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
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

Preparation
- Commitment by government
- Appoint CoST champion
- Establish MSG
- Produce Country Work Plan
- Establish thresholds
- Establish project information template
- Appoint Assurance Team

Operation
- Disclosures
  - by Procuring Entities
- Analysis / Interpretation
  - by Assurance Team
- Review of Design
  - by MSG

Reporting
- by MSG

Assurance Team
- MSG
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

- **CoST Champion**
  - **Multi-Stakeholder Group**
  - **Assurance Team**

  **Construction industry stakeholders**
  - Exchange of ideas and experience

  **In-country**
  - **Donors**
    - Capacity building support
    - Practical guidance
    - Facilitate shared experience
    - Informal quality assurance

  **International**
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