

# INTEGRITY PACT – CIVIL CONTROL MECHANISM FOR SAFEGUARDING EU FUNDS

Narrative report from the 15 civil society monitors: January - June 2018

In 2015, Transparency International began a project called “Integrity Pacts – Civil Control Mechanism for Safeguarding EU Funds” that brings together a coalition of government, private sector, civil society and citizens to make sure that 17 major public contracts in 11 EU countries are clean contracts: designed and implemented to the highest possible standards of transparency, accountability and efficiency, according to the public interest. Together, these contracts are worth nearly €1 billion. We are doing this using a tool we call the Integrity Pact in collaboration with 15 local civil society organisations and funded by the European Commission. Here are the reports from the civil society organisations for the period from January-June 2018.

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## ActionAid Italy

### **Analysis of tender documentation**

ActionAid produced a report on tender documentation.

### **Analysis of the procurement documents**

*Project that allows the opening to the public of the so-called "White House" area in the Archaeological Park (Identifier code: F11B15000790007)*

The tendering procedure was split into two, one regarding the execution of the works, amounting to €252,376.16, and the other regarding services and supplies. The first call for tender was provisionally awarded on 12 October 2017, the contract award's notice was published on 21 March 2018 and the procurement contract was signed on 11 May 2018.

*Project that funds the museum's new exhibition and multimedia (Identifier code: F13D15001980007)*

The tendering procedure was split into two, one regarding the execution of the works, amounting to €618,385.85, and the other regarding services and supplies. The first call for tender was provisionally awarded on 17 November 2017 and checks concerning the winning bidder (such as certification of non-involvement in mafia-related proceedings or investigations, control on tax and social contributions) are currently ongoing. Once these are complete, there will be the contract award's notice.

All the documents relating to tenders received from bidders and to work of the Tender Committee were analysed both by a lawyer and archaeologist consultant as the procedures went on. ActionAid will produce a report on the procurement documents within the next reporting period, once the contract final awarding's notice relating to the museum's new exhibition and multimedia has been published (expected for end of July).

### **Mechanism of documentation exchange in digital format**

After repeated interlocutions, on 11 June 2018, a meeting with the Managing Authority - General Secretariat for Ministry of Cultural Heritage - took place in order to enable ActionAid to access the procurement documentation together with the officials responsible. The Managing Authority will give to project manager Paola Lilianna Buttiglione a user-access for "Community MiBACT", a web-based application used as repository for archiving and managing procurement procedure documents within the Management and Control System of Structural Funds. On 25 June 2018, ActionAid sent an official request for triggering the user access.

### **Open data gathering system**

The awarding procedure for IT service ended: The contract was signed by Synapta S.r.l. of Turin on 10 April 2018. ActionAid is discussing with the Managing and CA - General and Regional Secretariat for Ministry of Cultural Heritage - in order to allow the access to data on sub-contracts. On 11 June 2018, a meeting with the Managing Authority took place, during which it was proposed to give to the legal representative of Synapta S.r.l. Federico Morando a user-access to "Sistema Generale Progetti" (General Projects' System), a web-based application already used within the Management and Control System of Structural Funds, which collects financial and accounting data on individual projects and individual beneficiaries. The Managing Authority is also evaluating the possibility of giving access to the invoices reporting CUP (project's code) and/or CIG (tender's code) related to the monitored projects. The invoices are not traced by "Sistema Generale Progetti". Starting from 2019 the obligation of electronic invoicing between private individuals will come into force and - as a consequence - it will be necessary to explore new methods of access.

## Communication activities aimed at ensuring transparency of the IPs and of the project

During the first semester of 2018, ActionAid carried out the following media activity:

- Updating of the dedicated website<sup>1</sup> shared with the other two Italian partners, Amapola and Transparency Italia, in order to ensure regular publication of relevant information about the IP implementation in Italy. The website includes general information on IPs, dedicated sub-pages for each Italian IP (including a timeline), news on the three Italian partners' projects and two communication forms for citizens, the first for making proposals or pointing out difficulties and the other one for exposing bribes.
- Updating of Facebook dedicated page<sup>2</sup> with news on Sibarys's IP project and on all partners' projects or on other projects relating to civic monitoring, transparency and anti-corruption in Italy.

The project was presented during:

- A public event in the municipality of Rossano Corigliano on 24 April 2018.
- The first meeting of Monitorino on 19 May 2018. Monitorino is a bottom-up civic monitoring laboratory launched in Torino that now is working on security street from the women's point of view.
- A meeting about civic monitoring of Cultural Heritage organised by the local association SetteSoli in Crotona on 30 June 2018.
- A national meeting about civic monitoring organised by Gruppo Abele Onlus, Libera and University of Pisa in Turin on 11-14 July 2018.

Following the Second Integrity School that took place in May 2018, a video was realised to show to an audience already sensitised the feasibility and usefulness of civic monitoring through direct interviews with the participants at this School. In the video there is also the narration of a conference with the theme "Transparency and Legality", organised by students from a high school in the Municipality of Cassano in the Ionian that ActionAid trained on the following topics: civic monitoring, transparency and public procurement. The video was posted on the Facebook profile of the project, reaching 2,605 views.

## Social accountability work (working with affected communities)

In the first semester of 2018 ActionAid kept investing in the activity of strengthening the community of local activists created in the first year of the project.

On 30 and 31 January, a webinar took place in order to give citizen involved the latest updates about monitored tenders and to discuss the proposal to create local working groups. Two groups had been formed, one dedicated to communication and the other to a technical study of documents already published on the web and related to the "White House" archaeological area's opening. This second group already started working and realised a digital timeline of the awarding phase, available online.<sup>3</sup> They showed their work to the other participants and to Regional Secretary Salvatore Patamia during the Second Integrity School. During this meeting, they also organised a "game" to make the review of the most important stages of the tender more fun. The title-pages of the tender documents were distributed to each of the participants and - according to the document received - everyone occupied a position before or after in a row that physically represented a timeline. The communication group, on the other hand, was interested in realising an own work for the beginning of the execution phase.

Between 23 and 26 March, a field visit took place. The staff organised an activity of listening, so it met the monitoring citizens in order to plan together the future engagement activities and to properly set the Second Integrity School. The meetings took place in Corigliano Calabro, Cosenza and Trebisacce.

<sup>1</sup> The website address is: <http://monitorappalti.gag.it/>

<sup>2</sup> The Facebook dedicated page address is: <https://www.facebook.com/integritypactsibari/>

<sup>3</sup> The timeline is available online at the following address:  
<http://timemapper.okfnlabs.org/paolalilianab/casa-bianca>

On 5 and 6 May 2018, ActionAid organised the Second Integrity School, during which there was the first meeting between the CA, the Regional Secretary Salvatore Patamia, and the citizens involved. The citizens also met the person responsible for the procedure for the museum's new exhibition and multimedia, the museum's director Adele Bonofiglio. From 8 to 10 May 2018, ActionAid organised a civic monitoring laboratory, addressed to students of the Higher Institute in Cassano to the Ionian. During the Second Integrity School, the lawyer and archaeologist consultant explained the main administrative and technical aspects of the tender awarded, the one related to the project in the Archaeological Park. In particular, the archaeologist consultant outlined the key features of the winning offer in detail, because the CA allowed to illustrate the documents of the technical offer to the participants involved in the School.

From 8 to 10 of May, ActionAid completed the work-linked training started in 2017 with the high school in Municipality of Cassano in the Ionian, in particular giving support in the organisation of a conference on the theme "Transparency and Legality" about the following topics: civic monitoring, transparency and public procurement.

**Advocacy - awarding recommendations are produced and discussed with relevant policy stakeholders**

After the violation of the Monitoring Agreement that prevented the carrying out of an analysis of the tender documentation before the publication in May 2017, ActionAid is still working together with the Managing Authority - General Secretariat for Ministry of Cultural Heritage - to guarantee access to data, documents and information related to the tender, the procurement and the execution that the CA possesses through a user account for "Community MiBACT", as explained above, in order to strengthen the preventive nature of the IP.

## Amapola, Italy

### Monitoring activities

On 21 February 2018, the Region of Sicily officially unfroze funds for the National Strategy for Internal Areas (Strategia nazionale aree interne, SNAI) of the Madonie area. Nevertheless, no tender monitoring activities have been carried out by the end of June since the Region of Sicily (Managing Authority) has not yet approved the funding allocation document, known as 'Framework Programme Agreement'.

Such document, which is to be signed by both the Managing Authority and the Department for Economic Development and Cohesion of the Ministry of the Economy as promoters of SNAI, is necessary in order for the Unified CA of the Union of Municipalities of the Madonie Area (whose staff has eventually been appointed) to have access to funding and to be allowed to publish calls for tender. The MA has finally signed this document on 19 July and the day after has transmitted it to the Union of Municipalities. The only signature missing is the one from the Department for Economic Development and Cohesion of the Ministry of the Economy, but they will sign by the end of July.

In the meantime, however, the CA has taken the opportunity to carry out a set of activities that were useful to prepare the documentation pertaining to calls for bids in the following fields: school, energy, and welfare. Amapola is currently collecting the documents with a view to drafting the specific pre-bidding report on these two procedures, which will be released in August.

Amapola carried on developing its monitoring model, whose final version was eventually published on the website [www.monitorappalti.it](http://www.monitorappalti.it) in March. A first update was provided in April.

