

Report on information disclosure and assurance team findings: International comparison

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1 Introduction to CoST, information disclosure and the assurance team

The Construction Sector Transparency (CoST) initiative is an international multi-stakeholder programme designed to achieve greater transparency and accountability in public sector construction, with the objective of ensuring that governments and consumers “get what they pay for”. The idea is that this will be realised by disclosing to the public ‘Material’¹ Project Information’ (MPI) at all stages of the construction project cycle, from the initial identification of the project to the final completion. The list of MPI that was used in the pilot is in Annex 1.

CoST has been piloted in seven countries: Ethiopia, Malawi, Philippines, Tanzania, UK, Vietnam, Zambia. The CoST pilot was sponsored by the UK Department for International Development (DFID) and the World Bank (WB) and ran from May 2008 to September 2010. It was directed in each country by a national Multi-Stakeholder Group (MSG), comprising representatives from government, industry and civil society.

CoST is principally about achieving transparency through the disclosure of information into the public domain. But it is important that the information that is disclosed is both accurate, and available in a form that can easily be understood by stakeholders. To achieve this, it was anticipated in the original design document that the disclosed information would be verified for accuracy and completeness by experts (an “Assurance Team”) appointed for this purpose. The Assurance Team (AT) was also expected to analyse the disclosed data, highlight any ‘causes for concern’ and report in everyday language to the MSG. Thus, the AT was seen as playing an interpretative role in helping to make raw data disclosures more intelligible to a wider range of affected stakeholders.

1.1. Appointment of Assurance Teams

Different approaches were adopted by pilot countries in appointing the Assurance Team.

1. Zambia, UK and Ethiopia all appointed highly experienced and well qualified individuals from the construction sector: in Zambia and the UK they worked together as one team while in Ethiopia they worked as individuals.
2. Malawi and Vietnam appointed experienced consultancy firms.
3. Tanzania appointed 5 separate teams, each comprising two experienced individuals
4. The Philippines appointed the Commission of Audit (COA) to undertake the role. This was because the MSG was concerned that the Assurance Team might be seen to be duplicating the work of other agencies. However it should be noted that the COA was appointed to do the work of the AT and not to conduct an audit.

In all pilot countries the Assurance Teams had the following core objectives:

1. To assist the MSG to liaise with the Procuring Entities (PEs) of CoST projects to ensure the disclosure of the relevant Material Project Information (MPI) as outlined in Annex A.
2. To verify the accuracy and completeness of MPI disclosures on all, or a subset, of CoST projects.

¹ Material in this context implies information that is sufficient to enable stakeholders to make informed judgements about the cost, time and quality of the infrastructure concerned

3. To produce reports that are clearly intelligible to the non-specialist, outlining the extent and accuracy of information release on CoST projects.
4. To analyse disclosed and verified data on all or a subset of CoST projects in order to make informed judgements about the cost and quality of the built infrastructure.
5. To produce reports that are clearly intelligible to the non-specialist, highlighting any cause for concern that analysed information reveals.

1.2. Scope of work

To meet the objectives the following tasks were outlined in the generic TOR developed by the International Secretariat:

Preliminary tasks for the MSG: Following the guidelines set out in the CoST Design Document, it was anticipated that, prior to the appointment of the AT, the MSG would have:

- Secured the agreement of a number of PEs to participate in the CoST pilot programme.
- Defined the criteria to be used in the selection of projects, acquired a list of projects meeting the criteria from the PEs and selected projects from the list (preferably using a random procedure).
- Made arrangements with the PEs for disclosing the required information on the chosen projects on an on-going basis. A template for collating and disclosing project information (MPI) was provided and is shown in Annex A.

Assurance Teams were then expected to complete the following tasks:

1. Information collection and disclosure: Help the MSG, where necessary, to liaise with the PE to ensure publication of MPI on the selected projects on an on-going basis: if necessary to assist in obtaining the information by visiting the PE. They were then to report on the process of information disclosure, highlighting any lapses.
2. Information verification: Verify that the information disclosed by the PEs is complete and correct (for all or a subset of projects). Verification may require closer scrutiny of other documents (variations, claims, payment records, progress reports). It may also require that the information disclosed by the PE is checked against other sources (records of the consultant and/or contractors). They were then to report on completeness and accuracy of information disclosed (intelligible to the non-specialist)
3. Information analysis: For all or a subset of projects, analyse the disclosed information to assess whether the extension of time and increases in cost were justified: and make informed judgements on the cost and quality of the infrastructure. To do this the AT may also be requested to visit sites at critical stages to assess whether or not the structure is being built to specification. On the basis of the above to highlight any 'cause for concern' and produce a short report for the MSG.

The generic ToR and relevant guidance is available on the CoST web-site. Annex 2 summarises the composition of the Assurance Teams and the scope of work adopted in each pilot country. All projects selected to be included in CoST were subjected to a full analysis (tasks 1-3) in all countries except the UK, where task 3 was omitted in 50% of projects.

2 Report objectives

The objectives of this report are as follows:

1. To understand the process of disclosure and assurance as it was implemented in the pilot countries.
2. To analyse AT reports from the pilot countries to assess whether they were able to meet the TOR: in particular were they able to:
 - Help the PEs to disclose information (MPI) on a regular basis
 - Verify that the disclosed information is complete and correct
 - Assess whether cost and time overruns were justified
 - Make informed judgements on the cost and quality of the built infrastructure
 - Highlight these and any other 'causes for concern'
 - Report to the MSG in plain language
3. To describe the extent of information disclosure and assess the reasons for non-disclosure.
4. To draw out the implications for the process of disclosure and assurance in any future phase of CoST.

The information will be presented under headings corresponding to the main tasks in the TOR for the AT, as outlined above.

3 Preliminary tasks: Working with PEs and selecting projects

The PE is central to the process of disclosure of MPI. Even though governments in the pilot countries had agreed to participate in CoST, this did not necessarily mean a procuring entity would also agree to be involved. Thus it became essential for the MSG to initially obtain the support of a number of key PEs.

