

TRANSPARENCY INTERNATIONAL
MODEL CONSTRUCTION INTEGRITY PACT
SECTOR

THIS AGREEMENT is entered into between the following Parties:

[name and address] (“[]”)

[INSERT DETAILS OF ALL SIGNATORIES]

IT IS AGREED AS FOLLOWS:

1. **Definitions**

- 1.1 **“Independent Assessor”** means the independent assessor appointed to verify compliance with this agreement in accordance with clause 4 below.
- 1.2 **“Party”** means a signatory to this agreement.
- 1.3 **“Project”** means any construction or engineering project anywhere in the World within the Sector.
- 1.4 **“Sector”** means **[describe sector of operations to which this agreement will apply]**.

2. **Undertakings by all Parties**

Each Party undertakes to the other Parties as follows:

- a) It will not offer or give, directly or indirectly, any bribe, gift, favour or other improper advantage in connection with the pre-qualification or tender for any Project.
- b) It will not demand or accept, directly or indirectly, any bribe, gift, favour or other improper advantage for itself or any third party, in connection with the pre-qualification or tender for any Project.
- c) It will not make, directly or indirectly, any payment in connection with the pre-qualification or tender for any Project except to the extent that such payment is appropriate compensation for legitimate services.
- d) It will not take, directly or indirectly, any steps which could unduly influence the function of the Independent Assessor.

3. **Obligation to Ensure Compliance**

- 3.1 Each Party will take all reasonable steps to ensure that the provisions of this agreement which are binding on it are complied with by all of its staff, consultants, parent and associated and subsidiary companies, agents, consortium and joint venture partners, sub-contractors and suppliers.

- 3.2 Each Party will maintain and enforce a written anti-bribery policy applicable to its business.
- 3.3 Each Party will appoint an appropriate senior manager with responsibility for ensuring that the provisions of this agreement are complied with.

4. **Independent Assessor**

- 4.1 The Parties will appoint a suitably qualified and experienced Independent Assessor for the duration of this agreement. The Independent Assessor will be nominated by an appropriate independent institution.
- 4.2 The duty of the Independent Assessor is to assess on an independent and objective basis the extent to which the Parties comply with their obligations under this agreement.
- 4.3 The Parties will, after submission of a tender for any Project:
- a) notify the Independent Assessor of such submission;
 - b) allow the Independent Assessor unrestricted access to all books, records and staff relevant to such tender;
 - c) procure that the Independent Assessor has unrestricted access to the relevant books, records and staff of their consultants, parent and associated and subsidiary companies, agents, consortium and joint venture partners, sub-contractors and suppliers.
- 4.4 The Parties will, after the award of any Project to them, and for the duration of the Project:
- a) allow the Independent Assessor unrestricted access to their Project books, records and staff;
 - b) procure that the Independent Assessor has unrestricted access to the Project books, records and staff of their consultants, parent and associated and subsidiary companies, agents, consortium and joint venture partners, sub-contractors and suppliers.
- 4.5 In the event that the Independent Assessor believes that there is prima facie evidence that there has been a failure by a Party to comply with any provision of this agreement, the Independent Assessor will take the following actions:
- a) He will include full details of such suspected non-compliance in a written report which will be circulated simultaneously to the Chief Executives of each of the Parties. The report will provide details of:
 - i) all suspected or actual breaches of the provisions of this agreement;
 - ii) actions taken by the Independent Assessor and the Parties in relation to such breaches;
 - iii) any reports made by the Independent Assessor to criminal authorities, professional associations or other bodies.
 - b) If any such non-compliance has been carried out, or assisted by an individual who is a member of a professional association, and such non-compliance may constitute a breach of any disciplinary code of such professional association, the Independent Assessor will report such matter to the professional association.

- c) If any such non-compliance may constitute a criminal offence, either in the country in which the Project is being carried out, or in the home country of the organisation or individual which carried out or assisted such non-compliance, the Independent Assessor will report such matter to the criminal authorities in those territories.
- 4.6 Upon receipt of a report from the Independent Assessor, the Chief Executives of all the Parties will discuss and try to agree the appropriate action which should be taken to deal with such non-compliance.
- 4.7 The Independent Assessor has no power to require any of the Parties to undertake any actions. No statement by the Independent Assessor, whether oral or in writing, is binding on any of the Parties. All reports and other documentation issued by the Independent Assessor can be used by any Party in legal or dispute resolution proceedings. The Independent Assessor can be called as a witness in legal or dispute resolution proceedings.
- 4.8 The fees of the Independent Assessor will be shared equally between the Parties.
- 4.9 The Independent Assessor can only be removed from his appointment if:
- a) all of the Parties agree in writing to remove him; or
 - b) he resigns; or
 - c) he is removed from his office by order of a Court having appropriate jurisdiction.
- 4.10 If the Independent Assessor is removed from his appointment, the Parties will immediately request an appropriate independent institution to nominate a suitably qualified and experienced replacement Independent Assessor. Upon receipt of the nomination for the replacement, the Parties will immediately appoint the nominated person as Independent Assessor for the remaining duration of this agreement.

