CABRI Policy Dialogue,

Kigali, 24-25 August 2017

How CoST can help improve the procurement of public infrastructure

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for the CoST International Secretariat

@CoSTransparency

Overview

How CoST can help improve the procurement of public infrastructure

1. Introduction to CoST
2. **How CoST contributes to improved performance**
3. Core features of CoST
4. Examples of CoST in action
5. Examples of transparency improving accountability

The aim of this presentation is that participants will understand the basic concepts behind CoST, and be able to apply some simple tools to help identify and address potential procurement risks.

1. Introduction to CoST
2. How CoST contributes to improved performance
3. Core features of CoST
4. Examples of CoST in action
5. How transparency can help improve accountability

What is CoST?

CoST is an Infrastructure Transparency Initiative

MULTI-STAKEHOLDER:
Stakeholders working together to tackle a common challenge

DISCLOSURE:
Publication of key project and contract data into public domain

ASSURANCE:
Independent review of disclosed data highlighting issues in plain language

Disclosure + Multi-Stakeholder + Assurance => Empowered stakeholders

How does CoST work?

Start: *Inefficiency, mismanagement and corruption*

Multi-stakeholder initiative, promoting **disclosure**

Informed stakeholders and **responsive** public institutions work **together**

Better **value** for money and better **quality** infrastructure

End: *Increased quality of life for citizens*

Where does CoST fit in?

Public governance multi-stakeholder initiatives

- CoST complements not duplicates.
- CoST **collaborates** to strengthen **impact;** OCP and OGP are **strategic** partners of CoST.
- **But** CoST is **unique** as the only initiative **focussed** on improving **public infrastructure governance**.

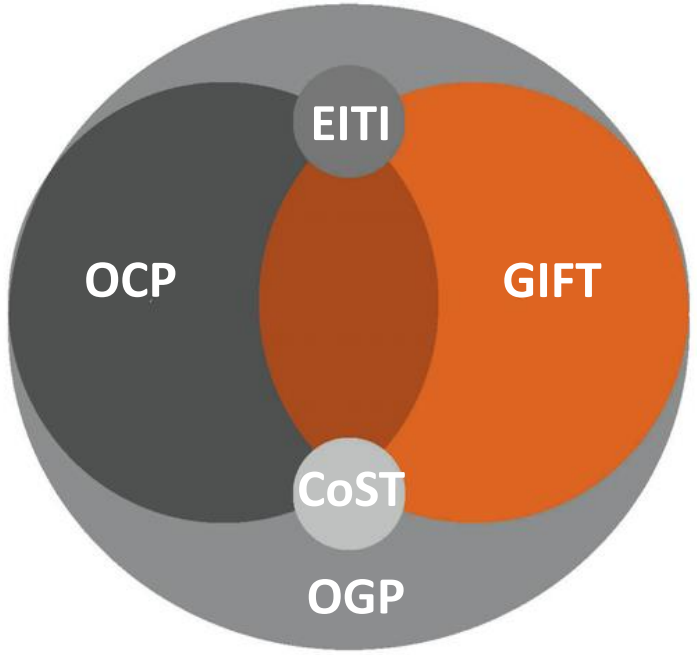


Figure 2: Public sector MSIs have clear overlaps, as well as some notable differences, in scope.

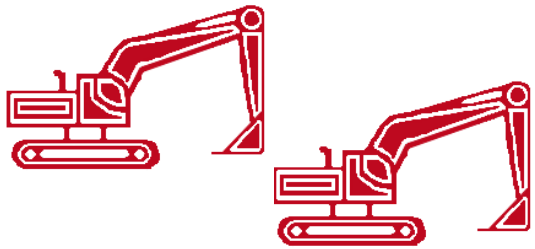
CoST is the leading international initiative for developing transparency and accountability in public infrastructure.

Source: "Assessing the Evidence: The Effectiveness and Impact of Public Governance-Oriented Multi-Stakeholder Initiatives", Transparency and Accountability Initiative

Who does CoST benefit?

Government

Value for money in public infrastructure



Industry

Level playing field for companies

Civil Society

Improved quality of life through better infrastructure

Where is CoST applied?

Internationally, CoST provides **guidance and support**

Nationally, CoST is **locally led and managed**

Who can join CoST?

Mega projects

Procuring Entities

Cities

State Governments

National Governments

Who is supporting CoST?

Current CoST funders

UKaid from the British people

Ministry of Foreign Affairs of the Netherlands

Previous funders of international and national CoST programmes

जर्मन सहयोग DEUTSCHE ZUSAMMENARBEIT giz

THE WORLD BANK IBRD • IDA | WORLD BANK GROUP

Foreign & Commonwealth Office

Additional strategic partners

THE WORLD BANK IBRD • IDA | WORLD BANK GROUP

EIC EUROPEAN INTERNATIONAL CONTRACTORS

Open Government Partnership

Global Infrastructure Basel

Open Contracting Partnership

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What is the context?

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

Estimated **10-30%** lost through mismanagement & corruption

Potential savings of **$5 trillion**

Global Infrastructure Spending Gap:

- Globally, need **$3.3 trillion/year in economic infrastructure annually** through to 2030.
- Current trajectory of underinvestment, global gap of roughly **11% or $350 billion a year.**

What drives performance?

