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Original

# **Review of CoST – The Infrastructure Transparency Initiative Final Report**

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## CONTENTS

1. Executive Summary	4
2. Introduction and Methodology	10
3. Relevance	11
3.1 Context	11
3.2 The CoST Approach	13
3.3 Relevance to Governments	13
3.4 Relevance to the private sector	16
3.5 Relevance to civil society	18
3.6 Communications and advocacy	19
4. Effectiveness, Efficiency and Impact	21
4.1 Summary of progress against Business Plan (BP) objectives and ICED logframe indicators	21
4.2 Assessment of CoST’s effectiveness and the frameworks used to monitor performance	22
4.2.1 Methodological approach	22
4.2.2 Findings from a review of ToC, logframe and VfM framework	22
4.2.3 Mixed achievements and improvements in sector performance across different contexts	24
4.2.4 Suggestions for strengthening CoST’s systems to capture and track impact	26
5. Sustainability	29
5.1 The International Secretariat	29
5.2 Three Growth Scenarios	31
5.2.1 High growth scenario	32
5.2.2 Medium growth scenario	32
5.2.3 Steady state	33
5.3 Funding structure	33
5.4 Funding diversification	34
5.5 Board issues – sustainability of the model	37
5.6 Governance at the national level	38
5.7 Outreach and country balance	38
6. Complementarity	41
6.1 Complementarity with other transparency initiatives supported by DFID	41
6.2 Complementarity with other UK government initiatives	43
6.3 Incorporating the CoST approach into others’ programmes, tools, standards and recommended good practice	44
7. Recommendations	46
7.1 How CoST could consider modifying its strategy and operational model to become more widely recognised across the globe	46
7.1.1 Raising the profile of infrastructure governance and building a global campaign around it	46
7.1.2 Building a global coalition to improve infrastructure governance through stronger messaging and evidence of impact	46
7.2 How CoST could consider modifying its operational model to enhance effectiveness and impact	47
7.3 Whether CoST might consider alternative models for Board, International Secretariat and country operations	47



7.4 How CoST could build on complementarity with other DFID transparency programmes and other work	48
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## APPENDICES

<b>Appendix A: List of Interviewees</b>	<b>50</b>
<b>Appendix B: Progress Against KPIs</b>	<b>54</b>
<b>Appendix C: Summary of Survey Findings</b>	<b>55</b>
<b>Appendix D: Country Case Studies</b>	<b>60</b>

## TABLES

Table 1: Three Future Growth Scenarios for CoST (with baseline of membership as at October 2019) .....	32
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## FIGURES

Figure 1: How technical assistance from CoST IS has supported private sector engagement in member countries .....	18
Figure 2: The relationship between the VfM framework, the Theory of Change and the Logframe .....	22
Figure 3: Survey findings on the quality of TA provided by the CoST IS to members and affiliates .....	30
Figure 4: Sources of funding for national programmes outside of CoST IS from April 2017 to June 2019 (Progress Report to DFID January - June 2019) .....	33

## ABBREVIATIONS

ACWG	G20 Anti-Corruption Working Group
CIG	DFID's Cities and Infrastructure for Growth programme
CoST	The Infrastructure Transparency Initiative
DFID	UK Department for International Development
EAP	Engineers Against Poverty
EIAF	DFID's Ethiopia Investment Advisory Facility
EITI	Extractive Industries Transparency Initiative
IDB	Inter-American Development Bank
ICED	DFID's Infrastructure for Cities and Economic Development programme
IDS	Infrastructure Data Standard
IPA	UK Infrastructure and Projects Authority
IRM	OGP Independent Review Mechanism
IS	International Secretariat
ITI	Infrastructure Transparency Index
MDB	Multilateral Development Bank
MEL	Monitoring, Evaluation and Learning



MinBuZa	Ministry of Foreign Affairs, Netherlands
MDA	Ministry, Department or Agency
MSG	Multi-Stakeholder group
OC4IDS	Open Contracting for Infrastructure Data Standard
OCP	Open Contracting Partnership
OECD	Organisation for Economic Cooperation and Development
OGP	Open Government Partnership
PF	UK Prosperity Fund
PPP	Public-Private Partnership
RDB	Regional Development Bank
ToC	Theory of Change
VfM	Value for Money
WB	World Bank



## 1. Executive Summary

1. **The persistent infrastructure deficit and relatively low level of infrastructure investment in emerging markets and low-income countries mean that initiatives which contribute to better governance and more efficient expenditure on infrastructure, like CoST, are more relevant than ever.** In Sub-Saharan Africa in 2010 the estimated spending needs were estimated at \$93 billion a year. Asia was estimated to need approximately US\$750 billion in infrastructure investment annually to 2020. For Latin America, annual needs are around 4-5% of GDP (\$150bn per year over the next 20-30 years) to support most growth scenarios.<sup>1 2</sup> The role of private investment, for example through public-private partnerships (PPPs), is playing an increasingly important role in addressing the infrastructure deficit.
2. **Steady funding support from DFID and MinBuZa internationally since 2015 has enabled CoST to start to make an important contribution to reforms of sector performance and the enabling environment for public and private investment in infrastructure** – both in some of its member countries and in international technical fora, such as the G20 working groups and OECD. Although CoST was first piloted from 2008-11 and relaunched in 2012, it is only since 2015 that the initiative has started to receive consistent funding, and this report focuses on delivery over the last four years, and in particular during the implementation of the new Business Plan since 2017. This **Business Plan** aimed to strengthen the CoST brand globally, develop tools to scale up disclosure of information about infrastructure projects, and increase CoST’s global footprint with new members and affiliates, in international organisations and expanding both disclosure and interpretation of data.
3. **CoST now works with governments, industry and civil society in 14 members and affiliates<sup>3</sup> to promote and use information on public and public/private investment in infrastructure.** This enables citizens and oversight institutions to hold decision-makers to account, increasingly at subnational as well as national levels, for improving management of infrastructure sectors and tackling corruption and collusion. As more CoST data is disclosed this is starting to provide valuable information for analysis by the private sector to promote more open and competitive markets, level the playing field for business and de-risk private investment.

“ CoST PROVIDES AN INDEPENDENT EYE ON INFRASTRUCTURE PROJECTS ”  
Multilateral CoST stakeholder

4. **CoST has shone a light on an opaque sector where stakeholders told the review team that previously “everything was secret” in member countries,** although its transparency requirements are not yet a global norm. This is often appreciated as much by business seeking a level playing field in competition for tenders as by government reformers. Multi-stakeholder groups and assurance reports offer an “independent eye”, providing a complementary layer of scrutiny to project design, procurement, construction and operation, where existing contract supervision mechanisms or oversight institutions such as auditor-generals are weak or compromised. **CoST is also valued by stakeholders as it provides a “safe space” to raise issues of corruption and misappropriation in the infrastructure sector.** This is appreciated by government, civil society and the private sector in different contexts as there are usually no other interventions that enable this.

<sup>1</sup> Infrastructure. Engine for Economic Growth and Integration of the Americas. IDB 2018.

<https://publications.iadb.org/en/publication/17369/infrastructure-engine-growth-and-economic-integration-americas>

<sup>2</sup> Africa Country Infrastructure Diagnostics (2010), Bhattacharyay (2010), Kolhi and Basil (2011).

<sup>3</sup> At the time this Review was conducted and during preparation of the final report, as of October 31 2019 there were 14 CoST members: Afghanistan, Argentina – Province of Buenos Aires, Costa Rica, El Salvador, Ethiopia, Ghana -Sekondi-Takoradi, Guatemala, Honduras, Malawi, Panama, Tanzania, Thailand, Uganda, Ukraine. During 2019 the International Secretariat has conducted a membership competition which is likely to lead to the announcement of a set of additional members later in the year. The first new member, Jalisco State, Mexico announced it was joining in November 2019



“ CoST IS A LIGHT IN THE DARKNESS ”  
Government official - East Africa

5. **CoST is making an important contribution to improving the quality and delivery of infrastructure projects, although our review indicates that progress has been variable across member countries.** While this external review did not have a representative sample of CoST country members, there is evidence in some countries, like Afghanistan and Honduras which were visited by the review team, that CoST has been able to make very good progress in establishing disclosure and assurance mechanisms with strong multi-stakeholder working. Where disclosures are established and expanding, this information is starting to yield benefits as a tool for civil society to advocate for reform and expose mismanagement, and for the private sector to mine the data for market information. This provides a platform for accountability and to support reforms to improve the delivery of infrastructure projects. The team’s more limited analysis of CoST in Ukraine, for example, suggests a similarly strong record of progress.
6. **In some other contexts the picture is less positive, for example in CoST’s Africa members, where its contributions to improvements in infrastructure sector performance have made less progress and been patchier, with limited disclosures to date.** In such countries, CoST has been more of “an island of integrity<sup>4</sup>” providing some good practices and examples, but there has not been any significant expansion of CoST outside that island. In some countries, especially in the Africa members, there appears to be a need for a combination of additional capacity, stronger political engagement and greater resourcing in order to improve CoST’s efforts to gain traction in the infrastructure sector<sup>5</sup>. Where disclosures have been limited or not yet started, there is not a basis of public information for CoST to generate further impacts such as providing data to open the market up for the private sector or analysis to inform sector reforms.
7. **CoST processes, including assurance reports (see below) and increasingly accessible information portals, are valued products providing information and evidence of weaknesses in particular projects in the sector for a range of users** – including government reformers, financiers and civil society – as a platform for further reform. For example, in Afghanistan improvements in project monitoring, management and communications through e-portals would have been slower and more difficult without CoST. The recommendations from CoST Assurance Reports are now expected – if there is adequate follow-up as discussed below – to lead to further reforms, such as an amendment to the Procurement Law to require all Procurement Entities (PEs) to disclose more project information and improvements in the pre-feasibility stage of project design. Hon Yama Yari, Minister of Transport, said *“If we had these sorts of safeguards (CoST and OCP) in place in 2003, then we would have saved hundreds of millions of dollars on public infrastructure... without them it has been difficult to take any company to arbitration”*.

“ IF WE HAD THESE SORTS OF SAFEGUARDS (CoST AND OCP) IN PLACE IN 2003, THEN WE WOULD HAVE SAVED 100S OF MILLIONS OF DOLLARS ON PUBLIC INFRASTRUCTURE... WITHOUT THEM IT HAS BEEN DIFFICULT TO TAKE ANY COMPANY TO ARBITRATION ”  
Hon Yama Yari,  
Minister of Transport  
– Afghanistan

8. **The evidence base is growing that with effective CoST multi-stakeholder engagement, and strong government commitment, important reforms can be addressed.** For example, in Honduras disclosures

<sup>4</sup> Expression used by CoST IS during kick-off meeting with review team

<sup>5</sup> The review team visited Afghanistan, Ethiopia, Honduras and Uganda in July-August 2019. Remote interviews were also conducted with selected stakeholders in Argentina, Ghana, Guatemala, Malawi, Tanzania, Thailand and Ukraine as well as regional managers and a range of countries considering adopting CoST.



and evidence from assurance reports has ended secrecy around PPPs leading to a pause and an IDB-funded independent audit of the PPP programme. CoST engagement has improved how health and safety are covered in the new amended Roads Bill in Uganda. In Ukraine, consistent support from Ministers of Infrastructure under this and the previous government has fostered an expansion of CoST to the 14 regions and now to sub-regional project implementation activity. An online analytical tool using CoST data is generating interest from the business community with a view to opening up the market to greater competition.

9. **However, weakness of, or difficulty in sustaining, political commitment by governments was consistently identified by CoST country programmes as a challenge.** In some countries CoST has not yet been implemented for long, but in others, where CoST has been active for longer, the review team would have expected to find evidence of more progress with disclosure, expansion to further sectors, and more traction on systemic reform. It is acknowledged that such reforms can themselves take a long time to implement as they involve significant shifts in public administration business models. Oversight institutions such as procurement regulatory entities, supreme audit institutions or supervisory arrangements which might best complement CoST efforts are often weak and CoST may then be considered a substitute for these functions. While this addresses a gap in the system, it is not a long-term solution to systemic weaknesses.
10. **There is insufficient systematic follow-up of assurance report recommendations by governments and through CoST and partners' advocacy, policy and political engagement.** There is a need for CoST members to more systematically embed follow-up mechanisms and for CoST to more effectively monitor both the quantity and quality of this, and disclosure across countries, rather than simply as numerical totals in its logframe, in order to be able to track progress more effectively and maintain momentum for reform.
11. **Steady outreach efforts, notably in partnership with the Open Government Partnership and Open Contracting Partnership, have had some good results. Yet progress has been considerably slower than anticipated in the Business Plan,** which aims for at least 12 new members or affiliates by 2020. For example, Ghana's recent membership at subnational level, and current interest from Mexico expressed during the course of the Review, were fostered by complementarity between the OGP and CoST. Interest in the recent CoST competition, which was oversubscribed, also suggests that a group of new national and subnational members and affiliates are now interested in joining the initiative. Early responses to the affiliate model suggest that it may assist countries or subnational governments to pilot the adoption of CoST tools or to select the most relevant to their institutional and political context.
12. **Progress has been made with developing new tools and standards to enhance efficiency, transparency and oversight of infrastructure, although with some delays in development.** The Infrastructure Transparency Index (ITI) and Open Contracting for Infrastructure Data Standard (OC4IDS) are finally being tested and adopted in a limited number of initial implementing members in 2019, after some delays in development due to resourcing constraints and the need for wider consultation. Both these tools have the potential to transform scrutiny and management of infrastructure over the medium term, if adequately resourced.
13. **The ToC is a useful communications tool but does not reflect the complexity of the infrastructure sector and depth of CoST's achievements and activities in different member contexts.** While CoST has been able to track some aspects of progress through the logframe, learning from and between CoST members' challenges and successes could more systematically be built into the next business plan to assist with monitoring and disseminating impact. While CoST has driven efficiency of its interventions through **robust management of the costs of inputs (VfM economy)**, efficiency and effectiveness VfM indicators have not been well linked to the Theory of Change (ToC) and to the logframe, which makes it more challenging to assess overall VfM of this intervention and track progress.
14. **Overall CoST is under-resourced to deliver an ambitious set of outcomes in-country and internationally, and relative to the scale of investment in infrastructure internationally and the need for better governance and effectiveness. This raises questions about sustainability.** The International Secretariat has made a good impact with small resources. It is a lean, indeed stretched, organisation.



The staff are considered by external stakeholders as much as by country teams to be dedicated, supportive and knowledgeable. 83% of country-based survey respondents were satisfied or very satisfied with their engagement with the International Secretariat and almost 90% with their service and products to support implementation (see Appendix C for Survey Findings).

15. **CoST has not yet succeeded in diversifying or significantly increasing its central funding beyond DFID and MinBuZA over the course of the Business Plan. There is a strong case for a significant increase in the overall programme budget.** In too many cases, the pace and ambition in delivery appears to have been limited by funding constraints, compared with the ambition of the 2017 Business Plan which suggested that CoST was *“poised substantially to increase its global impact... with organisational capacity, a well-developed approach, a portfolio of committed implementing partners, the support of leading international agencies and a coherent Business Plan. The final element is the financial investment required to put these into action”*<sup>6</sup>. It is now again poised for an expansion of membership and a rollout of new tools and guidance to deepen reform: more money could have a disproportionately positive impact. There is a need to bring in strategic and development staff to the International Secretariat and to match the needs of the programme to new sources of funding. **This paper sets out three scenarios of growth for CoST over the next three years to the end of 2022 for consideration when developing the next Business Plan - steady state, medium and high growth** (see Section 5-Sustainability).
16. **There is a range of opportunities which CoST should explore to raise and diversify funding. These include leveraging international efforts to increase investment in infrastructure to raise funding for infrastructure governance, through existing IFI-led Trust funds to minimise time and costs in setting up new vehicles. There also appear to be multiple opportunities to increase the range of fund-raising partnerships,** for example with OCP, Hivos and Hewlett. CoST should also explore options to transition to member governments’ support as part of embedding CoST processes into government-led reform. This suggests dedicated fund-raising and development capacity is required in the International Secretariat including to support country teams.
17. **CoST has an improving international profile but is still punching below its weight. Senior leaders in DFID and other partners have more of a role to play in delivering a step-change in profile with IFIs, investors and governments. CoST also needs to develop more effective ways to disseminate and amplify impacts and present its distinct value proposition to different audiences.** Although it has made a start on collating impact stories backed by evidence from member countries, it needs to accelerate and improve this work, learning from other initiatives such as OCP, and use more nuanced narratives which respond better to the specific challenges faced by different target audiences in HICs and MICs and a range of potential funders. A degree of progress has been made in influencing key international organisations to *reference* CoST, for example in G20 good practice, as well as participation in OGP, OECD and World Bank fora on infrastructure governance, open government and integrity. But relatively little progress appears to have been made in systematically *hardwiring* CoST approaches and tools, as envisaged in the Business Plan. This is partly due to delays in developing new tools (ITI and OC4IDS) given CoST’s limited resources, but also due to lack of systematic buy-in to existing tools such as the IDS or assurance reporting for the operations of the regional and multilateral funders of infrastructure, for example in PPPs across a broad range of countries. Collaboration with multilaterals and bilaterals in developing the ITI, learning from the experience of the OECD, is an important route to establishing broader ownership, buy-in and adoption.
18. **CoST’s value proposition to the private sector and to higher and middle-income countries also needs to be reinforced to show how CoST can address their specific delivery challenges. Private capital is vital to complement government expenditure on infrastructure. CoST is starting to demonstrate how it can help business by levelling the playing field, providing useful business intelligence and de-risking investments, in countries such as Ukraine, Guatemala and Thailand.** Improving transparency and

<sup>6</sup> CoST Business Plan 2017- 20 p. 21



accountability, as well as reducing misappropriation, is important to reduce risks and attract international investors whether through PPPs or other mechanisms. Getting CoST's value proposition to private sector players is fundamental to meeting the international infrastructure deficit. For governments and the private sector, more systematic evidence like the experiences of Ukraine, Guatemala and Thailand, can help to explain how CoST can contribute to developing more bankable projects, providing value for money for taxpayers, and improving procurement and supervisory systems as well as developing more competitive markets. CoST needs to be attuned to evolving policy priorities for its target audiences in HICs and MICs and the UK has an opportunity to show greater leadership in adopting CoST tools, for example to support SMEs' access to markets.

19. **CoST's recently developed advocacy strategy is a good basis for outreach but more broadly CoST is missing a strong international product to raise its profile and to acknowledge strong reforms among members and affiliates. The Infrastructure Transparency Index might fulfil that role, alongside a triennial CoST conference.** Development of the ITI should be accelerated for political as much as technical reasons, with adequate resourcing, wide consultation with member countries and technical experts in IFIs, civil society and private sector users provided to enable this. In addition to the 'sticks', such as the mechanism for removing countries and the stories which highlight deficiencies in the system and cancelled projects, CoST could also showcase approaches which highlight good practices and improvements and appeal to a range of countries<sup>7</sup>. A strong international product could help unlock sustained political commitment and link national processes to the international agenda. A triennial CoST Conference might help interested countries or other potential members to get over the line, assist with fund-raising, and help to disseminate and amplify CoST's impact to a wider audience.
20. **Important progress is being made with using CoST data for social accountability in many member countries and expanding oversight of infrastructure to subnational levels.** Civil society organisations such as Transparency International Chapters have been key partners. **Yet there seems to be a lack of a strong and coordinated international movement demanding improvement of the governance of public infrastructure.** The scale of debate and resourcing for improved governance of infrastructure needs more closely to match the focus on investment in infrastructure itself. Some alliance building and campaigning in this area was initiated in 2016 but there is much more to do. There is a surprising lack of outrage given the international deficit and level of investment in infrastructure. CoST and its funders should consider whether to push development partners and foundations to support organisations campaigning in this area. This will create space for CoST and infrastructure reformers in-country to make their case. This could focus on generating demand for better governance and use of the data from the sector for more specific demands. The publication of a global report, or significant negative media coverage, could provide the initial political momentum needed to support such a movement. International leadership is needed to convene actors who could drive such a campaign and leverage partnerships, perhaps starting with a high-level meeting of key partners at Wilton Park or other international retreat venue. CoST could build on the momentum created by DFID's recent launch of a new International Development Infrastructure Commission to "turbo-charge quality infrastructure projects in the poorest countries".
21. **CoST has also matured to the stage where it would significantly benefit from improved governance arrangements** to ensure that, internationally, its Board is more representative of wider international stakeholders, and more diverse. Country ownership is essential as progress with CoST in member countries is the key to CoST's effectiveness. Challenges with governance of MSGs in some members has highlighted the importance of more robust guidance – currently being developed by the IS. This is necessary to ensure the MSGs and CoST programme are considered legitimate and representative of stakeholders, more resilient to shifting contexts and effective in steering CoST interventions toward necessary reforms. Promotion of CoST internationally and, where appropriate, at national and

<sup>7</sup> For example, recent impact stories from Uganda and Malawi illustrate the role of CoST in building trust between citizens and decision makers. MICs and the private sector respond to evidence of improvements in project design and bankability



subnational levels, should be a requirement of Board members with individual Board member objectives. Improving the diversity of the International Board should also be a priority.

22. When the review team presented its interim findings to the CoST Board, we were also encouraged to consider CoST's **relevance in the context of public financial management, climate finance and debt sustainability**, among other issues. The drive for increased transparency and accountability by CoST interventions has the potential to improve efficiency of public expenditure in infrastructure with potential beneficial impacts on the national budgets and debt sustainability, for example. To achieve this CoST needs to increase its coverage (at times limited to a few sub-sectors, like roads) of the infrastructure sectors and its impact on key reforms. While these are very important areas of focus in terms of honing CoST's narrative for a range of audiences, if CoST is to explore and document properly the evidence on its contribution to such issues and operationalise a response this will also need additional resourcing and staffing, beyond the three scenarios outlined here.



## 2. Introduction and Methodology

This report presents the findings from an External Review of CoST, the Infrastructure Transparency Initiative. The External Review was commissioned by the CoST International Secretariat on behalf of the UK Department for International Development (DFID) and the Dutch Ministry of Foreign Affairs (MinBuZa), who are providing funding to CoST.

The **main purpose of this review is to consider CoST’s relevance, effectiveness, efficiency, impact, sustainability and complementarity** to assist DFID and others in decisions about provision of funding beyond 2020. Specifically, it also considers, to date:

- How effective CoST has been in achieving the objectives of its Business Plan 2017-20 (detailed in Section 4 – Effectiveness), and in developing an approach enabling it to expand its global footprint to new countries/geographies, subnational governments and large-scale infrastructure projects
- How effective CoST has been in terms of achieving the objectives of DFID’s Infrastructure for Cities and Economic Development programme (ICED – see Appendix B)

The report also provides recommendations as to how CoST could modify its strategy and operational model to become more widely recognised across the globe, and also to enhance its impact.

This review was conducted by a Crown Agents team comprising Justine Davila, Paolo Craviolatti and Eddie Rich, supported by David Cornish and David Odhiambo, between July and October 2019. It included a desk-based review of CoST programme documents and other contextual information; an online survey of stakeholders in CoST members and affiliates; four visits to CoST members (Afghanistan, Ethiopia, Honduras and Uganda); and a series of key informant interviews. In September 2019, interim findings were discussed with the CoST International Board who requested some additional initial exploration of CoST’s relevance, for example in the context of international and climate finance for infrastructure, and on future funding modalities. A summary of the survey findings is included in Appendix C and a list of interviewees in Appendix A. Summaries of the findings from the four country visits are in Appendix D.



### 3. Relevance

This section covers the extent to which:

- CoST’s work continues to be perceived to be relevant to its member governments, the construction industry, civil society and multilateral agencies
- CoST’s communication and advocacy activities have reached their intended audiences (member governments, the construction industry, civil society and multilateral agencies)

#### 3.1 Context

The CoST website highlights that “**Huge investment is needed in the infrastructure sector around the world** to ensure quality structures can be built and serve communities. These structures – such as roads, bridges, ports, schools and hospitals – **allow citizens to carry out their daily routine and access essential services...** \$97.5 trillion investment [is] needed to meet the Sustainable Development Goals by 2040, but investments are likely to fall short of this amount by as much as \$18 trillion.” In addition, CoST estimates that a further 10-30% could be lost to misappropriation, mismanagement and other inefficiencies. The role of transparency and accountability in improving management of infrastructure is widely recognised. For example, the IMF highlights: “Greater transparency and accountability regarding project management, monitoring, and evaluation is needed to strengthen incentives to deliver projects on time and on budget and ensure value for money and integrity in the use of public resources”.<sup>8</sup>

**The need for greater, more efficient investment and better-quality infrastructure is apparent across the regions where CoST works** and where it is moving to expand its footprint.