The MSGs used workshops, informal briefings, memoranda of understanding and the influence of the country CoST Champion to persuade procuring entities to participate. Some PEs initially agreed but subsequently withdrew. The process took some time but eventually a handful of PEs in each country agreed to participate. The smallest number of participating PEs was 3 (Malawi, Zambia) and the largest number 5 (Vietnam). Many were the same PEs that had participated in the baseline study².

2 A separate analysis of the baseline studies is available on the CoST website at www.constructiontransparency.org

Table 1: the number of projects per sector that were included in the pilot

Country	Transport	Water, sanitation, irrigation, flood defence	Schools and colleges	Housing	Govt Buildings	Hospitals and health centres	Ports & airport	Total
Ethiopia	14	7	2	0	0	2	0	25
Malawi	5	2	0	2	0	0	0	9
The Philippines	5	2	1	0	0	0	2	10
Tanzania	2	1	0	0	1	2	0	6
UK	2	2	2	2	0	0	0	8
Vietnam	5	4	1	1	0	0	1	12
Zambia	8	0	6	0	3	0	0	17
Total	41	18	12	5	4	4	3	87

Once PEs had agreed to participate they were asked to provide a list of on-going projects, from which the MSG would select a sample of projects for information disclosure. Much time was spent agreeing the criteria for inclusion in the sample which generally included sector, size, location, source of funding.

The projects that were ultimately included are shown in Table1. It can be seen that each country opted to select projects from 3 or 4 sectors with the highest number of projects from the transport sector, all but one of which were roads.. This probably reflects the significant investment into this sector. The water sector was the next most popular, with only a relatively small number of building projects (housing, schools, hospitals etc) included.

In order to avoid bias, it had been hoped that the selection of projects from the list offered by the PE would be on a random basis. However in no country was this case. Nor was the choice always made by the MSG. In many instances the project selection was left to the Assurance Team or to the PE itself, with obvious implications for bias.

4 Compiling and disclosing Material Project Information (MPI)

The CoST design document had anticipated that the PEs would themselves collect the project information, enter it onto the MPI template and disclose it directly into the public domain. It was further assumed that arrangements would be put in place to enable them to do this on an on-going basis. The TOR for the AT assumed that they would assist in the process if required.

Six of the seven pilot countries did not succeed in getting the PEs to disclose information proactively. This was for a variety of reasons which were clarified by coordinators at a meeting of the International Advisory Group in December 2010. They are summarised as:

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- The PEs are not currently obliged to disclose all of the items of MPI required by CoST and are unlikely to do so voluntarily as they are the ones who will be held to account.
- Some are already under investigation for mismanagement and are fearful of negative outcomes with the possibility of staff losing their jobs.
- Disclosure of MPI in the format required by CoST is an additional burden on the PEs, with no additional resources.

The Assurance Teams had therefore to collect the MPI themselves and enter it onto the MPI template. Information was mainly extracted by the ATs from source documents belonging to the PE or to the client organisation. But in some cases information was also collected from the consultants and contractors involved in the projects.

The Assurance Teams found the task of collecting and collating the MPI challenging. This was largely due to the poor document management within the procuring entity. Generally the AT had to find hard copies of source documents, often from several offices which were sometimes in different parts of the country. For example, many procuring entities keep the information concerning the tender process separately from the information concerning contract implementation, while information on project identification and feasibility study was usually kept at head offices and often missing because the original work had been carried out ten or even twenty years previously.

These difficulties were on occasion exacerbated by the reluctance of PE staff to cooperate in the task of information collection. In some countries there was suspicion of CoST, which some saw as pushing the donor agenda, while others had doubts about the value of information disclosure, especially when compared with the cost.

The process was slightly easier in the Philippines (where the PEs collaborated with the AT in compiling the information). It was also easier in the UK where PEs were persuaded to upload the documents that the AT requested onto a web based extranet system: each PE was supplied with a user name and password that meant they could upload the MPI into the relevant project folder. The system proved efficient for collating the information.

However, only in Vietnam did PEs disclose MPI directly to the public (through newspapers and websites) and at regular intervals. The Assurance Team did play a key role here, but only in assisting the PEs to assemble the information and then to disclose it. Key factors that enabled PEs in Vietnam to pro-actively disclose MPI, in addition to the help of the AT, were the provision of incentive payments to staff of the PEs for the additional work involved, as well as a clear directive to disclose from the highest authority, the Prime Minister.

The essential difference between the method of MPI collection and disclosure in Vietnam and the other countries is illustrated in Figure 1 and Figure 2. The exploding bubbles represent disclosure of material project information (MPI) and assurance reports (AR)

Figure 1: Vietnam and the pilot design document

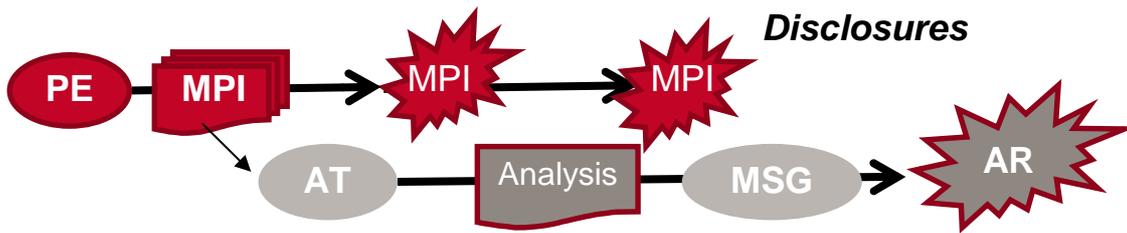
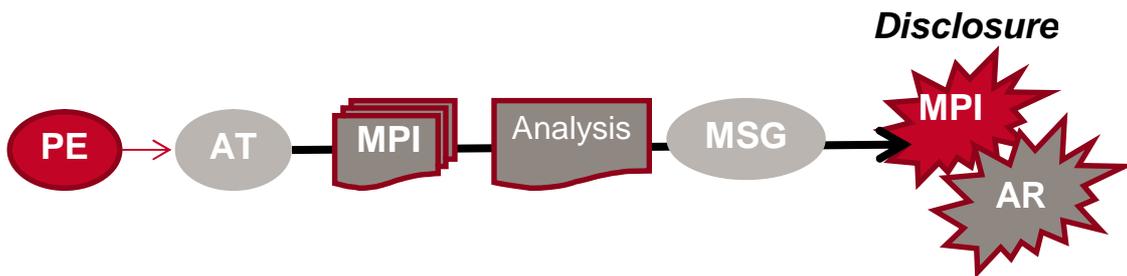


Figure 2: MPI collection and disclosure: Ethiopia, Tanzania, Malawi, the Philippines, Zambia and the UK



The fact that the ATs (and not the PEs) were responsible for assembling the MPI had implications for disclosure. Although the PEs provided information to the Assurance Teams the ATs were not entitled, or required, to disclose it to the public as the information actually belongs to the PE. In no country (other than Vietnam) was the raw data on the MPI template disclosed to the public by the PEs. It was eventually disclosed in all countries by the MSG but only with the agreement of (and in some cases after extensive negotiations with) the PEs.

