

# INTEGRITY PACTS – CIVIL CONTROL MECHANISM FOR SAFEGUARDING EU FUNDS

Narrative report from the 15 civil society monitors: January – June 2019

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 18 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 January-June 2019.

Executive summary .....	2
Status of monitored projects .....	3
ActionAid Italy .....	5
Amapola, Italy .....	8
Romanian Academic Society .....	10
Stefan Batory Foundation, Poland .....	12
TI Bulgaria .....	14
TI Czech Republic .....	16
TI Greece .....	18
TI Hungary .....	20
TI Italy .....	22
TI Latvia .....	25
TI Lithuania .....	27
TI Portugal .....	28
TI Romania and Institute for Public Policy .....	30
TI Slovenia .....	31

## Executive summary

The Integrity Pacts project has been running for three years and thus far achieved important results: all Integrity Pacts (IP) were signed, 11 monitored projects are in the implementation phase, 3 are reviewing the tenders (TI Romania-Cadastre, TI-Portugal, and RAS), whereas the IP of TI Czech Republic was concluded according to the schedule. The IP of Amapola and the e-catalogue project monitored by TI-Romania are still in the preparation of the selection process and the launch of tenders. Lastly, the IP for the construction of the tram in Riga, monitored by TI-Latvia, was terminated in May 2019 because of high-level risks of corruption within the Contracting Authority.

There has been a noticeable increase in project partner capacity to monitor and evaluate their activities and to reflect on learning emerging. This can be observed from the detailed periodical MEL reports at the partner-level. Achievements and lessons started to emerge or further evolve. This includes learnings on the significance of trust building with all IP participants, the possibilities of engaging affected communities, the potential of the IP to contribute to strengthening open data and on aspects to consider when deciding on the relevance or desirability of entering into an IP in any given context. As an independent assessment of the Integrity Pact project (IP Project Mid-Term Learning Review) has shown, there have been considerable advances in building rapport between the different actors involved in specific IPs. The review also concluded that contracting authorities (CAs) and bidders are more appreciative of the role of civil society whereas civil society has gained a stronger understanding for the constraints faced by government and bidders. This strengthened their credibility and is an essential foundation for further work. CAs have welcomed the engagement of civil society particularly at the early stages of the public procurement process to help identify loopholes, irregularities or other potential problems.

In order to structure the extraction and analysis of lessons learned, TI-S coordinated the identification of key learning areas (KLAs) that will serve as the common point of focus for the remaining project period. These are: 1) appropriateness of the IP tool; 2) citizens' engagement; 3) data availability; and 4) policy failure in public procurement. The KLAs represent challenges or gaps to the implementation of IPs and efficient public procurement. Selection was based on experience to date in implementing IPs in 11 EU Member States, close analysis of the results of the mid-term learning review and the results of work done to develop the Clean Contracting approach, as outlined in the [Clean Contracting manifesto](#).

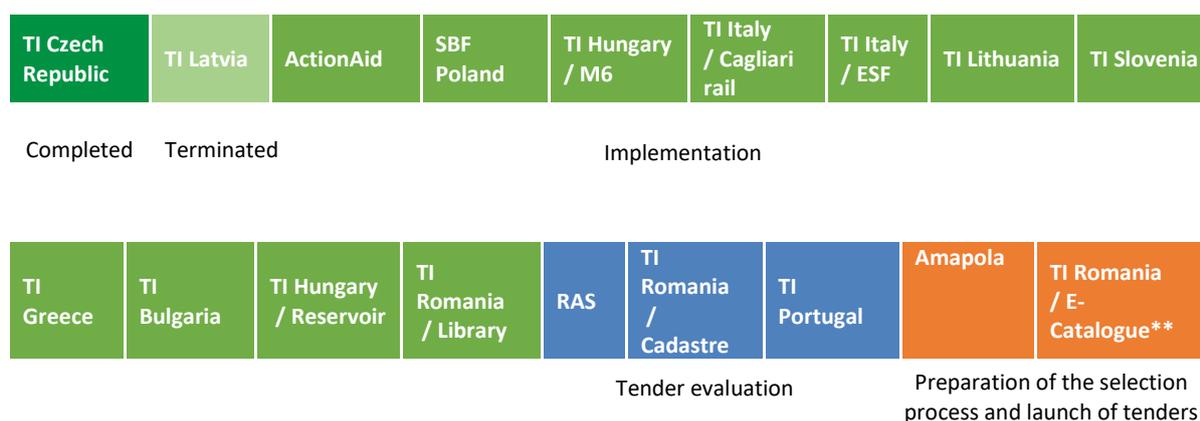
In the last six months, the project has achieved extensive international recognition. In June, the initiative was awarded with the EU Ombudsman's Award for Good Administration 2019 in the category "Excellence in open administration." During the G20 Summit in Osaka, the G20 Compendium of Good Practices for Promoting Integrity and Transparency in Infrastructure Development was published, which featured IPs as an effective collaborative approach to assessing and mitigating the risk of corruption in infrastructure development.

In consultation with project partners, TI-S is preparing a proposal for the project extension. During a meeting in March in Berlin, TI-S and DG REGIO reflected on the outcomes of the Mid-Term Learning Review and the way forward. At the beginning of May, DG REGIO informed TI-S about the intention to extend the project until December 2021. This will allow the conclusion of 11 monitored projects and additional 170 months of monitoring. The focus for the remaining project duration will be driven by objective 3 "Draw lessons from this pilot for future replication and mainstreaming on IPs" and result area 5 on lessons' extraction. The identified key learning areas will be further developed and will result in tangible deliverables. The project modification request will be finalised in the first half of the next reporting period.

Beyond ongoing IP implementation activities, priorities for the next reporting period will be the finalization of the project extension and the initiation of the new work plan. In this regard, a partners' two-day meeting was convened for early October in Brussels, back to back with the major advocacy event of the year, the two sessions of the IP project at the annual European Week of Regions and Cities.

## Status of monitored projects

### Status of monitored projects as of 30 June 2019\*



\* For IPs including several tenders, the graphic takes into account the status of the most advanced tender.

\*\* IP signed but project approval pending.

In the past six months, progress was made in the implementation of contracts, particularly with regard to the projects monitored by TI Portugal, TI Hungary, TI Greece, and TI Romania. Three additional projects are now in the implementation stage, namely TI Bulgaria, TI Greece, and TI Hungary (reservoir project). The IP of Czech Republic was concluded in April 2019 as scheduled and the last monitoring report will be published in August. Finally, for the IP of TI Latvia on the construction of a tramline in Riga, in the previous reporting period some members of the Riga Traffic Board and the Chairman of the Procurement Commission were detained on charges of corruption in the period 2013-2016. The situation in Latvia deteriorated during the current reporting period and culminated in May 2019, when the EU co-funding for the Riga Tram project was withdrawn due to suspicions of mismanagement and excessively high corruption risks. Consequently, the IP was also terminated. TI-S supported TI-Latvia during this intense period and informed DG REGIO about the current situation.

Tender evaluation is underway in two projects in Romania ('cadastre' and the project monitored by RAS), whereas in Portugal the tenders were launched in February and April and will be awarded in July. For the IP monitored by Amapola, the energy pre-bidding report completed for the three procedures, providing several recommendations for the CA. In Romania, the e-catalogue underwent in the first months of 2019 the technical project and feasibility study. The project and application for funds were elaborated in May 2019 and later submitted.

Despite progress, delays in project implementation, which lie beyond project partners' control, remain a constant concern. For example, two of the six tenders monitored by TI Lithuania were extended until the end of 2022. In other cases, the delays are accumulating, but the CAs have not yet officially informed the monitor about these. All project partners are closely monitoring potential delays in continuous conversations with project stakeholders, including the respective CAs and Managing

Authorities (MAs). Note for example the reports by TI Lithuania, TI Romania ('e-catalogue'), SBF, TI Bulgaria, or TI Hungary ('M6') later in this report.

## Monitoring activities

### Analysis of contract implementation for the 1st lot:

The execution phase for the 1<sup>st</sup> lot is running for both monitored projects. All documents relating to this phase received from the Contracting Authority and bidders are analysed both by the lawyer and archaeological consultant as the procedures go on.

*Project that allows the opening to the public of the area so-called "White House" in the Archaeological Park (Identifier code: F11B15000790007):* the work at the site has started on the 5<sup>th</sup> of September 2018. The execution phase is going to finish in late July. In February 2019 there was the appointment of the acceptance test Committee.

In May 2019, the Responsible of the Procedure and the Works' Director signed a report about the need to optimize the work in progress. The adverse weather conditions in October 2018 caused a failure of the electrical supply system. Moreover, the heavy rainfall led to a malfunction of the water drainage system, so there was a flooding of the excavation and works area and a structural failure of the escarpments on the northern side of the area, with the dragging of a large amount of soil. It was therefore decided that the winner bidder had to repair the damage of the water drainage system and to extend to all the northern side the reinforcement structure initially planned only near the access ramp.

