

# INTEGRITY PACTS – CIVIL CONTROL MECHANISM FOR SAFEGUARDING EU FUNDS

Narrative report from the 15 civil society monitors: July – December 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. 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 July-December 2019.

Executive summary .....	2
Status of monitored projects .....	3
ActionAid Italy .....	4
Amapola, Italy .....	6
Romanian Academic Society .....	8
Stefan Batory Foundation, Poland .....	9
TI Bulgaria .....	11
TI Czech Republic .....	12
TI Greece .....	19
TI Hungary .....	21
TI Italy .....	23
TI Latvia .....	25
TI Lithuania .....	27
TI Portugal .....	29
TI Romania and Institute for Public Policy .....	31
TI Slovenia .....	33

## Executive summary

At the end of its fourth year of implementation, the Integrity Pacts project is at an important turning point. The learnings from the 18 monitored projects show important changes in the behaviour, political will, and practices of participating stakeholders, both in the public and private sector. Two monitored projects are now concluded, the technical assistance in Italy and the IT service in Czech Republic. While most of the other monitored projects are in the implementation phase, extended delays with the procurement procedures have slowed down the monitoring, and subsequently the learning component of the project. Nevertheless, in December 2019 the project was granted a formal extension until the end of 2021, which will allow to fully comprehend the functioning and applicability of the tool, to advocate for a more systemic uptake of the tool across participating countries as well as to consider further applications in the future.

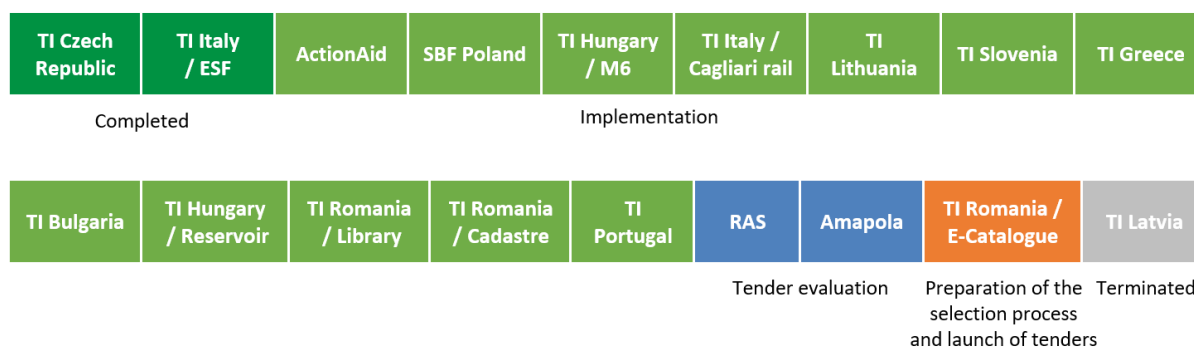
The findings from the current reporting period confirm that most of the contracting authorities involved in the IP piloting are actually improving their capacity to enforce public procurement standards or the policy, as most of the recommendations provided by the monitors related to this outcome have been taken on board by the targeted contracting authorities. However, monitoring during this reporting period shows the need for better standards concerning conflicts of interest, in order to ensure better enforcement of European competition rules. In many cases, Integrity Pacts are promoting the adoption of improved public procurement standards/policies by governments, especially related to transparency. In addition, the Integrity Pacts implementation continues to show what is feasible and necessary in engaging affected communities and is helping refine approaches. Another important finding from this period is the low number of irregularities. Only three monitoring partners identified them, all of them relate to situations existing before the current reporting period. This is a much lower number of irregularities compared to the previous reporting periods. This situation can represent an indication of increased integrity capacity of the contracting authorities or of a lower risk of irregularities related to the contract execution.

The partnership has become more aware and reflective of the changes triggered by the pilot project. This was visible during the yearly partners' event in October, when monitors advanced the work under the four key learning areas: appropriateness of the IP, open data, citizens' engagement, and policy failure. Each of these working groups is actively exchanging learnings on the project-level and designing tangible deliverables in the form of learning products (policy briefs, working papers, gamification, and audio-visual material). The most advance deliverable is a working paper that looks at where and why an Integrity Pact is appropriate in the European context, which will be launched in the next reporting period.

Also in this period, the project maintained a high-level representation at the national, European, and global level. The two highlights are: 1) the organisation of two workshops at the DG REGIO European Week of Regions and Cities on citizens' engagement and on CSO's role in bringing citizens closer to policy makers; 2) the participation at the UN Forum on Business and Human Rights, where TI-S joined a panel on the business and human rights dimension in corruption. Both events were excellent chances to promote the project's achievements, but also to expand the existing network of external stakeholders. At the national level, monitors are increasingly seeing the results of their advocacy activities. For example, the Italian partners influenced the inclusion of Integrity Pacts in the national anti-corruption plan. In Czech Republic, the IP monitoring has officially finished, but the monitor has already agreed to implement two new IPs in the field of healthcare with new contracting authorities. In other countries, project partners are collaborating with policy and decision makers with the aim to achieve similar systemic changes.

## Status of monitored projects

### Status of monitored projects as of 31 December 2019\*



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

As the graphs above show, the vast majority of the monitored projects are currently being implemented. The main improvement from the previous reporting period is that the tender of the monitored project on the Cadastre in Romania (monitored by TI Romania) went from being evaluated to implemented. Another successful result is the finalisation of the second IP of the project, namely the technical assistance for the Lombardy Region, Italy, monitored by TI Italy. Currently the partner is performing the end-term survey, therefore the final reporting for this project will be included in the next narrative report.

Tender evaluation is still underway in two projects, one in Romania (the technical framework by RAS) and another in Italy (Municipal work by Amapola). In Romania, for the e-catalogue, earlier in 2019 the monitoring partner supported the planning of the technical project and feasibility study. The project and application for funds were elaborated in May 2019 and later submitted. Nevertheless, since August 2019 the e-catalogue project at the Romanian Ministry of Education is on stand-by due to changes in the leadership of the Ministry, which directly affects the team responsible for the management of the project. More detailed information on each of the monitored project can be found later in this report.

Despite the vast majority of IPs being on the right track, by now the project has accumulated a reasonable amount of delay, which is out of the monitors' control. As the monitoring progresses, other obstacles or unforeseeable events pose a threat to the timely implementation of projects. The monitors are constantly observing the developments within contracting authorities and enacting mitigation actions as soon as new delays appear. The project extension request considered these delays and proposed to extend the monitoring activities until the end of 2021. The project extension was formalised in December 2019 and will allow a total of 14 monitored projects to be completely concluded, adding approximately 230 months of monitoring.

### Monitoring activities

The 1<sup>st</sup> lot of works for both interventions are finished. The 1<sup>st</sup> lot of works for Museum's intervention should have been closed by the end of October 2019, but on the 29<sup>th</sup> of October 2019 the contractor COGER Srl has sought and obtained a work extension of 60 days. There were two on-the-spot checks by ActionAid Italy's staff: the first on 15<sup>th</sup> of July and the second on 6<sup>th</sup> of December.

According to the Italian Code of Public Procurements (L. 50/2016, art. 102) the end of the execution phase needs to be certified on the basis of the costs of intervention:

- for the Archaeological Park intervention, by a certification of regular execution signed by the Responsible of the Procedure and the Work Manager;
- for the Museum's intervention, a final testing managed by the Testing Committee.

As soon as those final documents are issued, the execution reports for the 1<sup>st</sup> lots of works will be available on the website: in the meantime, they were already shared with the contracting authority and Site supervising officers for their approval.

The 2<sup>nd</sup> lot for Museum's intervention started on 31<sup>st</sup> October 2019 and has not been awarded yet. The procedure is handled by INVITALIA (National Agency for public investments) acting as managing authority and the signing of the Integrity Pact was included in the participation requirements for the bidders.

### Activities to communicate and promote Integrity Pacts

On 13 July 2019, ActionAid Italy organised an in-depth seminar about participatory management of Cultural Heritage in Corigliano-Rossano municipality, introducing also the Integrity Pact that it is piloting in Sibari, with a focus on the role of volunteers and citizens in the monitoring of interventions on Cultural Heritage.

On 10 October 2019, ActionAid Italy joined the workshop "Citizens engaging for a better Europe. Integrity Pacts in Italy" during the European Week of Regions and Cities together with representatives of other Italian partners of the EU pilot project and the Regional Secretary of the Ministry of Cultural Heritage and Activities for Calabria Region.

On 8 November 2019, the three IP pilots running in Italy were presented by a representative of Transparency International Italy at a meeting on "Corruption and public procurement" organised by the University of Bari.

On 23 November 2019, the project manager of Sibari's Integrity Pact was invited to a discussion table about policies on transparency and open data in the phases of emergency and reconstruction after an earthquake, during the Festival of Participation organized by ActionAid Italy in L'Aquila.

On Stanford Social Innovation Review, Winter 2020 (volume 18, number 1) an article written by Mahmoud Farag also with staff contribution (title: Opening Public Contracting to Citizen Participation) presents the pilot program Integrity Pacts and reflects on the possibility to recruit more and more civil society organizations or ordinary citizens in bottom-up monitoring processes<sup>1</sup>.

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

ActionAid Italy are discussing the agenda of the 4<sup>th</sup> Civic Monitoring School that will be split in two sessions, the first one on public procurements' procedures in Italy (timing: by the second semester), and the second one on monitoring tools for interventions on Cultural Heritage (timing: by the third semester).

In July 2019, ActionAid Italy had a meeting with the participants of the previous editions of the Civic Monitoring School to discuss how to improve the new edition. In November, the discussion was going on via webinars and some comments received were taken on board. On the basis of those suggestions, ActionAid Italy is trying to make the participants' engagement funnier than in the previous editions. The staff is currently considering the adoption of gamification strategies in the training session about public procurements' procedure with experts in the field.

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<sup>1</sup> View the digital edition and download the PDF: [https://ssir.org/issue/winter\\_2020#](https://ssir.org/issue/winter_2020#)

ActionAid Italy are cooperating with some local associations to co-host working sessions on their areas of expertise during the 4<sup>th</sup> Civic Monitoring School: transparency in public contracting, access to data, and citizens' engagement. Currently the associations with whom they are collaborating: Bauci and local section of national Anti-Mafia organization Libera in Corigliano-Rossano, Parliament Watch in Messina, Pensando Meridiano in Reggio Calabria.

### **Advocacy**

The advocacy activities carried out together with the other Italian partners that are piloting the "advanced model" of the IP allowed the role of the independent monitor to be recognised in two important national programmatic documents.

