to the direct award of a works contract."	Rehabilitation of Belize Bridge, Guatemala

Source: CoST (2011b), ['Report on information disclosure and assurance team findings: International comparison](#)

The Assurance Process will be designed, and usually tested, during an inception period. The Assurance Process is usually undertaken by an independent Assurance Team appointed by the Multi-Stakeholder Group (MSG). However, to avoid duplication, the design process should identify whether any of the above objectives is already the responsibility of existing organisations or can be achieved within existing government systems.

Either way, as CoST becomes mainstreamed within government systems, the assurance role should be handed over to the organisation that will take long-term responsibility for it.

² **Formal Disclosure Requirement (FDR)** is the administrative or legal basis that establishes the requirement for procuring entities to disclose construction project information into the public domain. An **Interim Disclosure Requirement (IDR)** is a ministerial directive or government policy that provides sufficient authorisation for participating procuring entities to disclose project information for a limited period of time.

Table 4: Outputs for objective 1, target 1.3

Year	Outputs	Measurement dates	Budget (USD)
1 – 3	Annual assurance reports	6 – 36 months	2,975,000

Target 1.4: Formal disclosure requirements established in 6 countries.

The disclosure process needs to be supported by a formal requirement to disclose that aligns with and complement the country's existing policies, laws, and institutional functions relating to public financial management and transparency. New or strengthened formal provisions may need to be identified to support disclosure as envisaged under the CoST programme.

A **Formal Disclosure Requirement (FDR)** is the term used by CoST for the administrative or legal basis that provides the authority and the requirement for procuring entities to disclose project information into the public domain. Establishing the FDR may be completed in stages, by introducing an **Interim Disclosure Requirement (IDR)** to launch the CoST programme.

An IDR is likely to be based on a ministerial directive or government policy that provides sufficient authorisation for participating procuring entities to disclose project information for a limited period of time.

The IDR should be in force before procuring entities begin disclosure and should continue until the FDR is established. The FDR would be developed once the government has an adequate basis to do so. It is applied to all public infrastructure and continues to be enforced after the CoST programme ends.

Table 5: Outputs for objective 1, target 1.4

Year	Outputs	Measurement dates	Budget (USD)
1	Updating pilot baseline studies to ensure formal disclosure requirements are updated	6 – 12 months	105,000

Target 1.5: At least five cases per annum of stakeholders using the disclosed information to challenge the procuring entities

Although the disclosed information can be technical and difficult to understand, there is the potential to elicit grass-roots support and voluntarism for transparency and accountability in construction. This is because public construction projects are highly visible at the local level and they tend to affect communities directly. Construction of a road or a school building partly paid for from local resources immediately affects local people's lives and potentially arouses a strong demand for information and for transparency and accountability in decision making and expenditure. For CoST this potential for community mobilisation in favour of transparency and accountability is a plus. However, targeted communication with affected communities and training in the interpretation of the data may be needed to stimulate interest and involvement. The MSGs will adopt several different approaches to achieve this including:

- developing and maintaining a national programme website
- highlighting key issues in disclosed information and other CoST-related material

- holding formal events such as civil society workshops and media briefings to communicate the key issues to stakeholders
- developing tools to communicate the key issues through formal media, social media and community forums
- consulting informally with stakeholders to build support and influence decision-makers
- facilitating use of the reactive query and disclosure mechanism by CSOs, professional associations, and the public for gaining access to additional information and holding procuring entities accountable.

Box 1 below provides an example of how this can be achieved.

Box 3: Civil Society Workshop puts pressure on Ethiopian Roads Authority

A civil society workshop in Ethiopia helped to explain the key findings from a sample of assurance reports to the media and civil society organisations. This included highlighting the exaggerated amount of excavation required for a rural road in Southern Ethiopia. The workshop led to considerable media interest including interviews on national radio and in independent and government newspapers. The CoST Ethiopia MSG then acted as a crucial intermediary in persuading the Ethiopian Roads Authority and the Supervising Engineer to accept an alternative design for a 2.5km stretch of the road leading to a saving of \$3.7m. The designers for this project have been suspended for two years by the Ethiopian Roads Authority for the actions highlighted by the Assurance Team plus actions on several other projects.

Table 6: Outputs for objective 1, target 1.5

Years	Outputs	Measurement dates	Budget (USD)
1 – 3	Capacity building of civil society, relevant private and public sector entities to understand and use the information such as public events, media engagement, use of social media etc.	6 – 36 months	630,000
1 – 3	Develop national programme websites	6 – 36 months	210,000

Target 1.6: An M&E system reporting annually in 6 countries by December 2015.

A monitoring and evaluation (M&E) framework has been developed to support the M&E of a national programme. It sets out the main parameters of the M&E exercise and is aimed at those responsible for M&E in the national and international programmes. The framework is based on a 'results based' approach. This approach builds on conventional approaches, but moves beyond them to include a focus on the differences that the intervention has made to individuals, organisations, sectors and countries. The emphasis in the M&E framework is on gathering evidence to show if the anticipated results have been achieved.

Information disclosure and the positive impacts that flow from it occur at the national level and data gathering and analysis occurs at that level in the first instance. Coordinators are responsible to ensure that data is gathered at the national level and in some cases they will be assisted by M&E specialists. The systems for capturing data will enable the national programme to meet all its reporting commitments, including to financial supporters. The data from national programmes are aggregated at the international level. This allows for general lessons to be drawn out and the overall impact of the CoST programme analysed and reported.

Please refer to Annex D for full details.

Table 7: Outputs for objective 1, target 1.6

Years	Outputs	Measurement Dates	Budget (USD)
1 – 3	Annual National Programme M&E reports	12 – 36 months	733,600

4.2 Establishing new national programmes

Objective 2: Assist at least 14 countries to develop new national programmes by December 2015.

Target 2.1: At least 3 countries to join CoST by December 2013, a further 5 by December 2014 and finally an additional 8 by December 2015 from high, medium and low income economies.

CoST is adaptable for countries with small or large economies and different political and social contexts. The pace for implementation is flexible to accommodate different country circumstances, so it is developed at the country level and reflected in an implementation plan that is agreed with the International Secretariat and Board.

Initially, countries will have a period of engagement with the CoST International Secretariat, interested groups in a country can learn about CoST and what is involved in CoST implementation and participation, gauge the level of interest in CoST, and develop support for proceeding to participation. A country can apply to participate in the CoST programme by making a formal submission to the CoST Board. Admission will be based on a country's formal commitment to the CoST principles and submission of a viable implementation plan.