It was also very difficult for the ATs, not being the owners and managers of the information, to compile it on an on-going basis. This was especially so given the limited amount of time available. Most countries therefore only managed a single round of information collection from the selected projects. Thus in the CoST pilot, the MPI provides stakeholders with a snapshot of the status of each project at a particular point in time. Vietnam was the notable exception where information was collected and disclosed on a regular basis over a 5 month period.

5 Verifying the information

According to the TOR for the Assurance Process (and to the CoST design) each Assurance Team was expected to report on the process of information disclosure, and to verify that the MPI disclosed by the PE was complete and accurate. But as the information was collected by the AT itself from source documents held by the PE, verification had little meaning. Some of the AT reports showed that the teams had tried to check information with consultants and contractors, but often this amounted to simply making sure that they had copies of the same documents. Special attention was to be paid to verification of the reasons given for time and cost overruns. However, when these reasons were not provided by the PE but abstracted and compiled from the source documents by the AT, verification again makes little sense.

Consequently it is unsurprising that few ATs reported on the accuracy and completeness of the information that was disclosed. All countries except the UK (which did full analysis on

only 50% of the projects)³ decided to go on to the analysis stage on all projects and not to stop to specifically report on accuracy and completeness.

However the AT reports did usually contain comments on items of information that were missing or could not be obtained from the PE or from other sources. This was a particular problem in Zambia where very little information was released on some projects. The item most frequently missing in Zambia (on 9 out of 17 projects) was the budget. Other items often withheld in both Zambia and Tanzania were the tender evaluation report and the engineer's estimate. In the Philippines, information on the tender procedure for supervision contracts on donor funded projects was not provided. ATs in Ethiopia had difficulty in obtaining information on contracts for supervision and design in the education sector. The feasibility study was also rarely available in Ethiopia, but this was usually due to the difficulty in locating an old study: in one case the feasibility study was carried out in 1987 with the project design commencing 17 years later. No particular pattern of missing items was noted in Malawi or Vietnam, but one PE in each of these countries disclosed little or no information.

6 Analysing the information

ATs were also expected to analyse the information in order to:

- assess whether the extensions of time and cost were justified
- give an informed judgement on time, cost and quality ('value-for-money')
- highlight these and other causes for concern

The outcomes from each of these tasks are discussed in turn.

6.1 Extensions of time and cost

Analysis of the AT reports on 67 projects⁴ from 6 pilot countries revealed that most included some comments on time and cost overruns. But very few went further and assessed whether or not the overruns were justified. The ones that did so are included in Table 2. It should be noted that concerns over cost overruns on consultants contracts (highlighted in bold in the table) accounted for almost half of the total.

From Table 2 it can be seen that the judgements that were made on cost overruns fall into a number of categories:

- Issues related to documentation: where a document is simply missing and hence the documentation is inadequate to explain the increase in costs
- Instances where the increase in price appears to be unjustified because it is excessive, or there is clear duplication of the payment (e.g. project 1 from Malawi), or where closer analysis of the documentation, particularly the Bill of Quantities (BQ), suggests double counting (e.g. project 1 from Tanzania)

³ Annex 2 summarises the composition of the Assurance Team and the scope of work adopted in each pilot country

⁴ At the time of writing reports from the Philippines had not been received and only 15 AT reports from Ethiopia had been finalised

It is relatively straightforward for ATs to challenge cost overruns on documentation grounds (i.e. the increases are inadequately justified by the available documentation). But more in-depth analysis is needed to uncover other concerns. It is notable that the team that uncovered double counting in the BQ for the project in Tanzania comprised quantity surveyors and the issue may have been missed by ATs without these skills.

Table 2: Cost overruns that were not properly justified

Country	Cost overrun
Ethiopia	<p>1) There was no document justifying increased payments to the project management consultant, amounting to 56% of the contract price</p> <p>2) The consultant was paid close to 500% of the original contract price due to time extension of over 400%. (Not clear whether it was documented)</p> <p>3) Client estimates project cost to increase by 100% but only 27% has so far been accounted for in documentation (16% variations and 11% price adjustment for materials) and the price escalation record provided was found to be incomplete</p>
Tanzania	<p>1) Price increases are not adequately justified by the external factors or changes in quantity/quality outlined in the released documentation (related to rock excavations which seemed to be already provided for in the contract)</p> <p>2) Price increases of 3% of the contract price relating to adoption of Class 30 concrete in place of Class 25 are not adequately justified by external factors or changes in quality outlined in the released documentation</p> <p>3) There are apparent changes in contract price and time that are not adequately reported in the information released by the Client; these relate to compensations, partial handover of the site to the contractor, lack of detailed drawings and instructions on construction of embankments (<i>points 2 and 3 from same project</i>)</p>
Zambia	<p>1) The Team was not given the justification for changing from terrazzo finish to Aluminium cladding, resulting in an increase of 41% on the original contract sum</p>
Malawi	<p>1) The consultant (architect) was paid MK 1.8 million for architect's equipment despite having a fully equipped studio previously funded by others</p> <p>2) Supervision contract price increased by 37% due to 40% increase in works contract time (4 months) : but works contract was extended by only 1.5 months</p> <p>3) Addendum to the contract was issued increasing quantities and raising the contract sum by 15%: but some quantity increases were not authorised by the addendum or have exceeded the approved value</p>
Vietnam	Nil
UK	Unable to verify minor consultant costs but may not impact on the final cost

As with cost overruns, time overruns were frequently noted but less frequently challenged. Table 3 shows that ATs commented on time overruns on 25/60 or 40% of projects, but the overruns were considered unjustified on fewer than half of this number. Most of the challenges (and all of them in Ethiopia, Zambia and Vietnam) were on documentation grounds. It seems that contractors in these countries pay little attention to making a formal request for an extension of time and PEs take very little action when projects are seriously behind schedule. The terms and conditions of the contract are rarely adhered to.

