1. Introduction

This Guidance Note is one of several developed by CoST - the Infrastructure Transparency Initiative (CoST) on its core features of multi-stakeholder working[1], disclosure, assurance and social accountability.[2] They set out the key requirements, questions and steps that those responsible for developing a CoST programme need to consider. This Guidance Note supplements a more detailed Assurance Manual.

Assurance shines a light on what happens at each stage of public infrastructure delivery.[3] It contributes to the purpose of CoST by turning disclosed data into compelling information that in turn serves to strengthen social accountability. The legitimacy and relevance of this process is enhanced by the fact that it is typically overseen by a multi-stakeholder group (MSG).

CoST Afghanistan Assurance Team on a site visit
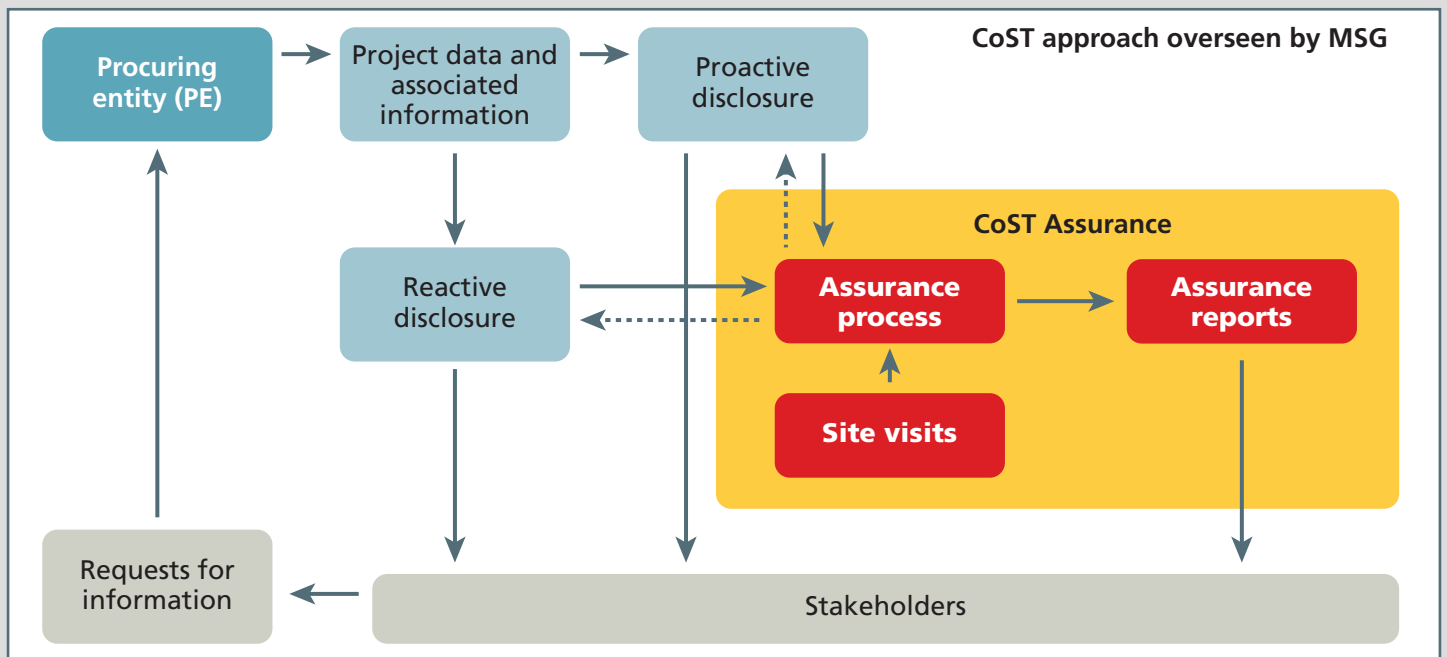
2. Overview of assurance

Figure 1: The role of assurance in strengthening communication

[1] Typically but not necessarily through a multi-stakeholder group comprising government, the private sector and civil society.