Table 8: Outputs for objective 2, target 2.1

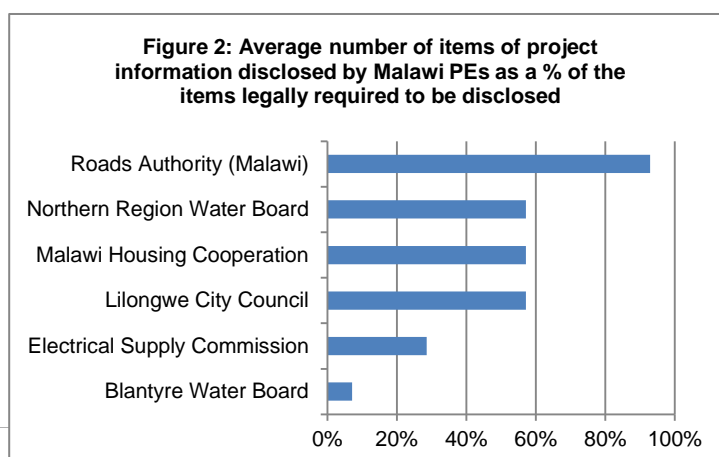
Years	Output	Measurement dates	Budget (USD)
1 - 3	Technical support to countries interested in joining CoST. Applications to join CoST are approved by the COST Board.	6 – 36 months	216,000

Target 2.2: The completion of scoping studies that provide a comprehensive summary of the existing situation in 14 countries by December 2015

A scoping study is a key element in the development of a CoST programme. The study has two main functions:

- Gathering the information needed to adapt the CoST programme to the local situation

Providing a baseline measure of 'transparency' in publicly funded construction. A scoping study provides



valuable early results and messages that demonstrate the value of the CoST programme, as well as providing institutional and process mapping that feeds into the design of the disclosure and assurance processes. This included highlighting the gap between the current legal requirements for disclosure and the actual levels of disclosure of the procuring entities as figure 2 demonstrates.

Table 9: Outputs for objective 2, target 2.2

Years	Outputs	Measurement dates	Budget (USD)
1 – 3	Publishing scoping studies (e.g. existing levels of information disclosure, efficiency and value for money in investment and stakeholder mapping)	6 – 36 months	490,000

Target 2.3: Establish a multi-stakeholder approach suitable to the country context in at least 14 countries

During an initial inception period, discussions amongst the main stakeholders should lead to the establishment of a multi-stakeholder group, or multi-stakeholder oversight arrangements, which can then become a platform for working collaboratively to shape and direct the CoST national programme. In the early stages the meetings and the group can be informal, but the MSG should be fully constituted and operational prior to the start of disclosure and assurance. It is expected that the MSG will provide general oversight and coordinate the national programme activities with the support of the management and coordination unit.

When establishing a national programme, MSGs will typically need to improve their general climate for transparency and a national programme specifically. CoST needs to nurture expectations and appreciation of transparency not just within government (which is to disclose information) but in the media, academia, civil society organisations (CSOs), and the public at large (who are to use it).

Table 10: Outputs for objective 2, target 2.3

Years	Outputs	Measurement dates	Budget (USD)
1 - 3	Establish a multi-stakeholder group and management and coordination unit to lead and oversee the national programme	6 – 36 months	1,225,000
1 - 3	Stakeholder events that build the profile of the national programme amongst government, civil society and the private sector	6 – 36 months	250,000

Target 2.4: The 8 countries that join CoST by December 2014 have adapted and tested:

- **proactive disclosure on average 12 construction projects per country**
- **detailed assurance process on average 3 construction projects per country**

Adapting and testing the disclosure and assurance processes on a small sample of projects over a limited period is a useful basis to start a CoST programme. It is preferable that the testing process consists of 3 to 4 procuring entities each disclosing information on 3 or 4 construction projects. Ideally the projects will be at different stages of the project cycle. This then provides a broader set of results and experiences from which to learn lessons for developing the national programme.

Table 11: Outputs for objective 2, target 2.4

Years	Outputs	Measurement dates	Budget (USD)
1 – 3	Capacity building of procuring entities	12 – 36 months	1,170,000
1 - 3	Adapt the CoST disclosure and assurance requirements to suit the national context.	12 – 36 months	210,000
1 – 3	Prepare Assurance reports from on average 4 projects per country	12 – 36 months	376,000
1 - 3	Hold at least one disclosure event in at least 8 countries where the results of the pilot are shared with stakeholders by December 2015.	12 – 36 months	325,000
1 – 3	Develop and maintain national programme websites to host the disclosures and to be an information hub	12 – 36 months	330,000

Target 2.5: At least 6 of the 8 countries who joined CoST by December 2014, agree to scale-up the disclosure of project information by December 2015

An indication of CoST becoming established within a country is the Government agreeing to scale-up the national programme. The scale-up plan is likely to include a steady rise in the number of procuring entities participating over a period of time and the number of projects where information is disclosed. One would also expect to see a commitment to developing the procuring entities capacity to disclose and building the capacity of civil society to react to the disclosures. It will also include a plan to develop or enhance a formal disclosure requirement. Box 2 provides an example of how Vietnam is scaling-up its national programme.

Table 12: Outputs for objective 2, target 2.5

Years	Outputs	Measurement dates	Budget (USD)
2 – 3	An implementation plan that indicates how the national programme will be scaled up.	18 – 36 months	
2 – 3	Capacity building in new procuring entities	18 – 36 months	775,000
2 - 3	An increase in disclosure of project information	18 – 36 months	
2 – 3	An increase in the number of assurance reports	18 – 36 months	592,000

Box 4. Scaling-up CoST in Vietnam

During a two year pilot, CoST Vietnam established multi-stakeholder oversight and a management coordination unit based in the Ministry of Construction. It then completed a baseline study that assessed the current level of transparency in the Vietnamese construction sector and disclosed information from 12 construction projects.

More recently it has completed a 9 month 'bridging phase' that disclosed information from 9 construction projects and the design for a three year roll out programme. The design has adapted the international guidance on disclosure and assurance to suit the country. Starting in late 2013, information will be disclosed on a regular basis from 50 to 60 projects with a detailed assurance process applied on a sample of these projects. The three year programme also includes plans to amend legislation to include a formal disclosure requirement for procuring entities to proactively disclose the information listed in Annex B.

Target 2.6: An M&E system functioning effectively in 8 new countries by December 2015.

See Target 1.6 and Annex D for full details.

Table 13: Outputs for objective 2, target 2.5

Years	Outputs	Measurement Dates	Budget (USD)
1 – 3	New country M&E annual reports	12 – 36 months	327,300

4.3 Strengthening the International programme

Objective 3. Build the capacity of the International Secretariat and the Board to implement and govern the CoST programme and provide support to national programmes.

The CoST International programme is a partnership of countries that promote public access to reliable information on public construction projects. It aims to create better understanding of issues affecting value for money in public construction projects, through developing and promoting good practice.

Participating countries benefit from technical advice provided through guidance notes, e-learning modules and other support from the International Secretariat. They can also exchange experiences and ideas through a web-based international forum and by participating at workshops and webinars. The international programme also provides a framework that enables individual national programmes to monitor and evaluate their progress and to report to stakeholders. An important element of this framework is a 'Construction Transparency Index' that consists of a series of indices designed to measure and report changes in the level of transparency in national settings over time.