In the 4<sup>th</sup> national Action Plan for Open Government 2019-2021 - section about corruption prevention - there is a specific reference to the IPs actually running in Italy under the EU pilot project and to the importance of the independent supervisor<sup>2</sup>. The Sicily Region, together with the University of Messina and the Municipality of Palermo, are going to implement at least one an "advanced" Integrity Pact with the involvement of a third part in the role of monitor.

In the final Italian National Anti-Corruption Plan, issued on 13 November 2019, a section relating to the involvement of civil society was added: "*public administrations – by implementing an IP - can consider strengthening participatory approaches for civil society in the various phases of the assignment and execution of public contracts*", followed by a specific reference to the pilot<sup>3</sup>.

The first document, the Action Plan for Open Government, tends to include "good intentions" that do not necessarily turn into actions, whereas the National Anti-Corruption Plan is a plan adopted by an authority and has legal value.

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<sup>2</sup> Link to the 4<sup>th</sup> national Action Plan for Open Government 2019-2021:

[http://www.funzionepubblica.gov.it/sites/funzionepubblica.gov.it/files/Quarto\\_Piano\\_Azione\\_Nazionale.pdf](http://www.funzionepubblica.gov.it/sites/funzionepubblica.gov.it/files/Quarto_Piano_Azione_Nazionale.pdf)

<sup>3</sup> Link to the Italian National Anti-corruption plan:

<http://www.anticorruzione.it/portal/public/classic/AttivitaAutorita/AttiDellAutorita/ Atto?id=8ed911d50a778042061d7a5d0028cba2>

## Amapola, Italy

### Monitoring activities

Monitoring activities were able to continue for the whole semester due to the project being extended until December 2021. The extension of the monitoring Agreement with the body of the Union of Municipalities Madonie, concerning all the procedures for the “energy” sector, was signed on 30 September 2019. This was not required for the Agreement with the school network (ReSMA), the contracting authority for “education” procedures, as the possibility of extension in the case of deferring the project had already been foreseen.

An update of the monitoring report was published in October about all the procedures of the “energy” sector.

The state-of-the-art monitoring activities are focusing on the ongoing selection procedure for a technician to oversee the executive design of the biomass platform, planned by the SNAI AIMA19 intervention. In the pre-tender monitoring phase of this procedure, especially during the writing of the call, two main recommendations were sent to the contracting authority linked: 1) to the request to sign the Integrity Pact (IP) even for companies that are relying on requirements of other companies; 2) to the need to indicate the Integrity Pact even in the tender. Both of these recommendations were acknowledged.

Furthermore, the IP model prepared for the energy sector was adapted to the specific procedure in order to be included in the tender documents. The call for tender was published on 22 November 2019 and since it is a restricted invitation procedure, 4 expressions of interest were received and the opening of the envelopes and the invitation to submit bids are expected in January 2020. Finally, as required by current regional legislation, the “Dalla Chiesa” legality Protocol (a tool introduced in the early 2000s to prevent criminal infiltration in tenders) was introduced among the tender documents. The regulatory developments in recent years and the presence of the Integrity Pact have made it possible to overcome this tool, which is now almost totally included in current legislation.

The contracting authority was therefore proposed to start a new institutional path to surpass the “Dalla Chiesa” legality Protocol, also from a formal and procedural point of view, no longer including it in the tender documents. The rationale of the initiative is to try to streamline the documentation that participants in the tender have to submit and avoid the Integrity Pact being considered as a new document to sign. The contracting authority fully accepted the suggestion and an analysis of the contents of the “Dalla Chiesa” legality Pact will start from January, after which, activities to begin this institutional path that involve the Prefectures and the Sicilian Region, will be planned.

At the end of November, a monitoring mission and a meeting took place with the contracting authority, in which the recommendations on the publishing methods of the documents were renewed and the state of the art of all the procedures selected for the monitoring was examined. On meeting the technical staff of the contracting authority, a new risk related to the small number of staff seconded to the Union of Municipalities emerged, which entails the lack of several technical skills and therefore, a potential impact on the implementation of the activities related not only to the tendering procedures, but also to the implementation of the Pact.

To facilitate monitoring, the contracting authority granted Amapola read-only access to the back end of the digital platform in which the tenders are published, activities are recorded and all procedures are uploaded. This will make monitoring much more streamlined, punctual and prompt. At the same time, the contracting authority has no burden in terms of resources to be used to allow the monitoring. A folder shared on Drive was also prepared as an agreement with the technical office of the contracting authority, so documents and materials useful for monitoring can be easily shared.

### Communication and promotion of the Integrity Pact

On 17 July, the book “[I Quaderni della Ricerca – Scuola e innovazione culturale nelle aree interne](#)” (*Research Papers – School and cultural innovation in internal areas*) was published by Loescher. Amapola contributed by writing a chapter on the experience gained with schools in 2018. It is planned to present the work in an event in 2020.

In October, Amapola participated as a speaker at the European Week of Regions and Cities, in the “Citizens engaging for better Europe” session, presenting its work of involving citizens through the school-work alternation project.

The new video on Social Accountability and participation in the Integrity Pact was published on 29 October.

### **Social accountability**

Preparatory activities were launched between September and December to start the school-work alternation project with the humanistic secondary school of Valledolmo. The agreement with the school was signed and the activities and calendar were planned. The activities will start in February. The theme of the project will be the monitoring of a public tender but more focused on the transparency of the publication of documents and storytelling techniques, given the course of studies.

Collaboration also began with the middle school of Castellana Sicula (a Municipality of the Union), for a civic monitoring laboratory with the middle school students, in conjunction with one of their education projects “Let’s colour our future”. Under this project, a national network of schools elects a “Mini-Mayor” who engages with their council for one school year in activities for the environment and legality. During the national meeting (which sees the participation of around 140 children from all parts of Italy), taking place in Castellana Sicula in May 2020, Amapola will contribute with an activity concerning legality and tenders.

### **Advocacy**

The main advocacy action carried out by Amapola with the other Italian partners at national level is related to the participation at the public consultation opened by ANAC (National Anti-corruption Authority) between July and September 2019, to collect comments and proposals for the draft of the New National Anti-corruption Plan.

The observations made were accepted and the possibility for the public administrations to implement the Integrity Pact, also by setting out actions of participation and control of the civil society, is part of the final text of the New Plan. In addition, the pilot project was cited as an example.

Considering this outcome, a dialogue was started with the Italian partners, ANAC and the Department of Public Function to open a work group on how to create a tool (type of guidelines) to implement the Integrity Pact in the tendering procedures in Italy. Work will begin in February 2020.

### **Monitoring Activities**

Since the previous report, activity has mainly focused on FWC 2, as the bidding process finally drew to a close. RAS' monitors received tender documents late, after the bidding process was over, so they were unable to make recommendations in due time. Reasons for late submission are unknown. When they were eventually sent, documents submitted to the monitor were not scanned legibly or in the chronological order of their issue, making assessment difficult.

Additionally, blank pages were included in the scan, as well as documents that were not oriented along the same axis. As such, the monitoring took longer than expected, and encountered difficulties that could have been avoided with little effort on part of the CA. Also, the independent monitors did not receive some documents such as replies to clarification requests, offers from suppliers, etc. but instead received scans of documents that had nothing to do with the procedure being monitored. In addition, one of the bidders sent out documents in English, and there is no evidence that the CA has requested translations despite an obligation to do so. RAS recommended that the CA should request translations of all documents submitted in another language.

One of the bidders mentioned mandating several people to take decisions on their behalf, including a member of the European Parliament, yet the CA did not request them to provide any declaration regarding conflicts of interest. RAS recommendation was that the CA should verify that all decision-makers and relevant stakeholders are not at risk of conflict of interests. This came too late to be taken on board but monitoring efforts will continue in subsequent contracts and insist on this point.

The CA requested clarifications regarding the background of one of the experts. The bidder sent a reply containing several works published by the expert on the topic of private data but did not provide evidence of their qualification as a trainer in the field. As such, the monitor was not convinced of their expertise. RAS recommendation is that the bidder should provide documentation that the expert is a certified trainer in the area of private data. This is, notably, the first recommendation RAS make to one of the bidders, given that the CA did its part in requesting clarifications.

Similarly, one of the bidders did not provide documents supporting the reasoning behind their surprisingly low price, despite requests to do so from the CA. Instead, they offered an explanation based on a reasoning that was not supported by the tender offer. Here too, RAS recommendation goes to the bidder, who should provide supporting documents that explain their low price, to avoid situations in which the price is reassessed after the contract is signed.

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

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

The monitoring campaign that started in January of last year continued with a number of articles reporting on large contracts concluded with questionable firms. Some analyses of findings are ongoing.



## Stefan Batory Foundation, Poland

### Monitoring activities

The project was monitored continuously despite uncertainties about the approval for the pilot extension beyond September 2019. Monitors collected and examined contract-related correspondence, regularly attended project council meetings and interacted directly with the Client and the Contractor.

The Foundation continued to make interventions with respect to issues previously found to be instrumental for the adequate project implementation. In August, it sent another letter in response to a PKP PLK letter of 30 May in which the Company laid out the measures and controls it had implemented to prevent potential irregularities in the course of the notified works. The Foundation requested a detailed description of such measures and controls introduced by PKP PLK and their observed impact. Meanwhile, the Silesian Inspectorate of Construction Oversight launched administrative proceedings based on information collected in the framework of the Integrity Pact to examine the compliance of construction works commenced by PKP Polskie Linie Kolejowe without the required building permit. Having received no response to original letter, the Foundation sent another letter on 6 November with a more assertive request for comments from the Company.

PKP PLK replied on 22 November stating that the Construction Oversight Inspectorate had found no irregularities earlier and the Company was currently waiting for the outcome of the ongoing administrative proceedings. Following that letter, the Foundation was informed that the Construction Oversight Inspectorate had dropped the case. Allegedly, while it had found some of the works to be in breach of the regulations or to be misrepresented in the notification yet it had concluded they were principally in line with good construction practice and preapproved plans. The Construction Oversight Inspectorate had determined that its tacit approval of the work notifications and the subsequently issued building permits were legitimate grounds for the Contractor to continue such works. The Centre for EU Transport Projects released previously suspended funding for the notified works.

The dispute between the Contractor and the PKP PLK Environmental Department over the need to build acoustic screens according to the original blueprint continued. The contractor requested an editable version of the acoustic model from PKP PLK in order to compare the model output parameters against its own numbers and to remove issues that prevented the Company from accepting ZUE numbers. The Contractor made a point of demonstrating that the proposed high number of noise screens would be a redundant expenditure based on the data. PKP PLK's response emphasised that the Company did not believe an editable version of the acoustic model could be considered public information so it felt under no obligation to share it. Again, the Company stated it saw no reasons why it should not install the noise screens. The Foundation wrote a letter on 6 November asking the Company to explain why it was refusing the Contractor access to information, which could facilitate the completion of this public project. The Company replied on 15 November and explained why the requested model could not be qualified as public information.