Accountability

Makes it happen

Quality Management

Transparency

Performance Monitoring

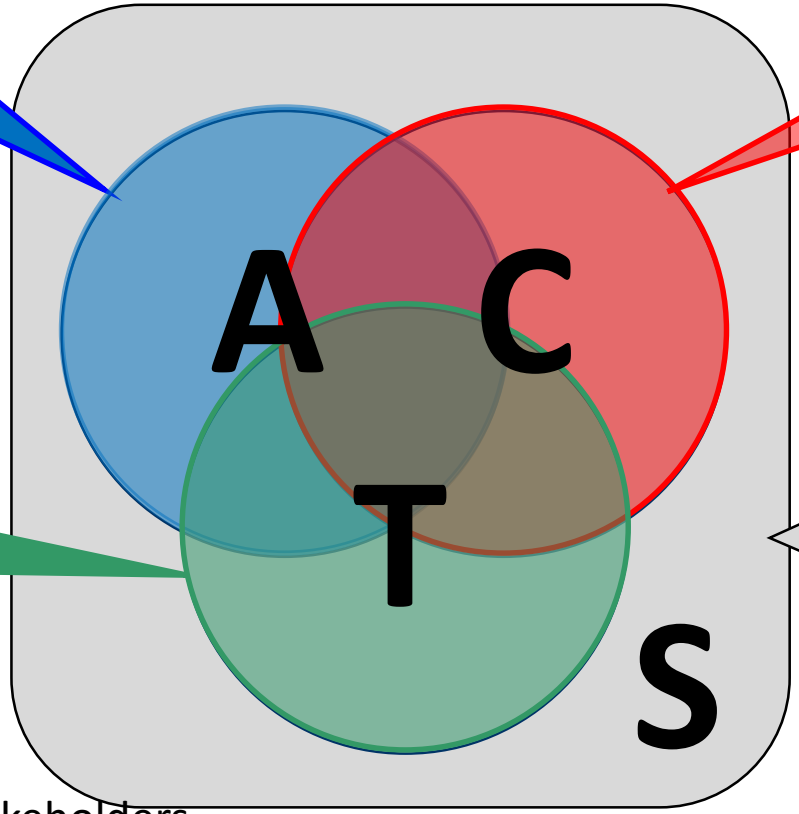
Capacity

Makes it possible

Finance, staff and equipment

Clear operating procedures

Skills and experience



Trust

Makes it flourish

Shared values and vision

Mutual trust between stakeholders

Confidence in fair contracts and procurement processes

Enabling institutional and legal **S**etting

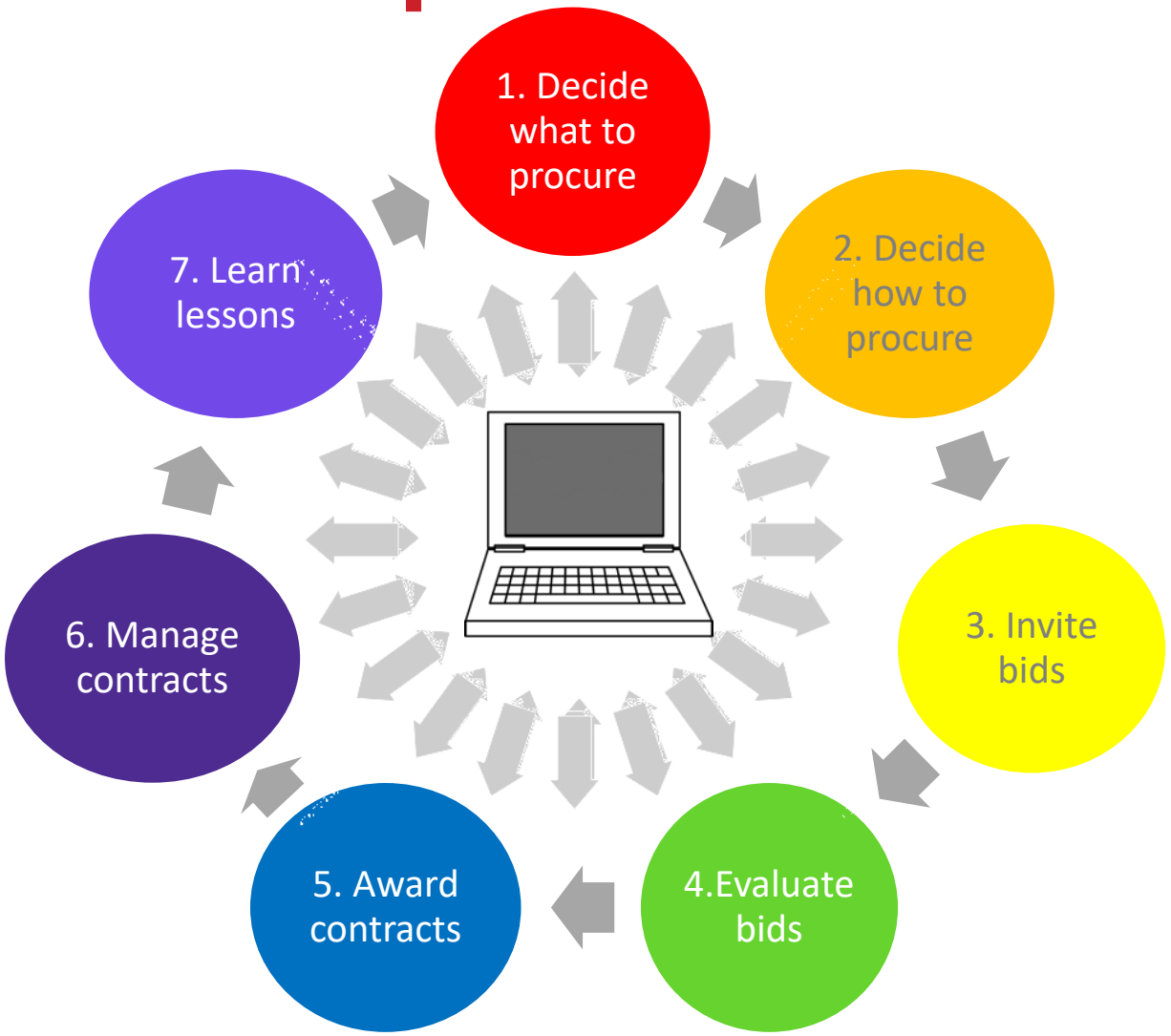
Allows it to continue

Institutional clarity

Rule of law fairly applied

Good performance rewarded

CoST and the procurement cycle



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CoST core features:
Multi-Stakeholder Working

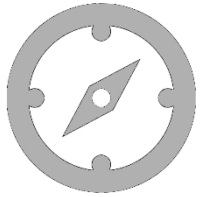
Governments alone cannot address all challenges. CoST is based on **multi-stakeholder working**.

