



**Delna**

SABIEDRĪBA PAR ATKLĀTĪBU  
TRANSPARENCY INTERNATIONAL  
LATVIJAS NODAĻA

**Integrity Pacts EU: Civil Control  
Mechanisms for Safeguarding EU Funds  
Development of the Riga Tram  
Infrastructure**

**Transparency International Latvia (Sabiedrība par atklātību – Delna)** is a national chapter of the international coalition against corruption Transparency International. It is the leading watchdog organization in Latvia with the main aim of contributing to the formation of an open, just and democratic society, free from corruption in private and public sectors and interpersonal relationships.

#### **Integrity Pacts EU: Civil Control Mechanisms for Safeguarding EU Funds – Development of the Riga Tram Infrastructure**

This publication was produced as part of the project “Integrity Pacts: Civil Control Mechanisms for Safeguarding EU funds”, funded by the European Commission. The content of this publication is the sole responsibility of the coordinators of this project and does not necessarily reflect the views or official policies of the European Commission.



Author: Antonio Greco (Transparency International Latvia)

Cover: William Daigneault / Unsplash

Acknowledgements: We would like to thank the European Commission for their financial support that made this research possible. We thank our colleagues Ivan Zupan and Rafael García Aceves at the Transparency International Secretariat for their comments on earlier versions of the report.

Free download of this report available at [www.delna.lv](http://www.delna.lv)

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of December 2020. Nevertheless, Transparency International Latvia cannot accept responsibility for the consequences of its use for other purposes or in other contexts. This report reflects Transparency International Latvia’s opinion.

© 2021 Transparency International Latvia. All rights reserved. Reproduction in whole or in parts is permitted, providing that full credit is given to Transparency International Latvia and provided that any such reproduction, in whole or in parts, is not sold or incorporated in works that are sold. Written permission must be sought from Transparency International Latvia if any such reproduction would adapt or modify the original content.

# Content

**Executive Summary – p.4**

**1 – Introduction – p.7**

**2 – Introduction to the monitored project – p.9**

**2.1 – Development of Riga Tram Infrastructure – p.9**

**2.2 – Objectives of the IP pilot in Latvia – p.10**

**3 – Implementation of the project – p.11**

**3.1 – Set-up of the monitoring team and signature of the IP – p.11**

**3.2 – Monitoring activity – p.12**

**3.3 – Bringing the IP to Latvia’s municipalities – p.17**

**4 – A concise assessment of the impact of the project – p.18**

**5 – Conclusions and Recommendations – p.19**

## Executive Summary

This report provides a summary of Transparency International Latvia's (TI Latvia) implementation of the Integrity Pacts (IP) – a tool for the civic monitoring of public contracting – to monitor procurements for the development of the tramline infrastructure in Riga.<sup>1</sup> The project, implemented between 2016 and 2020, was part of a larger initiative, led by the Transparency International Secretariat and funded by the European Commission, to pilot the IPs for the monitoring of EU-funded projects in 11 European countries.<sup>2</sup>

The monitored procurement project, implemented by the municipal enterprise Riga Traffic, sought to improve access to public transport and foster development in the Skanste district north-west of Riga. With a funding of €97 million (around 70% of this amount coming from EU Cohesion Funds), it was initially expected to run until 2023.<sup>3</sup> However, it was terminated in May 2019 due to bad governance and unacceptably high corruption risks, made evident by the exposure of a corruption case involving Riga traffic for procurements taking place between 2013 and 2016.

As shown in this report, the implementation of the IP brought positive results, including identification and resolution of irregularities in the procurement process, increased transparency and access to information related to the tenders, as well as increased willingness of Latvia's public authorities to further pilot the IPs in Latvia's municipalities. At the same time, it has provided important lessons on the need for improved citizen engagement and involvement of independent experts in large-scale infrastructure projects and has allowed TI Latvia to identify pathways for the future implementation of the IPs in the country.

## Monitoring

Since the signature of the IP in November 2016 up to the termination of the procurement project in May 2019, TI Latvia, supported by a legal consultant and an expert in construction works, monitored a total of four procurements and published three monitoring reports, which provide a detailed account of the policy recommendations advanced to Riga Traffic and identify concerns emerged throughout the procurement process. These are all available on TI Latvia's website.<sup>4</sup>

In the first procurement for the development of the construction project of the tramline, TI Latvia identified a number of technical requirements in the tender documents, which appeared to significantly restrict the number of bidders. After the procurement was announced despite such risks, TI Latvia requested the independent assessment of the Procurement Monitoring Bureau, which in turn issued an opinion asking Riga Traffic to cancel the procurement and re-draft the documents according to fairer and more economically advantageous evaluation criteria.

In redrafting the documents for the first procurement, Riga Traffic took on board most of the recommendations provided by TI Latvia, including online provision of the documentation (previously it was available only at Riga Traffic's premises) and the inclusion of clauses to ensure timely and accountable delivery of work in the contract with the winning bidder, which also signed the Integrity Pact. During the

---

<sup>1</sup> [https://delna.lv/lv/intergritates\\_pakts\\_2016/](https://delna.lv/lv/intergritates_pakts_2016/)

<sup>2</sup> <https://www.transparency.org/en/projects/integritypacts>

<sup>3</sup> <https://www.esfondi.lv/es-fondu-projektu-mekletajs/project?number=4.5.1.1%2F16%2F1%2F002>

<sup>4</sup> [https://delna.lv/lv/intergritates\\_pakts\\_2016/uzraudzitie-iepirkumi/](https://delna.lv/lv/intergritates_pakts_2016/uzraudzitie-iepirkumi/)

bidding process, TI Latvia also identified and reported a potential case of document forgery, later dismissed by the State Police.

In the second procurement, related to the delivery of 12 low-floor trams, TI Latvia identified a number of technical, evaluation and scoring criteria in the bidding documents which deemed as unnecessarily restricting competition. However, Riga Traffic made only minor modifications to the bidding documents. The procurement was cancelled in January 2019 after corruption investigations on Riga Traffic. Subsequent media reports revealed how restrictive technical criteria were probably a key factor in the corrupt procurement of transport vehicles between 2013 and 2016.<sup>5</sup>

In the third procurement for the reconstruction of the tram infrastructure, TI Latvia also identified restrictive pre-selection requirements and a complex bureaucratic process to obtain the necessary clearances to carry out construction work in Latvia, which were deemed as restricting competition. While some of TI Latvia's recommendations to address these issues were taken on board. This procurement was also cancelled in early January.

Following the appointment of an entirely new board of Riga Traffic after the exposure of a potential earlier corruption case, TI Latvia worked with the new procurement commission to improve the tender documents for the cancelled procurements on the low-floor trams and construction of the tramline. However, as a result of bad governance and unacceptably high corruption risks, in May 2019 the Central Finance and Contracting Agency decided to unilaterally terminate the contract for the disbursement of EU Funds to Riga Traffic, which led to the cancellation of the procurement project.

## Challenges in Communication and Citizen Engagement

Communication and citizen engagement in the course of the project was made difficult by a number of factors including politicisation of the project, tensions related to the planned construction works for the tramline, as well as misunderstandings about TI Latvia's role in the procurement process. TI Latvia also faced opposition from prominent political figures, who claimed that the goal of the project was to brainwash Latvia's society with extreme liberal thought.<sup>6</sup> In response, TI Latvia made efforts to increase the visibility and understanding of the purpose of the IP and clarify its role as monitor of the procurement.

