

Minutes of CoST Board Meeting No.25

14 to 17 May 2018

Participants			
Board: Chrik Poortman (Chair) George Ofori (GO) Alfredo Cantero (AC) Petter Matthews (PM) Frank Kehlenbach (FK) (Items 1 to 8) Vincent Lazatin (VL)		Observers: Marcela Rozo (MR) World Bank Hayley Sharp (HS), DFID (Items 1 to 9) Martijn Groen (MG), MinBuZa (Items 1 to 9) In attendance John Hawkins (JH) CoST International Secretariat (CoST IS) Elizabeth Dykstra-McCarthy (EDM) CoST IS Soren Jensen (SJ) CoST IS Sean Henderson (SH) CoST IS (Item 12) Charlotte Broyd (CB) CoST IS (Item 7) Hamish Goldie Scott (HGS), CoST IS (Item 8) Manuel Gonzalez (MG) CoST IS (item 13 & 14) Natalie Forsyuk (NF) CoST IS (item 9)	
	Discussion & Decisions	Responsible	Deadline
Item 1. Chairman's Welcome and Opening Remarks			
1.1	The Chair welcomed Members and Observers to Kiev. He was particularly grateful to the observers from our principal supporters. He looked forward to receiving an update on recent developments and the opportunity to discuss some important policy questions. He also looked forward to meeting with our Ukrainian hosts and to learning more about the CoST Ukraine programme.	N/A	N/A
Item 2. Approval of the Minutes of meeting 24 and Matters Arising			
2.1	The minutes from meeting 24 were approved as an accurate record.	N/A	N/A
2.2	Minute 2.8 - EAP is unable to make a charitable donation to CoST. In lieu of that donation, EAP will provide (a) donation of time not charged to CoST, most likely in relation work on high-income countries and (b) provision of a 'bridging finance' mechanism, up to £100k, to help in circumstances where CoST is required to incur expenditure and seek reimbursement in arrears. The Board expressed its appreciation.	N/A	N/A
2.3	Minute 2.9 - MR understands that there has been a delay in operationalising the new AfDB Integrity Fund.	N/A	N/A
2.4	Minute 5.2 - MinBuZa has agreed in-principle to renew its funding agreement for the next four years. The meeting between CoST and MinBuZA in November was	N/A	N/A

	important in demonstrating what has been achieved over the last 4 years.		
2.5	Minute 7.2 – CoST is in discussion with the World Bank about how we can collaborate at a national level to improve transparency and accountability on PPPs. We are working to identify suitable countries and a draft MoU is currently being reviewed by the World Bank.	SJ	July 2018
2.6	Minute 5.11 - GO visited Uganda in January to examine the current capacity of the local construction industry. CoST Uganda provided very helpful support.	N/A	N/A
2.7	The Dutch Ministry of Foreign Affairs is working closely with the World Bank on a programme that could be of interest to CoST. The target countries could include Ghana.	MR	N/A
2.8	Board Members and Observers will be invited to the EAP 20 th Anniversary Event to be held in London on 26 th September 2018. It immediately follows the next CoST Board meeting on 24 th and 25 th September 2018.	JH	June 2018
Item 3. Membership Guidance Note			
3.1	Paper C summaries the rights and responsibilities of Members and Affiliate Members. The rights and responsibilities are based on previous discussion and reflect the flexible delivery model that was encouraged in the Strategic Review and presented in the Business Plan.	N/A	N/A
3.2	PM drew attention of the Board to changes since an earlier draft: (a) Affiliates are required to publish quarterly reports on progress and to sign an MoU with the CoST IS, (b) the Board reserves the right to periodically review if Affiliate Members are meeting their responsibilities and (c) Members will be required to establish an FDR within three years. Charging fees for technical assistance could help ensure the financial viability of CoST. Consideration will be given to establishing a schedule of rates.	N/A	N/A
3.3	It was agreed to change references to 'Skype' to 'online discussions' and publish a pro forma MoU template in the Guidance Note.	PM	July 2018
3.4	The paper was approved in-principal and subject to the agreed changes being incorporated.	PM	July 2018
Item 4. The Added Value of CoST in High Income Countries			
4.1	Paper D set out initial findings from the High-Income Country (HIC) study. The Argentina case study has been published and Scotland and Lithuania are close to completion. Consideration is being given to a fourth case study in Denmark.	N/A	N/A
	The primary purpose of the case studies is to provide information and data for analysis, that will be captured in	N/A	N/A