For example, in Sub-Saharan Africa in 2010 the estimated spending needs were estimated at \$93 billion a year. Asia was estimated to need approximately US\$750 billion in infrastructure investment annually to 2020. For Latin America, annual needs are around 4-5% of GDP (\$150bn per year over the next 20-30 years) to support most growth scenarios.<sup>9 10</sup> Estimates of infrastructure funding needs in the MENA region vary widely. According to the Arab Financing Facility for Infrastructure (AFFI), a joint venture of the World Bank, the International Finance Corporation (IFC) and the Islamic Development Bank (IsDB), the Arab world needs to invest between \$75 billion and \$100 billion a year in infrastructure to sustain the growth rates achieved in recent years, boost economic competitiveness and foster job creation. While inadequate financing is an issue in meeting this infrastructure deficit, weak national and regional enabling environments play a key role. Corruption, inefficiency and weak capacity all contribute to weaknesses in procurement, programme management, monitoring of construction quality, cost, delivery times and maintenance (as summarised in the ICED Business Case).

**Private sector finance is critical to address the financing deficit.** For example, Public-Private Partnerships (PPPs) are an important – though not the only – vehicle in emerging markets and LICs where PPP capital stock has increased to around 5% of GDP on average, and up to 9% of GDP in some countries. The IMF argues that “the sharp increase is of particular concern in LIDCs, where PPP frameworks remain weak, potentially exposing public finances to significant risks, and having significant implications for the efficiency of public investment spending”.<sup>11</sup> Even countries with more developed PPP markets have high industry concentration and there is a need to increase competition. Several factors could make **PPP markets** more competitive and improve value for money<sup>12</sup>:

- Improving technical and institutional capacities for better project identification and preparation;
- Improving project screening to ensure VfM;

<sup>8</sup> <https://www.imf.org/external/np/pp/eng/2015/061115.pdf>

<sup>9</sup> Infrastructure. Engine for Economic Growth and Integration of the Americas. IDB 2018.

<https://publications.iadb.org/en/publication/17369/infrastructure-engine-growth-and-economic-integration-americas>

<sup>10</sup> Africa Country Infrastructure Diagnostics (2010), Bhattacharyay (2010), Kohli and Basil (2011)

<sup>11</sup> IMF op cit

<sup>12</sup> IDB op cit



- Guaranteeing process transparency. The IDB recommends “best practices when disclosing project information. Information to be disclosed includes feasibility studies, tender documents, contracts, financial structure and deals, proposals, contract amendments, performance reports, financial information on the company involved with the project (or special purpose vehicle), tax risks and commitments, among others”; and
- Improving dialogue between different stakeholders to promote understanding of PPPs and defining parameters for information disclosure to improve transparency and tackle corruption. It calls on the private sector to create a common platform with government and others, including the MDBs and financiers, to aid disclosure of information about PPPs.

This demonstrates the relevance of CoST in ensuring stronger transparency and accountability of PPPs around the world. CoST has been working to influence IFIs such as the World Bank and IDB to build CoST tools into its PPP frameworks. As an initial step, CoST has agreed an MoU with the WB to work with them to begin to test the CoST Approach on PPPs in Central America alongside the WB PPP disclosure framework, although this is not yet a comprehensive approach.

There are several **other international themes** relating to infrastructure where CoST’s tools and approaches may have potential to **support government priorities**. In discussion with the CoST International Board in September 2019, it was suggested that these might include macroeconomic management, debt sustainability, climate resilience and illicit flows, for example.

Spending on infrastructure by governments has important implications for their **debt sustainability**. This is due to the fact that infrastructure projects, especially large ones, are usually financed by borrowing and this poses significant risks to fiscal and debt sustainability in LICs and LMICs where infrastructure spend can be a significant share of GDP. In theory, CoST’s approach to infrastructure sector transparency and accountability could alleviate some fiscal pressure where it leads to the implementation of key reforms to improve sector performance. For example, savings on projects (increased efficiency) could reduce the fiscal burden but could also release resources to increase public expenditure across infrastructure and other sectors. While these *potential* net benefits are clear, evidence has not yet been systematically gathered on CoST’s actual contributions in this area. While there are emerging examples of savings in some CoST members, such as Afghanistan and Thailand (see Section 4 – Effectiveness), going forward more work is required to assess whether robust evidence on the links between CoST interventions, improved sector performance and the fiscal implications can be established. If so, this would also be a valuable addition to CoST’s dialogue on implementation with governments and ways to demonstrate impact and VfM.

Building infrastructure **resilience to climate change** and natural disasters, and enhanced investment in infrastructure for **climate mitigation** projects (e.g. renewable energy and energy efficiency), are also growing priorities for governments, IFIs and contractors. With the increasing availability to governments of concessional climate finance, more infrastructure projects will be financed through these mechanisms and facilities. CoST could therefore have an important and highly relevant role in ensuring transparency and accountability of this growing focus in infrastructure portfolios. There is a need to raise awareness of these linkages among CoST members: only 7% of country member survey respondents cited climate resilience as a future priority. As with the sources of finance and fiscal implications discussed above, **CoST may need to make a decision as to whether to give greater priority to these areas in its next Business Plan and ToC, which would require additional resourcing and investment** in technical guidance and support to member countries, in particular for dialogue with government on these issues.

Given the value of infrastructure investment internationally and the alleged scale of losses from mismanagement and corruption in cases such as the Odebrecht scandal across Latin America, tackling these issues potentially represents a key part of international efforts to detect and prevent **illicit flows**. Reducing corruption in the award of construction contracts is closely linked to international efforts to tackle **bribery, money-laundering and the use of opaque company structures** to enable some contractors and public officials to siphon off the benefits of these contracts to connected parties, for example through over-priced contracts and cost/time overruns. CoST’s work on transparency and accountability offers the opportunity to scrutinise these issues, **close down opportunities for corruption and collusion and level the playing field for contractors**. In particular, the **use of technology to link data** from procurement, open contracting, CoST and beneficial ownership can enable governments and civil society to identify and focus scrutiny on high risk projects and



contracts and trace illicit transactions across borders through the use of open data standards such as CoST's new OC4IDS. CoST's work in Ukraine with the government's e-procurement programme, Prozorro, and the Open Contracting Partnership is at the forefront of such efforts.

### 3.2 The CoST Approach

By taking a multi-stakeholder and open data approach, CoST rightly identifies that governments cannot address these challenges alone. For governments such an approach can help them monitor the procurement of projects, identify ways to save money and improve delivery, and build trust with the key stakeholders. The impacts of poorly planned and executed public infrastructure are huge, especially on national budgets – putting pressure on limited public resources. Infrastructure industry associations (and their members) potentially have a strong incentive to be at the table to ensure a level playing field and to reduce their costs of doing business. Citizens, especially at subnational level, can demand more effective delivery of infrastructure. Therefore, CoST potentially has an attractive value proposition to the open government, the infrastructure governance communities and to the construction industry. However, to reach these different stakeholders it still needs to provide a more nuanced narrative in a range of countries which more clearly demonstrates CoST's added value in addressing their specific needs and challenges.

This theory about the relevance of CoST can apply in practice subject to **sufficient civic space**. CoST can also play an important role in protecting this space, for example through its multi-stakeholder processes, by facilitating social accountability including community monitoring, and by mutual reinforcement with other open government approaches, including the Open Government Partnership (see Section 6 - Complementarity).

### 3.3 Relevance to Governments

Looking across the CoST members reviewed during this study, there are important examples of CoST opening up an opaque sector and contributing to debate about sector management and reform (see Section 4 – Effectiveness). Yet **weakness of, or difficulty in sustaining, political commitment by governments was consistently identified by country programmes as a challenge** in country visits, interviews and through the survey findings. 31% of survey respondents identified this as one of the top two most pressing issues faced by CoST, second only to insufficient funding (see Section 5 – Sustainability). Specific challenges related to changes of government, resistance to opening up information about public works and shifting to a mindset of openness in the public sector.

**CoST should do more to understand and help to shape political incentives for reform. This would recognise that improvements in infrastructure quality and the environment for public and private investment are driven not only by systemic change but also by reformers** (and this should be reflected in the ToC), often in difficult and lonely circumstances, being incentivised, recognised and acknowledged for their efforts. This would be likely to require **enhanced CoST political engagement in member countries** and internationally, drawing more on senior Board and IS resources. CoST should **explore a wider set of tools to help the reformers shift the balance** in their favour against the forces of opacity, collusion and reactionism which can undermine improvements in infrastructure. Approaches which CoST could consider include:

1. **Systems and proactive engagement to follow-up or embed the recommendations** from assurance reports into sector/national policies and programmes across all infrastructure projects in CoST members. Although some CoST members or PEs develop action plans for follow-up, making sure this happens also requires efforts to track and report on implementation of key recommendations and nimble political influencing to take advantage of opportunities to move such reforms forward. In some CoST members, stakeholders such as civil society or institutions such as supreme audit institutions or parliamentary committees may be proactive and well-placed to foster follow-up. In others, CoST's MSG and National Secretariat might consider a more politically opportunistic strategy to ensure follow-up.

CoST members should also be encouraged to **embed CoST data disclosure and use into government needs and processes**. Some countries will want to position this within their investment and job creation strategies, some in sector reforms and some for anti-corruption or trust building, especially where formal oversight institutions (e.g. supreme audit institutions, parliament) are weak and/or civil society space is constrained. Regional and country managers should be strongly encouraged to be entrepreneurial in their efforts to link CoST processes and data into national priorities. The International Secretariat should



consider developing a short guidance note for how **parliamentarians could get more involved in CoST** as lawmakers, representatives and overseers of government policy and law.



As discussed below with respect to MSGs, there is considerable debate in CoST members as to the extent to which CoST national secretariats and the MSG should be “independent” of government at the country level, and its legal status. It is usually important to consider a **key role for government**, for example by chairing MSGs, in order to drive reform. Civil society tends to favour CoST being more ‘independent’ of government. Experience from other open government initiatives and most of the case study countries suggests that in many contexts, it might be more appropriate to embed CoST in a line ministry/Ministry of Finance with a dedicated budget line and staffing which ensures that the process is near the decision-makers, although there may sometimes be risks to resourcing and political commitment if a government changes, requiring a reappraisal. In other contexts, it is helpful to have an independent legal entity to receive funding. The International Secretariat needs to provide clearer options, practices and guidance on this but should not dictate structure from London.

2. Accelerating and broadening development of **the Infrastructure Transparency Index (ITI) as a single unifying assessment process across member countries. This would support reformers to make claims of progress and incentivise further efforts.** The ITI is still in design and is not yet well known across countries or other stakeholders. However, it could provide a good balance between the need for international recognition, to drive CoST processes, and flexibility, to keep the CoST processes relevant to country circumstances. The current ‘Managing non-compliance’ mechanism is useful to give CoST some bite, but it is ultimately just a ‘stick’. The ITI could be both a powerful incentive and a deterrent to members where political commitment is waning. An index – even if somewhat imperfect – is also a **powerful communication, monitoring and incentivising product**. It can also help to keep the countries/entities actively engaged as well as improving CoST’s monitoring framework. At the same time, there will still be a need to do more at the international political level beyond the Index.

**The ITI could become a CoST flagship product.** For it to become so, the **consultation process** will continue to be important and may take time especially if resources are constrained. The Board should consider taking a leading role both in consultation on developing the index and in the decision-making on its scope and format, with advice from a technical committee. It will not be without controversy. It is always difficult to design an index which may show some countries to be in a relatively bad position. Experience in developing other frameworks which have broader ownership, like the OECD-led Methodology for Assessing Procurement (MAPS),<sup>13</sup> suggests that building in consultation with different users and technical groups from an early stage and peer review processes, while resource intensive, are critical to embedding approaches across IFIs, RDBs and country users. It might be useful to establish a high-level working group to develop this with some implementing member countries and others with technical experience in developing and using such indices as well as infrastructure e.g. the World Bank and RDBs, Transparency International, OECD etc. to ensure both ownership and technical credibility.

There are several questions to be addressed in the design of the Index, many of which are being explored in the beta version:

<sup>13</sup> <http://www.mapsinitiative.org/>



- Should it seek to compare countries or only seek to measure progress within countries over time?
- Should it only cover CoST countries/members?
- Should some elements of the Index be broken down below country level in order to recognise reformers at the subnational, ministerial or procurement entity level?
- What should the frequency of the Index be? Whilst annual indices would be ideal for such a flagship product, it might only be realistic to do it every few years perhaps in sequence with the triennial Conference.
- We recommend that a more detailed plan is developed for the consultation, pilot, design, timetable and costs of the Index, and specific donor support sought (see below).

3. More might be done to work with partners to help mobilise a **coherent and sizeable global campaign and movement for better public infrastructure governance**. As with ‘Publish What You Pay’ in the extractives sector, CoST should consider whether to push development partners and foundations to support organisations campaigning in this area for work on infrastructure governance to match investment in infrastructure. **This would create space for CoST and infrastructure reformers in-country to make their case**. This might focus on generating demand for better governance, its role in reducing risk for private sector investors, and how to use data from the sector for more specific demands and to drive reform. There have been some initial discussions with Transparency International which should be followed-up with a broader range of partners. The publication of a global report such as by the UK government’s planned International Infrastructure Commission, or significant negative media coverage, could provide the initial political momentum needed to support such a movement. International leadership is needed to convene actors who could drive such a campaign and leverage partnerships, perhaps starting with a high-level meeting of key partners at Wilton Park or other international retreat venue.
4. Host a **CoST Global Conference as a platform for reformers to be acknowledged and to catalyse progress**. The first conference could focus, for example, on bringing in new members and affiliates, celebrating impact by bringing existing members and other stakeholders together, launching the ITI, as well as pledging from new donors. It could be held alongside another event focusing on the infrastructure sector or investment to reach a wider audience.

CoST has been good at using the Open Government Partnership (OGP), G20 Summits and the OECD working groups as platforms. These are critical fora for attracting support, making public commitments and sharing technical knowledge. However, CoST is likely to need its own major event if it is to generate increased momentum and profile.

**While a significant investment in management and resourcing is required, the benefits of a conference can be many.** A triennial CoST Global Conference for all its key stakeholders might achieve objectives including:

- Being catalytic for country implementation as Ministers come to the table to make significant announcements
- Being a platform for the awards, which are an important incentive instrument, as with Honduras
- Promoting broader profile and funding – especially as some partners might only be able to provide project-specific funding. With an aggressive fundraising effort, it should be possible for such an event to be self-funding
- Providing a platform for outreach to new countries, as Ministers like an international platform for such announcements
- Providing an opportunity for peer learning beyond the country managers – a wider group of stakeholders



- Being a good opportunity to hold a Delegate Assembly to refresh the Global Board who, in turn, would be more closely connected to the wider stakeholder base
- Building broader partnerships if the event piggy-backed on other international events beyond the transparency community, such as the forthcoming UK-hosted Investing in Africa Summit.<sup>14</sup>

5. **Progress at subnational level.** Subnational implementation can be an important entry point and where construction projects more directly impact upon the lives of local populations and communities. CoST members are expanding disclosures and/or monitoring beyond national or regional centres to local governments, often with complementary funding support for example from USAID and in partnership with UNDP in Thailand. This may also be useful in HICs and MICs where evidence from other open government initiatives such as EITI or the Open Government Partnership, for example, suggests that getting buy-in from a huge bureaucracy to a national initiative can be a challenge, whereas piloting or showing impact at subnational levels may assist in making the case for national engagement. For example, Mexico’s second largest province, Jalisco, with a population of 8m, was considering adopting CoST during the Review, piloting this first with a selection of its 125 councils, building on introductions through the OGP and Hivos and national government drive for stronger action on corruption.
6. More effort and resourcing might be dedicated to establishing a strategy to **hardwire CoST and its requirements into other international indices which are monitored by governments** such as the G20’s planned Infrastructure Quality indicators, World Bank’s Doing Business Index, multilateral development bank and private sector financing frameworks and Sovereign Debt Ratings. These issues are discussed further in Section 6 – Complementarity.

The CoST model avoids a rigid ‘rules based’ approach to national programmes. That is good for allowing processes to organically develop to meet the specific needs of the individual countries and contexts. In theory, it also makes CoST open to potential new members from HICs, MICs and LICs, central governments and subnational governments, as full members and affiliates. **Initial reactions suggest that the affiliation scheme, introduced as part of the Business Plan 2017-20, is a good innovation** to attract a wider set of members and mainstream CoST tools and approaches, though we heard that **the value proposition** of being a full member vs an affiliate member **could be clearer**. So far CoST has secured one affiliate, the Province of Buenos Aires, with a clear interest in promoting open governance of public works but with limited space at present for more comprehensive reform in a changing political context. It was suggested that this model **might also be more attractive to HICs and some MICs**, which may also prefer to adopt certain CoST tools as affiliates in a more focused way which adds value to their existing processes. There is also a **risk this could devalue full membership**, which will need to be reviewed over time. Affiliation status also appears to provide an **opportunity to pilot** CoST tools nationally or sub-nationally.

### 3.4 Relevance to the private sector

In market economies the **private sector plays a major role** in infrastructure project development and implementation. Almost all projects are contracted out to companies; whether for the design, construction or operations, private sector companies are key stakeholders. “In many advanced economies, the private sector has largely displaced governments in providing economic infrastructures, such as communications, energy, transport, and water supply networks. By contrast, in emerging markets and lower income developing countries, these networks remain largely in public hands”<sup>15</sup>.

<sup>14</sup> [https://dfidnews.blog.gov.uk/2019/09/27/the-private-sector-can-unlock-africas-promise-ajok-sharma/?utm\\_source=T%2FAI+Newsletter+List&utm\\_campaign=7be109b86a-EMAIL\\_CAMPAIGN\\_2018\\_12\\_18\\_05\\_33\\_COPY\\_02&utm\\_medium=email&utm\\_term=0\\_1a5ff28f1e-7be109b86a-513660921](https://dfidnews.blog.gov.uk/2019/09/27/the-private-sector-can-unlock-africas-promise-ajok-sharma/?utm_source=T%2FAI+Newsletter+List&utm_campaign=7be109b86a-EMAIL_CAMPAIGN_2018_12_18_05_33_COPY_02&utm_medium=email&utm_term=0_1a5ff28f1e-7be109b86a-513660921)

<sup>15</sup> <https://www.imf.org/external/np/pp/eng/2015/061115.pdf>



The private sector constituency involved in infrastructure and construction is **complex**. It comprises developers, consultants, contractors, investors (ranging from small businesses to multinational providers and those involved in PPPs) and financiers. While the constituency has many different members, they share a common overarching objective (as with other industries) to maximise profits. In unregulated environments with weak public sector controls and capacity, companies involved in infrastructure projects tend to engage in practices that result in increased cost of projects (cost overruns) and time for implementation. Uncompetitive procurement practices by governments can foster wasteful behaviours, with companies winning public tenders in a non-transparent manner. The evidence in this regard is overwhelming.<sup>16</sup> **CoST has made progress in supporting public procurement entities (PEs) to make public tenders and project implementation more transparent and accountable – levelling the playing field.** It is hoped that this will **encourage more reputable private sector players** to tender for projects, and weed out companies that have been able to dominate the industry with low quality work and services but have not been subject to competition as a result of opaque public procurement practices.

Given the scale of investment required in infrastructure, governments and international development partners cannot respond to this deficit alone. **Private capital is vital to complement government expenditure** on infrastructure. Improving transparency and accountability, as well as reducing misappropriation, is important to reduce risk and attract international investors whether through PPPs or other mechanisms. **Getting CoST’s value proposition to private sector players is fundamental to meeting the international infrastructure deficit.**

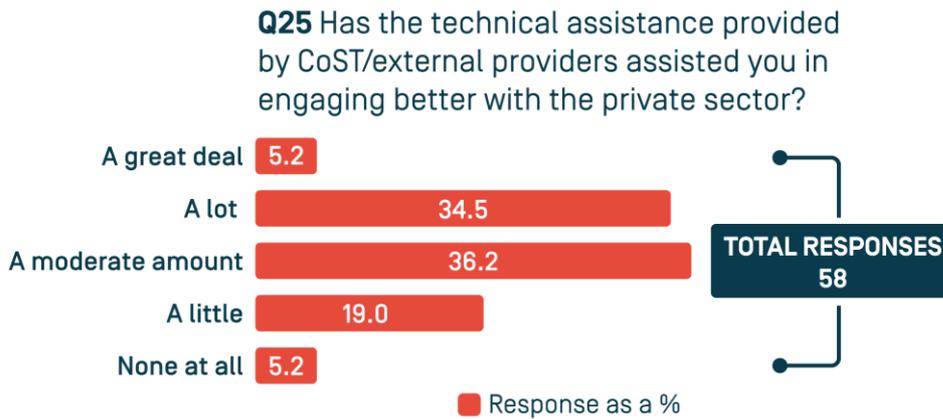
However interviewees close to the private sector constituency expressed their concern that, in CoST’s pitch, **too often the focus is on what is wrong** (corruption, mismanagement, opacity) in the industry and not enough on the value to the private sector **of a more competitive market, trust-building, increased openness, better project implementation and improved information on project pipelines.** In Guatemala and Thailand, the private sector has been one of the **important drivers** of CoST implementation in the interests of opening up the construction market to a wider range of bidders by tackling embedded corruption through greater transparency. By contrast, in Ethiopia the private sector sees CoST as an investigative arm of government and has therefore been wary of taking an active part in the MSG and contributing via this route to improving sector performance. A similar picture has emerged in Uganda where the private sector members of the MSG have not been as active as expected. The review team heard that the private sector associations representing the wider private sector have not been clear about their role in CoST in these contexts.

In CoST members **where construction project data is already being disclosed** (which is largely not the case in African members yet), the private sector is just beginning to see how these benefits can be realised, and the opportunities **to mine and analyse published data** to understand the market better, for example through a new analytical tool in Ukraine. This represents an opportunity to document how the private sector can use and benefit from CoST disclosures as a basis for further outreach to new members and to encourage other members to promote the use of this data to the private sector, to explore fund-raising opportunities and to seek high-profile private sector endorsements for CoST, for example at a Global Conference.

Going forward CoST could also explore how leading private sector voices might be able to **coalesce around a particular ask of CoST**, to assist in levelling the playing field. For example, CoST could test the appetite of companies for the IDS in future to include a requirement to disclose the tender evaluation scores of all bidders; that all bidding, operating and consulting companies in the infrastructure sector disclose their ultimate beneficial owners by a certain date; or for all public infrastructure contracts to be disclosed; or disclosure of all environmental and social impact assessments associated with projects. There could be more focus on co-branding with member companies and bringing them into networks of progressive companies such as the Public Interest Advocacy Centre, the World Economic Forum’s Partnering Against Poverty (PACI) and the B20 Group.

However, in the survey of country members, only 40% of respondents said that the technical support provided to engage the private sector helped them a lot or a great deal.

<sup>16</sup> OECD (2016): “Preventing Corruption in Public Procurement”. <http://www.oecd.org/gov/ethics/Corruption-Public-Procurement-Brochure.pdf>



**Figure 1: How technical assistance from CoST IS has supported private sector engagement in member countries**

CoST might consider a specific scoping exercise on how to make its value proposition more positive and targeted towards a range of private sector industry associations and their members to encourage greater engagement with CoST, and as a conduit to encourage stronger government buy-in.

More could also be done to activate the private sector internationally and at the national level to demand CoST implementation. This can be based on evidence of how CoST data has helped to open up the market in member countries. The infrastructure sector is diffuse compared to sectors like oil and gas or energy, in which about 20-30 companies form a significant critical mass to lead industry practice. Therefore, CoST should work both through business associations – who can bring a lot of companies along but tend to adopt lowest common denominator positions – and through individual companies, who can act as first movers and circuit breakers.

Assurance reports should also include a greater focus on the public tender processes in terms of transparency, competitiveness, fairness and openness. Assessment of pre-procurement actions, tender documents, evaluations of tenders and post procurement negotiations should be included and detailed action plans to address weakness should be prepared. These assurance reports focusing on procurement issues should also be conducted for PPPs. There may be an opportunity for CoST to work more closely with Open Contracting Partnership on these issues.

Almost half of English-speaking survey respondents highlighted **public financial management as a future priority for CoST**. Such linkages are important to improve CoST's narrative and relevance to different audiences. However, before expanding CoST's operations to encompass this priority, the review team considers that CoST would first need to develop a robust methodology to capture the impact on public finance from the current scale of CoST interventions (especially the impact on debt sustainability). If the methodology produces robust findings, only then should CoST amend its ToC to include some kind of impact on public finance. This cautious approach is needed to avoid overstating CoST's level of ambition, especially given resource constraints on CoST implementation.