In another disconcerting development, an overdue payment to the Contractor caused some friction and the Contractor threatened to charge interest. Again, the Foundation requested comments from PKP PLK in writing. The Client explained the late payment had been caused by a lengthy process of ministerial approval for funds to be disbursed from the special-purpose budget reserve. It also explained that the Contractor's invoice had eventually been paid and no interest had been charged.

The risks identified during the monitoring process were discussed in the quarterly meeting of all parties to the Integrity Pact on 30 September.

### Activities to communicate and promote Integrity Pacts

The Foundation experts shared information about the Integrity Pact at a number of events they had attended, including seminars organised by the European Academy for Taxes, Economics & Law, the Internal Audit Institute and the Ministry of Investment and Development. The presentations emphasised that the European pilot had already received a European Ombudsman's award. At an event at the Ministry on 15 October, government officials announced plans to include the beneficiaries of the Infrastructure and Environment Operational Programme in the target group for the Integrity Pact. The Foundation shared information about the pilot at a press briefing arranged by the PKP PLK's public relations agency for local media at Myszków in December.

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

The Foundation's representatives presented the Integrity Pact to the local community and local government of Myszków at a townhall meeting on 24 October. The meeting had been arranged by local NGOs: the Jura Social Economy Support Centre and the Your Space Social Co-operative. The latter hosted the meeting on its premises. The meeting was attended by over 20 people. The Contractor, the Client and the organisers took questions from the floor. There were many comments about the work progress, and some about the insufficient communication with the local people and limited public consultation opportunities, especially at the project design stage.

**Towards Greater Transparency in Government Contracts**

The Foundation presented its comments to the draft ZUE S.A. Ethical Management Policy requested by the Contractor on 14 August. The Draft was based on an earlier policy adopted by ZUE for the project covered by the Integrity Pact and it now extended the whistleblower protection provisions to apply throughout the organisation. The document was then revised to incorporate the Foundation's comments and adopted by ZUE S.A. Management in November.

## TI Bulgaria

### Monitoring activities

During the reporting period Transparency International Bulgaria (TI Bulgaria) continued monitoring the implementation of the awarded public procurement<sup>4</sup> contracts. In the second half of 2019, the contractors completed the design activities and coordination of the technical records with the competent authorities. The construction under the three lots was launched officially on 23 October 2019.

TI Bulgaria's team started field observations in October 2019. They aimed at carrying out at least one field visit a month. The more essential results have been published in the [Monitoring](#) section on their website; pictures and videos from the construction site have been uploaded in subsection [Tunnel.report](#).

In compliance with the observation methodology, and pursuant to the Integrity Pact, TI Bulgaria took part in the regular meetings between the contracting authority, the contractor and the construction supervisory authority specified for every lot. The team has taken part in altogether four such meetings since the launch of the construction works: one for lots 1 and 3 – the sections immediately before and after the tunnel, and two for lot 2, the tunnel itself. The monitoring continues in 2020.

In fall 2019, TI Bulgaria completed the verification procedures, together with the contracting authority Road Infrastructure Agency (RIA), in relation to two monitoring reports from the early stages of the public procurement: one covering the period from the preparation of the tender to the selection of contractors, and the second one in relation to signing the award contracts. The full texts of the reports in Bulgarian are accessible on the dedicated project website, [Publications section](#); summaries with the most important findings and conclusions have been published in the English language version of TI BG's [website](#).

During the reporting period, TI Bulgaria started work on the next monitoring reports on the implementation phase. They plan to publish at least two monitoring reports in 2020, focusing on the design phase and the launch of the construction works.

### Activities to communicate and promote Integrity Pacts

Parallel to the start of the construction works, TI Bulgaria launched an information campaign in the social media targeted at the general public. Their aim is to encourage citizens who travel in proximity to the construction site to get involved in the monitoring by using a specially designed subsection on the project website, [Tunnel.Report](#). The module allows for pictures and comments to be uploaded and signals to be submitted in relation to identified irregularities. The information campaign will continue in 2020 as well.

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

TI Bulgaria continued their work to involve the local communities such as local civic organisations and associations, interest groups, and local business organisations. In the framework of this activities' path TI Bulgaria established the modalities for involvement and communication, adapting them to the 'profile' of the different groups. Another series of meetings will take place in the beginning of 2020.

### Advocacy

Transparency International Bulgaria will continue their advocacy work as well to ensure better transparency of the monitored project. During the reporting period, they focused their efforts in particular on joint activities, together with the contracting authority and the contractors, for communicating the progress made in the construction works. TI Bulgaria believes that they managed to agree that regular and timely communication in relation to progress made, but also to potential problems (and the reasons for these, which are often objective), will enhance the public trust in the public procurement process nation-wide. The contractors expressed their readiness to involve further in deeper cooperation in the coming months.

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<sup>4</sup> Public Procurement for the Design and Works of Struma Motorway, lot 3.1. Zheleznitsa Tunnel with three lots: Lot 1 Stretch no. 1 from 366+000 km to 366+720 km, including tunnel service road at the northern end of the tunnel; Lot 2 from 366+720 km to 369+000 km, including tunnel service road at the southern end of the tunnel and a helicopter landing site; and Lot 3 from 369+000 km to 3670+400 km.

## TI Czech Republic

This section includes both the progress of the monitoring in the current reporting period as well as the final conclusions and considerations based on the monitor's overall experience with the pilot project in Czech Republic.

### Monitoring activities

In July and August 2019, the project activities focused on risk assessments and mitigation measures. Risks had been defined and mitigation measures proposed.

In the process of the final project evaluation, the MRD was approached with a request to formulate and define conclusions related to the evaluation of public procurement by the client. Due to the disintegration (or transfer) of the relevant department and personnel changes, this feedback was not provided to TI CZ to the required extent.

The project team (manager, coordinator, and lawyer) made a study trip to Slovenia, where the implementation of IP was discussed with project partner (TI Slovenia). Output from the study trip published on the TI CZ [website](#).

### Activities to communicate and promote Integrity Pacts

Experience with IPs and lessons learned was shared and analyzed during joint partners' meeting in October 2019 in Brussels. TI CZ representatives shared lessons learned that had been formulated that far including main achievements, challenges and outtakes from the whole IP.

An article on the IP tool had been elaborated and published in the magazine Public Procurement in practice.

A brief promotion and information brochure on the IP for stakeholders (CAs, MAs, bidders, public) had been elaborated and published in print.

A final public conference for stakeholders summarizing the Pilot and promoting the tool took place.

### Advocacy

Based on the continuous and very intensive effort of TI CZ, the Office for the Protection of Competition (UOHS) was ordered to end the practice of charging fees for receiving filed motions. TI had initiated a strategic litigation that led towards proceedings of the Constitutional Court and at the end, the fees were pronounced to be unconstitutional. This reality means greater openness of the controlling body and more effective enforcing of the rules and PP standards.

A final public event took place in November in Prague, where the whole process of the IP pilot was presented. In addition, the motivations and causes for wider implementation of the tool within the framework of PP practice were also discussed.

Programme:

<b>David Ondráčka, M.A.</b> <i>Executive Director, Transparency International Czech Republic</i>
<b>Ing. Michal Stiborek, MBA</b> <i>Executive Director, IKEM</i>
<b>I. Introduction of the IP tool, experience sharing on the pilot project</b>
<b>Mgr. Pavel Jiříček</b> <i>Legal expert, Transparency International Czech Republic</i>
<b>Ing. Miloslav Rut</b> <i>Independent Consultant, former director of BDO (successful bidder)</i>
Discussion and feedback
<b>II. Integrity Pacts – new phase of cooperation</b>
<b>Ing. Lubomír Matěna MHA</b> <i>Deputy for investment, IKEM (CA/MA of new IP)</i>
<b>Ing. Petra Janečková</b>

The final event on the IP aimed to summarize the development regarding TI CZ's presence in the pilot project and to further promote the tool among other contracting authorities in order to ensure the sustainability of the results and of the gained know-how of TI CZ. The structure of the event was in two distinct segments: *I. Introduction of the IP tool, experience sharing on the pilot project*, and *II. Integrity Pacts – new phase of cooperation*.

During the first block, the lessons learnt were shared with stakeholders, including balancing on pros and cons. The speakers in the block were: *Pavel Jiříček*, legal expert of TI CZ who was the legal expert of the project team, and who is also in charge of other Pacts enclosed with TI; *Miloslav Rut*, former director of BDO – a successful bidder and contractor of the monitored procurement and contract; - he participated on the project from the beginning and kept the position of director at BDO until the end of the contract. From the side of the CA, there was no speaker at the event, the reason is that the department in MoRD who contracted and managed the procurement was dissolved and the people involved in the project do not work at the Ministry any longer. Besides, other members of the project team were also present and they contributed to the discussion.

Representative of the monitor (TI CZ) introduced the mechanisms of the IPs, presented the worldwide procurement context, mentioned the situation within the EU and highlighted the benefit of TI CZ's participation within the pilot project for the increase in their understanding and capacities regarding the PP affairs.

The (former) director of the contractor's company introduced the contract itself and their perception of the whole process in the framework of the IP. He stressed that he saw the biggest asset of the "method" for the amelioration of the tendering phase, though he acknowledged the benefit for the mutual trust and openness between the CA and bidders.

The discussion after this block was mostly focused on the technical aspects of putting the IPs in place – from the position of CAs (mostly) as well as from the position of the independent monitor.

The second part of the event focused on the practical aspects and benefits of the IPs. As the representative from the CA/MA involved in the monitored contract was not present at the event, TI CZ gave the floor to the CA/MAs of other IPs that TI CZ has been monitoring. The speakers of this part were: *Lubomír Matěna* – Deputy for Investment at the Institute for Clinical and Experimental Medicine, and *Petra Janečková* – Deputy Director for Administration at the Institute of Physiology in Czech Academy of Sciences. Both the speakers are representatives of CAs that entered into cooperation with TI CZ within the framework of IPs based on their dissemination effort at public activities and bilateral meetings. Although at the time of the event the procurements were in the initial stage, both the speakers agreed that they already see the benefits of the alliance (a) with respect to the behavior of potential bidders, but also (b) regarding their own conduct with respect to the accountability and transparency of processes connected to the procurement. After the presentations, a debate followed on possible ways of further cooperating and implementing the tool in Czech PP standards<sup>5</sup>.