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 IDS

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

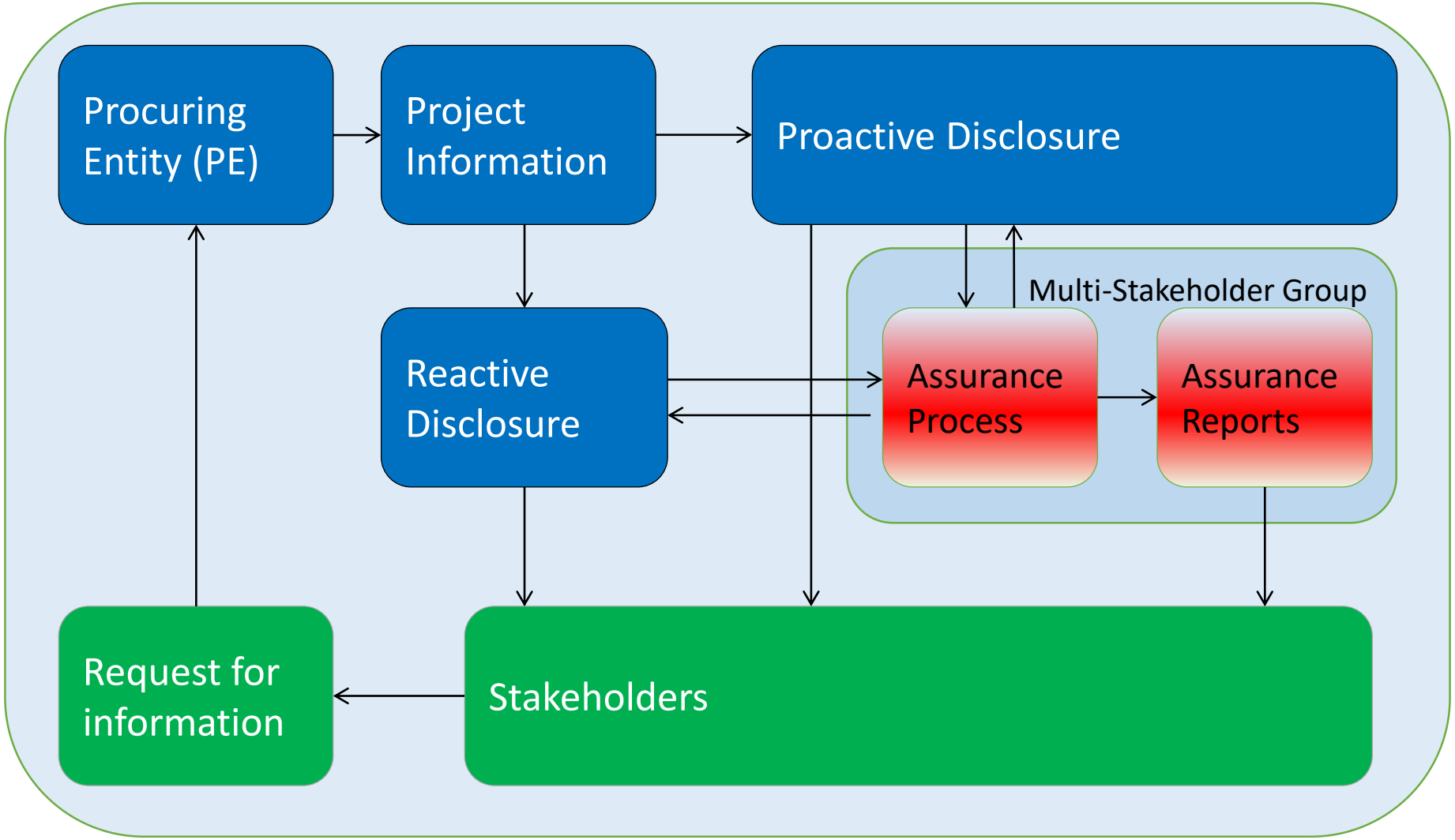
Monitor compliance

Interpret into plain language

Highlight concerns

Review further

Disclosure & Assurance flowchart



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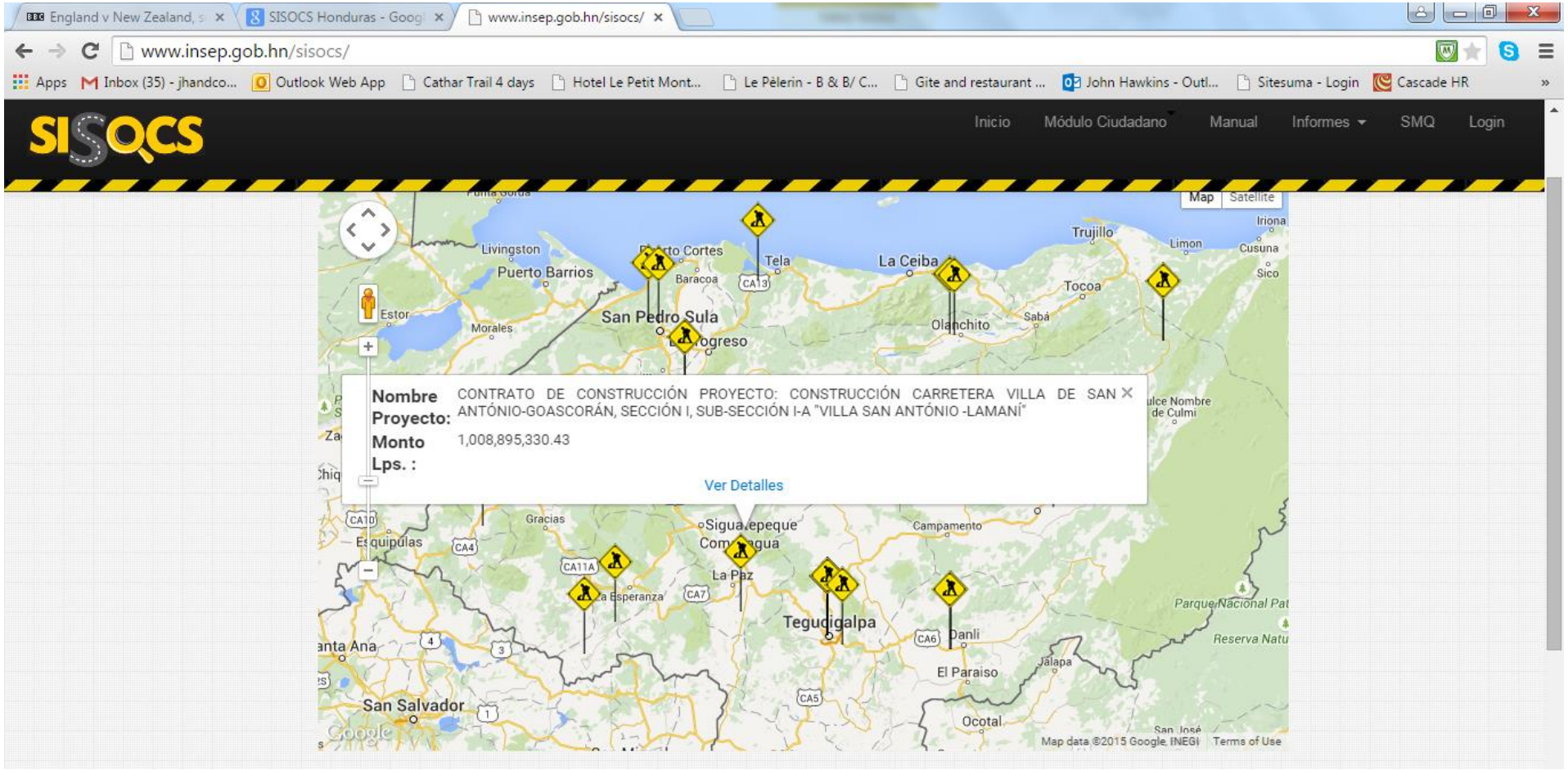
CoST Honduras: SISOCS Disclosure Portal