### 3.5 Relevance to civil society

Civil society has played an important role in the **establishment and maintenance** of CoST in member countries. This is not only as part of the MSG. For example, the African Centre for the Freedom of Information (AFIC) hosts CoST Uganda and has now become the regional office for CoST. Transparency International (TI) chapters have played an important role in CoST in several member countries. In several countries, CoST has also been initially hosted by TI chapters, before becoming independent or moving into a government ministry, as in Ukraine. TI has also played an important **role on MSGs including ensuring a balance with other stakeholders**, particularly government, as in Guatemala, and in linking CoST with the Open Government Partnership through its participation on both. TI chapters have actively **used the information from assurance reports** to raise issues of mismanagement including working with the media in Honduras. CoST and TI have worked together to advance coverage of projects in Thailand where the TI Integrity Pact approach is applied to larger, more complex projects and CoST to those below \$30million and more local projects.



As disclosures have increased and more assurance reports produced in CoST members, the **information from CoST disclosures and assurance reports is increasingly being used for accountability** for national level reforms, advocacy around specific cases of mismanagement and for community monitoring. CoST has started to scale up its investment in training media, civil society organisations and community monitors to use CoST data and **hold local as well as central governments to account**. For example:

- In Uganda, significant progress has been made at subnational level where CoST has established a strong working relationship with Wakiso District Council (the largest district in the country). Both the council and the local communities see CoST as an important partner in improving infrastructure project implementation
- In Ukraine, in 2019 USAID has recently started funding a regional civil society network, to understand where corruption risks lie and monitor the quality of road materials, including with regional media, and work with local communities to raise issues with local governments and include these issues into the repairs plan for the next year

These processes have started to highlight the need to **build capacity of local governments** to disclose information, manage public contracting and enforce contracts with private sector contractors.

CoST members highlighted in the survey that **social accountability** is one of the higher priority areas for additional support and training. In some contexts, **building trust** between stakeholders has been a core and explicit objective of establishing CoST from the outset, for example in fragile contexts such as Honduras. Yet, as more CoST data becomes available in member countries, and is increasingly used for monitoring and advocacy, the risks for civil society participants and effective accountability may also increase, especially in contexts where civil society space is already constrained or closing. It will be important for CoST to **develop guidance** for MSGs and the Board on how to prepare for and manage these issues, as outlined in Section 5 – Sustainability, below. The review team noted from discussions with current and potential funders that there is also a growing focus on **channelling funding to southern organisations**. CoST will need to take this trend into account when developing a more comprehensive strategy and investment in fund-raising to ensure this supports both country work and the role of the International Secretariat in providing technical assistance to country stakeholders and international influencing.

In 2016, a group of international civil society organisations started work with CoST to launch a promising **global campaign** for “clean contracting”. This built on the TI International Secretariat’s work with the European Commission on Integrity Pacts. These efforts have not been sustained and are a **missing link** in the efforts of CoST and others to raise the profile of infrastructure governance to match the scale of investment in this area. There is a need for CoST and its funders to explore with partners the opportunities to **reinvigorate funding and support to global campaigning** as outlined above.

### 3.6 Communications and advocacy

**The Theory of Change (ToC) has served a useful purpose in communicating** how CoST can play these important roles – especially to development partners and civil society organisations at both the international level and country level. However, it has been **less effective as a guide for implementation and monitoring, evaluation and learning (MEL)** as explored in the next section, Section 4 – Effectiveness. The ToC could also better reflect that change is driven by a range of factors in member countries and internationally which interact including a) coalitions and reforming **individuals as much as by reforms to systems** of government management and oversight in member countries, and b) where there is **demand** for change (for example both internationally through a global campaign as well as through local accountability processes).

The advocacy strategy is a useful document for developing communications tools for different audiences. In addition, there is further potential to reach new members, funders and other stakeholders, if CoST can **sharpen and disseminate the evidence of its impact and added value** from member countries. Whilst, CoST has an improving international profile, it is still punching below its weight. For example, in Afghanistan, the development partners considered EITI to be far bigger than CoST, despite the fact that CoST has probably achieved more than the EITI in that country.



CoST has produced important and high-quality communications materials – written, newsletters and webinar, although some stakeholders found the current website difficult to navigate. CoST has begun to develop some good communications tools on country level impact such as the impact stories briefing note and the Progress Report. The advocacy strategy provides a useful set of proposals for improving these products. **Tracking and disseminating impact better** could include mining the extensive data produced in different member countries, sharing innovations from members with longer-established data sets and learning from partners such as the Open Contracting Partnership who have set an ambitious pace and are adept in capturing and disseminating impact. Examples which could be explored further include private sector perceptions surveys, benchmarking costs/km in the assurance reports<sup>17</sup>, more systematic longitudinal tracking of improvements in cost/time overruns beyond the focus on individual projects in assurance reports, capturing savings, developing analytical tools (such as that developed by CoST Ukraine)<sup>18</sup> to map projects for the private sector and identify procurement risk, among others. Some of these approaches are covered in greater detail in the next section, Section 4 – Effectiveness).

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<sup>17</sup> This approach is being explored by CoST with the Institution of Civil Engineers, <https://www.icevirtuallibrary.com/doi/abs/10.1680/jcien.19.00024>

<sup>18</sup> See for example: <http://portal.costukraine.org/zviti/>; <http://infrastructuretransparency.org/news/oc4ids-implemented-in-cost-ukraines-turbocharged-data-portal/>



## 4. Effectiveness, Efficiency and Impact

This section will consider the extent to which:

- CoST has met the objectives set out in the CoST Business Plan
- CoST has met its objectives set out in the ICED Programme logframe
- CoST has developed and implemented a value for money framework (VfM) that has enhanced its performance and delivered VfM
- CoST has contributed to improving i) sector performance and ii) access to infrastructure services for local communities including women and vulnerable groups

This section expands on the interim findings on efficiency (how CoST has managed to produce its outputs and their quality relative to its resources), and effectiveness (examples of how CoST has achieved its outcomes<sup>19</sup> including sector performance). Our overall impression is that **the ToC and logframe appear to understate the breadth and depth of effort and potential impact of CoST in many member countries**. This in turn reduces the extent to which CoST can monitor its effectiveness and disseminate its impact for communications and fundraising purposes. On the other hand, the current ToC and logframe also do not set out clearly CoST's attribution and the underlying assumptions as to how outcomes and impacts might be achieved in order to set a realistic level of ambition for delivery in different contexts. This is especially important given the complexity of the sector, the presence of other programmes and sources of assistance and the variety of contexts in which CoST operates. **CoST may wish to consider revising the ToC and logframe as part of developing the next Business Plan.**

### 4.1 Summary of progress against Business Plan (BP) objectives and ICED logframe indicators

A summary of progress compared with Business Plan objectives is below and individual objectives are discussed in further detail elsewhere in the paper. Progress relative to the ICED logframe indicators included in the CoST logframe at outcome level is at Appendix B.

#### 1. Strengthen the CoST brand by using a new vision, mission and theory of change to clearly communicate how we achieve our outcomes and impacts to a global audience

As discussed under Section 3 – Relevance, the vision, mission and ToC have been made clearer and are improved tools for effective communication of CoST and what it does.

These have been used to help build a pipeline of potential new members, although there are some doubts as to whether CoST's approach has been finetuned to the needs of different categories of countries. Higher middle income and high-income countries (HICs) already have strong systems for project preparation, project supervision and engagement with the private sector and this raises the question of what CoST can add. These issues are explored in Section 5 – Sustainability, below. CoST has made some progress with outreach to international institutions, such as the G20, but is not yet hardwired into the programming and financing arrangements of big investors in infrastructure such as the MDBs and RDBs. Moreover, it has not yet established a narrative which distinguishes it clearly from existing partners such as DFID or Open Contracting, for example to attract additional funding from foundations.

#### 2. Develop a broad range of tools and standards that will scale-up the disclosure, validation and interpretation of infrastructure data

The rate of disclosure overall has met logframe targets but progress with developing new international tools (the ITI and OC4IDS) has been slower than envisaged in the Business Plan, in part as the International Secretariat has needed to prioritise work on outreach to new members and HICs, with limited resourcing.

Moreover, as discussed below, the overall increase in projects disclosed does not reflect the important issue that disclosure rates vary significantly across member countries. Countries have developed online platforms for disclosure which have enabled them to link to procurement entities. Guidance notes and direct support on disclosure (including open data) and assurance, also require enhancing and updating to meet demand from

<sup>19</sup> This is represented at outcome level in the logframe and also at intermediate impact level in the ToC.

members as highlighted in the survey. Demand for TA from the International Secretariat and online resources remains high and they are working on enhanced guidance on disclosure and assurance.

### 3. Adopt a flexible delivery model that will increase our global footprint and the amount of infrastructure data that is disclosed, validated and interpreted

Progress with new members has been very limited to date and this indicator is off track, although the response to the competition suggests there are good prospects for significant progress by the end of the Business Plan period.

By October 2019, CoST had one new subnational member (Sekondi-Takoradi, Ghana) and one new affiliate (Province of Buenos Aires), who both joined in 2019. However, the 2019 membership competition has enhanced the pipeline. Scoping studies have also been completed in 2019 and approved for publication for Colombia, South Africa and Myanmar. Now that CoST has developed an affiliate model and produced guidance, this may also prove more attractive for some HICs where an affiliate model adopting relevant CoST tools may perhaps be the most appropriate route to engagement with CoST (as discussed above under Relevance).

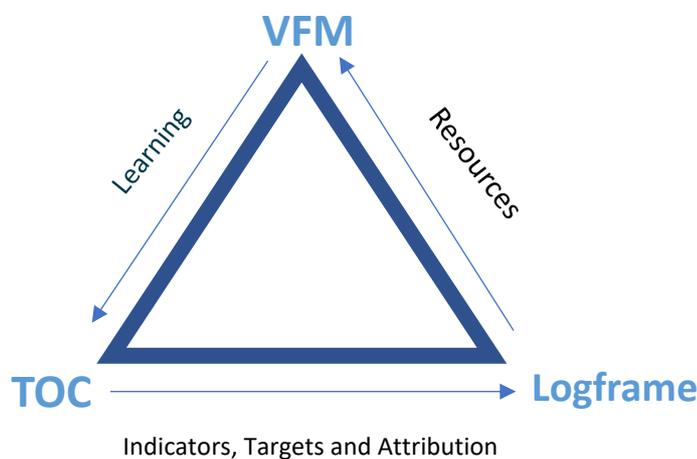
### 4. Further strengthen the governance and legitimacy of CoST by electing or appointing the Board through stakeholder participation

See Section 5 - Sustainability.

## 4.2 Assessment of CoST’s effectiveness and the frameworks used to monitor performance

### 4.2.1 Methodological approach

This section outlines how the review approached the assessment of CoST’s effectiveness and efficiency and identifies some of the methodological challenges in assessing these and the potential impact of CoST. This entails **understanding the relationship between the ToC, the logframe and the VfM framework** as these three fundamental components must be consistent with each other to make a coherent case for CoST interventions.



**Figure 2: The relationship between the VfM framework, the Theory of Change and the Logframe**

The ToC presents the “changes” that CoST plans to trigger/cause with its interventions. As mentioned above, CoST’s ToC has been a useful communication tool to present its value proposition to some key stakeholders. The logframe translates the ToC’s proposed outcomes and outputs into indicators with targets. Ideally at this stage the attribution to and contribution of CoST in achieving outcomes and impacts should be spelt out. Once we add resources, e.g. the funding, the VfM framework should provide a detailed account of how CoST is maximising impacts/outcomes and outputs for every pound invested. Through a process of documenting and learning what has worked, what has not and what needs to be changed, it is then possible to record how implementation varies from an initial business case.

### 4.2.2 Findings from a review of ToC, logframe and VfM framework

While the reviewers were not directly asked in the Terms of Reference to critique the ToC, an understanding of this framework is necessary in order to consider effectiveness and VfM and how CoST captures its results. As



in many other ToCs for DFID-funded programmes, **the CoST ToC is linear in nature**: a set of inputs leads to outputs and outcomes and the relationship between all results tends to be formula-based: a discrete set of inputs leads to a quantity of outputs etc. As mentioned above **the infrastructure sectors are complex ecosystems with a wide variety of players (for example long supply chains and multiple contractors) and actions (policies and programmes) by different governmental agencies** that makes the **relationship between inputs and outputs** more stochastic (with **random effects and unexplained factors**) **than linear**. It is **difficult therefore to work out direct attribution to CoST** especially with the limited resources invested by CoST relative to the resources of the various infrastructure sectors as a whole. Although causality is difficult to establish, it is **less difficult to ascertain CoST's contribution** especially at output and outcome levels.

The current summary ToC does not make provision for **explaining and elaborating on CoST's potential attribution and contribution under different underlying assumptions and in different contexts**, without which the level of ambition seems unrealistically high. If the resources allocated to the four sets of interventions in the ToC are made available, the logic would be that the intermediate impacts in the ToC can be achieved by CoST and within the timescale of the Business Plan. Without a detailed narrative of the external factors affecting the infrastructure sectors, and without making the underlying assumptions explicit, this can set the bar unrealistically high. The review team understands that assumptions were developed when the ToC was elaborated but has not had access to this information and it is not made clear in the working ToC and logframe to assist with monitoring performance and adjusting the programme on an ongoing basis. This is particularly relevant for example in contexts such as some of the African member countries where CoST has faced greater challenges in working with the grain of the local political economy, for example to establish disclosure processes. Thus, the **ToC is more useful as a communications tool** to demonstrate a long-term aspiration as to how CoST approaches and improved governance can improve sector performance, rather than directly demonstrating CoST's expected contribution and attribution for outcomes over the period of the Business Plan.

This distinction is clearer in **the logframe** which focuses on outcomes and outputs which are achievable in a shorter timescale and, in theory, within CoST's resources. Thus, the logframe goes some way in addressing the deficiencies of the ToC, but the quantitative nature of the indicators and targets makes it difficult to capture the extent and quality of CoST interventions in country (see below). But we still see **a lack of attribution and contribution of CoST to the achievement of outcomes**, which **makes it more difficult to assess the effectiveness of CoST per se**. An example is included in the box below.

### Challenges of Attribution

Outcome 1 states: "New or improved regulations and operational procedures at the project and sector level leading to improved project performance" with one indicator stating: "Number of government actions to improve future and sector-wide public infrastructure programmes". There are two issues with this outcome and indicator: (1) the level of ambition seems too high, given that limited follow up from assurance reports is currently undertaken and that in a number of countries only a few projects out of the large number of projects in the infrastructure sectors are subject to assurance. While there are some examples of the debate around assurance report findings leading to sector-level reforms (for example in Honduras), in general, expecting assurance reports to trigger reforms at sector level is ambitious in many contexts and where it does happen, this is the result of a combination of factors, not all of which are related to CoST. Therefore, it is necessary to consider, what is the level of attribution to CoST if reforms happen? (2) In a number of countries, CoST only works in sub-sectors: e.g. roads, within the wider transport sector. In these contexts, even if few projects were to be improved as a result of assurance reports, it is difficult to envisage a measurable positive impact at sector level: again, attribution needs to be unpacked.

Assessing CoST's achievements against the milestones and targets of the CoST logframe **does not tell the whole story about CoST**, partly because the **indicators and targets are quantitative**. Measuring the *number* of government actions to improve infrastructure programmes at sector level (Outcome indicator 1.2 for CoST) does not provide information on the *quality* of the reforms measured or how much traction they have achieved;



how many actions are required to achieve significant **progress in sector performance** i.e. reduction in costs and time overruns. CoST may wish to consider alternative approaches going forward if resources are available.

A VfM framework needs to present how the resources allocated to the logframe (and the ToC) are used. With respect to CoST we note:

- VfM **economy** is covered well by the framework. CoST has put a lot of effort into understanding its cost drivers and is keeping unit costs under control. This provides a strong narrative for funders and taxpayers, where relevant.
- **CoST has been able to drive “Efficiency” at country level through this strong culture with regards to VfM economy**, although it appears that overall resourcing constraints and members’ challenges in attracting funding have contributed to holding back progress (see below). In Afghanistan it was reported that CoST has made significant advances in difficult circumstances with just US\$160,000 per annum. In Uganda, an assurance report cost US\$1,500 per project plus other costs for accommodation and transport. **There is a clear drive to keep costs down which helps in improving efficiency, although this may be at the risk of limiting quality and pace of outputs.**
- We would also have expected the VfM framework to measure **efficiency and effectiveness against the outputs and outcomes indicators in the logframe**. The VfM framework, at efficiency and effectiveness level, provides some useful information but the structure of the framework does not relate directly to the logframe. The VfM framework **tracks good practice** areas in the VfM framework attached to the original Business Plan. Documenting good practice in achieving the different VfM components is useful, but this framework does not provide any indication as to whether CoST is actually providing VfM efficiency and effectiveness.

CoST does not need a complex VfM framework, but it **needs to show that quality outputs are achieved efficiently and that the programme is effective in achieving its outcomes with the resources at its disposal**. It is important that overall resources are factored in the assessment of VfM because they will assist in measuring attribution and contributions to the achievement of results.

#### 4.2.3 Mixed achievements and improvements in sector performance across different contexts

The **effectiveness of CoST across member countries is mixed**, and it is not clear the extent to which this is due to **resourcing as well as to contextual issues such as political commitment and capacity**. Whilst some countries, for example Honduras, have made great **progress against the effectiveness targets** in areas such as rate and scope of disclosure, others, including the Africa members, have not. CoST has also **delivered additional outcomes**, for example the Global Infrastructure Hub noted that CoST’s approach, being light touch and building consensus, provides a safe space for addressing sensitive issues like corruption. When looking across the CoST portfolio a mixed picture emerges **depending on context**. In this respect there are important lessons from **other open government initiatives**. Lessons from the Open Contracting Partnership in Ukraine, for example, suggest that progress with the ProZorro e-procurement system was in part due to a unique and critical combination of a pro-reform context after the Maidan revolution, the presence of a very vibrant and capable civil society, and local experts with technical expertise on data<sup>20</sup>. It could be argued that a similar context of strong government reform appetite, interest in building trust between different stakeholders, as well as World Bank support and complementary open government initiatives have provided a supportive context in Honduras<sup>21</sup>, although this now appears to be at some risk from political instability.

<sup>20</sup> For a case study of lessons from CoST implementation in Ukraine see: [http://infrastructuretransparency.org/wp-content/uploads/2018/06/2177\\_CoST-Ukraine-%E2%80%93-Strengthening-transparency-and-accountability.pdf](http://infrastructuretransparency.org/wp-content/uploads/2018/06/2177_CoST-Ukraine-%E2%80%93-Strengthening-transparency-and-accountability.pdf)

<sup>21</sup> See mini case study on CoST Honduras in Appendix D. CoST Honduras has also worked with OCP to develop a case study on CoST implementation <https://medium.com/open-contracting-stories/bedrock-for-better-public-infrastructure-in-honduras-1e39526100a5>



## “ CoST PROVIDES A SAFE SPACE TO RAISE ISSUES OF CORRUPTION ”

Multilateral  
CoST  
stakeholder

Looking across a range of members, **progress on proactive disclosure varies**. For example:

- In Honduras, the number of projects disclosed has increased from 148 in 2015 to 1,470 in 2019. The latest assurance report (V. 2018) states that, according to a weighted index of disclosure, IDS compliance rates are over 90%.<sup>22</sup>
- In Ethiopia, although CoST started ten years ago, only 41 projects are being disclosed in the portal of the Federal Public Procurement and Public Property Agency. Only a small number of data points are disclosed.
- In Afghanistan, 495 projects are disclosed on the portal. Whilst IDS compliance levels were low in the first assurance report (27%), much work has been in the past year significantly improve that ahead of the next assurance report which will be published in October or November.
- Malawi (which was also involved in the initial pilot in 2008) has a portal which was launched in 2018 but no guidelines on how to disclose, so no projects are currently disclosed.
- In Ukraine, 24 PEs in the 24 regions disclose, and nine of these are doing so on the open data portal. With the introduction of decentralisation reforms since 2018, there is also a move to start disclosing sub-regional data for local roads. Ukraine is also innovating with an analytical tool on its portal which can provide price/km comparisons and geographical visualisation of data.

From our country visits and interviews, it was noted that none of the five African members have yet made much progress on proactive disclosure and even where a portal has been set up, only very limited coverage of the IDS has been achieved. It was reported that these issues were variously due to: (i) capacity of CoST country secretariats, (ii) inadequate political commitments by governments; and (iii) weak MSG engagement with the work of the CoST country secretariat. In some contexts, it was suggested that funding constraints are a limit to expanding disclosure – for example in Ukraine, where there is appetite to expand to PEs beyond the roads sector and across local governments.

**Effectiveness in improving sector performance also appears patchy**<sup>23</sup>. In Honduras, information in CoST Assurance reports has led to the reform/restructuring of some procurement entities for infrastructure, with evidence helping the government and donors (WB and IDB) to further reform objectives and enabling civil society and media to focus reporting and advocacy around allegations, for example on road and airport contracts. The IDB in Honduras is now funding both an independent audit of PPPs and TA to look at future planning, structure and monitoring for the sector (although despite this added value, perhaps paradoxically some parts of the IDB centrally remains resistant to broader adoption of CoST tools across the region, highlighting the importance of disseminating such impacts beyond country level).

Among the Africa members, the review team has seen more limited indications that CoST assurance reports and engagement by the MSG have led to an improvement in sector performance. CoST interventions have often been small relative to a sector overall, which may have thousands of individual projects at central and subnational level. On the other hand, further progress is anticipated in Ethiopia because CoST Ethiopia has engaged with the Parliamentary standing committee on infrastructure through a presentation of the assurance report based on 2016 data. CoST seemed to have found traction with accountability institutions and reforms, even if small, might be possible and enable sustainability. In Honduras, by contrast, there has not been political space to engage with parliament and, as in some other member contexts, CoST and the civil society constituency are taking on a watchdog role given the relative weakness of formal institutions such as parliament and the SAI. From the country visits, the review team found little or no evidence that **access** to infrastructure services by vulnerable groups and women was a factor in project development or implementation in CoST member

<sup>22</sup> Although interviewees and survey respondents also raised a question about the extent to which it was possible to verify whether a complete population of projects is being disclosed without a mechanism to check this, for example by cross-reference with Ministry of Finance approvals/releases of funds.

<sup>23</sup> The review team visited Afghanistan, Ethiopia, Honduras and Uganda in July-August 2019. Remote interviews were also conducted with selected stakeholders in Argentina, Ghana, Guatemala, Malawi, Tanzania, Thailand and Ukraine as well as with regional managers and a range of countries considering adopting CoST.



countries so far. In the case study countries, we identified some isolated examples of CoST members considering the links between infrastructure and gender. For example, in Honduras the assurance reports track female employment in projects – a stated priority for the government. Some member countries are also developing analytical tools which could map infrastructure projects to different geographical areas (Ukraine, Honduras) and human development indicators (Honduras). This offers further potential to consider access for communities.

Indicators in the logframe and adding VfM equity in the VfM framework would create an incentive for CoST to allocate more resources to this important issue. The World Bank and the Global Infrastructure Hub have produced interesting publications on this. CoST could make an important contribution.