A range of activities will be used to meet the objective including:

- Engaging with international private sector and civil society supporters
- Sharing lessons and results, and informing the global transparency debate
- Oversight of the CoST programme and brand

Indicators of success include:

Target 3.1: Establish and operate the international governance structure by December 2014

The international dimension of the CoST programme is designed to provide the national MSGs with the support and services that they need to achieve a demonstrable impact in national projects and procuring entities. For this purpose it will administer international funds to provide technical guidance and technical support to participating countries; provide a global forum for exchange of knowledge and experience; and administer a framework for evaluating and recognising the performance of participating countries.

The formal governance structure of the programme is:

- CoST is a company and charity registered in the UK and it has an ‘Interim Board’ of 6 members. Subject to resources becoming available a Delegate Assembly will be convened to elect a new CoST Board to direct the programme. The Board will have balanced representation of country and international stakeholder groups. It will be elected through a Delegate Assembly.
- The Delegate Assembly 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.

An Industry Forum and Civil Society Forum would also be constituted consisting of supporters of the international programme. Both Forums would be used to consult with international companies and civil society organisations on the direction of the International Programme.

Table 14: Outputs for objective 3, target 3.1

Years	Outputs	Measurement dates	Budget (USD)
1	Constitute the Delegate Assembly and hold its first meeting by December 2014	18 months	300,000
1	CoST Board is elected (and replaces the current Interim Board) and holds its first meeting by December 2014	18 months	18,000
1	Constitute a “CoST Industry Forum” of private sector supporters by December 2014	18 months	75,000
1	Constitute a “CoST Civil Society Forum” of civil society supporters by December 2014	18 months	75,000
1 - 3	CoST Board meets three times a year	6 – 36 months	162,000

Target 3.2: Develop a software tool that assists procuring entities in at least 3 countries to collate and disclose project information

The CoST International Secretariat will develop a software tool that procuring entities can adopt under license to help them collate the information that CoST aims to disclose to the public. Many procuring

entities in low income countries, particularly in Sub Sahara Africa, are still using paper based document management systems. CoST has found that collating project information for disclosure from a paper based system is taking a procuring entity up to 10 person days.³ This is because the information CoST requires to be disclosed is kept by procuring entities in a number of different locations creating a potential barrier to disclosure. Not only would this increase transparency, but it will enable procuring entities to start capturing information in a systematic fashion that will allow them to analyse their own performance as well as those of their suppliers.

Several national programmes such as those in Guatemala and El Salvador have indicated that they would be interested in using an information management system based on Infobras in Peru. The Department of Public Administration in Mexico would be interested in sharing their sophisticated information management system with CoST. The costs of this system have been used as a basis for this budget. The Vietnam Roll Out programme plans indicates that it would be interested in using software developed internationally. Developing the software internationally would create efficiency savings as opposed to developing it on a country by country basis and potentially become an international standard.

Table 15: Outputs for objective 3, target 3.2

Years	Outputs	Measurement dates	Budget (USD)
1 – 2	Develop software that national programmes can use under licence to assist their procuring entities to collate and disclose project information	6 – 24 months	1,000,000
2 – 3	Three national programmes adopt the software	24 – 36 months	

Target 3.3: The Construction Transparency Index is piloted in at least 1 country by March 2014, the pilot process is evaluated and the Board decides if it should be rolled out across the programme

To be able to monitor the impact of CoST on transparency and accountability in public construction, a standardised measure is needed of the key elements of transparency and accountability that can be monitored over time and used as a universal benchmark for comparison purposes. The programme will develop a set of transparency indices for public infrastructure that can be applied by an independent survey. The indices will show the progress being made in improving transparency in public infrastructure, initially in CoST countries and ultimately across a broad range of countries. Once tested and finalised by CoST, they could be made widely available, and could ultimately be applied to a broad range of countries and published in the same way as indicators in ‘[Doing Business](#)’⁴ and ‘[Global Competitiveness](#)’⁵. See Annex B for further details.

³Based on an assessment in Ethiopia, Tanzania and Vietnam
⁴ <http://www.doingbusiness.org/rankings>
⁵ <http://www.weforum.org/issues/global-competitiveness>

Table 16: Outputs for objective 3, target 3.3

Years	Outputs	Measurement dates	Budget (USD)
1	Pilot the 'Construction Transparency Index'	6 - 12 months	40,000
1	Refine the indices and methodology	12 months	20,000
2 – 3	Roll out the Construction Transparency Index	12 – 36 months	320,000

Target 3.4: The International Secretariat will deliver at least

- a) 15 knowledge products that guide the establishment and implementation of national programmes are published by December 2014**
- b) 50 reports from national programmes stating that they have received good quality technical support by December 2015**

The role of the International Secretariat is principally to coordinate the CoST programme and provide technical guidance to national programmes. It also manages and disburses international donor funds under the Board's control and promotes and sustains the CoST brand and programme. It currently supports the Interim Board and in due course will establish and operationalise the permanent governance structure.

It supports national programmes by developing knowledge products for establishing and implementing a CoST programme through guidance notes, e-learning and webinars. It will also develop a training and capacity building programme that can be offered to national programmes on an on-going basis. This includes specific programmes aimed at coordinators, MSGs, procuring entities and civil society that national programmes could opt to utilise. The success of previous workshops plus engagement with potential new countries indicates there is demand for in-depth information on the new CoST programme.

The International Secretariat would also develop a 'train the trainers' course to build regional capacity. In due course the trained individuals would take over the running of the courses. These individuals would be employed by the IS as Regional Technical Advisors. Regional capacity building events will also be developed aimed at i) developing the knowledge, skills and attitudes of MSG members who are required to implement a national programme and ii) allowing participants from procuring entities to share their experiences and lessons from establishing and implementing disclosure systems.

The technical guidance includes assisting national programmes to develop their implementation plans, train coordinators on managing a national programme, advise on developing the disclosure and assurance processes to suit the national context and building the capacity of MSGs to lead the programme.

The International Secretariat will also commission research into the links between increased transparency, improvements in accountability, better outcomes in the construction sector and the development impacts. Currently there is little evidence in the literature that programmes which enhance transparency and generate accountability lead to improved development outcomes. There is also little evidence of how transparency may promote accountability and the type of interventions that are more likely to be successful. The research will use the data generated by the disclosure of project

information and the findings in the assurance reports to underpin the research and draw some conclusions that will assist stakeholders working on transparency and accountability programmes.

The CoST website will be re-developed to become a resource hub for transparency and accountability in the construction sector. CoST will contribute to the global debate on transparency and accountability in the construction sector by sharing the knowledge products and results from national programmes with international stakeholders through regular newsletters, social media, videos and media engagement.

