

# **INTEGRITY PACT PROGRAM**

## **1. INTRODUCTION:**

**1.1** Airports Authority of India (hereinafter referred as “**Authority**”) is a premier Public Sector Organization in Civil Aviation Sector in India, which works with the mission of **PROGRESS THROUGH EXCELLENCE AND CUSTOMER SATISFACTION WITH WORLD CLASS AIRPORT AND AIR TRAFFIC SERVICES FOSTERING ECONOMIC DEVELOPMENT**. For attaining the mission, Authority conducts its business with the highest ethical standards.

**1.2** Authority does its business with a number of domestic and international bidders, contractors and vendors of goods and services (counter parties). Authority values its relationships with all counter parties and deals with them in fair and transparent manner, and is desirous to take more steps for fostering the most ethical and corruption free business environment.

**1.3** In order to make its business mechanism more transparent and to ensure the strict adherence of these objectives, Authority is implementing the Integrity Pact Program in cooperation with Transparency International India (hereinafter referred as “**TII**”), an Indian chapter of a renowned International Non-Governmental Organization (NGO) Transparency International headquartered in Berlin (Germany), which has developed Integrity Pact that ensures that all activities and transactions between a company or government department and their suppliers are handled in a fair, transparent and corruption free manner. As a part of this initiative Authority will in consultation with External Independent Monitor (EIM), implement the Integrity Pact Program.

## **2. COMMITMENT AND OBLIGATION OF AAI**

- i) Authority will take all necessary steps to have most ethical and corruption-free business dealings with counter parties.
- ii) Authority values its relationship with all counter parties and will deal with them in a fair and transparent manner.
- iii) Authority will endeavor to ensure that its employees, agents etc. will not seek or take undue benefits directly or indirectly for themselves or for third parties.
- iv) In competitive tender as well as in general procurement, Authority will deal counter parties with equity, reason and fairness.
- v) Authority will exclude its all employees/ associates who may be prejudiced or have a conflict of interest in dealing with counter parties.

- vi) Authority will honour its commitments and make due payments to counter parties in timely manner.
- vii) Authority will initiate action and pursue it vigorously whenever corruption or unethical behavior comes to its notice.

### **3. COMMITMENTS AND OBLIGATIONS OF THE COUNTER PARTY**

- i) The counter party directly or indirectly (through agent, consultant, advisor, associate, employee etc.) will not give illegal/ undue benefit to any one to gain undue advantage in dealing with the Authority.
- ii) The counter party will not engage in collusion with the other counterparts in cartelization, price fixing, etc.
- iii) The counter party will not pass to any third party Authority's confidential information.
- iv) The counter party will promote and observe best ethical practices within its organization.
- v) The counter party will inform the External Independent Monitor:
  - a) If he receives demand for a illegal/ undue payment/ benefit.
  - b) If he comes to know of any unethical or illegal payment/ benefit.
  - c) If he makes any payment to any Authority's associate(s).
- vi) The counter party will not make any frivolous/false allegations with malafide intention against the Authority, its employees or other Bidder(s)/ Contractor(s) etc.
- vii) That the counter party will not instigate any person to commit offences mentioned above or be an accessory to such offences.

### **4. VIOLATIONS AND CONSEQUENCES:**

- i) If a counter party commits a violation of its commitments and obligations under the Integrity Pact Program during bidding process, he shall be liable for disqualification from tender process and forfeiture of Earnest Money Deposit/ Bid Security.
- ii) In case of violation of the Integrity Pact after award of the contract, if the Authority terminates or is entitled to terminate the contract, Authority shall be entitled to demand and recover from the contractor damages equivalent to 5% of the contract value or the amount equivalent to Security Deposit or Performance Bank Guarantee, whichever is higher.
- iii) Authority may initiate appropriate proceedings against the violating counter party.

- iv) The counter party will be liable to pay damages as determined by the Authority.
- v) If the counter party against whom an action for violation of its commitments and obligations has been taken earlier, again commits a violation of clause 3, the Authority is entitled to debar such Counter Party for future tender/ contract processes.
- vi) A violation is considered to have occurred if the Authority is fully satisfied with the available documents and evidence submitted along-with External Independent Monitor's recommendations/suggestions that no reasonable doubt is in the matter.

## **5. INDEPENDENT MONITOR**

- i) Chairman, Airports Authority of India (AAI) is the authority to appoint External Independent Monitor(s) to oversee effective implementation of Integrity Pact. For this purpose, a panel of Monitors may be constituted by the Authority in concurrence with Central Vigilance Commissioner (CVC). It will be voluntary, non-salaried position of 1(One) year term renewable on satisfactory performance with mutual consent for a maximum period of 5 (Five) years. The Monitor will have status/benefits similar to those of Board Members of AAI.
- ii) The Monitor(s) will be people of impeccable integrity, conversant with Authority's business and experienced in commercial activities.
- iii) The major goal of the Monitor will be to oversee the implementation of Integrity Pact to prevent corruption, bribes and any other unethical practices. He will also enquire into any complaint alleging transgression of any provision of this Pact made by the Bidder, Contractor or Authority.
- iv) The Monitor will not have administrative or enforcement responsibilities. He may coordinate his efforts with other anti-corruption institutions such as CVC. He may engage services of outside agencies such as accounting firms, law firms etc at Authority's expense, if required, in discharge of his responsibilities.
- v) The Monitor(s) will have access to concerned officers and relevant internal records of the Authority. He will also have access to counter party's records and information regarding its dealings with the Authority.
- vi) The Monitor(s) will have the right to attend any meetings between the Authority and the counter parties.

- vii) If the Monitor observes or suspects an irregularity, he will inform the Chairman of Authority for appropriate action, with copy to CVC and TII for information.
- viii) The Monitor can be removed from his office by Authority only by an open and transparent process and such decision will have to be ratified by the Board of the Authority.

## **6. IMPLEMENTATION GUIDELINES**

To implement the Integrity Pact Program the following general guidelines will be followed:

- i) Authority will select and appoint External Independent Monitors (EIMs) in concurrence with CVC.
- ii) Authority will ensure commitment of all its senior level executives/officials to implement the program.
- iii) Authority will develop detailed implementation plan and finalise the Integrity Pact document in consultation with Central Vigilance Commissioner (CVC) and Transparency International India (TII).
- iv) Authority will notify all its executives, Board of Directors, Ministry of Civil Aviation, Central Vigilance Commissioner (CVC) and major Bidders/ Contractors/ Vendors plan to implement the Integrity Pact Program, and it will be uploaded on its website and disclosed to the media.

## **7. PERIODIC REVIEW & EVALUATION**

The Authority will periodically review the effectiveness of Integrity Pact Program by all or some of the following:

- i) The senior management of the Authority and IEMs shall make an annual self-assessment of Integrity Pact Program effectiveness and identify areas/ways to improve.
- ii) The Monitor(s) shall submit an annual report on the progress/effectiveness of Integrity Pact Program and ways to improve to the Chairman of the Authority.
- iii) Authority may conduct an annual 360 degree review (by an outside agency) with senior executives, junior executives, suppliers and competitors of effectiveness of Integrity Pact Program in reducing corruption.
- iv) Authority may meet with CVC and TII on an annual basis to review the effectiveness of program.