



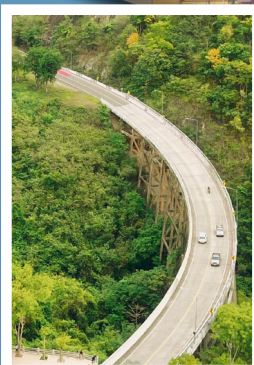
Infrastructure
Transparency
Initiative

April 2020

BUSINESS PLAN 2020–2025:

Strengthening economies and improving lives

Consultative version



LIST OF ABBREVIATIONS

DFID	UK Department for International Development
EAP	Engineers Against Poverty
FIDIC	International Federation of Consulting Engineers
CoST	CoST – the Infrastructure Transparency Initiative
OC4IDS	Open Contracting for Infrastructure Data Standard
OCP	Open Contracting Partnership
PIARC	World Road Association

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FOREWORD

It is with a strong sense of optimism that we launch this consultative version of our new business plan 2020–2025 ‘Strengthening economies and improving lives’. The basis for this optimism includes the findings of an independent review that reported very positively on progress during the period of our previous plan. These findings, combined with the results of a rigorous internal planning process, confirm that our approach is robust, that it is achieving impressive impact and not surprisingly, that it is in high demand from governments and international agencies.

Given the circumstances of the launch of this plan, however, our optimism is tempered by concerns about the global pandemic, the economic recession which is an inevitable consequence of the crisis, and the heightened attention that governments will need to give to public investments and service delivery. This crisis has already exposed the weakness of public health systems and the lack of transparency and public scrutiny in some of the immediate responses to it. Whilst there is still great uncertainty about the future, few doubt that recovering from this crisis and building resilience against similar incidents will require huge investment in infrastructure and services.

This business plan was substantially complete when the gravity of the pandemic became apparent. Our first instinct was to consider rewriting sections of the plan to reflect the new reality. However, we eventually opted not to do that for two reasons. First, it is not easy to anticipate what the long-term implications of the current crisis will be. Some things are more apparent, for example, the urgent need for investment in public health in many parts of the world, but others, such as how public expectations of government will change as a result of the crisis, are more difficult to predict. And second, at this stage, it appears that our strategic priorities are unlikely to change significantly though we will be thinking tactically about how and where we engage.

CoST was established to address fundamental challenges regarding the lack of transparency and accountability in infrastructure investment. Those challenges remain and if anything, have taken on greater urgency as a result of the crisis. We need to continue doing what we already do well, but to be agile and responsive in adapting the means used to achieve those objectives.

CoST has supported the disclosure of data on tens of thousands of investments and helped save hundreds of millions of dollars. We have pioneered a successful approach to multi-stakeholder working and to the validation of published data on the planning and implementation of public investments in infrastructure. These experiences offer lessons about bolstering accountability in other sectors. We have provided the evidence that has closed corrupt institutions and triggered fundamental institutional reforms. And we have developed tools and established an international network of reformers. All these, according to the independent review, could do much more if adequately resourced.

The current crisis has reinforced the need for accountability initiatives like CoST and as this plan demonstrates, we are ready to play our part in making transparency, accountability and participation integral components of all infrastructure investments. The benefits are proven and the resources needed to secure them very modest in comparison.

Whilst we are confident in this new plan, we also recognise the need to expose it to scrutiny and to learn from others. Please share your views on this plan and help us to make it even better.

Executive Director:
Petter Matthews



Chair:
Christiaan J. Poortman



EXECUTIVE SUMMARY

CoST – the Infrastructure Transparency Initiative (CoST) is now established as the leading global initiative to improve transparency and accountability in public infrastructure. This Business Plan builds on the findings of an independent review and sets out an ambitious programme of growth and a step-change in impact.

In the last five years, CoST's membership has grown to **19 national and sub-national members and affiliates spanning four continents**. These members have disclosed data on more than 35,000 investments involving billions of dollars. CoST tools and standards are now recognised as being among the most advanced technology in their field and have received endorsement from the G20, the European Investment Bank, Global Infrastructure Basel, the International Federation of Consulting Engineers, the European International Contractors, Transparency International, Open Government Partnership and others.

CoST has also grown in terms of depth, as demonstrated by the rapid growth in the number of projects where data has been disclosed by its members. This has been driven by institutionalising the CoST approach through legal or policy mandates. At the same time, thousands of government officials have been trained on how to comply with these mandates, new open data platforms have been established and where practicable, aligned with existing e-procurement systems.

This CoST Business Plan for 2020–2025 builds on these achievements and the recommendations of a **recent independent review** (Crown Agents, 2020), which acknowledged the successes of CoST in increasing its impact, strengthening its approach and providing value for money. It retains a focus on CoST's core features of **disclosure, assurance, multi-stakeholder working and social accountability**, but also describes how they can be further strengthened. It also retains the flexibility that characterises the CoST approach, whereby members adapt the core features to their specific circumstances.

This adaptive approach has helped deliver the **increase in impact** identified in the independent review. Examples include:

- contributing to financial cost savings of more than US\$360 million by the Thai Ministry of Finance, due to the deterrent of increased transparency and greater scrutiny
- saving US\$8.3m after the evidence from an assurance report was used to justify establishment a project review function in the Afghanistan Ministry of Transport
- catalysing the closure of a corrupt institution in the Honduras roads sector after evidence from an assurance report was used to launch an investigation
- correcting serious defects in a recently constructed bridge in Ukraine
- expanding the scope of works to include vital road-safety measures on a major highway rehabilitation in Thailand.

This plan builds on that success, seeks to further strengthen the CoST approach, respond to latent demand and achieve the step-change in impact that its members and supporters consider it capable of. The external environment is conducive to this scale of ambition.

A growing need for CoST

Infrastructure is a vital component of efforts to meet the most pressing global challenges. Unless society can accelerate the delivery of good quality infrastructure and services, its ability to meet the United Nations Sustainable Development Goals, deal with the effects of climate change, improve livelihoods and deliver inclusive economic growth will be seriously undermined.

The Global Infrastructure Hub (2020) estimates that US\$94 trillion of investment is required up to 2040. It also points out that on current trends, there will be a US\$15 trillion ‘investment gap’.

“There’s a growing realisation that if you get the governance aspects right, the finance will follow. Get it wrong and the investment will dry up.”
Chris Heathcote, Former CEO,
G20 Global Infrastructure Hub

There is an urgent need therefore to increase the volume and quality of investment and to reduce the average 30% of investment that is lost through inefficiency, corruption and mismanagement (IMF, 2015). There is also an urgent need to establish inclusive approaches that benefit all people, including the poorest and most marginalised.

CoST was developed specifically to meet these challenges and experience shows that it can tackle those challenges in diverse settings and add value to existing reform efforts. This perspective is reflected in CoST’s Vision and Mission and its strategic priorities.

Vision and mission

Vision	Mission
“Quality infrastructure, stronger economies, better lives”	“Enable a multi-stakeholder approach in the disclosure, validation and use of infrastructure data. This improves transparency, accountability and participation and contributes to quality infrastructure that meets people’s needs”

Strategic priorities

Over the next five years, CoST will focus on four strategic priorities which are outlined in the table below. They seek to maintain a balance between strengthening the CoST approach, continuing to offer quality support for existing members and growing the membership.

In addition, capturing CoST’s impact, learning from what works and does not work, and offering opportunities for learning are important to ensure the organisation continues to deliver programmes that are high-quality and fit for purpose. Given a projected growth in membership, of 15 new members, CoST’s priority must be to ensure resources are in place to deliver this growth and maximise the impact of current member programmes.

STRATEGIC PRIORITY	OBJECTIVES
1. Grow and support membership	<ul style="list-style-type: none"> a. Support scalable growth b. Align with key themes c. Build sustainable programmes d. Invest in multi-stakeholder working e. Identify alternative approaches f. Build stakeholder capacity g. Celebrate success
2. Increase influence	<ul style="list-style-type: none"> a. Build partnerships and networks b. Develop tools and standards c. Map the private sector d. Test and adapt approach
3. Improve knowledge sharing	<ul style="list-style-type: none"> a. Build evidence base for learning b. Develop an adaptive approach c. Increase opportunities for learning
4. Maximise resources for impact	<ul style="list-style-type: none"> a. Diversify funding b. Consult on member contributions c. Build the right team

Governance

CoST is registered as a charity and a not-for-profit company in the UK. It is governed by a Board of Directors comprising six (and in due course nine) members, and its day-to-day operations are carried out by an International Secretariat. The Board meets four times per year and its responsibilities include setting strategy and policy, approving budgets, admitting new CoST members and monitoring finances and operations. Board meetings are also attended by ‘observers’ representing financial and strategic supporters.

In 2020, the Board will grow from six to nine members, with new additions being elected by CoST members on a regional basis to represent government and the private sector. A new representative from international civil society will also be appointed.

Finance plan

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Supporting members and affiliates	Fees	1,569,400	2,009,677	2,217,027	1,800,548	1,715,864	9,312,515
	Expenses	679,250	802,390	849,550	699,310	651,310	3,681,810
Supporting the global programme	Fees	1,153,120	1,437,398	1,493,278	1,607,176	1,552,392	7,243,365
	Expenses	126,375	120,935	140,935	118,835	100,955	608,035
Governance		304,740	367,690	393,743	402,755	412,037	1,880,965
Overheads		282,252	349,632	376,063	338,070	321,642	1,667,658
Total		4,115,137	5,087,722	5,470,596	4,966,693	4,754,199	24,394,348

Delivering this Business Plan will require an investment in CoST of over £24 million during 2020–2025 as summarised in the table below. Financial contributions can either support the overall Business Plan or be targeted at specific interventions.

Conclusion

CoST is working. Any residual doubts about the efficacy of its approach in 2015 have been allayed in the last five years. This was borne out by the recently completed independent review (Crown Agents, 2020). It showed that while there is still much that can be done to improve the CoST approach, the principal challenges relate to scaling up, responding to latent demand and delivering a step change in impact. This Business Plan outlines four ambitious strategic priorities that will enable the CoST to meet these challenges.

A network of supporters is in place and ready to deliver those strategic priorities. At the international level this includes bilateral and multilateral donors and other international agencies. Equally as important is the support provided at national level by heads of state, ministers, officials, grassroots organisations, the media, leaders in civil society and business, and numerous individual citizens. This support is arguably CoST’s greatest resource.

The presence of networks of individuals and institutions that understand CoST and are committed to supporting its reform efforts should not be underestimated. Its economic value is incalculable and it is the product of more than a decade of trust-building efforts. As CoST wins the support of additional investors, they will be joining their resources with an established global effort involving hundreds of dedicated reformers with a proven track record of success.