[2] Other guidance notes include focus areas such as how to join CoST, CoST applicability in crisis settings and promoting gender inclusion in infrastructure.

[3] From the initial project planning, through the preparation, design, tender management, implementation, and eventual completion.

[4] A "red flag" indicates a potential concern that serves as a trigger for further study, not necessarily by CoST.

The scale and scope of an assurance process is determined by what data has been disclosed, and by the resources available to analyse and make use of that data.

■ At one extreme, when disclosure is institutionalised, some initial high-level analysis of bulk data may be undertaken, looking at issues such as time and cost deviations and other matters related to relevance, value for money, competition, and provision for environmental and social good practice. A sample of projects is then identified for further analysis.

■ At the other extreme, under a new CoST programme and/or where capacity and resources are limited, assurance may be limited to a relatively small number of projects. A greater proportion of the effort is then likely to be focussed on issues related to the effectiveness of the disclosure process, and on any red flags[4] that come to light.

In practice, most assurance lies somewhere between these two extremes. In all cases the resulting report should include well-founded findings and recommendations based on informed expert analysis of objective data. Figure 1 illustrates the typical flows of data and associated information related to a project and its constituent contracts.

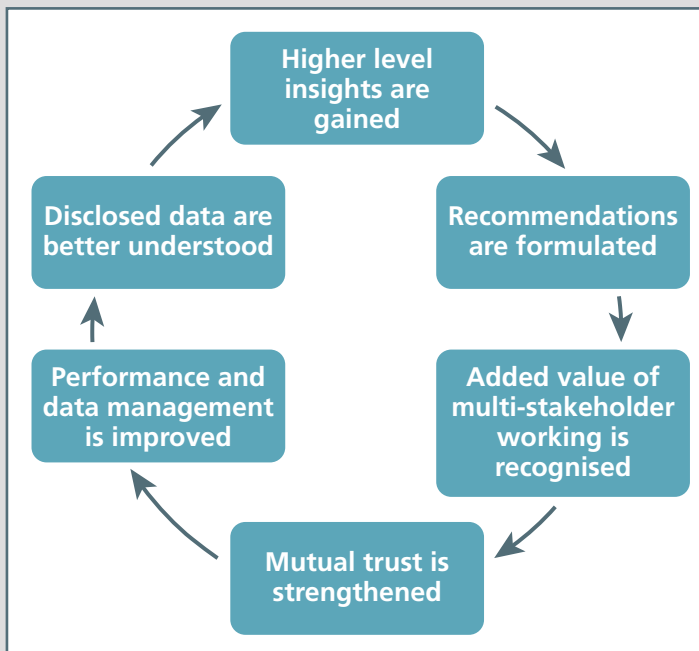# 3. The purpose and function of assurance

Figure 2: The virtuous cycle of CoST Assurance

For enhanced transparency to be effective in achieving greater accountability, stakeholders need to understand what has been disclosed and to identify issues of interest or potential concern. The purpose of assurance is to facilitate this. Assurance thus has a dual function:

■ Assessing whether the data disclosed is valid and complete

■ Analysing the data and presenting it as compelling information in order to help detect matters that could be raised with the project owner and its suppliers, and readily communicated to others.

Assurance thus lies at the heart of CoST's collaborative approach whereby stakeholders work together to improve the delivery of infrastructure and related services. For this to be sustained, it should be conducted in a manner that contributes to each element of a virtuous cycle as illustrated in Figure 2.

4. Commissioning an assurance process

Within CoST member programmes, the MSG is typically responsible for commissioning[5] an assurance process and approving the resulting assurance report or reports. If, despite internal quality management systems applied by the contracted party, a report is not acceptable to the MSG, it should be revised until all valid concerns are addressed.

The CoST member manager must take reasonable steps to ensure that all aspects of the procurement of services of an assurance team or individual are properly prepared for, conducted, and documented. This entails acting in accordance with a mandate and associated guidance provided by the MSG and the CoST International Secretariat, and in close collaboration where appropriate with those within the host organisation responsible for tender management.

