

## 1. Introduction

This Guidance Note is one of several developed by CoST – the Infrastructure Transparency Initiative (CoST) on its pillars of multi-stakeholder working<sup>1</sup>, data publication, independent review and social accountability.<sup>2</sup> They outline the key requirements, questions, and steps stakeholders need to consider when implementing CoST tools and standards.



This Guidance Note supplements the more detailed Independent Review Manual. **Volume 1** of that Manual is intended primarily for managers of the process, and **Volume 2** for professionals directly involved in undertaking independent reviews.

An independent review shines a light on what happens at each stage of the planning and delivery of public infrastructure.<sup>3</sup> It contributes to the purpose of turning available official data into compelling information, thereby strengthening accountability and improving the performance of infrastructure delivery. The legitimacy and relevance of this process are enhanced by the fact that it is overseen by a multi-stakeholder group (MSG).



# GUIDANCE NOTE

## Independent Review

## 2. Overview of independent reviews

The scale and scope of an independent review are determined by the data available and the resources to analyse and utilise that data.

- At one extreme, when data publication is institutionalised, initial high-level analysis of bulk data may be undertaken. This examines issues such as time and cost deviations, as well as matters related to relevance, value for money, competition, and environmental and social good practices. A sample of projects is then identified for further analysis.
- At the other extreme, where capacity and resources are more limited, an independent review may be restricted to a relatively small number of projects. A greater proportion of the effort is then likely to be focused on issues related to the effectiveness of the data publication process, and on any red flags<sup>4</sup> that come to light.



<sup>1</sup> Typically, but not necessarily through a multi-stakeholder group comprising representatives of government, private sector and civil society stakeholders.

<sup>2</sup> Other guidance notes include a focus on areas such as CoST applicability in crisis settings and mainstreaming gender-related equality of opportunity.

<sup>3</sup> From the initial project planning, through the preparation, design, tender management, implementation, and contract completion. Where possible and appropriate, account is also taken of prospects for effective ongoing operation and maintenance.

<sup>4</sup> A “red flag” indicates a potential concern that serves as a trigger for further study.

# GUIDANCE NOTE

## Independent Review

### 3. The purpose and function of an independent review

In practice, most independent reviews lie somewhere between these two extremes. In all cases, the resulting report should include well-founded findings and recommendations based on informed, objective expert analysis of data.

**Figure 1** illustrates the typical flows of data and associated information related to a project and its constituent contracts.

For transparency to be effective in promoting greater accountability, stakeholders need to understand published data and identify issues of interest or potential concern. The purpose of an independent review is to facilitate this by:

- Assessing the extent to which the official data is valid and complete; and
- Analysing and presenting it as compelling information that points to issues that could be raised with the project owner and its suppliers, and readily communicated to others.

This lies at the heart of a collaborative approach, whereby stakeholders work together to improve the planning and delivery of infrastructure and related services. To be sustained, it should be conducted in a manner that contributes to each element of a virtuous cycle, as illustrated in **Figure 2**.

