





# INTEGRITY PACTS IN COHESION POLICY 2021-2027

## SESSION 1 – INTEGRITY PACT INITIATION

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## TRAINING OVERVIEW

**Session 1**  
(08/04)

**IP initiation**

Steps to initiate IP project

**Session 2**  
(09/04)

**IP preparation**

Design and set-up of the IP

**Session 3**  
(10/04)



**IP execution**

Risk management, comms, MEL

**Session 4**  
(11/04)

**IP scaling-up**

Recommendations and ideas to scale up and mainstream IPs

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## SESSION 1 OVERVIEW

- Collective action and Integrity Pacts
- Integrity Pacts and Cohesion Policy
- Approach to IP application and financing
- Procurement project identification and selection
- Budgeting and financing
- Identification and selection of the civil society monitor
- IP governance arrangements



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## WHAT IS COLLECTIVE ACTION?

**Collective action** is a **structured and collaborative effort** that brings together stakeholders from **government, private sector, and civil society** with the aim of **preventing corruption, fostering good governance, and improving the business environment** in a particular context (sector, industry, procurement market, etc.)



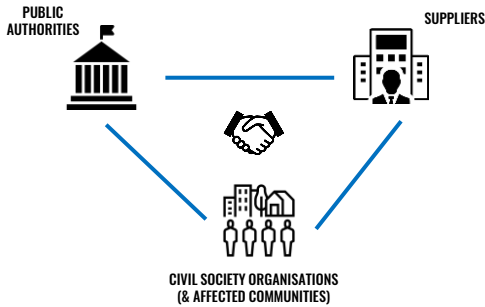
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## WHAT IS AN INTEGRITY PACT?

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

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



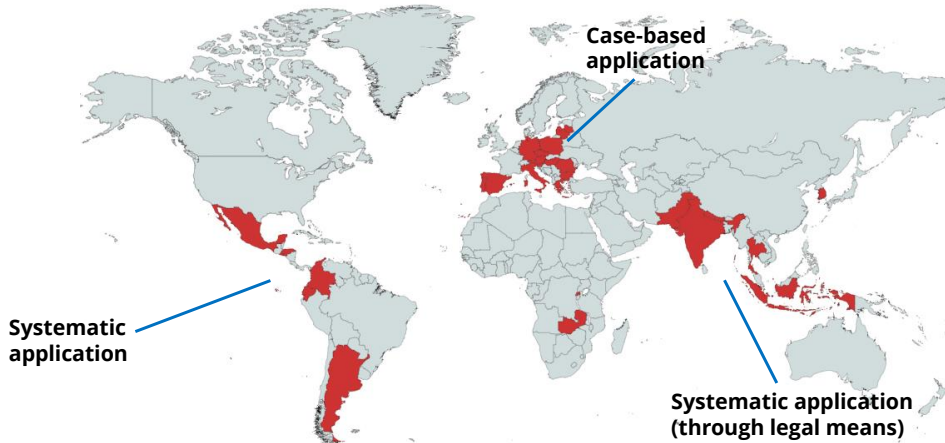
- **Commitments by contracting authorities and suppliers** → pledge to refrain from and report corruption and collusion, regulatory compliance, proactive and reactive disclosure of information, implementation of anti-corruption measures
- **Independent civil society monitoring mechanism** → review of contracting procedure, review of and support to IP commitments, transparency and social accountability
- **Dispute resolution mechanisms and sanctions** → complaint mechanisms, arbitration, sanctions for non-compliance




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## INTEGRITY PACT IMPLEMENTATION TRENDS WORLDWIDE



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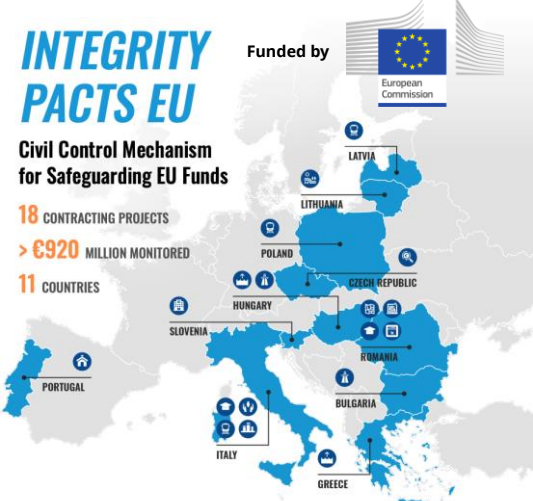