Whether assurance services are to be provided by private consultants, academia, or a government body, the process of procuring such services always includes, in some form, the following stages:

    i. Deciding on the scale and scope of the exercise, within the limits of available resources

    ii. Deciding how to procure (*direct or competitive, individual or company, private or public*)

    iii. Inviting bids (*requiring clear Terms of Reference and associated instructions*)

    iv. Evaluating proposals[6] against pre-defined criteria

    v. Awarding the contract[7] and giving an instruction to proceed

    vi. Managing the contract, including ensuring good associated quality management

    vii. Learning lessons, in order to do it better next time.

5. The focus of assurance

After it has been decided which projects will be subject to assurance, the exercise must necessarily be targeted on specific issues, so that good use is made of limited available resources. Such targeting will typically be informed in part by an initial analysis of available data, in part by general experience of the sector, and in part by CoST and national assurance professionals' knowledge of risk factors likely to apply to those specific projects.

Most public infrastructure projects are, at least in theory, subject to a complex array of official accountability mechanisms based around contracts, monitoring, inspections, approvals, reviews, audits and evaluation. CoST assurance does not seek to duplicate these and does not in any case have access to the resources necessary to do so. Rather, by analysing objective data in the light of relevant experience it helps strengthen such existing mechanisms.

Box 1:
STRENGTHENING ACCOUNTABILITY MECHANISMS
Assurance does not seek to duplicate existing accountability mechanisms. Rather, by shining a light on the facts it helps strengthen them by highlighting what is working well and what is not.

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[5] Outside of CoST membership, a government institution, an investor or civil society organisation could commission and adapt the assurance process to meet an identified need.

[6] Even in the case of a direct appointment, a proposal should be prepared.

[7] Or some other formal agreement, as appropriate.

6. Step by step implementation of assurance

Figure 3 presents a simplified overview of the key steps involved in conducting assurance. Depending on the maturity of the programme, some details may vary or be repeated. On a large mature programme, for instance, some high-level analysis of the bulk data may be followed by more detailed but similar analysis of the data from the selected sample of projects.

As illustrated in the first two steps, assurance is distinct from, but closely associated with, disclosure, on which it is reliant. For participating PEs that have already agreed to public disclosure of infrastructure data, the follow-up assurance process should not come as a surprise.

Box 2:

IDENTIFYING THE RIGHT TEAM
Identifying a suitable assurance team should focus on requirements of:

- Capacity
- Credibility
- Commitment
- Cost

1 **Procuring entity** discloses clear & comprehensive infrastructure data

2 **Data** is disclosed on user friendly websites and other channels

Independent experts appointed by a multi-stakeholder group form an **assurance team**

3 **Assurance team** checks accuracy and completeness of disclosed data

4 A **sample of projects** is identified for in-depth review

5 Assurance team **requests missing data** & additional information

6 Assurance team **visits construction site** to observe progress & ask questions

7 Assurance team **turns data into compelling information**, highlighting concerns & good practice

Stakeholders can access infrastructure data & key messages from an assurance report

