

Why Multi-stakeholder Groups Succeed and Fail

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Abstract

Anti-corruption initiatives increasingly use multi-stakeholder groups, comprised of representatives from government, private sector, and civil society organizations, to drive implementation at the local level and serve as a force for transparency. In theory, the multi-stakeholder groups ideal is quite appealing—each stakeholder has its own interest in the initiative and contributes its unique capacities. In practice, many multi-stakeholder groups have fallen short of expectations. This paper considers two separate but related questions. First, what are the unique barriers to implementation facing multi-stakeholder groups? Second, what policy measures can be taken to improve the likelihood that multi-stakeholder groups will succeed? The authors use existing research in political science and economics to develop a multi-level framework that accounts for

the “nested nature” of multi-stakeholder groups. The framework is then applied to experiences of MSGs from the Construction Sector Transparency Initiative, a new pilot program that aims to promote transparency in construction through the release of material project information. The evidence shows that the barriers facing multi-stakeholder groups are substantial, but once the level (individual incentives, organizational dynamics, country context, or international pressures) of the challenge confronting a multi-stakeholder group is identified, the specific barrier, its root causes, and appropriate solutions can be identified. More broadly, the Construction Sector Transparency Initiative experiences suggest that multi-stakeholder groups are best used as a means of promoting dialogue and building consensus, not as the locus of policy implementation and oversight.

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1. Introduction

Theories of corruption incidence hold that sectors with a high degree of complexity are particularly prone to corruption because it is difficult for outsiders to effectively monitor service delivery (Klitgaard, 1988; Rose-Ackerman 1999). The construction sector, characterized by hundreds of technical contracts, significant cash transfers, and extensive approval and bidding processes, is considered extremely vulnerable to corruption at all phases in the value chain (Stansbury, 2005; Kenny, 2006; Kenny and Soreide, 2008).² Estimates suggest that of the \$2 to \$3 trillion spent globally on construction projects, direct and indirect “losses” from corruption amount to 15% to 30% per year.

International development institutions have recently turned towards a multi-stakeholder approach to address this endemic problem. The Construction Sector Transparency Initiative (CoST), a new pilot initiative (2008-2010) conducted under the auspices of the UK’s Department for International Development (DFID) with support from the World Bank, requires representatives from government, the private sector, and civil society organizations to work together in a multi-stakeholder group (MSG) to promote accountability in the construction process. The core goal of CoST is to encourage the disclosure of material project information on a selection of public construction projects, and to independently assess whether those projects delivered “value for money.”³ The program operates on the principle that transparency can foster accountability and ultimately reduce corruption, and the MSG serves as a force for clean governance in environments where other accountability mechanisms may be comprised. CoST is currently being piloted in the UK, Ethiopia, Zambia, Malawi, Vietnam, Tanzania, and the Philippines, with Guatemala participating as an associate country.

From a theoretical perspective, the MSG ideal is quite appealing. Each stakeholder has an interest in promoting the initiative and brings its unique capacities to the challenge. Government officials, usually from the procurement and finance agencies, have an interest in getting “value for money” out of construction contracts, and they contribute political legitimacy and knowledge of the procurement process. Construction contractors have an interest in achieving fair competition, and they contribute an understanding of the industry and technical knowledge to interpret contract information. Civil society organizations have an interest in reducing government malfeasance, and they contribute broader societal legitimacy and an institutionalized link between citizens and the state. The collective interest and capacity of the group is supposed to surpass that of the individual stakeholders themselves. In the words of one World Bank expert, “Each stakeholder is like a stick. By itself, it is brittle. Bundled together, they can be quite strong.”⁴

In practice, many MSGs have fallen short of donor expectations. In the Extractive Industries Transparency Initiative (EITI), which also employs the MSG approach, only 3 out of 32 countries have

² Transparency International’s Bribe Payer’s Index (BPI) ranks construction as the sector most likely to bribe public officials.

³ Material project information includes a description of the project specifications, estimated and actual costs, contractor information, completion dates, and general discrepancies between the original contract and final output.

⁴ William Paterson, Personal Interview, 16 March 2010.

achieved compliance. There are similar concerns about whether the CoST MSGs will be able to meet the initiative's deadlines. Given the present salience of the multi-stakeholder approach, as well as its apparent limitations, a detailed inquiry into the efficacy of MSGs is long overdue. This article considers two separate but related questions. What are the unique barriers to implementation faced by multi-stakeholder groups? What policy measures can be taken to improve the likelihood that MSGs will succeed?

