

# SIEMENS

**Siemens Integrity Initiative**  
*Creating fair market conditions*  
*Fighting corruption and fraud through*  
*collective action, education & training*



Transparency International Italia

# SUSTAINABLE PROCUREMENT

**Protecting the Green Sector Market  
from Corruption and Fraud**

Supported by:

**Autorità Nazionale Anticorruzione – National Anticorruption Authority**  
(Presidenza del Consiglio dei Ministri - Dipartimento della Funzione Pubblica)



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## First Funding Round (2009)

**Full Proposal Template, Version A:** one project covering one country or global project with no specific country implementation

*Draft – status April 29, 2010*

### Project Summary [0]

[1] Project name:	<b>SUSTAINABLE PROCUREMENT</b> protecting the green sector market from corruption and fraud
[2] Name of Applicant Organization:	<b>TRANSPARENCY INTERNATIONAL ITALIA TI-It</b> (Transparency international Italy Chapter)
[3] Name of Project Partners*:	1. 2. 3. 4. 5.
[4] Category of application: (please mark the appropriate with 'X')	X Collective Action _ Education & Training _ Both categories
[5] Total amount of funding required: (in USD)	<b>USD 600.000,00</b>
[6] Intended start of project: (month/year)	<b>January 2011</b>
[7] Planned project duration: (number of months/end date)	<b>36 months</b> <b>December 2013</b>
[8] Country covered**:	<b>ITALY (+ EU dimension)</b>
[9] Business Sectors covered:	<b>Green Economy</b>
[10] Main contact for this application: Name, title, phone, e-mail	<b>Maria Teresa Brassiolo</b> <b>President Transparency International Italy Chapter</b> <b>+39 02 4567 3792</b> <b>+39 02 400 93 560</b> <b>info@transparency.it</b>

### FOREWORD: THE CONCEPT OF "GREEN ECONOMY"

*The expression "Green Economy" has become in the last years one of the "key-tools" to describe both the contemporary productive process and the theoretical debate about the "new economic models and thought".*

*In the field of "real economics", the expression indicates nowadays those economic sectors which are characterized by building on and enhancing the Earth's natural capital or by reducing ecological scarcities and environmental risks. These sectors include more specifically, according to most reliable definitions: renewable energy, low-carbon transports, energy-efficient buildings, clean technologies, improved waste management, improved freshwater provision, sustainable agriculture and forest management, and sustainable fisheries.<sup>1</sup> Such sectors experience a substantial and steady increase of investments, which is driving them to gaining a significant size in international economy and a growing role for the future. At the same time, the expression "Green Economy" also refers increasingly to "new ways" of conceiving, approaching, regulating and managing the whole social economic process in itself, so that sometimes we find the wider expression "Green Social Economy". Such wider concept reveals the effort to introduce and foster, through and by these emerging sectors, mechanisms, functionalities and standards aimed at assuring stronger ethic standards in business making, by both private and public actors.*

*Most linked to the expression "Green Economy" we find the concept of "Sustainability". Many definitions of it have gained legitimacy in the economic debate. Particularly consistent is, in this framework, the following text by **Amartya Sen**: "Sustainability is not a new subject. Security of human lives has always been understood to depend on the strength and resilience of the natural world which we inhabit. (...) But does the Solow reformulation of the Brundtland's idea of sustainability incorporate an adequately broad view of humanity? (...) In particular, sustaining living standards is not the same as sustaining people's freedom to have or to safeguard what they value (...). We are not only patients whose needs deserve consideration, but also agents whose freedom to decide what to value and how to pursue that we value can extend far beyond our interests and needs. Sustainability is becoming a necessity more than a choice. Philanthropy will be eventually replaced or go hand in hand with a new sustainable way of doing business. The world of research and innovation will encompass holistic ethical vision. Corporate highly consider the influence of their decisions on environment, collectivities involved, lighter footprint to preserve the right of future generations".*

*Environmental issues were once regarded as irrelevant to economic activity. Today they are dramatically rewriting the rules for business, investors, and consumers. Around the world, innovative responses to climate change and other environmental problems are affecting more than \$100 billion in annual capital flows as pioneering entrepreneurs, organizations, and governments take steps to create the Earth's first "sustainable" global economy".<sup>ii</sup> Preliminary estimates indicate that \$200 billion will be invested this year 2010 in wind power, biofuels, and other renewable energy sources.<sup>iii</sup> The pursuit of so-called "green jobs" - employment that contributes to protecting the environment and reducing humanity's carbon footprint, estimated at a conservative 2.3 million worldwide - will be a key economic driver of the 21st century.<sup>iv</sup> "Climate-proofing" the global economy will involve large-scale investments in new technologies, equipment, buildings, and infrastructure, which will provide a major stimulus for much-needed new employment and an opportunity for retaining and transforming existing jobs.<sup>v</sup> The amazing size and specific weight of the Green Economy sectors are bringing them, consequently, to be under growing pressure by illegal practices and face significant risks to be conditioned and abused.*

