



Collective Action and SMEs

Talking about Training on Collective Action

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Talking about training on collective action

To discuss:

- What makes sense in the region? What make sense for SMEs?
- What are the main obstacles in the region? What obstacles can be country specific?
- What good examples do we have at hand? (and use your own!)
 - Ex. Morocco – Social responsibility label
 - Ex. Egypt – EJB's network of suppliers adhering to code of conduct benefiting from incentives
 - More?



What is the best way to address all these: in the trainings and in the materials?



The paradoxes of collective action

- It is difficult to undertake...and yet is everywhere
- Efforts to make it reachable.... have made it complex (The fate of buzzwords....)
- It is very much like community work: it works locally and is tailor-made to the problem.
- Often its effects are short-lived (so what)
- The ideal “training” leaves enough basis for people to get their own ideas (chances are these will become the best “tools”)

So:

- it is difficult to train – **training that enables ideas + empowers :Motivates for action**
- the best examples may be around the corner (and we don't necessarily call them collective action)
- the best printed examples may not be the best ones any more



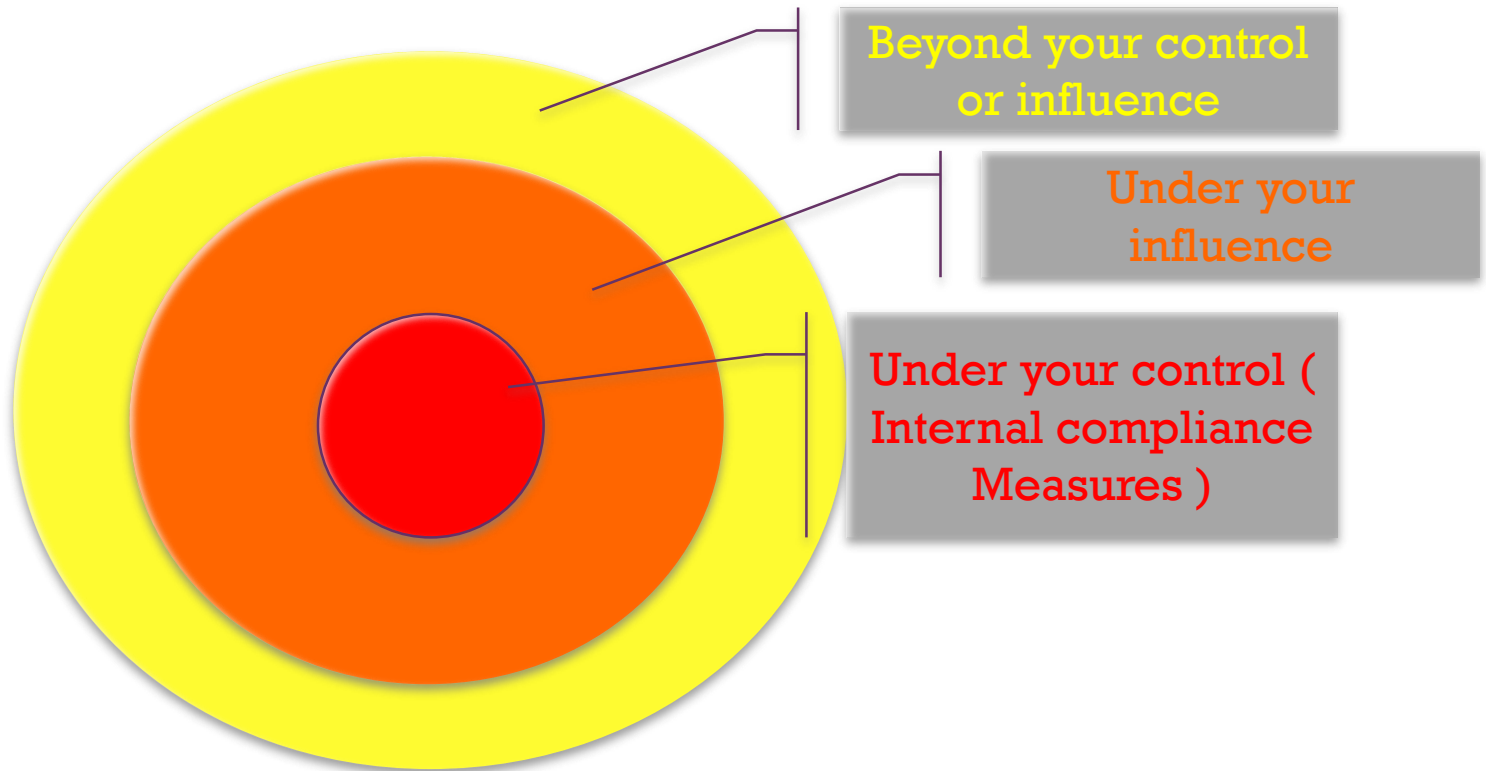
The logic of collective action



- Economies of Scale (costs, risks) – alone SMEs are vulnerable, together they are strong
- Corruption is a collective game
- Anti-corruption has to pay off for it to work
- Building, communicating, generating **trust**
- Corporate activism – corporate social responsibility