The plans for the new tramline to pass through an historically and culturally important cemetery prompted the emergence of civic groups, such as "The Graveyard friends", strongly opposing the project. To the extent possible, TI Latvia sought to ease tensions with these groups by explaining the purpose of the IP and the role they could play in the monitoring of the procurement. However, such intermediation efforts were partly compromised by the lack of willingness by public authorities to involve citizens in the process, exemplified by the issuing of the construction permits for the tramline without prior public consultation.<sup>7</sup>

---

<sup>5</sup> <https://www.lsm.lv/raksts/zinas/ekonomika/kapec-vajag-motoru-pie-katra-ritena-aizliegtais-panemiens-peta-rigas-tramvaju-iepirkumu.a307550/>

<sup>6</sup> [https://www.ventspils.lv/lat/pilseta\\_parvalde/115589-video:-lembergs:-lpa-nosutijusi-vestules-ek-par-delnas-uzraudzibu-skanstes-tramvaja-projekta](https://www.ventspils.lv/lat/pilseta_parvalde/115589-video:-lembergs:-lpa-nosutijusi-vestules-ek-par-delnas-uzraudzibu-skanstes-tramvaja-projekta)

<sup>7</sup> <https://delna.lv/lv/2018/12/18/atbildigi-ir-rikot-publisko-apspriesanu/>

## Advocacy

After the suspension of the tramline project, TI Latvia focused on the future of the Integrity Pacts in Latvia and broader aspects of civic monitoring of public procurement at the local level. This led to the inclusion, in the 4<sup>th</sup> Open Government Partnership (OGP) Action Plan (2020-2021) of a commitment to be implemented by the Procurement Monitoring Bureau and TI Latvia and envisaging the piloting of the IPs in three Latvian municipalities.<sup>8</sup> In the coming months, TI Latvia will support the implementation of the commitment, applying the lessons learned through the IP pilot on the Riga tramline.

At the same time, throughout the implementation of the IP, TI Latvia could also acknowledge a broader effort by the government to improve in the transparency and effectiveness of the public procurement system. Amongst other things, this included the set-up of a centralized procurement database available in open format<sup>9</sup> and the release of a database to monitor construction works in the country. In the framework of the 4<sup>th</sup> OGP Action Plan, the government also foresees the provision of structured data on public procurement contracts, which is a promising step forward towards further innovation of the system.

## Recommendations

Based on the results of the project, TI Latvia has identified a number of possible actions that could be undertaken to improve Latvia's public procurement system and civic engagement therein:

### **Improving Latvia's public procurement system**

- **Evaluation of the implementation of internal whistleblowing mechanisms established by public institutions with more than 50 employees in accordance with the 2018 Whistleblowing Law**
- **Introduction of whistleblowing mechanisms for all EU-funded large-scale infrastructural projects, regardless of the number of employees of the organisations involved**
- **Mandatory involvement of independent experts in procurements for strategic large-scale infrastructural projects funded by the EU**
- **Adoption of international standards for the provision of open data on the entire procurement cycle of large-scale infrastructural projects**

### **Improving the implementation of the IPs and civic engagement in procurement monitoring**

- **Application of the IP Model Agreement for Infrastructure, which features involvement of civil society already in the project planning phase**
- **Development of innovative technological solutions to match demand for and supply of procurement monitoring expertise and to build civic monitoring capacity**

---

<sup>8</sup> [https://www.opengovpartnership.org/wp-content/uploads/2020/01/Latvia\\_Action-Plan\\_2019-2021\\_EN.pdf](https://www.opengovpartnership.org/wp-content/uploads/2020/01/Latvia_Action-Plan_2019-2021_EN.pdf)

<sup>9</sup> <https://www.iub.gov.lv/lv/mekletiepirkumus> ; <https://bis.gov.lv/bisp/>



# 1 – Introduction

Civic engagement in the monitoring of public procurement and public investments has become one of the top priorities in the global agenda. In the EU alone, corrupt bidding processes have increased annual contract costs by €5 billion<sup>10</sup>, with potential deleterious effects on citizens' trust in public institutions, quality of public services and worsening of business environment. The sheer amount of financial resources that will be invested in EU countries in response to the Covid-19 crisis has made it all the more important that public procurement is based on principles of transparency, accountability and citizen participation.

In the early 1990s, Transparency International has launched the Integrity Pacts (IPs). An Integrity Pact is both a signed document and an approach to public contracting which commits a contracting authority and bidders to comply with best practice and maximum transparency.<sup>11</sup> Under the Pacts, the entire procurement process is supervised by an independent monitor, often from civil society, which works to ensure that signatories' commitments are upheld, and that the bidding and contract implementation are fair and transparent, by publishing monitoring reports on an ongoing basis.

Between 2016 and 2020, Transparency International Latvia (TI Latvia) has piloted the Integrity Pacts to monitor procurements for the EU-funded “Development of the Riga Tram Infrastructure”, carried out by the municipality-owned enterprise Riga Traffic. The IP project in Latvia was part of a larger initiative, led by Transparency International and funded by the European Commission, to pilot the IPs for the monitoring of EU-funded projects in 11 European countries.<sup>12</sup>

The monitored procurement project, implemented by the municipal enterprise Riga Traffic, sought to improve access to public transport and foster development in the Skanste district north-west of Riga. With a funding of €97 million (around 70% of this amount coming from EU Cohesion Funds), it was initially expected to run until 2023. However, it was terminated in May 2019 due to bad governance and unacceptably high corruption risks, made evident by the exposure of a corruption case involving Riga traffic for procurements taking place between 2013 and 2016.

This report provides a concise summary of the implementation of the IP pilot in Latvia, with an emphasis on the impacts of the project and lessons learned in terms of procurement monitoring, communication and citizen engagement. Section 2 introduces the monitored project and the objectives of the Integrity Pact pilot in Latvia. Section 3 describes the implementation of the project throughout all its main phases. Section 4 provides a concise overview of the main results of the project. Finally, section 5 draws the conclusions provides recommendations to the government and civil society practitioners.

The implementation of the IP brought positive results, including identification and resolution of irregularities in the procurement process, increased transparency and access to information related to the tenders, as well as increased willingness of Latvia's public authorities to further pilot the IPs in Latvia's municipalities. At the same time, it has provided important lessons on the need for improved citizen engagement and involvement of independent experts in large-scale infrastructure projects and has allowed TI Latvia to identify pathways for the future implementation of the IPs in the country.

---

<sup>10</sup> RAND Corporation (2016), 'The True Economic Cost of Corruption in Europe', <https://www.rand.org/news/press/2016/03/22.html>

<sup>11</sup> <https://www.transparency.org/en/tool-integrity-pacts>

<sup>12</sup> <https://www.transparency.org/en/projects/integritypacts>

## 1.1 – Note on Analytical Framework and Methodology

This report was written following Transparency International’s “Impact Monitoring Approach”, which was developed and adopted in 2014 with the aim of building a more robust body of evidence regarding what works in the stopping of corruption, as well as why and how.<sup>13</sup> At the base of TI’s Impact Monitoring approach is the “Impact Matrix”, an analytical lens that is used regularly and systematically in projects and initiatives to monitor their progress in achieving change that leads to a reduction in corruption.

The Impact Matrix outlines two main areas of change to be achieved:

- **Policy and institutional change** – to ensure that public and private actors at the national and international level have all the necessary mechanisms, policies or laws in place to prevent and address corruption and promote good governance.
- **Behaviour change** – individuals, communities, civil society organisations and social movements act systematically to promote global good governance and prevent corruption.

