

CoST



Construction Sector Transparency Initiative (CoST)

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Introduction



- CoST is an international multi-stakeholder initiative supported by DFID and implemented in partnership with the World Bank
- CoST is designed to increase corruption in the construction sector
- Two year pilot across seven countries
- Represent the international secretariat, based in London



Why is CoST necessary?



- Corruption occurs at all stages of the project cycle
 - Distortion of decision making
 - Waste of public money – “bridges to nowhere”
 - Unsustainable projects
 - Health and safety issues
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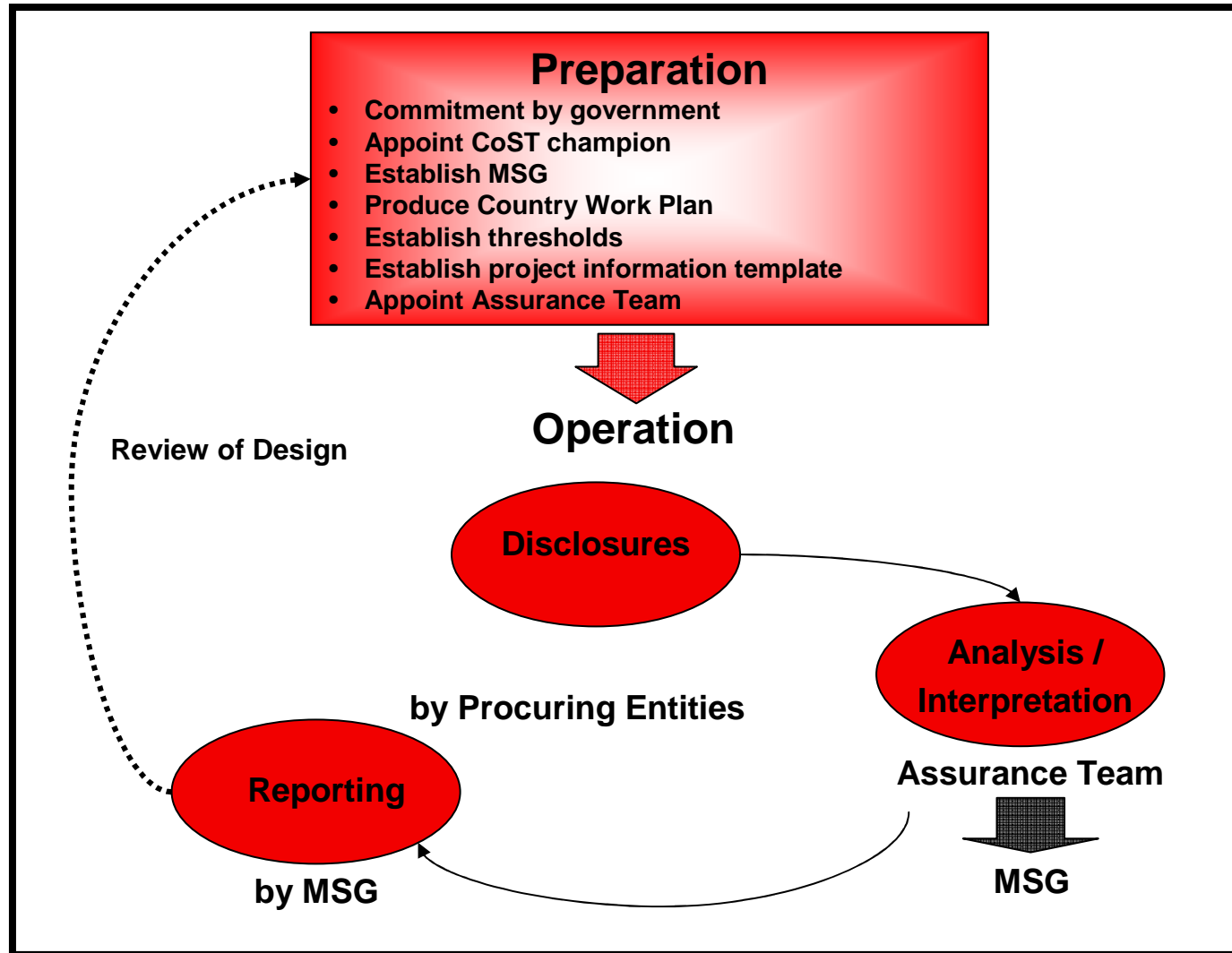
What is CoST setting out to do?



