



## Guidance Note: 3

# Developing an Implementation Plan



Photographs courtesy of the World Bank

### Introduction

A key requirement of an application to join CoST is an implementation plan. The implementation plan should respond to local needs whilst also adhering to the CoST principles. It should be outcome focused and the product of stakeholder consultation. This Guidance Note describes a number of steps to consider when preparing an implementation plan for both an inception period and scaling-up the implementation of a CoST programme.

### Inception period

The inception period is focused on preparation and consultation activities. It is also likely to include a programme that tests the process of disclosure and assurance on a small sample of construction projects. The inception period will typically last 6 to 18 months depending on the extent of the consultations and the testing process. During this period, a number of steps should be considered for the implementation plan. These steps are summarised in Checklist 1 and discussed below.

#### Step 1: Appoint a National Secretariat Manager

The appointment of a Manager should be a priority during this period. In the early stages the manager may be seconded from an existing position. However, the coordinating role will begin to require full-time management and coordination capacity as the programme develops. More information on establishing a National Secretariat is contained in [Guidance Note 4](#).

#### Step 2: Establish a Multi-Stakeholder Group

During this period, discussions among the main stakeholders should lead to the establishment of a Multi-Stakeholder Group (MSG) or multi-stakeholder oversight arrangements, which can then become a platform for working collaboratively to shape and direct the CoST programme. In the early stages the meetings and the group can be informal, but the MSG should be fully constituted and operational prior to testing the Disclosure and Assurance Processes. More information on establishing multi-stakeholder oversight is contained in [Guidance Note 4](#).

#### Step 3: Obtain agreement with the procuring entities

It is essential to identify a number of procuring entities willing to participate in a CoST National Programme. It is important that they understand that they will be required to cooperate with the MSG and the assurance team, and are required to disclose information from their construction programmes. A [Memorandum of Understanding](#) has been used by several CoST programmes to establish the relationship between MSGs and the participating procuring entities.

#### Box 1: Definitions

**Assurance Process:** Designed to ensure accuracy and improve the usefulness of the disclosed information to stakeholders.

**Formal Disclosure Requirement (FDR):** The statutory requirement for procuring entities to disclose construction project information into the public domain.

**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 (MSG):** Provides leadership and oversight of the CoST National Programme with representatives usually drawn from government, industry and civil society.

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

#### Checklist 1:

##### Tasks for the inception period

- ✓ Step 1: Appoint a National Secretariat manager
- ✓ Step 2: Establish a Multi-Stakeholder Group (MSG)
- ✓ Step 3: Obtain agreement with the procuring entities
- ✓ Step 4: Complete a scoping study
- ✓ Step 5: Design a Disclosure Process
- ✓ Step 6: Establish the requirements for formal disclosure
- ✓ Step 7: Design an Assurance Process
- ✓ Step 8: Test the disclosure and Assurance Process on a small sample of projects

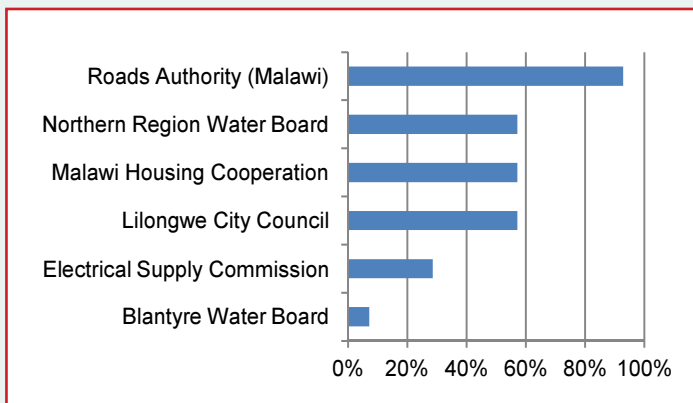
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## Step 4: Complete a scoping study

A Scoping Study has two main objectives:

- Gathering the information needed to tailor the CoST programme to the local situation; and
- Providing a baseline of the current level of transparency in the national construction sector

The 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 CoST Disclosure and Assurance Processes. This includes highlighting any gap between the current legal requirements for disclosure and the actual levels of disclosure of the procuring entities as Figure 1 demonstrates<sup>1</sup>. The scoping study also provides baseline data against which progress can be measured. More information is available in [Guidance Note 5](#).



