

3.1.9 Hungary: the Integrity Pact for a Nursery School

Background and Scope

The City of Budapest XIII District Council initiated this integrity pact in 2014 to govern the procurement and contracting processes in connection with the renovation of a nursery school, financed exclusively with District Council resources. Initiation of the pact was in recognition of the fact that public procurement is one of the six principal corruption risk hot spots across Europe. Acknowledging Transparency International Hungary's expertise and know-how in combating fraud and collusion in procurement, the District Council called on TI Hungary to assist with this project. TI Hungary's sees these activities as core to its more general mission of combating corruption, and as a means for promoting the general concept of fair and open competition in business in Europe and Hungary in the public and the private sectors alike. The District Council is the first Council to use the anti-corruption tool developed by TI. Parties to the Integrity Pact are the District Council and local companies, including SMEs.

Structure

As noted above, the City of Budapest XIII District Council initiated this program in conjunction with the renovation of a nursery school. TI Hungary served as facilitator and administrator. Only two months passed from the beginning of work on the initiative to signature of the Collective Action agreement. This represents the shortest preliminary period among all of the surveyed Collective Action initiatives. The substantive scope of the matter extended to anti-corruption and anti-trust matters. An ethics committee was

not established in conjunction with the pact. Work began on the project with a preliminary planning meeting between the District Council and TI Hungary. At the meeting, the District Council elaborated on the proposed procurement program furnished to TI Hungary in advance. The matters discussed extended to general details regarding the renovation project and the proposed tender; a draft contract for the implementation phase; internal resources available; the draft call for proposal and the details of the approval process; and financial resources available for the project. TI commented on the validity and feasibility of the plan, and furnished the District Council with a proposal on monitoring and a report on contractors interested in participating, or likely to participate, in the project.

Implementation

In the initial phase, TI Hungary monitored planning of the procurement process to ensure that it was designed consistently with project needs and local regulations. Additionally, it took action to ensure the neutrality and judgment of all persons participating in the planning phase, making sure they were not compromised by conflicts of interest. Prior to initiation of the project, the parties agreed to perform and participate in an assessment of project outcomes.

Next, as stipulated in the contract between TI Hungary and the District Council, TI performed a legal review of all contractual procurement documents, analyzing aspects related to legal compliance, lawfulness, transparency, and fair competition. Later, TI Hungary's public procurement experts

monitored the procurement phase, and TI Hungary also enlisted an independent engineering expert to assist with engineering-related issues arising during completion of the project and with issues related to supplier's contract performance.

TI Hungary monitored all phases of planning and implementation, involving the public to assist, and issued five reports about its findings.

Impact

Thanks in large part to the efforts of the Collective Action initiative, the public procurement process was conducted lawfully, in compliance with the integrity pact, and consistently with the objective of carrying out a transparent and fair procedure. The Integrity Pact gave TI Hungary an excellent opportunity, through its efforts, to publicize information regarding the initiative and to disseminate information about Collective Action projects and anti-corruption efforts in general to the public. Additionally, in line with its integrity pact efforts, TI Hungary prepared an e-learning tool to instruct participating institutions and their employees on how to properly use and implement integrity pacts. TI Hungary notes that because integrity pacts become a meaningless formalism and additional administrative burden if not used appropriately, this instructional tool was important to the proper performance of the initiative.

TI Hungary noted that the integrity pact framework has shown itself to be flexible in its application and adaptable to many

different legal settings. On that basis, it notes that integrity pacts can be used in procurement processes not regulated by Hungary's Public Procurement Act. Having been used successfully in connection with the Water Supply Rehabilitation Project's of the Council of Ózd, financed by the Swiss Contribution Office, successful completion of the Nursery School Renovation project and two projects of the Hungarian National Bank means that integrity pacts have now been used successfully in several procurement processes in Hungary.

