

# Report on baseline studies: International comparison

January 2011



# Contents

1	Introduction to CoST and to the baseline studies.....	1
2	Current levels of transparency.....	3
3	Project level indicators.....	13
4	Findings and recommendations .....	21

## 1 Introduction to CoST and to the baseline studies

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<sup>1</sup> 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 is shown in Table 1.

CoST has been piloted in seven countries: Ethiopia, Malawi, Philippines, Tanzania, UK, Vietnam, Zambia. The CoST pilot was sponsored by the 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. An eighth country, Guatemala, joined the process as an ‘associate country’ in 2009.

In the expectation that the pilot will be expanded into a major international project, a set of core indicators was developed to measure the impact of the project in the longer term, in a manner that will also allow cross country comparisons to be made. The indicators are designed to measure (i) current levels of transparency (*disclosure of MPI*) (ii) current levels of competition in tender markets (*bidding statistics*) and (iii) indicators of construction project performance in terms of time, cost and quality (*time and cost overruns, orders to remedy defective work*).

A baseline study was conducted in each pilot country to provide a point of reference against which to assess change over time in these indicators. The purpose of the baseline studies was to provide information against which to evaluate the short term effects and longer term impact of CoST, during the pilot project and any subsequent phase. The studies also set out the country context in which the pilot was conducted.

### Specific objectives of the baseline studies

1. To investigate which items of ‘Material Project Information’ (MPI) are currently required to be released into the public domain by the agencies responsible for procuring construction projects (Procuring Entities or PEs);
2. To assess, for a sample set of PEs, which items of MPI are currently being released into the public domain;
3. To assess (for the same sample set of PEs) the barriers (legal, administrative and other) to the release of this information;
4. For a sample set of *projects* (preferably selected at random from the sample set of PEs and completed no earlier than December 2006) to provide a point of reference for project level core indicators that are expected over time to be subject to change as a result of CoST. The core indicators relate to (i) competition in tender markets (ii) project performance measured in terms of time and cost overruns.
5. To provide information on other on-going initiatives affecting the procurement and management of construction contracts and how these might complement, support or otherwise affect activities under CoST.

---

<sup>1</sup> 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

## Scope of work

In all countries consultants were appointed to undertake the baseline study. In order to meet the objectives, the baseline study team were expected to undertake a number of tasks including the following:

- Collect information from secondary sources (laws, regulations, reports etc.) in order to compile a summary of the number and types of PEs in the country, laws and regulations on procurement, legal requirements for the disclosure of MPI and other on-going transparency or anti-corruption initiatives affecting the construction sector.
- Collect data from a sample of PEs on their current practices relating to the storage, retrieval and disclosure of MPI, as well as their understanding of current regulations relating to disclosure: record this data on the excel spreadsheet provided by the International Secretariat.
- Collect data from a sample of projects completed no earlier than December 2006, on the core indicators of project performance including bidding statistics, time and cost overruns: record this data on the spreadsheet provided by the International Secretariat.
- The sample of PEs (5 was the suggested number) was to be selected in collaboration with the MSG. The sample of around 25 projects to be drawn from the participating PEs and preferably selected using a random procedure.

## Outline of the report

This report summarises the findings from the eight country baseline studies (seven pilot countries plus Guatemala). The findings are summarised and compared against each of the five main objectives outlined above.

Section 2 covers the first three objectives, which relate to transparency as measured by the disclosure of MPI. This section is presented under a number of headings.. The first addresses the legal requirements for disclosure of MPI. This is followed by analysis of the current disclosure practice claimed by the sampled PEs. In the third sub-section we attempt to distinguish between pro-active and re-active disclosure from the evidence provided by the sampled PEs as to **how** the information is disclosed. Information that is published in the newspaper or trade press, released onto a website or posted on a site notice board is regarded as pro-actively disclosed. Information that is only available in hard copy file at the head office of the procuring entity is considered to be disclosed re-actively as it is really only available on request.

The fourth sub-section examines the understanding of PEs as to what they are required to disclose and links this to what they claim to be disclosing. Special attention is paid to items of MPI which PEs say they **never** disclose. The final part looks at the barriers to disclosure, which include the lack of understanding by the PEs of the requirements, as well as legal and administrative barriers.<sup>2</sup>

Section 3 covers the project level core indicators. After outlining the methods used to select the sample of projects, the data is analysed under three headings corresponding to the three sets of indicator: bidding statistics, time overruns and cost overruns.

The conclusion brings together the main findings (lessons learned) from the studies and draws out the implications for any future phase of CoST.

---

<sup>2</sup> Ethiopia is excluded from much of the analysis in section 2 due to the adoption of a different methodology for assessing current levels of disclosure from that used by the other seven countries

## 2 Current levels of transparency

### 2.1 Legal requirements for disclosure of project information (MPI)

All countries participating in the CoST pilot have been undertaking a process of procurement reform over the past decade. This has mostly been under the guidance of the World Bank. (The exception is the UK where the process is driven by the European Union). The reforms have involved the passing of new legislation in the form of Procurement Acts, Directives or Proclamations. These set out the general rules for the procurement of goods, works and services and establish the operational structures, with oversight bodies to ensure that the rules are adhered to. The Procurement Acts, together with the accompanying regulations, also provide the main source of information on what items of project information are required by law to be disclosed. However, the rules only apply above a set financial threshold meaning there is no legal requirement for disclosure on small value projects.

Since one of the main objectives of procurement reform is to encourage the widest possible competition among suppliers, it is not surprising that the requirement for information disclosure is mostly centred on the **tendering processes**. Table 1 sets out the individual items of MPI that are required by law to be disclosed into the public domain by PEs in each of the eight countries. Items that are required to be disclosed in all countries are coloured green: those where disclosure is not required in any country are coloured red. It can be seen that the only items that PEs are legally required to disclose in all countries are the tender procedures for design, supervision and works and the names of the successful bidders (contractors or consultants). In seven of the eight countries the contract price for supervision and for works has also to be disclosed (Vietnam is the exception). Only in Guatemala are substantial details of the tender evaluation report to be disclosed, although a list of tenderers has to be published in some countries.

There is some variation among the pilot countries in the disclosure of **information related to the project** (the first items of MPI in Table 1). But the variety of responses on project purpose, location, intended beneficiaries is largely due to differences of interpretation by the authors of the baseline studies, with some arguing that a summary of these details will be included in the invitation to bid (and is therefore in the public domain), while others note that there is no explicit requirement for disclosure in the Procurement Act or regulations. Where framework contracts are used in the UK, there is no legal requirement to disclose any information about the project. Instead the legal requirement for disclosure occurs when the framework is procured. Only in Guatemala is there a legal requirement to disclose the feasibility study; and in six of the eight countries there is no requirement to disclose the financing agreement or the budget.

At the **contract execution** (construction) stage of the project cycle, changes to contract prices and programmes are not required to be disclosed in any country except Guatemala (where the details of changes to supervision contracts are only available on request). This is particularly important as the contract execution stage of the project cycle was expected to be the main focus for the disclosure of information under CoST. Furthermore, this information was expected to be disclosed on an on-going basis throughout the construction period. The fact that none of the original seven pilot countries requires the disclosure of project information during contract execution is significant.

In the **post contract completion** stage only two countries (Tanzania and Guatemala) require disclosure of the actual contract price and time; and only Vietnam requires disclosure of project evaluation and audit reports.