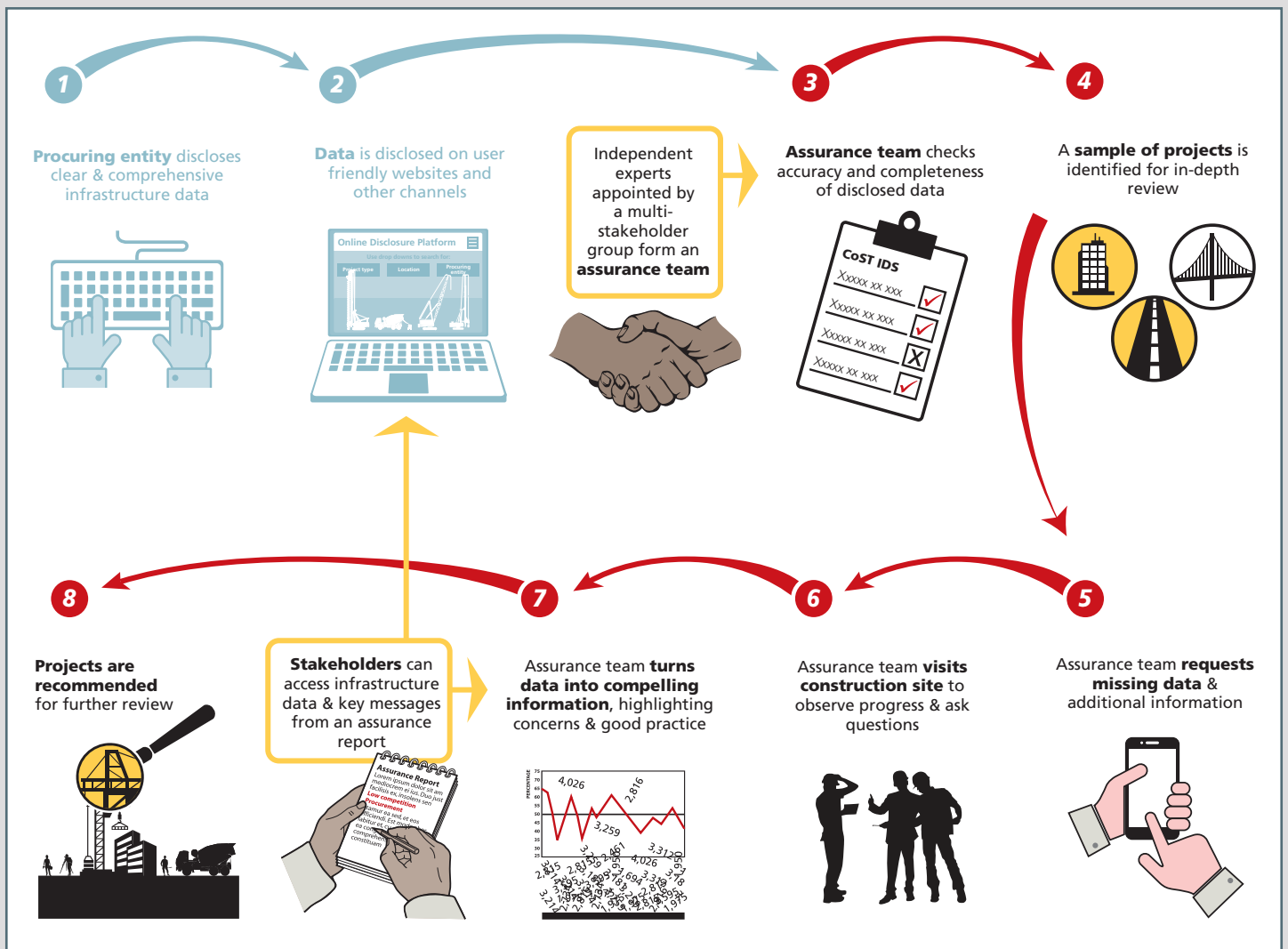**8** **Projects are recommended** for further review

Figure 3: Key steps in implementing assurance

Step 3: Check data for completeness and accuracy
The benchmark used for disclosure is the CoST Infrastructure Data Standard (CoST IDS) or the Open Contracting for Infrastructure Data Standard (OC4IDS). In the case of proactive disclosure, these contain 20 data points that apply at a project level, and 20 at the level of individual contracts.

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The assessment of the completeness of disclosure consists of going through the list such items, and ascertaining whether, where and how they are currently being made public. The headline result of such an exercise is an overall disclosure rate. Expressed as a % of the CoST IDS or OC4IDS, this typically relates to the combination of project-level data points, and data points from the main works contract. For reference purposes it is good practice to also state the % rate explicitly agreed in advance by the PE, as well as the % rate required by applicable law and regulations.

