

## **Bhaktapur – Integrity Pact Case Study** **Ramesh Dhungal – TI Nepal**

**BHAKTAPUR**, Nepal's ancient "City of Culture" is renowned for its elegant art, fabulous culture, colourful festivals as well as its indigenous lifestyle. Spread over an area of 688 square kilometres this city was founded in the 12th century. It was brought to its present shape only in the early 18th century. Time has passed but the city and its dwellers seem to have remained more or less unchanged. Today one can view age-old festivals as well as time-honoured traditions and rituals, which are still enjoyed with the same fervour and enthusiasm as they were hundreds of years ago. Taking a stroll down Bhaktapur's lanes will find that many of the town's residents still don their traditional attires and costumes. Nepal's 'Cultural Capital' boasts a subtle culture vividly depicted in the thousands of remaining temples and age-old traditions. Besides the physical monuments the people of Bhaktapur have inherited a unique and century - old cultural tradition. Skilled craft persons continue to practice their generation-old craft art. Unlike the capital Kathmandu, Bhaktapur is still predominantly comprised of the peasantry, weaving, and ceramics, in addition to agriculture being their traditional enterprises.

### **BHAKTAPUR MUNICIPALITY - At a glance**

Area	688 sq. km
Population	80,000
Household	12,000

#### **Services Provided/Work Areas:**

- i. Map ratification for housing
- ii. Citizenship Certification
- iii. Petty Tax Collection
- iv. Business Registration
- v. Land Transfers
- vi. Waste Disposal and Sanitation
- vii. Land Tiller Name Transfer
- viii. Valuation of House/Land
- ix. Amendment in Name/Address

### **CONTEXT OF CORRUPTION**

- a. Corruption is a common problem of the country. It is a common practice in all government and civil bodies at the local level to pay some extra for the services rendered. However, Bhaktapur Municipality has made efforts in fighting corruption for a considerable time. It has hence been selected not as the worst case but as relatively better and easy place as a model.
- b. A successful campaign against corruption at the local level can be the introduction of participatory mechanism for fighting corruption. The Integrity Pact is the best mechanism for good governance at the local level.
- c. The best way is to motivate the local authority for adopting the Integrity Pact for their own good. It can give them political mileage specially during election. Once a municipality or a village council

agrees to enter into such Integrity Pact, other similar bodies especially in its neighbourhood feel publicly pressurised to follow its suit.

An agreement was concluded between Bhaktapur municipality and Transparency International Nepal in February 26, 1999 for its implementation of Integrity Pact. With this joint effort Transparency International Nepal and Bhaktapur Municipality hope to demonstrate firmly that corruption is a scourge that can be defeated with political commitment, increased public awareness and co-operation among like-minded groups

### **Integrity Pact - Bhaktapur Framework**

Integrity Pact insures that all activities and decisions of public offices are transparent and that the projects/works are implemented, services are provided or taken, and goods/materials are supplied without giving or taking any kind of benefit, financial or otherwise. Justification of the decisions taken is provided without much ado to the parties concerned or to any interested individual or institution/organisation.

For the implementation of this Pact, TI Nepal and Bhaktapur Municipality arranged for the following provisions:

#### **4 Decision-making process made simple and transparent:**

- 4.1 Procedures for providing services/facilities, procurement of goods, services or materials for construction works as well as the decision-making process was made simple and transparent.
- 4.2 The work process and work-flow-chart was displayed in such a way that it is visible to all.
- 4.3 Name-plate of the responsible officials was displayed in such a way that it is easily visible to all.
- 4.4 To inform the general public about important construction works, bill-boards with full details, were placed at all project sites.
- 4.5 Information on important decisions including auditor's report was made easily accessible to all.
- 4.6 The sources of income and revenues were made public.

#### **4 Construction budget made realistic:**

Construction budget was made realistic, based on the nature of project (labour or capital intensive) and prevalent market price in order to make the construction works cost-effective.