#### 4.2.4 Suggestions for strengthening CoST's systems to capture and track impact

As noted above, a strong ToC would identify the changes (e.g. reforms) that CoST is expected to trigger and what is expected to be achieved as a consequence, with clear underlying assumptions and realistic attribution. This section presents some **examples of where CoST's activities are deeper than suggested in the current monitoring frameworks, and recommendations on how the ToC, logframe or individual member monitoring might be systematically improved** – both to enable CoST to capture and demonstrate its impacts more fully and to track progress. These include:

- **Include a greater degree of attribution and underlying assumptions in the ToC for operational purposes:** as mentioned above, as it is primarily a communications tool, the ToC looks too linear to represent CoST interventions in complex ecosystems like infrastructure sectors. However, for monitoring, evaluation and learning purposes (MEL), the ToC could be more granular and realistic about what CoST is expected to achieve and under what assumptions the expected changes can actually happen.
- **Explicitly include accountability:** CoST has some great examples where **accountability to citizens has improved project performance**. In Uganda, CoST is using the “baraza” (community meetings) effectively to bring the communities affected by road construction together to hold the local government to account. However, current monitoring of performance only captures to a very limited extent the work of CoST with citizens and civil society in holding MDAs (Ministries, Departments and Agencies) involved in infrastructure implementation accountable (though there are indicators on media coverage and training). The CoST ToC has an **unstated assumption about accountability to citizens leading to better infrastructure projects**, for example the beneficiaries at a community level demanding better projects and holding government agencies to account. CoST could consider updating the ToC to reflect the role of social accountability more strongly going forward.
- **Systematic follow-up from recommendations from assurance reports:** As outlined in the Relevance section above, more systematic follow-up to these recommendations is important for CoST to gain traction on sector performance. It is important for the logframe to include indicators to capture this important output. CoST assurance reports in Honduras have supported civil society and government reformers in addressing poor management of the Road Fund and PPPs. But even in countries such as Honduras where CoST is influencing reform, follow-up from the assurance reports (going beyond action plans, for example, by revisiting projects and tracking how recommendations are implemented) is not systematically carried out. Such follow-up is envisaged across CoST members as part of assurance processes and training. Yet at the outcome level, CoST is asked to influence “New or improved regulations and operational procedures at the project and sector level leading to improved project performance”. To achieve this, CoST's programme would need to **expand on the work of the assurance reports systematically to include follow-up and more in-depth engagement with policymakers**. This may require additional resourcing and political engagement.
- **Outcome indicators on disclosure should be refined to monitor expansion within countries:** CoST in each country context has focused on a subset of projects within a sector (transport) or a sub-sector (roads within transport). **Rates of adoption and expansion across sectors and subsectors disaggregated by country are not included in the logframe**, only the overall number of projects disclosed (which can be distorted by progress in a specific country), although this may be tracked locally between assurance reports. In fact, it



appears that CoST has often been “an island of integrity”<sup>24</sup> providing some good practices and examples, but there has not been significant adoption and expansion of CoST outside that ‘island’. The examples provided in assurance reports in Ethiopia (which might be considered one of the most mature members, as it participated in the pilot from 2008, see below) and Uganda have not triggered interests by other sub-sectors even within a Ministry to engage in reforming the way projects are prepared and implemented. **In some instances, Ministries have been fully on board and driven broader reform**, e.g. Afghanistan’s Ministry of Transport, and that might translate into reforms across the sector or sub-sector, although this is not yet certain.

- **It would be beneficial to set out clearly the expected attribution and contribution for CoST:** Achieving the intermediate impact of “better delivery of infrastructure projects” is likely to be highly context specific. It would be helpful to provide the underlying assumptions to explain how this could be achieved and what **attribution (or contribution) to CoST** we could expect, at least for monitoring in individual members even if too complex for the overall ToC or logframe (for example, how does CoST control for other variables and interventions by government?).
- **Establishing approaches to capture savings and their reinvestment in other priorities, both for MEL and communicating impact:** Another intermediate impact is “savings made from better delivery of projects used for other priorities”. It is not clear the extent to which data is being collected on this and the level of attribution to CoST. Some CoST members have reported significant savings<sup>25</sup> but these are not yet being systematically captured. For example, in Afghanistan, per studies by the Ministry of Transport, it was claimed that CoST interventions in the country have saved approximately US\$20 million to date, based on project-level analysis. However, in such cases we lack data as to whether that saving was used for something else. Going forward, it should be feasible to capture or monitor real savings as increased budget to the implementing department or agency funding a project; alternatively, savings could be captured by budget rollover across two financial years. Yet there is also no corresponding outcome indicator in the logframe and therefore no way of capturing this important outcome. **Developing a methodology to capture savings and their reinvestment robustly could be an important priority to demonstrate the impact and VFM of CoST.**

### Highlights of CoST Effectiveness from Mini Country Case Studies

The Review Team visited four CoST member countries. While not a representative sample, this included two fragile or conflict affected contexts (Afghanistan and Honduras), and a range of geographies across Africa, Asia and Central America which face challenges of a weak investment climate for infrastructure, governance and corruption. Mini-case studies are at Appendix D.

**Afghanistan:** Since its establishment in 2013, CoST has begun to make an important contribution to building trust, systems for transparency and accountability and **supporting reformers** and good business practice in a fragile environment. Without CoST, the improvements in project monitoring, management and communications through sectoral e-portals for transport, energy and water would have been slower and more difficult. Assurance reports have identified 18% cost overruns and 119% time overruns on average. Such findings have not yet led to changes in law and policy although government claims \$20m in savings to date. Political commitment to implementation was strong though it is not yet well connected across government.

**Ethiopia:** CoST has been implemented intermittently since 2010 but proactive disclosure of infrastructure data is still limited. While the CoST MSG is seen as a valuable space for the private sector and civil society to discuss challenges in the sector, it is primarily perceived by officials as an investigative agency associated with anti-corruption. It has not yet led to sector reforms, but the assurance reports are proving an

<sup>24</sup> Expression used by CoST IS during kick off meeting with review team

<sup>25</sup> Another example of reported savings, though the evidence is not fully substantiated, is that the Thai Ministry of Finance has also reported savings of around 20% on projects involved in CoST, which has a role in preventing over-pricing through greater transparency. Their formula for calculating this is based on the difference between budgeted amounts, contract award prices and final out turn costs. e.g. if the final out turn cost is 20% below the budgeted amount, that is interpreted as a 20% saving



important means to engage parliament and the Auditor-General on oversight of the sector, although further high-level political buy-in is needed.

**Honduras:** The number of projects disclosed has increased from 148 in 2015 to 1470 in 2019, worth c\$960m. This has contributed to a culture of greater openness in infrastructure projects and PPPs and a period of greater trust between government, civil society and private sector stakeholders involved in the CoST MSG. Evidence from CoST assurance reports have enabled government and civil society to highlight mismanagement and make progress with reforming transport sector institutions and improving oversight of PPPs. The private sector is also beginning to see the potential of CoST information to generate information about market opportunities and level the playing field.

**Uganda:** CoST is trusted by PEs and government and provides an opportunity for accountability and independent scrutiny centrally and by local communities. Proactive disclosure in accordance with CoST's IDS has not yet commenced but assurance reports are valued products for both the Ministry of Works and Transport and the Procurement Authority. They have contributed to reforms, for example on user safety in the 2018 Roads Act. However, CoST's influence on reform remains limited due to lack of senior government engagement in the MSG.



## 5. Sustainability

This section considers the extent to which:

- The existing arrangements for hosting the International Secretariat provide value for money to CoST and its financial supporters and assesses if alternative arrangements (e.g. competitive outsourcing, recruiting staff etc.) would be better
- CoST has developed an operational model which has enabled it to diversify its funding base by securing contributions from other donors (bilateral, multilateral and foundations)
- CoST has developed an operational model which has enable it to expand its technical assistance offer to new UK HMG and Dutch Government geographies, to middle- and high-income countries, and to subnational governments

### 5.1 The International Secretariat

CoST is a charity and company under UK law. It has traditionally been hosted by Engineers Against Poverty (EAP). In March 2019, the Board was presented with four options for the *future of the Secretariat in relation to its hosting*:

- Status quo – remain with EAP hosting
- Competitive outsourcing
- Bringing the Secretariat functions “in-house” by establishing its own systems and core staffing
- Merging with EAP

The pros and cons of each scenario were set out in Board paper 28-H. After some discussion, the Board agreed it should be a matter to be considered by this review.

The International Secretariat has the equivalent of around five full-time staff plus a network of four regional managers based regionally on consultancy terms and two further ‘HQ staff’ on **consultancy contracts**. To establish itself completely independently would have implications in terms of establishing its own systems such as HR and IT. We therefore ruled out bringing the whole operation in-house until CoST is considerably larger.

At the same time, at the point that CoST is seeking to strengthen both its profile and its governance, including updating its Articles of Association, it would seem strange to dilute this through a merger with EAP.

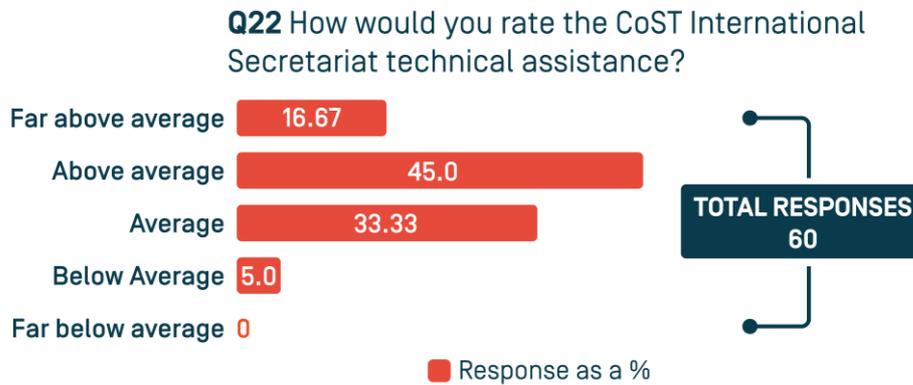
Finally, we did not see a compelling case at this stage for undertaking a disruptive competitive exercise to supply CoST services. Whilst this might be desirable at some point in the future and the organisation may in time benefit from the injection of new ideas from being elsewhere, the reviewers concluded that it was more important at present for the CoST team to focus more on delivery of the Business Plan and other recommendations in this report. The present arrangement appears to be functioning well. It has several benefits including access to engineering expertise and EAP’s wider donor base. On the other hand, given the range of international partners for CoST, if a merger with another organisation were to be considered in future, the Board should consider a wider range of options, not only EAP. But changing the arrangements simply did not appear to be a high priority at the present time. **We therefore recommend that the status quo is maintained for a further two years, before a further review depending on size of CoST membership and the extent of partnerships and collaboration with organisations other than EAP.**

The team also looked at various aspects of *organisational structure*, including:

- Is there a good balance between a centralised office with a strong office culture and shared knowledge and a decentralised office with staff who are geographically, culturally and linguistically closer to their ‘clients’?
- Is there a good balance between generalist and technical skills? To what extent should staff be dedicated to the functions of country support, technical support, policy development, communications and management?
- Are there enough staff and is work fairly distributed?



It was widely reported to the team that **the CoST International Secretariat was dedicated, supportive and knowledgeable**. 83% of survey respondents from members and affiliates were satisfied or very satisfied with their engagement with the International Secretariat and almost 90% with their service and products to support implementation.



**Figure 3: Survey findings on the quality of TA provided by the CoST IS to members and affiliates**

If anything, there was a demand from those surveyed for *more* interaction with country teams and MSGs. There was demand for further support on almost all topics, but in particular monitoring impact, open data and using OC4IDS, social accountability and fund-raising. The IS provide strong support to the Board, the countries and the wider stakeholders both financially and technically, including through capacity building workshops and webinars as well as written guidance, e-mails and calls. The annual country managers meetings are particularly appreciated for peer learning. The Secretariat provides extensive guidance materials. These are appreciated and used particularly in early stages of implementation. There is demand for more, especially an assurance manual which is under development.

*On centralised vs decentralised office balance*, the regional manager structure has only formally been in place for 15-18 months. Regional managers reported that they like this regional structure rather than a totally centralised or decentralised system. There are many arguments to be made for either a centralised or decentralised model. A centralised system obviously creates an office culture, better information management and a better ability to develop specialist skills. A decentralised system allows officers to be closer geographically, culturally and linguistically to their cases, reduces costs, and builds ownership.

CoST's mixed model looks like a good compromise although the review team had some concerns:

- There were impressions among some country teams that it is functioning more as a downward cascade (i.e. from London) than upward and peer learning (i.e. from the countries). This needs to be tested and is perhaps not surprising following a period of developing new tools. Nonetheless, it would be useful to explore additional mechanisms for even more peer work by country officers, such as more regional training, webinars, joint funding proposals, secondments and swaps, etc. Country teams would welcome a more structured, regular engagement with the IS *to assist with planning ahead with limited resources and ensuring ownership of new initiatives*, for example when piloting tools and hosting visits, and more regular discussion of progress in country. There was also strong demand for greater engagement with MSGs.
- The country managers used different channels amongst the CoST Secretariat for different needs – technical, communications, management, etc. The CoST team is still small enough to operate on this model, but over time, regional managers will need to become the single point of contact for support and take on an increasing mentoring role for country managers in their region. Some regional managers already appear stretched in the extent to which they can conduct the full range of their roles – outreach as well as engagement with existing country teams for example.

The team concluded that the regional manager structure made sense and needed further embedding before any significant review or further change.



On *specialist vs generalist balance*, staff in small organisations are often asked to do a wide variety of tasks. It is already clear that some staff are more naturally suited to generalist work and some to more specialist. A matrix structure is developing. This appears to be working well with many staff often involved in many of the issues. There is a strong collective ownership of decision making. As the organisation grows, it will wish to formalise this matrix structure, so that it is clear who is best placed to deal with each issue. This will require changes to individuals' work objectives, procedures and systems.

On the *issue of staff numbers*, it is clear that most of the staff are working long hours. The current CoST team of the equivalent of about five full-time staff, plus four regional managers and two technical advisers **seems small to deliver technical support to 14 members and affiliates, as well as outreach, policy/guidance development and Board support**. An **annual budget** of £884,000<sup>26</sup> (including staffing, overheads to EAP and the international programme activities) **appears to be very low** for existing staff to deliver the international elements of the Business Plan objectives – namely outreach, including persuading international and regional organisations (output 3.10) to adopt and promote tools and standards and side events at international conferences. This year over £150,000 has already been reallocated to the International programme to meet demand. Direct comparators with other initiatives such as EITI, OCP and OGP are difficult because of different scopes and functions. However, as an example, the 30 person EITI International Secretariat plus Board costs are about US\$5m per year to support an expanded Board structure and implementation in around 50 countries. Under the EITI model, most technical assistance to countries is managed and contracted/provided by a separate World Bank-administered multi-donor Trust Fund. The EITI Secretariat was also considered a lean operation in a review conducted by its Board in 2016.

There might be scope for some work efficiencies (this review did not consider that issue) but **there is a clearly a need for more staff to deliver even the current programme at the greater pace and depth required to meet member countries' needs and international profiling, let alone that of an expanded membership**. Whilst the Secretariat themselves saw more technical and data management staff as the first priority, most other stakeholders considered the top priority to be political skills. To the review team, it was clear that there was a need for an entrepreneurial generalist who could pursue some of the linking-up/plugging-in/complementarity issues that we raise in this report. This person might be a policy or development specialist.

## 5.2 Three Growth Scenarios

Here we look at **three scenarios over the next three years to end of 2022**: high growth case, medium growth case and steady state, and the resource implications of each one. These scenarios were developed as illustrations by the review team *based on the information available during the review* from June to September 2019. They may be useful for the Board to consider and revise in the light of final decisions on new members following the competition later in 2019.

Even if the Board were to explore alternative funding models (see below) – for example with TA provided through a Trust Fund or more funding channelled directly to members, affiliates or some southern civil society partners – this transition would be likely to take a couple of years to scope fully, design and establish, and **additional resources would be needed for the existing structures in the meantime under all three scenarios**. In addition, if new members join CoST in late 2019 following the competition, this will shift CoST into the medium growth scenario, placing further strain on existing stretched resources.

<sup>26</sup> Including a contribution to overheads carried by the host organisation, EAP. Over the last two years, the budget has been allocated on average 35% to international and 65% to members (grants and central support such as TA) to reflect Board/donor priorities.



	Members/ affiliates	Tools	International profile	Resourcing
<b>Now</b>	14 including two subnationals	Guidance being updated. Testing OC4IDS and ITI	Increasing at mid/technical levels	About 6 central staff (plus regional) £884k central budget for international programme, EAP and Secretariat.
<b>Steady state to 2022</b>	Up to 16? Four members from 2019 competition?	Pilot OC4IDS and ITI across CoST members	As above with some more senior DFID/other partner engagement	<i>Would need more staff and funding even to meet current mandate.</i> Explore hosting opportunities.
<b>Medium growth to 2022</b>	16-20	Resources constrain choice between ITI and further embedding of OC4IDS	Consider a Global Conference or regional events and piggy-backing	<i>Resource constraints still require choices on country focus and tools.</i> Team would need to increase by at least 50%, perhaps with focus on country support skills
<b>High growth to 2022</b>	Up to 25 from HICs, MICs and LICs	ITI, assurance manual, OC4IDS, comms and other guidance	Global Conference and more capacity building to country programmes. More hardwiring of tools. Strong private sector and INGO engagement.	Team would double, including Policy/Development, Technical/Data, Finance, HR, Admin and Comms. Grants would also need to increase.

**Table 1: Three Future Growth Scenarios for CoST (with baseline of membership as at October 2019)**

### 5.2.1 High growth scenario

This scenario would see up to six new countries come into membership as a result of the current CoST competition 2019<sup>27</sup>. These new countries and an enhanced outreach strategy with a possible additional competition could lead to a further five new countries plus some affiliate cities/provinces and subnational member regions over the next three years to the end of 2022. It is assumed these **25 or so members/affiliates** would be **from HICs, MICs and LICs** (outreach strategy is discussed below). Furthermore, there would be intense work to develop both the **Infrastructure Transparency Index (ITI), the assurance manual, the OC4IDS and some other communications and guidance products**. CoST might also host its first **Global Conference** as well as provide more capacity building support to its country managers and wider stakeholders. Grants to countries would increase, mostly through the Secretariat.

In short, CoST's central function would be to support a wider set of countries and stakeholders; the support would be deeper to ensure that systematic follow-up of recommendations is embedded and countries' disclosure, assurance and social accountability processes become more robust, weathering political change where possible; and they would deliver more effective impact products and events, considerably enhancing outreach to international organisations and the private sector.

In such a scenario, the demands on the team would more than double. Due to absorption constraints, the team could double, but no more, in size. Some working efficiencies would have to be developed. The staffing priorities would include both a Policy/Development Director and a Technical/Data Director. It is likely that the Finance, HR, Administration and Communications functions would also have to grow significantly. Most of these skills would need to be in-house and London-based. At the same time, country support functions would also expand more gradually. These might lead to the development of regional satellite offices, starting in Latin America or Africa. This would involve some complicated administrative and legal arrangements to be directed from London.

### 5.2.2 Medium growth scenario

This scenario would see a more gradual increase in **member/affiliate countries to up to 20 by the end of 2022**. The CoST Board would need to make a **choice as to where to focus effort** between HICs, MICs and LICs and also on subnational and affiliate members, in order to maximise the impact of CoST resources. In May 2018 the Board agreed a strategy to focus outreach on three to four LIC DFID partner countries, two or three emerging economies (preferably G20), and to start a regional cluster in Eastern Europe. There has clearly been a lot of

<sup>27</sup> In May 2018 the Board agreed a Growth Strategy to attract between 6 and 9 new members/affiliates by 2020. 1 new subnational member and 1 new affiliate have already joined in 2019.



focus on increasing engagement of HICs, for example through the HIC paper recently commissioned. Yet several interviewees still questioned whether it was not wiser to consolidate and draw out greater impact within the existing LICs. They suggested that, **if resources are constrained**, HICs and MICs should be a longer-term outreach prospect given the complexity and the need for more tangible impacts on quality of infrastructure and management of public funds amongst the LICs first. There would also need to be a **choice between benefits of progress on the ITI and the longer-term systematic embedding of the OC4IDS**. There would be a gradual increase in grants and in policy development. In such a scenario, the team would have to grow by at least 50%, perhaps with more of a focus on country support skills than in the high growth scenario.

### 5.2.3 Steady state

In this scenario, there would not be any significant increase in number of countries beyond the results of the current competition. Even in this scenario, **the central function would probably need to be allocated more than the present budgeted levels to keep the process going**. As indicated above, there would also be a need for an assessment of the hosting of the Secretariat and whether it should be merged with a growing initiative which could provide stronger linkages and complementary skills and outreach.

## 5.3 Funding structure

CoST centrally has a grant of £7m from DFID for the period 2015 – 2020 and of €1m from MinBuZa for the period October 2018 – December 2021. To date, CoST centrally has received just over £1m a year from DFID since 2015 and €250,000 per year from MinBuZa. DFID’s geographical focus is largely on Africa and LICs although HMG is expanding its geographical footprint, for example through the Prosperity Fund, while the Dutch focused on West Africa and the Horn, and the Middle East and North Africa. Some partners spoke of a concern that CoST was seen too much as a “DFID programme”. That highlighted both the need for, and the challenge of, more diversified funding.

The funding **structure** is **heavily reliant on central funding for implementation**. It seems that the balance between the member programmes and International programmes including central overheads (about 65:35 in the budget over the last two years) is overly skewed towards member programmes. Members’ levels of **self-funding** compare poorly with a similar stage of the EITI, for example. In total, according to the latest Progress Report to DFID (January-June 2019), only £330,000 additional funding (i.e. beyond CoST central and government own funding) had been raised by CoST members since April 2017 (see Figure 4 below). Some stakeholders spoke of a dependency culture, though raising **funding was identified clearly in the country stakeholders’ survey as the biggest single challenge to implementation**, with additional training and support sought to improve this. Only Thailand, Panama and Costa Rica self-fund their implementation. A matching grant approach has helped – i.e. if a country raised £75,000 from elsewhere, it would receive a further £25,000 from the International Secretariat. In 2018/19, two countries, Honduras and Ukraine, qualified for this match funding.



Figure 4: Sources of funding for national programmes outside of CoST IS from April 2017 to June 2019 (Progress Report to DFID January - June 2019)



**One option to explore might be for CoST to develop a graduation system from central funding, with plans and proposals for phased out central funding required from host governments after two years.** These could include governments having to engage with other donors and to integrate CoST with wider sector reforms. In other words, after two years, each country should be required to set out a plan for phasing out of central funding. In some cases, that might be immediate, in others it might take several years. It is likely that there would be resistance to government self-funding of CoST implementation and often for good reason, but the review team see it as an important element of increased ownership and political sustainability in national programmes.

The International Secretariat should help country managers to make the case to their governments and to other in-country stakeholders, while managing any risks that this reduces overall resources necessary for country implementation. The International Secretariat may need to hold contingency funding where local political contexts make it more difficult to sustain CoST yet the need is clear.

With the International Secretariat increasingly focused on getting new members and on ITI assessments, there is also a **question over whether the IS is best placed to be the financial assistance provider for country implementation.** If this role were given to the World Bank for example – through a **multi-donor trust fund** – or a UN agency, it would:

- Reduce the financial and human resource constraints on the Secretariat
- Dilute any accusations of conflicts of interests between ITI assessments and technical support
- Take advantage of the wider networks and programmes of the World Bank and/or UN

The International Secretariat should remain closely engaged in technical support to countries, but the burden should be shared with other, broader organisations. To undertake such a **transition to an alternative structure** would take some time and require more detailed scoping of options, design and implementation, but might be considered in time for the transition to be written into the next iteration of the Business Plan. Some of the issues to be considered are set out below.

#### 5.4 Funding diversification

The funding platform of CoST is narrow and fragile – this remains a **key concern** of the **existing central donors** (DFID and MinBuZa). DFID is considering its future funding beyond 2020 and has a clear expectation that the funding base is widened. MinBuZa has expressed interest in reducing its administrative burden for any future funding from 2021 and openness to receiving joint bids from partners, including with a focus on supporting southern organisations. Any shift in this direction, would also require an assessment of the risks in terms of **due diligence required** and funds management, learning from the experience of other organisations who have moved in this direction.

In terms of increased funding security, diversity, image and volume, it is clear that a **more aggressive fundraising plan is required together with dedicated resourcing for relationship management** with a broader range of potential funders, and **partnerships with other organisations when seeking funding.** A number of stakeholders expressed their belief in the **need for a relaunch in order for new funding to be raised**, with more **emphasis on the impact of work so far, plus a stronger voice for country governments themselves** to identify where CoST adds value and to demand support.

The review team considers that increasing and diversifying **central** funding to the CoST International Secretariat is a high priority to enable it to scale up support to country teams and enhance international profile and outreach to match the scale of the challenges of infrastructure governance. As noted above, **country teams also highlighted a need for more support on fundraising**, who to approach and what narrative is needed, and welcomed IS assistance with proposal preparation.

The Secretariat should explore the following options:

- More of the **traditional donors: Infrastructure development is still a high priority** with a number of development partners – the European Union, Japan, Australia, as well as the Regional Development Banks. CoST has recently done much to scale up its fundraising efforts with these donors – internal meetings with AFDB, IDB, SIDA and the World Bank. Donors decreasingly provide core support but, where this is not



possible, might support a **specific country or thematic project** such as the ITI, or training (perhaps amongst communications officers). If CoST opts to enhance its narrative and evidence gathering on areas such as savings and macroeconomic management or efficient use of climate finance, these thematic focus areas may also be of interest to specific donors.

Each donor could be provided with observer status of Board discussions and perhaps a short constituency meeting should be organised for them before each meeting. It is also good to continue the practice of inviting donors (and perhaps some civil society organisations) to some parts of the annual country managers' meeting. This will give them an insight into the impact of the process on the ground. It is important that CoST can develop its **narrative to speak to evolving donor concerns** e.g. open budgeting and governance, anti-corruption, SDGs, gender, fragile states, root causes of migration, etc.