*So it can be said and assumed that the so called "Green Economy" macro-sector is an arena which needs most to be protected by degeneration forms and which offers at the same the opportunity/need to experiment regulatory innovations in a broader sense of the term.*

## **A. Current circumstances for the project and why there is demand for such a project: [21]**

The "green and clean" economy is constantly growing at a global level and is contributing at creating a sustainable and ethical society. People all around the world are developing consciousness of the mankind ecological footprint and the need of living within the natural limits of the Earth is increasingly accepted. A green approach to production is expected to preserve the environment, by reducing the consumption of resources, maintaining the quality of air, water, and soil, and reducing waste production. At present, the green sector is also playing a pivotal role in tackling the worldwide financial-economic crisis. Green economy is one of the sectors with better performances and growth estimates.<sup>vi</sup>

However, any new process carries with risks, weaknesses and threats that must be accounted for and, as far as possible, prevented and managed.

To date, just for example, the Italian procurement system of the renewable energy sector is demonstrating to be vulnerable to corruption and fraud. There is growing evidence that interest groups are conditioning and abusing the market through a range of fraudulent schemes and corruptive behaviors which risk to undermine the potentialities of a primary sector. To some extent the corruption practices come to include dangerous wastes, money laundering through fake ESCO and investment companies, controlling primary resources fundamental for "green-economic activities", so that public procurement procedures are under tough stress.

Market abusers tend to determine unfair market conditions for those serious companies participating in service-contract procedures or willing to enter the markets. The demand for responsible business<sup>vii</sup> is the main goal of the UN Global Compact Leader Summit 2010, where the vast majority of Italian Corporate sectors is fully in line with this vision of the future. The Italian system is nonetheless exposed to risks that must be tackled. There is general agreement on a urgent demand for knowledge on the actual and potential risks, as well as for direct and efficient countermeasures in green procurement practices, in order to protect legitimate operators and the stakeholders, to reduce illegal opportunities and ensuring fair market conditions.

Transparency International Italia has already initiated a substantial action on this topic through a wide spectrum of networks (companies, media, institutions, universities, NGOs).

The present proposal aims at reinforcing this line of action and becoming a consistent part of the general process towards the introducing of legal and ethic standards and practices in the Green Economy Sector, with special attention to renewable energies, logistics/mobility of persons and goods, innovation technologies. In the perspective of Expo Milano 2015, which will be focused on the Sustainability topic, any possible synergy will be evaluated, specially with the logistics of agricultural goods.

## B. Overview Project objectives (maximum 3,000 characters spaces excluded) [22]

In line with the Siemens integrity Initiative, the **general objective** of the project is to contribute to fighting corruption and fraud in the green economy, a macro-sector where illegal practices are steadily and dramatically gaining terrain.

As said, the focus will be placed on three specific sectors: renewable energies, logistics/mobility of persons and goods, innovation technologies. In these areas it will be promoted a business environment with clear rules and transparent procedures, creating fair market conditions for all participants, and establishing public-private alliances. Other specific sectors will be possibly gradually included during the execution phase (e.g.: health-care technologies; agriculture; energy-efficient buildings; waste management) along with additional funding through integrative partners, both public and private.

The “Sustainable Procurement” Project aims at two **macro-objectives**:

1. **Achieving in-depth knowledge and enhancing awareness** in the business environment and among public institutions/authorities on the risks and impact of corruption and fraud in the green market.

To date, a large part of companies as well as public authorities underestimate or even ignore the risks and impact of illegal practices and crime in the green macrosector. An outlined and analytic knowledge of risks and impacts of fraud and corruption in the green economy is the pre-condition to support all stakeholders to engage for a clean and fair business environment. The project aims at filling this gap.

2. **Fostering cooperation among public and private stakeholders, with significant involvement of the university network**, to promote the prevention of fraud and corruption in the green economic sectors, also through the adoption of existing/new standards.

Both Institutions and Private sector are requested to keep the highest attention on this evolving market. Only from an effective cooperation from both sides private and public consistent results are to be expected.