**Table 1: Legal requirement for pro-active information disclosure: country comparison**

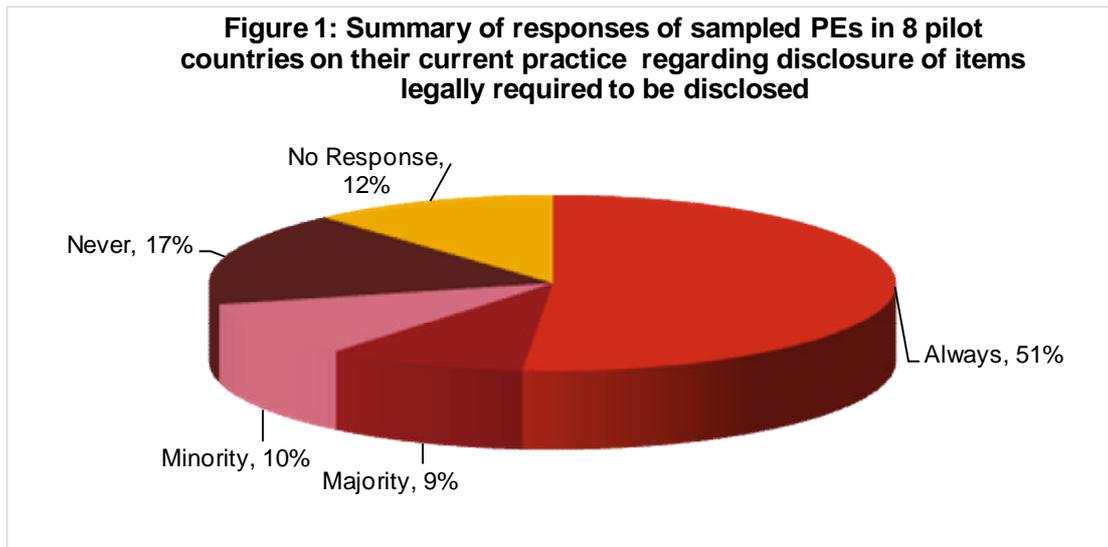
Stage of project cycle	List of MPI to be disclosed	Vietnam	UK	Phil	Tanz	Zamb	Malawi	Ethio	Guatemala
Project identification	Project purpose	No	Yes	No	Yes	No	Yes	Yes	Yes
	Location	No	Yes	Yes	Yes	No	Yes	Yes	Yes
	Intended Beneficiaries	No	No	No	Yes	No	no	Yes	Yes
	Specification	No	No	Yes	Yes	No	Yes	Yes	Yes
	Feasibility study	No	No	No	No	No	No	No	Yes
Funding	Financing agreement	No	No	Yes	No	No	No	No	Yes
	Budget	No	No	n/a	Yes	No	No	Yes	Yes
	Engineer's estimate	No	Yes	Yes	No	No	No	No	No*
Tender process (for design)	Tender procedure	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Name of consultant	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tender process (for supervision)	Tender procedure	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Name of consultant	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tender process (main contract for works)	Tender procedure	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	List of tenderers	Yes	No	No	Yes	Yes	Yes	No	Yes
	Tender evaluation report	No	No	No	No	No	No	No	Yes
Contract award (supervision)	Contract price	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Contract scope of work	No	Yes	No	No	Yes	No	Yes	Yes
	Contract programme	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Contract award (main contract for works)	Name of main contractor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Contract price	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Contract scope of work	No	Yes	No	No	Yes	Yes	Yes	Yes
	Contract programme	Yes	Yes	No	Yes	No	Yes	Yes	Yes
Contract Execution (supervision)	Changes to price, programme, scope with reasons	No	No	No	No	No	No	No	No*
Contract Execution (works)	Changes to price with reasons	No	No	No	No	No	No	No	Yes
	Changes to the programme, with reasons	No	No	No	No	No	No	No	Yes
	Details of any re-award of contract	No	Yes	Yes	No	Yes	No	No	Yes
Post contract completion details (main contract for works)	Actual contract price	No	No	No	Yes	No	No	No	Yes
	Total payments made	No	No	No	Yes	No	No	No	Yes
	Actual contract scope of work	No	No	No	No	No	No	No	No*
	Actual contract programme	No	No	No	Yes	No	No	No	Yes
	Project evaluation & audit reports	Yes	No		No	No	No	No	No
Yes total		10	16	13	19	13	14	17	27

\* items marked with a star are explicitly required to be available to the public upon request

The total number of items of MPI that are required by law to be pro-actively disclosed in each country is shown in the final row of Table 1. It can be seen that Guatemala heads the list with 27 items, which represents 87% of the total of 31 items. Tanzania is in second place with 19 items, representing 61% of the total, while Vietnam has the smallest number with only 10 items (32% of the total). But it should be noted that there are additional items of information that have to be disclosed in Vietnam that are not on the standard list. Also, in Guatemala an additional three items are specifically required to be available on request, so the only items that cannot be disclosed are the project evaluation and audit reports. In Ethiopia all items except for the Tender Evaluation Report can be disclosed on request.

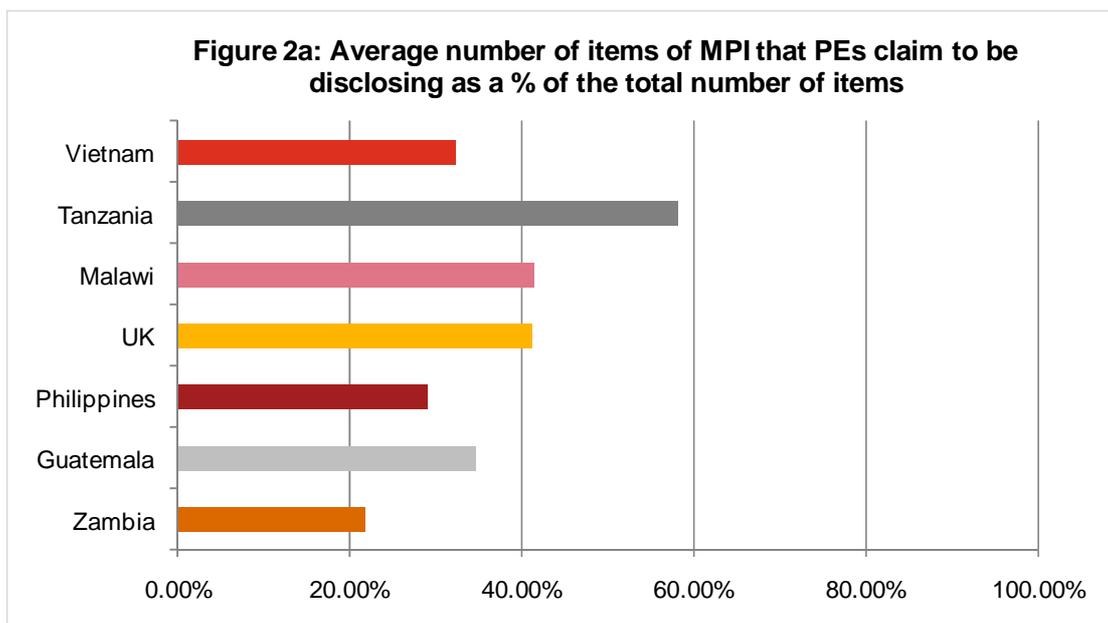
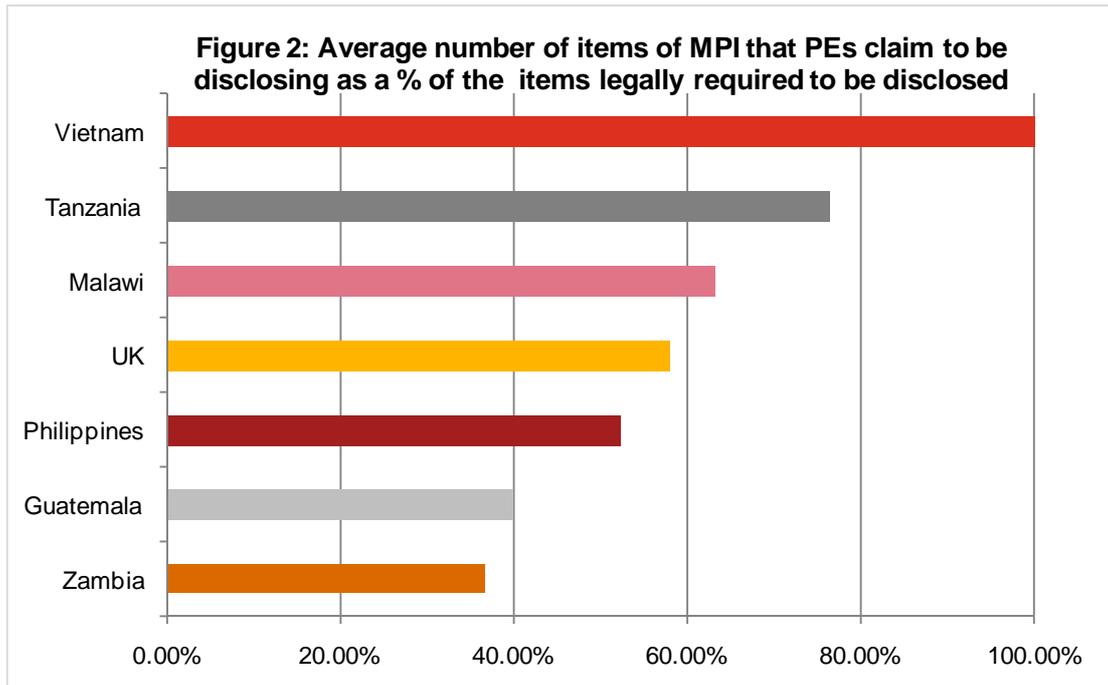
## 2.2 What PEs claim to be disclosing

In all countries the sample of PEs was selected by the MSG and generally included between 4 and 6 agencies (8 in Guatemala). The samples usually included a cross section of agencies in the various sub-sectors of the industry. The sampled PEs were asked which of the items of MPI they are actually disclosing, with four possible responses: *always*, *majority of cases*, *minority of cases*, *never*. Figure 1 summarises the responses from PEs in all pilot countries for those items of MPI that were legally required to be disclosed. It can be seen that PEs claim to always disclose around half (51%) of the number of items of MPI that the law requires them to disclose, while 17% of these items are *never* disclosed.