Audience:

As – in TI CZ's understanding of the purpose of IP – the tool is mostly relevant in public contracting of strategic government investments, they also invited anti-corruption entities and agents. The invitation for the final event was sent to representatives of various CA/MA, the event was attended by the representatives from Ministry of Agriculture, of Health, of Industry and Trade, of Environment, of Education, of Transportation. From the Civil Society sector, the NGO Oživení (anti-corruption), and Association of SME attended the event.

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<sup>5</sup> <https://www.transparency.cz/pakty-integrity-jako-reseni-korupcnich-rizik-ve-verejnem-zadavani/>

## Final narrative report

The Programming period 2007–2013 in the Czech Republic was infamous for some major corruption scandals<sup>6</sup>, the funds were even temporarily halted upon the findings of EU auditors. Starting from 2014, the Czech authorities put in place **new unified monitoring system called MS2014+** to administer all the EU contracts. Though it has significantly simplified the management and distribution of the funds, it had also been a big undertaking and not without its challenges – a corruption scandal broke out related to the procurement for technology companies hired to build MS2014+.

In this context, TI CZ and the MA in charge of the MS2014+ procurement – the **Ministry of Regional Development (MoRD)** – agreed to test the IP model on the public procurement for “**Technical supervision services over the operation of the IT system MS2014+**”. The volume of the procurement was established to be between CZK 3–4 M (around EUR 110-145k). Although this procurement was financially rather minor, and factually highly technical, the project was seen to have an impact on all other EU structural fund investments in the Czech Republic.

A formal kick-off meeting was held with the representatives of the **Department of Monitoring Methodology** (department responsible for the implementation of MS2014+) and **management of the Ministry**. The **Memorandum of Understanding**<sup>7</sup> (MoU) was signed in June 2016 by David Ondráčka, director of TI CZ, and Olga Letáčková, National Coordination Body Management Section Deputy Minister.

### High-quality project implementation

In order to implement the project activities in Czech Republic, a working team needed to be created fulfilling the following criteria:

- Sound knowledge of public procurement legislation, practical experience with PP implementation and supervision.
- Good knowledge of EU funds management, implementation and reporting.
- Experience in working with public bodies.
- Working experience with MS 2014+ Monitoring System.
- Good presentation and communication skills.
- Excellent IT skills (software).
- Sound knowledge and experience with electronic monitoring systems in public sector.

The criteria above were mostly met by the in-house staff, except from the criteria concerning the ICT skills – thus the IT expert was sought externally. The identification process for hiring an eligible external expert was launched, the draft of the call was consulted with the Ministry and Transparency International Secretariat (TI-S), and the [call for tender](#) was published in July 2016. The independence of the expert was ensured with the prohibition clause<sup>8</sup> incorporated to the bidding documentation. The call for a bid was published on two public portals<sup>9</sup>, sent directly to 8 possible bidders<sup>10</sup>, published on TI CZ website and advertised via social media. Due to lack of bids (no responses), TI CZ (in accordance with the PP law) initiated negotiations with the representatives of Allstar Group s.r.o., a company familiar with state databases, agreeing to be excluded from the bid of the Ministry. A contract with the IT company<sup>11</sup> was signed in September 2016.

In addition, systems of project and financial management, risk assessment including mitigation measures, and communication plan were all put in place. Further work of the project team aimed at high-quality project implementation concentrated on the study (IP experience from abroad, PP related

<sup>6</sup> i.e. tenders were written with specific bidders in mind, decision-makers granted contracts to friends and some tenders weren't even made public.

<sup>7</sup> <https://www.transparency.cz/ministerstvo-pro-mistni-rozvoj-a-transparency-international-ceska-republika-podepisuji-memorandum-o-porozumeni-pro-fazi-rozvoje-paktu-integrity/>;  
<http://www.mmr.cz/cs/Ministerstvo/Ministerstvo/Pro-media/Tiskove-zpravy/2016/MMR-se-zapojilo-do-inicativy-podporujici-efektivnejsi-rizeni-investic>

<sup>8</sup> Forbidding the bidders to participate in the tender of the Ministry.

<sup>9</sup> AAA – poptávka and E-poptávka – reached about 66 potential bidders.

<sup>10</sup> Pre-selected via market survey.

<sup>11</sup> Including the specification of technical details, key points ensuring the highest level of transparency, rules and methodology for the use and share of information, processes for decision making within the team, and other procedural rules.

documents and materials), analysis (base analysis, political analysis tool, PP law analyses), review (national context, the Monitoring System MS2014+), etc.

Consultations with TI-S and other project partners on the best establishment of IPs in accordance with the national context, on further learning, and on mutual exchange of experience were held. The communication took place both virtually (e-mails, Skype...) and in person. Meetings organized with TI-S were held each year. Representatives of the project team also attended study trips to other countries where the pilot IPs were implemented.

Throughout the course of the project, the following capacity building and study trips were held:

- April 2016, Berlin: kick-off meeting with TI-S and other project partners (attended by project manager and legal expert).
- June 2016, Brussels: communications meeting and international conference (outreach and advocacy officer, MA representative).
- November 2016, Sofia: study trip – learning and sharing of experience with TI Bulgaria (outreach and advocacy manager, legal expert).
- May 2017, Vilnius: project partners' meeting in Lithuania (outreach and advocacy manager, legal expert).
- December 2017, Bucharest: annual conference on IP (outreach and advocacy manager, legal expert, MA representative).
- May 2018, Budapest: project partners' meeting in Hungary (project coordinator, legal expert).
- November 2018, Brussels: annual conference on IP (project manager, legal expert, MA representative, representative of successful bidder).
- July 2019, Ljubljana: study trip – learning and sharing experience with TI Slovenia (project manager, project coordinator, legal expert).
- October 2019, Brussels: project partners' meeting in Belgium (project manager, project coordinator).

The initial project team consisted of a project manager/supervisor, a project coordinator, a legal expert, an outreach and advocacy officer, a communication officer and an external ICT expert. In the first year (2016) of implementation, the project team underwent personal changes on the positions of project manager and project coordinator. Throughout the implementation of the pilot, the position of the legal expert was held by three different people (change in 2017 and in 2018). Another personal change took place in 2018 due to misfortunate death of the outreach and advocacy officer. Her agenda was taken over by the project manager/supervisor, his agenda was taken over by than project coordinator and a new person was hired on the position of the project coordinator.

### **Signature of Integrity Pacts**

After signing the MoU, the final wording of the IP Agreement was negotiated and agreed on<sup>12</sup>. It was agreed to incorporate the bidder's commitment to join the IP in the tendering documentation, so that the successful bidder would be obliged to sign it. After a negotiating process with the CA<sup>13</sup>, the IP between TI CZ and MoRD was signed in July 2019.

### **Integrity and accountability of tendering and contract awarding phases, subsequent contract execution**

The public procurement procedure started in January 2017. Prior to the call for tender, the "*Intention for the Tender*" (internal document) and the "*Announcement of Preliminary Information*" were published by the MoRD. A notice was sent to the PP Register announcing the commencement of the procurement procedure; meanwhile, TI CZ was in permanent contact with the MoRD in order to clarify the tendering documentation.

During this project phase (Phase 1 – planning), no recommendations were made. Instead, all of the 4 irregularities of the pilot projects were tackled. In all cases the response of the CA was satisfying. There were 4 requests for information in this phase, the quality of information provided in response was

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<sup>12</sup> The wording was drawn from the 2011 IP template used by TI-Bulgaria

<sup>13</sup> Meetings on the division of responsibilities, details of monitoring procedure parameters and principles, requirements for the IP signing, issues of the access to information, conditions for effective monitoring management as well as details of IT expert identification and coordination of ongoing PR and communication activities.



considered to be high. Within a month, the CA appointed an evaluation committee to conduct the opening of the bids<sup>14</sup>. After two more meetings of the evaluation committee, the CA signed the *Contractor Selection Decision* and issued a notice on the selection of the most suitable bid.

In the bidding and evaluation phase (Phases 2 and 3), the majority of the recommendations provided throughout the duration of the project, were formulated. In total, TI CZ put forth 16 recommendations (13 to CA, 3 to bidder), out of which 4 were considered to be key. All the *key recommendations* were addressed to the CA and pursued a change in the enforcement of PP standards/policy. Three out of four responses from the CA were considered to be adequate. The one being considered *inadequate* concerned the recommendation not to conclude a contract for an indefinite period, as it could have been disadvantageous for the CA. Nevertheless, the CA kept this arrangement (contract for an indefinite period) with respect to the character of the PP. Six requests for information were made (two in Phase 2, four in Phase 3), all of them were settled in high quality.

The implementation phase (Phase 4) started in August 2017 with a formal coordination meeting. The participants of the meeting were: representatives of the CA (MoRD), the management of the Monitoring System Management Department and other employees of the Ministry, representatives of the contractor (BDO IT a.s.), companies involved in operating of MS2014+ (Tesco SW, DATASYS, T-Mobile), and representatives of the project team.

One of the main pillars of successful implementation of the IP is creation of conditions for independent monitoring of the entire course of the contract. TI CZ secured access to all relevant documents and data relating to the process of implementation of the contract in question and, if necessary, the possibility to apply and discuss any objections or comments was assured. Eight requests for information were made during the implementation phase, responses were mostly of high quality (7 high, 1 medium).

Another condition for the successful implementation of IP in practice is suitable setting of the way of communication among the individual participants of the entire process. TI CZ have succeeded in pressing the idea of regular joint meetings within the process of implementing the contract in question. The signatories of the IP regularly met, evaluated the previous course of the contract and jointly planned the following procedure. In the implementation phase only two recommendations were formulated – both settled adequately. There were no irregularities identified in the implementation phase. The contract monitored ended in February 2019.

Generally, it can be stated that no significant corruption risks were identified during all stages of the IP implementation. In total, the monitor (TI CZ) made 18 recommendations throughout the implementation of the pilot IP (out of which 14 were settled adequately), identified 4 irregularities (all of them were settled adequately), and requested for information 18 times (responses were mostly of high quality). Both the CA and the successful bidder communicated and cooperated in accordance with the contractual conditions. TI participated in all phases of the procurement.

### **Transparency and social accountability in the project PP processes**

During the entire course of the pilot project, TI CZ put a great emphasis on transparency of the processes. Regarding the procurement and contract monitored, “Intention for the Tender” (internal document), and “Announcement of Preliminary Information” were published prior to the call for tender. The tendering documentation complied with the law, the tender was made public through official channels.

A right of the monitor to comment on irregularities of the procurement process is included in the Memorandum of Understanding, the IP respectively. Press conference on the signature of the MoU and IP with the MoRD was held and informed about by national on-line media and press.

