

Standard for implementing integrity pacts in Latvia

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ABBREVIATIONS

Abbreviations used in the text:

ADJIL – Defence and Security Procurement Law

CFLA – Central Finance and Contracts Agency

EU – European Union

IAL – Freedom of Information Law

IP – Integrity Pact

IUB – Procurement Monitoring Bureau

KNAB – Corruption Prevention and Combating Bureau

NGO – Non-governmental organisation

PIL – Public Procurement Law

VAT – Value Added Tax

SLO – Public Benefit Organisation

SPSIL – Public Service Providers' Procurement Law

TI – Transparency International

VPIL – State Administration Structure Law

INTRODUCTION

Latvian state and local government institutions carry out public procurements worth more than 5 billion euros each year¹, which makes up a significant share of state budget expenditure. To ensure the honest and transparent use of these funds, effective anti-corruption and oversight mechanisms must be introduced in public administration. One internationally recognised solution for strengthening good governance is the Integrity Pact² (hereinafter – IP) – an instrument created by the international anti-corruption organisation Transparency International (hereinafter – TI).

An IP is an agreement between the agreement authority, the supplier, and an independent monitor, in which all parties commit to the highest standards of ethics and transparency in the public procurement process. Such a mechanism helps ensure that procurements are conducted in accordance with legal requirements, reduces risks of conflicts of interest and corruption, and increases public trust in the project in question. Implementing an IP is particularly useful for higher-risk and socially significant projects, for example where there is strong public and media interest, where responsible oversight of EU funding is required, where the project concerns sectors with elevated corruption risks, or where it is complex and financially large-scale and therefore requires enhanced transparency. By contrast, using an IP is not advisable for minor or small-scale projects where implementation costs exceed the potential benefits. An IP does not guarantee that such challenges will not occur, but through public participation in project oversight it helps reduce these risks. It should also be noted that an IP is one oversight mechanism alongside other project assessment tools that public administration can use in its work to improve project management, the use of funding, and effectiveness.

The Standard for the Implementation of Integrity Pacts in Latvia (hereinafter – the Standard) has been developed as guidelines for public administration employees to provide a practical explanation of the objectives, principles, and procedures for implementing an IP. The aim of the Standard is to promote a uniform approach to applying IPs, based on international best practice and Latvia’s legal framework. It sets out the core principles of IPs and provides guidance on how to introduce this instrument in public administration work – from deciding to launch a pact and engaging an independent monitor, to organising the monitoring process and evaluating results. The Standard helps determine when an IP should be applied, how to prepare for its implementation, and how to ensure effective public oversight. For example, the Standard explains the roles of the parties involved (the duties and responsibilities of the agreement authority, the supplier, and the independent monitor) and provides recommendations on selecting an independent monitor, arranging information exchange, and communicating with the public. The Standard also pays particular attention to how IPs can be used in implementing

¹ For example, according to data from the Ministry of Finance, in 2024 Latvia announced 11,421 procurements and concluded 21,558 agreements worth more than €5.45 billion, excluding the Rail Baltica mainline agreement. Source: <https://www.fm.gov.lv/lv/jaunums/izstradas-risinajumus-publisko-iepirkumu-efektivitates-uzlabosanai>

² Internationally, the term “integrity pact” is commonly used. This Standard retains that more widely recognisable term, but the concept could be rendered in Latvian as well, for example by replacing it with a term such as “public oversight agreement” or “trust agreement.”

European Union (hereinafter – EU) funded projects, to ensure their transparency and legality, as well as to promote inter-institutional cooperation with civil society.

These guidelines are intended for central government institutions, municipalities, as well as other agreement authorities in the sense of public procurement regulation, when planning and carrying out public procurements or other significant projects. The guidelines are designed so that public administration employees can easily use them in their day-to-day work, integrating IP principles into their procedures and decision-making.

The implementation of an IP may be initiated by the independent monitor, by expressing and substantiating an interest in overseeing a procurement and financing it independently (usually by securing public funds, EU funding, or doing so pro bono). However, this Standard has been prepared for cases where the initiative to implement an IP comes from public administration, and in such cases it must find solutions for selecting the independent monitor, financing the monitoring process, and building cooperation among the parties involved.

The Standard was developed at the request of the State Chancellery. Its development is based on previous experience from other European countries and Latvia's experience in implementing IPs, as compiled in the report **“Study of International Experience and Development of a Standard for the Implementation of Integrity Pacts. Research Report”**³, (hereinafter – the International Research Report). Additional knowledge has been compiled in the materials and a handbook developed by TI and its national chapters⁴, and on a more detailed mapping of experience in Latvia accumulated since 2005 by Transparency International Latvia (Delna).

³ Study of International Experience and Development of a Standard for the Implementation of Integrity Pacts, Agreement No. 2024/045. Research report, 2025. Association of persons: LLC SAFEGE Baltija, Providus, Transparency International Latvia. Available here: <https://www.mk.gov.lv/lv/media/22803/download?attachment>

⁴ The Integrity Pact – Harnessing collective action for good governance and business integrity in public procurement, Transparency International, 16 December 2024. Available here: https://files.transparencycdn.org/images/Global-Integrity-Pacts-Publication_18122024.pdf

I EXPLANATION OF THE INTEGRITY PACT

1.1. What is an Integrity Pact?

An Integrity Pact is an agreement concluded by the agreement authority⁵ (hereinafter also – the agreement entity), an independent public monitor, and the supplier (or only by the agreement authority and the independent monitor), which obliges all parties to follow best practice in the public procurement process and to ensure maximum transparency. The independent monitor is usually a civil society organisation that oversees the process and compliance with the commitments undertaken, ensuring the greatest possible openness, including by regularly providing the public with information about its observations.

Main objectives of an Integrity Pact

An Integrity Pact has two main objectives:



1. **To ensure equal conditions for competition by encouraging companies to refrain from bribery**, based on the belief that competitors will also follow the principles of fair play.
2. **To strengthen good governance**, reduce the costs and distortions caused by corruption or inefficiency, and ensure better services for citizens.

An Integrity Pact is typically viewed primarily as a mechanism of public control or monitoring that operates alongside other control mechanisms and transparency requirements already предусмотренные in public administration. At the same time, the experience of several countries shows that an IP has a much broader role: it is not only a monitoring mechanism, but also a participation mechanism that allows the public to follow significant procurements and gain an understanding of whether they are being conducted in line with society's needs and interests. The experience of some countries also shows that independent monitors can become advisers to public institutions on issues of good governance and transparency.

Integrity Pact implementation process

A classic Integrity Pact involves monitoring the full procurement cycle – from identifying needs through to full project implementation – so that the monitor can trace decisions

⁵ Agreement authorities and public service providers within the meaning of the legal acts governing public procurement.

and the reasoning behind them. This reduces the risk that any significant stage of the procurement process remains outside public oversight while the public has doubts about the fairness of the procurement (for example, that the technical specification requirements favour a particular company).

An initiative to implement an Integrity Pact can come either from representatives of society themselves (financing the monitoring activities on their own) or from public institutions, in order to promote transparency in the procurement process and public trust. In that case, public institutions ensure the selection of an independent monitor and the financing of the monitoring in line with the chosen model. The Standard primarily addresses the implementation of Integrity Pacts in cases where the initiator is public administration or other agreement authorities within the meaning of public procurement regulation.

Examples of different roles that, in addition to monitoring, an independent monitor has performed in practice in Integrity Pacts implemented in Europe to date

Public engagement facilitator: Italy has experience in setting up civic monitoring schools that help the public better understand project implementation and the ways to track it. There is a strong emphasis on broader public engagement and information. Transparency International's Portugal chapter, when implementing the only Integrity Pact in Portugal to date, considered one of its key roles to be informing and engaging the public.

Mediator: the independent monitor helps resolve disagreements and communication gaps between the agreement authority and the supplier/contractor. For example, in Bulgaria, when implementing an Integrity Pact, the independent monitor – by regularly publishing information – acted as a mediator, addressing communication shortcomings between the agreement authority and the supplier, reducing corruption risks, as well as the threat of delays and cost overruns.

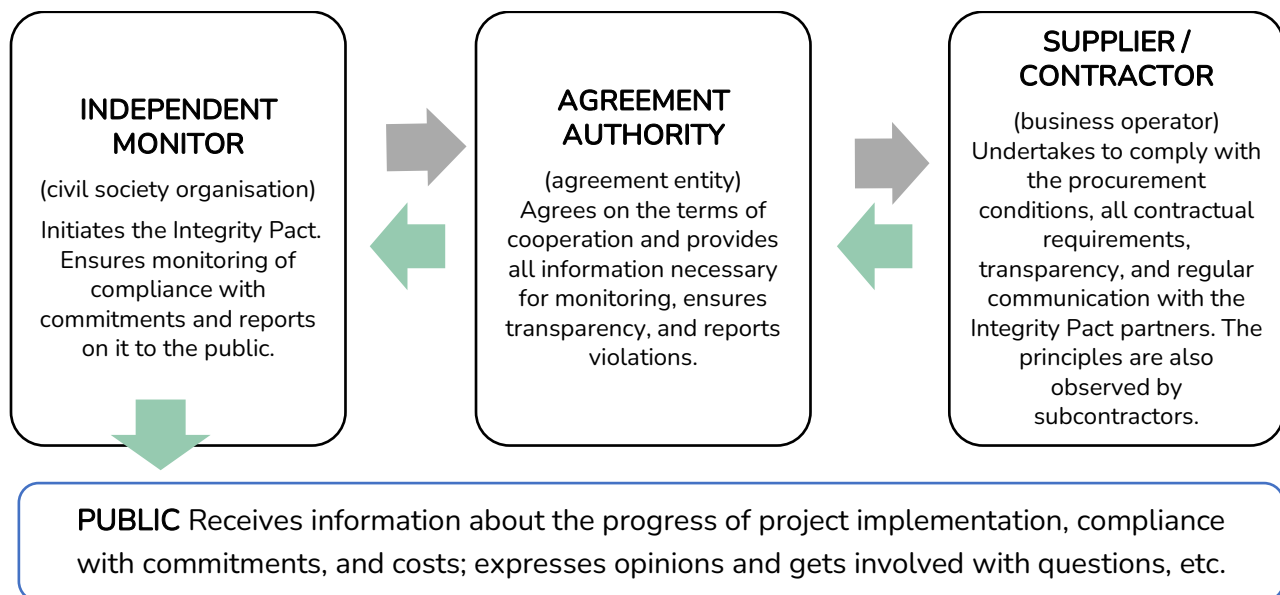
Adviser: the independent monitor provides recommendations and advice. Such practice is not common; however, in the Czech Republic, within the framework of an IP, the independent monitor also provides advice to agreement authorities and suppliers. In most cases, this has concerned issues of good governance and transparency, but the involvement of subject-matter experts can also be an important source of expertise that may be lacking in the public sector. This “safeguard,” or added competence element, is important for ensuring that procurement is organised effectively and in the public interest.

Typical operation of an Integrity Pact is shown in Schemes 1 and 2. Experience indicates that most often an Integrity Pact is initiated by the independent monitor (Scheme 1), but the initiative may also come from the agreement authority (Scheme 2).

In Scheme No. 1, an Integrity Pact is shown where the initiator is civil society, which approaches the agreement authority with a proposal to monitor a public procurement. Usually, in such a case the independent monitor already has the necessary prerequisites (an understanding of monitoring methods and the subject of monitoring, secured funding, and expertise (internal/external)). What does this mean for a state or municipal institution whose procurement process the independent monitor wishes to oversee? In this case, the public institution must decide whether it wants to cooperate with the independent monitor and agree on the monitoring arrangements and principles of cooperation (information exchange, reports, etc.).

So far, the initiators of Integrity Pacts implemented in Europe have mainly been civil society – specifically, the national chapters of the international anti-corruption organisation Transparency International. Only in a few cases have organisations outside the TI network gained experience in implementing Integrity Pacts (in Italy, Poland, Bulgaria). The situation is similar in Latvia: almost the only organisation with such monitoring experience is Transparency International Latvia, which in 2023 – 2024 trained two additional regional non-governmental organisations, helping them begin monitoring procurements carried out by municipalities. It should be emphasised that, in these cases, the independent monitor’s initiative was largely facilitated by the fact that the necessary funding for monitoring was available – most often from the EU, motivated by the desire to strengthen public oversight of EU fund spending in Member States in this way.

Scheme 1: simplified scheme for implementing an Integrity Pact initiated by the independent monitor

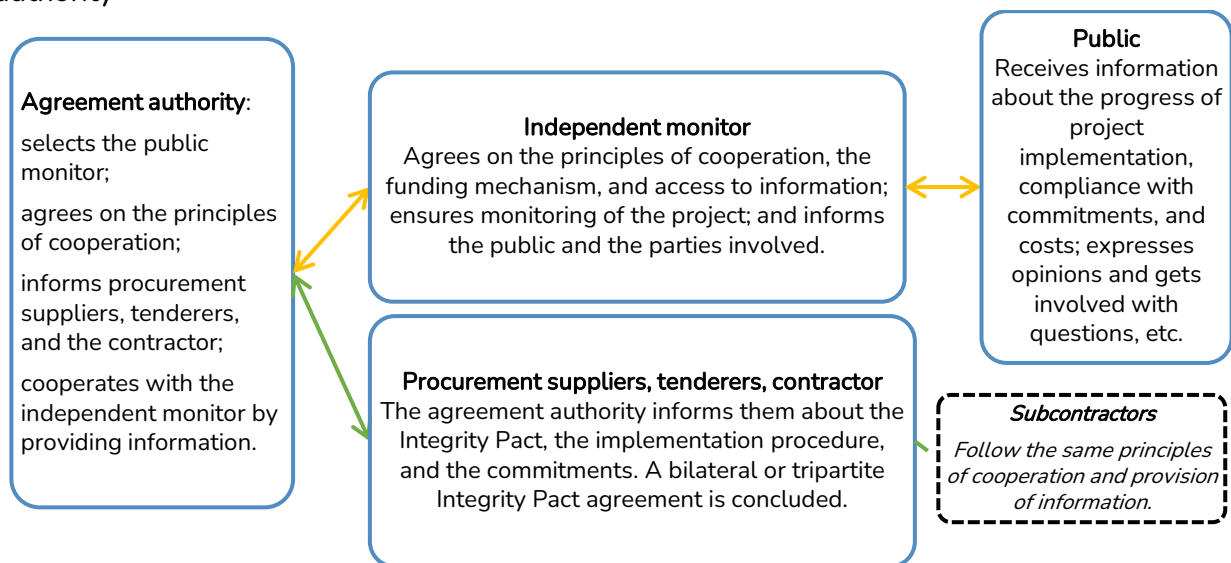


Source: Scheme developed by the authors of the Standard.

Scheme No. 2 reflects a situation where the initiative to involve an independent public monitor in the procurement process comes from the public institution itself, i.e., the agreement authority. In such a case, the agreement authority must plan the monitoring in advance – secure the necessary funding, select the independent monitor, and agree on the principles of cooperation. This Standard will largely serve as a guide on IPs initiated by agreement authorities.

Regardless of who initiates the Integrity Pact, the main addressee of this oversight mechanism in both cases is the public. The public monitor regularly reports on observations, findings, and work carried out, engages the public when necessary, and responds to public concerns related to the monitored process.

Scheme 2: simplified scheme for implementing an Integrity Pact initiated by the agreement authority



Source: Scheme developed by the authors of the Standard.

In implementing an Integrity Pact, the parties involved are assigned rights and obligations in the agreement. The Integrity Pact participants commit to ensuring high standards of project implementation and providing transparency that goes beyond the requirements normally applied in public procurements. The main obligations are summarised in Table 1.

A supplier's/contractor's entry into an Integrity Pact as a partner depends on the stage of the procurement at which the Integrity Pact itself is launched, as well as on the supplier's willingness to become a participant by signing a tripartite agreement between the independent monitor, the agreement authority, and the supplier. If the Integrity Pact is concluded before the public procurement competition, participation in the Integrity Pact can be included as a

agreement performance condition. However, if such a requirement is not built in, the supplier's participation in the Integrity Pact is voluntary, because Latvia's legal framework does not allow tenderers or candidates to be excluded from a procurement procedure on the grounds that they chose not to participate in an Integrity Pact – unlike in Italy, where this is an excluding consideration.⁶ (Recommendations on the process for how a supplier can be involved in an Integrity Pact are described in more detail in Chapter VII of the Standard). *The use of an Integrity Pact depends to a large extent on the willingness of tenderers and the supplier to cooperate in this way, because in the Public Procurement Law (hereinafter – PIL)⁷ the Integrity Pact issue is not regulated.*

Table 1: Main obligations of the parties involved in the Integrity Pact

The agreement authority's main obligations:	The contractor's main obligations:	The independent monitor's obligations:
<ul style="list-style-type: none"> • compliance with procurement rules; • reporting violations; • ensuring monitors' access to information; • transparency regarding <ul style="list-style-type: none"> - the procurement, - payments to intermediaries or consultants, - officials' personal interests and assets; • reporting conflicts of interest; • maintaining an internal whistleblowing system; • regular communication and cooperation with the other parties involved in the pact. 	<ul style="list-style-type: none"> • compliance with procurement rules; • performance of the agreement in accordance with the requirements; • reporting violations; • transparency regarding: <ul style="list-style-type: none"> - the beneficial owner, - payments to intermediaries, - the involvement of subcontractors, - political influence activities (<i>e.g., lobbying, political financing</i>); • submission of an internal compliance programme; • implementation of specific integrity measures; • regular communication and cooperation with the other parties involved in the pact. 	<ul style="list-style-type: none"> • reviewing the procurement procedure; • informing the public and hearing its views; • clarifying non-compliance or reporting it to the competent authorities; • managing internal conflicts of interest; • complying with confidentiality requirements; • providing technical assistance on the Integrity Pact rules; • regular communication and cooperation with the other parties involved in the pact.

Source: International experience research report, pp. 15 – 16.

⁶ Article 17 of Italy's anti-corruption law provides that: "Agreement authorities may stipulate in notices, invitations to tender, or invitation letters that non-compliance with the clauses contained in legality protocols or integrity pacts constitutes grounds for exclusion from the tender." Available here: <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:2012-11-06:190>

⁷ This and other references largely also apply to other legal acts regulating public procurement, for example the Public Service Providers' Procurement Law.

Key prerequisites for an Integrity Pact



Willingness of the public institution to cooperate. An Integrity Pact cannot be implemented without the involvement, interest, and responsiveness of the public administration institution itself, because it is the public administration that provides access to the information needed for monitoring, responds to the monitor's reports, and – acting as the agreement authority – agrees with the supplier on the measures necessary for successful procurement implementation. In practice so far, the main initiators of using Integrity Pacts have been non-governmental organisations, but the agreement authority itself can also propose using an Integrity Pact. Moreover, an Integrity Pact may be initiated not only by the institution/agreement authority that carries out the public procurement, but also by a hierarchically higher-level institution or by the holder of the funding – for example, EU institutions – when granting EU funding for a project's implementation in the country.



The existence and competence of an independent monitor. The independent monitor is usually a civil society organisation rather than a commercial entity (for example, audit firms, law offices, etc.), because the essence of an Integrity Pact is to ensure broad transparency throughout the procurement process, creating opportunities for wider public engagement. Public monitoring involves regular communication and cooperation with the other parties involved in the pact, listening to the public's views, clarifying instances of non-compliance or reporting them to the competent authorities.

The independent monitor's ability to ensure high-quality monitoring of the public procurement process depends on the resources available. Public procurement monitoring requires the social monitor to have sufficient capacity to carry out this work over the long term and, where necessary, to engage specialists from various fields who have the knowledge needed for monitoring – for example, construction specialists, IT specialists, financial experts, or architects. The independent monitor needs funding to conduct the monitoring, including to hire different experts. *Integrity Pact financing is described in more detail in Chapter VI.*



Sufficient understanding of the purpose and benefits of an Integrity Pact. In society, public administration and among potential suppliers an IP as a form of oversight is still not well recognised. Therefore, explanatory work is very important so that all parties involved are ready to agree on the monitoring and how it will be carried out, and can assess the investment required to implement an Integrity Pact

and its benefits. For the independent monitor, it provides confidence that the procurement process is taking place in the public interest; for the agreement authority, it is a significant benefit not only from the perspective of rational and efficient use of public resources, but also in terms of increased public trust. There are also a number of benefits for the supplier: an Integrity Pact provides opportunities to improve internal governance processes, introduce higher business ethics standards, and enhance reputation.



Availability of information. For the independent monitor to carry out public oversight, it needs access to information about the procurement process in a more detailed form than is normally available in various databases and the media. Therefore, one of the important prerequisites for implementing an Integrity Pact is reaching an agreement on rights to access and use information.

In some cases, the monitor may have an obligation to treat all information as confidential and not disclose it without the prior written consent of the agreement parties, except in cases provided for by law. However, it must be borne in mind that confidentiality requirements cannot be excessive, because they significantly limit the independent monitor's ability to inform the public and may jeopardise the credibility of the independent monitor and the Integrity Pact as a whole.

Integrity Pact examples in Europe

Bulgaria. In Bulgaria, four Integrity Pacts were implemented between 2012 and 2024, the most significant of which was a nationwide infrastructure project co-financed by the EU Cohesion Fund – the Zheleznitsa Tunnel. In this project, TI Bulgaria acted as the independent monitor, also involving external experts and local non-governmental organisations. No significant breaches were identified during monitoring – only minor non-compliances without malicious intent. The main conclusion was that the Integrity Pact strengthened trust in public procurement and demonstrated effectiveness as a preventive instrument, as serious violations were prevented before they could occur.

Czech Republic. In the Czech Republic, eight Integrity Pacts have been implemented as pilot projects since 2016, mainly on a case-by-case basis rather than systematically. They covered IT system and construction procurements, for example services for maintaining a state information system and the construction of a new hospital wing. Monitoring was provided by TI Czech Republic. In practice, the Integrity Pact served as advisory support to agreement authorities during procurements. Applying Integrity Pacts in projects improved transparency and increased trust in public procurement, and also promoted honest and responsible conduct in the procurement process.

Romania. In Romania, four Integrity Pacts were implemented from 2016 to 2021, and implementation of a fifth pact was launched in 2023. These pacts covered information system and e-government projects, such as improving the national cadastral and property registration system, IT solutions in the education sector, the creation of a digital cultural heritage database, and others. Monitoring was carried out by civil society organisations, including TI Romania, in close cooperation with the relevant state institutions. No major corruption cases were identified within these projects – Integrity Pacts promoted transparency in procurement processes and strengthened opportunities for public oversight (public monitors published reports and provided recommendations).

Portugal. In Portugal, an Integrity Pact has so far been implemented only once – as a pilot project under a European Commission initiative, with the pact first signed in 2018. This project related to the restoration and reconstruction of a UNESCO World Heritage site – the Monastery of Alcobaça – where works were carried out through two procurements. The independent monitor function was performed by TI Portugal, which stressed that an Integrity Pact is not a control tool but a tool for public engagement. No significant violations were identified, and the pilot project concluded successfully; as a result, the Integrity Pact approach was included in Portugal's Open Government Partnership action plan and, indirectly, also in the National Anti-Corruption Strategy as an instrument for preventing the waste of public resources.

Italy. In Italy, Integrity Pacts have been used in several EU-funded projects; for example, in 2017 – 2020 they were implemented in a project to build a tram line in the city of Cagliari (worth approximately 20 million euros). In this project, TI Italy acted as the independent monitor in cooperation with the Sardinia Transport Agency, also engaging local civil society organisations. The Integrity Pact enabled civil society to monitor and publicly report on every stage of the construction project. No significant violations were identified during monitoring, but the Cagliari experience showed that transparency and data availability alone do not guarantee public participation – targeted and broad communication with the public was necessary to ensure effective resident engagement. Overall, the Integrity Pact in this project successfully ensured a transparent procurement process and promoted dialogue among the parties involved, serving as a model for civic oversight initiatives in Italy.

Source: International experience research report.

Integrity Pact examples in Latvia

In Latvia, several Integrity Pacts have been implemented to date, coordinated by Transparency International Latvia:

- **The construction project of the National Library of Latvia** (2006 – 2016), where public monitoring helped identify various breaches of procurement conditions, including restrictions on competition, which contributed to the procurement being terminated.
- **The Skanste tram line project in Riga** (2017 – 2020), where public monitoring revealed disproportionate requirements for tenderers, leading to the tender being terminated.
- **Riga transport infrastructure maintenance agreement** (2020 – 2023).
- **Demolition of the Victory Park monument** (2022).
- **Gaisa Implementation of air pollution reduction measures by creating green infrastructure in the public outdoor space of Liepāja's Northern suburb (Lauma neighbourhood) – study** (2023 – 2024). Within this Integrity Pact, Transparency International Latvia trained other NGOs to carry out monitoring (the association “Radi Vidi Pats” and the foundation “Liepājas Novada fonds”).
- **Public procurement for selecting a tenderer to provide waste management services in the administrative territory of Ķekava Municipality** (2023 – 2025), involving the Ogre County Civic Cooperation and Development Association.

Source: International experience research report.

1.2. How does an Integrity Pact differ from other forms of oversight?

Oversight carried out by state institutions

Oversight of public procurement processes and the work of state and municipal institutions is continuously carried out by various responsible bodies such as the Procurement Monitoring Bureau (hereinafter – IUB), the State Audit Office, the Corruption Prevention and Combating Bureau (hereinafter – KNAB), the European Anti-Fraud Office, the Central Finance and Contracts Agency (hereinafter – CFLA), and others. Institutions also have their own internal control mechanisms, as well as internal audit, anti-corruption action plans, etc. Integrity Pacts as a form of monitoring are not directly linked to the work of public supervisory institutions. Existing state control mechanisms apply regardless of whether an Integrity Pact is concluded or not. If violations are detected, the independent monitor reports what has been found to the responsible authorities; however, the independent monitor primarily oversees the process as it unfolds, meaning that through its monitoring it can prevent violations and risks of waste of public resources, etc. By contrast, supervisory authorities assess actions retrospectively and conduct additional investigations when a violation may already have occurred.

Audit of public institutions

An Integrity Pact is not an audit and it has no control or audit mandate. Internal and external audits assess whether financial and management systems comply with legal requirements and established standards, usually after a process or project stage has been completed. An Integrity Pact, by contrast, provides independent, continuous, and preventive oversight during project implementation, with particular focus on transparency, integrity, preventing conflicts of interest, and public engagement. Its purpose is not to identify violations after the fact, but to reduce the risks of corruption and unethical conduct in a timely manner, strengthening trust between public institutions (agreement authorities within the meaning of the Public Procurement Law), businesses, and society.

Enhanced due diligence, analytical forensic analysis, and an independent comprehensive project assessment

To assess various processes – including governance, the use of financial resources, and implementation progress – in major projects, public administration bodies and businesses often engage external professional assessors. **Enhanced due diligence** is a systematic review of the financial, legal, operational, and other risks of a project, institution, or transaction, carried out by specialised experts to support informed, evidence-based decisions. Such analysis is usually confidential and intended for the client’s internal use.

A provider of **forensic analysis** is typically a specialised auditor, investigative expert, or forensic unit (often a private company or an audit structure) that uses data analysis, audit, and investigative methods to identify potential fraud, corruption, or financial misconduct.

An **independent comprehensive project assessment** is another form of external analysis used by agreement authorities to obtain a professional, objective evaluation of project governance, progress, costs, the risk profile, and the institutional model. For example, in November 2025, on an assignment from the Cabinet of Ministers, the Ministry of Transport organised a procurement for such a service for the Rail Baltica railway line project. JSC “Latvian Railways” entered into a agreement with the international consultant Alvarez & Marsal Infrastructure & Capital Projects to carry out an in-depth assessment, including analysis of the project’s management, financial, economic, technological, and legal aspects, as well as recommendations for further implementation. The aim of such an assessment is to ensure the creation of high-quality public-use railway infrastructure within the shortest possible timeframe, promoting synergies, savings, and a more effective governance model.⁸

⁸ Press release: The in-depth assessment of the Rail Baltica project, as stipulated by the Cabinet decision, is being launched, Ministry of Transport, 3 November 2025. Available here: <https://www.ldz.lv/lv/tiek-uzsakts-mk-lemuma-noteiktas-padzilinatais-rail-baltica-projekta-izvertejums>

Unlike an Integrity Pact, which is a public monitoring mechanism involving an independent NGO monitor and (typically) tripartite cooperation to ensure transparent public procurement, the external assessments mentioned are technical, financial, or legal analytical services carried out by professional experts. They serve the agreement authority's internal risk mitigation and decision-making needs, rather than public oversight or ensuring transparency of the procurement process.

Construction supervision

Construction supervision is a function regulated by legal acts (more technical in nature) that ensures construction works are carried out in accordance with the design, legal requirements, and quality standards. An Integrity Pact, by contrast, oversees governance and integrity aspects – the procurement process, transparency of decision-making, prevention of conflicts of interest, and responsible use of funds – and for this purpose it may also involve construction supervision specialists. It complements rather than replaces the construction supervision function.

Various forms of public oversight

In everyday practice, opportunities for public oversight can be ensured in different ways, for example through NGOs' advocacy activities, the work of investigative journalists, open data enthusiasts, etc. The three most important differences of public oversight implemented through an Integrity Pact are:

- **significantly broader access to information for carrying out oversight.** The independent monitor obtains the right to access information, including confidential information (with its use set out in the agreement), gaining the ability to track in detail the performance of procurement agreement and the actions taken. Such information is normally not available to public monitors in everyday practice;
- **a preventive nature** – the independent monitor supervises the public procurement process in real time rather than retrospectively, which means there is an opportunity to prevent potential breaches of the procurement agreement, cost escalations, criminal offences, and deficiencies in procurement documents and processes. The response of public supervisory institutions is usually reactive; the same is true of public oversight carried out by journalists;
- **a longer-term scope** – public oversight through Integrity Pacts focuses systematically on the entire process, rather than on individual critical actions.

1.3. Types of Integrity Pacts

Integrity Pacts are usually implemented either as a tripartite agreement or as a bilateral agreement.

In the case of a tripartite agreement, the agreement is concluded between the agreement authority, the supplier, and the independent monitor. In this case, the agreement can be concluded only after the supplier has been identified through the procurement. To observe the procurement process in its full scope, it is recommended in such cases to start with a bilateral Integrity Pact between the agreement authority and the independent monitor in order to monitor, for example, the needs assessment stage, the development of the technical specification, the conduct of the tender, etc. In this approach, it is important that the agreement authority informs all parties involved in good time about the intention to implement an Integrity Pact, so that tenderers, when participating in the procurement, already take into account the additional requirements that may follow during agreement performance regarding information exchange and cooperation with the independent monitor (see Scheme 2).

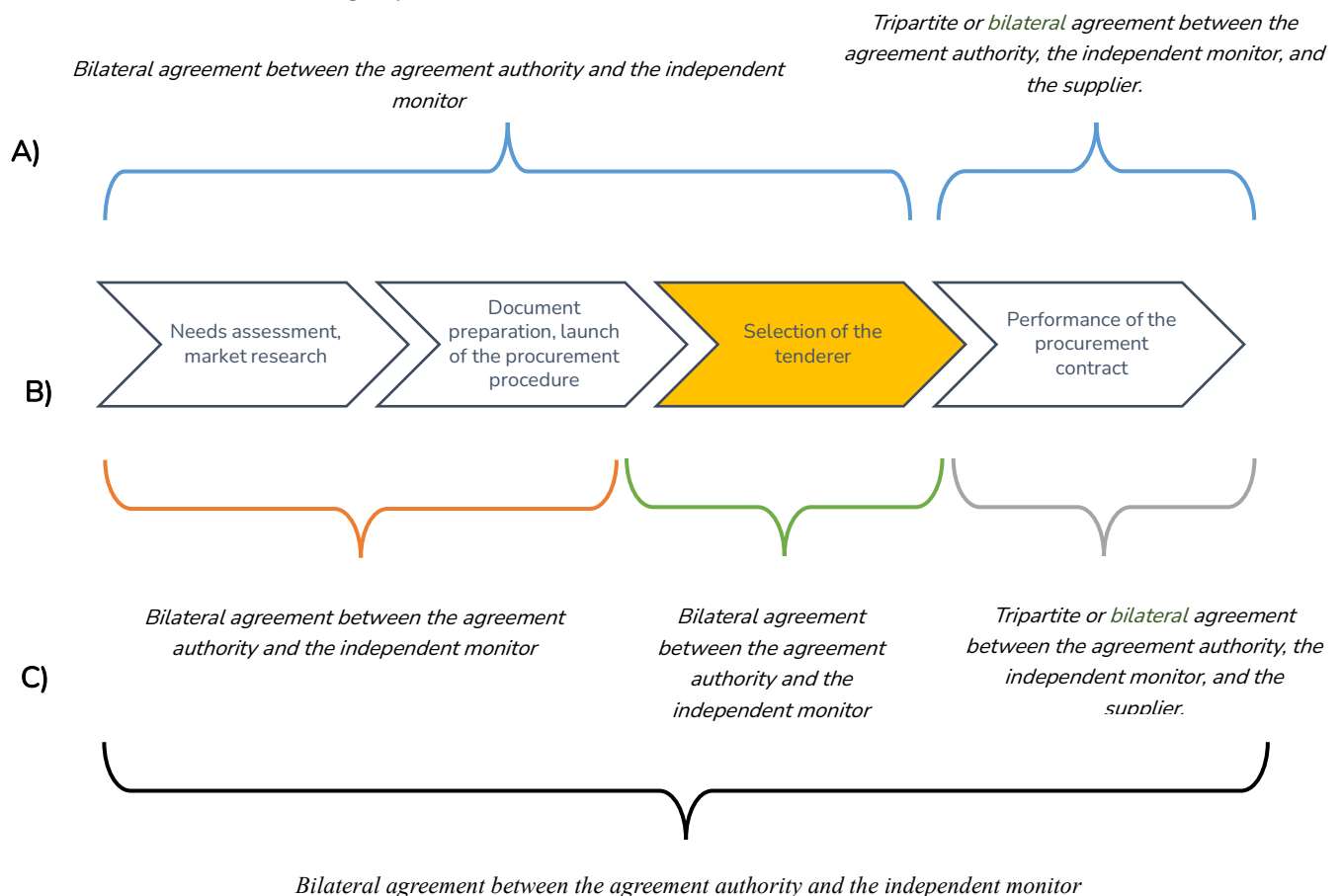
In the case of a bilateral agreement, the Integrity Pact is concluded between the agreement authority and the independent monitor, where responsibility for providing information about agreement performance rests entirely with the agreement authority, which must provide it to the independent monitor. It should be noted that an Integrity Pact may also be implemented through several bilateral agreements between the agreement authority and the independent monitor (for example, an agreement on monitoring procurement preparation, monitoring the procurement procedure, monitoring procurement implementation) (see Scheme 3). All Integrity Pacts implemented in Latvia to date have been bilateral agreements.

Latvia's legal acts do not regulate issues related to Integrity Pacts; at the same time, general legal principles and the Public Procurement Law cover the most important issues that are relevant to successful Integrity Pact implementation. Nevertheless, potential uncertainties may arise regarding the independent monitor's ability to request information; the agreement authority's ability to require tenderers and suppliers to join the Integrity Pact and cooperate with the monitor; the agreement authority's obligation to consider the monitor's recommendations; or the scope of the independent monitor's own liability if it has not itself complied with high ethical standards, etc.

A full-scope Integrity Pact covers all stages of the procurement process – from identifying needs through to procurement implementation and commissioning. **Good practice provides that not only the supplier but also subcontractors sign the Integrity Pact.**

There may be different implementation models, for example where monitoring takes place in two main parts: the independent monitor concludes a bilateral Integrity Pact with the agreement authority, under which monitoring begins already at the procurement preparation stage up to the procurement tender or the conclusion of the tender; but once the winners are identified, a pact is concluded where – if the supplier agrees – a tripartite Integrity Pact can be concluded, or if the supplier does not agree, a bilateral pact (Option A in Scheme 3).

Scheme 3: Different Integrity Pact models



Source: Scheme developed by the authors of the Standard.

Option B shows that monitoring of the procurement process can be divided into even smaller segments, where each key stage has its own Integrity Pact.

Finally, Option C provides that there may be a single bilateral Integrity Pact between the agreement authority and the independent monitor for a systematic monitoring process from the initial stage of the procurement through to the implemented procurement.

It should be noted that an Integrity Pact may be launched not from the very beginning of the procurement, but, for example, only at the tender stage; however, in such cases the monitoring process will deliver limited results, because it will not ensure oversight of the initial stages of the procurement process – such as the development of the technical specification – which is typically a stage with a high corruption risk.