The open data expert was selected and contracted jointly by the three Italian partners, and is now preparing the operational plan: this document lists the details contained in the technical offer submitted in the framework of the bidding procedure. More specifically, such details concern:

- The distinction between, on the one side, service activities that are common to the three subjects involved and, on the other, those that are to be shared on an equal basis between tailored consultancies for each subject involved;
- Service output delivery times.

The operational plan will be ready by the end of July 2018, as soon as the collection of information from the CAs of the four examined procedures is finalised.

### Outreach and promotion of the Integrity Pact

In January, Amapola had the chance to present its own experience as external monitoring body at the event organised by Transparency Italia in Palermo, on the occasion of the kick-off of the "Active Local Citizens for an Accountable Europe" project, which is focused on how EU funds are spent. The event, which was open to the public, was attended by some representatives from the University of Palermo, a journalist working for a national newspaper, and a representative from the Europe Direct local branch.

As concerns outreach and promotion outputs related to the Integrity Pact, on 12 January, video no. 5 was released, in which a Professor of administrative law explains how the Integrity Pact is currently implemented in the Italian legislative framework. On 18 January, the English version of video no. 3 was published, which concerns the implementation of the Integrity Pact in eight steps. These two videos make up the first pillar of the web documentary that was edited and published on the website [www.monitorappalti.it](http://www.monitorappalti.it) on 9 April.

In addition to the videos, the brochure by Amapola on the Integrity Pact in the Madonie area was fine-tuned and printed out. Such brochure represents a very important tool to provide a quick overview of the project, its added value, and the role played by Amapola. The document, which has been made

available online too, was then disseminated on several occasions including, but not limited to, project meetings.

Finally, in February the communication strategy was updated with the actions implemented during the first two years of the project.

### **Involvement of citizens and stakeholders**

Between 5 February and 8 June, Amapola engaged the students in the fourth year of the 'P. Domina' Technical High School for Surveyors (Istituto tecnico per Geometri 'P.Domina') in Polizzi Generosa (province of Palermo), in a school-work alternation project of around 80 hours. At the core of the initiative was the civic monitoring of three public tendering procedures similar to those envisaged by SNAI, which are currently being tested against the Integrity Pact.

The students, which took part in a mandatory school activity, had the chance to engage in civic monitoring of already completed tendering procedures: they looked for documentation, analysed it, interacted with the CA, drafted a civic monitoring report, and presented their work through a video, a poster, and a set of slides at an event organised by their school on 21 May, on the occasion of the 70<sup>th</sup> anniversary of the Italian Constitution.

The project was developed in seven steps. It envisaged only a limited number of hours of face-to-face interaction, whereas much was done remotely by using tools such as Skype, Google Drive, emails, and WhatsApp. The participants were thus encouraged to use new ICT and open source tools, which they may find useful in the future.

In spite of some initial obstacles in terms of approach to the task and the topic, the outcomes of the lab were more than satisfactory as concerns both the level of commitment, and the knowledge gained by the students.

As far as advocacy is concerned, the organisation of a national-level event in cooperation with the Italian project partners (TI-It and ActionAid) and with TI-S is currently under examination. The event should be aimed at involving institutions at national level with a view to promoting the adoption of the Integrity Pact on a larger scale.

### **Monitoring, evaluation, and learning (MEL)**

The involvement of the students was monitored *ex ante*, *in itinere*, and *ex post*, taking into account the goals identified under the MEL framework.

Compared to the pre-set goals (which were assessed through the use of an initial questionnaire and a questionnaire on expectations), the outcomes were more than positive. Moreover, through a final questionnaire containing a higher number of questions that allowed us to go more in depth compared to the preliminary phase, and concerned the quality of the work carried out by the students, the latter turned out to be more and more interested in the topic as the activities were being developed.

## Romanian Academic Society

In January 2018, Romania experienced another major conflict inside the government party and the ensuing political instability led to the resignation of PM Mihai Tudose and, consequently, of the whole government. At the end of December 2017, the Memorandum of Cooperation and the Integrity Pact itself were missing only two signatures (State Secretary and Minister) to come into force. However, due to the overall political situation and the bureaucratic chaos, the actual signature was delayed until the new government - led by Viorica Dancila - came into office and the ministry itself was disentangled (the Ministry of Development merged with the Ministry for European Funds under the previous government). Moreover, the documentation had to be edited so as to reflect these changes.

Regular communication was maintained with the Managing Authority for the Operational Programme Administrative Capacity (MAOPAC) but we received feedback on the MoC only on 20 March. MA OPAC informed us that a critical aspect of the MoC was changed by the Legal Department, namely that the contractor will **not** be obliged, via the procurement contract, to sign the IP. This change was done without our prior consultation and it disregarded the fact that we had already agreed with our direct MA OPAC contacts that the institution is willing and able to ask the contractor to sign the IP after the contract is awarded. However, we discussed the matter with MA OPAC and on 21 March we introduced in the MoC an additional article in the section 'Rights and obligations of the CA' whereby, if the contractor refuses to sign the IP, the monitor can still receive all the information and/or documents via MA OPAC.

On 20 April we signed the MoC with MA OPAC. Since we agreed that the MoC has only 2 parties (the CA and the monitor) and that the IP itself will be a separate document which will involve the contractor, we will sign 3 separate IPs, one for each contract.

After discussing the matter with MA OPAC, all the team members will sign confidentiality agreements for each monitored contract. These state that we are not in a state of conflict of interest when it comes to the bidders/contractor, that we have no ongoing trials which would affect our impartiality, that we will not use or distribute the documents received for personal, educational or professional purposes and that we will observe the strict confidentiality of documents marked as such. In early May, we signed confidentiality agreements for the contract on writing a study on the degree of satisfaction of MA OPAC beneficiaries.

In mid and late May, we received the pre-tender documentation for the aforementioned contract. We were involved in reviewing:

- The Annual Procurement Strategy and Plan,
- Framework contract template,
- Subsequent contract template,
- Needs assessment report,
- Tender specifications,
- Contracting strategy.

We made several recommendations especially on the tender specifications and in early June we received MA OPAC's feedback. The CA accepted all suggestions minus one (see above) because there is a specific recommendation from the National Procurement Agency on the issue.

On 28 June we received the pre-tender documentation for the contract on training services for beneficiaries and on 3 July we received the documentation for the contract on information and communication events. At the end of this reporting period, we were in the process of reviewing the pre-tender documentation for all three contracts and writing the first monitoring report for the contract on writing a study on the degree of satisfaction of MA OPAC beneficiaries.

### **Communication activities aimed at ensuring transparency of the IPs and of the project**

With regard to the communication activities undertaken by the project team, from January to March, we worked on preparing the promotional IP video (interview transcripts, video selections, going through all the different editing stages, writing subtitles in Romanian and English, graphics etc.) made

during the Bucharest stakeholder conference. The video has the following chapter structure aimed at offering a better understanding of the IP: *context of public procurement, what is the IP and how it functions, what are the benefits of the IP, what is the role of the monitor* and, last but not least, the answer to the question *who is afraid of the IP*. The video was shared with all IP project partners at the end of March and it was posted on the RAS project website (still present on the homepage). It was also disseminated on the RAS and Clean Romania Facebook pages two times (second time as boosted post so as to reach more of our audience). At the end of June (28 June), the shortened version of the video was shown, followed by a comprehensive presentation on the IP mechanism (made by Valentina Dimulescu), at the conference entitled “Corruption Prevention Mechanisms Related to EU Funded Projects”, organised by the Centre for Legal Resources.

Also from January to June 2018, we continued to post on our project website articles related to the IP and on general public procurement issues in Romania and the EU. Most of the articles were also disseminated on RAS and Romania Curata’s Facebook pages.

After signing the MoC and the start of the actual monitoring activity in June, we reopened the issue on the need to have a standardised procedure in public procurement for communication campaigns and media buying with BRAT. We discussed the matter in a meeting on 27 June. BRAT’s representatives expressed their willingness to share the guide they drafted (that would still need to be readjusted in accordance with the new public procurement legislation) and to participate in a voluntary manner in future meetings and even organise, together with RAS, trainings for CAs in general as well as other stakeholders in order to explain the use of this guide. This activity is directly related to RAS’s efforts vis-à-vis the MEL component aimed at improving public procurement practices. This activity is ongoing and we need to adjust to BRAT’s rather slow progress on the matter due to their workload. At present, they are still working on the updates for the guide, but they will share it with us when finalised.

## Stefan Batory Foundation, Poland

### “Design” phase monitoring

The Foundation engaged in regular monitoring by reviewing documents shared by the Contract Engineer and the Client (PKP PLK) either through regular distribution or on request. The project remained in the “Design” phase throughout the period at hand. The Foundation team focused on reviewing weekly and monthly reports published by the Contractor (ZUE S.A.), reports published by the Contract Engineer, correspondence regarding claims, project change request letters and the regular reviews of the project timetable and budget. The Foundation team members almost regularly attended co-ordination meetings organised by the Contract Engineer in Częstochowa and/or reviewed minutes of such meetings. The monitoring team designed and used a risk table that identified actions and decisions that must be watched carefully as they carry a risk of damage to the interest of project users and taxpayers. An additional resource was hired to help develop a methodology of further monitoring when the project transitions to the “Build” phase.

The Foundation launched a format of quarterly meetings with the Client, the Contractor, the Contract Engineer, the Ministry of Investment and Development and the Centre for EU Transport Projects to review issues with the implementation of the Integrity Pact and the project itself. Two meetings were organised in the period: on 14 March and 23 May.