#### **4 Pledges Obtained from the Municipality, Officials, employees, individuals, firms and others:**

- 4.1 Municipality, officials and employees committed that, except tax, fees or discount legally provided for, they will not take any kind of commission, money, fee, tips or such other benefit – in cash or otherwise – directly or indirectly.
- 4.2 Individual and firms, while supplying goods or providing services, committed in the Application/Tender Documents that no financial give-and-take or otherwise – will be made directly or indirectly, personally or through agent to family member or any other persons of the Municipality, except tax, deposit/mortgage, fees legally provided for. Public commitment was also made that no compromise will be made in the quality of services being provided by the agency concerned nor in the delivery schedule.
- 4.3 Payment was made on the date mentioned in the agreement after the completion of the work.

4.4 While purchasing goods/materials, the details of goods/materials thus procured was published

**4 Provision for suggestions and complaints:**

- 4.1 A suggestion box was placed in the office premises to encourage suggestions from the concerned or other interested parties and arrangements for the analysis of and implementation of feasible suggestions was made.
- 4.2 An official was designated to respond to the suggestions and complaints thus received and redressed as soon as possible. All these processes were made public.

## ANNEX 1

# INTEGRITY SYSTEM: CONCEPT

### What is the Integrity System?

Integrity System is a system which insures that all activities and decisions of public offices are transparent and that the projects/works are implemented, services are provided or taken, and goods/materials are supplied without giving or taking any kind of benefit, financial or otherwise. Justification of the decisions taken is provided without much ado to the parties concerned or to any interested individual or institution/organization.

For the implementation of this system, the agency concerned should arrange for the following provisions:

#### **4 Decision-making process be made simple and transparent:**

- 4.1 Procedures for providing services/facilities, procurement of goods, services or materials for construction works as well as the decision-making process be made simple and transparent.
- 4.2 Agency concerned should prepare the work process and work-flow-chart for display in the concerned office premises in such a way that it is visible to all.
- 4.3 Name plate of the responsible officials should be displayed in such a way that it can be easily visible to all.
- 4.4 To inform the general public about important construction works, a bill board be placed at the project site. An inscription should be placed after the completion of the project. Details of important projects should be made public after the project is completed.
- 4.5 All important decisions be made public.
- 4.6 Information on all important activities including auditor's report should be made easily accessible to all.
- 4.7 Agency concerned should periodically make public their sources of income and revenues.

#### **5 Construction budget be made realistic:**

Construction budget be made realistic, based on the nature of project (labor or capital intensive) and prevalent market price in order to make the construction works cost-effective.

#### **6 Non acceptance of any form of payment, financial or otherwise, except those legally provided for, while offering or taking services or procuring goods, services or materials.**

- 6.1 Agency concerned should publicly commit that, except tax, fees or discount legally provided for, it will not take any kind of commission, money, fee, tips or such other benefit – in cash or otherwise – directly or indirectly.
- 6.2 Officials and employees of the agency concerned should also make commitment provided for in clause No. 3.1.
- 6.3 Individual, firm or company, while supplying goods or providing services, should in the Application/Tender Documents commit that no financial give-and-take, except tax,

deposit/mortgage, fees legally provided for, in the form of commission, cash, fee, tips or any kind of financial benefit – in cash or otherwise – will be made directly or indirectly, personally or through agent, family member or any other person.

- 6.4 Public commitment be made that no compromise be made in the quality of services being provided by the agency concerned nor in the delivery schedule.
- 6.5 The date of payment, for the services or goods be mentioned in the agreement and the payment be made accordingly after the completion of the work.
- 6.6 While purchasing goods/materials, the agency concerned should publish the details of goods/materials thus procured.

## **7 Provision for suggestions and complaints:**

- 4.1 A suggestions box should be placed in the office premises to encourage suggestions from the concerned or other interested parties.  
Arrangements for the analysis of and implementation of feasible suggestions be made.
- 4.1 An official should be designated to respond to the suggestions and complaints thus received.  
Complaints be studied and redressed as soon as possible. All these processes be made public.