This report highlighted also the other changes from the original executive project. The archaeologists decided to investigate a different area, one on the right side of the access stairway, an environment considered to be of great interest, probably a chapel, which will allow to better understand the topography of the White House's sanctuary area. During the construction of the ramp for the disabled, a piece of the outer Roman wall was identified. In order to preserve it, the route of the ramp has been revised. The planned reconstruction of the ancient roof has been moved to an area on the right side of the access stairway, closer to the place of discovery and which allows for a greater field of vision on it. It was not possible to strengthen the water drainage system, because no area was identified where to drill without damaging the archaeological finds and layers. Due to the persistent humidity conditions, there were no conditions for the planned restoration of the walls.

*Project that funded the Museum's new exhibition and multimedia (Identifier code: 13D15001980007):* the work at the site has started on the 17<sup>th</sup> of December 2018. The last update about the timing for the 1<sup>st</sup> lot of works provides the end within October 2019. Work on the energy supply system and on buildings are been carrying out, as well as the coverage for the old car at the entrance. Works on the new exhibition has not yet begun. On February 2019, there was a notice about the variation in the Works' Management Committee: from the first appointment in December 2017, some of the members are currently unable to join it.

### Analysis of tender preparation and publication for 2<sup>nd</sup> lot:

The 2<sup>nd</sup> lots for services and supplies will be launched in a short time, likely within the next autumn, for both interventions. In January, an analysis about the two drafts of decrees to enter into a contract related to the 2<sup>nd</sup> lots for services and supplies was realised.

The Contracting Authority, Regional Secretariat of Calabria for Ministry of Cultural Heritage, communicated to ActionAid that their recommendations related to technical specifications about multimedia, web site and related application, reliefs, and studies were been taken on board in the 2<sup>nd</sup> lots. Based on those recommendations, some adjustments were been made in the wording of technical specifications. The Regional Secretariat will send to ActionAid as soon as possible the documents for a deeper analysis.

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

In May 2019, contrary to the provisions of the draft decree to enter into a contract, and in accordance with ActionAid's recommendation, the services and supplies were merged into a single tender in which INVITALIA (National agency for attracting investments and business development) will perform the functions of Contracting Authority. On the 11<sup>th</sup> of June 2019 ActionAid requested that the Integrity Pact and the Monitoring Agreement is signed also by the Responsible of the Procedure chosen by INVITALIA and that has to be established how will go on the exchange of documents throughout the tender phase.

#### Check of IP and MoU clauses with CA/MA:

On 29<sup>th</sup> of April ActionAid sent the first check of the implementation of clauses both of the Monitoring Agreement and of the Integrity Pact. By checking, ActionAid confirmed that all the actors involved in the Integrity Pact and Monitoring Agreement complied with the clauses until then.

#### Open Data Gathering System:

The work is quite finished. The system is being tested in order to go online in September 2019.

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

During the first semester of 2019, ActionAid carried out the following media activity (see the table below, 2.4.1):

- Update of the dedicated website<sup>1</sup> shared with the other two Italian partners, Amapola and Transparency Italy, in order to ensure regular publication of relevant information about the IPs' implementation in Italy. The website includes general information on the IP, 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.
- Update of a Facebook dedicated page<sup>2</sup> with news on Sibari's IP project and on all partners' projects or on other projects relating to civic monitoring, transparency and anticorruption in Italy.
- The project was presented:
  - o On the 1<sup>st</sup> of March 2019, the pilot program Integrity Pacts was presented by ActionAid Italy, together with the other two Italian partner, Amapola and Transparency Italy, during the promotional event of Libellula, a monitoring laboratory of public spending for common people organised in Messina by Parliament Watch Italy Association. In particular, the contribution of ActionAid Italy was focused on the citizens' engagement activities and on training courses towards civic monitors. A delegation of two citizens from Sibari's civic monitoring community also participated;
  - o On the 9<sup>th</sup> of June 2019, the pilot programme Integrity Pacts, particularly citizens' engagement activities, was presented during a meeting within the "School of Community" organised in Milan by the national organization Metodi Asscom & Aleph.

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

In the first semester of 2019, ActionAid kept investing on the activity of strengthening the community of local activists involved as co-monitors. On the 23<sup>rd</sup> of February, a visit to the site of both the projects in execution phase took place, organized by ActionAid Italy together with the Regional Secretariat for the Ministry of Cultural Heritage in Calabria (Contracting Authority) and the winner bidders. In addition to public officials and companies' representatives, also citizens involved in the pilot project since 2016 and students participated. The students were from two schools, one from the municipality of Corigliano Calabro-Rossano and the other from the municipality of Cassano allo Jonio, who were participating in the last edition of the project OpenCoesione School with a report about the

---

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

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

two projects on the Archaeological Park and Museum monitored within Integrity Pact pilot project. They contacted ActionAid Italy in order to receive help to deepen their knowledge about and to be linked with the citizens involved as civic monitors.

Two members of Parliament Watch Italy Association, Francesco Saija and Stefania Castiglia, also participated in this visit to site, in order to illustrate to citizens involved the initiatives carried out in Messina. The pilot project concerns the construction of a Courthouse in the former Military Hospital "Caserma Giuseppe Scagliosi" and provides for the activation of an Integrity Pact and training courses within a school of civic monitoring of public spending, Libellula, started on March 2019.

In March, ActionAid shared with the civic monitors a draft of reporting work in progress for checking the implementation of clauses both of the Monitoring Agreement and of the Integrity Pact (for more information, see the paragraph "Monitoring" above), together with a report about the monitored procedures updated to that month. Moreover, two citizens from Sibari's civic monitoring community took part together with the staff in the launch-event of Libellula (for more information, see the paragraph "Communication activities" above).

On the 29<sup>th</sup> of April, Actionaid shared with the Managing and Contracting Authorities a report on citizens' engagement activities.

### **Advocacy**

ActionAid gave support to some citizens involved as civic monitors who have expressed the willing to replicate the Integrity Pact for public procurement that have as Contracting Authority the Municipality of Corigliano Calabro-Rossano. So in January 2019, on the occasion of the yearly update of the three-year anti-corruption plan, they proposed to General Secretary of Municipality to add a reference to the importance of civic monitoring in order to prevent the corruption. The suggestion was not accepted, but ActionAid will try again next year.

On the 29<sup>th</sup> of April, ActionAid sent a report about monitored procedures until then, together with the first check of IP and MoU clauses and a report on citizens' engagement activities. At the same time, they requested to meet Management and Contracting Authorities in order to start a final discussion about the implementation of pilot project. Because of the extension of pilot program until the December 2020, they will schedule this meeting as soon as the 2<sup>nd</sup> lots for both the interventions will start.

In April 2019, in collaboration with Amapola and Transparency International Italy, ActionAid participated in a public consultation aimed at collecting observations and advices on the draft of IV National Action Plan for Open Government 2020-2021. Some recommendations on chapter 7, concerning the fight against corruption, were produced. The recommendations were related to the implementation of an integrity pact proposed by the Sicilian Region, in particular the selection process of the independent supervisor and of the contracts to be monitored. The advices were accepted and included in the final version of the document, published on 28<sup>th</sup> of June.

## Amapola, Italy

### Monitoring

The current status of monitoring activities is still concentrated in the phase prior to the publication of calls for tender. Specifically, work was carried out on the “energy” area, whose monitoring report was closed on 30 June 2019, focusing on the study of the three interventions, taking a look at all the documentation produced so far and indicating detailed time schedules for each procedure. This work brought out recommendations and observations to the CA, as well as the identification of a new risk: the complexity of the authorization regime that regulates the relationships between the CA and the MA involves an excessive passage of files which lengthens the time and leaves room for a multiplicity of formal irregularities, which could affect the legitimacy of the procedure on the one hand, and the clarity and transparency of the process on the other. Furthermore, “transversal” monitoring indicators have been identified, which will therefore be applied to all the procedures in which the IP will be implemented. In light of this, an update of the pre-bidding report for the school area is also planned for the autumn.

The platform for Open Data, shared with Italian partners, has been completed. After a short test and optimization phase, it will be put online by the end of 2019.

### Communication and promotion of the Integrity Pact

In January 2019, a dossier from the ANSA Agency focusing on the civic monitoring and testing of the Integrity Pact was published. The dossier also contains a video interview with Valeria Ferraris (project coordinator for Amapola) published on YouTube by ANSA and made available on Amapola’s channel in the playlist with all the videos of the project.

On 1 March 2019, Amapola, together with Action Aid and Transparency International Italy, presented the pilot project and civic monitoring activities carried out in the Madonie in the “examples to look at” section at the event to present a new civic monitoring laboratory of local public spending called “Libellula”, activated in its pilot version in Messina (Sicily) by Parliament Watch Italia.

On 8 April in Alimena (PA), during the public event in which the Integrity Pact was signed with ReSMa, the project and its implementation were presented to all the public present, including the representatives of the school network and some officials of the Union of Municipalities.

In 2018, Amapola was selected in a *call for papers* for a publication on school and innovation, published by Loescher. The chapter, centred on the experience achieved with schools in 2018, was written and finally approved. The book “[I Quaderni della Ricerca – Scuola e innovazione culturale nelle aree interne](#)” (Research Notebooks – School and cultural innovation in the internal areas), was published in July and an event to present it is expected in the coming months.

With regards to the communication product plan and the promotion of IP, the structure of the web - documentary was revised, with the aim of creating a chapter dedicated to accountability activities with a focus on the school. A new video dedicated to social accountability and to how Amapola has decided to implement it within the pilot project is currently in progress (publication between July and August).