Table 17: Outputs for objective 3, target 3.4

Years	Outputs	Measurement dates	Budget (USD)
1 - 2	A series of guidance notes, e-learning courses and webinars on establishing and implementing a CoST programme	6 – 24 months	96,000
1 – 3	Website development	6 – 36 months	144,000
1 – 3	Regional capacity building events	6 – 36 months	450,000
1-2	Develop 4 training courses for national programmes to utilise	6 – 24 months	72,000
2-3	Develop and deliver 4 regional 'train the trainer' courses	18 – 36 months	100,000
2 - 3	Research reports into how transparency and accountability can improve governance and lead to better outcomes in the construction sector	18 – 36 months	80,000
1 – 3	Communications and Outreach	6 – 26 months	288,000
1 - 3	The International secretariat provides technical support to national programmes	6 – 36 months	784,000
1 – 3	Management and Coordination with national programmes	6 – 36 months	588,000

Target 3.5: An M&E system functioning effectively by March 2014.

The data from the various national programmes is provided to the International Secretariat. The International Secretariat aggregate and analyse this data to draw out broader lessons and provide evidence of overall impact of CoST. The aggregate results are shared with national programmes, used for reporting to financial supporters and disseminated to a wide range of stakeholders. See Annex D for full details.

Table 17: Outputs for objective 3, target 3.5

Years	Outputs	Measurement Dates	Budget (USD)
1 - 3	International programme annual monitoring and evaluation reports	12 – 36 months	461,200
1 – 3	Existing country M&E annual reports	12 – 36 months	733,600

1 – 3	New country M&E annual reports	12 – 36 months	327,300
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Risk Assessment

Table 18 identifies a number of risks that could affect the implementation of the programme and how those risks will be reduced or eliminated.

Table 18: CoST International Programme Risk Assessment.

Risks	Impact	Probability	Measures to reduce or eliminate risks
1. Existing countries drop out of the programme	High	Low	All countries recently committed to continue their participation in CoST. These commitments are being reflected in strategic plans.
2. No new countries join the programme.	High	Low	International Secretariat to engage with the ten countries who have expressed an interest in joining CoST.
3. Difficult to identify a country willing to pilot the construction transparency index.	Medium	Medium	The pilot country will benefit from technical support and advice and will be seen as a 'pioneer' in the international arena.
4. IS fails to deliver technical support and knowledge products.	Low	Low	The IS has been in place for 4 years with the same staff managing relationships with national programmes and developing the design of CoST. There is a high degree of trust and mutual respect.
5. M&E system proves unfit for purpose.	Low	Low	The M&E framework is robust. It was developed by specialists from M&E and impact assessment backgrounds and will be introduced in collaboration with national programmes.
6. The new international governance structure is ineffective and lacks legitimacy.	Medium	Low	Participating countries will attend a Delegate Assembly and elect the Board. A college system will ensure representation from government, industry and civil society.
7. Inconsistent political support at national level.	High	Medium	CoST requires national programmes to institutionalise disclosure through a formal disclosure requirement. This is usually legislation that mandates disclosure of CoST project information by procuring entities.
8. National or Regional instability	Medium	Low	CoST is apolitical and should therefore survive changes of government and political violence. It also seeks to embed the CoST principles within a formal disclosure requirement.
9. Elite capture of MSGs	Medium	Medium	MSGs are required to have clear terms of reference and governance arrangements for appointing or electing members. These processes are monitored by the International Secretariat on behalf of the CoST Board.

Risks	Impact	Probability	Measures to reduce or eliminate risks
10. CoST attracts new participating countries but does not attract the necessary funding	Yellow	Yellow	Countries are being encouraged to identify their own financial resources to ensure their national programmes are sustainable.
11. Misuse of funds	Red	Green	All MSG Chairs and Coordinators are required to acknowledge that they understand our Anti-Corruption and Bribery Policy. This Policy was devised to comply with the UK Bribery Act 2010. We also require MSGs to provide a financial report on a quarterly basis.
12. Participating countries do not disclose	Red	Green	The Board monitors progress of national programmes in meeting the objectives specified in their implementation plan and complying with the CoST principles on an annual basis. The Board expects disclosure to be a key part of any national programme and will take action including suspension and expulsion if the objectives of the programme are not being met or the principles are not abided with.
13. Lack of space for civil society to operate	Red	Yellow	Civil society participation is a requirement for any national programme. The Board will not accept applications to join the programme where civil society participation is not included. It will also take action where participating countries renege on their commitments and exclude civil society.

Category		
High	Medium	Low

5. Budget Summary

The budget has been developed using the costs of the pilot and the recent experiences from existing CoST countries that are beginning to implement the new programme.⁶ The expenditure for the DFID funded pilot totalled £3.4m (\$5.1m) – see table 18 for a summary. The annual costs for a national programme are expected to range between USD 100,000 in a strong enabling environment where there are reasonable information management systems in place, a legal basis for disclosure and strong civil society groups such as in the Philippines and USD 500,000 in a weak enabling environment where procuring entity capacity to mainstream disclosure is weak and there is low civil society capacity such as in Tanzania. Table 17 provides a budget summary based on the costs to deliver the outputs identified in section 3. The detailed budget is included in Annex A.

⁶ Please refer to [‘Briefing Note 3: The Cost of CoST’](#) for more information on the costs of the pilot

Table 17: Budget summary for scaling-up CoST

	Year 1	Year 2	Year 3	Total
Existing national programmes	\$1,012,000	\$2,166,102	\$3,344,002	\$6,527,302
New national programmes	\$2,256,100	\$2,656,500	\$3,157,000	\$8,069,600
International programme	\$1,355,200	\$2,123,000	\$1,595,000	\$5,073,200
Overheads (5% total budget)	\$231,165	\$347,280	\$404,800	\$983,245
Total	\$4,854,465	\$7,292,882	\$8,500,802	\$20,653,347

Table 18: Budget summary for the CoST Pilot

Budget line	Spending	Amount
National programmes	Fees and expenses incurred by the seven pilot countries relating to essential technical expertise for CoST (e.g. the work of the assurance teams and baseline studies) as well as in the day to day operation of CoST (e.g. running costs, managerial and administrative support)	\$2,208,264
International programme	Expenses associated with the International Advisory Group and knowledge sharing or capacity activities that benefit more than one country. Fees and expenses associated with the provision of developing the CoST approach, technical, managerial and governance assistance by the CoST International Secretariat	\$2,613,529
Evaluation	Fees and expenses associated with the independent contract to review the pilot project	\$276,996
Total		\$5,098,519

6. Financial arrangements

It is expected that income will be received from a range of different sources. It is important to minimise the administrative costs associated with multiple reporting channels. It is also important to ensure the efficient use of resources and that the highest standards of financial probity are maintained. For this reason consideration will be given to managing the resources through an established or a newly formed fund management vehicle.

The International Secretariat has staff with considerable financial management experience and CoST finances are subject to full financial audit. Systems are in place to ensure that the highest standards of financial management are maintained. This includes regular financial reports being made to the CoST Board and controls on processing payments that ensure continuous scrutiny of decision-making.

