



## Guidance Note: 2

### JOINING CoST

CoST is a flexible programme that is relevant in diverse social, political and economic environments. This Guidance Note is aimed at those who are interested in the possibility of their country joining CoST. It begins by explaining the benefits of CoST and the purpose of the national and international programmes. It goes on to describe how interested parties can learn more about CoST before making a commitment and how they can make a formal application to join.

#### Why join CoST?

Governments are responsible for providing reliable, safe infrastructure which supports sustainable economic growth and social development. However, mismanagement and corruption during construction often results in high cost and poor quality infrastructure which undermines the potential benefits. Citizens have a right to know that their money is being used wisely. CoST helps to achieve this by promoting the disclosure of information from publicly funded construction projects and enabling stakeholders to hold decision makers to account.

Joining CoST promises multiple benefits from improving value for money in public construction, resulting in better quality and more reliable infrastructure, to freeing savings to extend public services. It also helps to create a business environment in which corruption is less likely to occur and can raise investor confidence.

CoST uses a multi-stakeholder approach where cooperation between government, the private sector and civil society promotes the sharing of ideas and experiences in the pursuit of common goals.

#### Purpose of a National Programme

A national programme aims to establish a process for disclosing information to the public about publicly funded construction projects. The disclosure process should be appropriate to country conditions, sustainable in the medium and long term as a government system, and able to command a substantial level of compliance amongst procuring entities. The national programme also aims to ensure that the disclosure of information is effective in stimulating an active demand for accountability and that this eventually results in improved performance in the procuring entities and in public construction projects.

#### Box 1: Definitions

**Multi-stakeholder:** An initiative that brings together stakeholders from more than one sector (usually government, industry and civil society) to share risks and responsibilities and work together for a common purpose.

**Multi-stakeholder Group:** Provides leadership and oversight of the CoST national programme with representatives usually drawn from government, industry and civil society.

**Procuring entity:** A government body that is responsible for procuring construction works and/or services.

**Assurance team:** An independent organisation, individual or group of individuals appointed to verify the accuracy and completeness of disclosed information.



Photographs courtesy of the World Bank

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Implementation of a national programme sees the participating procuring entities disclosing information on a regular basis and responding to questions and challenges and requests for further information. An assurance team evaluates and reports on the disclosures on a small sample of projects. The assurance team is appointed by the Multi-Stakeholder Group (MSG) that is set up to manage the CoST programme. Periodic monitoring and reporting tracks progress in the programme and evaluates the achievement of results.

A national programme will have achieved 'sustainable operations' when the government has mainstreamed the disclosure requirements into formal government systems that are applicable for all public infrastructure projects with a high degree of compliance and effectiveness.

The investment of time and resources needed to establish a national programme will depend on the existing institutional capacity and systems available to disclose information. However, from a relatively small investment we have seen substantial cost savings achieved on individual projects, as well as legal and policy improvements to project delivery that could lead to further savings in future. The potential saving can be considerable, as box 2 demonstrates.

## Box 2: Impacts in Ethiopia

From an investment of only USD 300,000, the CoST Ethiopia pilot contributed to an estimated cost saving on a single project of USD 3.8m. The saving was made on a rural road in Southern Ethiopia when the Ethiopia Roads Authority (ERA) agreed to adopt the Assurance Team's recommendation that an alternative design be developed for a 2.5km stretch of the road. This followed the Assurance Team highlighting exaggerated volumes of excavation and materials. ERA has suspended the responsible designers for two years.

The investment covered all overheads (salaries, MSG meetings, office costs etc.) and pilot activities including, a baseline study, the assurance process on 25 construction projects and several events. The investment has also led to changes in national procurement regulations and the participating procuring entities agreeing to improve their information management systems, adopt a systematic approach to feasibility studies and improve compliance with procurement regulations.

*More examples of impacts from the CoST pilot can be obtained in Guidance Note 1: Impact Stories.*

## Purpose of the International Programme

The CoST international programme is a partnership of countries that collaborate to 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.

The International Programme is currently overseen by an Interim Board consisting of 6 members. The Interim Board is responsible for establishing the international programme including the permanent governance arrangements. In due course, participating countries will participate in the governance of the international programme by nominating three representatives – one each from government, the private sector and civil society - to a Delegate Assembly. The Delegate Assembly will then elect an International CoST Board consisting of 12 members, the majority of whom will be from participating countries.



**Improving infrastructure through openness and accountability**

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## Engagement

The first step to joining CoST is likely to be an informal period of engagement with the International Secretariat to assess the possibility of joining the CoST programme. Engagement begins with a request to the International Secretariat for information and for cooperation and assistance with awareness-raising activities. The request may come from any stakeholder in the country, and should reflect its reasons for wanting to join CoST. The organisation should also indicate that it has the capacity and status to facilitate discussions in the country and gauge the level of interest in participating in the CoST programme. The process of engagement is highly flexible and is structured to meet the specific needs of the country involved.