### Involvement of citizens and stakeholders

The mission in Sicily in May 2019 was an opportunity to present the civic monitoring activity in a classical high school, an industrial institute and a middle school: for the first two, a new school-work alternation project will be shaped on the students' study guidelines, while for the middle school, the activities will be in a laboratorial key and the contents adapted to the decidedly younger age of the students. The descriptions and working hypotheses have already been submitted to the school administrators and the activities are (indicatively) planned between January and May 2020. At the resumption of school activities in September, Amapola will proceed with the detailed planning and selection of the classes to involve in individual institutions.

With regards to the involvement of stakeholders, especially the officials of the CA and, more generally, all the administrative officials working in the Municipalities that are part of the Madone Union, it was decided to opt for e-learning tools (videos, slides, etc.), which will be developed between 2019 and 2020 on key topics: implementation of the Integrity Pact; how to increase transparency through an orderly and complete publication of the documents; updates of Italian legislation on tenders and the possible implications of in implementing the IP. It is being studied whether this material will simply be published through the Amapola YouTube channel or on an open source e-library (Weschool.com).

### **Advocacy Actions**

In April 2019, Amapola participated, in collaboration with Action Aid and Transparency International Italy, in the public consultation aimed at collecting observations and comments on the draft of the [IV Piano di Azione Nazionale per l'Open Government 2020-2021](#) (IV National Action Plan for the 2020-2021 Open Government). Chapter 7, concerning the fight against corruption was particularly commented. The observations proposed a better definition of the integrity pact and observations on the implementation proposed by the Sicilian Region regarding the selection of the monitoring subject and the tenders to be monitored. The latter were accepted and included in the final version of the document, published on June 28, 2019.

Finally, during the review of the activities for the coming years, which took place in the spring, the project of a national event shared with the Italian partners was confirmed. Given the approval of the extension of the project until 2021, to give greater prominence to the results and the monitoring experience, it was decided to reschedule it at the end of the project, in the autumn of 2021.

### **Monitoring, Evaluation and Learning**

Two elements have been learned in the last months of work that are having a great impact on the monitoring activity: the time factor and the bureaucratic fulfilments that govern the relationships between the CA and the MA. These two elements are closely interconnected and have a strong impact, in addition to the implementation of the interventions envisaged by SNAI, for the purposes of Amapola's monitoring. So far, the timing of the pilot project with those of the tender procedures have not been aligned and are still in the phase prior to the publication of a call for tender. Paradoxically, this situation has allowed Amapola to investigate more than imagined, what happens in the pre-call for tender phase in the case of interventions financed with structural funds. It has determined the need to update the risk analysis for the emergence of a new risk: excessively extended times of the pre-tender phase can determine, albeit with the noble intention of optimizing time, choices that, although legal, give the impression of obscure and non-transparent procedures. Amapola's supervision and monitoring have therefore concentrated on these aspects, reporting each step to be able, at the end of this procedure, to provide the PA with suggestions and incentives to simplify and streamline procedures.

### Monitoring activities

#### FWC 1:

Since the previous report, RAS received feedback on the procurement documentation of FWC 1. The documentation consisted of nine files containing a total of 5076 unnumbered and unindexed pages. The analysis of these documents took place between July 15 and July 22, 2019. Having such a large volume of documents be unindexed made it difficult to assess whether all paperwork submitted to the CA was also sent to the monitor. For example, one bidder was required to provide fiscal certification for all three of its workstations (Bucharest, Cluj, and Iasi), but the monitor only received documentation for one. Without an index, there is no way of knowing whether the documents referring to the other workstations were also submitted to the CA and lost in transit later on, or were never submitted at all.

The CA offered clarifications for all bidders fairly and even requested that they themselves clarify why their prices were unusually low. Overall, there seem to have been no breaches of the law throughout the public procurement process, and all three bidders ultimately signed the framework contract.

In spite of this, the CA conducted the assessment of offers in a shallow manner. For example, the CA did not apply a quality judgement for differences in the service methodology offered (one bidder offered five additional methods, whereas another offered only one), and all bidders received maximum scores for this assessment. The CA did not have a technical expert involved in the assessment, and this might explain why they made no such difference.

The CA required additional information concerning issues that were not part of the mandatory minimum requirements, and it is unclear why they did this when other issues did not seem to raise interest. For example, part of the tender offers were copy-pasted from the service contract yet the CA did not address this at all.

Another irregularity is that the order appointing the assessment committee stated common attributions for all committee members, even with regard to technical assessments. For future reference, committee members should have individual attributions mentioned to better clarify what role each would have in the assessment of tender offers.

The CA accepted inconclusive or even inaccurate answers to its requests for clarification rather than insisting on a satisfactory answer or applying point penalties during the assessment. For example, some documents were missing from the tender submitted by one bidder. RAS procurement expert reported that these may have been submitted but lost in transit, given that no index existed of what documents were actually sent. The same bidder also received a request to clarify the number of potential beneficiaries. It replied that it had complied with the technical requirements but did not indicate where evidence of this could be found, thus providing an inconclusive answer. Another example concerns a document submitted by the same bidder, in which a key page was illegible, yet the CA did not request its resubmission. However, it did request useless documents such as a B.A. degree in addition to a PhD in sociology. It is unclear why the former was also needed.

The financial assessment revealed some peculiarities as well. The CA asked the bidder to explain why its rates were unusually low. In response, the bidder changed its initial prices, and argued that the low rates were due to the studio's unique model and large sample size but offered no further details. The CA accepted the explanation. The cost breakdown offered by one bidder also contained inconsistencies regarding the number of days budgeted for some positions.

#### FWC 2&3:

Bidding for FWC 2 and FWC 3 is still ongoing so RAS are waiting for the process to come to an end before their monitors deliver feedback.

### **Advocacy and communication activities**

For communication and advocacy purposes, in January 2019 RAS started an online campaign based on articles that research and monitor the situation of public procurement. The articles look mainly at the awards of public procurement in a certain period, amounts of money awarded, domains of intervention and last but not least what companies are the main favourites in terms of public money attribution. The campaign continues on the RAS platform [www.romaniacurata.ro](http://www.romaniacurata.ro) and on the Romania Curata Facebook page.

## Stefan Batory Foundation, Poland

### Project progress and monitoring

The investment project has been monitored throughout the year. The monitoring team has attended project council meetings and other meetings with parties to the Integrity Pact, reviewed correspondents and requested information. The objective has been to identify compliance risks in the investment project process and to have them assessed by legal and technical consultants. The monitoring team has intervened to address two problems that may have a far-reaching impact on the project cost, schedule and the interests of the local community.

First, the Contractor carried out works based on a notification on two out of three sections of the overhauled railway line. The Foundation had already expressed its concerns about the acceptability of this project authorization procedure last year and, this year, it wrote a letter to the PKP PLK Contract Director in November 2018. The response indicated that the required construction permits would be obtained but it would be "in the best interest" of the project to ensure that the Contractor implements the project by starting the works by merely notifying it to the relevant authorities. Subsequently, the Foundation wrote a letter to the Minister of Investment and Development indicating that such practices were not in compliance with the construction law.

The works continued but the Minister had not responded and the construction permits had not been obtained until March. The Foundation sent a second and more detailed letter to the Minister on 26 March. The letter was sent as a formal request, which must be replied to within 30 days under the code of administrative law. Meanwhile, the legal consultants were asked to conduct a legal analysis of the case to assess the compliance of conducting works on the basis of a notification of an investment project which is subject to a mandatory environmental impact assessment. The analysis pointed out that such practices were not compliant with the construction law and it identified potential impacts. One such impact would be the non-eligibility of expenses covered by the European Cohesion Fund for reasons of non-compliance with national legislation. In their supplementary analysis, consultants recommended corrective action and communicated their findings to the Foundation and PKP PLK Management. An alarming letter was sent to the President of PKP PLK on 9 May. In a letter of 21 May, the Contractor questioned the Foundation consultants' findings. Meanwhile, PKP PLK responded on 30 May expressing gratitude for the input and the contribution to ensuring transparency in EU spending and a promise to implement corrective action. The Minister replied to two Foundation's letters on 7 May and confirmed there were indeed legal grounds to interpret the notification of works as unlawful but he had no sufficient knowledge whether that was the case in this project. He observed that a draft construction law had been proposed during the year which more clearly defines the requirement for works notifications. The issue was discussed in a quarterly meeting on 3 June where the EU Transport Project Centre revealed that PLN 37 million of EU contribution to the project had been suspended as a result of the Foundation's report regarding the irregularities. There is still no construction permit for the third section where works have continued since September 2018.

In the last months, SBF have pushed more pressure on PLK and Centre for EU Transport Projects to undertake concrete actions to prevent negative consequences of building works without legal permission. SBF made another written inquiry to PLK for sharing information on internal controlling procedures promised in its last letter and their results so far. Although SBF wrote to PLK on 9th of August, they do not have any answer till now. CUPT and Ministry have not taken yet official position towards the problem and possible remedies. According to SBF's knowledge, they are still working on legal recommendations. In the meantime, the EU funds for the investment are still frozen.

