TRANSPARENCY INTERNATIONAL
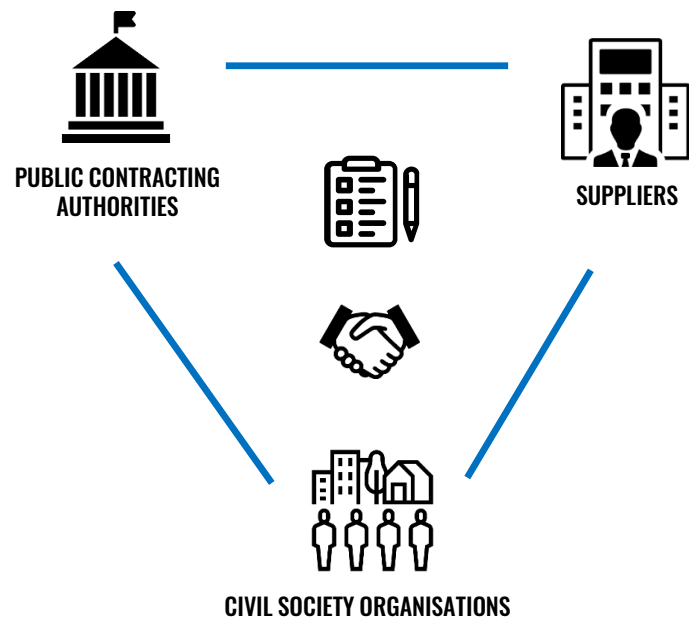the global coalition against corruption

THE INTEGRITY PACT

IPs for Municipalities

Kaunain Rahman, business integrity specialist, Transparency International Secretariat

transparency.org   @anticorruption

WHAT IS AN INTEGRITY PACT?

The **Integrity Pact** is a type of **project-based collective action initiative,** conceived by Transparency International in the 1990s**,** that aims to **foster good governance and prevent corruption in public procurement**

PUBLIC CONTRACTING AUTHORITIES
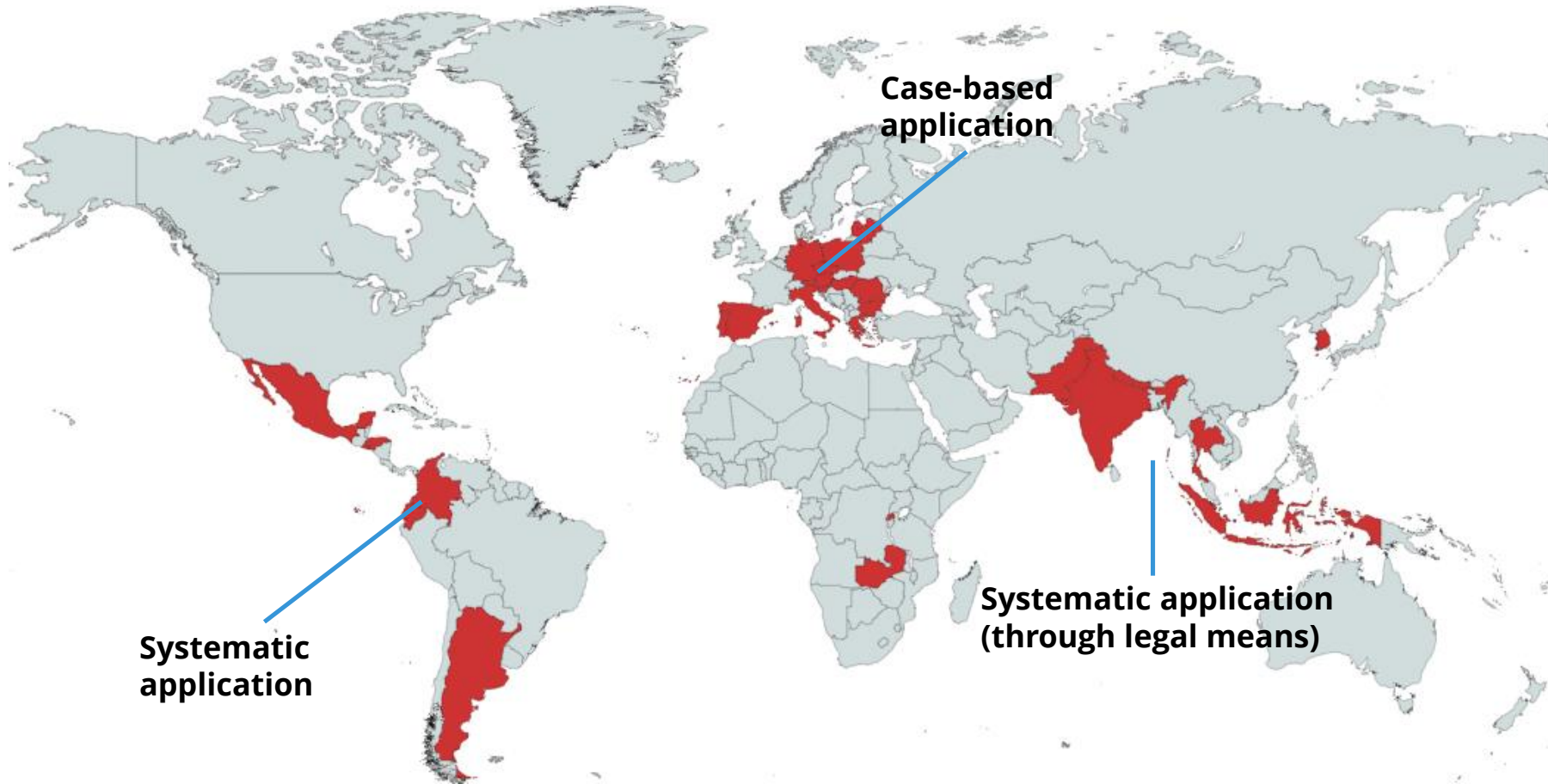
SUPPLIERS