II BENEFITS, RISKS, AND COSTS ASSOCIATED WITH INTEGRITY PACTS

2.1. The importance of transparency and public participation in modern public administration

The State Administration Structure Law (hereinafter – VPIL) provides that public administration must be democratic, governed by the rule of law, efficient, transparent, and accessible to the public.⁹ Public administration must act in the public interest and has a duty to inform the public about its activities; in its work, public administration must observe the principle of good governance, which includes openness towards private individuals and society, fair procedures within a reasonable time, and other rules.



Modern public administration is **value-based, transparent, and developed in cooperation with society**. Such governance increases public trust and encourages residents to participate in achieving shared goals. In this system, a public administration employee is not merely an implementer of laws, but a **partner of society** who acts openly, ethically, and responsibly, serving the public interest.

Often, involving the public or carrying out information activities is perceived as a burden because it slows decision-making, may create additional costs, etc. Public participation can indeed entail such costs, but it is important to understand the value created by these costs or investments clearly. This value is public trust in the professionalism of public administration and in the effective management of public funding and assets, including through saving resources; it is an informed public that understands public administration decisions and their rationale; it is greater satisfaction with achieved results, implemented projects, and support for them.

Such benefits cannot be achieved without openness, transparency, and public engagement. Equally important, public participation and openness can serve as a driver for innovative solutions and reduce the risk of mistakes, disputes, or even litigation. Finally, openness and inclusive consultation procedures are a certain protective mechanism for civil servants in the event of disputes, because openness has a disciplining effect: it makes it possible to trace

The main value of public participation:

- trust;
- being informed;
- effective use of public resources;
- innovation;
- reducing various risks.

⁹ Section 2 of the State Administration Structure Law.

decision-making, the justification for decisions, the amount of resources used, and the results achieved.

Public involvement can influence the decision-making process and the final outcome. If the public is not involved, there is a greater risk that a procurement will be suspended, the technical specification will have to be amended, or other serious obstacles will arise, which can lead to financial losses and project delays. Therefore, it is important and useful to assess the costs created by public participation and their proportionality from both perspectives – both in terms of costs and benefits.

An Integrity Pact is a public participation instrument for monitoring public procurement. Through monitoring activities, the public becomes involved in the conduct of various socially significant procurements, gaining confidence that the procurement in question is being implemented in the public interest and as efficiently as possible.

2.2. Benefits, costs, and risks

2.2.1. Benefits

A professionally implemented full procurement-cycle Integrity Pact (IP) in public procurement – especially in cases where there is heightened public interest or where the public has had doubts about the fairness of implementation – can bring a range of benefits that are significant for public administration institutions.

Trust and the reputation of fair institutions

The presence of an independent monitor and an open tender increases the trust of the public and supervisory institutions in the agreement authority. The institution demonstrates that transparency, accountability, efficiency, the public interest, and good governance overall are important to it, which improves its image both in the eyes of local residents and internationally. A reputation as a fair institution can also bring financial benefits. For example, international experience with implementing Integrity Pacts shows that these public institutions find it easier to attract international funding for other needs.

EXAMPLE: In 2017 and 2018, Portugal's Directorate-General for Cultural Heritage signed an Integrity Pact with Transparency International Portugal regarding the restoration of parts of certain buildings of the Alcobaça Monastery. The agreement authority – the Directorate-General for Cultural Heritage – acknowledged that one of the benefits of using an Integrity Pact was that it made it easier to attract new investments.

Lower risks of corruption and other violations

By implementing an Integrity Pact (IP), the agreement authority promotes a more transparent and conscientious process. All parties involved commit to uphold integrity standards, which reduces the risks of bribery, cartel formation, wasteful conduct, and other unlawful actions. An IP does not guarantee that there will be no violations in the process, but the risk of them occurring is lower.

EXAMPLE: An Integrity Pact in Latvia, implemented by Transparency International Latvia, monitoring the Riga Skanste tram line project. The role of the independent monitor was significant in helping to reduce the risks of corruption or other violations. Specifically, the project's initial procurement documentation set unjustifiably high requirements for bidders, which substantially restricted competition and raised suspicions of a potentially tailor-made procurement structure. This was identified by the independent monitor, who pointed to the risk of violations because the requirements significantly undermined the principle of equal access. The monitor documented the identified shortcomings and provided recommendations to the agreement authority. As a result, the agreement authority (the Riga City Council's Transport Department) cancelled the procurement and re-launched it with corrected requirements. This action not only prevented a potentially unlawful procurement, but also increased transparency and competition in the procurement process.

Financial savings

Fair competition among suppliers encourages broader participation by bidders and better offers, because, public procurement bidders have greater confidence that the procurement process will be conducted in good faith. Fair competition ensures economically more advantageous bids, saving public funds.

International experience shows that independent monitors pay particular attention to cases where a project's costs increase compared to what was initially planned, or where the contractor requests amendments to the agreement, citing the need for additional funding. It is difficult to calculate the exact amount of savings in public procurements implemented with an Integrity Pact (IP), but some sources indicate that in such cases the savings in procurement costs are approximately 5 – 15% compared to similar procurements without an IP.¹⁰

¹⁰ This range (5 – 15% savings) is mentioned in Transparency International's comparative analysis, "Curbing Corruption in Public Procurement: Integrity Pacts – A How-to Guide" (2nd edition, 2016, pp. 28 – 29), which compiles project costs from five countries before and after the introduction of Integrity Pacts.

EXAMPLE: In an impact assessment of an Integrity Pact (IP) under which Transparency International Bulgaria monitored the construction of the Zheleznița tunnel project, it was found that TI Bulgaria gave a recommendation to the agreement authority which the authority did not follow. This failure to act later led to serious problems in project implementation, resulting in an expensive correction and the need to invest much more funding to remedy the issues that arose. This case illustrates the IP's potential to achieve cost savings – if the agreement authority had followed the independent monitor's recommendation.

EXAMPLE: The 2015 report “Learning Review. Integrity Pacts for public procurement” on Italy's relatively extensive experience with implementing IPs between 2002 and 2014 notes that, in Italy, introducing IPs enabled public-sector organizations to achieve 30% savings on the procurement budget, calculated as the difference between planned and actual costs. It lists cases where secret collusion was uncovered, the total number of companies excluded from procurement processes during that period, etc. According to TI Italy's conclusions, the main impact of its activities was improved bid quality and greater transparency in the procurement process, which prevented various forms of manipulation and inflated calculations.

Timely prevention of risks and problems

If an independent monitor oversees all stages of the procurement, potential violations and risks of wasteful spending can be identified early. This gives the agreement authority an opportunity to respond immediately – by preventing the violation, correcting the procedure, or, if necessary, terminating the procurement if the breaches are significant. A timely response also reduces the risk of litigation.

EXAMPLE: In 2016, the Calabria regional office of Italy's Ministry of Cultural Heritage, Cultural Activities and Tourism concluded an Integrity Pact with ActionAid Italy to ensure oversight of a museum modernization project. Initially, the project implementers planned to conclude several separate agreements – first for construction works, and later for service provision – using the national public procurement platform.

In this specific case, that approach could have created complications, because it would require engaging several different service providers who would need to ensure coordinated delivery – for example, a unified visual identity and compatibility of materials. In light of these risks, ActionAid, as the independent monitor, recommended reviewing the agreement structure. As a result, the agreement authority decided to combine several services into a single agreement, making the project easier to manage, reducing coordination risks, and improving how well the procurement strategy matched the project's needs.

2.2.2. Costs

Implementing an Integrity Pact (IP) involves various costs – both human resources and financial resources. Chapter VI of the Standard is dedicated to IP costs.

Main human resource costs:

- the agreement authority’s contact person/coordinator for IP implementation;
- the agreement authority’s communications specialist for IP implementation;
- other specialists may also be involved (the institution’s lawyers, internal auditors, etc.).

Main financial costs:

- if the IP is initiated by the agreement authority, it must ensure funding for IP implementation by covering the independent monitor’s costs. A proportionally large share of the independent monitor’s costs consists of engaging external experts as well as communication activities. The agreement authority/public institution usually does not incur additional costs.

2.2.3. Risks

Table 2: Risks of implementing an Integrity Pact (IP) and options for managing them

Type of risk	Risk management
<p>1. Longer procurement timelines</p> <p>Implementing an Integrity Pact (IP) may introduce additional activities (for example, reviewing documents, providing comments, informing the public) that can extend procurement timelines – especially if the independent monitor raises objections or requests additional clarifications.</p>	<p>Already during the preparation of the IP agreement, the agreement authority agrees with the independent monitor that it is in the public interest to implement effective public procurements, which also includes their timely execution.</p> <p><u>Main risk management mechanisms:</u></p> <p>1. Set clear deadlines in cooperation with the monitor</p> <ul style="list-style-type: none"> • Define maximum time limits in the agreement with the independent monitor for submitting comments, reports, or objections at each procurement stage. • Agree on standard response times for both the monitor and the agreement authority. <p>2. Involve the monitor early – already at the procurement preparation stage</p>

Invite the monitor to participate from the needs-definition and documentation-drafting phase. This helps to identify potential risks early and prevent later delays.

3. Regular and structured communication

- Schedule regular meetings or coordination checkpoints between the procurement team and the monitor.
- Establish designated contact points for effective information exchange.

4. A clear procedure for handling objections

- Define how and within what timeframe the monitor's comments or recommendations will be reviewed.
- Where possible, introduce a formal objection escalation mechanism (e.g., referral to higher-level decision-makers).

5. Build a time buffer into the project

At the planning stage, provide a reasonable time reserve in the procurement schedule for oversight activities to ensure continuity of project delivery.

6. Include oversight activities in the procurement timeline

Integrate oversight checkpoints into the procurement schedule as an integral part of the project.

2. The supplier refuses to sign a tripartite Integrity Pact (IP)

If the winning bidder refuses to sign a tripartite agreement with the agreement authority and the independent monitor, this may hinder information exchange, create trust issues, and reduce the effectiveness of the IP. In such a case, the agreement authority becomes an intermediary in the flow of information.

Recommended risk management mechanisms:

1. Conclude a bilateral agreement

Stipulate that the monitor is entitled to receive the information necessary for monitoring via the agreement authority.

2. Include information-provision obligations in the content of the agreement with the supplier

- Include clauses in the agreement authority's agreement with the supplier requiring cooperation with the agreement authority and provision of information necessary for the monitor's work.
- Where possible, stipulate that refusal to provide information may be considered a breach of agreement.

3. Establish a documented and effective information exchange procedure

Establish a single information flow protocol between the agreement authority and the monitor, setting out how information will be obtained from the supplier and transferred. For example, the supplier regularly submits

reports to the agreement authority, which are also reviewed by the monitor.

4. Active involvement of the monitor on the agreement authority's side

- Ensure that the monitor can participate in meetings between the agreement authority and the supplier in the role of monitor.
- Allow the monitor to ask questions or provide comments even without direct communication with the supplier.

5. Document the refusal and assess reputational risks

If the supplier refuses to cooperate, document the refusal and, where possible, publicly reflect the level of cooperation as part of the IP assessment. This may create a reputational incentive for suppliers to cooperate in the future.

3. The supplier delays providing information or does not provide it to the agreement authority and the independent monitor

Recommended risk management mechanisms:

1. Agreement provisions on providing information

- The agreement with the supplier must include a direct requirement to provide information for monitoring, with specific deadlines.
- Stipulate that repeated refusal or delay in providing information is considered a breach of agreement and may trigger sanctions.

2. Define the procedure for providing information already at the procurement stage

In the procurement documentation, provide an annex/instructions on information exchange within the IP (what, in what format, and by what deadline the supplier provides). For example, a monthly report must be submitted, participation in monitoring meetings is required, etc.

3. Use the agreement authority as intermediary as an obligation

If there is no direct communication between the monitor and the supplier, the agreement authority ensures intermediation. The agreement should provide for the supplier's obligation to cooperate with the agreement authority on this matter.

4. Recording responsibility

Maintain an information exchange log recording when and what the supplier has received and provided. This helps document delays and, if necessary, apply sanctions.

5. Motivating communication and reputational risk

Explain to the supplier that cooperation with the monitor strengthens its reputation and allows it to publicly demonstrate good-faith performance. Where possible, provide that the quality of cooperation may be reflected in IP implementation reports, which are publicly available.

6. Possible sanctions

Include in the agreement the option to apply a contractual penalty or other measures if cooperation with monitoring is not ensured.

4. Employees of state/municipal institutions lack understanding of and support for the need for an IP

A strictly legalistic culture – doing nothing beyond what the law requires.

The institution’s management should do the groundwork so that employees understand the need for the IP and are motivated to comply with it.

Recommended risk management mechanisms:

1. Purposeful communication about the benefits

- Implement targeted internal communication and explanatory materials that link IP implementation with strengthening reputation; demonstrating good-faith work; reducing risks; and sharing responsibility.
- Emphasize that the activities included in the pact can help prevent costly violations or media scandals in a timely manner.

2. Management-level involvement and example

Ensure that the institution’s leadership publicly expresses support for the IP as an instrument of governance quality. Leadership’s example sets the institutional attitude – this also motivates other employees to treat the pact as important.

3. Training and practical examples

Organize targeted trainings and experience-sharing seminars on IP implementation, emphasizing practical application. For example, stories from other institutions where the IP helped prevent mistakes, save resources, or improve public image.

4. Inclusion in job descriptions or procedures

IP implementation duties should be included in employees’ job descriptions, procurement procedures, or internal regulations. This helps employees understand that this is not a voluntary “outside of work” activity.

5. A clear mandate from the legal framework or policy documents

- Reference national strategic documents where IPs are mentioned as recommended practice.

- Where possible, prepare guidelines, this Standard, or a regulatory framework that provides formal support for implementing IPs.

6. Demonstrating quick wins

At the initial stage, implement smaller, manageable projects where the benefits of monitoring can be proven quickly and visibly. This helps overcome skepticism and strengthens employees' trust in this mechanism.

5. Bureaucracy is "added" during IP implementation

During IP implementation, the bureaucratic burden may increase – for example, additional stages of information processing, coordination, or approval that slow down information flow and delay the procurement process. This may happen if staff do not want to take responsibility or fear making mistakes when providing information to the monitor or the public

Successful IP implementation is not possible without smooth information exchange and its explanation to the involved parties. To shorten the path for providing publicly available information, the independent monitor should confirm that it will maintain confidentiality in cases where it has access to trade secrets.

Recommended risk management mechanisms:

1. An initial agreement on information exchange arrangements

- Within the framework of the agreement or memorandum with the independent monitor, define what information must be provided, in what format, how often, and who is responsible for it. Clearly defined obligations reduce unnecessary intermediate steps and checks.

2. An information exchange portal, standardized templates, and process descriptions

It would be advisable for the institution to publish a significant portion of the information on the institution's website (if publicly available) and also use cloud data services so that information does not need to be prepared separately for disclosure, and the independent monitor can access it without a separate request.

3. A conscious management stance against excessive coordination

The institution's management should emphasize that efficiency is needed, not "maximum legal protection". Management can define reasonable deadlines and approval chains, avoiding unnecessary slowness.

4. Targeted training and building staff confidence

Training should emphasize that the monitor's goal is not to "punish for mistakes", but to promote transparency and quality in partnership. Provide examples where cooperation with the monitor prevented risks rather than created them.

5. An internal coordinator or contact person

- Appoint a single responsible contact person for providing information to the monitor, thereby relieving other staff and centralizing coordination.
- The coordinator also ensures consistency in responses and compliance with deadlines.

6. Regular feedback on the process

Set monthly or quarterly mini “audits”: whether information exchange is occurring at a reasonable pace and whether there are unnecessary coordination steps. It may be possible to reduce steps that in practice prove to be redundant or duplicative.

6. Reputational risks for the agreement authority

If the monitor identifies significant violations or does not receive information in time, the independent monitor usually informs the public in the form of reports, which may cause negative public reaction and damage the institution’s reputation. In cases of serious violations, the independent monitor may terminate the IP.

The agreement authority must be prepared to respond to such situations and crises – to explain the institution’s responsibility, explain mistakes if identified, and demonstrate that the institution respects the IP.

Recommended risk management mechanisms:

1. Transparent and open cooperation with the independent monitor

- Regular bilateral communication between the agreement authority and the independent monitor about risks, doubts, or uncertainties already at an early stage.
- Openness to recommendations – placing the independent monitor’s recommendations on the agenda with clearly defined implementation deadlines.

2. Proactive action and internal self-assessment

- Before launching the procurement, the agreement authority can perform an internal risk and process analysis to identify potential weak points and address them.
- Develop a crisis communication plan for cases where public or media concerns arise.

3. Timely and responsible disclosure of information

- Introduce a mechanism that guarantees the monitor receives all necessary information on time (e.g., a specific responsible employee and deadlines).
- Together with the monitor, prepare a unified communication position if violations are discovered, ensuring the institution’s involvement and accountability.

4. Public relations readiness

- If a violation is identified, the situation should be publicly acknowledged, explaining the corrections made, rather than denying or delaying information.

- The agreement authority's reputation can also be strengthened by explaining how cooperation with the monitor helped prevent more serious mistakes.

5. Contractual mechanisms for cooperation and dispute resolution

In the agreement or cooperation memorandum, provide that in the event of disputes or disagreements a third party (e.g., a mediator or advisory council) is involved before the monitor makes public statements or terminates the agreement.

7. Monitor errors, or an IP that also casts a shadow on the agreement authority that engaged such a monitor

For example, the monitor may see errors or shortcomings where in fact there are none, or may prove to be genuinely or seemingly interested in supporting a particular supplier.

To protect the institution's reputation from errors by the independent monitor or conduct involving conflicts of interest, structured and transparent cooperation should be established, clear boundaries and a framework of professional responsibility should be set, and mechanisms for preventing risk situations should be provided.

Recommended risk management mechanisms:

1. Careful and transparent selection of the monitor

- Conduct an open selection process assessing the monitor's experience, competence, previous work, and potential conflicts of interest.
- Request candidates' declarations of interests and references.
- Where possible, include independent representatives on the evaluation committee – for example, from civil society organizations or academia.

2. A clear agreement and professional ethics standards

- Include clear ethical and conduct principles in the agreement with the monitor, including a prohibition on cooperating with or communicating with suppliers without coordination.
- Specify the steps the institution will take if the monitor breaches these principles.

3. Structured cooperation and mutual oversight

Introduce regular tripartite meeting cycles (agreement authority – monitor – contractor) where facts are confirmed and observations compared. Ask that important comments and recommendations be documented in writing, with an opportunity for the agreement authority to respond and, if necessary, object.

4. A rapid response mechanism in case of breaches

- Set a procedure for cases where there are suspicions of the monitor's bias or erroneous conduct, including possible agreement review, temporary suspension, or dismissal.
- If necessary, issue an explanation to the public that the monitor's statements do not correspond to the agreement authority's official position, based on the facts.

Source: Summary compiled by standard authors.

III IMPLEMENTATION OF THE INTEGRITY PACT, INVOLVED PARTIES AND ALLOCATION OF ROLES

To better understand how an Integrity Pact (IP) works and to prepare for it as effectively as possible, the IP implementation process is explained in four main stages: identification, preparation, implementation and evaluation. At each stage, the role, responsibilities and challenges of the parties involved – the agreement authority (representatives of state/municipal institutions, etc.), the independent monitor (a civil society organisation) and the supplier – change.

Figure 4: Stages of IP implementation



Source: Figure prepared by the authors of the Standard

Implementing an IP is particularly useful where a project attracts high public and media interest, where there is a need to ensure responsible use of EU funding, where it concerns sectors with elevated corruption risks (e.g., construction, renewable energy technologies, defence or healthcare), or where it is complex and financially large-scale, thus requiring enhanced transparency. Conversely, implementing an IP is not useful for minor or small-scale projects where the costs exceed the potential benefits. For more on the criteria for identifying a procurement or project suitable for implementing an IP, see Chapter IV.

3.1. Identification stage

3.1.1. Objective

The main objective of this stage: the agreement authority, having assessed the risks of the project to be implemented and other circumstances, decides to implement an IP. The identification stage may also be referred to as the decision-making stage for launching an IP. In

some cases, an IP may be built in as a requirement of the investor/project funder; in such a case the agreement authority has no choice and must begin preparing the IP (Section 5.2).

3.1.2. Tasks and allocation of responsibilities among involved parties

At this stage, the agreement authority has three main tasks:

1. **Assess the risks of the planned project and decide on IP implementation:** an IP is not suitable for all procurements – its costs are justified only in higher-risk projects. It is particularly useful to apply it in procurements with risks of corruption or conflicts of interest; signs of limited competition; or high public interest. Based on the risk assessment and taking into account the financial scale of the project, the agreement authority decides whether to apply an IP. When making the decision, the institution's capacity to provide and cover the costs of the IP must also be assessed (see Chapter VI). The criteria for assessing the usefulness of an IP are described in Chapter IV.
2. **Define the objectives to be achieved through the IP:** the agreement authority must be able to justify to the public why an IP is being chosen for the specific procurement.
3. **Inform the public about the decision to implement an IP** – justify it and explain the essence of the IP: successful IP implementation largely depends on public awareness of the planned monitoring and opportunities to participate in it or obtain additional information. Therefore, the agreement authority should inform the public of its intention at the outset (on the communication strategy – see Chapter V).

! **In the decision to implement an IP**, the main responsibility lies with the agreement authority, which must decide to implement an IP. The agreement authority's task is to ensure the availability of the funding required for monitoring, to document the decision taken by recording the objective to be achieved and the subsequent actions to be taken – selecting the independent monitor and involving potential procurement participants in the process.

Table 3: Identification stage – summary of the allocation of responsibilities among involved parties

Agreement authority:	Independent monitor	Supplier
<ul style="list-style-type: none"> – identifies the procurement area or project where an IP can add the greatest value (considering risk, scale or public interest); – decides to apply an IP to the specific procurement; – earmarks and secures funding for the independent monitor’s activities (covering monitoring costs); – decides on the next IP steps – how to engage the independent monitor and potential participants in the procurement process; – informs the public and the relevant supervisory institutions of the intention to implement an IP. 	<p>Not involved. (Engaged only after the agreement authority has decided to implement the IP and has earmarked funding.)</p>	<p>Not involved.</p>

Source: Table prepared by the authors of the Standard.

3.1.3. Challenges

The main challenges of the identification stage are as follows:

- **Late start of the IP:** delayed involvement of the monitor reduces the usefulness of the IP, as public distrust remains regarding the procurement stage before monitoring begins. For example, starting an IP during the procurement process means that the monitor has not followed the preparation of the technical specification, yet public distrust is often based on doubts about whether the specification includes conditions more favourable to a particular tenderer. Therefore, an IP works best when it is implemented throughout the entire procurement or project cycle.
- **Funding instability** – if monitoring must be carried out pro bono or with insufficient resources, the monitor’s capacity is significantly limited. In Latvia, there have been both full IP processes, such as the Latvian National Library case¹¹, and partial ones, such as the monitoring of the procurement “Routine maintenance of transport structures from 2024 to 2029 in Riga”¹² In both cases, the challenge was a lack of funding. For example, monitoring of the IP related to the conclusion of the agreement for the maintenance of Riga’s transport infrastructure (2020 – 2023) was carried out pro bono, which resulted in

¹¹ Putnis, R. (2005). Anti-Corruption Declaration and on the Cooperation Agreement. Transparency International Latvia. Latvian National Library. [Document collection]. Riga: Transparency International Latvia archive. & Transparency International Latvia. (2013). To the Ministry of Culture of the Republic of Latvia: Summary report on the implementation of the cooperation agreement with the Ministry of Culture. Transparency International Latvia. Latvian National Library. [Document collection]. Riga: Transparency International Latvia archive.

¹² Transparency International Latvia. (2024). “Transparency International Latvia will monitor the procurement – who will maintain Riga’s streets and bridges for the next five years”. Retrieved from <https://delna.lv/lv/2024/06/11/delna-uzraudzis-iepirkumu-kurs-turpmakos-piecus-gadus-uztures-rigas-ielas-un-tiltus/>

very limited capacity to follow the procurement documentation and provide recommendations.

- **Institutional resistance** – representatives of the agreement authority (especially where the decision to implement an IP was taken by an institution hierarchically superior to the agreement authority) are not always motivated to cooperate with an independent monitor, which may hinder the decision on whether an IP will be implemented.
- **Insufficient understanding of the benefits of an IP** – both agreement authorities and the public do not always clearly understand how an IP improves trust and transparency; therefore, an IP may be perceived as a bureaucratic burden rather than an instrument to reduce corruption risk.
- **Lack of political will** – implementing an IP requires not only administrative but also political support. If the political leadership is unwilling to commit to transparency, there is a risk that the initiative will not be supported.

3.2. Preparation stage

3.2.1. Objective

The main objective of this stage: to ensure that all parties involved in the IP have the formal and practical prerequisites for effective and transparent implementation of the IP, by agreeing on a cooperation model, assessing risks and resources, and developing the monitoring and communication framework.

3.2.2. Involved parties and their tasks

At this stage there are six main tasks:

1) select the independent monitor who will implement the IP

Selecting the independent monitor is crucial to the credibility of the IP process. According to European Commission guidelines¹³ the agreement authority should agree with the selected NGO on sufficient funding to enable it to provide independent and high-quality monitoring. When preparing the arrangement, it is recommended to consult other public institutions that have experience with IPs in order to identify competent independent monitors. To ensure objectivity and professionalism, the selection of the monitor should be carried out through an open

¹³ Greco, A. (2024). INTEGRITY PACTS IN COHESION POLICY 2021 – 2027 SESSION 1 – INTEGRITY PACT INITIATION. [PowerPoint presentation]. https://ec.europa.eu/regional_policy/sources/policy/how/improving-investment/training/2024/1.2_Step_1_-_IP_Initiation.pdf

competition, allowing the most suitable partner to be chosen. More detailed information about this process is available in Chapter X.

2) prepare, coordinate and sign a agreement with the selected independent monitor, clearly defining the terms of cooperation and the funding arrangements

To ensure the fulfilment of the obligations of IP participants, confidentiality, the independent monitor's access to information and other aspects essential for cooperation, the parties must conclude a agreement for implementing the IP. It may be drafted by the agreement authority in coordination with the monitor (and the supplier – in the case of a tripartite agreement), or by the monitor in coordination with the agreement authority (and the supplier). A detailed process for drafting and concluding the agreement and the recommended content are described in Chapter X.

3) agree with the monitor on the course of independent monitoring and the monitor's involvement model

The IP agreement must provide for the independent monitor's right to participate in all stages of the procurement, including meetings of the procurement commission, as well as to access documents with restricted availability, in compliance with laws and regulations on the circulation and protection of information. The parties must agree on practical solutions for exercising these rights (e.g., on-site access to documents, a defined procedure for reviewing documents, regular information exchange).

The agreement authority and the monitor must also agree on a cooperation model. The most effective approach is to involve the monitor in the work of the procurement commission in the status of an expert¹⁴, ensuring access to documentation, its analysis, site inspections (if necessary), organisation of public consultations, as well as the provision of responses within a defined timeframe (e.g., within 7 working days). At the same time, the monitor decides on engaging external experts in processes where it lacks the necessary competence (see Chapter IX). The agreement must also provide for the monitor's discretion, the procedure for termination and dispute resolution if claims arise between the parties, and further communication with the public if the agreement is terminated.

4) appoint a specific contact person for communication with the monitor and for coordinating the flow of information

The agreement authority must appoint a specific contact person who ensures communication with the independent monitor and coordinates information exchange. Ideally, the contact person should be directly involved in implementing the project, thereby ensuring effective communication and timely responses to the monitor's questions.

When selecting a contact person, the following should be taken into account:

- knowledge of public procurement procedures and how they operate;

¹⁴ At present, the Public Procurement Law and Cabinet Regulation No. 107, "Procedure for Conducting Procurement Procedures and Design Contests," do not provide for the participation of an independent monitor on a procurement commission; the circle of persons is defined in the legal acts. Therefore, at present, participation is possible only in the status of an expert with certain rights.

- understanding of the specifics of the given procurement (e.g., in the case of green procurement – environmental competence);
- capacity to communicate with the monitor regularly and promptly;
- a proactive approach to problem-solving.

Given the dynamics of the IP process, it is not advisable to appoint as the contact person an employee who lacks the ability (time resources, authority) to ensure timely, high-quality and open communication. To ensure continuity of operations, it is recommended to appoint an additional contact person who, if necessary, takes over the main contact person's duties and functions.

5) in cooperation with the monitor, develop or coordinate the communication strategy developed by the monitor

The monitor develops a communication strategy which must be coordinated with the agreement authority on a regular basis. This means that the agreement authority must allocate time and resources to review the monitor's proposals, provide recommendations and, if necessary, involve its representatives, especially in the case of public events.

Communication is an essential component of IP monitoring, so activities must be mutually coordinated and transparent. The agreement authority must be informed about planned activities, and it is desirable that it also participates itself, for example by taking part in public consultations.

In day-to-day communication, the monitor should not be obliged to coordinate interim reports or routine activities. However, on publicly sensitive issues it is recommended to coordinate press releases and social media publications in advance to ensure a unified and coordinated message to the public. At the same time, the communication strategy must not be fully subordinated to the agreement authority's approval, as that would endanger the monitor's independence – the agreement authority's role is to be informed and provide recommendations, not to determine the content.

6) inform potential procurement participants about the implementation of the IP.

Informing procurement participants and involving them in the IP process depends on the stage at which the IP is initiated, as well as on the chosen cooperation model – bilateral or tripartite.

A bilateral IP agreement is typically concluded for full-scope IP implementation, where monitoring covers the entire procurement cycle from the preparation stage to the conclusion of the project. In such a case, the agreement between the agreement authority and the independent monitor is concluded during the procurement preparation stage, adding an annex with an agreement to observe the principles of the IP. Participants in the procurement competition are informed that the winner of the procurement will be obliged to observe these principles. After the winner is determined, a separate agreement on compliance with the IP principles is concluded with it. A bilateral agreement is the most commonly used form of IP implementation.

A tripartite IP agreement is used in cases where the IP is initiated at a later stage – for example, during the competition or after the procurement agreement has been signed. Then the agreement authority, the supplier and the independent monitor conclude a agreement simultaneously on compliance with the IP principles.

The parties involved depend on the procurement stage at which an IP is applied. If the parties conclude the IP agreement before the procurement is announced, or after the procurement is announced but before the procurement agreement is signed, the IP agreement is concluded by the agreement authority and the monitor. After the procurement winner is determined, a separate agreement on compliance with the IP principles must be concluded with it. The obligation to comply with the IP principles may also be included in the draft procurement agreement, to which the tenderer agrees by submitting a tender in the procurement. More detailed information on the recommended content of the agreement is described in Chapter X.

Table 4: Preparation stage – summary of the allocation of responsibilities among involved parties

Agreement authority:	Independent monitor:	Supplier:
<ul style="list-style-type: none"> – the agreement authority’s superior institution / an established commission, or the agreement authority itself (exceptional case, since it is important to ensure an independent selection not subject to public doubts – for example, that it selects the “friendliest” monitor, etc.) selects the independent monitor; – together with the independent monitor, prepares and signs the IP agreement; – agrees with the independent monitor on the course of monitoring; – designates the responsible contact person for IP implementation; – coordinates the independent monitor’s communication strategy; 	<ul style="list-style-type: none"> – prepares and submits its application in the competition for selection of the independent monitor; – together with the agreement authority, prepares and signs the IP agreement; – prepares the monitoring plan and presents it to the agreement authority; – prepares the communication strategy and presents it to the agreement authority. 	<p>If the parties to the IP agreement conclude it after the supplier has been selected, the supplier, together with the agreement authority and the monitor, concludes a tripartite IP agreement.</p>

– informs potential procurement participants about the IP.		
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Source: Summary compiled by standard authors.

3.3. Implementation stage

3.3.1. Objective

The main objective of this stage: to ensure an honest, transparent and efficient procurement process.

3.3.2. Involved parties and their tasks

All parties are involved at this stage – the agreement authority, the independent monitor and, after it has been selected, the supplier. Successful implementation of the IP depends on how well each party performs its tasks, as well as on the quality of mutual cooperation.

Key tasks of the IP implementation stage:

1. Ensure the flow of information between the parties involved in the IP

Effective information exchange means proactive cooperation between all parties, especially between the agreement authority and the monitor. The agreement authority must provide the monitor with all necessary information for public information activities and for preparing the final report, and must allocate resources for timely coordination of publications. In the final stage, the agreement authority may itself organise or participate in communication events organised by the monitor (discussions, seminars), sharing conclusions on the implementation of the procurement and the IP. It is also recommended to carry out an internal assessment so that the experience gained helps to improve future practice.

At this stage, the monitor also prepares the final report on the course of the procurement, the delivery stage and the key lessons learned. It assesses whether delivery took place on time, without unjustified cost increases and in compliance with the agreement terms (e.g., without concluding unagreed subcontracts). The final report also includes recommendations – both practical improvements and proposals for improving the regulatory environment – to strengthen IP implementation in the future.

2. Carry out continuous observation of the procurement process in accordance with the IP implementation plan (including involvement of the public and experts)

To ensure technical expertise, the independent monitor may engage an external expert. Therefore, it is important for the agreement authority to ensure information is available to the monitor, including to the expert engaged by the monitor. This is particularly important in technically complex projects where specific knowledge is required. Before that, the agreement

authority has the right to check the engaged expert, ensuring that there are no interests, conflicts of interest or other risks relating to the expert – by using publicly available databases, communicating with the expert and obtaining an appropriate declaration from the expert. External experts may represent various fields, and their involvement is beneficial both to the monitor and to the agreement authority, as demonstrated by the engagement of an international construction expert in the Latvian National Library construction case, potentially preventing an increase in project costs.¹⁵

The table below systematically presents the main stages of the procurement monitoring process, breaking each of them down according to the roles and duties of the three parties involved – the agreement authority, the monitor and the supplier.

Table 5: Tasks of the parties involved in the IP in public procurement monitoring

Procurement process stages	Role of the agreement authority	Role of the independent monitor	Role of the supplier
Needs assessment stage	Identify needs that are economically and financially justified and on the basis of which the procurement will be carried out.	Monitor the agreement authority's actions – for example, by verifying that the identified needs are economically and financially justified; if necessary, engage external experts for documentation analysis.	-
Market research	Analyse the market in the relevant procurement sector and identify the estimated agreement price.	When reviewing documentation, verify that market research has been carried out and that the estimated agreement price reflects the market situation, and compare the estimated procurement price with the costs of other similar procurements.	At the agreement authority's request, provide truthful and well-grounded information on the estimated price of the goods, services or works.
Preparation of documentation	Develop clear and objective technical specifications and requirements for tenderers, in compliance with public procurement	Analyse documents during their drafting, provide recommendations and identify risks. Inform about identified risks; if necessary, engage experts or clarify the public's views	If a supplier consultation is organised, it is advisable to provide your views on the procurement requirements in a timely manner. May provide advice on the technical specification if

¹⁵ Transparency International Latvia. (2024). Latvia's good practice examples and experience stories related to the implementation of integrity pacts. TI Latvia. [Document collection]. Riga: Transparency International Latvia archive.

	<p>regulation and principles.</p> <p>In cooperation with the monitor, inform the market about the IP in a timely manner. Provide in the documentation for an agreement to comply with the IP.</p>	<p>and wishes on particular aspects of the procurement.</p>	<p>requested by the agreement authority, in accordance with the provisions of Section 18(3) and (4) of the PIL.</p>
Publication of the procurement	<p>Publish the competition, ensuring transparency of information and compliance with deadlines.</p>	<p>Verify that the procurement has been published in accordance with the PIL and Cabinet of Ministers Regulation No. 107 "Procedure for conducting procurement procedures and design contests", or other applicable public procurement regulation.</p>	<p>Submit tenders in accordance with the rules.</p>
Evaluation and selection of tenders	<p>Ensure objective evaluation of received tenders and thoroughly describe the evaluation process in the minutes of procurement committee meetings.</p>	<p>Monitor the tender evaluation process and verify that all requirements set are properly assessed and that exclusion grounds are analysed.</p>	<p>If necessary, provide additional information at the agreement authority's request.</p>
Signing the procurement agreement	<p>Conclude the procurement agreement in a timely manner in accordance with the template included in the initial procurement documentation.</p>	<p>Verify that the concluded procurement agreement corresponds to the initially drafted template and that no material changes have been made to it.</p>	<p>Conclude the procurement agreement in a timely manner in accordance with the template included in the initial procurement documentation. Conclude the IP agreement.</p>
Performance of the procurement agreement	<p>Monitor the performance of the procurement agreement, assess compliance with agreement terms by the supplier, and</p>	<p>Monitor agreement performance, ask the agreement authority questions, inspect the place of performance, inform the agreement authority about identified risks, and communicate with the public</p>	<p>Perform the procurement agreement in accordance with its terms, also observing IP requirements during performance.</p>

cooperate with the monitor. | on agreement performance issues that are relevant to it. |

Source: Summary compiled by standard authors.