- The team spoke with partners from the main regional banks and the World Bank. It would be worth the International Secretariat developing these contacts further and perhaps organising some sort of **partners' event** alongside the development of the next Business Plan or Global Conference to ensure that they are bought in to the main ideas right from the beginning. Technical experts in these organisations or other donors could also provide a valuable peer review role in the development of the ITI, which could be linked to earmarked funding. Such a partners' event could be held back to back to the annual country managers' meeting, so that all stakeholders meet each other at an overlap point.
- Funding could also be encouraged from traditional donors if accompanied by **high-profile statements of support**, from multilateral organisations, for example:
  - An unequivocal statement of support for CoST from the World Bank or any of the Regional Development Banks
  - A UN General Assembly Resolution on the importance of transparency in public infrastructure governance
  - A resolution from the Commonwealth, Francophonie and/or Lusophone communities

The proposed **Global Conference** would be an important potential opportunity to profile such high-level statements from a range of stakeholders and to launch any new funding mechanism with pledges of support for infrastructure governance.

- The World Bank or UN should consider establishing a new infrastructure governance multi-donor trust fund or add a governance pillar to an existing infrastructure trust fund. This trust fund could be the main channel for provision of international financial support on infrastructure governance including CoST in-country implementation. It would be important that such a proposal came not just from CoST but also from a major donor – e.g. DFID. This idea could be considered as part of the UK Infrastructure Commission to ensure that it has wide buy-in. If the World Bank or UN did develop a funding mechanism for CoST implementation as part of a wider support facility for infrastructure, it is reasonable that they would provide funding to the International Secretariat for the provision of technical assistance to members in pursuit of the IDS. Building on an existing vehicle may have more traction with donors as an expansion, given the set-up costs and time involved in establishing and managing a new Trust Fund. It would enable existing CoST donors to leverage support from others. Expanding an existing transparency-focused Trust Fund could also be considered and the current strategic discussions on the OGP multi-donor Trust Fund might provide one such opportunity in due course (see below). There are also opportunities for specific countries to apply to existing Transparency Funds such as that managed by the IDB.
- **Private foundations:** Foundations might be willing to support some project-specific activities like the ITI, training events or sessions at the Global Conference. The International Secretariat is working with the Transparency and Accountability Initiative to make the funding case to the Foundations. It might be worth exploring joint proposals with Hivos or other civil society grant givers and the OCP. However, CoST will need to hone its examples of impact and innovation and test where its country-level work has synergies with the specific activities of foundations, to improve prospects of collaboration.
- Some of the donors would welcome **joint funding proposals** alongside other organisations: the Dutch would welcome a joint proposal with **Hivos**. As both Hivos and CoST are relatively small programmes for MinBuZa, combining into one bid would also potentially represent a **smaller administrative burden** relative to



programme value for MinBuZa. CoST should also explore **partnering with the Open Contracting Partnership (OCP)** to bid jointly for funding from traditional bilateral donors and private foundations.

- Several potential funders put more emphasis on channelling **funding through southern organisations** which collaborate with CoST implementation directly in countries where interests overlap with CoST activity. For example, Hewlett is considering this approach in a specific set of countries. Likewise, any joint bid with Hivos may need to be led by CoST National Secretariats housed outside government as MinBuZa is expected to look for support to southern organisations. As mentioned above, such an approach requires careful **consideration of due diligence requirements** if CoST itself is channelling funding through these routes and would represent an additional administrative burden for CoST in some instances which might necessitate a cost-recovery fee.
- **Companies.** At the international level in the medium term, CoST could consider becoming more of a membership-based organisation with fees for its corporate members. If CoST can develop a **stronger narrative on the evidence base for its contribution to opening up and de-risking markets**, the case for corporate engagement will become stronger, at least for associations, if not individual companies. It should be recognised that the margins for contractors are small and others want to see progress on HICs and MICs. Thus, the case for corporate engagement could become even stronger if some high income and middle-income countries join. Once CoST has a stronger pitch it could consider charging business associations a fee (perhaps between £30-200k each, with scaling by size and relevance) and individual companies could be invited to join for a fee. This would need to be developed alongside a much more developed constituency procedure for company representation on the Board. CoST would probably need to develop criteria for membership to manage reputational risk. This idea would need considerable exploration beyond the scope of this review to assess whether additional revenues are worth the additional effort.
- **Banks and institutional investors.** This is a group with strong potential interest in infrastructure transparency as a means to improve borrower and market due diligence and de-risk financing arrangements for both governments and private sector constructors. Similarly, in exchange for a fee, they would need a seat at the table. It is probably not yet worth pursuing individual banks and investors, but perhaps there may be scope to work with groups like the UN Principles of Responsible Investment and seek a lump sum from their membership. Perhaps more usefully, these groups could promote and highlight transparent practice amongst companies and governments and assist with efforts to hardwire infrastructure transparency into financing assessments such as the IFC and for PPPs. While appetite for conditionality is limited, there are some opportunities to build CoST approaches into credit arrangements, for example through the African Development Bank, or to systematically require CoST is built into programme design from the start of World Bank grant processes. These opportunities should be followed up.
- **Participating country governments themselves might reasonably be expected to provide a small amount of funding** as a symbolic and partial exchange for technical support, and as part of graduation from central support (see 5.2 – Funding Structure, above). Governments and other partners already often provide support in kind, for example, in the Ukraine and Thailand Ministries of Finance. This would be an important element of ownership of the international process. CoST should explore the OGP membership model in which member countries pay a fee based on their GDP range from \$25,000 for LICs to \$200,000 to HICs.
- CoST and its partners should put in funding proposals to other thematic Trust Funds such as to the OGP Trust Fund or IDB Transparency Fund, as opportunities arise. For example, the OGP Trust Fund has three windows of relevance to CoST i) civil society can apply for support for co-creation; ii) a broad thematic window – there are opportunities for CoST here to bring OGP members together for peer learning iii) governments needing support for implementation of OGP Action Plan commitments – there is currently one CoST country in this process. The OGP’s World-Bank administered multi-donor Trust Fund is, however, still relatively small and thinly spread compared with potential demand and its strategic focus is under review as it looks to raise additional funds. There might well be other multi-donor facilities that invite ‘challenge funding’. However, these funds are likely to be small and it will need to be considered whether they are worth the effort.

These issues are partially explored in the Advocacy Strategy which includes some useful approaches by institution, including traditional donors, foundations, companies and more endorsements from international bodies and banks/investors.



## 5.5 Board issues – sustainability of the model

The Board was established in 2011. **While it functions well and two thirds of stakeholders surveyed were satisfied or very satisfied with their existing engagement with the Board, some stakeholders recognised that it could be structurally better connected to a wider group of stakeholders and countries.** The effectiveness of CoST depends on what happens at the country level. Country ownership of the whole process is therefore key. The interviews and survey suggested that the recent changes were welcomed and that electing Board members was expected to improve the Board's understanding of country experience, context, challenges, opportunities, needs and successes. As the organisation grows and develops new international products, there will be increasing pressure on the Board for this type of legitimacy and representation.

There are already plans for the Board to grow from six to nine members over the next two/three years and increase the means for stakeholder selection. By comparison, the EITI Board is 21 members plus 20 alternates; the OGP Steering Committee is 23 members, and the Open Contracting Partnership Advisory Board is ten. If the number of members and affiliates continues to grow, **the Board might wish either to consider increasing its size – and therefore representation – or develop a system of alternates by which more stakeholders can feel engaged without having more people physically at the table.** It might also actively invite observers from donors, banks, investors, and the international financial institutions from including a couple of members/observers who are well connected internationally on the transparency/governance/anti-corruption agenda or more senior representation from some of the IFIs. This might give CoST access to a higher profile in international policy discussions on transparency/anti-corruption and infrastructure programmes. Refreshing Board membership is also an important opportunity to promote **greater diversity**, for example in terms of gender and ethnicity.

Alongside this, more robust mechanisms for communication with stakeholders between Board meetings could be established. **For example, the Board terms of reference could make it clearer that each Board member represents their wider constituency with individual objectives to promote CoST internationally and, where appropriate, within countries,** to assist with gaining and maintaining support for CoST implementation. Each Board member should have individual job objectives about reaching their networks both to ensure good representation and communication, but also to promote and advance CoST, including assisting in maintaining political momentum in member countries affiliates.

The main concerns with this proposal related to funding. However, in the above organisations, Board attendance is self-funded (except for southern civil society). **Board members could be asked to provide assurance that they could fund their own participation before submitting their candidature, with a system of bursaries on application.** For governments and companies, it should not be seen as an unreasonable request.

The Board has a good system for assessing country performance and considering members inactive or revoking membership status. **The Board could bolster their systematic monitoring of country implementation, with more focus on how the MSGs are working and observing existing guidance, and less on cases of crises and consideration of revoking status.** Building on the six-monthly country reports, each Board meeting should discuss an implementation progress report (and possibly an outreach progress report which could be simply an elaborated version of what already appears in the DFID Progress Report) on progress in each country. This would cover a few template areas: progress on disclosure, assurance, MSG governance and social accountability, and highlight any key impacts, opportunities and concerns. Ideally these reports would go through a Board Committee to ensure more understanding and input. This would give the Board a more direct stake, interest and understanding of how CoST is operating at the country level and what guidance is needed.

**The Board might also consider having more than one meeting a year in a participating country.** This would have the benefit of:

- Increasing the profile of CoST within that country and region
- Enhancing engagement between countries and the Board
- A mutual learning experience on both CoST implementation and on governance
- Providing an incentive for countries – they tend to like to host
- Potential funding by local partners and/or governments



There are currently just three Board committees: Governance, Communications and Membership (Membership also covers implementation/monitoring). As CoST implementation advances and deepens, **there might be scope for a Committee on policy e.g. for example to develop understanding of issues around beneficial ownership, gender and inclusion.** It would be helpful to have Board oversight of development of and adherence to the OC4IDS and the Infrastructure Transparency Index, especially if the latter is to become a flagship product with a wider consultation process as suggested above. This Committee might wish to establish specialist working groups to develop policy and products which might bring in technical expertise wider than Board members. This again could be an opportunity to develop and spread ownership.

## 5.6 Governance at the national level

The requirements for the governance of the CoST process in each country have been quite light in comparison to other multi-stakeholder initiatives such as the EITI. Whilst it is good that the countries have not been distracted by establishing complex MSG governance, the downside can be the variability and lack of ownership, **credibility, legitimacy and engagement** that can derive from a loose system and **lack of resilience when CoST comes under pressure**, for example with a change of government or where assurance report findings raise sensitivities. Such governance challenges have arisen, for example, in Tanzania and Uganda.

Furthermore, CoST necessarily operates in countries in which civic space is limited and might be closing. Except in the most extreme cases, this should not be a reason for CoST not being implemented, but it is a reason for robust systems. **The International Secretariat is in the process of developing more detailed guidance for the functioning of the MSGs.** Lessons from EITI experience to address some of the challenges noted for CoST MSGs during this review suggest that this should cover:

- Asking each country to set out the relationship between the MSG and the host institutions. This would vary from country to country, but it is important to make space for this discussion and that the MSG members are aware of the relationship. Each MSG should have its own ToR (EITI has some good examples of guidance on ToR).
- Who should be on the MSG? It is important to ensure the right mix of stakeholders are at the table. In some countries this might include procurement agencies, but also donors and media perhaps as official observers. It is not necessary for each constituency to be equally represented but equal voice is more important and that can be achieved by weighted voting (though voting should generally be avoided in favour of consensus). Reference to diversity, notably the conscious inclusion of women and vulnerable groups, is important.
- Terms of office after which re-election is needed and processes for removing inactive members. A guide to national constituency guidelines might be developed focusing on how government, company and civil society representatives might ensure their legitimacy and effectiveness through selection, representation and communication procedures.
- A civil society protocol to assess the space for civil society effectively, freely and fully to engage in the CoST process. Care is needed to ensure this strikes a balance between protecting civil society space and enabling potential members with a strong need for improved governance of infrastructure and trust-building measures to participate in CoST. It can deliver a mechanism both to ensure that civic space in this area is not closed and to prevent CoST being used as a whitewash. The EITI and the OGP have both developed strong mechanisms in this area which may be useful reference points.
- A recommendation that the MSG is chaired by a senior government Minister or official. Although the MSG is multi-stakeholder and there is a desire for it not be dominated by any one stakeholder group, it is ultimately the government who will deliver change.

## 5.7 Outreach and country balance

CoST has historically been **undersubscribed**. In part, this reflects the **intermittent nature** of international support for CoST and resourcing for outreach. Although there was a pilot from 2008-11 and launch in 2012, proper resourcing for outreach and implementation has only been in place since 2015. The stop-start nature of implementation has also reduced incentives for countries involved in the earlier pilot to continue.



There are now some **promising developments** on delivering the Business Plan objective to have 12 additional high, medium or low-income countries, subnational governments, individual procurement entities or megaprojects join by 2020. The affiliation model (see discussion under Section 3 – Relevance) offers some flexibility about what levels of support and requirements go with which status, but these need to be elaborated to prevent a free-for-all.

Yet it seems that different **stakeholders have a wide variety of outreach priorities and targets**. Some want to focus more on HICs and MICs<sup>28</sup>, culminating in a Board study on outreach to HICs, while others want to double down on the existing implementers, more in line with existing resources and donor priorities. Some want to develop the case more for affiliate membership, while others want to develop deeper relations with subnational levels of government. Although there was Board agreement in May 2018 on focusing on three to four LICs, two or three emerging economies and an Eastern European cluster, there does not appear to be **a single written outreach strategy which identifies priorities and partnerships** to achieve these objectives and which can be updated in line with emerging opportunities in specific countries or the priorities of additional potential funders.

If **resources remain limited**, the Board (including donors) and International Secretariat will need to continue to **make choices as to emphasis in outreach**. Should they continue strongly to encourage HICs and MICs to get over the line or double down, as some partners suggest, on the LICs and existing implementation first to demonstrate impact and value and in closer alignment to donor priorities? In practice, **continuing to dedicate some resources to attracting a closely targeted set of HICs is likely to be necessary to attract MICs and LICs seeking to learn from the experience of more advanced or complex economies, and to assist CoST with building a global brand and attracting a wider range of funders and advocates**.

However, as set out above in the three scenarios, it is likely that the resources will be constrained. The review team therefore suggests that the Board and IS should develop criteria to prioritise their target outreach countries. The criteria might include:

- The size of the potential infrastructure and number of beneficiaries
- The government's commitment to reform
- CoST's opportunities for political engagement to foster progress
- The international and strategic profile of the activities
- CoST's comparative advantage vis-à-vis other development organisations in the infrastructure sector

These choices about emphasis should form the basis of a **more coherent outreach strategy** perhaps developed with OGP, OCP, the company bodies and the development partners and put to the Board with an expectation of their direct contributions/personal engagement. In particular there is **an early opportunity for the Board, funders and IS actively to develop a joint and targeted outreach strategy with the OGP** (whose 79 national members include a range of HICs and MICs as well as less-developed countries).

The case for high (and middle) income countries to participate are well made in a 2019 Board study. Providing resources are available, this would help on many levels:

- Increase the credibility of CoST, including defeating any narrative that it is a process only for poor countries
- Could open the floodgates for other HICs and MICs to join
- Increase the attractiveness for engagement and funding, especially for companies – many of whom only operate in developed countries
- Given that these countries tend to be big bureaucracies which take time to make these commitments and the challenge of persuading one to be the first mover, it is important to focus efforts on the basis of certain criteria:
  - Likelihood of joining, especially based on personal relations and how far down the commitment/decision-making chain they are
  - Strategic importance in terms of influencing other HICs and MICs

<sup>28</sup> At the time of the review, CoST members included six LICs, four LMICs and four HMICs, with additional interest from MICs through the 2019 competition process



- Comparative advantage for CoST to influence the decision – perhaps often best to leave to partners like the World Bank, OGP, etc.

**If resources are available, and CoST’s choice is to continue to focus outreach as well on HICs and UMICs**, it will be important, as with companies, to present a more positive case for adopting CoST – less about corruption and more about identifying and resolving challenges of government delivery, creating support in the project preparation process, or to generate a pipeline of bankable projects, for example. Companies would need to be involved in making the case. If and when a HIC or another UMIC does join, CoST should seek significant media coverage in order to encourage others to follow. This could be the basis for a conference in 2020/2021, as well as pledging from new donors and welcoming new members.



## 6. Complementarity

This section considers:

- The extent to which CoST has complemented the work of other DFID-funded transparency initiatives including the Open Contracting Partnership and the Open Government Partnership and how it can build on this work. It also looks at deepening linkages with UK Government priorities, for example on infrastructure, prosperity, illicit flows and anti-corruption
- The extent to which elements of the CoST approach have been incorporated into the programmes, tools and standards or have been recommended as good practice by international and regional organisations, and how can it build on this work

### 6.1 Complementarity with other transparency initiatives supported by DFID

DFID launched a Transparency Agenda in early 2018<sup>29</sup> which sets out the policy framework and related programming, including support to the Open Government Partnership, Open Contracting Partnership, CoST and over 30 other initiatives where DFID either provides funding or has policy engagement.

Specifically, both the **Open Government Partnership** and **Open Contracting Partnership** (OCP) have been important partners to CoST, providing a platform for advocacy and outreach in international fora, and facilitating progress with CoST implementation through joint or complementary working in specific member countries.

**Open Government Partnership (OGP) thematic priorities** complement CoST. They include anti-corruption (incorporating open contracting and infrastructure transparency) and improving the quality and effectiveness of public services such as water. OGP member action plans are a locus for commitments related to adopting CoST, for example in Uganda. They also assist with maintaining momentum on CoST processes and provide a link to other open government initiatives such as OCP. For example, in Honduras and Afghanistan, both are seen as part of the “transparency ecosystem”. Common civil society and sometimes government partners also facilitate linkages. The OGP Independent Review Mechanism (IRM) provides an additional degree of light touch accountability for progress on CoST where included in Action Plans.

**OGP summits** have provided a platform for individual members and the CoST International Secretariat to showcase CoST. For example, Malawi and Honduras won Awards at the Paris OGP Summit in 2016. Such recognition serves to incentivise further efforts in country. The International Secretariat has used summit opportunities to profile CoST and its tools to a wider range of countries, for example in a panel session in Tbilisi in 2018 and Ottawa in 2019<sup>30</sup>.

OGP has around **100 national and subnational members** and is an important **channel for outreach** to potential new CoST members and affiliates. In Ottawa, a pre-event workshop led to strong interest in joining CoST from Peru, Kyrgyz Republic, Paraguay and Ecuador and allowed CoST to engage several other Governments and civil society partners from Senegal and Makueni County, Kenya<sup>31</sup>. Participation in OGP events has enabled CoST to disseminate information to HICs and MICs<sup>32</sup>. **Looking ahead, CoST could work more closely with OGP on a targeted outreach strategy to specific members, which should evolve on the basis of emerging opportunities based on joint understanding of the relevant narrative and political economy.** This could include working with civil society and governments to develop “sharp” actions for National Action Plans which enable progress with CoST.

Given **DFID’s strategic engagement** with OGP on policy and through core funding to OGP central institutions and the Trust Fund, there are opportunities for DFID to continue to encourage OGP to focus on infrastructure

<sup>29</sup> See 2019 update on the Transparency Agenda.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/782901/Transparency-Agenda-Progress-Update.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782901/Transparency-Agenda-Progress-Update.pdf)

<sup>30</sup> <http://infrastructuretransparency.org/2019/05/24/saying-no-to-silos-the-cost-and-ogp-example-of-joining-up-for-better-and-open-infrastructure/>

<sup>31</sup> Progress Report Jan-June 2019

<sup>32</sup> For example, Bulgaria, Scotland, Finland, Armenia, Moldova, Colombia and Chile were among those attending the Ottawa workshop. Participation by Jalisco, Mexico, in CoST, for example, was initially stimulated by Hivos support for attendance at the OGP Summit



transparency and accountability overall and in specific countries, to continue to link with CoST's role in providing a multi-stakeholder space for dialogue on reform and to make connections between policy priorities workstreams on open contracting, beneficial ownership transparency and infrastructure. DFID and other donors are currently considering future funding to the OGP Trust Fund. This is an opportune moment to consider giving priority to this cluster of connected priorities perhaps with an additional thematic window or pillar, rather than the set-up costs and time associated with looking to fund CoST through a separate trust fund. DFID country offices also tend to be more familiar with OGP than CoST so the OGP process and DFID central teams may both offer opportunities to make country teams more aware of CoST and link advisors working on infrastructure and governance.

The **Open Contracting Partnership (OCP)** and CoST signed an engagement agreement to work together in 2016. This built on an informal partnership established in 2012 when CoST was instrumental in the establishment of OCP. They have contributed to each other's strategy development and OCP was part of the CoST Strategic Review advisory panel.

OCP and CoST have complemented each other well when they have worked together on specific projects, notably to turn CoST's Infrastructure Data Standard (IDS) into an **open data standard** for infrastructure (OC4IDS). OCP's technical expertise and experience in open data standards complements CoST expertise on assurance and accountability for the whole infrastructure process from project preparation through contracting to completion and oversight.

OCP and CoST have also agreed a joint contract with Open Data Services to provide a **help-desk function to support implementation of the OC4IDS**<sup>33</sup>. **Open Government Partnership has helped to reinforce collaboration between OCP and CoST** in specific countries, such as Ukraine and Honduras. For example, the OC4IDS is included in the Honduras OGP Action Plan 2018-20<sup>34</sup>. This includes a commitment to incorporate the OC4IDS in to SISOCS – the online platform for PEs to disclose projects and contracts – guaranteeing interoperability between systems and access to public information in open data format, with specific timebound actions on reprogramming SISOCS, developing use cases for different user groups to test the value of the information and developing impact stories and lessons to share with other countries. Funding for these OGP commitments of \$25,000 comes from the CoST IS. In Ukraine, using open data tools across Open Contracting (prozorro), CoST (OC4IDS) and beneficial ownership (Open Ownerships' BODS standard<sup>35</sup>) offers potential for further innovation to connect data on procurement, infrastructure and ownership of contracting firms. Such approaches will ultimately enable stakeholders to understand who is benefiting from infrastructure deals and foster a more open and competitive market or tackle corruption and illicit flows.

OCP and CoST also agreed to collaborate on **joint advocacy and reinforcement of key messages** to have greater leverage in influencing global debates around transparency and accountability in public contracting, better joint monitoring, evaluation and learning and capacity building for stakeholders. For example, OCP and CoST launched the OC4IDS at the OECD Infrastructure Governance Forum in April 2019. In Honduras, OCP impact stories have showcased the CoST approach and impact.

**Looking ahead, CoST and OCP have the potential to deepen their partnership and experience of complementing each other well over time.** There is potential to collaborate further on specific tools and use of data, outreach to new members, for **CoST to learn from OCP on effective communications to enable CoST to amplify its own impact** and attract additional funders, perhaps through joint bids with OCP, which could also reduce funders' transaction costs. Nonetheless, it is necessary for **CoST to ensure it can convey its distinct scope and contribution to the infrastructure sector, to building trust and openness between governments, private sector and civil society and through the assurance process. This would** ensure that stakeholders do not conflate CoST and OCP, which is a risk when amplifying CoST through OCP channels and seeking joint funding.

<sup>33</sup> The VfM for DFID of supporting open data services for OCP, CoST and Open Ownership may merit consideration separately

<sup>34</sup> [https://www.opengovpartnership.org/wp-content/uploads/2018/08/Honduras\\_Action-Plan\\_2018-2020\\_EN\\_1.pdf](https://www.opengovpartnership.org/wp-content/uploads/2018/08/Honduras_Action-Plan_2018-2020_EN_1.pdf)

<sup>35</sup> <https://standard.openownership.org/en/v0-2-0/primer/whatisthebods.html>



## 6.2 Complementarity with other UK government initiatives

There may be further opportunities for CoST to complement other UK Government initiatives on infrastructure, transparency, anti-corruption and prosperity, which could be explored further.