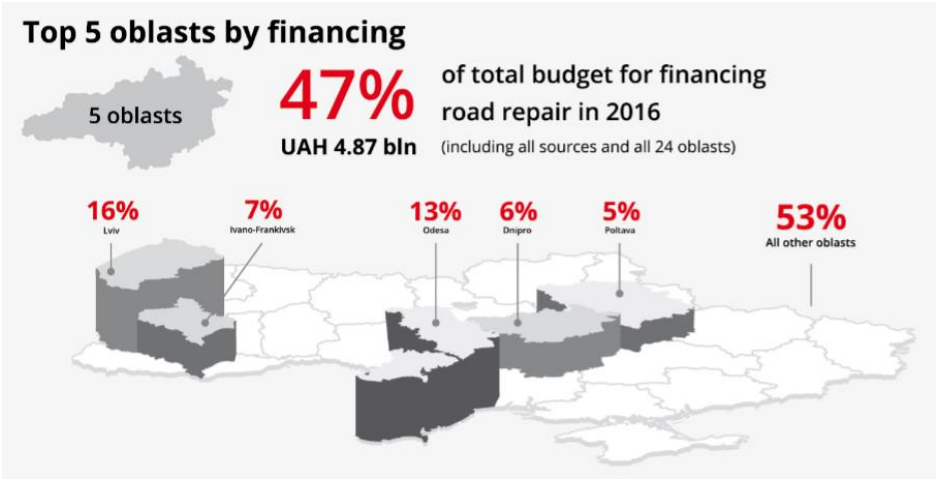
Assurance case study – Ukraine

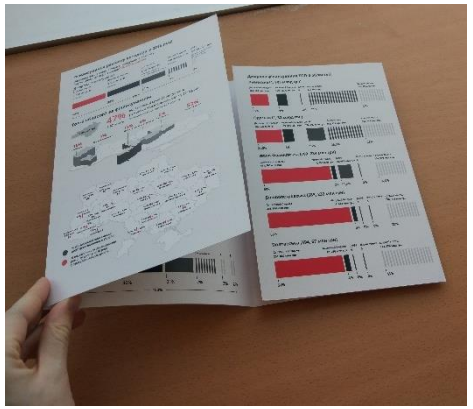
- Data from 3 donor funded road projects and 1 nationally funded road repair programme consisting of 140 contracts were analysed.
- Issues of concern included:
  - Incomplete design leads to variations and cost increases;
  - Equipment moved from site for unexplained reasons leads to delays and contract termination;
  - Contracts not applied correctly;
  - Low market competition; and
  - Budgeting for the annual road repair programme is incomplete and not prepared in a consistent manner.

Assurance case study – Ukraine

CoST Ukraine assurance infographic

- Findings from assurance process, incl. review of over 100 projects, compiled into **one brochure**.
- At sector level, statistics are **translated** into **visual** representations.
- Key conclusions and recommendations **extracted** from lengthier report





Infographic is:

- **Short** – Direct messaging accessible for range of audiences
- **Visual** – ensuring complex data is broken down is understandable
- **Engaging** – highlights key points of concern in new format

Accessible & engaging for all stakeholders:

Ukraine President publicises infographic to show findings from latest CoST Ukraine assurance

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Accountability mechanisms

There are many existing accountability mechanisms, including:

- Internal management systems of private companies;
- Contracts entered into by private companies;
- Official management systems and related safeguards;
- Official Audit functions; and
- Official Monitoring and Evaluation functions.

