

Guidance Note: Establishing a CoST Multi-Stakeholder Group

1. Introduction

CoST has developed a series of [Guidance Notes](#) on implementing its core features of [multi-stakeholder working](#), [disclosure](#), [assurance](#) and [social accountability](#). The guidance is intended to set out the key requirements, questions and steps that those responsible for developing a CoST programme need to consider.

The CoST approach to multi-stakeholder working brings government, private sector and civil society together in pursuit of a common goal. This is typically achieved through the establishment of a Multi-Stakeholder Group (MSG) comprising representatives of each stakeholder group. The MSG is the main decision-making body responsible for setting objectives, policy and standards for the CoST programme. In monitoring its implementation, the MSG seeks to ensure that the disclosed data and assurance reports contribute to public debate and that recommended corrective action is taken where necessary by government. A CoST member secretariat is established to work closely with the MSG and is responsible for the day-to-day management of the CoST programme.

Multi-stakeholder working can offer advantages over conventional approaches. For example, a combination of different perspectives can be very effective in solving complex problems and involving a range of stakeholders helps to build legitimacy for change. This is particularly important when that change is potentially challenging or controversial. Multi-stakeholder working can itself also be challenging. It is difficult for example to identify organisations and individuals that are genuinely representative of different interests, yet also sufficiently independent to think and act decisively. Different sectoral cultures and priorities can also make decision-making time consuming and complicated. Nevertheless, as described in **Box 1**, the experiences from Ethiopia, Malawi and Honduras demonstrate that with the right players around the table an MSG can influence key decision-makers and be an agent of positive change.



The CoST Honduras MSG

Box 1:

MSGs AS AN AGENT OF CHANGE

There are now numerous examples where a CoST MSG has successfully used the findings and recommendations from an assurance report to persuade the relevant actors within a procuring entity or ministry to improve a specific infrastructure project and/or introduce sector-wide reform to address an underlying issue. In the early days of CoST, a more informal process was used, such as in [Ethiopia](#) where the MSG persuaded the roads authority to re-align sections of a new road, saving \$3.5m. Organisational relationships have also proved important. In [Malawi](#), the National Construction Industry Council - which hosts CoST Malawi and provides Secretariat support - used its influence to persuade the Ministry of Public Works and Transport to cancel and then re-launch tender invitations for several road contracts, reducing large scale wastage of public funds. Over time a more systematic approach to multi-stakeholder working was developed, such as in Honduras. Following the publication of each assurance report, the CoST Honduras MSG develops an action plan with each procuring entity on how it will address the report's recommendations. This process has already led to the replacement of a public body [suspected of corruption](#), changes to a toll road scheme, and the enhancement of environmental and social impact assessments for seaports.

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When applying to join CoST as a member, governments and their civil society and private sector partners are welcome to set out an alternative multi-stakeholder approach. However, it is essential that each stakeholder group is supportive of the approach and prepared to play an active role in contributing its views in a safe and open space, thereby adding further depth to decision-making processes.

This Guidance Note focuses on describing the steps to consider when establishing an MSG and its Secretariat. [Annex A](#) provides a model Terms of Reference (ToR) for an MSG that can be adapted to the different contexts.

2. Forming a Multi-Stakeholder Group

As illustrated in **Figure 1** and detailed below, there are six steps to be followed in forming an MSG.