This Business Plan should be seen by current and potential new partners not as a fixed proposal, but as a statement of intent, an illustration of ambition and the basis for a strategic discussion about future collaboration.



1. INTRODUCTION

CoST – the Infrastructure Transparency Initiative (CoST) is now established as the leading global initiative to improve transparency and accountability in public infrastructure.

CoST works with governments, industry and civil society in member countries across the world to promote disclosure, validation and use of data from infrastructure projects. This helps to inform and empower citizens, enabling them to hold decision makers to account and drive reforms that reduce mismanagement, inefficiency, corruption and the risks posed to the public from poor quality infrastructure.

According to Global Infrastructure Outlook (2020), the world spends around US\$2.7 trillion a year on infrastructure, while the International Monetary Fund estimates 30% of public-sector investment is wasted due to inefficiency, including corruption and mismanagement (IMF, 2015). This means a loss to the global economy of nearly US\$1 trillion a year.

Following a successful three-year pilot funded by the UK Department for International Development (DFID) and supported by the World Bank, CoST was established a UK charity in 2012. It received a further five-year grant from DFID in 2015 and a three-year grant from the Dutch Ministry of Foreign Affairs in 2018. The CoST Board of Directors currently outsources the management of the programme to UK charity Engineers Against Poverty, which provides the CoST International Secretariat.

CoST's membership has grown over the past five years to 19 national and sub-national members and affiliates spanning four continents. These members have disclosed data on more than 35 000 investments involving billions of dollars. In addition, CoST tools and standards are now recognised as being among the most advanced technology in their field. They have received endorsements from the G20, the European Investment Bank and the International Federation of Consulting Engineers.

“If we had these sorts of safeguards [including CoST] in place in 2003, then we would have saved hundreds of millions of dollars on public infrastructure.”

H.E.
Yama Yari, Minister of Public Works,
Afghanistan (2016 - 2020)

In the same period, the impact of CoST has increased by an order of magnitude. Examples include closing down corrupt public institutions in Honduras, triggering institutional reforms that reduced waste and inefficiency in Afghanistan, and contributing to savings in excess of US\$300 million in Thailand.

CoST's progress and achievements were acknowledged in a recently completed independent review (Crown Agents, 2020). It showed that the past five years were a period of transformation, continuous improvement and growing international recognition achieved through efficient use of resources.

However, the review also pointed out that the transformation is incomplete, with several areas needing further strengthening. These include: a more robust monitoring, evaluation, accountability and learning framework; a more diverse funding base; a significant increase in income; recognition for CoST members and individual reformers who drive success; and prioritising the development and roll-out of the CoST Infrastructure Transparency Index.

“Initiatives which contribute to better governance ... like CoST, are more relevant than ever.”

Crown Agents

This Business Plan for the period 2020–2025 explains how CoST intends to address the issues raised in the independent review and meet other key challenges. It is a consultative version, produced to structure discussions with CoST members, current and potential funders and other supporters and contacts. Their involvement is essential to ensure the plan is robust, achievable and relevant.

1.1 GROWING RELEVANCE IN A CHALLENGING INTERNATIONAL CONTEXT

Infrastructure is a vital component of efforts to meet the most pressing global challenges. Unless society can accelerate the delivery of good quality infrastructure and services, its ability to meet the United Nations’ Sustainable Development

Goals, deal with the effects of climate change, improve livelihoods and deliver inclusive economic growth will be seriously undermined. The Global Infrastructure Hub (2020) estimates that US\$94 trillion of investment is required up to 2040. It also points out that on current trends there will be a US\$15 trillion ‘investment gap’.

“Strategic infrastructure delivery that is on time, within budget, and provided in a manner commanding the confidence of all stakeholders, including markets and civil society, is essential to tackling the widening infrastructure gap.”

Martin Rama, Senior Economic Adviser, World Bank

There is an urgent need therefore to increase the volume and quality of investment and to reduce the average 30% of investment lost through inefficiency, corruption and mismanagement. It is also essential that this investment is informed by purposeful consideration of inclusive approaches that benefit all people. A consensus has emerged that improving governance is fundamental to meeting these challenges.

“Poor governance is a major reason why infrastructure projects fail to meet their timeframe, budget and service delivery objectives.”

OECD

Recognition of the importance of governance, and the critical role of transparency and accountability, helps to explain the high demand for CoST services, tools and standards from governments and international agencies.

Global infrastructure delivery has long been characterised by political expediency and limited engagement of citizens in decision making. This is exacerbated in many countries by the shrinking space for public discourse which further limits the space for greater transparency and citizen participation. Multi-stakeholder working, a core feature of the CoST approach, has proved to be effective in managing the tensions and building consensus around a programme of reform that

helps to produce benefits for all stakeholders. In the next five years, CoST will continue to promote multi-stakeholder working, but will also seek to refine and adapt the initiative's approach to different circumstances. Associated with this is the need continually to update CoST's political economy analysis of its members and to ensure the technical assistance it provides is politically astute.

Finally, infrastructure investment is increasingly being delivered through international initiatives, which are backed by national governments and intended among other things to secure geopolitical influence. Prominent amongst them is China's Belt and Road Initiative, which has triggered a range of responses including the European Union's Asia Connectivity Strategy, the US-led Blue Dot Network and Japan's Indo Pacific Strategy.

These initiatives have the potential to help meet the backlog of investment, but they have also prompted concerns about indebtedness, the foreign control of strategic infrastructure assets, and the dangers of new investment fuelling corruption and mismanagement. These are complex global challenges that defy easy solutions. However, a consensus is emerging that greater transparency, trust building and measures that enable informed decision making by borrowers are key parts of the solution.

The CoST International Secretariat will continue to monitor these and other developments to ensure the initiative remains relevant and that its tools and approaches continue to be effective.

1.2 STRUCTURE OF THIS BUSINESS PLAN

v of this Business Plan introduces and frames CoST's strategy for the next five years and briefly examines the international context in which CoST operates. [Section 2](#) summarises the initiative's successes and challenges, and how the CoST International Secretariat intends to scale up its impact. [Section 3](#) sets out a revised vision, mission and theory of change. [Section 4](#) introduces a set of ambitious strategic priorities that will structure and guide CoST's activities in the period covered by this plan. [Section 5](#) sets out the parameters for a new value-for-money framework that will be developed during the early implementation stages of the plan. [Section 6](#) describes the governance arrangements of CoST, including the risks that are likely to affect the delivery of this plan and the measures that will be adopted to reduce or eliminate them. The plan is completed with concluding remarks in [Section 7](#).



2. SUCCESSES, CHALLENGES AND FUTURE PRIORITIES

As indicated in Section 1, this Business Plan responds directly to a recently completed independent review of CoST (Crown Agents, 2020). CoST has reflected on the review's findings and conducted additional analysis to help absorb lessons from the past and improve what it does in the future. This section plots a way forward to achieving its ambitions over the next five years.

2.1 SUCCESSES

Citizens have access to data from thousands of infrastructure projects

CoST has grown both in terms of breadth, with seven new members and affiliates joining since the beginning of 2019, and in terms of depth, as demonstrated by the rapid growth in the number of projects where data has been disclosed by CoST members – see **Figure 2.1**. This growth has been driven by legal or policy mandates for disclosing data based on the CoST Infrastructure Data Standard, training thousands of government officials on how they comply with this mandate and enhancing existing e-procurement systems or by establishing new open data platforms

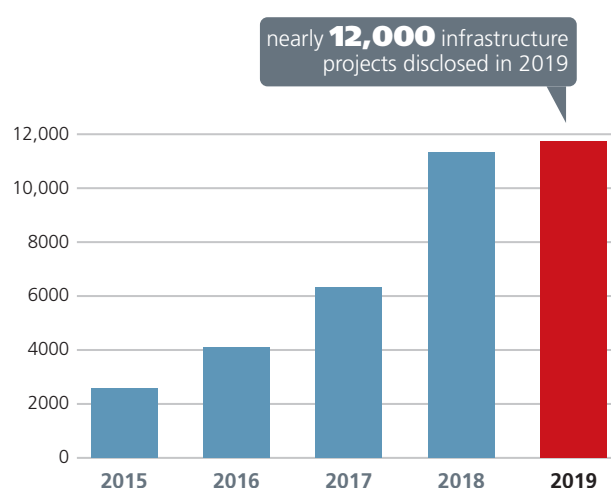


Figure 2.1 Annual number of global infrastructure projects where data has been disclosed based on the CoST Infrastructure Data Standard by CoST members

Improving infrastructure quality, reducing waste and saving lives

There are over 20 examples of where governments have used the evidence generated by a CoST assurance report has been used to make positive changes. These include the following:

- saving US\$ 8.3 million after the evidence from an assurance report was used to justify the establishment of an oversight unit by the Afghanistan Ministry of Transport that identified savings following a review of over 100 transport projects
- closing a corrupt institution in the Honduras roads sector after the evidence from an assurance report was used to launch a further investigation
- correcting serious defects on a recently constructed bridge in Ukraine
- expanding the scope of works to include vital road safety measures on a major highway rehabilitation project in Thailand.

“I have always been a firm believer in CoST, I understand its value because I work on these issues. But now I am also a beneficiary – I am from Makindye-Sagabago – the area around Kitiiko Road which was a hazard to all residents. I was affected by these deaths and I was there when they built these safety measures: the speed humps and the access culverts. We were so happy to see them!”

Doreen Kyazze Mulema, Public Procurement and Disposal of Public Assets Authority, Uganda

In addition, citizen voices have been heard in Wakiso district in Uganda where they could raise their concern about a dangerous road where five deaths had occurred in the three months since the road had been paved. A resident said it was too dangerous for children to cross the road to get to school. No further deaths have been reported since the district council responded by constructing speed bumps.

Greater transparency is a deterrent saving over US\$300 million in Thailand

Globally, dozens of politicians and thousands of public officials know that their decisions are subject to a greater level of scrutiny and that the likelihood of problems arising from those decisions being identified has dramatically increased. The private sector responds by submitting more competitive prices knowing that contracts are more likely to be awarded fairly.

It is difficult to produce empirical evidence of these types of savings. However, the Thailand Ministry of Finance has reported that CoST has helped save over US\$360 million due to its deterrent effect. It is understood that the higher levels of transparency and scrutiny brought about by CoST led to government officials reducing project budgets and firms submitting lower bid prices. It is anticipated that more of these stories will emerge as the amount of disclosed data grows.