Table 3: Time overruns that were not properly justified

Country	Time overrun
Ethiopia	1) Time elapsed 400% of the initial schedule and progress less than 70% but no warnings given by the PE for the delays which were due to inefficiency 2) Delay was 15 months but only 8 months time extension was granted and this was not in accordance with the correct procedure for time extension 3) Serious delay but no time extension was granted 4) Serious delay but only letter from consultant <i>Serious delay noted on 11/17 projects</i>
Tanzania	1) Contractor submitted a revised programme of work but no changes have been reported by the client or consultant that could affect the programme 2) The contract is seriously behind and past initial completion date with fault on both sides: 50% extension of time needed but still under negotiation 3) Delays experienced in the completion of the original scope of works are not adequately justified by external factors or changes in the quantity of works outlined in the released documentation: instead the delays are due to inadequacies of the Contractor with regard to aspects of contract administration and management <i>Serious delays noted on 4/6 projects</i>
Zambia	1) Difficult to establish start and completion date 2) Some project items have no contract time frame 3) Original contract period ended but extension of time still not approved 4) Original contract period ended but extension of time still not approved <i>Serious delay noted in 7/17 projects</i>
Malawi	1) The decision to extend the contract was made by the client without the consultant: reasons given were irregular payment and increased scope of works <i>Serious delay noted in 1/9 projects</i>
Vietnam	1) The completion date has passed but no document certifying completion is available <i>Serious delay in 4/11 projects</i>
UK	Nil

A possible explanation for the lack of concern over extensions of time can be found in the fact that fault for delay often lies on both sides (see item 2 from Tanzania) with slow payment by clients often a key factor. On three quarters (12/16) of Zambian projects, ATs noted delayed payments and on at least 2 of these projects this affected the contractor's mobilisation and progress of the works. A similar comment was noted on one project in Tanzania, while in Malawi payment irregularities (over payment) were noted on two projects.

6.2 Making informed judgements on cost and quality

The TOR for the Assurance Teams also required that they make informed judgements on the cost and quality of the constructed facilities in order to assess whether the client was getting what s/he had paid for (which was later interpreted as 'value-for-money').

Particularly important from a 'value for money' perspective are concerns raised over initial contract prices. Table 4 shows findings of ATs in Ethiopia and Tanzania that suggest the initial contract price was far too high. In the first two Ethiopian examples the 'cause for concern' was that the PE failed to follow proper procedures to ensure a better price. In two of the Tanzanian cases, the cause for concern was the high price itself which was attributed to lack of competition in the tender

market. Lack of competition in tender markets and prices well above the engineer's estimate are issues that should be easily seen from the MPI template (if it were disclosed by the PE) and therefore not require analysis by the AT in any future CoST.

Table 4: Concerns on works contract awards

Country	Comments on contract award
Ethiopia	1)the high price of the lowest bid required comparison with recent similar contracts, but this step was omitted in the financial evaluation process: only 2 of 3 committee members signed off the financial bid evaluation report for unknown reasons 2)following a request from the Bank for revision of the award, the client directly awarded the bid to the second least bidder without negotiating with him to execute the works at the first least bidder's price 3) the contract adopted for the implementation of the project management program seems unreasonable in ensuring fair risk allocation (service fee, pricing agreement)
Tanzania	1)works contract price 93% above the engineer's estimate only 10.8% of which could be due to factors given by PE (only one responsive bid but this was not highlighted by the AT) 2) lack of competition at tender stage due to only 5 bidders(the fact that the contract price 54% above the estimate was not highlighted by AT) 3) contract price above the project requirement: items overpriced and duplication in prime costs and provisional sums

However, in the third Ethiopian example (highlighted because it relates to a contract for services) the AT examined the contract for project management and found the service fee and pricing arrangements to be unreasonable. While in the third Tanzanian example the AT analysed the priced BQ and found many items duplicated or overpriced. This raises the question of how thoroughly we expect the AT to investigate in order to uncover anomalies and whether specific skills of measurement and pricing should be included in the team.

Quality is an even more problematic issue. In most countries the scope of work for the ATs included one visit to the project site. Site visits were either required by the MSG or requested by ATs as they were seen to be essential in order to check on quality. It was hard to see how else the ATs would be able to comment on quality or to know whether the facility was being built according to the specification (or indeed whether it was actually being built at all).

But the quality check was generally limited to a visual inspection of the project at one point in time. This presented a real challenge for the teams to draw conclusions on the quality of the built infrastructure and few attempted to do so. The few comments that were included in AT reports, shown in Table 5, are limited to very obvious defects and shortcomings in procedures.

Table 5: Quality issues raised by ATs

Country	Quality issues
Ethiopia	Nil
Tanzania	Nil
Zambia	1) The extent of deterioration after rehabilitation looked excessive considering the works were undertaken two years ago 2) Based on the site visit, the quality of constructed work is not satisfactory: no test samples were taken to laboratories to assure quality of materials
Malawi	1) integrity of the buildings is questioned: some fundamental building elements have been omitted from the design: concrete foundations and footings replaced by brick; floor slab, lintels and ring beams omitted 2) some defects observed (finishing around manholes and water lines not at the required depth) 3) contractor's work was damaged by installation of water services after the tarmac was laid: there was also evidence of sub-surface water that may affect the integrity of the works
Vietnam	1)digging of ditches for sewers caused subsidence of road and pavements 2) concrete tests moved from site to testing centre which will have an impact on quality
UK	Nil

The conclusions that seem to emerge are: (1) that ATs can only assess cost if they undertake a comprehensive analysis of the initial contract price as well as subsequent changes and (2) requiring ATs to give informed judgements on quality is not realistic.