We approach these questions with research on two fronts. First, we develop an analytical framework that outlines MSG barriers drawing from existing approaches in political science and economics. The framework accounts for the “nested nature” of MSGs and separately considers issues at four levels: the personal motivations of individual MSG members, the organizational dynamics for the MSG as a whole, the country context and institutional constraints, and international pressures from the donor community. Second, we investigate how the problems from our framework arise in practice, drawing on a series of interviews and primary documents from CoST MSGs in the seven pilot countries.⁵

We argue that the barriers facing MSGs are substantial but vary from context to context. The laundry list of potential challenges includes: poor participation among members due to time constraints or conflicts of interest; problems reaching consensus on key decisions; imbalances of power and capacity across stakeholder groups; a lack of broader social and political legitimacy; difficulties obtaining needed inputs; and insufficient time as a result of external deadlines. Although different MSGs face different issues, our framework shows the value of considering the problem generally and systematically. Each MSG can and should be treated as an individual, with its particular barriers diagnosed and addressed accordingly. More broadly, the research here suggests that donors must think critically about when the multi-stakeholder approach will prove effective and how to design initiatives that will utilize the advantages of MSGs while mitigating their weaknesses. MSGs may be best used as a means of promoting dialogue and building consensus, not as the locus of policy implementation and oversight.

The remainder of this article is structured as follows. Section 2 outlines the scope conditions of the argument and provides additional background information on CoST. In Section 3 we detail a multi-level framework that shows the primary barriers facing MSGs, drawing on experiences from the CoST pilot countries. Section 4 answers our second research question, offering some potential measures to make MSGs more effective. Section 5 concludes with a note on balancing expectations for MSGs moving forward.

⁵ For every country, we conducted two structured interviews with MSG participants and observers, allowing us to assess the specific problems arising in each context. We also considered the workplans, meeting notes, and other documents produced by the MSGs to complement the interview findings.

2. Background: MSGs and the Construction Sector Transparency Initiative⁶

We first outline scope conditions for the argument to avoid confusion. The term “multi-stakeholder” has been used to describe a broad array of initiatives and practices where representatives from different organizations are brought together in hopes of facilitating cooperation and exchange. We can divide these initiatives into two general categories based on the fundamental purpose of the multi-stakeholder interaction. *Multi-stakeholder platforms* (MSPs) are decision-making bodies with the mandate of allowing stakeholders to bargain over the generation of policy. They are frequently employed to address the issues involved in managing common pool resources, allowing for representation of indigenous populations, government officials, and private sector actors. Larger international initiatives, like the Energy and Biodiversity Initiative (EBI) and the Ethical Trading Initiative (ETI), are bodies of a broad group of public, private, and non-profit stakeholders that work to agree on a common set of principles governing behavior. In the United States, many government agencies allow for a period of regulatory negotiation, where stakeholders debate the details of certain regulations and can actually shape policy (Rose-Ackerman, 1994). Although the purpose of MSPs is to find a common ground on which stakeholders can agree, the interests of the stakeholders are frequently in conflict.

Multi-stakeholder groups (MSGs), as described and researched in this note, are primarily concerned with policy oversight and implementation, not policy bargaining and generation. They often have the mandate of implementing a development initiative, and the approach assumes some shared interest among the stakeholders. In addition to CoST, the MSG approach has been employed in the Extractive Industries Transparency Initiative (EITI), where the group provides oversight on the payments occurring between governments and private contractors working with natural resources. The distinction between MSPs and MSGs is admittedly fuzzy— some MSPs may be involved in policy monitoring and evaluation, and some MSGs do attempt to shape the policies themselves. The focus in this article is on the policy oversight and implementation aspect of MSGs, and to the extent that MSPs are also involved in implementation, the arguments may be extended to those initiatives as well.

Turning back to our case study, CoST MSGs oversee several stages of program implementation. First, the MSG assesses the existing degree of transparency by procuring a consultant to conduct a baseline study of current rules and practices. Second, the MSG agrees upon criteria for selecting a subset of government projects to review and agencies to work with. It then requests the material project information from the relevant procuring bodies and agencies, and in turn hires an “Assurance Team” to review the information and highlight any discrepancies and reasons for concern. Lastly, the group synthesizes this information into a report and communicates the findings through the media and other outlets. In effect, the MSG operates somewhat like a hybrid between an accountability-based NGO and an audit agency— its mandate is to both advocate for transparency and identify discrepancies between construction contracts and outputs. It is not meant to supplant existing government institutions or make accusations of

⁶ See www.constructiontransparency.org for further information on CoST. All descriptions of CoST in this paper refer to the CoST pilot program, which may see changes as the program expands into a larger initiative.

corruption, but simply to demonstrate the value and importance of transparency with the hope that such processes are adopted by the procuring entities themselves.