Links:

[Local Government of the 13th district - Transparency International, Hungary](#)

[Kerületi Bölcsöde Felújítása - Transparency International, Magyarország](#)

[Kerületi Önkormányzat](#)

[Elismert közbeszerzés „tet t l talpig” - Media 13](#)

[Jól vizsgázott az önkormányzat átláthatóságából](#)

[Integritási megállapodás: Civil ellen rzéssel a közbeszerzési korrupció ellen - MLBKT](#)

Integrity Pact for a Nursery School in Hungary			
Participants City of Budapest XIII District Council Local companies	Initiator City of Budapest XIII District Council	Facilitator Global Compact Network SA	Regional/Industry Scope Nursery school in Budapest
	Substantive Scope of Collective Action / Subject Matter Covered Anti-Corruption, Anti-Trust		Ethics Committee N/A
Time from project start to Collective Action signature 2 months			
Challenges in signing N/A		Challenges in implementation N/A	
Agreed implementation activities Training; outcome assessment		Impact Contract performance in compliance with provisions of the integrity pact	

Facilitator's Statement



Alíz Szloboda
Head of Public Sector Programs
 Transparency International Hungary

“The City of Budapest XIII District Council was the first Hungarian Council to apply the Integrity Pact (IP), the anti-corruption tool developed by TI. The Council modernized a nursery’s building. The IP was signed between the Council and TI Hungary. Bidders joined the agreement with a statement as part of their bids. Signatories assumed the responsibility to pursue a fair attitude during the procedure. TI Hungary monitored all phases of the procedure, including the implementation, and involving the public as well. The Collective Action, where lots of different stakeholders were involved, fulfilled the requirements of transparent and fair procedure and the Council spent less money than it planned.”

A Practical Guide for Collective Action against Corruption



United Nations
Global Compact

ABOUT THE UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 8,000 companies and 4,000 non-business signatories based in 160 countries.

www.unglobalcompact.org

ACKNOWLEDGEMENTS

This publication was partially funded by the Siemens Integrity Initiative, a multi-year funding project that supports the UN Global Compact to advance Collective Action in emerging markets.

The UN Global Compact wishes to thank the companies, organisations and Global Compact Local Networks that contributed to this publication.

Design:

Spumma. www.spumma.com



United Nations
Global Compact

Copyright © 2015

United Nations Global Compact Office

685 3rd Avenue - 12th Floor

New York, NY 10017

Table of Contents

Executive Summary	10
About this Publication	11
Methodology	11
1 Introduction	12
2 Collective Action	16
2.1 Collective Action Types	16
2.2 Collective Action Today	24
3 Collective Action: A Description of 28 Initiatives Worldwide	28
3.1 Highlighted Collective Action Initiatives	28
3.1.1 Nigeria's Port Sector	28
3.1.2 Customs Brokers in Turkey	33
3.1.3 Water Pipes, Water and Sanitation in Colombia	35
3.1.4 Electric Energy Transportation in Argentina	40
3.1.5 Small and Medium-Sized Enterprises in Egypt	43
3.1.6 Clear Wave in Lithuania	46
3.1.7 Anti-Corruption Awareness in India	49
3.1.8 Construction and Infrastructure Sector in South Africa	52
3.1.9 Nursery School Renovation in Hungary	55
3.1.10 Business Environment Integrity Pact in Romania	58
3.1.11 Anti-Corruption Coalition in Thailand	61
3.1.12 Makati Business Club: Project SHINE in the Philippines	64
3.1.13 Oživení Systems in the Czech Republic and Slovakia	68
3.1.14 Clean Games Inside and Outside of the Stadium in Brazil	71
3.1.15 Nigerian Economic Summit Group Initiative	76
3.2 Summary of Additional Collective Action Initiatives	78
4 Analysis of the 28 Collective Action Projects' Answers to the Survey	84
4.1 Geographic and Industrial Scope and Initiators	84
4.2 Time to Signature	85
4.3 Substantive Scope / Subject Matter Covered	86
4.4 Results and Practical Impact	86
4.5 The Role of Facilitators	89
4.6 Participants / Members	90
4.7 Ethics Committees and other Monitoring Tools	91
4.8 Post-Signing Activities	92
4.9 Experiences and Recommendations	94
4.10 Major Challenges	95
4.11 Top-down vs. Bottom-up Approach to Collective Action	96

5	Practical Recommendations for Setting up Collective Action Initiatives	98
	5.1 Resistance to the Initiative	98
	5.2 Meetings	99
	5.3 Training Activities	100
	5.4 Monitoring	104
	5.5 Further Activities	105
	5.6 Final Note	105
6	New Paths for Collective Action	106
	About the Center for Governance and Transparency	109
	About the Authors	110
	Bibliography	111
	Annex I: List of Collective Action Initiatives	115
	Annex II: Questionnaire	126
	Annex III: List of Respondents	129