6.3 Other causes for concern

In some countries there was reluctance among ATs to use the term 'causes for concern', with 'observations' or 'findings' preferred. A more important issue than the terminology, however, is the content of the observation, which is related to the level of assurance.

As with the analysis of cost overruns in section 6.1, we detected a number of levels of assurance related to the depth of the investigation. A large number of observations were simply statements highlighting certain facts revealed by the MPI which the AT considered may warrant further questions. Simply highlighting the facts can be valuable, as some MPI is clear in itself and doesn't require further explanation or investigation.

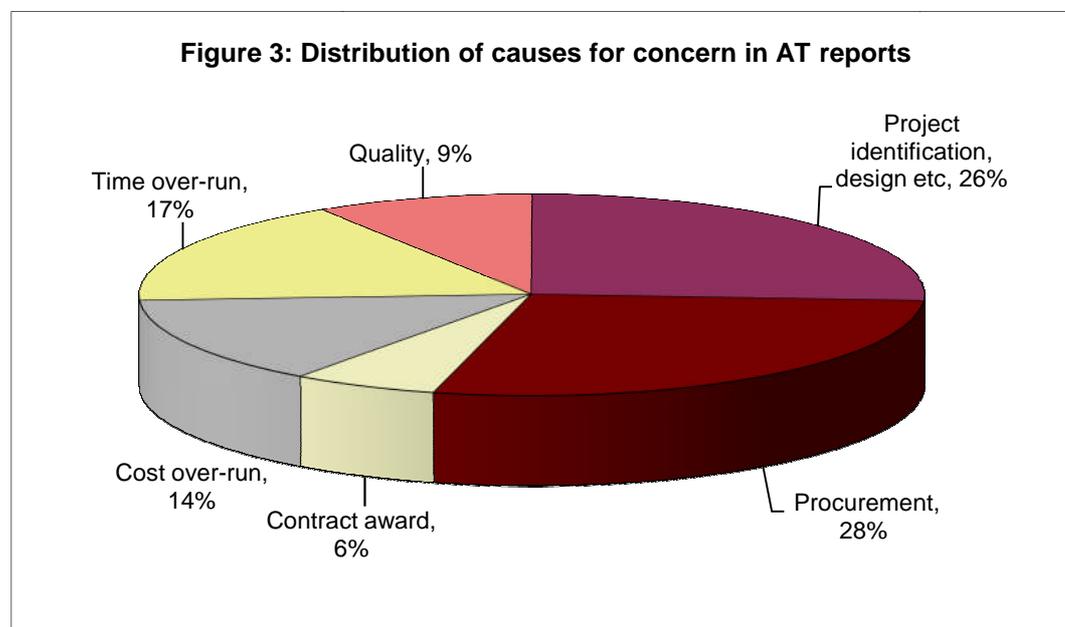
In other cases the AT went further and commented that the documentation provided by the PE was inadequate to explain or justify the highlighted fact. In a minority of cases the ATs undertook further investigation to find the reasons and the implications and explain why this was a concern.

The various levels of assurance are illustrated in Table 6, using price increases as an example. Documents required for the task are also shown.

Table 6: Levels of assurance

Level of Assurance	Cause for concern	Information required
Limited analysis (Highlights key facts in MPI)	the contract price increased by 125%	Price increase and reasons given by the PE
Assessment of the documentation	the available documentation was inadequate to justify the price increase of 125%	Variation orders
In-depth analysis (Are the issues justified / unjustified)	the price increased by 125% but only x% could be explained by inflation or the variation orders provided by the PE	Conditions of Contract, variation order notices, inflation indices, price adjustment formula, bills of quantities etc

In the following analysis we have focused on concerns that went beyond simply highlighting facts revealed in the MPI. Figure 3 shows the distribution of the causes for concern, according to the stage of the project cycle. Although around a third (31%) of the concerns raised by ATs relate to cost and time overruns, there were many more concerns arising at earlier stages of the project cycle.



The concerns raised on the tender stage (28% of the total) are shown in Table 7. In Ethiopia serious issues around tendering were noted on 11 out of 17 projects. These ranged from failure to produce any documents on the tender process to failure to actually put contracts out to tender at all. Again it should be noted that a large proportion (7/12) of the concerns related to procedures for the appointment of consultants.

Table 7: Concerns at the tender stage

Ethiopia	<p>1) supervision + design contract: no records of tender notice, contract award or evidence that unsuccessful tenderers were notified</p> <p>2) works contract: no record of tender award, evidence of extension of bid validity or of notification of unsuccessful bidders</p> <p>3) supervising consultant appointed 5 years before contractor</p> <p>4) contractor contract based on obsolete conditions (x 2 projects)</p> <p>5) deviations from standard practice in the procurement of the project management agency, design and contract administration consultant which are not adequately explained in available documentation</p> <p>6) discrepancies in the number of applicants who collected the prequalification documents for works in between the prequalification evaluation and revised bid evaluation reports: similar discrepancies have also been observed with the listing of the firms in these documents</p> <p>7) the procurement for works was not done in such a fair and transparent manner and in compliance with evaluation methods stated in the RFP</p> <p>8) none of the conditions for single award appear to have been met by the client, who did not seek a lower priced option: + the form of agreement was not complete as it did not include titles, job descriptions, minimum qualifications and estimated periods of engagement of each of the “Consultants” Personnel.</p> <p>9) the appointment of the consultant and contractor do not satisfy the requirements set by the Ministry of Finance for single source procurement</p> <p>10) the amount of variation to be approved by the consultant is not limited in the contract, so the PE has no means to control variations.</p> <p>11) the client appointed the contractor directly, without justifiable reasons</p> <p>12) the scope of work in the consultancy contract (design and supervision) differs from RFP (design only)</p> <p><i>serious procurement issues on most projects 12/17</i></p>
Tanzania	<p>1) only one responsive bid for supervision contract because of an AfDB rule that only 2 bidders from any country (including host) can be on the shortlist</p> <p>2) Apparent and significant deviation from standard practice in the procurement process which was not adequately explained in the available documentation (there was only one submitted tender which was evaluated and awarded the contract)</p>
Zambia	<p>1) no documentation to fully describe & justify the appointment of contractor</p> <p>2) no documentation to show the form of contract signed between the Project Management Committee (PMC) and the contractor</p> <p>3) There was only one bidder and reasons for this were not fully disclosed</p> <p>4) The appointment of the contractor was not fully and accurately disclosed</p> <p>5) Lack of information on procurement procedure followed</p> <p>6) The information disclosed does not describes fully and accurately the appointment of the contractor</p>
Malawi	<p>1) contract awarded to second lowest bidder with no reason given</p> <p>2) tender negotiation meeting agreed to reduce contract period to 15 months but after start of contract it reverted to 18 months</p>
Vietnam	<p>1) Submission letter and decision on approval of successful bidder do not state 'type of contract' which is a requirement of the Procurement Law</p>

