

# Construction Sector Transparency Initiative (CoST)

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## Why do we need CoST?

- Value of global construction industry set to increase to **\$12 trillion annually by 2020** or 13.2 per cent of global GDP
- Mismanagement, inefficiency and corruption accounts for **10 to 30 per cent of a construction project's value**
- There is a need to improve the quality of infrastructure and services and **reduce the costs and risks of doing business**
- This establishes a **'level playing field'** that promotes competition, rewards efficient companies and delivers **better value for money**

## What is CoST?

- CoST aims to improve transparency and effectiveness of public procurement with a particular focus on the Construction Sector
- CoST supports the public disclosure of project information with the aim of reducing mismanagement, inefficiency and corruption and improving value for money
- The CoST pilot project was launched by DFID in 2008 and supported by the World Bank.
- Pilot countries were Ethiopia, Guatemala, Malawi, Philippines, Tanzania, United Kingdom, Vietnam and Zambia

## What has the CoST Pilot achieved?

- A high- level political CoST Champion active in all pilot countries.
- Sustainable and competent Multi-stakeholder groups in all pilot countries;
- Disclosure of independently assured information sufficient to enable stakeholders to make informed judgments about the cost, time, and quality of infrastructure construction on 213 projects across 29 procuring entities in eight countries
- Changes to legal requirements for disclosure – for example a new Public Procurement directive issued in Ethiopia

## Delivering Results

The CoST Pilot identified a number of projects with unexplained anomalies in procurement or implementation, such as:

- Significant inefficiency and mismanagement throughout the construction cycle
- Unjustifiably long time and high costs overruns as well as low levels of competitive bidding
- Construction starting without planning permission having been obtained or detailed drawings having being completed.

Investigation and/or Project Audits have been initiated in a number of cases as a result of disclosure.



Some anecdotes from  
Afghanistan & Ethiopia

## **Global Expansion of CoST**

- Opportunity for a global partnership of CoST implementing countries - providing technical guidance and support, start-up funding and exchange of international best practice
- Possible World Bank support through the utilisation of a Multi-donor Trust Fund
- High degree of interest from Multilateral Development Banks, Investment Banks and the international private sector
- Potential G20 support under its infrastructure action plan

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