Tuk Tuk in Bangkok, Thailand

Working in partnership

Working with partners both at a national and international level is critical to CoST's success. This includes the Open Government Partnership, Transparency International, the International Labour Organization, the World Bank, the United Nations Development Programme and the German Corporation for International Cooperation, which have helped to build relationships with key government contacts and encourage them to join CoST. CoST has also worked with the Open Contracting Partnership (OCP) to develop the [Open Contracting for Infrastructure Data Standard \(OC4IDS\)](#). This collaboration combined the political and technical knowledge of CoST with the cutting-edge expertise of OCP in data management.



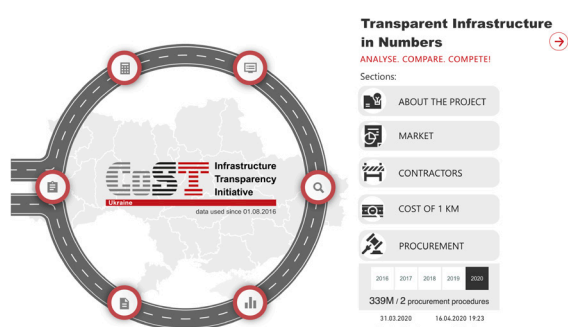
2.2 THE CHALLENGES

Data quality

Whereas the amount of infrastructure data disclosed has grown rapidly, there are some questions about its quality. The adoption of OC4IDS and the data analytic tool developed by CoST Ukraine will help facilitate this improvement. However, the pace and route that CoST members take on the data journey, from paper-based systems to disclosing and analysing open data at scale, will vary depending on political will, technical capacity, the level of digitisation in public administration and resources. Procuring entities in some CoST members are not yet ready for this transition and it will take time to build the systems and capacity to move through these steps.

Assurance to data analytics

CoST assurance reports provide indicative evidence on the state of infrastructure investment. However, they only validate and use data from a sample of infrastructure projects, representing



CoST Ukraine analytical tool

a relatively small percentage of overall investment. Web-based analytical tools such as that developed by CoST Ukraine can enable stakeholder analysis of OC4IDS data on thousands of infrastructure projects in real time and identify which companies are winning the contracts in a region, the level of investment in that region and the price per kilometre of road.



Capture of multi-stakeholder groups

Multi-stakeholder groups are an invaluable part of the CoST approach in helping to create a forum for dialogue and to build trust between the government, private sector and civil society. However, they are perceived as having power and influence and can be subject to capture by self-interested individuals and factions. CoST will strengthen procedures and the support provided to multi-stakeholder groups to prevent this.



Monitoring uptake of assurance recommendations

Assurance reports consistently identify problems and diagnose their underlying causes. However, experience shows that governments and particularly procuring entities often need monitoring to ensure they respond to recommendations. Multi-stakeholder groups are in a good position to do this.

Responding to infrastructure related issues

There is growing demand for CoST to respond to a range of infrastructure-related issues such as climate and resilience, inclusion and beneficial ownership. The International Secretariat is conscious of the need to articulate more clearly how it is already helping to address these issues and to examine what more it can do.

2.3 FUTURE PRIORITIES

The International Secretariat aspires to grow the initiative to 35 members and affiliates in the next five years. To achieve this, it will focus on CoST's core business: developing high-quality tools and standards and supporting members and other stakeholders with implementation. A dynamic and successful programme is the best way to attract new members, including those from high-income countries.

The growth will require a substantial increase in CoST's overall income, which will also need to be from a more diverse range of sources. The International Secretariat will continue to encourage bilateral donors to support the initiative directly, as well as seek the support of foundations.

The International Secretariat will provide improved guidance and greater clarity on the role of multi-stakeholder groups and identify alternative models of multi-stakeholder working that offer a more flexible approach. It will invest further in the initiative's approach to monitoring, evaluation, accountability and learning – with a particular focus on measuring outcomes, gathering evidence of impact and delivering value for money. It will also respond directly to the challenges of: climate change; gender and social inclusion; civic participation; and beneficial ownership.



3. VISION, MISSION AND THEORY OF CHANGE

Vision	Mission
"Quality infrastructure, stronger economies, better lives"	"Enable a multi-stakeholder approach in the disclosure, validation and use of infrastructure data. This improves transparency, accountability and participation and contributes to quality infrastructure that meets people's needs"

3.1 CONCEPTUAL FRAMEWORK

CoST's vision is founded on the principle that good quality infrastructure is essential to well-functioning economies, and that it supports the delivery of good quality services to citizens and businesses. Delivering quality infrastructure means maximising the positive economic, environmental, social and development impact of infrastructure, ensuring it meets peoples' needs. Achieving this requires a sound governance framework throughout the project cycle, based on the building blocks of transparency, participation and accountability. When this is achieved, quality infrastructure that is relevant and fit for purpose generates economic growth by catalysing productivity, jobs and development, and creating a stronger economy. It then improves peoples' lives by furthering access to: markets; schools; hospitals; energy; transport services; and other public services.

The conceptual framework in **Figure 3.1** illustrates that CoST's mission of disclosing, validating and using infrastructure data is achieved by using four core features: multi-stakeholder working; disclosure; assurance; and social accountability (see box). These are founded on the central building blocks of good governance.

While the link between disclosure and transparency is the most obvious, multi-stakeholder working is a form of participation

CoST core features



Multi-stakeholder working brings together government, private sector and civil society in a concerted effort to pursue the common goal of improving transparency and accountability in public infrastructure. This is typically achieved through a multi-stakeholder group where each stakeholder group has an equal voice in leading a CoST programme.



Disclosure is the publication of data from infrastructure projects. Data is disclosed by procuring entities at key stages throughout the entire project cycle in Open Contracting for Infrastructure Data Standard or CoST Infrastructure Data Standard format.



Assurance is an independent review that validates the accuracy and completeness of the disclosed data and uses the data by turning it into compelling information highlighting issues of concern and areas of good practice.



Social accountability refers to efforts made to ensure that the disclosed data and assurance reports are taken-up and used by stakeholders – especially civil society and the private sector – to strengthen accountability and deliver practical improvements.

where stakeholders are engaged in an ongoing, structured and systematic dialogue. It can build trust and enable collective decision making on key issues.

Strengthening accountability is directly linked to the validation and use of infrastructure data and the core features of assurance and social accountability. Uptake by the public and other stakeholders strengthens accountability, leading governments and their supply chains to take action that delivers practical improvements.

MISSION	CORE FEATURE	BUILDING BLOCKS OF GOOD GOVERNANCE
Data disclosure	Disclosure	Transparency
Multi-stakeholder working	Multi-stakeholder working	Participation
Data validation and use	Assurance Social accountability	Accountability

Figure 3.1 CoST conceptual framework

3.2 THEORY OF CHANGE

CoST's theory of change in **Figure 3.2** is organised around its conceptual framework and sets out non-linear and interconnected pathways through which CoST achieves its mission. The pathways to change are not straightforward and it is important to see the initiative as part of a broader process of complex and systemic change involving many actors.

It is also important to consider the social, economic and political factors that can shape the impact of CoST's work and over which the CoST International Secretariat has little control. The theory of change provides an adaptive framework which can be applied, tested and refined in different contexts according to what is learned.

CoST provides a flexible delivery model that supports implementation of its four core features across diverse political, economic and social contexts. CoST members at the national and sub-national level decide how the core features will be adjusted to address their specific priorities. These adjustments are typically informed by the results of a scoping exercise completed in the early stages of a programme, complemented by on-going research and analysis conducted by the national secretariats and supported by the International Secretariat.

The International Secretariat uses its knowledge, resources and capacity in a programme of activities that can strengthen and improve the CoST approach and core features. Current activities are focused on:

- developing and improving CoST tools and standards
- increasing the initiative's capacity, influence and mobilisation
- strengthening CoST's partnerships and collaboration
- enhancing learning and knowledge sharing to strengthen the potential contribution of the initiative to long-term change.

CoST Theory of Change

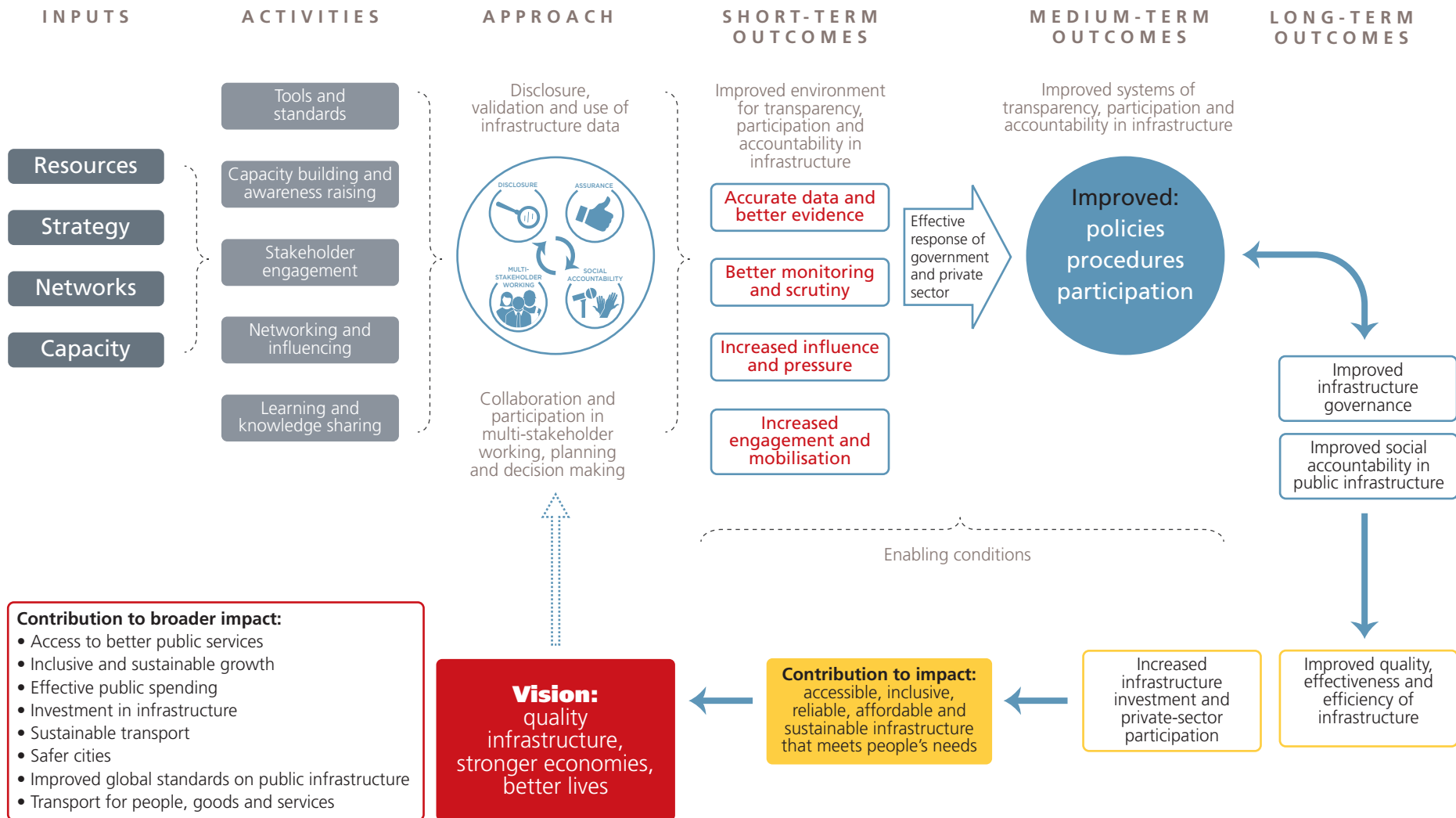


Figure 3.2 CoST theory of change

CoST members sign up to the core features when they join the programme. This allows them to receive support from the International Secretariat to adapt the core features to their specific needs. This means that the International Secretariat's activities may change over time and respond to lessons from implementation. This flexible approach increases the potential for improving systems of accountability and transparency in the medium term through improved policies, processes and participation.