Although the pilot phase has yet to come to a close, preliminary assessments of CoST suggest that the program has seen both successes and failures. The next section outlines our multi-level framework for understanding MSG barriers.

3. Understanding MSG Barriers: A Multi-level Framework with Applications to CoST

The multi-stakeholder approach brings together a group of individuals to collectively drive a process that aims to alter the surrounding political and social environment, often with a focus on one sector or a specific government responsibility. As discussed, the “nested nature” of MSGs implies multiple barriers to implementation. *Individuals*, with differing personal motivations for participating, comprise the MSG. These individuals must operate effectively as an *organization*, reaching consensus and implementing a range of decisions. The MSG exists within a broader *country context*, embedded among a number of government and social institutions that must accept its legitimacy and provide needed inputs. Lastly, MSGs are part of broader donor initiatives and must contend with *international pressures*.

Distinct challenges arise at these different analytical layers. For some MSGs, the primary barrier to implementation is a low level of personal motivation among membership. For others, organizational dynamics prevent effective decision-making. Other MSGs are internally effective but face issues as they interface with their surrounding socio-political environment. Additionally, MSGs may have difficulties with constraints imposed by the donor community, even as the initiative benefits from strong international support. These barriers may contribute to each other to a degree— an MSG with low levels of external legitimacy may have trouble motivating its membership— but nevertheless it is helpful to conceptualize them separately.

Figure 1 summarizes our framework for understanding MSG barriers. This section outlines the range of issues by considering each layer in turn, drawing on experiences from the CoST pilot countries.

FIGURE 1: Framework for Understanding MSG Barriers to Implementation

	<i>Locus of Barrier</i>	<i>Layer of Analysis</i>
↑	4. International pressures	Donor influences
	3. Country context	Socio-political environment
	2. Organizational dynamics	Stakeholder roles and interactions
	1. Personal motivations	Individual MSG members

3.1 Personal Motivations

At a minimum, for an MSG to be effective, *it must be comprised of members who are fully committed to the cause*. Individuals, the smallest unit of an MSG, represent the first analytical layer. Olson reminds us that in the absence of selective incentives that reward good behavior and punish defection, “rational self-interested individuals will not act to achieve their common or group interests” (1965, p. 2). While ideally all members would conduct their work with professionalism and dedicate themselves to the success of the initiative, two other behavioral patterns can arise as a product of the incentives facing MSG members.

The first barrier to implementation occurs when the initiative has *low prioritization* among the MSG members. A successful initiative produces diffuse societal benefits and perhaps some professional gains for the participants, but participation itself comes with the opportunity costs of time. Members will only be committed if the expected benefits of their participation outweigh these costs. As senior leaders of their respective organizations, MSG members are frequently stretched across several institutional roles, participating in committees and boards in a number of initiatives. Although some members attend meetings as a formal representative of an institution, most members choose to participate on a voluntary basis. It is not surprising that MSG duties may become second priority when members are strained with other time commitments. The net result is empty participation— such members tend to skip meetings, refuse to read emails, and exert minimal effort. They claim to be part of the initiative without really contributing to its success.

A variant of this barrier relates to the dynamic nature of MSGs. If an MSG confronts setbacks or its working environment changes, members may lose interest and move towards patterns of empty participation. Such disengagement may occur because of a heightened workload, pessimism about the impact of the initiative, a lack of personal and professional recognition, or lowered feelings of personal efficacy in contributing to the initiative’s success. Group interactions may compound the problem. If some members lose motivation, they may influence the morale of other members. MSGs fortunate to have committed members initially may ultimately produce weak implementation if members disengage.

The low prioritization issue consistently arises in MSG-driven initiatives. This seems to be an issue in the CoST Vietnam MSG. There, low levels of attendance and generally weak participation have hindered the functioning of the group. Members seem “too busy” to dedicate enough time to fulfill their CoST duties, so much so that some close observers have recommended making each member sign a clear terms of reference (TOR) that outlines official responsibilities. Currently, many of the MSG members complete their tasks infrequently and inconsistently, placing a greater burden on the MSG coordinator and members that are more committed. Despite these issues, implementation has moved relatively quickly in Vietnam, where CoST benefits from high levels of political support.