3) regularly inform the public about the progress and findings of the monitoring

Throughout the implementation stage, it is advisable for the agreement authority to actively inform and involve the public. Typically, the monitor takes the initiative in communication, but the agreement authority must provide support – by participating in events and discussions, commenting on content, providing practical information, or possibly assisting in preparing communication materials. Such cooperation strengthens transparency and public trust in procurement processes.



It is important to remember that the monitor is not a supervisory/control institution. **Its task is to reduce risks in the procurement process, promote public trust, explain processes, prevent misunderstandings and identify potential reputational threats in a timely manner.** Monitoring is a tool for strengthening public understanding and participation, not a control mechanism.

In communication between the agreement authority and the monitor, it is essential to observe the basic principles of the IP – proactive and preventive action, openness, timely exchange of information and cooperation. This helps prevent dishonest conduct, corruption or other violations before they occur and promotes the honest and transparent implementation of public procurement.

3.3.3. Challenges

Experience shows that the parties involved in the IP implementation stage tend to face the following challenges:

- **shortcomings in information exchange** – information between the agreement authority, the monitor and/or the supplier is provided late, incompletely or formally, delaying the monitoring process;
- **delays in the process** – appeals and extensions of deadlines prolong both the procurement and the monitoring, generating additional costs;
- **cost escalation and financial risks** – market price fluctuations or an insufficiently accurate initial estimate may create a need to amend the agreement terms and increase project costs;
- late start of the IP – problems in the documentation are not identified in time, increasing the risk of challenges and delays;

- **premature termination of the IP** – full agreement performance is not monitored, increasing the risk of delays and cost increases;
- **reputational risks** – incomplete or inconsistent implementation of the IP may cause a loss of public trust in the agreement authority’s actions and in the procurement process as a whole, even if objectively no violations have occurred;
- **cooperation and trust issues** – insufficient openness and communication between the parties, lack of trust, suspicions of conflicts of interest or unclear allocation of responsibilities, which hinders effective IP implementation;
- **termination of the IP agreement before completion of procurement performance** – if the procurement implementation schedule has been extended, this also affects the monitoring process and generates additional costs. If monitoring ends too early, comprehensive monitoring of agreement performance is not ensured, which means that the agreement authority is left without independent process monitoring that would identify potential risks or problems in the supplier’s work in a timely manner.

Shortcomings in information exchange can be prevented by agreeing in advance on a specific period in which the monitor provides information on IP progress and work completed (e.g., once a month). Likewise, it is important for each party involved to designate the person responsible for information exchange, as well as that person’s substitute, in order to avoid delays caused by human resource constraints.

To reduce reputational risks, the parties publish interim reports on the IP process and communicate about the process by organising public consultations, answering questions from the public, and by assessing potential reputational risks in advance and developing a plan to mitigate them.

6.tabula: Īstenošanas posms – kopsavilkums par iesaistīto pušu atbildību sadalījumu

Agreement authority:	Independent monitor:	Supplier:
<ul style="list-style-type: none"> – carries out the necessary work to develop the procurement and provides the independent monitor with information on the progress of the procurement; – coordinates communication with the independent monitor; 	<ul style="list-style-type: none"> – carries out monitoring activities with the support of engaged experts, following the sequence of procurement stages; – involves the public in the monitoring process (seminars, site visits, etc.); – explains the monitoring process and conclusions 	<ul style="list-style-type: none"> – provides information on procurement implementation, including ensuring the independent monitor’s access to information and sites where this has been agreed in advance; – coordinates communication with the agreement authority and the independent monitor.

- | | |
|---|--|
| <ul style="list-style-type: none"> – informs the public about the progress of procurement implementation and cooperation with the independent monitor. | <ul style="list-style-type: none"> – to the public, coordinating communication with the agreement authority; prepares and publishes monitoring reports. |
|---|--|

Source: Summary compiled by standard authors.

3.4. Evaluation stage

Objective of this stage: to assess the IP work carried out and identify possible systemic problems that the introduction of the IP has helped to reveal. The evaluation makes it possible to identify how the monitoring process can be improved in the future.

Most often, the independent monitor plays the main role at this stage and prepares the final report. The purpose of the final report is to provide a comprehensive and objective assessment of the entire procurement process and agreement performance, reflecting the extent to which the principles of openness and fair procurement implementation were observed. The report summarises the monitor’s observations, identified risks, recommendations provided and how they were implemented, as well as conclusions about cooperation with the agreement authority and the supplier. It serves as an accountability document for the public and the parties involved, strengthening trust in public procurement and ensuring lessons for improving future procurement processes.

Table 7: Evaluation stage – summary of the allocation of responsibilities among involved parties

Agreement authority:	Independent monitor:	Supplier:
<ul style="list-style-type: none"> – cooperates with the monitor on communication activities and in drafting and coordinating the report; – assesses the usefulness of the IP. 	<ul style="list-style-type: none"> – carries out concluding communication activities; – prepares, coordinates and publishes the final report; – assesses the usefulness of the IP and identifies the benefits of monitoring and the challenges that should be addressed in the monitoring process in the future. 	<ul style="list-style-type: none"> - provides feedback to the agreement authority and the monitor on the monitoring process.

Source: Summary compiled by standard authors.

IV CRITERIA FOR PROJECTS TO WHICH AN INTEGRITY PACT IS APPLICABLE

The objective of the IP is to strengthen openness and prevent corruption risks in the public procurement process, but achieving these objectives depends directly on the extent to which a project/procurement is suitable at all for such a public oversight mechanism. Not all projects and procurements are suitable for the application of an IP; therefore, this chapter explains in which cases the IP is an appropriate solution. A properly selected project not only helps prevent potential violations, but also serves as an example of systemic change and of strengthening public trust in public administration institutions.

Typical types of projects in which an IP has been used in Latvia and abroad so far

Infrastructure and construction projects:

Bulgaria: IPs have been applied to major infrastructure projects, for example, the construction of the Struma motorway (including the Zheleznitsa tunnel, which was monitored for nine years – one of the longest-monitored IP projects in Bulgaria and the EU).

Czechia: IPs have been used for the construction of new hospital buildings, the construction of a surgery department and a hospital laboratory pavilion; and for the modernisation and reconstruction of the water supply of the central wastewater treatment plant in Prague.

Portugal: the only example of an IP was related to the restoration and renovation of an architectural monument – the Alcobaça Monastery. The works included conservation, restoration of paintings, roof renovation and accessibility improvements.

Italy: IPs have been used in large-scale infrastructure projects, for example, the construction of a tram line in Cagliari and the restoration of the archaeological park in Sibari.

Information and communication technologies, IT systems projects:

Bulgaria: IPs have been used for the selection of consultants to develop the national electronic data exchange system.

Romania: IPs have been introduced in projects such as *e-Terra* – development of the state cadastre information system for registering properties in rural areas, *SIMS* – the school management information system, and *E-culture* – the Romanian digital library development projects.

Experience in Latvia to date shows that IPs have been applied to the construction of the National Library of Latvia, the Skanste tram line construction project, the dismantling of the Soviet Army monument in Victory Park, and other cases.

Source: Summary compiled by standard authors.

TI in its report, summarising experience to date, mentions several indicators for selecting projects for which the use of an IP use would be beneficial.¹⁶ Below (Table 8) both TI's recommendations and the project-selection criteria that are more suitable for Latvian practice and the risk assessment approach. However, it should be borne in mind that an IP may also be implemented in other cases, especially if the public monitor has obtained funding to carry out the IP or if carrying out an IP is a condition set by the funder of the monitored project.

Table 8: Risk assessment matrix for applying an IP

Criterion	Description
Public significance	<p>0 points: the project has local/limited significance both by objective indicators and in public perception.</p> <p>3 points: the project is significant for several groups of society and may substantially affect the achievement of specific policy objectives.</p> <p>5 points: the project affects a broad part of society, generates discussion or controversy, and is crucial for achieving the strategic objectives of the state/municipality.</p>
Corruption or fraud risks	<p>0 points: in the last five years, corruption/fraud cases in similar projects/sector have been few and/or small-scale, or none are known.</p> <p>3 points: in the last five years, corruption/fraud cases in similar projects/sector have occurred repeatedly (or there has been a large-scale case); risks have been medium to high.</p> <p>5 points: in the last five years, there have been many (or very large-scale) corruption/fraud cases in similar projects/sector; risks are high.</p>
Agreement authority's reputation	<p>0 points: the agreement authority has no reputation problems.</p> <p>3 points: the agreement authority has had moderate reputation problems.</p> <p>5 points: the agreement authority has serious reputation problems.</p>
Financial value of the procurement/project	<p>0 points: below EUR 12,000,000.</p> <p>3 points: EUR 12 – 24,000,000.</p> <p>5 points: above EUR 24,000,000.</p>
Project complexity	<p>0 points: the project involves standard procurements and is routine in nature.</p> <p>2 points: the project has certain complex, atypical aspects.</p> <p>3 points: the project involves technologically complex systems, specific equipment or innovative solutions; it is administratively very complex and/or involves a particularly large number of participants.</p>
Agreement authority's capacity to deliver projects to a high standard	<p>0 points: the agreement authority has implemented procurements and other projects on time, within budget and to the required quality.</p> <p>1 point: in the agreement authority's implemented procurements and other projects there have been deviations from the planned schedule, budget or quality.</p> <p>2 points: in the agreement authority's implemented procurements and other projects there have been large-scale or systematic deviations from the planned schedule, budget or quality.</p>
Project implementation timeframe	<p>0 points: 1 – 2 months.</p> <p>1 point: more than 3 years.</p> <p>2 points: more than 2 months and up to 3 years.</p>

Threshold

≥8 points → the IP must definitely be implemented.

¹⁶ TI mentions several risks in its report. "The Integrity Pact – Harnessing collective action for good governance and business integrity in public procurement" (2024), available here: <https://www.transparency.org/en/publications/integrity-pact-collective-action-good-governance-business-integrity-public-procurement>

*5 – 7 points → IP implementation is recommended, especially if any criterion is scored at 5 points.
≤4 points → IP implementation is not a priority, except in special cases where the agreement authority or potential monitor sees other reasons to implement the IP.*

Source: Summary compiled by standard authors.

4.1. Explanation of the criteria and their application

Criteria with greater weight – up to 5 points each

Four main criteria have been identified, the presence of which carries the greatest weight:

- **Public significance** – the greater the public significance, the greater the likelihood of considering the use of the IP method, i.e., public monitoring. Greater importance assigned by the public to the project increases the appropriateness of using an IP.
- **Corruption or fraud risks** – the higher the corruption/fraud risks, the more substantial the grounds for deciding to apply the IP method. An assessment of corruption risks may be carried out either by the agreement authority itself or by another public institution or by independent experts.
- **Agreement authority's reputation** – additional efforts to strengthen public trust are particularly necessary if the agreement authority has reputation problems. Accordingly, in such cases the importance of an IP increases.
- **Financial value** – from a cost – benefit perspective, the IP method is more economically justified for larger projects, because in such projects the risks of corruption and dishonest conduct increase and the potential harm to society is greater. If the amount of the monitored project is small, then introducing an IP from the perspective of IP costs becomes disproportionate and uneconomical, i.e., the benefits of such monitoring would be too expensive.

Important! Implementing an IP is recommended if any of the criteria has reached 5 points.

Criteria with lower weight – 2 and 3 points

The criteria that are important but relatively less significant when assessing a project's suitability for an IP are as follows:

- **project complexity.** Technological or administrative complexity, as well as high technical specialisation, may create additional fraud risks, including because it is more difficult for the agreement authority to monitor such projects effectively. In such cases, it may be useful for the agreement authority to strengthen oversight by involving an IP.

- **Project implementation duration.** Independent monitoring can be significantly constrained in situations where the potential project or procurement is small in scale and has a very short deadline – in such cases, setting up monitoring may require a disproportionate amount of time and may consequently prolong the procurement itself. Similarly, in long-term procurements it may be difficult to ensure IP implementation, because a civil society organisation may lack long-term capacity or its operational objectives may change. However, this criterion is less significant than the others, therefore its maximum score is up to 3 points.

! **The usefulness of conducting an IP will be low**, if the monitored project is already being implemented (its implementation has started). One of the core principles of an IP is its timely introduction before the procurement is announced, or at least at the procurement planning phase. If the project is already in the public procurement process or at the agreement performance stage, and it is no longer possible to change specifications, evaluation criteria or procurement requirements, then a very important decision-making stage in IP implementation has remained outside the scope of monitoring, and there are concerns that adequate monitoring will not be possible.

! **The use of an IP is not possible**, if the regulatory framework restricts the independent monitor's ability to obtain and disseminate information about the monitored project. The main objective of an IP is to ensure independent, informed and timely public monitoring, which is possible only if the monitor has access to essential information and the right to publish it. If access to or dissemination of information is restricted, the IP loses effectiveness and meaning. Therefore, projects in which the independent monitor's ability to obtain and disseminate information is restricted by law (for example, information on the agreement or its performance is classified as a state secret, or the procurement is carried out in accordance with the Law on Procurement in the Defence and Security Sector) are not suitable for the use of an IP.

V INDEPENDENT MONITORS AND THEIR SELECTION CRITERIA

For monitoring within an Integrity Pact (IP) to be effective, objective and trust-building, this task should be entrusted to civil society organisations. They act in the public interest, are independent, and can ensure transparency, credibility and a professional perspective in the monitoring process. For these reasons, in Integrity Pact pilot projects financed by the European Commission, monitoring was carried out by civil society organisations (NGOs) with experience in anti-corruption, public participation and good governance.

So far, practice in Latvia and internationally shows that integrity pacts have mostly been implemented by national chapters of the international organization Transparency International (in Latvia, the TI chapter is better known as the association “Transparency International Latvia”). Thus, these have been non-governmental organizations operating in the anti-corruption field.

5.1. Eligibility requirements and selection criteria for independent monitors

When assessing which non-governmental organisations are suitable for implementing an IP, it is important to consider several key criteria. The organization must be independent of state and local government influence, must operate in the interests of the wider community, not just its members. The organization must also have the appropriate capabilities and resources to implement the duties set out in the IP in a quality and responsible manner. These criteria will help to identify organisations that can ensure independent, professional and credible monitoring.

More than 27,000 associations and foundations are registered in Latvia, but overall they are concentrated in Riga and the Pierīga region. NGOs differ significantly in terms of objectives, capacity and activity level. Therefore, it is necessary to determine which NGOs can best perform the role of an independent monitor.

Table 9: basic information about Latvian NGOs

In 2024, 27,546 associations and foundations were registered in Latvia.	42% of NGOs are registered in Riga, the smallest number of NGOs is in the Latgale and Zemgale planning regions.	The organizations are small; of those that submitted an annual report in 2023, only 3,266 reported at least one employee.
Most organizations have incomes of no more than 2,500 euros per year, but there are also organizations whose revenues exceed several million.	The most common sources of income are membership fees, business income, and other income.	1,708 associations and foundations have been granted the status of Public Benefit Organizations.

Source: Table prepared by the authors of the Standard, taking into account the assessment prepared by the association "Latvijas Pilsoniskā alianse" ("Monitoring of the associations and foundations sector, 2024").¹⁷

5.1.1. Requirements for independent monitors

For a civil society organisation to be eligible to implement an IP, it is essential that it meets certain basic requirements. These requirements are related to independence, the ability to represent the public interest, and to the organisation's capacity and reputation.

Mandatory independence requirements for the independent monitor

A civil society organisation must be:

- 1) independent from the state and municipality or another institution that initiates the IP;
- 2) independent from the supplier;
- 3) represent the interests of the broader public.

The monitor's independence from the state and municipality

To ensure objective and uninfluenced monitoring, an NGO that performs the function of an independent monitor within an IP must be independent from the state and municipality or another institution that initiates the IP. Otherwise, there is a risk that the monitor's decisions and assessments could be influenced by, or aligned with, the interests of the institution whose activities are being monitored – thus undermining the credibility of the monitoring process and

¹⁷ The evaluation "Monitoring of the Association and Foundation Sector 2024" prepared by the association "Latvian Civic Alliance" is available here: <https://nvo.lv/lv/portfelis/petijumi>

public trust. To verify that the organisation's members and its board and council members are not linked to the IP initiator (the agreement authority), during the selection process it is advisable to ask the organisation to confirm in writing that its members and board/council members have no links to the agreement authority. For example, the presence of municipal councillors or their family members on the association's board could be an indication that the organisation is connected to the municipality's political leadership.

The monitor's independence from the supplier

To ensure objective monitoring, it is essential that the monitor is also independent from the supplier and does not have personal, financial or professional ties with the supplier that could create a conflict of interest. This includes both direct links (employment relationships, consultancy agreement, procurement relations, etc.) and indirect links (close personal ties with the supplier's management or owners).

Important! Independence from the agreement authority and the supplier must also apply to external experts engaged by the public monitor. Such experts must provide written confirmation that no conflict of interest exists.

The monitor represents the public interest

The public monitor must represent the interests of the broader public, not the private interests of its members or founders. This means that the organisation's goals and activities must be aimed at providing a public benefit and addressing issues that matter to society, rather than advocating narrow sectoral, professional or commercial interests.

Information about associations and foundations (hereinafter referred to as NGOs) can be obtained in various ways, but it is important to understand the specifics of the NGO sector. Namely, the law stipulates that NGOs register their field of activity (education, culture, sports, etc.), thus it is possible to identify in which field the organization operates.¹⁸ However, information about whether the organization operates for the public good or for the benefit of its members cannot be obtained so easily and quickly. This can be found out in two ways. First, the institution that selects the independent monitor can obtain information about the organization's activities by reviewing its statutes¹⁹, reviewing the information published on the organization's website, etc. Secondly, this information can be obtained by asking the organization to prepare and submit information about its activities in the interests of the wider community, for example, by requesting information about the goals, action plans and activities (projects) specified in the organization's statutes that demonstrate or confirm the organization's activities in the interests of the public.

¹⁸ The field in which the organization operates can be seen in the data registered in the Company Register.

¹⁹ Subparagraph 2 of Section 25, Part Two of the Law on Associations and Foundations stipulates that when establishing an association, the purpose of the association shall be indicated in its statutes.

In Latvia, the Law on Public Benefit Organisations provides that an association or foundation may be granted public benefit organisation (PBO) status.²⁰

Such status can be obtained by organisations whose activities benefit society and is granted by the State Revenue Service. PBO status means that the state has officially recognised that:

- the organisation's activities provide significant benefit to society and it does not operate solely in the interests of its members or founders;
- the organisation operates in specific public benefit fields, for example, charity, protection of human rights, culture, sport, education, environmental protection, health promotion, etc.;
- its objectives and actual activities comply with the requirements of the Law on Public Benefit Organisations.

Accordingly, the credibility of such organisations can be considered as having been verified, as the state evaluates their objectives and activities before granting PBO status. Donors to organisations with this status are entitled to personal income tax relief for donations. At the same time, such organisations must comply with stricter reporting and transparency requirements compared to other associations and foundations.

? Why must the absence of PBO status not be an exclusionary criterion?

As can be seen in Table 9, only a very small share of NGOs (1,708 organizations) have public benefit organization (PBO) status; however, this does not mean that the choice of an independent monitor should be narrowed only to this circle of organizations out of the total number of NGOs. Organizations that do not engage in fundraising more often decide not to apply for this status due to the administrative burden, yet in substance they carry out public benefit activities. For example, an organization that does not have this status but represents the interests of a socially vulnerable group (e.g., parents of children with disabilities); an organization whose activities are related to issues of public importance – such as the protection of human rights, accessibility of health services, promotion of access to education, etc. Likewise, organizations that represent the interests of residents of a single neighbourhood, village, or city will not always be considered member-benefit organizations; it is important to assess whether their activities are aimed at addressing matters of public significance, for example, solutions for the urban environment, improving the quality of life of neighbourhood residents, or infrastructure solutions in a particular area. Usually, the public benefit of such NGOs' activities is evident to society because the work is public.



Important! Although Transparency International notes that organisations implementing IPs should work in the areas of social and economic development,

²⁰ Public Benefit Organizations Law, available here: <https://likumi.lv/ta/id/90822-sabiedriska-labuma-organizaciju-likums>

such a mandatory criterion would not be applicable in Latvia, as it would significantly narrow the pool of potential independent monitors.

So how can one distinguish whether an organization operates in the interests of the wider public? Table 10 describes the most typical indicators used for this distinction. NB! The examples mentioned in the table describe different types of NGOs, but they do not indicate whether specific organizations can implement an integrity pact (IP).

Table 10: Indicators for distinguishing organisations that represent the interests of the broader public from organisations that operate in the interests of their members

Type of NGO	Indicators:	Examples*
Organisation operates in the public interest	<ul style="list-style-type: none"> ➤ the purpose stated in the organization’s articles of association is to act in the interests of the wider public and to address issues of public significance (e.g., in the field of environmental protection, charity, culture and education, protection of the rights of vulnerable persons, etc.); ➤ the organization can demonstrate activities/projects aimed at public benefit and showing the organization’s work in the public interest; ➤ the members are natural persons, or the majority of members are natural persons; ➤ the members are other NGOs, or the majority of members are other NGOs whose purpose is to serve the interests of the wider public; ➤ joining the NGO is not restricted by additional limiting/excluding requirements (except in the case of representatives of vulnerable groups, where affiliation with a particular group (e.g., Roma or asylum seekers) may be required as a criterion for membership in the association). Affiliation with a particular neighbourhood or city is not considered a restrictive criterion. 	Association “Rīgas Apkaimju alianse” Transparency International Latvia Association “Rīgas pilsētas “Rūpju bērns” Association “Latvijas Lauku forums” Association “Ulbrokas vidusskolas atbalsta biedrība”
Organisation operates in the interests of its members	<ul style="list-style-type: none"> ➤ the purpose set out in the organization’s articles of association is to represent the interests of a specific (limited) group of members by providing or ensuring benefits for 	Association “Latvijas Būvuzņēmēju partnerība” Association “Latvijas Būvinženieru savienība”

	<p>the organization's members/founders/management;</p> <ul style="list-style-type: none"> ➤ the organization's activities are aimed at member-benefit activities; the organization acts on behalf of its members' benefit, defending the interests and needs of one field/sector. The fact that an organization has carried out activities for public benefit (e.g., charity campaigns or educational activities) does not make it an organization that operates in the public interest. The objectives set out in the articles of association must be assessed together with the organization's core activities; ➤ the members are merchants, or the majority of members are merchants representing one industry/field of business activity; ➤ the members are natural persons, or the majority of members are natural persons representing one industry/field of business activity or profession; ➤ joining the NGO is limited and restricted by additional excluding criteria (e.g., legal form, affiliation with a particular industry of business activity or professional sector/field, etc.). 	<p>Association "Latvijas autoceļu būvētājs" Association "Latvijas ārstu biedrība"</p>
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Source: Summary compiled by standard authors.



Important! The number of members as a criterion for assessing whether an organization works for the benefit of the wider public is not applicable in the case of Latvian NGOs. The regulatory framework provides that an association may be established by at least two founders.²¹, and such a small-membership organization may be oriented towards providing broad public benefit. The opposite can also be true – an association established by interested parties with a broad membership base may operate only in the narrow interests of those specific members.

In summary, when assessing an NGO's eligibility, the mandatory independence criteria mentioned at the beginning of this chapter should be applied; however, the assessment of the remaining eligibility criteria should be considered comprehensively, without treating any single aspect – such as PBO status or the number of members – as more important than the others.

²¹ Article 23 of the Law on Associations and Foundations stipulates that the founders of an association may be natural and legal persons, as well as partnerships with legal capacity. The founders of a sports organization may also be sports educational institutions within the meaning of the Sports Law, which do not have the status of a legal entity. The number of founders may not be less than two.

Other selection criteria

When selecting an independent monitor, attention should also be paid to other criteria that help assess an NGO's capacity, quality of work, governance, expertise, etc. The selection criteria should be tailored to the needs of the specific situation. For example, if IP monitoring is needed in a procurement related to IT solutions, the organization's experience or ability to analyse issues related to that field may be assessed. Similarly, if monitoring is needed in the field of social services, it would be useful to include criteria that allow an assessment of experience and understanding of that field. Such selection criteria allow not only an assessment of individual organizations' suitability, but also a comparison of the proposals submitted by different NGOs and a well-reasoned choice of the one that best meets the needs of the specific IP project. If the IP is implemented by an association of persons (a consortium established by several NGOs), not all selection criteria should necessarily apply to all participating NGOs. The agreement authority has the right to assess which criteria, and to what extent, are applied to each member of the association of persons. Below is a summary of possible selection criteria that the agreement authority may use, adapting them as appropriate to the project's objectives and context.



Important! The selection criteria must not be overly restrictive or exclusionary, in order to encourage NGOs' interest in carrying out IPs and to build NGOs' capacity to implement IPs.

Table 11: Selection conditions for the independent monitor²²

Criterion	Rationale	Where/how to verify
<p>The organisation's previous experience Recognising that in Latvia the group of NGOs with previous experience in implementing IPs is very narrow, at the initial stage the eligibility criteria should be sufficiently broad, assessing experience that:</p> <ul style="list-style-type: none"> - demonstrates the organisation's understanding of the IP's purpose and tasks (for example, whether the organisation has worked on issues of good governance, public participation, or similar issues/topics); 	<p>This criterion will allow verifying that the organisation will be able to implement the IP, that it has the knowledge and skills to carry out similar activities, and/or that it understands issues directly related to the field/sector in which the IP will be implemented.</p>	<p>The organisation submits a description of projects and activities carried out by it and by the experts engaged for monitoring, demonstrating experience.</p> <p>If the organisation does not have sufficient experience and relies in its application on the individual experience of an expert or employee, the CV of the</p>

²² It should be noted that the selection and content of criteria may be limited by the conditions associated with the intended supervisor selection process, therefore the above are only examples that should be adapted to the specific situation.

<ul style="list-style-type: none"> - and/or proves the organisation's activities in a specific field/sector/sphere. <p>Once the IP is a recognised and proven instrument in Latvia, it will be possible to assess whether the organisation has previously implemented projects related to independent monitoring or monitoring of public procurement.</p>		<p>expert/employee may be requested.</p>
<p>The organisation's capacity</p> <p>Capacity can be assessed by checking whether:</p> <ul style="list-style-type: none"> - the organisation has sufficient human resources (for example, at least one or two permanent employees); - the organisation has experience in financial management (for example, administering project budgets, preparing reports, accounting, etc.). <p>Important!</p> <p>If the organisation does not have sufficient experience, its team composition can also be assessed – for example, whether it is planned to engage an expert with relevant experience in project management and/or legal and financial matters. In such a case, experience is attributed to the specific persons involved.</p>	<p>This criterion will allow verifying whether the organisation has the necessary organisational and professional capacities.</p>	<p>The organisation submits a description of:</p> <ul style="list-style-type: none"> - the organisation's governance; - number of employees; - equivalent projects implemented; - the annual report showing its financial position.
<p>The organisation's reputation</p> <p>To establish this, answers can be sought, for example, to the following questions: whether the organisation has been involved in publicly questionable transactions or conflict situations; whether its leaders have criminal convictions; whether the organisation is positively recognised in society and the media.</p>	<p>This criterion will reduce the risk of engaging an organisation that the public does not trust or whose activities and actions do not align with the IP's objectives.</p>	<p>The organisation submits a conflict-of-interest prevention policy or guidelines, or confirms that such a document has been developed (and can be submitted upon request).</p> <p>The organisation's website or social media can be used to look for information about the organisation's activities, values, and objectives (for</p>

		<p>example, what public statements have been made, what opinions have been prepared and provided, what projects or activities have been implemented).</p> <p>The organisation submits a declaration confirming that members of its governing board have no criminal convictions.</p>
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Source: Summary compiled by standard authors.

In addition to the above-mentioned selection criteria, the agreement authority – a state or municipal institution or a state-owned/municipal company – may take into account an NGO’s attitude towards fulfilling obligations to the state. A significant signal may be whether the NGO has no tax debts, has submitted annual reports on time, and, where applicable, has submitted public benefit organisation reports. Assessing such factors helps reduce the risk that organisations which do not comply with legal requirements or do not act responsibly become involved in implementing the IP.

The agreement authority may also assess the length of the organisation’s operation – this criterion makes it possible to evaluate the organisation’s track record and gain confidence in its sustainability and experience. This assessment criterion becomes important where the monitored project is long-term, meaning that the independent monitor also needs accumulated experience demonstrating institutional stability.

5.1.2. Associations of persons and NGO consortia as IP implementers

Although the number of NGOs in Latvia is large, there are few organisations among them that would be able to implement an IP, because their work is not related to the assessment of legal acts, rule-of-law issues, monitoring methods, and their capacity is not sufficient. Foreign experience also shows that implementing an IP requires many different skills and areas of knowledge, which are usually not concentrated within a single organisation. There are organisations whose members, employees, or engaged experts can understand and monitor public procurement procedures, but they may lack sufficient knowledge in the specific field – for example, construction engineering, development of IT solutions, etc.

! To broaden the pool of organisations that could potentially be involved in Latvia and at the same time strengthen their ability to implement IPs, it would be advisable to promote the practice of implementing IPs through associations of persons (consortia).

Key benefits of establishing an association of NGOs:

- public oversight brings together diverse competencies and knowledge;
- within the consortium, organisations can build their capacity and learn from each other (in the future, this expands the opportunities for each of them individually to be able to fulfil the role of an independent monitor);
- the sustainability and quality of the implementation of integrity pacts are ensured;
- broader public participation is ensured.

For example, an organisation specialising in environmental protection, cooperating with a partner experienced in anti-corruption, could form a strong tandem for implementing an IP in projects related to public procurement – for instance, in the construction of a new airfield or the development of wind farms. Such cooperation makes it possible to combine technical knowledge with integrity monitoring instruments, thereby ensuring comprehensive monitoring of the procurement process. In addition, partnerships of this kind also promote community awareness and involvement, because more organisations can mobilise a broader segment of society and enhance transparency.

5.1.3. Groups of interested persons as IP implementers

In the development of civil society, there is an increasingly common trend that residents wish to engage in socially significant processes even without establishing a formal organisation. For example, a municipal- or state-level infrastructure project may generate increased interest among public activists, but these activists are not members of any civil society NGO. The project idea or the subject-matter of the procurement itself may drive the creation of such a group – meaning that these activists join together without having long-term previous joint activity for the public good; they have not established an association within which to operate and do not wish to do so, but as representatives of the public they want to closely follow the procurement process.

Although in Latvia and other EU countries this approach – implementing IPs through unregistered groups of persons – has not been practised so far, it is nevertheless worth considering. It would broaden society's opportunities to genuinely participate in monitoring processes and would promote participation without creating insurmountable administrative barriers. Such a model would have to be based on special, adapted conditions, because informal groups cannot be subject to all the same requirements as registered NGOs. The most important assessment criterion in such a case would be the interests represented by the group – whether they truly reflect the overall public good rather than the individual goals of a narrow group of persons, for example, a property owner's personal objections to an infrastructure facility. Clearly, such a solution involves both risks and benefits:

The involvement of active enthusiasts in the implementation of IPs should be supported.

If the group of activists is not registered as an NGO, good practice would be to fund it from private sources rather than public resources, due to various heightened risks.

However, it would be important for the agreement authority, where possible, to provide other forms of support, such as free premises where the group can meet for meetings and internal discussions.

Potential benefits:

- **responsiveness** – unregistered groups of natural persons often form quickly and work with strong motivation, because the procurement subject-matter is what brought the group together;
- **local knowledge** – such groups often form around a specific place or topic (for example, activists in a particular neighbourhood or field), and therefore may possess knowledge valuable for a geographical location or a particular sector;
- **promoting public participation** – the opportunity to take part in an IP may encourage greater civic activity and participation.

Potential risks:

- **a heavy administrative burden for the agreement authority.** Because the composition of such a group may change regularly, the agreement authority may face a heavy administrative burden in continuously updating the IP agreement (because it must be concluded with each person – either separate agreements or one agreement signed by all activists), cooperating with the independent monitors, providing answers, or preparing documents. This risk can be managed by concluding one IP agreement among all involved representatives of society while designating one leader (a representative of the group) who undertakes to coordinate and lead all involved persons and who has the rights and obligations to communicate with the agreement authority and/or the contractor.

- **no transparent governance and control system.** Without a clearly defined governance structure (board, decision-making procedure, responsible persons), it is difficult to ensure transparent work by the public monitor and reliable cooperation. There is a solution to this risk: an internal cooperation agreement is concluded among all involved representatives of society (a mutual agreement without participation of the agreement authority), setting out the governance and control system/mechanisms and principles for implementing the IP. The agreement is submitted to the agreement authority.
- **difficulties in obtaining funding and ensuring transparent use of it.** For IP activities to be effective, funding is often needed (for example, expert work, research, public activities). An unregistered group of natural persons cannot open a bank account, receive a grant, or ensure accounting. The risk can be reduced if the institution itself can manage the funding. However, another risk then arises: the objectivity of such monitors may be questioned if decisions on the use of funding are made by the very institution being monitored. The risk can be reduced if the unregistered group *engages experts pro bono* or works *pro bono* itself, or if the funding comes from a third party rather than a public institution.
- **reputation:** it may be more difficult for the agreement authority to be convinced of an unregistered group's neutrality, capacity, or sustainability. There is also a risk that unregistered groups are formed by individuals with conflicts of interest or narrow private interests. To manage the risk in these cases, each involved person may be asked to submit a declaration that there is no conflict of interest and that they will act in the interests of the public good.
- **sustainability:** there is a risk that an unregistered group of natural persons cannot implement the IP in full and that monitoring activities are discontinued prematurely because the persons involved lose interest or can no longer participate for other reasons. Therefore, this model is more suitable for short-term procurements – i.e., those that can be implemented comparatively quickly – rather than over several years.

5.2. How to select an independent monitor?


Two issues are essential in the monitor selection process: who selects the independent monitor (the agreement authority, an independent institution, a special commission, etc.) and through what process the independent monitor is selected (public procurement, cooperation agreement, etc.). In cases where independent public monitoring is proposed by a public institution, it must consider lawful ways to select the independent monitor, as well as how to arrange administrative and financial cooperation, because in such cases the public institution also covers the costs of the independent monitoring.


5.2.1. The institution responsible for selecting the monitor

Experience from other countries to date has mostly been related to cases where Integrity Pacts are concluded for EU fund-financed projects, and national institutions in the Member States have not had to carry out the selection of an independent monitor themselves. However, there may be situations where an IP is initiated for issues not related to EU funds; then the selection of an independent monitor and the form of cooperation become relevant. Below, various possible solutions are proposed, the choice of which depends on the type of project, the agreement authority (institution), and other aspects.

Given that there is no specific legal regulation for implementing IPs in Latvia, overall experience is limited and there is no single institution in which knowledge and experience on this issue is concentrated, it is not useful to prescribe one “best” model for selecting an independent monitor; instead, it is recommended to decide in each case how the selection of an independent monitor should be organised.