The assessment of accuracy entails comparing data from different sources.

Step 4: Identify a sample of projects

Particularly in cases where large volumes of data are routinely being disclosed by PEs, it is necessary to select a manageable number of projects for which the available data and information will be studied in more detail. Whether undertaken directly by the national secretariat of a programme or included as a task for the assurance team (AT), this selection process will typically:

- Result in a range of project scales, sectors, geographical location, and PE type

- Include some projects on the basis of evident relevance or public interest

- Contribute to an awareness among participating PEs that any project for which data should be disclosed could potentially be subject to assurance.
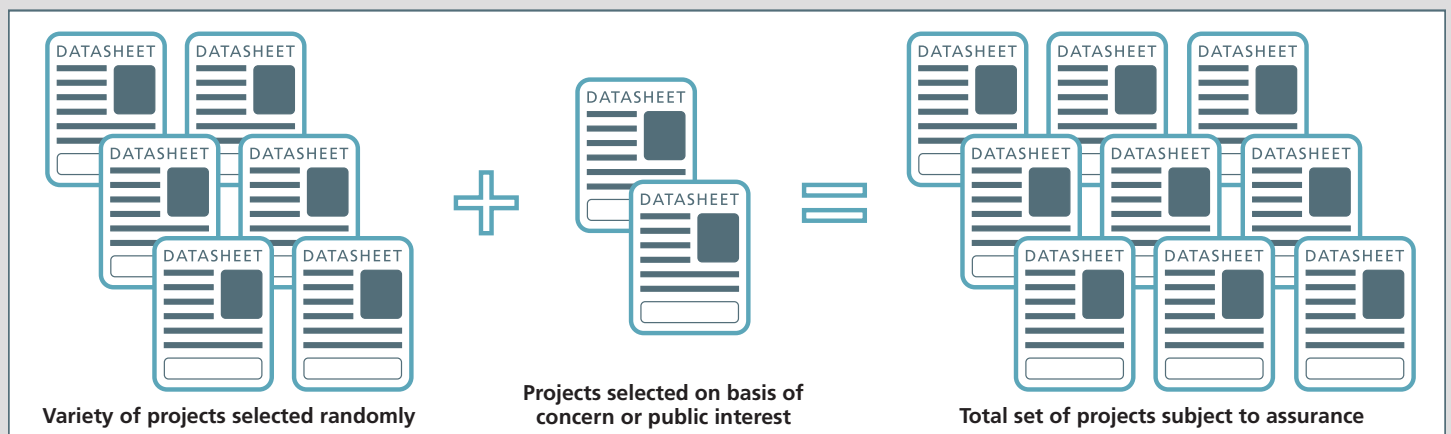

Variety of projects selected randomly   **Projects selected on basis of concern or public interest**   **Total set of projects subject to assurance**

Figure 4: Identification of projects for assurance

Step 5: Request missing data and additional information

This potentially entails asking the PE to provide:

- CoST IDS/OC4IDS data that should have been disclosed proactively, but were missing

- CoST IDS/OC4IDS reactive disclosure data

- Additional information considered by the AT to be of interest.

The aim should not be to obtain as much data and additional information as possible, but rather to record what is, and is not, available, and what has, and has not, been shared, then make sense of it.

In some cases, the AT may request data or information on the basis that it will not itself be made public, but will be available for internal scrutiny by CoST professionals. This may for instance arise in the case of the commercially confidential elements of bid evaluation reports, a study of which can identify potential red flags.

Step 6: Visit construction sites

Assurance normally includes some site visits, to validate a sample of what data has been reported and gain further insights. The primary focus of such visits is on comparing the reported project status (in terms of physical and financial progress) with what is observed. In the case of ongoing projects, it also provides an opportunity to discuss issues with the project owner, the contractor, and the supervising professionals[8]. Community representatives may also be consulted in order to ascertain the extent to which community engagement has occurred during project preparation and implementation. Such discussions can make an important contribution to the formulation of recommendations that are likely to enjoy the support of all stakeholders.