Over the past six months, the Foundation shared its concerns both in correspondence with the Client and at quarterly meetings about the growing number of change requests, the Contractor’s claims and schedule modifications that increased the risk of project slippage. Both the Client and the Contractor assured that these were standard issues in these types of projects and the risk of missing the deadlines was very low.<sup>4</sup>

### Drafting the tender monitoring report

The Foundation took action to draft its tender monitoring report. One source of information that will be used are interviews with contractors that had placed their bids or filed questions to the Client without actually submitting their bids. One such interview was held in the period. Based on the correspondence with PKP PLK at the start of the monitoring, the Foundation’s consultants once again reviewed the issues that had been raised at the time to see whether they were relevant in the current situation in the project. The work on the report will be continued in the second half of the year.

### The challenge of growing prices in the rail market

The Contractor submitted Notice of Claim No. 5 to the Contract Engineer four months after signing the contract regarding the limited availability of goods, transport, equipment and workforce that were qualified as Force Majeure. The Contractor pointed to price changes of unforeseen dimensions that made it extremely difficult to hire people, rent equipment, buy materials and transport them quickly and it claimed the changes had happened after the bid was submitted. The Contractor claimed that 90% of rail contracts concluded between December 2016 and November 2017 in Poland faced similar challenges.<sup>5</sup> The Client found the claim rather problematic and sent a letter on 24 January 2018 asking the Foundation for opinion on the matter citing the agreement between the Foundation and PKP PLK that gave it the right to do so. The Client argued that it was important to hear the view of the Foundation given the unusual nature of claim No. 5 and its relevance for the development of good practices in public procurement in the future. The monitoring team wondered if that was an area for the Integrity Pact to address as it did not involve any suspicion of fraud or corruption as such but

<sup>4</sup> Minutes of the second quarterly meeting (23 May, 2018, Warsaw), <http://paktuczciwosci.pl/przebieg/notatka-ze-spotkania-kwartalnego-23-maja-2018/> [available on 29 July 2018]

<sup>5</sup> Minutes of the meeting to discuss the opinion with respect to claim No. 5 of the Contractor regarding the limited availability of goods, transport, equipment and workforce in the rail market (21 June 2018, Warsaw), <http://paktuczciwosci.pl/wp-content/uploads/2018/07/Notatka-Spotkanie-Specjalne-21.06.2018.pdf> [available on 29 July 2018]

rather poor planning and management of the public procurement process. Furthermore, the problem was general in nature and the corrective action, if appropriate, appeared to fall outside the scope of the monitored contract. Finally, the Foundation agreed to accept the Client's request with a disclaimer that its opinion would not prescribe whether the claim should be accepted or rejected - it would solely provide an insight and identify alternative ways of resolving the dispute and minimising the related risks.<sup>6</sup>

An additional meeting between the Foundation and the Contractor was held at the request of the President of ZUE on 23 April before sending the report to the Client. ZUE presented its case for the claim. The Foundation's opinion was ultimately sent to the Client and the Ministry of Investment and Development on 27 April. Following the quarterly meeting on 23 May, the Foundation shared its opinion with the Contractor and the Centre for EU Transport Projects and invited comments. The Ministry was the most critical of the Foundation's opinion. It argued the report lacked an in-depth legal analysis regarding the potential impact of contract modifications caused by "force majeure" on the eligibility of contract expenses for EU funds. In response, the legal consultants drafted a legal opinion that was presented at the meeting on 21 June, which was solely focused on claim No. 5. Both reports drafted by the Foundation's team were sent to the parties to the Pact and published on the website.<sup>7</sup> These were then used as background material for discussions held in ministries to identify ways of dealing with the shortage of materials and workforce for infrastructural projects. The Foundation was not invited to attend such meetings.

## Communications

A leaflet about the Integrity Pact was produced. ZUE company magazine *Spinacz* published a long interview with the Integrity Pact co-ordinator in Poland in March. The interview addressed the importance of the whistleblower protection policy in the company and of the monitoring of the Contractor's conduct by the Foundation. Furthermore, it was agreed that all PKP PLK communication materials would feature a note about the membership of the Integrity Pact and provide the website address: [paktuczciwosci.pl](http://paktuczciwosci.pl).

A meeting with local people who live in the project area, local organisations and media was to be held in Częstochowa in February 2018 to explain the goals and objectives and the framework of the monitoring exercise covering the project to upgrade a nearby railway line. The meeting was planned as a workshop with participants working together to design and then implement a local monitoring plan. Only two individuals signed up for the workshop even though there was communication with the local authorities and publicity in local media and on Facebook. Consequently, the workshop was cancelled and another attempt to hold a meeting with the local people is planned once the construction work begins.

The Foundation's communication plan includes a series of awareness building workshops for clients, contractors, government institutions and experts active in the public procurement market. The first workshop on "The Ethics and Fraud Prevention in Public Procurement" co-organised by the DZP law firm took place on 27 June 2018 and it was attended by approximately 40 individuals. The opening panel involved presentations by representatives of the Office of Public Procurement, Office for Competition and Consumer Protection and the Ministry of Enterprise and Technology. The plenary was followed by three parallel workshop sessions focusing on the Integrity Pact as a compliance tool, the use of whistleblowing systems and conflict of interest risk minimisation in public procurement.

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<sup>6</sup> Minutes of the first quarterly meeting (14 March 2018, Częstochowa), <http://paktuczciwosci.pl/bez-kategorii/notatka-ze-spotkania-kwartalnego-14-marca-2018/> [available on 29 July 2018]

<sup>7</sup> <http://paktuczciwosci.pl/o-pakcie/dokumenty/> [available on 29 July 2018]

## TI Bulgaria

During the reporting period, the activities carried out by Transparency International Bulgaria for the better part followed the progress of the public procurement procedure which is being monitored in the framework of the project.

Since the reporting period coincided with the stage of tender evaluation in the third public procurement procedure for the design and construction of Zheleznitsa tunnel on Struma motorway, the monitoring of the current procedure covers the work of the evaluation committee, the administrative aspects of the tender evaluation and compliance with the legal regulations and in-house rules of the CA. This includes issues such as appointment of committee members, declaration of members' interests, compliance with the schedule of meetings, etc.

Monitoring and assessment of the committee's actual work will be carried out after the end of this stage, since the members of the committee are under statutory prohibition to disclose facts of which they have become aware in relation to the tender evaluation, with the exception of the official minutes of the meetings that are published at the website of the CA.

On 19 February 2018, the Road Infrastructure Agency (RIA) published two documents in relation to the current assessment, namely Minutes 1 and Minutes 1.1. The first document are the minutes of the open meeting of the committee held on 28 November 2017. The second are the minutes of meetings that the committee held in the period from 4 December 2017 to 13 February 2018 when the tenderers' compliance with the eligibility criteria was examined. The committee proposed that four tenderers be excluded: three of them bid for lot 3 (roads to the south of the tunnel) and one bid for lot 2 (the tunnel). As the stage of evaluation has not ended yet, by the end of the reporting period the findings and proposals from the minutes have not been officially endorsed in a decision of the CA.

Parallel to the monitoring of the procurement procedure for the design and construction, the team of Transparency International Bulgaria followed a related public procurement procedure, namely for the selection of a consultant on the construction supervision. Although formally this does not fall within the scope of the Integrity Pact, the procedure is immediately related to the monitored public procurement procedure.

The procedure was launched on 29 March 2018, and the deadline for submitting bids was mid-May. Several days before the deadline expired, the Public Procurement Agency suspended the procedure because of a complaint filed with the Commission for Protection of Competition. In the beginning of June, the complaint was dismissed by the regulator and the CA set a new deadline for submitting bids, 2 July 2018.

Transparency International Bulgaria continued actively its efforts to improve the interaction with the Road Infrastructure Agency. A total of eight meetings were held in the first six months of 2018 with representatives of the Agency who were involved in the Zheleznitsa project. Some meetings were attended also by the management of the CA. In addition to the exchange of information on the ongoing procedure, within the limits of the law, we also verified two monitoring reports, on the first and second public procurement procedures. The reports are accessible in both English and Bulgarian language at the website of the project, section "Publications": <http://integrity.transparency.bg/>.

In May 2018, the team of Transparency International Bulgaria took part in a meeting of the project partners held in Budapest, Hungary. Together with the coordinator TI-S and 16 other organisations, we discussed the challenges that the civil society faces. The meeting supported the exchange of ideas and working solutions between the partners in identical situations in the work with CAs, the private sector and civil society.

## TI Czech Republic

During the implementation of the public contract for the Services of Technical Supervision of the Operation of the MS 2014+ Information System in the period from January to June 2018, the purpose of the Integrity Pact concluded between the CA (Ministry of Regional Development), the contractor (BDO IT a.s.) and the independent monitor (TI CZ) was fulfilled without any problems.

The main pillars of the successful implementation of the Integrity Pact include the **creation of conditions for independent monitoring of the entire course of the contract**. TI CZ has secured access to all relevant documents and data relating to the process of implementation of the contract in question and, if necessary, there is also the possibility to apply and discuss any objections or comments.

“Thanks to the approach of all stakeholders and smooth communication, we, as an independent monitor, were allowed to become an equal partner in the procurement process.”

Ivana Dufková, Transparency International - Česká republika, o.p.s.