More **Analytic and Instrumental Objectives** through dedicated activities are:

As far as Macro Objective 1 is concerned:

- Activity 1.1 aims at **providing a scientific-based information and implementing a sound framework where all actors may refer to access to and sharing data.**
- Activity 1.2 aims at **developing an in-depth analysis of the vulnerabilities of companies** and informing by providing BIOs with prevention toolkits.
- Activity 1.3 aims at **disseminating the results** to a wider – but qualified – audience.

As far as Macro Objective 2 is concerned:

- Activity 2.1 aims at setting up **a dialogue platform between public and private sector**, to fostering P&P cooperation to promote the adoption of existing standards.
- Activity 2.2 aims at setting up **a dialogue platform between private sector.**

- Activity 2.3 aims at ***strengthening the capacity and professional skills*** of company managers and public sector officers.

As **Objective Targets**, the project primarily targets: a) business associations; b) private companies; c) public authorities. Additional targets are the professionals associations, specialized university operators and selected groups of students, in the perspective of linking the project also to the public opinion arena. The primary final beneficiaries remain private companies and business associations.

**C. Project Activities (maximum 3,000 characters spaces excluded - per activity) [23]**

**GENERAL STRUCTURE FOR ACTIVITIES**

The two macro-objectives of the Project will be achieved by 6 actions, according to the following scheme:

<p>OBJECTIVE 1:          INCREASING KNOWLEDGE AND          ENHANCING AWARENESS ON THE          RISKS AND IMPACT OF CORRUPTION          AND FRAUD IN THE GREEN MARKET</p>	Activity 1.1 – Knowledge Building
	Activity 1.2 – Laboratories
	Activity 1.3 – Dissemination
<p>OBJECTIVE 2:          FOSTERING COOPERATION TO          PROMOTE THE PREVENTION OF          FRAUD AND CORRUPTION IN THE          GREEN ECONOMIC SECTORS, ALSO          THROUGH THE ADOPTION OF          EXISTING/NEW STANDARDS</p>	Activity 2.1 – Private-Public-Partnership Working Table
	Activity 2.2 – Private Platform
	Activity 2.3 – Capacity Building (Curricula Development)

**DETAILED DESCRIPTION OF ACTIVITIES**

**1.1 – Knowledge Building**

The need for in-depth knowledge and increased awareness on the risks and impact of corruption and fraud in the Green market is very high in this particular moment. To achieve such result it is important to analyse scientifically the phenomena. Public authorities as well as private actors (business intermediary organisations, companies...) must be involved in this process because they need to improve their knowledge and awareness in order to adopt knowledge-based countermeasures to prevent and fight corruption and fraud in the green market.

Consequently, the first action of the project is to analyse and assess which are the vulnerabilities, the opportunities and the loopholes of the market than can be exploited for illicit, or even criminal purposes.

This is particularly relevant in the “Green Economy” market, which is: NEW – there is little history about deviant and unfair behaviours in the green market that should be collected, analysed and possibly organised in clear and flexible categories of reference. Moreover, it is important to learn from the experiences and good-practices developed by other economic sectors, as well as by law enforcement

agencies, in order to understand their efficacy and transferability to the green sector (e.g. Code of Conducts). This will support also the elaboration of new and tailored countermeasures against corruption and fraud.

**GROWING** – the number of subjects, of products, of commercial and industrial schemes as well as of resources used are constantly growing. There is need to develop a know-how about controlling the access to this market, assessing the quality and reliability of companies, checking the quality and environmental impact of the products, to prevent fraudulent schemes.

**COMPETITIVE** – Looking for best practices can help in building sound and crime-proof markets, by setting clear rules, transparent procedures, and an effective control system are fundamental for a fair competitions.

**LIMITED RESOURCES** – This is particularly true in relation with soil consumption for sun and wind power plants. Learning how corruption and fraud takes place e.g. for obtaining authorizations from local authorities, in the market of carbon credits or of licences, for taking control of energy companies, or in public procurements, can help in taking appropriate countermeasures.

**RESEARCH & DEVELOPMENT** – IPR infringements is one of the main threats for companies engaged in this sector. As a matter of fact corruption and fraudulent schemes can involve also the revealing of industrial intellectual property and of business strategies. Counterfeiting of products is another related-risk, exposing consumers and the environment to potential serious negative consequences. Also this sector need to be further explored.