- CoST's engagement with DFID over the course of the Business Plan seems to have been focused at programme management and advisor levels, other than occasional interactions with senior officials. However, **DFID senior official and ministerial leadership have an important potential role in raising the profile of CoST internationally**, for example with IFIs and partner governments, as well as across Whitehall, which CoST and the DFID programme team could explore further. Upcoming investment and infrastructure meetings internationally with RDBs, IFIs, partner governments and investors in 2019-20 are early opportunities. DFID's recent launch of an International Development Infrastructure Commission and the forthcoming UK-Africa Investment Summit are immediate opportunities for DFID to profile CoST with target audiences and highlight the importance of infrastructure governance for infrastructure quality and to de-risk private investment.
- There is scope to explore and formalise greater complementarity with other DFID infrastructure programming. DFID's Cities and Infrastructure for Growth (CIG) programme and other infrastructure facilities funded by DFID such as NIAF III (Nigeria) and EIAF (Ethiopia) could formalise links so that projects prepared and funded by these facilities and programmes can benefit from CoST work to improve governance and oversight while expanding disclosure. The review team learned in October 2019, that CoST Uganda and CIG Uganda are already drafting a MoU such that projects supported by CIG are disclosed in accordance with CoST standards. This is a welcome development that could be encouraged across other country programmes. Centrally, DFID could explore links between the Theory of Change underpinning CIG in terms of developing bankable infrastructure projects and ICED/CoST ToC and the corresponding opportunities to expand CoST country and sector coverage.
- CoST has started to strengthen **relationships with other parts of the UK government**, facilitated by DFID. Going forward the **Joint Anti-Corruption Unit** (in the Home Office) could become a more important interlocutor for CoST and have expressed interest in the findings of this Review. They have a role in convening other government departments (such as Treasury, which leads on the G20 finance track, and Infrastructure and Projects Authority – IPA, see below) and international outreach at G20, for example. There may be other **opportunities if domestic infrastructure investment emerges as a high priority for the UK government**. OCP has experience to share on building a close working relationship with the **UK Cabinet Office** and partial adoption of the OCDS for the UK public contracts register, "Contracts Finder", as a means to open up the market to smaller companies. Inclusion of a commitment at the 2016 Anti-Corruption Summit and in the UK Anti-Corruption Strategy in 2017 initially provided an incentive to pursue this approach. However, **in a changing political context, opportunities shift**: generating more useful commercial data for internal government monitoring of contractors and addressing SMEs' needs to access contract opportunities as part of longer supply chains, and tackle late payment problems, have more recently proved more appropriate vehicles to maintain momentum on open contracting.
- It could be an important **signal** if the UK government, as the main funder and proponent of CoST, were to adopt CoST approaches, for example initially on an affiliate or pilot basis or for specific projects, or drawing on CoST assurance models and tools. In the case of the OGP and EITI, having supportive HIC countries as implementers was a critical signal of solidarity and of **a shift towards a global norm**, as well as, in most cases, value added. For the UK, this could fit well with other priorities in the existing Anti-Corruption Strategy although it is not included in the current version (2017-22). However, as above, CoST needs to remain alert to shifting government priorities; for example, boosting investment in domestic infrastructure and boosting market access and trading conditions for SMEs may generate entry points for CoST tools.
- DFID has already facilitated initial discussions with the Prosperity Fund (PF) Global Infrastructure Programme and UK Infrastructure and Projects Authority (IPA). This assists countries in improving project preparation for bankable projects, drawing on the UK Treasury's five-case model. They do not currently promote CoST but there may be further potential to build on earlier dialogue with the PF for **joint outreach and promotion of CoST tools including assurance reporting**, for example in countries such as Colombia, Indonesia and South Africa through the Prosperity Fund. However, appetite from the PF is likely to be contingent on **CoST**



developing a narrative which also speaks to the needs of MIC governments, focused on efficiency, value for money and improvements in their bankable project pipeline, not only corruption and mismanagement.

### 6.3 Incorporating the CoST approach into others' programmes, tools, standards and recommended good practice

The CoST Business Plan 2017-20<sup>36</sup> had an objective to persuade international and regional organisations to adopt CoST tools and standards as part of their frameworks. It aimed to do this through strategic partnerships with these organisations to help **promote CoST and enable governments to access CoST tools** and standards. This activity is closely linked to CoST efforts to participate in global and regional conferences to promote its tools and strengthen the CoST brand (see Section 3 – Relevance).

Over the last 2.5 years since the Business Plan was finalised, CoST has been steadily pursuing strategic partnerships, focusing in particular on OGP, OCP, TI, IDB and AfDB. It has had success with the OGP and OCP as above. The World Bank is also an important partner, as the earlier incubator of CoST during the pilot phase and a continuing role as Board observer. CoST progress reports suggest it has become a **regular contributor in infrastructure governance fora** organised by the World Bank (for example in Abidjan and Seoul), OECD and Transparency International (for example on the Clean Contracting Manifesto). The WB and OECD have also been developing technical papers on infrastructure governance which include CoST case studies. The IDS has been incorporated into the World Bank PPP framework (although it is not yet widely adopted), TI's Gold Standard Integrity Pact and the Global Infrastructure Basel Standard<sup>37</sup>.

CoST is seen as an importance source of technical expertise internationally, for example in OECD dialogue and at the G20, just as in member countries such as Ukraine. **By working with the OECD**, CoST also has an opportunity to reach additional governments and international stakeholders by using OECD platforms to **connect to different OECD thematic workstreams**, including infrastructure, procurement, infrastructure governance and sustainability workstreams. There is a **crowded field of international infrastructure and procurement rules and standards**, where the **OECD has convening power as well as a platform for technical dialogue** for example through the MAPs approach and feeding into the G20, as well as working with IFIs, which otherwise often have preference for their institution's own frameworks.

But the **WB is not systematically building CoST approaches into the design of country-level infrastructure programming or financing agreements**. Honduras and Ukraine provide some, perhaps isolated, examples of effective approaches of WB agreements fostering adoption of CoST, which have helped CoST engage initially and deliver impact through continued WB-funded technical assistance. In Honduras, the WB was a key partner in the introduction of CoST in 2014 through funding a governance component to its infrastructure programme which included a scoping study, encouraging multi-stakeholder dialogue and incorporating the IDS in the WB-funded online disclosure platform. It continues to provide targeted financial support or technical assistance to assurance reports and adoption of the OC4IDS. However, more fundamentally, **an unequivocal statement of support from the WB senior management would have a more systematic impact** on task team leaders' engagement with the process across more countries and provide **greater encouragement for them to embed CoST from the outset of grant programme design and dialogue with government**. It is much more difficult to build this in at later stages when programmes are already trying to meet delivery and disbursement milestones.

Most recently, CoST has **gained traction at the G20**. Through the CoST Executive Director's chairmanship of the C20 Infrastructure Working Group<sup>38</sup> and working complementarily with the World Bank, UK and Argentina among others, CoST succeeded in profiling its work in a non-binding good practice guide (**Compendium of Good Practices for Promoting Integrity and Transparency in Infrastructure Development**<sup>39</sup>) developed by the G20 Anti-Corruption Working Group (ACWG) on the basis that "integrity and transparency are crucial for countering

<sup>36</sup> Activities 3.10 and 1.4 in the Business Plan are linked

<sup>37</sup> <http://infrastructuretransparency.org/wp-content/uploads/2019/01/CoST-story-of-growing-impact-2.pdf>

<sup>38</sup> The C20 itself also endorsed CoST, see <https://civil-20.org/c20-policy-pack-2019-is-out-now/>. See also <http://infrastructuretransparency.org/2019/03/08/quality-infrastructure-investment-given-top-priority-for-2019-by-c20/>

<sup>39</sup> [https://www.g20.org/pdf/documents/en/annex\\_06.pdf](https://www.g20.org/pdf/documents/en/annex_06.pdf) p.16



corruption effectively and the delivery of quality infrastructure”. The Compendium provides examples of approaches adopted by countries, international organisations, civil society and others to promote integrity and transparency at different stages of the infrastructure development process from planning through to evaluation and audit. As good practice, this is not binding on G20 members. However, they may be disseminated widely as good practice. CoST is referenced, for example, as a way of using open data to assist with transparency and accountability at the evaluation and audit stage through the OC4IDS developed with OCP.<sup>40</sup>

**Infrastructure is a consistent theme at G20** providing opportunities to promote improved governance, depending on the priorities of different presidencies. At the Japanese Summit June 2019, building on the Argentinian presidency’s focus, the G20 also endorsed Principles for **Quality Infrastructure Investment (QII)**, as its strategic direction and aspiration, as part of ongoing efforts to close the infrastructure gap. The G20 declaration stated that they will explore **indicators on quality infrastructure investment**. Further work on this area will depend in part on the support for infrastructure as a priority of future presidencies as formal accountability mechanisms for such commitments tend to have more limited traction at the G20. If there is such support, work on the principles and indicators would be likely to take place under the G20 finance track. Early indications are, for example, that effective management of PPPs may be a priority for the incoming Saudi presidency for 2020. Looking ahead, there may be an opportunity for CoST to focus efforts on G20 exploration of *indicators* for **Quality Infrastructure Investment** in the Infrastructure Working Group and the role of CoST in effective management of PPPs. This may require further relationship-building with stakeholders **within the finance track as well** as with the ACWG.

CoST also had an aspiration at the outset of the Business Plan to explore **strategic partnerships with regional development banks**, where less progress has been made so far. The appetite across RDBs appears to vary. **The Board and funders of CoST could play a more important role in making the case for collaboration at senior levels of the multilateral and regional development banks**. There are important opportunities which are likely to require CoST to be resourced for *ongoing* engagement to foster relationships with both transparency/governance elements and infrastructure/PPP teams and enable engagement with MICs as well as LICs and to improve control of cost and time overruns. From our consultations:

- The AfDB appears very open to greater engagement if CoST and partners were to invest further in this dialogue with some interest in exploring how to build CoST into dialogue with African governments on financing agreements for infrastructure.
- By contrast, the IDB central transparency leads indicated some scepticism about the traction of CoST on members compared with more rigorous standards such as FATF, for example, although there are examples of greater interest by the IDB teams in specific countries. Yet the IDB has been developing a significant workstream on infrastructure and integrity following the Odebrecht corruption scandals across the region. A high-level report on addressing corruption in Latin America and the Caribbean recommended adoption of CoST in 2018<sup>41</sup>. In addition, it provides 35% of multilateral financing for PPPs in Latin America, and policy documents<sup>42</sup> highlight the role of transparency and multi-stakeholder dialogue as factors in improving PPP markets and VFM. (see Section 3 – Relevance). Developing CoST’s narrative and evidence of impact will be important in making the case for closer collaboration centrally and at senior levels. Securing membership from one or more larger Latin American economies – which may be an outcome of the current outreach and competition – would also assist. The Province of Buenos Aires has already joined as an affiliate in 2019.
- Knowledge of CoST within the ADB’s central technical teams and sector groups appears to be limited to some country teams. CoST should also actively build linkages with central teams working on procurement who have to approve larger ADB contracts, the strategy team which leads on the SOURCE online platform<sup>43</sup>, which enables investors to access information for example about PPPs and other tenders, and the ADB governance thematic group as well as sector groups.

<sup>40</sup> [https://www.g20.org/pdf/documents/en/annex\\_06.pdf](https://www.g20.org/pdf/documents/en/annex_06.pdf) p.16

<sup>41</sup> Report of the Expert Advisory Group on Anti-corruption, Transparency, and Integrity in Latin America and the Caribbean / Eduardo Engel, Delia Ferreira Rubio, Daniel Kaufmann, Armando Lara Yaffar, Jorge Londono Saldarriaga, Beth Simone Noveck, Mark Pieth, and Susan Rose-Ackerman. IDB 2018

<sup>42</sup> Infrastructure. Engine for Economic Growth and Integration of the Americas. IDB 2018.

<https://publications.iadb.org/en/publication/17369/infrastructure-engine-growth-and-economic-integration-americas>

<sup>43</sup> SOURCE is a global partnership of 10 MDBs to address the global infrastructure gap as a digital solution to centralise information across the infrastructure project cycle



## 7. Recommendations

This section presents **recommendations** emerging from the Review. The team discussed emerging recommendations with the Board in September 2019.

Under **Sustainability**, the team proposed three scenarios to assist CoST with planning for the next three years to Q4 2022 under steady state, medium and high growth membership and funding scenarios. Even in the steady state scenario, the team strongly recommends additional funding even for the International Secretariat to deliver on its current mandate and ensure it has the appropriate skill set for delivery.

The team has highlighted below where recommendations are early priorities to establish a platform for CoST to enhance its impact and global profile, under all scenarios.

All recommendations have been categorised according to timeline for implementation: ‘early priorities’, ‘within two years’, or ‘over the longer term’.

### 7.1 How CoST could consider modifying its strategy and operational model to become more widely recognised across the globe

CoST should consider:

#### 7.1.1 Raising the profile of infrastructure governance and building a global campaign around it

- Working with funding and civil society partners to encourage them to mobilise a coherent and sizeable global campaign and movement for better public infrastructure governance to contribute to efforts to improve the quantity and quality of infrastructure, including through PPPs. It might be started as a call to action following the publication of a global report or significant negative media coverage, which could provide the initial political momentum needed to support such a movement, also using the platform of a Global Conference.

**An early priority would be**

- To secure funding to convene a **high-level meeting of interested parties, at a venue such as Wilton Park or other international retreat**. DFID’s recent launch of an International Development Infrastructure Commission also provides an opportunity to raise the profile of action on infrastructure governance.
- **Holding its own Global Conference as a platform for reformers to be acknowledged and to catalyse progress by 2021**. This could focus, for example, on bringing in new countries, celebrating impact by bringing existing members together, launching the Infrastructure Transparency Index as a flagship product, as well as pledging from new donors. There may be opportunities to run this alongside another international high-profile investment event to amplify messaging and attendance.

#### 7.1.2 Building a global coalition to improve infrastructure governance through stronger messaging and evidence of impact

**Other early priorities are:**

- **Developing more nuanced narratives which show how CoST can help address the challenges faced by its different audiences**. This would convey CoST’s added value and offer to different stakeholders and countries to enable them to address **specific problems**, for example in service delivery, macroeconomic management, securing private finance, driving VfM, tackling illicit flows etc. It would complement a **suite of impact stories and implementation of the advocacy/communications** strategy, to draw in a broader range of funders and members
- **Adopting a more politically flexible and opportunistic outreach strategy** for new members and affiliates at national and subnational levels across the range of HICs/MICs/LICs, with the associated budget. This could bring together views from stakeholders to enable CoST to work in partnership with others such as the **Open Government Partnership (OGP)**, donors and the private sector to take advantage of political opportunities for outreach.



### Over the long-term CoST should consider:

- **Conducting a specific scoping exercise on how to make CoST’s value proposition more positive and targeted towards a range of private sector industry associations and their members and as a conduit to encourage stronger government buy-in.** This should develop the review’s initial findings on how CoST can help business and governments by levelling the playing field, providing useful business intelligence and de-risking investments, including through PPPs.
- **Development of a targeted strategy and associated budget to hardwire elements of the CoST approach and its requirements into other international indices and frameworks or good practice such as the G20’s Quality Infrastructure Indicators, World Bank’s Doing Business Index, MDB and RDB financing conditions/programming approaches and Sovereign Debt Ratings.**
- **Developing approaches to:**
  - **Capture the impact of CoST** on public finances (through savings from better management, deterring corruption, more competitive tenders etc.) to determine whether there is a persuasive argument for governments on helping with debt sustainability
  - **Develop the role of CoST in managing climate finance well.**

## 7.2 How CoST could consider modifying its operational model to enhance effectiveness and impact

CoST should consider:

### As priorities over the next two years:

- **Developing CoST’s systems, capacity and political engagement systematically to follow-up or to embed the recommendations from assurance reports into sector/national policies and programmes across member countries.** This may require additional capacity in the IS/Board and in member countries for political leadership and responsiveness to opportunities in each country context.
- **Ensure that enhanced political engagement and resourcing can provide sufficient support and encouragement to member countries which are lagging on disclosures.**
- **Prioritising development of the Infrastructure Transparency Index (ITI) as CoST’s flagship product both to incentivise further reform and enhance CoST’s profile.** This requires CoST to accelerate plans for the design and pilot, consultation with a wider audience of member countries and technical experts to build ownership, and seek specific donor support for the ITI, with a view to a full launch at a Global Conference in 2021.
- **Enhancing central, regional and peer support to CoST members and MSGs on monitoring impact, political engagement, open data and fund-raising.**

### Over the long-term CoST should consider:

- **Considering a more robust MEL framework which enables monitoring of an improved set of key indicators in the logframe, country progress reporting and reporting to funders.** This could more closely reflect the range of processes which CoST supports to contribute to sector reforms and ensure that **“learning” between members and affiliates, from both successes and challenges, is more strongly institutionalised.** It could strengthen links between the Theory of Change, Logframe and VfM frameworks to monitor effectiveness of CoST more comprehensively and look at building in monitoring of inclusion of women and vulnerable groups more systematically into improvements in infrastructure governance.
- **Investing in quantitative monitoring of impact for both monitoring and communications purposes,** building on tools established by member countries with more established data sets, potentially in partnership with academic, data management and industry associations.

## 7.3 Whether CoST might consider alternative models for Board, International Secretariat and country operations

CoST should consider:

### As priorities over the next year:



- **Prioritising key skills to be recruited into the International Secretariat** to focus on **entrepreneurial and governance skills to seek political opportunities to promote CoST and engage with member country governments to maintain momentum**, the advocacy strategy and fund-raising. The Secretariat’s operational model should be reviewed again in two years to assess the structure relative to membership size and other international activities.
- **Scaling up CoST’s efforts to raise additional funds including through dedicated capacity in the International Secretariat for outreach and to support member countries:**

Working with other infrastructure or transparency organisations and funders to **scope out in more detail how to build an additional pillar on infrastructure governance into an existing multi-donor trust fund on infrastructure or transparency or public-private financing basket**. This could **include public commitments on funding at an international or CoST global conference** or through an initiative like the **UK Infrastructure Commission**. This could fund both technical assistance for CoST members and affiliates and central work on outreach, impact and support to members with particular challenges e.g. advancing disclosure.

- **Joint funding bids** to a wider range of traditional donors and private foundations with partners such as Open Contracting Partnership and Hivos.
- **Specific funding for CoST’s flagship products** such as the Infrastructure Transparency Index.
- **Supporting member country teams** significantly to improve sustainability through longer-term funding arrangements and bids to thematic funds such as the IDB Transparency Fund and OGP Trust Fund.

#### As priorities over the next 2 years:

- **Further reviewing Board membership, structure and constituency arrangements for opportunities to better meet the challenges of representation, legitimacy and ensure diversity**, and to enhance Board members’ role in country outreach and international profiling for CoST.
- **Providing clearer guidance on multi-stakeholder governance** to CoST members and more regular engagement with MSGs, where requested.
- **Building a pipeline of potential new longer-term funders** among foundations, regional development banks (ADB, AfDB), private sector and institutional investors through systematic engagement. Exploring “graduation” models and government contributions for members.

### 7.4 How CoST could build on complementarity with other DFID transparency programmes and other work

CoST should consider:

#### As a priority over the next year:

- Securing **high-level engagement** from ministers and senior officials in DFID and other parts of the **UK government**, to help drive a **step-change in global recognition and adoption** of CoST approaches. This would involve profiling CoST at key upcoming international infrastructure and investment events and lobbying senior levels of IFIs, RDBs, private sector and partner governments on the contribution of CoST to better infrastructure investment.

#### Over the long-term CoST should consider:

- **Working across the UK government** – including DFID, Home Office, Cabinet Office and Treasury – to encourage them to promote CoST tools and membership internationally, for example with the AfDB, ADB, AIIB and PIDG, through a UK domestic affiliate or pilot model tapping into UK priorities on infrastructure and supporting SMEs.
- **Widening and deepening collaboration with the Open Contracting Partnership**. As well as working together to deliver specific tools such as OC4IDS, this could include joint outreach and fundraising for example initially around the collaborative development and promotion of OC4IDS. This could be an attractive platform for funders but would need to **distinguish CoST’s additionality** to OCP in terms of building trust between



different stakeholders in the infrastructure sector, promoting a level playing field for private sector infrastructure contractors and PPP partners, and the assurance process as a driver of reform.



## APPENDIX A: LIST OF INTERVIEWEES

	Name	Position of Interviewee (relative to CoST)	Organisation
1.	Abramov, Slava	Acting country manager	CoST Ukraine
2.	Aidoo, Isaac	OGP Government Contact	Sekondi-Takoradi
3.	Arteaga, Claudia	Outreach contact	Province of Jalisco, Mexico
4.	Asunka, Joseph	Foundation	Hewlett Foundation
5.	Baird, Morag	Director	Global Infrastructure Hub
6.	Basu, Tonu	Partner	Open Government Partnership
7.	Bowman, Vicky	Outreach contact	Myanmar Centre for Responsible Business
8.	Caballero, Manuel Gonzalez	CoST Regional Managers for Latin America and Asia	CoST International Secretariat
9.	Cantero, Alfredo <sup>44</sup>	Board Member	Government of Honduras
10.	Chideock, Cass	UK Government	Cabinet Office
11.	Chin'gani, Joe	Private sector chair of MSG	CoST Malawi
12.	Dietrich, Daniel	Civil society	Hivos
13.	Dole, David	Country Director, Afghanistan	Asian Development Bank
14.	Fabbri, Leo	UK Government	HM Treasury
15.	Feng, Clara	CoST Regional Managers for Latin America and Asia	CoST International Secretariat
16.	Gamba, Jacopo	Regional development bank	Inter-American Development Bank
17.	Goldie-Scott, Hamish	CoST Technical Advisor	CoST International Secretariat

<sup>44</sup> During the final stages of preparing the Review, the team received sad news that Alfredo Cantero, Board member and Minister of Transparency in Honduras, had passed away



18.	Grigorian, Karineh	UK government	UK Infrastructure and Projects Authority
19.	Habershon, Alexandra	Observer, CoST Board	World Bank
20.	Hawkins, John	CoST Programme Director	CoST International Secretariat
21.	Hayman, Gavin	Executive Director (implementation partner)	Open Contracting Partnership
22.	Hernandez, Evelyn	Head of Members and Affiliate Programmes	CoST International Secretariat
23.	Hirunyanich, Prayong	MSG member – private sector	Anti-Corruption Organisation Thailand (ACT)
24.	Hodess, Robin	Governance & Transparency Director	B Team
25.	Jarvis, Michael	Executive Director	Transparency and Accountability Initiative
26.	Mackrow, George	UK Government	Joint Anti-Corruption Unit
27.	Magina, Paulo	Head of the Public Procurement Unit, Public Governance Directorate	OECD
28.	Matthews, Petter	CoST Executive Director	CoST International Secretariat
29.	Moody, Rory	Observer, CoST Board	DFID (Cities Adviser)
30.	Ofori, George	Vice Chair of CoST	London South Bank University
31.	Poortman, Chrik	CoST Board Chair	Transparency International
32.	San Martin, Mariana	Subnational member	Provincial Director of Evaluation and Open Government (Province of Buenos Aires)
33.	Stoel, Ivo	Observer, CoST Board	MinBuZA
34.	Taylor, Will	UK Government	DFID, Transparency, Accountability and Politics Group Lead
35.	Trivedy, Roy	International organisation	UNDP Timor Leste



36.	Turner, Peter	UK Government	Prosperity Fund Global Infrastructure Programme
37.	Whitworth, Alan	UK Government	DFID Senior Economist, lead on OCP
38.	Zepeda, Alvaro	MSG member – private sector	Guatemala Chamber of Construction
<b>Country Visits</b>			
	<b>Country</b>	<b>Institution<sup>45</sup></b>	
39.	<b>Afghanistan</b>	Integrity Watch	
40.		World Bank	
41.		Ministry of Economy	
42.		Ministry of Transport	
43.		CoST Secretariat	
44.		DFID	
45.		Rasikh Construction Company	
46.	<b>Ethiopia</b>	Federal Public Procurement and Property Administration Authority	
47.		Federal Ethics and Anti-Corruption Commission	
48.		Consulting Engineers/Architects Association	
49.		CoST Secretariat	
50.	<b>Honduras</b>	Millennium Challenge Corporation	
51.		COALIANZA (PPP Authority)	
52.		World Bank	
53.		INVEST-H (Strategic Investment Authority (PE))	
54.		Institute of Access to Public Information	
55.		Presidential Directorate of Transparency and Modernisation of the State	
56.		Assurance team	
57.		CHICO (Chamber of Construction Industry)	

<sup>45</sup> For security reasons institutions, rather than individual names, are provided for the in-country consultations



58.		CICH (College of Civil Engineers)
59.		CHEC (Chamber of Consulting Firms)
60.		COST Secretariat
61.		Citizens' Transparency Commission
62.		INSEP (Ministry of Infrastructure and Public Services)
63.		Transparency International/ ASJ (Association for a Juster Society)
64.		EROC (Regional Organisation for Citizen Space)
65.		FOSDEH (Social Forum of External Debt and Development)
66.	<b>Uganda</b>	CoST Secretariat
67.		CoST MSG
68.		Wakiso District Administration
69.		Ministry of Works and Transport
70.		Public Procurement and Asset Disposal Agency



## APPENDIX B: PROGRESS AGAINST KPIS

Summary progress<sup>46</sup> and commentary against selected outcomes<sup>47</sup> and outputs in the CoST logframe which are also ICED logframe indicators.

