

The Construction Sector Transparency Initiative (CoST) seeks to improve transparency and accountability in publicly financed construction projects. CoST has been piloted in seven countries and Guatemala has joined as an associate country. In each country CoST is managed by a multi-stakeholder group (MSG) that represents the interests of government, the private sector, and civil society (see Briefing Note 1: Overview of CoST).

At the core of CoST is the public disclosure by procuring entities of key information throughout the construction project cycle. An assurance team appointed by the MSG verifies the information disclosed, highlighting any 'causes for concern' (see Briefing Note 7: The assurance process). Access to this information should enable stakeholders in government, the private sector, and civil society to hold the procuring entity accountable for its performance and expenditure in delivering the project. In turn, this enhanced accountability is expected to result in improved efficiency and effectiveness in the delivery of infrastructure.

This note explains the disclosure challenge facing CoST, the process of disclosure, what was actually disclosed during the pilot, the platforms used for disclosure, and the impact of disclosure to date.

The disclosure challenge

Recent years have seen rapid growth in national legislation on access to information, with more than 80 countries enshrining the 'right to know' into law. This legislation generally requires public sector organisations to disclose information on request (reactive disclosure). Passing such legislation has been described as only the first, and easiest, step in promoting transparency and accountability and thereby socio-economic justice: the challenge has been to ensure that governments are committed to effective implementation of the law and that civil society uses the law to demand information that it can use to hold agencies to account.

The particular challenge for CoST is that it requires the proactive disclosure of information. The CoST pilot design document anticipated that the participating procuring entities (PEs) would disclose material project information (MPI) a sample of projects, preferably randomly selected. (MPI is defined as information that is sufficient to enable stakeholders to make informed judgements about the cost, time to completion, and quality of the infrastructure concerned.) During the pilot, 31 elements of MPI were

identified as being the most relevant for achieving greater accountability and better project outcomes.

Current laws in the pilot countries require the proactive disclosure of information only from the procurement stage of the project cycle. By contrast, CoST requires information to be disclosed throughout the cycle, from project identification to completion, and it also requires disclosures to be regularly updated during project implementation. Baseline studies undertaken for CoST found that the PEs in the pilot countries rarely meet even the legal requirements for disclosure. Thus the requirement to disclose 31 items of information on a regular basis presented a huge challenge.

Compiling and disclosing the project information

A template for collating the MPI on each construction project was developed by CoST's International Secretariat (IS) and was closely followed in the pilots in Ethiopia, Malawi, Tanzania, and the UK. The Philippines and Zambia developed their own templates, which included each item in the IS 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.

The CoST design document had anticipated that the PEs would themselves collect the project information, enter it in the MPI template, and disclose it directly into the public domain. It also assumed that arrangements would be put in place to enable them to do this on an ongoing basis. In practice, Vietnam was the only country in which the PEs disclosed the MPI directly into the public domain. In that country, there was a clear directive to disclose from the highest authority, the Prime Minister; staff of the PEs received incentive payments to compensate for the additional task of collating the information for disclosure, and they received help from the assurance team to collate the information.

In the other pilot countries it was the assurance teams—who had been appointed to verify and assess the information—who also assumed the responsibility for collecting and collating the MPI, and it was the MSGs who eventually disclosed this information. Because the PEs participated in CoST on a voluntary basis, without a formal legal or political requirement to disclose the information, the MSGs had to secure their participation in a way that

would place only minimal disruption and additional burden on them.

The assurance teams found the task of collecting and collating the MPI challenging. Information had to be extracted from source documents belonging to the PE or its client organisation, and the process was hindered by poor document management, with source documents being held in different offices often scattered across the country. Sometimes a reluctance of PE staff to cooperate added to the challenge. In some countries the PEs were suspicious of CoST, because they saw it as pushing a donor agenda, whilst others doubted the value of information disclosure, especially when compared with the additional costs it entailed and the fact that they already were subject to external audits.

Having the MPI collated by the assurance teams rather than by the PEs themselves created implications for its disclosure. Although the PEs had released information to the assurance teams, the latter were not entitled to disclose it to the public because the information belonged to the PEs. Eventually the raw MPI data were disclosed by the MSG in each country but only with the agreement of the PEs. The release of the MPI was delayed in some countries pending clarification from the PEs.