The aim of CoST and its Assurance process is to help strengthen existing accountability mechanisms, not to cut across or replace them

Accountability mechanisms

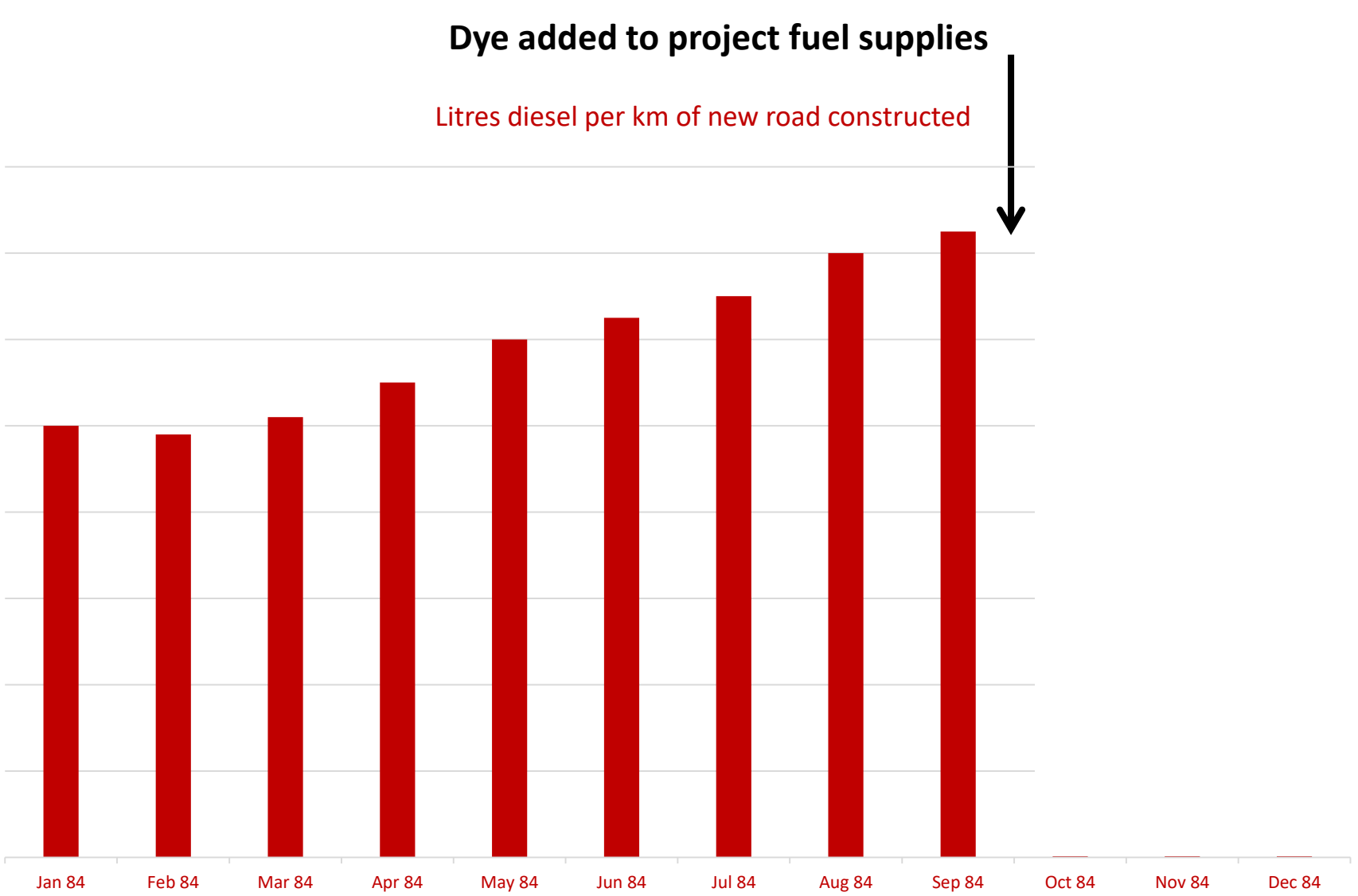
Supervising Engineer	Contractor (responds to market)	Outcome
Professional in Supervision	Competent in Construction	
✔	✔	
✘	✘	
✘	✔	
✔	✘	

Definition:	Prepared by (NAME):	RS Engineer Ruvuma	(dd mmm yy)		80%	% compliance rate for works on this page with specified time durations for the tender management stages of procurement (weighted by original contract value)
For all IRAT-related works contracts in a given year, the weighted averag	Reviewed by (NAME):	HGS	(dd mmm yy)	19 Nov 15		
regarding maximum and/or minimum time for each of the following:	Approved by (NAME):		(dd mmm yy)			
	General Comments	High score result of full compliance on largest 2 contracts (weighted). Otherwise just 13%. Main delay in practice is from Negotiation to Award. This is normally a "Red Flag" so why "no concern or comment noted" ?			57%	% compliamce rate as above, but unweighted. (in both cases, only complete records used)
Key DATES:	*Tender Advertisement; Tender evaluati*	Days as stipulated by PPA 2011			10	contracts detailed in full on this page
Details:	*Each contract is assessed on marks out*	Max 30	Max 14	Max 14	Max 7	Max 21	Max 14	Max 120	TZSm 1,450	is the sum of value of original contracts listed on this page (TZS millions) with full details provided
Instructions:	Use official contract files to complete every field of each record (locked	Min 21					Min 7	Min 90		

S/N	Contract Ref	Contract Name	Bid period	Tender evaluation period	Tender Board Approval	Tender Negotiation	Contract Vetting	Contract Award	Tender Validity	No. of "TRUE"	Comment (please select from drop-down menu) Use box at foot of sheet to provide more detailed comments	Check* (records to be either empty, or complete)
			from Advert	from Bid opening	from Evaluation	from Approval	From Negotiation	from Board Approval	from Bid opening	(Maximum 7)		
1	LGA.025/2015-2016/W/01	CONSTRUCTION OF BRIDGE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	7	No concerns or comments noted	Complete Record
2	LGA.025/2015-2016/W/02	UPGRADING OF ROADS TO DOUBLE SURFACE DRESSING(DSD)	TRUE	TRUE	FALSE	TRUE	FALSE	TRUE	TRUE	5	No concerns or comments noted	Complete Record
3	/LGA/102/TN/W/01/2014/	Spot Improvement along Songea Mpitimbi, Litapwasi Lyangweni roads and Routine Maintenance along	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	TRUE	4	No concerns or comments noted	Complete Record
4	/LGA/102/TN/W/02/2014/	Construction of Mkurumusi Box Culvert along Songea – Mkurumusi – Mpitimbi Road	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	TRUE	4	No concerns or comments noted	Complete Record
5	/LGA/102/TN/W/04/2014/	Routine Maintenance along Maposeni-Mdunduwalo, Peramiho- Litowa, Mpandangindo-Liweta: Routine	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	TRUE	4	No concerns or comments noted	Complete Record
6	/LGA/102/TN/W/05/2014/	Routine Maintenance along MuunganoZomba-Lugagara Road	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	TRUE	4	No concerns or comments noted	Complete Record
7	/103/2014/2015/W/01/P	construction of culverts along Subira - Lupapila road	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	FALSE	3	No concerns or comments noted	Complete Record
8	A /103/2014/2015/W/01/I	construction of culverts along Majengo - Muungano road	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	FALSE	3	No concerns or comments noted	Complete Record
9	/103/2014/2015/W/01/P	construction of culverts along Londoni Subira - Nangwai road	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	FALSE	3	No concerns or comments noted	Complete Record
10	A/103/2014/2015/W/01/I	construction of culverts along Mtakuja road road	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	FALSE	3	No concerns or comments noted	Complete Record