OUTCOMES/OUTPUTS	INDICATORS	PROGRESS
<b>CoST OUTCOME 2</b> Government, industry and civil society have access to complete and accurate infrastructure data leading to stakeholders being better informed and empowered with infrastructure data to demand accountability.	<b>Indicator 2.1</b> Number of Formal Disclosure Requirements (FDR) or Legal Mandates enacted by CoST members	7 CoST members had introduced FDR by June 2019 meeting the milestone for March 2020 <span style="color: green;">■</span>
	<b>Indicator 2.2</b> Number of new projects a) Where data is disclosed in the Infrastructure Data Standard (IDS) format.	30,117 projects by June 2019 compared with a milestone of 23,000 by March 2019 and 31,000 by March 2020 <span style="color: green;">■</span>
	b) Subject to assurance in CoST members.	381 by June 2019 compared with a milestone of 385 by March 2019 and 470 by March 2020. <span style="color: yellow;">■</span>
	<b>COMMENT</b> As noted in the discussion on Effectiveness, while progress has been made in absolute numbers, this indicator does not reflect the extent of coverage across different members and whether this is expanding compared with depth in a few members.	
<b>CoST OUTCOME 3</b> Governments adopt CoST Tools and Standards enabling the access to data on infrastructure projects.	<b>Indicator 3.1</b> Number of new members a) CoST Participating	Only 1 new member has joined against a milestone of 3 by March 2019 and 6 by March 2020 <span style="color: red;">■</span>
	b) Affiliate Members	1 new affiliate member has joined against a milestone of 1 by March 2019 and 3 by March 2020 <span style="color: green;">■</span>
	<b>COMMENT</b> Given the level of interest from entrants to the CoST membership competition in 2019, the June 2019 progress report noted optimism that the 2020 target could be reached although this indicator was off-track at the time of the review.	
<b>CoST OUTPUT 1</b> CoST enhanced tools and standards are developed, pilot-tested, refined and adopted by MSG/Governments and partnerships.	<b>Indicator 1.1</b> CoST develops and publishes a) The Infrastructure Transparency Index methodology that measures transparency within public infrastructure and that will be implemented at a national level by stakeholders	The initial logframe milestone to publish the ITI by March 2018 and then 2019 was not met. However, the ITI has now been developed in Honduras and Guatemala. A beta version is now being piloted in the second half of 2019 in Ukraine, Honduras and Guatemala. The June 2019 noted that the IS expected the ITI to be approved for publication by the end of 2019. <span style="color: yellow;">■</span>
	b) An Open Data Standard for infrastructure projects with the Open Contracting Partnership based on the Open Contracting Data Standard and the CoST Infrastructure Data Standard	The initial logframe milestone to publish the OC4IDS by March 2018 was not met. However a beta version was published and launched at the OECD in April 2019 <span style="color: green;">■</span>
	<b>COMMENT</b> As discussed in the Relevance section of the Review, it may be appropriate to extend the period for development of a robust ITI in order to ensure broad ownership and technical consultation in order to launch this as a flagship product. It was also noted by country teams that the capacity requirements to implement the OC4IDS going forward across members may be significant across stakeholders.	
<b>CoST OUTPUT 2</b> Stakeholder capacity is built to oversee the disclosure, validation and use of infrastructure data in CoST countries.	<b>Indicator 2.2</b> Training on implementing CoST is delivered in member countries a) Number of government staff trained	4,817 trained compared with a milestone of 5,200 at March 2019 <span style="color: yellow;">■</span>
	b) Number of civil society or media representatives trained	2,748 trained compared with a milestone of 1,100 by March 2019 and 1,800 by March 2020 <span style="color: green;">■</span>
	c) Number of private sector representatives trained	353 trained with a milestone of 180 by March 2019 and 500 by March 2020 <span style="color: green;">■</span>
<b>CoST OUTPUT 3</b> Key international organisations promote CoST standards and/or adapt and integrate them into their frameworks.	<b>Indicator 3.3</b> a) Number of international and regional organisations which recommend or incorporate CoST tools and standards as part of their approach to improving infrastructure governance.	6 international and regional organisations have now endorsed or adopted aspects of CoST's approach into parts of their own approaches by June 2019, compared with a milestone of 5 by March 2019 and 10 by March 2020. <span style="color: green;">■</span>
	b) Number of invitations to participate at international and regional events to promote CoST tools and standards.	CoST has participated in 19 international/regional events to promote CoST by June 2019 compared with a March 2019 milestone of 10 and March 2020 milestone of 22 <span style="color: green;">■</span>
	<b>COMMENT</b> As noted in the Complementarity section of the review, CoST has made inroads into good practice discussions, for example at the G20 and in OECD fora. It will be important to reach senior levels of international and regional organisations to secure broader hardwiring of CoST approaches.	
<b>CoST OUTPUT 4</b> Knowledge management mechanisms are developed that capture lessons from the implementation of CoST	<b>Indicator 4.1</b> Number of knowledge products that capture activities/results/lessons from implementing CoST that are disseminated.	16 products had been produced and disseminated by June 2019 compared with a milestone of 12 by March 2019 and 20 by March 2020. <span style="color: green;">■</span>
<b>CoST OUTPUT 5</b> The new business plan [2017-20] is fully funded	<b>Indicator 5.1</b> £2.5m in new funding is secured fully to fund the Business Plan	£1.723m had been raised in additional funding by June 2019 including £330,000 by CoST members. <span style="color: red;">■</span>

■ Off track   
 ■ Slightly behind target   
 ■ On track

<sup>46</sup> Source: Terms of Reference External Review, CoST logframe reporting up to March 2019, CoST Progress Report January-June 2019

<sup>47</sup> See also narrative on Business Plan objectives which include some of the output indicators from the CoST and ICED logframe on tools and standards, outreach to international and regional organisations.



## APPENDIX C: SUMMARY OF SURVEY FINDINGS

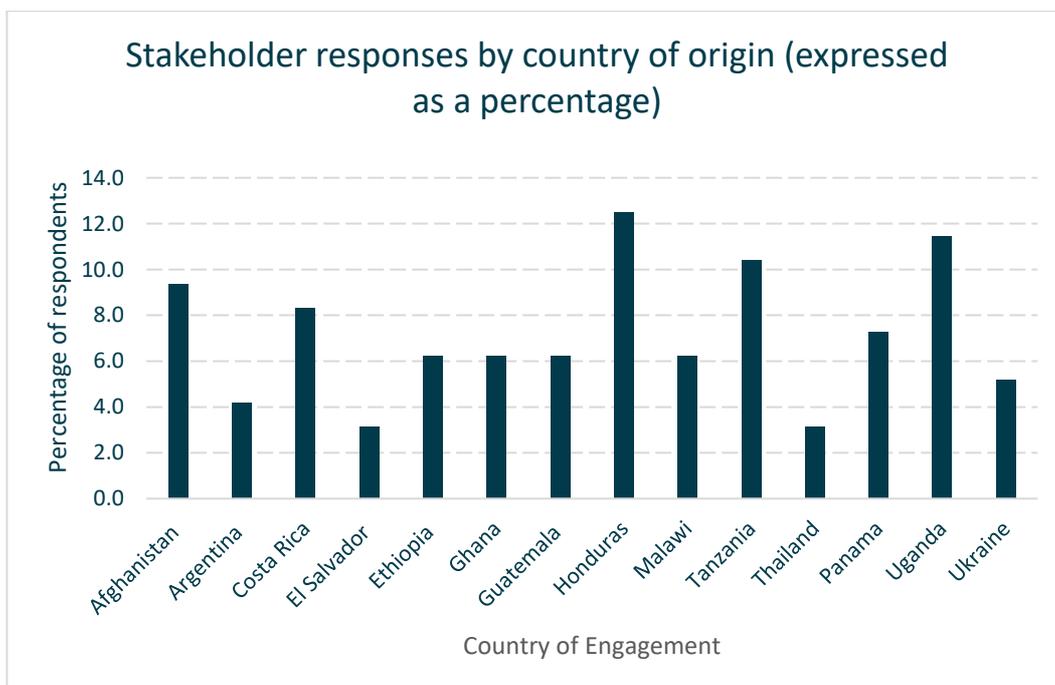
### • Introduction

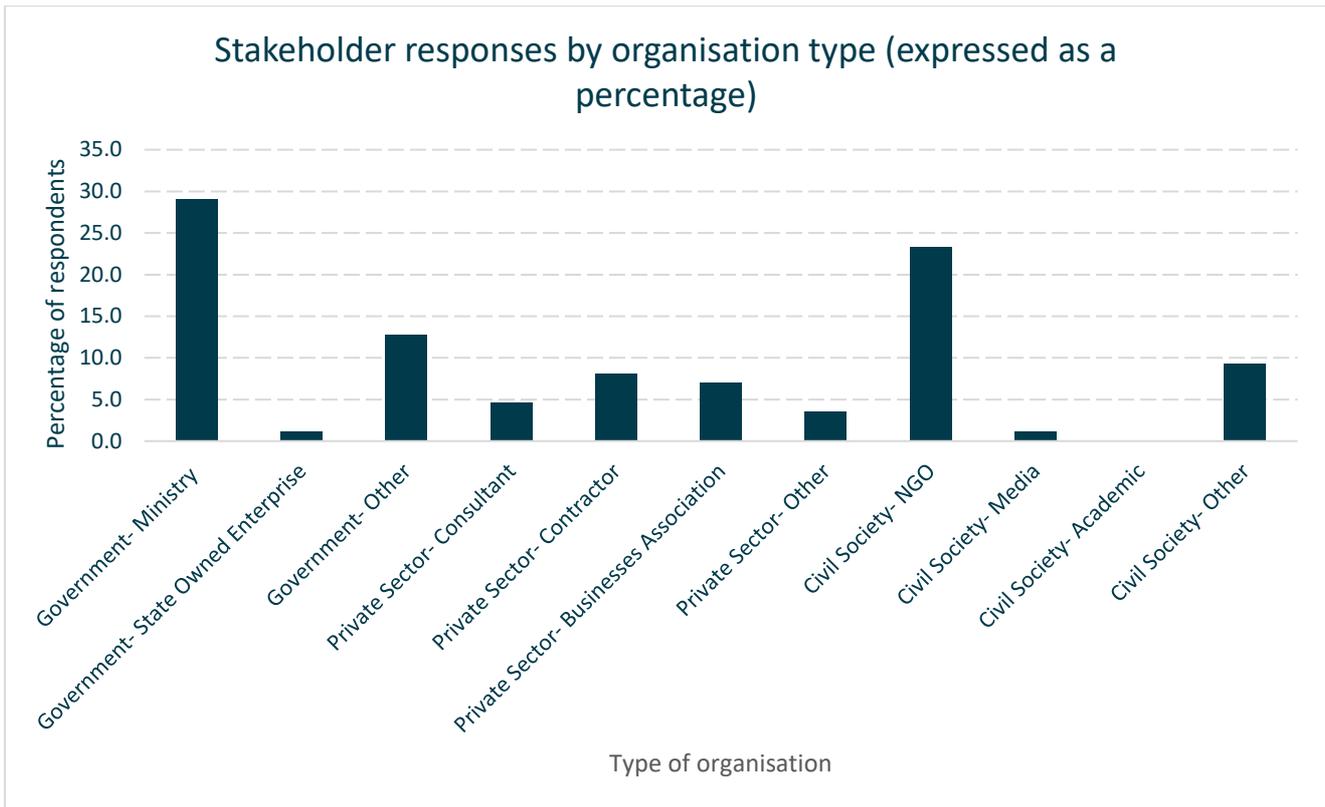
The review team conducted a survey of CoST stakeholders in 13 members (including one subnational) and one affiliate. This aimed to provide evidence as to:

- Whether the current operational model for providing technical (TA), for example through training, online resources, tools and standards, meets current demand
- Country stakeholder views on the role and performance of the Board and International Secretariat
- Stakeholder views on the main challenges and opportunities in CoST implementation

### • Overall response rates

The survey was sent to 113 English-speaking respondents and 89 Spanish-speaking respondents from July 24<sup>th</sup> to August 16<sup>th</sup> 2019. Response rates were 45% and 43% for the English and Spanish surveys, respectively:





#### • Key messages

**Over half - 56.9%** said CoST has met or exceeded the objectives of government, civil society and private sector in the country, 36.4% said CoST had only partially met and 8.0% indicated CoST exceeded objectives. (Qu.5)

**70%** said CoST had been effective or very effective in explaining its mission and purpose in the country and improving its profile, but a significant proportion - 28% thought it had been not very effective or very ineffective. (Qu.6)

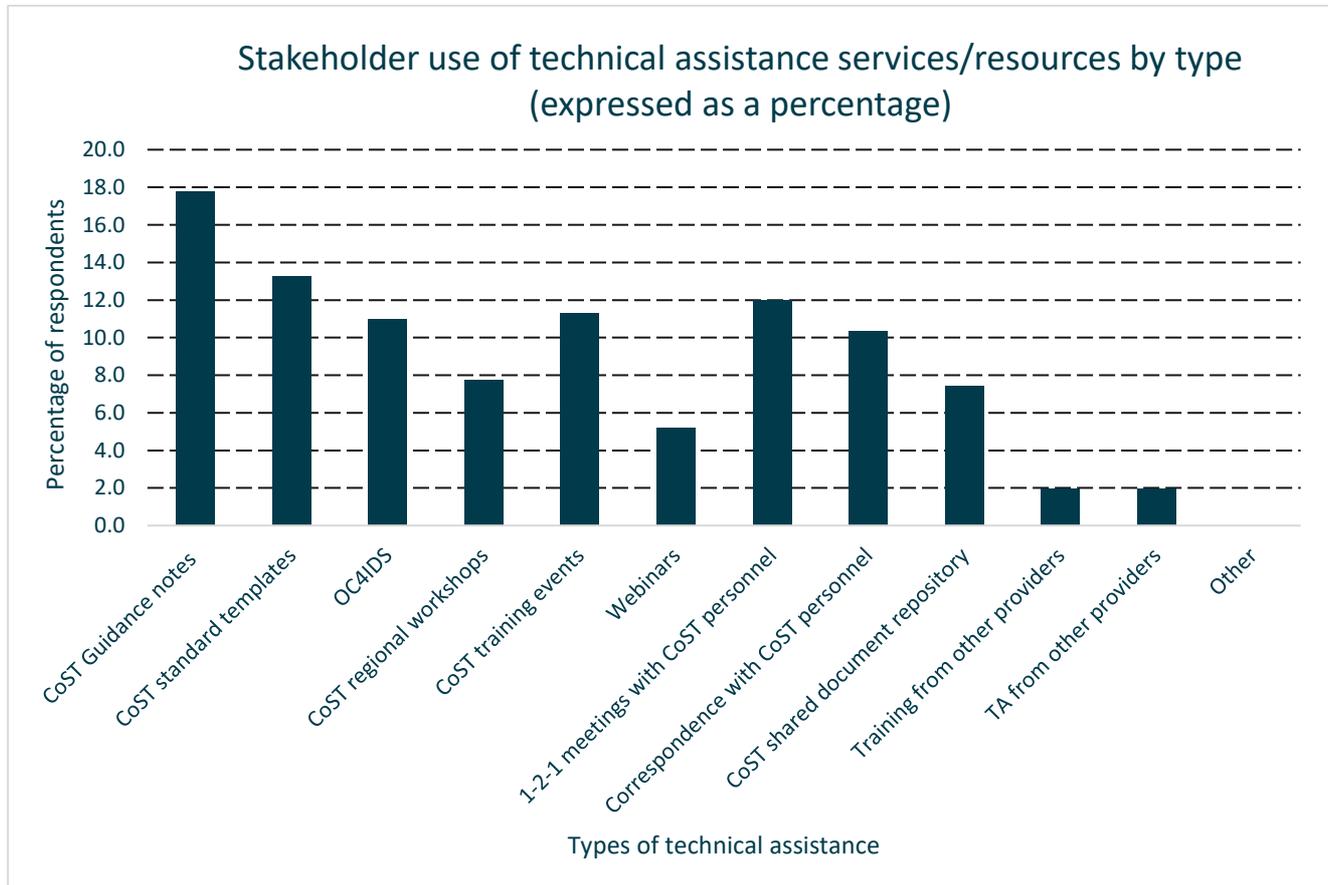
#### **Greatest challenges of CoST implementation** (Question 7)

- The challenge most mentioned was **insufficient funding** in general and dependence on the International Secretariat for funding. Specific needs mentioned included, in particular, for assurance reports, also raising awareness of CoST, administration (National Secretariat) and training of social auditors. Insufficient funds have constrained activities. [See also resourcing qu.8]
- The second most frequently mentioned challenge was weakness of or difficulty of sustaining **political commitment** in general. Specific challenges related to changes of government, resistance to opening up information about public works which could lead to being held to account, and shifting to a mindset of openness in the public sector. Weak political commitment leads to delays in institutionalising proactive disclosure and senior executives requiring this as well as effecting legal disclosure requirements (FDR).
- Related to this, a **poor governance context** was cited as an important challenge, including political instability leading to government staff turnover, the state being co-opted by contractors, corruption.
- **MSG** governance was also raised, for example lack of renewal of MSG members, lack of clarity on roles and expectations of remuneration in some instances.
- **Low awareness** of CoST was frequently mentioned. This encompassed a need to promote it beyond technical infrastructure experts and more widely around the country using traditional and social media, to explain it better as a means to empower citizens and not as a government initiative.



- **Technical issues** were an important challenge for Latin American respondents. These included finding quality assurance team members, ensuring information disclosed was up to date and good quality, moving from a paper-based system to an electronic one.
- **Lack of legal mandate** for disclosure (FDR) was identified by non-LA respondents.

### Products and services to support CoST implementation



### Most used sources of support (Question 9)

**90% of respondents** were satisfied or very satisfied with the services or products support provided by CoST to support implementation (Qu 10).

30% use the **website** frequently, 64% occasionally (Qu.11). 77% find it useful or very useful (Qu.12). These findings are not straightforward, however, as some respondents were referring to national websites rather than the International CoST website. The most useful aspects of website were Assurance reports, guidance notes, experience of other countries, impact, results and general information about CoST, purpose, vision, processes and functions.

There was strong demand for **more peer learning and information sharing** between CoST member countries, both regionally and more broadly. This could include between MSGs, on assurance processes including between assurance teams, quarterly progress reporting, and on communications.

17% sought additional training/peer learning/other support on monitoring impact and open government and 14% on **open data** generally as well as specific support on the **application of data standards** – both the IDS and OC4IDS, including support from the OCP helpdesk.

13% were interested in more training/support on **accountability** processes i.e. empowerment of civil society, the role of observers, social auditing, use of information from assurance reports. 12% wanted more support on fundraising.



The **International Secretariat** is the prime **provider of technical assistance** with 39% of respondents noting this was the source. Other CoST officials and civil society were the other main providers. 61% of respondents rated this support above or far above average. 42% said it had significantly improved their performance.

Examples of improved effectiveness (in the Spanish language responses) included:

- Obtaining and sustaining political commitment including through high-level engagement (3 responses)
- Social auditing (4 responses)
- Other individual responses – MSG coordination, improvements in disclosure, developing successful funding proposals, securing legal framework (FDR).

### Members' engagement with the International Secretariat and the Board

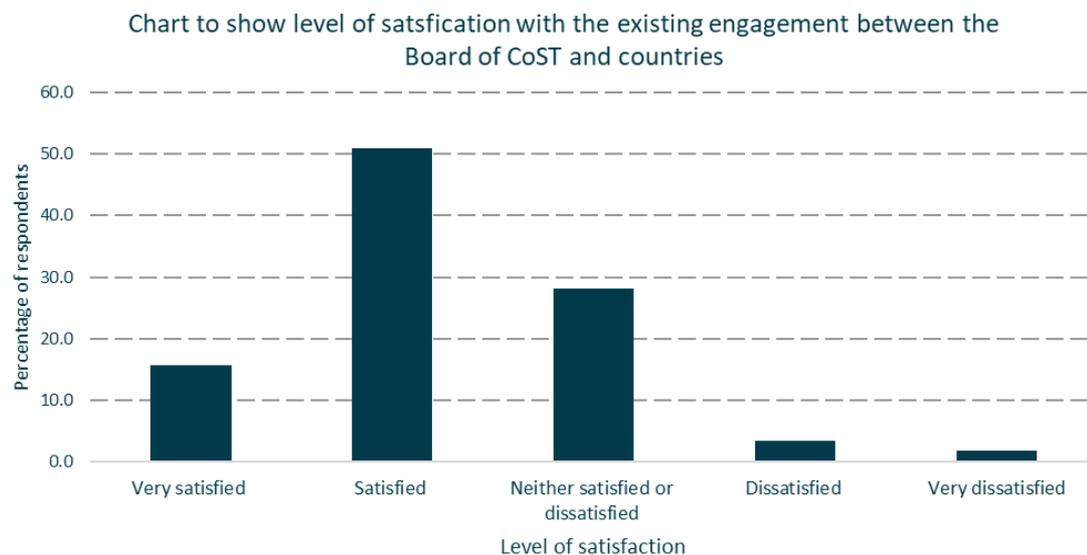
82.5% were satisfied or very satisfied with their engagement with the **International Secretariat** (Question 27 E/28 S<sup>48</sup>).

To improve this engagement, there was strong demand for **more regular and timely communication** between the IS and National Secretariats, for example through monthly calls, more in-person engagement including through visits and more regular reviews and tracking of activities undertaken in country. A couple of respondents referred to a strengthened regional role as a means to achieve these ends.

There was particular interest in more **engagement between the IS and MSGs**; there were requests to increase MSG members' knowledge about the IS, more support for MSGs, more regular reporting on MSG activities, and more inclusive communication with MSG members.

Some respondents referred to more inclusive governance and communications and relationship with observers – it is possible they were referring to the Board (see below).

66% were satisfied or very satisfied with the engagement between their country and the CoST International Board? (Qu 30S/29 E)



### How plans to introduce elected Board members will impact interaction

**This is viewed positively.** There seems to be a strong expectation among respondents that electing Board members will improve the Board's understanding of country experience, context, challenges, opportunities, needs and successes and link to country CoST programmes. This would include ensuring that international

<sup>48</sup> E: English; S: Spanish



activities had a regional and national impact. In particular it was noted that this would be the case of an elected member was from the relevant country/region.

Respondents highlighted that there will be better participation and representation of members – MSGs, different sectors and a strengthened mandate. One respondent highlighted the need to define the role of the elected positions and another that this is an opportunity to promote diversity on the Board.

It was hoped that communication would improve between the Board and members.

25% of respondents said they did not know – suggesting perhaps that not all are familiar with this proposal or the Board.

In terms of other improvements which could be made to increase representation and communication with the Board (Qu 332 S/31 E), respondents expressed demand for:

- More in-person contact with the Board, for example through participation in regional and international meetings/training and more regular direct communication, for example via videoconferencing including with the MSG.
- More information sharing with the MSG and one respondent sought more direct Board feedback on country reports.

High-level engagement with governments and regular meetings for discussion of country progress compared with peers were also mentioned.

### **Support required to consider how women and other vulnerable groups access infrastructure (Question 33 S/32 E)**

Funding and inclusion in country budgets and technical assistance for studies were noted to be the most important to enable CoST to consider these issues. Guidance/training and engagement with local stakeholders were also mentioned.

Support to develop the methodology, establish baselines and indicators and learn from other countries' experience were mentioned in the Spanish responses. One respondent suggested partnering with other organisations such as UN Women and another embedding indicators of vulnerability in projects.

### **Areas which were identified as future priorities for CoST (such as PFM, climate resilience or other)**

Interestingly Latin American respondents did not focus on the suggested future priority areas, except for one reference to climate resilience. By contrast, 43% of English responses (12/28) mentioned PFM, and 7% mentioned climate resilience/environmental impact.

A significant number of respondents to the Spanish survey said priority should be given to follow-up to recommendations in assurance reports and systematic tracking to ensure reforms of rules and institutions reform, and to track impact on the quality of infrastructure. Another area of emphasis was to widen the scope for example to city/town councils and other infrastructure providers (e.g. NGOs). There was a request to prioritise monitoring of impact and more regular evaluations. Several respondents said priority should be given to social auditing and quick responses to complaints.