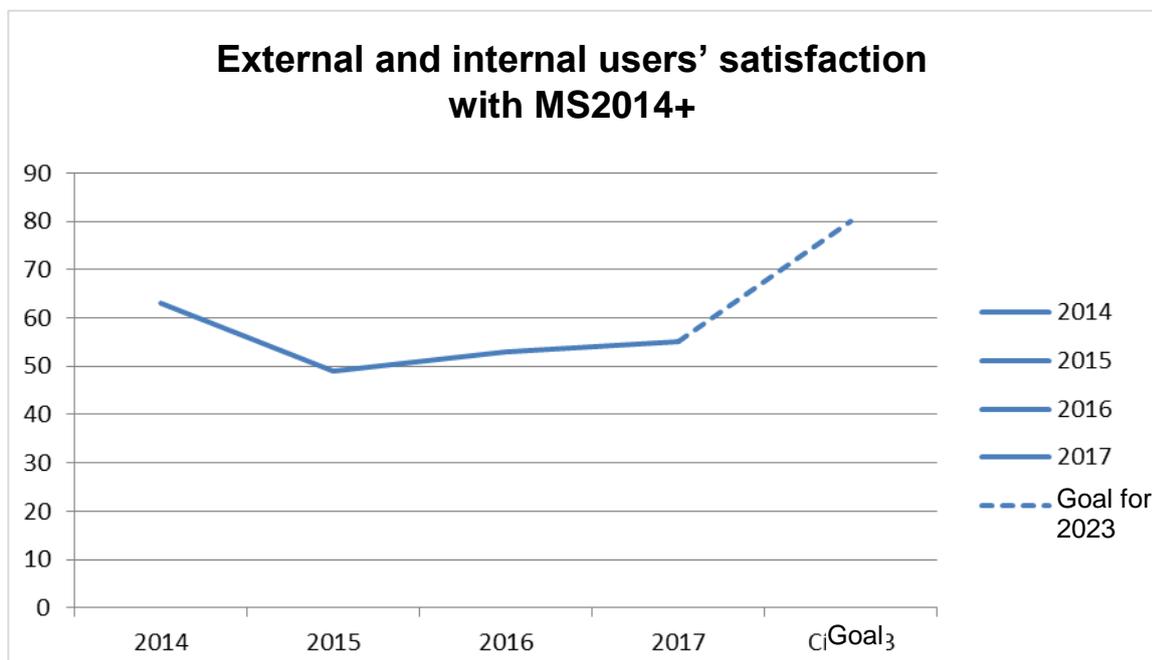
The CA provides sufficient information on the coordination meetings held by the CA, the contractor and the companies involved in ensuring the operation of the information system. The materials have a clear and well-arranged structure, meeting the highest standards of transparency. Thanks to both the records and documents from the project management and the materials for the process-technical provision of the contract, TI CZ has up-to-date information on the course of the project implementation. The professional aspects of the contractor's procedure were independently verified by an IT expert. The expert confirmed that the contractor proceeds in accordance with the approved project management methodology and that the documentation provided is in full compliance with the signed contract.

### *Current challenges during the project implementation*

One of the main topics of the last coordination meeting was the issue of transition from the current presentation layer based on the MS SilverLight platform to a new presentation layer based on the modern HTML5 platform. The transition was motivated by the fact that the support of MS SilverLight is gradually reduced by Microsoft and will be completely terminated in 2021. At the moment, this outdated platform only allows MS 2014+ to be operated on the Internet Explorer browser or on outdated versions of other Internet browsers. In addition, using MS SilverLight restricts the use of modern web technologies and reduces the options to provide a user-friendly interface.

Another condition for the successful implementation of Integrity Pacts in practice is a **suitable setting of the way of communication among the individual participants of the entire process**. We have succeeded in pressing the idea of regular joint meetings within the process of implementing the contract in question. In accordance with this agreement, the signatories of the Integrity Pact regularly meet, evaluate the previous course of the contract and jointly plan the following procedure. At the March meeting, with the participation of the CA, the contractor and the monitor's representatives, the MS2014+ project manager appreciated the successful cooperation so far, especially the quality of the cooperation with the contractor, because the contract in question makes it possible to supervise the areas of the system that had not been fully covered yet.

One of TI CZ's tasks for the following period will be to prepare, in cooperation with the CA, a **user satisfaction survey of the monitored MS 2014+ system**, following the previous questionnaire survey, in order to take into account its results as part of the system modifications, if necessary.



The contract in question is currently the only pilot project of the Integrity Pact in the Czech Republic, so we are trying to **spread the philosophy of using this horizontal tool especially among CAs**. The concept of the Integrity Pact and recommendations for its application are presented by TI CZ in the form of seminars organised for CAs and public procurement administrators at both central and local level, as well as through consultations with the private sector, social partners, citizens and experts. During the first six months of 2018, we were able to train CA's and especially MA's staff as part of regular anti-corruption training sessions, including the issue of transparent public procurement.

The presentation of the Integrity Pact is part of a broader range of TI CZ's activities aimed at introducing the principles of clean contracting and other anti-corruption tools applicable in public procurement. The principles of the Integrity Pact were presented by TI at the international colloquium, with the participation of public procurement experts from ministries, MAs, judiciary and the consulting sector. In June, this was followed by the first of a series of the planned clean contracting seminars, with the participation of CAs, where the participants were introduced to the idea of the Integrity Pact, especially for strategic projects. We also deal with the benefits of the Integrity Pact in a comparative study focused on the main risks of fraud and corruption in public procurement in connection with the implementation of EU funds (ESIF) in selected Member States. The aim of the publication is to point out the main risk factors in public procurement in order to contribute to the prevention of fraud and corruption in public procurement and to provide CAs with information on how to avoid the most common mistakes and, in line with TI CZ's long-term ambition, to adopt both proven and innovative tools in public procurement.

Currently, negotiations are being held between TI CZ and representatives of the healthcare sector, within which we have opened a discussion on the **possible implementation of the Integrity Pact in the prepared public contract for the construction of a new hospital building**.

## TI Greece

On 27 March 2018, the Managing Authority of Attica Region (MA) issued the [decision](#) to integrate the project “Construction of a flood protection pipeline network in areas within the Municipalities of Nikaia-Aghios Ioannis Rentis and Moschato-Tavros” in priority axis “Promoting Climate Change Adaptation and Prevention and Management of risks” of the operational programme “Attica” (the project will be co-funded by the European Regional Development Fund {ERDF}).

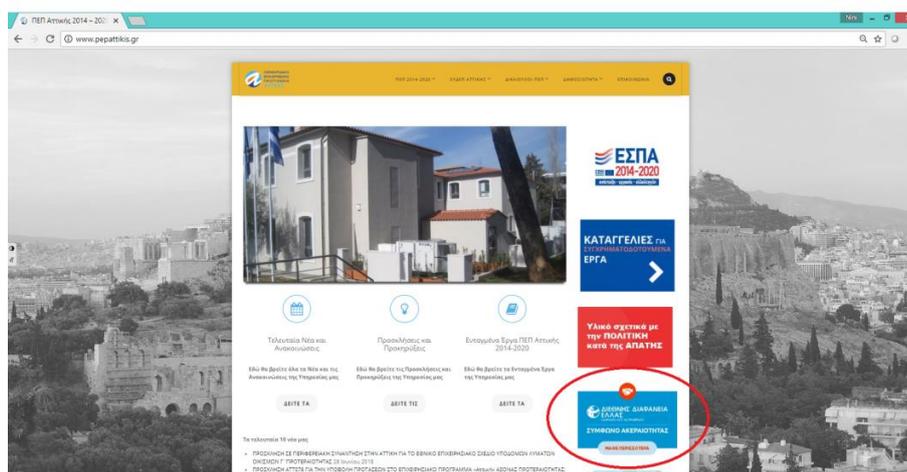
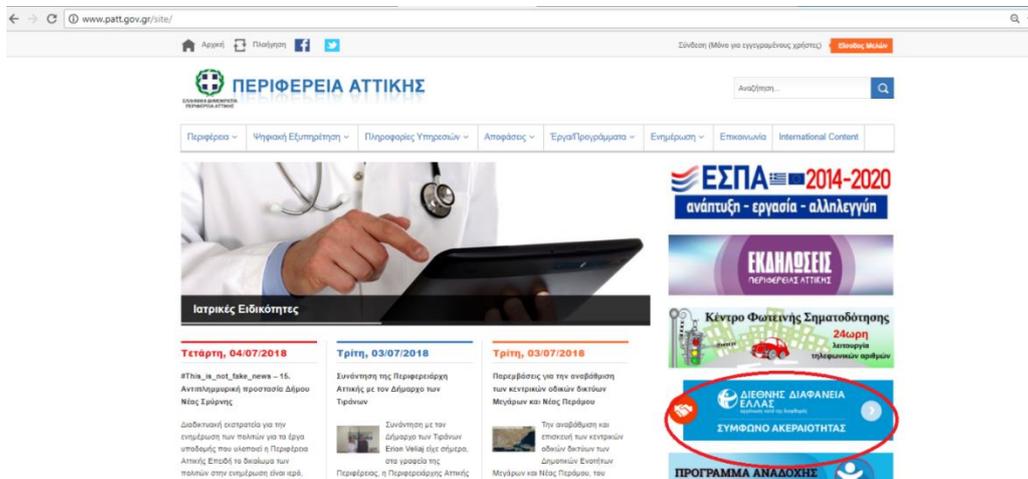
Following the funding decision, the CA shared the draft tender documents with the Independent Observer (IO) for review and possible comments (3 April 2018). The majority of the recommendations were accepted by the CA, among which one concerning the eligibility criteria for participation in the procurement procedure. The IO highlighted (3 May 2018) that the original wording used by the CA was contradicting the law by setting additional criteria apart from the participants’ previous engagement in similar works (in particular hydraulics works). The Managing Authority of Attica Region also supported the recommendation.