The Impact Monitoring Approach has been used by all TI Chapters and organisations involved in the Integrity Pacts pilot initiative. In 2017, TI Latvia elaborated a planning document outlining the changes to be achieved with the project. The progress in achieving these changes was regularly monitored throughout the project and updated when necessary. Upon termination of the project, in May 2020, a final assessment of the progress achieved, was carried out based on the evidence collected throughout the project. This report is a public summary of such exercise.

The main source of data and information for this report came from TI Latvia’s internal documents and technical reports on the project, which were submitted to the European Commission in the course and at the end of each year. To allow for a better understanding of the context and actor, the internal resources were integrated with public resources such as media articles and official documents, as well as qualitative data collected through interviews with main stakeholders.

---

<sup>13</sup> Transparency International (2015), ‘Are we on the road to impact? – Transparency International Monitoring Guide’



## 2 – Introduction to the monitored procurement project

### 2.1 – Development of the Riga Tram Infrastructure<sup>14</sup>

The EU-funded procurement project chosen for the application of the Integrity Pacts pilot in Latvia was the “Development of Riga Tram Infrastructure”, whose goal was to improve traffic viability in the Skanste district, situated in the north-west part of Riga, and contribute to its development. The project, with a funding of around €100 million, was planned to run from 2016 until 2023. While the authority responsible for the procurement was the municipal enterprise Riga Traffic, the authority in charge of managing EU funds was the Central Contracting and Finance Agency (CFLA), under the supervision of the Ministry of Finance.

Skanste has been considered one of the most promising neighborhoods in Riga. The number of residents has grown by 165% between 2006 and 2015, and its current population of 12.000 is expected to more than double in the coming decade. While at present it has a concentration of modern office buildings and large-scale venues for sports and entertainment events, such as the Olympic Sports Center and Arena Riga, a number of projects for the construction of new real estate, cultural venues and recreational spaces is expected to make it even more attractive to residents, visitors and foreign investors.<sup>15</sup>

Despite the observed development of the district, there have been complaints by residents and visitors about poor access to public transport and a lack of parking spaces in the area. This not only has caused difficult mobility during large-scale events but has also ran counter the envisaged plans to transform Skanste in the “modern centre of Riga”. As such, the procurement project for the construction of a new tramline in the area aimed to solve these problems, through the execution of the following works:

- Renovation of one section of the existing tram infrastructure (3 km) and construction of a new section (3,6 km);
- Purchase of 12 low-floor trams;
- Construction of 11 new tram stops, one new substation, contact network and power supply cables and local carriageways;
- Reconstruction of one substation and existing streets, relocation of engineering communications and development of traffic management system

The total net funding allocated for the implementation of the project amounted to €97,4 million. Out of these, €65,6 million (67,42%) were provided by the EU Cohesion funds; €27,4 million (28,13%) by Riga Traffic as co-funding for the project; and €4,3 million (4,45%) by Latvia’s State Budget. In relation to the envisaged procurements, €51,8 million (53%) were destined to construction works; €42 million (43%) for the purchase of vehicles; €240.000 to the management of traffic, with additional €3,32 million allocated for supplementary works.

---

<sup>14</sup> <https://www.esfondi.lv/es-fondu-projektu-mekletajs/project?number=4.5.1.1%2F16%2F1%2F002> ;  
[https://www.rigassatiksmes.lv/files/rigas\\_tramvaju\\_infrastruktur\\_atisriba\\_majaslapa\\_papildinats\\_e14df.pdf](https://www.rigassatiksmes.lv/files/rigas_tramvaju_infrastruktur_atisriba_majaslapa_papildinats_e14df.pdf)

<sup>15</sup> <https://www.tvnet.lv/6910844/stagnacija-vai-klusa-attistiba-kas-patlaban-notiek-skanste>

## 2.2 – Objectives of the Integrity Pacts pilot in Latvia

The choice to apply the Integrity Pacts to the procurement project for the development of the Riga tramline was driven by a number of factors. Public procurement is one of the most vulnerable areas to corruption in Latvia, affected by problems such as favouritism in the awarding of public contracts and limited access to information about procurement procedures.<sup>16</sup> These problems are exacerbated by a lack of resources and capacity of the Procurement Monitoring Bureau (PMB) and a small and weak civil society in the country, which makes it difficult to ensure civic monitoring of public works.

The goal of the Integrity Pacts pilot in Latvia was to contribute to the solution of these problems, by fostering policy and institutional change in the public sector and behaviour change in civil society. In particular, as set out in the internal strategy outlined at the beginning of 2017, the project aimed to foster:

- **Better institutional processes and improved enforcement of policies** – including increased level of trust among the contracting authority, bidders and other stakeholders as well as improved transparency and accountability of the procurement process and improved integrity performance among winning bidders;
- **Policy adoption and amendment** – including adoption of legislation for the broader application of the IP tool in Latvia as well as introduction of regulation mandating municipalities to implement the Construction State Office Web Database.
- **Citizen engagement in procurement monitoring** – including consultations with and capacity-building of communities affected by the procurement project to oversee the execution of public works and report potential wrongdoings.

While the main strategy to achieve these objectives consisted in the monitoring of the procurement process and the provision of recommendations to Riga Traffic and other authorities involved in the project, other relevant activities included a mix of communication and awareness-raising initiatives as well as workshops and trainings with affected communities to explain them how they could actively contribute to the monitoring in the framework of the IP.

---

<sup>16</sup> <https://www.ganintegrity.com/portal/country-profiles/latvia/>

## 3 – Implementation of the project

### 3.1 – Set-up of the monitoring team, negotiation and signature of the IP

In the first months of 2016, TI Latvia set up the monitoring team for the IP project. This comprised a project manager, a project coordinator and a communication officer from TI Latvia's internal staff, as well as a legal consultant with expertise in public procurement, hired in summer 2016, and a construction expert, hired in June 2017. Both experts were recruited through an open tender announced on TI Latvia's website.<sup>17</sup> Finding the tramline expert was harder than expected due to the different technical characteristics of Riga's tramline system compared to those in Western Europe.

Throughout 2016, TI Latvia carried out negotiations for the elaboration and signature of the Integrity Pact Monitoring Agreement with Riga Traffic and other public authorities. To ensure agreement on the content of the document, TI Latvia held more than 10 meetings with Riga Traffic, the Central Finance and Contracting Agency (CFCA), the Procurement Monitoring Bureau (PMB), the Ministry of Transport and the Ministry of Finance. The Monitoring Agreement was officially signed on 25 November 2016.<sup>18</sup>

The Monitoring Agreement stated TI Latvia's monitoring team's rights to attend all the meetings of the procurement commission for the tramline project, unrestricted access to all information and documentation, as well as the requirement for Riga Traffic to mandate winning bidders, including sub-contractors, to sign the IP. Initial disagreements with Riga Traffic over TI Latvia's right to access classified information were overcome with the signature, by TI Latvia's monitoring team, of a binding agreement not to share confidential information and consult with Riga Traffic in situations of uncertainty.