### **Note:**

- 1. *This document includes provisions that are theoretically applicable to all types of agencies, although admittedly some of them may not be relevant to a certain agency because of the nature of work.*
- 2. *Suggestions relating to the improvement and efficiency of the institution concerned be implemented.*
- 3. *Matters having direct bearing on the functioning of the agency concerned and/or behavior of its officials, and which can potentially raise questions regarding accountability, responsibility and transparency, be immediately dealt with.*

ANNEX 2

**CONTRACT AGREEMENT BETWEEN THE PARTIES CONCERNED FOR THE IMPLEMENTATION OF INTEGRITY SYSTEM**

An agreement between Transparency International Nepal and ... .. has been reached on (date)..... to implement the Integrity System. To implement the system as per the attached concept paper, an understanding has been reached between ..... and Transparency International Nepal.

1. ....will implement the Integrity System. For this purpose, Transparency International Nepal will provide experts' services to..... as required.
2. While adopting the Integrity System as mentioned in the point No. 1, .....will provide information demanded by Transparency International Nepal and its experts as required.
3. Both the parties agree to jointly monitor the implementation of the Integrity System.

A monitoring team comprising an expert on integrity system and (number) ..... representatives and experts each from Transparency International Nepal and ..... will be formed for the purpose.

4. The ..... has the responsibility to inform the local public and all interested individuals/institutions/organizations about the activities carried out under this system.
5. In accordance with the proposed system, Transparency International Nepal will provide experts' services for ... .. months beginning .....
6. .... will continue the Integrity System even after the completion of this project and will provide information and details when Transparency International Nepal wants these for the purpose of the study.

On behalf of  
.....

On behalf of  
Transparency International Nepal

Signature:

Signature:

Name:

Name:

Designation:

Designation:

COMMITMENT OF THE OFFICIALS OF THE AGENCY CONCERNED FOR THE  
IMPLEMENTATION OF  
INTEGRITY SYSTEM

**I ..... on (date)..... hereby pledge that, in accordance with the Integrity System, will do the following:**

- 1. While performing any work under my jurisdiction, I (myself or through my family members) will not seek or accept any financial benefit – in cash or otherwise (in the form of commission, cash, reward, fee, tips) for providing or receiving services or while procuring goods, services or materials.**
- 2. I hereby guarantee that a clause of the date of payment for the services or goods to be supplied be included in the agreement thereof, and the payment be made by the date mentioned in the contract/agreement or after the completion of the work.**
- 3. I hereby commit that transparency will be maintained in all the activities undertaken under my jurisdiction.**
- 4. While performing duty under my jurisdiction during the implementation and even after the completion of the project of the Integrity System, I will not allow any situation adversely affecting the functioning of the Integrity System.**
- 5. I will promptly provide the details as demanded by any interested individuals or institutions or organizations regarding the issues and activities under my jurisdiction.**

**Name:**

**Designation:**

**Signature:**

**COMMITMENT OF THE EMPLOYEES OF THE AGENCY CONCERNED  
WHILE IMPLEMENTING INTEGRITY SYSTEM**

**I ..... on (date)..... hereby pledge that, in accordance with the Integrity System, will do the following:**

- 1. While performing any work under my jurisdiction, I myself or through my family members, will not accept any financial benefit – in cash or otherwise (in the form of commission, cash, reward, fee, tips) for providing or receiving services or while procuring goods/materials.**
- 2. I hereby guarantee that a clause of the date of payment for the services or goods to be supplied be included in the agreement thereof, and the payment be made by the date mentioned in the contract/agreement or after the completion of the work.**
- 3. I hereby commit that transparency will be maintained in all the activities undertaken under my jurisdiction.**
- 4. While performing duty under my jurisdiction during the implementation and even after the completion of the project of Integrity System, I will not allow any situation adversely affecting the functioning of the Integrity System.**
- 5. I will promptly provide the details as demanded by any interested individuals or institutions or organizations regarding the issues and activities under my jurisdiction.**

