

Thailand-UK Seminar on the Construction Sector Transparency Initiative



Century Park Hotel, Bangkok
18th February 2016



Programme

1. CoST Principles and Overview
2. Role of Procuring Entities (PEs) in CoST
3. Experiences from CoST Honduras
4. Experiences from CoST Vietnam



CoST Principles and Overview



Petter Matthews, Executive Director, CoST International Secretariat



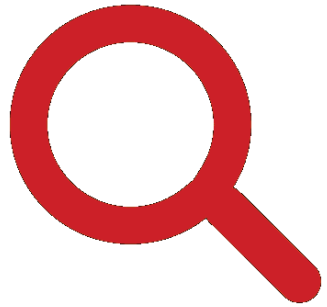
Timeline



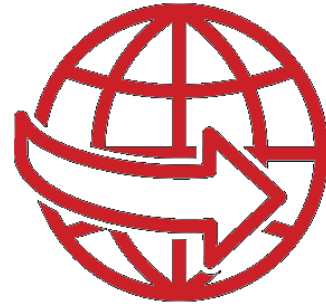
- **March 2007:** DFID consults on the establishment of a CoST pilot project
- **May 2008:** Three year CoST pilot project launched involving seven countries
- **June 2011:** Pilot project concludes. Evaluation recommends establishing global programme
- **October 2012:** Global programme launched, World Bank grants \$1.5m
- **July 2013:** CoST registered as a Charity and Non-Profit Company in UK
- **July 2014:** Dutch Government grants €1m
- **September 2014:** Thailand joins CoST
- **July 2015:** DFID signs MoU worth £2m over 2 years with an option to extend for a further 3 years & additional £5m
- **August 2015:** Botswana becomes 15th country to join CoST,

What does CoST do?