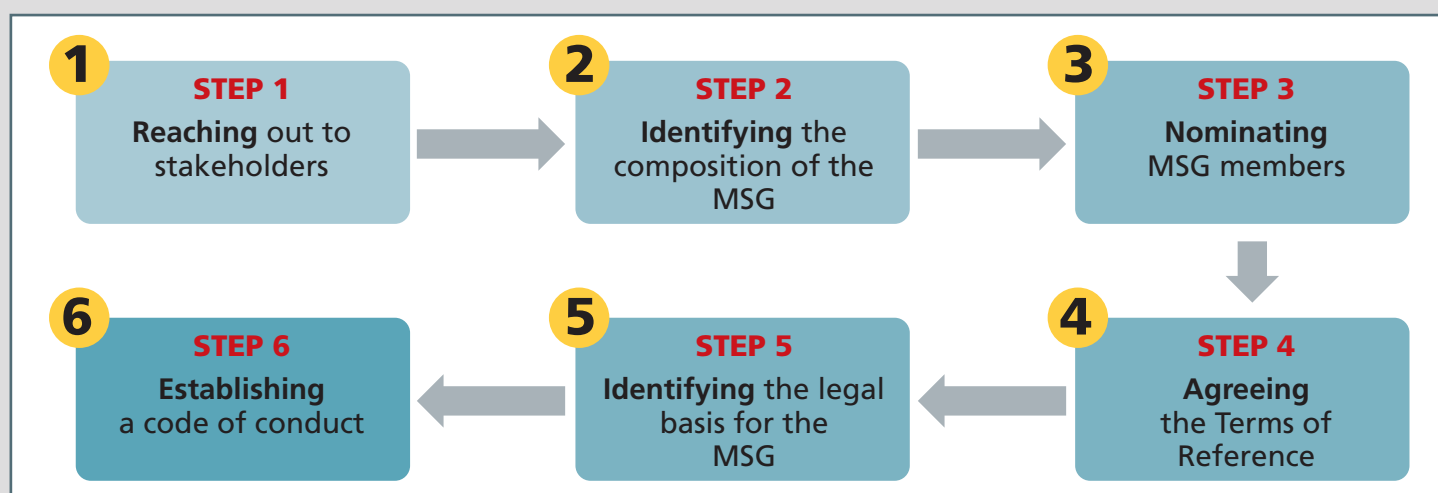


Figure 1: Step-by-step formation of an MSG

Step 1: Reaching out to stakeholders

The government will normally take the lead in establishing an MSG. Where appropriate however, a civil society or private sector organisation could take the lead with the agreement of the government. Whoever does so must ensure that the invitation to participate in the group is open and transparent. Typically, this process will start during the 'engagement' period prior to an application to join CoST as a member or affiliate, at a national or subnational level. During this period, the government will reach out to those elements of civil society that have an interest in public infrastructure, open contracting and open government, along with business associations and professional bodies that represent the construction industry and the broader private sector. The aim is to ascertain their support for a CoST programme and their interest in participating. Stakeholder mapping can be a useful exercise to identify the relevant organisations with which to engage.

Those leading the outreach should consider how they can ensure meaningful inclusion in the process by those civil society organisations representing potentially marginalised groups with an interest in public services. Such groups may¹ include women, youth and those with disabilities. The outreach should encourage a broad discussion on the role of the MSG and its relationship and function relative to existing bodies with an interest in public infrastructure. The discussion also needs to consider the composition of the MSG to ensure it represents a broad range of relevant stakeholders. The intention is to develop a consensus on the need for, and appropriate form of, an MSG. At this stage a Scoping Study, which identifies how the CoST approach can add value to existing reform efforts, can be used to help clarify how the MSG could be constituted. Alternative approaches include commissioning a lighter touch stakeholder assessment, and/or convening a broad-based consultative meeting or interim multi-stakeholder working group.

¹ The relevance of different such groups can vary markedly between different contexts so should be assessed locally.

Box 2:

SCOPING STUDY IDENTIFIES POTENTIAL MSG MEMBERS

The “Maidan” uprising in Ukraine that led to the ousting of the then President in early 2014 broadened demand for a reform agenda. At a meeting with the Ukraine State Roads Agency (UAD) and the International Secretariat in May 2014, an emboldened civil society highlighted the lack of trust in road sector institutions and demanded increased transparency, improved governance and reduced corruption. The government for its part was concerned about what it saw as unrealistic demands from some parts of civil society. A [CoST Scoping Study](#) identified that there was no systemic and consistent mechanism in place that would enable civil society to monitor UAD’s actions and spending. In reflecting on how CoST could be aligned and adapted to the local context, it identified well-respected civil society and private sector organisations that would potentially align with CoST’s constructive approach to working with government within an MSG. It also recommended that the MSG should have access to financial, technical and intellectual assistance that would be used to build trust between UAD, the private sector and civil society.