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## INTEGRITY PACTS EU

**Civil Control Mechanism for Safeguarding EU Funds**


**18** CONTRACTING PROJECTS  
**> €920** MILLION MONITORED  
**11** COUNTRIES





Funded by 


### Implementation period – 2016-2022

**ACTORS INVOLVED IN THE MONITORED PROCESSES**


  
**33**  
 PUBLIC AUTHORITIES

  
**61**  
 CONTRACTORS


**15** CIVIL SOCIETY ORGANISATIONS 

**152** MONITORING TEAMS MEMBERS 

- Contributed to transparency, integrity, accountability in selected contracting projects through ambitious activities
- Lessons for future standardised application in EU Cohesion policy, and cross-national application more in general
- Winner of EU Ombudsman Award for Good Administration in 2019



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## POLICY AREAS COVERED

Transport infrastructure	5
Cultural heritage	3
Public sector administrative capacity	3
Education	2
Water management infrastructure	2
Healthcare	1
Urban development	1
Land management	1
Energy	1



**Latvia:** Development of Riga tramline



**Poland:** Construction of new railway line



**Hungary:** Construction of Tisza-Tur flood reservoir



**Bulgaria:** Zheleznița tunnel



**Portugal:** Renovation of Alcobaca Monastery



**Italy:** Madonie community development



**Slovenia:** Energy renovation of hospitals



**Greece:** Construction of anti-flood pipeline network




**Romania:** Land registration system



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## IP BENEFITS, CHALLENGES, LESSONS LEARNED

### Efficiency and effectiveness

- Increased quality and effectiveness of contracting procedures, timeliness, cost savings
- Prevention, early detection, and resolution of irregularities, including corruption
- Transparency and social accountability through Open Contracting
- **Challenges in business engagement** → passive role in IP preparation, concerns on administrative burden, lack of clear value proposition

### Sustainability

- Systemic impacts → better uptake of policy reforms, improvement of transparency and competition in procurement markets, changes in corruption perception and integrity culture
- More likely to have impact if part of broader reform efforts and/or collective action initiatives, requires multi-stakeholder mechanisms and arrangements
- Good potential to foster improvements in the management of regional investment programmes and cross-national learnings, requires, considerable



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## GLOBAL INTEGRITY PACTS COMPENDIUM

#### Integrity pacts

- Mexico
  - 📍 Americas
- European Union
  - 📍 European Union
- India
  - 📍 Asia Pacific
- Pakistan
  - 📍 Asia Pacific
- Honduras
  - 📍 Americas
- El Salvador
  - 📍 Americas





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## ROLE OF INTEGRITY PACTS IN EU COHESION POLICY

The role of the Integrity Pacts in Cohesion Policy is to contribute to the **successful achievement of the policy objectives of the Operational Programmes**, by fostering the **transparent, effective, and inclusive implementation of EU-funded contracting projects**.

The IPs should be implemented as part of a **broader ecosystem for public spending integrity**, including (but not limited to):

- Comprehensive (sub-)national **anti-corruption policies and anti-fraud strategies**
- Openness and **transparency of financial flows** related to EU funds
- Mechanisms to ensure **integrity of economic operators** and beneficiaries
- Mechanisms to **meaningfully involve civil society and citizens** in the elaboration and implementation of Operational Programmes



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## ESIF PROJECT PROCESS AND INTEGRITY PACTS

Project stage	Project step	IP stage	IP step
<b>1 - Application and project selection</b>	Review of project proposals	<b>IP initiation</b>	<ul style="list-style-type: none"> <li>• Approach to IP application</li> <li>• Project identification and selection</li> <li>• Budgeting</li> <li>• CSO selection</li> <li>• Governance arrangements</li> </ul>
	Project selection		
	Signature of funding agreements	<b>IP preparation</b>	<ul style="list-style-type: none"> <li>• IP form and documents</li> <li>• Drafting of IP text</li> <li>• Signature of the IP</li> </ul>
<b>2 - Project implementation (contracting procedures)</b>	Planning	<b>IP implementation</b>	<ul style="list-style-type: none"> <li>• Technical monitoring by CSO</li> <li>• Implementation of commitments</li> </ul> <b>Critical aspects</b> <ul style="list-style-type: none"> <li>• Risk management</li> <li>• Communications</li> <li>• Monitoring, Evaluation, and Learning</li> </ul>
	Pre-tendering		
	Tendering		
	Awarding		
Implementation			
<b>3 - Project closure and evaluation</b>	Final project checks	<b>IP closure, scaling up, mainstreaming</b>	<ul style="list-style-type: none"> <li>• Conclusion of the IP</li> <li>• Decision on follow-up</li> <li>• Steps to scale up and/or mainstream</li> </ul>
	Audits		