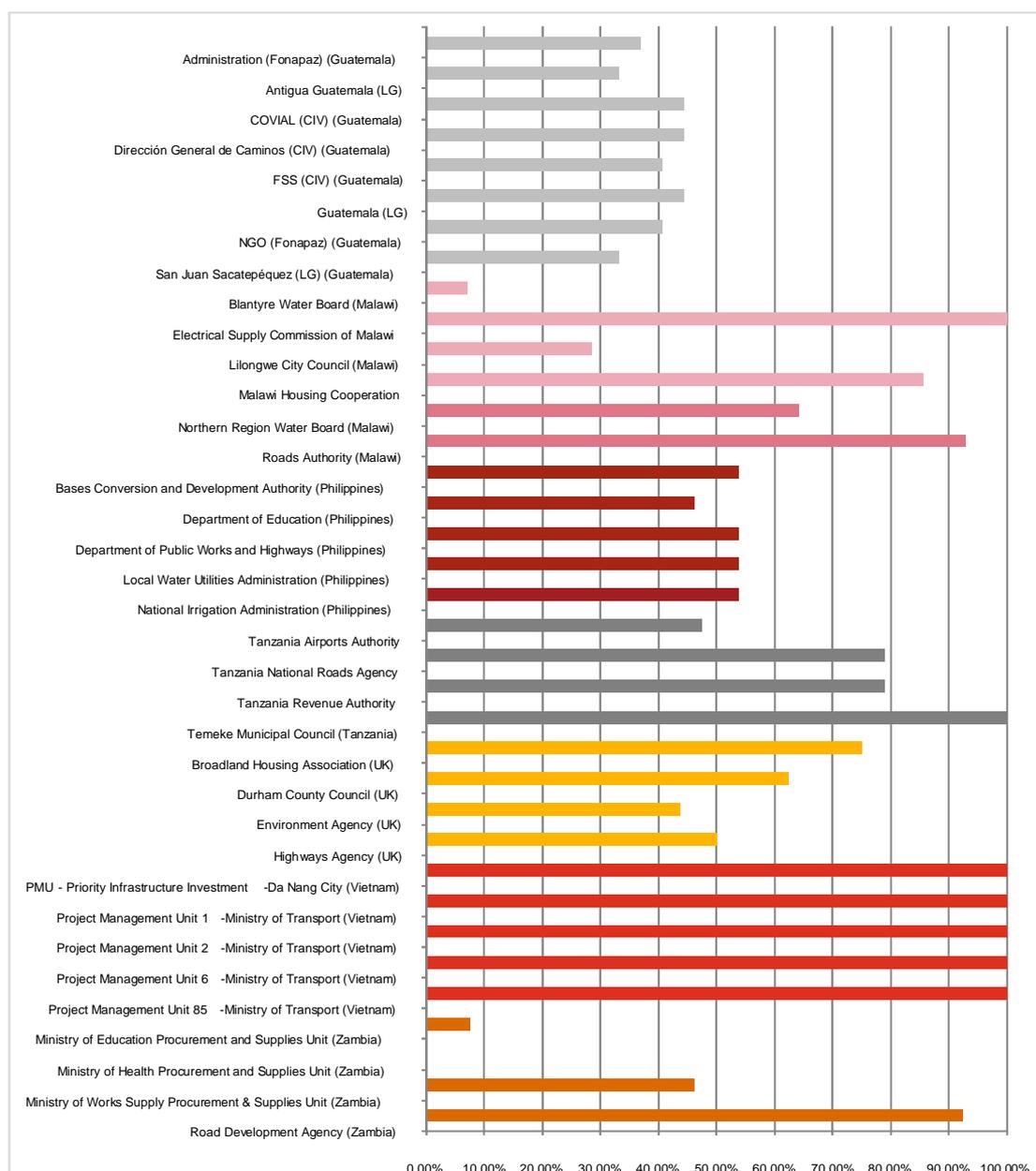
However, the response of PEs on disclosure is not consistent between countries. Figure 2 shows the relative position of the pilot countries in relation to what the sampled PEs claim to be disclosing, as a percentage of the items required by law to be disclosed. Only those items that are '*always*' disclosed and those disclosed '*in the majority of cases*' have been included.

By way of comparison, the number of items of MPI that PEs claim to be disclosing as a percentage of the total number of items of MPI (31) is shown in Figure 2a.



There are also big differences among PEs within each country, with some claiming to be disclosing 100% of the items required by law to be disclosed and others claiming to disclose very little. A breakdown of the data by individual PEs, colour coded by country, is shown in Figure 3.

**Figure 3: Number of items of MPI that individual PEs claim to be disclosing as a % of the items legally required to be disclosed**



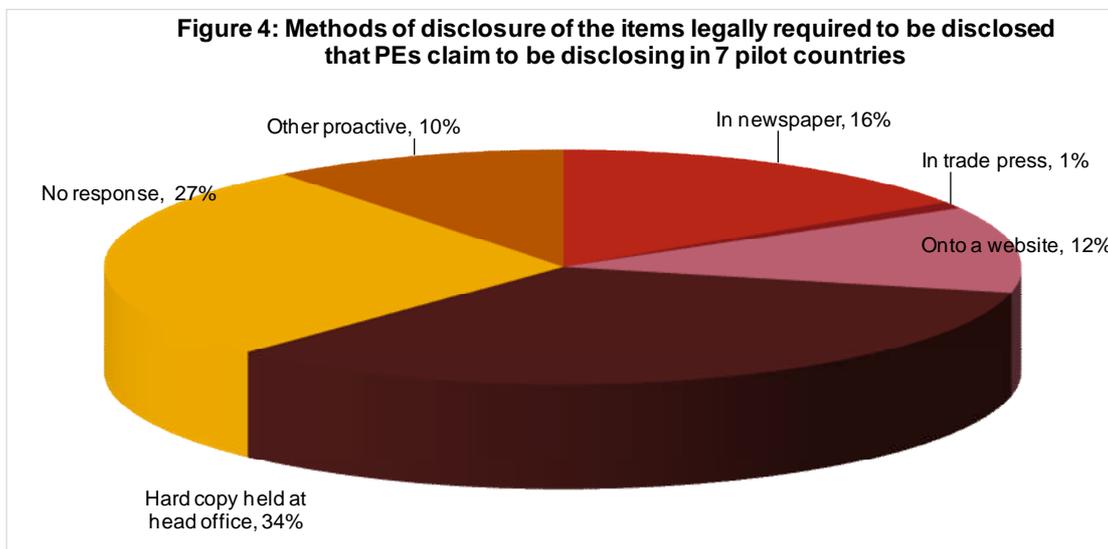
In most of the pilot countries the sampled PEs say that they do disclose the tender procedures for works contracts in invitations to bid. But several PEs (notably housing agencies in Zambia and Tanzania) do not go to tender for works contracts as they do all of their work 'in-house'. Supervision is even more frequently undertaken 'in-house' in these and other countries, hence there may be no tendering process.

Practice varies with regard to disclosure of details of the winning bids. The name of the contractor is generally disclosed. The works contract price is also generally, but not always, disclosed. The notable exception is in the UK where half of the sampled PEs say they never disclose the works contract price despite this being a requirement of the law.

### 2.3 Pro-active versus re-active disclosure

In addition to being asked which items of MPI they disclose, the sampled PEs were also asked *how* they disclose the information. They were given five options: (i) In the newspaper (ii) in the trade press (iii) onto a website (iv) hard copy at head office and (v) other. Responses (i) to (iii) are considered as pro-active disclosure, as the information is clearly put out into the public domain and is accessible to all. Information that is posted on a site notice board or disclosed in official documents (included under 'other') was also considered to be pre-actively disclosed. However information that is only available in a hard copy file in the head office of the PE is not easily accessible to the public and cannot really be regarded as being put into the public domain. Disclosure in this instance is regarded as re-active.