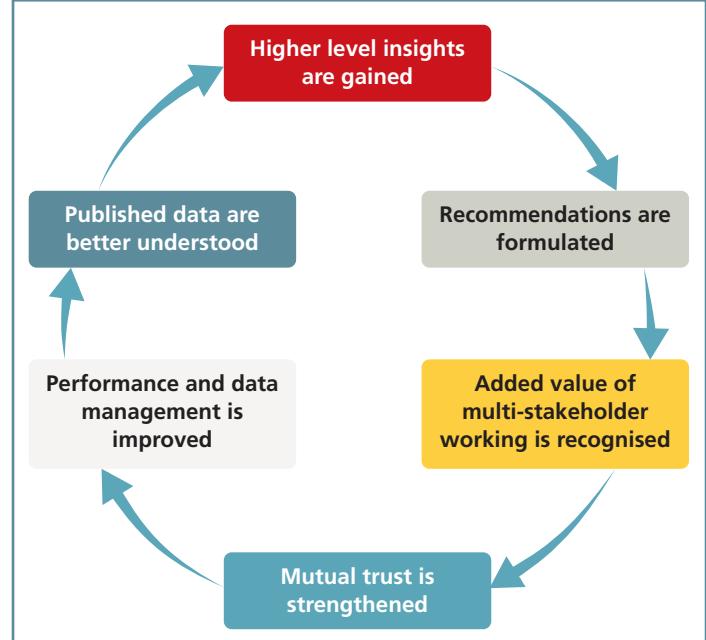


Figure 2: The virtuous cycle of an independent review

### 4. Commissioning an independent review

The MSG is typically responsible for commissioning<sup>5</sup> an independent review and approving the resulting report or reports. If, despite the contracted party's internal quality management systems, a report is not acceptable to the MSG, it should be revised until all valid concerns are addressed.

The manager of the process should treat an independent review as a project, taking reasonable steps to ensure that all aspects of the process are adequately prepared for, conducted, and documented. This entails acting in accordance with the mandate and associated guidance provided by the

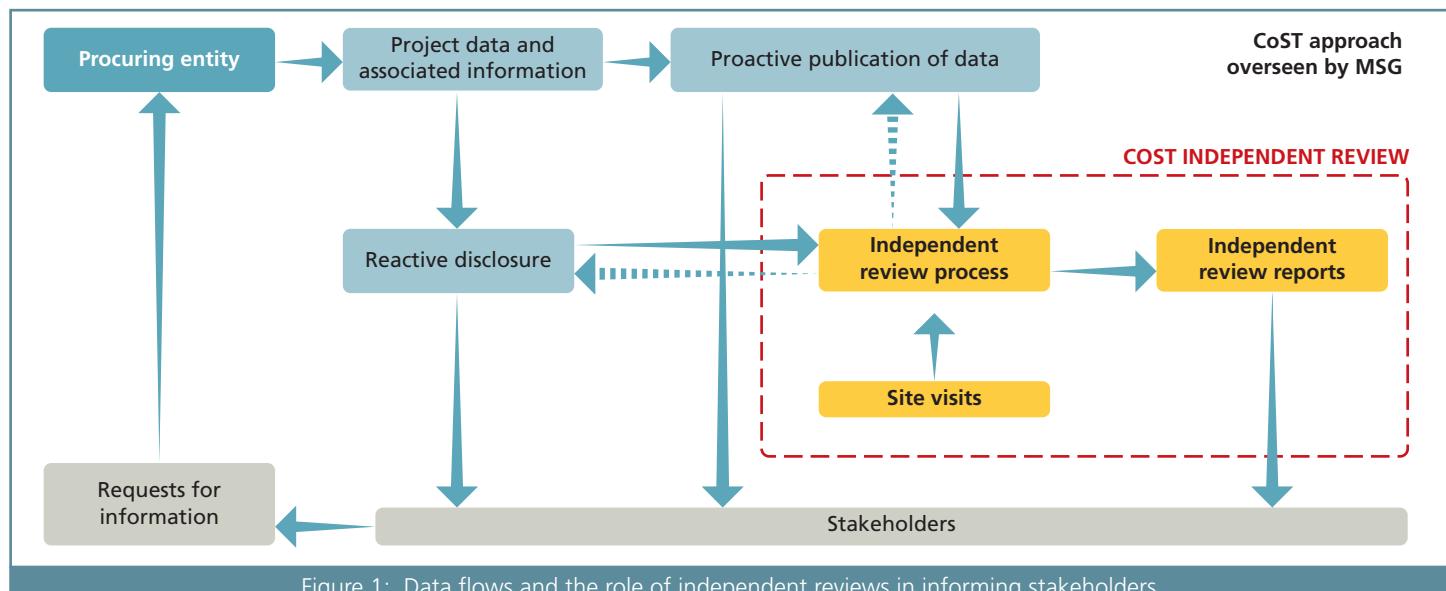


Figure 1: Data flows and the role of independent reviews in informing stakeholders

<sup>5</sup> Any government institution, an investor or civil society organisation could commission and adapt the independent review process to meet an identified need.



