

CoST Associate Countries Guide

Aim

This note aims to assist countries that may wish to apply the principles and methods of the Construction Sector Transparency Initiative (CoST) without having been included in its pilot phase. Such countries may apply to be CoST “associate countries”, provided they follow the key requirements and process listed below.

Background

Obtaining the right infrastructure at a fair price is crucial for any country, yet the construction sector is often among the most inefficient and corrupt areas in the economy. The Construction Sector Transparency Initiative (CoST) is a multi-stakeholder initiative to increase transparency and accountability in the construction sector. The expectation is that improved transparency will support better management of public finances.

CoST is supported by the UK Department for International Development (DFID) and the World Bank, and is being piloted in seven countries: **Ethiopia, Malawi, Philippines, Tanzania, the United Kingdom, Vietnam and Zambia.**

CoST provides for the disclosure of material¹ project information on a selection of construction projects. The disclosures include a description of the project, its purpose and location, the tendering procedure and results, the contract award, changes to the contract, the final project specifications and costs; and the evaluation and completion reports.

The disclosure of such complex information contributes to greater transparency but is unlikely on its own to produce greater accountability. The disclosures need to be reviewed and analysed to ensure that stakeholders can understand them. The scope of CoST ends with the publication of the analysis; it is then for government, the private sector and civil society to use the information.

CoST Principles

The principles underpinning CoST reflect a shared stakeholder commitment to transparency and accountability. They are:

- **Projects should promote sustainability.** Public sector infrastructure projects should support sustainable economic growth that contributes to sustainable development and poverty reduction. Mismanagement during construction can undermine potential social and economic benefits and value for money.
- **Governments should be accountable.** Citizens have a right to know that their money is being used wisely. The procurement and management of public sector

¹ Information that is sufficient to enable informed judgements about the cost and quality of the infrastructure concerned.

construction projects should be sufficiently transparent for government to be held accountable.

- **Transparency can improve efficiency.** Basic project information, disclosed throughout the entire project cycle, can provide an effective way to improve value for money in construction by reducing opportunities for corruption and increasing scrutiny.
- **Transparency promotes investor confidence.** Domestic and foreign direct investment is likely to be increased by transparency in the management of construction projects.
- **Multi-stakeholder co-operation is important.** Experience shows that multi-stakeholder working between the public and private and sectors and civil society improves transparency and gives greater confidence to citizens that all points of view are being taken into account. A multi-stakeholder group (MSG) oversees the implementation of CoST in each country. It is formed from representatives of government and procuring agencies, the construction industry, professional associations, financial organisations, investors and civil society organisations.

Key requirements for Associate Country status

To be considered as **CoST Associate Country**, the following are required:

- High-level political commitment to implementing the CoST principles, especially improved transparency in public construction projects;
- The appointment of a “CoST Champion”, preferably at Ministerial level²;
- The formation of a representative “Multi-Stakeholder Group” (MSG) to drive the process;
- Agreement on a balanced membership for the MSG, with effective representation from the public and private sectors and also civil society;
- A commitment to selecting appropriate projects for public disclosure.

How Does CoST Work?

The essence of CoST is the disclosure of information on a sample of construction projects. Key issues are the processes for selection of projects for inclusion and disclosure of information about those projects. The operational focus of CoST in each country is the National Multi- Stakeholder Group (MSG), which must decide policy on these issues. An “Assurance Team” of experts will assist the MSG in verifying and analysing project information, including identifying where it feels there are indications of problems within a project that may have been the result of ineffective procedures or corruption.

A CoST Champion is appointed in each country to lead the Initiative.

² The generic description of the role of the Champion is available under Governance on www.constructiontransparency.org

How to apply for CoST Associate Country status?

1. The nominated national CoST Champion or senior Government representative should write to the IAG Chairman, c/o International Secretariat, endorsing the initiative and expressing your country's commitment to the CoST principles set out above.
2. The Champion should then brief the IAG Chairman on progress every three months. Once your country meets all the criteria, 'associate' status and formal recognition will be awarded, and your country will be recognised in CoST communication, events, presentations and the website.
3. Quarterly reporting of progress to the IAG Chairman should continue, in order that associate status is maintained.

If your country should meet the criteria earlier than three months after the initial declaration, the national Champion should inform the IAG Chairman.

Benefits from being associated with CoST

The benefits of increased transparency and accountability are multiple, as addressed above. The concrete benefits for CoST associate countries are:

- Access to CoST technical and policy guidance, lessons learned and research.
- Peer support from other CoST associates and pilot countries.
- Access to the CoST network of experts, practitioners and decision- makers.
- Observer status at the IAG meetings.
- Recognition in CoST materials, events, presentations and on the web-site.
- Participation in the consultation process for a next stage of CoST.

Further Information and Advice

Detailed information is available at www.constructiontransparency.org

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