#### Politicization of the project and challenges in communication about the IP

Since the beginning, the monitored project was characterized by political disputes and tensions, exacerbated by the proliferation of information on the project by different interest groups, often with contrasting views about its need and expected benefits. As a result, the functions of the IP and the role of TI Latvia were often questioned and at times misunderstood by the media and other actors. A number of journalists focused mostly on the amount of funding provided to TI Latvia for the monitoring and its role in the decision-making process about the new tramline's location, rather than on the potential benefits of the IP as such.<sup>19</sup>

In the course of the project, TI Latvia also faced attacks and accusations from political actors that the Integrity Pact was trying to influence Latvian society with "extreme liberal" thoughts" and that the allocation of funds to TI Latvia by the European Commission was rigged.<sup>20</sup> This not only complicated TI Latvia's efforts to monitor the procurements for the tramline and work smoothly with the procurement commission, but it also costed extra time and resources for legal expenses.<sup>21</sup>



<sup>17</sup> <https://delna.lv/lv/2017/05/18/iepirkums-konsultaciju-sniegsana-buvniecibas-iautajumos-integritates-pakta-projekta-ietvaros-2/>

<sup>18</sup> [https://delna.lv/wp-content/uploads/2016/12/RS\\_Delna\\_ligums\\_25.11.pdf](https://delna.lv/wp-content/uploads/2016/12/RS_Delna_ligums_25.11.pdf)

<sup>19</sup> See for example <http://puaro.lv/tiesiskums/delna-sanems-300-000-eiro-no-kapu-tramvaja-projekta/>  
<http://www.kasjauns.lv/lv/zinas/237943/85-eiro-par-viena-sliezu-metra-uzraudzibu-projekta-vel-nav-bet-delna-jau-agitejot-par-kapu-tramvaju>

<sup>20</sup> See for example [https://www.ventspils.lv/lat/pilseta\\_parvalde/114628-video:-lembergs:-vestule-par-delnu-parsutita-eiropas-komisijai](https://www.ventspils.lv/lat/pilseta_parvalde/114628-video:-lembergs:-vestule-par-delnu-parsutita-eiropas-komisijai) ;  
[https://www.ventspils.lv/lat/pilseta\\_parvalde/115589-video:-lembergs:-lpa-nosutijusi-vestules-ek-par-delnas-uzraudzibu-skanstes-tramvaja-projekta](https://www.ventspils.lv/lat/pilseta_parvalde/115589-video:-lembergs:-lpa-nosutijusi-vestules-ek-par-delnas-uzraudzibu-skanstes-tramvaja-projekta)

<sup>21</sup> <https://delna.lv/lv/2018/02/08/delna-apstrid-ventspils-tiesas-spridumu-prasiba-pret-aivaru-lembergu/>

To mitigate these problems and further risks deriving from this situation, TI Latvia made additional efforts to provide independent information the general public about the Integrity Pacts and clarify issues related to its role as monitor and the funding required to carry out project activities. This included creating a webpage dedicated to the IP, featuring an interactive timeline of the project, a more extensive explanation of the background of the project, a FAQ section as well as relevant information concerning the recruitment of the law consultant and engineering expert.<sup>22</sup>

While reviewing the achievements of the project, TI Latvia identified three main lessons this experience:

- 1) the need to create comprehensive, simple and clear informational material about the IP in order to explain its objectives and expected benefits to the general public;
- 2) the need for pre-emptive engagement of the media aimed at clarifying the project objectives, the sources of funding and TI Latvia's role in the monitoring of the procurement;
- 3) the need for a more thorough mapping of risks related to attacks from opponents of the project, and an adequate allocation of project resources for legal expenses to defend the monitor from such attacks.

### 3.2 – Monitoring activity

Since the signature of the IP up to the suspension of the procurement project in May 2019, TI Latvia monitored four procurements, advancing a total of 25 recommendations to Riga Traffic (in addition to several comments and suggestions provided for different procurement documents). In specific, Riga Traffic adequately took on board 9 out of 10 recommendations aimed at improving the enforcement of public procurement standards and policies and 13 out of 15 recommendations aimed at improving the transparency and accountability of the procurement process. The recommendations and actions taken in response are detailed in three monitoring reports published by TI Latvia on its webpage.<sup>23</sup>

#### **1<sup>st</sup> procurement – Negotiated Procedure for the Development of the Construction Project for the Renovation and Expansion of the Existing Tramline Infrastructure in Riga<sup>24</sup>**

In the tender preparation stage of the first procurement, TI Latvia identified and raised concerns about a number of evaluation criteria that appeared to significantly restrict the number of potential bidders. After the procurement was launched despite such risks at the end of December 2016, TI Latvia requested an independent assessment from the Procurement Monitoring Bureau (PMB). In mid-January 2017, the PMB issued an opinion detailing the criteria for the most economically advantageous tender evaluation possible and requesting Riga Traffic to cancel the procurement and re-draft the documents accordingly.<sup>25</sup>

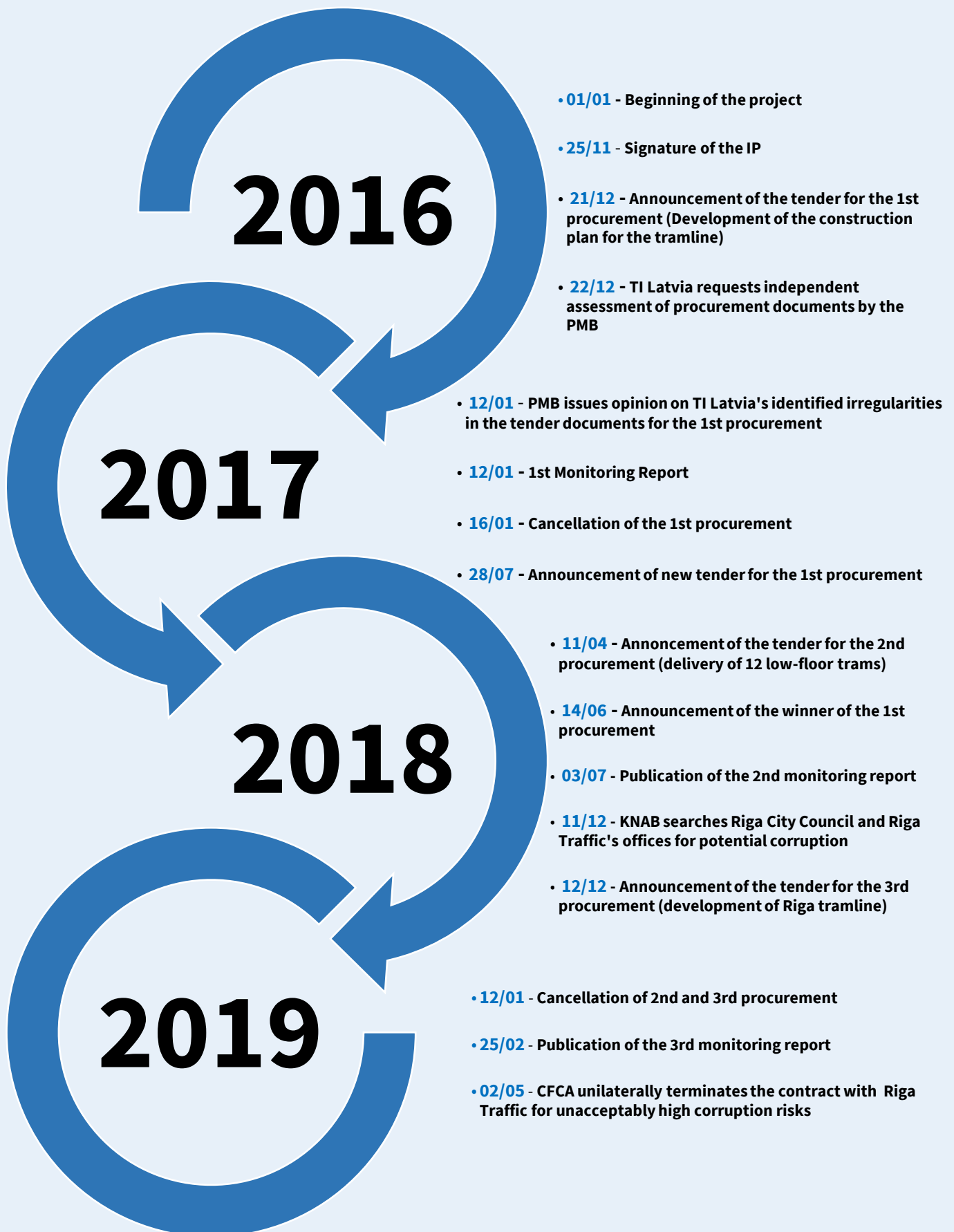
<sup>22</sup> [https://delna.lv/lv/intergritates\\_pakts\\_2016/](https://delna.lv/lv/intergritates_pakts_2016/)