The IO also highlighted as a potential risk the incompatibility between suitability criteria and means of proof requested that could lead to the restriction of competition by excluding bidders who would otherwise be suitable - a similar call for offers (tender dates 4 May to 12 June 2018) raised [reactions](#) by the Association of Greek Contracting Companies for the same issue, among others, which resulted in the [cancellation](#) of that tender. All comments by the IO will be made publicly available after the completion of the tendering phase, as foreseen by the IP. Additionally, the Integrity Pact and the Accession Form have both been included in the contract documentation and will be uploaded on the e-procurement platform, along with all tender documents.

The tender is estimated to take place in the upcoming months (Jul-Aug-Sep 2018) and is expected to result in the signature of the contract in January 2019. The completion time of the project has been estimated by the CA at 30 months from the contract signature (mid-2021) which falls out of the current project duration as set by the Grant Agreement. Several reasons have contributed to this delay, such as change in public procurement law in order to incorporate Directives 2014/24/EU and 2014/25/EU (August 2016), issues relating to the protection of archaeological sites in the region (appropriate permission and adaptation of budget to cover related expenses), the launch of the national e-procurement platform (October 2017) and subsequent training of employees and bidders, the update of technical designs in order to secure funding by ERDF and the establishment of synergies with other actors in order to minimise discomfort of the local population during the implementation (such as the Athens Water Supply and Sewerage Company).

The CA, under pressure from the signature of the IP on 20 April 2018, is quickly advancing the process for the launch of the tender (approval from the CA’s Financial Committee discussed during the 3 July 2018 session after completion of legality audit on 22 June 2018). In addition, current flood incidents in other areas of the region combined with the local and regional elections scheduled for October 2019 are other factors that have increased visibility in all anti-flood regional projects as the current regional administration has stated that it sets flood protection as a priority. It is therefore a unique opportunity to highlight the significance of clean contracting and civic engagement for promoting transparent public procurement procedures through the successful completion of the monitoring process.

In order to promote the signature of the IP the IO launched the website dedicated to the project ([www.integritypact.gr](http://www.integritypact.gr)) on the same day (20 April 2018). In addition and with the aim to increase visibility of the project, both the CA's and the MA's websites host a banner that redirects visitors to the IP website.



The IO is also coordinating a public event on 7 December 2018. The idea is to dedicate the 11th Annual Anti-Corruption Conference of TI Greece to the vulnerable sector of public procurement, setting as a highlight the presentation of the IP project. The public event is expected to be organised under the auspices of the Region of Attica in the context of the joint efforts to raise awareness and promote tools which contribute to the fight against corruption. The target of the event, addressed to the general public, is to bring together all interested parties, such as actors from the public procurement sector (i.e. governmental representatives, independent bodies), local authorities, businesses, CSOs and citizens to discuss about the importance of “clean” public procurement and social accountability.



During the reporting period, TI Greece also produced a flyer (500 copies) containing general information on the project (what is an Integrity Pact, the Integrity Pact in Greece, how can you participate etc.) which is being distributed during meetings and presentations with interested stakeholders.



On the social accountability factor, TI Greece contacted CSOs in order to establish the baseline for the MEL component of the project, held a presentation session for the [contractwatch.eu](https://contractwatch.eu) initiative, identified relevant stakeholders that participated in the MEL questionnaire (ex. CSOs) and contributed to setting the relevant baseline.

## TI Hungary

### **Project 1 - Construction of the final section of M6 Motorway**

The public procurement procedure for the design of the final section of M6 Motorway was launched at the end of 2016 by the CA (NIF National Infrastructure Developing Plc.), and the actual monitoring work took place from January till October 2017 (see previous reports). In September and October, TI Hungary followed through the contracting process with the winning bidder. Consequently, in this reporting period, the phase of execution of the contract took place.

Since this is a design contract, we can only monitor the prepared documents: the feasibility study and the licensing designs. The deadline for delivering these documents was 11 May, however, the contractor requested a prolongation of 48 days due to the unfavourable weather conditions during the winter and spring months, which made it impossible to make drillings. TI Hungary intends to examine whether all the conditions for contract modification are met. At the moment, we are waiting for the necessary documents from the CA.

In the meantime, the negotiations on the first monitoring report stopped for the period of the election campaign, having regard to the sensitive political environment. However, we still worked on the report, adding diagrams and infographics to the report. Following the elections, in April, we had a high-level meeting with the Managing Authority who ensured their continuous support for the IP project. Following this meeting, we could continue the negotiations with the CA, and in May, a formal Transparency Advisory Board meeting took place. Following and based on the meeting, we drafted several new text versions, and are waiting for the CA's position.

### **Project 2 - Construction of Tisza-Túr Flood Reservoir**

The Integrity Pact to monitor the construction of the Tisza-Túr Flood Reservoir was signed on 15 May 2017. In line with the original timeline, in November 2017, TI Hungary received the draft public procurement documents for the public procurement for works, and conducted its review, providing several advices to the CA, though it should be noted that the documents were very well prepared. However, in December, the launch of the public procurement procedure had to be post-poned due to the legal challenge of the environmental license; and an amendment of the legal provisions related to certain public procurement procedures.

By the end of 2017, the legal procedures were closed, and the NGO's arguments - questioning the necessity of the project - were dismissed by the court. Due to the amendment of the legal act, there was a need to prepare new documents in order to get the constructing license, which is to be expected in September 2018. Following this, the public procurement procedure for works can be launched.

During this period, we were in regular contact with the project manager of the CA (in March, May and June) to be always updated on the state-of-play.

Following the elections in April, we also had contact with the Managing Authority: they informed us on some structural and personal changes.

### **Other developments**

#### *Social accountability work*

In March, we started to work on a plan to meet local citizens. We met and got contacts of local NGOs - local, meaning in the region, where the motorway will be constructed -, and we foresee a first introductory meeting with the local citizens in August or September 2018. As for the flood reservoir project, the CA hired a PR expert with whom we will meet once the public procurement is launched and the timeline becomes clearer - as it was proposed by the CA for the flood reservoir project. We find it important to discuss our ideas and plans with the hired PR expert in order to gain advantage on the synergies, and also because the preliminary social accountability plan of the CA looks very

innovative and promising (based on previous experiences), for example, an extraordinary geography class in the schools in the concerned area.

### *Monitoring, Evaluation and Learning*

As explained in the previous report, TI Hungary contracted a sociologist who assists us in monitoring and evaluating the use of Integrity Pacts. In this reporting period, we had several meetings with the sociologist (in February and in June), and with our support he conducted several interviews and questionnaires with stakeholders. He is currently preparing a study on his findings.

### *Advocacy and experience-sharing*

In April and May, we gave a presentation in Debrecen, and Győr - two major Hungarian towns - on the IP pilot project and more generally, on the use of EU funds. In April, we held a presentation - via Skype - on Transparency International Hungary's "Experience of Implementing Integrity Pacts" at a conference titled "Making Procurement Transparent & Efficient: Global Good Practices" organised by Partners for Transparency Foundation India and the Management Development Organisation, Gurgaon (India).

We also met students of Corvinus University of Budapest interested in writing their thesis on the issues of controlling the use of EU funds and on the IP pilot project. The students already had an outline for their thesis, which also included a chapter on the civil control mechanisms for EU funds. They were not clear what exactly this, and more specifically the IP is, therefore we had an-hour discussion on the topic, and gave them further readings. We agreed on a follow-up meeting, once they have a draft version of their thesis.

In April, ahead of the parliamentary elections, TI Hungary's view on the situation in the country was sought by many national and international journalists. While IPs were not specifically discussed, the main topic was corruption, the use of EU funds and public procurement.

In May, the annual project partner event took place in Budapest, where all participants of the IP pilot project launched by the EC could present the state-of-play of their project, and we could exchange our experiences.

## TI Italy

### **Progress in the adhesion to Integrity Pacts**

#### *ARST Project - Cagliari tramway*

As established by the Integrity Pact signed with the CA ARST, a service provider (for the provision of a scale model of the station stop) has also signed the IP.

Moreover, in the contract concerning the final project of the Cagliari tramway (signed on 22 May 2018) it is reiterated that “the Contractor shall take steps to ensure that the IP is signed also by any subcontractors and third-party subcontractors who are involved, for any reason, in the works and in the activities to execute the Project”.

#### *Lombardy Region Project - Technical assistance to the European Social Fund 2014-2020*

As established by the Integrity Pact signed with the Lombardy Region, also the subcontractor of Ernst & Young (Noviter s.r.l.) has signed the Pact.

### **Monitoring activities (if already launched, number of monitoring reports published)**

Monitoring activities have gone ahead both in Cagliari and in Lombardy.

#### *ARST Project - Cagliari tramway*

From January to June 2018, ARST kept the monitoring entity regularly informed of the activities in progress by sending all the internal and external communications of ARST.

Specifically, ARST asked for additional information from the consortium and, based on what it received, it drew up an audit report which highlighted 202 “non-conformity cases”, some of which have been remedied or will be remedied prior to the executive project.

The final contract, which marks the beginning of the executive stage, was signed on 22 May. The Local Authorities Planning Conference was subsequently called and the future route of the light rail system began to be explored.