The [project website](#) was launched immediately after signing the contract between TI CZ and TI-S, where all the relevant information and documents are published. All documents related to the IP implementation (bid of expert launched by TI CZ as well as the documentation of the MoRD procurement) were prepared in mutual consultations between TI – CZ and the MoRD. A call for a bid for an IT expert (external member of TI CZ monitoring team) was arranged and made public.

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<sup>14</sup> TI CZ project team representative also participated in the meeting on behalf of the monitor.



All project information, outcomes, results and activities were disseminated and regularly updated. Information about the project and its progress is disseminated mainly in electronic version: TI CZ newsletter, project web site, social media, and press release. Interim monitoring reports were published after each reporting period on TI CZ website. Articles on the topic were elaborated and published after all study visits.

### **Advocacy at national level**

The PP chosen for the monitoring was – in comparison with other project partners' contracts – small in scale (approx. € 150 000) and rather insignificant in the context of mass public importance. As the space for sharing and communicating the contribution of TI CZ in the particular procurement was rather limited (concerning the low rank of social significance), the project team focused more carefully on disseminating the information on the IPs in general.

During the initial stage of pilot, there was no IP in Czechia, so TI CZ focused on spreading the philosophy of using such tool, especially among CAs. The presentation of the IP became a part of broader range of TI CZ's activities, aimed at introducing the principles of Clean Contracting and other anti-corruption tools applicable in PP. The IPs were presented at multiple conferences, colloquia, round tables, anti-corruption seminars and workshops.

In 2017, a basic survey was conducted, focusing on the perception of transparency of public procurement by contracting entities, contractors, journalists and general public. The main problems relating to the public procurement process that were identified by the respondents included bureaucratic delays (66%) and corruption and lack of transparency in decision-making (44%). A positive finding was the relatively high level of knowledge of the Integrity Pacts tool and the conviction of its usefulness (66%).

TI CZ also introduced the benefits in a comparative study focused on the main risks of fraud and corruption in PP in connection with the implementation of ESIF in selected member states. Furthermore, two expert articles were elaborated and published in professional journal (*Veřejné zakázky v praxi*). Concurrently, formal and informal meetings were held with MAs/CAs, representatives of PP and anti-corruption oversight offices, representatives of private sector and CSOs, national and local policy makers, representatives of trade or labor organizations and political and special interest groups.

In 2018, a series of meetings with representatives of the Institute for Clinical and Experimental Medicine (IKEM) was launched, discussing the possibility to enclose an IP for PP on construction of two new hospital pavilions. IKEM is the largest specialised clinical and scientific research centre in the Czech Republic dealing with cardiovascular diseases, organ transplants, diabetes and metabolic disorders and is a contributory organization managed by the Ministry of Health of the Czech Republic. The question of possible involvement of the Ministry of Health in the implementation of Integrity Pacts also became one of the points of a brief discussion between the Director of TI CZ, David Ondráčka, and the Minister of Health, which took place in the middle of 2018.

By the end of the project, TI CZ became a monitor in several new Integrity Pacts (construction of 2 new pavilions, reconstruction of Energy Center – both IKEM, building reconstruction and refurbishment – two different Institutes of Czech Academy of Science).

### **Main learnings from the project**

#### **The tool**

Overall, the possibility to participate in the pilot and having the opportunity to share the process development with other Chapters/project partners enabled more structured and systemic perception on the IP tool.

Regarding citizen engagement, TI CZ have some room to improve and have received some good points from other project partners. It might be good to establish whistleblowers' line for the particular procurement – especially if it is a procurement of something tangible – of material nature. The Slovenian Chapter used posters placed at the area of the (re)construction site that would encourage whistleblowers to share some information.

### **The contract**

The possibility to participate in the pilot monitoring enabled the experts from TI CZ to get even deeper inside the PP processes and have the opportunity to take part in the phase of competitive tendering. The shortcoming in this case was the unfortunate reality that the major project team member passed away suddenly and with her also a significant amount of know-how gained throughout the process.

From the point of view of the participation and public engagement, it was rather problematic to present the IP mechanisms on this particular contract, as the whole context of the procurement is very intangible and there is not a major significance for the mass population and visible society-wide impact.

If there is to be a criterial differentiation that will determine the suitability of application of the IPs, TI CZ recommend to focus on the society-wide impact of the PP, on its tangibility (services might be generally more challenging), on the timing (i.e. the phase of the PP process) – the IPs in TI CZ's opinion should not start "somewhere in the middle" but rather at the very first stage – before the tendering documentation is written and issued. TI CZ consider the greatest benefit to be able to test the IP methodology in practice throughout the entire contract cycle.

Rather than partial lessons learned from implementation, where weaknesses are difficult to find, TI CZ can say that there is a strong demand from contracting authorities for a regulatory tool with preventive anti-corruption effects. The contracting authorities have already proactively addressed TI CZ to cooperation during the project implementation. The biggest added value of the project is the fact that TI CZ managed to test the demand of Czech contracting authorities and the readiness of the Czech procurement environment for the voluntary implementation of the instrument.

What TI CZ see as the biggest asset is the possibility to pilot the methodology in the whole PP cycle. In contrast with the lack of interest in the IP tool in the beginning of the pilot project (when TI CZ struggled to find a CA with suitable PP in mind to execute the IP), throughout the monitoring process the demand from the side of the contracting authorities arose significantly. Hence, rather than particular lessons learned resulting from the implementation phase itself (that did not really have weak spots), the biggest benefit of TI CZ's presence in the project is that they managed to popularize the existence and usefulness of the tool, and thus increase the demand and readiness of Czech contracting authorities for volunteer self-regulation.

### Monitoring activities

Following the completion of the monitoring activities for the pre-tender and tender phase, the independent monitor (TI Greece) drafted and shared with the CA and the MA (23/9/2019) the first monitoring report, which included a short description of the tool and the EC funded project as well as findings, irregularities, and recommendations from the particular phases, and the relevant responses offered by the CA and MA. Due to local elections that took place in May-June 2019, TI Greece opted to postpone publicizing the monitoring report until the new Regional Governor begins officially his term of office.

Main findings presented in the 1<sup>st</sup> monitoring report included recommendations made to the CA regarding:

- i) terms in the tender documents about criteria relating to eligibility for participation in the tender, technical and professional qualifications, and required proof of eligibility and competence. In the independent monitor's view, the conditions needed to be modified in order to comply with the recently adopted new public procurement law and to not provide for additional requirements for bidders - which were in force under the previous regime- that could restrict competition and
- ii) a more detailed wording of certain terms in the tender, which would make them clearer to the economic operators concerned, in the view of the independent monitor
- iii) non fulfillment of the special term included in the funding decision for the completion of expropriation of private properties before the signature of the contract and
- iv) recommendations made to include in the technical note a detailed description of the activities that will be financed by subproject 4 (publicity), that was added to the funding decision.

As no comments were received from the CA and the MA, the independent monitor publicized the 1<sup>st</sup> monitoring report on October 4<sup>th</sup>, 2019 at the dedicated website of the project ([link](#)). The monitoring report is also hosted on the official websites of both the MA and CA.

Between months Jul-Dec, 2019 the independent monitor had frequent communication with the contracting authority (CA) regarding the status of the works. The CA's updates showcase the lengthy process for securing appropriate traffic regulations permits (which are necessary to enable the execution of the project) with multiple entities being involved (municipalities, ministry, Athens Urban Transport Organization etc. – the process started in June 2019 and has not yet been completed), a prerequisite for works' commencement. As a result, construction works did not start within this reporting period. This poses risk for serious implementation delays that will most likely lead to modification of the contract as to the time schedule and execution of the works. Relevant concerns regarding the delayed start of the works have been raised by the mayor of Moschato – Tavros and by an elected MP.

The independent monitor will have access to all relevant documentation relating to the period after the signature of the contract until January 2020 in view of the release of the 2<sup>nd</sup> monitoring report.

### Activities to communicate and promote Integrity Pacts

During the reporting period, the IP was promoted to relevant stakeholders through:

- 1) Participation of the Head of the managing authority of Attica Region to the session "Civil society helping to bring ESIF closer to citizens" hosted at the EWRC (10/10/2019).
- 2) Presentation of the tool as a mean for combating corruption at the "Public Procurement - Critical Issues and Recent Developments" Conference organized by the Hellenic Single Public Procurement Authority – HSPPA with the participation of the Union of Administrative Judges (presentation by Theodora Vitouladiti, Appeals Court Administrative Judge) (21-23/11/2019)
- 3) Organization of a targeted event in Thessaloniki on the 29<sup>th</sup> of November, 2019 in order to present the tool and the current project to Northern Greece (more than 40 participants representing MAs, CAs and other authorities related to public procurement procedures attended)
- 4) Radio interview on the occasion of the event organized in Thessaloniki at 102FM – national radio (29/11/2019)
- 5) Distribution of project flyers during the Annual Conference of TI Greece on the International Anticorruption Day (more than 240 attendees from private and public entities) (9/12/2019)
- 6) Interview hosted at "Makedonia" newspaper under the title "Failure to tackle corruption contributes to democracy crisis" with reference to the Integrity Pact implemented in Greece (31/12/2019)

Throughout the reporting period, the project website was following the project's progress. Therefore, 1.384 new users visited the project's website ([www.integritypact.gr](http://www.integritypact.gr)) according to official data (google analytics).

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

Due to the fact that actual works have not started during the reporting period, TI Greece opted to reschedule meetings with local affected communities for the next reporting period pursuing a more tangible intercourse.

**Advocacy**

As mentioned above, TI Greece organized an open event in Thessaloniki on November 29<sup>th</sup>, 2019 with the aim to present and promote the IP tool and its pilot implementation in Greece. Speakers included all the three experts from the monitoring team and a representative from the managing authority of Attica Region. More than 40 participants attended, representing various managing authorities, local government authorities and independent authorities based in Northern Greece.

## TI Hungary

### Monitoring activities

#### M6 Motorway project

As a result of the public procurement procedure, the winning bidder, that is, the contractor, prepared the plans and designs of the Motorway by the end of 2018. The contracting authority granted access to the designs on 1<sup>st</sup> July 2019, when TI Hungary and the external engineer expert started the examination of the various documents. The main aspect of this monitoring activity was to check whether the execution of the contract complied with the provisions and requirements of the contract awarded through the public procurement procedure. TI Hungary found no irregularity in this regard.

In August 2019, a new deputy CEO was appointed in the hierarchy of the contracting authority, who became in charge of the project. Several months were spent in introductory meetings and he got familiarised with the project, with the outstanding issues etc. By the end of the year, TI Hungary managed to reach a compromise in the text of the monitoring report, and the CA approved the extension of the IP.

In December 2019, right before the holidays, TI Hungary received the draft documents for the public procurement procedure for works. The actual examination of these documents took place in January 2020.