<sup>23</sup> [https://delna.lv/lv/intergritates\\_pakts\\_2016/uzraudzitie-iepirkumi/](https://delna.lv/lv/intergritates_pakts_2016/uzraudzitie-iepirkumi/)

<sup>24</sup> <https://delna.lv/lv/2018/07/03/sarunu-proceduras-par-buvprojekta-izstradi-jaunas-tramvaju-infrastrukturas-posma-izbuvei-un-esosas-tramvaju-linijas-parbuvei-gaita/>

<sup>25</sup> [https://delna.lv/wp-content/uploads/2017/01/Starpatzinums\\_RS\\_2016\\_34\\_KF\\_2-kopija.pdf](https://delna.lv/wp-content/uploads/2017/01/Starpatzinums_RS_2016_34_KF_2-kopija.pdf)

Figure 2 – Timeline of the procurements for the development of Riga’s tramline



The re-drafting of the tender documents saw a more active cooperation between TI Latvia and Riga Traffic. Apart from amending the documents according to the PMB's opinion, Riga Traffic followed TI Latvia's recommendations to provide a scan of the tender documents on the procurement's webpage (until then they were only available at Riga Traffic's premises) and to translate basic information on the tender in English to encourage participation from foreign firms.<sup>26</sup> These recommendations were adopted by Riga Traffic also in other procurements, including those not related to the monitored project.

The new procurement was announced at the end of July 2017. In the course of the bidding process, TI Latvia carried out due diligence on the applicant firms and their proposals and identified a potential case of document forgery. Two bidders submitted a statement from the same designer, who, asked by the Procurement Commission to clarify, stated that he had consented to participate in only one of the bids. After Riga Traffic's did not follow up on the case, TI Latvia approached law enforcement authorities asking for investigation, but the case was subsequently dismissed as it lacked standing in the Criminal Code.<sup>27</sup>

After the announcement of the winning bidder, in June 2018, TI Latvia's monitoring team worked with the procurement commission to improve the quality of the final contract by introducing clauses to ensure the timely and accountable delivery of the procurement, including specific conditions for the final payment, deadlines for submission of project reports and penalties for delays at each stage of the project. The recommendations were all included in the final contract, worth €2,05 million, which was signed in June 2018. Thereafter, the winner also signed the Integrity Pact.

## **2<sup>nd</sup> procurement – Negotiated Procedure for the Supply of Low-Floor Trams<sup>28</sup>**

The second procurement concerned the negotiated procedure for the supply of 12 energy-efficient low-floor trams. While vetting the draft procurement documents, TI Latvia identified a number of technical requirements and criteria for the evaluation of the proposal which were deemed to unnecessarily restricting competition and dubious from an energy-efficiency/sustainability point of view. These included, for example, evidence that the bidder had previously produced at least one low floor tram for Eastern European countries and that the delivered trams had to feature an engine for each wheel.

TI Latvia provided recommendations to Riga Traffic to improve the evaluation criteria, but only minor modifications were made to the procurement documents. Riga Traffic justified the potentially restrictive requirements on the basis of passenger safety and comfort and tram efficiency, though TI Latvia did not receive convincing evidence and data to support the claims. There was no discussion on the latest innovations in the field and most of the commission members did not ask questions about the procurement specifications.

The tender was announced on 11 April 2018 and two bidders qualified for the next stage of the procedure: Škoda Transportation (Czech Republic) and Stadler (Poland). During the application period, TI Latvia contributed to equality of treatment among bidders. Approximately two weeks before the deadline, one bidder asked Riga Traffic to extend the application period and the request was denied, but when one week

---

<sup>26</sup> <https://www.rigassatiksmelv.lv/par-mums/iepirkumi/sarunu-procedura-par-buvprojekta-izstradi-jaunas-tramvaju-infrastruktur-as-posma-izbuvei-un-esosas-tramvaju-linijas-parbuvei-1/>

<sup>27</sup> Ibid.

<sup>28</sup> <https://delna.lv/lv/2019/02/25/parskats-par-rigas-satiksmes-istenota-zemas-gridas-tramvaju-iepirkuma-uzraudzibu/>

later the other bidder made the same request, it was accepted. As Riga Traffic did not inform the bidder who had first asked for the extension, TI Latvia had to step in and send the notification itself.

The procurement was cancelled in January 2019 following investigations on the corruption case involving Riga Traffic (see box below). At the end of February 2019 TI Latvia published the monitoring report, which emphasised the problems with technical specifications and how these related to the ongoing corruption case. The report was met with harsh criticism by Riga Traffic, which also disseminated false statements about TI Latvia's failure to point out potential irregularities when they first arose. Some of these were partially withdrawn after TI Latvia accused Riga Traffic of defamation.<sup>29</sup>

### The Riga Traffic Corruption Case

In December 2018, the Corruption Prevention and Combating Bureau (KNAB) started criminal proceedings against Riga Traffic as well as Polish and Czech companies for corruption and money laundering in three procurements for the delivery of trams, buses and trolleybuses taking place between 2013-2016 and worth over €270 million.<sup>30</sup> According to the media, between €13-20 million could have been paid in bribes (average of 5-7% for every vehicle delivered). The media reported that the technical parameters were probably used as a restrictive mechanism in the procurement of trams.<sup>31</sup>

In connection with the case, six persons in Latvia and two in Poland were detained. In addition, the entire board of Riga Traffic resigned at the end of 2018. According to a June 2020 media report, a subsequent company audit has revealed that the board had made a number of uneconomical and wasteful decisions for several years. While investigations on the case are still ongoing, the Municipality of Riga has asked Riga Traffic to find out by autumn 2020 the exact extent of the losses and how they can be recovered.<sup>32</sup>

### 3<sup>rd</sup> procurement – “Reconstruction of the Riga Tram Infrastructure”<sup>33</sup>

The third procurement consisted in a closed tender for the “Reconstruction of Riga Tram Infrastructure”. During the drafting of the tender documents, TI Latvia noted the existence of a complex bureaucratic process which, despite the EU's single market, foreign suppliers have to go through in order to obtain the necessary clearances to carry out construction work in Latvia. In TI Latvia's opinion, this, together with other restrictive criteria concerning bidders' years of experience in the field and km of railways built, were undermining fair competition and limiting the possibility to obtain the best value for money.