Knowledge-building activity will analyse the phenomenon, its features and trends in Italy, and highlight vulnerable points and strategies for illegal practices prevention. It will provide mapping, assessment and evaluation of the initiatives at public and private level in Italy. The research methodology will include literature review, questionnaires and interviews to law-enforcement agencies, companies and other relevant stakeholders, exchange of information with experts, data collection and analysis, and the production of analytic documents.

### **1.2 – Laboratories**

Basing on the technical input of innovation driven Institutions and Research Institutes the scheme is aimed at choosing, analyzing and assessing specific leading companies in the "green economic sectors" in order to find out the vulnerabilities and to outline solutions to reduce the risk of fraud and corruption (estimated 10 companies involved). In fact, companies can be author or victims of corruption and fraud in the green market. The laboratories will put into practice the evidence coming out from the activity 1.1. in a research-action scheme. Researchers will support selected companies to understand where and when they can become victims of such schemes. The laboratories will analyse also success stories, to evaluate the positive impact of compliance procedures in reducing risks and vulnerabilities.

Laboratories will be organised in maximum 10 companies, depending on their size, and based on specific agreements with each of them.

Companies will benefit directly from such activity, but the results of such action – with the due level of protection of information and confidentiality – will become common asset of the project.

Furthermore, researchers will develop a set of practical instruments (a tool-box) for business intermediary organisations, to support their members in strengthening their security from criminal or illicit behaviours.

### **1.3 – Dissemination**

A wider audience will benefit from the results of the researches carried out in activities 1.1 and 1.2. In line with objective 1, the project will raise attention on risks and impact of corruption and fraud in the green market.

The dissemination includes international and national events, regional seminars, publications in reviews and newspapers, a website, video on successful stories, with different level of stakeholders. From companies and managers, to BIOs, to regional and local governments, to researchers and students, and finally to citizens and the media. The project will search the maximum visibility for the project results.

## **2.1 – Private-Public-Partnership Working Table**

The establishing of a specific structured and coordinated working program among a wide range of actors from both the private sector and public institutions is of the foremost importance for an effective incidence of the project. After and contextually to the process of knowledge building, research and general mapping of the scenario about corruption in the macrosector “Green Economy”, this very specific activity is scheduled to be accurately developed through executive projecting, predisposition, establishing, and managing of a “common table” where private and public actors will cooperate exchanging information, sharing visions and long term aims, making synergies among each policies, coordinating tools and time-scheduling in order to harmonize actions and optimize the common objective to avoid fraud and corruption to take root in this economic segment. The common table will be composed by a selection of leading companies in Italy, by the most representative Italian corporate associations, by members of the Italian Commerce Chambers, by exponents of local and regional governments, by national and local regulatory Authorities and entities. The common work will be aimed to enucleate a set of existing tools to adopt (e.g.: monitoring activities, transparency and disclosure procedures, ethic codes, integrity pacts, among others) and to conceive, develop and implement develop through legal and procedural innovation. The work will be organized through a series of meetings, through a permanent digital platform as a “common home” for all actors and through periodical conference calls, both plenary and reduced sessions on specific items. It will be pursued a strict link with internal offices of companies and institutions (i.e.: research departments, legal offices, others). In short, the issues which will be treated are: legal framework, market rules, national and international standards, reform proposals, capacity building, compliance standards, incentives for good performers, good practices data banking and sharing, alliance promotion. A series of documents deriving from discussions, data mining, studies will be elaborated as final proceedings of the table, playing both a practical role as “reference book” and a symbolic role of possible cooperation, The expected results of such “relations dense” activity are the strengthening of the general awareness of the importance of cooperating on ethic and shared regulatory standards, the adoption of prevention procedures and legal frameworks against corruption and fraud, the establishing of a common cultural context in the Green Economy sector where ethic practices are recognized and respected as a substantial part of the social economic process. Specific competences in PPP projects (Private Public Partnerships) will be utilized, so that practices will interact at best with international standards In order to diffuse the best practice. The territorial basis of the Table (as well of the Corporate Platform and the Capacity Building Program – see 2.2 and 2.3) will be on a macro-regional level: 1. Piemonte/Liguria/Valle d’Aosta; 2. Lombardia; 3. Veneto/Trentino/Friuli Venezia Giulia; 4. Emilia-Romagna/Marche; 5. Toscana/Umbria; 6. Lazio/Abruzzi; 7. Campania/Calabria; 8. Puglia/Basilicata; 9. Sicilia; 10. Sardegna. The duration will be from month 3 to 20.

