Integrity Pact as Collective Action for Clean Contracting
• legal tool developed by Transparency International in 1994;
• trilateral agreement under civil law
  – contracting authorities;
  – bidders;
  – independent civil organisation as monitor
• for the purpose of monitoring a public procurement procedure;
• all phases from preparation to the execution of the contract;
• regular reporting to the public;
• Ips around the world;
Significance of Public Procurements in the Economy

• public procurement market in the EU amounts to 4-5% of EU GDP, ca. 425 billion €

Procurement is a major corruption risk

• According to EU study, ca. 18% of the budget of a corrupt project is direct loss to the public:
  - too high costs;
  - delayed execution of the contract;
  - inefficient investments: low quality, doubtful usefulness.

Overall direct costs of corruption in public procurement in five main sectors is estimated to amount € 1.4 to € 2.2 billion.

• Ca. 50-60 % of procedures might be infected with corruption.
TI Hungary’s Experiences

2012. procuring PCs by Central Bank of Hungary

2012/2013 – 2016. water supply infrastructure development in Ózd financed by the Swiss Confederation

2013-2014. reconstruction of a nursery in the 13th District of Budapest

2015. playground development in the 13th District of Budapest
Lessons from Hungarian experience with IP

- prices were lower by 30%;
- increased trust from companies toward the public institutions;
- increased competition;
- authorities, State-owned companies: good PR value, PR possibility;
- building trust and good cooperation with monitor, good experiences => usually more IPs later
EU Pilot Project: ‘Integrity Pacts – Civil Control Mechanism for Safeguarding EU Funds’

• 4-year pilot project supported by the European Commission (DG REGIO)
• 11 EU countries – 17 major public contracts;
• together, these contracts are worth nearly €1 billion;
• fostering collective actions:
  ➢ we aim to work with the communities directly affected by each of the 17 projects. (For example, those who live near to where a power plant, highway, hospital or other facility is being built.)
IPs to be implemented within the framework of the European Commission’s pilot project

Construction of the final section (~25 km) of M6 Motorway
/contract value: ~160m €

Tisza flood reservoir
/contract value: ~89m €
Thank you for your attention

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