



## Guidance Note: 5

# Scoping Study

### Introduction

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

To fulfil the first function, the scoping study profiles the local construction sector encompassing

- (i) the laws and regulations affecting the procurement and delivery of construction projects
- (ii) the relevant institutions and initiatives relating to the governance of the process and
- (iii) the stakeholders involved.

If well carried out this provides valuable early messages that can feed into the design of the CoST programme, the disclosure and assurance processes and the setting up of a Multi-Stakeholder Group (MSG).

To provide a baseline measure of transparency, the study assesses various aspects of current levels of disclosure of information on publicly funded construction projects. This can provide a point of reference against which to assess changes over time in relevant transparency indicators.

This Guidance Note sets out the suggested objectives, scope of work, outputs and reporting requirements for a scoping study. MSGs are encouraged to use the Guidance Note as a basis for developing specific terms of reference for a study to suit the local context.

### Objectives

The objectives to be met when adapting CoST to the local context are:

- (a) Summarise the various ministries, agencies and procuring entities (PEs) involved in the procurement and delivery of publicly funded construction projects.
- (b) Identify the agencies responsible for firstly overseeing public procurement and secondly conducting technical and financial audits of publicly funded construction projects.
- (c) Provide information on other on-going transparency and accountability and anti-corruption initiatives in the sector and assess whether (and how) CoST could add further value.
- (d) Provide an overview of civil society organisations and identify how (if at all) civil society participates in the oversight of public sector construction projects.
- (e) Provide an overview of the private construction industry and organisations representing the various stakeholders in the industry.



Photographs courtesy of Engineers Against Poverty and the World Bank.

### 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 (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.

**Assurance Process:** is designed to improve the usefulness of the disclosed information to stakeholders.

**Proactive disclosure:** Disclosing information into the public domain (e.g. on a website) even when it has not been requested by the public.

**Reactive disclosure:** Disclosing information upon request by a member of the public.

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*"Mapping of civil society and industry groups and their various interests should also help to identify the issues of most concern to stakeholders"*

**Objective (a)** will provide some of the necessary background information that will be needed in order to decide where to focus a CoST programme. Whilst it won't usually be realistic to develop comprehensive lists of all PEs, it will be useful to identify the approximate number of PEs that exist and (where possible) disaggregate them by infrastructure sector (water, transport etc.). It is unlikely that all agencies and PEs will be equally interested in joining a transparency initiative. In the initial stages of a programme it will generally be necessary to select a sample of agencies with which to work.

**Objectives (b) and (c)** are both designed to avoid duplication when developing a disclosure and assurance process:

- Investigating the objectives and scope of oversight and evaluation agencies (**objective (b)**) should provide information to avoid duplication of key functions of Assurance (such as in-depth audit of projects) that are already the responsibility of others, as well as to identify agencies to which Assurance responsibility may eventually be transferred. An example from the Philippines is illustrated in Box 2.
- Identifying other initiatives that promote transparency or aim to tackle corruption in the construction sector (**objective (c)**) should allow those planning a CoST programme to assess whether and how CoST could add further value and to adapt the design accordingly.

**Objectives (d) and (e)** are critical to identifying key stakeholders that should be involved in CoST and developing a Multi-Stakeholder approach. Mapping of civil society and industry groups and their various interests should also help to identify the issues that are of most concern to stakeholders and likely to prompt their active participation in CoST.

## **Box 2: CoST Philippines engages the Commission of Audit**

The CoST Philippines MSG appointed the Commission on Audit as the Assurance Team as it could leverage existing data gathering processes and it has a mandate to ensure the effectiveness and efficiency of government. During the pilot the Commission examined 10 construction projects from the Department of Public Works and Highways, (DPWH), Department of Transportation and Communications (DOTC), and the Light Rail Transit Administration (LRTA). It initially examined the information disclosed on the Philippines Government Electronic Procurement System before asking for additional information in order to identify specific issues that would be of interest to stakeholders. The MSG is now working with the Commission on Audit to develop an assurance manual as a step towards mainstreaming the assurance process within government systems.

**The objectives to be met when providing a baseline measure of transparency are:**

- (f) Summarise the laws and regulations governing the procurement and delivery of public construction projects and identify which core items of project and contract information for 'proactive disclosure' (Annex A) are required by law/regulations/policy to be disclosed by PEs.
- (g) Identify which core items of project/contract information for 'reactive disclosure' (Annex A) are required by law/regulations/policy to be made available to the public upon request.
- (h) Assess, from a sample set of PEs, which core items of project/contract information listed in Annex A are currently being disclosed to the public.
- (i) Assess from a sample set of PEs which core items of project/contract information are currently made available on request from members of the public.
- (j) Assess the barriers (legal, administrative, capacity, technology) to mainstreaming the release of this information by the participating PEs.