All the procedures turned out to be in accordance with the applicable legislation, though with some delay compared to the initial schedule.

The monitoring report of the post-procurement stage (which ended with the signing of the definitive project) is currently being finalised.

On 21 May, the monitoring body organised a meeting with representatives of ARST to make an interim assessment of the monitoring activity and to discuss any recommendations arisen until then. The sole short-term recommendation, concerning the publication of a document, was immediately accepted. ARST expressed its willingness to implement all the other recommendations: these recommendations concern medium/long-term actions relating to the entity’s anti-corruption measures or to transparency practices to be implemented in future procurement processes.

#### *Lombardy Region Project - Technical assistance to the European Social Fund 2014-2020*

The executive phase began in October 2017; in February and May 2018 the contractor (Ernst & Young) produced the first and second activity reports.

On 7 March 2018, the monitoring body organised a meeting with representatives of the Lombardy Region to make an interim assessment of the monitoring activity and to discuss any recommendations arisen until then.

The post-procurement monitoring report has been published while the report on the first six months of project execution is being drawn up.

A new technical expert has been selected to support Transparency International Italia in the execution phase.

### **Communications aimed at ensuring the transparency of IPs and of the project**

#### *ARST Project - Cagliari tramway*

During 2018 in Cagliari Transparency International Italia is carrying out a campaign on the transparency of European funds, which has many synergies with the Integrity Pacts project. All the activities carried out so far as part of the campaign have included the presentation of the IP project and of the monitorappalti.it platform:

- 26 January 2018: conference with 26 participants
- 18 May 2018: seminar at the Political Sciences Faculty with 28 participants
- 19 May 2018: treasure hunt for some buildings funded by EU funds in Cagliari, with 21 participants. Two stages of the treasure hunt concerned two stops of the route of the future tramway, and participants were given questions on the project and on the monitoring tools.

#### *Both projects*

The website has been regularly updated with all timeline changes. Specific posts have been published on the website about events in January and June and on a news concerning criticalities on another sector of the Cagliari tramway.

Several posts have been published across social networks in relation to events or general information on transparency in public procurement.

### **Social accountability activities (activities with the community concerned)**

#### *ARST Project - Cagliari tramway*

On 6 June, Transparency International Italia organised an introductory meeting with some students from the Baccaredda Atzeni School of Cagliari, who will be involved in the 2018/19 school year in a project for the civic monitoring of the tramway. During the meeting, some civic monitoring tools were illustrated to the students, who also conducted online searches for information on the ARST project.

A person from Cagliari was employed to provide local support to Transparency International Italia in the project with students and for the future civic monitoring school for adults, scheduled between November 2018 and January 2019.

### **Advocacy**

#### *Both projects*

Transparency International Italia will meet ANAC (the National Anti-corruption Authority) on 4 September to discuss the possibility of implementing other Integrity Pacts in Italy.

The coordinator and the project manager spoke at two video-conferences on 10 February and 21 March organised by the Municipality of Messina and by Parliament Watch to illustrate the IP project and support the IP that is being launched in Messina.

As part of the Business Integrity Forum programme of Transparency International Italia, two meetings were held in Terni (13 May) and Genoa (5 July), in which the IP was mentioned.



Likewise, as part of the project “Curiamo la corruzione” (“Treating corruption”) on corruption in the healthcare sector, a conference was organised in Trento on 18 May, where the IP was presented as a tool available to Local Health Authorities. TI Italia also expressed its willingness to act as a mentor for the implementation of the IP in some pilot projects for the Local Health Authority of Merano and the Local Health Authority of Melegnano.

Finally, the IP projects were presented in a public event in Milan on participatory management of confiscated assets on 21 March and in one-to-one meetings with a professor of the Politecnico of Milan and a consumers’ association from Piemonte.

## TI Latvia

Over the reporting period, progresses were made in the implementation of the project monitored by TI Latvia.

### **Project monitoring activities**

#### *Procurement resulting in a contract*

Before the procurement announcement, Riga City Traffic added members of the Transportation Engineer Association's leadership, the Latvian Civil Engineering Union, and the Riga City Council finance department to the procurement commission.

On 28 July 2017, Riga City Traffic announced a new procurement following the standards set in IUB and TI Latvia's recommendations.

The submission period lasted from 28 July 2017 until 12 September 2017 at noon. On 18 September 2017 at 2:30 pm Riga City Traffic's procurement commission opened the submitted applications from three candidates: "BRD projekts", "REM PRO" and "Vektors T".

During the evaluation period, the candidates were asked to provide more information about their proposed projects and to answer questions at nine supplemental meetings:

- 25 September 2017,
- 6 November 2017,
- 8 December 2017,
- 29 January 2018 (evaluation of bidders, submitting information requests, inspecting documents, evaluating experience, taking decision with whom to proceed),
- 5 April 2018 (approved call to submit original offer, TI Latvia was involved in document recommendation preparation and inspection),
- 26 April 2018 (opened submitted offers, prepared extra questions and information requests, document inspection),
- 15 May 2018 (evaluating answers),
- 25 May 2018 (preparing decision about the winner, involving Procurement Monitoring Bureau and requesting pre-inspection about the decision, whether everything was done correct),
- 14 June 2018 (final decision and winner announcement).

On 14 June 2018, Riga City Traffic came to an agreement to give the procurement project to "BRD projekts". The candidate's offer was seen as the most economically advantageous with a price of 2,054,388 EUR. More information about the procurement commission's composition, candidates, decision etc. can be found here: [procurement procedure announcements](#) (in Latvian language).  
*Suspicious of document falsification*

On 25 September 2017, Riga City Traffic discovered that two different candidates offered to use the same railway track designer in their offers. Additionally, both applicants included a statement from the designer in their offers stating that he was not involved in any other procurement bids and therefore had no conflicts of interest. As a result, the procurement commission asked the designer for clarifications regarding these matters and regarding the authenticity of the signatures and statements.

On 26 October 2017, Riga City Traffic's procurement commission received an answer from the railway designer that he had consented to participate in only one of the tenders, and that the other included information that he was unaware of.

On 6 November 2017, TI Latvia pointed out that this was a possible legal violation that would fall under the criminal code, and called on Riga City Traffic to follow and promote good practices and seek out law enforcement agencies.

When Riga City Traffic failed to act, TI Latvia approached the National Police on 9 November 2017, claiming that Riga City Traffic may have violated chapters XIX and XXII of national criminal law.

On 13 February 2018, the Inspector of the third division of the Criminal Police Department under the National Police Riga Regional Office refused to initiate criminal proceedings claiming that the complaint lacked criminal standing in accordance with the provisions of Articles 211 and 275 of the Criminal Law.

On 28 February 2018, TI Latvia appealed Inspector D. Graudins' decision to the Office of the Prosecutor for the Investigation of Financial and Economic Crimes.

On 3 April 2018, TI Latvia received an answer to their appeal from Prosecutor E. Muiznieks from the Office of the Investigation of Financial and Economic Crimes, that the appeal presented a valid complaint and that the office would carry out an assessment of the matter.

On 6 June 2018, inspector L. Vindedze ultimately refused to initiate criminal proceedings as the claim lacked criminal standing under Chapters 211 and 275 of the criminal code.

#### *Tram procurement launch*

The CA launched a Negotiating Procedure "On the Supply of Low-floor Trams" on 11 April. Until that moment, TI Latvia was involved in all procurement commission meetings, participated in document preparation and evaluation. Most of TI Latvia's recommendations were taken adequately on board. Currently there are two companies who have met all criteria in order to proceed the further evaluation procedures. The two companies are Stadler and Škoda. The procurement commission of the CA has requested information which must be submitted till the beginning of July.

#### **Communication**

TI Latvia has published two web site posts that have also been sent to media and stakeholders. The first article covers the NGO role as monitor and IP impact in other partner countries (Poland, Hungary). The interactive timeline of the project progress has been updated. All web site updates have been shared on social media (Facebook and Twitter). Two issues of TI Latvia newsletter have been sent - for stakeholders in Latvia (in Latvian) and for the international community (in English). One interview was given by TI Latvia to an investigative journalist from the weekly magazine "IR".

TI Latvia approached all five political parties represented in Riga City Council and sent the IP progress reports.

TI Latvia participated in the biggest negotiation festival in Latvia, called "[LAMPA](#)". TI Latvia had its own tent with a two full day programme. The discussion topics mainly covered public procurement, Integrity Pacts, whistleblowers, anti-corruption, shadow economy, good governance, fair elections etc. More than 1000 people attended TI Latvia's events. Handouts about the IP were distributed during the events and placed on advertising stands.

#### **Social accountability work (working with affected communities)**

Several individual and non-formal face-to-face meetings with representatives of the "graveyard friends" community took place during the last 6 month. TI Latvia's role as a monitor and the possible problems were mainly discussed. There was limited online activity.

#### **Advocacy**

TI Latvia organised a meeting for its members and partners from state institutions (including anti-corruption agency KNAB, members of the parliament etc.) and other NGOs to discuss whistleblowing in Latvia and possibilities to use WB as a tool in municipal enterprises. Whistleblowing is an important tool, which can successfully help to detect potential violations in public procurements and especially in



the execution phase. It is important to prepare a safe environment for whistleblowers in order to receive more reports.