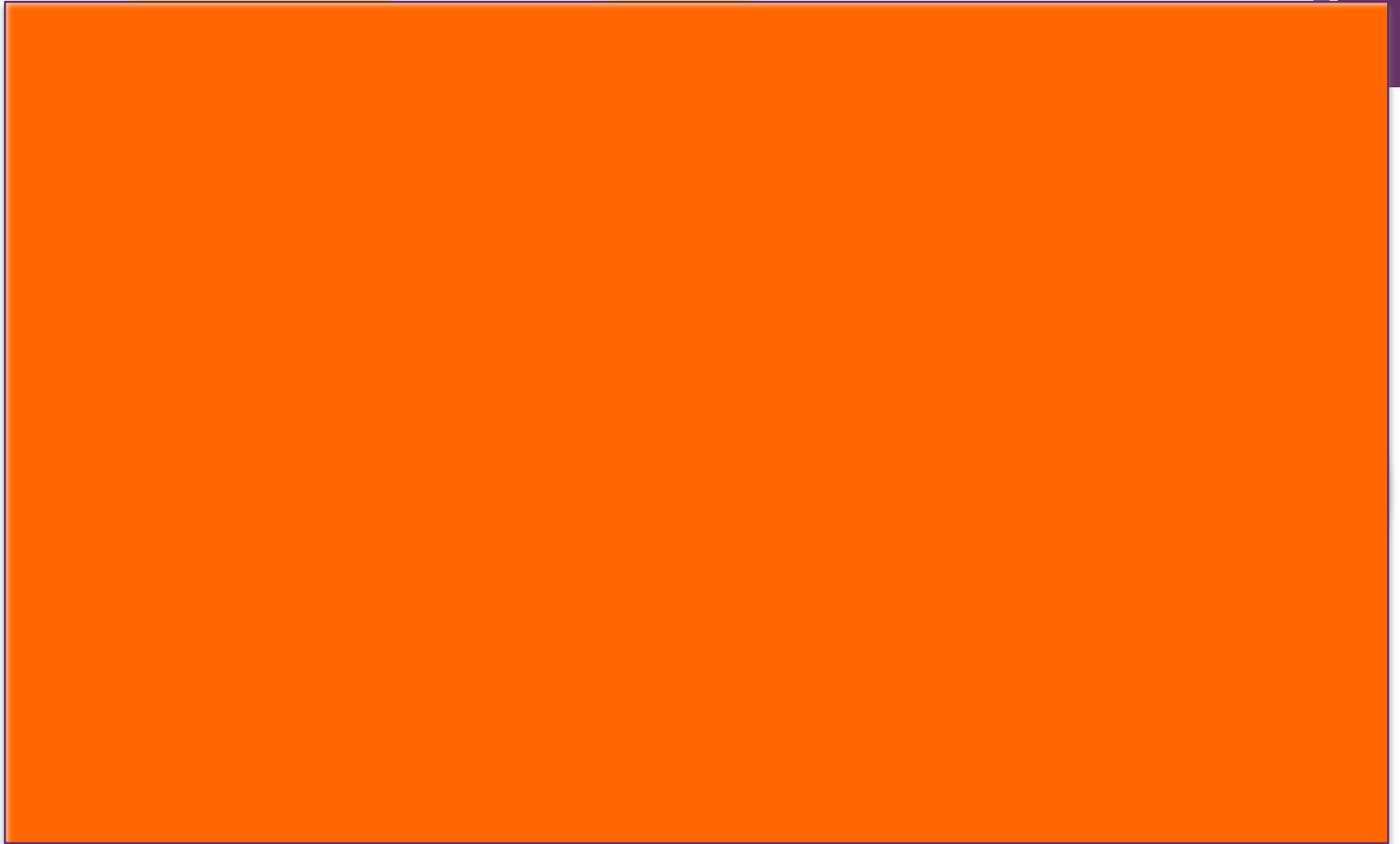


What to do about it.....



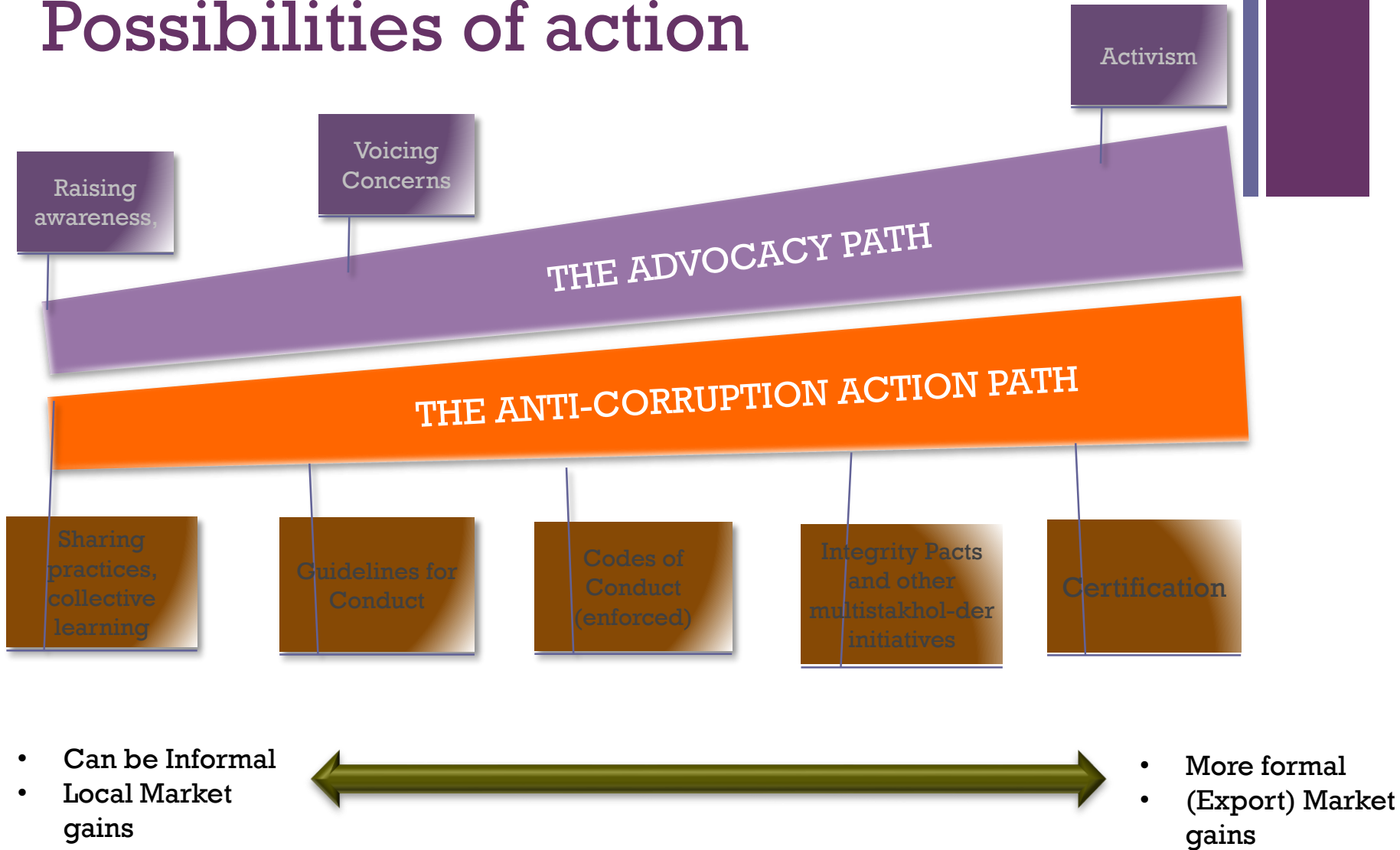


The logic of collective action





Possibilities of action





Variations in ingredients for a single output



Ingredients

Essential

- Organisation (formal or informal)
- Common purpose (and dissenting views!)
- A leader, an enabler and an operator

