



# Integrity Pacts in Cohesion Policy in Latvia – from past to future

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## *A little bit from previous experience...*

### Integrity Pacts in Cohesion policy in 2014-2020 period\*

\*Disclaimer – in this section some of the slides are taken from TI presentations. These actions are coordinated with the original authors.



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## RIGA TRAM PROJECT

**Monitored project:** «Development of Riga City Tram Infrastructure»  
**Implementing institution:** Municipal enterprise «Riga City Traffic»  
**Integrity Pact:** signed with TI Latvia on 25.11.2016.  
**Goal:** Extension of the tram system in Riga (expected to run until 2023)  
**Costs:** 97.4 million euro


- EU Cohesion Funds 70 million euro
- Riga City Traffic 27.4 million euro

**Important facts:**

- Project chosen by Ministry of Finance
- The first EU project implemented by Riga City Traffic
- History of corruption allegations
- Several local communities involved
- Previously a tramline in Riga was built in 1984



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## RIGA TRAM PROJECT

**The main steps of the Tram project included:**

- building of a 3.6 km new tram infrastructure section;
- reconstruction of an existing tram infrastructure section of ~3 km;
- purchase of 12 low-floor trams;
- building of one new sub-station, reconstruction of one sub-station, building of the contact line and
- contact line energy supply cable network;
- building of about 11 new tram stops;
- in some places – reconstruction of streets, building of local carriageway, relocation of utilities networks, development of the traffic control system, etc.

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## GOALS OF THE MONITORING PROCESS

- 1) to increase transparency, accountability and public participation;
- 2) to prevent corruption risks






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## MONITORED TENDERS

NO	PROCUREMENT TITLE	ANNOUNCED	STATUS	TI LV's MONITORING REPORTS
1.	Restricted tender "On the reconstruction of Riga tram infrastructure"	2018.12.12.	Terminated on 2019.01.18.	
2.	Negotiations procedure "On the delivery of low-floor trams"	2018.04.11.	Terminated on 2019.01.18.	<a href="https://ej.uz/r899">https://ej.uz/r899</a>
3.	The procedure for discussions „On the development of the construction plan for a new tram infrastructure section and the reconstruction of the existing tramway"	2017.07.28.	Closed on 2018.06.27.	<a href="http://deina.lv/89-221-166-251_standoutweb.site/en/2018/08/11/13598/">http://deina.lv/89-221-166-251_standoutweb.site/en/2018/08/11/13598/</a>
4.	The procedure for discussions „On the development of the construction plan for a new tram infrastructure section and the reconstruction of the existing tramway"	2016.12.21.	Terminated on 2017.01.16.	<a href="http://deina.lv/89-221-166-251_standoutweb.site/lv/2017/01/12/11952/">http://deina.lv/89-221-166-251_standoutweb.site/lv/2017/01/12/11952/</a> (in Latvian)




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## THE FIRST PROCUREMENT

- A number of technical requirements in the tender documents appeared to significantly restrict the number of bidders → TI Latvia requested the independent assessment of the Procurement Monitoring Bureau (PMB)
- PMB issued an opinion asking Riga Traffic to cancel the procurement and re-draft the documents
- New procurement: Riga Traffic took on board most of the recommendations provided by TI Latvia
- TI Latvia identified a potential case of document forgery, later dismissed by the State Police

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## THE SECOND PROCUREMENT



(related to the delivery of low-floor trams)

- TI Latvia identified a number of technical, evaluation and scoring criteria in the bidding documents which deemed as unnecessarily restricting competition


## THE THIRD PROCUREMENT

- TI Latvia identified restrictive pre-selection requirements and a complex bureaucratic process to obtain the necessary clearances to carry out construction work in Latvia

**Both procurements were cancelled. → A new board appointed at Riga Traffic. → The Central Finance and Contracting Agency decided to terminate the contract for the disbursement of EU Funds.**

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## ACHIEVEMENTS BY TI LATVIA

1. Improved procurement documentation;
2. Identified risks and reported to controlling institutions:
  - Helped to avoid «single bidder» situations in 2 occasions;
  - Filled a suspicious case of document forgery with the police;
3. Raised awareness in society.





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## RESULTS

**Riga City Traffic:** obtained independent expertise.

**Government institutions:**

- Early detection and prevention of irregularities and «single bidding» situations and unfair procedures;
- obtained independent «insider's assessment»;
- Increased government's willingness to introduce Integrity Pacts

**All stakeholders:** raised awareness about the Riga tram project.

## IMPORTANT LESSONS

- need for improved citizen engagement;
- involvement of independent experts in large-scale infrastructure projects.




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## TI RECOMMENDATIONS:

- Requirement of inclusion of independent and high-level technical expertise in Public Procurement Commissions for complex infrastructure projects at the national and local level;
- Introduction of measures for increasing foreign competition in complex infrastructure procurements in small markets;
- Introduction of mandatory, secure and reliable whistleblowing systems for companies and their employees in all EU-funded procurement projects.