CIVIL SOCIETY ORGANISATIONS

Integrity Pacts have historically been formalised through a **public agreement** comprising the following **core elements**:

- **Commitments by contracting authorities and suppliers** → pledge to refrain from and report corruption and collusion, regulatory compliance, proactive and reactive disclosure of information, implementation of anti-corruption measures

- **Independent civil society monitoring mechanism** → review of contracting procedure, review of and support to IP commitments, transparency and social accountability

- **Dispute resolution mechanisms and sanctions** → complaint mechanisms, arbitration, sanctions for non-compliance

Applicable to any type of procurement involving competitive bidding

The aim of the IP not to replace laws, or oversight mechanisms, but rather to enhance their responsiveness and effectiveness

transparency.org   **@anticorruption**

INTEGRITY PACT IMPLEMENTATION TRENDS WORLDWIDE

Case-based application

Systematic application

Systematic application (through legal means)

GLOBAL INTEGRITY PACTS COMPENDIUM

Integrity pacts

Mexico
📍 Americas

European Union
📍 European Union

India
📍 Asia Pacific

Pakistan
📍 Asia Pacific

Honduras
📍 Americas

El Salvador
📍 Americas

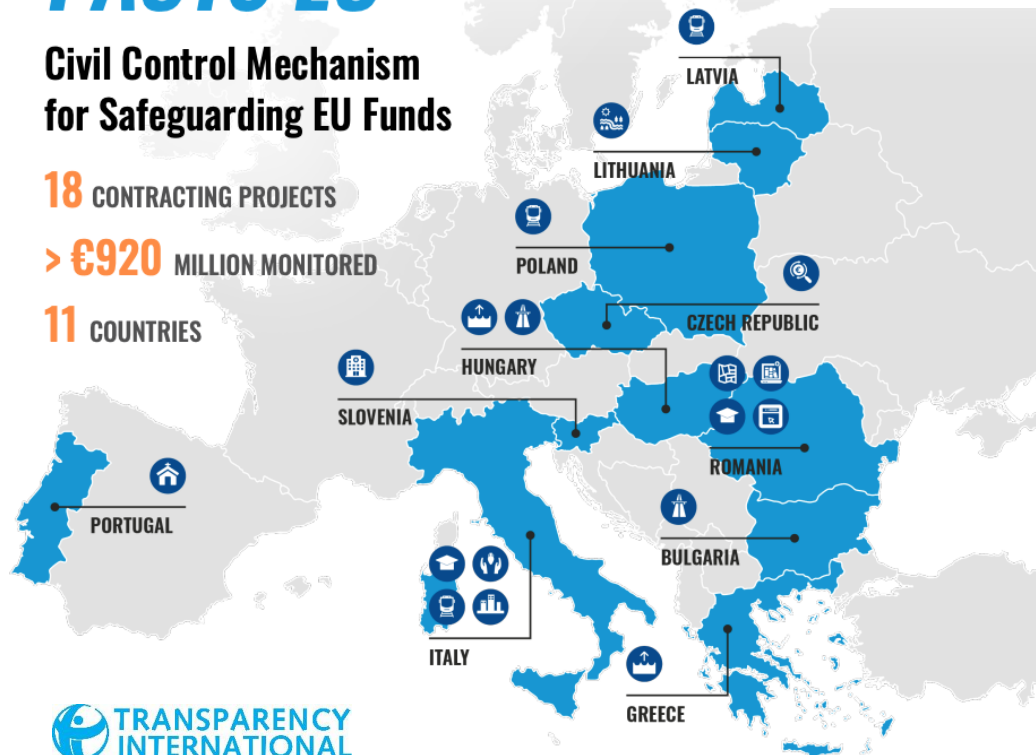**transparency.org**   **@anticorruption**

INTEGRITY PACTS EU

Civil Control Mechanism for Safeguarding EU Funds

18 CONTRACTING PROJECTS

> €920 MILLION MONITORED

11 COUNTRIES

TRANSPARENCY INTERNATIONAL
the global coalition against corruption

LATVIA

LITHUANIA

POLAND

CZECH REPUBLIC

HUNGARY

SLOVENIA

ROMANIA

BULGARIA

PORTUGAL

ITALY

GREECE

Implementation period – 2016-2022

ACTORS INVOLVED IN THE MONITORED PROCESSES

33 PUBLIC AUTHORITIES

61 CONTRACTORS

15 CIVIL SOCIETY ORGANISATIONS

152 MONITORING TEAMS MEMBERS

- Contributed to transparency, integrity, accountability in selected contracting projects through ambitious activities

- Lessons for future standardised application in EU Cohesion policy, and cross-national application more in general

- Winner of EU Ombudsman Award for Good Administration in 2019

transparency.org

@anticorruption

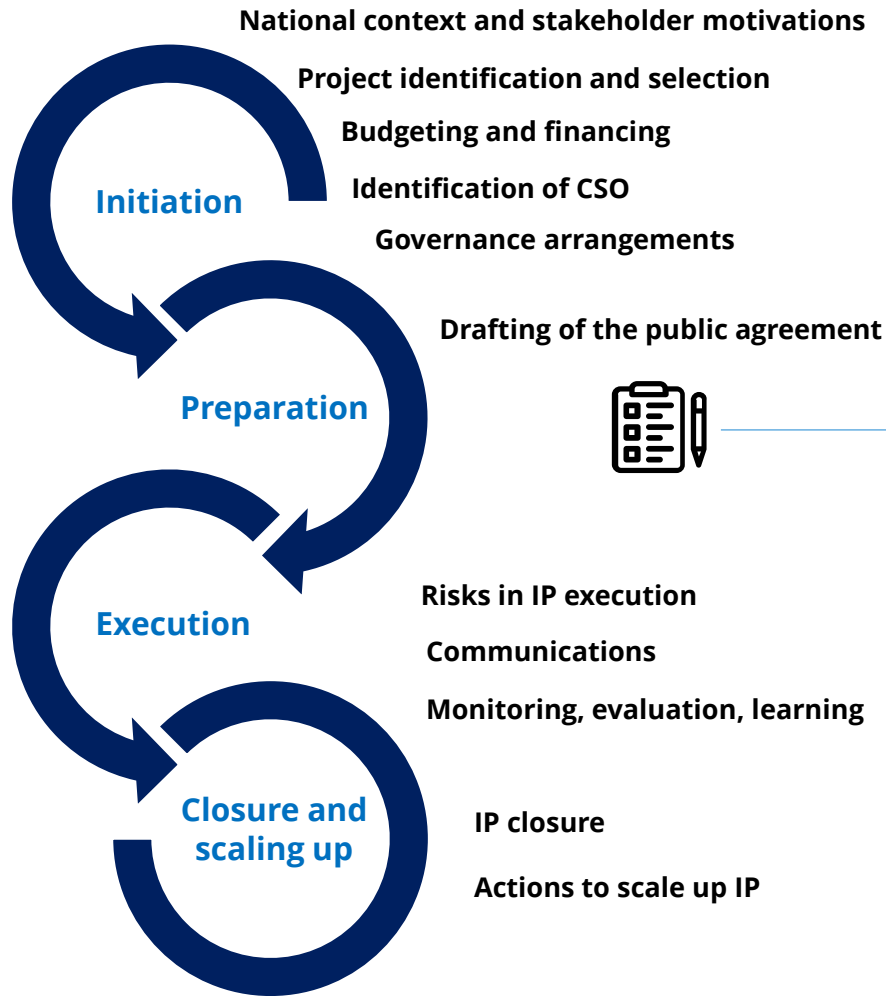# BENEFITS, CHALLENGES, AND LESSONS LEARNED