Box 3:

CHECKLIST FOR FORMING AN MSG

- What is the ideal size and composition of the MSG?
- How best to identify potential MSG members?
- How best to appoint or elect MSG members?
- Should provision be made for alternate members?

Step 2: Identifying the composition of the MSG

The MSG’s composition should balance the representation principally from government, the private sector and civil society. All stakeholders should be adequately represented but not necessarily equally represented. The fragmented and diverse nature of the sector - with sometimes thousands of procuring entities and contractors - has meant that in terms of numbers, some CoST members have afforded greater weighting towards government, private sector or civil society representatives. However, the decision-making weighting for each stakeholder group has remained equal.

Government representation could come from oversight entities such as ministries of finance, audit agencies and parliamentarians, as well as procuring entities. The private sector is typically represented by business associations related

to the construction industry, transporters and investors, as well as by professional bodies such as an institution of engineers. Civil society is normally represented by broad-based representative organisations with an interest in public services, transparency, social accountability, open contracting and/or open government.

By way of illustration, **Table 1** provides a snapshot of the composition of some CoST MSGs in Asia, Latin America and Africa.

TABLE 1: EXAMPLES OF MSG COMPOSITIONS²

MEMBER	AFGHANISTAN	EL SALVADOR	ETHIOPIA	HONDURAS	THAILAND
Government	6	2	3	3	7
Private Sector	3	2	2	3	4
Civil Society	4	2	2	3	3
Academia	0	2	0	0	0
observers	1	0	0	1	0
women	2	4	1	4	4
% women	15%	50%	14%	44%	29%
Chair	Government	Civil society	Civil society	Private sector	Government
Host	Civil Society	Civil Society	Government	Independent entity	Government & Civil Society

² Illustrative examples as of March 2021.

Box 4:

GENDER REPRESENTATION IN CoST MSGs

Infrastructure projects can have a significant impact on citizens, with men and women experiencing some of these impacts differently, both during construction and in the course of service provision. The fact that many more men than women typically work on the more technical aspects of construction gives rise to a particular risk that inadequate attention may be given to barriers that may dissuade women from contributing to the sector. Their voice needs to be heard to help identify and address gender-related risks, as part of the process of ensuring that infrastructure services are relevant and accessible to all.

Gender diversity within the composition of a CoST MSG can help ensure that such issues are given due consideration. As shown in Table 1, the gender composition of CoST MSGs can vary markedly, and in 2020 included some cases of MSGs with no female members. Female participation has since increased but cannot be taken for granted. However professional and effective an MSG may be, it risks being perceived or portrayed as being out of touch if all its members are male, or indeed female.

In encouraging more female representation within MSGs, CoST members should adopt an objective and constructive approach that recognises the underlying reasons for different gender compositions within different organisations and sectors as being complex and multifactorial. Helpful practical actions include routinely documenting the gender composition of CoST meetings, and highlighting the contribution that suitably experienced and competent female MSG members make in helping improve all aspects of sector performance.



A CoST Afghanistan MSG meeting chaired by Afghanistan's Minister for Economy and MSG Chair, HE Dr Karima Hamed Faryabi

In relation to the individuals selected by participating organisations to represent the different stakeholder groups, diversity should be encouraged by CoST. This not only helps optimise the range of relevant knowledge, skills and perspectives within the MSG, but can also serve to protect or enhance its credibility among all stakeholder groups. Discriminatory practices in pursuit of diversity are not however encouraged. By way of example, **Box 4** provides specific insights into CoST experience of encouraging female participation in MSGs.