Variations (optional)

- Third party (external) monitoring (or not)
- Multiple stakeholders (or not)
- Through an industry association (or not)
- With support of an NGO, think tank or other actors (or not)

Impact

- Goal is achieved
- Trust
- Credibility, legitimacy (ex. Better Coal)
- Reduce corruption:
Costs < benefits
- Level playing field – improve practices in the sector/group of companies



Talking about training on collective action

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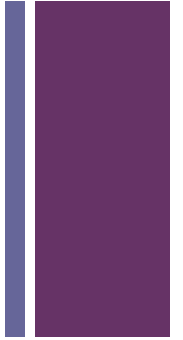


What is the best way to address all these: in the trainings and in the materials?





On Integrity Pacts....



- I. Integrity Pacts – What are they
- II. How they work
- III. Experience
- IV. Conclusions

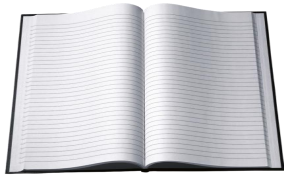
With references to cases in (Germany, Mexico, Colombia, Argentina)



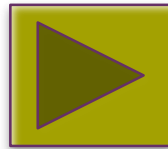
I. Integrity Pacts – What are they?



An agreement among the bidders for a specific bid, and the contract authority in order not to bribe, not to collude and to act transparently (among others), that is monitored by an independent entity.