#### Flood reservoir project

In July and August 2019, TI Hungary needed to contract with a new hydro-engineer expert. The previous one indicated a new cause for conflict of interest – the firm he works for started working on a project with the CA – however he recommended a recently retired hydro-engineer with extensive experiences. TI Hungary met him several times, not only to deal with the technicalities, i.e. the administrative details for contracting, but to explain the Integrity Pact tool, what TI Hungary expect, the project itself, etc.

With the new hydro-engineer expert, TI Hungary started preparing for the on-the-spot check. He gave TI Hungary a list of documents he will need. They discussed the details, the timing, the documents, etc. several times with the CA and the expert, and finally they came to the conclusion that the first on-the-spot check will take place around March-April 2020.

In November, TI Hungary held a very successful anti-corruption training in three groups on two days for the high- and mid-level management of the CA, including also the heads of the regional branches of the CA. The CA got an approval from its supervising body, the Ministry of Interior, to include TI Hungary's anti-corruption training in their obligatory curriculum. The CA conducted an evaluation survey following the training, and TI Hungary got very positive reviews.

### Activities to communicate and promote Integrity Pacts

In this past six-month period, TI Hungary spent a considerable amount of time on working on the extension of the project. They needed to handle the extension at two levels: the agreement between the European Commission and TI-S/TI chapters; and the agreements between TI Hungary and the CAs. A positive development is that in the case of both projects, partners are willing to continue the project.

### Advocacy

TI Hungary participated in the project partner event and the European Week of Regions and Cities in Brussels.

TI Hungary started the organisation of an international conference in order to present the Integrity Pact tool, as such, and the pilot project – in the context of safeguarding EU funds. Their intention was to invite the (relatively) new Director General of OLAF, who had never been on an official visit to Hungary.

In October–November 2019, the project manager of TI Hungary gave several presentations on Integrity Pacts in general, and about the experiences and lessons learnt within the pilot project. Namely, at the University of Eötvös Lorand, Budapest, at a specialised public procurement training for lawyers; to a Bulgarian delegation, comprised of civil servants, and employees of the national infrastructure company; and to a student group from Munich.

In November 2019, the project manager of TI Hungary spent two weeks at TI Portugal on an exchange program – financed primarily by TI-S from a different project – where she studied the Portuguese system of managing EU funds and compared it with the Hungarian system. A short paper was written as a result. Also, as part of the program, she visited the works that TI Portugal monitors within the pilot project; and gave a presentation on the Hungarian experiences and lessons learnt.

In December 2019, the project manager of TI Hungary participated in the conference organised by TI Slovenia, where she also presented the Hungarian experiences and lessons learnt related to Integrity Pact.

On 9 December 2019, at the annual anti-corruption festival, TI Hungary's largest annual event, the main topic was the use of EU funds, its control, the planned rule of law conditionality.

### Monitoring activities

#### ARST Project – Cagliari tramway

As a consequence of accumulated delays, the executive phase has been postponed.

TI Italy conducted several telephone and email interviews with Eng. Ernesto Porcu (Project Manager) and Eng. De Muro (Technical Office Manager) from the contracting authority (ARST Cagliari company) in order to evaluate the progress of the works and organize the next actions by TI Italy's Staff Monitoring. In addition, TI Italy conducted telephone interviews with three external experts for appropriate complementary technical assessments.

The Integra Consortium (the contractor) finalized the Executive Planning at the end of September 2019. The following steps have been outlined with the first-time assessments that took place in November 2019.

October - December 2019: formal evaluation of the Executive Planning and discussion about the additional costs required by the contractor for the two years of delays. The additional costs are due to changes made necessary by the impositions of the Component Bodies Services Conference (Municipality of Cagliari, Sardinia Region, Architectural Superintendence Fine Arts, Technical Bodies such as Water Services and Electrical Services). A second restricted mini-Conference of Services is scheduled for January 2020 for the approval of pending changes.

In November 2019, the expert opinion of the Staff Monitoring assessments of the times are estimated a bit optimistic with respect to the steps yet to be taken, therefore further delays could be expected.

In mid-December 2019, the ARST update indicates formal breaches by the contractor in the Executive Planning documentation and discussions to be resolved upon request for cost increase following the changes that emerged. ARST estimates a 30-45 days postponement of activities and consequently the works will start at the beginning / mid-June 2020 instead of May 2020.

To sum up: in the reporting period, TI Italy had Skype / telephone / email exchange meetings with the staff monitoring experts (Cozzio-Moutier-Popolano) to discuss the next steps in light of the updates received by the contracting authority (16 communications between July and December). Following these conversations, TI Italy always compared forecasts, comments and requests with ARST staff (Project Manager Eng. Ernesto Porcu and Technical Manager Eng. Marco De Muro).

To date, further delays were caused by delays by institutions in providing responses to prescriptions necessary to close the list of changes to be indicated by the CA to the executor Contractor Consortium ATI in the first part (September-October 2019 instead of July 2019 as initially expected) and formal verification of executive planning and discussion of cost variation between CA and Contractor.

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

The Lombardy's project formally ended in December 2019, after 4 years of a collaborative joint work. At the end of October / early November 2019 the contracting authority received the documentation about the VII SAL - Works progress report, relating to the activities carried out by the contractor in the period April-July 2019. In January 2020, the CA will receive the same report for the timeframe July-October 2019.

Activity checks, payment notes, attendance checks and quantitative performance info (on a sample) are carried out on the documentation describing the work carried out by the contractor EY. The evidence that also emerges thanks to the contribution of the external Staff Monitoring expert is reported in the dossier document "Phase 5 - Execution Works" which is published every six months on the website [www.monitorappalti.it](http://www.monitorappalti.it). The next update is scheduled on 16<sup>th</sup> March 2020. A final meeting to collect all findings and results from the experience will be held in April 2020.

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

### ARST Project – Cagliari tramway

Since the risks of uncertainty about the project and possible loss of trust and interest from citizens are evident, the Staff Monitoring has planned the following actions.

#### **1. Press release of 31 July 2019**

The responsible of ARST has illustrated the status quo and the delays accumulated on the project (about 700 days) and in what phases:

- 248 additional days to evaluate offers (Nov2016 - Oct2017)
- 172 additional days to verify the final design of the offer (Oct2017 - May2018)
- 280 additional days for the analysis of the Bodies prescriptions for the start of designs (Aug2019 - May2019)

Critical emphasis was given to the accumulation of delays (attributable to various subjects) and the consequent higher construction costs, which will be assessed later but already seem certain.

#### **2. Contacts with University of Cagliari**

In anticipation of the start of the works, through external experts from Cagliari, contacts have been initiated to incorporate external experts in the staff monitoring team, students of the University of Cagliari (mechanical and electronic engineer) to follow the field work. This idea was very well valued by ARST itself and we believe by citizenship for a better involvement of the same.

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

No communication activities have been made towards citizenship, given the already mentioned (in previous reports) critical nature of the contracts (Services), less clear for a big audience than big infrastructure works.

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

Event proposal open to citizenship in March 2020

In light of the time schedule proposed by ARTS in October, according to which the construction works will start in May 2020, the staff monitoring proposed to ARST to organize a meeting with citizenship in Cagliari (at the Municipality headquarters or Sardinia Region headquarters). The aim of the meeting would be to explain the delays, talk about the project with the support of a video, and illustrate the Integrity Pact as well as the monitoring activities, including the "civic monitoring".

## **Advocacy**

Generally speaking, the projects activities have contributed to the overall priorities of the OGP National Plan, such as Open Data, Transparency and Support to participation.

### ARST Project – Cagliari tramway

TI Italy planned a series of round tables with the National Department of Public Service and ANAC (National Authority for Anticorruption) together with the other Italian partners (ActionAid and Amapola) from February onwards.

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

Since the project is ending and the last monitoring report will soon be published, TI Italy scheduled a meeting with the managing authority in February 2020 to evaluate the outcome of this experience in terms of innovation and adoption of proposed tools or suggestions.



### Monitoring activities

TI Latvia's monitoring activities ended in May 2019, when the MA (the Central Finance and Contracting Agency – CFLA) decided to suspend the procurement project and terminate the contract with the CA (Riga Traffic), after the identification of disproportionate risks related to the implementation. Following this decision, the MA mandated the CA to refund €451.304, which the latter had received until then.

Between July and December 2019, TI Latvia closely followed the settlement talks between the MA and the CA over the refunding. Although the repayment deadline was 3 August 2019, Riga Traffic has not made any reimbursement yet. Negotiations for a possible settlement between the CFLA and Riga Traffic were ongoing at the time of the writing of this report, but according to information available to TI Latvia, no agreement has been reached so far.

### Activities to communicate and promote Integrity Pacts

In August 2019, Delna continued to update information and visualizations on Integrity Pact website, e.g. making information more user friendly to aid journalists and decision makers, and strengthened security system (moving servers).

During July-September 2019, Delna finalized Summer School administrative tasks (see previous narrative report), carried out evaluation, and produced and disseminated promotional deliverables (report, photos, video etc.). Final report, video, pictures are available [here](#).

On 15 August 2019, TI Latvia published on its website [a summary of Delna's work on monitoring the Skanste tram project](#), and in September expressed recommendations in national media for public procurement system amendments. See for instance one interview for a national broadcaster [here](#), and a longer interview with Delna's previous project manager Jānis Veide [on a public procurement magazine](#). Delna also publicly promoted whistleblowing as a tool to report misconduct in public procurement.

In October 2019, TI Latvia took part in the Integrity Pacts Partner Meeting in Brussels, bringing together TI Chapters and other non-governmental organizations involved in the project. At the meeting, TI Latvia shared its latest updates on the implementation of the Integrity Pact in the country, including issues related to the suspension of EU funding for the project due to corruption allegations against the CA (Riga Traffic). The meeting also allowed TI Latvia's team to gain knowledge and expertise in the evaluation of IP's implementation in other countries, including obstacles and enabling conditions for a successful outcome of the project. In October 2019, TI Latvia also shared project results with the Latvian community in Belgium, at the Latvian Embassy in Brussels.

On December 9, 2019, in occasion of the International Anti-Corruption Day, TI Latvia organized an Open-Door Day, inviting anyone interested in anti-corruption to visit TI Latvia's premises and learn more about the organization's advocacy work. Activities that took place during the event included a presentation on the use of IP and other citizen engagement tools for monitoring public procurement.

On 11 December 2019, in the framework of the International Anti-Corruption Week, TI Latvia, in collaboration with the Procurement Monitoring Bureau, organized the conference "Fair Procurement: Digitalization, Openness, Competition". The conference aimed to discuss the emerging results of IP implementation in Latvia, the potential future use of the tool and other innovative approaches in open contracting. Speakers and attendees included representatives from a wide range of state institutions and private companies, including experts from the Procurement Monitoring Bureau, the Anti-Corruption Bureau, the Competition Council and the CFLA.