A second and arguably more intractable challenge arises when members have a *conflict of interest*. Participants are tasked with driving initiatives that seek to change institutions and alter the status quo, but some may have a vested interest in preserving the existing state of affairs. Research consistently cites the

existence of a “high-corruption equilibrium,” where the costs of fighting corruption outweigh its benefits when corruption is pervasive (Cadot, 1987; Andvig and Moene 1990, Goel and Rich, 1989; Bardhan, 1997). Transparency initiatives like EITI and CoST assume that all three stakeholders (public, private, and civil society) have a shared interest and commitment to transparency, yet more transparency may be undesirable for some MSG members, especially if it disrupts existing business relationships or results in the publication of personally damaging information. Such members engage in obstructionist participation, creating discord and blocking decision-making on sensitive issues.

We do not attribute the conflict of interest barrier to a specific MSG in the interest of protecting the working relationships of our interview subjects. Several subjects did in fact assert that certain CoST MSG members were “not really committed to transparency” and were more “part of the problem” than the solution. MSGs are meant to be pockets of good governance in often-compromised institutional environments, but in incorporating existing government actors, they risk contamination. With respect to construction, key government and private sector players are frequently engaged in corruption and unethical business practices themselves. If these sorts of individuals come to participate in the MSG, which the interviews suggest they have in some pilot countries, program implementation will suffer.

3.2 Organizational Dynamics

Even if all the MSG members were fully committed to implementation, *they must be able to reach consensus on relevant decisions and work effectively as an organization*. The second level of analysis concerns organizational dynamics, the ability of the MSG to produce the outputs required by the initiative.

The central organizational barrier confronting MSGs is the *problem of reaching consensus*. MSGs are required to make a number of decisions, and those characterized by frequent disagreements have more difficulty implementing the initiative in a timely manner. This problem gets exacerbated when members have conflicts of interest or do not prioritize the initiative, but two factors contribute to the issue more directly. The first factor is a lack of formal decision-making procedures. Although MSGs do often have a constitutional structure, anecdotal evidence suggests that decision-making is generally very consensual; all or most members must agree on a decision before action is taken. In effect, the MSG operates under principles of unanimity rule, which is time-consuming and inefficient relative to employing simple majority rule or other less-than-unanimity rules (Mueller, 1976, 2003). Requiring full consent is especially problematic if the MSG has a large number of members. The more voices there are in the MSG, the more “veto-players” are present, the more disagreements occur, and the less likely consensus is reached (Tsebelis, 1995).

The second factor contributing to the consensus problem is when MSGs are tasked with making an excessive number of decisions. Tsebelis’ (1995) standard veto-player framework assesses the ability of a system to change the status quo with respect to one decision, but with CoST and other similar initiatives, implementation requires a sequence of decisions. Just as additional members increase the likelihood of

disagreements during MSG meetings, additional decisions also create opportunities for discord. The MSG can easily get overwhelmed and fail to resolve a large volume of choices.

Problems with decision-making have arisen in several CoST MSGs, including the group in Tanzania. As the initiative progressed beyond its early stages, the MSG was called to make more frequent decisions and struggled to keep up with this burden. As one participant describes, “The challenge has been that we need decisions, now that we are in the most critical stage of CoST. These decisions are often required earlier than we think.” Moreover, the MSG has frequently used meeting time to revisit previously resolved debates at the expense of more pressing issues. The MSG coordinator has encouraged members to email their opinions on key questions prior to meetings, but this strategy has proven largely unsuccessful, as many members do not check or read their emails on a regular basis. Observers of the Zambia MSG describe a similar situation, where valuable meeting time is lost debating “mundane decisions” at the expense of broader, more strategic questions.