7. Management

CoST is a company and charity registered in the UK. The International Secretariat is currently hosted by Engineers Against Poverty (EAP) with support from specialist advisers from British Expertise, Integrity Action and the Communications Hub. It is anticipated that the Board will review the operation of the International Secretariat in 2014.

8. Conclusion

The CoST programme that was launched in 2012 is the result of an extraordinary international effort. The UK Government invested close to £3m in the CoST pilot project. The programme has subsequently been endorsed by the G8, G20, MDBs, numerous governments and leading companies and civil society organisations. This has developed the programme to the point where it is ready to be scaled-up and achieve impact. It has the potential to transform the relationship between citizens and government with regard to public sector investment in infrastructure. All that is now required are the financial resources to translate this potential into reality.

CoST International Secretariat

November 2013

Annex A – Summary of the objectives, indicators, outputs and budget

Indicator	Years	Outputs	Measurement dates	Budget (USD)
Objective 1: Strengthen the technical capacity and increase the effectiveness of the 8 existing national programmes by December 2015.				
Target 1.1: At least 6 MSGs report a material improvement in their capacity to oversee their national programme by December 2015	1 - 3	Capacity building of multi-stakeholder groups to engage and lead the programme effectively	6 – 36 months	56,000
	1 - 3	An effective management and coordination unit managing the national programme	6 - 36 months	735,000
Target 1.2: At least 32 procuring entities each disclose information, on average, 8 projects by December 2014 and 12 projects by December 2015.	1 -3	Developing policies and procedures for procuring entities, and train staff to enable disclosure of project information	6 – 36 months	2,520,000
	1	Adapting international guidance on disclosure to the national context	6 – 12 months	105,000
Target 1.3: The publication of annual assurance reports from at least 6 countries	1 – 3	Annual assurance reports	6 – 36 months	2,975,000
Target 1.4: Formal disclosure requirements established in 6 countries.	1	Updating pilot baseline studies to ensure formal disclosure requirements are updated	6 – 12 months	105,000
Target 1.5: At least five cases per annum of stakeholders using the disclosed information to challenge the procuring entities	1 – 3	Capacity building of civil society, relevant private and public sector entities to understand and use the information such as public events, media engagement, use of social media etc.	6 – 36 months	630,000
	1 – 3	Develop national programme websites	6 – 36 months	210,000

Target 1.6: Establish an M&E Framework for existing national programmes	1 – 3	New country M&E annual reports	12 – 36 months	733,600
Total budget				8,069,600
Objective 2: Assist at least 14 countries to develop new national programmes by December 2015.				
Target 2.1: At least 3 countries to join CoST by December 2013, a further 5 by December 2014 and finally an additional 8 by December 2015 from high, medium and low income economies.	1 - 3	Technical support to countries interested in joining CoST. Applications to join CoST are approved by the CoST Board.	6 – 36 months	216,000
Target 2.2: The completion of scoping studies that provide a comprehensive summary of the existing situation in 14 countries by December 2015	1 – 3	Publishing scoping studies (e.g. existing levels of information disclosure, efficiency and value for money in investment and stakeholder mapping)	6 – 36 months	490,000
Target 2.3: Establish a multi-stakeholder approach suitable to the country context in at least 14 countries	1 - 3	Establish a multi-stakeholder group and management and coordination unit to lead and oversee the national programme	6 – 36 months	1,225,000
	1 - 3	Stakeholder events that build the profile of the national programme amongst government, civil society and the private sector	6 – 36 months	250,000

Target 2.4: The 8 countries who joined CoST by December 2014 have adapted and tested the <ul style="list-style-type: none"> proactive disclosure on average 12 construction projects per country detailed assurance process on average 3 construction projects per country 	1 – 3	Capacity building of procuring entities	12 – 36 months	1,170,000
	1 - 3	Adapt the CoST disclosure and assurance requirements to suit the national context.	12 – 36 months	210,000
	1 – 3	Prepare assurance reports from on average 4 projects per country	12 – 36 months	376,000
	1 - 3	Hold at least one disclosure event in at least 8 countries where the results of the pilot are shared with stakeholders by December 2015.	12 – 36 months	325,000
	1 – 3	Develop and maintain country websites to host the disclosures and to be an information hub	12 – 36 months	330,000
Target 2.5: At least 6 of the 8 countries who joined CoST by December 2014, agree to scale-up the disclosure of project information by December 2015	2 – 3	An implementation plan that indicates how the national programme will be scaled up.	18 – 36 months	775,000
	2 – 3	Capacity building in new procuring entities	18 – 36 months	
	2 - 3	An increase in disclosure of project information	18 – 36 months	
	2 – 3	An increase in the number of assurance reports	18 – 36 months	592,000
Target 2.6: Establish an M&E Framework for new national programmes	1 – 3	New country M&E annual reports	12 – 36 months	574,302
Total budget				6,527,302
Objective 3. Build the capacity of the International Secretariat and the Board to implement and govern the CoST programme and provide support to national programmes.				
Target 3.1: Establish and operate the international governance structure by December 2014	1	Constitute the Delegate Assembly and hold its first meeting by December 2014	18 months	300,000
	1	New CoST Board is elected and hold its first meeting by December 2014	18 months	18,000

	1	Constitute a “CoST Industry Forum” of private sector supporters by December 2014	18 months	75,000
	1	Constitute a “CoST Civil Society Forum” of civil society supporters by December 2014	18 months	75,000
	1 - 3	CoST Board meets three times a year	6 – 36 months	162,000
Target 3.2: Develop a software tool that assists procuring entities in at least 3 countries to collate and disclose project information	1 – 2	Develop software that national programmes can use under licence to assist their procuring entities to collate and disclose project information	6 – 24 months	1,000,000
	2 – 3	Three national programmes adopt the software	24 – 36 months	
Target 3.3: The Construction Transparency Index is piloted in at least 1 country by March 2014, the pilot process is evaluated and the Board decides if it should be rolled out across the programme	1	Pilot the ‘Construction Transparency Index’	12 months	40,000
	1	Refine the indices and methodology	12 months	20,000
	2 – 3	Roll out the Construction Transparency Index	12 – 36 months	320,000
Target 3.4: The International Secretariat will deliver at least a) 15 knowledge products that guide the establishment and implementation of national programmes are published by December 2014 b) 50 examples of national programmes reporting that they have received good quality technical support by December 2015	1 - 3	The International secretariat provides technical support to national programmes	6 – 36 months	784,000
	1 – 3	Management and Coordination with national programmes	6 – 36 months	588,000
	1 - 2	A series of guidance notes, e-learning courses and webinars on establishing and implementing a CoST programme	6 – 24 months	96,000
	1 – 3	Website development	6 – 36 months	144,000
	1 – 3	Regional capacity building events	6 – 36 months	450,000