Following the conference, TI Latvia continued to organise meetings with and presentations to public institutions (e.g. CFLA, Ministry of Finance) in order to disseminate the results of the IP and to promote the use of the tool in big infrastructure procurements. The Ministry of Transport has expressed interest

to involve TI Latvia in other large-scale infrastructural projects, though no specific project has been mentioned yet.

All the communication activities described above were reported in Delna's newsletters (in Latvian and English) sent out to subscribers in October, November, and December and published on social networks (Facebook, Twitter, YouTube).

Delna also started to work on the evaluation of the Integrity Pact project by designing the methodology. Main target groups will include stakeholders involved in IP, State institutions, interest groups, and others. TI Latvia's aim is to develop practical recommendations for NGOs implementing IPs.

### **Advocacy**

In summer 2019, the Minister of Economics declared general repair of public procurement system and promised to improve it. Following the announcement, TI Latvia has met with decision-makers to promote Integrity Pacts as one of tools for safeguarding public money and facilitating procurement transparency. This is also part of TI Latvia's long-term strategy to promote the use of the tool to safeguard EU funds at the local level, drawing from the lessons learned in the monitoring of Riga Traffic's procurement.

From July to December 2019, TI Latvia's organized consultations with legal, public procurement and construction experts to identify main corruption and fraud risks in Latvia's public procurement and elaborate possible regulatory changes that could lead to their mitigation and promote trust throughout the procurement process. The recommendations, which are expected to be published in March 2020, cover the whole procurement process, from drafting the rules and announcing the tender to the implementation of procurement contract obligations.

Furthermore, during the IP project implementation, TI Latvia identified a lack of knowledge among municipalities and some state institutions on how to organize procurements according to the law. As such, with the support of the above-mentioned experts, TI Latvia is currently developing a "procurement document package" for municipal and state procurements. This will be published (with TI Latvia and EC logos) in May 2020 on the webpage of the Procurement Monitoring Bureau, which will encourage municipalities and other state institutions to use the forms.

From September to December 2019, TI Latvia's experts actively contributed to the development of Latvia's 4<sup>th</sup> Open Government Partnership (OGP) Action Plan, which was approved on the 11<sup>th</sup> February 2020 and will be implemented in 2020-21. TI Latvia regularly engaged with main stakeholders in the consultation process, coordinated by the State Chancellery. As a result of the advocacy effort, Commitment 1 of the Action Plan "Transparency of Public Procurement Contracts", includes the piloting of the Integrity Pact as an effective monitoring mechanism for the expenditure of EU funds in Latvia's regions.

As main civil society partner in the commitment, TI Latvia will be actively involved in its implementation, by providing support to the responsible authorities (State Chancellery, CFLA, Ministry of Environmental Protection and Regional Development, Procurement Monitoring Bureau) and organizing outreach activities with other involved NGOs. In addition, TI Latvia was included as main civil society partner in other relevant anti-corruption commitments on open data, lobbying and conflict of interest, which could benefit the piloting of IP at the local level.

## TI Lithuania

### Monitoring activities

All the projects entered the implementation phase except one (i.e. reconstruction of the left riverside). During the reporting period, 3 projects were completed (two projects for bicycle path sections and a skatepark). Thus, TI Lithuania enrolled in a more active and complex period of monitoring that required constant and proactive communication with Vilnius Development Company and Vilnius City Municipality. This phase proved to be quite complicated for a number of reasons: (1) back in February 2019, Vilnius district court [approved](#) the restructuring of LitCon - one of the main contractors in charge of works of the right riverside reconstruction; (2) in July Kaunas city municipality [blacklisted](#) LitCon for three years for major breaches of public procurement law while implementing the works of reconstruction of the park of confluence of Nemunas and Neris rivers. Consequently, TI Lithuania started to investigate the case together with the legal consultants in order to better understand the possible venues for action in Vilnius.

### Activities to communicate and promote Integrity Pacts

TI Lithuania has been extensively working on the content for the IP's website. Based on the desk research results, TI Lithuania decided to create the website in such a way that it would serve as a platform/interactive monitoring report with all the project related information. As planned, TI Lithuania is going to publish it in the 1<sup>st</sup> quarter of 2020.

Last but not least, TI Lithuania has been cooperating with a number of partners related to the successful implementation of the IP and attended international events: (1) two members from TI Lithuania's team attended the Behavioural Exchange conference in London in order to better understand how different organizations from public, private, non-governmental sectors and academia use behavioural science to engage citizens in public decision making processes; (2) cooperated with the Prosecutor General's Office, State Tax Inspectorate, Special Investigation Service and other institutions in order to better understand the challenges of implementation of the Law on Whistleblower's Protection. The law came into force on 1 January 2019 and it requires institutions to prepare and establish a safe reporting environment for their employees, thus this allows TI Lithuania to strengthen its advocacy efforts for the better protection of whistleblowers and improvement of reporting and feedback mechanisms at the Vilnius City Municipality; (3) cooperated with the Public Procurement Office during consultations related to the monitored projects. In addition, the PPO is planning to create a new procurement system and will intensify its activities in the beginning of 2022.

As a result, these activities have strengthened TI Lithuania's advocacy efforts – organization has been publicly commenting on issues related to management of conflict of interest, whistleblowers' protection, public procurement, among others (please see a list of media outreach in the table below).

### Advocacy

During this period, TI Lithuania gave more than 20 interviews to different media outlets advocating for better corruption risk management in public procurement, better management of conflicts of interest by politicians and more effective risk management of businesses, among other topics.

TI Lithuania also engaged directly in advocacy work with the biggest contractors of the CA (Vilnius City Municipality). This engagement allowed (1) to improve the level of accountability of every fourth company engaged and (2) to conduct risk management assessment of the contracted companies in question, which in turn helped establish a baseline for further TI Lithuania advocacy directed towards this target group and better understand the level of attention of the contractors in question to transparency and corruption-related risk management.

In particular, the exercise helped the chapter (1) better understand how transparent businesses that interact with the CA are and how they manage corruption-related risks in their activities; (2) identify areas these companies could improve at. Following the assessment, only one company received the maximum of 100 points. Yet, as stated above, due to the involvement of TI Lithuania, one in four (3 out of 14 in total) companies started publishing more information on their finances, structure and corruption risk management.

In order to select the pool of companies to be approached, TI Lithuania used the publicly available information about the IP bidders and additionally requested the data from the Public Procurement Office

on contractors who took part in Vilnius City Municipality's public procurements over the period of 22 April 2015 and 6 August 2019. Based on this, TI Lithuania selected the companies that won contracts of highest value during the above-mentioned period and finalized the list of 14 companies for evaluation: "Eurovia Lietuva", "Kauno tiltai", "Geobuilders LLC", "ATEA", "CONRESTA", "Fegda", "GRINDA", "YIT Infra Lietuva", "IRDAIVA", "Jungtiniai Projektai", "LitCon", "Sostinės gatvės", "Statybų kodas", "TILTUVA".

The results of this exercise showed that the contractors of Vilnius City Municipality pay significantly less attention to transparency when compared with other, i.e. the biggest companies in Lithuania. The contractors in question publish twice as little information about their managerial structures, financial reports and corruption risk management and on average score 17 points out of 100, as compared to 36 points scored by the largest businesses in Lithuania. The engagement with the companies also clearly showed their apparent lack of prioritization of and lack of willingness to engage on the issue of hand.

Meanwhile, over the past couple of years, the largest companies, on the contrary, have been increasingly willing to proactively publish good governance data and information. To be able to meaningfully interpret the results of its work with the Vilnius Municipality contractors, TI Lithuania also conducted an evaluation of transparency levels of the largest 40 businesses in Lithuania. Contrary to the Vilnius Municipality contractors, the largest businesses showed a significant increase in the number of companies that received a score of 100 or nearly 100. The average score of companies increased by 4 points since 2017 (from 32 points out of 100 in 2017 to 36 points in 2019). In 2019, companies published more information about the measures in place to curb corruption in their respective fields; almost half of the companies (17) published their code of conduct, and 16 published what types of gifts they could and could not receive. One out of three (13) companies had a confidential channel to report possible wrongdoings. TI Lithuania already publicly shared the results of this study - please find the press release in English [here](#) and a short summary of results [here](#).

## TI Portugal

### Monitoring activities

In July 2019, the first construction work subjected to IP monitoring activities in Mosteiro de Alcobaça, the renovation of the conventual door and shop, has finally started. This allowed TI Portugal to directly interact with bidders/contractors for the first time within the context of IP implementation, which reveals to be very important to better understand how to leverage their level of trust.

Usually, bidders and contractors only have access to the CA technical staff assisting the execution of works. They do not interact nor negotiate with the ones responsible for taking decisions at the CA level, and therefore the relationship between contractors and the CA is often limited to technical discussions, without taking into account all the different layers of relevance inscribed in public procurement, such as the efficiency in public spending.

For this reason, and before the [public event at the Monastery for announcing the launch of the construction works](#), TI Portugal decided to organize a welcome meeting with the CA team and the contractor to better explain the company's role in the project, TI PT's expectations, and the overall IP rationale. The company's Director received a bidder's kit with the project materials, including [a new IP brochure](#) specially designed for contractors.

Because of the summer period, TI Portugal decided to postpone the discussion of the monitoring reports related to MA01 – Tender Preparation and MA02 - Awarding of the contract for September 2019. It was important for project implementation to organize a meeting with the CA and the Expert Committee focused on the internal proceedings related to Public Procurement, but also on investigating ways to move forward and to boost the project inside and outside the monitoring activities. This was considered to be key following the conversations TI Portugal had with DGPC team working on the project, by realizing they are on various occasions limited to budgetary constraints that prevent them to adequately plan or implement the most efficient contracting policy. The IP is a learning experience, build upon knowledge-sharing, testing, reflection and critical thinking, so there is a need to make sure that TI PT's approach is impactful and meaningful also from the CA's perspective.

As TI Portugal see it, the IP main goal is both to scale up the IP itself as a tool as it is to scale up the learning experience through the engagement of a larger (and progressively skilled) universe of key stakeholders willing to take ownership of public contracting, by actively participating in a structured set of civic monitoring activities, and therefore, building strong coalitions advocating for clean contracting at the national level, and supporting an EU-based movement determined to consolidate clean contracting as a European core feature.

In this sense, transparent, corruption-free, value for money public procurement is fundamental to boost economic growth and sustainability, but, more importantly, it is central to good governance, and, because of that, a powerful instrument to tackle social inequalities, as well as populism.