	a summary (or overarching) report and used to inform strategy. Whilst completing them, stakeholders are being consulted on the prospects for CoST in those countries.		
4.2	It was agreed to benchmark the CoST Infrastructure Data Standard with the European Procurement Directives. The data from the Scotland and Lithuania studies should make this task relatively straightforward.	N/A	N/A
4.3	The Board expressed approval of the work on the study to date. A draft of the summary report will be presented to the Board at its next meeting. A communications strategy will also be developed that will identify our target audiences for communicating the findings from the study.	SJ / CB	N/A
Item 5.	Growth Strategy		
5.1	Paper E set out the parameters of a growth strategy. The Strategy focused on: a) DFID priority countries such as Nigeria, Kenya and Ghana, b) Emerging Economies such as Argentina, Mexico, South Africa and Indonesia and c) an Eastern Europe and Caucuses cluster such as Georgia and Lithuania. The implementation of the Strategy would be coordinated by the new Regional Managers with support from the CoST IS and Board.	N/A	N/A
5.2	The Board broadly agreed with the proposed growth strategy. In addition to Georgia and Lithuania, it was agreed to include Romania and Bulgaria in the potential Eastern Europe and the Caucuses cluster. FK agreed to engage the domestic contractors' associations in the region to see if there would be interest in CoST.	FK	Sept 2018
Item 6.	Meeting with CoST Ukraine Multi-Stakeholder Group		
6.1	The CoST Ukraine MSG and National Secretariat joined the Board Meeting for this item and provided an overview of their history, achievements and challenges. The achievements included publishing Assurance Reports on a road sector repair programme of 120 projects and three IFI funded road projects. It also included a new information portal which has disclosed data from about 2000 road projects. The programme is now expanding into the energy sector and is working with the Kiev City Authority. The programme has strong support from the MSG and the Minister of Infrastructure as the CoST Champion. Natalie Forsyuk, the CoST Ukraine Manager, was also invited to join the PIARC (the World Roads Association) Technical Committee.	N/A N/A	N/A N/A
6.2	There is a need to strengthen relationships with the State Road Agency and the World Bank. The Board will attempt to help in this regard.	CP MR	July 2018
6.3	The Board confirmed that part of its growth strategy is to build a cluster in Eastern Europe and the Caucuses and that it would like to use the achievements and lessons	N/A	N/A

	from CoST Ukraine. It would also support CoST Ukraine if it eventually opted to establish itself as an independent legal entity.		
6.4	In closing Day 1 of the meeting, the Chair thanked representatives from CoST Ukraine for meeting with the Board and sharing their experience. A lot has been achieved in difficult circumstances and all involved deserve credit. The Board will follow future developments with interest and is optimistic about further achievements.	N/A	N/A
6.5	The Board also subsequently met with the Minister of Infrastructure and participated at a donors meeting.	N/A	N/A
Item 7.	Programme Report – International programme		
7.1	The International programme has recently focused on: a) conducting a Needs Analysis which identified the resources and support services that would aid implementation, b) recruitment of regional managers and c) partnerships with donors and other international organisations. It was also reported that CoST has performed well in the recent DFID Annual Report.	N/A	N/A
7.2	HS suggested that it would be useful to explain the relationships between CoST and EAP on the respective websites.	CB	July 2018
7.3	The Board agreed a renew its effort with fundraising. <ul style="list-style-type: none"> • PM to approach Michael Jarvis at the Transparency and Accountability Initiative to see if they could assist with engaging foundations. • MG agreed to approach GIZ to see if they would be interested in CoST. • CP would try to meet with AfDB when in Abidjan for the World Bank Roundtable Meeting in June. • Re-engage DANIDA in the run-up to the IACC in Copenhagen in Denmark. 	PM MG CP	June 2018
7.4	The Board would like stronger and more meaningful engagement with the private sector. The value of EIC support when engaging the EU and EIC was very evident. PM is meeting with the new Chief Executive of FIDIC in July. Ideally, we would like CoST to participate that at the FIDIC International Conference in September and the World Engineering Congress in London in October which is hosted by the ICE. MR suggested engaging the Emerging Markets Investors Alliance which had focused on transparency and anti-corruption.	N/A PM PM	N/A July 2018 Before next meeting
Item 8.	How CoST considers the quality of infrastructure		
8.1	Paper G explained how CoST assurance teams should observe and report on the quality of infrastructure.	N/A	N/A