## **2.2 – Private Platform**

Parallel and in a tight connection to the Private/Public working table, the establishing of a specific structured and coordinated working program within the private sector is

equally of the foremost importance for an effective incidence of the project. The “grass rooting” of a substantial common consciousness of a “shared interest” by all companies and enterprises is one of the key-points of a successful prevention strategy against corruption and fraud. In addition to a “stick and carrot” regulatory approach, it is as far as relevant to foster companies to adopt cultural schemes which see in innovation and top performing the main means to compete in the markets. A significant role will be played in this process by financial institutions, which operate under strict control and monitoring by regulatory banking authorities and might/should introduce more binding ethic and transparency protocols. The working program within the private sector has been conceived more as an “open platform” than as a Working Table, so that all operators will be informed and theoretically any of them will be able to participate to the process through the digital platform. In practice, some leading companies and sector associations will be chosen to play a leading function. Logistics, renewable energies, infrastructures, and other associations will have the intermediary function to inform and involve the single enterprises. Special importance will be assigned to CONFINDUSTRIA (as far the energy sector and mobility of people are involved) and to CONFCOMMERCIO (as far the logistics of goods in GDO and commerce is involved), which are both second-third level associations and are developing specific policies to foster legality in Italy. Also this activity will be accurately developed through executive projecting, predisposition, establishing, and managing of the “platform” where private actors will cooperate exchanging information, sharing visions and long term aims, making synergies among each policies, coordinating tools and time-scheduling in order to harmonize actions and optimize the common objective to avoid fraud and corruption to align in the “green” economic segment. The private platform will be in continuous connection with the Private-Public Working Table. The common work will be focused to ethic codes, cooperation practices and proposals to submit to the public sector in the Working Table, so that the private sector can mature a unified position. The work will be organized mainly through conference calls and document sharing; after a first maiden meeting, some further meetings will take place to summarize the work at distance. The series of documents deriving from discussions, data mining, and studies will be elaborated as final proceedings of the table, as an Allege of the “reference book” of the Private/Public Working Table. The final result is the establishing of practices and shared guide lines among companies to face the implicit corruption risks in the sector, so that the public actors are “pushed” as well towards ethic standards. The private sector might be determinant in feeding a virtuous process, since they are far more often “passive actors” than “active subjects”. The main topics of the agenda will be: voluntary standards, detection of needs for new regulations, detection of specific needs for specific sectors, promotion of alliances, common communication&lobbying strategies, good practices promotion. The duration will be from month 3 to 36.

### **2.3 – Capacity Building (Curricula Development)**

Knowledge, training, education, culture: these all are pillars of any strategy aiming to promote ethic standards. In one concept: capacity building. In this activity segment Transparency International Italy has accumulated specific experience along over ten years of actions within companies, institutions, universities, schools. The effective knowledge of laws, regulatory systems, prevention tools, ethic standards, international conventions, the awareness of the quantitative and quality negative impacts on society of corruption and fraud attitudes and behavior, as much as the advantages which derive from fair practices is crucial to avoid the “degeneration” of the sector. The cultural and technical capacity of any actor (private entrepreneur, policy maker, educational institutions, media, public opinion) is the necessary prerequisite to guarantee a substantial ethic practice in the economic arena. Many

actors as a whole, and a vast majority of single individuals, operate under the negative conditioning of the wrong common places, prejudices, ignorance of national and international laws, a general feeling and convincing that no real tools and means exist to avoid corruption phenomena, and no support/incentive to fair actions exist. This must be disrupted and erased through consistent capacity building at all levels in any organism.

A specific executive plan for capacity building will be developed in the “value chain” of the sector and in the “educational chain”, from primary school to top private/public management, as an experimental model on a very selected quantitative/qualitative basis through strict cooperation with the Education Ministry, the regional school departments, the university network involved in the green economy training, corporate universities and schools, the Advanced School of Public Administration, within single corporation/enterprises and institutions. A training course at university level will be structured and shared among all actors. Publication of materials and a dedicated web site for distance e-learning training will be developed.

The duration will be from month 9 to 36.

The “integrated approach” to the issue “avoiding corruption in the green economy sector” finds in the capacity building activity its main pillar.