The International Secretariat's activities and multifaceted approach focus on improving the disclosure, validation and use of data on public infrastructure, together with improving the collaboration, participation and capacity of stakeholders. When combined as evidence and action, they can generate improved strategies for transparency and accountability through: increased engagement and mobilisation of civil society; better monitoring and scrutiny of public infrastructure; and increasing influence and pressure on governments to improve their accountability systems.

There are many pathways to achieving short-term outcomes, including how the systems of transparency and accountability in public infrastructure investment are improved and the various impacts these can have on the quality, effectiveness and efficiency of public infrastructure. The International Secretariat has gathered evidence over the years, which shows some of the ways that change happens through the initiative's current programmes, outcomes and impacts. However, there is still much to learn about pathways of change and the relationships between activities, outcomes and impacts.

Achieving medium-term outcomes typically involves a government responding to evidence generated by a CoST member programme. For example, a government may improve a specific infrastructure project or introduce a broader sector reform that will improve the outcomes of new investments based on:

- seeing evidence in a CoST assurance report
- responding to issues raised by citizens in community meetings, public radio debates or similar forums
- using disclosed data directly to identify areas for potential improvement.

Government responses may also be influenced by the informal dialogue with the multi-stakeholder group and/or due to the external pressure of the media and or civil society. These stakeholders will typically raise concerns with a government after attending the launch of an assurance report, workshop or other CoST activity.

Furthermore, the achievement of CoST's vision, determining the long-term change and the initiative's contribution is complex and subject to many contributing factors. However, the fundamental building blocks of transparency, participation and accountability can have significant impact on the quality, effectiveness and efficiency of public infrastructure in the long term.

The enabling conditions required to attribute CoST activities to medium- and long-term change are shown in **Figure 3.3**. They inform the International Secretariat’s thinking and analysis about how CoST works and the relationship between its activities and outcomes. The enabling conditions and their assumptions need to be continually tested and validated with the theory of change in different contexts. The enabling conditions and their assumptions are set out in Annex 1.



Figure 3.3 Enabling conditions



4. STRATEGIC PRIORITIES FOR 2020–2025

The strategic priorities of CoST for the next five years draw on the lessons outlined in Section 2, the findings of the recent independent review (Crown Agents, 2020) and the 2017–2020 Business Plan (CoST, 2017). In particular they respond to the two key points made in the review: that the CoST approach is proven in diverse settings and widely recognised as being valuable; and that the principal challenges are scaling up to achieve its full potential.

Figure 4.1 summarises the strategic priorities of CoST for the next five years and the associated objectives. These are discussed in more detail in this section.

STRATEGIC PRIORITY	OBJECTIVES
1. Strengthen support for disclosing, validating and using infrastructure data with a growing number of CoST members and affiliates	<ul style="list-style-type: none"> a. Scalable growth of members b. Interconnection between CoST and issues such as climate change, gender and social inclusion c. Sustainable CoST programmes d. Investment in multi-stakeholder working e. Alternative approaches to multi-stakeholder working and participation f. Stakeholders have the knowledge and skills to disclose, validate and use data g. Celebrate success
2. Grow international support for improving transparency, participation and accountability in infrastructure investment	<ul style="list-style-type: none"> a. Partnerships to encourage international endorsement and adoption of CoST tools and standards b. A range of innovative tools and standards with global applicability c. Improved understanding of different constituencies within the private sector d. Test CoST's approach and adapt its tools and standards for infrastructure investors
3. Improve learning, knowledge sharing and feedback between CoST members and partners	<ul style="list-style-type: none"> a. Document and build an evidence base of good practice and ensure there are opportunities to learn from what works and what does not work b. An adaptive approach to programme design and learning at national and sub-national and secretariat level c. Opportunities for learning
4. Ensure sufficient resources to maximise CoST's impact	<ul style="list-style-type: none"> a. Diversification of funding b. Consultation with members on how they can make a financial contribution c. Build a team with the right skills and aptitudes

Figure 4.1 Strategic priorities and associated objectives for 2020–2025

STRATEGIC PRIORITY 1:

Strengthen support for disclosing, validating and using infrastructure data with a growing number of CoST members and affiliates



CoST Ukraine showcases data disclosure analytical tool

OBJECTIVES**a. Scalable growth of members**

CoST's core business is ensuring high-achieving and sustainable member programmes. However, the competitive membership process launched in 2019, which resulted in six new members, is an indication of strong demand and an opportunity to grow the membership.

Subject to mobilising additional resources and being aware of the need to increase support to existing members, CoST anticipates admitting an additional 15 new members and affiliates over the next five years. **Figure 4.2** sets out differences between the two CoST membership categories. The growth will principally come from emerging markets, where investment in infrastructure is high and governance systems can be significantly strengthened by adopting CoST core features.

The International Secretariat is also committed to identifying opportunities to work with high-income countries experiencing shortcomings in their governance frameworks, leading to high-profile infrastructure projects failing to meet their budget, programme and service delivery objectives. Recent research indicates that the CoST approach can add value through a full or flexible adaptation of the core features to the existing institutional context (CoST, 2019).

MEMBER	AFFILIATE
Membership is open to any national or sub-national part of government and its partners in industry and civil society, and to individual procuring entities and megaprojects.	Affiliate membership is open to any national or sub-national part of government and to individual procuring entities and megaprojects.
CoST is central to reforms.	CoST is a source of support and advice to reform
Members commit to adopting the four core features and importantly, to adhere to CoST principles and maintain high standards of integrity.	Affiliate members adopt and adapt those aspects of the four core features they consider most useful and appropriate in their circumstances. They must adhere to CoST principles and maintain high standards of integrity.
The CoST Board monitors the performance of members and continued membership is contingent on the CoST Board being satisfied that meaningful progress is maintained.	The CoST Board monitors the progress of affiliates but continued membership does not imply that CoST endorses or approves of their reform effort.
Members are subject to the CoST performance monitoring procedures. Continued failure to perform can result in membership being revoked.	Affiliate members publish progress reports and through this mechanism are accountable to their stakeholders. The CoST Board reserves the right periodically to review if affiliate members are meeting their responsibilities. A failure to meet responsibilities, or to respond to Board requests for information, can result in affiliate membership being revoked.

Figure 4.2 Categories of CoST membership



b. Interconnection between CoST and issues such as climate change, gender and social inclusion

The introduction to this Business Plan sets out some of the current global challenges that interconnect with CoST and its vision for quality infrastructure, stronger economies and better lives. Several CoST members have begun to consider some of these issues as part of their approach. CoST will learn from their initial efforts to consider more explicitly the links between the CoST approach and how it can connect and address issues such as climate change, civic participation (especially women) and social inclusion.

CoST's work in Honduras standardised data on the issuing of environmental licences prior to infrastructure development (see box overleaf). The International Secretariat will build on this impactful approach by enhancing the Open Contracting for Infrastructure Data Standard (OC4IDS) and standardising how data relating to climate and environment impacts is disclosed. Access to standardised data will provide evidence that can: inform how infrastructure provision anticipates, prepares for and adapts to changing climate conditions; inform the declared objectives concerning adaptation; and minimise the potential climate and environmental impact throughout its lifecycle.

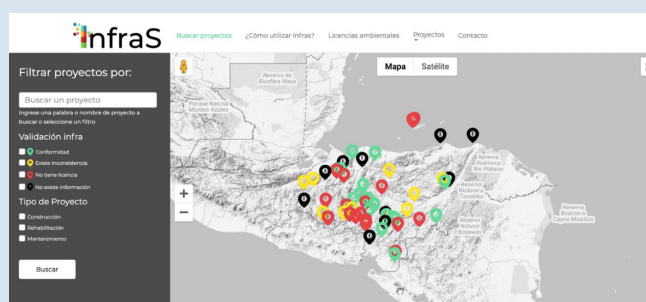
CoST will contribute to the protection of space for citizen participation by updating the principles that underpin its core values. The conceptual framework demonstrates that participation is a core building block of good governance. The more obstacles there are to citizen participation, the greater likelihood that the potential medium and longer-term outcomes indicated in the theory of change will be compromised. By explicitly stating CoST's core values, the International Secretariat

Honduras develops award winning environmental impact open data tool

CoST Honduras has developed a tool known as INFRAS that collects data on the sustainability of infrastructure projects from a variety of sources, including the SISOCS platform, and presents it in an accessible map format.

Honduras is a country that is vulnerable to climate change but has unclear criteria for environmental impact assessments. This can lead to infrastructure projects being developed in inappropriate and vulnerable areas, with a detrimental impact on the environment. INFRAS was developed to counteract this and allows users to see whether a project has an environment licence or not, whether there are discrepancies with planning regulations and which projects have failed to disclose environmental data.

The tool was awarded first place in the 2019 Taiwan Presidential Hackathon. Organised by the Government of Taiwan, the aim of the Hackathon was to demonstrate the value of open-source and open data in achieving the United Nations Sustainable Development Goals.



CoST Honduras INFRAS tool

will ensure that the requirements for multi-stakeholder working and civil society participation are clear and robust. This will support stakeholders to hold governments to account when space for civil society participation in a CoST member programme is reduced. The CoST Board can also act where there is a clear breach of the principles, including the ability to revoke CoST membership.