To address these problems, TI Latvia recommended easing the accreditation process for foreign bidders to participate in the tender and removing other criteria restricting the possibility of participation by younger companies but with proven professional capability and application of environmentally sustainable practices. Riga Traffic took on board almost all of these recommendations and the tender was announced on 12 December 2018, but it was cancelled in mid-January following investigations on the corruption case involving Riga Traffic.

<sup>29</sup> <https://delna.lv/lv/2019/03/05/delna-prasa-rigas-satiksmei-atsaukt-nepatiesas-zinas/>

<sup>30</sup> <https://www.lsm.lv/raksts/zinas/latvija/knab-rigas-satiksmes-lieta-par-polijas-un-cehijas-uznemumu-vienosanos-un-kukulosanu.a302904/>

<sup>31</sup> <https://www.lsm.lv/raksts/zinas/ekonomika/kapec-vajag-motoru-pie-katra-ritena-aizliegtais-panemiens-peta-rigas-tramvaju-iepirkumu.a307550/>

<sup>32</sup> <https://www.lsm.lv/raksts/zinas/ekonomika/no-rigas-satiksmes-bijusas-valdes-piedzemamie-zaudejumi-varetu-but-merami-miljonos.a364498/>

<sup>33</sup> <https://delna.lv/lv/2019/08/15/skanstes-tramvaja-projekta-uzraudziba-kopsavilkums-par-delnas-paveikto/>



## Engagement of affected communities

Citizen engagement in the monitored project was difficult and fraught with tensions, mostly related to the location of the new tramline. A civic group named “The Graveyard’s friends” vigorously opposed the construction of the tramline and the plans to pass through an historically important cemetery. At first, the group even believed that TI Latvia was “colluding” with Riga Traffic and had decision-making powers concerning the location of the tramline. The problem was exacerbated by the Riga Traffic’s failure to engage with expected beneficiaries and civic groups flagging their concerns.

To address the situation, TI Latvia carried out a number of meetings with the Graveyard Friends, aimed at clarifying the goals of the IP and how citizens could contribute to the monitoring and reporting of irregularities through whistle-blowing channels, on-site visits and other activities. Though such meetings achieved only a limited buy-in from the group with regard to the contract execution phase, they nevertheless helped easing tensions with regard to the role of TI Latvia.

An episode in particular contributed Riga public authorities’ shortcomings regarding citizen engagement. In December 2018, the Riga City Construction Board issued construction permits for all stages of the monitored project without any prior public consultation with citizens in the area. This was justified on the grounds that the Construction Law does not require it.<sup>34</sup> Following the episode, TI Latvia organized a meeting with the Graveyard Friends to discuss the issue, inviting Riga Traffic and the winner of the first procurement. However, while the former did not respond, the latter said it could not attend due to its “subordination by contract” to Riga Traffic.

The main lesson learned, in terms of citizen engagement, is that for complex infrastructure projects that are expected to impact large areas, there is a need to engage affected communities already in the project appraisal phase. This would increase public trust and enhance the sense of ownership by citizens. It could also help transform potential civic opposition to the project into constructive debate over potential win-win solutions among all parties involved. The monitor can function as a broker between the different sides, provided that they have a genuine willingness to engage with each other.

## Termination of the procurement project

After the arrest of Riga Traffic officials and the appointment of a new Board of Riga Traffic, TI Latvia worked with the new Chairman, the CFCA, the PMB and the Ministry of Finance, informing them about potential corruption and other risks of the project. Subsequently, the Chairman of the Board decided to appoint a new procurement commission with the task of re-writing the technical specifications for the procurements on low-floor trams and reconstruction of the Riga Tram infrastructure.

At the beginning of 2019, TI Latvia also shifted the strategic focus of the project from increasing the integrity performance of bidders to enhancing the integrity capacity of the Riga Traffic and Riga’s Municipality’s staff through trainings on corruption risks in public procurement, elements of effective internal control systems and whistle-blowing, due to take place in spring 2019. Furthermore, TI Latvia planned to contribute to fairer competition by proposing reasonable experience criteria and technical requirements for participation in the 2<sup>nd</sup> and 3<sup>rd</sup> procurements.

In February 2019, TI Latvia reiterated to Riga Traffic the concerns about the restrictive technical requirements identified in the course of the 2<sup>nd</sup> and 3<sup>rd</sup> procurements as well as the recommendation to

---

<sup>34</sup> <https://delna.lv/lv/2018/12/18/atbildigi-ir-rikot-publisko-apsriesanu/>

make the process more open for all competitors. However, little changed compared to the situation before the cancellation of the procurements the previous month, as only minor modifications were made to the tender documents.

On 2 May 2019, on the basis of unacceptably high corruption risks and bad project management, the CFCA unilaterally decided to terminate of the contract with Riga Traffic, mandating it to return the amount of EU funds – €450.000 – that it had received until then.<sup>35</sup> However, Riga Traffic refused to return the funds on the basis that these had already been spent to cover eligible costs. At the time of the publication of this report (July 2020), the matter has not yet been settled.

### Lessons learned – Monitoring activity

- The recruitment of legal consultant and experts in the subject area of the procurement under the IP should take place even before the monitoring exercise has started. This would allow the monitoring team to better and more thoroughly plan the monitoring exercise and identify potential risks that might arise from specific types of procurement and bidding processes.
- When identifying suspicious technical requirements and behaviors that might signal misconduct from the Contracting Authority or the bidders, the monitor must alert oversight authorities and other public actors involved in the procurement and cooperate with them to resolve the problems. This includes specifying the corruption risks and seeking clarification and guidance on possibilities offered by the legal framework to address the issues.
- In cases in which the procuring entity does not adequately address recommendations and identified irregularities, the monitor must be ready to step in to uphold the principles of transparency and fair competition in the procurement, including ensuring that all bidders are treated fairly and are aware of any modification to the tender rules (i.e. deadlines for submission or change of proposal format).

### 3.3 – Bringing the Integrity Pacts to Latvia’s municipalities

After the suspension of the monitored project in May 2019, TI Latvia’s advocacy efforts focused on the long-term sustainability of the Integrity Pacts in Latvia and their piloting at the local level. This included the organisation of public events and workshops on citizen engagement in the monitoring of EU-funded projects<sup>36</sup> as well as participation in the working groups in charge of elaborating the commitments for Latvia’s 4<sup>th</sup> National Action Plan for the Open Government Partnership (OGP) (2020-21), an international platform of cooperation between governments and civil society.