## D. Description of output for each activity

### GENERAL STRUCTURE FOR OUTPUTS

Each action of the project will have practical and tangible results, according to the following scheme of Outputs:

ACTIVITY	OUTPUT	QUANTITY
1.1 – Knowledge Building	1.1.1 – sustainable procurement report	1000 copies in Italian and/or English + digital format
	1.1.2 – success stories	1 DVD (containing 1 trailer 5', 1 video 40') in Italian and English subtitles. 50 copies + free on line version
	1.1.3 – risk assessment of public procurement in the green sector – report for the Italian government	1 report for the Italian Government + 1 public abstract (free on line version)
1.2 – Laboratories	1.2.1 – vulnerability audits	10 companies audited
	1.2.2 - “fair green” - tool-kit for business intermediary organisations in supporting companies in the Italian green market (digital format)	1 tool-kit for BIOs
1.3 - Dissemination	1.3.1 1 international conference	2 days conference, 100 participants
	- 1 national forum	1 day, 200 participants
	1.3.2 – publications in reviews and newspapers	5 articles
	- 1 book	1 soft cover book, est. 300 pages, in Italian (or English), 3.000 copies
	1.3.3 - meetings with school school and university students	16 meetings
	1.3.4 website	1 dedicated website
	1.3.5 – active participation to national/international conferences	6 main events during the three years
2.1 – Public-Private Working Table	2.1.1 – meetings of p-p working table	10 meetings at macro-regional level
	2.1.2 - introduction of integrity pacts, business principles, in the green market (e.g. bidding process, financial audits)	100% of participants
	2.1.3 – signature of a memorandum of understandings on fighting corruption and fraud in the green sector	100% of participants
2.2 - Private Platform	2.2. 1 – meetings of private platform	3 meetings 5 conference calls
	2.2.2 – voluntary adoption of standards	expected + 10% above national average
	2.2.3 – development of BIOs' ethical codes	2 ethical codes (Confindustria and Confcommercio) 1 long-term deal among the main corporate associations
2.3 – Capacity Building (curricula development)	2.2.1 – regional workshops (in cooperation with BIOs, e.g. Confindustria and	10 macroRegional workshops

	Confcommercio)	
	2.2.2 – regional knowledge sharing initiatives (seminars) for public authorities, businesses and relevant stakeholders	10 events
	2.2.3 – 1 training course at university level	1 training course, 30 students + e-learning platform
	2.2.4 – tutorial materials (on line)	1 handbook

## ANALYTICAL INDICATION OF OUTPUTS

### 1. – Outputs from Knowledge Building

- Sustainable Procurement Report - protecting the green sector market from corruption and fraud. Possible title “Green and Clean” or “Green Ethic” or “Sustainable Green market”. Green Economy

The report will provide the first complete and most up-to-date outlook of this emerging economic sector, and the integrity-related risks. Project outcome from research activities will drive the team and the steering committee to give a shape and a structure to this report. Nevertheless, the report will cover at any case the following issues: ethical values (including principles and instruments); collective education (critical consuming, CSR); most vulnerable areas (natural resources, extractive markets, environmental impact, waste reduction and management, research and IPR, CO2 reduction); threat assessment on green economy sectors (renewable energies, low-carbon transports, energy-efficient buildings and land management, agriculture, nutrition and health); regulation and accountability in licit markets<sup>viii</sup>; lesson learned. The report will be available in Italian and English, both in paper and on the web.

- Success Stories – The video. Stories of companies that has become green. Practices, experiences, challenges of green companies in a 40' video, with subtitles in English, plus a 5' trailer. A powerful communication instrument, but supported by sound methodological analysis of companies' strengths and weaknesses.

- Threat assessment report – an accurate analysis of threats and risks of the Italian Green Market (public procurement and private contracting in sectors related to the green economy). To date, for example, the Italian renewable energy sector, is demonstrating to be vulnerable to corruption and fraud. There is evidence that criminal groups, by infiltrating into legitimate economy and by using shell-companies, are setting up large fraudulent schemes and corruptive behaviors - from trafficking activities involving toxic and dangerous wastes, to money laundering through fake ESCO and investment companies, from controlling primary resources fundamental for "green-economic activities", to infiltrating into public procurement procedures, in particular in Southern Italy. According to the emerging schemes, criminals present themselves as legitimate and competitive businesses, but their modus operandi determine unfair market conditions for those serious businesses participating in service-contract procedures or willing to enter new foreign markets.

The full report, reserved to the Italian Government and the SAET – Anti-corruption Public Service, will provide a complete analysis of the phenomena and their trends, suggesting possible countermeasures.

## **1.2 – Outputs from Laboratories**

- Up to 10 companies will receive technical assistance to improve their green approach, e.g. in order to learn how to set up green and sustainable policies, to train staff, to adopt code of conducts, but also to develop green product and ideas, and to reduce the use of resources and the production of waste. Ideally, laboratories will be geographically distributed across Italy and sectors: agriculture, housing, environment, IT, transportation, production of renewable energies...