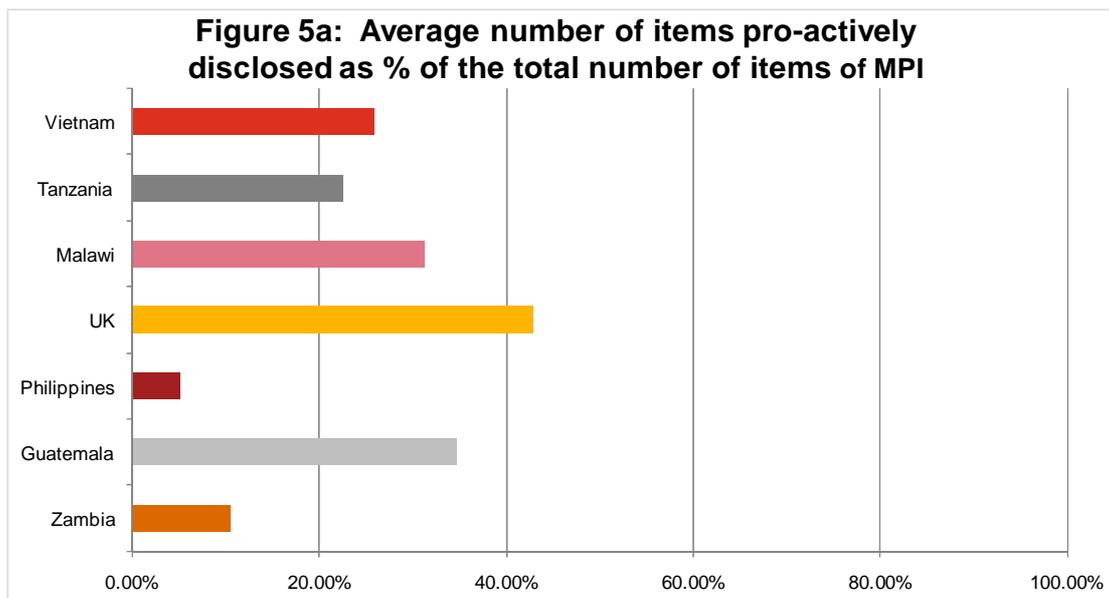
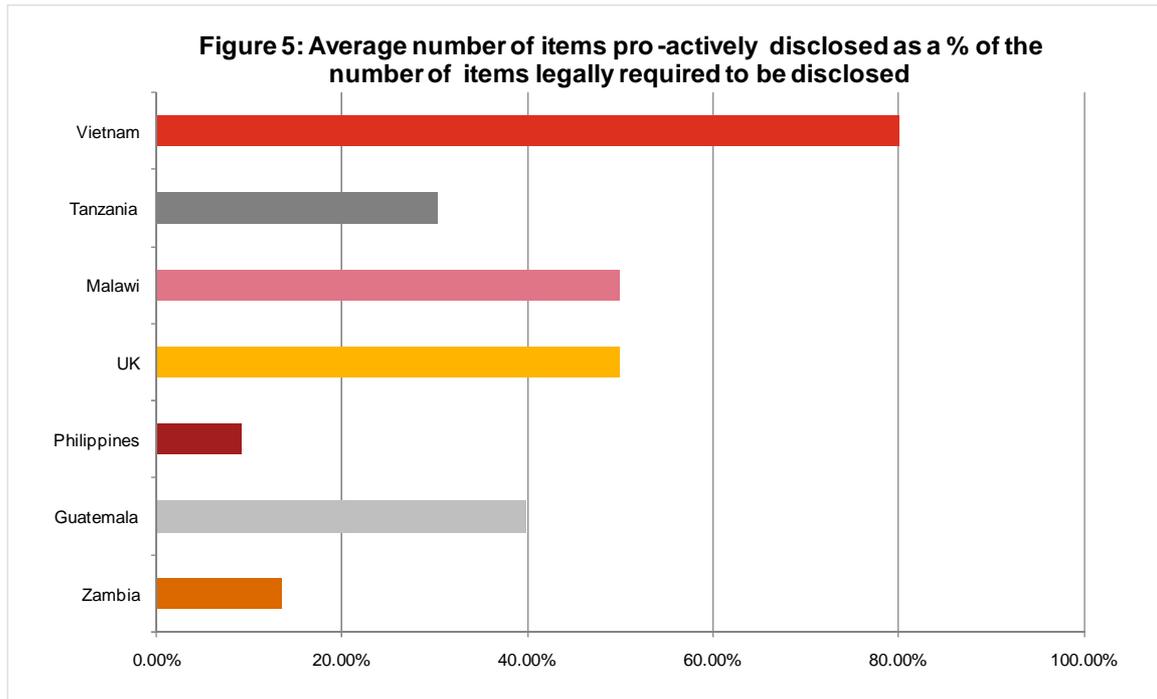
The overall result of the analysis of methods of disclosure in seven pilot countries (no information was available for Ethiopia) is shown in Figure 4. It can be seen that 39% of the items that PEs claim to be disclosing are actually disclosed in a pro-active way. However, a third (34%) of items can only be viewed by consulting a hard copy at the head office of the PE. Leaving aside the issue of whether the PEs actually allow the public to enter the office and view the document, this is clearly only possible for those living in the vicinity of the office, which will exclude the majority of the population.

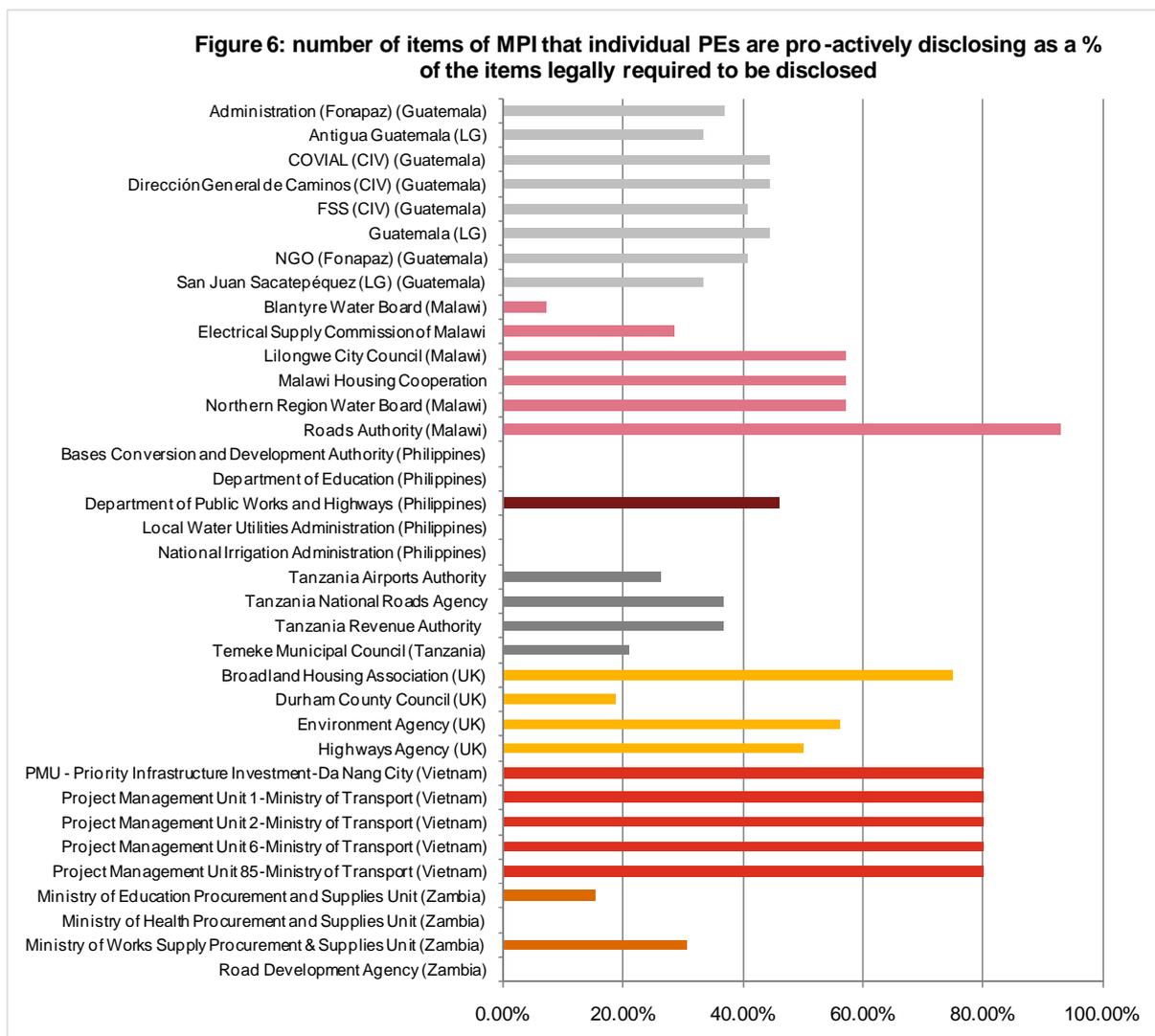


Methods of disclosure of information vary across countries and among PEs. Figure 5 shows the average number of items that are pro-actively disclosed by the sampled PEs in each country, as a percentage of the total number of items that are legally required to be disclosed.

By way of comparison figure 5a shows the same information as a percentage of the total number of items of MPI that are required by CoST to be disclosed. It can be seen that, with the exception of the UK, less than 40% of items are currently pro-actively disclosed. This provides a useful indication of the progress that will be needed to reach the level of disclosure that CoST aims to achieve.