**Figure 1**  
Average number of items of project information disclosed by Malawi PEs as a % of the items legally required to be disclosed

country are likely to find interesting and relevant and the general capacity of the procuring entities to disclose information.

The MSG should agree guidelines with the procuring entities indicating the format of disclosure, the timeframe within which the disclosures must be made and the quality check or approval within the procuring entity that may be needed before the project information can be disclosed. The procuring entities will use this guidance to develop their own internal procedures for disclosure. Typically, the disclosures will be compiled in spreadsheet or database format, and be made available in printed form and on the procuring entity website or a government web portal. If the procuring entity or government does not have a website, the disclosures can be posted on the CoST website with links to relevant government procurement or transparency websites. More information on disclosure is available in [Guidance Note 6](#).

## Step 6: Establish the basis for disclosure

The Disclosure Process needs to be supported by a formal requirement to disclose that aligns with and complements the country's existing institutional functions, policies, and laws 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 administrative or legal basis that establishes the requirement for procuring entities to disclose construction project information into the public domain. The legal, regulatory or policy basis for the FDR will depend on the political and regulatory environment. The FDR covers the proactive and reactive disclosure of project information into the public domain and the response to stakeholder reactions (see Annex A).

An Interim Disclosure Requirement (IDR) may be adequate in the short term to launch the CoST programme with the intention of establishing the FDR once the government has an adequate basis to do so. The IDR would be based on a ministerial directive or government policy which provides sufficient authorisation for the participating procuring entities to disclose project information for a limited period of time.

<sup>1</sup> Salphera Consulting (2010), Baseline Study for the Construction Sector Transparency Initiative in Malawi

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## Step 7: Design an Assurance Process

The CoST Assurance Process is designed to improve the usefulness of disclosed information to stakeholders. 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 Assurance Process has three objectives:

- Monitor the compliance of the participating procuring entities with the FDR in terms of the completeness and accuracy of the disclosed information.
- Highlight issues of potential concern that is revealed by the disclosed information – on individual projects as well as common performance concerns across the participating procuring entities.
- If appropriate, carry out a more detailed review of a sample of projects or refer projects of concern to an independent authority

The Assurance Process should be conducted by an independent team identified by the MSG and structured by a Terms of Reference (ToR). However, to avoid duplication, the design process should identify whether any of the above objectives are already the responsibility of existing organisations or can be achieved within government systems. This could be identified in the Scoping Study (see Guidance Note 5) with the scope of the Assurance Process adjusted accordingly. Government systems should only be considered appropriate if they are broadly recognised as being credible and trustworthy by stakeholders. More information on assurance is available in [Guidance Note 7](#).

*“Assurance reports help to interpret and analyse the disclosed information, delivering key messages to stakeholders and the public.”*

## Step 8: Test the Disclosure and Assurance Process on a sample of projects

Testing the Disclosure and Assurance Processes on a small sample of projects over a limited period is a useful basis for starting a CoST programme. Although the testing process could take place with one procuring entity, it is preferable that 3 to 4 participate and that each discloses information on 3 or 4 construction projects. Ideally the projects should be at different stages of the project cycle. This then provides a broader set of results and experiences from which lessons for developing the national programme can be learnt. The testing process can also be used to build government and public support for implementing CoST.

*“Testing the disclosure and Assurance Processes on a small sample of projects over a limited period is a useful basis for starting a CoST programme”*



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## Scaling-up a CoST programme

The lessons from testing the disclosure and Assurance Process will provide important information for designing an appropriate model for scaling up a CoST programme. Three models are described below with Box 2 providing an example from Vietnam. In practice, a country may adopt a combination of these models.

### Model 1: Implementation staged by procuring entity

This model focuses on one or two selected procuring entities at the start and expands to others progressively. The initial selection may focus on the procuring entities with the best performance and most capacity (for example, those having robust information management and project management systems in place), or on those that are most willing to participate. Alternatively, from a risk perspective, it may focus on the procuring entities with the highest-value projects, or with the highest performance risks, with the aim of achieving demonstrable benefits from the earliest stages. These benefits may include both improved performance and increased public support for expanding CoST.

#### Box 2: Scaling-up CoST in Vietnam

Vietnam provides an example of how a CoST national programme can be scaled up over a period of time. During the two year pilot, it established multi-stakeholder oversight and a National Secretariat 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 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. Information will be disclosed on a regular basis from 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 A.