Beyond the ability to drive implementation forward with efficient decision-making, organizational efficacy requires each member to have the authority and capacity to fulfill his designated role. The multi-stakeholder ideal holds that each stakeholder will have input into the process and contribute its comparative advantage, but in practice, MSGs may be constrained by *imbalances of power and capacity across stakeholder groups*. As suggested in the state-society relations research, civil society organizations may be weak or nonexistent in many developing countries (Bratton, 1989; Rakner, 2010; Fukuyama, 2001). This “missing stakeholder” problem may be particularly pervasive in initiatives concerning complex government processes like construction, as there are generally few local NGOs even focused on such issues, let alone with the capacity to engage effectively. Without effective representation from civil society, an MSG can quickly become dominated by government actors, and the title of “multi-stakeholder group” becomes something of a misnomer.⁷

Experiences from the CoST pilot countries suggest that this “imbalance of capacity” issue is a serious barrier to implementation for many MSGs. The Ethiopian government recently passed the Charities and Societies Act, known locally as the CSO law, which sets up restrictions on non-profit organizations. Any NGO that receives more than 10% of funding from outside sources is considered a “foreign NGO” and is disallowed from conducting activities relating to development advocacy, human rights, democratic governance, and conflict resolution. The law further weakens an already-stunted civil society. Although CSOs comprise 30% of the CoST Ethiopia MSG, there are concerns as to whether civil society will serve as an effective link to the public. Observers of CoST in Zambia and Vietnam have echoed these concerns.

⁷ These power and capacity disparities tend to manifest themselves during multi-stakeholder negotiations. Scholars of multi-stakeholder platforms (MSPs) designed to manage common pool resources warn that for weaker groups, “more often than not, participation is little more than token consultation, with no decision-making power in the hands of the people concerned” (Wester, Merrey, and de Lange, 2003; Faysse, 2006; Edmunds and Wollenberg, 2001).

3.3 Country Context

Even a fully functional MSG may encounter difficulties due to its surroundings. For an MSG to be effective, *the surrounding country context must provide needed MSG inputs and be receptive to MSG outputs*. Here we consider how MSGs interface with their environment, or in North's terms, how organizations contend with institutional constraints (North, 1990). The MSG ideal is implanted in different countries with different norms, different rules, different players, and different technologies, and the local country context may facilitate or hinder implementation.

Many development initiatives face issues of *local legitimacy*, and this barrier to implementation may be particularly high for MSGs. Local actors might perceive the MSG as a foreign construction imposed from the outside, an extra-legal institution with no formal mandate or purpose. In some cases, the stated mission of the MSG may actually duplicate the mission of existing government institutions, such as the auditing or procurement agencies. Any MSG, especially one enjoying donor support, faces the risk of being perceived as redundant or worse, threatening to existing interests.

Among the CoST pilot countries, the MSG in Malawi seems to have struggled most with issues of legitimacy. The CoST program recommends that each country identify a political champion— a well-respected, highly visible person, usually from government, that can foster broader political support for the initiative. In Malawi, the MSG was unable to recruit a champion for several months, and CoST activities proceeded with little support from key government stakeholders. The MSG's formal work plan rightly identifies "resistance to CoST because of fear of exposure on the part of procurement agencies" as a key risk, and expresses worries over "duplicating the functions or activities of other transparency initiatives or work of government bodies" (Malawi CoST MSG, 2009). Eventually, support for the initiative came from President Bingu wa Mutharika himself, and the receptiveness of government stakeholders to CoST dramatically improved over the following months. After significant delays early in the pilot phase, members of the Malawi MSG are now confident that CoST implementation will proceed as planned.

Beyond political support and legitimacy, MSGs are frequently dependent on their surrounding institutional context for program-specific inputs. For CoST, the MSG must hire an independent monitoring team (called the "assurance team") and obtain material contract information from one or many procuring entities. Some MSGs may also need to register as a formal organization. Multi-stakeholder initiatives assume that MSGs will be able to obtain these sorts of "needed inputs," but implementation can be significantly hindered if the country context does not provide what the initiative requires.

CoST countries with highly motivated, well-functioning MSGs have been delayed by the *low availability of needed inputs* issue. In the Philippines, commercial laws and practices dictate that no organization can receive funds without obtaining registration as a formal legal personality. Funding for the MSG was originally allocated to the national treasury, but complicated legal requirements prevented the funds from being disbursed to the MSG. As a result, CoST implementation saw a "laggard first year" where the MSG operated largely without funding or formal status. Despite these setbacks, the Philippines MSG has

succeeded in fulfilling its mandate, publishing the material project information for 10 construction contracts on a government website.

The Ethiopia MSG, endowed with committed members that meet twice per month and “even work on weekends,” was nevertheless delayed when it tried to hire consultants for its assurance team. In line with best practices, the MSG issued an open tender and received proposals from a number of parties, but the qualifications of the consultants were deemed insufficient for the job. The MSG had to restart the tender process and recruit more broadly to find consultants, which made that implementation phase much lengthier than originally planned.