CoST El Salvador assurance site visit

Careful preparation is required in advance of a site visit, to ensure that participating AT members and any CoST representatives know what to expect, and are therefore capable of asking questions that are informed, appropriate and pertinent. It is particularly important in this regard to:

■ Be aware of applicable contractual obligations, including the latest approved programme of works and any associated obligations related to environmental protection and community engagement

■ Avoid making any technical judgements

■ At all times be polite, professional, but nevertheless persistent and focussed.

Any consideration of quality should be limited to noting the degree to which appropriate quality management systems are included in the contracts, and then reflected in site activities and records.

Whatever the findings, a well-conducted assurance site visit should result in the contractor, the supervising engineer or architect, the PE and the intended project beneficiaries each viewing CoST, and the assurance process, in a positive light. As a general principle, no-one should participate in a CoST assurance site visit unless they can demonstrate prior informed engagement. This principle can be relaxed in cases where all parties agree that one or more people may participate as observers.

Step 7: Turn data into compelling information

During the course of the assurance process, the AT can potentially gain access to a wealth of data and information that goes well beyond the specific data points of the CoST IDS or OC4IDS. Generated in the course of interviews with stakeholders, the study of reactively disclosed documents, and observations made on site, this will help fill knowledge gaps and contribute to an accurate and compelling narrative about factors affecting project performance.

As with any data that informs an assurance process, it is important that it is objective and factual. In some cases, however, the underlying data that is subsequently analysed will need to be generated through as assessment made by the AT, rather than directly through disclosed data points. Examples include, but are not limited to, the assessment of the strength of processes in place supporting:

■ Quality Management

■ Environmental and Social protection

■ Health and Safety.

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[8] Depending on the nature of the works and the contractual arrangements, this may be the engineer, the architect, the quantity surveyor or the project manager.

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For each of these, it is generally possible for the AT to make an objective evaluation that is replicable at project level, and sufficiently consistent to be of value when others later make use of assurance reports to evaluate change.

By this stage the AT will have at its disposal a wealth of data from multiple sources and will need to decide where to focus the limited time available for its analysis. Though strong data management skills are required in order approach this in a robust manner, the analysis itself need not be, and arguably should not be, complicated. As illustrated by the figure in Box 3, even the simplest information (in this case requiring just a few data points) can be compelling and prompt questions.

Box 3:

UKRAINE ASSURANCE REPORT ENHANCES ACCOUNTABILITY AND PROMPTS IMPROVED PRACTICES

In 2016 CoST Ukraine published an assurance report that reviewed data from over 120 public road repair contracts across 17 regions.
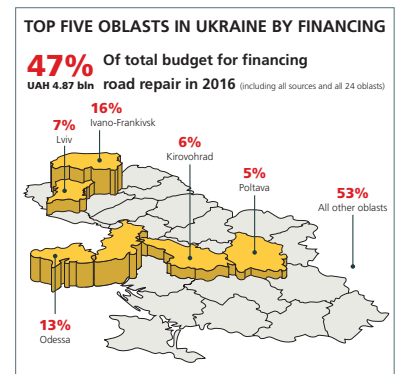
The report highlighted:

- Unexplained funding distribution. Almost 50% of the allocated funds for road repairs were provided to just five out of the 17 regions, with no associated explanation.

- Unexplained cost variations. The average unit output costs for similar interventions varied markedly between different regions, with no explanation as to why this should be.

- A lack of readily available management information.

Prior to this exercise, no data management system was in place to provide officials with the means of generating much of the information contained within the report.

The Ukraine State Roads Agency responded to media coverage by taking steps to improve the supervision of road contracts, agreeing to introduce open tenders for engineering services, and improving its data management systems.