What was disclosed

The CoST pilot has shown that disclosure of project information into the public domain is feasible. All the pilot countries disclosed MPI from all of the projects featured (Table 1). In Vietnam, MPI was disclosed by the PEs on three separate occasions. In all the other countries, MPI

was disclosed only once.

Assurance team reports were published in Tanzania, Zambia, Malawi and the UK. In most cases they were published together with the MPI template. In Malawi and Tanzania the 'causes for concern' identified in the assurance team reports were also published alongside the MPI template (see figure 3 for an example)

Getting the agreement of the PEs to publish reports that could be critical of their performance was a difficult and highly sensitive process. The MSGs had to try to retain the PEs' cooperation without compromising the credibility and validity of the information that was to be published. The MSGs generally agreed to edit the reports where the PEs' comments were factually based and the assurance teams were found to have made errors. Where agreement could not be reached, the PE's comments were published alongside the reports.

The MSGs in the Philippines and Vietnam opted not to disclose the assurance team reports due to the sensitivity of the findings. They chose instead to engage with the procuring entities informally, to try to improve the management of the construction projects.

Ethiopia opted for a compromise. Having disclosed the MPI from 25 projects on to its website, the MSG decided to present 5 of the 25 assurance team reports, including a report on the most expensive road in Ethiopian history, to an invited group of civil society organisations at a civil society workshop. This workshop has acted as a catalyst for building the demand for CoST in Ethiopia (Box 1).

Although this was not a formal requirement of CoST, a number of countries (Malawi, Tanzania, the UK, and

Table 1: Number of projects where MPI was disclosed

Country	Transport	Water, sanitation, flood defence	Schools, colleges	Housing	Govt buildings	Hospitals, health centres	Ports, airports	Total
Ethiopia	14	7	2	0	0	2	0	25
Malawi	5	2	0	2	0	0	0	9
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

Note: Guatemala joined CoST later than other pilot countries and the process there is still ongoing.

Box 1: Building demand for CoST in Ethiopia

A Civil Society Workshop in Ethiopia significantly raised the level of interest in CoST among the Ethiopian media. It resulted in demands for interviews with both government and independent newspapers and documentary programmes on radio and television. It has led to a number of speaking opportunities with the donor community and the professional and trade associations.

The participants at the workshop from the media, civil society groups, and professional bodies were asked whether the assurance team reports were accessible, understandable, relevant, and useful. They were then asked to identify and discuss the issues that were relevant to them. Initially the participants, particularly those from the media, were apprehensive about talking in a public environment on such sensitive issues. As the event progressed they began to feel more confident in expressing their views, and began to hold the PEs to account. Some would highlight issues of poor governance and negligence and discuss whether corruption had taken place—although all agreed that this was something CoST is unable to prove. Others thought the procuring entity had given adequate explanation. At the conclusion of the workshop the participants had developed a mutual understanding of each other's positions.

Zambia) also decided to publish the findings from their baseline studies. These studies examined a total of 129 projects in the roads, health, water, education, power, and housing sectors.

Disclosure platforms

In all countries the Internet was the main platform used to disclose the MPI. The information was disclosed on a national CoST website, the CoST international website, and/or in some cases the website of the MSG's host institution. Stakeholders were principally informed about disclosures through the media and at events (either open or by invitation) that were held to launch the disclosures.

In the UK, the MPI and assurance team reports were published on the CoST website and that of the Institution of Civil Engineers (the MSG's host agency). An invitation event was held to launch the disclosures and a press release was issued, but with no subsequent media coverage.

The Philippines MSG adapted the MPI template to suit the Philippine Government Electronic Procurement Service (PhilGEPS) platform, through which the information was

disclosed as part of a programme to embed CoST into existing systems. The MSG also embarked on a widespread public relations campaign to build knowledge about CoST, relationships with partners (PhilGEPS and the Commission of Audit), and disclosure activities. The campaign included newspaper advertisements and the production of several DVDs. Guatemala is following a similar approach to disclosure with the MPI from 15 projects due to be published on its e-procurement system, Guatecompras in July 2011.