CoST is conscious of the need to improve the participation of women on multi-stakeholder groups and in its engagement with civil society organisations, the media and citizens. CoST Uganda provides an example of how better participation of women can be achieved in community meetings (see box). The International Secretariat will encourage other members and affiliates to learn from this example and consider how they can improve the participation of women in their current approach. Guidance will be developed that will require members to take action to increase the participation of women on their multi-stakeholder groups and how citizen-engagement mechanisms can successfully encourage the participation of women.

CoST will also look to identify simple data points for inclusion in Open Contracting for Infrastructure Data Standard (OC4IDS), such as the number of women employed on construction sites and the number of accidents and deaths on construction sites.¹

¹ Capturing the number of women employed in construction sites is a practice already developed by some CoST members in the process of assurance. The intended objective is to consolidate the practice and extend it to all CoST programmes.



Figure 4.3 How CoST will improve social inclusion and participation

It is also important to identify how CoST can contribute towards more inclusive infrastructure that improves the potential benefits for women, youth, people with disability and other minorities. This will be achieved by drafting a policy note on inclusive infrastructure through the lens of transparency, participation and accountability (see **Figure 4.3**).

Increasing the participation of women and other disadvantage groups in Uganda

CoST Uganda successfully increased the participation of women and other disadvantaged groups in community meetings known as ‘barazas’. Meetings are held in an easily accessible location, childcare and transport support can be provided and facilities such as toilets are considered. The baraza is announced on local radio at least two weeks before the event and notices are fixed in the communities as reminders three days prior to the date. Pick-up trucks with a sound systems circulate within the community to promote the baraza and highlight some of the red flags noted on local infrastructure projects in a CoST Uganda assurance report. Community leaders are also involved in mobilisation and promotion of the barazas, which helps to build trust around the event.

During the barazas, CoST Uganda encourages women and young girls to voice their opinion by prioritising their questions concerning issues in the assurance report. People with disability receive a similar treatment, so minority groups within the community are properly represented and their opinion is heard by the authorities. CoST Uganda controls the presence of attendees. Gender, age and occupation indicators are collected as well as contact information of participants for any future follow-up or engagement.



Encouraging female participation at a CoST Uganda baraza



c. Sustainable CoST programmes

CoST members seek to embed the CoST approach into government systems. This means procuring entities across the public sector are disclosing data based on OC4IDS as part of their routine operations; that there is a high level of compliance with the legal or policy requirements for transparency and accountability in the sector; and that there is an

institutional approach to engaging with citizens proactively. When this aspiration is achieved, a multi-stakeholder group may decide that the role of CoST in driving these reforms is complete. The time taken to achieve this aspiration will vary considerably, depending on political will and capacity of both the government and civil society. Given that few members are currently close to this level of maturity, the programme will require additional funds to support them.

The International Secretariat will in future award grants to CoST members for two years as opposed to the current one-year arrangement. This will provide some longer-term certainty for members, especially their local secretariats. However, the grant amount is still insufficient for members to achieve their ambitions in full. The grants will therefore be based on a match-funding arrangement to provide an incentive to secure additional funding. The International Secretariat is also encouraging multi-stakeholder groups to develop long-term business plans that can be used to engage donors and foundations directly. It will also look at how to incentivise governments to provide financial support to their own CoST programmes, such as those in Thailand and Costa Rica.



d. Investment in multi-stakeholder working

Multi-stakeholder working is one of the four core features of CoST. It engages stakeholders and promotes collaboration. CoST will continue to prioritise and support existing multi-stakeholder groups to help overcome some of the challenges described in Section 2. This will include facilitating a dialogue that improves the governance of a CoST member programme, helps to overcome their problems and ensures that members of multi-stakeholder groups agree to and understand the values and behaviour that are expected of them.

CoST will also ensure that multi-stakeholder groups can access the necessary resources and support to conduct their work. This includes supporting them to map their stakeholders to help better understand who they need to influence. This will mean they engage with the right officials to ensure action is taken in response to recommendations in a CoST assurance report or issues raised in a community engagement.



e. Alternative approaches to multi-stakeholder working and participation

CoST members have traditionally pursued multi-stakeholder working through the establishment of multi-stakeholder groups, which engage representatives of the government, private sector and civil society as quasi-stand-alone organisations. However, the CoST approach is based on adding value to existing systems and not to avoid as far as possible establishing parallel organisations. The International Secretariat will therefore explore the potential of institutionalising multi-stakeholder working into existing forums and structures by:

- encouraging the use of existing forums as a mechanism for establishing a multi-stakeholder group, such as in the new sub-national programmes in West Lombok and Sekondi-Takoradi²

² Sekondi-Takoradi Metropolitan Assembly, Ghana established its CoST multi-stakeholder group as a sub-group of its Open Government Partnership civil society.

- identifying alternative approaches to multi-stakeholder working, through practice and in partnership with stakeholders that may be equally effective in providing stakeholders with a voice and moves stakeholder engagement from consultation to active participation with the ability to influence decisions

Examples may include integrating multi-stakeholder working into the phases of an infrastructure project and into the institutions responsible for the strategic prioritisation and planning of public infrastructure.



f. Stakeholders have the knowledge and skills to disclose, validate and use data

The approach to building CoST member capacity is principally to build the capacity of multi-stakeholder groups and local secretariats to train government officials to disclose infrastructure data in accordance with legal requirements and technical guidance. This training has proved essential to raising awareness about legal requirements and improving the amount and quality of infrastructure data disclosed. The groups and secretariats will also then train civil society, the media and increasingly the private sector to validate and use infrastructure data.

With a new suite of tools and standards that will support implementation of the core features, the CoST will support their use by:

- developing a webinar and e-learning series on each of the tools, standards and guidance material that support the implementation of the core features and provides a mechanism for shared learning.
- provide helpdesk support on the integration of OC4IDS into new or existing open data platforms.
- continue to provide face-to-face support using a variety of approaches including national, regional and international workshops, where lessons can be shared, challenges can be discussed and solutions found.

The new approach will allow governments to disclose better quality infrastructure data and enable civil society, the media and the private sector to be better equipped to use and scrutinise the data. This will then allow them to raise issues in the public domain and challenge poor performance, perceived mismanagement and corruption and, in the case of the private sector, learn if this is a marketplace that they wish to invest in. With this knowledge people and groups can also advocate and lobby for improvements in governance, decision making and public infrastructure performance, ensuring resources are used efficiently and effectively so that delivered infrastructure meets people's needs.



g. Celebrate success

The International Secretariat will introduce the CoST awards, including one named in memory of Alfredo Cantero, a much-respected former CoST Board member. This responds to the independent review, which recommended that those reformers who

lead successful CoST member programmes need to be rewarded when they can be identified, particularly if they are working in dangerous environments. Alfredo was a great example of this, driving CoST as one of several reforms aimed at making the Government of Honduras more transparent, accountable and participatory. The awards will be presented during a CoST side event at an appropriate global forum organised by a partner organisation.

STRATEGIC PRIORITY 2:

Grow international support for improving transparency, participation and accountability in infrastructure investment



Sekondi-Takoradi, Ghana Programme Manager speaks to the press

OBJECTIVES



a. Build partnerships to encourage international endorsement and adoption of CoST

CoST will continue to build strategic partnerships with international and regional organisations that can help promote the initiative by incorporating CoST approaches into their frameworks. Governments and their partners would then use CoST tools and standards through these frameworks. Examples of this approach include the adoption of the CoST Infrastructure Data Standard by Global Infrastructure Basel Foundation in its SuRe standard (Global Infrastructure Basel Foundation, 2018), and the inclusion of OC4IDS in Transparency International's new Integrity Pact. The International Secretariat will also look to build on the recent endorsements of the International Federation of Consulting Engineers (FIDIC) and G20.

CoST's strategic partnerships are based on three stakeholder groups, which can each benefit from the CoST approach as follows.

- The open government community benefits from how CoST uses data to build accountability and demonstrate impact.
- The infrastructure governance community gains from how CoST can add value to participation, accountability and improving lives.
- The construction industry views CoST as a means of promoting integrity and benefit from how CoST can promote better performance in the sector.³



b. A range of innovative tools and standards with global applicability

Over the next five years, CoST will scale up its tools and standards as follows.

- launch the CoST Infrastructure Transparency Index as a global tool for measuring transparency, accountability and participation in infrastructure investment.
- turn the CoST Ukraine analytical tool into a system that can be used globally for validating and using infrastructure data in real time at scale.
- develop a guide to infrastructure monitoring that helps citizens and journalists to validate and use disclosed data to monitor progress on an infrastructure project and complements existing monitoring activities.
- explore if digital technology such as blockchain can provide a secure communication and information-sharing platform for multi-stakeholder groups, assurance teams, community monitors and trained journalists.
- examine the interoperability between OC4IDS and other governance tools and systems, such a beneficial ownership registers and public financial management systems.

The tools, guidance and support will help to improve the quality of data disclosed, validated and used. By ensuring data is comparable and measurable, stakeholders will have the evidence to identify long-term reforms and changes of behaviour required to improve delivery of quality infrastructure. All of these tools and approaches will be designed to augment and add value to the building blocks of good governance.

³ Among others, organisations within the Open Government group include Open Contracting Partnership, Transparency International, Hivos and the Open Government Partnership, organisations included in the infrastructure governance group include the OECD and World Bank, and organisations within the construction industry include FIDIC and the World Road Association.



c. Improved understanding of different constituencies within the private sector

The private sector is a strong supporter of CoST, but it has proved difficult to identify tangible ways for it to provide that support. Organisations such as European International Contractors and FIDIC have joined the CoST Board and supported advocacy efforts, and companies such as Bechtel and Skanska have provided endorsements, but more needs to be done. This might include for example involving private and institutional investors, encouraging adoption of CoST products and providing services on a commercial basis. The International Secretariat will also look at other important players within the global construction industry, such as firms in China, India and Turkey, and gain a better understanding of their domestic markets.

Initially, a mapping exercise will be undertaken of the private sector to establish:

- the different ‘constituencies’ that potentially have an interest in CoST
- the alignment between CoST outputs and their commercial drivers
- the value propositions CoST can put potential supporters.



d. Test CoST’s approach and adapt its tools and standards for infrastructure investors

CoST will work with private and state-backed investors plus multilateral institutions to test how the CoST approach can be integrated into their procedures. Initially this will include working with the Danish Investment Fund for Developing Countries on its investments in Mali. It will also involve working with the World Bank to test further how the CoST approach can add value to the World Bank PPP Disclosure Framework on investments in Central America.