Figure 6 shows the levels of pro-active disclosure of the items legally required to be disclosed by individual PE, colour coded by country.





## 2.4 PEs' understanding of disclosure requirements

Given the relatively recent enactment of procurement laws, failure to comply with the regulations on disclosure may, at least in part, be due to lack of knowledge or understanding of what is required. As PEs were asked not only about their current practice but also about their perceptions of the legal requirements for disclosure, we were able to test this. The findings from our analysis of the responses of the sampled PEs are shown in Table 2. Column A shows the total number of items that are required by law to be disclosed in each country. If this total is taken as 100%, column B shows the percentage of the total number of items that the PEs *believe* should be disclosed, while column C shows the percentage of the total number of items that they claim to be disclosing, broken down by three responses (always, majority of cases, minority of cases). The figures in columns B and C are averages of the responses from the sampled PEs. Note that the total percentage of items disclosed includes those items disclosed in 'a minority of cases' hence the totals are higher than shown in figure 2a.

**Table 2: Summary of data on disclosure**

Country	A. Items legally required to be disclosed		B. % of items in A that PEs believe should be disclosed	C. % of items in A that PEs claim to be disclosing			
	Number	Percentage		Total	Always	Majority of cases	Minority of cases
Vietnam	10	100%	100%	100%	100%	0	0
Tanzania	19	100%	84%	85%	64%	12%	9%
UK	16	100%	74%	72%	53%	5%	14%
Philippines	13	100%	70%	67%	26%	26%	15%
Zambia	13	100%	60%	48%	35%	2%	11%
Malawi	14	100%	52%	75%	55%	8%	12%

Note: data in columns B and C are based on average responses from the sampled PEs

Looking first at Column B in Table 2, we can see that PEs in Vietnam appear to have a perfect (100%) understanding of disclosure requirements – albeit of the smallest number of items. Column C shows that compliance is also 100%, which is possible but seems unlikely. After Vietnam, PEs in Tanzania appear to have the highest level of understanding of the law, followed by UK and the Philippines. Knowledge of the law is much less in Zambia (60%) and Malawi (52%). This question was not understood in Guatemala so no data has been included for this country.

The fairly close correlation for Tanzania, UK and Philippines between the percentage of items that PEs believe should be disclosed (column B) and the percentage they say they are actually disclosing (column C) suggests that lack of knowledge of the legal requirement could be a significant factor constraining further disclosure in these countries. On the other hand, in Zambia PEs claim to be disclosing significantly fewer items than they believe should be disclosed, indicating that there are other reasons for failure to comply than simply ignorance of the law. The fact that in Malawi PEs claim to be disclosing more items than they believe they are required to disclose raises questions about the validity of their responses.

Further insights are gained from Table 3 which shows the average responses of the PEs in each country on the percentage of items of MPI that the law says they should disclose but which they *never* disclose. In the case of Zambia, Guatemala and to some extent also the UK, some of the information that PEs say is never disclosed is the tender procedure for design, supervision and works. In some cases this is from PEs which do these tasks ‘in-house’. But this is not always the case for design and supervision contracts in Guatemala. In the UK, 2 out of 4 PEs say that they never disclose the details (price, scope of work, programme) of contracts for works and these PEs also believe that the regulations do not require them to disclose this information.<sup>3</sup>

Other items which are never disclosed in Guatemala (although the law requires disclosure) are the financing agreement and budget. In Tanzania and Guatemala the details of post-contract completion (actual contract time and cost) are also never disclosed. These are the only two countries that require disclosure of this information. However in Tanzania the regulations require the PEs only to forward the information to the Public Procurement Regulatory Authority (PPRA) which is responsible for publishing it. The fact that the PEs do not themselves have to publish the information is probably why these items are amongst those that they say they never disclose, and do not believe have to be disclosed.

<sup>3</sup> Note that these are not PEs which use framework agreements where there is no legal requirement to disclose this information

It may be concluded that a better understanding of disclosure requirements among PEs may be needed to raise the level of compliance. In fact, the baseline studies in Malawi and Vietnam specifically recommended clarification and wider dissemination of the requirements of the law on this issue. Other measures to remove specific barriers to disclosure (outlined below) may also be required.

**Table 3: Summary of items required to be disclosed but never disclosed**

Country	% of items	Items never disclosed
Guatemala	44%	All 8 PEs say they never disclose financing agreement and budget, as well as the tender procedure for design and supervision contracts
Zambia	25%	Mostly include tender procedures for design, supervision and works from the housing authority which does these things in-house
UK	23%	Includes details of contracts for supervision and works (from 3 and 2 PEs respectively) plus the tender procedure for supervision and works from a PE which does this in-house
Tanzania	14%	Mostly details of post contract completion (actual time and cost) which have to be forwarded to the PPRA who will then disclose. But PEs are not aware of this
Malawi	5%	
Philippines	3%	
Vietnam	0	

## 2.5 Barriers to disclosure of project information

Lack of understanding of legal requirements (as explained above) is clearly one major barrier to the actual disclosure of project information. But the baseline studies revealed other issues affecting the disclosure of information in a format required by CoST.

All states have legal barriers to disclosure of information where disclosure could be prejudicial to the interests of the state. In addition, in three of the four African countries (Malawi, Ethiopia, Tanzania) the Procurement Act specifically prohibits publication of the Tender Evaluation Report of the main contract for works, although in Malawi and Tanzania (as well as in Zambia and Vietnam) a list of tenderers does have to be published. In all cases the reason for the prohibition is due to fear of disclosing commercially sensitive information contained in tenders and hence compromising confidentiality. In the UK, the desire to protect commercial confidentiality is also seen as a potential legal barrier to the disclosure of tender information where the technical component and methodology give a competitive advantage.

However, in Guatemala a great deal of information on the tender evaluation is required to be proactively disclosed, including the names and prices of the lowest three bids. In addition, in all countries unsuccessful bidders can request information from the PE explaining the reasons for their failure to win the contract. In most cases the PEs are obliged to provide it. But in the Philippines disclosure is at the discretion of the head of the PE and in the UK the tender evaluation report is likely to be refused on confidentiality grounds.

Far more important than legal barriers are administrative issues. CoST requires the assembly and publication of project information at various stages throughout the project cycle, which can be very long. In many countries weak or non-existent systems for the storage and retrieval of project information were highlighted as a major difficulty. The fact that the responsibility for the planning, procurement and delivery of construction projects is usually divided among a number of agencies, generally located in different offices and often in different parts of the country, posed additional problems for the baseline teams in their task of extracting and compiling project level data. Only in the UK and Guatemala was some of the data stored electronically. Everywhere else it was only available in hard copy files.

In the absence of electronic storage and an improved records management system, the compilation of project level data in an appropriate format for publication carries a significant cost. The high cost of publishing MPI was regarded as a major barrier to disclosure in Malawi, Zambia and the UK. In these three countries (as well as in Guatemala). PEs also questioned the benefits of disclosure, especially when related to the costs. PEs in the UK suggested that the public is not generally interested in information about construction project execution. Project information can be requested under the Freedom of Information (FOI) Act, but only interested bidders and trade journals raise questions and this is about the tender process. Among the general public there is much more interest in project location and the justification for projects. PEs in the UK also expressed more general doubts about the value of transparency as a tool against corruption.

For wider dissemination of information and easier access, posting information on websites is clearly the way forward. Interesting developments in this regard were observed in Guatemala and the Philippines where electronic platforms for information disclosure have been established (Phil-Geps in the Philippines and GUATECOMPRAS in Guatemala). A step in the direction of a central system for collecting and publishing project information can also be detected in Tanzania, where PEs are required to submit to the Public Procurement Regulatory Authority (PPRA) the actual contract time and cost after project completion and the PPRA is required by law to publish this information. PEs are also supposed to submit regular reports to the PPRA on changes to contract time and cost during project execution, together with the reasons for the changes. Although this does not seem to be widely understood or observed by all PEs it is very relevant to the CoST design. These examples suggest that improving compliance with existing regulations could represent a major step forward in implementation of CoST.

### 3 Project level indicators

In addition to measuring current levels of disclosure of project information (MPI) an important objective of the baseline study was to assign values to a key set of project level indicators against which future changes could be measured. It was suggested that this data be collected for a sample set of completed projects (completed no earlier than December 2006) selected at random from the sample set of PEs. Although in many countries PEs were asked to provide a list of projects which fit the parameters, in practice the selection of projects from the list was seldom random. In some countries the consultants undertaking the study selected the projects: in others the selection was by the PE itself. The number of projects included in the sample is shown in Table 4 and varies from 8 in Vietnam to 25 in Tanzania and Ethiopia. The total number of projects sampled in the eight countries was 145.