The laboratories will set up experimental environments, with the view to develop an ethical cluster that involves companies, research centres, universities, business intermediary organisations, and institutions, for structural changes in making business.

Experts, with the support of the steering committee will develop a specific strategy, starting from the outcomes of the research activities.

The selection of companies will happen on a voluntary base, and the number will be defined according to their size and the resources available. Indicatively, we expect to develop the process within up to 10 companies.

For some two years, companies will be accompanied in a greening process, internal and external (clustering) by developing strategies, monitoring results, and forming a sustainability culture. The involvement of all levels of business is strategic in all stages of the process.

As a result, the laboratories will firstly produce a (confidential) vulnerability audit for each company, then a toolkit for BIOs, in order to promote and drive the growth of an ethical cluster in the green economy.

## **1.3 – Outputs from Dissemination**

Dissemination is part of the strategy, and its function is self-evident: awareness, knowledge-sharing, promotion of ethical business and green economy. The specific outputs will be defined in details during the carrying out of the project. However, we foresee:

- a two-days international conference, to be hosted by the Ministry of Public Administration in Rome, and a national forum of green integrity. 200 participants expected.
- a number of publications in reviews and newspapers (minimum 5), and a book (indicatively 300 pages, 3.000 copies)
- 16 meetings with school students/pupils across Italy
- a dedicated website
- active participation to national/international conferences (at least 6 main events), in addition to the Annual Integrity conferences.

## **2.1 – Outputs from Public-Private Working Table**

- 10 Meetings on a Macro regional level;
- The Systematic introduction of INTEGRITY PACTS and BUSINESS PRINCIPLES (E.G. BIDDING PROCESS, FINANCIAL AUDITS) to all actors participating to the Working Table;

- The signing of a Memorandum of Understanding on fighting Corruption and Fraud in the Green Sector, with a Consultation Deal among actors and an informal voluntary permanent monitoring organism;
- The Final Proceedings of all Discussions, on paper and digital version;
- The digital platform.

## **2.2 – Outputs from Private Platform**

- 3 Meetings;
- 5 Conference Calls;
- Voluntary Adoption of Ethic Standard by Companies (expected 10% above the average);
- Development of a BIO Ethical Code;
- A long term Deal among the main corporate associations;

## **2.3 – Outputs from Capacity building (Curricula Development)**

- 10 MacroRegional Workshops in cooperation with Bios Confindustria and Confcommercio
- 10 Macro-Regionall Knowledge Sharing Initiatives (seminars) for public actors, business actors and relevant stakeholders
- 1 Training Course at University level through the network of Italian Universities active in the “Green Economy” field;
- A digital distance e-learning platform
- The publication of an “Handbook” on the issue (digital version).

## **E. Measuring impact and success [25]**

### **E.1.1 KNOWLEDGE BUILDING**

Criteria and parameters will be elaborated and enucleated to detect and measure the increase of actors (main actors and stakeholders) knowledge and awareness of existing risks and real/potential negative impacts on the green economy sector. The verification tools for any output and expected result will indicatively be:

- The printing and Diffusion of the Procurement Report ;
- The producing and Diffusion of the Videos;
- The printing and Diffusion of the Report for the Italian Government;

### **E.1.2 LABORATORIES**

Criteria and parameters will be elaborated and enucleated to detect and measure the effective restructuring by companies (or determination to proceed in this direction) of their organizational models as a fall-out of the audit-laboratory. The verification tools for any output and expected result will indicatively be:

- Reports of the Audits with Final Declaration of the audited companies, Universities and Research Institutes ;
- The effective diffusion to intermediaries of the “Fair Green Tool-Kit”;

### **E.1.3 DISSEMINATION**

Criteria and parameters will be elaborated to detect and measure the effective number of actors, entities and subjects reached by the initiative. The verification tools for any output and expected result will indicatively be:

- Number of participants to the Conference and to the Forum, with final personal Questionnaires;
- Reports for the School-Meetings;
- Contacts to the Website;
- Effective publications
- Press Office Release

### **E.2.1 PRIVATE-PUBLIC WORKING TABLE**

Criteria and parameters will be elaborated to detect and measure the effective number of actors involved in the process and the final results of the discussions. The verification tools for any output and expected result will indicatively be:

- Reports for the Meetings;
- A feed-back questionnaire for companies which will profit of the information activities about the range of existing instruments;
- The effective signing of the Memorandum;
- The digital and on paper printing of the Proceedings;
- The permanence on line of the digital platform
- A final Declaration by the actors participating to the Table

### **E.2.2 PRIVATE PLATFORM**

Criteria and parameters will be elaborated to detect and measure the effective number of companies informed and adopting (or willing to adopt) the proposed voluntary standards. The verification tools for any output and expected result will indicatively be:

- Reports for the Meetings and Conference Calls;
- Companies Declarations by Companies of adopting or intending to adopt the Ethical Standards;
- The up-loading in the platform of the BIO-Ethical Code for guilty members;

- The signing of the long term Deal.