The lessons from this testing will be used to:

- unpack the value proposition of CoST for private investors
- develop guidance on how to adapt and apply the core features and the World Bank PPP Disclosure Framework on public–private partnerships based on the lessons from their application in Honduras. In time it might be possible to extend this application to World Bank lending instruments and other products and services
- consider how CoST’s current range of tools and standards could be repackaged as a private finance toolkit that is in line with International Finance Corporation safeguards and the Equator Principles, ensuring that what are often considered to be opaque investments are more transparent and accountable to the communities affected by construction and the longer-term impact of completed infrastructure
- develop technical support packages on a commercial basis that will assist investors to adapt and implement the CoST approach into their way of working.

STRATEGIC PRIORITY 3:

Improve learning, knowledge sharing and feedback between CoST members and partners



CoST members come together at annual workshop to share lessons and map out strategies

OBJECTIVES

a. Document and build an evidence base of good practice and ensure there are opportunities to learn from what works and what does not work

CoST's activities to date have highlighted the importance of knowledge transfer, both horizontally between different stakeholders and also vertically, where learning rises between local, national, regional and global levels and promotes greater downward accountability. This ensures that evidence of good practice, lessons learned and the impact of disclosing data is captured and shared with primary and secondary stakeholders, including governments, private actors and civil society, as well as international organisations, donors and other organisations working in the field of transparency and accountability.

The innovations and impact of CoST members would not have been achieved without a growing community of practitioners who understand how the initiative must be adapted and enhanced to be successfully implemented. Practitioners include multi-stakeholder group members, assurance professionals, member managers, communications advisers and data experts. They bring a wealth of knowledge and increasingly expertise that needs to be harnessed for the benefit of CoST and stakeholder communities identified above.

To help achieve this objective, the International Secretariat will commission learning pieces on how the CoST core features have been applied by different partners, contexts and investments, starting with public–private partnerships in Honduras to understand better what worked, and what did not work. These will be shared within the CoST community of practitioners and global partners.



b. An adaptive approach to programme design and learning at country and secretariat level

The International Secretariat will support CoST members in their response to their unique challenges by developing packages that can respond to their short-, medium- and long-term needs. The recent independent review of CoST demonstrated that the support provided to members is highly valued. However, it is clear from the review that members require more on-going support to ensure that multi-stakeholder groups function successfully, political opportunities are taken, and technical capacity is developed.

The support packages will range from the short-term opportunity of engaging a new political leader with a reform agenda, to the medium-term support of engaging technical expertise to integrate OC4IDS into an information platform and developing an analytical tool, and the ongoing long-term support of ensuring a functioning and successful multi-stakeholder group. Responses must be flexible to meet the need, timely to realise any window of opportunity, and politically smart.



c. Opportunities for learning

Building in feedback loops and opportunities for knowledge sharing can generate new ideas and provide the evidence for the International Secretariat to demonstrate the value of engaging in CoST and of improved disclosure, validation and use of data, particularly to governments considering becoming members. An improved evidence base of what works and what does not work helps both internal and external stakeholders understand better how to achieve improved governance, social accountability and performance in public infrastructure.

Ensuring learning, feedback and knowledge sharing is equally applicable within the International Secretariat, so that it is adequately and consistently capturing evidence of what change is taking place and its impact. A framework will be developed so that information is gathered, changes are analysed and impacts captured, ensuring the International Secretariat consistently reviews the effectiveness of interventions and its approach, making adjustments and improvements when needed.

The theory of change (see Section 3) provides an overarching framework of how change happens through CoST. An outline CoST logical framework is included in Annex 2 based on the theory of change. This will inform the design of a wide monitoring, evaluation, accountability and learning framework to monitor progress and capture the impact of the programmes. A collaborative approach will be adopted to reviewing and developing the framework, with members and key stakeholders ensuring continual capturing of data and reviewing and learning from the different national programmes. A tiered approach will create synergies between routine monitoring, short- and long-term case studies, and evaluation studies better to document impact.

The International Secretariat will also build a relationship with the research and academic community, which is interested in drawing lessons from the evidence to share with the wider community, and using the disclosed data and information better to understand the sector and how it can be improved. The Institution of Civil Engineers has just published a peer-reviewed paper by CoST in its flagship journal, *Civil Engineering*, which demonstrates how evidence generated by CoST can be used for research purposes (Hawkins and Maria da Graça Ferraz de Almeida Prado, 2020).

STRATEGIC PRIORITY 4:

Ensure sufficient resources to maximise CoST's impact



CoST Executive Director, Petter Matthews speaks at a UNDP event

Image credit: UNDP

OBJECTIVES

a. Diversification of funding



Delivering this Business Plan will require an investment in CoST of over £24 million during 2020–2025. Financial contributions can either support the overall Business Plan or be targeted at specific interventions.

The budget summarised in **Figure 4.4** covers the full operational costs for the five years starting from mid-2020. It is informed by the actual costs from the last three years and experience of developing and managing the CoST budget for the last eight years.

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Supporting members and affiliates	Fees	1,569,400	2,009,677	2,217,027	1,800,548	1,715,864	9,312,515
	Expenses	679,250	802,390	849,550	699,310	651,310	3,681,810
Supporting the global programme	Fees	1,153,120	1,437,398	1,493,278	1,607,176	1,552,392	7,243,365
	Expenses	126,375	120,935	140,935	118,835	100,955	608,035
Governance		304,740	367,690	393,743	402,755	412,037	1,880,965
Overheads		282,252	349,632	376,063	338,070	321,642	1,667,658
Total		4,115,137	5,087,722	5,470,596	4,966,693	4,754,199	24,394,348

Figure 4.4 Budget summary in GBP

The supporting members and affiliates budget includes grant funding for a limited number of CoST members plus the estimated time charges of the International Secretariat and expenses for providing support services principally in Priority 1. CoST IS will be consulting with members on the eligibility criteria for applying for grant funding and how it can be used as a catalyst to become financially independent.

The supporting the global programme budget includes the estimated time charges of the International Secretariat and expenses for delivering the proposed activities principally outlined in priorities 2 and 3. Overheads cover the International Secretariat's costs for human resources, financial support, governance, office space and facilities, insurance, telephone charges, information and communications technology service provider, capital equipment, etc.

During 2020–2025, CoST will become a more sustainable organisation with a diverse income stream and wide range of financial supporters. This will be achieved by developing a range of options that provide flexibility for potential funders, as follows.

- provide core funding to support implementation of this Business Plan.
- support specific work packages such as data validation and use, the CoST Infrastructure Transparency Index, multi-stakeholder working or a regional focus that reflects the priorities of the funder.
- support CoST in partnership with one of its global partners, maximising the potential value of the funder's support.
- explore establishment of a Multi Donor Trust Fund, managed by a Multilateral Development Bank, to support CoST members. This could be appealing to bilateral supporters if it helps reduce their transaction costs.
- provide funding to CoST members directly, either through the government, a civil society partner or a locally registered CoST foundation.
- establish a consultancy service for CoST affiliate members, governments in high-income countries and international actors which believe the services offer value to their reform efforts.



b. Consultation with members on how they can make a financial contribution

It is in the interest of CoST members that CoST has sufficient resources and a diverse income base to ensure it receives the support it needs. Raising funds from CoST members would provide unrestricted funding and allow the International Secretariat to build a financial reserve. CoST members would also benefit from investing in CoST due to the anticipated savings from improving transparency and accountability in infrastructure delivery. The International Secretariat therefore intends to explore if CoST members and affiliates are willing to make a financial contribution towards the running of the organisation.

The two principal means for a financial contribution is by paying for technical assistance and establishing a membership fee. Caution will be needed in introducing these measures as they would be likely to change the nature of the relationship with members and affiliates and alter their expectations of CoST. The starting point will be to consult with current members and affiliates, and those governments interested in joining CoST to understand their views. Any agreed arrangement will be fed into a revised membership policy.



c. Build a team with the right skills and aptitudes

CoST currently outsources the International Secretariat function to Engineers Against Poverty (EAP), an independent non-government organisation based in London. EAP has been involved in CoST since its origins and it has hosted the International Secretariat since 2012. The International Secretariat has grown in recent years with nine part-time EAP employees, a new decentralised team of regional managers based in Panama, Uganda and Singapore plus technical and strategic expertise. This growth reflects the growing programme the International Secretariat has managed in recent times. The decentralised team has been especially effective in helping to bring: greater economy and efficiency to the programme; more knowledge and awareness of the regional context; more capacity; and closer support and advice to CoST members.

To deliver this Business Plan, the International Secretariat will need to grow further by establishing a policy and development team that will oversee the development and stewardship of CoST tools and standards. It will also build on the success of the regional managers by turning them into regional hubs with access to a broader range of specialist services.

The recent independent review highlighted the high regard with which EAP is held by CoST members and the broader open government and contracting community. Engaging EAP to host the International Secretariat has enabled CoST to avoid long-term financial commitments, for example, to employees and for leasing office space. The CoST Board recently agreed to retain the relationship with EAP for at least the next three to four years. This relationship will be kept under review and if and when circumstances make it favourable, CoST may consider bringing the Secretariat function in-house.



5. VALUE FOR MONEY

CoST has a strong track record of delivering value for money to its supporters, based on a tracker that was able to demonstrate its economy and efficiency. This was recognised in the recent independent review of CoST, which described the hosting arrangements of the International Secretariat as providing good value for money (Crown Agents, 2020)

However, the review recommended that CoST’s value-for-money framework is re-developed and integrated into a new the theory of change and logical framework. This will then allow the International Secretariat to understand better the effectiveness of its approach and demonstrate the high level of returns from a relatively low level of investment. The organisational structure, described in Section 4, is fundamental to how CoST delivers value for money based on the four E’s of economy, efficiency, effectiveness and equity, as defined by the UK’s Independent Commission for Aid Impact.

The International Secretariat will therefore develop a new value-for-money framework and then monitor performance and assess the potential impact of the initiative by using the theory of change and logical framework, together with the resources being invested in the initiative and where they are directed. Taken together, this will provide a detailed account of how the International Secretariat is maximising its outcomes and impact through investment of its resources. This will build on case studies of what has worked and not worked.



6. GOVERNANCE

6.1 COST BOARD

CoST is registered as a charity and a not-for-profit company in the UK. It is governed by a Board of Directors comprising six (and in due course nine) members, with its day-to-day operations are carried out by an International Secretariat. The Board meets four times per year and its responsibilities include setting strategy and policy, approving budgets, admitting new CoST members and monitoring finances and operations. Board meetings are also attended by observers representing financial and strategic supporters.

Whereas CoST members are not a formal part of the organisation, its operations and the lines of accountability and flow of funding are core to the organisational structure (see Figure 6.1).