MSG, and, where appropriate, in close collaboration with those responsible for tender management. A range of tools and resources is provided as Annexes to Volume 1 of the Manual. These include sample [Terms of Reference](#) and various templates to facilitate performance management in general and quality oversight in particular.

Whether the 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<sup>6</sup> against pre-defined criteria
- v. Awarding the contract<sup>7</sup> and instructing to proceed
- vi. Managing the contract, including ensuring good associated quality management
- vii. Learning lessons, to contribute to a process of continuous improvement

## 5. The focus of an independent review

After it has been decided which projects will be independently reviewed, the exercise must necessarily be targeted on specific issues, so that the limited available resources are used effectively. Such targeting will typically be informed by an initial analysis of available data, general sector experience, and national independent review professionals' knowledge of risk factors likely to apply to that sector or to specific projects.

Most public infrastructure projects, at least in theory, are subject to a complex array of official accountability mechanisms centred on contracts, monitoring, inspections, approvals, reviews, audits, and evaluations. The MSG does not seek to duplicate these efforts and, in any case, does not have access to the necessary resources to do so. Instead, analysing objective data in the light of relevant experience helps strengthen existing mechanisms.



### BOX 1:

#### STRENGTHENING ACCOUNTABILITY MECHANISMS

An independent review 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.

<sup>6</sup> Even in the case of a direct appointment, a proposal should be prepared by the appointed party.

<sup>7</sup> Or some other formal agreement, as appropriate.

# GUIDANCE NOTE

## Independent Review

### 6. Step by step implementation of an independent review

Figure 3 presents a simplified overview of the key steps involved in conducting an independent review. Depending on the local experience, some details may vary or be repeated. Where there is strong experience, for instance, some high-level analysis of the bulk data may be followed by a more detailed but similar analysis of the data from the selected sample of projects.

As illustrated in the first two steps, the independent review is distinct from, but closely associated with, data publication, on which it is reliant. For procuring entities that have already agreed to publish and provide infrastructure data, the follow-up independent review process should not come as a surprise.