Several CoST members have also included an MSG representative from academia, and some include or co-opt observers or specialists from relevant organisations to join the MSG in a non-voting capacity to help broaden the available knowledge, expertise and influence. MSGs could also use this option where a marginalised group is not adequately represented on the MSG.

It can be helpful to identify alternate MSG members to stand in for the appointed or elected MSG member when he or she is not available to participate in a meeting. This would ensure that the represented organisation and stakeholder group fully participates, while also helping to broaden the institutional memory and network of those familiar with CoST.

In terms of size, 10-12 members is usually appropriate but existing examples of CoST MSGs range from five to 20 members. The members should then engage and communicate with their stakeholder group to obtain their views, use their influence and share the results of the programme.

Step 3: Appointing MSG members

The information gathered from the outreach, a scoping study and the mapping in **Step 1** will help to define the process for nominating and appointing MSG members and ensure it is seen to be legitimate by all stakeholders. It will also help to identify the organisations which support the principles and values of CoST and whose participation on the MSG is critical to achieving the programme's objectives.

The nomination process could include issuing a public notice requesting nominations and/or asking an appropriate organisation(s) - such as those that supported the initial application to join CoST - to nominate individuals on behalf of a sector. The nominees could then be elected by their stakeholder group or by a broader constituency, potentially at an Annual General Meeting. An Annual General Meeting could also be used to confirm the appointment of the MSG and where it is considered appropriate the Champion may also be asked to confirm the appointments. There are pros and cons associated with each option, so it is important to consider which option is likely to attract the critical organisations and high calibre representatives that are likely to enjoy the broadest possible support of stakeholders.

The process should be discussed and agreed by all those involved before it is implemented, with each stakeholder group nominating their representatives as well as alternates where appropriate. The representatives, especially those from government, should be senior with the ability to make decisions on behalf of their stakeholder group.

The MSG should elect a chairperson and if deemed appropriate a deputy chairperson, treasurer and secretary. Successful nominations should have the broad support of all three stakeholder groups represented on the MSG and be committed to acting objectively. **Box 5** summarises some key characteristics of a potential MSG member.

Step 4: Agreeing the Terms of Reference

The MSG should agree ToR for its work which clearly set out the 'rules of the game' in detail. Failure to agree and clearly articulate those 'rules' could have serious negative consequences. The ToR should be made publicly available and should at a minimum describe the role, responsibilities and rights of the MSG, how it is structured and composed, and lines of accountability. It will also set out its core functions and internal governance rules and procedures including decision-making. The MSG members must always adhere to the agreed rules. A model ToR, with associated guidance, is included as [Annex A](#).

CoST requires an inclusive decision-making process. This is clearly captured in the ToR, which require that each stakeholder group has an equal voice. Consensual decision-making is a core element in a multi-stakeholder process especially in relation to strategic issues. Where a decision cannot be achieved by consensus, a vote of MSG members is required. If this is not managed carefully it may lead to a loss of trust amongst the MSG members, which can have a negative impact on implementation. Collaboration and cooperation are thus crucial to ensuring a decision can be taken by consensus. It is important that the Chair enables this process by creating an environment in which all members feel free to express their views and that discussion and decisions are not dominated by individuals or vested interests. The International Secretariat can help facilitate a dialogue to



CoST Sekondi-Takoradi MSG Chair, Eugene Fredua Ofori-Atta

Box 5:

CHARACTERISTICS OF A POTENTIAL MSG MEMBER

- Has experience in governance of a non-profit organisation, professional association or interest group.
- Understands the responsibilities of a fiduciary officer of an organisation.
- Demonstrates a commitment to CoST principles and the values underpinning its work.
- Understands the principles of transparency, participation and accountability.