3.4 International Pressures

The fourth layer of analysis is international. Even if MSG members work effectively as an organization and overcome issues posed by their country context, *they are accountable for the requirements posed by the donor community.*

The realities of the funding process dictate that a project has a fixed timeline so that monitoring and evaluation can occur. Some initiatives also have multiple phases, and funding is continually reevaluated before subsequent phases are formally launched. MSGs are given funding and a deadline for when to complete their list of tasks, but they frequently complain of having *insufficient time* as a result of the myriad of challenges outlined previously. Simply setting up an MSG may take months, and the groups are generally not designed for fast, efficient decision-making. Moreover, the uncertainties created by the funding process may ultimately weaken MSGs during crucial moments in their operation.

The CoST pilot phase is scheduled to end in October 2010, and many of the MSGs interviewed were unclear how the program will proceed past the pilot phase, or if it would even proceed at all. Most were just beginning to overcome barriers to implementation and felt “rushed” to complete their list of tasks. One MSG coordinator put it bluntly: “We need more time.” Donor pressures and timelines, while necessary from a process standpoint, seem to have undermined implementation by creating doubts over the sustainability of the MSG. It is telling that for every single CoST pilot MSG, insufficient time emerged as a key issue.

It is important to emphasize that there must always be a balance between international pressure and local ownership. Initiatives like CoST and EITI are accompanied by substantial international architecture dedicated to supporting and motivating the MSGs. Without any international guidelines, deadlines, or support, it is doubtful if the initiatives would have achieved as much as they have. International institutions must apply just enough pressure to spur compliance, but not too much as to become counterproductive.

TABLE 1: Primary MSG Barriers to Implementation and their Relevance for CoST Pilot Countries

	Ethiopia	Malawi	Philippines	Tanzania	Vietnam	Zambia	Guatemala
Personal motivations							
Low prioritization				X	X		X
Conflicts of interest	<i>Barrier not attributed to specific countries to protect working relationships of interview subjects</i>						
Organizational dynamics							
Difficulty reaching consensus				X	X	X	
Imbalance of power/ capacity across groups	X				X	X	
Country context							
Lack of legitimacy and external support		X				X	
Needed inputs unavailable	X		X	X			
International pressures							
Insufficient time	X	X	X	X	X	X	

Note: X indicates that a barrier is considered a primary challenge in the pilot country.

3.5 Summary of MSG Barriers in CoST Pilot Countries

Multi-stakeholder groups face a host of barriers as they seek to implement development initiatives. Table 1 provides an overview of the different barriers in the four levels of analysis as they have occurred in the CoST pilot countries.⁸ The assessments on whether or not a barrier is present in a given country are necessarily subjective; similar interviews were conducted across countries, and close observers tended to identify certain issues that applied to their MSG. It is likely that all of the challenges are present in each country to a degree. The “X” indicators serve merely to identify instances where a barrier emerged as particularly salient.

The multi-stakeholder approach seems to face different barriers in different countries. For some MSGs, like that in Vietnam, the main challenge is to make members more committed to the task at hand. In other countries, like Ethiopia and Zambia, the MSG suffers from an imbalance of power/capacity and concerns about whether civil society can be an effective stakeholder. Some countries, like the Philippines and Malawi, have relatively high-functioning MSGs that get delayed by country-level constraints.

Although the barriers may vary across countries, the purpose of this paper is to show it is possible to view the problem systematically in terms of a general framework. For a given MSG, if we understand at what level (individual, organizational, country-level, or international) the obstacles are occurring, we can more quickly identify the specific barrier and its root causes.

4. Policy Perspectives

The previous section presented a number of barriers facing MSGs, but what are the ways to overcome these barriers? Interviews with the CoST MSGs and close observers suggest a number of creative ways to mitigate the numerous constraints, some of which are outlined below.

With respect to the low prioritization barrier, some MSGs have considered *professionalizing membership* with the hope of getting more committed participation. As suggested by those close to the CoST MSG in Vietnam, multi-stakeholder groups might be well served to have their members sign a formal terms of reference (TOR). This would make the responsibilities and time burdens of MSG membership clearer from the beginning, deterring potential participants that would be inclined towards empty participation. Beyond a TOR, some CoST MSGs have suggested hiring members as full-time employees. Currently the burden of CoST implementation and logistics rests heavily on the MSG coordinator, the only full time employee in the pilot countries. Expanding local administrative capacity in this way might mitigate some of the problems associated with having the initiative driven by volunteers.⁹

⁸ Guatemala is considered an associate country, not a pilot country, but is included as an additional reference point. The United Kingdom is a CoST pilot country but is excluded from the discussion because its CoST members were not available for interviews.