#### STEP 3: CHECK DATA FOR COMPLETENESS AND ACCURACY

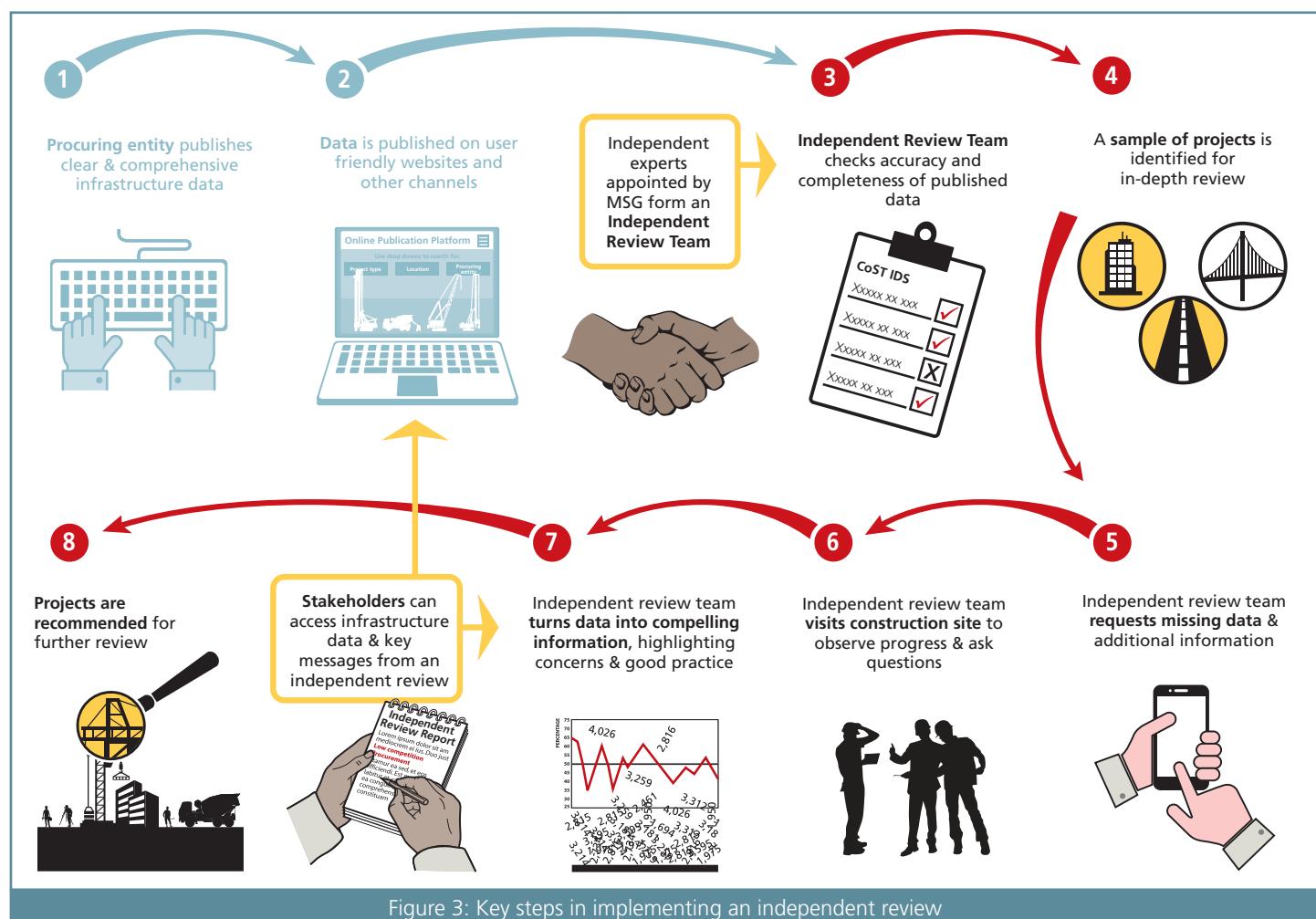
The benchmark used for proactive data publication and reactive disclosure is the [CoST Infrastructure Data Standard \(CoST IDS\)](#) or the [Open Contracting for Infrastructure Data Standard \(OC4IDS\)](#). The OC4IDS builds on the CoST IDS to provide a structured, machine-readable format for infrastructure data which improves interoperability and analysis. An MSG may choose to include further data points from optional modules, including those focused on climate finance and sustainability. The core standard for data publication contains 20 data points that apply at the project level and 20 at the individual contract level.

The assessment of the completeness of proactive data publication and reactive disclosure consists of reviewing the

#### BOX 2: IDENTIFYING THE RIGHT TEAM

Identifying a suitable independent review team should focus on requirements of:

- Capacity
- Commitment
- Credibility
- Cost.



## Independent Review

list of such items and ascertaining whether, where, and how they are currently being made public. The headline result of such an exercise is an overall provision rate. Expressed as a % of the CoST IDS or OC4IDS, this relates to the combination of project-level data points and data points from the main works contract. For reference purposes, it is also good practice to state the % rate explicitly agreed in advance by the procuring entity, 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 procuring entities routinely make large volumes of data available, 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 CoST Member Secretariat or included as a task for the Independent Review Team (IRT), this selection process will typically:

- Result in a range of project scales, geographical location, and procuring entity type;
- Include some projects based on evident relevance or public interest; and
- Increase awareness among procuring entities that any project for which data should be disclosed may be subject to independent review.