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Addressing **objectives (f) to (i)** should identify any gap between what the law requires and what CoST requires to be disclosed, as well as the gap between the current legal requirements for disclosure and the actual levels of disclosure of the sampled procuring entities. Figure 1 illustrates the levels of compliance of procuring entities with the legal requirements for disclosure in Malawi<sup>1</sup>.

Addressing **objective (j)** will provide an important first step in understanding the barriers to disclosure and to identify any capacity constraints stemming from weak information management systems.

## Additional baseline indicators where available

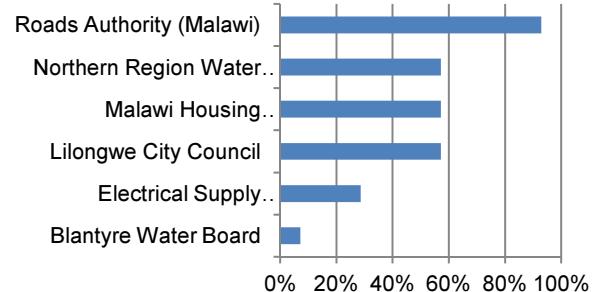
Where information is already in the public domain or readily available, there are a number of additional baseline indicators that could be captured. These baseline indicators can then be used to measure the impact of CoST over a period of time. These indicators include:

- (k) The unit costs of construction for standard classifications of construction work (e.g. tunnels, bridges, pipework, roads and paving, rail track etc.)
- (l) The average time and cost overruns for construction contracts.
- (m) The average number of bids submitted on various types of contract.
- (n) Any information from surveys on corruption e.g. perception surveys etc.

## Selecting a study team

In most countries the scoping study would be outsourced. Experience from the CoST pilot suggests that a successful outcome is dependent on finding an organisation that can provide a team with the skills and experience needed to meet the broad ranging objectives of the study. This could be a consultancy firm or an academic research centre.

The appointment of the team will have to be made by an organisation that is able to enter into a contract. Where CoST is not established as an independent identity, the team can be appointed by the host organisation, but this must be done in close consultation with the Multi-Stakeholder Group (MSG) where this has already been formed and with the CoST National Manager. Whoever appoints the team, it is important that there is sufficient management capacity, including a quality



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



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

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*"In order to meet the objectives the study team will collect data from secondary sources"*

control process, to deliver a high quality report. The International Secretariat can provide support where necessary in the selection of the team and oversight of the process.

Before starting work the study team will be expected to familiarise themselves with the objectives and design of the international CoST project.

## Scope of Work

### Stage one – Secondary research

In order to meet the objectives the study team will review and collect data from secondary sources (laws, regulations, reports, etc.). Where appropriate this will be supplemented by interviews with key informants, to present a summary of the following (with sources):

- (a) The number and type of PEs in the country, at national and local level, that are involved in the delivery of publicly funded construction projects, with a suggested criteria for classification
- (b) Agencies involved in the oversight of the planning, procurement and delivery of publicly funded construction projects (e.g. public procurement regulatory authorities)
- (c) Agencies involved in the auditing of publicly funded projects, plus data on the average number of technical and financial audits conducted each year
- (d) Other on-going or planned transparency/anti-corruption/good governance initiatives (including government measures) that affect the construction sector, focusing on processes and outcomes and the way in which they relate to CoST
- (e) The structure and composition of the private construction industry and the organisations representing the various stakeholder groups within it
- (f) Civil society organisations and their main interests and objectives related to construction activity
- (g) Laws and regulations governing the procurement and delivery of publicly financed construction projects, including the legal requirements for the release of any of the individual items of project information listed in Annex A and for access by the general public to documents listed in Annex B.
- (h) Information already in the public domain that could serve as additional baseline indicators (see objectives (k) to (n)).

### Stage two – Capturing data from a sample of procuring entities

- (a) The study team is expected to work closely with the MSG/National Secretariat Manager to identify an appropriate sample of PEs from which to collect data on their current practice related to the disclosure of project information. The sample should include a cross section of entities, large and small, at national and local levels. Usually the sample will include PEs which have



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initially agreed to participate in the CoST national programme. Guidelines for choosing an appropriate sample are set out in Annex B.