Efficiency and effectiveness

- Increased quality and effectiveness of contracting procedures, timeliness, cost savings

- Prevention, early detection, and resolution of irregularities, including corruption

- Transparency and social accountability through Open Contracting

- **Challenges in business engagement →** passive role in IP preparation, concerns on administrative burden, lack of clear value proposition

Sustainability

- Systemic impacts → better uptake of policy reforms, improvement of transparency and competition in procurement markets, changes in corruption perception and integrity culture

- More likely to have impact if part of broader reform efforts and/or collective action initiatives, requires multi-stakeholder mechanisms and arrangements

- Good potential to foster improvements in the management of regional investment programmes and cross-national learnings, requires, considerable

National context and stakeholder motivations

Project identification and selection

Budgeting and financing

Identification of CSO

Initiation

Governance arrangements

Drafting of the public agreement

Preparation

Execution

Risks in IP execution

Communications

Monitoring, evaluation, learning

Closure and scaling up

IP closure

Actions to scale up IP

Good governance and public integrity pledge — Regulatory compliance, transparency, public integrity, stakeholder engagement

Supplier transparency and integrity pledge — Regulatory compliance, corporate transparency and reporting, business integrity, stakeholder engagement

Civil society monitoring agreement — Review of contracting procedures, verification of and support to compliance with commitments, transparency and social accountability

Dispute resolution, sanctions, incentives — Procedures to solve disputes, ethical committees, HLRM, sanctions

transparency.org   **@anticorruption**

Considerations on national context

- Needs and opportunities in local dynamics,

- Political will, business "activism"

- Maturity / capacity of procurement system,

- Corruption types and levels, oversight mechanisms

- Rule of law, civil society capacity, civic space, media freedom
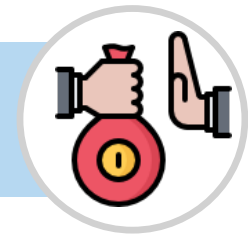
Stakeholders' motivations

- **Governments / contracting authorities →** ensure procurement effectiveness, facilitate uptake of reform, mitigate corruption risks

- **Business →** foster fair competition, peer-learning on compliance measures, communication with governments and CSOs

- **Civil society →** pursue social development objectives, empower local communities

- **Development partners →** safeguard critical investment projects in aid-recipient countries, compliance with fiduciary standards

INTEGRITY PACTS FOR MUNICIPALITIES – WHY?

Improved Transparency and Accountability: Public oversight shines a light on procurement, boosting trust and accountability

Reduced Corruption Risks: Collaborative monitoring and clear agreements act as a shield against corrupt practices.

Enhanced Efficiency and Value for Money: Identifying irregularities early leads to efficient project execution and cost savings.

Increased Stakeholder Engagement: Community involvement fosters collaboration and drives better project outcomes for all.

transparency.org   **@anticorruption**

THANK YOU!

✉ **krahman@transparency.org**