As a result of TI Latvia’s advocacy work and strengthened cooperation with the PMB throughout the IP project, the 1<sup>st</sup> commitment of the new OGP action plan, related to public procurement, includes the piloting of the IPs in three Latvian municipalities, to be jointly implemented by the PMB and TI Latvia. The same commitment also envisages the provision, by the CFCA, of procurement contracts in structured

<sup>35</sup> <https://delna.lv/lv/2019/08/15/skanstes-tramvaja-projekta-uzraudziba-kopsavilkums-par-delnas-paveikto/>

<sup>36</sup> See for example: <https://delna.lv/lv/2019/09/10/delnas-vasaras-skolas-dalibnieki-dalas-iespaidos/> ; <https://delna.lv/lv/2019/12/17/konferences-secinajumi-sabiedribas-iesaiste-palidz-identificet-negodigus-iepirkumus/> ; <https://delna.lv/lv/2020/02/27/tiesraide-no-28-februara-konferences-par-sabiedribas-lidzdalibu-es-fondu-uzraudziba/>

format, which is a promising step forward towards further technological innovation of the procurement system.<sup>37</sup>

### Opening up Latvia's procurement data

The four years of implementation of the IP pilot in Latvia have seen efforts by the government to innovate the public procurement system by increasing the availability and accessibility of data and information. While in 2017, the PMB set up a centralized public procurement tender database in open format<sup>38</sup>, In 2018 procurement contracts and amendments were published in the Electronic Procurement System (EIS).<sup>39</sup> Also in 2018, the government upgraded the Construction Information System (BIS)<sup>40</sup>, a database that allows to follow construction works across the country, and introduced a rule that mandates municipalities to submit information in the system.<sup>41</sup>

The adoption of commitment in the 4<sup>th</sup> OGP Action Plan for the release of procurement contracts in user-friendly format is a step towards further progress and should be accompanied by the implementation of international open data standards, as explained more in detail in the section 4 ("Conclusions and recommendations").

At the time of the publication of this report, TI Latvia is working with the PMB on the elaboration of the cooperation model and action plan, including searching for municipalities willing to pilot the Integrity Pacts until September 2021. This has been accompanied by the publication, by TI Latvia, of a guide that explains how to design, prepare and implement an Integrity Pact according to international best practices. The guide includes a list of possible monitoring activities as well as an overview of the most common corruption "red flags" in public procurement and how to deal with them.<sup>42</sup>

Furthermore, in collaboration with the PMB and the support of the legal consultant hired for the IP project, TI Latvia developed a packaged of sample documents that can be used by municipalities and other public institutions for the organisation of procurements for goods, services and construction works in accordance with the Public Procurement Law.<sup>43</sup>

<sup>37</sup> [https://www.opengovpartnership.org/wp-content/uploads/2020/01/Latvia\\_Action-Plan\\_2019-2021\\_EN.pdf](https://www.opengovpartnership.org/wp-content/uploads/2020/01/Latvia_Action-Plan_2019-2021_EN.pdf)

<sup>38</sup> <https://www.iub.gov.lv/lv/mekletiepirkumus>

<sup>39</sup> <https://www.eis.gov.lv/EIS/>

<sup>40</sup> <https://bis.gov.lv/bisp/>

<sup>41</sup> <https://lvportals.lv/skaidrojumi/298971-buvniecibas-informacijas-sistemas-lietosanu-grib-noteikt-ka-obligatu-2018>

<sup>42</sup> Greco A. (2020), 'Integrity Pacts and Civic Monitoring of Public Procurement – A Concise Guide for Practitioners', Transparency International Latvia

<sup>43</sup> <https://delna.lv/en/2020/08/10/publication-of-procurement-document-package/>

## 4 – A concise assessment of the results of the project

TI Latvia's internal assessment of the impact of the project, carried out in the first part of 2020, shows that the project has contributed to the achievement of some of the main strategic objectives related to the prevention of irregularities, transparency of the project and sustainability of the IP.

In the first stages of the project, the monitoring activity led to the identification of irregularities by TI Latvia and to strengthened cooperation with the PMB, the CFCA and the Ministry of Finance in addressing them. In a survey carried out at the end of the project, representatives from these institutions appreciated TI Latvia's monitoring work and the usefulness of the information and recommendations provided through the involvement of independent experts.

Furthermore, the project contributed to increased transparency and information availability in Riga Traffic's procurement processes. Following the re-drafting of the technical specifications in the first procurement, Riga Traffic published the tender documents on its webpage, including key information in English. The same practice was applied in the following procurements, including those not related to the monitored project. Compared to the initial situation, where the documents were only available at the CA's premises, this was a good step forward, and the change can be considered as sustainable.

There is also evidence that the project has also contributed to public authorities' willingness to implement the IP on a broader scale in Latvia, as shown by the inclusion, in the 4<sup>th</sup> OGP National Action plan, of a commitment to pilot the tool in three Latvian municipalities. This was a direct result of positive collaboration between TI Latvia and the PMB in the framework of the project, and the recognition of the value of the IP in the early identification of irregularities and improved quality of tender documentation.

On the other hand, the contested nature of the project and its anticipated termination made it difficult to achieve other important objectives related to increased trust and integrity among stakeholders and citizen engagement

As of the end of the project, it is difficult to say whether it has contributed to increased trust among the contracting authority, the bidders and the general public. Despite an improved cooperation after the re-launch of the 1<sup>st</sup> procurement, the tensions surrounding the monitoring of the 2<sup>nd</sup> procurement, exacerbated by the exposure of the corruption case and the dispute over TI Latvia's monitoring report, have unintendedly undermined trust and cooperation between TI Latvia and Riga Traffic.

Furthermore, with no contract execution activity taking place, it is difficult to say whether the project has increased the capacity and willingness of affected communities to engage in procurement monitoring and report wrongdoings. Though TI Latvia's engagement with the Graveyard Friends and other civic groups contesting the project helped clarify the objectives of the IP and contributed to limited support for the monitoring of the construction phase, such efforts were partly undermined by Riga's municipal authorities' reluctance to consult with citizens.

The anticipated termination of the project also prevented the achievement of other objectives, including increased integrity capacity of bidders and contracting authority and fairer competition. The effectiveness of the recommendations provided by TI Latvia for the timely and accountable delivery of the 1<sup>st</sup> procurement could not be tested. Furthermore, while the envisaged trainings with Riga Traffic and Riga Municipality staff, planned to take place in spring 2019, could not be carried out and the re-drafting of the documents for the 2<sup>nd</sup> and 3<sup>rd</sup> procurement did not see any meaningful modification.

## 5 – Conclusions and recommendations

In conclusion, taking into account the difficult circumstances in which the monitoring of the development of the Riga tramline took place, and the fact that the procurement project was terminated three years before its expected end, the IP pilot can be considered as successful. While monitoring activities contributed to the identification and resolution of irregularities and to increased transparency and access to information Riga Traffic's procurement processes, Latvian authorities are now more acquainted with the IP and willing to replicate it at the local level.

Based on these results, it is possible to outline areas of future action. From a legislative and regulatory point of view these include strengthening provisions in the Whistleblowing Law, ensuring the presence of independent experts in high-value procurement projects and adopting international standards for the disclosure of procurement data. From a civic engagement point of view, measures could include implementation of the Integrity Pact's model for infrastructure projects and the establishment of a platform that brings together demand for and supply of procurement monitoring expertise.

### Improving Latvia's public procurement system

**→ The government should carry out an evaluation of the implementation of internal whistleblowing mechanisms of public institutions and state- and municipal-owned enterprises with more than 50 employees and mandate that such mechanisms are in place for all large-scale infrastructural projects**

The corruption case involving Riga Traffic demonstrated once again the need to improve the internal control and integrity mechanisms of publicly-owned companies and the possibility for their employees to report potential corruption cases. The 2019 Whistleblowing Law<sup>44</sup> requires public institutions, state-owned enterprises and private organisations with more than 50 employees to establish internal whistleblowing mechanisms, which is a good step forward to foster an anti-corruption culture among public and private actors.

However, at the same time, since the introduction of the law, no evaluation of their implementation has yet been carried out, which makes it difficult to ascertain their effectiveness. This should be done with priority, at least with regard to public institutions. Furthermore, the government should mandate the introduction of whistle-blowing mechanisms for large-scale infrastructural project (identified, for example, according to economic value, area of priority or corruption risks), regardless of the number of employees of the public and private actors involved.