5. **Breaches of this Agreement**

- 5.1 In the event that any Party believes that there is prima facie evidence that there has been a failure by a Party to comply with any provision of this agreement, such Party will take the following actions:
- a) It will report full details of such suspected non-compliance to the Independent Assessor with copies to the Chief Executives of each of the Parties.
 - b) If any such non-compliance has been carried out, or assisted by an individual who is a member of a professional association, and such non-compliance may constitute a breach of any disciplinary code of such professional association, such Party may report such matter to the professional association.
 - c) If such non-compliance may constitute a criminal offence, either in the country in which the Project is being carried out, or in the home country of the organisation or individual which carried out or assisted such non-compliance, such Party may report such matter to the criminal authorities in those territories.
- 5.2 In the event that any Party breaches any provision of this agreement, the other Parties may, in addition to the rights under clause 5.1 above, claim damages against the defaulting Party, and exercise any other rights they may have against the defaulting Party.
- 5.3 The Parties will take appropriate disciplinary or enforcement action against any of their staff, consultants, parent and associated and subsidiary companies, agents, consortium and joint venture

partners, sub-contractors and suppliers who cause or assist in any breach of any provision of this agreement.

6. **Duration of Agreement**

6.1 This agreement comes into force as soon as it has been signed by all the Parties. It cannot be terminated or varied except by the written agreement of all the Parties.

6.2 This agreement will automatically expire on [date] unless renewed by the unanimous agreement of all the parties.

7. **Existence of a Specific Project Integrity Pact**

In the event that more than one Party is tendering for a project, and a specific integrity pact is to be entered into in relation to such project, then the Parties may agree to suspend the operation of this agreement in relation to such project, and therefore allow the specific project integrity pact to take precedence.

8. **Governing Law and Dispute Resolution**

8.1 This agreement shall be governed by [] law.

8.2 Any dispute between the Parties in relation to or arising out of this agreement shall be submitted to arbitration. The arbitration shall be held in [] under a single arbitrator appointed by the President for the time being of []. The arbitration shall be governed by the Arbitration Rules of []. The language of the arbitration shall be [].

Signed by:

.....
on behalf of [name of organisation]

Date:

[REPLICATE SIGNATURE CLAUSE BY NUMBER OF SIGNATORIES]

Notes:

- 1. For an analysis of the use of integrity pacts in the construction and engineering industry see TI's report "Preventing Corruption on Construction Projects – Construction Integrity Pacts" (www.transparency.org).

2. Three separate model integrity pacts have been designed by TI specifically for the construction and engineering industry. They are intended for use in both the public and private sectors.
 - a) **Construction Integrity Pact - Sector:** An agreement between companies working in the same sector to act with integrity when they compete against each other in tendering for any project anywhere in the world.
 - b) **Construction Integrity Pact - Project - Pre-qualification and Tender:** An agreement between the client, designer (if applicable) and all bidding contractors to act with integrity in relation to the pre-qualification and tender process for a specific project.
 - c) **Construction Integrity Pact - Project - Execution:** An agreement between the client, certifier (if applicable) and the selected contractor to act with integrity in relation to the execution of a specific project.

These integrity pacts can be freely downloaded from TI's web-site ("**Preventing Corruption on Construction Projects**" - www.transparency.org).

3. Every situation is different. Therefore, while these integrity pacts have been designed to apply as widely as possible, they will need to be modified to take account of specific circumstances. It is important that anyone using these integrity pacts takes their own independent legal advice to ensure that they are suitable for their purposes, and comply with applicable laws. Neither TI nor the author can accept responsibility for the consequences of any action claimed to be taken in reliance on these draft integrity pacts.
4. TI welcomes comments which would lead to the improvement of these construction integrity pacts. Comments should be sent to neill.stansbury@transparency.org.uk.