In 2020, the Board will grow from six to nine members, with new board members elected by CoST members on a regional basis to represent government and the private sector, plus the appointment of a new representative from international civil society. The Board will then consist of: two representatives from government elected by CoST members; two representatives from the private sector (one elected by CoST members and one appointed by the Board); two representatives from civil society (one elected by CoST members and one appointed by the Board); one co-opted member appointed by the Board; one representative from the International Secretariat; and an independent chair.

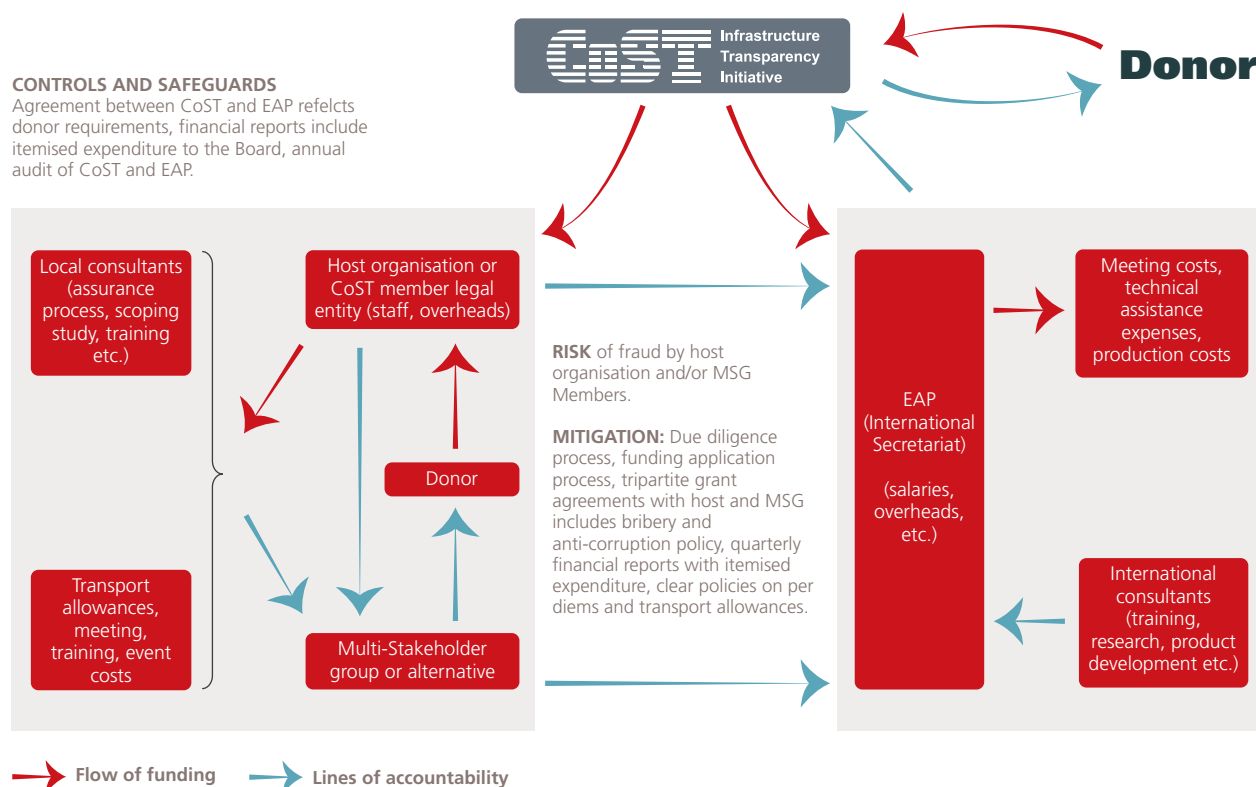


Figure 6.1 Lines of accountability and flow of funding

The relatively modest increase in Board membership reflects that CoST is growing in scale and ambition and ensures legitimacy with CoST members. Starting in 2021, one third of Board members will rotate off the Board per annum and will be replaced via elections or by appointments by the Board. CoST Board members are the legal trustees of CoST and retain overall responsibility for policy, finances, strategy and appointing and removing CoST members.

6.2 RISK MANAGEMENT

The CoST Board has recently developed a comprehensive risk register that identifies the risk appetite of the organisation. Each risk has a staff lead to manage the risk mitigation with one of three Board sub-groups (advocacy, governance, and member and affiliate programmes) being the owner of a specific group of risks. The sub-group is tasked with ensuring those risks are being proactively managed. The risks will be updated on an ongoing basis with any changes reported initially to a Board sub-group and ultimately to the full Board for their information. It is also included as a standard agenda item for Board meetings. The risk register is to be further enhanced by identifying risks unique to each CoST member. This will then allow the International Secretariat and Board to be better prepared to support the member as and when such risks arise.

CoST has a formal policy on fraud, bribery and corruption that was established in response to the UK Bribery Act 2010. The policy is included as an annex in all grant agreements with CoST members who receive grant funding from the International Secretariat. A multi-stakeholder group representative from the government, the private sector, civil society and the host organisation is required to read, sign and comply with the policy.

CoST also has a safeguarding policy, with a current Board member designated as the safeguarding officer responsible for monitoring the implementation of the policy on behalf of the Board. Multi-stakeholder groups are now in the process of appointing their own trustee responsible for the policy. The policy provides formal grievance, disciplinary and whistleblowing mechanisms for staff, consultants and beneficiaries, including those trained by and who use the services of CoST, to make a complaint. It is also included as an annex to grant agreements between CoST members and the International Secretariat. The host organisation and multi-stakeholder groups are then required to adopt the policy or incorporate the relevant sections into their existing operational policies. The safeguarding policy is published on the CoST website.



CONCLUSION

CoST is working and any residual doubts about the efficacy of its approach have been allayed in the last five years. This was borne out by the recently completed independent review (Crown Agents, 2020). It showed that while there is still much that can be done to improve the CoST approach, the principle challenges relate to scaling up, responding to latent demand and delivering a step change in impact. This Business Plan outlines four ambitious strategic priorities that will enable the CoST Board and its International Secretariat to meet these challenges.

The success CoST has achieved would not have been possible without the support of the UK Department for International Development and the Dutch Ministry of Foreign Affairs. Their contributions have involved more than just finance; they have also provided support and advice and, importantly, helped to raise the profile of CoST internationally. The continuation and expansion of that support will be a key factor in the successful delivery of this Business Plan.

Equally as important is the support that has been provided at national level by heads of state, ministers, officials, grassroots organisations, the media, leaders in civil society and business, and numerous individual citizens. This support is arguably CoST's greatest resource.

The presence of networks of individuals and institutions that understand CoST and are committed to supporting its reform efforts should not be underestimated. Its economic value is difficult to quantify, but it is the product of more than a decade of trust-building efforts. As CoST wins the support of additional investors, they will be joining their resources with an established global effort involving hundreds of dedicated reformers with a proven track record of success.

This Business Plan should be seen by current and potential new partners not as a fixed proposal, but as a statement of intent, an illustration of ambition and the basis for a strategic discussion about future collaboration.



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ANNEX 1. ENABLING CONDITIONS AND ASSUMPTIONS

Promoting greater transparency, participation and accountability in infrastructure is not straightforward. It depends on a range of factors, many of which are outside the influence and control of the CoST International Secretariat. Operating across 19 countries with varied and diverse social, economic and political conditions means an approach which works in one country may be totally inappropriate and possibly harmful in another. Therefore, the International Secretariat needs to ensure its approach remains flexible and that its research and scoping assessments are rigorous, participatory and well informed. Nevertheless, the work undertaken so far proves there can be increased transparency, participation and accountability when certain conditions exist.

For example, CoST's approach may vary according to whether there is open space and freedom for civil society actors to mobilise and engage with the government. In other contexts, where this space has been shut down and there is no opportunity for engagement or collaboration, the approach will have to be adapted.

The following assumptions have been made when identifying the relationship between CoST activities and outcomes.

- The CoST approach can be adjusted to specific social, economic and political contexts and address different challenges.
- Multi-stakeholder working ensures that all members have a voice and participate, which improves collaboration, strategies and solutions as they are collectively agreed and so more sustainable.
- Building the capacity of stakeholders will enable them to use disclosed data and create evidence that can improve accountability.
- Improved disclosure, validation and use of infrastructure data through adoption of CoST will improve transparency, participation and accountability in government systems.
- Improved monitoring and scrutiny of infrastructure data will lead to improved regulation and enforcement of infrastructure standards.
- Improved participation of civil society in decision making and monitoring within a multi-stakeholder context improves accountability. It is a significant factor in whether the government and private sector respond and improve policies and practice.
- Better systems of governance and social accountability improve the quality, efficiency and effectiveness of infrastructure.
- Being a trusted partner of the government is more likely to influence its actions and approach in a positive way.
- CoST is a legitimate and significant player in influencing transparency and accountability in infrastructure investment. It has the convening power to engage and bring together different stakeholders working in the sector.



ANNEX 2: OUTLINE OF THE LOGICAL FRAMEWORK

The outline logical framework has been developed for further discussion during the consultation. We are especially keen to hear the views of stakeholders about the potential impact indicators and how they could be captured.