Project level indicators adopted for the baseline study relate to two issues (i) competition in tender markets and (ii) project performance. Competition is measured by the number of companies bidding for works and supervision contracts. Project performance is measured by time and cost overruns. It had been intended to also include a measure of quality and *the number and value of formal instruction to remedy defective work (a) issued and (b) implemented* was suggested and included in the spreadsheets. However most of the pilot countries (where instructions are often issued verbally) did not understand this measure and there were few entries recorded. A simple and reliable measure of 'quality' has not yet been identified.

#### 3.1 Bidding statistics

Table 4 shows the average number of tenders per contract for each of the eight pilot countries. It can be seen that the country with the lowest average number of tenders for works contracts (column A) is Guatemala while those with the highest are Malawi and Vietnam. The number of bidders for supervision contracts is often less than for works contracts, notably so in the UK where framework agreements are common. The small number of observations on tenders for supervision (Column B) for Philippines, Zambia and Malawi (and none for Guatemala) could be because the consultants were unable to access the data as projects

were completed some time ago. But it could also be indicative of the extent to which supervision is undertaken in-house, or by appointment without tender.

**Table 4: Average number of tenders for works and supervision contracts**

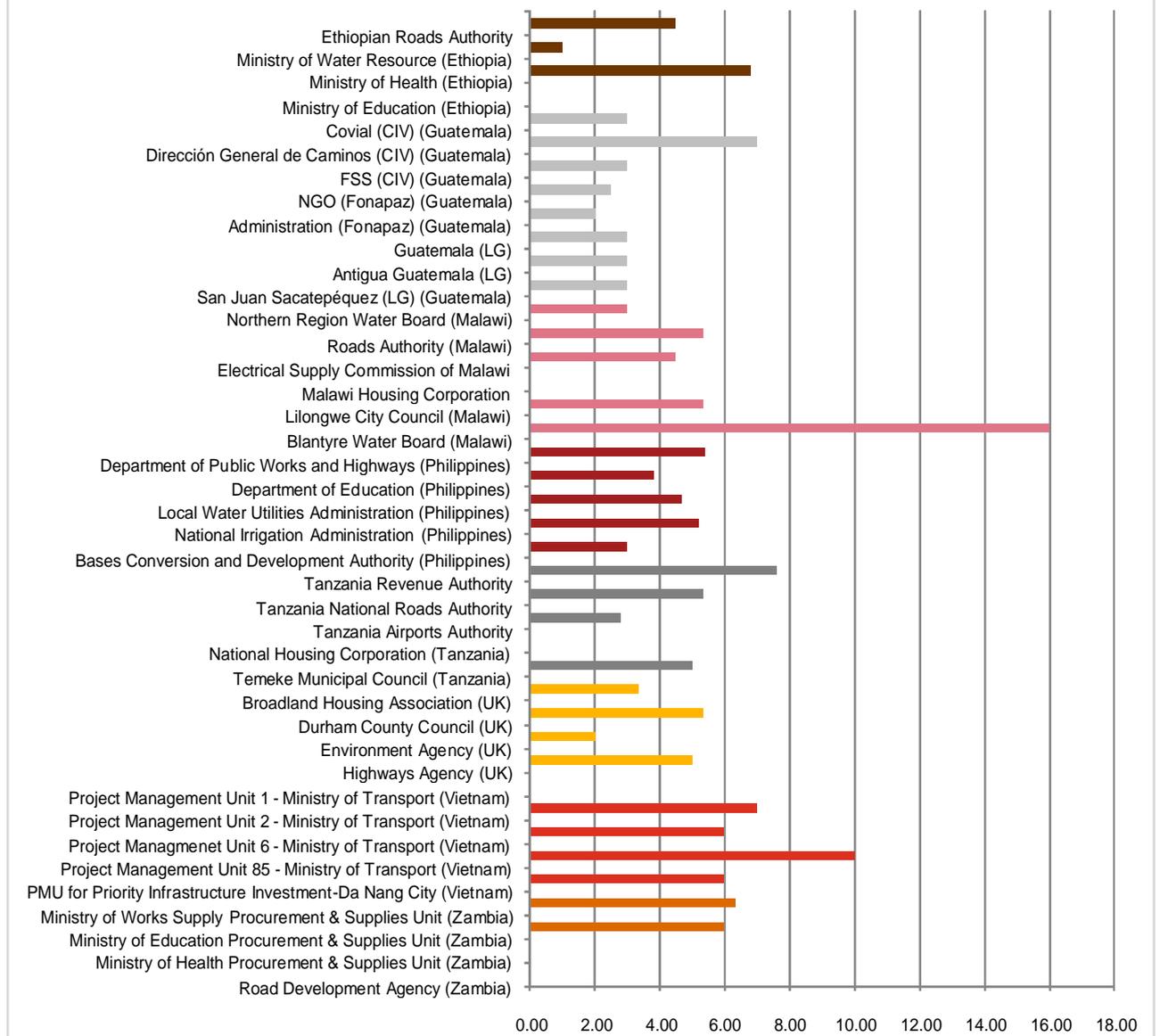
Country	No. of projects in Sample	A. No. of tenders for works		B. No. of tenders for supervision	
		a) average	b) range	a) average	b) range
Guatemala	16	3.08 (13)	2-7	n/a	n/a
UK	12	4.09 (12)	1-6	1.44 (12)	1-5
Philippines	23	4.52 (21)	2-9	4.0 (3)	3-5
Ethiopia	25	4.57 (14)	1-10	3.9 (11)	1-6
Tanzania	25	5.23 (13)	1-12	5.64 (14)	1-8
Zambia	20	6.33 (6)	4-8	7.6 (5)	2-11
Vietnam	8	7.29 (7)	4-10	4.43 (7)	2-6
Malawi	16	7.30 (13)	3-16	6.3 (3)	4-8

*Note: Figures in brackets are the number of observations: all figures are country averages*

The figures in Table 4 are averages and ignore very substantial variations between projects. Some idea of the variation is obtained by including the range in Table 4. It can be seen that in Ethiopia, Tanzania and the UK at least one project for works and one project for supervision received only one bid, although in the case of the UK this is because the supplier was called off a framework or an approved list of suppliers.

There is also a wide variation in the number of bids received by different PEs within any one country. Figure 7 shows the average number of bids for the main contract for works for each PE, colour coded by country.

**Figure 7: Average no. of bids (Works) across Procuring Entities**



### 3.2 Time overruns

The results of analysis of time overruns on all 145 projects in the sample are shown in Figure 8. It can be seen that almost 60% of projects overran, 19% of them by more than double the estimated time. Only 23% of projects finished on time or in less time than contracted.