## TI Lithuania

To begin with, in May 2018 we used the bidders' survey data (based on a survey of 170 business representatives who took part in public procurements organised by Vilnius and Kaunas City Municipalities in 2015-2016) as an opportunity to advocate for a better management of corruption risks in public procurement. That proved to be a good decision not only because the main findings received a considerable amount of media attention (cited in 6 media articles, covered by 3 radio interviews) and helped to reach out to approx. 1700 people via our website and social media, but also because it strengthened our advocacy efforts on the issue. Please find the press release in Lithuanian [here](#), in English [here](#) and a short summary of results (in Lithuanian) [here](#).

The survey results showed that one out of three businesspeople in Vilnius (31%) and one out of five in Kaunas (19%) had encountered a situation where they had chosen not to participate in public procurement because, according to them, the process was designed for one particular company to win. They also recognised that most suppliers would use personal connections to win public contracts. From the answers of the bidders it is clear in which spheres Vilnius and Kaunas city municipalities should make improvements: priority areas include preventing the "leaks" of information concerning public procurement processes, better justifying unannounced procurements and fostering competition among suppliers, using reasonable criteria when evaluating applications, and ensuring that technical specifications and qualification requirements would not be designed to favour one particular company. The results of the study also revealed that public procurement in the construction sector has the highest risks of corruption. For instance, 40% and 30% of businesspeople who have participated in construction sector public procurements in Vilnius and Kaunas respectively, claim that public procurement processes were designed to favour preselected companies.

We presented the survey results to the heads of administrations in both municipalities (Vilnius and Kaunas) and advocated for the (1) review of the risks related to public procurement and ways to better manage them (i.e. organising public consultations, rotating members of the public procurement commissions, and opening information to the public); (2) increase of knowledge of the personnel working with public procurement on the possible risks and the tools to manage them; (3) secure whistleblowing mechanisms to report misconduct.

In addition to these advocacy efforts, for the last 6 months we have been continuously involved in drafting of the implementation acts on the Law on Whistleblower Protection (coming into force on 1 January 2019). It is already clear that the legislation will require the institutions to prepare and establish a safe reporting environment for their employees, thus this would allow us to strengthen our advocacy efforts for the better protection of whistleblowers and improvement of current reporting and feedback mechanisms at the CA .

Moreover, for the last 6 months together with our engineering (SWECO) and legal (JUREX) consultants we have been extensively involved in the monitoring activities of the project. We reviewed technical projects (4 out of 6 planned) and tender documents (3 out of 6 planned) and provided our comments and recommendations to the CA. This monitoring experience once again proved that (1) it is important to involve the management of the CA in order to attract more attention to the importance of the quality of technical projects and tender documents; (2) providing the recommendations according to their significance was a successful exercise as it helped us to keep the focus on the most important recommendations; (3) due to the constant change of the documents and different stages of the procurement process, it is more difficult to measure the success of our involvement than anticipated. However, together with the consultants we have managed to test a new approach and measure the amount of changes made because of our involvement (a comparison of published documents with the initial ones). This showed us that for the first technical project (right side), the CA fully took on board approx. 50 per cent of our recommendations for the technical project and approx. 30 per cent of our key recommendations for tender documents and the contract with the successful bidder. Even though the percentages are quite high, we are advocating for inclusion of all the key recommendations in the procurement documents of the remaining projects as the CA has not justified the reasons of not taking them on board.



Last but not least, for the last 6 months we have continued our engagement activities with the external stakeholders (Public Procurement Office in Lithuania, community of social urbanists, Behavioural Insights Team, Open Contracting Partnership and CoST, among others) with the goal to better understand the best ways to effectively engage communities in monitoring activities, new trends and possible risks related to public procurement monitoring in the region.

## TI Portugal

The Directorate-General for Cultural Heritage (Direcção-Geral do Património Cultural - DGPC) application for the CENTRO 2020 Programme (EU funding operator) was presented in November 2017. The deadline for the decision was established to happen on 2 April 2018.

As stated in the previous progress report, the project selected for running the Integrity Pact was previously selected by DGPC in 2015, being the rehabilitation and adaption of São João de Almedina Church into an Auditorium, a work encompassed by the rehabilitation and expansion of the Machado de Castro National Museum in Coimbra (initiated in 2004).

Despite the identification of this project within the framework of Integrity Pacts II, the underlying monitoring plan is now subject to the CENTRO 2020 funding timeline (project application and project approval), and the planned monitoring activities were suspended accordingly, with the exception of Stage 1 - Needs Assessment. This first stage of the Public Procurement Procedure (PPP) includes the project needs assessment and justification and, as such, it was possible to evaluate it regarding the decisions made by DGPC about the project goals and its economic, social and environmental sustainability, as well the corruption risks and mitigation measures that are usually associated with this stage.

Accordingly, the Expert Committee developed the first Monitoring Report. We are confident that it stresses the added value of DGPC's project, but more relevant, it also presents a significant number of valuable considerations, recommendations and suggestions for improving transparency and integrity of the public procurement procedures in place.

Bearing in mind that it is a tender, and that the funding for Machado de Castro National Museum rehabilitation works is not yet assured, the Expert Committee decided to focus on the global monitoring of DGPC's application to CENTRO 2020, which includes three additional projects in the Monastery from Alcobaça, Monastery from Batalha and in the Convent of Christ (Tomar), aside from the construction work at the Museum.

This decision proved to be adequate because it seems that the chances for the project at Machado de Castro National Museum to be granted with funding are now extremely low. According to DGPC, after the tender application they realised that this project may be considered ineligible, since the framing in UNESCO Cultural Heritage in the Centre Region is a sine qua non requirement, and new information points out that São João de Almeida Church is not classified as such. Thus, it is highly likely that Integrity Pact implementation will be transferred for one of the three other projects that were applied for funding, following the MoU signed between DGPC and TI PT in March 2017.

It is important to underline that the first Monitoring Report has monitored also the needs assessment and the public procurement procedure for hiring an external entity responsible for preparing and submitting DGPC's application to CENTRO 2020. Like other public entities, DGPC has a shortage of human resources, which is the reason why they needed the support from the private sector for conducting all the application requirements. A Direct Award procedure was opened, preceded by prior consultation, and invitations were sent to a restricted number of bidders.

This PPP was closely monitored by the Expert Committee, something which proved to be critical for assessing DGPC's compromise with the IP project and the relation of trust with TI PT, but also in sharing sensitive information and in the reliability and capacity of the communication system established between the parties, which demonstrated to be adequate in all circumstances.

Perhaps more important is the possibility given to TI PT by DGPC, even before signing the Integrity Pact, to undertake monitoring activities in a new PPP, and through it having the chance to witness first-hand how the procedural and formalist logic often relegates to a secondary place the efficiency and the results of public procurement processes. Only through it can we understand, for instance, DGPC's acritical attitude towards 1) the computerised response (automatic ticket) of the National Institute of Administration (INA) to its request for qualified and available personnel to support the application; 2) having answer to its invitation by just one of the three selected bidders; and 3) not

considering as fundamental to define, justify and disseminate the requirements that sustained those invitations (pre-selection).

We believe that these considerations are highly relevant and meaningful under the impact evaluation of the Integrity Pact project in Portugal (MEL framework), in the sense that our goal is to introduce new paths that go beyond the law and the procedural norm. The Portuguese Public Procurement Code establishes the rules and procedures to be followed, but other complementary steps are equally necessary for the adoption of the best international practices and for the establishment of an institutional culture that adopts transparency and the prevention of corruption in public procurement as nuclear elements of its daily praxis.

That is the reason why the first Monitoring Report tried to identify the areas in which - even when there is compliance - DGPC can strengthen the integrity conditions of the contracting procedure. We are glad to see that the set of suggestions inscribed in the report were received as good and necessary by DGPC.

Not being possible to proceed with additional monitoring activities until there is a decision on DGPC's CENTRO 2020 application (still under evaluation), the project team has started working on the development of dissemination products aimed to uncover the main corruption risks in public procurement, in order to reinforce preventive measures by CA and bidders.

Eurobarometer's last report on Corruption (October 2017) shows that 55% of Portuguese respondents state that public officials are permeable to conflict of interests and to fraud when deciding on public procurement procedures. And the European Semester Country Report (March 2018) also highlights public procurement as one of the most problematic areas and highly susceptible to corruption.

Bearing this in mind, we found it relevant and adequate to develop an information, awareness-raising and communication strategy in the framework of the IP project that 1) reports the risks and identifies the problems and 2) presents preventive measures and solutions/best practices that can grant integrity, transparency and responsibility to PPP.

Last April, at the time of the meeting with DG GROW.DDG2.G, Single Market for Public Administrations Director, Marzena Rogalska, by invitation of the Representation of the EC in Portugal, we had the chance to present and discuss the main weaknesses of the Portuguese system; but equally important was the work with DGPC in this regard.

In Portugal, the Public Procurement Cycle is almost exclusively apprehended within very specific organisational contexts. Besides public entities, or other compelled to the public procurement proceedings by law, only private companies bidding and those who work with them (consultants, lawyers, financial auditors) have a clear notion of the different PPP stages and its requirements and procedures. The evaluation of the impact/benefit of public spending - national or from the EU - is only carried out by the citizens after the work is concluded, the service is provided or the goods acquired, often without assessing the needs determining the acquisition/purchase, its sustainability or added value, which to a great extent converges to a very high corruption perception index.

Even for different actors from the private sector it seems hard not just to understand but to access public procurement in an equal and fair condition, reason why we feel it is important to clarify procedures and increase trust between the CAs and the bidders through Integrity Pact implementation.