Secondly, the Contractor made an attempt at modifying the environmental permit to remove the requirement for noise barriers. It stated that noise can be abated using less expensive technology so noise barriers were redundant. The Contractor quoted its own acoustic study. The PKP PLK Environmental Department opposed the Contractor's position and indicated it had no authorisation to approach the Regional Directorate for Environmental Protection on the matter. It also pointed out the acoustic model developed by the Contractor provided no grounds for the requested modification. Negotiations between PKP PLK and ZUE S.A. were held on 28 January in the presence of a Foundation representative. The negotiations failed and the Foundation decided to arrange a special meeting on 27 February to discuss whether the Contractor's actions could lead to delays in the

investment project and failure to meet noise level standards. It was agreed that the Contractor would provide additional information to back its request and then the Client would determine whether such a request would be submitted. Following the submission of an environmental impact assessment report by the Contractor, the Foundation sent its comments based on the technical consultants' report on 8 April. The Client has consistently asserted that it finds no grounds for replacing noise barriers with other noise abatement material.

### **Citizens' engagement**

Noise barriers were discussed with the local residents of Słowik, a community near Częstochowa that lies on the overhauled railway line, in a meeting with the local community and local government on 10 June ([link](#)). The meeting was arranged with the help of two non-governmental organisations in the Częstochowa area that had been contacted before. The Foundation presented the monitoring concept and goals and representatives of the Contractor and the Client took questions about the status and scope of the works. All statements, comments and questions were documented and subsequently sent to the Contractor for comments. The Contractor replied in writing and the reply was fed back to the meeting participants.

### **Developing Public Relations and Awareness of the Pact**

The Ministry of Investment and Development published a guide on fraud prevention in the Infrastructure and Environment Operational Programme, which included the case study of the Polish Integrity Pact pilot.

The Foundation organised two events in Warsaw for clients, contractors, public institutions and experts on public procurement. The first event, Ways to Improve Public Procurement Transparency, took place on 22 February and was attended by the Head of the State Legal Counsel, Head of the Public Procurement Office and international guests from the European Bank of Reconstruction and Development and the Open Contracting Partnership. The second seminar, Settlement in Public Procurement, was arranged in partnership with KZP Law Firm on 5 April. Integrity Pact observations provided input to both debates and one of the three workshop sessions following each panel was specifically focused on the pilot. Subsequently, the Head of the EU Transport Project Centre provided written feedback to the seminar on 5 April stipulating that EUTCP was not in fact opposed to settlements in public procurement, as had been suggested during the seminar.

The Foundation team met with representatives of two companies operating in the railway market which had volunteered their own comments on the challenges in the industry and PKP PLK activities. One of them, suggested putting their own contracts under an integrity pact and offered to share the monitoring cost in a letter to the Foundation President of 15 April.

The Batory Foundation hosted a study visit of Transparency International Latvia DELNA representatives on 3-5 April. The visit included bilateral meetings with PKP PLK Contract Director, Central Anticorruption Bureau, Ministry of Investment and Development, a site visit to the project site, attendance of a Project Council meeting and the Settlement seminar. An interview with the Latvian guests was recorded and shared, along with other events videos, on the newly launched Integrity Pact channel on YouTube.

## TI Bulgaria

During the reporting period the team of Transparency International - Bulgaria continued monitoring the process of concluding contracts with the successful contractors for Zheleznița tunnel. In the beginning of January 2019, the contracting authority Road Infrastructure Agency (RIA) published additional agreements to the contracts for lots 1 and 3. The annexes postponed the implementation of the design activities for the respective sections since no contracts had been signed with the consultants in charge of the supervision.

In mid-February 2019, RIA announced the conclusion of the contract for lot 2 – the tunnel itself. Surprisingly, the contract was concluded with a consortium led by GP Group AD, which several months before announced in an open letter to the media that they would renounce the contract. According to the information contained in the RIA [announcement](#), the second tenderer, an association of companies of Glavbolgarstroy holding, did not confirm the validity of their offer. The submitted tenders expired in the end of 2018 and the contracting authority failed to request their renewal before the expiry of the initial deadline.

In March 2019, the contracting authority concluded contracts for the consultancy services under the three lots, which allowed the design activities to start. Later in April, an annex to the contract for lot 2 was published on the RIA website concerning the postponement of the launch of the design activities, similar to the ones referred to above.

The independent monitor followed closely the conclusion of contracts, including through ongoing correspondence and requests for information from the Road Infrastructure Agency. The team of Transparency International Bulgaria drew up two monitoring reports with detailed observations, conclusions and recommendations. The monitoring reports will be published after the verification procedure with the contracting authority is completed.

The many postponements and delays of the tender for Zheleznița tunnel caught the attention of the European Commission due to the high risk of failure to implement the construction works within the eligibility period under the Operational Programme “Transport and Transport Infrastructure”. In response to the request of the Directorate General Regional and Urban Policy, Transparency International Bulgaria prepared a synthesis of the tenders’ monitoring from 2015 to the present moment. TI Bulgaria have included in the document the deficiencies that they have established in the legal regulation relevant to the public procurement, practices of its application and recommendations for overcoming them. TI Bulgaria believe that the synthesis will be of use to both the public institutions and civil society organisations, including foreign ones, that work on problems related to public procurement.

During the reporting period, TI Bulgaria observed a series of personnel changes in the Management Board and senior management of the Road Infrastructure Agency. In TI Bulgaria’s opinion, the aggregation of these processes affected the pace of the work of the specialized administration, including the communication with Transparency International - Bulgaria as independent monitor of the tender for Zheleznița tunnel.

TI Bulgaria continued trying to engage the business to the Integrity Pact, and their representatives met two of the three contractors under the monitored public procurement. The Road Infrastructure Agency provided support in the arrangement of one of the meetings, which TI Bulgaria assess positively. As an additional incentive for the tenderers, TI Bulgaria published a [White List](#) where they will announce the contractors’ accession to the Pact.

In view of the soon expected start of construction works, Transparency International - Bulgaria held a series of meetings with the administration and civil society representatives in the area of the construction works. The team presented the objectives of the project and the monitoring to the local communities and together they discussed how the latter may be involved in the monitoring on the field. This activity will continue in the next months, to involve as many active citizens as possible. The goal is to create an environment for the affected communities allowing for civilian control over the spending of public funds.

Visits to the area of the construction works allowed TI Bulgaria to conduct provisional field monitoring. The team registered preparatory construction works, including temporary roads and concrete production hub around the northern entry of Zheleznitsa tunnel. TI Bulgaria will continue the monitoring of the construction works with the support of road construction experts.

## TI Czech Republic

While monitoring the contract execution in the period January–June 2019, the CSO (TI CZ) did not identify any problematic issues or aspects that could indicate a potential corruption and fraud risk and/or ineffective finance drawing.

### **Integrity and accountability of contract execution**

In January 2019, a meeting was held at the MoRD which was attended by representatives of the MA/CA, the Bidder and TI CZ. The main agenda was to review major changes in the contract execution development. The CA and the Contractor informed the monitor about the milestones in contract execution activities of the past period (system architecture, release management, transition to the new presentation layer, MS2021+ preparation, and coordination activities of the teams, contractor and contracting authority).

TI CZ was informed via e-mail correspondence in April 2019 by the CA/MA representatives that the contract execution terminated on 28<sup>th</sup> February due to exhaustion of financial sources as agreed in the original contract. All the materials provided by the CA/MA related to the contract execution within the period 1<sup>st</sup> January – 28<sup>th</sup> February were examined by monitor's external IT expert; no malfunctions, nor discrepancies of a technical character were identified.

The 6<sup>th</sup> Interim monitoring report (for the previous period) was approved by the CA/MA in April and published at the TI CZ's IP website. The 7<sup>th</sup> monitoring report (final one) will be published in August.

In May, TI CZ were informed about a personnel change at the Ministry (CA/MA) in the position of the director of the monitoring system management department.

### **Lessons drawn from contract execution phase**

At the official closing meeting in May, attended already by the new director of the above mentioned department (representative of CA/MA), the Contractor and TI CZ, the whole course of the contract within the framework of the IP pilot project was recapitulated in a form of an informal summary of the project, including recapitulation of public contract chronology and milestones (such as signature of contract documents, etc.). According to the representative from the Contractor, it's appropriate to implement the principles of the Integrity Pact in particular for large scale and strategic public procurement in the preparatory phase of public procurement, as contractual involvement in the earliest phase is desirable. The CA/MA and the Contractor company both agreed to attend other project activities planned for the remaining project period (upcoming semester), including the final national roadshow event that will be organized for a wide range of stakeholders from the PP area. Also, the representatives agreed on participating at the lessons learnt formulating meetings with the project team and provision of their feedback accordingly.

### **Transparency and accountability of the PP processes**

Out of the monitored Contract framework, TI CZ has been making an effort in promoting the IP as a tool for ensuring cleaner and more transparent PP process and environment. In April 2019 negotiations between TI CZ and the Institute for Clinical and Experimental Medicine (see Report 6) over the PP for construction of two new pavilions resulted into signing of a contractual agreement defined as Integrity pact. In this case, ICEM is the Contracting authority and Ministry of Health is the Managing Authority. At the moment, the cooperation is in the phase of objecting the tendering documentation from the side of TI CZ (CSO).