When selecting the sample, a decision needs to be made about the sectoral focus. In some circumstances, a case may be made for limiting the focus to a single sector. This can generate in-depth insights into specific sectoral issues, contributing to more robust sector-level recommendations.

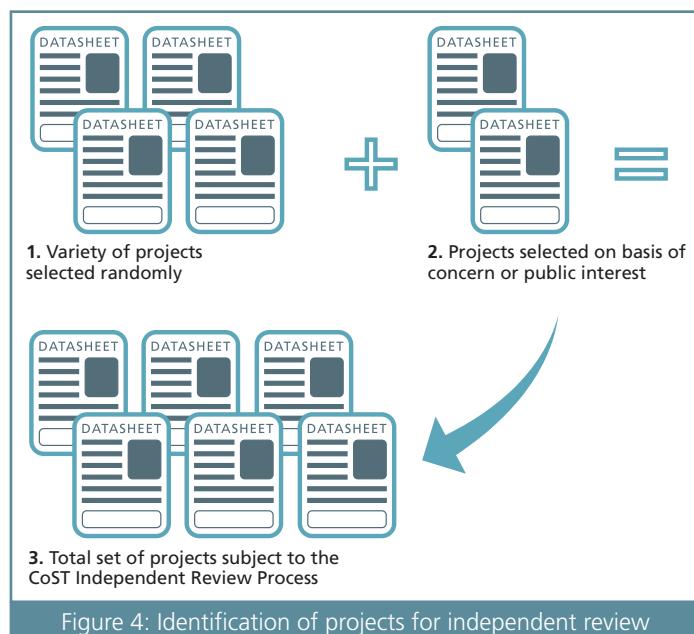


Figure 4: Identification of projects for independent review



### STEP 5: REQUEST MISSING DATA AND ADDITIONAL INFORMATION

This entails asking the procuring entity to provide:

- CoST IDS/OC4IDS data that should have been published proactively, but were missing;
- CoST IDS/OC4IDS reactive disclosure data; and
- Additional information considered by the IRT to be of interest.

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

In some cases, the IRT may request data or information on the basis that it will not itself be made public, but will be available for restricted scrutiny as part of the independent review. 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. In such cases, the IRT would objectively draw attention to any such red flags without making any associated judgment.

# GUIDANCE NOTE

## Independent Review

### STEP 6: VISIT CONSTRUCTION SITES

An independent review usually includes site visits to validate a sample of the data reported and to 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<sup>8</sup>. Community representatives may also be consulted to determine the extent of community engagement during project preparation and implementation. Such discussions can make an essential contribution to the formulation of recommendations that are likely to enjoy the support of all stakeholders.

Careful preparation is required in advance of a site visit to ensure that participating IRT members and any stakeholder representatives know what to expect and are therefore able to ask informed, appropriate and pertinent questions. It is crucial 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; and
- 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 independent review site visit should result in the contractor, the supervising engineer or architect, the procuring entity and the intended project beneficiaries each viewing the independent review process in a positive light. As a general principle, no-one should participate in a site visit unless they can demonstrate prior informed engagement. This principle can be relaxed when all parties agree that one or more people may serve as observers.



### STEP 7: TURN DATA INTO COMPELLING INFORMATION

During an independent review, the IRT can potentially gain access to a wealth of data and information that extends well beyond the specific data points of the CoST IDS or OC4IDS. Generated from interviews with stakeholders, the study of reactively disclosed documents, and on-site observations, 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 independent review, it must be objective and factual. In some cases, however, the underlying data that is subsequently analysed will need to be generated through an IRT assessment rather than directly from published 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; and
- Health & Safety.

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

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

<sup>8</sup> 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.

## Independent Review

### STEP 8: RECOMMEND PROJECTS FOR FURTHER REVIEW

An underlying principle of independent reviews is that they present facts, not opinions. They also aim to help strengthen existing accountability mechanisms rather than criticise, duplicate or otherwise undermine them. This can prove challenging when the IRT has good reason to be concerned but lacks the objective evidence needed to definitively raise those concerns with the public.