	1-2	Develop 4 training courses for national programmes to utilise	6 – 24 months	72,000
	2-3	Develop and deliver 4 regional 'train the trainer' courses	18 – 36 months	100,000
	2 - 3	Research reports into how transparency and accountability can improve governance and lead to better outcomes in the construction sector	18 – 36 months	80,000
	1 – 3	Communications and Outreach	6 – 36 months	288,000
Target 3. 5: An M&E system functioning effectively by March 2014.	1 - 3	International programme annual monitoring and evaluation reports	12 – 36 months	461,200
Total budget				5,073,400

Annex B– Project Information for disclosure

Proactive disclosure

PROJECT PHASE	PROJECT INFORMATION	CONTRACT PHASE	CONTRACT OR PACKAGE INFORMATION
Project Identification (6 items)	Project owner	Procurement (13 items)	Procuring entity
	Sector, subsector		Procuring entity contact details
	Project name		Procurement process
	Project Location		Contract type
	Purpose		Contract status (current)
	Project description		Number of firms tendering
Project Preparation (7 items)	Project Scope (main output)	Implementation (6 items)	Cost estimate
	Environmental impact		Contract administration entity
	Land and settlement impact		Contract title
	Contact details		Contract firm(s)
	Funding sources		Contract price
	Project Budget		Contract scope of work
	Project budget approval date		Contract start date and duration
Project Completion (6 items)	Project status (current)	Implementation (6 items)	Variation to contract price
	Completion cost (projected)		Escalation of contract price
	Completion date (projected)		Variation to contract duration
	Scope at completion (projected)		Variation to contract scope
	Reasons for project changes		Reasons for price changes
	Reference to audit and evaluation reports		Reasons for scope and duration changes

Reactive disclosure on request

PROJECT	CONTRACT
Identification & Preparation Multi-year programme & budget Project brief or feasibility study Environmental impact assessment Resettlement & compensation plans Project officials and roles Financing agreement Procurement plan Project approval decision	Procurement Contract officials & roles Procurement method Tender document Tender evaluation reports Project design report Contract Contract agreement & conditions Registration and ownership of firms Specifications & drawings
Completion Implementation progress reports Budget amendment decision Project completion report Project evaluation report Technical audit reports Financial audit reports	Implementation List of variations, changes, amendments List of escalation approvals Quality assurance reports Disbursement record or payment certificates Contract amendments

Annex C - Construction Sector Transparency Indices

1. Concept

CoST is developing a set of transparency indices for public infrastructure that can be applied by an independent survey to evaluate the various dimensions of transparency and accountability in public sector construction in a country. These indicators will be piloted and evaluated in the participating CoST countries, where they will provide a valuable reference point for tracking the country's transparency performance during the CoST programme.

After the indices have been tested and finalised by CoST, the survey and indices could be made widely available. Ultimately, the transparency indices for public infrastructure could be applied to a broad range of countries and published in the same way as indicators in 'Doing Business' and 'Global Competitiveness'. For long-term sustainability, the global CoST programme would seek to have the construction sector transparency survey and indices incorporated within an appropriate existing periodic survey.

It is proposed that these 'transparency indices' become a lasting legacy of the global CoST programme. The global CoST would develop, test, refine and apply them under the CoST programme. They would be applied to countries participating in CoST, for both establishing a baseline assessment and for periodic assessments conducted by an international team. In time the indicators could also be applied to other countries in demonstration exercises, and to build their credibility and visibility internationally.

2. Transparency indices

The initial set of indices is designed so it is essentially independent of CoST and could be applied to countries that are not participating in the CoST programme. It aims to provide a useful basis for comparative studies, of how transparency is evolving over time, and how different countries and entities perform in comparative terms.

The general focus is public sector governance relating to the provision of public infrastructure – or 'construction'. The indices are designed in three main tiers, with the lower tiers aggregating to the higher tiers:

- Tier 1 – Three indices gauge broad themes at country or state level:
 - (1) the enabling environment for transparency (essentially the governance and legal environment established by central government – at country or state level);
 - (2) the transparency of sector practices (the actual disclosure and feedback activity) – at country and sector or entity level; and
 - (3) The social demand for transparency and accountability – at country level.
- Tier 2 – various indices (10) define the key aspects used to assess the performance within the broad theme; and
- Tier 3 – the specific measured indicators (36 indicators) which are the basic building blocks of a performance assessment.

These three main indices could be combined into a high level country indicator – “Construction Sector Transparency” or “Transparency in Public Infrastructure Provision” if desired.

Assessment: A country survey will evaluate each basic Tier 3 indicator, using an appropriate anchored measurement or scoring scale. Currently four bands, A to D, are used to anchor the scores, depending on the nature of the variable. The four bands make the assessment procedure fairly simple and robust. A numerical score, 0 to 10, can be assigned to each band to allow arithmetic operations to be performed. A continuous numerical scale could be applied in some

cases when appropriate and when more detail is desired. However, this would rarely make much difference to the higher level assessment.

Aggregation: Tier 1 and 2 indices are calculated numerically from the Tier 3 base indicators by combination and aggregation, using an appropriate numerical weighting. These numerical weights will be reviewed and refined systematically, during the testing and consultation process.

An example using fictitious data is shown in a series of charts, Figures 1 and 2.

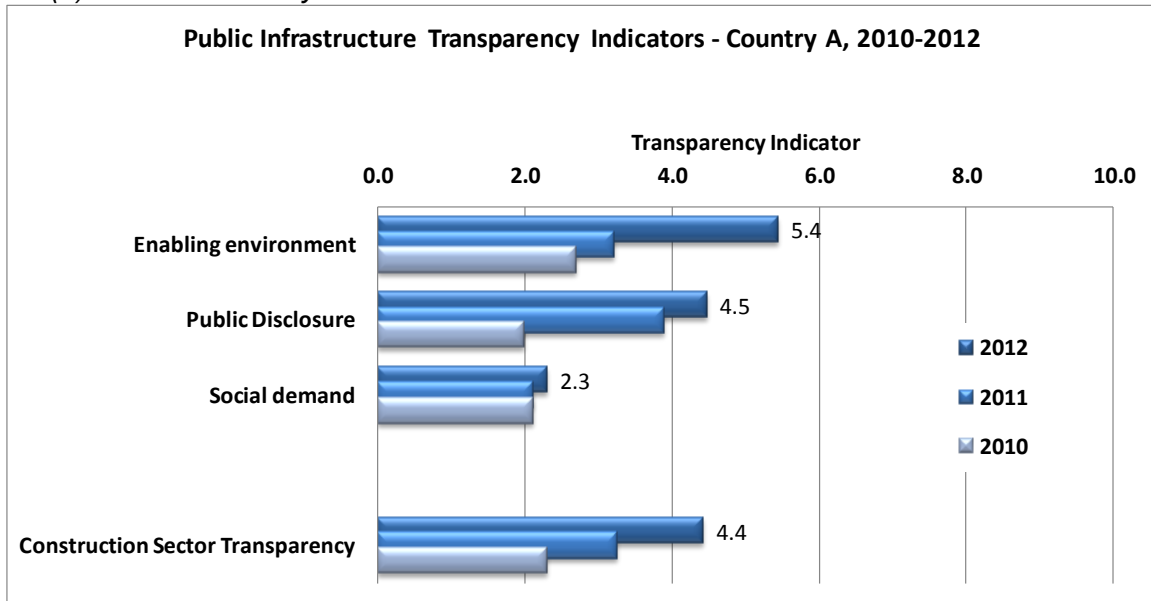
- Figure 1(a) shows how the three main Tier 1 indices could be used to show the progression of transparency in public infrastructure provision over three consecutive years. It also shows the trend of the combined single indicator at the country level.
- Figure 1(b) shows how a country assessment is built up from key transparency considerations (Tiers 1 and 2).
- Figure 2 (a) shows how the sector transparency indicator can be displayed to show the rating of various procuring entities (PE's). This Theme 2 Indicator and its sub-indices would provide a measure of entity-level performance over time, and could tie into the country-based assessments.
- Figure 2(b) shows the detailed assessment of one of the PEs, including Tier 3 indices. These illustrate where the strengths and weaknesses lie as the PE works to build up its disclosure activity.

