

## Info sheet: INTEGRITY PACT

### CONTEXT ▪

Rwanda is one of the smallest countries in Africa as well as one of the continent's most densely populated. It gained independence from Belgium in 1962 and its history has for a long time been defined by conflicts culminating in the genocide in 1994.

Ever since the liberation in mid-1994, Rwanda developed in a fast speed so that it is expected to meet most of the Millennium Development Goals. Despite this progress, an estimated 57% per cent of the population lives below the poverty line. Only 18% of the population has access to electricity and the illiteracy rate, especially within the rural population, is still high.

Compared to other countries in the region, corruption in Rwanda is relatively low. However, it still is an issue in public procurement. According to a study carried out by Transparency International Rwanda (TI-Rw) and partners showed that corruption in procurement in the infrastructure sector is particularly high. At the same time, more than half of the state's annual budget is invested in procurement, with the largest share being allocated to infrastructure projects.

### OBJECTIVES ▪

- Prevent corruption and malpractice; therefore enhancing transparency and accountability in public procurement.
- Increase efficiency in the use of public resources.
- Improve the quality of infrastructure projects.
- Promote civil society participation in local government planning and monitoring.

### APPROACH ▪

The **Integrity Pact** is a key tool developed by Transparency International to **fight corruption and malpractice in public procurement**. It consists mainly of voluntary contracts signed by the government entity and the private bidders that are involved in the process. Until today, 300 projects have been accompanied by such a pact in 15 different countries worldwide. The Integrity Pact was introduced in Rwanda in 2012.

In such a contract, the **parties involved**, i.e. the government agency (tender) and private companies or persons (bidder) agree that either side **will refrain from corrupt practices** during the process. This includes essentially paying, offering, demanding, or accepting bribes of any form; this also applies to collusion with competitors. The underlying logic of this concept design is simple: Knowing that the competitors as well as the tendering party will not make use of those practices, bidder parties are encouraged to do likewise.

But the Integrity Pact goes beyond the bidding process itself. **All activities concerning the public investment are covered** by this voluntary agreement: starting at the feasibility stage, to the selection of contractors, up to the very end of the implementation phase, e.g. the disposal of the constructed school. In each phase, corruption and malpractice can occur and should therefore be accounted for.

In general, any type of public-private collaboration can be accompanied by such a pact. In Rwanda, the **infrastructure sector** was chosen as a focus domain, including the construction of roads, bridges and public buildings, as well as water and energy supply. The risk of corruption is especially high in this sector.

In order to assure compliance to rules, **Civil Society Procurement Monitoring (CSPM)** was introduced as a complementary tool. During the first phases of a

AT A GLANCE	
<b>WHAT</b>	Voluntary agreements signed by public authorities and private bidders that are involved in a procurement process, in which the parties pledge to refrain from corrupt practices.
<b>WHY</b>	To prevent corruption and malpractice in public procurement.
<b>WHO</b>	Signatories include all parties involved in the procurement process. The monitoring of the project is done by TI-Rw as well as the local civil society.
<b>WHERE</b>	The chosen domain of procurement is the infrastructure sector. Several projects are accompanied in 4 districts throughout the country.
<b>WHEN</b>	Projects usually start after the annual budget was adopted. Several contracts are signed during the procurement process, starting with the feasibility stage until the end of the implementation phase.

public procurement project, the respective regional coordinator of TI-Rw assures the monitoring. He or she participates in meetings concerning the project, examines the relevant documents and verifies if they accord to the law.

In the final **implementation phase**, active **participation of the citizens** is required. After sensitising the local population in the local entity concerned, TI-Rw calls upon the citizens to select two persons among their own whom they consider to be trustworthy. With the support of their fellow citizens, their task is to check if the project is implemented according to the contract. Thereby they contribute to the overall monitoring done by the coordinator, who will visit the site once a month to assure the follow-up.

If any of the parties involved violates the contract, a set of predetermined **sanctions** can come into effect. As for the bidders, these include the denial of the performance contract, liability for damages or blacklisting for future projects.

On the side of the government employees, criminal or disciplinary action can be a consequence. The contract itself is not a legally binding document. However, the information obtained during the process can be used as evidence in prosecution.

#### BENEFICIARIES ▪

In the end, everyone benefits from a successful implementation of the Integrity Pact: By increasing the level of transparency in the procurement process, the **administration** gains credibility and thus trust from the side of citizens is enhanced.

Secondly, fair chances are guaranteed to the **bidding companies**. In the absence of corruption, the order goes ideally to the party that submitted the best offer. This creates a more calculable environment for companies and also enhances competitiveness.

Above all, **citizens** profit from a more efficient use of public funds since no money gets lost in corruption. Also, the price-performance ratio in public projects is substantially improved.

#### GIZ CONTRIBUTION ▪

- Technical support in the implementation of the anti-corruption project.
- Organisational development of TI-Rw on individual and organisational level by a development advisor and CIM integrated expert.
- Financing (local subsidies) of the project, e.g. of meetings, the regional coordinator(s), inspections, dissemination measures, etc.

#### RESULTS & FIGURES ▪

- Nine projects accompanied by an Integrity Pact in 2015/2016 in four districts (Kayanza, Huye, Musanze, Rubavu).
- 22 public projects have been monitored so far (roads, water and electricity facilities as well as buildings), total monetary value of contracts 21,637,482,347Frw.
- Long delays in contract implementation, change of contracts, Price schedules in the contract different from those in the winning bid, construction imperfections examples of issues advocated for as a result of IPs.

#### SUCCESS STORY ▪

In Rubavu District, the IP project found out that the quality of construction materials for constructed road is substandard. The supplier contract was terminated and a new supplier was chosen. In the district of Musanze, repeated alerting to the delays in the project implementation prompted the authorities to intervene and save the project from termination. IP projects have further discovered number of instances of the failure to compensate citizens in cases of expropriation. Furthermore, IP projects advocated for labour rights and reimbursement of outstanding payments to workers on public projects. Above mentioned issues have been also repeatedly brought to the relevant authorities at the national level (Public Procurement Authorities, Ministry of Local Government, etc.) for taking policy action.

#### CHALLENGES ▪

- Due to budget constraints on the side of public administrations, delays occur frequently and some projects had to be annulled.
- Proving the case: is the irregularity due to corruption or a lack of capacity?

#### Transparency International Rwanda (TI-Rw)

TI-Rw is a local civil society organisation and part of Transparency International (country chapter), a global network of NGOs engaged in the fight against corruption and the promotion of transparency and accountability. GIZ supports TI-Rw by providing technical assistance, through the deployment of development advisors and local experts, as well as by partnering and financing (local subsidies) innovative activities such as the Integrity Pact.