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## APPROACH TO IP APPLICATION AND FINANCING



### Approach to IP application

- **Case-based, targeted** → application to individual (strategic) projects
- **Systematic** → application to multiple projects based on contracting authority, level of government, sector, policy area
- **Cross-national** → simultaneous application to procurement projects across countries (e.g., part of the same regional investment programmes)


### Sources of financing

- **MAS' / CAs' own funds**
- **EU funds earmarked for Technical Assistance**
- **Central government**
- **EU Commission**
- **International / external donors**
- **Mixed sources**

It is advisable to allocate a **"pot" of funds**, for example as % of the total funds involved in the Operational Programme and/or based on the number of potential IPs. This will allow for more flexibility when considering the strategic selection of projects for IPs.

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## PROCUREMENT PROJECT IDENTIFICATION

### Project value assessment


- **Policy relevance** → contribution to policy objectives
- **Financial value** → monetary value of contracts
- **Societal relevance** → visibility and concrete impacts to local communities' daily life

### Project risk assessment


- **Weak governance risks** → e.g., low institutional capacity and resources, dysfunctional PFM processes, politicisation
- **Corruption and collusion risks** → e.g., bribery and undue influence, conflicts of interest, anti-competitive behaviour, etc.

## PROCUREMENT PROJECT SELECTION

- **Project size / scope** → n. and type of procurement procedures
- **Technical complexity** → subject matter of the contract(s)
- **Project stage** → ideally planning stage, no later than pre-tendering stage
- **Project duration** → n. of years
- **Stakeholders' characteristics** → contracting authorities, procurement market, CSOs, affected communities




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### IP OBJECTIVES / INTERVENTION AREAS


- **Public integrity and good governance** → public integrity and procurement governance measures
- **Business transparency, integrity and fair competition** → corporate openness and integrity
- **Open contracting** → transparency and social accountability



### IP BUDGETING


- **Preparation costs** → e.g., stakeholder consultation activities, legal expert fees, comms
- **Implementation costs** → project staff, commitments and activities' outputs, comms
- **Monitoring costs** → salaries and fees of technical monitoring team, equipment, travel (**~80% of budget**)



- **Small IP project** → focus on review of procurement process, basic commitments, simple communications
- **Large IP project** → review of all procurement cycle, ambitious commitments and activities, intense citizen engagement







## INTEGRITY PACT COST ESTIMATES


<b>Average "large" IP cost (5 years)</b>	<b>€325,000</b>
<b>Average IP cost per year</b>	<b>€65,000</b>

Project value	Average "large" IP cost (%)
Small projects (€1-4 mln)	15-20%
Medium projects (€12-15 mln)	2-3%
Large projects (€100-150 mln)	0.2-0.3%





## IDENTIFICATION AND SELECTION OF CIVIL SOCIETY MONITOR

### Capacity criteria

- Technical expertise (procurement, good governance, policy area)
- Project management
- Communication and stakeholder management

### Independence criteria


- Clear and transparent governance structure
- Annual reports on organisation's operations, programmes, projects, activities
- Transparent financial management and funding sources

### Selection procedure

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- **Call for proposals / grant** → best suited for “large” IPs
- **Service agreement** → best suited for “small” IPs

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## COMPOSITION OF MONITORING TEAM


- **CSO in-house staff**
- **Independent technical experts** (including private consultants)
- **Consortium of CSOs**

## CONFLICT OF INTEREST PROVISIONS

- **Declaration** from each of the members of the monitoring team that they have not worked for the contracting authority or potential bidders in a specific period before the IP
- **Interest and asset declaration** before and after monitoring + **ad-hoc reporting** of new conflicts of interest
- **Prohibition** for each member to work for the CA and any bidder, contractor, or sub-contractor for a period of time after the conclusion of the IP
- Experts from private consultancies must also provide information on codes of ethics and compliance programmes




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## IP GOVERNANCE ARRANGEMENTS

### Management / admin roles



- Project owner
- Project facilitator
- Project administrator

### Governance bodies

- Steering committee
- Ethical committee
- Advisory committee

## MEMORANDUM OF COOPERATION

- **Commitment to develop and apply IP** → objectives, areas of intervention, etc.
- **Signature** → MA, CA, other authorities, CSO, business associations
- **Specification of activities and roles in the preparation of the IP** → e.g., stakeholder consultation, info disclosure

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# THANK YOU!

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