Table 12: the institution responsible for selecting the independent monitor

<p>Model No. 1 – the monitor is selected by an institution that is not the agreement authority</p> <p>This model provides that the selection of the public monitor is not carried out by the institution whose procurement or activities will be monitored, but by another independent institution or structure – for example, the project financier, a higher-level institution (in the supervisory hierarchy), or another institution independent of the agreement authority.</p>	
<p> Such a solution is considered the safest and most transparent, as it significantly reduces the risk of conflicts of interest, strengthens public trust, and ensures that monitoring is carried out independently and objectively.</p>	
<p>Benefits</p> <p>Strengthened public trust in the monitoring process Selection of an independent monitor by an institution not linked to the agreement authority will foster trust in the process, as the public will have greater confidence that the monitor was selected objectively and that monitoring will be carried out in good faith, without influence or leniency towards the agreement authority.</p>	<p>Risks and limitations</p> <p>Longer selection process By involving an external institution, the process may become slower (selection, coordination, aligning decisions).</p>

<p>A monitor who has not been selected by the agreement authority feels freer to express criticism, draw attention to problems, and provide recommendations, without fear of losing partner status or future funding.</p>	
<p>Model No. 2 – the monitor is selected by the agreement authority</p> <p>In this model, the institution responsible for selecting the public monitor is the same institution whose procurement or project implementation will be monitored by the independent monitor (i.e., the agreement authority).</p> <p> This solution is usually used when there is no special external/other institution and there is no financier’s requirement that a specific public monitor has already been selected.</p> <p>IMPORTANT! In such cases, an independent selection principle must be applied; it would be advisable for the institution itself to establish a special selection commission involving representatives from other institutions as well, in order to reduce the risk that the public will not trust the selection process.</p>	
<p>Benefits</p> <p>An opportunity to more precisely select a monitor for the needs of the specific project, because the agreement authority knows the specifics, context, and potential risks of the procurement or project best, and therefore can select a monitor with appropriate knowledge, experience, and abilities.</p> <p>Better coordination and more timely cooperation It may be possible to establish communication more quickly, clearly define responsibilities, and develop a functional cooperation model.</p>	<p>Risks and limitations</p> <p>Risk of conflict of interest The agreement authority selects the person who will later evaluate its own actions. This is contrary to the principles of good governance and may weaken the monitor’s ability to express criticism when necessary.</p> <p>Trust and perception risks If the public gets the impression that the agreement authority selected a “convenient” monitor, the legitimacy of the entire IP monitoring may be undermined. Even if the selection is objective, its “internal” nature may raise suspicions of a lack of neutrality.</p> <p>The monitor’s dependence on the agreement authority If the monitor is selected and funded directly by the agreement authority, a situation may arise in which the monitor feels institutionally dependent, which may affect independence –</p>

	for example, by discouraging uncomfortable questions or the highlighting of problems.
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Source: Summary compiled by standard authors.

NB! On 18 September 2025, an expert think tank took place²³, during which it was concluded that:

- 1) it would be advisable for the independent monitor to be selected by an institution that is not the agreement authority. During the think tank, possible options for such institutions mentioned were the Society Integration Foundation (SIF) or the Central Finance and Contracts Agency (CFLA); universities were also mentioned.
- 2) The selection work is more technical (organising the competition, checking candidates) rather than deeply sector-specific; therefore, the institution tasked with selecting the independent monitor does not need expertise in the particular procurement field (IT, construction, etc.).

5.2.2. The process for selecting an independent monitor

The selection process for an independent monitor must be lawful and comply with the principles of good governance, without creating doubts about the substantiation and transparency of the decision taken.

Because there is no legal regulation in Latvia establishing the procedure for implementing IPs, when deciding to use an IP, institutions should in each case separately assess the most appropriate procedure for selecting an independent monitor: public procurement, a grant competition, a co-operation agreement, or an entirely new solution. These are described in more detail in Table 13.

Table 13: selection process for the independent monitor

1) Public procurement	
The public monitor is selected through a public procurement procedure by announcing an open public procurement procedure.	
Benefits:	Risks and limitations:
<ul style="list-style-type: none"> • a clear and understandable procedure that is familiar to state and municipal institutions; • the possibility to engage larger and international NGOs with experience as well. 	<ul style="list-style-type: none"> • An IP should not be regarded as a classic procurement of a public service, because the public monitor is not a “service provider” to the agreement authority, but operates

²³ A think tank was held during the research process, organized by the State Chancellery. Representatives from the State Chancellery, KNAB, CFLA, State Audit Office, Ministry of Environment and Rural Development, Public Policy Centre PROVIDUS, Transparency International Latvia and SIA “Safege” participated in the think tank.

	<p>independently in the interests of society, with the right at its own discretion to carry out monitoring and report violations regardless of the agreement authority's instructions. Interpretations may differ as to whether "purchasing" a monitor is a service agreement at all.</p> <ul style="list-style-type: none"> • A threat to the monitor's independence, because the agreement authority itself sets the criteria and contractual terms, which may create a relationship of subordination and thus runs counter to the IP's objectives and essence. In an Integrity Pact, decisions on the choice of methods and the selection of experts are usually made by the public monitor independently and autonomously. • Limiting NGOs' opportunities – commercial operators (for example, audit firms, legal service providers) may apply, but the service they provide does not correspond to the essence of public monitoring under an IP, because it will always have a commercial nature; at the same time, criteria that would exclude such operators may be challenged from the perspective of public procurement law.
<p>2) Grant competition The independent monitor is selected by launching a grant competition that sets basic criteria, tasks, the financing procedure, reporting on the use of funding, etc.</p> <p>This solution is considered the most appropriate selection procedure, but it requires an appropriate legal framework.</p>	
<p>Benefits:</p> <ul style="list-style-type: none"> • ensures a transparent, open selection that fosters public trust; 	<p>Risks and limitations:</p> <p>there is no clear and uniform (legally established) procedure for how to carry out this process if the agreement authority itself</p>

<ul style="list-style-type: none"> • selection criteria can be flexible and tailored to the specific IP (e.g., skills, reputation, capacity); • a selection committee with different representatives (institutions, NGOs, experts) can be involved, thereby reducing the risk of conflicts of interest; • no direct dependency relationship develops between the agreement authority/selector and the public monitor; • to date this has been the most frequently used form of selecting an independent monitor both in Latvia and in other EU Member States. 	<p>wishes to do so; such a procedure and rules would need to be developed before organising a grant competition.</p>
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3) Co-operation agreement

Under the State Administration Structure Law²⁴, a private person may be authorised through a co-operation agreement to perform a public administration task that does not include the adoption or preparation of an administrative decision.

<p>Benefits:</p> <ul style="list-style-type: none"> • a clear and understandable procedure that is familiar to state and municipal institutions; • there has so far been experience in concluding an IP in this way – this form of co-operation agreement was used in 2005, when Transparency International Latvia concluded a co-operation agreement with the state agency “Jaunie trīs brāļi” and the Ministry of Culture regarding the monitoring of the construction of the National Library of Latvia. 	<p>Risks and limitations:</p> <ul style="list-style-type: none"> • it must be determined exactly what public administration task the agreement authority authorises the party to perform, which may not coincide with the essence of the IP (an IP is public monitoring, not the performance of an administrative task on the agreement authority’s instructions); • it may raise doubts about the monitor’s independence, because the subject of the agreement provides for the agreement authority’s authorisation, liability criteria, and performance control; • there is a close link to a delegation agreement, which could create a subordination-type relationship that is incompatible with an IP; • the essence of an IP requires the monitor’s freedom and the right to
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²⁴ Section 50 of the State Administration Structure Law.

	report violations independently of the agreement authority, but a co-operation agreement may limit this freedom.
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Source: Summary compiled by standard authors.



Important! When developing the Standard, the authors repeatedly consulted experts in Latvia and other countries on the legal aspects of the selection process. We draw attention to the fact that in its opinion to the authors, the Procurement Monitoring Bureau has indicated that in cases where the agreement authority itself selects the independent monitor and also finances the monitoring, such a

process may contain several characteristics of a public procurement agreement; therefore, in the Procurement Monitoring Bureau’s view, a public procurement should be carried out in the process of selecting an independent monitor. Taking this caveat into account, the authors of the Standard invite institutions to assess all the circumstances of the selection process and to consult the Procurement Monitoring Bureau so that the selected procedure complies with the legal framework.

If the independent monitor is selected through a grant competition, the Standard provides a description of how such a competition should be organised. The process provides for several stages, described in Table 14.

Table 14: stages and terms of the grant competition

Stage/activity	Noteikumi
1. Identifying the need	The need is identified for which public procurement(s) a grant competition will be sought and announced, defining the project to be monitored.
2. Setting the selection criteria for the public monitor	Competition rules are developed, identifying the NGO selection criteria and the financing procedure for the IP implementer, as well as the procedure for reporting on the use of funding and the results achieved (both quantitative indicators and impact indicators).
3. A public call to participate in the selection process is announced	To ensure that information about the open selection process is available to a broader circle of NGOs, the call should be published not only on the institution’s (agreement authority’s) website and social media, but also disseminated in other ways, for example: <ul style="list-style-type: none"> ➤ if the agreement authority is a municipality, it could send information to Residents’ Councils (if established), other advisory bodies in the municipality (working groups, councils with public representatives, NGOs registered in the municipality); for projects of national significance, a broader circle of NGOs could also be informed;

	<ul style="list-style-type: none"> ➤ if the agreement authority is a state institution, it could, similarly as in the municipal case, send information to all advisory bodies under its supervision, as well as publish it on its website and announce it publicly so that information about the competition reaches as wide an audience as possible; ➤ information about the open selection process can be sent to so-called “umbrella organisations”, for example, the association “Latvian Civic Alliance”, which brings together a significant number of NGOs and can disseminate this information to its members.
<p>4. Evaluation of results and adoption of a reasoned decision</p>	<p>The submission and evaluation of applications must be determined:</p> <ul style="list-style-type: none"> - NGOs submit their applications (the organisation’s experience, capacity, reputation, conflict-of-interest prevention, etc.). - Applications are evaluated on the basis of mandatory and optional criteria.
<p>5. Decision-making process</p>	<p>The decision-making process must be determined, providing that selection and evaluation are not carried out by a single official or only a technical unit, but that an evaluation commission is established in which, preferably, there are representatives of the agreement authority, external observers (for example, other state/municipal structures, NGO representatives, a member of a public council), and experts without conflicts of interest.</p> <p>The commission’s decision must be documented in minutes, based on the evaluation criteria, with a summary of the reasons why the particular applicant was selected.</p> <p>Each commission member evaluates independently, and the assessments are then compiled jointly. A summary of the selection process and results must be publicly available.</p>

Source: Summary compiled by standard authors.



Are there cases when a public monitor selection process does not need to be carried out?

Yes, there are several situations in which a public monitor selection process is not required:

- **if the IP implementer has already been selected in** another process – for example, if a financing agreement (for example, with the European Commission or another donor) already specifies a particular NGO that will carry out IP monitoring, then there

- is no need to organise a competition – the financier’s choice is considered part of the project structure;
- **if the desire to implement an IP comes from one (or several) NGOs** that themselves have an interest in implementing the IP and have funding for it (i.e., it is financed from private funds).



Important! In this case, the institution has a duty to assess the organisation’s activities, ensuring that there are no risks that could jeopardise the objectivity and independence of IP monitoring and public trust in the process. The institution must ensure that the selected NGO operates within the framework of public benefit, has relevant experience and a good reputation, and that its involvement will not raise doubts about the transparency and integrity of the monitoring process.

5.3. The independent monitor’s main duties and rights

In implementing an IP, the independent monitor plays a special role – it is at the same time a monitor, a representative of the public interest, and a professional expert who must oversee the transparency and integrity of the use of public resources. Therefore, when selecting an independent monitor, it is important to ensure that it not only is capable of carrying out an IP, but that its activities and objectives align with the essence and purpose of the IP. The monitor carrying out the IP must be able to demonstrate high ethical standards and zero tolerance towards conflicts of interest, because one of the greatest threats is precisely conflict-of-interest situations – both actual and perception-based. If doubts arise in the public’s eyes about the monitor’s neutrality, this can undermine both the monitor’s own reputation and confidence in the IP as a whole.

Assessing foreign practice shows that a monitor should:

- **develop clear ethical rules and ensure their consistent observance** – monitors and their engaged experts must act in accordance with an ethics code developed by the organisation, which also includes rules on conflict-of-interest situations;
- **submit declarations of the absence of conflicts of interest**²⁵ – for example, in Italy each employee involved in the monitoring process had to submit such a declaration;
- **develop clear mechanisms for managing conflicts of interest** – the monitor must develop conflict-of-interest management mechanisms that set out steps to be taken if a potential

²⁵ For example, confirming that the monitor has no financial interests (including that the monitor or its employees have not been involved in companies bidding for the agreement, and that the monitor does not receive any benefits – services or perks – from the agreement authority or a bidder), no prior commitments (including that the monitor has not recently worked for or consulted any bidder or the agreement authority, and that the monitor and the NGO it represents have not previously been directly involved in this specific project, for example as a partner or subcontractor), no personal relationships (including that the monitor’s representatives have no close family ties or friendships with members of the procurement commission or bidders, and that there is no professional loyalty or “former colleagues” factor that could influence decisions), no political ties or influence (including that the monitor is not linked to a political party or an official responsible for the specific procurement, and that the monitor’s institution is independent of political funding decisions), and no competing interests (including that the monitor does not participate in similar market projects or benefit if one bidder wins rather than another, and that the monitor does not use any accessible information for commercial purposes).

conflict is identified. This also applies to external experts engaged by the independent monitor, who must comply with the same high ethical standards as monitors.

It is important that the public monitor, its employees, and engaged experts are politically neutral and have no self-interested motives regarding the monitored process, and that everyone involved complies with high standards of professional ethics – especially where access to sensitive or strategically important information is granted.

5.3.1. Duties of the independent monitor

A monitor's duties under an IP may differ from country to country, but among the similar functions aimed at monitoring public procurement, promoting transparency, and encouraging public participation are the following:

1. to monitor the procurement process at all stages – from defining needs to agreement performance;
2. to provide recommendations and comments on procurement documents, procedures, and criteria;
3. to prepare regular monitoring reports and make them available to the public;
4. to inform the public about the project's progress, the monitoring results, and conclusions;
5. to participate in discussions and organise public events in order to promote participation and explain results.

All of the independent monitor's duties are set out in the IP agreement (for more on clauses to be included in the agreement, see Chapter X). One of the most important duties of the independent monitor is to **ensure that the public has access to understandable, timely, and reliable information about the IP**. Informing the public strengthens trust in public processes and allows society to actively follow the implementation of the monitored procurement. This aspect is important not only as an expression of democratic principles, but also as the basis for the quality and legitimacy of monitoring. More on the importance of communication and communication channels is described in Chapter VII.

5.3.2. Rights of the independent monitor

An IP will be effective and achieve its objectives only if the monitor has real, practically usable rights that allow access to information, communication with the parties involved, and freedom to carry out monitoring at all stages of procurement and project implementation. These rights are not a mere formality; they must be clearly defined. They will help not only to better plan monitoring processes, but also to save administrative resources of all kinds. As established when analysing foreign practice, the public monitor's rights are usually set out in the IP agreement. For the public monitor's rights in the public procurement process, see Chapter VIII.

Foreign experience shows that an independent monitor has the following rights:

- **The right to access information.** The monitor has the right to receive all documentation related to public procurement and project implementation, including procurement regulations, agreement, amendments, reports, and communications. This may also include restricted-access information, provided confidentiality is ensured.
- **The right to participate in meetings.** The monitor may participate in meetings of the public procurement commission and procurement planning meetings as an expert (not as a commission member).²⁶
- **The right to express an opinion and provide recommendations.** The monitor may provide recommendations, comments, or objections regarding transparency, risks, and non-compliance. These opinions are not binding; however, if they are not taken into account, it is advisable to provide a justification/explanation.
- **The right to communicate with the public.** The monitor may independently publish monitoring reports, give interviews, and prepare explanations understandable to the public about the project's progress, while complying with information protection requirements.
- **The right to protection and withdrawal.** If IP obligations are not observed or monitoring is substantially impeded (for example, information is not provided), the monitor may withdraw from the IP, informing the public and documenting the reasons.
- **The right to define the depth/scope of cooperation.** The monitor itself defines the scope and depth of its monitoring and the areas it will cover – for example, whether agreement will be analysed, site visits carried out, procurement commission meetings reviewed, etc.

EXAMPLES:

Transparency International (TI) **Czech Republic** had an Integrity Pact (IP) agreement with the Ministry of Regional Development. The agreement provided a direct right to obtain all documentation, including confidential information, together with an obligation to ensure its protection. The monitor participated in procurement committee meetings, and lawyers were also involved; they had to be independent of political influence.

In Romania, in one of the IPs where oversight was also carried out by the local TI chapter, in cooperation with the Institute for Public Policy, the monitor's rights were set out in a memorandum of cooperation. The monitors had the right to be involved in all stages of procurement and to submit comments and reports, which the agreement authority could comment on before publication; however, it could not prevent them from being made public if comments were not submitted on time.

5.4. Benefits, costs, and risks for the independent monitor

Implementing an IP is a serious challenge for an independent monitor – it involves benefits, costs, and risks. Responsibility for risk management largely lies with the independent monitor itself; however, some risks related to the independent monitor may significantly affect the achievement of all IP objectives. Therefore, the agreement authority must assess various risks associated with

²⁶ Section 24, Part Two and Section 25, Parts One, Two, and Three of the Public Procurement Law.

the independent monitor and its own ability to reduce the likelihood of risk, where that falls within the agreement authority’s competence.

5.4.1. Risks and their management

Effective and trustworthy public oversight is only possible if potential risks that may affect the work, independence, and reputation of the independent monitor are identified and managed in a timely manner. International experience shows that the independent monitor may face obstacles in accessing information, a lack of cooperation on the part of the agreement authority or the contractor, as well as situations involving conflicts of interest or threats to reputation. Therefore, already at the oversight planning stage it is essential to anticipate possible risks and define specific mechanisms for mitigating them, so that oversight is transparent, professional, and sustainable.

Table 15: Risks for the independent monitor and mechanisms for managing them

	Type of risk	Risk management
1.	<p>Reputational risks related to the independent monitor’s representatives (including external experts) being placed in a conflict of interest, or other violations.</p>	<p>1. Internal ethics guidelines and a conflict-of-interest policy:</p> <ul style="list-style-type: none"> • develop ethics guidelines and clearly communicate them to staff/experts, including a prohibition on cooperating with suppliers or the agreement authority where there is any financial, professional, or personal conflict of interest; and a transparency principle requiring disclosure of all potential conflicts; • introduce a mandatory declaration of interests for all involved experts, to be updated regularly. <p>2. Prior due diligence:</p> <ul style="list-style-type: none"> • before engaging any external expert or consultant, assess their reputation, previous work, and potential conflicts; • verify the expert’s links to companies or institutions involved in the project. <p>3. Mechanisms for addressing conflict cases: introduce a rapid internal mechanism for situations where a conflict of interest or a potential ethics breach is identified: the expert can be replaced; an external assessment can be carried out; and, where necessary, a public explanation of the steps taken can be provided.</p> <p>4. Internal audit and quality control:</p> <ul style="list-style-type: none"> • regularly carry out internal reviews or audits of the monitoring team, especially in large-scale projects; • involve an internal or external ethics monitor or adviser, if the organisation has such capacity. <p>5. Clear communication with the public and partners:</p>

		<ul style="list-style-type: none"> • if suspicions of reputational risks arise, prepare thoughtful, fact-based communications explaining the organisation’s position and the steps taken; • in reputational crises, transparency must be ensured rather than adopting a defensive stance – this helps maintain credibility in the long term.
2.	Failure to identify significant violations in a timely manner during monitoring activities, resulting in negative public backlash regarding the project’s progress and the quality of the oversight.	<p>Risk management mechanisms</p> <ol style="list-style-type: none"> 1. A systematic and planned monitoring process: <ul style="list-style-type: none"> • develop a clear monitoring plan covering all key stages of the project – from identifying needs to the completion of delivery, construction, or service performance; • identify priority risk points: high costs, procurement documentation, evaluation criteria, implementation deadlines, etc. 2. Capacity-building and the team’s professional preparation: <ul style="list-style-type: none"> • engage subject-matter experts (e.g., engineers, financial specialists, procurement lawyers) if the project is highly complex; • provide training for the monitoring team on corruption risks and effective oversight methods. 3. Diversifying the oversight methodology: do not limit oversight to document checks only – include direct on-site observations, interviews with the parties involved, and comparisons with similar projects. 4. Early-warning mechanisms: establish an internal warning system (“red flags”) to help prevent issues before they become violations. 5. Informing the public and the media: <ul style="list-style-type: none"> • if oversight nevertheless fails to identify a violation in time, explain openly to the public why this happened and what improvements will be made going forward; • issue public reports with detailed analysis demonstrating the monitor’s professional accountability and capacity to improve. 6. Introduce internal quality review: before publishing the final report, carry out an internal review (“peer review”), especially regarding findings on violations.
3.	The agreement authority and/or the contractor do not cooperate and do not provide complete information needed for monitoring purposes, which makes it difficult to carry out the monitoring.	<p>Risk management mechanisms:</p> <p>include clear information-sharing terms in the integrity pact, for example: deadlines, formats, and contact persons;</p> <p>hold regular, pre-scheduled meeting formats in which the parties must report on current issues and the progress of the process;</p> <p>document communications (emails, memoranda, minutes) in order to record the quality of cooperation and to evidence any impediments to monitoring;</p>

		<p>conclude a memorandum of cooperation with the agreement authority or another agreement outside the agreement that sets out the obligation to provide information;</p> <p>if cooperation is not ensured over a prolonged period, the public must be clearly informed, explaining how this affects the quality of the oversight. The independent monitor documents difficulties in receiving information in periodic monitoring reports and clearly indicates on what information the conclusions published in the report are based.</p> <p>In cases of prolonged, systematic failure to provide information, the independent monitor must decide on a final remedy – withdrawal from the IP.</p>
4.	<p>“Window-dressing” risk: the agreement authority or the contractor publicly presents the IP as proof of responsible governance while, in practice, not cooperating with the monitor.</p>	<p>Risk management mechanisms:</p> <p>contractual provisions on the порядок of public communication, including a prohibition on using the existence of monitoring for advertising or reputation-building purposes without the monitor’s prior consent;</p> <p>regular public reports by the monitor that independently reflect the quality of cooperation and the results of the monitoring;</p> <p>strategic communication with the media and the public, emphasizing that monitoring is not merely a formality but an active, analytical function;</p> <p>if necessary, a suspension initiated by the monitor or an Integrity Pact termination procedure if cooperation obligations are seriously ignored.</p>
5.	<p>Due to delays in the project or procurement, the monitor is unable to continue its work because the oversight funding agreement cannot be extended.</p>	<p>Risk management mechanisms:</p> <p>plan a time buffer for delivering the IP, and agree on an extension of the monitoring period, if such an extension is still possible for the independent monitor;</p> <p>establish a clear contractual mechanism for unforeseen circumstances – who decides, and how, on the continuation of the monitoring if delays occur;</p> <p>use a modular monitoring approach in which achievable objectives are defined by stages – this helps preserve value even if monitoring of the entire cycle cannot be completed;</p> <p>ensure transparent use of funds and consolidation of monitoring results, so that the need for additional funding can be justified to donors or the agreement authority;</p> <p>reach a prior agreement with the agreement authority or the funder on the possibility of extending funding in the event of objective circumstances;</p> <p>if additional funding for implementing the IP is obtained, conclude an addendum to the IP agreement specifying tasks, obligations, and other terms as needed and appropriate to the specific situation;</p> <p>if additional funding for implementing the IP is not available/has not been obtained, the parties decide on the</p>

		possibilities for continuing cooperation, but there is a high likelihood that the IP will not be continued.
6.	Public opposition or doubts arise regarding the procurement object itself (for example, due to environmental, cultural, heritage, or urban-planning concerns), and as a result the independent monitor is perceived as part of the project (the project's "advocate") rather than as an objective monitor.	<p>Risk management mechanisms</p> <ol style="list-style-type: none"> 1. Clear communication about the monitor's role and boundaries: <ul style="list-style-type: none"> • at the start of the work, clearly define in public communication that the monitor does not assess the usefulness/merits of the project, but monitors the procurement process for compliance with laws, transparency, and ethical principles; • emphasize that decisions on the project's substance lie with the agreement authority, not the monitor. 2. An open and neutral position: <ul style="list-style-type: none"> • avoid comments that could be interpreted as defending or criticising the project beyond the monitor's mandate; • maintain a neutral, fact-based stance – for example, when presenting monitoring reports that focus on procedures rather than the project's content. 3. Proactive public engagement and listening: <ul style="list-style-type: none"> • organise open information events where the public can ask questions about the aims, procedures, and results of the oversight; • where possible, use structured dialogue formats – for example, focus groups or consultative meetings with specific stakeholder groups. 4. Regular, transparent communication channels: <ul style="list-style-type: none"> • provide regular public updates on the progress of the monitoring (e.g., quarterly), highlighting the monitor's objectivity and keeping the public informed; • where possible, provide a short summary in plain language, accessible to residents both online and in printed form. 5. Transparency of monitoring activities: publish the monitoring methodology – what documents are reviewed, what criteria are used, and how issues or signals of potential violations are handled. 6. Responding to public criticism: <ul style="list-style-type: none"> • if suspicions arise in the public about the monitor's impartiality, it is important to respond publicly and respectfully, explaining the monitor's position, the boundaries of its work, and the results delivered; • if necessary, involve a third party (e.g., an academic institution or a civil society platform) that can assess the quality of the monitoring.

Source: Summary compiled by standard authors.

VI COSTS AND FINANCING OF INTEGRITY PACTS

This chapter provides an overview, based on international and Latvian experience, of aspects of planning and financing IP costs. It also includes an example cost calculation and an analysis of potential funding sources. This will help institutions involved in planning, financing and implementing IPs to prepare transparent and realistic financial plans, while ensuring independent and professional monitoring in the public interest.

6.1. Costs of implementing an Integrity Pact

For the monitoring process to be carried out in a high-quality manner – i.e., so that the monitor can track and professionally assess the progress of procurement implementation, inform the public and involve it in monitoring – funding must be earmarked to cover monitoring costs.

The structure of IP costs is not simple – it consists of several components, the most significant of which are **expert involvement** and **communication activities**. International and Latvian experience shows that these two categories can account for more than half of the total budget. Experts' work – in the legal, engineering and financial fields – ensures professional assessment and risk identification, which is a precondition for preventing corruption and for high-quality project implementation. Effective communication with the public strengthens transparency, increases trust and promotes responsible participation.

As shown by experience in Latvia and abroad to date, in addition to the above, implementing an IP may also include the following cost items:

- **Costs for monitoring reports and accountability reports on the use of funding**, related to preparing reports on project progress, identified risks, recommendations and the impact of monitoring. These documents are an essential communication and accountability tool.
- **Reserves and unforeseen expenses**, which serve as a “safety cushion” in cases where additional activities arise during project implementation or deadlines are extended, requiring additional monitoring resources.

In some cases, costs include developing an IP methodology, which is related to IP preparatory work: choosing the legal form, formulating the methodological approach and developing the cooperation mechanism between the independent monitor and the IP funder and/or agreement authority. This cost item may be relevant when an IP project is planned in a country, or in a specific project where there is no prior practice regarding methodology and contractual issues, and it is necessary to develop them for the needs of a particular project.

To facilitate budget planning, Table 16 provides an indicative breakdown of costs based on IP implementation practice. The cost items and their proportions are approximate and may change depending on the needs of a specific project and the available funding.

Expert involvement and communication activities are the most important cost categories because they directly ensure the quality and impact of the IP. Experts provide professional assessments of procurement, construction, financial and legal risks needed to identify and prevent corruption risks. Communication with the public and stakeholders, in turn, helps build trust, promotes transparency and ensures the effectiveness of the IP as a reliable public oversight mechanism.

Table 16: IP implementation cost categories and their approximate share of total costs

Cost category	Description	Approximate share (%)
Expert involvement	Legal, technical, financial and other experts	40 – 55%
Communication and public engagement	Campaigns, public events, public participation	20 – 25%
Monitor’s administrative costs	Staff remuneration, office, administration	15 – 20%
Development of IP methodology*	Preparation, documentation, legal expenses	5 – 10%
Monitoring reports and accountability reporting	Assessments, preparation of reports	5 – 10%
Reserves and unforeseen expenses	Unforeseen work, project extensions	5 – 10%

Source: Summary compiled by standard authors.

**As mentioned above, in practice this cost item will rarely be needed – only in cases where it is necessary to develop a new methodology for the needs of a specific project.*

Examples of how the above cost items are applied, as well as more extensive information on engaging experts, are compiled in Chapter IX.

The effectiveness of an IP depends directly on how actively and professionally civil society representatives are involved. The organisation responsible for monitoring is not merely an intermediary that delegates work to external experts. It must itself assume a leading role throughout the monitoring process. Often, these organisations concentrate unique competence in engaging the public, coordinating monitoring activities and maintaining dialogue with public institutions. As a result, some of the required expertise is already available within the monitoring organisation itself, and its staff are also those who develop the methodology, lead the risk analysis and prepare monitoring reports. Any lack of additional technical or legal knowledge can be compensated by engaging external experts, including from abroad, if this ensures higher monitoring quality.

At the same time, it is important to emphasise that high-quality monitoring is not possible without sufficient and transparent funding. Resources are needed not only for external experts but also for the operation of the monitoring organisation itself, including management, remuneration of responsible staff and office maintenance. These costs must be clearly included in the IP budget to prevent a situation where the monitoring institution is placed in a dependent or weakened position. It is also important conceptually to distinguish administrative costs (e.g., accounting) from management of the monitoring process: the manager who coordinates experts' work, maintains liaison with the agreement authority and decides on situations requiring strategic action performs an essential monitoring function that cannot be classified as administrative support.

6.2. Cost calculation methodology

There is no single formula for calculating IP costs; however, in practice recommended benchmarks have developed that help estimate a possible IP budget in line with the scope and complexity of a particular project.

An analysis of 14 IP examples implemented under the EU pilot project shows that IP costs ranged from EUR 140,000 to EUR 695,000 per project; the average IP cost was EUR 440,000.

The cost of one IP project in relation to the monitored project's costs falls within the following ranges:

- 15.5% to 83.9% for agreement with a value below EUR 4 million;
- 1.8% to 3% for agreement valued at EUR 10 – 25 million;
- 0.2% to 0.3% for agreement with a value above EUR 100 million.

The average IP-to-project cost ratio in these projects is very high – 13.9%. This is because 5 of the 14 projects are small (costs < EUR 4 million), where the IP/project cost ratio was 15.5% – 83.9%. For this reason, the median value is more useful for IP cost planning, i.e., the number that lies in the very middle of the series of assessed cost values and is not affected by projects with particularly low or high costs; for the 14 projects mentioned it is **2.2%** of the monitored project's costs.

In Latvia's experience, IP costs are lower in absolute financial terms, but their ratio to project costs is similar to those described above. IP costs range from EUR 180,000 to EUR 360,000, with an average of EUR 260,000. The IP/project cost ratio is, for example:

- for a project with a agreement value of EUR 12 million – 1.5%;
- for a project with a agreement value of EUR 65 million – 0.5%;
- for a project with a agreement value of EUR 96 million – 0.4%;
- for a project with a agreement value of EUR 270 million – 0.07%.

The above can serve only as a guideline for IP cost planning. Actual IP costs will depend on the characteristics of the specific project and on the number, qualifications and workload of the

experts involved (see the IP cost calculation example in the next section). It can be expected that:

- lower IP costs will be in cases where the project is simple and short-term;
- higher costs will be for large, long-term and complex projects, as well as in cases where monitoring is carried out at all procurement stages (from preparation to implementation and commissioning);
- relatively high costs (as the ratio of IP costs to the monitored project's costs) will be for small monitored projects with costs < EUR 4 million.

Taking into account Latvian and international experience to date, a reasonable benchmark for IP costs is 1 – 2% of the monitored project budget, which also corresponds to international practice.

Minimum project amount for implementing an IP

Given the above information, namely that the average IP budget under Latvian conditions is approximately EUR 260,000 and the recommended IP/project cost proportion is 1 – 2%, it can be concluded that the recommended agreement value from which implementing an IP becomes financially and practically justified is **EUR 13 – 26 million**. Below this threshold, IP costs may be disproportionately high in relation to the project's scale.

6.3. Cost calculation example

To outline the main monitoring cost items, Table 17 presents a hypothetical example of calculating average IP costs for a construction project. The example shows the planned ratio of the IP budget to the procurement agreement value: the recommended range is 1 – 2%. This is a quick, transparent and internationally grounded way to plan an IP budget, ensuring that the funding allocated to monitoring is sufficient while not placing an excessive burden on the overall project budget.

Table 17: example of an average estimate of IP implementation costs

Parameter	Assumption / calculation
Project type	Reconstruction and expansion of a regional hospital (design + construction)
Project budget	16 000 000 EUR
Implementation period	4 years
IP cost share	1.5% of the project budget – corresponds to the recommended 1 – 2% range
Total IP budget	16 000 000 EUR × 1.5% = 240 000 EUR

Source: Summary compiled by standard authors.

Using these assumptions, as well as the proportions of IP budget items described earlier in this chapter, Table 18 provides an IP cost forecast, reflecting the main cost categories in more detail. As can be seen, engaging experts forms the largest share of costs, while IP administrative costs are approximately 15% of the total budget.

Table 18: IP cost budget

Cost category	% of IP budget	Amount, EUR	Explanation
Expert involvement	50%	120 000	Legal, technical, financial and other expert opinions, consultations.
Communication and public engagement	20%	48 000	Campaigns, public events, public participation.
Independent monitor's administrative costs	15%	36 000	Staff remuneration, office, administration.
Development of IP methodology*	5%	12 000	Preparation, documentation, legal expenses.
Monitoring reports and accountability reporting	5%	12 000	Assessments, reporting to funders, preparation of reports.
Reserves and unforeseen expenses	5%	12 000	Unforeseen work, project extensions.
Total	100 %	240 000	

Source: Summary compiled by standard authors.

**As mentioned above, in practice this cost item will rarely be needed – only in cases where it is necessary to develop a new methodology for the needs of a specific project.*

Table 19 provides an example of a possible breakdown of the largest cost item – expert involvement. The number of expert working hours is allocated to a four-year monitoring period; if necessary, it can be redistributed between years while keeping the total budget unchanged.

The expert roles reflect the minimum set of skills indicated by EU and TI guidelines: legal and procurement expertise, technical audit, financial control, data analysis and strategic leadership. The experts' hourly rates are set based on the range of consultancy prices commonly used in Latvia in 2025 (EUR 50 – 80/hour), which includes all remuneration-related taxes depending on the expert's form of employment.

Table 19: detailed breakdown of expert costs

Expert profile	Planned hours	Hourly rate, EUR	Total, EUR	Role in the IP monitoring process
1. IP team leader / senior-level leader	500	80	40 000	Strategic leadership, maintaining relations with

				the agreement authority, escalation of risk issues.
2. Lawyer specialising in public procurement and prevention of corruption risks	300	70	21 000	Legal compliance, review of procurement documents and agreement amendments.
3. Technical expert (civil engineer)	400	60	24 000	Audit of technical specifications, construction schedule and cost compliance; site inspections.
4. Financial analyst	200	60	12 000	Analysis of payment flows, assessment of financial risk and cost changes.
5. Data analyst (open procurement data)	220	50	11 000	Large-scale data analysis, identification of risk indicators (red flags), data visualisation.
6. Construction works supervisor	200	60	12 000	Regular site visits, progress photo documentation, quality checks.
Total	1 820	–	120 000	

Source: Summary compiled by standard authors.

When planning an IP budget, it is important to budget expert costs at market rates, regardless of whether, in a particular project, experts will be engaged as external service providers or will be internal employees of the monitoring organisation. In practice, both solutions are encountered in IP implementation: in some cases it is more effective to engage external specialists (e.g., for technical audit or data analysis), while in others it is better to maintain certain expertise “*in-house*”. However, this choice can often be made only before the IP project itself begins, when there is clarity about the specifics of the work, the required skills and available resources.

Therefore, in financial planning it is essential to use full market rates that include all taxes related to the relevant form of employment. This means: if the expert will be the monitor’s employee, the gross salary plus the employer’s social insurance contributions must be included; if an external service provider, costs with VAT or other taxes according to the applicable regime. Differences may be only in the form of recording remuneration: an hourly rate or a monthly salary. This approach ensures that, regardless of the form of employment, the expert’s work costs are fully covered and there is no need to face unplanned costs or compromises on quality.

In Table 20, total IP costs are shown as the projected cash flow for the entire project implementation cycle. A cash-flow projection by year is useful both for the IP funder and for the entity implementing the monitoring, for budget and work planning in these organisations.

Table 20: IP cost cash flow by year

Year	Stage	% of IP budget	Amount, EUR
1	Preparation and announcement of procurement	35	84 000
2	Start of construction works, monitoring	35	84 000
3	Continuation of construction works, interim audit	25	60 000
4	Handover of the facility, final report	5	12 000
	Total	100	240 000

Source: Summary compiled by standard authors.

6.4. Possible funding sources

When considering possible IP funding models and sources, it should be borne in mind that the type of funding may be linked to the overall IP implementation mechanism, for example whether:

- the IP is applied to an individual project;
- the IP is applied systematically to several projects, based on the type of agreement authority, the specific sector or policy field;
- the IP is part of an international project (for example, applied simultaneously in several countries as part of a single regional investment programme).

Based on international experience to date and *T/* guidelines, possible funding sources can vary – from state/municipal budget funds to crowdfunding, for which the independent monitor itself is responsible. Table 21 summarises possible funding sources and their main advantages and disadvantages.