- Pilot countries: Tanzania, Zambia, Philippines, Vietnam, United Kingdom, Ethiopia, Malawi
- Purpose: “Get what you pay for”
- Process: disclosures, project selection, assurance



CoST process



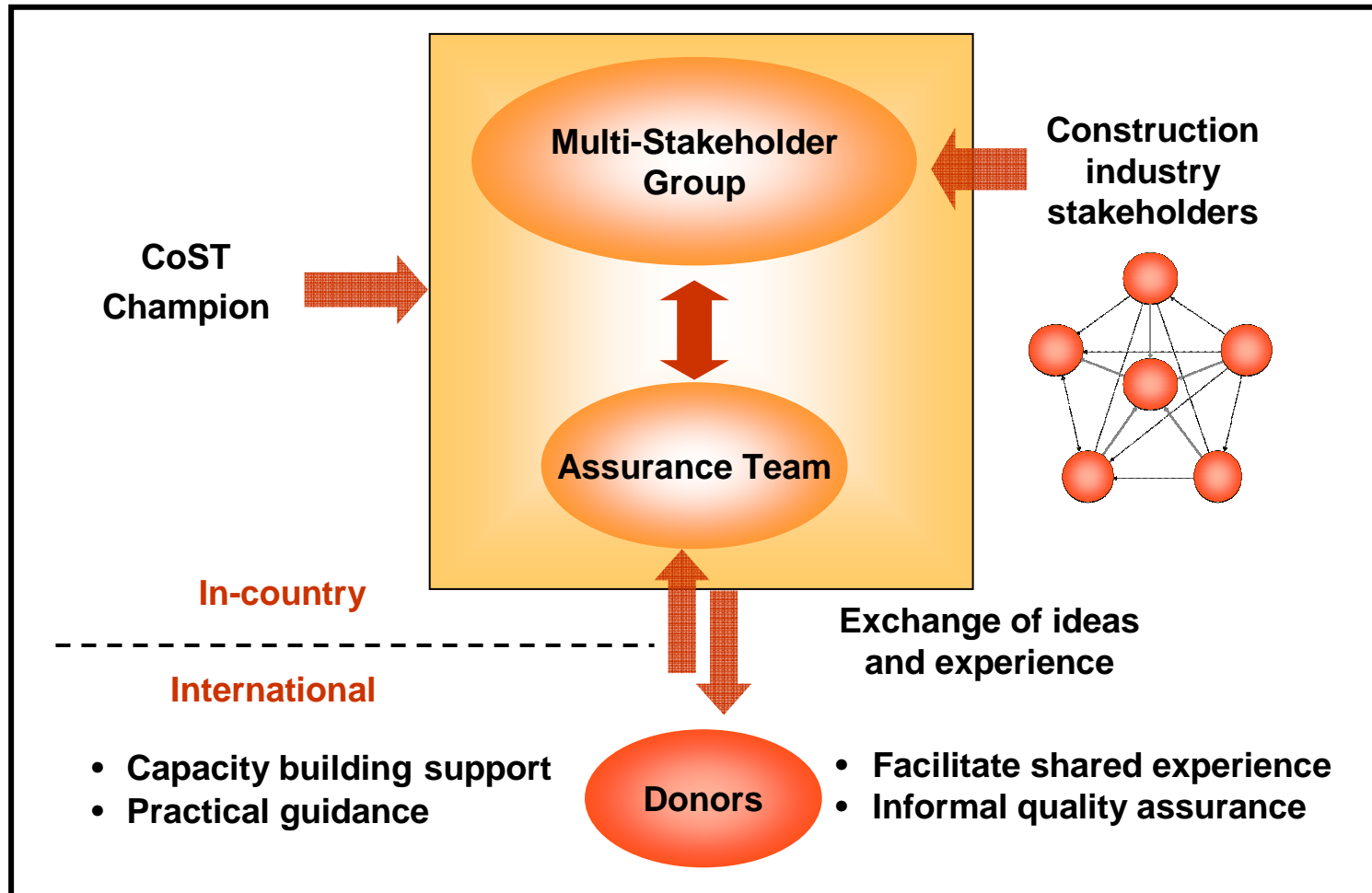
National and international CoST structure