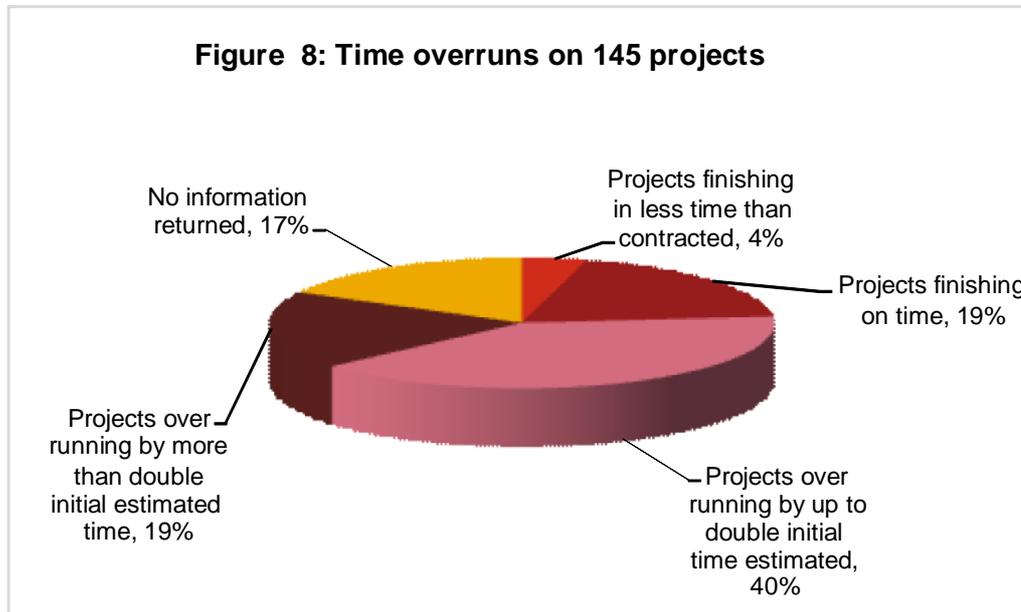
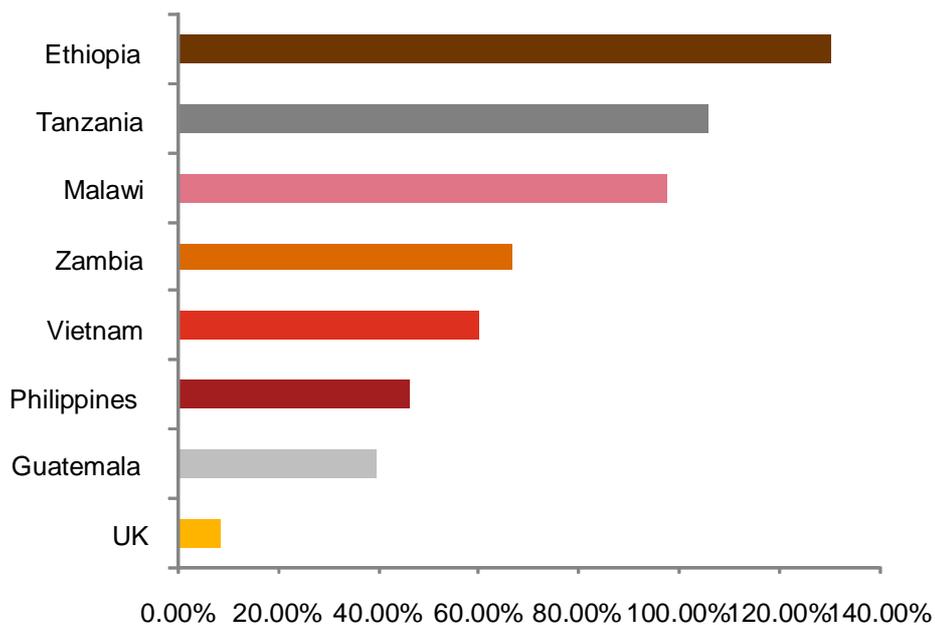
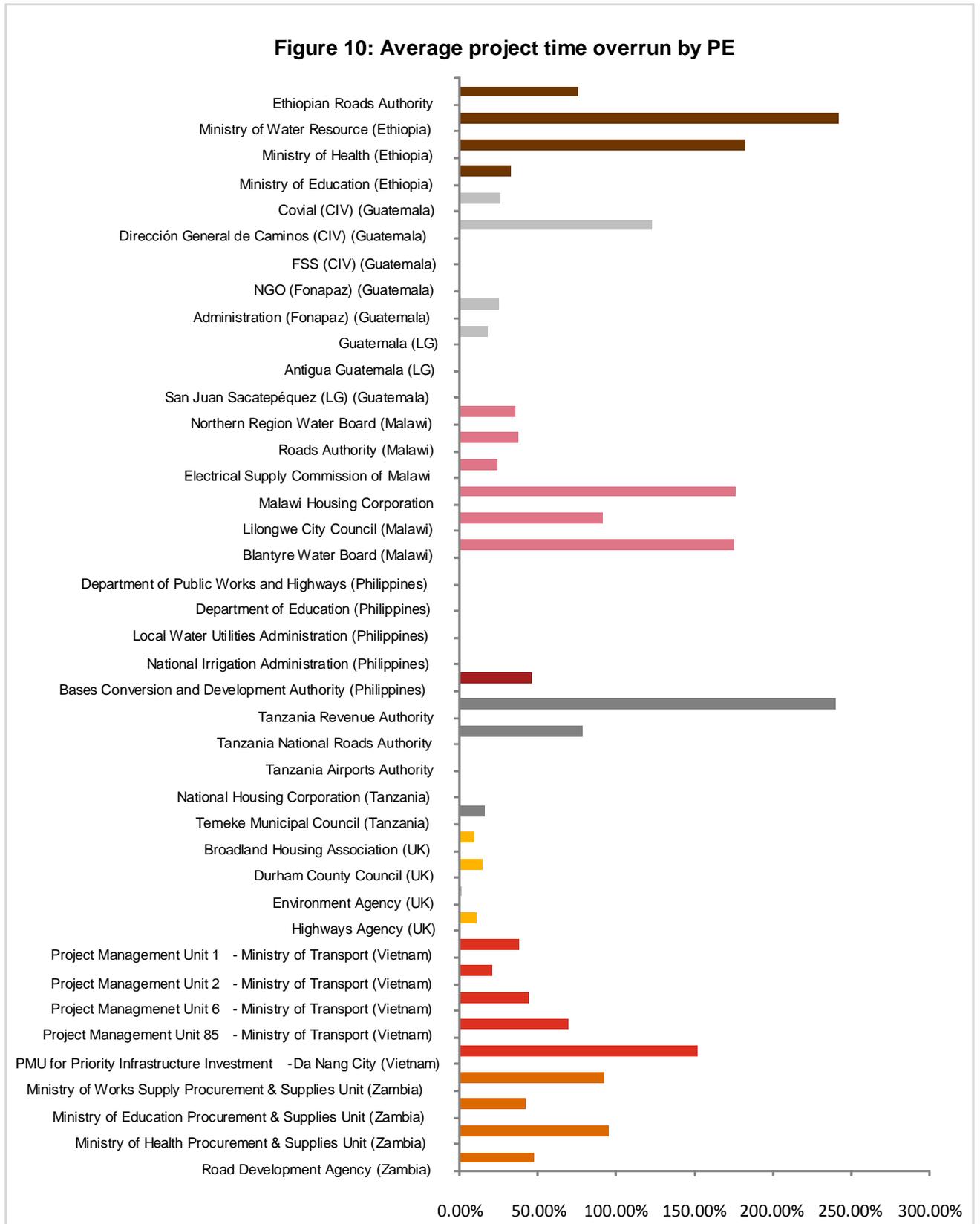


Figure 9 shows the average time overrun on construction projects (works contracts) by country, in descending order. It is very clear that the four African countries have the worst record on project time and UK the best.

**Figure 9: Average project time overrun by country**

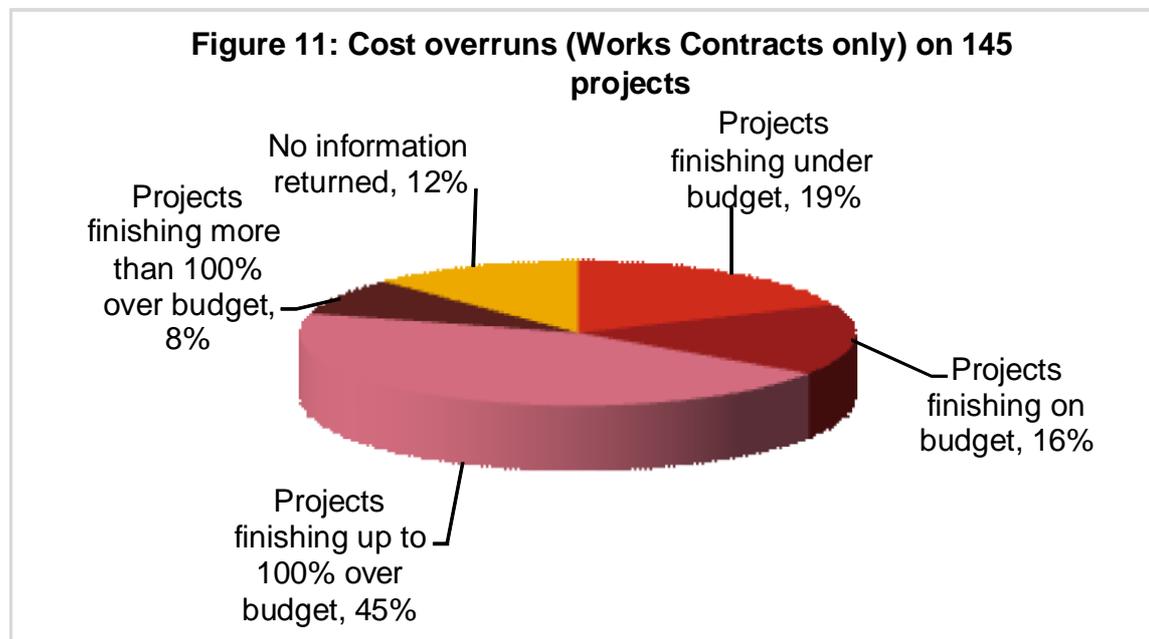


However, yet again average figures conceal huge differences between PEs and across individual projects. The average length of time overrun by PE is shown in Figure 10.



### 3.3 Cost overruns

Findings from the analysis of cost overruns on all 145 projects in the sample are shown in Figure 11. Comparing with time overruns in Figure 5, it can be seen that while 19% of projects finished more than 100% over time, only 8% finished more than 100% over budget. More projects finished under budget than under time.