All countries apart from the UK also had serious concerns related to project feasibility, design and funding (26% of the total number of concerns). The comments of the ATs in this respect are shown in Table 8. Many relate to failure to complete the design before going to tender for the works contract and/or to the poor quality of the designs (items missing, failure to visit sites etc.). More serious issues related to design are also noted in Ethiopia.

Table 8: Concerns over project feasibility and/or design

Country	Feasibility/Design issues
Ethiopia	<ol style="list-style-type: none"> 1) the disclosed documents do not reveal the project appraisal process adequately 2) the estimate of project cost by the engineer is almost 400% of the estimated cost during the viability assessment 4 years ago and this cannot be attributed to inflation 3) the total volume of excavation estimated by the design consultant is very high compared with other recent projects 4) the sizes of the reinforced concrete pipes recommended by the design review consultant are not in compliance with the client's standards published in 2002: the design also lacks detail on the RC pipes wall thickness, quality of concrete, and reinforcement bar details 5) feasibility study work was carried out twenty years ago in 1987 and construction started without a final detailed design 6) Client took no action about the professional incompetence of the firm that made a design change costing a large additional amount
Tanzania	<ol style="list-style-type: none"> 1) no site plan prepared: standard ministry plans and BQs assume flat terrain but site was sloping: hard copy only of drawings 2) the project started without meeting planning requirements 3) feasibility study was done in 2001 but project didn't start until 2007 4) feasibility study failed to consult with local population on the issues of water and subsequent disputes led to serious delay 5) project design did not include the existing three riser tanks and 5 public water kiosks is inadequate for the population of the town
Zambia	<ol style="list-style-type: none"> 1) variations due to inadequate preparatory work before tender (3 projects) 2) work commenced before design was finalised (2 projects) 3) site and soil investigations and EIA were not undertaken (3 projects) 4) design changes on site and the resultant variation orders
Malawi	<ol style="list-style-type: none"> 1) some elements were omitted from the design 2) Some design errors noted in reasons for additional works
Vietnam	<ol style="list-style-type: none"> 1) feasibility study failed to clarify the sustainability of the project, operation cost and HR training 2) increased cost between first (31/10/08) and second approval (25/06/10) while scope reduced from 6 to 4 lanes 3) many changes in design during construction, probably because of lack of accuracy of survey work or underground survey difficult
UK	Nil

7 Reporting in plain language

7.1 MPI formats and disclosure

ATs were also required to produce reports on their findings in plain language that are 'clearly intelligible to the non-specialist'. This was not an easy task for the construction professionals who made up the ATs. Where ATs were specifically asked to produce a summary in plain language (e.g. in Tanzania) they found it impossible to do so without using terms that are in common usage in the construction industry – but might not be intelligible to those outside of it.

An alternative adopted in the UK was to include a glossary of terms in the AT reports. While this is useful it doesn't overcome the fundamental problem of widespread lack of understanding on the part of the majority of the population as to how the construction sector functions. Particularly perplexing for most are the large number of agents involved in the delivery of a construction project, the complex relationships among them and the multiple transactions that take place throughout the project cycle.

Although the AT reports were written for the MSG, in the majority of pilot countries the reports were made available with little modification to the wider public. With hindsight it may have been wiser to have engaged an experienced editor to re-draft the individual reports of the PEs before disclosing to the public, or at least to provide a summary of the main findings.

However there was a more fundamental dilemma than that of language. While ATs were charged with interpreting the raw information for public consumption, they were also in some countries told to avoid any subjective views and report only the facts. There is a fundamental contradiction here that became evident for example in Tanzania, where PEs insisted that all 'opinions' be excluded from reports. This makes the issue of 'interpretation' problematic.

8 Information disclosure

8.1 Disclosure of MPI

The disclosure of MPI is a basic requirement of CoST. Each pilot country was encouraged to adapt the MPI template to reflect local needs. The UK, Tanzania, Malawi and Ethiopia followed the International Secretariat template very closely. The Philippines and Zambia developed their own templates which included each item of MPI in the International Secretariat template with some additional items. In Vietnam, a number of templates were developed to disclose more detailed information (including sections of bills of quantities) at various stages of the project cycle.

In Vietnam MPI was disclosed on a regular basis over a five month period. In the other countries the MPI was disclosed only once, on or after the end of the pilot. In Vietnam the MPI was disclosed by the PE. In the Philippines it was disclosed by the Philippines Government Electronic Procurement System (Phil-Geps) as part of a programme to embed CoST in existing systems. In the other five countries MPI was disclosed by the MSG.

In three countries (Zambia, Malawi, UK), the MSGs disclosed the completed MPI template as an annex within the AT Report. The UK also produced two page AT Report Cards with the executive summary of the AT report on the front page and the completed MPI template on the reverse side. In the other countries (Philippines, Ethiopia, Tanzania) the MPI template containing the basic factual project information was disclosed on its own.

8.2 Disclosure of AT reports and 'causes for concern'

Different approaches were taken in disclosing AT reports and 'causes for concern'. Zambia,, Malawi and the UK only published causes for concern as part of the detailed AT reports which meant it was often difficult to identify the concerns in many pages of text. The UK AT Report Cards did help to overcome this problem, as did the expansion of the MPI template in Malawi AT reports to include an additional column highlighted the key findings.