Box 6:

RESTORING TRUST BETWEEN MSG MEMBERS

A CoST national member held a two-day workshop facilitated by the International Secretariat that proved crucial to restoring trust amongst MSG members. Despite delivering a successful programme, external political factors plus the dominance of government within the MSG had led to a lack of trust between government on one side and the private sector and civil society on the other. This lack of trust led to a civil society organisation withdrawing from the MSG. The workshop focused on encouraging members to understand each other's perspective, to understand that decisions should be jointly made and to focus on what can be achieved by the CoST programme despite the external factors. Developing a new ToR where the process for decision-making was clearly set out and agreed was also fundamental to this process.

build or restore trust (see **Box 6**) whilst a code of conduct can help to define the values and behaviours expected during an MSG meeting and key decision-making process.

Voting rules are likely to be required for when decisions cannot be achieved by consensus. It is recommended that resolutions are adopted by qualified majority voting³ and include support from each of the stakeholder groups. This helps ensure inclusive decision-making, especially where stakeholders have unequal numerical representation on the MSG. The MSG is also advised to agree quorum rules whereby a minimum number of representatives from each stakeholder group must attend a meeting to allow a decision to be made.

Step 5: Identifying the legal basis for the MSG to operate

A CoST programme is intended to be a medium-term intervention that seeks to integrate its core features of disclosure, assurance and social accountability into the systems for delivering public infrastructure. However, as a voluntary group that oversees the CoST programme the MSG requires some form of legal basis to operate and manage funds and recruit staff and consultants. Potential options for approaching this include:

- A **fiscal agency** is appointed by the MSG to act on behalf of the CoST member to principally perform legal and financial duties, with a dedicated team appointed to manage the CoST programme. The management arrangements are formalised either as part of the MSG ToR or in a Memorandum of Understanding (MoU) between the fiscal agency and the MSG.
- A **host organisation** such as a government parastatal or oversight authority, a civil society organisation, a professional body or a business association is appointed by the MSG. In addition to performing financial duties, this can provide broader programme support such as with communications, monitoring and evaluation and technical support. The management arrangements are formalised either as part of the MSG ToR or in an MoU between the host organisation and the MSG.
- Establishing the member programme as a **non-profit legal entity** either as a foundation, charity or a not-for-profit company limited by guarantee. Typically, members of the MSG will be appointed as trustees or directors for the legal entity.

³ Qualified majority voting requires a majority that exceeds 50% by a pre-determined margin (e.g., 60% may be set as the threshold) and also meets any other pre-determined conditions (e.g., a majority of each stakeholder group has to vote in favour).

TABLE 2: PROS AND CONS OF A HOSTING OR FISCAL AGENCY ARRANGEMENT VS CoST AS A LEGAL ENTITY

	ADVANTAGES	DISADVANTAGE
Hosting or fiscal agency arrangement (government)	<ul style="list-style-type: none"> The MSG may contribute towards the host overheads whilst it operates but it does not have any legal obligations or liabilities It gives the impression of a lean programme. CoST is there to add value and not to create a new bureaucracy. A fiscal agency has a dedicated CoST member team whilst a host organisation can draw on the expertise and skills of its staff to support the CoST programme A government host may have influence to help ensure that disclosure is institutionalised into government systems and that assurance report recommendations are acted on 	<ul style="list-style-type: none"> CoST can be viewed by civil society as a government programme The board of the host may be concerned that an external group is making decisions for which it is legally responsible. The MSG is reliant on the systems of the host in terms of recruitment, procurement and financial management It can be difficult to obtain external funding from a donor that is not familiar with a multi-stakeholder approach A fiscal agency has less flexibility with staff as it is a dedicated team whereas in a hosting arrangement staff can struggle to balance the competing demands of the CoST programme and their other responsibilities
Hosting or fiscal agency arrangement (non-government)	<ul style="list-style-type: none"> The first three points above plus independence from government gives it space to engage citizens and the private sector and ensure that its reports are independent 	<ul style="list-style-type: none"> CoST can be viewed by government as just another CSO
Legal entity	<ul style="list-style-type: none"> It provides a legal legitimacy to CoST It can make it easier to obtain external funding and speed up internal decision-making 	<ul style="list-style-type: none"> Government representatives are often not permitted to be trustees or directors of the legal entity unless this is approved by the agencies responsible Securing ongoing funding for the legal entity can become an end in itself

There is no one right approach, with each having its advantages and disadvantages. In light of the legal, political and social context, a member will identify the option it sees as the most effective in delivering a successful programme. The appropriate option may be identified as part of the scoping study.