TOP FIVE OBLASTS IN UKRAINE BY FINANCING

47%
UAH 4.87 bln — **Of total budget for financing road repair in 2016** (including all sources and all 24 oblasts)

16% Ivano-Frankivsk
7% Lviv
6% Kirovohrad
5% Poltava
53% All other oblasts
13% Odessa

Step 8: Recommend projects for further review

An underlying principle of assurance is that it entails presenting facts, not opinions. It is also about strengthening existing accountability mechanisms rather than criticising, duplicating or otherwise undermining them. This can prove to be a challenge in cases where the AT has good reason to be concerned, but lacks the objective evidence needed to definitively highlight concerns to the public.

Box 4:

RED FLAGS

In a CoST assurance report, red flags draw attention to an issue without making an associated judgement. Instead, the assurance report can simply state (factually) that analysis of the disclosed data has highlighted one of more issues that constitute red flags.

Reference can then be made to independent guidance listing[9] red flags for commonly encountered risks. Depending on the type of contract and the nature of the works, such red flags could potentially include:

- Complaints from other bidders
- No project budget
- Identical marks from bid evaluators
- Adjustment of quantities in favour of winner
- Lack of supporting feasibility study
- Deviation from regulations
- Unjustified changes to contract
- Unexplained negotiated tariffs

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[9] There are many such lists, including "Common Red Flags of Fraud and Corruption in Procurement" found at
www.worldbank.org/en/about/unit/integrity-vice-presidency/brief/common-red-flags-of-fraud-and-corruption-in-procurement.

In such circumstances, the AT should where possible and appropriate present its concerns as the fact that the data constitutes a red flag according to independent criteria. This may then give rise to a recommended review by the relevant authority. If the recommended follow-up action is not taken, that can itself be reported as a fact, together with any explanations given, which may or may not be plausible.

In other cases, the AT may in the course of its work identify areas or issues that are beyond the immediate scope of the current assurance report but may warrant study through a future CoST report. This may either be on account of good practice that deserves to be better understood and shared, or as a result of inconsistencies or concerns that would benefit from additional analysis. Such issues could be included as recommendations to the CoST MSG.

7. Writing an assurance report

As described above, assurance entails a series of detailed steps that make use of disclosed data. Each of those steps should be approached with the key elements of the eventual assurance report in mind. As shown in red in Figure 5, these elements are:

■ A concise executive summary that communicates findings and recommendations in clear and simple language that tells a story, is unambiguous and can readily be understood by non-specialists

■ A compelling (ideally visual) presentation of findings

■ A set of clear recommendations about corrective actions that would result in issues of concern being addressed on an ongoing basis.

Following the summary, a brief section on context is then essential for setting the scene. Without it, the reader cannot be expected to understand the logic behind subsequent development of findings and recommendations.
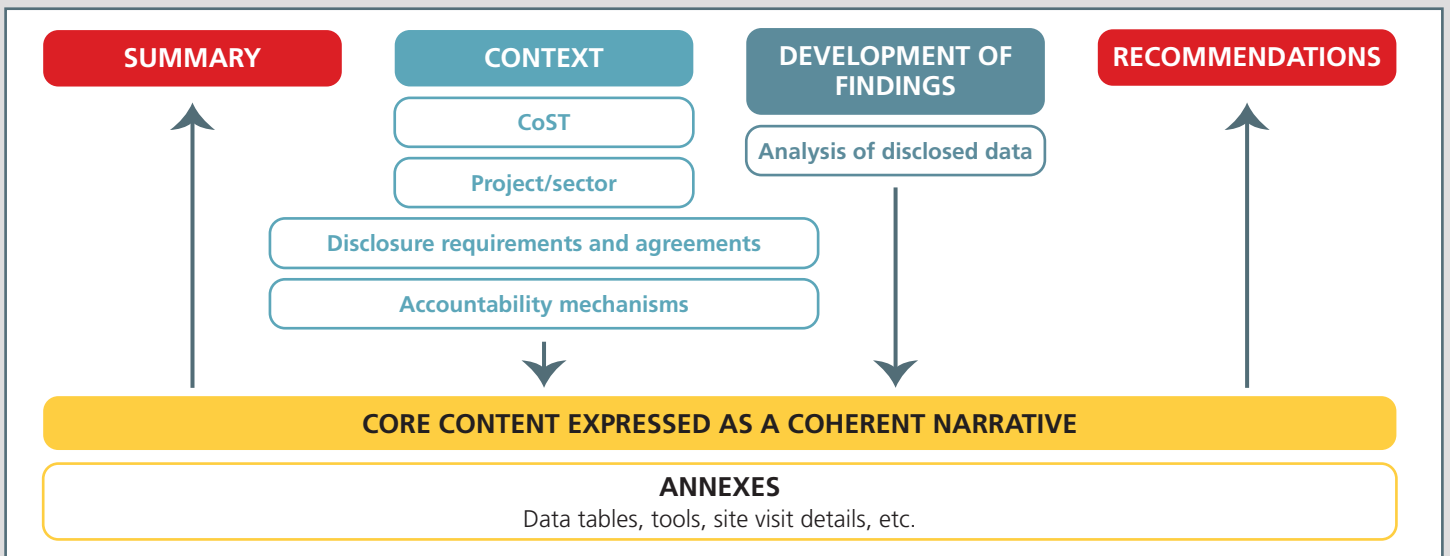