Tanzania published the causes for concern as footnotes to the MPI template, as well as publishing the full reports. This was considered an effective way of communicating the findings quickly to a non-technical audience.

Vietnam and the Philippines decided not to disclose the AT reports and causes for concern in order to consolidate good relations with the PEs (see next section) .

8.3 Procuring entity engagement

In the countries that disclosed the causes for concern or the full AT reports the PEs were given the right to respond to the reports prior to disclosure. Zambia and Malawi then published PE comments (if any) alongside the AT reports. MSGs in the the UK, Ethiopia and Tanzania discussed the reports with the PEs and took the PE comments into consideration as part of the editorial process. Where differences persisted (on one project in Tanzania and 4 in Ethiopia) the PEs retained the right to publish their comments separately.

In the Philippines the MSG decided that the Assurance Team findings should only be disclosed to the heads of the participating PEs and not to the general public. As these findings were potentially controversial, the Philippines MSG felt this approach would help to persuade the PEs to address the identified problems, as well as to secure their cooperation in a future phase of CoST. A similar approach was followed in Vietnam, where the findings of the AT reports were discussed with the PE rather than being disclosed to the public. The Philippines MSG had also to obtain the approval of the Government Procurement Board prior to disclosure of the MPI.

8.4 Method of disclosure

The most common method of disclosure has been on websites, either the CoST website or the local host organisation's website. In Malawi, Zambia, UK and Ethiopia a disclosure event was organised targeting key stakeholders, with a press release to the media to inform wider society. However these events might have had more impact if hard copies of the data and reports were handed out on the day, as occurred in the UK. For example, the Zambian MSG hosted an Annual General Meeting with key stakeholders where there was strong demand for this information. The AT reports were then disclosed on the National Construction Council's website, but not until some weeks later. Ethiopia also had a disclosure event but failed to disclose hard copies and was also a bit slow in up-loading the information onto the CoST website.

Tanzania planned a two stage disclosure process in a national newspaper. The first stage was to disclose the completed MPI templates . The purchased advertising space would also contain information about the second stage of disclosure. A few days later the MPI template with the causes for concern was to be published in the same newspaper. However, the general election meant disclosure had to be postponed and subsequent delay in gaining approval from the State House to go ahead left insufficient time to carry through this two stage approach. In the end the MPI templates with causes for concern were all published in a single edition of the national newspaper. On the same day the full AT reports (as well as the baseline study) were uploaded onto the local CoST website.

In Vietnam, detailed MPI (including some sections of Bills of Quantities) was published on several occasions in national and local newspapers.

Table 9: Summary of disclosure in pilot countries

	Disclosed (Yes/No)			Method of disclosure		
	MPI	Concerns	AT Reports	MPI	Concerns	AT Reports
Ethiopia	yes	yes	yes	Web		
Malawi	yes	yes	yes	in AT reports	Highlighted in MPI	Web
Philippines	yes	NO	NO	Web		
Tanzania	yes	yes	yes	Newspaper	Newspaper	Web
UK	yes	yes	yes	in AT reports	in AT reports	Web
Vietnam	yes	NO	NO	Newspaper		
Zambia	yes	yes	yes	Web (in AT reports)	Web (in AT reports)	Web

8.5 Reaction to disclosure

There has been very little reaction to information disclosure from stakeholders within the pilot countries. In Vietnam there was no reaction from the public despite face to face interviews with some local citizens randomly selected in those communes / wards where there was a CoST project. The AT concluded that this was due to the information being too detailed for public consumption and has recommended that only summary project information is disclosed in newspapers with more detailed information disclosed on websites.

Anecdotal evidence from the other pilot countries also suggests that the challenge of communicating often complex and detailed information to a non-technical audience had not been fully appreciated. The MSGs report that more capacity building, particularly of civil society, is required to create the demand for this information and generate response. Attendance at the events in the UK and Malawi was also reported to be lower than expected but those who did attend the events were generally positive about the disclosures, particularly industry stakeholders. There is also positive feedback from informal meetings with government and the private sector organisations in the UK and Zambia.

At the time of writing only one project that we know of is subject to further investigation by government bodies as a result of the disclosure of information under the CoST pilot. The project is in the Philippines.

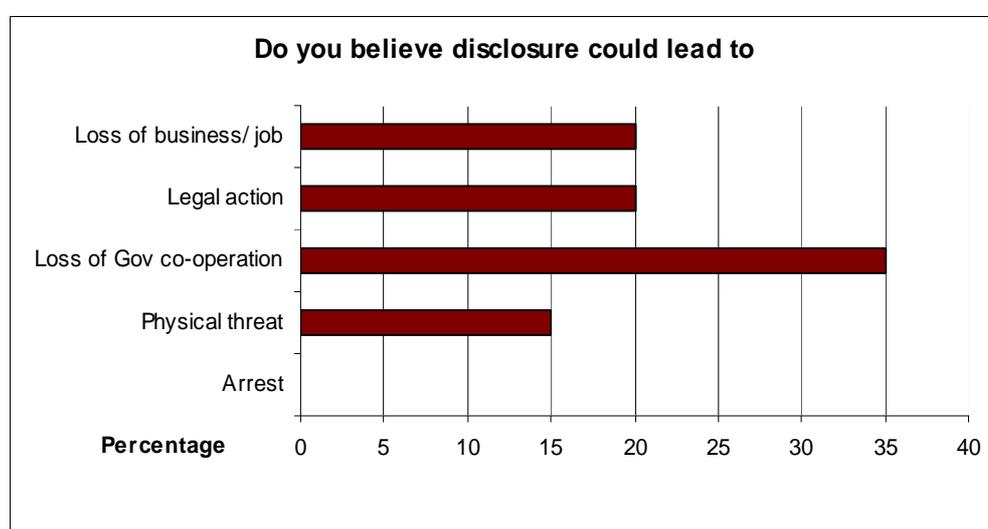
8.6 Concerns about non-disclosure

As the pilot drew to a close, there was concern that countries were having difficulties in disclosing the information and AT reports. This was mainly due to practical issues of finalising

the MPI and AT reports; and in Tanzania, presidential elections and the formation of a new Government meant disclosure had to be postponed.