Tanzania Case Study:

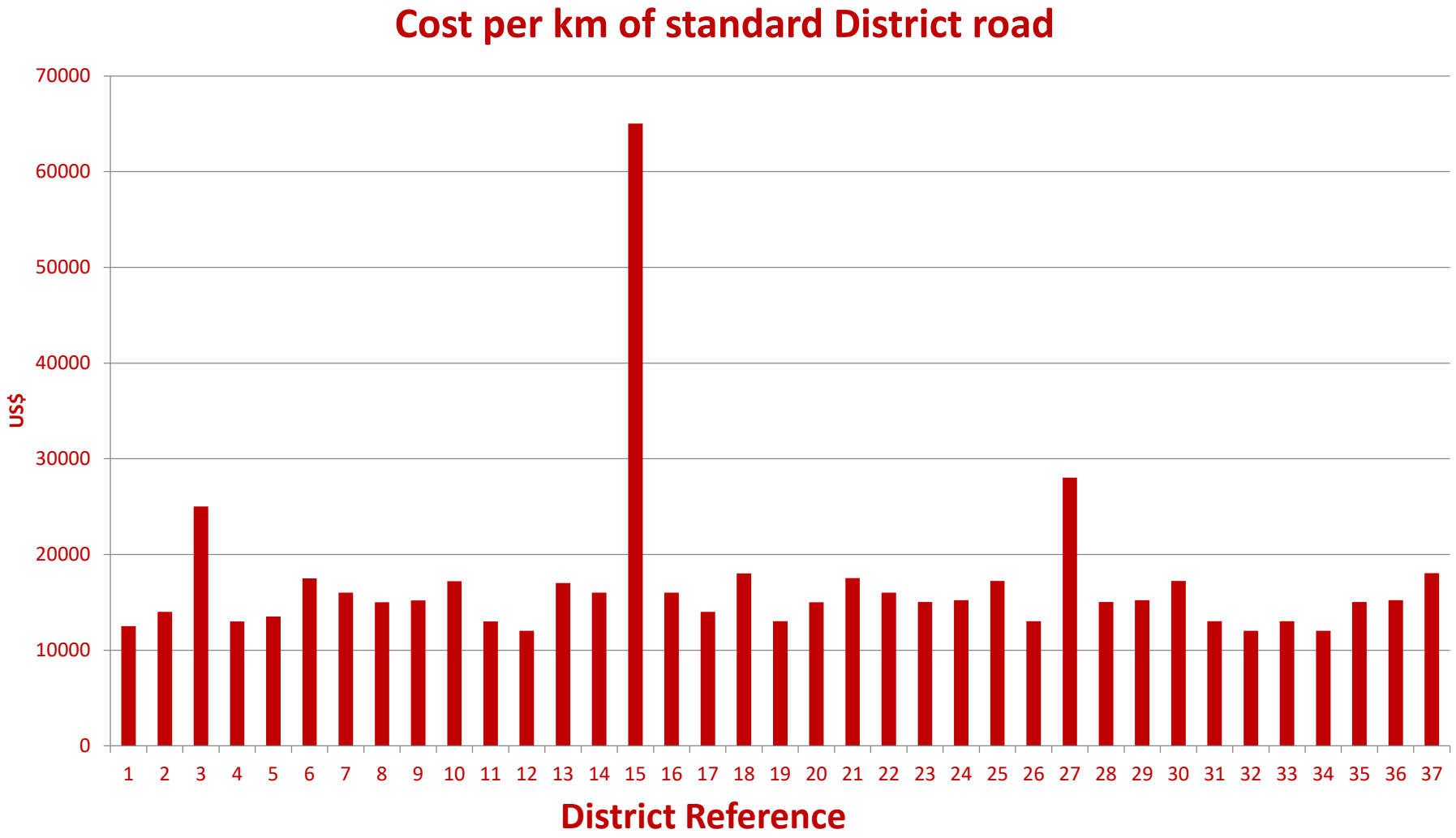
Turning data into information



Benin Case Study:

Turning data into information…….

..then taking appropriate action



Uganda Case Study:

Turning data into information…….