Table 21: summary of possible funding sources

Funding source	Advantages	Disadvantages
State, municipal and other public sector institutions' budget funds	<ul style="list-style-type: none"> • Stable and timely coverage for the entire IP cycle; • can be integrated with EU financing as national budget co-financing. 	<ul style="list-style-type: none"> • The monitor's independence is threatened if the payer is the monitored institution; • full publication of the agreement and payments is needed to prevent reputational risks.
Contributions from tenderers / the procurement winner	<ul style="list-style-type: none"> • "User pays" principle; • does not increase public budget costs. 	<ul style="list-style-type: none"> • High risk of conflicts of interest; • costs may be priced into the agreement price.
Donor / grant funding (international organisations, donations)	<ul style="list-style-type: none"> • Provides a larger budget and greater flexibility in its use; • can partially or fully cover IP costs. 	<ul style="list-style-type: none"> • Must be aligned with donor priorities; • funding depends on grant cycles.
EU Structural Funds & funds of international financial institutions	<ul style="list-style-type: none"> • Increases investor confidence; • IP costs can be included in eligible project costs or built into the loan budget. 	<ul style="list-style-type: none"> • Administrative burden and special procedures; • funding is often one-off and is strictly limited in amount and time.

Institutionalised funding (e.g., “Social Witness” in Mexico)	<ul style="list-style-type: none"> • Funding is fixed in legislation; • minimal coordination costs. 	<ul style="list-style-type: none"> • Fixed cost rates may limit team size and experts’ qualifications and may constrain innovative approaches.
A dedicated “Civic Monitoring Fund” (Civic monitoring fund)	<ul style="list-style-type: none"> • Sustainable funding for multiple IPs; • flexible financing; • the presence of several stakeholders spreads risks and can increase transparency. 	<ul style="list-style-type: none"> • A fund must be established and managed; • requires government and donor co-financing; • more complex coordination process.
Crowdfunding	<ul style="list-style-type: none"> • Mobilises public support and additional resources for small, publicly “tangible” projects. 	<ul style="list-style-type: none"> • Not yet tested in practice; • requires accounting of donations/donors and limiting donation amounts to prevent the influence of individual donors and conflicts of interest.
Mixed funding model (combination of several sources)	<ul style="list-style-type: none"> • Spreads risks; • flexible use of funding – for example, a donor can fund civic monitoring and the state can fund capacity building (training of stakeholders, methodology development, etc.); • greater budget flexibility. 	<ul style="list-style-type: none"> • Complex administration and reporting between different funders; • different funding sources have different requirements and restrictions.

Source: Summary compiled by standard authors.

6.5. Possible financing models

Assessing the funding sources mentioned above, the following financing models for Latvia are described below:

- 1) public institutions’ budget funds;
- 2) EU funds financing with national budget co-financing;
- 3) a mixed model where the core funding comes from donor funding, while the state/municipality participates through co-financing.

It should be noted that, in addition to these models, a fourth model is also possible: where the source of funding for implementing the IP comes solely from private funds or donor financing, that is, where the social monitor initiates the implementation of the IP and independently secures the necessary funding for it.

In addition, in Latvia there have also been cases where the independent monitor carried out oversight pro bono. However, these were usually exceptional situations involving a very short monitoring process, for example, in the case of the so-called demolition of the Victory Monument.

Each model is described in more detail below. It should be borne in mind that, in each model, it is important to consider the form of contractual relations, how the independent monitor is selected in general, and which institution ensures this, as described in more detail in Chapter VIII of the Standard.

Model No. 1: Public institutions' budget funds + an open IP agreement with the monitor

Structure: funds for monitoring are earmarked in the state budget. The monitor is selected via an open grant call and concludes an IP agreement with a clear, pre-published payment schedule.

Why it works: public funding is the most frequently used and most resilient source; however, independence is guaranteed by full publication of the agreement and by rules that do not allow withholding payments in cases of critical assessments by the funder.

Practical steps: include IP costs as a separate category in the state, municipal, etc. budget (e.g., 1 – 2% of the value of the monitored agreement). Prepare a model agreement template with clauses on the monitor's independence.

Risks/countermeasures: political will may change; in such cases, agreement provisions on advance payment and payments for completed interim results protect the monitor from having funding blocked.

Model No. 2: EU funds financing + national co-financing

Structure: IP costs are included either: in the eligible activities and eligible expenditure of the relevant sector ministry (the EU Funds managing/responsible authority) under an EU Funds Technical Assistance project; or in the eligible activities / eligible costs of a specific EU Funds co-financed investment project/measure.

Why it works: DG REGIO has previously supported financing IPs from EU resources to ensure additional protection of EU funds and the transparency standards required in projects. EU funds financing provides a predictable funding volume and a stable flow.

Practical steps:

- 1) Include the IP as an eligible activity in the Cabinet of Ministers regulations on implementing EU Funds Technical Assistance, so that the responsible authority can include IP costs in its Technical Assistance project. The responsible authority (the sector ministry) may decide on applying an IP, select the investment project, and oversee the monitor's selection; or
- 2) When the responsible authority prepares the Cabinet of Ministers regulations for an EU-funds-financed investment project/measure, include the IP as an eligible activity / eligible cost within that specific project. The EU funds beneficiary is then responsible for applying the IP in its project and selecting the IP monitor.

Independence: Linking EU funds financing through the responsible authority (the sector ministry) ensures full independence of the IP monitoring process over both the agreement authority's and the contractor's actions. If the IP is financed from a specific investment project's funds, independent oversight is more limited because the EU funds beneficiary is both the agreement authority and the IP funder. The monitor also has additional options to report breaches, pressure, or project delays to the institutions overseeing the funds.

Model No. 3: "Civic Monitoring Fund"

Structure: the state pays a fixed annual share into the fund; EU and private donors can attract additional grants. The fund's board is formed by state institutions, NGOs and business organisations.

Why it works: a separate fund provides sustainable, competitively awarded grants for IP projects and reduces dependence on a single funder.

Practical steps: adopt a regulatory framework for establishing the fund (e.g., a dedicated law); develop transparent project selection rules.

Independence: board decisions and grant agreements are published; funding refusals can be reviewed by a supervisory council; annual audits.

Additional benefit: the fund can provide training and a "train-the-monitor" programme, thereby developing the market and reducing long-term costs.

Model No. 4: Mixed model: donor + state or municipality

Possible structure: a donor (e.g., EEA Grants, Siemens Integrity Initiative) funds remuneration of the monitor and engaged experts, while the agreement authority funds public participation and data visualisation.

Why it works: by combining sources, it is possible to cover the full IP cycle and at the same time reduce conflict-of-interest risk. Latvia already has examples where an EU grant is complemented by municipal funding for specific activities (a project in Liepāja).

Practical steps:

- 1) prepare an agreement between the donor and the agreement authority;
- 2) stipulate that donor payments are not linked to the monitor's assessments;
- 3) publish all payments in an open format.

Independence: the payment proportion ($\geq 50\%$ of total costs comes from a source that is not the monitored agreement authority) and transparency about all donors.

These four models, or a combination of them with clearly defined public data requirements and guarantees of independence, ensure that integrity pacts in Latvia will have both financial resilience and a high level of credibility.

Funding sources whose use is not recommended

Fees from tenderers/winners, as well as the agreement authority itself, are not recommended funding sources because:

- they create high risks of conflicts of interest;
- they do not always reduce public-sector costs, because IP costs are often priced into the agreement.

6.6. Funding risks and IP sustainability

To ensure the successful implementation of an IP throughout the project life cycle, it is essential to identify and manage potential funding risks in a timely manner. An IP is a long-term and dynamic form of monitoring whose effectiveness depends directly on the availability of predictable, sufficient and flexible funding. Experience from the EU IP pilot project points to several critical financial risks that must be taken into account when planning and implementing IPs in Latvia.²⁷

Inflexible donor or programme agreements

Several IP examples show that a large part of monitoring costs cannot be flexibly aligned with the project schedule, which in real life often changes. If the initially planned procurement or construction schedule is delayed but the funding period ends, monitoring work may remain unfunded. This risk is exacerbated when:

- the IP is financed from EU Structural Funds technical assistance, which is subject to strict implementation deadlines;
- the agreement does not provide for an automatic extension of the funding period in the event of project delays.

Solution: it is recommended that agreement include a clause allowing the funding to be extended if the implementation of the monitored project is objectively delayed.

²⁷ End-of-Project Evaluation of TI's Integrity Pacts EU Project, page 45.

Project extensions or increases in scope without additional IP budget

Delays in construction or procurement, as well as unplanned increases in the scope of work, increase the duration and intensity of monitoring. If such circumstances are not covered by an additional budget, risks of reduced quality or incomplete monitoring arise in IP implementation. In some EU projects, project extensions were up to one year, but IP funding was not adjusted proportionally.

Solution: it is recommended to include at least a 5 – 10% reserve in the IP budget, to be used if the project deadline is extended or the scope of work increases unexpectedly.

Discontinuation or non-implementation of the IP

There are situations in which an IP cannot be implemented, for example:

- the agreement authority refuses to sign the IP;
- the tender procedure is cancelled or significantly restructured;
- insurmountable trust or competence issues arise between the monitor and the agreement authority.

In such cases, IP implementers may have already invested significant preparatory resources (legal analysis, consultations, strategy development) that are not reimbursed.

Solution: consider the possibility of establishing two-stage funding:

- phase A – preparation, funded separately (even if the IP is not implemented);
- phase B – implementation, which begins only after formal approval of the IP.

It is also necessary to stipulate contractually in which situations the monitor is entitled to unilaterally discontinue participation in the IP without losing funding for work already performed.

6.7. VAT regime

The application of value added tax (hereinafter – VAT) in service agreement depends primarily on whether the monitor organisation is registered as a VAT payer. If it is a VAT payer, VAT is indicated on all issued invoices. If not, invoices to the funder will be issued without VAT.

In grant programmes, including those financed by the EU, VAT eligibility (i.e., the possibility to receive a grant also for the VAT part of costs) usually depends on whether the grant recipient can recover from the state the VAT paid during the IP project, for example for VAT-taxed fees to external experts, purchases of IT equipment and software, rent of premises, etc. If the grant recipient is a VAT payer and can recover the VAT paid to suppliers from the state, VAT will most likely not be co-financed from grant funds.

It should be taken into account that under Latvian legislation, NGOs also must become VAT payers if their annual turnover from economic activity exceeds EUR 50,000. Considering the typical scale of an IP project in Latvia (on average EUR 240,000), the organisation carrying out the monitoring may be forced to register as a VAT payer even if it was not one before the start of the IP project. The VAT-related risks are summarised in Table 22.

Table 22: most common VAT risks in IP implementation in practice

Risk	Consequences	Solution
The monitor does not budget for VAT but becomes a VAT payer during the project.	The available budget decreases; VAT must be covered from own funds.	VAT should be budgeted as a separate line item already at the agreement signing stage.
The funder does not recognise VAT as an eligible cost.	The amount of funding decreases; conflict with the funder.	Agree in advance on VAT eligibility in an annex to the agreement.
VAT is posted incorrectly or declared incorrectly.	Risk of fines for the monitor.	Ensure engagement of a VAT consultant or review the accounting policy before starting the IP.

Source: Summary compiled by standard authors.

Summary: how to deal with VAT in IP projects:

1. the agreement must clearly provide whether VAT will be applied, whether it will be reimbursed and who bears it;
2. VAT must be included in the budget as a separate line if it is not recoverable;
3. monitoring organisations must carry out a self-assessment of VAT impact – whether the IP project may create an obligation to obtain VAT payer status;
4. the funder must ensure that the chosen VAT treatment complies with both Latvian and EU legislation.

It is recommended already at the agreement signing stage to agree on:

- the application of VAT and the procedure for covering it;
- in the case of a grant agreement – whether the VAT amount will be considered eligible expenditure.

VII COMMUNICATION ON THE IMPLEMENTATION OF THE INTEGRITY PACT

Communication within the IP plays a central role; therefore, this Standard devotes a separate chapter to it. It is not an auxiliary function in project implementation, as it might be in projects where an IP is not used. The central role of communication is justified by the aim of providing the public with the information that is important to it about project implementation and of providing all information that creates confidence that the project is being implemented as efficiently as possible and in the best interests of society. Openness must cover not only results, but also the procedures introduced, to guarantee that the project and its monitoring take place in accordance with the agreement, considerations of efficiency and the public interest, and ethical principles. The international anti-corruption organisation *TI* in its handbook²⁸ emphasises the importance of well-considered communication as an important prerequisite for successful cooperation among all parties and for project implementation. Successful communication is possible only when all parties take part in it – the agreement authority, the contractor, and the independent monitor.

7.1. Internal communication

For successful implementation of an IP, it is important that the parties agree on internal communication: how information circulates among the participants during monitoring; who the contact person of each party is; what the format for requesting and receiving information is; the procedure for access to documents; and confidentiality terms. The parties agree on these internal communication matters before signing the IP.

Table 23: an example of how internal communication issues are regulated in an IP agreement

3. General principles of project monitoring:
3.2. The Parties agree that they will not create any obstacles to the performance of the Agreement, including not requiring that information be reviewed only at a specific location and not imposing a prohibition on copying (photographing) documents.
3.3. Information shall be requested and provided electronically without a secure electronic signature, if the requested information is available in electronic form. Information shall be provided within three working days, unless the Project Implementer reasonably sets a longer

28 Greco A., *The Integrity Pact. Harnessing collective action for good governance and business integrity in public procurement*. IT, 2024.

time limit for providing the information, but not exceeding seven working days. Information that can be consulted only on site shall be deemed to have been provided within the time limit in which the possibility to do so has been communicated.

3.4. The Project Cooperation Partner is informed that documentation and information related to the implementation of the Project may have been assigned the status of restricted-access information by law or by decision, and undertakes not to disclose such information, as well as to comply with all conditions set out in the Public Procurement Law, including not disclosing information that has the status of a commercial secret.

3.5. The Project Cooperation Partner confirms that the persons involved in the performance of the Agreement have been informed that they may process restricted-access information and personal data, and that unauthorized disclosure thereof may give rise to administrative liability and criminal liability.

3.6. The Parties may agree on the provision of information electronically, using an information technology resource controlled by the Project Implementer and information protection measures in the electronic environment, including ensuring the protection of information with a secure password. The Parties may agree that certain types of information are to be consulted at a specific location due to the specifics of the information (storage format, volume, original document).

3.12. The Parties agree that meetings held within the framework of the Project may be minuted. The minutes shall be coordinated and signed by a representative of each Party. The minutes shall be issued to each Party.

4. Obligations of the Project Implementer

4.1. To ensure that the Project Cooperation Partner has the opportunity to freely access any information in the possession of the Project Implementer that is related to the Project.

4.2. The Project Implementer informs the Project Cooperation Partner of the responsible employees designated by the Project Implementer who ensure the implementation of the Project by submitting a list of these persons. Any changes to this list shall be communicated within two weeks after they are made;

4.3. To ensure that the Project Cooperation Partner has the opportunity to participate in all meetings of the Project's procurement commission or other meetings related to the Project;

4.4. To ensure that, upon a relevant request and at a time agreed by the Parties, the Project Cooperation Partner may inspect the originals of the documents referred to in Clause 4.1;

4.8. To ensure that the Project Cooperation Partner, without any additional agreement or consent, is entitled to access information containing commercial secrets directly related to the Project, by signing an undertaking not to disclose such information.

5. Obligations of the Project Cooperation Partner [independent monitor]

5.4. Not to disclose to third parties any commercial secret obtained during the course of the Project, except to law enforcement or other authorities to the extent necessary to inform them of a possible violation in the implementation of the Project;

5.5. Within the scope of its tasks, to use only secure means of communication to transmit, transfer and disclose information and personal data;

7. Other provisions

7.3. The provisions of the Agreement regarding restricted-access information have no time limit and are not subject to the term of the Agreement.

7.6. The Agreement is generally accessible information. Each Party is entitled to publish it on its website. If the Agreement is translated, the Parties shall agree on the wording of the translation before publication.

Source: Agreement concluded by Transparency International Latvia and the Riga state city municipality to monitor the procurement “Routine maintenance of transport structures in Riga from 2024 to 2029” process <https://delna.lv/wp-content/uploads/2024/06/RD-IP-Ligums-web.pdf>

7.2. Communication with the public (external communication)

Given that the significance of an IP is closely linked to much broader public information, engagement, and trust in the procurement process, this Standard pays greater attention to external communication. Communication activities in IP implementation concern all parties involved.

7.2.1. The independent monitor and communication

For the independent monitor, communication with the public about IP implementation is one of the most important tasks and the rationale for the need for an IP, because the purpose of monitoring is to be society’s “eyes and ears” that follow project implementation. Therefore, communication with the public about the course of the project and the monitoring will be ongoing from the monitor’s side, periodically reporting on the monitoring process, progress, observations, involving the public in various discussions, organising informative events, etc.

7.2.2. The agreement authority and communication

Given that the independent monitor will be in ongoing communication with the public, the IP also imposes an obligation on the agreement authority to communicate with the public in much greater detail, explaining the agreement authority’s decisions and actions, responding to the monitor’s findings, etc.

Table 24: the most important messages of the agreement authority to the public to justify an IP

Communication objectives:	1. Public trust	2. Reduction of corruption risks and effective use of public funds	3. Civic participation
Message	The Integrity Pact (IP) promotes transparent and fair decision-making in the project's procurement and related decisions. It is important for the agreement authority that the public can follow the procurement process and the agreement authority's actions aimed at serving the best interests of society.	An independent monitor oversees the procurement process and publishes its findings, ensuring that the procurement is implemented in the public interest. The independent monitor supports the agreement authority by helping to achieve a good outcome.	Public opinion and participation are important: residents have the opportunity to follow information about the procurement process and to report any suspicions or uncertainties; these will be reviewed and taken into account.
Expected result:	Increased public willingness to support the procurement-related initiative, and enhanced trust in the agreement authority, as the use of the Integrity Pact (IP) demonstrates that the agreement authority considers it important for the process to be fair, open, efficient, and visible to the public.	The agreement authority demonstrates practical risk-mitigation mechanisms rather than empty promises.	Dialogue with the public rather than one-way communication. The agreement authority supports public engagement activities organised by the independent monitor through its participation and by providing information.

Source: Summary compiled by standard authors.

7.2.3. The contractor and communication

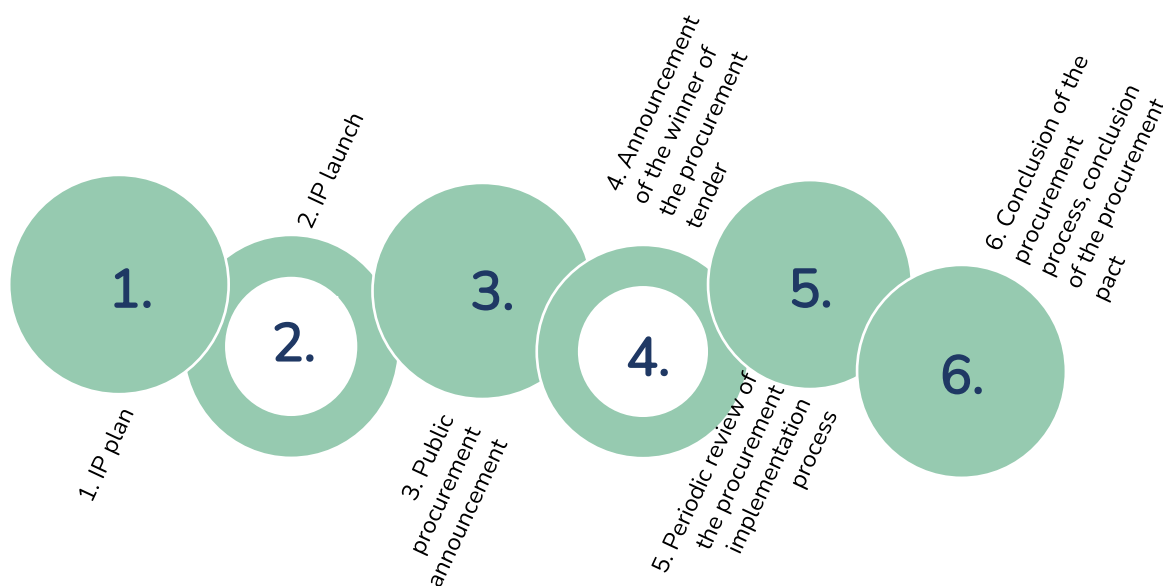
It should be taken into account that the contractor will also have to provide information to the public comparatively more often directly (press conferences, other events) and provide the independent monitor with information that is important for monitoring directly. Therefore, it would also be important for contractors to familiarise themselves with the communication strategy developed by the independent monitor (its essence is explained below) so that they can prepare in good time and plan their role in it.

7.3. Key issues of the communication strategy

Experience to date with IP implementation shows that independent monitors prepare a communication plan or strategy in good time, and communication thus becomes an important part of the work process for the other IP parties as well. Some of the issues related to communication must be set out in the IP agreement itself. For example, Transparency International Latvia's integrity pact with the Riga state city municipality (2024) states: "The project cooperation partner develops a communication plan, which is coordinated with the project implementer, in order to ensure coherent communication with the public about the project's progress."²⁹

In IP implementation, several stages can be distinguished, and in each of them communication has its own significant role; sometimes communication channels and target audiences may differ. The main stages are summarised in Figure 1 and in the remainder of this chapter.

Figure 1: the main stages of communication in IP implementation



Source: Chart developed by the authors of the Standard

²⁹Agreement between Transparency International Latvia and the Riga City Municipality: <https://delna.lv/wp-content/uploads/2024/06/RD-IP-Ligums-web.pdf>

7.3.1. Communication about the IP intention

Objective: the agreement authority must justify to the public applying the IP to the selected project, demonstrating the IP's added value and benefits, thereby increasing interest in the project and creating support from all involved and interested parties. It should be taken into account that the public overall, as well as other involved parties, most likely does not have sufficient knowledge about the essence of an IP and how it works, and what its benefits are. At this stage, it is important to explain the basic issues and prepare appropriate explanatory materials.

Main target audience: the public, including a specific segment of the public that will be directly affected by the procurement carried out under the IP.

Secondary audience: the government, supervisory bodies, potential donors, business associations, potential tenderers in the procurement competition, potential contractors.

Primary responsibility: the agreement authority.

Tasks:

1. to explain the agreement authority's considerations for using an IP; the essence of an IP;
2. to explain the expected benefits;
3. to explain the next steps for implementing the IP.

Examples of communication channels:

- a public discussion about past public procurements and how their civic monitoring can be strengthened so that society trusts the decisions of public institutions and various risks in procurement implementation are reduced;
- a press conference in which the public institution presents the intention to implement the project, carry out procurements, and also use an IP in this process;
- a presentation to decision-makers and representatives of the agreement authority on the essence of an IP (internal communication), existing practice, and the experience of other countries;
- a press release about the project intention and the planned use of the IP instrument during implementation;
- informative materials explaining the IP process;
- a video narrative about the public institution's intention to use an IP, etc.

7.3.2. Communication about the launch of the IP

Objective: to inform the public about the launch of the IP, the independent monitor who will carry out monitoring, and the public's opportunities to get involved in the monitoring process. The independent monitor must explain to the public how monitoring will be organised, how it will be ensured that it is carried out as high-quality as possible (engaging experts, the depth of scrutiny within monitoring, etc.), how the monitor will guarantee its independent work and

comply with ethical principles. The independent monitor must explain how the public will be able to follow the monitoring activities and get involved in them.

Main target audience: the public overall and the group of the public that the procurement will directly affect.

Secondary audience: potential procurement participants, other interested parties.

Primary responsibility: the agreement authority and the independent monitor.

Tasks:

1. for the agreement authority – to justify the choice of the independent monitor and explain cooperation in the subsequent procurement monitoring process.
2. for the independent monitor – to explain the IP implementation process and explain the public's opportunities to follow the monitoring process and get involved in it.
3. the IP signatories publish the IP agreement and contact persons, as well as informative materials about the IP.

Examples of communication channels:

- a press conference; a press release; video-format explanations by officials about the process and the public's opportunities to participate;
- a website or a dedicated section on a website where all information related to the IP will be published (option to subscribe to updates), etc.;
- infographics about the essence of the IP, a timeline of the specific IP and the expected interim report period (when the public will learn the first monitoring observations), etc.

Main sections of websites created for communication in Integrity Pacts implemented in the EU so far:

- An explanation of the essence of the IP and an explanation of the signed agreement;
- The IP agreement;
- Contact information for inquiries about the IP;
- Channels through which the public can engage in the IP process: to provide information/report concerns or clarify issues important to them;
- Current news about the IP and the monitored project;
- Periodic monitoring reports

Depending on how timely the decision on an IP is taken, there may be a situation where stages 7.3.1 and 7.3.2 separately are not possible, but the public learns about the IP already at the moment when it has been decided who will ensure independent monitoring. In that case, both objectives must be covered – both the agreement authority's explanation of the essence of the IP and the motivation to use this public information and engagement mechanism, and an explanation of how the independent monitor was selected, what its relationship with the agreement authority is, and what actions will be carried out during monitoring.

Source: Summary compiled by standard authors.

7.3.3. Communication about announcing the procurement

Objective: to inform the public and potential suppliers about the announcement of the procurement competition.

Main target audience: the public, potential suppliers, the group of the public that the procurement directly affects.

Primary responsibility: the agreement authority.

Tasks:

1. to inform about the announcement of the procurement competition;
2. to inform about monitoring of the procurement competition under the IP, and to what extent the independent monitor will be involved in monitoring the procurement competition.

Examples of communication channels: a press release; a press conference; a public panel discussion, etc.

7.3.4. Communication about the results of the procurement competition

Objective: to inform the public about the selected winner of the procurement competition and how this will affect IP implementation.

Main target audience: the public, including the group of the public that is directly affected by the procurement.

Primary responsibility: the agreement authority and the independent monitor

Tasks:

1. to present the public with the results of the procurement competition (including the level of competition in the procurement);
2. to present the public with the findings of monitoring of the procurement competition (independent monitor);
3. to present the public with whether the winner of the procurement competition will join the IP (tripartite agreement) or whether the IP will continue bilaterally between the agreement authority and the independent monitor.

Examples of communication channels: a press conference, a press release.

Important! The agreement authority must take into account that the independent monitor usually prepares the first interim report after the procurement competition has concluded, informing

Examples of websites from other countries created to reflect IP implementation:

Poland: <https://paktuczciwosci.pl/>

Bulgaria: <https://integrity.transparency.bg/en/>

Greece: <https://integritypact.gr/to-symfono-akeraiotitas/hronodiagramma/>

Italy: <http://monitorappalti.it/>

Portugal: <https://pactodeintegridade.transparencia.pt/home/>

Romania: [https://www.pactedeintegritate.ro/ro/](https://www.pactedeintegritate.ro/ro;); <https://www.romaniacurata.ro/contracte-curate/en/>;

<https://www.ipp.ro/pactele-de-integritate/>

about the monitoring activities carried out and the findings. The independent monitor should give the agreement authority the opportunity to familiarise itself with the prepared interim report in good time before it is made public. To demonstrate cooperation in the procurement implementation process, it is recommended that the agreement authority participates in the event at which the independent monitor's findings are made public and prepares its own view and explanations.

Source: Summary compiled by standard authors.

7.3.5. Communication about the progress of procurement implementation

From the perspective of communication, this stage is the most intensive and the longest in terms of time, because it concerns the entire procurement implementation process, periodically informing about implementation progress. It should be anticipated that at certain moments it may be necessary to respond to unforeseen situations, where explanatory work may come to the fore.

Objective: to ensure ongoing information about the progress of the procurement process and the rationale for decisions.

Main target audience: the directly affected group and the wider public.

Primary responsibility: the agreement authority, the independent monitor, the contractor (in the case of a tripartite IP).

Tasks:

1. task of the agreement authority – to regularly inform about project implementation progress, decisions taken, changes introduced;
2. task of the independent monitor – to monitor the procurement implementation process and provide an in-depth assessment of implementation progress and the justification for changes, if any; to inform the public about interim monitoring results; where necessary, to consult the public.

Examples of communication channels:

- a dedicated website / a dedicated section on the institution's website where cumulative information about project implementation and activities carried out under the IP is published;
- monitoring reports;
- periodic press conferences about project implementation;
- public engagement activities: public consultations, organised visits to the construction site explaining the project's progress "on the ground" with expert commentary; other innovative methods.

Integrity Pact in the Cagliari city tram line construction project in Sardinia (2014 – 2021)

Main communication tools:

- **Website:** The independent monitor – **Transparency International Italy (TI Italy)** – ran an extensive awareness-raising campaign about the IP before it was signed, giving interviews, taking part in special events and webinars, presenting the IP project, and using a dedicated platform – **monitorappalti.it** – which brings together all information on Integrity Pacts in Italy involving TI Italy.
- **Engagement of students and pupils:** They were introduced to civic monitoring tools and, together, carried out online information searches about the project. Three seminars were organised for this group, where they could learn about transparency of information, open data and the right to information, with practical online information searches. They also mapped stakeholders, identifying different population groups affected by the construction of the tram line.
- **Cagliari School of Civic Engagement and Monitoring (School of civic monitoring):** Regular in-person/remote sessions for residents and NGOs to teach practical monitoring of procurement and construction works.
- **Public engagement experiments:** For example, an experiment on how, using different forms of civic activity, community groups or individuals share methods and approaches for checking how public funding is spent.
- **Public surveys and interviews along the planned route:** A structured questionnaire + open interviews as systematic feedback.
- **Engagement project through photographs: “Prossima Fermata Cagliari”** – a photo study, public storytelling and an exhibition explaining what will change in the city; it included a printed publication, maps, postcards and other materials used to inform the public.
- **Social media and dissemination of updates:** TI Italia used Facebook, Instagram, Twitter, LinkedIn and YouTube, as well as newsletters/news posts about IP progress.
- **Regular phase-based monitoring reports** (design phase: procurement phase: implementation

Source: International experience research report.

7.3.6. Communication about the completion of procurement implementation

The use of an IP in implementing socially significant projects usually stems from the specific objectives of the agreement authority and other IP partners, and it is important, once the project is completed, to assess to what extent they have been achieved. Usually, the independent monitor prepares a final report summarising the main observations, activities carried out, impacts and other issues. It would be useful for the agreement authority to also carry out such an assessment, aligning with the independent monitor’s report (including its own opinion in the final report or preparing one separately) and to evaluate both the monitoring process and the project implementation process, key challenges and solutions, so that the conclusions can be used for systemic improvements (if needed), as well as to strengthen the sustainability of the IP instrument by developing the public administration’s ability to apply it in other projects.

Objective: to assess and explain to the parties involved and to the public the benefits of IP implementation and provide lessons for the future, identifying the next steps to be taken.

Target audience: the public, involved parties.

Primary responsibility: the agreement authority, the independent monitor, the contractor (in the case of a tripartite IP).

Tasks:

1. returning to the agreement authority's main objectives for using an IP in the procurement process, to assess to what extent these objectives have been achieved and define the main benefits;
2. the independent monitor must provide its final assessment of IP implementation, giving an overview of monitoring methods, observations, findings and the necessary systemic improvements, if any have been identified.

Examples of communication channels: presentation of results, discussion, report publication event, and others.

7.4. Monitoring reports

In implementing an IP, the independent monitor has an obligation to prepare regular reports on the main stages of the project and to present them to the public. These reports are one of the monitor's most important tools, providing detailed information on monitoring activities carried out and findings identified. Interim reports usually attract particular public attention. Therefore, it is important that the agreement authority, when planning the communication strategy for IP implementation, takes several key aspects into account.

1. **Monitoring reports must be discussed among the parties involved before publication**, with the discussion model being agreed already at the time of concluding the IP. The independent monitor conducts monitoring autonomously and independently of the agreement authority; therefore, the report reflects the monitor's view. Both the monitor and the agreement authority must have the opportunity to review the prepared report and provide comments, which are then published together with the report. However, the independent monitor is not obliged to obtain the agreement authority's approval for publishing the report. For example, in the Czech Republic, the TI chapter appended the agreement authority's written opinion as an annex to the report.
2. **Monitoring reports must be publicly accessible** – they should be posted on the independent monitor's and/or the agreement authority's website. The publication procedure should be agreed when concluding the IP agreement. Primary responsibility lies with the independent monitor; however, the agreement authority may also publish the reports on its own website to show the public more broadly its work under the IP.
3. **Monitoring reports must be easy for the public to understand.** The independent monitor may decide to develop two types of reports – one intended for the wider public and another that is more technical in content, intended for a professional audience.

7.5. Communication in problem situations and communication ethics

During monitoring, the independent monitor may identify violations, shortcomings or problems that trigger public interest or even broad resonance. The agreement authority must be prepared to respond to such findings quickly and thoughtfully. Already at the time of concluding the agreement, the parties should agree that the monitor informs the agreement authority about the findings before they are made public. It should be recalled that the independent monitor is independent in its assessment, and this requirement provides for informing, not for coordinating.

In a situation where, during the monitoring process, the independent monitor has identified potentially unlawful conduct or a breach, it is important that the independent monitor continues to act independently – i.e., does not become a “cover” for possible violations. At the same time, in such a situation the IP’s objective – building public trust – is seriously jeopardised. However, in such a situation it is particularly important to align institutions’ positions with one another so that the public receives a clear message showing what kind of violations may have been uncovered, and also receives a clear stance from representatives of the agreement authority – what actions they will take to verify this information and act to eliminate the violation itself or its consequences and to reduce risks in the future. Such coordinated, yet open communication (a single voice – demonstrating the responsible conduct of all parties in this situation) helps reduce the risk that public trust is undermined.

In problem situations, communication must be based on three principles:

- **Speed:** the agreement authority must respond to the situation as quickly as possible; a period of silence creates rumours and undermines public trust.
- **Accuracy:** the agreement authority must respond based on facts. If they are not yet available, the steps to be taken should be explained and it should be indicated that information will be provided soon. Once the facts have been established, they must be communicated accurately to the public. In cases of violations, not only an assessment should be provided, but also an explanation of the planned solutions to prevent recurrence.
- **Single voice:** IP participants inform each other before information is made public. In communication with the public, public criticism of partners does not dominate; instead, the responsible conduct of all parties in this situation is demonstrated.

All parties involved in IP implementation must observe principles of communication ethics; namely, communication must be **honest, respectful and responsible:**

- **Honest communication** means not concealing essential information and clearly stating what is known and what is not yet clarified. It helps build public trust and dispel suspicions that the IP serves only as “window dressing”.
- **Respectful communication** involves clear, polite and inclusive communication in which the parties listen to one another, respect deadlines, and do not turn discussions into

personal attacks. Mutual agreement before public statements is important because it helps maintain public trust even when problems arise in procurement implementation.

- **Responsible communication** is timely and accurate communication based on verified facts, compliance with confidentiality, and the equal provision of information to all parties. Mistakes are immediately acknowledged and corrected, and conflicts of interest are disclosed. The IP must not be used for political self-promotion, as this endangers its neutrality and objectives.

VIII LEGAL FRAMEWORK AND REQUIRED CHANGES TO REGULATORY DOCUMENTS

8.1. Legal basis for concluding an Integrity Pact (IP)

With regard to the legal framework of the IP, it is worth distinguishing several key stages of the IP in relation to which the question of the need for additional regulatory provisions may arise.

8.1.1. Procurement (project) selection process

An important component of an IP is the selection of the specific procurement/project to be monitored. For example, in countries such as India, Pakistan, and Mexico, there is regulation providing for the mandatory use of IPs in certain procurements. However, it is also noted that making IPs mandatory may undermine their effectiveness by turning them into yet another formality, potentially also reducing trust in the monitor.³⁰ A more detailed discussion of the process for selecting the project/procurement to be monitored (which is often also linked to the envisaged source of funding) is provided in Chapter V.

At the same time, from a regulatory perspective it is possible to assess whether, in Latvia, this selection process needs to be regulated – for instance, by making IPs mandatory in certain types of procurements. Such a choice could also be made, for example, by the agreement authority or a municipality in its internal regulatory acts. However, this issue should be addressed together with the allocation of appropriate funding and would rather be a political choice. As indicated in the “Corruption Prevention and Combating Action Plan for 2026 – 2027”³¹, Latvia is developing the idea of introducing IPs as a voluntary mechanism for improving integrity in public procurement, especially in EU co-financed projects.³² Such a voluntary approach is supportable.

8.1.2. IP monitor selection process

Another significant stage in the implementation of an IP is the selection of the IP monitor and, accordingly, the legal regulation related to financing the monitoring. The monitor selection process is described in more detail in Chapter V, section 5.2; here, certain legal aspects related to this process are considered.