#### BOX 3:

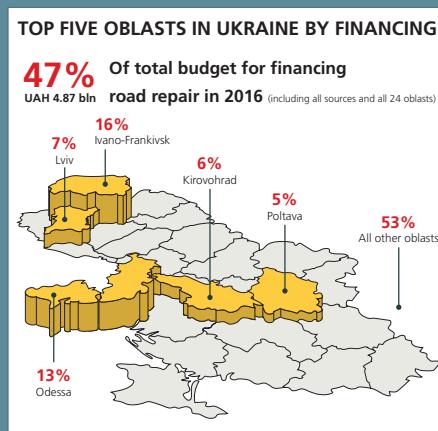
#### UKRAINE INDEPENDENT REVIEW REPORT ENHANCES ACCOUNTABILITY AND PROMPTS IMPROVED PRACTICES

In 2016, CoST Ukraine published an assurance (independent review) report and an accompanying [infographic](#) 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.



#### BOX 4:

#### RED FLAGS

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



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

1. Complaints from other bidders
2. No project budget
3. Identical marks from bid evaluators
4. Adjustment of quantities in favour of winner
5. Lack of supporting feasibility study
6. Deviation from regulations
7. Unjustified changes to contract
8. Unexplained negotiated tariffs

In such circumstances, the IRT should, where possible and appropriate, present its concerns as the fact that the data constitute a red flag according to independent criteria. This may then give rise to a recommended review by the relevant authority. If such 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 IRT may, in the course of its work, identify areas or issues beyond the immediate scope of the current independent review that may warrant study through a future activity. This may be due to good practice that deserves better understanding and sharing, or to inconsistencies or concerns that would benefit from additional analysis. Such issues could be included as recommendations to the MSG.

<sup>9</sup>There are several such lists, found by searching online for Common Red Flags for Corruption in Infrastructure Procurement. In the case of lists generated by Multilateral Development Banks, the term "corruption" is limited to bribery, so a search should include the word "fraud" as well as "corruption".

# GUIDANCE NOTE

## Independent Review

### 7. Writing an independent review report

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

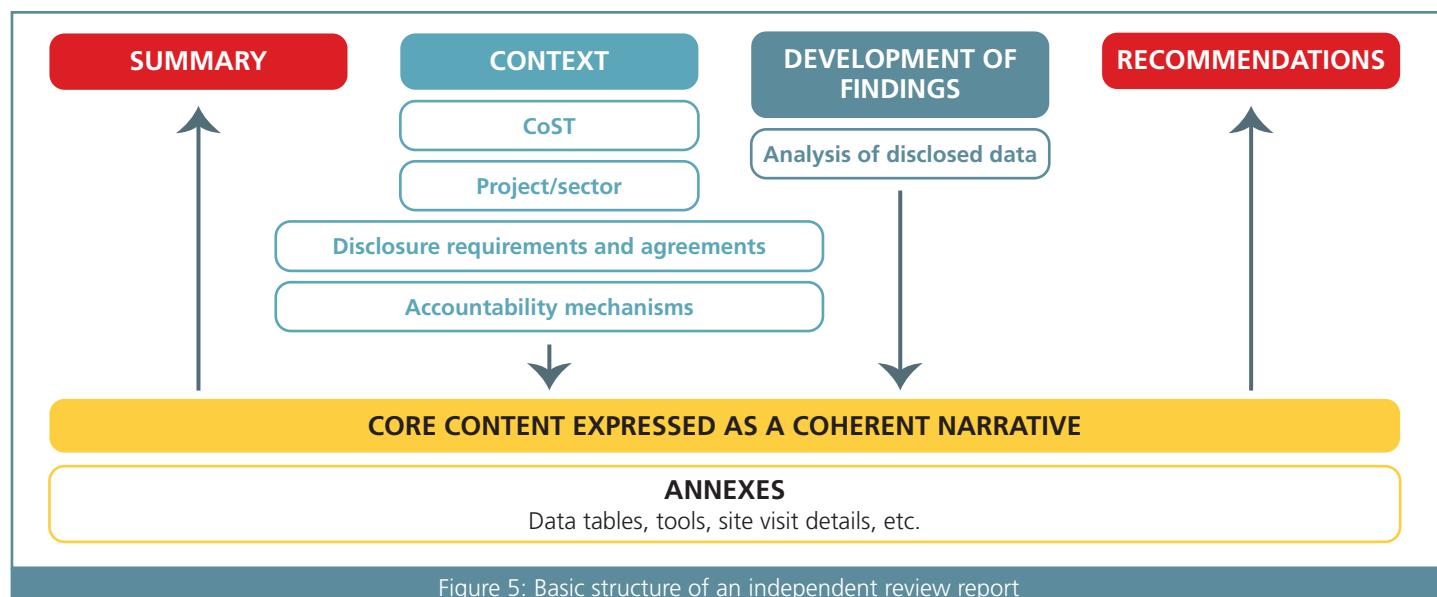
- A concise executive summary that communicates findings and recommendations in clear and simple language that tells a story, is unambiguous and can readily be understood by non-specialists;
- A compelling development and (ideally visual) presentation of findings; and
- A set of clear recommendations 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 essential for setting the scene. Without it, the reader cannot be expected to understand the logic behind the subsequent development of findings and recommendations.