..then taking appropriate action

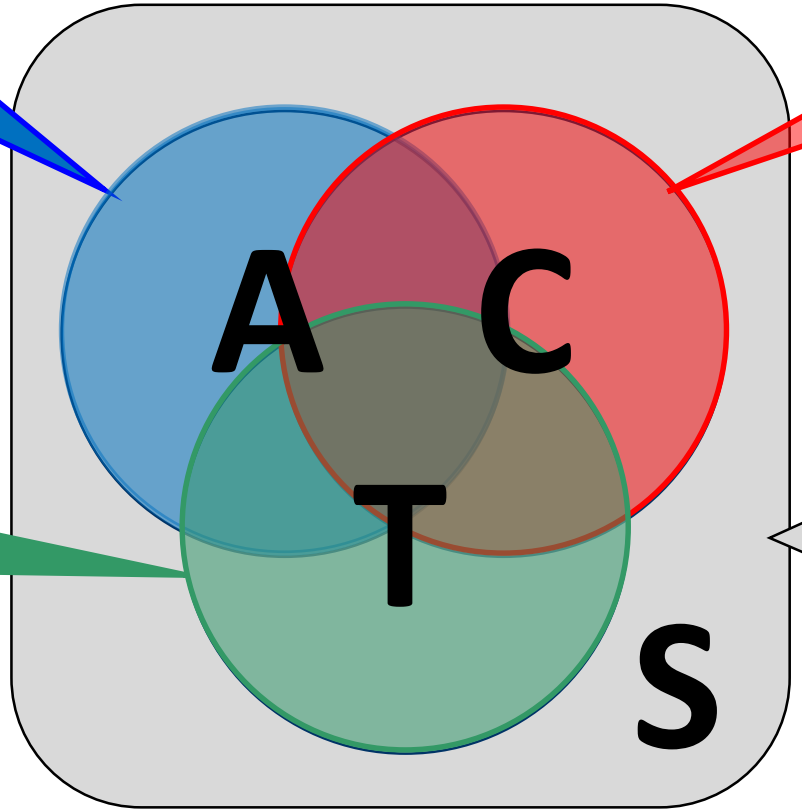
What drives performance?

Accountability

Makes it happen

Capacity

Makes it possible



Trust

Makes it flourish

Enabling institutional and legal **S**etting

Allows it to continue

Thank you

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CoST International

@CoSTransparency

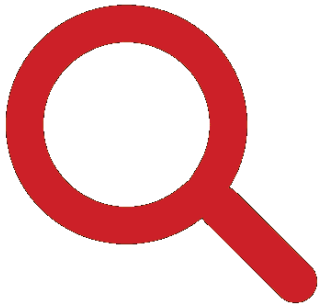
Construction Sector Transparency Initiative (CoST)

Construction Sector Transparency Initiative (CoST)

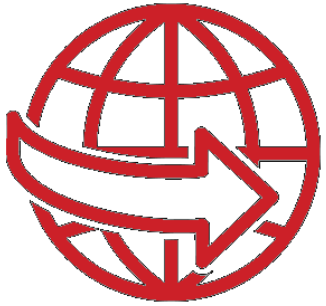
“spare” slides

Summary of CoST

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



CoST increases transparency & accountability



CoST is a global standard

CoST is an essential catalyst for change

CoST helps change lives

Accountability case study

Local residents complained about pollution and safety risks from road construction project.

Problem was solved by the main contractor's senior managers.

This illustrates the benefits of being aware or, and making use of, the internal accountability mechanisms of private companies

Examples of impact

Rehabilitation of the Belize Bridge, Guatemala

CoST identified that an invalid procurement process had been followed. Further investigations determined that the planned work was also unnecessary. The project was eventually cancelled saving $4.5 million of public money.

Nkhotakota-Msulira Road Project, Malawi

CoST Malawi identified and highlighted a 262% or $7.4m cost increase on the rehabilitation of the Nkhotakota-Msulira Road. The Ministry of Transport and Public Works has since cancelled the contract on the 33km road due to poor performance.

Gindeber to Gobensa Road Upgrade, Ethiopia

Assurance Team questioned quantity of earthworks allowed for at the design stage. The Road Agency reviewed the design and determined there was a vast overestimate. Design team fired and debarred from future contracts. Cost saving approximately $3.8 million.

Infrastructure Data Standard

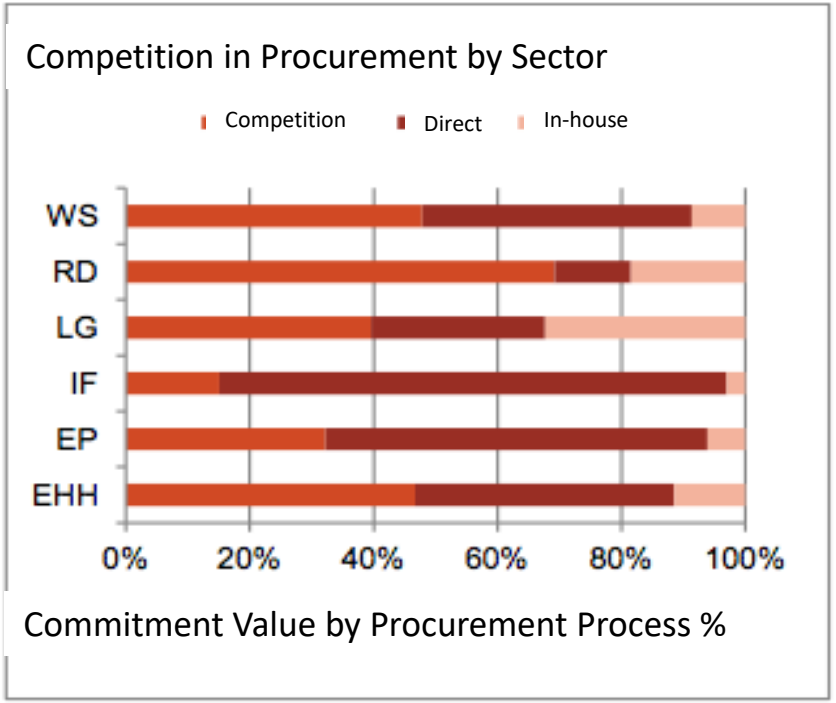
1. Project phase	Project information
Project Identification	Project owner Sector, subsector Project name Project Location Purpose Project description
Project Preparation	Project Scope (main output) Environmental impact Land and settlement impact Contact details Funding sources Project Budget Project budget approval date
Project Completion	Project status (current) Completion cost (projected) Completion date (projected) Scope at completion (projected) Reasons for project changes Reference to audit and evaluation reports