³⁰About Integrity Pacts: Regulations and policy support <https://collective-action.com/explore/integrity-pacts/about/regulations-and-policy/>; International Experience Research Report, p. 19, available at: <https://www.mk.gov.lv/lv/projekts/administrativas-kapacitates-cela-karte-2021-2027#petijums-par-starptautisko-pieredzi-integritates-paktu-ieviesana>

³¹ October 2025 – project for public consultation.

³² Plan of measures to prevent and combat corruption for 2026 – 2027. Available: https://tapportals.mk.gov.lv/public_participation/2d25fd5c-eeff-48b2-8795-57cd37faed68

As noted in the International Experience Review Report³³, European countries' experience often shows that there is no institutionalised procedure for assessing and selecting NGOs as potential monitors.³⁴ This also applies to Latvia; consequently, the following has not been defined:

- 1) who selects the public monitor (another institution or the agreement authority itself);
- 2) through what process the monitor is selected.

Within the EU pilot project, only grant agreements were used; in one case – Czechia in 2019 – a service agreement was used to implement the IP.³⁵

Looking in more detail at the available options, it can be concluded that, to date, the following approaches have been used in Latvia for selecting a monitor:

- **Grant programmes.** Overall, 7 of the 10 cases of IP implementation in Latvia referenced in the International Experience Review Report were financed from EU funds and thus linked to specific grant programmes.³⁶ In such cases, the grant is usually awarded in accordance with the relevant grant rules, a grant agreement is concluded regarding the funding, and the IP is concluded separately. (See also Chapter V.)
- **Pro bono.** Two of the reviewed cases in Latvia were not linked to funding for the monitor, i.e., monitoring was carried out *pro bono*. In such cases, the main challenge is finding a monitor willing to provide monitoring free of charge, rather than the need to develop a range of criteria for selecting the best monitor (in theory, several monitors could provide such unpaid monitoring, and selection might not even be necessary). In turn, issues related to the allocation of funding are not relevant in this scenario.

In addition, two further solutions should be considered: a public procurement agreement and a cooperation agreement. Each has its own advantages and disadvantages (see also Chapter V).

- **Public procurement agreement**

In practice, a legally complex issue arises if the agreement authority itself wishes to finance the monitoring of its own procurement, because in the case of an IP there is no separate regulation providing clarity on how such a monitor selection process should be carried out and how it could be distinguished, for example, from a public procurement procedure that results in a agreement for procurement audit services,³⁷ or, for instance, procurement support services.³⁸ If the agreement authority both finances and selects

³³ The international experience research report is available here: <https://www.mk.gov.lv/lv/media/22803/download?attachment>

³⁴ *Ibid.*, p. 19.

³⁵ International Experience Research Report. Available here: <https://www.mk.gov.lv/lv/media/22803/download?attachment>

³⁶ *Ibid.*, pp. 150-151.

³⁷ See, for example, the closed tender organized by the Procurement Monitoring Bureau "Performance of pre-inspections of procurements carried out within the framework of the Recovery Fund Plan" (id.No. IUB 2022/3), information: <https://info.iub.gov.lv/?withInflections=true&searchPhrase=true&query=iepirkumu+uzraudz%C4%ABbas+birojs&organizationName=iepirkumu+uzraudz%C4%ABbas+birojs&procurementIdentifier=IUB+2022/3&page=1>

³⁸ See, for example, the open competition of SIA "Rīgas Austrumu klīniskā universitātes slimnīca" "Development of technical and procurement documentation for the oncology patient data sharing platform and KUS adaptations, procurement support and author supervision of development and implementation" (id.No. RAKUS 2024/77K), information: <https://info.iub.gov.lv/?withInflections=true&searchPhrase=true¬iceName=iepirkumu+dokument%C4%81cijas&page=1&procurementIdentifier=RAKUS+2024/77K>; State Chancellery planning notice for the procurement "Development of technical specifications, author supervision,

(chooses) an NGO, there is a high likelihood that this arrangement will be considered to have the characteristics of a public procurement agreement.³⁹ At the same time, it is not clear what process the agreement authority itself could use to ensure a different form of monitor selection – for example, on what legal basis it could organise a grant competition in such cases, which is typically based on a regulatory framework⁴⁰ and is also linked to state aid considerations.⁴¹ It should also be recalled that a situation where the agreement authority finances the IP process itself threatens the monitor's independence; therefore, as already noted in Chapters V and VI, this is not a desirable IP implementation model.

At the same time, if a public procurement procedure is required to select a monitor,⁴² complications arise regarding the possibility to select specifically an NGO representing the public interest for the monitor role, since monitoring by an audit firm or a legal services provider is not equivalent to the public oversight envisaged by an IP, and a agreement with such persons would not correspond to the nature of an IP. Conversely, criteria designed to exclude such economic operators from the procurement could be challenged from the perspective of public procurement rules. Doubts may also arise about the monitor's independence if the agreement authority sets the selection criteria, the payment terms, etc., thereby potentially creating a relationship of subordination and giving the impression that a service is being purchased. In TI's view, IP funding should not come from the participants – i.e., the agreement authority or bidders – but if this cannot be avoided, effective safeguards are needed to preserve the monitor's independence, such as an independent and automatic payment process.⁴³

- **Cooperation agreement (līdzdarbības līgums) and the related conclusion process**
Within Latvia's regulatory framework on public participation in public administration, there is a possibility – pursuant to the State Administration Structure Law (VPIL) – to conclude, for example, a cooperation agreement (for more detail, see section 8.2). A positive aspect is that, in the case of a cooperation agreement, there is a clear procedure for how it is concluded, at least with respect to direct administration institutions;⁴⁴ however, this would not be clear for other entities. Other aspects are also unclear (what function would be delegated, how the monitor's independence would be ensured, etc.). It should also be taken into account that concluding a cooperation agreement will not always exclude the application of public procurement procedures, because it is not the

implementation quality control and procurement support for the project "Implementation of e-government, Unified portal for the development and coordination of draft legal acts, round 2", information: <https://eformsb.pvs.iub.gov.lv/show/03e8d1b5-9503-4d1f-915a-9d6b0a490c05>

³⁹ Section 1, Clause 9 of the Public Procurement Law: procurement agreement - a public construction, supply or service agreement concluded in writing for financial purposes between one or more customers and one or more suppliers.

⁴⁰ For example, Cabinet of Ministers Regulation No. 123 of March 3, 2020 "Procedures for the Implementation of Grant Project Competitions", issued in accordance with Section 9, Part Seven of the International Assistance Law; Cabinet of Ministers Regulation No. 664 of October 22, 2024

"Procedures by which the Ministry of Defence implements project competitions to support the development of military or dual-use products", issued in accordance with Section 5, Part Three of the Defence Industry Law.

⁴¹ See information on current de minimis aid programs: <https://www.cfla.gov.lv/valsts-atbalsta-regulejums>

⁴² Examples of CPV codes: o 98130000-3 Miscellaneous membership services; o 79100000-5 Legal services

⁴³ International Experience Research Report, p. 24, available here: <https://www.mk.gov.lv/lv/media/22803/download?attachment>

⁴⁴ See Cabinet of Ministers Regulation No. 317 of 17 June 2014 "Procedures by which direct administration institutions conclude and publish cooperation agreements, as well as allocate state budget funding to private persons for the performance of state administration tasks and monitor the use of the allocated funding".

type of agreement concluded as a result of procurement that matters. In each individual case, the key question will be whether, in substance, the characteristics of a procurement agreement can be identified. If such characteristics are identified, a breach of the legal acts governing public procurement will be found.

To eliminate uncertainties, it would be advisable to develop a regulatory framework that more clearly defines the process by which an IP monitor may be selected, including in cases where the agreement authority itself wishes to finance the IP process – either by using one of the existing mechanisms or by providing for a new type of procedure tailored specifically to IPs, insofar as this is permissible.

8.1.3. Conclusion of the IP and the monitoring process

As noted above, an IP or an equivalent instrument is not currently explicitly addressed in Latvia's regulatory framework. In this context, it is useful to distinguish two IP-related aspects: one is the IP agreement itself, and the other concerns the agreement arrangements for financing the implementation of the IP.

- 1) The IP, as a agreement or arrangement governing relations between the agreement authority, the non-governmental organisation, and potentially the supplier in relation to the monitoring process, access to information, etc. Its legal status in Latvia is discussed in [section 8.2](#).
- 2) The financing arrangement for the IP, which may either be included in the IP agreement itself or set out in a separate agreement. In Latvian practice, a grant agreement has more often been concluded alongside the IP agreement⁴⁵, which – together with the IP framework – defines the monitor's relationship with the funding provider. Its performance is accordingly governed by the rules associated with the grant framework.

Possible amendments to the regulatory framework:

- If necessary, regulate the selection of procurements to which an IP will apply (including making the use of an IP mandatory for certain categories of procurements). It should be noted that the authors of the Standard do not consider this necessary.
- Define who may carry out the selection of the monitor and under what procedure.

8.2. Legal status of the IP

From a legal perspective, the status of the IP agreement as a legal instrument within Latvia's legal system is also important in practice. At the same time, as already noted, the status of IPs is not regulated in Latvia;⁴⁶ likewise, no Latvian case law has been identified regarding disputes over the implementation of IPs⁴⁷ nor are there noticeable legal discussions on this issue, as this

⁴⁵ International Experience Research Report, pp. 150-151, available here: <https://www.mk.gov.lv/lv/media/22803/download?attachment>

⁴⁶ View court rulings: <https://manas.tiesas.lv/eTiesasMvc/lv/nolemumi>

⁴⁷ For example, references in the Journal "Jurista Vārds":

https://juristavards.lv/arhivs.php?k=viss&s=integrit%C4%81tes%20pakts&d=19/10/25&h_fraze=1

instrument is mostly analysed and described by its implementers themselves.⁴⁸ Consequently, the following observations regarding the place of this instrument in Latvia's legal system are based on a preliminary assessment; at the current stage of legal development, no definitive conclusions can be drawn, and this would need to be regulated normatively in order to ensure legal certainty.

8.2.1. Public participation in public administration in public procurement

When reviewing the legal framework for public participation in public administration processes in Latvia, Chapter VI of the State Administration Structure Law (VPIL), "Public Participation in Public Administration", addresses various forms of public participation, providing that, in order to achieve the objectives of the VPIL, an institution involves representatives of society in its activities (representatives of public organisations and other organised groups, individual competent persons) by including them in working groups, advisory councils, or requesting opinions. Likewise, for example, an institution – observing the provisions of the relevant chapter – may authorise a private person to perform public administration tasks⁴⁹ by an external regulatory enactment or a cooperation agreement.⁵⁰ In addition, when ensuring public participation in its activities, an institution may also use other forms of public involvement provided for in regulatory enactments that are not mentioned in Section 48 of the VPIL.⁵¹ At the same time, neither the VPIL nor procurement regulation nor other regulatory enactments currently provide specific, systematic tools for broader public involvement in the procurement process.

As indicated already in Chapter I, IPs have two main objectives:

- 1) to ensure equal conditions of competition by encouraging companies to refrain from bribery, based on the belief that competitors will also observe the principles of fair play;
- 2) to strengthen good governance, reduce the costs and distortions caused by corruption or inefficiency, and ensure better services for citizens.

Various supervisory institutions are involved in public procurement, such as the Procurement Monitoring Bureau (IUB), the State Audit Office, the Competition Council, and – where EU fund financing is involved – the Central Finance and Contracting Agency (CFLA), etc. Corrupt conduct, in turn, is restricted by regulatory enactments such as the Law "On Prevention of Conflict of Interest in Activities of Public Officials", the supervision of which is carried out by KNAB, together with the functions arising therefrom.⁵² Accordingly, representatives of society are able to report their observations or suspicions to these institutions.⁵³ One of the functions of the State Chancellery is also to promote the development of civil society and public participation, including civic and social dialogue.⁵⁴

⁴⁸ TI Latvia website: <https://delna.lv/lv/integritates-pakti/>

⁴⁹ VPIL 48(1).

⁵⁰ VPIL 49(1).

⁵¹ VPIL 48(4).

⁵² Section 7 of the Law on the Corruption Prevention and Combating Bureau sets out the functions of the KNAB in preventing corruption.

⁵³ Regulation of the Whistleblower Act.

⁵⁴ Cabinet of Ministers Regulation No. 358 of 04.07.2023 "Regulations of the State Chancellery", paragraph 3.9.

Thus, IPs in principle provide support to the aforementioned institutions and help involve society in oversight of the procurement process, and therefore could be regarded as one of the forms of public participation in public administration within the meaning of the VPIL. However, as noted, regulatory enactments do not specifically provide for IPs as a form of such involvement.

8.2.2. The legal nature of the IP agreement

As TI notes, an IP is usually an agreement; however, regardless of its form, ideally it should be a legally binding and enforceable document governed by national agreement, procurement, or administrative law, and it should be underpinned by official declarations emphasising the participants' goals of strengthening transparency and integrity.⁵⁵

An IP is most commonly concluded between the agreement authority, the independent monitor, and the tenderer (in the case of a tripartite IP), or between the agreement authority and the independent monitor. The agreement authority often forms part of public administration, and the forms of action of public administration may be diverse; accordingly, some of its concluded agreements will be public-law agreements, while others will be private-law agreements. It has been noted that where public administration has concluded a agreement with a private person, it is important in practice to determine whether the agreement is a public-law agreement or a private-law agreement, because this determines the applicable legal norms and the dispute-resolution procedure. To determine this, it must be established whether it creates public-law or private-law relationships.

In addition to the above, it should be noted that:

- whether the conclusion of the agreement involves a tender procedure provided for in the Public Procurement Law or another regulatory enactment is not relevant in this case;⁵⁶
- likewise, the legal status of the parties participating in the legal relationship is not in itself decisive for determining the nature of the legal relationship;⁵⁷
- if there is doubt, it should be assumed that a public-law agreement with elements of private law should, overall, be treated as a public-law agreement.⁵⁸ This is because the state's right to act in the sphere of private law must be defined with sufficient clarity. The state primarily operates in the sphere of public law; activity in the sphere of private law is an exception.⁵⁹

In short, upon a preliminary assessment of the nature of the IP agreement in the context of criteria for distinguishing between public and private law, several considerations can be identified, which are summarised in Table 24.

⁵⁵ THE INTEGRITY PACT. Harnessing collective action for good governance and business integrity in public procurement. TI, 2024, p.32. Available: https://files.transparencycdn.org/images/Global-Integrity-Pacts-Publication_18122024.pdf

⁵⁶ Briede J., Danovskis E., Kovaļevska A. Administrative Law. Textbook. Second edition. Riga: Courthouse Agency, 2021, p. 117.

⁵⁷ Ibid., p. 25.

⁵⁸ Ibid., p. 116, where there is a reference to the decision of the Senate Administrative Affairs Department of 01.07.2008 in case No. SKA-453, paragraph 12, and the judgment of 26.09.2012 in case No. SKA-148, paragraph 10.

⁵⁹ Briede J. (ed.) Comments on the Administrative Procedure Law. Parts A and B. Riga: Court House Agency, 2013, p. 32.

Table 24: Arguments in favour of treating the IP as a public-law agreement or a private-law agreement

Criterion for distinguishing	Arguments in favour of public law	Arguments in favour of private law
<p>Subject (exception) theory: Under the legal norm, can such a decision, agreement, or action be carried out only by an entity vested with state authority? If the legal norms provide that it may be carried out only by an entity vested with state authority, then the relevant decision, agreement, or action creates public-law relations (takes place within the sphere of public law). Conversely, if in the specific case such a decision, agreement, or action can also be carried out by a private person, then it takes place within the sphere of private law.⁶⁰</p>	<p>At present, the conclusion of an Integrity Pact (IP) is not regulated by normative acts that would allow defining who is entitled to conclude it. However, in the context of the relations created by an IP – by the will of the legislator – the public procurement process is defined as belonging to public law (even though procurement as such is not always the exercise of a specific public person’s public-administration function, nor is it the case that public procurement procedures are always organised by subjects of public law).⁶¹ It follows that only agreement authorities and utilities providers conducting public procurements are entitled to grant third persons rights to participate in the public procurement process (to observe it, provide recommendations, inform the public about it) or to impose on the supplier and its subcontractors an obligation to accept the IP rules during the procurement process and agreement performance. Any other person in private-law relations cannot do so if they have not been assigned the duty to conduct public procurement. Moreover, oversight of private persons’ private procurements and their processes is not linked</p>	<p>In principle, any private-law person may engage an independent monitor to observe their procurement or other processes in order to reduce corruption risks, inform the public about them, etc. Likewise, with respect to oversight of corruption, competition, and similar matters, a link to public-law relations exists, but there is no delegation of an administrative function, because the purpose of an IP agreement corresponds to the administrative functions of several institutions (KNAB, the State Audit Office, the State Chancellery, the Competition Council, the Procurement Monitoring Bureau, and possibly others). In other words, regulation is lacking to practically consolidate these dispersed functions into a single framework.</p>

⁶⁰ Briede J., Danovskis E., Kovaļevska A. Administrative Law. Textbook. Second edition. Riga: Courthouse Agency, 2021, p. 116.

⁶¹ Judgment of the Administrative Cases Department of the Senate of the Republic of Latvia of 4 April 2022 in case No. A420159119, SKA-226/2022, ECLI:LV:AT:2022:0404.A420159119.7.S, paragraphs 8-16.

	to the purpose for which IPs are established.	
<p>Interest theory: if a legal norm serves the interests of individual persons, it belongs to private law; if it serves the interests of the state or the public at large, it is attributable to public law. (The theory is not complete, because many norms serve both interests.)⁶²</p> <p>Another aspect – the Supreme Court (Senāts) has indicated that “In order to distinguish a public-law agreement from a private-law agreement, the decisive factors are the subject matter of the agreement – which must fall within the sphere of public law – the overall nature of the agreement, and its most important provisions. It is also important to assess the purpose of the agreement (the purpose of a public-law agreement is the efficient performance of state administration functions and the attainment of a public benefit) and to establish whether there is a close link with public-law rights and obligations.”⁶³</p>	<p>The purpose of an Integrity Pact (IP) serves the public interest more than the interests of individual private persons. The essence of an IP is closely linked to more effective performance of state administration functions and to securing a public benefit, by involving society in public administration processes in order to prevent corrupt practices. More broadly, it is connected to principles such as those mentioned in Section 10 of the State Administration Structure Law (VPIL), including that public administration acts in the interests of society, observes the principle of good governance, and has a duty to inform the public about its activities. Thus, if the purpose of a public-law agreement is the efficient performance of state administration functions and the attainment of a public benefit, this also aligns with the purpose of an IP. An IP “is a cooperation mechanism that enables a public institution to cooperate with civil society in order to promote compliance with legal acts in the activities of institutions and tenderers, reduce corruption risks, and enhance public trust.”⁶⁴ If there were no assumption that an IP improves the functioning of public administration and that society derives some benefit from it, the need to introduce an IP would be questionable.</p>	<p>It is possible to draft IP agreement terms that, in practice, create a service-agreement relationship in which an undertaking (the monitor) acts with the aim of making a profit, while the agreement authority seeks to obtain advice on its process. At the same time, it is debatable whether such an agreement would still comply with the purpose of an IP.</p>

⁶² Briede J. (ed.) Comments on the Administrative Procedure Law. Parts A and B. Riga: Court House Agency, 2013, pp. 31-32.

⁶³ Decision of the Administrative Affairs Department of the Senate of the Republic of Latvia of 13 September 2023 in case No. 680024923, SKA-779/2023, ECLI:LV:AT:2023:0913.SKA077923.4.L, paragraph 12.

⁶⁴ TI Latvia website: <https://delna.lv/lv/integritates-pakti/>

<p>Subordination (hierarchical/authority) theory: legal norms that create a relationship of subordination between the state and the individual – allowing the state to impose its will unilaterally – are attributed to public law. By contrast, legal norms that create legal relations based on cooperation or self-determination are attributed to private law. (The theory is not complete, because subordination also exists in private-law relations, and vice versa.)⁶⁵</p>	<p>Conditionally, it could be considered that an Integrity Pact (IP) agreement provides for additional obligations for an undertaking participating in a procurement, if participation in the IP is made mandatory; in that aspect, a relationship of subordination is created. However, this aspect would require further analysis.</p>	<p>An IP agreement corresponds to its nature only if the monitor preserves independence; therefore, subordination relations between the agreement authority and the monitor should not arise.</p>
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Source: Summary compiled by standard authors.

8.2.3. Types of agreements

Depending on which arguments are accepted, there may be two solutions: an IP as a public-law agreement or as a private-law agreement.

Public-law agreement

If the Integrity Pact (IP) falls within the sphere of public law and is regarded as a public-law agreement, it would follow, for example, that disputes concerning the performance of the IP agreement would be resolved in the administrative court⁶⁶, rather than in a court of general jurisdiction. The applicable legal norms may also differ; for instance, the provisions of the Administrative Procedure Law⁶⁷ generally apply to public-law agreements, and public-law agreements are concluded in writing, observing the provisions of the Civil Law and the restrictions laid down in regulatory enactments.⁶⁸

It would also be necessary to determine what type of public-law agreement it is, since the State Administration Structure Law (VPIL) provides for: (1) a cooperation agreement (Section 61); (2) an administrative agreement (Chapter X); (3) a delegation agreement (Chapter V); (4) a participation agreement (Chapter VI). However, the law may provide for other types and conditions of public-law agreements not listed here.⁶⁹

⁶⁵ Briede J. (ed.) Comments on the Administrative Procedure Law. Parts A and B. Riga: Court House Agency, 2013, p. 32.

⁶⁶ Section 103, Part One, of the Administrative Procedure Law (APL).

⁶⁷ For more details, see Briede J., Danovskis E., Kovaļevska A. Administrative Law. Textbook. Second edition. Riga: Courthouse Agency, 2021, pp. 117-118.

⁶⁸ Section 12, Part Two of the VPIL.

⁶⁹ Section 12 of the VPIL.

The IP agreement could not be a cooperation agreement, because such agreements are concluded mutually between public persons. Nor could it be a delegation agreement, because a public person may delegate an administrative task to a private person and to another public person if the authorised person can perform the respective task more effectively, and delegation is also subject to a range of other conditions.⁷⁰

As to whether an IP is to be regarded as an administrative agreement, an examination of its definition shows that an administrative agreement is an agreement between a public person and a private person on establishing, amending, terminating or confirming administrative legal relations.⁷¹ The subject matter of an administrative agreement is an issue within the competence of the respective public person; the agreement is aimed at exercising that competence within the framework of the legal norms governing it.⁷² In essence, an administrative agreement is the same as an administrative act, only expressed in the form of a agreement; its legal definition also covers delegation agreements and participation agreements, but their object and legal regulation differ, therefore they are separate types of public-law agreements. However, when assessing the types of public-law agreements listed in the VPIL, the participation agreement at first glance seems closest to the nature of an IP. A public person concludes such an agreement with a private person in order to promote the private person's participation in state administration, which coincides with the objective of the IP. At the same time, doubts may arise as to whether this condition is met with regard to the tenderer (performer), who is often also a party to the IP agreement.⁷³

According to Section 49(1) of the VPIL, a private person may be authorised, by an external regulatory enactment or by a participation agreement (Section 50), to perform an administrative task⁷⁴ that does not include taking or preparing an administrative decision, if: 1) it is performed for public benefit (non-commercial) purposes; 2) it is expedient to promote public involvement in state administration; and 3) it can be performed at least as effectively

⁷⁰ Section 40, Part One, of the VPIL.

⁷¹ Section 79, paragraphs one and three of the APL.

⁷² Briede J., Danovskis E., Kovaļevska A. Administrative Law. Textbook. Second edition. Riga: Courthouse Agency, 2021, p. 112.

⁷³ Ibid., pp. 114-115.

⁷⁴ "A task related to the exercise of state power and carried out for the performance of state administration functions", cited from: <https://www.mk.gov.lv/lv/media/5369/download>

Additionally, a positive aspect is that in the case of a participation agreement there is a clear procedure for how it is concluded, at least with regard to direct administration institutions⁷⁵ (see

Note that the co-operation agreement format has already been used in Latvia: on 2 September 2005, “Sabiedrība par atklātību – Delna”, the state agency Jaunie Trīs brāļi (J3b), and the Ministry of Culture concluded a tripartite co-operation agreement on the supervision of the construction of three cultural facilities – the National Library of Latvia, the acoustic concert hall, and the Museum of Contemporary Art. Pursuant to Clause 3.1 of this agreement, the Ministry of Culture and the Agency involve Delna in their activities in accordance with the principle of good governance and Section 48, paragraphs one and four of the State Administration Structure Law (VPIL).

also the note above that this does not always exclude application of a procurement procedure). At the same time, in such a case the agreement authority may need to determine which of its administrative tasks it authorises the monitor to perform (which may be difficult to determine), and it may also be debatable whether the monitor is independent in performing such an agreement. For example, the agreement must provide for the parties’ specific liability, criteria for assessing the quality of performance of the task, and – if the subject matter of the agreement is a one-off task – also the results to be achieved;⁷⁶ as well as possible liability in the event of termination of the agreement, the procedure for supervising the authorised person’s activities, and the authorised person’s obligation, by way of recourse, to compensate the public person for losses if the losses arose as a result of the authorised person’s unlawful action or inaction. The close link between this agreement and a delegation agreement is also noted.⁷⁷ The above may raise doubts as to whether a participation agreement corresponds to the essence of an IP agreement, thus prompting consideration of the need to regulate the IP agreement separately.

Given the flexible nature of IPs, their applicability could go beyond the scope of the VPIL and should be viewed more broadly, and no specific legal regulation is identified for such situations. Therefore, although the VPIL contains regulation on public participation in state administration, it may be necessary to define more clearly its linkage with IPs, as this link is currently unclear.

Private-law agreement

If the IP is regarded as a private-law agreement, disputes over it are to be resolved in a court of general jurisdiction; its performance is subject to the provisions of the Civil Law, while observing VPIL restrictions⁷⁸ where applicable. According to the VPIL, with regard to state administration it is stated that a public person operates in the field of private law, inter alia, by entering into transactions necessary to ensure its activities.⁷⁹ Therefore it could be considered that an IP is a

⁷⁵ Cabinet of Ministers Regulation No. 317 of 17.06.2014 “Procedures by which direct administration institutions conclude and publish cooperation agreements, as well as allocate state budget funding to private persons for the performance of state administration tasks and monitor the use of the allocated funding”.

⁷⁶ Section 46, paragraphs 4, 5, 8 and Section 50, part one, of the VPIL.

⁷⁷ Final report. Analysis and recommendations of the transfer of public administration tasks. Evershed Bitāns. 2011, p. 186. Available: https://www.tm.gov.lv/sites/tm/files/2020-01/Documents/lv_jaunumi_1.pdf

⁷⁸ Section 89 of the VPIL.

⁷⁹ Section 87, Part One, of the VPIL.

agreement that helps ensure the operation of a public person. However, no separate procedure for concluding it is identified (usually this is the public procurement regulatory framework).

Possible amendments to the regulatory framework to strengthen legal certainty:

- establish a separate legal framework for Integrity Pacts (IP); or
- include regulation of the IP agreement in the section of the State Administration Structure Law (VPIL) on public participation.

8.3. The independent monitor’s access to information and operation in the procurement process within the framework of an IP

Below, an open procedure procurement process in accordance with the PIL regulation is considered, along with the possible questions that may arise in the course of it in connection with the involvement of the independent monitor, as well as answers to them. By analogy, these answers can usually also be taken into account in other types of procurements. At the same time, each specific situation should be assessed separately.

Table 25: Legal clarifications on the involvement of the independent monitor at various stages of an IP

Procurement process stage:	Question:	Answer:
Procurement planning	1.1. In what capacity does the monitor participate in this process?	Regulatory enactments do not contain specific regulation in the context of IPs, i.e., regarding an expert’s access to information, etc. This is based on the IP agreement. At the same time, Section 18(3) of the PIL provides that the agreement authority may receive consultations from independent experts or institutions, or from suppliers. Therefore, such involvement is in principle not restricted. It must be taken into account that this process is also governed by the agreement authority’s internal regulations, which often provide for the involvement of specific persons at certain planning stages. Accordingly, uncertainties may arise regarding the monitor’s involvement and role in this process before a procurement commission is established. From this perspective, the possibility of defining this more clearly in regulatory enactments could be assessed (see also the next point).
	1.2. How is the issue of access to	This issue must be addressed in the IP agreement (see Chapter X). Usually, the agreeing authority’s internal

	<p>commercial secrets and restricted-access information resolved (procurement preparation stage)?</p>	<p>working information on procurement planning is restricted-access information according to its internal regulations. Issues of commercial secrets will usually not yet be relevant, since no information has yet been received from suppliers.</p> <p>In the context of disclosure of information, the independent monitor itself must ensure that the experts it engages have knowledge about non-disclosure of restricted information, including in public administration. For example, the rules on information protection set out in Section 14 of the PIL. Likewise, for example, under the Law on Freedom of Information (hereinafter – the IAL), an institution ensures that all persons to whom this duty applies are aware of the duty to maintain restricted-access information, unless the law provides otherwise.</p> <p>Persons who process restricted-access information are required to provide a written acknowledgement that they know the rules and undertake to comply with them. It is also provided that if a person unlawfully discloses information that has been classified as restricted-access information, that person is subject to disciplinary or criminal liability.⁸⁰ Where applicable, the Law “On State Secrets” must also be taken into account.</p>
	<p>1.3. How to ensure proportionality between transparency and data protection?</p>	<p>With regard to the protection of personal data of natural persons, all parties involved in an IP must comply with the regulatory framework, which is also provided for in the IP agreement (see Chapter X).</p> <p>More generally, regarding the availability and disclosure of information to the monitor, the applicable regulatory framework and the provisions of the IP agreement must be observed, assessing in each specific case the possibility of publicly disclosing information related to the procurement. The expert’s handling of information at different stages of the procurement process is described in other questions (see, for example, 1.2.).</p>
	<p>1.4. Is an IP applicable to:</p> <ul style="list-style-type: none"> • below-threshold procurements? 	<p>An IP can be applied to all types of procurement methods and procurement agreement types. However, when choosing a procurement, its selection criteria (see Chapter V) as well as objective limitations to applying an IP must be taken into account. For example, if a procurement is conducted in</p>

⁸⁰ Information Disclosure Law, Section 16, paragraphs one and three. See, for example, Criminal Law, Section 95: Disclosure through negligence of a confidential, secret, or top secret state secret. For disclosure through negligence of a confidential, secret, or top secret state secret, if committed by a person who had been warned not to disclose a confidential, secret, or top secret state secret, or for the loss of an object containing a confidential, secret, or top secret state secret, if committed by a person to whom that object containing the state secret had been entrusted, and if this has caused substantial harm; Section 200. Disclosure of non-disclosable information that is not confidential, secret, or top secret information; unlawful acquisition and disclosure of information containing a commercial secret; and unlawful disclosure of inside information of the financial market. (1) For disclosure of such non-disclosable information that is not confidential, secret, or top secret information, if committed by a person who is not a public official and who, in accordance with law, is responsible for safeguarding the information, the punishment shall be deprivation of liberty for a term of up to one year, or short-term deprivation of liberty, or community service, or a fine.

	<ul style="list-style-type: none"> • framework agreements? • service or construction agreements with phased performance? 	<p>emergency circumstances (Point 3 of Section 8(7) of the PIL), it may not be possible either to plan such procurement or to involve an independent monitor. Likewise, if special information-protection requirements apply to the procurement (protected information provided for in the Defence and Security Procurement Law (hereinafter – ADJIL), e.g., a state secret), there will be objective limitations on the persons who may access such information; therefore, the independent monitor may have difficulties ensuring experts and also subsequently sharing this information.</p> <p>As regards construction processes, since, for example, the construction process involves several stages and usually includes planned procurements for both design and construction works and construction supervision (sometimes combining the first two), it is recommended to foresee in good time that the IP covers them all, in order to ensure comprehensive oversight. At the same time, depending on the specific situation, the IP may also be applied only to a part of this process.</p>
<p>Establishing the procurement committee, defining requirements, drafting the agreement, launching the procurement</p>	<p>2.1. Can the procurement monitor observe the work of the procurement committee?</p>	<p>Yes, they can. Under Section 24(2) of the Public Procurement Law (PIL), a procurement committee, in performing its duties, is entitled to invite experts. Accordingly, representatives of an NGO (experts) may be invited in this capacity (the procurement regulation does not provide for the participation of other persons in the procurement process). As a result, the conflict-of-interest restrictions laid down in Section 25 of the PIL will apply to them.</p> <p>Overview of the regulation on experts:</p> <ul style="list-style-type: none"> • the procurement committee is entitled to invite experts (PIL Section 24(2); the Public Service Providers' Procurement Law (SPSIL) Section 29(2); and the Defence and Security Procurement Law (ADJIL) Section 28(3)); • conflict-of-interest restrictions apply to an expert; accordingly, the expert must sign a declaration of no conflict of interest, and also confirm that they will not disclose information obtained within the procurement that is non-disclosable under laws and regulations (PIL Section 25, SPSIL Section 30, ADJIL Section 29).⁸¹ <p>Therefore, in the status of an expert, the monitor may observe the work of the procurement committee, participate in meetings, receive information about bids, etc.</p>

⁸¹ Current explanations on these restrictions should also be taken into account. See IUB Explanation "Current issues of conflict of interest in public procurement" 24.09.2022. <https://www.iub.gov.lv/lv/skaidojums-interesu-konflikta-aktuali-jautajumi-publikajos-iepirkumos>

	<p>2.2. Are amendments to laws and regulations needed to define a specific “expert” status?</p>	<p>Such a need is not apparent, because at this stage the procurement framework already provides for the role of an expert.</p> <p>At the same time, a number of factors restrict the possibility for an expert to become a member of the procurement committee with voting rights:</p> <ul style="list-style-type: none"> • administrative acts cannot be delegated to a private individual, except where this is provided for in an external regulatory enactment;⁸² however, a procurement committee’s decision on the winner is an administrative act;⁸³ • a member of a public procurement committee is a public official⁸⁴, which may create additional burdens and restrictions for the monitor when engaging experts who would be willing to accept such a status; • a procurement committee member bears responsibility for their decision and may be subject to administrative penalties⁸⁵; • overall, such a status could jeopardise the expert’s independence. <p>As another example, Poland can be mentioned, where representatives of the monitor were engaged as committee members without voting rights.⁸⁶ However, according to the explanation provided by the Procurement Monitoring Bureau (IUB), in Latvia a committee member cannot abstain from taking a decision.⁸⁷</p>
	<p>2.3. At what stage and in which document (e.g., the procurement regulations, the invitation to tender) must tenderers be informed that an Integrity Pact (IP) will be applied in the procurement?</p>	<p>It is recommended to inform suppliers in good time, i.e., already in the procurement regulations or the invitation, indicating that an Integrity Pact (IP) will be applied in the procurement. Similarly, the agreement draft should already provide for the conclusion of an IP or set out conditions for the agreement’s cooperation with the independent monitor during agreement performance (see also Chapter X for more details).</p>

⁸² Article 41, Part 3, Clause 1 of the VPIL.

⁸³ For example, the Senate’s judgment of 09.02.2007 in the case SKA-39/2007, the Senate’s judgment of 16.06.2016 in the case SKA-118/2016, also Briede J., Danovskis E., Kovaļevska A. Administrative Law. Textbook. Second edition. Riga: Courthouse Agency, 2021, p. 28.

⁸⁴ Article 4, Part One, Clause 24 of the Law “On Prevention of Conflict of Interest in the Activities of Public Officials”.

⁸⁵ See Chapter XIV of the Code of Administrative Offences in the Field of Public Procurement and Competence in Administrative Offence Proceedings of the Code of Administrative Offences, Chapter XVIII of the Code of Administrative Offences in the Field of Public Procurement and Competence in Administrative Offence Proceedings of the Code of Administrative Offences.