Another new progress reflecting some change in the environment happened in June 2019, when TI CZ was approached by Institute of Physiology (IPHYS) of the Czech Academy of Sciences (CAS) and Institute of Microbiology of the CAS (IMB) with a request to apply the IP tool and principles on 2 PPs – specifically a reconstruction and furnishings of animal holding room. This cooperation was guaranteed in a form of contractual document and the procurements are currently in the pre-tendering phase.

## **Advocacy activities**

In January of this year, a publication on Clean Contracting in the EU Funds was published and announced on TI CZ's web pages. Within the publication there is also a part dedicated to the description and promotion of the IP tool, highlighting the innovative aspect of the tool. The publication was also shared by a distinct online juridical informative system with a wide reach (up to 2 000 recipients) on the employees of regional and communal administration.

The information on the principles and mechanisms of IP were also shared during the event Networking Breakfast (in the framework of the Clean Contracting in the EU Funds project), during 4 anti-corruption workshops organized for representatives of regional and communal administration and politics, and during 2 anti-corruption trainings for Prague City Hall employees.

In its effort to address systemic loopholes and cultivate the PP environment in the Czech Republic, TI CZ is an active member of a working group established under the umbrella of initiative led by other integrity NGO "Rekonstrukce státu" (Reconstruction of the state). Within this working group comprised of representatives from NGOs together with professionals, a systemic effort has been made to contribute towards more effective and efficient functioning of the Office for the Protection of Competition. The TI CZ's director D. Ondráčka therefore regularly attends meetings and talks with stakeholders, during which strategy and solutions are defined and promoted. During the reported period a meeting with the director of the Supreme Audit Office, representatives of the economic committees of Senate and Chamber of Deputies, was held. Furthermore, informal advisory activities took place during the first half of 2019 with the representatives of private sector - Board of Developers, members of the Innovative Pharmaceutical Industry Association, and representatives of the Life Sciences sector.

D. Ondráčka also attended the Editorial Board Meeting of PP-themed journal "Public Procurement in Practice", where the topic of transparent and accountable PP environment was discussed. Lastly, the issue of lobbying and its impact on the PP environment was elaborated during his presentation on the panel "The role of lobbying and interest representation in today's Europe" at the Annual Meeting of Public Affairs Community of Europe.

## TI Greece

The contract for the anti-flood works was signed between the CA and the contractor on March 28<sup>th</sup>, 2019. The contract foresees that its total economic object amounts to € 5.270.678,42 (incl. VAT - average discount rate of 58.98% from the estimated by the CA budget 12.2 2M €) and all works have to be completed within 30 months from the signature date.

The contractor also acceded the Integrity Pact by signing the relevant form. The Independent Monitor conducted the monitoring of the tender phase in April-May 2019 having access to relevant hard copies provided by the CA. The Independent Monitor highlighted two main issues after the completion of its monitoring assessment:

- 1) The MA included a fourth sub project to the funding decision concerning publicity activities for the specific antiflood project. However, the Independent Monitor pointed out that a detailed description of the activities should be included in the technical note. The Managing Authority responded that supporting documentation of the technical note holds detailed description of the proposed action.

However, there are two issues arising: a) the relevant supporting documentation is only available to a limited number of beneficiaries that have access right to the Monitoring Information System (M.I.S.), such as Special Management Services (Managing Authorities), Audit Authorities, Departments of Ministries, Regional Authorities and Beneficiaries, Services of the European Union – the general public does not have access to that information. On the contrary, the technical note that should include a detailed description of the actions to be funded, is publicly available online through the “DIAVGEIA” portal (Transparency Program according to which all government institutions are obliged to upload their acts and decisions on the Internet) and b) moreover, the description included in the supporting documentation is indicative and not exhaustive. The detailed description is essential to evaluate the actions and justify the costs incurred. Two contracts have already been signed under this sub project (event organization for 200 participants for 22.320,00 euro and catering services for 200 participants for 1.400,00 euro). Although the Independent Monitor is monitoring only sub project 1 (construction works) TI Greece felt it was essential to highlight this issue concerning sub project 4, as it concerns transparency and is closely linked to the sub project 1 and the Integrity Pact being implemented.

- 2) The funding decision of the work "Construction of anti-flood network in areas of municipalities of Nikaia - Agios Ioannis Rentis and Moshato - Tavros" provides for a term which stipulates that before the award of the Contract all procedures regarding expropriation of private properties should be completed. Non-completion of procedures may result in serious implementation delays since it concerns the downstream area of one of the two sub-basins (it is very close to one of the two outlets to Kifissos river), which is also the initial “spread” of the construction line of one of the two pipelines.

Procedures were not completed before the signature of the contract; however, the MA stipulated that the Contracting Authority may proceed with the signature of the contract with the Contractor, providing its assent. When the Independent Monitor brought this to the CA and MA’s attention, the MA responded that given a) the project’s importance in the flood protection of the area, b) the efforts already taken to accelerate the process as a whole, c) the commitment of the Municipal Authority to complete the implementation of the urban plan, d) the cooperation of the Anti-Flood Protection Directorate of Attica Region with the relevant Municipalities and e) the existence of a sufficient work front for the Contractor on the S2 Collector (and the corresponding economic object that exceeds 65% of the Contract), they estimated that there will be no impact on the timely completion of the project from any undesirable eventual delay in filling the special condition and that the Contracting Authority may proceed with the signature of the contract with the Contractor. The Independent Monitor is neither satisfied nor dissatisfied with the response and the impact of the non-fulfillment of the aforementioned term that will be assessed during the implementation of the project.

Both of the aforementioned findings (1&2), along with findings from the pretender phase will be included in the 1<sup>st</sup> Monitoring report currently being prepared (launch expected in September at the latest).

Currently, the contractor is proceeding with the installation of the construction site in a space provided by the Municipality of Nikaia - Ag. Ioannis Renti and has already submitted all preliminary deliverables (ex. the study for temporary traffic arrangements, timeline for the construction works, insurance policy etc). Construction works are expected to begin in September. The Independent Monitor is pursuing the monitoring process after the signature of the contract.

Monitoring procedures were affected in terms of time during May-June due to the local elections held in the end of May-beginning of June 2019, as many of the contact points in CA and MA were dispatched to facilitate the electoral process. Furthermore, national elections on July 7<sup>th</sup>, 2019 as well as the transitional post-elections period are also expected to possibly create delays in project and monitoring activities. During local elections, Mayors of both areas where IP is implemented, were reelected from the first round, however a new Regional Governor (Head of the CA) will take office from September 1<sup>st</sup> onwards. The Independent Monitor will focus efforts on engaging the new Governor but will also preserve a good collaboration with the outgoing Governor, as she will be the head of the opposition party at the regional council.

On the social accountability side, TI Greece contacted CSOs in order to calculate the midterm value for the Non-KPI MEL component of the project as well as participating bidders and contractor in order to establish the relevant baseline value and also held an introductory presentation session to postgraduate students at the Panteion University.

In order to promote the IP, the Independent Monitor supported and participated with two speakers at an event organized by the CA and MA on March 21<sup>st</sup>, 2019, addressed to actors from the public procurement sector (ex. managing authorities' employees) in order to present the 1<sup>st</sup> Integrity Pact implemented on a European funded project. In addition, a video was created by the CA with the participation of the Independent Monitor for the same purpose (video currently being subtitled in English). Finally, promotional material for the IP was handed out during a Business Integrity Forum roundtable organized by TI GR which hosted more than 10 major private companies.

Throughout the reporting period, the project website ([www.integritypact.gr](http://www.integritypact.gr)) was following the tender's progress through the timeline page and the white list of acceded bidders/contractor was also uploaded. Throughout the reporting period, 1.333 new users visited the website.

## TI Hungary

### Monitoring activities

#### 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 Contracting Authority (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. In 2018, the phase of execution of the contract took place. (The contract was also prolonged due to unfavourable weather conditions).

Since this is a design contract, TI Hungary can only monitor the prepared documents: the feasibility study, and the licensing designs. TI Hungary got the products of the contract in July, therefore at present the engineer expert is examining them whether they are in line with the public contract.

In the meantime, in January 2019 TI Hungary submitted a formal notification to the Hungarian Competition Authority to inform the Authority on their findings during the public procurement procedures, namely the possible cartel among the three bidders. In their submission, TI Hungary detailed those facts and information that led to their suspicion. Up until the beginning of April, TI Hungary were in frequent touch with the investigator of the Authority, who asked for supplementary data, the Authority also prolonged the original 2-month period within which they are supposed to make a decision on initiating an investigation. Finally, in April, the Authority informed TI Hungary about its decision on not to launch a formal investigation on the matter, since they did not find the cartel allegation grounded. TI Hungary had an 8-calendar day period to challenge this decision before the court, however the decision was delivered to TI Hungary right before the four-day long Easter weekend, therefore practically TI Hungary would only have had four working days. Following a discussion with the president of their Board – also a former president of the Competition Authority – and other renowned competition lawyer, TI Hungary decided not to challenge the decision of the Competition Authority.