Box 7 provides some practical examples of different approaches taken in the establishment of CoST programmes.

Box 7:

EXAMPLES OF DIFFERENT INSTITUTIONAL ARRANGEMENTS FOR CoST PROGRAMMES

CoST Malawi is hosted by the National Construction Industry Council, a government parastatal that reports to the Ministry of Public Works. It funds a part-time manager with several other staff making significant in-kind contributions to the running of the programme. Its close relationship with the government has meant it has had access to government ministers. This has allowed it to push for transparency and accountability reforms that may not have been possible had it been an independent organisation.

CoST Honduras established a legal entity, having previously been hosted by a civil society organisation. They principally took this decision because it made it easier to apply for and receive funding as an independent organisation. The private sector and civil society representatives are the trustees of the organisation with the government representatives written into the decision-making process thus ensuring a multi-stakeholder approach.

CoST Thailand has a unique arrangement whereby the hosting arrangements are shared between Anti-Corruption Thailand and the Comptroller General's Department within the Ministry of Finance. The former is responsible for citizen engagement, while the latter is responsible for building government capacity to disclose data and oversee the assurance process. The two organisations regularly meet to ensure that the programme is coordinated in line with the direction of the MSG.

Step 6: Establishing a code of conduct

The MSG should establish a code of conduct with an agreed set of values, attitudes and behaviours as part of the ToR that its members will be expected to adhere to. This includes members publicly agreeing with all MSG decisions and not taking any action that may undermine the programme.

One critical area the code of conduct will help to manage is that of conflicts of interest. In principle, MSG members should declare any potential interest in writing at the earliest opportunity. The MSG can then decide if the interest represents a conflict for the member concerned. The interest may relate to employing a staff member or procuring consultants for a scoping study or assurance process. It could also relate to issues arising from the disclosure of information, an assurance report concerning the Member's employer or where they had an interest in a specific infrastructure project.

The risk of conflict of interest for the private sector can be minimised by having representation by associations rather than a firm. Likewise, a procuring entity can be represented by an agency that is not directly involved in construction projects.



Deputy Director of Thailand's Comptroller General's Department and Vice-Chair of the CoST Thailand MSG, Pattaraporn Vorasaph

3. MSG responsibilities

The previous two sections should enable an MSG to establish clear systems and procedures to guide its activities. It should also consider the less tangible aspects of its responsibilities such as the culture and values that underpin them, ensuring that they abide by CoST principles and values. The MSG should also abide by the following guiding principles.

- The MSG has a duty to be accountable to its stakeholders and to the wider CoST international community.
- The MSG should embed transparency and accountability in its own operations, especially in recruitment, procurement and financial reporting. There should be an assumption, for example, that all minutes of MSG meetings, papers and reports are published, unless there is a legitimate reason not to do so, such as if it would breach applicable regulations or undermine commercial confidentiality.
- It should focus on strategic and policy issues. As detailed in Section 4, operational, administrative and management tasks are best delegated to a Secretariat. The division of responsibility between the MSG and Secretariat should be clearly described in the ToR, and closely observed in practice.
- The MSG should be perceived by all stakeholders as being legitimate and trustworthy. It should maintain professionalism and objectivity in its operations and be willing to expose itself to scrutiny by the media and all stakeholders.
- The MSG has a responsibility to ensure that all CoST member publications that it has commissioned, including assurance reports, are quality assured. Such quality assurance should include but not be limited to a requirement in the ToR for robust internal quality management processes, undertaken at every level and at every stage by each responsible party. In addition, some aspects of later external reviews may also require support from technical professionals or academics.