Document



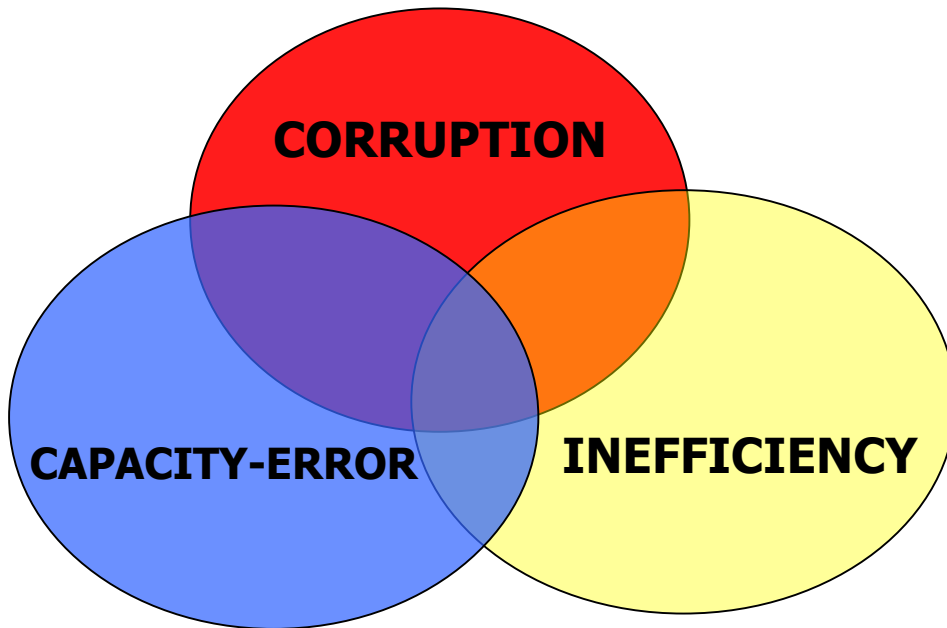
Process



Independently
Monitored



I. How is corruption preventable in Public Contracting

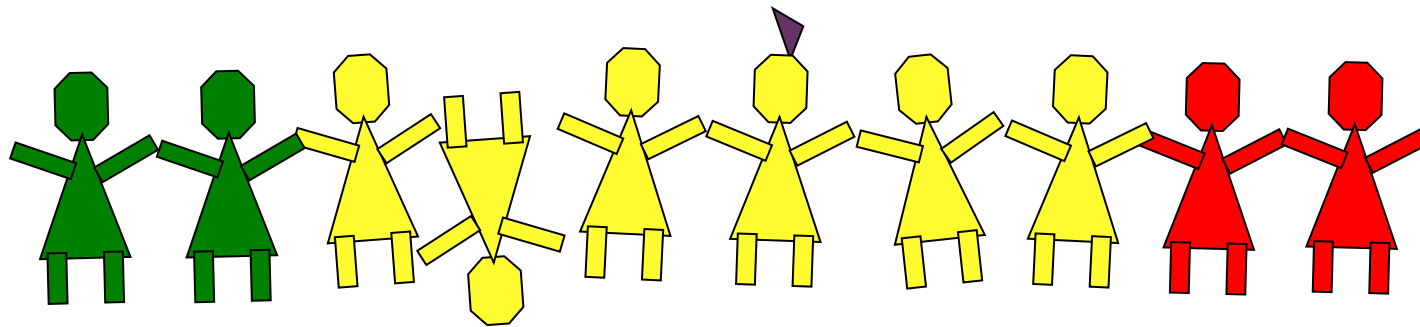


- Good, clear and shared laws/regulations/procedures
- Good management systems
- Strengthen capacities
- Law enforcement: administrative, disciplinary and criminal

And then there is the rest.....



I. IP Concept: behavioural aspects



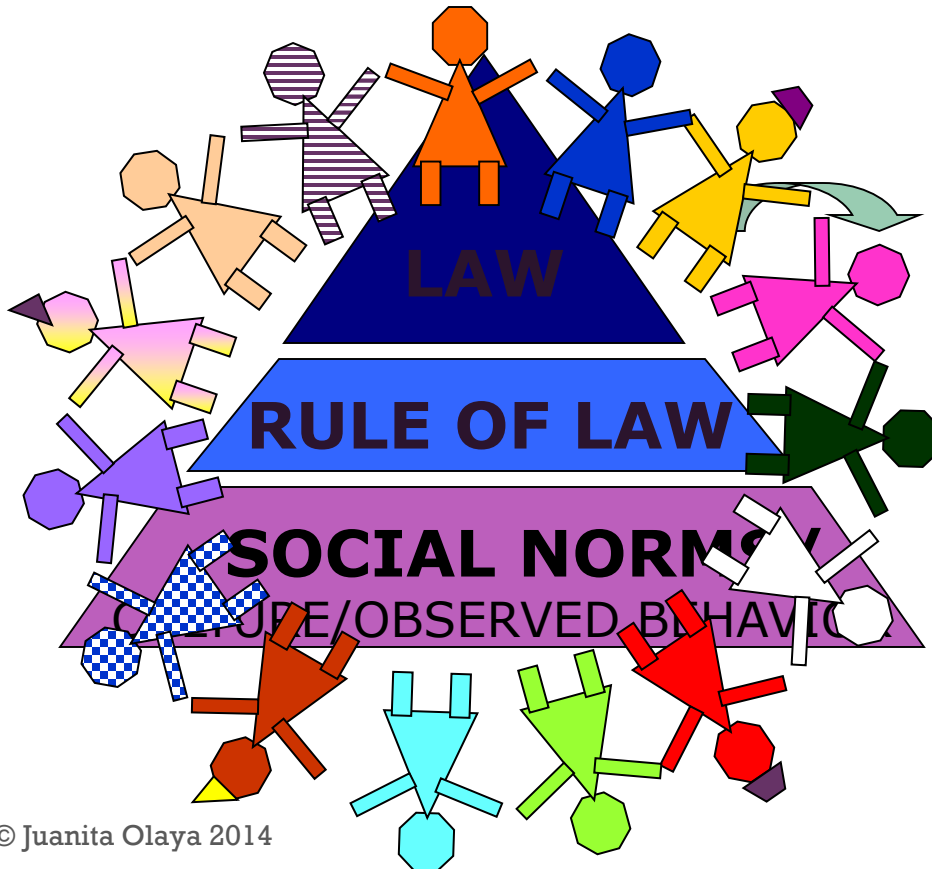
- Some of us subject our behaviour to our context
- Prisoner's dilemma: if the others do I have to do as well



I. IP Concept

What for if we have good laws?