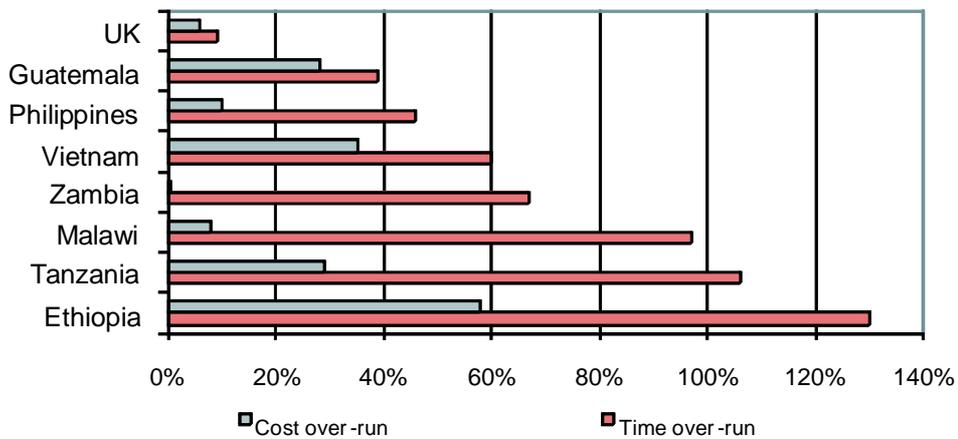
Country data for cost overruns on works contracts are shown in Table 5 alongside the time overruns. It is clear that in all countries the average cost overrun is less than the average time overrun, often by a substantial amount. This is shown more clearly in Figure 12.

**Table 5: Average time and cost overrun on construction projects by country**

Country	No. of projects	A. Time overrun	B. Cost overrun	A. minus B.
		a) average	a) average	
Ethiopia	25	130% (25)	58% (22)	72%
Tanzania	25	106% (15)	29% (15)	77%
Malawi	16	97% (16)	8% (16)	89%
Zambia	20	67% (16)	0.6% (16)	66%
Vietnam	8	60% (8)	35% (7)	25%
Philippines	23	46% (2)	10% (16)	36%
Guatemala	16	39% (16)	28% (15)	11%
UK	12	9% (12)	6% (12)	3%

*Figures in brackets are the number of observations: all figures are country averages*

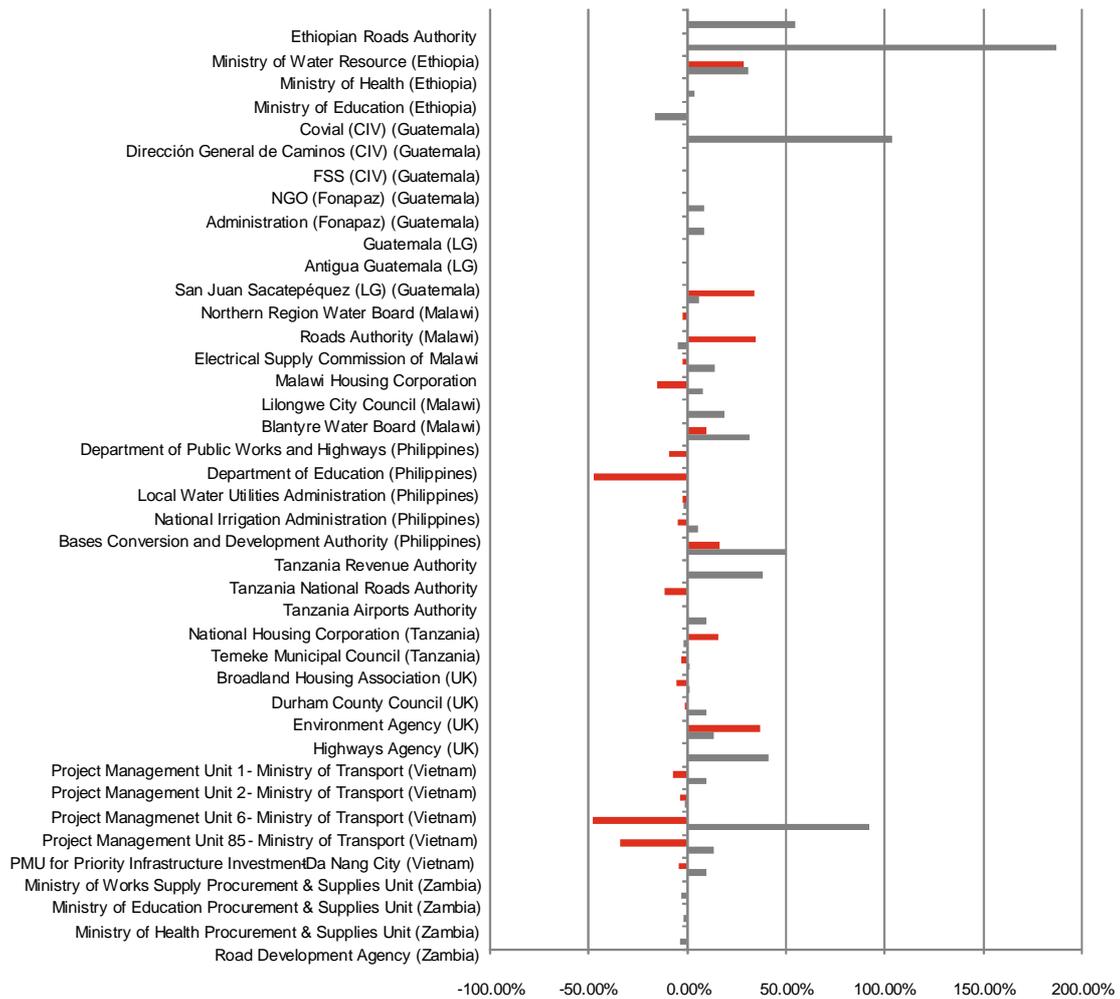
**Figure 12: Average time and cost overrun on construction projects by country**



But again the average figures on cost overruns hide substantial differences between PEs and across projects. Figure 13 shows (in grey shading) the average cost overrun on the main works contracts by PE. Also shown are the percentages by which the original contract sums were above or below the engineer’s estimate. It is important to consider this relationship, when interpreting cost overruns. For example, if the original contract price was significantly above the estimate, bringing in the contract on budget may not be seen in such a positive light. On the other hand, if the initial contract price was well below the estimate, subsequent increases in price during project execution may perhaps be expected (although not necessarily justified).

It can be seen from Figure 13 that in two PEs in Vietnam the average of initial contract prices was in fact significantly below the engineer’s estimate and this was balanced by subsequent escalation of prices during project execution. However the figures here are averages and do not necessarily reflect outcomes on any one project.

**Figure 13: Difference between estimated and initial contract price (in red) and initial and final contract price (in grey) - averages by PE**



## 4 Findings and recommendations

### 4.1 Summary of findings

Findings from analysis of the baseline studies in the eight pilot countries are as follows:

- Most of the information that is required by law to be pro-actively disclosed in the pilot countries relates to the tender process and contract award
- Current transparency requirements are aimed at participants in the tender market and not at informing the public about projects
- There is little requirement for transparency around the project (project identification, funding, feasibility and planning), no country requires disclosure of changes to contract time/cost during implementation and only Tanzania requires disclosure of actual contract time & cost after project completion.
- Actual disclosure everywhere falls short of the limited requirements
- Barriers to further disclosure of project information are largely related to the following:
  - poor information management systems and limited capacity of PEs
  - the cost involved in compiling information in the absence of electronic data storage
  - scepticism over the potential benefits of wider disclosure
- There is a reasonable level of competition for works contracts but less for supervision and design contracts, which are often undertaken in-house and/or not advertised
- Time overruns are extensive and everywhere exceed cost overruns
- A reliable indicator for project quality has not yet been identified

### 3.2 Recommendations

The main message emerging from the above is that broader disclosure of MPI depends on:

- A better understanding among PEs of current disclosure requirements, in order to raise the level of compliance (Zambia, Malawi, Ethiopia, Vietnam)
- Extension of the legal requirement for disclosure to embrace the earlier and later stages of the project cycle
- Building the capacity of PEs to implement better project information management systems and move to electronic data storage to facilitate pro-active disclosure

Most of the baseline study teams also put forward their own recommendations, which generally supported the above. Additional recommendations were:

- To develop standard, user-friendly electronic format for data collection with clearly defined terms adapted to the local context (Philippines, UK, Vietnam, Zambia)
- To strengthen enforcement of existing disclosure requirements, with sanctions (Philippines, Zambia)
- To create a dedicated unit in each PE as a depository of MPI and gradually expand the number of items of MPI by experimenting with individual PEs (Philippines)
- To assign responsibility for the collection and subsequent disclosure of project information (MPI) through a central oversight body (Phil-Geps in Philippines and PPRA in Tanzania)
- To merge existing project databases and improve access to them (Guatemala)