The Zambian MSG undertook a PR campaign before disclosure, holding three regional roadshows to inform local stakeholders about the construction projects that were subject to CoST in the respective regions. The MPI and AT reports were then disclosed on the National Construction Council website and launched at an open event.

In Tanzania the MPI was disclosed in national newspapers and a press conference was held to explain the outcomes from the pilot.

In Vietnam, publication in sector and local newspapers was an important part of an ongoing disclosure process. The MSG also used the websites of the procuring entities and broadcast information about disclosure on the radio. It also uniquely made the information available in local community offices.

In Malawi, the initial reaction to disclosure was poor. The MSG then broadened its disclosure platforms to include the websites of the Malawi Economic Justice Network, the Anti-Corruption Bureau, and the National Audit Office. It is looking to engage with various parliamentary committees, as well as with traditional leaders, who have a lot of influence over the rural population (the end users of much public infrastructure).

Impact from disclosure

CoST has shown how the public disclosure of information from a small sample of projects can act as a catalyst for improving the governance of publicly funded construction projects.

In Ethiopia, for example, the Ethiopian Roads Authority (ERA), the Ministry of Education (MoE), and the Ministry of Health (MOH) have all publicly stated that they have learnt valuable lessons from the pilot process and are looking to make improvements in document management (ERA), complying with the procurement regulations (MoE), and carrying out a feasibility study for all major projects (MoH).

In Malawi, the CoST assurance process confirmed the concerns of the Government regarding the quality and cost

of the construction of buildings (concerns that were originally raised by the CoST baseline study) and has prompted a re-examination of the role of the Department of Buildings. The intention is to change the law to allow government ministries the freedom to use the private sector on a competitive basis to carry out design, tendering, supervision and the management of contracts—tasks that were previously done only by the Department of Buildings—and to require the Department only to exercise oversight.

Looking ahead

In the pilot the assurance teams played a vital role in collating the project information and the MSGs disclosed it. For the small sample of projects involved in the pilot there were some practical benefits in this arrangement. But over the long term—when dozens of procuring entities are likely to be disclosing regularly on hundreds of projects—the only viable means of disclosure is as a routine operational requirement within the procuring entity.

It is recognised that procuring entities will need to improve their capacity and capability to allow them to mainstream disclosure. Experience in Vietnam has shown that PEs can collate and disclose project information on an ongoing basis provided they have a clear mandate to do so, adequate resources, and some guidance. The assurance team in Vietnam has produced a ‘Manual for collection and disclosure of MPI’, which provides detailed guidelines on how to collect data, what data templates are to be prepared, and what steps must be taken to disclose MPI in the media. Similar manuals, adapted to the local situation, may be needed in other countries. Disclosure can also be greatly facilitated by the introduction of electronic data management systems.

With a few exceptions, the information disclosed by CoST has evoked little reaction, either in terms of media coverage, public debate, or challenges raised with a procuring entity or MSG. Probably this is partly because in most pilot countries there was only one disclosure event and the information was limited to a small number of projects. The interest generated from analysis of the CoST baseline studies, which covered many projects and allowed comparisons across countries, suggests that a critical mass of information is required to arouse interest and to provide the information that stakeholders need to assess how PEs are performing and to hold them to account. These lessons will be taken on board in the design of CoST as a global programme, with the focus of analysis shifting from individual projects to the performance of all projects across the PEs.

Experience in the pilot also showed the need to rationalise the list of MPI, which currently calls for a mixture of detailed factual information and whole documents. The information requirements need to be simplified and also targeted to the different audiences. It is suggested that this can be achieved by reducing the amount of text requested, while giving more emphasis to the type of information that would highlight spending and performance issues across all projects in an agency. The more detailed information (including project details of most concern to local groups) could be made accessible on request.

The assurance process will need to evolve, to principally monitor procuring entities’ compliance with the disclosure requirements and to identify performance issues within and across the PEs rather than in individual projects.

The MSGs have also recognised that more work is required to build demand for information among their stakeholders both before and after disclosure, as part of an iterative process.

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