### Model 2: Implementation staged by size or type of project

This model limits the requirements for disclosure by a threshold based on the value or profile of the project. For example, initially the requirements could be applied to medium-large projects with a value, say, above \$5 million, and then over time be applied to a larger proportion of the total expenditure on construction. At the outset, this approach could cover say 30% of total public infrastructure expenditure, but over time it could increase to around 50-80%. The criteria may capture projects of special complexity or public interest. The criteria on size and profile should apply preferably to the project, which is at the level of budget authorisation, rather than to a package or contract within the project. This approach is relatively easy to define in policy documents and also concentrates the effort at the early stages on those entities with the larger capacity. However, it would involve several line ministries and procuring entities because it would apply across all economic sectors.

### Model 3: Implementation staged by adaptation to size of entity

This model simplifies the requirements by modifying the standard level of disclosure according to the size and capacity of a procuring entity. For small projects, small procuring entities or procuring entities with weak capacity, especially at the sub-national level, simplification of the standard list of project information may be appropriate. Nevertheless, the risks may still be significant in small local projects, and public interest in transparency may be high, especially at the community level.

*"For small projects, small procuring entities or procuring entities with weak capacity, especially at the sub-national level, simplification of the standard list of project information may be appropriate."*

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Two approaches may be considered for tailoring the disclosure criteria to the size of the entity:

- Set a low threshold on project size, so that the highest value projects adding up to, say, 30% of the procuring entity's total construction expenditure require full disclosure; or
- Establish a simpler requirement with fewer items of proactive disclosure that would apply to all projects.

The process of scaling-up a programme is likely to take several years. During this period progress will normally be expected in the areas described below and summarised in Checklist 2.

## a) Multi-Stakeholder coordination and oversight of activities

The MSG provides general oversight and coordinates the CoST programme activities with the support of the National Secretariat. As the scale and scope of implementation expands, the National Secretariat is likely to provide support and training to new procuring entities entering the programme.

## b) Preparing to mainstream disclosure

The MSG will help to ensure that the Disclosure Process and procedures are reviewed and refined, in conjunction with the relevant government oversight entities, so that the formal requirements can eventually be mainstreamed as part of the government's systems. The review and preparation of the permanent requirements are likely to be led by a government oversight entity that is responsible for preparing policy and regulations regarding transparency and probity in public spending.

## c) Building capacity of procuring entities to disclose information

As effective disclosure relies heavily on the capacity and capability of the participating procuring entities, steps to build capacity in the participating procuring entities should begin during the inception period. This might include developing information management systems, drafting policies and procedures for disclosure and training staff in the disclosure policies and procedures.

## d) Building capacity of civil society to use disclosed information

Much of the information disclosed will be technical and some stakeholders might find it difficult to understand. It is important to build the capacity of civil society and other stakeholders, both to understand the disclosed information and use it to hold the procuring entities to account. This might include holding media workshops to help journalists understand the importance of the disclosed information, community road shows in the locality of a CoST project and radio phone-ins to engage with the public on construction issues. Where the demand for capacity building is high, the MSG should work with others (e.g. national or international NGOs) and encourage them to provide the support needed as part of existing or new programmes.

## e) Regular disclosure by procuring entities

A growing number of procuring entities will be regularly disclosing information on selected projects identified under the implementation plan or in accordance with the FDR. The procuring entities will arrange for the information to be assembled for proactive disclosure at each of the project stages specified by the FDR and or by the procuring entities' internal procedures for disclosure. These procedures will have been based on the lessons from testing the Disclosure and Assurance Processes with more sophisticated information management systems likely to be in use for collating and disclosing project information.



### Checklist 2: Features of a scaled-up national programme

- ✓ Multi-Stakeholder coordination and oversight of activities
- ✓ Preparation for mainstreaming disclosure
- ✓ Building the capacity of procuring entities to disclose information
- ✓ Building the capacity of civil society to use the disclosed information
- ✓ Regular disclosure by procuring entities
- ✓ Procedures for handling responses to information disclosure are established
- ✓ A regular Assurance Process
- ✓ Monitoring and reporting activity

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As the Disclosure Process is expected eventually to be incorporated into procuring entities' standard operating procedures, consideration should be given to tools or systems that will support sustainable operations.