CoST drives better **value** from **public infrastructure** investment



CoST increases
transparency &
accountability



CoST is a global
standard



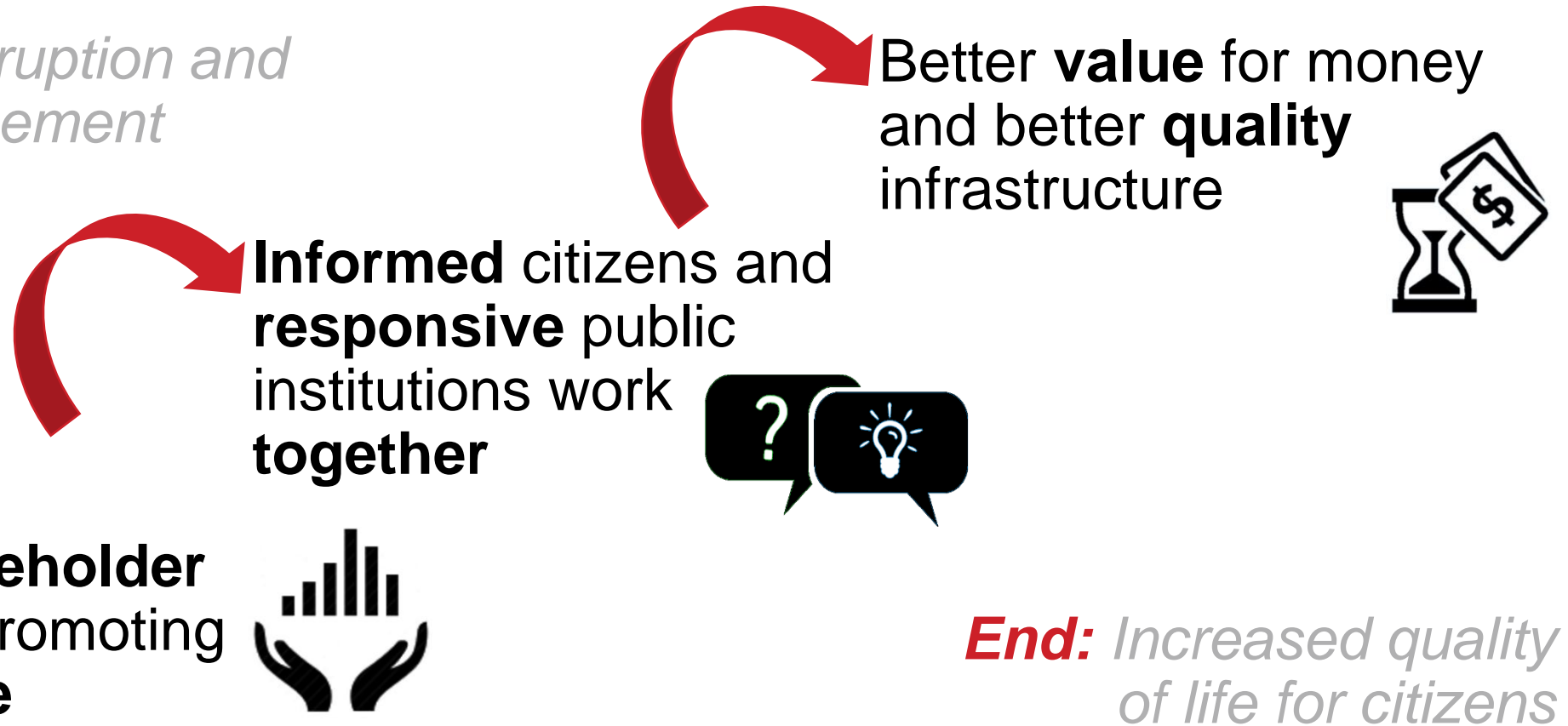
CoST changes lives



CoST is an essential catalyst
for change

How does CoST do this?

Start: *Corruption and mismanagement*



Why is CoST needed?

Geoff French,
*Past President of Institution of
Civil Engineers (ICE) &
International Federation of
Consulting Engineers (FIDIC)*



“Corruption occurs in the shadows, the great thing about CoST is it shines a light on the dark areas and illuminates them”



Global construction likely to be worth **\$15 trillion** by 2025



Estimated that **10-30%** lost through corruption



Potential savings of **\$5 trillion** annually



CoST core features:

Multi-Stakeholder Working

Governments alone cannot address all challenges. CoST is based on **multi-stakeholder working**.



Civil society

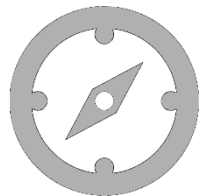


Government



Industry

A CoST **Multi-Stakeholder Group (MSG)** devises the strategy for the country programme. *The CoST MSG provides:*



Leadership



Dialogue



Trust

CoST core features:

Disclosure

CoST increases **transparency** by disclosing data on public infrastructure projects



Disclosure is **publication** of key project and contract data into **public** domain

Data is disclosed **proactively** and **reactively**



Procuring Entities are responsible for disclosure
Government establish a **Formal Disclosure Requirement** to mandate disclosure

CoST's Infrastructure Data Standard (IDS) supports disclosure

- 40 data points
- Covers entire project investment cycle

CoST core features:

Assurance



Assurance is the independent review of the disclosed data



Validate data



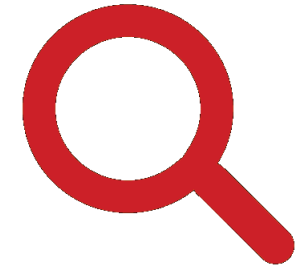
Monitor compliance



Interpret into plain language



Highlight concerns



Review further

CoST benefits you



Government

Value for money in public infrastructure



Business

Level playing field for bidders



Citizens

Improved quality of life

The Role of Procuring Entities in CoST



Bill Paterson, Senior Technical Adviser,
CoST International Secretariat



PE's Role in Public Infrastructure:

1. Project selection & justification – “fit” projects, Value for Money
2. Preparation and design – projects are “Fit for purpose”
3. Procurement - Open, fair, competitive
4. Delivery of project – right quality, cost & time
5. Operation and maintenance (in some cases)



Accountable to:

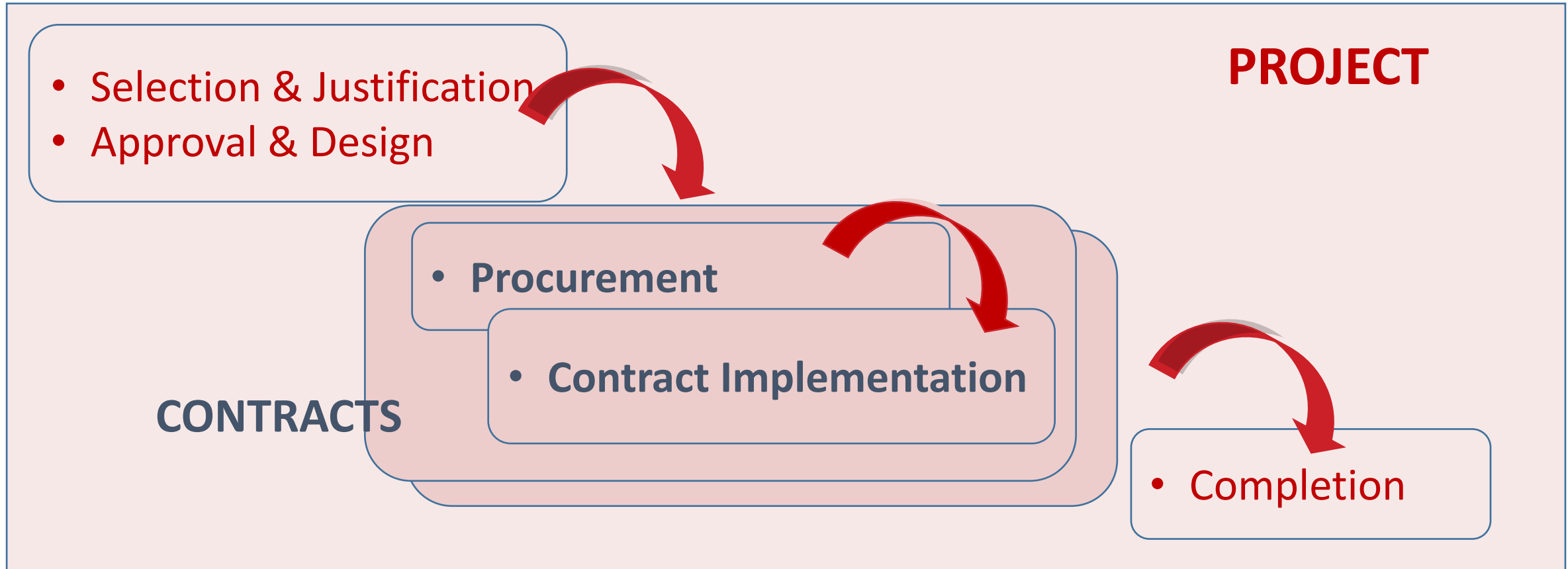
- Government for delivery of right projects
- Ministry of Finance and the public for use of public funds



PE's Role in Disclosure:

- Disclosure - the publication of key items of project and contract information into the public domain
- Government procuring entities (PEs) are responsible for disclosing information.
- Information is disclosed:
 - proactively (i.e. on a routine basis), and
 - reactively (i.e. on request).

PE Project cycle:



CoST Infrastructure Data Standard: PROJECT

Proactive Disclosure at:
START OF PROJECT

PROJECT APPROVAL

END OF PROJECT

1. Project phase	Project information
Project Identification	<ul style="list-style-type: none"> Project owner Sector, subsector Project name Project Location Purpose Project description
Project Preparation	<ul style="list-style-type: none"> Project Scope (main output) Environmental impact Land and settlement impact Contact details Funding sources Project Budget Project budget approval date
Project Completion	<ul style="list-style-type: none"> Project status (current) Completion cost (projected) Completion date (projected) Scope at completion (projected) Reasons for project changes Reference to audit and evaluation reports

CoST Infrastructure Data Standard: Contracts

Proactive disclosure at:

CONTRACT AWARD

UPDATE

– every 3 or 6 months

2. Contract phase	Contract information
Procurement	Procuring entity Procuring entity contact details Procurement process Contract type Contract status (current) Number of firms tendering Official cost estimate Contract administration entity Contract title Contract firm(s) Contract price Contract scope of work Contract start date and duration
Implementation	Variation to contract price Escalation of contract price Variation to contract duration Variation to contract scope Reasons for price changes Reasons for scope and duration changes