Figure 5: Basic structure of an assurance report

A good assurance report is not necessarily one that is particularly detailed, or even insightful and "correct". Rather it is one that contributes to CoST's intended purpose of helping, by letting the facts speak for themselves, to improve accountability in the procurement of infrastructure that meets the needs of citizens. Table 1 provides some examples of appropriate observations and associated objective comments.

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An assurance report should also be consistent with related CoST activities focussed on disclosure and be presented in a manner that readily contributes to ongoing CoST monitoring and evaluation. This includes:

● Adhering to requirements for a consistent core structure

● Using a standard methodology as defined in the Assurance Manual to calculate and present disclosure rates and related assessments of the accuracy or otherwise of what is disclosed

● Expressing financial data in US$ as well as local currency, and the executive summary in English as well as the national language

● Presenting recommendations in a manner that facilitates subsequent assessments of whether, when and how they have been implemented.

TABLE 1: EXAMPLE OF ASSURANCE REPORT STATEMENTS LETTING FACTS SPEAK FOR THEMSELVES		
TYPE OF ISSUE	**OBSERVATION**	**COMMENT**
Design	At several sample locations, the design drawings do not reflect site conditions.	Some of the drawing titles refer to a different project elsewhere in the country.
Cost over-run	Project management consultant was paid 56% more than contract price.	There is no documentation justifying the extra payments.
Time over-run	Time elapsed is 400% of original contract duration.	But progress is under 70% and PE has not issued any warnings.
Tender management	Contract was awarded when there was only one bidder.	But no explanation was given to justify this under procurement regulations.
Quality	Contractor states that slump tests are not conducted prior to concrete pours, as there are no slump cones available on site.	Quality Management Plan specifies slump tests to be conducted prior to every pour of structural concrete.

8. Launching an assurance report

A CoST Honduras assurance report launch event

In order to achieve its intended purpose, an assurance report must be readily accessible to and understood by all stakeholders. This can be facilitated through a high-profile launch event to which the media is invited, and which is presided over by senior representatives from government, civil society and the private sector. Such an event requires meticulous preparation including distillation of the assurance report findings and recommendations into readily understood narratives supported where possible by strong visual infographics.

Assurance professionals and MSG members should participate in the launch and be familiar with the content of the report. All should be prepared if necessary to answer questions, whether from the media or from other interested stakeholders. However, the primary communication on behalf of CoST should be conducted through pre-agreed CoST representatives in accordance with a communications plan including specific talking points and consistent responses to obvious questions.

A CoST Tanzania assurance report launch event

9. Further guidance

More detailed guidance is available in the CoST Assurance Manual. This includes more detail about each aspect of assurance, a set of simple tools to facilitate the assurance process, and practical examples of how assurance should be conducted in specific circumstances.

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