## f) Establishing procedures for handling responses to information disclosure

The public should be informed of the procedures for raising questions with the procuring entity on any of its projects or disclosure information, including how to request additional information under the 'reactive disclosure' provisions of the FDR. The procuring entity disclosure procedures will indicate how the requests are to be handled, including response time and provisions for fair treatment and protection for both the entity and the respondent against malicious usage.

## g) Regular Assurance Process

The team or organisation employed to conduct the Assurance Process will develop and apply an assurance procedure agreed with the MSG and based on the lessons of the testing programme. Broadly, the assurance team will regularly (e.g. on an annual or 6 monthly basis) monitor the compliance of the participating procuring entities with the FDR and highlight issues concern to the public.

The results of the Assurance Process will be reported to the MSG who will disclose the assurance reports on the national programme website.

## h) Monitoring and reporting activity

Progress in implementing the CoST programme will be monitored by an independent team selected and appointed by the MSG. The monitoring team will assess progress annually against a number of standard indicators and against the targets in the implementation plan.

The monitoring reports will provide regular feedback from the MSG to the government, stakeholder groups, and the International Secretariat and Board.

## Sustainable operations

Ultimately, a CoST programme seeks to have disclosure requirements and related provisions authorised in national/state regulations or legislation and mainstreamed in government systems, with a high degree of compliance and effectiveness across government. At that stage, the disclosure processes will become sustainable and the results of improved transparency widely recognised. It isn't easy to anticipate how long it will take achieve sustainable operations, but it is likely to be between 5-20 years. Options for institutionalising responsibilities include:

- **Transfer of assurance and oversight roles to permanent agencies:** The management structure specific to CoST (MSG, National Secretariat, and related contracts) will then be dismantled. The roles will be taken over by government and non-government institutions.
- **Disclosure:** The task of ensuring that the disclosure requirements are maintained and updated, and of ensuring compliance by the procuring entities, will be undertaken by the government oversight authorities for fiscal management (such as the ministry of finance), procurement, and auditing (such as the auditor-general) along with any institution with a specific mandate for transparency, information or integrity.
- **Monitoring compliance with the FDR:** Could be taken on by a respected independent institution that has a mandate for transparency in public expenditure, for competition in public procurement, or for economic analysis and research. The analysis will be open to any institution since the disclosed information will be in the public domain. But in the interests of credibility the institution will need to have a reputation for impartiality and sound analysis and sufficient resources to undertake the analyses on a regular annual basis.

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- **In-depth project reviews:** Will be provided mainly by the government's supreme auditing entity. It is expected also that some non-government entities, such as watchdog groups, will take on this role on behalf of the public and concerned taxpayers. This is particularly likely with active community groups at a sub-national level, where community demands for information and accountability are often strong.

## Conclusion

This Guidance Note has outlined a number of steps to consider when preparing an implementation plan for both an inception period and scaling-up the implementation of a CoST programme. Key to the success of a CoST programme is ensuring that each of its key features, such as the multi-stakeholder approach, disclosure and assurance, are adapted to suit the national context. Further information on each of these key features is described in more detail within this Guidance Note series.



## Guidance notes in this series:

1. Impact Stories
2. Joining CoST
3. Developing an Implementation Plan
4. Establishing a Multi-Stakeholder Group and National Secretariat
5. Completing a Scoping Study
6. Designing a Disclosure Process
7. Designing an Assurance Process

## For more information and to contact us:



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# Guidance Note 3: Annex



## Project information for proactive disclosure

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

## Project Information for reactive disclosure on request

Project information	Contract information
<b>Identification and Preparation</b> Multi-year program & Budget Project brief or Feasibility study Environmental and social impact assessment Resettlement and compensation plan Project officials and roles Financial agreement Procurement plan Project approval decision	<b>Procurement</b> Contract officials and roles Procurement method Tender documents Tender evaluation results Project design report
	<b>Contract</b> Contract agreement and conditions Registration and ownership of firms Specifications and drawings
<b>Completion</b> Implementation progress reports Budget amendment decision Project completion report Project evaluation report Technical audit reports Financial audit reports	<b>Implementation</b> List of variations, changes, amendments List of escalation approvals Quality assurance reports Disbursement records or payment certificates Contract amendments