Reactive Disclosure

- *detailed or bulky information to be released on request*

Project

Identification & Preparation

Multi-year program & budget
Project brief *or* Feasibility study
Environmental impact assessment
Resettlement & compensation plan
Project officials & roles
Financing agreement
Procurement plan
Project approval decision

Completion

Implementation progress reports
Budget amendment decision
Project completion report
Project evaluation report
Technical audit reports
Financial audit reports

Contract

Procurement

Contract officials & roles
Procurement method
Tender document
Tender evaluation results
Project design report

Contract

Contract agreement, conditions
Registration & ownership of firms
Specifications & drawings

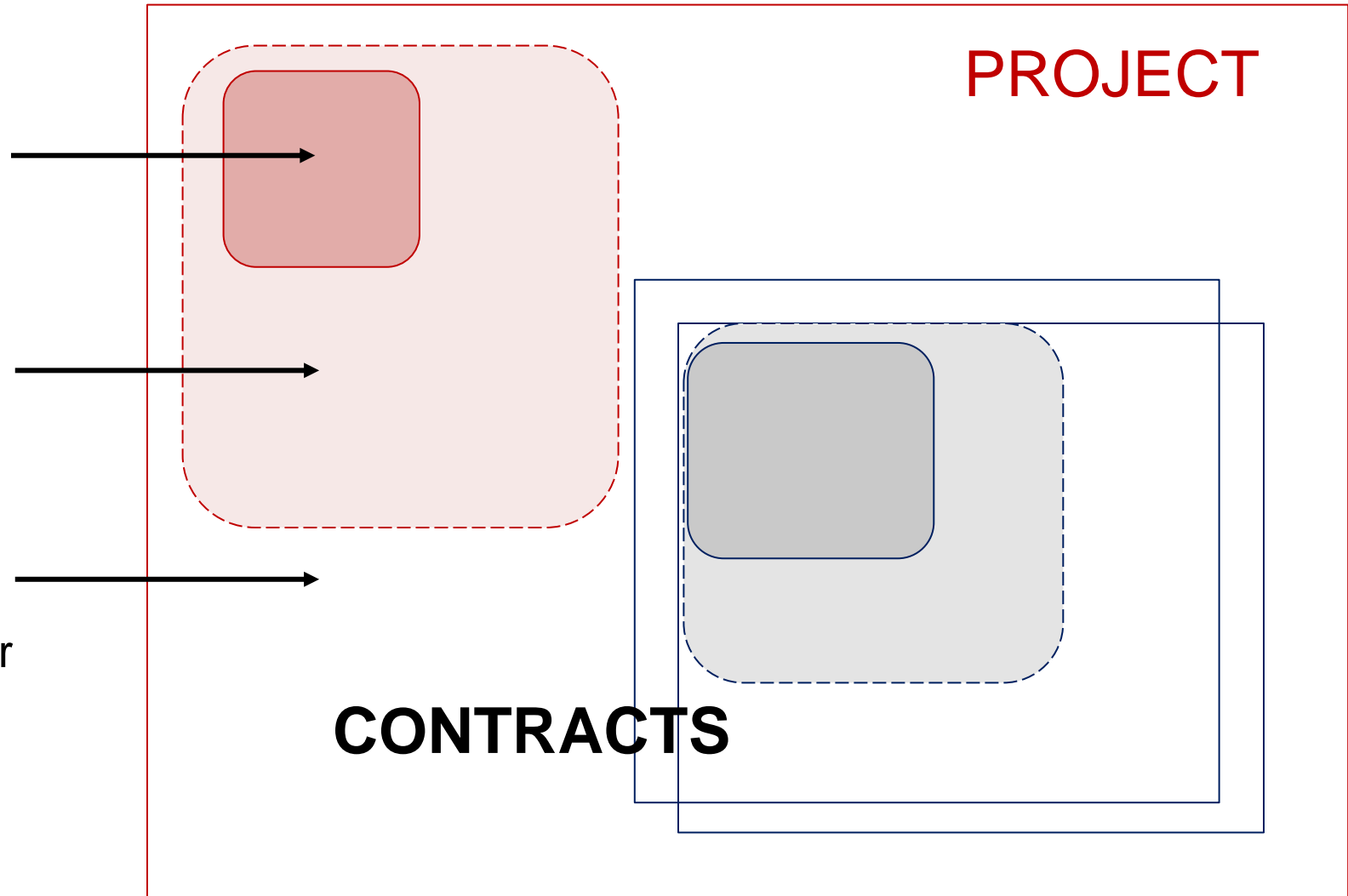
Implementation

List of variations, changes, amendments
List of escalation approvals
Quality assurance reports
Disbursement record
or Payment certificates
Contract amendments

Disclosure is Selective and Relevant

Scope of disclosure:

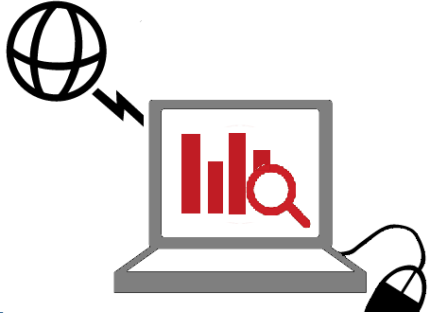
- **Proactive** disclosure – only key profile information
- **Reactive** disclosure - technical and non-sensitive documents
- **Excludes:** Commercially sensitive or technically complex information



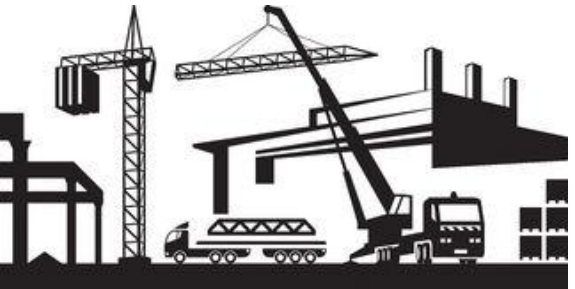
PE's Role in Disclosure:



**PROACTIVE
DISCLOSURE**



**REACTIVE
DISCLOSURE**



PE Actions in Disclosure:

1. Enter Project data in template & Upload to Portal
2. Update Project data after Design approval
3. Enter Procurement & Contract data after award & Upload
4. Update contract data – every 3-6 months during implementation
5. Update Project data after project completion
6. Answer queries / requests from stakeholders
7. Respond to Assurance Team's requests

PE Capacity

- **A Formal Disclosure Requirement** helps to ensure sustainability of the processes.
- **Electronic systems** help to manage project data and manage disclosures
- **A capacity building program for PE's** shows how, who, why and when information must be disclosed.
- **High-level officials** have an important role ensuring quality of the disclosed information



CoST Processes: Honduras Case Study



Evelyn Hernandez, Programme Coordinator,
CoST Honduras





Content

1. Disclosure
2. Assurance
3. Social Accountability

Disclosure (1)

- **A Formal Disclosure Requirement** helps to ensure sustainability of the processes.
- **A capacity building program for PE's** is a key point to understand how, who, why and when project and contract information must be disclosed.
- **High-levels officials** have an important role ensuring quality of the disclosed information



Disclosure (2)