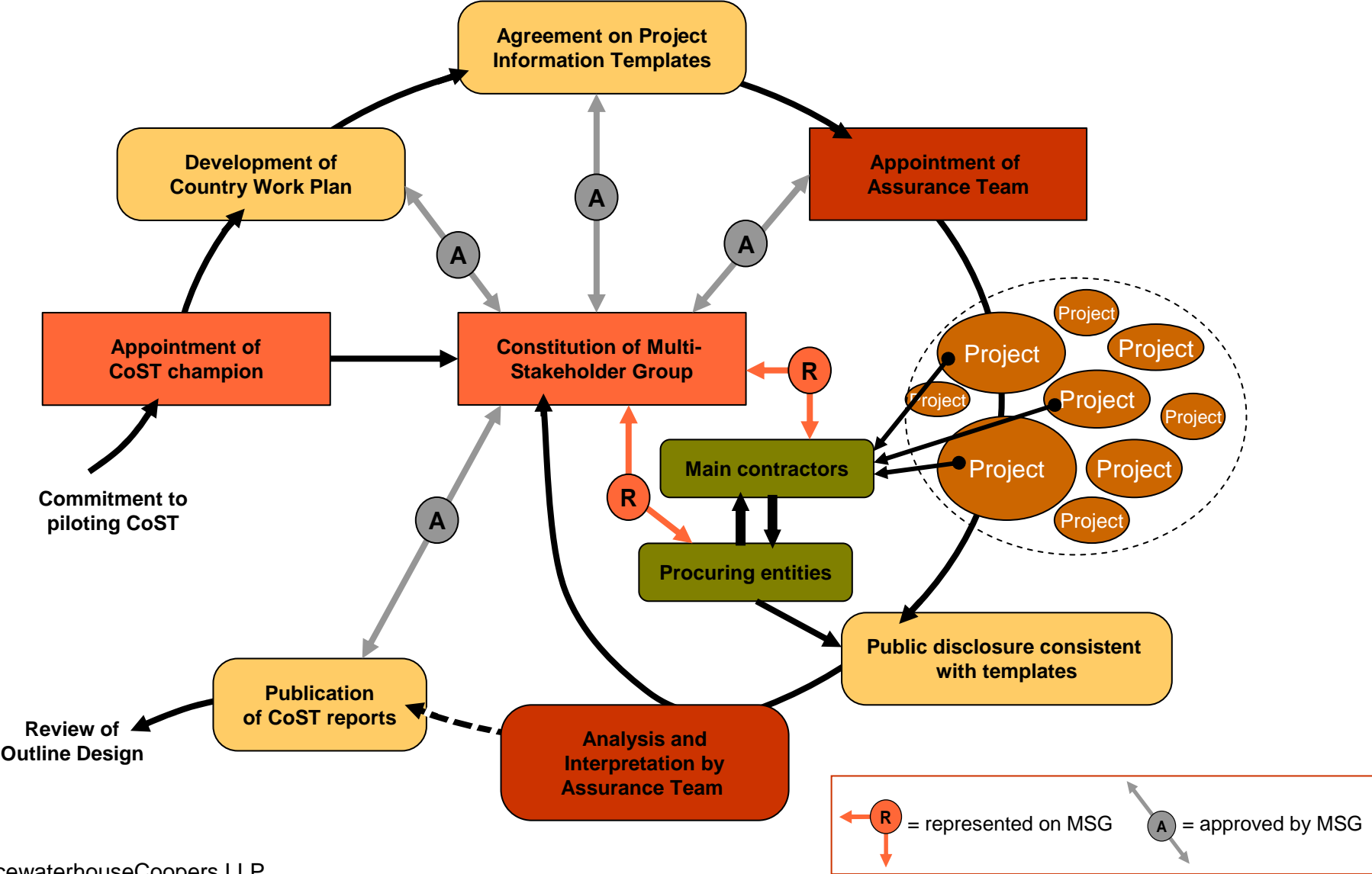
- Structure:
 - National - Political champion, MSG, assurance team
 - International - Secretariat – capacity building, TA, lessons
International Advisory Group (IAG)
- Assurance is key



CoST structure



Illustrative implementation process



Importance of multi-stakeholder approach



- MSG is at heart of process
- Framework for working
- Communication
- Transparency is only the beginning – stakeholders must be equipped to act



Challenges

- Precedent setting
- Comparisons with EITI – complex exercise, each project unique, asymmetry of information
- Legitimate reasons for changes in specification – requires careful analysis and judgement
- Role of technical audits
- Timeframe – many projects will not be completed
- Value added of CoST
- Ensuring multi-stakeholder approach is genuine
- High public expectations
- Earliest stages of development – we do not have all the answers!



Potential benefits of CoST



- Improving transparency and accountability on true price and quality
- Competitive firms better positioned to win contracts
- Reduces reputational risks for governments and companies
- Improved investment climate
- Greater role for civil society in governance of construction sector
- Fewer defective buildings