Helps bring existing laws into actual behavior,
and non existing norms into existence





I. Some IP experience

Sectors and Areas of Work

Telecommunications

Public works

Transportation

School supplies

Office supplies

Utilities

Services

Tourism

Police supplies

Local government

Finance

Information systems

Countries

- Argentina
- Colombia
- Chile
- Ecuador
- Italy
- Latvia
- Germany
- Korea
- Mexico
- Nepal
- Pakistan
- Paraguay
- Peru

**14 +
countries**



I. Integrity Pacts – What are they?

Success is:

- the contracting process (es) went through in a transparent and accountable manner and free of corruption.
- the project is effectively brought to completion and that the contracting processes needed to make it happen didn't run with delays caused by trouble, confusion and lack of transparency.
- the social, economic and development goals of the project have been achieved or at least have not been impaired by corruption.
- as a side result of the strategy, trust in government and government officials has increased and an improved reputation of companies involved
- improved reputation of all participants involved.
- when corruption is detected and eliminated from the process.

IP's do not:

- Rule out 100% corruption (but displace it)
- Change structures or behaviour permanently
- Do not replace the role of control and oversight of the authorities (Auditor General, prosecutors etc.)
- Does not release the government from responsibility for decisions made



II. How it works – your expectation





II. How they work – reality: the Berlin Airport Experience

- Early 1990's – German reunification; a project of the federal, Regional (Brandenburg) and local government
- Set up FBS – GmbH a private entity of public partners
- 1995 – TI-D suggests IP; it is refused arguing implementing it would mean admitting there was corruption risk.
- Corruption allegations surface in the media – force project modifications and in 2011 cancellation of all project agreements.
- 2004 TI-D is consulted again by the Major of Berlin and state authorities. Worked together on an applicable IP concept and in selecting the independent Monitor. Concerns with how the IP would affect time and budget of the project.
- January 2005 – Monitor is appointment (retired procurement official from the city of Berlin- spotless record)
- Airport meant to open on October 2011 and cost 2.4 billion EUR. Runs on time and on budget by 2009 and 2010.
- In 2010-2011 opening postponed to June 2012 (Local elections in 2011)
- On May 2012 new delays are announced: new security measures, fireproof system not in place, sound mitigation measures needed, plans missing (Design issues) – it is claimed the Major and the FBS Board were informed (Oversight issues) – (Technicians v. Politicians).
- New opening date initially set for October 2013, now is open...and the budget is twofold (5 billion EUR)