**→ The government should provide for mandatory involvement of independent experts in procurements for strategic EU-funded large-scale infrastructural projects**

As noted by the Ministry of Finance, the CFCA and the IUB in a survey carried out by TI Latvia at the end of the project, the presence of independent technical experts in the procurement commission provided for a

---

<sup>44</sup> <https://likumi.lv/ta/en/en/id/302465-whistleblowing-law>

better oversight of the process and helped improve the quality the procurement documents and technical requirements, including identification of potential corruption risks. This indicates that in procurement projects that have a complex technical nature, the possibility of having more than one opinion on the requirements for the work can increase trust among stakeholders and increase value for money.

At present, the Public Procurement Law leaves the involvement of external experts at discretion of individual contracting authorities, which also need to observe rules on conflict of interests in such process. This makes sense given that mandating the presence of experts on all large-scale procurements over a certain economic worth would put a disproportionate burden on contracting authorities (there would need to be a separate procurement to select the experts). At the same time, the risk that independent experts are not involved in projects where their presence would be desirable remains.

As such, the government should consider mandating the presence of experts for a select pool of EU-funded infrastructure projects with strategic socio-economic value and/or high corruption risks. In addition, in accordance with the OECD Integrity Framework for Public Investment<sup>45</sup>, the government could also mandate, for such strategic projects, the establishment of independent assessor commissions, including experts in the subject area, to address bidders' concerns on the design of the tender or other aspects of the procurement project.

Another potential solution, in line with international best practices, would be for the government to partner up with the Infrastructure Transparency Initiative (CoST), the leading global initiative to improve transparency and accountability in public infrastructure.<sup>46</sup> Apart from mechanisms for the involvement of civil society and proactive disclosure of data on infrastructure projects, the CoST approach also features an “assurance process”, consisting of third-party reviews from independent experts on the overall transparency and data availability for a pool of infrastructure projects with strategic value.<sup>47</sup>

### → **The government should adopt international standards for the provision of open data on the entire procurement cycle of large-scale infrastructural projects and other significant public investments**

The availability of open data on all stages of public procurement has become an important business intelligence tool that can help with the prevention and detection of corruption as well as with the assessment of the efficiency and effectiveness of the public procurement system. As shown in this report, in the last four years the Latvian government has made significant progress in this area. This progress could be further consolidated through the adoption of international open data standards covering the whole procurement cycle.

At present, there are two main open data standards that the government could adopt: 1) the Infrastructure Data Standard (IDS)<sup>48</sup>, developed by CoST, is a list of 40 data points that should be disclosed routinely over the whole life-cycle of a public infrastructure project; 2) the Open Contracting Data Standard (OCDS)<sup>49</sup>,

---

<sup>45</sup> <http://www.oecd.org/corruption-integrity/reports/integrity-framework-for-public-investment-9789264251762-en.html>

<sup>46</sup> <http://infrastructuretransparency.org/about-us/>

<sup>47</sup> <http://infrastructuretransparency.org/our-approach/core-feature-assurance/>

<sup>48</sup> <http://infrastructuretransparency.org/resource/cost-infrastructure-data-standard/>

<sup>49</sup> <https://www.open-contracting.org/data-standard/>

developed by the Open Contracting Partnership (OCP), describes how information on all stages of the contracting process should be structured or formatted for disclosure in open, machine-readable format.

As the two standards are complementary and mutually reinforcing, in April 2019 the OCP and CoST launched the “Open Contracting for Infrastructure Data Standard (OC4IDS)<sup>50</sup>, which combines the OCDS and the IDS to produce structured and standardised data on infrastructure projects and contracts. Both CoST and OCP provide technical assistance for governments that are interested in implementing the standards. This process can also be carried out through existing OGP commitments on public contracting (which Latvia has in place), and there is evidence of countries that have successfully done so.

## **Improving the implementation of the Integrity Pacts and civic engagement in procurement monitoring**

### **→ Application of the IP Model Agreement for Infrastructure**

The IP pilot in Latvia demonstrated a clear need, when it comes to large-scale infrastructural projects, to involve affected communities already during the project planning and appraisal. This would help increase the sense of public ownership of a public investment and mitigate the risk of civic opposition to it.

To address this issue, Transparency International, together with CoST, the Open Contracting Partnership (OCP), and other leading international CSOs, has developed a model Monitoring Agreement and Integrity Pact tailored for infrastructure projects.<sup>51</sup> The model combines the IP approach to civic monitoring together with CoST and OCP standards for procurement data disclosure, with great potential for improving trust among contracting authorities, bidders and citizens. Taking into account the experience of this pilot, the application of such IP model in Latvia should have three key features:

- 1)** Involvement of affected communities, independent experts in the subject area and industry representatives in the infrastructure project planning and appraisal phase through public consultations, public hearings and project advertisement;
- 2)** Establishment of a “multi-stakeholder civic group” monitoring the tendering process, constituted by i) an independent monitor from civil society, as in the standard IP; ii) independent experts in the subject area of the infrastructure project; iii) representatives of the affected communities;
- 3)** Disclosure of data in open format according to the OC4IDS throughout the whole lifecycle of the project

### **→ Development of a digital marketplace to match demand for and supply of civic monitoring and procurement expertise and to build civic monitoring capacity**

The small size of civil society in Latvia, which is mostly based in Riga, and the potential lack of technical experts at the local level might complicate the effort to replicate the IP on a broader scale. As such, the country could benefit from the development of a digital platform or “marketplace” that brings together

---

<sup>50</sup> <https://standard.open-contracting.org/infrastructure/latest/en/>

<sup>51</sup> [https://www.transparency.org/whatwedo/publication/model\\_monitoring\\_agreement\\_and\\_integrity\\_pact\\_for\\_infrastructure](https://www.transparency.org/whatwedo/publication/model_monitoring_agreement_and_integrity_pact_for_infrastructure)



public institutions looking for independent civic monitoring and procurement expertise and organisations or individuals available and willing to provide it. Such platform could also be used for capacity building of the civil society, by providing, for example, informative material and online trainings on public procurement monitoring and implementation of the Integrity Pacts.

There is evidence across the world of similar systems. For example, in Mexico, since 2009, the government requires independent organisations and/or individuals, called “Social Witnesses” (SWs), to monitor all stages of high-value public tenders and submit written reports on their compliance with legal norms.<sup>52</sup> The SWs, which are paid for their services, get a certification through tendering processes with strict criteria and thereafter are nominated to monitor particular tender processes.

Apart from ensuring independence and qualification of the candidate monitors through strict procedures for ascertaining these aspects, the elaboration of such model in Latvia would need secure and sustainable financial resources to function. IP experience at the global level shows that there are many possible ways of doing this, for example by earmarking of state funds or procurement funds by government and contracting authorities for this purpose, or and/or through fees paid by bidders participating in a public tender.<sup>53</sup>

---

<sup>52</sup> <https://www.baselgovernance.org/b20-collective-action-hub/initiatives-database/social-witness-testigo-social-integrity-pacts-mexico>

<sup>53</sup> Transparency International (2016), ‘Integrity Pacts: A How-To Guide from Practitioners’



© 2021 Transparency International Latvia

Citadeles iela 8, Rīga, LV-1010, Latvia

+371 67285585

[ti@delna.lv](mailto:ti@delna.lv)

[www.delna.lv](http://www.delna.lv)