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## *Moving towards the bright future...*

### Integrity Pacts in Cohesion policy in 2021-2027 period




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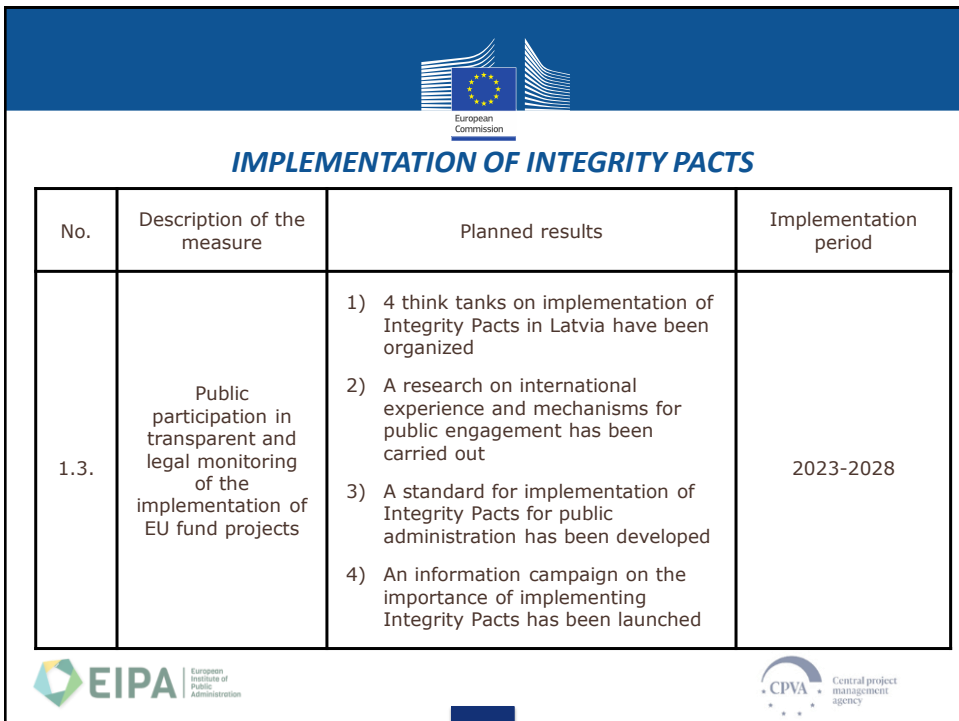
**ADMINISTRATIVE CAPACITY ROAD MAP**  
*priorities*

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- Capacity building of institutions
- Human resource development and professionalisation
- Digitalisation, data and information systems

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**IMPLEMENTATION OF INTEGRITY PACTS**

No.	Description of the measure	Planned results	Implementation period
1.3.	Public participation in transparent and legal monitoring of the implementation of EU fund projects	<ol style="list-style-type: none"> <li>4 think tanks on implementation of Integrity Pacts in Latvia have been organized</li> <li>A research on international experience and mechanisms for public engagement has been carried out</li> <li>A standard for implementation of Integrity Pacts for public administration has been developed</li> <li>An information campaign on the importance of implementing Integrity Pacts has been launched</li> </ol>	2023-2028

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## IMPLEMENTATION OF INTEGRITY PACTS

**2023**

A working group for implementation of integrity pacts in Latvia has been established

15.11.2023. team meeting organized - think tank

A task has been elaborated for the procurement on research of international experience and development of standard for the implementation of integrity pacts

**2024**

Draft Procurement Regulation developed

19.02.-04.03.2024. consultation with suppliers

03.2024 - 05.2024 Procurement procedure

Conclusion of the procurement contract 06.2024.

Research of international experience and think tank on information obtained within the research

**2025**

Standard development

Conducting of educational events



Launch of an information campaign

**2026**

**2027**

**2028**

Latvia will start to develop a system for implementation of integrity pacts in the period of 2021-2027, with the aim to **implement ~ 3 procurements by applying integrity pact procedure**, involving a wide range of public administration, private and non-governmental sector institutions in discussions and think tanks, as a result of which the performance standards of integrity pacts for public administration will be developed, which will ensure wider use of this instrument in implementation of EU fund projects, fostering an increase in public trust in transparency of the public administration decision-making process and in management, implementation processes of foreign financial investment projects as well as convincing the public that the spent funding has been used effectively in its best interests.

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## RESEARCH FRAMEWORK

*solid knowledge and experience  
framework for implementing integrity pacts*

- implementation experience in other countries (at least two Scandinavian countries, two Eastern European countries, two European countries which had joined the European Union before 2004)
- how potential procurers are motivated, what methods work/don't work?
- what communication formats and channels are used?
- selection criteria and attraction mechanisms for NGOs and experts
- experience of other countries in selecting NGOs (whether and how the credibility and integrity of NGOs in representing the public interest are determined)
- responsible institutions
- stages of the implementation of the integrity pact — who, at what stage and does what?
- recommended procurement areas for implementing integrity pacts
- analysis of normative documents in Latvia that could affect implementation of integrity pacts
- what methods are used to increase public trust?
- what impact integrity pacts have elsewhere in Europe and how it is being measured?
- how sustainability is ensured that members of the public are prepared to work on the implementation of integrity pacts for a prolonged period of time?
- sources of funding for the implementation of integrity pacts
- examples of how the costs of implementing integrity pacts are calculated
- conclusions of studies carried out so far in EU member states




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# STANDARD CONTENT

*a practical guide that motivates the use of integrity pact and gives clear step by step guide on implementation process*

- benefits of integrity pacts and openness, the role of public participation in modern public administration
- monitoring Mechanism — essence of the integrity pact/allocation of responsibilities
- what kind of procurements, investments and projects can benefit from the integrity pact?
  - selection of projects/procurements for integrity pacts
  - types of public representatives, eligibility criteria and engagement process
- what kind of institutions in the public sector can use the integrity pact in their work?
- methodology for implementation of the pact at all stages of procurement/project – procurement planning, during procurement procedure, during execution of contract
- costs and financing of integrity pacts — costs of implementing the integrity pact, methodology and examples of cost calculation, possible sources of funding
- recommendations for public communication on the project implementing the integrity pact
- legal framework, necessary changes to normative acts
- attraction of experts – how to attract and finance?
- standard contract example with integrity pacts
- examples of good practice and experience stories from the research



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# Thank you!



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