As it was reported earlier, the negotiations on the first monitoring report stopped for several reasons – e.g. for the period of the election campaign – but mainly because of the cartel suspicion raised by TI Hungary during the bidding period. Following the formal notification of the Competition Authority, TI Hungary decided to wait for decision of the Authority, before proceeding with the monitoring report. Following the decision of the Authority, in April-May TI Hungary partly re-drafted the monitoring report, and in June they were in frequent contact with the CA and MA about this matter. In July, the CA informed TI Hungary that they prepared their comments, however, in August a new deputy CEO will arrive to the company, who would take over all matters related to IP, therefore, they would like to wait for him.

In the meantime, in March the government resolution on large infrastructural projects – which concerns both of TI Hungary's projects – was amended. TI Hungary examined the amendment, and basically, it adjusted the timelines of the projects to the reality.

On 3 April, TI Hungary had a Transparency Advisory Board meeting with the participation of both the CA and MA. They discussed the decision of the Competition Authority, the possible extension of the project, the amendment of the government resolution, and generally the future timeline of the M6 motorway project.

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

The public procurement for works was launched on 17/08/2018, and the final deadline to submit the offers was 12/10/2018. In December 2018 and in January 2019, TI Hungary participated in several Selection Committee meeting, where they could follow through the evaluation and selection process. One bid had to be eliminated, since they did not uphold their bid guarantee after the prolongation of the procedure. The procedure was prolonged, since even the most economically advantageous tender was above the original estimated budget of the project – which can be justified by the fact that around two years passed between preparing the budget and finally launching the public procurement

procedure – and CA was waiting for approval from its supervisory ministry for a possible extension of its funding. The contract was signed with the winning bidder on 2 April 2019, but it only entered into force on 3 June 2019, since the Financing Agreement with the Managing Authority was only amended – about increasing the budget – on 30 May.

The winning bidder raises some serious questions from TI Hungary part due to general bad reputation. Therefore, TI Hungary examined all circumstances once again – whether they can find any evidence on cartel, or favouring by CA etc – however, they could not find any suspicious sign, and this company gave the best offer. Still, TI Hungary need to plan the communication of this circumstance carefully.

On 20 May, TI Hungary had a Transparency Advisory Board meeting with the participation of both the CA and MA. They discussed the experiences of the cooperation so far, possible extension of the project, the amendment of the government resolution, the upcoming anti-corruption training, the planned local activities and generally the future timeline of the project.

In May TI Hungary started to discuss the details of the interactive anti-corruption training for the employees of the MA, which took place successfully on 12 June in two groups for around 70-80 persons. They also started discussions with the CA for an anti-corruption training, possibly in September.

In June, TI Hungary contracted a new hydro-engineer, since the one they worked with previously, the firm he works for, got involved in the project from the part of the MA. He suggested a new engineer for replacement. He is a retired engineer who has great expertise at controlling these types of projects.

### **Advocacy and experience-sharing**

In February 2019, TI Hungary's head of public funds programs, also the project manager of the IP project hold a workshop in Berlin, at an event organised by the European Academy for Taxes, Economics and Law for employees of the managing authorities, titled "New Guidelines for Public Procurement for ESI Funds". The workshop focused on the following, as per requested by the organisers: (i) the Integrity Pact of Transparency International, an alternative approach to fraud prevention as an authority; (ii) the role of civil society in supporting the prevention of irregularities; (iii) special focus: EU funded projects – experience to date in 11 countries, mainly in Hungary.

In March 2019, a group of French students (University of Clermont Auvergne), while in April a Korean delegation of civil servants dealing with auditing and controlling budget spending, and a group of students from the University of Maastricht visited the offices of TI Hungary. On these occasions, apart from introducing the organisation, and the general situation of Hungary in terms of corruption, TI Hungary also presented their work around integrity pacts. Still in April 2019, the project manager gave a lecture at the Law School of ELTE, Budapest, on integrity pacts.

In May, TI Hungary had a meeting with the mayor and the head of Cabinet of one of the district municipalities of Budapest to present them the IP tool. They showed a great interest, and they asked an offer from TI Hungary to implement an IP with them.

In June, TI Hungary hold an interactive anti-corruption training for the MA of the flood reservoir project – as mentioned above. In two groups, around 70 – 80 civil servants participated actively in the training. This training is part of the IP project, and one block is devoted to the IP tool, as such.

On 26 June, a conference in Tallinn, Estonia, titled "12<sup>th</sup> EU Experience Sharing Programme Workshop" assessing corruption risks in public procurement was organised by DG HOME, European Commission, where TI Hungary's project manager represented the EU-wide pilot project, and presented the lessons learnt and experienced of the whole IP pilot project.

### **Communication activities**

In June 2019, a reputed economic online newsportal wrote an [article](#) on TI Hungary's Integrity Pacts. Still in June, TI Hungary posted on their [Facebook](#) and [Twitter](#) pages about the European Ombudsman award. On Facebook, the post reached 1,547 persons, while on twitter nearly 1,000.

### **Monitoring activities**

#### ARST Project – Cagliari tramway:

The final project approved for the winner of the Tender (on 22.05.2018), the Integra Consortium (Contractor), was subjected to some provisions by ARST (CA) that led to the Decision Making Conference of Services (on 27.08.2018) for final approval and transition from final project to executive project. Prescriptions are the conditions set by various stakeholders (State Railways, Electricity Authority, Fire Brigade, Superintendent of Landscaping, Water Resources, Geological Institutions, Municipality of Cagliari, other Local Authorities and Departments of the Sardinia Region) to be respected for the execution of the project.

All these prescriptions, consultations and authorization required and obtained led to 28 March 2019 as the date on which the CA was able to send all the updated and modified documentation to the Contractor for the realization of the final project. It was estimated 4 months (120 days) available to the Contractor for the delivery of the final project, then by July 28, 2019. Subsequently a Third Commission will evaluate the executive project within a time period of 2 months (60 working days). Effective work is therefore scheduled to begin (track excavation) by the end of September 2019.

On 21.06.2018, the CA wrote to the Department of Transport of the Sardinia Region, to the Municipality of Cagliari, to the Integra Consortium (Contractor) and to the Monitoring Staff of Transparency International Italy, to communicate that, following the design of new or modified works, requested by various bodies and in particular by the Municipality of Cagliari to issue the appropriate authorization for the departure of the works, a delay of not less than 2 months (60 working days) on the expected date of delivery of the final design is estimated.

On 25.06.2019, the full staff monitoring was called urgently (with the presence of the 3 technical experts) to assess the state of things and write a special report to communicate to the civil society (via the website [www.monitorappalti.it](http://www.monitorappalti.it)) and possibly by 30 July 2019 (before the summer holidays) the state of the delays and the hypothesis of the beginning of actual works, which at this point continues towards the end of 2019 or even at the beginning of 2020.

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

On 22 January 2019, the contractor submitted to the CA an update of the Operating Plan. This permitted to replace, upon an authorization with presentation of curriculum and declarations of absence conflict of interest for both, to replace two human resources of the working group. Once checked, it complied with the provisions of the contract.

On January 15<sup>th</sup>, February 11<sup>th</sup> and May 30<sup>th</sup>, the third, fourth and fifth SAL (Works Progress Status), received by the EY Contractor, were sent to the Staff Monitoring by the Contract Authority, with the addition of payments and execution authorizations. The SAL are full-bodied documents that illustrate the activities carried out in this period and articulated according to what is established in the Specifications and in the Operational Plan approved by the Administration during the start-up phase. For each of these activities, the various products and the results achieved are also referred to, with specific regard to the individual documents produced. The documents examined are in their entirety compliant with the provisions of the Special Tender Specifications (art. 9) regarding both the type of content proposed and the relative temporal coverage.

The SAL has been approved by the Region. These documents are consistent in their form with the provision of art. 8 of the Contract. For each of the deeds (advance and subsequent SAL) the relative certificates of conformity were issued, based on which, the supplier EY was able to issue regular invoices. The same were therefore the subject of specific liquidation notes (signed by the regional manager) in which the verification (compulsory under the national procurement code) of the beneficiary's regular contributions as per DURC (Document of Social Security) is also attested. Finally, the payment instructions follow the settlement notes.

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

In the first semester of 2019, Transparency International Italy has been developing and keeping on with the awareness raising campaign of the Integrity Pacts project. Several daily communication activities have been run to this purpose, but the participation to specific events (such as workshop and seminars, please see at point “10.4.1 Media communication and online dissemination” and “10.4.2 External audiences and actors reached directly” for a full list) has allowed to reach a wider audience and to disseminate the main objectives of the project, both at local, national and international level.

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

In Cagliari, a workshop was held with a new group of mixed citizenship (active citizens and representative of public bodies), where TI Italy presented a best practice in the field of Integrity Pacts by showing up the IPs project progress, efficiency and preliminary results achieved, especially with the performance of the civic monitoring school (please see at point “10.4.2 External audiences and actors reached directly” for a full description).

## **Advocacy**

TI Italy’s activities under the strand “advocacy” are in line with the Italian Open Government Partnership Action Plan. Here follows a list of actions as listed in the Plan and developed during the project implementation, in the last six months.

**OPEN DATA:** The 4<sup>th</sup> National Action Plan for Open Government 2019-2021 mentions that “it is crucial to pursue synergic actions based on the involvement of both sides: open data demand and open data supply”. Regarding the project, in details, TI Italy have been collaborating with Synapta in order to build up the Open Data portal regarding electronic invoices and all information of the contracting authority to facilitate the civic monitoring.