The first step to achieve this goal is to engage the people at the CA, and by the time of the meeting that was especially critical because of the upcoming Parliamentary elections (October 2019). The government might change, as well as the political will to pursue the project.

That was also the reason why TI Portugal have thought strategically to present a detailed overview of DGPC's performance in purchasing goods, services and construction works, using the data available on BASE, the Portuguese Public Procurement Portal, acting as baseline for measuring the impact of the IP project in the internal dynamics of the CA, but also because they felt important to "raise the bar" for the coming months. The planned construction works were considerably delayed due to lack of funding, and while TI Portugal managed to keep them highly motivated since project kick-off, truth is that, from the organizational point of view, the first 2 years of IP implementation were not especially challenging for DGPC.

Since their response to the monitoring report for stage 2 (Tender Preparation) concerning MA02 - Renovation of the Conventual Door and Shop was excellent -they incorporated almost all of TI Portugal's recommendations in the tender documents, and chose Open Tender (restricted) as procedure, which is quite uncommon (93% of DGPC contracts published in BASE were based in Direct

Awarding)– TI Portugal decided it was time to foster their commitment to the MEL planning and to test the change management skills of the CA's team more directly involved in the project.

[This report about DGPC's Procurement profile](#), in comparison with other government bodies supervised by the Ministry of Culture and funded by the "Culture" Operational program, co-financed by the EU was very well received.

TI Portugal sense that DGPC's top decision-makers are not very supportive (asides Filipe Silva, the Deputy Director coming from the Ministry of Finance, who was truly an enthusiast of the tool), so it is important to give DGPC's team sufficient ammunition for any internal obstacles they face. They got excited about the chance to showcase the report and open the discussions for improvement in this area, especially because there is a new institutional framework granting autonomy to Museums, Monuments and Palaces in the management of their funds, including in all procurement related procedures.

DGPC will have a new department responsible for supporting and advising Museums, Monuments and Palaces in contracting procedures since they do not have sufficient allocation of resources to be able to perform procurement procedures, highly demandable in terms of time, skills and technology.

Within this new legislative setup, the Alcobaça Monastery became an independent procurement entity. Although with no impact on the IP governance system, TI Portugal believe it will translate into the increased impact of the IP at the Monastery level, and in that sense, TI PT hope to continue to foster the relationship with the Director, Ana Pagará.

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

During the reporting period, TI Portugal organized a public event (11 July 2019) to launch the first construction work at the Alcobaça Monastery, and 4 technical meetings with relevant stakeholders from the CA and the contractor, including a technical visit to the Monastery with a presentation by Gabriella Nagy from TI Hungary.

TI Portugal continued the set of activities inscribed in the IP comms and engagement plan, namely on social media and using the IP online infrastructure. They also showcased the IP every time they had the chance to do it within the context of Board members' public appearances, interviews with the media, and even during the International Anti-Corruption Day Celebration.

#### **Advocacy**

TI PT is a member of the OGP Network, so they are using the OGP national plan and the commitment to clean contracting to power up and expand the outreach of the IP. The IP can be used effectively as good practice under the OGP plan implementation.

In TI Portugal's view, the OGP plan can play a very important role in complementing the IP, since 1) it comes directly from the Assistant Secretary of State for Administrative Modernization coordinating AMA (above only the Prime-Minister), 2) the current ruling political party sees ICT in Public Administration as key (Simplex Programme), 3) AMA is the agency responsible for implementing Simplex and 4) the Minister of Culture, the IP key stakeholder, was the former Assistant Secretary of State for Administrative Modernization.



### Monitoring activities

The Cadastre and Real Estate Publicity Agency (ANCPI) and the Ministry of Culture developed tender documents in 2018 and launched the procurement by publishing these documents, at the end of 2018 and the first semester of 2019. The reporting period from July to December 2019 included two main monitoring activities:

- Revision of communication between the contracting authorities and potential bidders in the form of clarifications to tender documents. In this phase TI Romania did not identify any irregularities. They formulated non-key recommendations to both contracting authorities.
- Revision of the evaluation phase and all documents. All monitored procurement procedures and their evaluation phase documents included about 10,000 pages reviewed. The process was long and in-depth, but no irregularities were identified.

In parallel with documents revision, TI Romania contracted an investigative journalist in order to check actual or potential conflicts of interest in the procurement processes. The result of the journalistic investigation type of approach showed the existence of some risks related to the winning bidders:

- One of the owners of a winning bidder for cadaster services used to be business associated with the director of a county office of ANCPI, former director at national level;
- Several owners or administrators of winning bidders for cadaster services had relatives working in county office of ANCPI;
- One of the winning bidders for cadaster services had closed businesses (including sharing offices and resources) with companies involved in corruption cases investigated by the National Anti-corruption Directorate (the dedicated anti-corruption prosecution office).

None of the discovered elements represents breaches of law, but all of them generate risks. Having this in mind, TI Romania recommended ANCPI to:

- Include several redundancies in delivery verification, in order to manage potential conflicts of interest risks and other integrity risks in contract execution;
- Develop a dedicated whistleblowing line;
- Train staff, especially officials involved in services receptions, on integrity and anti-corruption issues;
- Introduce a dedicated communication line and procedure with contracted bidders, in order to prevent delays.

Moreover, the Ministry of Education re-started the preparation of the project "The Integrated System for School Management", that will include the e-catalogue. TI Romania continued the dialogue with the authority - the Ministry of National Education - and received and reviewed the draft Terms of References for the main procurement to be implemented in the project. TI Romania provided recommendations in September 2019. However, the project was in standby since August 2019 due to changes in the leadership of the Ministry affecting the management team of the project. A new government is in office since November 2019 and it needed to start the work on the project by recruiting a new project manager. Until the recruitment of the new project manager, the project will be most probably idle. TI Romania and IPP underlined repeatedly the need for progress in project implementation and advocated at different levels (political and administrative). However, the decision at the Ministry of Education was to keep the project as a 'non-priority' and only high pressure from the European Commission was effective in generating the visible progress in 2019.

In November-December 2019, the monitoring reports for the procurement conducted at the Cadastre and Real Estate Publicity Agency (ANCPI) and the Ministry of Culture have been drafted and will be launched at the beginning of 2020.

### Activities to communicate and promote Integrity Pacts

During the reporting period, most of the tenders have been in the evaluation phase (Cadastre and Culture) and the project at the Ministry of Education was in standby since August 2019 (because of the lack of leadership in the Ministry of Education) without public documents developed. Therefore, communication activities have been less important in the last 6 months, due to the lack of visible and

reportable progress. Moreover, the review of documents from the evaluation period took several months, as the monitor checked and reviewed thousands of pages.

Moreover, several bilateral meetings to promote Integrity Pacts were organized with representatives of several contracting authorities at local and central level. In December, the IP has been presented as well to the anticorruption conference of the Ministry of Justice on the National Anti-corruption Strategy and this contributed to raising awareness on IPs at the level of the government, to most of the ministries.

Meetings with NGOs in the field of Education, as well as meetings with media representatives have been organised for the promotion of IPs in Romania, preparing all these stakeholders for the launch of the new monitoring reports at the beginning of 2020.

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

During the reporting period, 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 interested in increasing the integrity of public procurement, including through the use of an instrument to facilitate the participation of civil society, like the Integrity Pact.

On the other hand, monitoring the bidding phases in procurement, as well as the political evolution, have not been favourable to any raise of trust in public procurement compliance and correctness from business and civil society. In this context, during the reporting period we started developing a new methodology to assess the trust, awareness, and readiness to monitor procurements at the level of businesses and civil society. The research is planned for the beginning of 2020 and the results will be used for a communication campaign.

Moreover, during the reporting period, the monitor promoted at community level the whistleblowing line for citizens affected by the cadaster services monitored.

### **Advocacy**

Several meetings with central and local public authorities were held, aimed at promoting Integrity Pacts and planning TI RO and IPP partnership projects with local authorities, where Integrity Pacts are promoted and piloted locally.



### **Monitoring activities**

Monitoring team member(s) have been present at weekly coordination meetings and at the final handover meeting between CA, user and selected bidder in Trbovlje General Hospital. TI Slovenia made recommendations in the final stages of the project especially targeting the energy management of the building in order to positively affect the energy reduction, which is the primary objective of the project. The [third monitoring report](#) for Trbovlje was published and first presented at the international conference organised by the monitor<sup>15</sup>.

In Novo mesto General Hospital, monitoring activities started with the introductory meeting, which officially marked the start of the project implementation and where monitors were present. From there until the end of the reporting period, works have not started, the selected bidder reviewed the project documentation and updated the time-plan. New documentation was reviewed by the monitor.

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

TI Slovenia conducted several activities aiming to promote Integrity Pacts to stakeholders and a wider audience. Representatives of TI Slovenia attended and presented at two external events<sup>16</sup>, while participating at the opening of the renovated Trbovlje hospital. IP outputs were also disseminated to private sector representatives in a private sector dedicated event (Business integrity forum). Most importantly, TI Slovenia organised an international conference on procurement where more than 50 stakeholders and practitioners from Slovenia and abroad attended and IPs were presented in detail. After the event, several follow-up activities were conducted in order to present IPs in one-on-one meetings. The interest drawn showed the potential of the tool for future use and the importance of the extension, where additional activities have to be conducted to identify potential procurement processes where IPs could be used.

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

During the reporting period, a mapping of potential local stakeholders was made in order to identify partners willing to participate in the project as facilitators to the local communities.

### **Advocacy**

No wider campaign was conducted during this reporting period. However, advocacy activities were closely connected to the communication of the project. Therefore, advocacy messages to decision makers were predominantly aiming towards assuring systemic financing of anti-corruption programmes such as IPs and changing the procurement legal framework that would recognize IPs as a tool that can be used by CAs and would enable an obligatory use of the tool in selected PP processes. This would ensure sustainability of the project. Additionally, multiple stakeholders were introduced to the project and its results in order to further the project outreach and ensure its sustainability (private sector actors, potential donor, oversight bodies). The monitor again pointed out on a concrete case (wire procurement) that access to information on public spending is being limited to public watchdog organisations through court proceedings. In order to effectively monitor public spending and prevent irregularities, timely access is needed in practice, TI Slovenia pointed out.

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<sup>15</sup> Links to reports are posted on the IP documents page (<http://pakt.transparency.si/dokumenti/>) and on the conference report page (<http://pakt.transparency.si/javna-narocila-v-sloveniji-eu/>). Hard copies were distributed in folders to people attending the event

<sup>16</sup> The European Week of Regions and Cities and the annual Slovene Association for Quality conference (section for health sector quality)