The MSG will also have a formal relationship with the CoST International Board, with communication focused on the overall performance reflecting on the successes of, and challenges facing, the programme. Where performance is poor over a period of time or where there has been the breach of the CoST principles, then the International Board has the option to enact the performance monitoring policy which can eventually lead to a CoST member being declared inactive and ultimately removed from the programme.

4. Secretariat

A properly authorised and resourced secretariat is key to a successful CoST programme. The secretariat is responsible for preparing and managing an implementation plan that must be approved by the MSG, and for delivering the subsequent tasks as summarised in **Table 3**.

The secretariat staff will be employed by the host organisation or CoST member legal entity. Where the staff are employed by the host organisation, it is the host organisation that is accountable to the MSG with the staff accountable to their employer. This arrangement might be unfamiliar to those involved, and making it work effectively will require agreement about lines of reporting and accountability.

Two alternative models have emerged for staffing the unit:

- An outsourcing model, led by a manager supported by an administrative assistant, a finance assistant and/or a communications assistant. This team is responsible for project management and administrative duties, communications, and some technical support. The main CoST programme functions such as assurance, technical support to procuring entities, and monitoring and evaluation, are outsourced to external consultants; or
- An in-sourcing model, where the above team is augmented by technical staff who handle the functions of assurance and technical assistance to the procuring entities.

Although these positions may be part-time during the preparation phase, they will normally become full-time positions as the programme scales up.

TABLE 3: TASKS OF A CoST SECRETARIAT

MANAGEMENT TASKS	ENGAGING THE INTERNATIONAL SECRETARIAT	IMPLEMENTATION TASKS
<ul style="list-style-type: none"> Managing financial resources Providing strategic, policy and administrative support to the MSG Developing fundraising proposals and managing subsequent financial agreements Completing progress reports and capturing monitoring and evaluation data. 	<ul style="list-style-type: none"> Acting as the principal point of contact on a day-to-day basis Seeking guidance on strategic, policy and operational matters, reporting on progress and managing grant funding Supporting international visits. 	<ul style="list-style-type: none"> Training, managing and procuring the services of consultants (e.g. for the assurance process) Coordinating the participation of all stakeholders Facilitating technical support and capacity-building for procuring entities, the private sector, civil society and the media Organising events for consultation, dissemination and engagementImplementing the communications strategy of the MSG Organising and leading bilateral meetings with key stakeholders, drawing in MSG members as and when required.

5. Role of the CoST Champion



The President of Malawi and CoST Champion, HE Dr Lazarus McCarthy Chakwera

Some CoST members will identify and, with his or her agreement, formally appoint a Champion to give political leadership to the initiative. This can help provide CoST activities with high visibility, spreading knowledge of CoST at senior levels, encouraging media and other interest and support, and helping to open doors when necessary. Such a Champion will also provide strategic and policy advice to the MSG on institutionalising CoST into government systems.

He or she will be the national or sub-national point of contact on CoST for ministerial colleagues and other key governance bodies such as parliament, the presidency, and the prime minister's office, as well as foreign ambassadors and ranking members of relevant regional and international organisations such as the African Union, ASEAN, the World Bank and other donor organisations. The Champion will represent the CoST member at high-level international Ministerial meetings, where diaries permit. Perhaps the most important contribution of the Champion will be to use his or her strategic position to help overcome challenges at key moments.

The primary support for the CoST Champion will be provided by the MSG. The MSG should therefore ensure that regular reports are made to the Champion on progress, issues and opportunities. The International Secretariat will respond to any specific request from a Champion for advice or technical assistance. Champions may also wish to have direct access to and support from fellow Champions. The International Secretariat will help facilitate such relationships as necessary.

[Annex B](#) summarises key features of the respective role of an MSG, its host or fiscal agency, its secretariat and the CoST Champion.



UK Government



Ministry of Foreign Affairs of the Netherlands