II. How they work



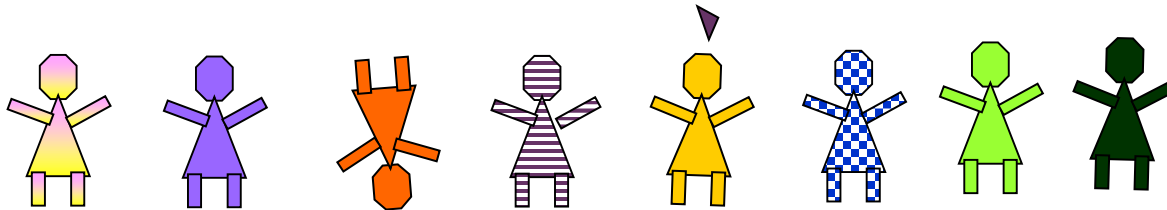
IP
Implementer



Monitor



Contract
Authority



Bidders



II. How they work: Different modalities

1. Germany

Berlin Schönefeld
Airport BER



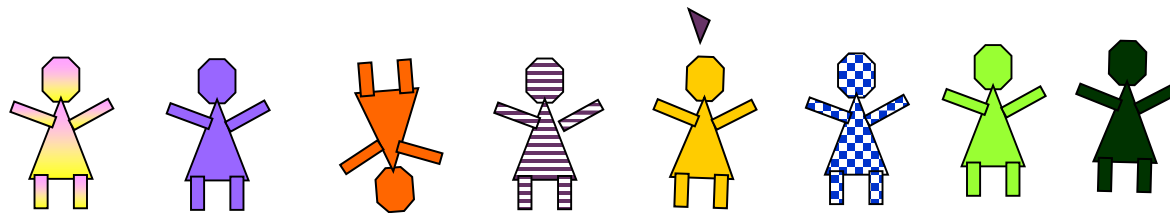
Contract
Authority + IP
Implementer

Professor + Retired
Berlin civil servant



Monitor

+ TI-Deutschland
(facilitator)



Bidders
(Mandatory above
certain thresholds)



II. How they work: Different modalities

2. Mexico



TI- Mexico and others registered as such



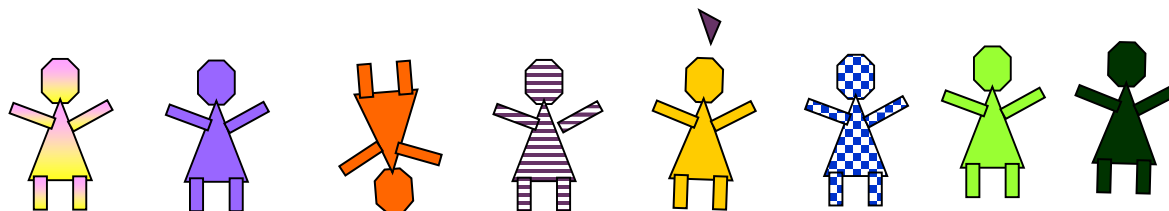
IP
Implementer



Monitor (Social Witness)



Contract Authority

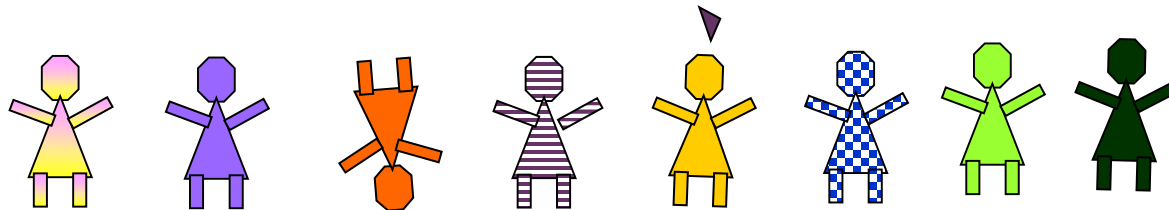


Bidders
(some cases mandatory, some cases voluntary)