A good independent review report is not necessarily particularly detailed, or even insightful or “correct”. Rather, it is one that contributes to the 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. **Box 5** provides some examples of appropriately objective wording of observations and associated comments.

An independent review report should also be consistent with related activities focussed on data publication and provision, and presented in a manner that readily contributes to ongoing monitoring and evaluation. This includes:

- Adhering to requirements for a consistent core structure;
- Using a standard methodology as defined in the tools associated with the Independent Review Manual to calculate and present data provision rates (whether through proactive publication or reactive disclosure) and related assessments of accuracy;
- Expressing financial data in US\$ as well as local currency, and the executive summary in English as well as the national language; and
- Presenting recommendations in a manner that facilitates subsequent assessments of whether, when and how they have been implemented.



## Independent Review

**BOX 5:**  
**EXAMPLE OF INDEPENDENT REVIEW REPORT  
STATEMENTS LETTING FACTS SPEAK FOR THEMSELVES**

Type of issue	Observation	Comment
<b>Design</b>	At several sample locations, the design drawings do not reflect site conditions.	Some of the drawing titles refer to a different project in another part of the country.
<b>Cost over-run</b>	The project management consultant was paid 56% more than the contract price.	There is no documentation justifying the extra payments.
<b>Time over-run</b>	Time elapsed is 400% of the original contract duration.	But progress is under 70% and procuring entity has not issued any warnings.
<b>Tender management</b>	The contract was awarded when there was only one bidder.	But no explanation was given to justify this under procurement regulations.
<b>Quality</b>	Contractor states that slump tests are not conducted before concrete pours because no slump cones are available on site.	The Quality Management Plan specifies slump tests to be conducted before every pour of structural concrete.

## 8. Launching an independent review report

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

Independent review 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 from the media or other interested stakeholders. However, the primary communication on behalf of the MSG should be conducted through pre-agreed representatives, in accordance with a communications plan that includes specific talking points and consistent responses to obvious questions.



## 9. Further guidance

More detailed guidance is available in the two-volume Independent Review Manual. This includes more detail on each aspect of the process, a comprehensive set of data management tools to support it, and practical examples of how independent reviews should be conducted in specific circumstances.

Interested stakeholders also have access to past examples of Independent Reviews, and to ongoing training and support from, and consultation with, the broader CoST International Secretariat.