As has been noted above, Vietnam and the Philippines decided not to disclose the AT findings to the public due to possible loss of government cooperation. Justification for this approach was supported by an anonymous survey of the risks associated with disclosure among members of the International Advisory Group, meeting in December 2010. The responses from MSG members and coordinators from the pilot countries revealed that the biggest perceived risk from disclosure was the loss of Government support. Figure 4 shows that 20% of country representatives also had concerns that disclosure could lead to a personal loss of business or job opportunities with 15% concerned it may lead to physical threats.

Figure 4: Responses to the perceived risks of disclosure



9 Conclusions

9.1 Summary of findings

- a. Only in Vietnam did PEs disclose MPI directly into the public domain, as the original CoST design had anticipated. Key factors that enabled PEs in Vietnam to pro-actively disclose were (1) a clear directive to disclose from the highest level and (2) the provision of incentive payments to the staff for the additional work involved. Disclosure of project information clearly has a cost.
- b. In all other countries the AT collected the MPI from the PEs. Most of the required information was obtained by the ATs – that is to say the PEs released it to the AT - except in Zambia, where it was rare to get full and accurate information.
- c. The importance of verification of the released information (for completeness and accuracy) was reduced as the ATs themselves collected the data from source documents.
- d. ATs interpreted 'Analysis' in the TOR in different ways depending on their interests, level of diligence and expertise. In some instances analysis was superficial, and even missed

obvious issues (e.g. link between contract price and number of bids): in other instances analysis was much deeper, revealing very serious but hidden issues (e.g. overpriced contracts).

- e. While there were many comments from ATs on cost and particularly on time overruns, extensions of time and cost were highlighted as unjustified in only a few cases. The challenges were mostly based on inadequate documentation. Detailed investigation is required to properly assess time and cost overruns and few ATs attempted to do so.
- f. Detailed investigation is also required to make judgements on cost and quality. The AT can only make judgements on cost if they examine initial contract prices in some depth as well as changes during implementation. Assessing quality is highly problematic and requires much more than an occasional visit to the site. Assessing whether the client is getting 'value for money' probably requires a full technical and financial audit.
- g. 'Causes for concern' raised by the ATs were numerous and spread across the project cycle. Many of them (e.g. poor design) have a direct impact on final outcomes (cost, time, quality) which confirms the importance of paying attention to all stages of the project cycle, rather than focusing only on the contract execution stage.
- h. Almost half of the concerns raised on cost overruns related to consultant's contracts and consultants were also implicated in most of the issues at earlier stages of the project.
- i. The MPI and AT findings give an indication of how a PE manages a construction project and has the potential to inform stakeholders of the good, the average and poor performing PEs. Hence it is a useful tool for improving PE performance and is seen in this light in some of the pilot countries
- j. However, ATs find it difficult to report complex information in 'plain language' and have to exercise great care in highlighting and reporting issues of concern to avoid accusations of subjectivity.
- k. While all pilot countries have disclosed the MPI, the countries are divided on the issue of disclosing AT reports containing findings ('causes for concern') which challenge the PEs and could be potentially incriminating. Philippines and Vietnam preferred not to disclose this information to the public, for fear of losing the cooperation of the PEs. Malawi, Zambia, UK, Ethiopia and Tanzania have done so but with little reaction to date.

9.2 Implications for a future phase of CoST

- a. PEs should be the ones to disclose MPI. This requires a clear mandate for the PE to disclose and substantial capacity building in developing robust information management systems. The alternative of ATs compiling and disclosing data will be possible on only a relatively few projects due to the cost involved. Disclosure by ATs is also unlikely to be on a continuous basis and there is a danger that it might overlap with procurement or technical audits.
- b. Some of the information in the MPI is clear by itself. If well presented stakeholders could be trained to detect issues for attention with little need for further analysis or interpretation by experts. But there will still be a need for assurance that the information that is disclosed is reliable.

- c. There are different levels of assurance. ATs can be asked to verify the accuracy and completeness of the disclosed information. They can highlight particular items of MPI that stakeholders might wish to question, although this in itself could be regarded as a subjective act. They could also be asked to analyse the information further to uncover additional issues that are not immediately apparent. The level of assurance will depend, at least in part, on the resources available. They should not be asked to assess quality and should not attempt to judge value-for-money, as this requires a full audit.
- d. Clear guidance has to be developed for the Assurance Team to ensure they understand how far they are expected to investigate and how to highlight issues for attention. It could also include guidance on writing for a non-technical audience.
- e. At the same time there is an urgent need to help those who will be using the disclosed information (including the media, parliamentarians, civil society organisations and the public at large) to make sense of it and to know when and how to raise challenges.

ANNEX: The Assurance Teams and their scope of work

Country	The Assurance Team	Scope of work				
		No. rounds of information collection	Verification	Analysis	Site visit	Reporting to MSG
Ethiopia	Six teams consisting of a team leader and 1 to 3 further construction professionals	1	√	√	X	Phase 1 – after verification Phase 2 – after analysis
Malawi	Consultancy firm	1	√	√	Visual quality check	Draft report Final reports on each project
The Philippines	The Commission of Audit	Every 3 days for 2 months	√	√	√	Final reports on each project
Tanzania	Five teams of two experts	1	6	√	Visual quality check	Phase 1 – after verification Phase 2 – after analysis
UK	A team of four engineering, contractual and dispute resolution experts who were bound into a joint venture agreement	1 on 50% projects 2 on 50% of projects	√	√ 50% of projects	Familiarisation workshops	Phase 1 - after 1 round of collection Phase 2 – after 2 nd round of collection
Vietnam	Consultancy firm of technical experts	Regular disclosure July 2010 until November 2010	√	√	Interview site teams	Quarterly, mid-term & final

Report on information disclosure and assurance team findings: International comparison

Country	The Assurance Team	Scope of work				
		No. rounds of information collection	Verification	Analysis	Site visit	Reporting to MSG
Zambia	A team of four consisting of an architect, engineer, quantity surveyor and academic. Invitations to apply were issued through local professional body's.	1	√	√	Visual quality check	Draft report Final reports on each project