II. How they work: Different modalities

3. Colombia

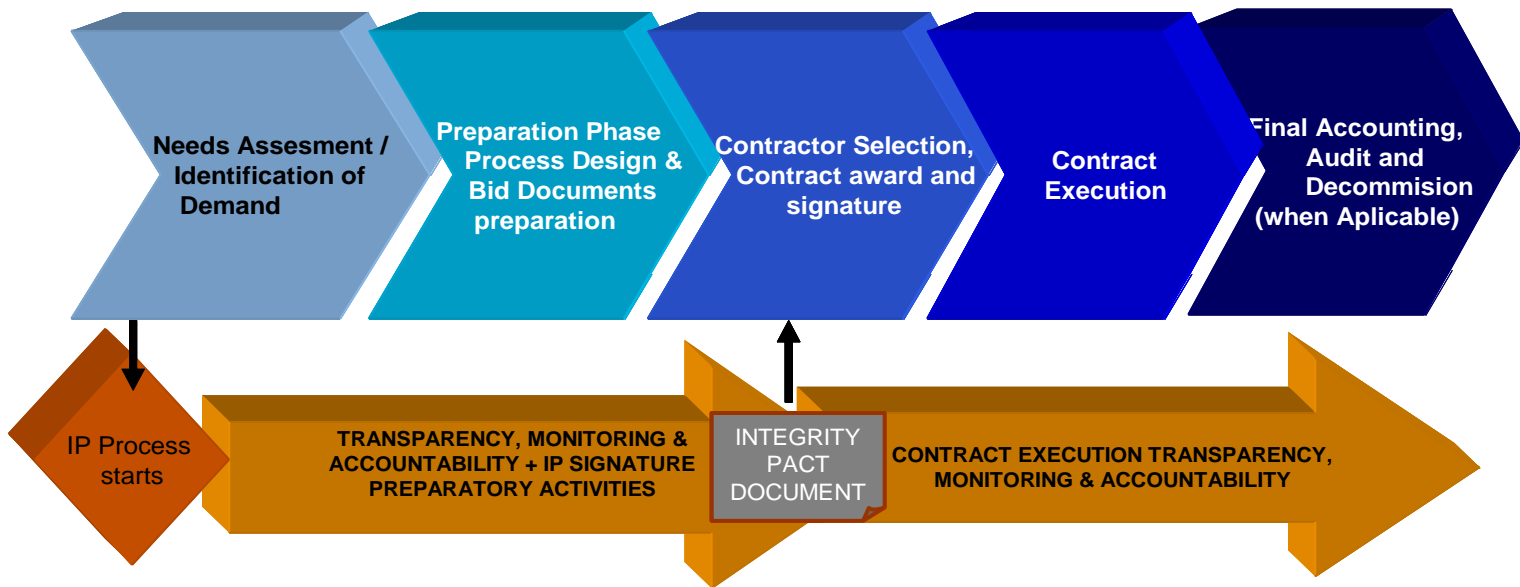


Bidders
(Voluntary negotiation,
mandatory
implementation)



II. How they work

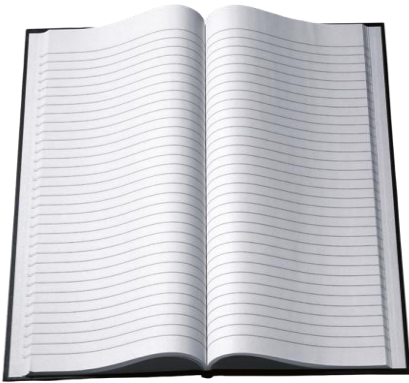
- The IP and the contracting process (different from the project process or supply chain management location



Source: Integrity Pacts in the Water Sector. An Implementation guide for government officials. WIN, TI. J. Olaya.



III. How they work: The document



- **Germany:** a contract, part of the partnership agreements subscribed by each and all bidders/contractors and the authority. Project management tool.
- **Mexico:** Unilateral declarations part of bidding documents.
- **Colombia:** a separate contract subscribed among all bidders and the authority. Bidding document.

Actual content can vary:

- Rights and obligations
- Access to information
- Public reporting
- Sanctions (additional)



II. How they work: The Process

BEFORE THE BID	DURING THE BID	AFTER THE BID
<ul style="list-style-type: none">▪ PUBLIC HEARINGS▪ BIDDING DOCUMENTS▪ EXPERT REVIEW▪ PARTICIPATORY RISK MAPS▪ ACCESS TO INFORMATION▪ IP COMMUNICATION	<ul style="list-style-type: none">▪ IP DRAFT AND SIGNATURE (and possibly discussion thereof)▪ PUBLIC HEARINGS▪ IP COMMUNICATION (reports)	<ul style="list-style-type: none">▪ CONTRACT DISCLOSURE▪ CONTRACT EXECUTION MONITORING▪ PUBLIC HEARINGS▪ IP COMMUNICATION (reports)

Implementer (or various different entities) are in charge of designing and implementing the process



III. Experience

- It does work
- Think small aim high: keep focus:
 - Single contracting processes
 - Contracting process transformation happens elsewhere
- Adapt – develop capacity (CSO history): an IP task force?
- Independent Monitor
- Monitor the monitor
- Communicate – involve the public
- Embrace the process
- Be realistic – corruption will be displaced
- Don't stop
- **Lessons from Berlin: embrace the process, involve the public (communicate), monitor the monitor.**
- **Lessons from Mexico: mandatory, remain focused, embrace the process.**



III. Experience: Added Value



- Participation – accountability- transparency (use of!)
- Putting law at the behavioural level
- Enhancing Trust and Reputation
- Communication
- Legitimacy – mobilize support for projects
- Empowerment and engagement (public officials, civil society, companies)