**TRANSPARENCY:** “This action is aimed at further encouraging the ability of administrations to become transparent vis-à-vis citizens”. So in the project, different actions have been developed towards the objectives. The Milan Municipality expressed their interest in implementing the IP and invited a representative of ARST to speak about “Integrity and Tools for Public Administration” at public event in Milan on March 27<sup>th</sup>. Mr. Ernesto Porcu, from the RUP (sole manager of the proceeding) of ARST Sardinia, participated as testimonial of the new generation of IPs (with monitoring). This was a good chance to promote the IPs DG Regio project and it proves the support received from ARST Sardinia to improve their issues of transparency and reporting.

**DIGITAL SERVICES AND DIGITAL SKILLS:** “Dissemination of digital services, including through the Coordinators for digital transition, to promote the diffusion of initiatives, processes and platforms enabling and simplifying the relationship between citizens and businesses and central and local public administration”.

From January 2019 until July 2019 in Sardinia several advocacy and people engagement activities have been developed, such as:

- Monitoring School – Bacaredda - Atzeni High School, TI Italy shared a morning with high school students to talk about the Cagliari light rail system, the citizens' rights to be informed and to invite them to press the authorities so that maximum fair access has been always guaranteed.
- Presentazione Libellula, a debate in Messina, organised by Parliament Watch (an organisation which has a long story of cooperation with Transparency International Italy with several public authorities representatives in the field of right to participation on the Common Good).
- Two follow-up of the monitoring school in Cagliari, the experiment on how, throughout a kind of active citizenship by which groups of people or individual citizens share methods, tools and activities in order to verify how public money is spent.
- Two RIFLabs, a series of Workshop targeting local citizens to social communication and methods to express their right to participation in the civil society.

Through these events, TI Italy have enforced the targeted audience (citizens, especially young people) into the acquisition of competences and skills in the civic commitment for guaranteeing a fairer world to live in.

## TI Latvia

### Monitoring activities

TI LV reports: one of the factors leading to the decision by Central Finance and Contracting Agency (CFCA) to stop EU funding for the Riga Tramline Infrastructure Development Project implemented by Riga Traffic.

As mentioned in the previous TI LV report, in December 2018 the Latvian State Police and the Corruption Prevention and Combating Bureau (KNAB) conducted a search of Riga Traffic and arrested key people (e.g. chairman of the board) of the Riga Traffic, including the director of the Riga Traffic procurement commission I. Volkinsteins.<sup>3</sup>

After the arrests, a new board of Riga Traffic was appointed. TI Latvia met with the chairman of the new board and presented its concerns about the project procurements. Consequently, the chairman made the decision to fire the procurement commission and to appoint new members of the procurement commission, and TI Latvia as a monitor.

The new procurement commission was tasked to rewrite the technical specification of the procurement. During this process TI Latvia, together with its contracted experts in engineering and law, actively analysed and commented on the procurements' documents to make the procurements open for all competitors. For example, while analysing the documents of the procurement for purchasing rolling stock of low floor trams, TI Latvia identified specifications that excluded almost all market participants. TI Latvia wrote several application letters to Riga Traffic, stating the "red flags" in specifications and highlighting problems in the procurement. However, Riga Traffic made solely insignificant and formal changes, but refused to change the main technical specifications, thus preserving the rules, which limited the competition.

TI Latvia worked very closely with the CFCA, the Procurement Monitoring Bureau of Latvia, Ministry of Finance and other stakeholders, informing them about potential corruption and other risks of the project.

In May 2, 2019, the CFCA announced that due to high corruption risks and bad project leadership they are terminating the contract with Riga Traffic and discontinuing payments of EU funds to Riga Tramline Infrastructure Development Project<sup>4</sup>. Until May 2, 2019, when the contract was terminated, Riga Traffic received EU funding in the amount of 451.304 EUR, which the CFLA is now trying to recover. Riga Traffic has indicated that they are not going to return the received funding, stating that the funding is eligible costs and if the CFLA wants to recover it, they will need to go to the court. During this dispute, TI Latvia co-operates with both sides and, if necessary, will provide all available information to the court.

### Communication activities

- Publishing monitoring reports on the situation during the procurements and highlighting corruption risks in them.
- Communication and meetings with public and private institutions, such as the Corruption Prevention and Combating Bureau, the Procurement Monitoring Bureau, CFCA, and others.
- Updating Integrity Pact's web page with new security features and design.

### Learning and experience sharing

- In April 2019, TI Latvia had a study visit to Stefan Batory Foundation in Poland, where three days were spent exchanging experience and knowledge and discussing issues (as well as possible solutions/approaches), which are similar for both countries. During the study visit, TI Latvia visited

---

<sup>3</sup> Press Release (ENG): <https://eng.lsm.lv/article/society/crime/eight-detained-in-latvia-and-abroad-in-riga-transport-graft-case.a302707/>

<sup>4</sup> CFCA Press Release (LV): <https://www.cfla.gov.lv/lv/jaunumi/2019/cfla-lauz-ligumu-ar-rigas-satiksmi-par-skanstes-tramvaja-projektu>

Poland's IP Contracting authority and participated at the meeting of the public procurement commission. TI Latvia also visited construction site, where experts explained the situation on site and shared useful information. TI Latvia and the Poland's chapter of TI found that both countries face very similar problems during the implementation of IP, e.g. finding qualified experts that could provide independent expertise on technical specifications and other issues.

- Online experience exchange with TI Italy on involving society into monitoring projects.
- After the CFCA terminated the project, which TI Latvia was monitoring, TI Latvia recognized the importance of sharing its knowledge with others. Therefore, TI Latvia organized Summer School for activists (targeting regions of Latvia) with the main goal – to educate and inspire local activists to monitor EU funded projects implemented by their local councils. For the four days of Summer School TI Latvia gathered activists from Latvian regions and educated them about their rights and opportunities, as well as provided them with useful tools to access information and to conduct monitoring of their local municipalities.<sup>5</sup>

### **Advocacy**

- TI Latvia's recommendations to Prime Minister on transparent public procurement (Jan 2019): the IP has been mentioned as one of the tools to be used in future to gain more transparency in high risk projects.
- Round table discussion about public procurement (Feb 2019).

### **Project management**

After the termination of Riga Tramline Infrastructure Development Project, TI Latvia amended its IP project activities and budget. The new goal of TI Latvia is to educate and involve civil society in the regions of Latvia in monitoring public procurements and spending of EU funds. TI Latvia's plan is to select five EU funded projects in five different municipalities of Latvia and to find local activists, who would be willing to participate in monitoring of EU funded projects, and to hold educational and practical seminars for them. In between the seminars, TI Latvia will provide consultations and support for the regional activists to assist them in monitoring of projects. TI Latvia is planning to achieve local activists' complete understanding and knowledge on how to use their rights and to monitor their local councils.

---

<sup>5</sup> Call for Participants to Attend the Summer School (LV): <https://delna.lv/lv/2019/06/26/ceturta-delnas-vasaras-skola-atklatibas-aktivistiem-no-regioniem-sakas-27-junija-cesis/>

## TI Lithuania

During the last 6 months, TI Lithuania have been involved in the monitoring activities of the project. They have provided their (including Jurex and SWECO) comments for the procurement of the lighting part of the Neris riverbank, started analysing the protocols of procurement commission's meetings. It's worth mentioning that the CA decided to set up a separate procurement for the lighting part (previously lighting was included in each project) after receiving TI Lithuania's comments for the first technical projects back in the end of 2017/beginning of 2018. TI Lithuania's comments back then were mainly aimed at better management of risks, increase of competition of suppliers and cost savings. TI Lithuania are currently analysing the final documents of this procurement in order to understand the number of their recommendations that have been adequately taken on board by the CA. They are also very keen to understand if the decision to have it as a separate project had any implications for cost-savings and increase of competition. However, from their experience so far sometimes it is extremely difficult to estimate this.

In addition, TI Lithuania have reviewed examples of monitoring reports from other IP partners and similar activities carried out by other organizations worldwide. As a result, they have started drafting their monitoring report and expect to publish it in the 4<sup>th</sup> quarter of 2019 / the 1<sup>st</sup> quarter of 2020 the latest. The main challenge that TI Lithuania face so far is related to the changes in monitored projects: in one of the biggest projects a contractor has started its restructuring process, in the other – the CA has not received eligible offers from bidders two times in a row. Last but not least, when it comes to the content of the report, all the monitored documents are highly technical, thus TI Lithuania are looking for the best way to make a report as informative as possible but also easily understandable by different target groups.

Moreover, TI Lithuania have been continuously involved in advocacy activities for the effective implementation of the Law on Whistleblowers' Protection in the country (the law came into force on 1 January 2019). The legislation requires institutions to prepare and establish a safe reporting environment for their employees, thus this allows TI Lithuania to strengthen their advocacy efforts for the better protection of whistleblowers and improvement of current reporting and feedback mechanisms at the contracting authority. TI Lithuania prepared the draft methodology for evaluation of the whistleblowers' mechanism at the CA which they plan to test and use in the 4<sup>th</sup> quarter of 2019.