**Name:**

**Designation:**

**Signature:**

**PUBLIC NOTICE TO BE PUBLISHED BY THE AGENCY CONCERNED  
WHILE IMPLEMENTING INTEGRITY SYSTEM**

It is well known that ..... has been providing services in the field of public welfare. It is notified to all concerned that a system to make the activities of the institutions transparent is being introduced, whereby, all concerned individuals or institutions or organizations would have easy access to the information and details of our activities. Thus, this institution requests all concerned to provide comments/suggestions related to our activities. In addition, ..... can be consulted for the detailed information about the activities carried out by this institution.

**Quality of service would not be compromised**

In addition, services and facilities such as ..... will be provided free of cost or ..... No payment or..... should be made for these services. It is also informed that no compromise shall be made in the quality as well as the regularity of the services.

**No payment be made except tax and fee provided for by the law**

No payment is required to be made, except legally provided for, to this ..... by concerned individual, firm or company, while supplying goods or providing services, in the form of commission, cash, fee, tips or any kind of financial benefit – in cash or otherwise – directly or indirectly, to the officials or any employees of this institution.

**Complaints are invited in case of delay and/or illegal activities**

Complaints/information on any deed committed by any official or employee of this .....against this notice are welcome. It is requested that such complaints/information be sent to ..... Informant will be awarded with NRs ..... if the information thus supplied turns out to be correct. Name and address of the informant will be kept confidential.

**Cooperation of all concerned is expected**

Cooperation from all concerned is expected in effectively implementing the Integrity System by making all its activities transparent and providing services/facilities smoothly.

Thanks

*(Note: This notice could be adopted according to the need and circumstances.)*

## **PROCUREMENT PROCEDURES FOR GOODS AND MATERIALS**

The general norm is that all office supplies are procured through the procedure of tender or quotation. If an arrangement to compile market price of goods/materials required by the concerned agency is made periodically any untoward financial dealings could be checked. Thus, the agency concerned should make an arrangement to find out the market price every three months, in order to compare it with the price it has maintained. Following procedures are suggested for compiling the market price:

- Market price should be sought through officials/employees or through public notice.
- Price list could be obtained from Federation of Nepalese Chambers of Commerce and Industries (FNCCI).

The agency concerned, while purchasing any goods/materials, should arrange for the publication of public notice in the print or electronic media mentioning latest range of market price of the goods/materials required. Following points should be mentioned in such a notice:

- Unit and quantity of the goods/materials to be supplied.
- Time and place of delivery of the goods/materials.
- Available price list be given indicating the maximum price for the said goods and materials.
- The notice should mention that no payment be made, except tax, fee or commission legally provided for by the supplier of goods/materials to the agency concerned or its employees in any form of commission, cash, fee, tips or any kind of financial benefit – in cash or otherwise – directly or indirectly.
- The notice should mention that a written commitment from the supplier, while submitting and signing the contract agreement for the supply of goods/materials, would be required, declaring that the supplier will not make any payment, except tax, fee or commission or service legally provided for, in any form of commission, cash, fee, tips, services or any kind of financial benefit – in cash or otherwise – directly or indirectly to the concerned agency or its employees.

**PUBLIC COMMITMENT FROM THE AGENCY CONCERNED, WHILE PUBLISHING TENDER NOTICE ON NON-PAYMENT OF ANY KIND OF MONEY OR FINANCIAL BENEFIT, EXCEPT TAX OR FEES LEGALLY PROVIDED FOR**

Points to be included in the Tender Notice:

While supplying goods/materials, conducting construction works, during the submission of tender form or after the completion of the designated work or at the time of the receipt of payment for the services provided in accordance with the agreement ....., individual, firm or company does not have to make any kind of payment, except tax, fee, commission legally provided for, in any form of commission, cash, fee, tips, services or any kind of financial benefit – in cash or otherwise – directly or indirectly to the agency concerned or its employees.