⁸⁶ Baryta, K., Waszac, M., Makowsky, G. "The Integrity Pact. A Civil Society Monitoring of Public Projects. Designing an Integrity Pact and the Contractor Selection", Stefan Batory Foundation, 2020:

https://www.researchgate.net/publication/368449571_The_Integrity_Pact_A_Civil_Society_Monitoring_of_Public_Projects_Designing_an_Integrity_Pact_and_the_Contractor_Selection

⁸⁷ IUB Webinar "Establishment and operation of the Procurement Commission, conflict of interest in procurement", 31.03.2025. Available:

<https://www.iub.gov.lv/lv/jaunums/vebinars-ievirkuma-komisijas-izveide-un-darbiba-interesu-konflikts-ievirkumos-videoieraksts-un-prezentacijas>

	<p>2.4. What should be done if a tenderer refuses to sign the IP? Should the procurement documentation (and if so, how) specify that participation in the IP is not mandatory?</p>	<p>In the procurement regulations, the agreement authority must indicate that an IP will be concluded and, accordingly, the agreement draft may provide for it as a condition of agreement performance, or it may provide for voluntary participation by the supplier, adjusting the procurement documents to the chosen option. Suppliers will be able to decide whether to participate in the procurement and accept the IP, or not to participate. For example, the procurement agreement draft may provide that a condition for the agreement entering into force is also the conclusion of the IP (a suspensive condition, where, if it is not fulfilled, the agreement is deemed not to have been concluded). In such a case, the agreement authority considers that the tenderer has refused to conclude the agreement and turns to the next tenderer.⁸⁸</p> <p>With regard to the regulatory framework, it should be noted that, for example, Italy's anti-corruption law provides that agreement authorities may specify in their notices, including notices of competition or invitation letters, that non-compliance with clauses contained in legality protocols or integrity pacts constitutes grounds for exclusion from the tender.⁸⁹ In Romania, by contrast, tenderers cannot be disqualified if they do not sign the relevant declaration, and the winner may also refuse to participate in the pact. Thus, practice differs.⁹⁰</p>
	<p>2.5. How should IP obligations be incorporated into the procurement agreement so that they also apply to subcontractors (agreement clause, duty to inform them of the pact's content)?</p>	<p>This should be indicated in the procurement agreement draft in the section regulating subcontractors and also, where submission of a declaration (for example, that the person has been informed about the IP) is required in the procurement, by assessing whether it is necessary to require such persons to submit it as well.</p>
<p>Opening and evaluation of tenders; announcement of results</p>	<p>3.1. How is access to trade secrets and restricted-access information addressed (at the</p>	<p>Pursuant to the IP agreement, see Chapter X. As noted above, in a situation where a monitor is engaged, the monitor operates within the procurement committee as an expert and therefore has access to the procurement documents, the tenders, and the course of the procurement. At the same time, under Section 25(3) of the Public Procurement Law (PIL), the</p>

⁸⁸ Section 1562 of the Civil Law, also Cabinet of Ministers Regulation No. 107 of 28.02.2017 "Procedures for Procurement Procedures and Design Competitions", paragraphs 23, 60, etc.

⁸⁹ International Experience Research Report, 22, pp. 111-112, available here: <https://www.mk.gov.lv/lv/media/22803/download?attachment>

⁹⁰ Ibid., p. 23.

	<p>tender evaluation stage)?</p>	<p>expert has signed a declaration that they will not disclose information obtained within the procurement that is non-disclosable under laws and regulations.</p> <p>The expert must take into account that, for example, tenders and applications are not generally accessible information.⁹¹ With regard to tender evaluation, it must be taken into account that the agreement authority does not issue minutes (protocols), except for the minutes of the tender opening meeting, while the evaluation of applications or tenders is ongoing, which must likewise be observed by the expert in relation to the public disclosure of information.⁹²</p> <p>It is also important that, under Section 7(4) of the Freedom of Information Law (IAL), if an institution has received a request for information that constitutes a trade secret, before disclosing such information or refusing to provide it, the institution ascertains the trader's view on compliance with the provisions of paragraph one of this section.</p> <p>It should be borne in mind that disclosure of information included in a tender is a complex issue that gives rise to discussion in practice, and the monitor, together with the agreement authority, must be able to find the right balance in accordance with the applicable regulatory framework and case law.⁹³</p>
<p>Conclusion and performance of the agreement</p>	<p>4.1. What should be done if a tenderer refuses to sign the IP?</p>	<p>See the explanation in point 2.4. If the tenderer's participation in the IP is envisaged as voluntary, the procurement agreement must include provisions on the flow of information with the monitor.</p>
	<p>4.2. In what capacity does the monitor participate in this process?</p>	<p>Upon conclusion of the agreement, the procurement committee – and thus also the expert – ceases its work.⁹⁴ Therefore, at this stage the regulatory framework does not define the monitor's status, and it must be provided for in the Integrity Pact (IP) agreement as well as in the procurement agreement.</p> <p>To prevent uncertainty in cases where the agreement authority has not done so, the possibility of defining this status in the regulatory framework should be considered.</p>

Source: Summary compiled by standard authors.

⁹¹ Section 40, Part Three of the Civil Procedure Code.

⁹² Section 40, Part Four, of the Civil Procedure Code.

⁹³ For example, the judgment of the EU Court of 07.09.2021 in case C-927/19 Klaipėdos regiono atliekų tvarkymo centras, starting with paragraph 96.

⁹⁴ On the two-stage theory in public procurement: Briede J., Danovskis E., Kovaļevska A. Administrative Law. Textbook. Second edition. Riga: Court House Agency, 2021, pp. 27-28; Supreme Court of the Republic of Latvia. COMPILATION OF JUDICIAL PRACTICE IN PUBLIC PROCUREMENT CASES (February 2005 - June 2020). Riga, 2020, p. 12.

Possible amendments to the regulatory framework:

providing for the involvement of the monitor's experts before the procurement committee is established (at the procurement planning stage) in connection with access to information, as well as defining the monitor's status after the agreement has been concluded.

8.4. Managing the administrative burden

Although the aim of an Integrity Pact (IP) is to prevent corruption and increase trust in public procurement, in practice there are often concerns that such an additional oversight mechanism may increase bureaucracy. However, international experience shows that, if introduced thoughtfully, integrity pacts can improve the efficiency of procurements without becoming a burden for institutions. Table 26 summarises a number of recommendations on how to prevent an increase in the administrative burden related to integrity pacts in a timely manner. In addition, various risk management elements are described in Table 2 of Chapter II of the Standard (Risk No. 5).

26.tabula: ieteikumi administratīvā sloga mazināšanai IP ieviešanā

Action area	Recommendation	Practical steps and benefits
Standardisation	Use unified guidelines and templates.	When implementing an IP, rely on this Standard and the solutions it offers (agreement, sample declarations for preventing conflicts of interest, etc.) or on other guidelines, for example those developed by the European Commission together with Transparency International (TI). ⁹⁵ A single IP implementation standard means that each institution does not need to reinvent the process, thereby reducing the burden.
Minimal additional documentation	Consolidated reporting.	It is important to agree with the monitor that they will prepare consolidated reports at a set time interval at key stages – for example, after the evaluation of tenders and after agreement conclusion, etc. – rather than continuously requesting various types of reports. It would be advisable for the independent monitor's views to be included in the public institution's own process reports – for example, by attaching the monitor's assessment to the procurement committee's minutes.
Cooperation with monitors	Define clear cooperation terms with NGO monitors.	Conclude a tripartite agreement with clearly defined roles and an information-exchange procedure. The monitor's involvement is clearly predictable (handling of information, inspections, discussions, reports, and other activities), so there

⁹⁵ Available here: https://files.transparencycdn.org/images/Global-Integrity-Pacts-Publication_18122024.pdf

		is no need to constantly devote additional resources to this oversight.
Efficient electronic communication	Ensure digital availability of data.	It is advisable to agree on the monitor’s ability to access information and open data automatically, so as not to increase the burden through information requests, preparation, and transfer. Instead of the monitor sending formal letters, a digital platform or online collaboration tool can be used (e.g., a shared document repository with access for all parties). This speeds up information flow and reduces the number of formal procedures.
Simplified complaints/reporting mechanism	Introduce a simplified procedure for submitting and reviewing complaints.	It is recommended to create a trusted channel through which procurement participants – or even interested members of the public – can report possible issues to the monitor anonymously or confidentially (offers of bribes, conflicts of interest, etc.). The monitor can investigate or mediate these complaints before they develop into formal disputes.
Focus on efficiency	Focus on high-risk areas.	Assess in which procurements an IP delivers the greatest return. It is recommended to apply an IP to high-risk, high-value, or socially significant projects rather than to every procurement as a matter of routine. This concentrates resources where the potential benefits (corruption prevention, financial savings) are greatest. Such a targeted approach means that IP implementation is not an across-the-board additional layer, but a precise instrument for specific situations.

Source: Summary compiled by standard authors.

IX ENGAGEMENT OF EXPERTS

This chapter explains how professional monitoring capacity is developed and encourages stakeholders to determine in advance how public institutions can ensure cooperation with experts. Engaging experts is an essential component of the quality of independent monitoring.

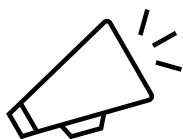
When an independent monitor takes on procurement monitoring responsibilities, it carries out the monitoring not only using its own internal resources available within the organisation, but also by engaging external experts. The purpose of engaging experts is to ensure that the independent monitor is able to professionally, objectively, and comprehensively assess aspects of public procurement, agreement performance, and agreement management that require specific knowledge exceeding the monitor’s core competence (e.g., technical details of construction, the legal framework governing public procurement, environmental impact assessments, financial and risk analysis). Table 27 provides an example of expert tasks in an Integrity Pact (IP) implemented in Bulgaria. Information on experts engaged in Integrity Pacts in Europe to date is summarised at the end of the chapter in Table 28, while those involved in the largest Integrity Pacts in Latvia are listed in Table 29.

Table 27: Task description prepared by TI Bulgaria for the legal and technical expert (in English: Terms of Reference)

Description of the Legal Expert’s Assignment (ToR)	Tehniskā eksperta uzdevuma apraksts (ToR)
<p>Requirements:</p> <ul style="list-style-type: none"> • Higher education in law; • At least 5 years of experience in public procurement, EU funds, or infrastructure projects; • Experience in agreement law, procurement dispute resolution, and the regulatory environment of public administration; • Independence from the agreement authority, the tenderer/bidder, or the project implementers. <p>Main tasks:</p> <ul style="list-style-type: none"> • Analyse the procurement documentation (notice, technical specifications, evaluation criteria); • Provide legal opinions on the procurement procedure’s compliance with EU and national regulations; 	<p>Requirements:</p> <ul style="list-style-type: none"> • Engineering education (road, civil/construction, or railway engineering); • At least 5 years of experience in implementing or supervising similar infrastructure projects; • Knowledge of construction standards, technical regulations, and quality control; • Ability to interpret technical drawings, cost estimates/bills of quantities, and construction progress. <p>Main tasks:</p> <ul style="list-style-type: none"> • Assess the quality of the technical documentation and its alignment with the project objectives; • Participate in site visits and monitoring inspections; • Review agreement implementation progress and provide recommendations on improvements or risks to be addressed;

<ul style="list-style-type: none"> • Assess agreement amendments, dispute situations, and potential conflicts of interest; • Prepare written recommendations and participate in monitoring meetings; • Report to TI Bulgaria on any identified risks or violations. 	<ul style="list-style-type: none"> • Provide technical opinions and contribute to the preparation of monitoring reports.
<p>Joint responsibilities of both experts:</p> <ul style="list-style-type: none"> • Maintain confidentiality and avoid conflicts of interest; • Document and archive all opinions/assessments; • Work independently while coordinating with the TI Bulgaria team; • Ensure that recommendations are practical to implement and clearly understandable for the agreement authority. 	

Source: Transparency International Bulgaria. (2017). Retrieved from https://integrity.transparency.bg/en/wp-content/uploads/sites/2/2017/04/ToR_LegalExperts_FIN_052017.pdf



Important! Engaging experts does not reduce the independent monitor’s responsibility for procurement oversight. Experts are engaged to strengthen the objectivity of monitoring, not to replace the independent monitor’s decisions. Likewise, the engagement of experts is in no way intended to substitute the duties of state or municipal institutions or the work of certified experts. It serves only as support for the independent monitor – enhancing

the objectivity and quality of monitoring – without removing the monitor’s responsibility or decision-making authority.

Composition of the independent monitor’s team:

1. Organisation staff (in-house specialists);
2. Independent technical experts (individual consultants, consulting firms);
3. (In consortium cases) specialists from other organisations.

As noted above in Chapter VI of the Standard, which sets out the financing models for Integrity Pacts (IPs) in detail, expert costs make up a significant share of an IP’s overall budget. Depending on the procurement being monitored, expert involvement may vary – from occasional engagement for individual consultations to in-depth follow-up during service delivery/implementation, as was the case, for example, when monitoring the construction of the National Library of Latvia and agreement the international construction supervision company Hill International for construction supervision.

Although expert costs are the largest cost item, independent monitors acknowledge that this support is essential for them to fulfil their commitment to the public and provide effective oversight. For example, in its final monitoring report on the construction of the National Library of Latvia, Transparency International Latvia (Delna) concluded that the “relatively expensive construction supervision, which until now has not been common practice in the construction

sector, has paid off in the NLL project because the construction supervisor is independent and closely monitors the construction process, thereby promoting construction quality at the site. Oversight of the NLL construction project can serve as a good example and model of how to implement control in construction while ensuring high quality.”⁹⁶ Information on the costs and financing of expert services is described in detail in Chapter VI of the Standard.

9.1. The role, responsibilities and operating principles of experts

Engaged experts serve as support to the independent monitor in addressing specific issues that require in-depth technical, legal, economic, or social expertise. Experts:

- prepare opinions and analyses on specific areas of the procurement process or agreement implementation;
- provide recommendations to the independent monitor on potential risks, non-compliance, or improvements;
- participate in monitoring meetings, working groups, and discussions at the invitation of the independent monitor;
- help formulate technically sound recommendations for monitoring reports;
- may support the substantive preparation of public participation activities (e.g., by explaining technical aspects in language that is understandable to the public) etc.

The opinions provided by experts are advisory, and final responsibility for the monitoring conclusions remains with the independent monitor. To ensure that expert work serves the public interest and strengthens trust in public procurement, cooperation between the independent monitor and the engaged experts takes place in accordance with several principles:

- Experts work under the direction of the independent monitor rather than in direct cooperation with the agreement authority. Experts are part of the monitoring team, which ensures a single line of accountability and reduces the risk that technical assessments could be influenced by interested parties.
- The monitor ensures internal information sharing with experts, agrees on cooperation principles, and documents the experts’ findings and the extent to which they are used in dialogue with the agreement authority.
- Experts confirm the absence of conflicts of interest and follow the procedures established within the IP for identifying and resolving conflicts of interest. This protects the agreement authority from reputational and credibility risks.⁹⁷

⁹⁶ TI Latvia provides an assessment of the implementation of the Gaismas Pils construction project: <https://delna.lv/lv/2013/12/04/delna-sniedz-novertejumu-par-gaismas-pils-buvniecibas-projekta-istenosanu/>

⁹⁷ For example, in the framework of the IP implemented in Poland for the construction of the Żeleznica railway section, the independent monitor Stefan Batory Foundation asked the expert to sign a declaration of absence of conflict of interest: <https://paktuczciwosci.pl/wp-content/uploads/2018/02/o%C5%9Bwiadczenie-brak-konfliktu-interes%C3%B3w.pdf>

- Experts comply with the same confidentiality and non-disclosure rules as the independent monitor. This guarantees that sensitive project information is used only for monitoring purposes.
- Expert opinions are based solely on verifiable facts, regulatory standards, and professional competence.
- An expert refrains from issuing an opinion if the information is insufficient or its reliability is questionable. This ensures the credibility and usability of monitoring reports in public decision-making.
- Experts regularly inform the monitor about the work completed.

9.2. Recommendations for public administration institutions

When concluding an Integrity Pact (IP), public administration institutions are advised to:

- ensure that IP agreements clearly provide for the right to engage external experts;
- ensure access to information for experts while safeguarding confidential aspects.

Typically, experts engaged by the monitor have the same rights as the independent monitor. To ensure that all parties are confident about how an expert’s monitoring activities are regulated, a practical approach is to supplement the IP with a specific clause that extends the expert’s rights – namely, that experts and service providers engaged in monitoring who have signed a declaration of absence of conflicts of interest and confidentiality undertakings have the same access rights as the independent monitor to the extent necessary to carry out monitoring tasks, specifically: (1) access to agreement/project-related documents and data; (2) participation in negotiations and meetings, including on-site inspections of construction sites; (3) submission of requests to obtain additional information. The agreement authority ensures the exercise of these rights to the same extent and within the same time limits as for the monitor. In turn, the monitor has a duty to inform the agreement authority about the list of engaged experts and their responsibilities. Table 28 summarises examples from European countries of how experts have been selected to date and in which fields, while Table 29 provides examples from Latvia.

Table 28: Examples from other countries of expert selection processes and areas of responsibility

IP example	Engaged experts	Expert selection method and cooperation with the monitor
Greece (start year: 2018) Integrity Pact between the TI Greece chapter and the Region of Attica to monitor the project “Construction of a flood-protection	An independent monitoring team consisting of 2 in-house staff and 3 externally engaged experts: a legal	External experts were engaged through an open call/competitive selection organised by TI Greece.

<p>pipeline network in the municipalities of Nikaia – Ag. Ioannis Rentis and Moschato – Tavros.” This was the first IP in Greece, signed in 2018.⁹⁸</p>	<p>expert, a technical expert, and an innovation/education coordinator.</p>	<p>Experts were hired under consultancy agreements and worked as needed – from reviewing procurement documentation to supervising construction works.</p>
<p>Poland (2016)⁹⁹ Integrity Pact between the Stefan Batory Foundation and PKP Polskie Linie Kolejowe S.A. (Poland’s state railway infrastructure company) to monitor the project “Modernisation of Railway Line No. 1 on the Częstochowa – Zawiercie section (design and build in a single procurement).” The IP was signed in 2016 and covered all procurement stages from the tender to agreement implementation.</p>	<p>The independent monitor engaged 2 experts – a legal consultant and a technical consultant. Legal advice was provided by the law firm TOGATUS Kancelaria Prawna Trojanowski Sławomir i Partnerzy; technical advice by a consortium of engineering companies JPL Project sp. z o.o. / MLN Team sp. z o.o. / WIN Kamil Baryła.</p>	<p>The Stefan Batory Foundation organised an open competition to select consultants (not a public procurement procedure). 4 applicants applied for the legal consultancy competition. For the technical consultancy selection, the application deadline had to be extended due to low interest.¹⁰⁰</p>
<p>Portugal (2018) Integrity Pact between the TI Portugal chapter and the Directorate-General for Cultural Heritage of Portugal to monitor the Alcobça Monastery restoration project. The Pact was signed in 2018 and implemented as part of an EU-funds pilot project to ensure transparency in this cultural heritage renovation procurement.</p>	<p>The independent monitor established an expert committee with approximately 5 external specialists: a public procurement law lawyer (committee chair), a financial auditor/economist, a civil engineer, an architect, and a sociologist. These experts provided legal, financial, and technical (architecture/engineering, as well as social impact) expertise.</p>	<p>All committee experts were selected through a competitive process – TI Portugal announced an open call and selected specialists based on defined criteria.</p>
<p>Czech Republic (2016) Integrity Pact between the TI Czech chapter and the Ministry for Regional Development to monitor the development of the unified EU-funds monitoring information system MS2014+. The Pact</p>	<p>IT expertise was engaged by agreement Allstar Group to monitor procurement documentation and provide comments and recommendations during the public procurement process.</p>	<p>TI Czechia engaged an external IT expert team. After an announced competition for the IT expert position received no applications, TI Czechia – in</p>

⁹⁸ Monitoring public agreement: Experience from 18 integrity pacts in the EU: https://files.transparencycdn.org/images/IP_monitoring-public-contracting_ENG_20220406.pdf#:~:text=of%20Attica%20as%20the%20contracting,an%20innovation%20and%20learning%20coordinator

⁹⁹ Final monitoring report prepared by the independent monitor – Stefan Batory Foundation: <https://paktuczciwosci.pl/wp-content/uploads/2022/02/The-Integrity-Pact.-A-Civil-Society-Monitoring-of-Public-Projects.-An-Overview-of-the-Investment-and-the-Pilot-Project.pdf>

¹⁰⁰ The Integrity Pact. A Civil Society Monitoring of Public Projects. An Overview of the Investment and the Pilot Project: <https://paktuczciwosci.pl/wp-content/uploads/2022/02/The-Integrity-Pact.-A-Civil-Society-Monitoring-of-Public-Projects.-An-Overview-of-the-Investment-and-the-Pilot-Project.pdf#:~:text=consultants%2C%20not%20to%20disclose%20The,INTEGRITY%20PACT%20IN%20FIGURES>

<p>was concluded in 2016, with the aim of monitoring all stages of the procurement for this IT system, which would centrally manage EU-funds agreements in Czechia.</p>		<p>line with the procurement law – started direct negotiations with a supplier and concluded a agreement with Allstar Group s.r.o. (with experience in public database projects) in September 2016.¹⁰¹</p>
<p>Bulgaria (2017) Integrity Pact between the TI Bulgaria chapter and the Bulgarian Road Infrastructure Agency to monitor the construction of the Zheleznitsa Tunnel (a 2 km tunnel on the Struma motorway). This EU Cohesion Fund co-financed project (approx. EUR 128 million) was among the largest IP pilot projects, lasting from preparation in 2015 through completion of the tunnel in 2024.</p>	<p>TI Bulgaria engaged 4 external experts¹⁰². Agreements were concluded with two technical experts – a road construction engineer and an engineering geologist – with advanced knowledge of tunnel design and construction. The team also included two legal experts with experience in public procurement, overseeing compliance of the procurement procedure with the law.</p>	<p>TI Bulgaria organised an open competition to select these external experts for the monitoring team.</p>
<p>Italy (2014) Integrity Pact between the TI Italy chapter and the Sardinia Regional Transport Agency (ARST) to monitor the extension of the Cagliari tram line project. The project envisaged building the final 2.5 km section, connecting the tram line from Piazza Repubblica to the central railway station and integrating the tram into the city transport system. Agreement value was approx. EUR 20 – 22 million, and the project was characterised by significant planning delays, during which TI Italy helped identify causes and provided recommendations to address the situation.</p>	<p>The team included a legal expert (lawyer specialising in public procurement law and a practising attorney) and a technical expert (engineer with expertise in public procurement procedures; former board member of Italy’s Public Agreements Supervisory Authority – AVCP).</p>	<p>Unlike examples from other countries, TI Italy engaged experts through direct selection. Experts were hired based on professional experience and reputation, under individual consultancy agreements with TI Italy. Engaged experts worked “on-call” – not full time, but ready to provide support whenever the monitor needed specific expertise.</p>

Source: Information compiled by the authors of the Standard.

¹⁰¹ INTEGRITY PACTS – CIVIL CONTROL MECHANISM FOR SAFEGUARDING EU FUNDS. Narrative report from the 15 civil society monitors: July – December 2019 https://files.transparencycdn.org/images/6-Partner-narrative-reports_July-December-2019.pdf#:~:text=law,was%20signed%20in%20September%202016

¹⁰² Terms of Reference for the Legal Expert prepared by TI Bulgaria: https://integrity.transparency.bg/en/wp-content/uploads/sites/2/2017/04/ToR_LegalExperts_FIN_052017.pdf

Table 29: Consultants engaged within the largest Integrity Pacts implemented in Latvia

Integrity Pact	Engaged experts	Duties of the engaged expert(s)
Monitoring of the construction of the National Library of Latvia (cooperation agreement of the Transparency International Latvia with the Ministry of Culture and the agency “Jaunie Trīs brāļi”), 2005	International construction supervisor “Hill International”.	<p>In this case, the agreement with “Hill International” was concluded by the Ministry of Culture, not by the independent monitor (TI Latvia).</p> <p>Subject of the agreement: provision of author’s supervision (designer’s supervision) services for all parts and sections of the National Library of Latvia, in accordance with the agreement, the client’s instructions, and the requirements of the applicable Author’s Supervision of Construction Works Regulations and other construction-related legal acts.¹⁰³.</p>
Integrity Pact for monitoring the Skanste tram project between TI Latvia and Rīgas satiksme	<p>The IP project monitoring team consisted of: a project manager, project coordinator, and communications specialist (Delna staff), as well as a legal consultant with competence in public procurement (hired in 2016) and a construction specialist (hired in 2017).¹⁰⁴ SIA CMB provided consultancy on construction-related matters.</p>	<p>Consultants were selected through an open tender.¹⁰⁵</p> <p>Construction specialist’s tasks. Provision of expert consultancy on construction matters, incl.:</p> <ul style="list-style-type: none"> - determining market prices for construction works and non-standard items; - analysis of financial flows related to construction; - identification of potential fraud cases; - providing written recommendations; - site inspections of construction works; - assessment of technical documentation. <p>Also ensures the involvement of a sustainable construction engineer during agreement performance. Remuneration: based on the number of hours worked.</p>
	Sworn law firm “COBALT” provided legal consultancy.	<p>Provision of legal consultancy within the Integrity Pact.</p> <p>Remuneration: based on the number of hours worked.</p>

¹⁰³ Agreement between the State Agency “Jaunie trīs brāļi” and SIA Hill International Baltics, concluded on May 15, 2008.

¹⁰⁴ Integrity Pacts in the EU. Civil Control Mechanisms for the Protection of EU Funds Development of Riga Tram Infrastructure. TI Latvia Report: https://delna.lv/wp-content/uploads/2022/02/IP-LV_Public-Report_FINAL_LV-tulkojums.pdf

¹⁰⁵ TI LATVIA ADDS EXPERT COMMISSION WITH CONSTRUCTION EXPERTS FROM SIA CMB: <https://delna.lv/announcement/delna-papildina-ekspertu-komisiju-ar-buvniecibas-ekspertiem-no-sia-cmb/>

Source: Information compiled by the authors of the Standard.

X INTEGRITY PACT AGREEMENT

In the broader sense, a agreement is a mutual agreement between two or more persons to establish, amend, or terminate a legal relationship. In the narrower sense, a agreement is a mutually agreed expression of will by two or more persons, aimed at creating obligations under the law of obligations. An essential element of every agreement creating obligations is a promise by one party and its acceptance by the other party (a unilateral agreement), or mutual promises and their acceptance by both parties (a bilateral or multilateral agreement).¹⁰⁶ The legal foundation of freedom of agreement follows from the body of provisions of the Civil Law, which confirms the parties' right to freely choose whether to enter into a agreement or not, with whom to agreement, what content to include, and in what form to set it out, and also establishes the boundaries within which these rights may be exercised by setting limitations.¹⁰⁷

At the same time, there is a possibility that an Integrity Pact (IP) agreement is concluded as a public participation agreement regulated in the first part of Section 49 of the State Administration Structure Law (VPIL), under which a person may be authorised to perform an administrative task that does not involve the adoption or preparation of an administrative decision, provided that:

1. it is carried out for the public benefit;
2. it is expedient for promoting public involvement in public administration;
3. it can be performed at least as effectively.

At the same time, it is important to remember that the independent monitor does not perform the administrative tasks of a specific authority (is not involved in carrying out the administrative task), but monitors how that authority performs them (the independent monitor retains independence and neutrality), namely whether this is done legitimately and lawfully, whether it is done efficiently, and whether the actions taken are necessary to achieve the objective; and, most importantly, informs the public about the findings, both the positive and the negative aspects.



Important! The following section will examine the main issues related to the IP. Some of them have already been discussed in detail in previous chapters of the Standard, but are repeated here in order to emphasise their significance for the content of the agreement.

¹⁰⁶ Sections 1511 and 1512 of the Civil Law are available at: <https://likumi.lv/ta/id/225418-civillikums>

¹⁰⁷ Judgment of the Civil Affairs Department of the Senate of the Republic of Latvia of March 12, 2020 in case No. C68278418, SKC-189/2020

10.1. Type of agreement

As indicated in Chapter III, depending on the stage at which the Integrity Pact (IP) is initiated and on the cooperation model chosen, the IP Agreement is concluded either as a bilateral or a tripartite agreement.

A bilateral IP agreement is concluded in the full-scale implementation of an IP, where monitoring covers the entire procurement cycle, from the preparation stage to the completion of the project. In such cases, the agreement between the contracting authority and the independent monitor is concluded during the procurement preparation stage, with information related to the supplier's participation in the IP included in the procurement regulations (or in other procedural documentation, such as a request for quotations). A bilateral agreement is the most commonly used form of IP implementation.

A tripartite IP agreement is concluded when the IP is initiated at a later stage, for example during the procurement procedure or after the procurement contract has been concluded. In that case, the contracting authority, the supplier, and the independent monitor jointly conclude an agreement on compliance with the principles of the IP.

10.2. Purpose and subject matter of the agreement

The purpose of the IP agreement is to promote good governance, transparency, and public participation in the implementation of a specific project. In implementing the project, the agreement authority agrees to comply with the IP rules and principles appended to the IP agreement. Within the framework of the IP agreement, a non-governmental organisation (the monitor) acts as an independent monitor and ensures that the project implementer complies with laws and regulations, prevents corruption risks, engages independent experts in project monitoring and enhanced due diligence, and ensures communication with the public, while the agreement authority, in implementing the project, agrees to comply with the IP rules and principles.

The subject matter of the IP agreement is the monitoring of project implementation. The agreement authority and the supplier ensure that the project monitor has access to all documentation and information related to project implementation that is in the possession of the project implementer, in accordance with the IP agreement and insofar as the applicable laws and regulations allow.

An important component of performance of the IP agreement is the **IP implementation plan**. The project monitor – a non-governmental organisation – carries out monitoring activities in accordance with the IP plan, which is attached as an annex to the IP agreement (initially as a draft). After the IP agreement is concluded, the parties mutually agree on the IP plan and, if necessary, review and agree on the agreement again.

10.3. Term of the agreement

Depending on the stage at which the IP agreement is concluded – before the procurement preparation stage or later, after the procurement agreement has been signed – the moment when it enters into force will differ, whereas the implementation period ends on the date the project is completed.

10.4. Funding and payments under the agreement

Funding for the performance of the IP agreement is usually provided from EU financing; in certain cases it is provided by the project agreement authority. The agreement amount should include all applicable taxes and duties, as well as other expenses, so that the subject matter of the IP agreement can be successfully implemented. If the source of funding is EU grants, the procedure and flow for receiving the funding are already set out in the funding agreement. If funding is provided by the project agreement authority, it makes payments in accordance with the procedure specified in the IP agreement and on the basis of invoices issued by the project monitor.

A section on payments is not included in the agreement if IP funding is provided by another source (private funding), for example in the form of a financial allocation or grant. Typically, 85 – 90% of the grant amount is paid immediately after the agreement is concluded, and the remaining 15 – 10% at the end of the grant period.¹⁰⁸

10.5. Project monitoring principles to be included in the agreement

Transparency is the most important monitoring principle of the IP agreement. That is, the agreement authority shares and provides all information available to it to the project monitor even without a specific request, and especially when such a request has been received. The provision and processing of information covers any type and format, ranging from electronic document circulation to the acquisition of photos and videos, including unrestricted access to documents and materials online and in other formats. It also includes restricted-access information and personal data, the obtaining and processing of which takes place in accordance with the Freedom of Information Law, the Personal Data Processing Law, and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the General Data Protection Regulation), as well as other regulatory requirements – providing that information is supplied to the project monitor

¹⁰⁸ The percentage distribution is based on the experience of Transparency International Latvia (Delna) to date.

within the shortest possible time limits, ranging from three to five working days. At the same time, it is essential for the IP agreement to set out the aspect of informing the public, namely that the project monitor has the right, at any stage of project monitoring, to publicly provide information about the conclusions reached in monitoring, having first heard and assessed the agreement authority's opinion, and that such rights may not be restricted except in cases provided for by law.

Observance and implementation of the principle of good governance.¹⁰⁹ The project monitor provides consultations and recommendations to promote good governance and transparency in project implementation, while the agreement authority has a duty to assess these recommendations and to inform about their implementation.

Whistleblower protection in the performance of the IP agreement is particularly important, and it is necessary to stipulate that the agreement authority and the supplier will give special attention to protecting whistleblowers by ensuring protection and by not creating obstacles for the project monitor to meet with persons involved in the project, and by not causing any negative consequences for those persons for cooperating with the project monitor.

10.6. Main obligations of the project agreement authority

Unrestricted access to any project documentation. The project agreement authority must be assigned an obligation to ensure that the project monitor can freely access any information in the possession of the agreement authority related to project implementation or any eligible project expenditure, including accounting and financial documents, and any types of agreements concluded, payments made under those agreements, as well as other project-related documents, information, premises, and other tangible assets. It is important to provide that, without any additional agreement or consent, the project monitor has the right to review project information that contains commercial secrets.

Unrestricted access to the project implementation site (object) and responsible persons (staff). The project agreement authority must be assigned an obligation to ensure the project monitor has access to the project implementation site and participants (the agreement authority's staff).

Unrestricted access to and participation in project meetings. The project agreement authority must be assigned an obligation to ensure the project monitor can participate, as an observer, in all meetings related to project implementation, including working (working group) meetings, planning meetings, public procurement commission meetings, construction meetings, etc., without restrictions.

¹⁰⁹ The principle of good administration includes openness towards individuals and the public, data protection, implementation of fair procedures within a reasonable time and other provisions aimed at ensuring that public administration respects the rights and legal interests of individuals. See the judgment of the Administrative Cases Department of the Senate of the Republic of Latvia of 7 July 2007 in case No. SKA-238/2007.

Providing explanations and information. The project agreement authority must be assigned an obligation to provide explanations regarding any action (or inaction) taken within the project, including – at the project monitor’s request – an explanation of whether the recommendations and advice provided by the monitor have been taken into account.

10.7. Main obligations of the project monitor

Objective and transparent project monitoring. The project monitor must be assigned an obligation to carry out monitoring in accordance with applicable laws and regulations and international practice on the implementation of Integrity Pacts (IPs).

Qualified specialists and staff. The project monitor must involve qualified specialists in the project and must also provide for the possibility – upon a reasoned request from the agreement authority – to replace specialists who do not meet the required qualifications. The project monitor must also inform the agreement authority about the specialists involved in the project, indicating their first name, surname, qualifications, contact details, and other information.

Storage and processing of information. The project monitor has an obligation not to disclose to third parties any trade secrets (or other non-disclosable information) obtained during the project. The agreement must provide an exception that such information may be disclosed to law enforcement authorities and competent institutions (for example, a court, the prosecution service, an investigative authority designated under the Criminal Procedure Law, or an authority competent to impose an administrative penalty in an administrative offence case), the Competition Council, the State Revenue Service, the State Labour Inspectorate, the State Construction Control Bureau, the building authority, the authority responsible for the supervision and control of construction products, or the State Audit Office, insofar as it falls within the competence of those institutions and is necessary to report a possible violation in project implementation. Documentation and trade secrets obtained during project monitoring must be stored separately, ensuring secure storage. The project monitor must ensure that engaged specialists and other employees who review or receive project documentation and other information undertake to use it only to fulfil the objectives set out in the IP agreement. Within the scope of its tasks, the project monitor must use only secure means of communication to transmit, transfer, and disclose information and personal data.

10.8. Main obligations of the supplier

Cooperation with the project monitor. The supplier must be assigned an obligation to cooperate with the project monitor in several aspects related to project implementation:

1. by providing all project documents, or documents directly or indirectly related to it, including agreements, correspondence, technical documentation, financial documents

(including budgets/estimates, calculations, cost determination methodologies, etc.), and documents related to agreement performance and the handover of works (services/goods);

2. by providing information on the personnel involved in project implementation, including persons entitled to represent the supplier or its subcontractor, attaching documents proving qualifications where necessary;
3. by providing information about any risks related to project implementation, in particular risks of corruption, conflicts of interest, distortion or restriction of competition;
4. by providing information about donations made (or other similar payments) to natural or legal persons (including political parties, associations, foundations, alliances etc.).

Obligation to protect whistleblowers. The supplier must be assigned an obligation to give special attention to the protection of whistleblowers, ensuring protection, not creating obstacles for the project monitor to meet persons involved in the project, and not causing any negative consequences for those persons for cooperating with the project monitor.

Involvement of subcontractors in fulfilling IP agreement obligations. The IP agreement must provide that the supplier ensures that all subcontractors involved in the project fulfil the assumed obligations – both those indicated when submitting a tender in the public procurement (or other procedure provided for by law) and those engaged after the IP agreement is signed.

10.9. Annexes to the agreement

In the case of concluding a bilateral agreement, three annexes must be attached to the IP agreement:

1. the IP;
2. the supplier's declaration (an irrevocable undertaking) to comply with the IP;
3. a draft IP plan

In the case of concluding a tripartite agreement, the following must be attached to the IP agreement:

1. the IP; and
2. a draft IP plan

The IP as an annex to the agreement is an irrevocable undertaking of obligations by the project agreement authority and/or the supplier to comply with certain operating principles.