8.2	Some MSGs require the Assurance Team to report on the quality of the built infrastructure. The Board understands why MSGs have taken this path, but it is concerned that the Assurance Reports may be making statements that go beyond current CoST policy and which they are unable to justify. There is also a risk that it is duplicating existing quality management systems.	N/A	N/A
8.3	The Board agreed that HGS would develop a protocol for site visits by the Assurance Team to be reviewed by GO and FK based on Paper G. The protocol would set out how the Assurance Team should operate on site, engage the contractor and supervisor and consider the quality of construction within a narrow set of parameters. The protocol would be part of a broader set of resources that the International Secretariat will be commissioning on the Assurance process. Consideration would also be given to adding data points into the IDS that could capture something meaningful, e.g. the intended quality management system and evidence that it was applied in practice. This approach could be tested by one or two members.	HGS GO FK and JH	July 2018
		JH, HGS	July 2018
Item 9.	Programme Report – Member Programmes		
9.1	The new logframe was presented. It indicated that 12 of the 15 targets were achieved in the year to March 2018. A smaller set of the indicators are used by DFID and MinBuZA to measure CoST's performance. The indicators are based on the Theory of Change that was developed for the new Business Plan. The report demonstrated the rapid growth in the number of new projects where data has been disclosed and the number of government officials trained to disclose data.	N/A	July 2018
9.2	AC provided a summary of the Honduras Infrastructure Transparency Index. The Index is currently being tested in Guatemala. Following the testing process, the International Secretariat will review both Index's to identify a beta set of indices and methodology for publication. The World Bank has emailed the Board Chair and DFID congratulating CoST in working with the World Bank and OCP to develop the SISOCs PPP information platform in Honduras.	JH	Sept 2018
		N/A	N/A
9.3	There have been challenges recently in ensuring the quality of Assurance Reports. It is essential that good quality is maintained, otherwise it could undermine credibility. The International Secretariat to consider how it introduces a formal peer review process of an assurance report prior to publication, especially where it is not delivered with CoST grant funding.	JH, PM	Sept 2018
9.4	The Board agreed to declare Botswana inactive as the programme had progressed very little since it was admitted into CoST in 2015. The International	JH	June 2018

	<p>Secretariat to write to the Government of Botswana and the MSG informing them of the Board's decision.</p> <p>It also acknowledged the concerns with the Tanzania programme following the recent visit by the Board Chair. This principally relates to the current political commitment towards CoST and the MSGs understanding of what is required to scale up their programme.</p>	N/A	N/A
Item 10.	Constituting the CoST Board		
10.1	<p>A consultation process with the CoST Members on constituting the CoST Board has been completed. Comments had been received from 5 of 13 Members. Three Members endorsed the proposal with one or two minor comments and two Members proposed expanding the Board from 9 to 12 Members with additional sector representatives and an academic representative. One country also proposed an Advisory Panel.</p>	N/A	N/A
10.2	<p>The Chair expressed concerns at the lack of responses from some Members. The Board agreed to ask Members who had not responded to approve the proposal on a no objection basis.</p>	JH	July 2018
10.3	<p>It was agreed to retain with the current proposal of 9 Members with each Member serving a three-year term. The Observers stated that an attractive feature of CoST is that it has a lean and cost-effective Board. Expanding it to 12 Members with only 13 Member countries would be disproportionate. It was also agreed that the proposed Advisory Committee would create a further administrative burden for the International Secretariat. It was also agreed that Members could nominate a Chair for the Board to consider.</p>	N/A	N/A
10.4	<p>The Members who responded will be thanked for their comments. The Articles of Association will be updated for approval at the next Board Meeting. The new Board would be constituted in the first quarter of 2019.</p>	PM	Sept 2018
Item 11.	Safeguarding Policy		
11.1	<p>The new Safeguarding Policy has been developed for both EAP and CoST. It is an important organisational feature, emphasised by the priorities of both donors and recent events. The Board expressed its approval that the International Secretariat had been proactive in its efforts to reach this high standard of organisational policy and practice.</p>	N/A	N/A
11.2	<p>The Board requested more clarity on who is responsible to the CoST IS and the chain of responsibility especially with the national managers who are typically employed by host organisation and reporting to the MSG. The host also typically engages the assurance team on a consultancy basis on behalf of the MSG. The policy needs to define the requirements of the host and MSG</p>	EDM	July 2018