3. Incorporation of External Published Indices

For the two general themes – Enabling Environment, and Social Demand – appropriate use is made of several international surveys that have generated indices and are published regularly. Based on advice from governance specialists in the World Bank and a review of governance indicators on the website for Worldwide Governance Indicators, four sets of indicators were identified which support the general theme of Voice and Accountability. As many of the existing published indicators mixed elements of supply (transparency) and demand, the selection is made at the level of sub-indicators in most cases.

Figure 1: Illustration of Performance Indicators of Transparency in the Construction Sector of a Country

(a) Trend of Primary indicators over time



(b) Country Assessment with Primary and Secondary Indicators

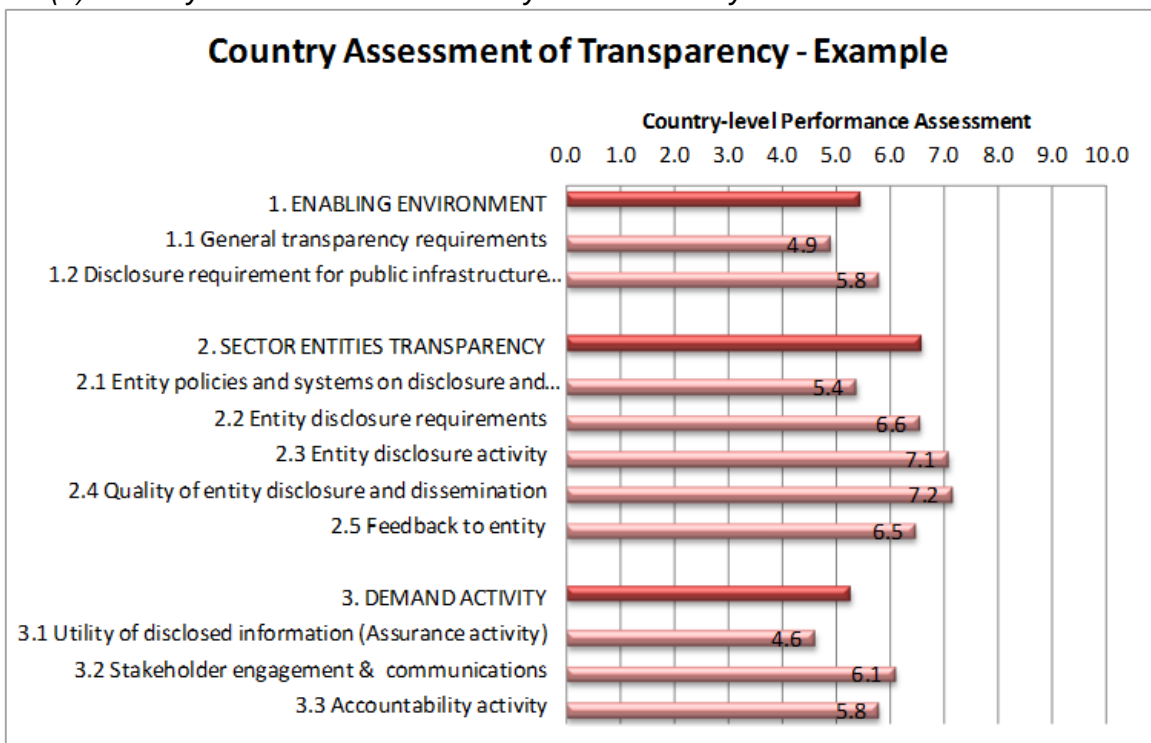
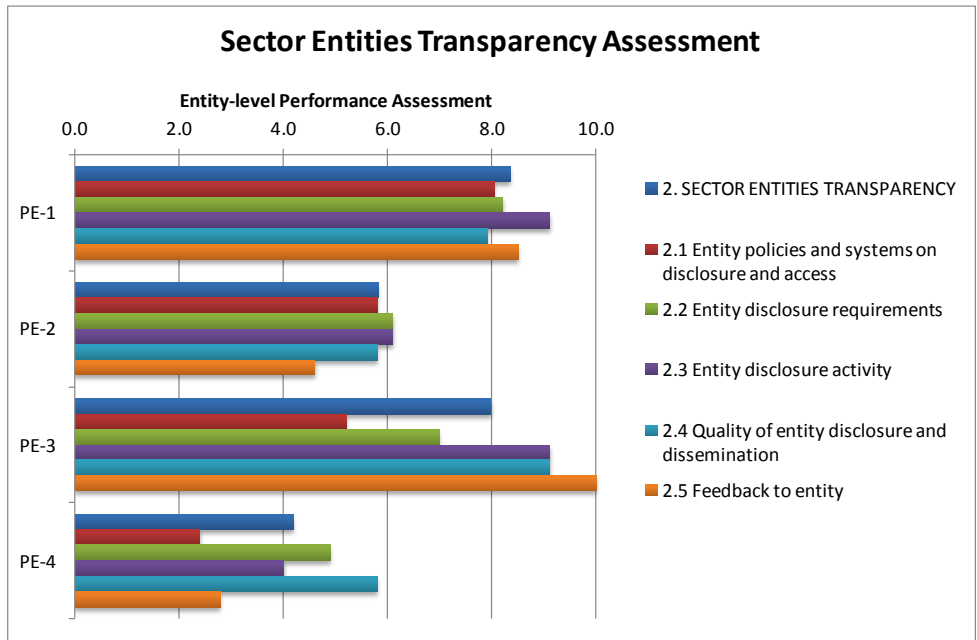
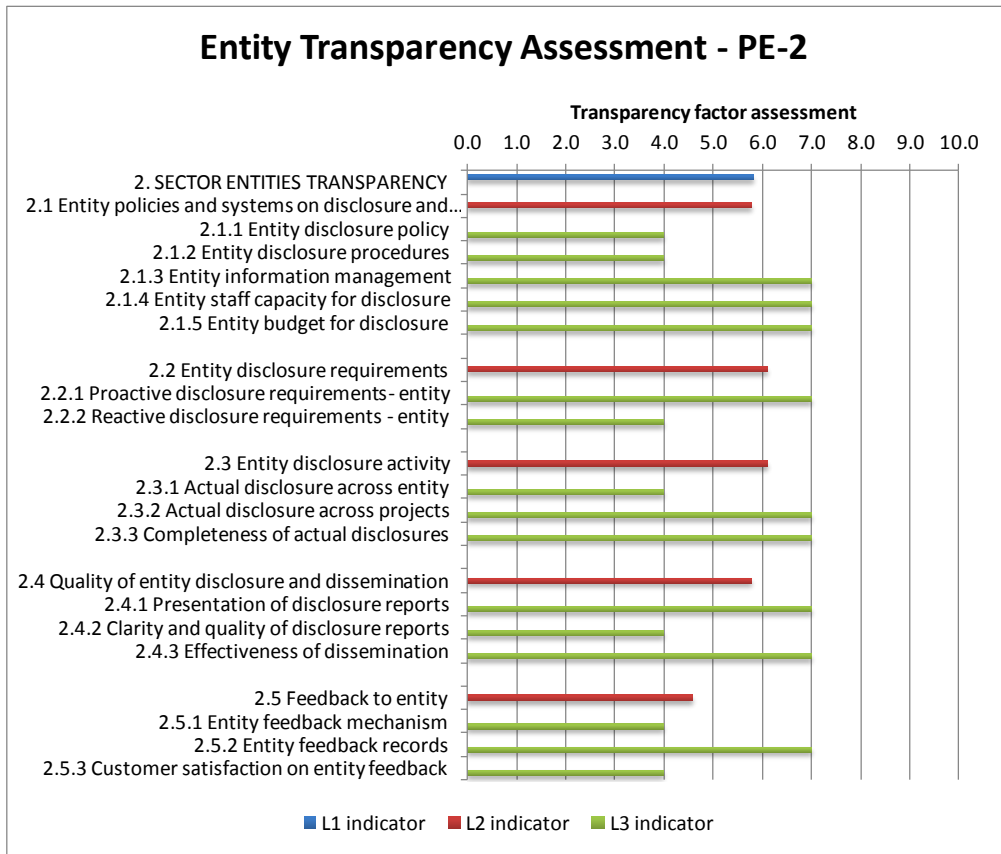