⁹ The MSG in Guatemala mitigated the low prioritization issue by simply substituting out members who had not demonstrated sufficient commitment.

TABLE 2: MSG Barriers to Implementation and Potential Solutions

<i>Barriers to implementation</i>	<i>Potential solutions</i>
Low prioritization: MSG members do not have enough time to devote to CoST, attendance and productivity suffer	Professionalize the MSGs by having each member sign clear TOR, consider more formal payment scheme
Conflicts of interest: Members of MSG have vested interest against CoST, as it will threaten business or career interests	Conduct member selection with awareness of specific personalities and interests Place MSG within government agency within demonstrated commitment to initiative
Difficulty reaching consensus: MSG has problems working as a group and reaching decisions	Reduce number of decisions considered by MSG, delegate more authority to local secretariat Reduce size of MSG to facilitate discussion and decision-making capacity Establish formal decision-making rules that do not require unanimity
Imbalance of power/capacity across groups: MSG dominated by government actors, civil society does not effectively engage	Attempt to tilt MSG composition in favor of naturally weaker stakeholders Engage in technical training for weaker actors, encourage development of CSOs with initiative-related focus
Lack of legitimacy and external support: MSG does not have sufficient political support and domestic legitimacy	Advocate initiative to high-level officials, using influences from international community Create broader “General Assembly” that includes larger number of stakeholders, allowing MSG to communicate value of initiative and progress to date Emphasize non-controversial program elements
Needed inputs unavailable: MSG progress derailed when initiative inputs are not present	Give participant countries the flexibility to tailor the initiative to the local context
Insufficient time: Deadlines and funding uncertainties undermine implementation	Allow more local ownership of timelines and deadlines Create positive incentives for timely implementation

The conflict of interest problem is more unwieldy. One observer commented, “It is ridiculous to think that MSGs are all ‘good.’ If the wrong people are selected to participate in the MSG from the onset, it is likely that the initiative will fail.” Some MSG members believe that the issue tends to arise when control of a program is given to a government agency that may view the initiative as threatening. For CoST, which seeks to promote transparency in construction, public works and construction agencies may be part of the problem, and representatives of those agencies may be vulnerable to conflicting interests. *Institutionalizing the MSG within an agency with a demonstrated commitment to the initiative* may naturally reduce the conflict of interest problem. CoST participants have repeatedly suggested that MSGs be housed in local finance ministries, which have a stronger interest in transparency.

A number of solutions have been proposed to improve prospects for MSG consensus. The simplest, and potentially most effective remedy is to *reduce the number of decisions considered by the MSG*. MSGs are cumbersome bodies by design, capturing diverse perspectives in a single authority. Yet many of the decisions taken on by MSGs may not be critical to the initiative, nor do they require the approval of the entire stakeholder body. For CoST, it is necessary to hire a team of independent consultants to oversee the assurance process, but it may not be necessary for the MSG to reveal the personal qualifications of all of these members. Such low-level, operational decisions should be delegated to the local secretariat or coordinator, giving the MSG more time to debate and reach consensus on the questions that truly matter.

One solution to the imbalance issue is to *tilt the composition of the MSG in favor of naturally weaker stakeholders*. The typical CoST MSG has membership equally allocated between government, private sector, and civil society representatives, but if civil society organizations are weaker for a certain country, the initiative could recommend increasing the percentage of MSG seats allocated to that stakeholder. Other, more critical observers have argued that shifting the composition of the MSG in favor of weaker stakeholders is insufficient; if a stakeholder has a weak presence in a country, simply allocating it more seats will not be enough to make it effective in the MSG context. A more comprehensive strategy is to *engage in technical training and capacity building for weaker actors, encouraging the development of the stakeholder itself*. CoST MSGs are generally handicapped by the lack of NGOs with a focus on construction. In the Philippines, a country with a thriving NGO sector, it took several years and previous initiatives to strengthen citizen and road user groups like Road Watch, which are now able to effectively monitor project implementation. While including CSOs in an MSG may help increase their legitimacy, more basic, NGO development strategies may be needed to promote effective civil society representation in the long run.