Finally, TI Lithuania have continued their engagement with other partners and external stakeholders (Public Procurement Office, Special Investigation Service, e-Governance academy, GovEx, CoST, OECD, Open Contracting Partnership, etc.) aimed to increase their understanding of (1) the latest trends and best practices in citizen engagement in decision making and monitoring activities; (2) the latest trends and existing risk management mechanisms in public procurement; (3) the risks in public procurement identified by the biggest purchasing authorities in the country. The overall aim is to use this knowledge for the successful implementation of the IP in Lithuania.

## TI Portugal

Since the IP signature in December 2018, the implementation of the project in Portugal has increased significantly - as expected - both in terms of the monitoring activities and of civic engagement strategies. As a result, the last six months have been especially productive for TI Portugal and DGPC teams working on the project, together with the ones that recently joined from the Alcobaça Monastery, under the leadership of its Director, Ana Pagará.

Concerning the monitoring work undertaken by the Expert Committee, three monitoring reports were developed - two covering MA02 (Tender Preparation and Contract Award) and one for MA01 (Tender Preparation). The MA02 - Contract Award and MA01 - Tender Preparation reports have not yet been widely discussed with DGPC, so in this report TI Portugal just focus on the conclusions of MA02 Tender Preparation phase, as they are extraordinarily positive and also reveal the maturing of the relationship established with DGPC since 2016.

In fact, and so far, the monitoring process has shown how important it is that it occurs on an ongoing basis, proximally and with a sense of continuous construction. Differently to what usually happens in the area of public procurement, where the assessment of procedures is done through auditing and oversight, leaving very little room for the correction and re-evaluation of decisions and procedures, and largely excluding those directly responsible, under the IP, TI Portugal were able to inform and impact the terms and requirements of tender preparation for MA02 before the tender was launched. This has substantially improved the final outcome and with the proactive involvement of all those, at DGPC, who had, have and will have a direct intervention in the planning and execution of this construction work in the Monastery.

DGPC's feedback could not have been better: most of the recommendations were welcomed in the final versions of the tender documents, and, more importantly, those recommendations and suggestions were seen as added value for enhancing the quality of the contracting carried out by the institution.

Notwithstanding this good result, TI Portugal believe that DGPC's performance can still be greatly improved, and they have therefore decided to use the project resources to deliver a new product – an overview of DGPC's procurement profile-, which TI Portugal believe will work simultaneously as a baseline and trigger for best practices. Already presented in July, the DGPC team's reaction to this document was very positive, although the study's findings reinforce the need to significantly improve internal hiring processes as well as empower human resources to higher performance standards.

Based on this principle of ongoing diagnosis and continuous improvement, TI Portugal believe that it is possible to make DGPC's public procurement structure more decisive, especially at a time when the new law on the autonomy of Museums is about to be implemented, and therefore it will be crucial to endow the Culture sector with greater efficiency in the use of its always very scarce financial resources.

During this period, TI Portugal have strengthened the IP communication and outreach strategy. They continued to use all TI Portugal comms outlets, such as social media, newsletters, website, and developed new instruments created specifically for the IP project: graphic materials/brochures, press releases, Facebook posts and tweets, blog posts and newsletters. They also created an IP totebag, thus reinforcing the merchandising associated with the IP communication. But the main and most important novelties of the project since the beginning of 2019 were undoubtedly the activities carried out at the Alcobaça Monastery and the launch of the new IP website ([www.pactodeintegridade.transparencia.pt](http://www.pactodeintegridade.transparencia.pt)).

The website in particular will allow TI Portugal to disseminate, in a very direct and aggregated manner, the IP project results and all associated content, as well as enable virtual civic monitoring. The new content of the site, with investment in visual communication, is specifically tailored to the implementation of the Integrity Pact at the Alcobaça Monastery.

At the end of January, TI Portugal made the formal presentation of the IP project at the Alcobaça Monastery, bringing together in the Hall of Conclusions (which will be the subject of MA02 intervention) about 80 people, from ordinary citizens and local institutions, and journalists from the

local and regional press. This public event has far exceeded TI Portugal's expectations, and it says a lot about the impact of the project in the affected communities.

In April, TI Portugal organized the first two civic monitoring guided tours. They engaged two focus groups, which they believe will be core to their future civic monitoring work: a first constituted by students from the Senior University of Alcobaça, and a second with ADEPA - Association for the Defense and Appreciation of the Cultural Heritage of the Alcobaça Region.

## TI Romania and Institute for Public Policy

This report presents the following activities performed by Transparency International Romania (TI Romania) and the Institute for Public Policies (IPP) between January and June 2019:

- 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
- Advocacy

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

After establishing the project team, the Ministry of Culture and National Identity started developing tender documents and launching procurement procedures within the project "E-Culture. Digital Library of Romania". During the reporting period, most of the TI Romania and IPP activities focused on monitoring tender documents drafting and preparation. The contracting authorities sent tender documents (contracting strategies, necessity notes, terms of references, contracts and framework contracts proposals and forms for bidders) in a transparent and proactive way.

In June 2019, based on the work done in the last year, TI Romania and IPP launched the monitoring report on the relevance and preparation of procurement within the project "E-Culture. Digital Library of Romania".

Several bilateral meetings were held to discuss how to work and the recommendations submitted for each of these documents to the contracting authorities.

Moreover, during the last six months, the Ministry of National Education re-started the preparation of the project "The Integrated System for School Management", that will include the e-catalogue. TI Romania reopened the dialogue with the authority - the Ministry of National Education - and received the Technical Documents and Feasibility Study for the review.

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

In June 2019, TI Romania launched the Monitoring Report on the procurements within the project "E-Culture. Digital Library of Romania", concerning the preparation of the project, the preparation of the tender documentation by the Ministry of Culture and National Identity and the evaluation of the first tenders and the decision on the winning bidder.

Moreover, several bilateral meetings to promote Integrity Pacts were organized with Members of Parliament, central and local public authorities (such as Aiud City Hall, Giurgiu City Hall, Constanta City Hall, etc.). The first goal of these meetings is to inform these local decision makers about IPs and to convince them to consider IPs in their strategies to raise integrity in their institutions. The second goal is to mobilise them for advocacy on better regulation of public procurement, using both the IP experience and their experience. TI Romania also organized meetings with the members of the Parliament in order to promote IP and to better understand its usefulness.

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

During the reporting period January-June 2019, the implementation of the Project's Monitoring, Evaluation and Learning Plan continued. The monitoring carried out showed that the information level and openness was maintained at the level of the responsible authorities in Romania, especially at the level of the contracting authorities. These are interesting to increase the integrity of the public procurement, including through the use of an instrument to facilitate the participation of the civil society, as the Integrity Pact.

An indicator of interest for Integrity Pact and other procurement integrity tools was the monitoring activity restarted for the project "The Integrated System for School Management" developed at the Ministry of Culture.

## TI Slovenia

### **Monitoring activities**

One or two members of the monitoring team attended weekly coordination meetings at the building site of the Trbovlje hospital, which enabled optimal insight into project implementation. The project handover was delayed due to contractor's difficulties over weather conditions in winter time. The monitor made several recommendations and opinions during the period. In this period, the monitoring activities were intense also in the second hospital, as the tender was published again. TI Slovenia made recommendations regarding tender documentation.

### **Communication activities**

During this reporting period, a case study on single-bidding was prepared and published. TI Slovenia focused on the issue as Slovenia recorded more single-bids than the EU average. Additionally, several EU semester reports noted that Slovenia might have an issue with competition in procurement. The work on the IP project was also mirrored in an ongoing analysis of the wire fence procurement process, for which TI Slovenia successfully gained access to unlawfully classified contracts through years of legal procedures. TI Slovenia found several irregularities in the contracts and reported them to the authorities while also reported to the public, as there was a significant public interest in the publication of those contracts. The story was covered by all major news outlets in Slovenia.

During the CPI2018 launch in January 2019, TI Slovenia streamlined Integrity Pacts in the context of influence of transparency and rationality in use of public money on perception of corruption. Integrity Pacts were mentioned among other TI Slovenia projects and activities as means to bring the use of public money and public procurement procedures closer to the public.

### **Social accountability work**

To initiate contacts with local stakeholders in Novo mesto, a TI Slovenia representative attended a roundtable at Novo mesto University and spoke to several students and professors.

To familiarize students of Law faculty of the University of Ljubljana with work and activities of TI Slovenia, a representative of TI Slovenia conducted a lecture in the Criminal Law course to 2<sup>nd</sup> year students. Integrity Pacts were presented as an anticorruption mechanism with the ongoing pilot project highlighted in the context of safeguarding EU funds.

### **Advocacy**

TI Slovenia highlights two advocacy campaigns during this reporting period. The razor wire fence was the first case used for advocacy, namely to advocate for more accountability in the particular case, while also highlighting the importance of a working FOI system that enables CSOs to monitor public expenditure. Second, the case study on speed cameras highlighted the systemic issues Slovenia has with single-bidding. Several recommendations were made to decision makers.

In February 2019, TI Slovenia representatives met with the President of the National Assembly of Republic of Slovenia. Among other topics, the Integrity Pacts project and its implementation in Slovenia were introduced and discussed during the meeting.

In February 2019, the Chair of TI Slovenia meet with the Minister of Justice. Among other topics, the Integrity Pacts project and its implementation in Slovenia were introduced and discussed during the meeting.