## APPENDIX D: COUNTRY CASE STUDIES

### Afghanistan mini-case study

**Introduction** The mini-case study offers a set of findings from the country visit as part of the external review of CoST. It focuses on answering the key review questions from a country perspective. In Afghanistan the country visit entailed meetings with the Multi - Stakeholder group as a whole and with individual members. It does not claim to be a comprehensive assessment of CoST Afghanistan.

**CoST Afghanistan** Afghanistan embarked on CoST membership in 2013 after recommendations made by the Afghanistan Joint Anti-Corruption Monitoring and Evaluation Committee on the need for greater transparency in the infrastructure sector. The Ministry of Economy has championed CoST in government. The National Secretariat of CoST Afghanistan started its activity in 2016 and is hosted by Integrity Watch Afghanistan.

**Context** **Afghanistan is a fragile state.** This has many implications for its CoST programme:

- Foreign aid comprises 56.3% of budget revenue, or 15.1% of GDP, to bring total revenue and grants to the equivalent of 26.4% of GDP.
- There is less opportunity to undertake physical oversight of projects. Therefore, data processes like CoST can be ‘the eyes and ears’ to monitor practice.
- Infrastructure has been destroyed or is 40 years old and in need of upgrade or maintenance.

According to the 2019 Asia Development Outlook, despite some improvements, Afghanistan endures a severe infrastructure deficit. According to the Afghanistan Living Conditions Survey, conducted in 2016 and 2017, only 36% of the population has access to safe drinking water nationally, including 75% of urban households but only 25% of rural households. Only 31% of the population is connected to the electric grid, the primary source of electrical power in urban areas with penetration at 92%, but reaching only 13% in rural areas. Only 63% of the rural population lives within 2 km of an all-season road, and road density is estimated at a low 15 per 100 square kilometres of territory, below densities achieved by Afghanistan’s neighbours. Further, the quality of infrastructure is generally poor. According to the World Bank’s Logistics Performance Index, Afghanistan has consistently ranked in the bottom quintile for the quality of its infrastructure for trade and transport. Infrastructure financing needs are estimated at USD1 billion annually for the period 2012-2021. Afghanistan scored -1.0 on the World Bank Governance Indicators for Voice and Accountability in 2018 and on the Transparency International Corruption Perceptions Index it ranked 172 out of 180 countries with a score of 16/100.<sup>49</sup>

<sup>49</sup> WB Governance Indicators run from approximately -2.5 to 2.5, with higher values corresponding to better governance <http://info.worldbank.org/governance/wgi/>.  
 Corruption Perceptions Index: Score/100 (very clean to 0 highly corrupt). Ranking /180.  
[https://www.transparency.org/whatwedo/publication/corruption\\_perceptions\\_index\\_2018](https://www.transparency.org/whatwedo/publication/corruption_perceptions_index_2018)



## FINDINGS

**Relevance:** CoST is important in Afghanistan – this was a universally held opinion. It builds **trust and systems** for transparency and accountability and **supports reformers** and good business practice in a fragile environment. Without CoST, the improvements in project monitoring, management and communications through the e-portals would have been slower and more difficult. The recommendations from CoST Assurance Reports are expected to lead to further reforms such as an amendment to the Procurement Law to require all Procurement Entities to disclose more project information and improvements in the pre-feasibility stage of project design.

There is some good government ownership e.g. the Minister of Economy chairs the MSG. However, many noted that the process was not well plugged into the government's agenda and that there was little systematic follow-through on recommendations.

It is not clear that the companies are being brought into the process to their full potential. They welcome the CoST platform as a key tool which could be used to demand and monitor whether licence processes are being followed, contracts being upheld and laws/regulation being enforced. But they are not well organized as a constituency to use the platform.

More needs to be done on the demand side to make more use of CoST data, especially by civil society going beyond awareness-raising. Social accountability, citizen oversight and demand for information and follow-up is still limited.

**Effectiveness, efficiency and impact:** The programme provides strong value for money (efficiency). The team of five cover a large work area for just USD 100k a year plus in-kind support with an estimated value of \$60k per year.

Effectiveness: There are three possible areas where effectiveness could be measured:

1. Change in policy and laws: After just three years of implementation, there is unsurprisingly little evidence yet of changes in policy and laws although there is an expectation that this will follow from assurance reports over time as above.
2. Diagnosis and remedy of procedural challenges: There has been some undoubted diagnostic impact i.e. the process has highlighted elements in clear need of improvement:
  - a. The first assurance report highlighted that there was an average of 18% cost overrun and 119% time overrun.
  - b. New disclosure data points, requirements and systems have been established in order to meet CoST requirements.
  - c. The Minister of Transport said that “millions had been saved in design improvements in 2018” backed up by a paper on project-by-project savings. The National Secretariat is developing an impact case study on this. Though these issues had already been identified, CoST built support, allowing politically difficult actions to be taken.
  - d. Four government e-portals in the infrastructure sector will be harmonised in line with the Afghanistan Government Electronic and Open Procurement System (AGEOPS) where data on 2985 projects is disclosed. The portals in the National Procurement Authority, the Ministry of Energy and Water, and the Ministry of Rural Rehabilitation and Development are under development.
3. Public awareness and trust-building: this is especially important in a fragile environment. The Minister of Economy was keen to emphasise the impact that 12 MoUs with the procurement entities and engagement of all of the key agencies has had on changing mindsets. But it was clear that more needed to be done on the demand side to have the data used, especially by civil society and companies, going



beyond awareness. Social accountability, citizen oversight and demand for information and follow-up is still limited.

**Sustainability:** Some aspects of CoST processes are politically, financially and technically precarious.

The country visit took place ahead of the recent elections. Looking ahead development of the Infrastructure Transparency Index has the potential to provide a further international incentive for the government and other players. It would provide feedback loop and gives recognition to the reformers in their domestic battles

There are a number of different data platforms and standards/templates: OCP, CoST and the government ministries. Going forward, the portals will be harmonised, but data needs to be cleaned and getting to the OC4IDS requirements will take a significant additional effort.

Opinion was divided on the appropriate arrangements for hosting CoST staff, which are currently employed by an NGO how to ensure their independence going forward if government took a stronger role. However, the current arrangements are functioning in the Afghan context.

**Complementarity:** Several stakeholders expressed concern that there was no instrument to follow-up the recommendations of assurance reports. It is not plugged into, for example, the World Bank's or Asia Development Bank's sector programmes or the OGP national action plan. This is surprising given that the civil society organisation hosting CoST is also linked into OGP processes. CoST and OCP work better together to support standardizing and connecting data sets linking procurement and infrastructure. However, some stakeholders, even in government, noted that CoST felt detached from other governance initiatives.

Country visit  
dates

05/08/2019 – 14/08/2019



### Ethiopia mini-case study

Introduction	<p>The mini-case study offers a set of findings from the country visit as part of the external review of CoST. It focuses on answering the key review questions from a country perspective. In Ethiopia the country visit entailed meetings with the Multi-Stakeholder group as a whole and with individual members. It does claim to be a comprehensive assessment of CoST Ethiopia.</p>
CoST Ethiopia	<p>Ethiopia was one of the eight countries which took part in CoST's three-year pilot programme. Thus, CoST has been operating in Ethiopia since 2008. The Federal Ethics and Anti-corruption Commission (FEACC) is the CoST host organisation.</p>
Context	<p>Ethiopia has made substantial investments in infrastructure over the past decade and more is to come under the Growth and Transformation Plan II. Ethiopia is continuing to invest in power generation mainly through renewable energy: hydropower, geothermal and PV. Large railway infrastructure projects have been completed for a total of approximately 1,000km. The road network has expanded from 48,800km in 2009/10 to 120,000km in 2014/15 and it is expected to almost double to 200,000km by 2020. Under the Universal Rural Road Access Programme, 39,070km of all-weather district roads were constructed. Significant progress has also been made in expanding access to water, although progress on sanitation has been relatively slow.</p> <p>In spite of this progress, Ethiopia still has a huge infrastructure deficit, which remains a binding constraint on the country's sustainable development. In the 2018 African Infrastructure Development Index (AIDI) Ethiopia was ranked 7<sup>th</sup> from the bottom out of 53 nations. In the 2019 Global Competitiveness Report Infrastructure Index, Ethiopia scored 43/100 and was ranked 123 out of 141 nations<sup>50</sup>. Ethiopia scored -1.2 on the World Bank Governance Indicators for Voice and Accountability in 2018 and on the Transparency International Corruption Perceptions Index it ranked 114 out of 180 countries with a score of 34/100.<sup>51</sup></p>
FINDINGS	<p><b>Relevance:</b> In this country context, CoST is an important initiative that is bringing key stakeholders together around the table in the Multi-Stakeholder Group set up to discuss transparency, accountability and advocacy in the infrastructure sectors. In a challenging governance environment like Ethiopia, CoST is providing a safe space for civil society and private sector to discuss issues related to the infrastructure sectors.</p> <p>CoST Ethiopia has focused on the procurement of infrastructure projects under the Proclamation 649/2001 which governs the work on the Federal Public Procurement and Property Administration Agency (FPPPA). The proclamation covers all 189 federal institutions such as universities and the Ethiopia Road Authority. The proclamation does not cover projects by utilities such as the Ethiopia Electric Power (EEP) and Ethiopia Electricity Utility (EEU), nor any other parastatals.</p>

<sup>50</sup> [http://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf)

<sup>51</sup> WB Governance Indicators run from approximately -2.5 to 2.5, with higher values corresponding to better governance  
<http://info.worldbank.org/governance/wgi/>.  
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[https://www.transparency.org/whatwedo/publication/corruption\\_perceptions\\_index\\_2018](https://www.transparency.org/whatwedo/publication/corruption_perceptions_index_2018)



CoST Ethiopia is seen by a number of stakeholders as an arm of the Federal Ethics and Anti-corruption Commission (FIAC) and as such project managers from the Ministry of Works see CoST as an investigative arm of the commission. This fact is deterring active participation from other sectors within the MSG.

The CoST MSG has three representatives from government, three from civil society and three from the private sector.

**Effectiveness, efficiency and impact:** the effectiveness of CoST Ethiopia has been relatively low if we consider that CoST Ethiopia has been operating intermittently for more than ten years<sup>52</sup>. There review found no evidence that CoST has improved broader infrastructure sector performance or that projects under assurance have made any improvements to the sector. However, expectations are improving that a new four party MoU for disclosure by all departments will lead to greater impact and increasing interest from a parliamentary committee in collaborating with CoST.

Proactive disclosure has not taken hold in Ethiopia yet. Some limited information is being disclosed on the FPPPA website in line with the CoST IDS format. Recent developments may give some comfort in this respect as CoST has signed a four-party MoU for proactive disclosure with: FIAC, FPPPA and the Office of the Federal Auditor's General. The expectation is that IDS will be applied to all departments under Proclamation 649/2001.

So far 70 projects have been assured with another 16 projects upcoming. CoST Ethiopia has included assurance reports into an aggregated report. The latest was done in 2016 and it has been used to engage with the Parliamentary Standing Committee on infrastructure quite successfully. We were told that the committee would like more engagement with CoST.

**Sustainability:** MSG members are concerned that that CoST Ethiopia needs to be a legal entity in order to operate effectively in the future and raise additional funding. This was identified as a major constraint for CoST Ethiopia's sustainability.

**Complementarity:** CoST Ethiopia received £100k in funding from DFID Ethiopia between 2013-2014 but there has been no formal relationship since. This appears to be a missed opportunity as DFID has been engaging in the infrastructure space in Ethiopia through the Infrastructure Advisory Facility (EIAF – in phase I and now about to start phase II). Indeed, a large study produced by the EIAF was very similar in scope and findings to the CoST Aggregated Assurance Report. CoST Ethiopia has so far not succeeded in engaging effectively with other key stakeholders in the vast donor community such as the World Bank and the African Development Bank. There is significant scope for CoST to engage with these important IFIs.

Country visit  
dates

26/06/2019 – 30/06/2019

<sup>52</sup> Although it should be noted across all CoST members that CoST has only been fully and consistently resourced from 2015-16 after the 2008-11 pilot ended




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## Honduras mini-case study

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Introduction	<p>The mini-case study offers a set of findings from the country visit as part of the external review of CoST. It focuses on answering the key review questions from a country perspective. In Honduras the country visit entailed meetings with the Multi-Stakeholder group as a whole and with individual members and a select group of other stakeholders. It does not claim to be a comprehensive assessment of CoST Honduras.</p>
CoST Honduras	<p>Initial scoping work for CoST was undertaken in 2014. The government and the World Bank encouraged adoption of CoST implementation with a view to establishing a multi-sector space to build trust in a divided society. CoST has an executive decree imposing a legal obligation on PEs for disclosure. Disclosure started in 2015 and there have been five assurance reports.</p>
Context	<p>Honduras has a significant infrastructure deficit. At time of scoping in 2014-5, 62 % of central infrastructure was externally funded, mostly by IFIs and regional institutions and 38% from the national budget. As well as support from IFIs and bilateral donors Honduras launched PPPs from 2010 onwards, to be managed by the Commission for Promotion of Public-Private Partnerships (COALIANZA) to bring in additional funding to address the deficit. Key infrastructure sectors are roads/transport, electricity including hydroelectric power and ports.</p> <p>Honduras is a LMIC and a fragile context. As well as challenges of human development, organised crime, drug-trafficking and insecurity are concerns, with an impact on the investment climate for infrastructure as in other sectors.</p> <p>In the 2019 Global Competitiveness Report Infrastructure Index, Honduras scored 57/100 and was ranked 99 out of 141 nations. Afghanistan scored -0.5 on the World Bank Governance Indicators for Voice and Accountability in 2018 and on the Transparency International Corruption Perceptions Index it ranked 132 out of 180 countries with a score of 29/100.<sup>53</sup></p>
FINDINGS	<p><b>Relevance:</b></p> <p>The combination of a strong government commitment to a «transparency ecosystem» and the need for external funding for infrastructure has provided fertile ground for the adoption of CoST. At the time of the review team visit the Minister for Transparency attended the CoST MSG and was a strong supporter, but there is no direct representation from PEs and sector ministries in CoST governance.</p> <p>By bringing transparency and accountability to PPPs, CoST has enabled civil society to hold government to account for how a highly opaque sector was managed. Civil society used information from the Fifth Assurance Report to develop a separate report highlighting alleged mismanagement of the Tourist Corridor road for example. Civil society and the media have used Assurance Report material to challenge the location of a fuel storage facility near the new airport passenger</p>

<sup>53</sup> WB Governance Indicators run from approximately -2.5 to 2.5, with higher values corresponding to better governance <http://info.worldbank.org/governance/wgi/>.  
 Corruption Perceptions Index: Score/100 (very clean to 0 highly corrupt). Ranking /180.  
[https://www.transparency.org/whatwedo/publication/corruption\\_perceptions\\_index\\_2018](https://www.transparency.org/whatwedo/publication/corruption_perceptions_index_2018)



terminal in Palmerola. Looking ahead, there is unexplored potential to test how greater transparency around PPPs in Honduras can assist in attracting private investors and financiers.

Private sector contractors are beginning to see the potential of CoST data to level the playing field. They are interested in more information on project pipelines, for example – currently tenders are published on an ad hoc basis though these are transparent through the Honducompras portal.

Social accountability has also been improved through CoST *training* to social auditors and media. Community monitoring volunteers are then trained by graduates of the CoST accountability “schools”. Citizen monitoring committees are well established locally in Honduras following Hurricane Mitch 20 years ago and have taken on a role in monitoring municipal contracting and infrastructure project management for CoST.

#### **Effectiveness, efficiency and impact:**

There has been a significant increase in the quality and quantity of data on infrastructure. Prior to CoST there was an impression that “everything was secret” as there was limited information on contracts and secrecy about PPPs. Additionally, it has been seen as an achievement to have transparency in such an opaque sector given that infrastructure is prone to corruption. Disclosure has increased in coverage of PEs and number of projects. At time of scoping in 2014-5, 6 procuring entities controlled 87% of central public infrastructure procurement. Data is now being disclosed by 9 entities and the number of projects disclosed has increased from 148 in 2015<sup>54</sup> to 1470 in 2019, worth Ls 23528m (\$960m)<sup>55</sup>. PPP disclosure began in 2018.

Honduras is a good example of CoST as a means to strengthen the enabling environment for publicly and privately supported infrastructure, based on improved information and knowledge and support government reform. Evidence from the assurance reports has been used by reformers in government to close down poorly managed PEs (the Fondo Vial), transfer portfolios to more efficient PEs (from INSEP to INVEST-H) and identify weaknesses in PPP management, leading to suspension of further PPP bidding rounds in 2018-19 pending an IDB independent audit.

CoST Honduras has also made an important contribution to CoST’s international development of a range of tools and standards to scale up disclosure, validation and interpretation of data including developing the Infrastructure Transparency Index and working with OCP to adapt the IDS to be used as an open data standard (OC4IDS). Experience of the online platform for project disclosure developed with WB support – SISOCS – has been shared with Malawi, Estado de Nuevo Leon in Mexico, Panama and El Salvador<sup>56</sup>. The revised ITI will be piloted in Honduras from autumn 2019.

#### **Sustainability:**

Political instability has been increasing with popular protests during the review team’s country visit. Some stakeholders expressed concern that CoST and the «transparency ecosystem» were strongly associated with the current government and a change might reduce appetite for support. It will be important for the MSG to consider how to ensure its continued resilience and legitimacy through reviewing

<sup>54</sup> CoST Business Plan 2017-20

<sup>55</sup> CoST Honduras website

<sup>56</sup> <https://www.latribuna.hn/2019/03/10/plataforma-de-sisocs-es-modelo-para-otros/> March 2019 (accessed July 30<sup>th</sup> 2019)



its governance arrangements and strategy and the capacity of the National Secretariat.

There are regular requests for CoST Honduras to lead and test new CoST tools and approaches which stretches the capacity of the National Secretariat and stakeholders, in the absence of additional or long-term funding security. On the other hand, there are potential opportunities for Honduras, along with other CoST members like Ukraine, to test the boundaries of where infrastructure, open contracting and beneficial ownership data can be combined to shape reforms to address illicit flows.

**Complementarity:**

OGP, OCP and CoST have worked closely in Honduras, with support from the Minister for Transparency who is part of the MSG and the Transparency International Chapter which is involved in both the CoST MSG and the OGP as well as long-term TA from the World Bank for aspects of technical implementation such as the SISOCS platform. Given IDB interest in PPPs in Honduras, there is scope to build on the experience of CoST in bringing transparency and accountability to this area, to strengthen CoST overall engagement with the IDB. The government could also explore including support for CoST in future financing agreements for infrastructure or economic development with other donors including the World Bank.

CoST Honduras has received financial support from a Prosperity Fund programme managed by the UK embassy in Guatemala which has also played an important role in facilitating peer learning across the Central America region.

Country visit  
dates

05/08/2019 – 09/08/2019



## Uganda mini-case study

Introduction	<p>The mini-case study offers a set of findings from the country visit as part of the external review of CoST. It focuses on answering the key review questions from a country perspective. In Uganda the country visit entailed meetings with the Multi-Stakeholder group (MSG) as a whole and with individual members. It does not claim to be a comprehensive assessment of CoST Uganda.</p>
CoST Uganda	<p>Uganda applied to become a CoST member in 2013 through the Uganda National Roads Authority (UNRA). UNRA was key to Uganda's initial commitment to CoST. Uganda became a member in 2014 however since 2015 UNRA has become less engaged and no longer attends the MSG regularly. The government contact point for the CoST Secretariat is now the State Minister for Works and Transport.</p> <p>Since mid-2016, CoST Uganda has been hosted by a civil society organization, the Africa Freedom of Information Centre (AFIC). Since 2017 CoST Uganda at AFIC has become the CoST Africa's Regional office</p>
Context	<p>Despite the Government's large allocations of public investment towards infrastructure development over the past decade, the quantity and quality of Uganda's transport, water and sanitation, energy, and agriculture infrastructure remain inadequate to meet its economic transformation and development objectives. The 2018 IMF Article IV report notes that the government's investment in infrastructure was 8.9% of GDP in FY17/18 and was envisaged to increase further in 2019 and 2020.</p> <p>Despite these investments in infrastructure Uganda still suffers from inadequate provision: poor transit and transport infrastructure has increased the cost of doing business. The roads in under-served regions are also insufficient and of poor quality resulting in weak connectivity with markets and basic social services. In the Water and Sanitation sector only 19% of households are able to access piped water, about 35% of the population are unable to access safe drinking water and only 2% of water supply is used for industrial production. In the power sector, although power supply capacity has recently been increased, access to electricity remains low at about 14% and 7%, for urban and rural respectively. The projected industrial and domestic energy demand growth is expected to outstrip the current supply capacity if power generation, transmission, and distribution capacity deficits are not addressed. The African Development Bank in its latest country strategy paper estimated country financial losses due to poor infrastructure at US\$177 million per annum (i.e. US\$5.5 per capita per year or 1.1% of GDP).</p> <p>According to the 2019 Global Competitiveness Report Infrastructure Index, Uganda scored 48/100 and is ranked 115 out of 141, and within Africa the 2018 Africa Infrastructure Development Index puts Uganda 27<sup>th</sup> out of 53 countries. Uganda scored -0.7 on the World Bank Governance Indicators for Voice and Accountability in 2018 and on the Transparency International Corruption Perceptions Index it ranked 149 out of 180 countries with a score of 26/100.<sup>57</sup></p>

<sup>57</sup> WB Governance Indicators run from approximately -2.5 to 2.5, with higher values corresponding to better governance <http://info.worldbank.org/governance/wgi/>.  
 Corruption Perceptions Index: Score/100 (very clean to 0 highly corrupt). Ranking /180.  
[https://www.transparency.org/whatwedo/publication/corruption\\_perceptions\\_index\\_2018](https://www.transparency.org/whatwedo/publication/corruption_perceptions_index_2018)



## FINDINGS

**Relevance:** In this context of a significant deficit and poor quality infrastructure across sectors, CoST Uganda is very relevant to the country's needs. Great progress has been made at subnational level where CoST has established a strong working relationship with Wakiso District Council (the largest district in the country). Both the council and the local communities see CoST as an important partner in providing oversight to improve infrastructure project implementation. The CoST interventions through the local community gathering – or Baraza – have been welcomed by all stakeholders. CoST also intends to work with Kampala Capital City Authority (KCCA).

At central government level CoST's assurance reports have been appreciated by the Ministry of Works and Transport and by the Public Procurement and Disposal of Public Assets Authority (PPDA) as independent reports on project performance. The MSG confirmed that before CoST no project information was disclosed by the Ministry, whereas, after Uganda joined CoST the Ministries, Local Governments, Agencies and Departments have been willing to disclose information.

**Effectiveness, efficiency and impact:** CoST Uganda has been effective subnationally and nationally in **building accountability** for delivery in the infrastructure sectors -- at subnational level with the Wakiso District Council. Strong evidence of citizen participation in keeping the District Administration accountable for infrastructure projects and as an **"independent eye"** nationally for the PPDA and the Ministries on a set of projects. It was reported to the review team that CoST fills an important gap in citizen participation in infrastructure project monitoring and has managed to establish a strong reputation for keeping departments and agencies responsible for projects monitoring accountable to the citizens. This is perceived to add value to government rather than "just making noise" (an expression used to describe CSOs in Uganda).

In terms of improving the effectiveness of **sector performance**, CoST has secured a commitment of the Ministry of Works and Transport for the inclusion of several amendment to the Roads Act (which was passed in 2018). With regard to **proactive disclosure per project**, CoST Uganda has not yet started proactive disclosure of projects in compliance with the IDS. The PPDA is disclosing data per the Open Contracting Data Standard. CoST told the review team that it plans to start disclosing project data in 2020.

Efficiency has been driven by the VfM of the assurance reports. These reports are considered of great quality and come with a low price tag (USD1,500 per project).

The MSG does not appear to have sufficient capacity to guide CoST interventions and therefore its impact on the infrastructure sectors is constrained. This is primarily because government MSG members did not have the seniority required to influence policies and programmes of government sufficiently. CoST IS informed the review team that a governance review is soon to be undertaken in Uganda to inform improvements in MSG functioning.

**Sustainability:** MSG members and the State Minister for Works and Transport highlighted the importance of CoST being a legal entity to have access to funds from the Government. Despite agreement at the MSG that the legal status for CoST was important no concrete proposals have yet been tabled for discussion. There seems to be a lack of guidance as to which entity should take the lead, i.e. the MSG or CoST IS, in addressing this issue.



**Complementarity:** CoST Uganda has not as yet been complementary to any of the DFID-funded infrastructure programmes in Uganda notably the CIG. There is no evidence that CoST interventions and Tools and Standards have been taken on board by other donors’ programmes in Uganda.

Country visit dates 12/08/2019 – 15/08/2019