Accordingly, during the past months we started developing a range of complementary activities to the monitoring plan, based on three key topics: 1) the need to clarify the public procurement cycle to the media and to the general public, usually not very knowledgeable of the legal and procedural details of PPP; 2) citizen engagement for more transparent, accountable and corruption-free public procurement, and 3) the empowerment of DGPC as a benchmark CA concerning the best practices in public contracting.



With this purpose, promotional materials and two web pages were developed with different but complementary aims - a first set specifically related to the Integrity Pact, and a second one based on the clean contracting campaign.

We are also actively collaborating with DGPC in an internal outreach and engagement campaign to reinforcement the level of trust in its PPP, including, among other, support for reviewing its Corruption Risk Management Plan, training and awareness-raising activities (a best practice roadshow) and the implementation of an internal whistleblowing mechanism.

## TI Romania and Institute for Public Policy

This report presents the following activities performed by Transparency International România (TI Ro) and the Institute for Public Policies (IPP) between January and June 2018:

- Community engagement activities,
- Advocacy,
- Activities performed for the monitoring of projects and purchases financed via the European Structural and Investment Funds,
- Activities to communicate and promote Integrity Pacts,
- Activities to assess and monitor the progress of the project.

### Community engagement activities

The content of Integrity Pacts and the planning of future activities were presented to the most relevant business organisations representing the affected communities identified until now and with whom we established bilateral meetings in June 2018, as follows:

- The Association of Communes in Romania (ACoR) (the association of rural municipalities), the National Federation of Local Action Groups in rural areas (FNGAL) and several farmers' associations under the Farmer Federation - organisations with a direct interest in the implementation of the Cadastre project in rural areas,
- The Free Trade Union in Schools (FSLI) - organisation with a direct interest in the start and good implementation of the electronic management of schools project of the Ministry of Education,
- MetruCub Association, one of few organisations in the field of culture with an interest for advocacy activities and watchdogging, an organisation that could be involved in monitoring the project "E-Culture. The Digital Library of Romania".

Other meetings were scheduled for the next period with the National Parents' Association and the Romanian Pupils' Council. The meetings were an opportunity to present the contents of the Integrity Pacts, as well as their way of working and to ensure the support of all organisations with which meetings were organised to monitor the procurement of projects, namely:

- Their feedback on monitoring reports,
- Consultation on any problem or special situation encountered during procurement procedures,
- Their support for identifying potential conflicts of interest,
- Increased attention during the implementation of the contracts,
- Coordinating advocacy for project start-up, especially in the case of the Ministry of Education project on the electronic management of schools,
- Training in public procurement by TI Ro and IPP specialists of representatives of organisations consulted in the areas affected by monitored procurement and contracts.

### Advocacy

In order to eliminate the risks in implementing the Integrity Pacts, during the reporting period the advocacy activities continued through dialogue with the National Agency for Public Procurement (ANAP) to promote at Government level a Memorandum standardising, at least for pilot projects, how to implement Integrity Pacts. Meetings took place on 2 March, 14 June and 25 June 2018 to bring the Government Memorandum proposal to a form approved by ANAP, which was submitted by its experts to institutional approval at the end of June. Also, discussions were held with the President of the National Audit Authority, Mr. Dan Vladescu, on the promotion and strengthening of the role of the Integrity Pact as well as with the inspectors within the Authority.

Other discussions were held with MPs (deputy Cristina Traila, deputy Ioan Cupsa) to put on the public agenda the need to implement the Integrity Pacts on a large scale, trying either amendments to the current public procurement legislation or other levers available. Also, two deputies (Mrs. Florica Cherecheş as well as Mrs. Raluca Turcan) were approached to submit questions regarding the

Ministry of National Education of the e-catalogue. Both the interpellations and responses of the responsible institutions can be found here:

[http://www.cdep.ro/pls/parlam/interpelari2015\\_detalii?idi=51947&idl=1](http://www.cdep.ro/pls/parlam/interpelari2015_detalii?idi=51947&idl=1). The Ministry of National Education replied that the Managing Authority for the Competitiveness Operational Programme only opened the call for projects in March 2018 and at the time of the interpellation (May 2018), the team established at the ministry level elaborates the project fiche and the specific details of the technical project.

### **Activities performed for the monitoring of projects and purchases financed via the European Structural and Investment Funds**

During the reporting period the review of the documents elaborated by ANCPI for the project “Increasing Geographical Coverage and Registration of Rural Property in the Integrated Cadastre and Land Registry System” continued, including (in addition to the application for funding and the study of feasibility, sent to the monitor in several versions in 2017) documents specific to the public procurement process: the contracting strategy of systematic cadastral registration services, the necessity note, the Terms of Reference, the technical specifications (part of the ToR), the proposals for a framework agreement and a subsequent contract.

We have also started the review of the documents related to the project “E-Culture. Digital Library of Romania”, respectively the application for funding, the feasibility study and the technical document that is the basis for the development of the ToR and other procurement documentation within the project.

A meeting with State Secretary Petru Andea from the Ministry of National Education was organised to encourage the development of the project “Electronic School Management System”, but given that the implementation of this project depends on the start of other projects of the Ministry, which also recorded delays, no notable results were achieved during the reporting period, due to this interdependence with projects outside the Integrity Pact. TI Ro and IPP are currently seeking support from other advocacy education organisations at the Ministry of National Education for speeding up the drafting process.

During the reporting period, three IT experts and a procurement expert were contracted to support the TI Ro and IPP monitoring team in the monitoring activity, so each analysed document was independently studied by at least two experts to ensure that the observations and recommendations submitted meet a minimum agreement at expert level.

At the end of May, amendments to the law of public procurement in Romania were adopted and they came into force in June. As a result, some of the monitoring activities have been partially resumed to ensure that the documentation and recommendations continue to comply with the legal provisions.

### **Activities to communicate and promote Integrity Pacts**

During the reporting period, monthly newsletters were drafted and sent to over 6300 people. Among the topics of in the newsletters, there is also the publication of the announcement regarding the signature of the three Integrity Pacts from the project implemented in Romania by TI Ro and IPP, an interview with the president of the Audit Authority emphasising the need to monitor the public procurement and a detailed presentation of the legislative changes regarding the public procurement, including the problems emerging in this area.

### **Activities to assess and monitor the progress of the project**

The Monitoring, Assessment and Learning Plan corresponding to the project was continued during the reporting period, January-June 2018. The monitoring has shown that 6 months or more after the signature of the Integrity Pact, even if the public procurement processes have not yet started, the level of information and openness is maintained at the level of the responsible authorities in Romania - both regulators (especially ANAP) and CAs - to increase integrity in public procurement, including through the use of a tool to facilitate civil society participation, such as the Integrity Pact.

On the other hand, interviews with representatives of civil society show that confidence in the correctness of public procurement in Romania is low and expectations for Integrity Pacts are, as a result, high. However, monitoring also shows that confidence in the integrity of public procurement is directly dependent on the degree of confidence in integrity in public administration, a declining indicator over the past 18 months in Romania, due to political and governmental developments.

## TI Slovenia

### **Progress towards signing the IP**

In this reporting period, the selected bidder, Rudis, d.o.o., signed the IP with TI Slovenia after email and meeting presentations were made by TI Slovenia's representatives. The company did not decide to sign additional annexes. However, TI Slovenia will strive for this to happen in the future.

After an email presentation was sent to Novo mesto general hospital, the director signed a letter of intent to sign the IP with TI Slovenia. Effectively this means, that TI Slovenia will monitor energy renovation of this hospital as well.

### **Monitoring activities**

TI Slovenia conducted monitoring activities during the project's bids opening and evaluation and met with ministry representatives regarding received bids. TI Slovenia observed how the ministry detected a technical error in the bidding documentation in all received bids due to a faulty formula in a document. However, the ministry followed proper procedure and with corrective action received approval from bidders on corrected bid calculations.

TI Slovenia also conducted regular monitoring activities when works started at the first hospital. Namely this means that TI Slovenia and its experts are present at weekly coordination meetings with the ministry representative, the selected bidder, the oversight company, the hospital's representatives and other stakeholders. From these meetings TI Slovenia receives regular information regarding project implementation and can make recommendations on the site, which can then be implemented immediately. This was found to be an effective way to be on board with all involved personnel, up to date with all developments and to detect potential issues early on.

### **Advocacy**

Apart from the exchange with the selected bidder (emails and a meeting listed in the report), TI Slovenia always present IPs to private sector stakeholders in meetings where we disseminate the business case and IP brochure. Meetings include individual businesses and business chambers (French-Slovene, German-Slovene, Chamber of Commerce and Industry of Slovenia, Association of Employers).

TI Slovenia also agreed with the hospital director at the meeting in March to do a training for hospital staff on Whistleblowing. The TI Slovenia lawyer is now preparing a workshop, which we hope to have ready in the following months.

### **Communication activities aimed at ensuring transparency of the IPs and of the project**

TI Slovenia finished, edited and designed the first monitoring report and agreed with the hospital to post visuals over the hospital property during the renovation process. TI Slovenia designed several custom graphics for this purpose, which will inform the local community regarding the project and inviting them to contribute to it with information or in any other way.

### **Social accountability work**

Meetings were conducted with key stakeholders in the affected community and it was agreed that further cooperation will take place. Based on these discussions, two public presentations were made in two municipalities, one for members of classes at Zasavska People's University and the second for the general public during an annual learning festival, where ways of monitoring public spending was presented. Apart from raising awareness regarding the project, both presentations aimed at building capacities of participants regarding public spending and how to effectively monitor it with publicly accessible data.