Figure 2: Secondary Indicators for Sector Transparency, comparing Procuring entities

(a) Tier 1 and 2 indicators comparing PE assessments



(b) Tier 1, 2 and 3 indicators for one PE, showing breakdown of performance assessment



Annex D - Monitoring and Evaluation Framework

A monitoring and evaluation (M&E) framework has been developed to support the M&E of the CoST programme. It sets out the main parameters of the M&E exercise and is aimed at those responsible for M&E in the national and international programmes. It is inevitable in a programme of the size and complexity of CoST that the framework will not anticipate all the questions and challenges that will be faced in its implementation. It is intended therefore as a 'guide to action' that will require further refinement in the course of its application.

The framework is based on a 'results based' approach. This approach builds on conventional approaches, but moves beyond them to include a focus on the differences that the intervention has made to individuals, organisations, sectors and countries. The emphasis in the M&E framework is on gathering evidence to show if the anticipated results have been achieved.

The objectives of the framework are to:

- Determine the overall relevance, effectiveness, and efficiency of the CoST programme.
- Improve decision-making, resource allocation and accountability.
- Enable reporting to financial supporters and stakeholders.
- Analyse outcomes and impacts focusing on success and failure and the reasons for success or the lack of it.

CoST involves a series of national programmes that operate on a semi-autonomous basis and respond directly to national development priorities. It also involves an international programme that provides guidance and support to the national programmes, acts as a repository of knowledge good practice and protects and enhances the CoST brand and reputation. The framework covers both national and international programmes.

Information disclosure and the positive impacts that flow from it occur at the national level and data gathering and analysis occurs at that level in the first instance. Coordinators are responsible to ensure that data is gathered at the national level and in some cases they will be assisted by M&E specialists. The systems for capturing data will enable the national programme to meet all its reporting commitments, including to financial supporters.

The data from the various national programmes is provided to the International Secretariat (IS) who aggregate and analyse it to draw out broader lessons and provide evidence of overall programme impact. The aggregate results are shared with national programmes, used for reporting to financial supporters and disseminated to a wide range of stakeholders.

The programme log frame (below) summarises the objectives and indicators that will be used to support application of the M&E framework.

	Objectives	Indicators	Means of verification	Assumptions
PROGRAMME IMPACT	Goal: Good quality infrastructure at lower cost.			
	Outcome 1. Public spending on infrastructure is more efficient.	1a. average % reduction in unit costs of construction	Financial management records of responsible authority (National Audit or Procurement)	Baseline data on unit costs is available or can be developed
		1b. average % reduction in cost overruns on projects	PE records and Assurance reports	
		1c. average % reduction in time overruns on projects	PE records and Assurance reports	A baseline of time and cost overruns is available
		1d. % reduction in the value of defects in the defects liability period	Assurance reports	
				Data is available
	Outcome 2. More competitive tender markets.	2a. average # of responsive bids per contract	Assurance reports	
	Outcome 3. Corrupt behaviour is inhibited by accountability.	3a. % reduction in the perceptions of corruption among stakeholders	stakeholder perceptions survey	Corruption exists within the construction sector and inadequate accountability is a contributing factor
	Outcome 4. PEs are more accountable	4a. # of challenges received by PEs	MSG reports	
		4b. # of written responses to challenges published by PEs	MSG reports	
		4c. # of remedial actions taken by PEs	MSG reports	
	Output 1. systems in place giving the public access to reliable and detailed project information	1a. # of PEs participating in CoST	MSG records	
		1b. value of projects subject to disclosure	Assurance reports	
	Output 2. stakeholders better informed about construction projects	2a. # of assurance reports published	MSG records	

	Output 3. PEs capacity strengthened	3a. # of PEs receiving capacity support	3a. MSG records	
	Output 4. MSG capacity strengthened	4a. # of MSGs receiving support	4a. MSG records	
	Output 5. construction transparency index developed	5a. Index published	5a. Publication record	
PROGRAMME DEVELOPMENT	Outcome 6. New national programmes established.	6a. # of national programmes.	6a. Minutes of CoST Board meetings.	
	Outcome 7. Existing national programmes strengthened.	7a. increase in the number of PEs participating in CoST.	7a. MSG progress reports.	
	Outcome 8. International programme strengthened.	8a. Constitute the Delegate Assembly and hold its first meeting by December 2014	8a. CoST score card.	
		8b. Construction Transparency Index published	8a. CoST score card.	
		8c. # national programmes reporting against the Construction Transparency Index	8b. CoST score card	

Annex E - References

CoST (2011b), [Report on information disclosure and assurance team findings: International comparison](#)

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