INTEGRITY PACT

1 General

Whereas (……) representing the (*Druk Holding and Investments Limited*), Royal Government of Bhutan, hereinafter referred to as the Employer on one part, and (……..*)* representing the (……) as the other part hereby execute this agreement as follows:

This agreement should be a part of the Agreement. The head of the employing agency/or his authorized representative should be the signing authority. For the bidders, the bidder himself or his authorized representative must sign the Integrity Pact (IP).

2 Objectives

Now, therefore, the Employer and the Bidder agree to enter into this pre-contract agreement, hereinafter referred to as Integrity Pact, to avoid all forms of corruption by following a system that is fair, transparent and free from any influence/unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into, with a view to: -

2.1 Enabling the Employer to obtain the desired contract at a reasonable and competitive price in conformity to the defined specifications of the works, goods and services; and

2.2 Enabling bidders to abstain from bribing or any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also refrain from bribing and other corrupt practices and the Employer will commit to prevent corruption, in any form by their officials by following transparent procedures.

3. Commitments of the Employer:

The Employer Commits itself to the following: -

3.1 The Employer hereby undertakes that no official of the Employer, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favor or any material or immaterial benefit or any other advantage from the Bidder, either for themselves or for any person, organization or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the Contract.

3.2 The Employer further confirms that its officials have not favored any prospective bidder in any form that could afford an undue advantage to that particular bidder during the tendering stage, and will further treat all Bidders alike.

3.3 All the officials of the Employer shall report to the head of the employing agency or an appropriate Government office any attempted or completed violation of clauses 3.1 and 3.2.

3.4 Following report on violation of clauses 3.1 and 3.2 by official (s), through any source, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Employer and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the Employer the proceedings under the contract would not be stalled.

4 Commitments of Bidders

The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following: -

4.1 The Bidder will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favor, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Employer, connected directly or indirectly with the bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.

4.2 The Bidder further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favor, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Employer or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other contract with the Government for showing or forbearing to show favor or disfavor to any person in relation to the Contract or any other contract with the Government.

4.3 The Bidder will not collude with other parties interested in the contract to preclude the competitive bid price, impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

4.4 The Bidder, either while presenting the bid or during pre-contract negotiations or before signing the contract, shall disclose any payments he has made, is committed to or intends to make to officials of the Employer of their family members, agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.

5 Sanctions for Violation

The breach of any aforesaid provisions or providing false information by employers,

including manipulation of information by evaluators shall face administrative charges and penal actions as per the existing relevant rules and laws.

The breach of the Pact or providing false information by the Bidder, or any one employed by him, or acting on his behalf (whether with or without the knowledge of the Bidder), or the commission of any offence by the Bidder, or any one, employed by him, or acting on his behalf, shall be dealt with as per the provisions of the Penal Code of Bhutan, 2004, and the Anti-Corruption Act, 2006.

The Employer/relevant agency shall also take all or any one of the following actions, wherever required: -

5.1 To immediately call off the pre-contract negotiations without giving any compensation to the Bidder. However, the proceedings with the other Bidder(s) would continue.

5.2 To immediately cancel the contract, if already awarded/signed, without giving any compensation to the Bidder.

5.3 The Earnest Money / Security Deposit shall stand forfeited.

5.4 To recover all sums already paid by the Employer.

5.5 To encash the advance bank guarantee and performance bond/warranty bond, if furnished by the Bidder, in order to recover the payments, already made by the Employer, along with interest.

5.6 To cancel all or any other Contracts with the Bidder.

5.7 To debar the Bidder from entering into any bid from the government of Bhutan as per the Debarment Rule.

6. Conflict of Interest

6.1 A conflict of interest involves a conflict between the public duty and private interests (for favor or vengeance) of a public official, in which the public official has private interest which could improperly influence the performance of their official duties and responsibilities. Conflict of Interest would arise in a situation when any concerned members of both the parties are related either directly or indirectly, or has any association or had any confrontation. Thus, conflict of interest of any tender committee member must be declared in a prescribed form (sample form attached).

6.2 The Bidder shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any committee member, and if he does so, the Employer shall be entitled forthwith to rescind the Contract and all other contracts with the Bidder.

7 Examination of Books of Accounts

7.1 In case of any allegation of violation of any provisions of this Integrity Pact or payment of commission, the Employer/authorized persons or relevant agencies shall be entitled to examine the Books of Accounts of the Bidder and the Bidder shall provide necessary information of the relevant financial documents and shall extend all possible help for the purpose of such examination.

8. Monitoring and Arbitration

8.1 The respective procuring agency shall be responsible for monitoring and arbitration of IP as per the Procurement Rules.

9 Legal Actions

9.1 The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

10 Validity

10.1 The validity of this Integrity Pact shall cover the tender process and extend until the completion of the contract to the satisfaction of both the Employer and the Bidder.

10.2 Should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

We, hereby declare that we have read and understood the clauses of this agreement and shall abide by it. Further, the information provided in this agreement are true and correct to the best of our knowledge and belief.

The parties hereby sign this Integrity Pact at _____ on_____

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EMPLOYER	BIDDER
Witness:	Witness:
1._____	1._____

(Legal Officer/Internal Audit