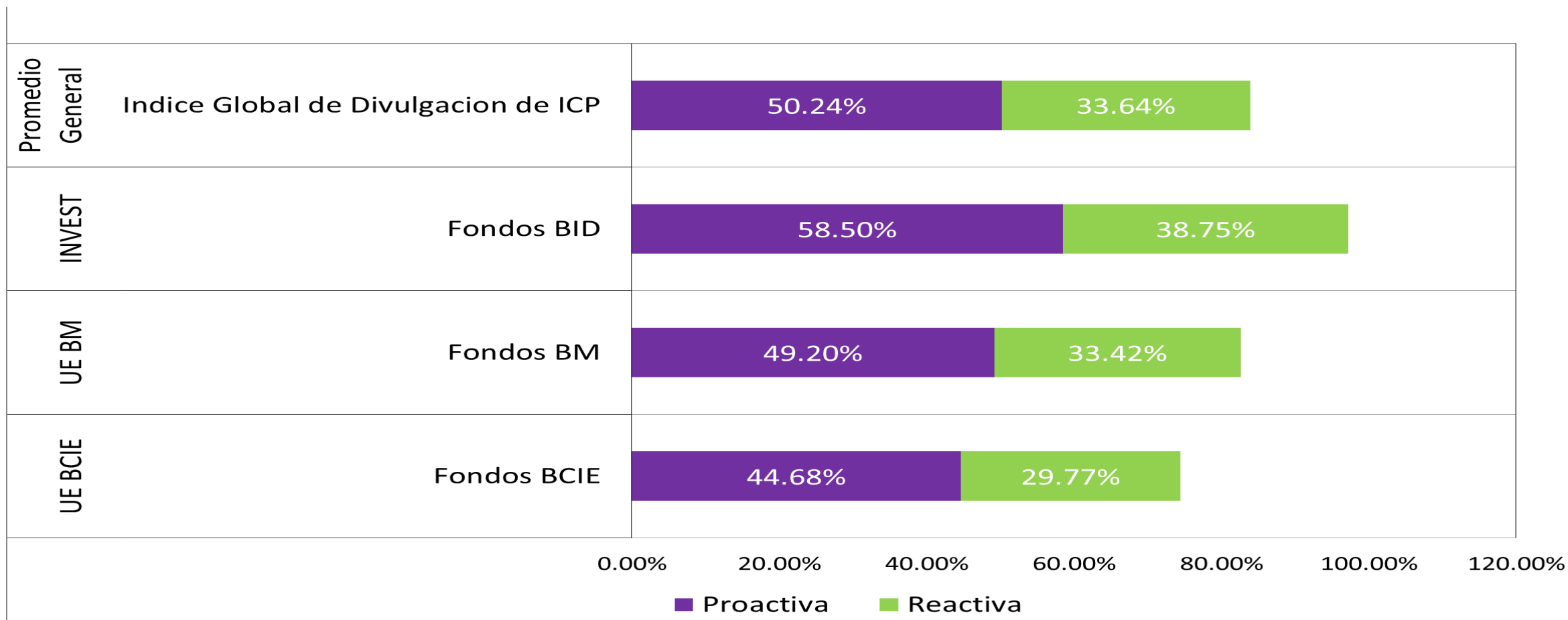
- **Electronic systems** can help to consolidate information in one Web site but it is important to ensure friendliness for internal and external users.
- **Commitments** to disclose information can be done progressively to ensure compliance.

Assurance (1)

- Need to establish a **fluent communication** process between the PE's and the assurance team prior, during and after the assurance process.
- Establish an **action plan** to make improvements and changes according to the assurance report's recommendations and report over those improvements



Assurance (2)



Social Accountability



- PE'S must be prepared. Some projects and all assurance recommendations will have a follow up process by media, academia and/or civil society organisations at national and local level.

Experiences with PEs: Vietnam case Study



Quang Phung, Programme Coordinator,
CoST Vietnam



Content

1. Brief information
2. Difficulties
3. Benefits
4. Recommendations



Brief Information

Brief information:

- Pilot phase (2010) and bridging phase (2012)
- Pilot phase: PE (11) and project (11)
- Bridging phase: PE(5) and project (9)
- Sector: Transport; building, urban drainage and sanitation; Water supply.
- Project cycle stage: FS; Bidding; Construction, Completion

Difficulties

- For disclosure, there needs to be a set standard and initial technical assistance at the beginning.
- Need to assign focal staff(s) to manage CoST activities (from disclosure to public responses)
- Need to have strong commitment from the PEs top leader **(this is very important!)**

Benefits

- To improve PEs project management capacity
- To strengthen and improve PEs local public relations communication.
Relevant disclosure provided in time may reduce design change or/and complaints from local people **(this is very important!)**.
- To build trust from the public and authorities

Recommendations

- Need to assign a good-stable local staff team as soon as possible
- Need to systemize the project information database
- The disclosure need to be done on time



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CoST International



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Construction Sector Transparency Initiative (CoST)



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