IMPACTS	INDICATORS
CoST members have improved quality, efficiency and effectiveness of infrastructure	<ul style="list-style-type: none"> • Average change in the cost and duration of a construction contract
Increased infrastructure investment and private sector participation	<ul style="list-style-type: none"> • Annual increase/decrease in investment in infrastructure by (a) Public Sector (b) Private Sector • # of firms bidding for (a) construction contracts (b) supervision contracts
OUTCOMES	INDICATORS
Improved infrastructure governance	<ul style="list-style-type: none"> • # & % of recommendations in an assurance report that government and or their suppliers have acted to i) improve the potential outcome of an individual project or ii) introduce a sector wide reform that may improve the outcomes of new infrastructure programmes • % of government officials who indicate that i) they have changed their own behaviour and ii) their organisation behaviour has changed following training by CoST
Improved social accountability in infrastructure	<ul style="list-style-type: none"> • % of issues raised via a CoST social accountability mechanism that government and or their suppliers have acted on • Evidence of follow up to actions raised as a result of citizens monitoring, reviewing and scrutinising infrastructure projects • # of media appearances (any channel: newspapers, TV, radio etc) that discuss a CoST assurance report or similar report in any CoST member/affiliate in the month after the assurance report is published
Improved systems of transparency, participation and accountability	<ul style="list-style-type: none"> • # and description of the social accountability mechanisms used by CoST members to engage citizens, journalists and community groups • # and average value of new projects disclosed in the OC4IDS or CoST IDS format • % of total investment in infrastructure by a CoST member where data is disclosed in the OC4IDS or CoST IDS format • Average % of data points in the OC4IDS or CoST IDS format that is being disclosed • # and average value of projects subject to assurance

OUTPUTS	INDICATORS
Stakeholders have the knowledge and capacity to disclose, validate and use data	<ul style="list-style-type: none"> • # of new and/or improved tools and standards that are published to assist in the disclosure, validation and use of infrastructure data and to enable multi-stakeholder working • (a) % of CoST members who use new tools and standards after publication and (b) Evidence of how tools have been used to assist in disclosure, validation and use of infrastructure data. • # of stakeholders by gender (i) Government, (ii) Civil society (iii) Media (iv) Private sector (v) Students/Academia that are trained in disclosure, validation and use of data • (a) Increase in knowledge as a result of training with a description of capacity improvements across stakeholder groups targeted. • # and description of Invitations to participate at international and regional events to promote CoST tools and standards • # international and regional organisations recommends or incorporates CoST tools and standards as part of their approach to improving infrastructure governance
Collaboration & participation in MSW planning & decision making	<ul style="list-style-type: none"> • % of MSG Members attending meetings by sector and gender, and evidence that demonstrates improved capacity to lead, coordinate and influence.
Learning and knowledge sharing	<ul style="list-style-type: none"> • % of technical assistance mission, workshops and webinars by the International Secretariat to a CoST member that score good or very good in the feedback survey • # of knowledge products (KP) that capture activities/results/lessons from implementing CoST disseminated (b) uptake of knowledge products through website downloads and visits.

ANNEX 3: RISK REGISTER

The table below provides a summary of the programme and operational risks and how they will be managed.

RISK TYPE	RISK CATEGORY	RISK DESCRIPTION	RISK RATING	MITIGATION STRATEGIES	MITIGATION OUTCOMES	RESIDUAL RISK RATING	BOARD SUB-GROUP RESPONSIBLE
REPUTATIONAL	MEMBER & AFFILIATE	Breach of the CoST principles by a CoST member or affiliate	8	The Board can use the performance monitoring policy to remove a CoST member from the programme.	A member or affiliate is removed due to a breach of the CoST principles	6	Member & Affiliate
OPERATIONAL	MEMBER & AFFILIATE	Elite capture of MSGs and 'rogue' MSG members	8	MSGs are required to have clear terms of reference and governance arrangements for appointing or electing members, and decision-making. These processes are monitored by the CoST International Secretariat on behalf of the CoST Board. However, it is clear that stronger guidelines and standard TOR are required.	The stronger guidelines will provide a tool for the International Secretariat to hold the MSG to account	7	Member & Affiliate
OPERATIONAL	MEMBER & AFFILIATE	Process for joining CoST lacks an objective criteria to establish where CoST would work and not work	8	The International Secretariat to develop an objective evaluation criteria to ensure that an application meets the requirements to join as a member or affiliate. The engagement period leading up to an application allows for due diligence to assess the potential success of a programme. The CoST IS also consults with international and domestic stakeholders to understand the viability of the a potential programme and the associated reputational risks. A criteria ruling out certain governments.	The clear criteria and due diligence should reduce the likelihood for spurious applications	6	Member & Affiliate

OPERATIONAL	MEMBER & AFFILIATE	High level government support in member or affiliate programmes is inconsistent	8	The requirements to join CoST as a member requires government to establish a formal disclosure requirement within three years. We also have a process for managing poor performance that can lead to a programme being declared 'inactive' and ultimately lead to revoking a Members' CoST status. 5 members have left CoST via this process.	The CoST model is established in government systems and is less reliant on government support	7	Member & Affiliate
FINANCIAL	FUNDRAISING	Unable to attract additional funding by 2020	7	The fundraising strategy to be reviewed an updated and linked to the advocacy strategy. The regional managers now lead to fundraising in their regions and EAP is considering investing in a Business Development Manager to lead on fundraising.	The strategy identifies the likely donors and the additional capacity will enable follow-up and the development of proposals.	6	Member & Affiliate
OPERATIONAL	GOVERNANCE	The new international board structure is ineffective and lacks legitimacy.	7	The Board has consulted with the MSGs on the new Board structure. The revised articles of association are required to be approved by each MSG. Maintaining a relatively small Board of 9 members will help to ensure it is effective. A 'job spec' to be developed for each role on the Board along with process for constituting the Board.	The process for constituting the Board will ensure that it is considered legitimate.	5	Governance
REPUTATIONAL	MEMBER & AFFILIATE	New members use the CoST brand to 'CoST-wash' business as usual	7	Guidance has been developed that clearly describes the rights and obligations of members & affiliates. The Board will carefully assess the applications of potential affiliate members and the International Secretariat will monitor their performance.	A 'CoST-washing' application is identified by the International Secretariat or Board.	6	Member & Affiliate
REPUTATIONAL	MEMBER & AFFILIATE	Members do not disclose information	7	The Board monitors progress of member & affiliate programmes in meeting the objectives specified in their implementation plan and complying with the CoST principles on an annual basis. The Board expects disclosure to be a key part of any member or affiliate programme and will take action including inactive and revoking their CoST status.	CoST members & affiliates are removed from the programme due to poor performance	6	Member & Affiliate

REPUTATIONAL	MEMBER & AFFILIATE	Lack of space for civil society to operate within a member programme	7	Civil society participation is a requirement for any member programme. The Board will not accept applications to join the programme where civil society participation is not included. It will also act where members renege on their commitments and exclude civil society. If the Board considers a breach of the CoST principles has taken place, then it can declare the programme inactive or revoke the Members CoST status.	Only those governments who can demonstrate that they have committed civil society partners are likely to apply.	6	Member & Affiliate
OPERATIONAL	MEMBER & AFFILIATE	Existing members or affiliates drop out of the programme	7	An on-going dialogue with stakeholders will help to pre-empt any issues that may lead to a member withdrawing. If a member withdraws, a communications strategy will then be developed to manage the potential consequences. CoST has grown to the point where one member withdrawing is less of a threat to the programme.	The likelihood of a withdrawal is reduced.	6	Member & Affiliate
REPUTATIONAL	GOVERNANCE	Lack of diversity	7	New guidance to developed for MSGs on gender and diversity on the MSG. The CoST Board will also encourage women to apply as Board nominees for the forthcoming election/appointment of three additional Board member later this year.	More diverse participation in CoST	5	Governance
REPUTATIONAL	MEMBER & AFFILIATE	No high income members join the programme by 2020.	7	CoST has almost completed a study to understand the value of the programme in high income countries which is likely to lead to an evolution of the CoST approach. It has also introduced a new flexible 'affiliate' membership category and a strategy for attracting and prioritising new members.	The CoST approach is more attractive to a high income country	6	Member & Affiliate
SECURITY	MEMBER & AFFILIATE	National instability in a Member or Affiliate programme	7	The MSG can become an anchor during periods of instability with the private sector and civil society representatives continuing the programme. If necessary, a process has been established where a member can temporarily declare itself inactive where the political instability means that the programme cannot in the short-term continue. The Performance Monitoring Policy allows the Board to declare a member or affiliate inactive where instability means the programme is unable to function.	The MSG and CoST Board have options that allow it to manage a period of instability.	6	Member & Affiliate

HEALTH AND SAFETY (Inc SAFEGUARDING)	GOVERNANCE	Complaint by an individual or organisation concerning the conduct of CoST representatives	6	A safeguarding and whistleblowing policy has been approved with training provided to member programmes.	MSG members and CoST member staff understand how and when to use the policy.	5	Governance
OPERATIONAL	GOVERNANCE	Misuse or misappropriation of funds including breach of CoST financial guidelines, fraud and corruptionmisappropriation of funds including breach of CoST financial guidelines, fraud and corruption	6	Grant agreements between the Secretariat, Host Organisation and MSG establish how grant funding should be used. It also includes our Anti-Corruption and Bribery Policy. This Policy was devised to comply with the UK Bribery Act 2010. We also require MSGs to provide a financial report on a quarterly basis as part of the grant agreement. We also undertake due diligence checks on the host organisation. EAPs' insurance indemnifies CoST against potential loss.	CoST and its funders will not suffer financial loss	5	Governance
OPERATIONAL	GOVERNANCE	Lack of organisational transparency	6	CoST has open information policy that means it publishes audit, board minutes etc. This policy will be reviewed shortly to apply the majority of its principles to member & affiliate principles. It will also be updated to reflect the IATI standard	CoST will be viewed as an open and transparent organisation	5	Governance
REPUTATIONAL	ADVOCACY	Lack of impact stories	6	The CoST IS has grown its communications function meaning more time can be spent on developing impact stories based on the information captured in quarterly member progress reports . It also has a planning tool for members to complete on a monthly basis helping to inform the development of stories as will the CoST Annual Report. Internal Communications mechanisms between the communications function and CoST members is also being further developed to help. The CoST IS is encouraging MSGs to follow-up on the recommendations in Assurance reports and it will review the CoST Uganda feedback survey which has been very successful in capturing impact stories to see if it can apply across all Members.	Over 25 impact stories have been captured in the last 18 months	4	Advocacy

REPUTATIONAL	MEMBER & AFFILIATE	Assurance report does not identify corruption on a project	6	Assurance reports are based on facts and it is thus very difficult to identify corruption. It would require further investigation to identify if corruption took place. The new guidance notes, and assurance manual will emphasise this along with our communications content.	The guidance will ensure that the media can be briefed about what assurance does and doesn't do	4	Member & Affiliate
REPUTATIONAL	ADVOCACY	Poor quality of CoST members' communications and reports.	6	A house style document has been put in place which can help guide members. Some members have already begun to use CoST IS guidance in their approach to developing materials e.g. for the SISOCs Panama Platform. The communication function occasionally assist in quality control checking on materials targeted for wider dissemination whilst the technical advisors review assurance reports prior to publication. Regional workshops can feature sessions on developing quality communications.	Greater consistency and quality of member communications and reports	5	Advocacy
REPUTATIONAL	MEMBER & AFFILIATE	Assurance report findings are challenged by a firm or government	5	MSGs are encouraged to engage procuring entities with the assurance report findings prior to publication. Business associations are normally on the MSG and should provide support for the report if a firm is critical.	The outreach to procuring entities will reduce the risk of any factual errors.	4	Member & Affiliate
REPUTATIONAL	GOVERNANCE	CoST provides poor value for money to our financial supporters	5	CoST has a value for money framework including targets and a record of activities that have ensured we are delivering value for money.	CoST delivers VFM to its funders	4	Governance

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