To promote broader buy-in among stakeholders, all communication about the initiative should *emphasize non-controversial program elements*. One of the ultimate aims of CoST and EITI is to curb corruption, but very little of the communication surrounding the initiatives focuses on their anti-corruption motive, as that would potentially alienate key government players. Instead, the initiatives are billed as promoting efficiency and cost savings; CoST’s official mission is to allow countries to get “value for money” in construction. Appropriate messaging, coupled with broader advocacy efforts to senior leadership, can help foster legitimacy.

MSGs consistently fail to meet fixed external deadlines, and one alternative solution is to *create positive incentives for timely implementation*. As in EITI, countries can be awarded different levels of certification for complying with an initiative. Countries that fail to implement the initiative will not get credit for nominal efforts. As one observer in Guatemala commented, the MSGs would “take pride in getting certified and would not want to be embarrassed by not getting certified.” Certification could also help members obtain professional recognition for success, inspiring committed participation.

As the CoST experiences attest, the barriers facing MSGs vary significantly from country to country, context to context. As such, there is no single solution that will make MSGs more effective in every country. Each MSG must be assessed, its specific issues diagnosed, and the appropriate remedies employed.

5. Conclusion

If this note has one overarching theme, it is that the barriers to implementation facing MSGs are substantial. For an MSG to be successful, it must find committed members willing to give their time and efforts at sometimes-great personal cost. These members must work effectively as a group to reach consensus on a large volume of decisions. They must balance power and responsibility evenly across stakeholders, and each member must have the capacity to fulfill his role. The MSG must be deemed legitimate by surrounding government and social institutions. It must be provided with the inputs it needs. It must do all this in accordance with the guidelines and timelines stipulated by the donor community.

Of course, the barriers outlined here afflict MSGs in different ways. Some MSGs face crises of membership commitment, while others face crises of legitimacy. When MSGs are used, supporting international bodies must consider each MSG as an individual, diagnosing its problems and offering the appropriate type of support. Current international efforts focus largely on capacity-building workshops, which in itself is unlikely to solve the range of difficulties facing MSGs. More tailored, barrier-specific prescriptions are needed.

This is not to say that each MSG faces its own unique, never-before-seen issues. The analysis here suggests that MSG barriers are amenable to generalization. The same problems, wearing new local disguises, arise again and again. MSGs are to be treated as individuals, yes, but we must recognize symptoms that we have seen before.

With these issues in mind, the remaining question is whether or not using MSGs is necessary or desirable relative to alternatives. Although more and more initiatives rely on MSGs for implementation at the local level, it is surely infeasible for every development initiative to be accompanied by a multi-stakeholder group. Prominent members of government, civil society, and the private sector would quickly be overwhelmed, tapped to participate in the hundreds of MSGs proliferating throughout the country. In

some cases, it may be preferable to work only with government actors, or dedicate resources to improving civil society capacity.

In those cases where an MSG seems necessary to create momentum for an initiative, the specific responsibilities given to the MSG must be thoughtfully considered. The CoST experiences suggest that MSGs are best used as a means of promoting dialogue and building consensus, not as the locus of policy implementation and oversight. Although it is not the purpose of this article to evaluate the CoST program design, it does seem counterproductive to create an oversight body comprised of the very people whom the initiative is trying to make more accountable. The MSG is not independent, and as such, its processes may be influenced and captured from actors on the inside, creating additional opportunities for corruption. As one observer noted, the net result of the current configuration is that the MSGs most prone to capture are precisely those in places where transparency is needed most.

This risk of capture, coupled with the fact that MSGs tend to be cumbersome and slow to reach decisions, suggest that initiatives may be better served to house implementation and oversight authority in an independent, local secretariat with a professional full-time staff. The MSG would be formally separated from the sensitive decisions that are prone to capture. Instead, it would serve as a forum for discussion of key issues and dedicate its efforts to building a supportive anti-corruption coalition. CoST is taking a welcome shift in this direction as it moves beyond the pilot phase. The program will likely include certification processes and require legal reform before a country is eligible to participate. The role of the MSG may shift accordingly, with government actors responsible for policy change, and the MSG dedicated to building legitimacy and fostering engagement.

There is something valuable in bringing stakeholders together, to be sure. We should not abandon this MSG ideal, but acknowledge its limitations and think critically about when and where MSGs will succeed and fail.

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