

CoSTly niggardliness: construction sector transparency goes begging

by Robin Davies
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On 13 June, *The Guardian* **reported** that the Construction Sector Transparency Initiative (CoST) 'was at risk of closure due to lack of funds' and that 11 construction industry leaders had signed an open letter to UK prime minister David Cameron urging him to use his influence as G8 chair to secure adequate funding for it.

We published an interview with CoST's chairman, Chrik Poortman, in late March. At that time, CoST had not long moved beyond its successful pilot phase. It had recently been given a push by prime minister Cameron in a letter to G8 leaders about his priorities for the Lough Erne summit. Transparency was a central theme. He announced a review of the UK's position on implementing the Extractive Industries Transparency Initiative (EITI), which the UK subsequently decided to implement, and said, 'we need to look at how to enhance transparency – including through the Construction Sector Transparency Initiative and new ideas like a global land transparency partnership'. CoST, largely a UK-financed initiative in its pilot phase, had earlier figured in the final declaration of the Cannes G20 summit in 2011 (para 87).

Lough Erne came and went. Its 33-page communique was strong on EITI and had some words for transparency in land governance, but was silent on construction sector transparency. Perhaps the UK government did give it a plug, and others thought it too minor to mention. Perhaps there is a concern that transparency initiatives are proliferating, and should be consolidated. (Chrik addressed the latter point in our interview, conceding the principle but arguing that a stepwise, sector-specific approach delivers tangible results and paves the way for new and/or broader initiatives.) Most likely, CoST just fell through the cracks.

How much money is required to keep CoST going? Just \$US4 million or so, per annum. At present, CoST has only a commitment of \$US1.5 million over three years, from the World Bank.

CoST got off to a very strong start. It reinforces the impact of EITI, because a proportion of resource revenues will be invested in infrastructure, and also has the potential to link to land transparency initiatives. It has strong support from developing country governments, civil society and even from the construction industry itself. It is clearly cost-effective. On all these grounds, one would think CoST deserves continued support. Quite small commitments from a handful of

donors, including but not limited to its progenitor, the UK, would put it on a secure financial basis.

Given Australia's strong investment in EITI, and the scale of corruption and waste in the construction sector in Asia, a complementary investment in CoST would be well worth considering.

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