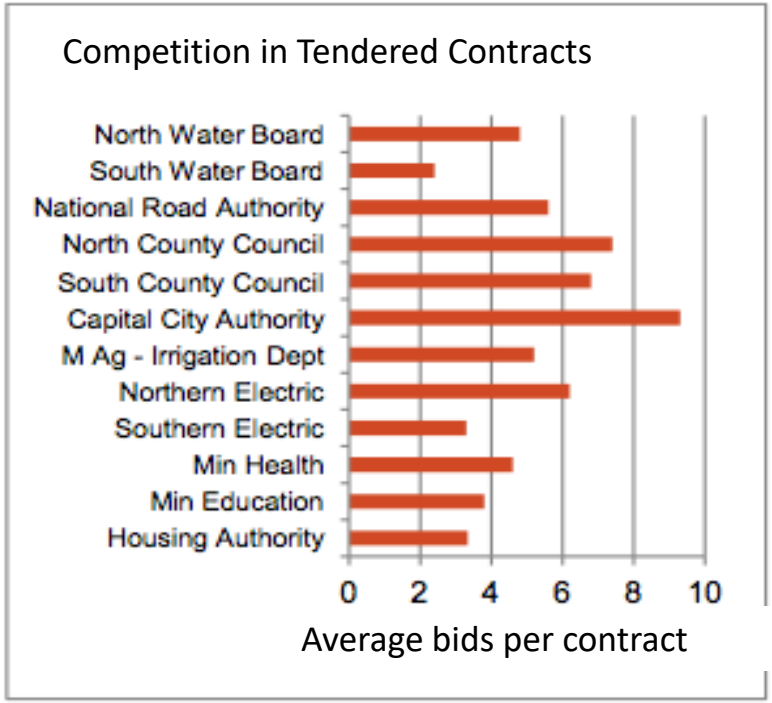
2. Contract phase	Contract information
Procurement	Procuring entity Procuring entity contact details Procurement process Contract type Contract status (current) Number of firms tendering Cost estimate Contract administration entity Contract title Contract firm(s) Contract price Contract scope of work 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

Sector-Entity level Assurance

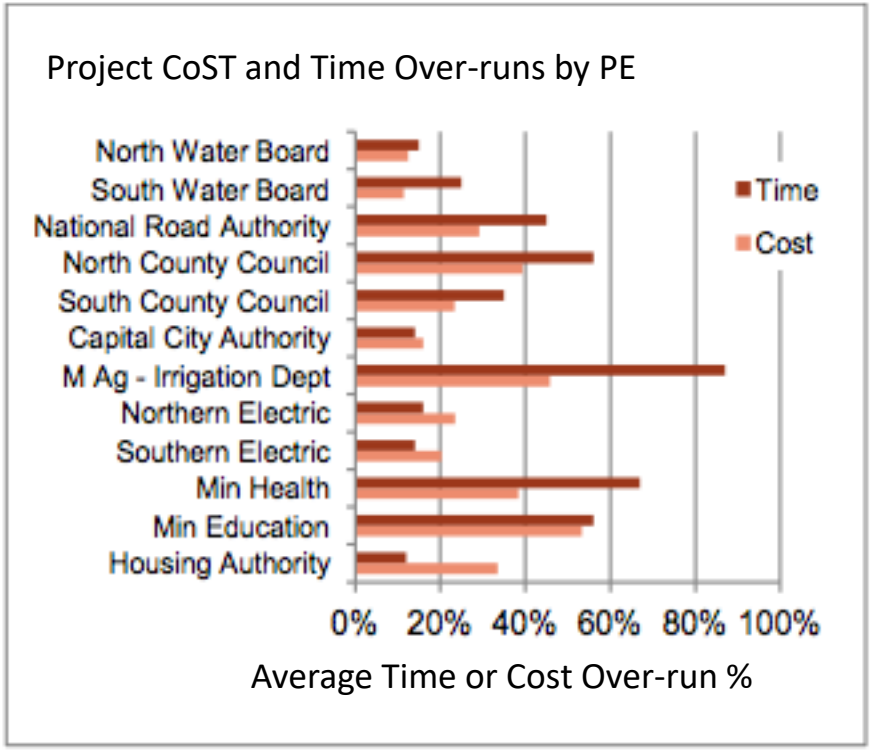
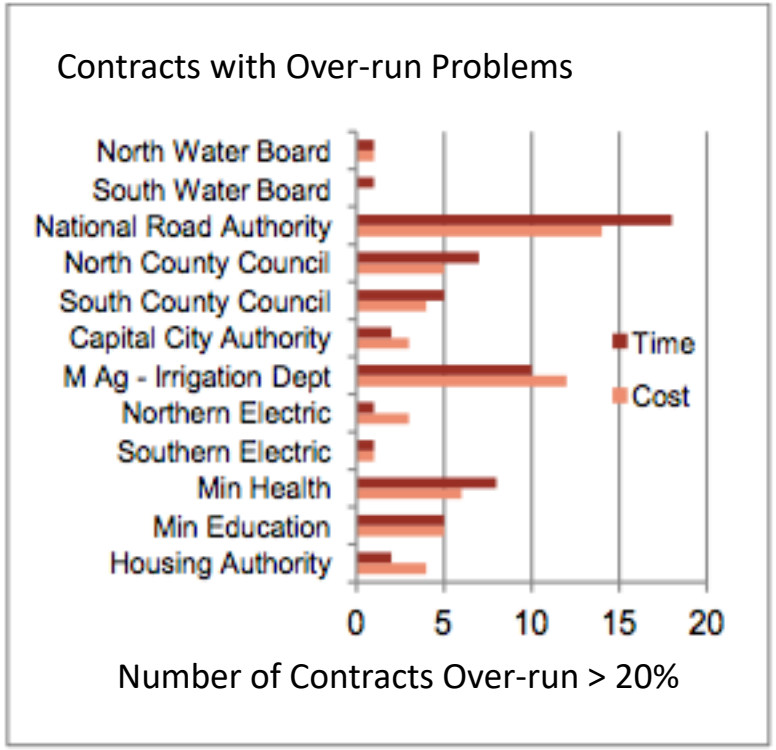
- Analyse sector-level performance issues by number and value;

Example 1: Level of competition evident





Sector-Entity level Assurance (cont)

- Analyse sector-level performance issues by number and value;

Example 2: Cost and Time Overruns