	and how consider how include them in the International Secretariat's training programme. The Board recommended including a partner review which outlines the role and responsibilities of a host organisation and their relationship with the MSG and International Secretariat. It was also important to develop a risk register for the organisation.		
11.3	We should consider if and how this policy could be relevant to safeguarding staff working on sensitive governance issues.	N/A	N/A
11.4	The Board approved the policy in principle, recognising that this was also a document that will require periodic updating. They approved the idea of a future peer review from an expert in this field and looked forward to seeing the final document.	N/A	N/A
Item 12.	Financial Report		
12.1	The CoST IS presented the financial report from Q1 2018. The number of activity lines has been decreased from 16 to 14 as two activities were overlapping, and one activity was no longer relevant.	N/A	N/A
12.2	The Board stressed the importance of explaining that most expenditure went to support members and not into overheads. The International Secretariat to review the budget structure to reflect this.	SH, JH	Sept 2018
12.3	The Board approved the financial report from Q1 2018 and thanked the CoST IS.	N/A	N/A
Item 13.	Application to join CoST		
13.1	The CoST IS presented an application to join CoST from the Mexico City Airport Authority (MCAA). The Board welcomed the interesting application and the strong support from the private sector, civil society and OECD. The Board recognised that Presidential elections are imminent and noted that at least one of the candidates expressed an intention to cancel the investment. It was agreed to request some additional information from the Airport Authority. It also expressed its preference that any announcement about MCAA joining CoST should be made by agreement and after the Elections. PM to write to the Authority informing them of the Board's decision.	N/A N/A PM	N/A N/A May 2018
Item 14.	Engaging Potential Members		
14.1	The CoST IS consulted with a range of organisations working in Myanmar as part of due diligence. The consensus was that the civilian Government is promoting important reforms and that international support is justified. The Board agreed to a similar approach. The International Secretariat will commission a Scoping Study to assess the viability of CoST in Myanmar. Clara	N/A PM	N/A

	Feng, the new Asia Regional Study is managing the study, with support from PM.		Before end 2018
14.2	The Ministry of Transport in Argentina has drafted an application. However, there has been delay in it finalising the application due to other priorities. The application was drafted by a consultant under the administration of the World Bank. It is unclear when the application will be submitted. MG to follow up.	MG	N/A
14.3	The UK Foreign and Commonwealth Office has commissioned Scoping Study into the added value of CoST in Colombia. The Study is being led by MG.	MG	July 2018
14.4	The ILO have agreed to see if there is interest in CoST in Mozambique and organise a workshop themed around infrastructure transparency in Mozambique. SJ to follow-up.	SJ	July 2018
14.5	CP recently met with an official from the Development Bank of Southern Africa (DBSA) in Washington. A planned visit to South Africa did not go ahead as the proposed dates coincided with public holidays. JH is following up with National Treasury Cities Support Programme and Richard Calland about engaging with the new Government.	JH	June 2018
Item 15.	Future Meetings		
15.1	The next Board meeting will take place on 24 th and 25 th September 2018 in London.	All	Sept 2018
Item 16	Closing remarks		
16.1	The Chair thanked Members and Observers for their contributions to the meeting. Important decisions had been made, some of which were challenging and complex, but significant progress was achieved. The whole Board was impressed with the progress made by CoST in Ukraine and thanked our hosts for looking after us so well. The Chair thanked the Secretariat for arranging the meeting. The good collaboration between the CoST IS and our hosts was very evident.	N/A	N/A

These minutes were approved as an accurate record of the meeting.



Christiaan J. Poortman
Chair

24 September 2018
Date