The International Secretariat will provide relevant information on CoST such as links to CoST publications via the website, and outline the Secretariat services and support available throughout this early engagement. The International Secretariat is likely to cover its costs of participation in the country's awareness-raising activities.

If the request comes from a government official or industry body, the initiator is likely to appoint or form a small group to participate in the discussions. If the request comes from outside government, the CoST International Secretariat will work with the initiator to identify a network or group of individuals representing the main stakeholder groups, and in particular to find supporters within government.

Engagement could evolve in many ways. Relevant activities might include:

- meetings and presentations aimed at raising awareness of performance and transparency concerns within the domestic construction sector, explaining CoST, and sharing experiences of other CoST countries;
- bilateral meetings between the International Secretariat and each of the main stakeholder groups to enable more focused and candid discussions;
- discussions with CoST representatives (by email, audio or video-conferencing, or visits) on practical matters including how disclosure, assurance and multi-stakeholder working might be implemented;
- information gathering on cases in the construction sector that can be used to stimulate public demand for greater transparency on public infrastructure; and
- information gathering on the existing policy environment relating to disclosure that can help inform stakeholders on how CoST might be implemented.

If there is sufficient interest to proceed, further discussions will be needed to mobilise stakeholder support and to obtain the commitment of the relevant government office with regards to joining and implementing CoST.

By joining CoST, the government is committing to a process of development and progressive implementation of disclosure that will be under local control and timing, but with access to international assistance. Thus, joining does not involve commitment to any prior specific changes or systems, but only to embarking on a programme for disclosure.

### Checklist 1: Engagement

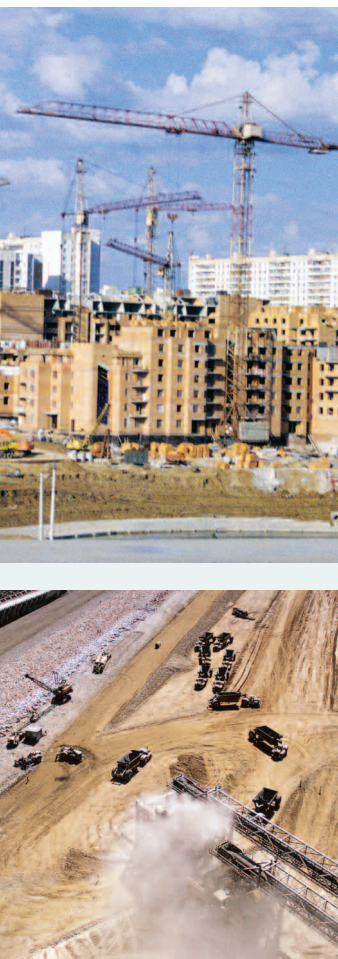
- ✓ Write a request to the International Secretariat for information and for cooperation and assistance
- ✓ Identify the key stakeholders that can form a small group to lead and launch the discussions
- ✓ Identify information you require to make the case for greater transparency in the construction sector
- ✓ Identify the key stakeholders who need to be made aware of CoST
- ✓ Develop an understanding of the CoST processes and how they might be implemented



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## Joining CoST

The International Secretariat works with local stakeholders to develop an application to join CoST. It should include:

### 1. A letter from a government office or an alternative organisation with government endorsement, indicating:

- A desire to enhance transparency and accountability in the construction sector and to adopt CoST principles;
- A scheduled public announcement to confirm the intent to implement a programme for increasing transparency in the provision of public infrastructure and in accordance with international good practice;
- An commitment from government to engage with the private sector and civil society in oversight of the national programme;
- A commitment from at least one public infrastructure procuring entity to participate in the initial implementation of the programme; and
- A commitment to liaise and share information with the international programme during implementation of the national programme.

### Checklist 2: Joining CoST as a Participating Country

- ✓ A letter from a government office or an alternative organisation with government endorsement and an implementation plan
- ✓ A country implementation plan with a focus on preparation and consultation activities
- ✓ A budget and financing plan with evidence of financial resources for the inception period

### 2. An implementation plan, indicating:

- Administrative arrangements, including official contact for coordination with the international programme;
- Schedule for key activities including: multi-stakeholder engagement and oversight, design and authorisation of disclosure requirements, management and coordination arrangements, engagement and training of procuring entities, and rollout of disclosure; and
- Budget and financing plan.

The **implementation plan** is likely to focus on preparation and consultation activities and trial disclosures during a short inception period. Full implementation of disclosure is likely to be a multi-year endeavour that is scaled-up progressively according to each country's preferred pace, and as set out in subsequent updates to the implementation plan.

The **budget and financing plan** should demonstrate evidence of the resources available for the inception period. Where a country is seeking financial assistance from the international programme, the plan should be accompanied by a funding request. Where a country intends to fund and manage the initial implementation entirely through its own resources, or other financial resources at its disposal, the basic details should be provided for information purposes.

## Contacts

The application should be addressed to the Chair of the CoST Board care of the CoST International Secretariat (see below). The decision on admission to the CoST programme will be made by the CoST Board. Countries or individual stakeholders wishing to engage with the International Secretariat can contact us at:



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