- (b) In close consultation with the MSG/National Secretariat Manager set up, test and populate a database at national level to record the information collected from the PEs during the study. A recommended structure for the database, in the form of a series of linked excel spreadsheets, will be available from the CoST website.
- (c) For each of the selected PEs conduct interviews with appropriate officers to gather information on their current practice related to the disclosure of project information, as well as their understanding of the current law and policy on disclosure.
- (d) From the information provided by PE officers, record on a spreadsheet which of the core items CoST has identified for 'proactive' disclosure (see Annex A) are:
- Released by the PE into the public domain (e.g. on website) - indicating a sliding scale of always/majority of cases/minority of cases/never.
  - Forwarded from the PE and released into the public domain by others (e.g. project implementation agency, procurement oversight authority).
  - Required by law to be released into the public domain.
- (e) Prevented by law from being released into the public domain or difficulties in accessing the information.
- Prevented by other factors (political, managerial, administrative) from being made available to the public.
  - Carry out checks on a small sample of projects to confirm that the information that the PEs say they disclose is actually available in the public domain and record any discrepancies.
- (f) From the information provided by PE officers, record on a spreadsheet which of the core items CoST has identified for 'reactive' disclosure (see Annex A) are:
- Made available to the public on demand - indicating a sliding scale of always/majority of cases/ minority of cases/never.
  - Required by law to be made available to the public.
  - Prevented by law from being made available to the public.
  - Prevented by other factors (political, managerial, administrative) from being made available to the public.
- (g) Summarise the data compiled above in an appropriate format, documenting any perceived barriers to the release of project information.



*"from the information provided by PE officers, record on a spreadsheet which of the core items CoST has identified for proactive disclosure"*

## Outputs

The outputs of this assignment will be:

1. An editable electronic format report outlining
  - The summaries of the background information collected from secondary sources as outlined under 'stage two' above.
  - The procedures used to select the sample set of PEs for data collection.
  - A concise narrative overview of the findings of the survey of disclosure practices and understanding among the sample set of PEs.
2. A series of data sheets in excel recording the raw data collected from the PEs.

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## Reporting requirements

The scoping study team should be required to:

1. Meet with the MSG/National Secretariat Manager to discuss the baseline exercise before work commences and at specified milestones during implementation (e.g. initial briefing, selection of procuring entities, interim findings, and draft final report).
2. Raise any questions in the original brief, or issues arising during the course of the work, on which further clarification is required.
3. Provide further detail on progress, or submit drafts of the outputs, upon request by the MSG/National Secretariat Manager.
4. Submit a draft report for review by the MSG and a final report within two weeks of receiving comments on the draft.

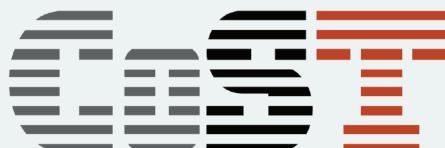
## Conclusion

This Guidance Note has outlined the steps to consider when undertaking a scoping study. The knowledge generated by the study forms the basis of the CoST programme. It is essential therefore that it is based on robust data and sound analysis; otherwise the programme might be inappropriately designed and ultimately, fails to meet the needs of stakeholders.

### *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 5: Annex A

## List of core<sup>2</sup> items of project information for proactive disclosure

Project phase	Project information	Contract phase	Contract information
Project Identification	Project name Project Location Purpose	Procurement	Contract title Procurement process Number of firms tendering Contracted firm(s) Cost estimate Contract price Contract scope of work Contract start date Contract duration
Project Preparation	Project Scope (main output) Environmental impact Land and settlement impact Funding sources Project Budget Project budget approval date		
Project Completion	Completion cost Completion date Scope at completion Reasons for project changes Reference to audit and evaluation reports	Implementation	Variation to contract price Variation to duration Variation to contract scope Reasons for price changes Reasons for scope & duration changes



<sup>2</sup> Core items are a simplified list of substantive items of information, excluding the items included in the full list only for identification (e.g. project owner, contact details)

## 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

# Guidance Note 5: Annex B



## Note on sampling

Ideally the information required to meet the objectives should be collected from all PEs in the country. But in many countries the number of PEs is in the hundreds if not thousands. The time and cost required to cover all clearly make this unrealistic. Sampling is therefore required.

PEs differ according to size (number and value of projects commissioned each year), sector (roads, buildings, water, power etc.) and whether they are national or local agencies. The consultant should agree with the MSG/National Secretariat Manager the selection of a sample of PEs on which to focus. If possible the sample should include a cross section of agencies by size, sector and location.

In countries where the MSG has already decided to focus on particular sectors (e.g. roads) or particular agencies (PEs), the same sectors/agencies should be used for the collection of baseline data on current disclosure practice. Where the agencies selected are all at national level the list should be supplemented by inclusion of at least one agency at sub-national (local) level. Where the focus is on one sector (e.g. roads) at least two agencies involved in other sectors (e.g. buildings) should be included.

In countries where the MSG has not yet decided to focus on particular agencies, the consultant should discuss with the MSG the agencies most likely to be involved in a CoST project and include at least some of these in the sample.