If it is found through reliable source(s) and legally proved that an individual, firm or company has paid to ....., other than tax, fees or commission legally provided for, any payment in the form of commission, cash, fee, tips, services or any kind of financial benefit in cash or otherwise – directly or indirectly, while submitting the tender or quotation, the mortgage or deposit of such an individual, firm or company will be seized. Also, such individual, firm or company would be black-listed for a certain or indefinite period of time and the agencies concerned may be made aware of such a questionable act.

**COMMITMENT OF PERSON/FIRM/COMPANY, WHILE SUBMITTING  
TENDER DOCUMENTS, ON NON-PAYMENT OF ANY KIND OF MONEY OR  
FINANCIAL BENEFIT , EXCEPT TAX OR FEES LEGALLY PROVIDED FOR**

I/We ..... in the capacity of the proprietor/managing director of ..... , registered at district/zone/region ..... as firm/company hereby pledge that I/We will not make any kind of payment, except tax, fee, mortgage/deposit, commission legally provided for, in any form of commission, cash, fee, tips, services or any kind of financial benefit – in cash or otherwise – directly or indirectly, to the agency concerned or its employees, if my/our firm/company wins the tender and gets the job to supply goods, services, materials or the transportation or construction work etc. I/We hereby agree that the contract be cancelled in case it is found, in the process of deciding the tender or during or after the assigned work, that any kind of payment, except tax, fee, mortgage/deposit, etc. legally provided for, in any form of commission, cash, fee, tips, services or any kind of financial benefit – in cash or otherwise – directly or indirectly was made by me/us or agent of our firm/company to the agency concerned or its employees. In such a case, I/We will not claim any compensation and hereby agree that my/our mortgage/deposit be seized by the agency concerned. In addition, I/We agree to any legal prosecution arising from the circumstances mentioned above.

Commitment made by, for and on behalf of .....

Signature:

Name:

Witness:

Name:

Date:

**CLAUSES FOR THE NON-PAYMENT OF ANY KIND OF MONEY OR FINANCIAL BENEFIT, EXCEPT LEGALLY PROVIDED FOR, TO BE INCLUDED IN THE AGREEMENT**

Related to the officials and employees of concerned agency:

No official or employee of this agency ..... will receive any kind of payment or benefit, in any form of deposit/mortgage, commission, cash, fee, tips, services or any kind of financial benefit – in cash or otherwise – directly or indirectly, except tax, fees, commission legally provided for, through any individual or relatives of firm or company ..... in connection with the ..... work/contract agreement. Such official or employee will be legally prosecuted, if found guilty.

Related to the party providing services:

I/We will not make any payment, to any official or employee of this agency ....., in any form of deposit/mortgage, commission, cash, fee, tips, services or any kind of financial benefit – in cash or otherwise – directly or indirectly, except tax, fees, commission legally provided for, through any individual or relatives of my/our firm or company ..... in connection with the ..... work/contract agreement. I/We hereby agree the following if any kind of illegal transaction is found to have been made:

- a. Cancellation of the agreement;
- b. Forfeiture of deposit/mortgage made under the agreement. I/we also agree that I/we be prosecuted in accordance with the law.

**PUBLIC BILL BOARD TO BE PLACED AT THE  
CONSTRUCTION SITE: (SAMPLE)**

Construction work:

Construction procedure (Tender/Forced Account):

Contractor's Name:

Estimated cost:

Sources of expenditure:

Amount agreed for the work:

Date of commencement of the work:

Date of completion of the work:

Construction site: ..... Ward No..... Area.....

Name of the supervisor (technical employee):

Project chief:

- The construction work is being carried out by ..... through the mobilization of various sources. The public is hereby informed that any complaint regarding the quality or any other aspects of this construction work be filed at .....
- Indicate the public contribution in the form of cash or voluntary labor, if any.