A draft IP plan is the project monitor's activity plan over a period of time in relation to the project. The plan may include monitoring implementation activities such as preliminary research on the monitored project (document analysis, stakeholder mapping, risk identification, development of an IP implementation plan, preparation of reports, engagement of external experts, development of a communication strategy and plan, media – including social media –

communication, creation and maintenance of a section on the project website (regular publication of materials), public engagement activities and events, and other activities.

The supplier's and subcontractors' declaration – an irrevocable undertaking – to comply with the IP is a document that must be attached as an annex to the public procurement documentation (agreement), or otherwise included in it, if it is envisaged that the contractor must accede to the IP.

10.10. Template for a bilateral IP agreement

INTEGRITY PACT AGREEMENT No. ____

On Monitoring the Implementation of a Project

(Place)

*Date of signing of the Agreement
is the date of the last added secure
electronic signature time stamp*

(name of the project's independent monitor), (address), (registration number), represented by (person authorised to sign in accordance with the articles of association or authorisation), acting pursuant to (articles of association or authorisation), (hereinafter – the Project Monitor),

(project implementer (agreement authority)) (registration number), represented by (person authorised to sign in accordance with the articles of association or authorisation), acting pursuant to (articles of association or authorisation) (hereinafter – the Project Implementer),

[a reference to the EU or grant project to be implemented, the grant award, may be included here]

The Project Monitor and the Project Implementer, together hereinafter – the Parties, each individually – a Party, enter into the following agreement (hereinafter – the Agreement):

1. Purpose and subject matter of the Agreement

- 1.1. The purpose of the Agreement is to promote good governance, transparency and public engagement in the implementation of the project “*(project name)*” (hereinafter – the Project). In implementing the Project, the Project Implementer agrees to comply with the rules and principles set out in Annex 1 to the Agreement “Integrity Pact”.
- 1.2. The subject matter of the Agreement is the monitoring of the implementation of the Project (hereinafter – the Work). The Project Implementer shall provide the Project Monitor with access to all documentation and information in the possession of the Project Implementer related to the implementation of the Project in accordance with this Agreement and to the extent permitted by the applicable laws and regulations.
- 1.3. The Project Monitor shall carry out the Work in accordance with the Integrity Pact implementation plan (hereinafter – the IP Plan). A draft IP Plan is attached as Annex No. 3

to the Agreement. After the Agreement is concluded, the Parties shall mutually agree on the IP Plan. Where necessary, the IP Plan shall be reviewed and re-approved, but not more often than once every 3 (three) months. The Parties (the persons indicated in Clause 4.1 of the Agreement) shall approve the IP Plan no later than within 5 (five) working days from the moment one Party has sent it to the other Party. If, within that period, the receiving Party has not provided a response, the IP Plan shall be deemed approved.

- 1.4. The performance of the Agreement shall apply to all Project activities financed from the eligible costs of the Project.

2. Term of the Agreement

- 2.1. The Agreement enters into force on the day it is concluded and remains in force until the Project implementation end *date* – (*indicate end date*) or if either Party withdraws from the Agreement.

3. Payment procedure



A section on payments is not included in the Agreement if the funding is provided by an external funder, for example in the form of a grant award.

This section is also not applicable if the supervised institution is not the payer.

The standard already states that good practice for IP implementation is to define separately that the supervised institution is NOT the payer for IP implementation.

However, if this is not possible, then this section is included in the agreement..

- 3.1. The Project Implementer shall pay the Project Monitor remuneration for the *Work in the amount of (amount in figures) euro (amount in words euro, 00 cents)*, excluding value added tax (VAT) (hereinafter – the Agreement amount). The Agreement amount includes all applicable taxes and fees, except VAT. The Project Implementer shall pay the Agreement amount to the Project Monitor in instalments as regular monthly payments of *(amount in figures) euro (amount in words euro, 00 cents) per month, excluding VAT*.
- 3.2. For the Work performed in each calendar month, the Project Monitor shall issue an invoice to the Project Implementer and submit the work acceptance – handover certificate no later than the 5th day of the following month. The Project Implementer shall pay the invoice no later than within 14 days from the date of mutual signing of the work handover – acceptance certificate and receipt of the invoice.
 - a. The Project Monitor shall submit invoices electronically, in the form of an e-invoice.

4. General principles of project monitoring

- 4.1. For coordinating the performance of the Agreement, the Parties appoint the following representatives:
 - 4.1.1. Representative of the Project Implementer – a person authorised to sign the handover – acceptance certificate and to resolve other matters related to the performance of the Agreement: (name, *surname*), (*email address*), (*phone number*);
 - 4.1.2. Representative of the Project Monitor – a person authorised to sign the handover – acceptance certificate and to resolve other matters related to the performance of the Agreement: (name, *surname*), (*email address*), (*phone number*);

- 4.2. The Parties agree that they will not create any obstacles to the performance of the Agreement, including by imposing a requirement to review information only at a specific place, by prohibiting copying (scanning, photographing) documents or otherwise technically processing and obtaining information, or by making access to information conditional on the consent of a third party.
- 4.3. Information shall be requested and provided electronically without a secure electronic signature if the requested information is available electronically. Information shall be provided within three working days, unless the Project Implementer reasonably sets a longer deadline for providing information, but not exceeding seven working days. Information that can be reviewed on site shall be deemed provided within the deadline in which the possibility to do so is notified.
- 4.4. Requests for and provision of information shall be carried out through the representatives of the Parties specified in Clause 4.1 of the Agreement.
- 4.5. The Project Monitor is informed that documentation and information related to the implementation of the Project may have been granted restricted-access status by law or decision, and undertakes ^{not} to disclose such information.¹¹⁰
- 4.6. The Project Monitor confirms that the persons involved in the performance of the Agreement are informed that they may process restricted-access information and personal data and that unauthorised disclosure may result in administrative and criminal liability.
- 4.7. The Project Monitor is entitled to provide recommendations to the Project Implementer in order to promote good governance and transparency in the implementation of the Project. The Project Implementer undertakes to evaluate these recommendations and inform about their implementation.
- 4.8. The Parties agree that the Project Monitor is entitled to inform the public about the conclusions reached in project monitoring, after first hearing and evaluating the opinion of the Project Implementer, and without including restricted-access information in the information to be published.
- 4.9. The Parties agree that the Project Monitor has the right, unilaterally and without prior coordination, to warn the competent authorities about unlawful acts in the implementation of the Project.
- 4.10. The Parties undertake to ensure the protection of whistleblowers, namely that the Project Implementer will not hinder the Project Monitor from meeting natural persons involved in the Project and will not cause any negative consequences for those persons for cooperating with the Project Monitor.
- 4.11. The Parties agree that meetings within the Project may be minuted. The minutes shall be prepared by the Project Monitor. The minutes shall be approved and signed by the representative of each Party. The minutes shall be provided to each Party.

5. Obligations of the Project Implementer

- 5.1. The Project Implementer shall provide the Project Monitor with the opportunity to freely access any information in the possession of the Project Implementer related to the implementation of the Project or any eligible Project expenditure, including accounting and

¹¹⁰ Status determined in accordance with Article 5 of the Freedom of Information Law

financial documents, and any agreements of any type concluded, payments made under such agreements, as well as other documents, information, premises and other material assets related to the Project, unless special restrictions are provided for in laws and regulations.

- 5.2. The Project Implementer shall inform the Project Monitor about the responsible employees designated by the Project Implementer who ensure the implementation of the Project by submitting a list of such persons. Changes to this list shall be notified within two weeks after they are made.
- 5.3. The Project Implementer shall provide the Project Monitor with access to the Project implementation site, notifying the Project Implementer three working days in advance of the time, place and participants of the visit, indicating the responsible person and the email address to which the Project Implementer sends information about workplace risk factors.
- 5.4. The Project Implementer shall provide the Project Monitor with the opportunity to participate, with observer status, in all meetings related to the implementation of the Project.
- 5.5. The Project Implementer shall ensure that, upon a relevant request and at a time agreed by the Parties, the Project Monitor can review the originals of the Project documents.
- 5.6. The Project Implementer shall regularly evaluate the recommendations provided by the Project Monitor.
- 5.7. Upon a justified request by the Project Monitor, the Project Implementer shall provide a detailed explanation regarding any action (or inaction) taken within the Project.
- 5.8. The Project Implementer shall ensure that, without additional agreement or consent, the Project Monitor is entitled to familiarise itself with information containing trade secrets directly related to the Project.
- 5.9. The Project Implementer shall attach Annex 2 to *the Agreement (Supplier (incl. subcontractors) statement (irrevocable undertaking) to comply with the Integrity Pact)* to the procurement agreement as an annex or otherwise incorporate its provisions into the procurement agreement.

6. Obligations of the Project Monitor

- 6.1. The Project Monitor shall carry out project monitoring in accordance with laws and regulations and international practice regarding the implementation of integrity pacts.
- 6.2. The Project Monitor shall inform the Project Implementer in writing about the specialists involved in the Project, indicating their name, surname, qualifications and contacts.
- 6.3. The Project Monitor shall not disclose trade secrets obtained in the course of the Project to third parties, except to law enforcement authorities and competent institutions, to the extent it falls within their competence and is necessary in order to inform about a possible violation in the implementation of the Project.
- 6.4. The Project Monitor shall store separately the documentation and correspondence related to project monitoring, ensuring in particular the appropriate storage of information containing trade secrets.

- 6.5. The Project Monitor shall ensure that specialists engaged by the Project Monitor and other employees who review or receive Project documentation and information undertake in writing to:
- 6.5.1. use personal data only and exclusively in connection with the tasks assigned under the Agreement;
 - 6.5.2. disclose the information and personal data in their possession only to persons who are authorised and entitled to obtain them;
 - 6.5.3. not unlawfully disclose, after termination of the Agreement or after any legal relationship (for example, an employment agreement, a volunteer agreement, a service agreement, an author agreement), personal data and information obtained and that became known while performing tasks under the Agreement;
 - 6.5.4. not make any copies of information or personal data, except where necessary to perform the tasks assigned by the Project Monitor, and delete such data after completion of the task;
 - 6.5.5. it is prohibited to perform actions that facilitate the unlawful processing of personal data, including disclosure or making it available to a third party;
 - 6.5.6. not disclose the access information granted (username, password, etc.) issued for the use of and access to information systems to third parties;
 - 6.5.7. use all organisational and technical protection measures and means within the scope of their duties in order to ensure data protection;
 - 6.5.8. ensure all protection measures to ensure the physical protection of information and personal data.
- 6.6. Within the scope of the tasks to be performed, the Project Monitor shall use only secure means of communication in order to transmit, transfer and disclose information and personal data.
- 6.7. The Project Monitor shall comply with occupational safety and fire safety requirements when visiting Project implementation sites and shall be liable for consequences resulting from non-compliance with these rules.
- 6.8. The Project Monitor shall prepare monthly work handover – acceptance certificates.

7. Processing of personal data

- 7.1. By signing the Agreement, the Parties, in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other laws and regulations in force in the Republic of Latvia, undertake to use personal data received during performance of the Agreement only for fulfilment of the obligations set out in the Agreement.
- 7.2. The Parties shall process personal data in a manner that ensures appropriate security of personal data, including by preventing unauthorised access to or unauthorised use of personal data, as well as unauthorised access to equipment used for processing personal data.
- 7.3. The Project Monitor shall immediately inform the Project Implementer about personal data protection breaches (for example, intentional or unintentional destruction of documents,

disclosure, loss, etc.) that have occurred during performance of the Agreement and affect the Project Implementer.

- 7.4. All third-party claims that may arise during the term of the Agreement regarding personal data processing violations shall be the responsibility of the Party within whose area of responsibility and as a result of whose actions the claims have arisen or may arise.
- 7.5. The Project Monitor undertakes to inform the specialists involved about the processing of their personal data for the purpose of ensuring the performance of this Agreement, including the transfer of personal data to the Project Implementer.

8. Other provisions

- 8.1. The Parties shall resolve disputes through negotiations, but if the dispute cannot be resolved through negotiations, it shall be resolved by a court in accordance with the procedure established by the laws and regulations of the Republic of Latvia.
- 8.2. One Party shall compensate the losses caused to the other Party. Disclosure of information to the institutions referred to in Clause 6.4 of the Agreement or to other institutions that, in accordance with laws and regulations, are entitled to request such information, shall not be considered grounds for claiming damages, any civil-law sanctions or other compensation, except where the Project Monitor is at fault for the disclosure of information by facilitating activities not related to project monitoring.
- 8.3. The provisions of the Agreement regarding restricted-access information are not subject to any time limit and are not affected by the term of the Agreement.
- 8.4. The Parties may amend or terminate the Agreement by written agreement.
- 8.5. The Project Implementer has the right at any time to unilaterally withdraw from the Agreement by sending the Project Monitor a written notice at least 30 (thirty) days in advance if the implementation of the Project is terminated. In this case, the Project Implementer shall pay the Project Monitor for the Work performed up to the date of termination of the *Agreement*. [*This clause applies if the funding is provided by the Project Implementer.*]
- 8.6. The Project Monitor has the right at any time to unilaterally withdraw from the agreement if the Project Implementer directly or indirectly fails to perform the obligations assumed under the Agreement or creates independence or reputational risks for the Project Monitor, by sending a written notice at least 30 (thirty) days in advance.
- 8.7. The Agreement has been prepared and signed as an electronic document in the Latvian language.
- 8.8. The Agreement is publicly available information. Each Party is entitled to publish it on its website. If the Agreement is translated, the Parties shall agree on the wording of the translation before publication.
- 8.9. Three annexes are attached to the Agreement:
 - 8.9.1. Annex 1 "Integrity Pact";
 - 8.9.2. Annex 2 "(Supplier (incl. subcontractors)) statement (irrevocable undertaking) to comply with the Integrity Pact";
 - 8.9.3. Annex 3 "Draft IP Plan".

9. Parties' details and signatures

(Project Monitor)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

(Project Implementer)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

Annex 1 to the bilateral IP agreement

INTEGRITY PACT

Irrevocable consent of the Project Implementer to comply with certain operating principles

Being aware that the works to be carried out within the Project are financed from public funds and that their efficient use is in the public interest, the Parties confirm that the Project will be implemented and all works in the implementation of the Project will be carried out in accordance with the applicable laws and regulations and best practice, including the following conditions:

1. not permit corruption;
2. not permit and prevent situations of conflict of interest;
3. inform the Project Monitor about any offer to engage in unlawful activities;
4. comply with free and fair competition, business practice and the prohibition of discrimination;
5. explain the justification of costs;
6. refrain from carrying out any actions that would reduce public trust in the successful and transparent implementation of the Project overall or its implementation in accordance with the principles of good governance;
7. handle Project funding, public financial resources and property lawfully and efficiently.

(Project Monitor)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

(Project Implementer)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

STATEMENT¹¹¹

Statement of the Supplier (incl. subcontractors) (irrevocable undertaking) to comply with the Integrity Pact

By signing this irrevocable consent, I agree to perform all works within the Project in accordance with the applicable laws and regulations, in line with fair commercial practice and, in particular, observing the following principles:

Being aware that the works to be carried out within the Project are financed from public funds and that their efficient use is in the public interest, I certify that the Project will be implemented and all works in the implementation of the Project will be carried out in accordance with the applicable laws and regulations and best practice, including the following conditions:

1. not permit corruption;
2. not permit and prevent situations of conflict of interest;
3. comply with free and fair competition, business practice and the prohibition of discrimination, in particular by complying with the laws regulating payment of taxes, labour law and competition;
4. inform the Project Monitor about any offer to engage in unlawful activities;
5. explain the justification of costs;
6. refrain from carrying out any actions that would reduce public trust in the successful and transparent implementation of the Project overall or its implementation in accordance with the principles of good governance;
7. handle Project funding, state (municipal) financial resources and property lawfully and efficiently;
8. upon the first request of the Project Monitor, provide all information and documents related to the implementation of the Project, including but not limited to agreements (including all subcontractor agreement), handover – acceptance certificates, correspondence, information on the personnel involved in the implementation of the Project, any financial information and documents (invoices, cost calculations, reports), certificates, as well as any other information or documents that are directly or indirectly related to the implementation of the Project;
9. provide the Project Monitor with information on donations (or other similar payments) made to natural or legal persons (including political parties, associations or foundations, unions, etc.).

I agree and acknowledge that the Project Monitor does not disclose trade secrets obtained during the Project to third parties, except to law enforcement authorities and competent institutions to the extent it falls within their competence and is necessary in order to inform about a possible violation in the implementation of the Project.

I agree and acknowledge that a legal or natural person directly or indirectly involved in the Project (or its authorised representatives) may be mentioned in public communication.

¹¹¹ The project implementer must attach this annex to the procurement agreement or otherwise include its provisions in the procurement agreement.

I agree and undertake to ensure the protection of whistleblowers; I will not hinder the Project Monitor from meeting natural persons involved in the Project and will not cause any negative consequences for those persons for cooperating with the Project Monitor.

I undertake to ensure that all subcontractors involved in the Project, both those indicated when submitting a tender in public procurement (or another procedure) and those to be engaged after the Project agreement is signed, will familiarise themselves with and sign this statement.

Supplier (incl. subcontractor)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

Annex 3 to the bilateral IP agreement

DRAFT INTEGRITY PACT PLAN
(PROJECT NAME (PERIOD FROM – TO))

Activities	Result	(year and month)	(year and month)	(year and month)	(year and month)	(year and month)
Implementation of monitoring						
Implementation of monitoring	Conclusion of the IP agreement; organisation of regular cooperation; participation of the association's experts in meetings; communication with stakeholders, incl. consultations and their organisation, etc.					
Preliminary study of the monitored project (document analysis, stakeholder mapping, risk identification, etc.)	Preparation of the preliminary study document, incl. analysis of solutions and resources, risk analysis, monitoring planning and implementation schedule.					
IP implementation plan	IP implementation work and timeline plan; coordination with partners. Regular updating and adjustment.					

Regular briefing of representatives and employees of the parties involved in project implementation about IP updates	Regular informing of stakeholders (meetings, distribution of information, etc.). At the start of IP implementation – training of stakeholders’ representatives and a detailed introduction to the IP.					
Preparation of interim reports	Preparation of interim monitoring reports on Project implementation approximately every 6 – 12 months (to be specified when developing the IP implementation plan and coordinating with project activities), coordination. Content: project status, progress, public engagement, conclusions, insights, etc.					
Preparation of the final report	Preparation and publication of the IP final report.					
Involvement of external experts	Involvement of various external experts in assessing project documents and other materials (technical specialist, lawyer, financial specialist, etc. – depending on project progress and needs)					
Communication, public engagement						
Development of a communication strategy and plan	Development of a communication strategy; risk identification; identification of stakeholders’ communication needs; development of a communication plan; regular updating; coordination					
Social media communication	Unique social media posts about project activities and content, interim reports and the final report, meetings, events, etc.					
Media communication	Press releases about interim reports and the final report, project activities, monitoring measures, etc.					

Creation and maintenance of an IP project website section; regular publication of IP materials	Regular technical and content updates of the website about the integrity pact.					
Public engagement activities	Identifying opinions of residents and organisations; surveys/research; information; studies; explanatory materials – developed in the context of the communication plan					
Events	Seminars, presentations, stakeholders’ roundtable discussions, etc. – developed in the context of the communication plan					

10.11. Template for a trilateral IP agreement

INTEGRITY PACT AGREEMENT No. ____
On monitoring the implementation of a project

(Place)

Date of signing of the Agreement is the date of the time stamp of the last added secure electronic signature.

(name of the project monitor), (address), (registration number), represented by (person authorised to sign in accordance with the articles of association or authorisation), acting pursuant to (articles of association or authorisation), (hereinafter – the Project Monitor),

(project implementer (agreement authority)) (registration number), represented by (person authorised to sign in accordance with the articles of association or authorisation), acting pursuant to (articles of association or authorisation) (hereinafter – the Project Implementer),

(service/works/supplies provider (supplier)) (registration number), represented by (person authorised to sign in accordance with the articles of association or authorisation), acting pursuant to (articles of association or authorisation) (hereinafter – the Project Contractor),

The Project Monitor, the Project Implementer and the Project Contractor, together hereinafter – the Parties, each individually – a Party, enter into the following agreement (hereinafter – the Agreement):

1. Purpose and subject matter of the Agreement

- 1.1. The purpose of the Agreement is to promote good governance, transparency and public engagement in the implementation of the project “(project name)” (hereinafter – the Project). In implementing the Project, the Project Implementer and the Project Contractor agree to comply with the rules and principles set out in Annex 1 to the Agreement “Integrity Pact”.
- 1.2. The subject matter of the Agreement is the monitoring of the implementation of the Project (hereinafter – the Work). The Project Implementer and the Project Contractor shall provide the Project Monitor with access to all documentation and information in the possession of the Project Implementer and the Project Contractor related to the implementation of the Project in accordance with this Agreement and to the extent permitted by the applicable laws and regulations.
- 1.3. The Project Monitor shall carry out the Work in accordance with the IP implementation plan (hereinafter – the IP Plan). A draft IP Plan is attached as Annex No. 2 to the Agreement. After the Agreement is concluded, the Parties shall mutually agree on the IP Plan. Where necessary, the IP Plan shall be reviewed and re-approved, but not more often than once every 3 (three) months. The Parties shall approve the IP Plan (the persons indicated in Clause 4.1 of the Agreement) no later than within 5 (five) working days from the moment one Party has sent it to the other Party. If, within that period, the receiving Party has not provided a response, the IP Plan shall be deemed approved.

- 1.4. The performance of the Agreement shall apply to all Project activities financed from the eligible costs of the Project.

2. Term of the Agreement

- 2.1. The Agreement enters into force on the day it is concluded and remains in force until the Project implementation end date – (*indicate end date*).
- 2.2. If the involvement of the Project Monitor is required in the implementation of the IP during the preparation and approval of the Project closing report, the Project Monitor shall perform this work within the amount specified in Clause 3.1 of the Agreement.

3. Payment procedure



NB! A section on payments is not included in the Agreement if the funding is provided by an external funder, for example in the form of a grant award.

This section is also not applicable if the supervised institution is not the payer.

The standard already states that good practice for IP implementation is to determine that the supervised institution is **NOT** the payer for IP implementation. However, if this is not possible, then this section is included in the agreement.

- 3.1. The Project Implementer shall pay the Project Monitor remuneration for the **Work in the amount of (amount in figures) euro (amount in words euro, 00 cents)**, excluding value added tax (VAT) (hereinafter – the Agreement amount). The Agreement amount includes all applicable taxes and fees, except VAT. The Project Implementer shall pay the Agreement amount to the Project Monitor in instalments as regular monthly payments of **(amount in figures) euro (amount in words euro, 00 cents) per month, excluding VAT**.
- 3.2. For the Work performed in each calendar month, the Project Monitor shall issue an invoice to the Project Implementer and submit the work acceptance – handover certificate no later than the 5th day of the following month. The Project Implementer shall pay the invoice no later than within 14 days from the date of mutual signing of the work handover – acceptance certificate and receipt of the invoice.
 - a. The Project Monitor shall submit invoices electronically by sending them to the email address (indicate email address).

4. General principles of project monitoring

- 4.1. For coordinating the performance of the Agreement, the Parties appoint the following representatives:
 - 4.1.1. Representative of the Project Implementer – a person authorised to sign the handover – acceptance certificate and to resolve other matters related to the performance of the Agreement: (name, *surname*), (*email address*), (*phone number*);
 - 4.1.2. Representative of the Project Monitor – a person authorised to sign the handover – acceptance certificate and to resolve other matters related to the performance of the Agreement: (name, *surname*), (*email address*), (*phone number*);

- 4.1.3. Representative of the Project Contractor – a person authorised to sign the handover – acceptance certificate and to resolve other matters related to the performance of the Agreement: (name, *surname*), (*email address*), (*phone number*).
- 4.2. The Parties agree that they will not create any obstacles to the performance of the Agreement, including by imposing a requirement to review information only at a specific place, by prohibiting copying (scanning, photographing) documents or otherwise technically processing and obtaining information, or by making access to information conditional on the consent of a third party.
- 4.3. Information shall be requested and provided electronically without a secure electronic signature if the requested information is available electronically. Information shall be provided within three working days, unless the Project Implementer reasonably sets a longer deadline for providing information, but not exceeding seven working days. Information that can be reviewed on site shall be deemed provided within the deadline in which the possibility to do so is notified.
- 4.4. Requests for and provision of information shall be carried out through the representatives of the Parties specified in Clause 4.1 of the Agreement.
- 4.5. The Project Monitor is informed that documentation and information related to the implementation of the Project may have been granted restricted-access status by law or decision, and undertakes not to disclose such information.¹¹²
- 4.6. The Project Monitor confirms that the persons involved in the performance of the Agreement are informed that they may process restricted-access information and personal data and that unauthorised disclosure may result in administrative and criminal liability.
- 4.7. The Project Monitor is entitled to provide recommendations to the Project Implementer in order to promote good governance and transparency in the implementation of the Project. The Project Implementer undertakes to evaluate these recommendations and inform about their implementation.
- 4.8. The Parties agree that the Project Monitor is entitled to inform the public about the conclusions reached in project monitoring, after first hearing and evaluating the opinion of the Project Implementer, and without including restricted-access information in the information to be published.
- 4.9. The Parties agree that the Project Monitor has the right, unilaterally and without prior coordination, to warn the competent authorities about unlawful acts in the implementation of the Project.
- 4.10. The Parties undertake to ensure the protection of whistleblowers, namely that the Project Implementer or the Project Contractor will not hinder the Project Monitor from meeting natural persons involved in the Project and will not cause any negative consequences for those persons for cooperating with the Project Monitor.
- 4.11. The Parties agree that meetings within the Project may be minuted. The minutes shall be prepared by the Project Monitor. The minutes shall be approved and signed by the representative of each Party. The minutes shall be provided to each Party.

5. Obligations of the Project Implementer

¹¹² Status determined in accordance with Article 5 of the Freedom of Information Law

- 5.1. The Project Implementer shall provide the Project Monitor with the opportunity to freely access any information in the possession of the Project Implementer related to the implementation of the Project or any eligible Project expenditure, including accounting and financial documents, and any agreements of any type concluded, payments made under such agreement, as well as other documents, information, premises and other material assets related to the Project.
- 5.2. The Project Implementer shall inform the Project Monitor about the responsible employees designated by the Project Implementer who ensure the implementation of the Project by submitting a list of such persons. Changes to this list shall be notified within two weeks after they are made.
- 5.3. The Project Implementer shall provide the Project Monitor with access to the Project implementation site, notifying the Project Implementer three working days in advance of the time, place and participants of the visit, indicating the responsible person and the email address to which the Project Implementer sends information about workplace risk factors.
- 5.4. The Project Implementer shall provide the Project Monitor with the opportunity to participate, with observer status, in all meetings related to the implementation of the Project.
- 5.5. The Project Implementer shall ensure that, upon a relevant request and at a time agreed by the Parties, the Project Monitor can review the originals of the Project documents.
- 5.6. The Project Implementer shall regularly evaluate the recommendations provided by the Project Monitor.
- 5.7. Upon a justified request by the Project Monitor, the Project Implementer shall provide a detailed explanation regarding any action (or inaction) taken within the Project.
- 5.8. The Project Implementer shall ensure that, without additional agreement or consent, the Project Monitor is entitled to familiarise itself with information containing trade secrets directly related to the Project.

6. Obligations of the Project Contractor

- 6.1. The Project Contractor has an obligation to cooperate with the Project Monitor:
 - 6.1.1. by providing all Project documents or documents directly or indirectly related thereto, including but not limited to agreement, correspondence, technical documentation, financial documents (including estimates, calculations, cost-determination methodologies, etc.) and documents related to performance of the agreement and the handover of works (services/goods);
 - 6.1.2. by providing information on the personnel involved in the performance of the project, including persons authorised to represent the Project Contractor or its subcontractor, attaching documents evidencing qualifications where necessary;
 - 6.1.3. by providing information about any risks related to project implementation, and in particular about risks of corruption, conflict of interest, distortion of competition or restriction of competition;
 - 6.1.4. by providing information on donations (or other similar payments) made to natural or legal persons (including political parties, associations or foundations, unions, etc.).

- 6.2. The Project Contractor shall ensure that, without additional agreement or consent, the Project Monitor is entitled to familiarise itself with information containing trade secrets directly related to the Project.
- 6.3. The Project Contractor shall ensure that the obligations assumed under this Agreement are fulfilled by all subcontractors involved in the Project, both those indicated when submitting a tender in public procurement (or another procedure) and those to be engaged after the Agreement is signed.
- 6.4. The Project Contractor agrees that a legal or natural person directly or indirectly involved in the Project (or its authorised representatives) may be mentioned in public communication.

7. Obligations of the Project Monitor

- 7.1. The Project Monitor shall carry out project monitoring in accordance with laws and regulations and international practice regarding the implementation of integrity pacts.
- 7.2. The Project Monitor shall inform the Project Implementer in writing about the specialists involved in the Project, indicating their name, surname, qualifications and contacts.
- 7.3. The Project Monitor shall not disclose trade secrets obtained in the course of the Project to third parties, except to law enforcement authorities and competent institutions, to the extent it falls within their competence and is necessary in order to inform about a possible violation in the implementation of the Project.
- 7.4. The Project Monitor shall store separately the documentation and correspondence related to project monitoring, ensuring in particular the appropriate storage of information containing trade secrets.
- 7.5. The Project Monitor shall ensure that specialists engaged by it and other employees who review or receive Project documentation and information undertake in writing to:
 - 7.5.1. use personal data only and exclusively in connection with the tasks assigned under the Agreement;
 - 7.5.2. disclose the information and personal data in their possession only to persons who are authorised and entitled to obtain them;
 - 7.5.3. not unlawfully disclose, after termination of the Agreement or after any legal relationship (for example, an employment agreement, a volunteer agreement, a service agreement, an author agreement), personal data and information obtained and that became known while performing tasks under the Agreement;
 - 7.5.4. not make any copies of information or personal data, except where necessary to perform the tasks assigned by the Project Monitor;
 - 7.5.5. it is prohibited to perform actions that facilitate the unlawful processing of personal data, including disclosure or making it available to a third party;
 - 7.5.6. not disclose to third parties the access information granted (username, password, etc.) issued for the use of and access to information systems;
 - 7.5.7. use all organisational and technical protection measures and means within the scope of their duties in order to ensure data protection;
 - 7.5.8. ensure all protection measures to ensure the physical protection of information and personal data.

- 7.6. Within the scope of the tasks to be performed, the Project Monitor shall use only secure means of communication in order to transmit, transfer and disclose information and personal data.
- 7.7. The Project Monitor shall comply with occupational safety and fire safety requirements when visiting Project implementation sites and shall be liable for consequences resulting from non-compliance with these rules.
- 7.8. The Project Monitor shall prepare monthly work handover – acceptance certificates.

8. Processing of personal data

- 8.1. By signing the Agreement, the Parties, in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other laws and regulations in force in the Republic of Latvia, undertake to use personal data received during performance of the Agreement only for fulfilment of the obligations set out in the Agreement.
- 8.2. The Parties shall process personal data in a manner that ensures appropriate security of personal data, including by preventing unauthorised access to or unauthorised use of personal data, as well as unauthorised access to equipment used for processing personal data.
- 8.3. The Project Monitor shall immediately inform the Project Implementer about personal data protection breaches (for example, intentional or unintentional destruction of documents, disclosure, loss, etc.) that have occurred during performance of the Agreement and affect the Project Implementer.
- 8.4. All third-party claims that may arise during the term of the Agreement regarding personal data processing violations shall be the responsibility of the Party within whose area of responsibility and as a result of whose actions the claims have arisen or may arise.
- 8.5. The Project Monitor undertakes to inform the specialists involved about the processing of their personal data for the purpose of ensuring the performance of this Agreement, including the transfer of personal data to the Project Implementer.

9. Other provisions

- 9.1. The Parties shall resolve disputes through negotiations, but if the dispute cannot be resolved through negotiations, it shall be resolved by a court in accordance with the procedure established by the laws and regulations of the Republic of Latvia.
- 9.2. One Party shall compensate the losses caused to each of the Parties. Disclosure of information to the institutions referred to in Clause 7.4 of the Agreement or to other institutions that, in accordance with laws and regulations, are entitled to request such information, shall not be considered grounds for claiming damages, any civil-law sanctions or other compensation, except where the Project Monitor is at fault for the disclosure of information by facilitating activities not related to project monitoring.
- 9.3. The provisions of the Agreement regarding restricted-access information are not subject to any time limit and are not affected by the term of the Agreement.
- 9.4. The Parties may amend or terminate the Agreement by written agreement.

- 9.5. The Project Implementer has the right at any time to unilaterally withdraw from the Agreement by sending the Project Monitor a written notice at least 30 (thirty) days in advance if the implementation of the Project is terminated. In this case, the Project Implementer shall pay the Project Monitor for the Work performed up to the date of termination of the *Agreement*. *[This clause applies if the funding is provided by the Project Implementer.]*
- 9.6. The Project Monitor has the right at any time to unilaterally withdraw from the agreement if the Project Implementer directly or indirectly fails to perform the obligations assumed under the Agreement or creates independence or reputational risks for the Project Monitor, by sending a written notice at least 30 (thirty) days in advance.
- 9.7. The Agreement has been prepared and signed as an electronic document in the Latvian language.
- 9.8. The Agreement is publicly available information. Each Party is entitled to publish it on its website. If the Agreement is translated, the Parties shall agree on the wording of the translation before publication.
- 9.9. Two annexes are attached to the Agreement:
- 9.1.1. Annex 1 “Integrity Pact”;
 - 9.1.2. Annex 2 “Draft IP Plan”.

10. Parties' details and signatures

(Project Monitor)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

(Project Implementer)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

Project Contractor

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

INTEGRITY PACT

Irrevocable consent of the Project Implementer to comply with certain operating principles

Being aware that the works to be carried out within the Project are financed from public funds and that their efficient use is in the public interest, the Parties confirm that the Project will be implemented and all works in the implementation of the Project will be carried out in accordance with the applicable laws and regulations and best practice, including the following conditions:

1. not permit corruption;
2. not permit and prevent situations of conflict of interest;
3. inform the Project Monitor about any offer to engage in unlawful activities;
4. comply with free and fair competition, business practice and the prohibition of discrimination;
5. explain the justification of costs;
6. refrain from carrying out any actions that would reduce public trust in the successful and transparent implementation of the Project overall or its implementation in accordance with the principles of good governance;
7. handle Project funding, state (municipal) financial resources and property lawfully and efficiently.

(Project Monitor)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

(Project Implementer)

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

Project Contractor

(name)

(address)

(registration number)

(other details: email, phone)

person authorised to sign, in accordance with the articles of association or authorisation)

DRAFT INTEGRITY PACT PLAN
(PROJECT NAME (PERIOD FROM – TO))

Activities	Result	(year and month)	(year and month)	(year and month)	(year and month)	(year and month)
Implementation of monitoring						
Implementation of monitoring	Conclusion of the IP agreement; organisation of regular cooperation; participation of the association's experts in meetings; communication with stakeholders, incl. consultations and their organisation, etc.					
Preliminary study of the monitored project (document analysis, stakeholder mapping, risk identification, etc.)	Preparation of the preliminary study document, incl. analysis of solutions and resources, risk analysis, monitoring planning and implementation schedule.					
IP implementation plan	IP implementation work and timeline plan; coordination with partners. Regular updating and adjustment.					
Regular briefing of representatives and employees of the parties involved in project implementation about IP updates	Regular informing of stakeholders (meetings, distribution of information, etc.). At the start of IP implementation – training of stakeholders' representatives and a detailed introduction to the IP.					
Preparation of interim reports	Preparation of interim monitoring reports on Project implementation approximately every 6 – 12 months (to be specified when developing the IP implementation plan and coordinating with project activities), coordination. Content: project status,					

	progress, public engagement, conclusions, insights, etc.					
Preparation of the final report	Preparation and publication of the IP final report.					
Involvement of external experts	Involvement of various external experts in assessing project documents and other materials (technical specialist, lawyer, financial specialist, etc. – depending on project progress and needs)					
Communication, public engagement						
Development of a communication strategy and plan	Development of a communication strategy; risk identification; identification of stakeholders' communication needs; development of a communication plan; regular updating; coordination					
Social media communication	Unique social media posts about project activities and content, interim reports and the final report, meetings, events, etc.					
Media communication	Press releases about interim reports and the final report, project activities, monitoring measures, etc.					
Creation and maintenance of an IP project website section; regular publication of IP materials	Regular technical and content updates of the website about the integrity pact.					
Public engagement activities	Identifying opinions of residents and organisations; surveys/research; information; studies; explanatory materials – developed in the context of the communication plan					

Events	Seminars, presentations, stakeholders' roundtable discussions, etc. – developed in the context of the communication plan					
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