### E.2.3 CAPACITY BUILDING

Criteria and parameters will be elaborated to detect and measure the effective increase of enterprises, institutions and other organizations staff know-how and capacity. The verification tools for any output and expected result will indicatively be:

- Reports for the Workshops and Sharing Initiatives;
- Check-Questionnaires for panel of actors participating to the process;
- Participants Declarations and targeted colloquia for the Training Course at University Level;
- A Questionnaire for a panel of registered to the e-learning platform;
- The up-loading of the "Handbook".

## F. Project risk assessment [26]

Risk category	Impact description	Impact rating	Likelihood
<b>External risks</b>			
Scarce participation of companies or BIOs	Reduced outcome of the project Reduced awareness and knowledge raising (obj. 1) Difficult analysis of the emerging phenomenon Reduced feedback to companies, BIOS, and stakeholders Reduced visibility and participation to project initiatives Reduced impact on business environment	high	low
negative perception on the will to address the problem seriously	Reduces impact of the project Politicization of the issue Reduced impact on business environment	medium	medium
overarching priorities coming from international scenario (e.g. economic crisis, financial system default)	Reduced interest in the project Difficult carrying-out of the project Reduced impact on business environment	low	medium

Risk category	Impact description	Impact rating	Likelihood
<b>Internal Risks</b>			
Coordination of the team of experts	Difficult management of the project Reduced efficiency of the action	medium	low
Difficult coordination and timing of project activities	Reduced efficacy of the action overlap of activities Lower impact of the action	low	low

The two tables show the main risks considered relevant for the project. Two risks have been considered as high in their possible impact, but low, or very low, in their likelihood.

On the external side, the main risk is that of a **poor participation of companies** in project's activities. Companies are the main target group of the project, which is aimed at having an impact on business environment in the green economy market. However, the likelihood of this risk is low, due to the following elements:

- Transparency International-Italy is by large and far the most reputed Italian NGO on the topic, well recognized by any political and cultural party in Italy, by the National Government, the civil society and the business environment.
- The project will be implemented in alliance with Bodies that represent the excellence in their sectors, and have already expressed their support. Specifically: the national Government and the Ministry for Public Function - SAET anti-corruption service; RiSSC – an independent research Centre on Crime; Legambiente, a national leading NGO on “green” issues; Acquisti e Sostenibilità – an association promoting sustainability; STEP – a innovation/sustainability company.
- The project has already raised interest in the business sector (WEC), and in international organisations (e.g. the European Commission). The opportunities for enlarging the scope, the topics, and the outputs of a successful SUSTAINABLE PROCUREMENT initiative in order to have a direct and lasting impact on business environment are high.

Risk assessment will be reviewed every six months by the project management and validated by the steering committee.

## G. Sustainability [27]

During the three-years implementation period, the applicant, together with the network of public and private organizations represented by the experts involved in the development of the Project, will cooperate actively in order to promote the organizational and financial sustainability of the Project after the implementation phase, and during the implementation phase to enlarge the funding coming from the Siemens Integrity Initiative.

In detail, from the organizational standpoint, the Project will:

1. keep on promoting the development and the continuous reinforcing of a stable network of public and private entities, involving public authorities, law enforcement agencies, business organizations, private companies, academics and researchers, practitioners, representatives from associations and NGOs... This network – that might be formally organized as a national working-group coordinated by SAET-Italian Ministry of Public Administration -, will focus also on elaborating the follow-up scheme of the project.

There are consistent possibilities of guaranteeing a solid follow-up phase because the involvement and support of SAET will further facilitate both the development of the network and the contacts with public organizations and law enforcement agencies. Moreover, Transparency International Italia already has a consolidated network of relevant actors; it has also been member of the Corporate social responsibility multi-stakeholders Forum of the Italian Ministry of Welfare.

Accordingly, important synergies could be developed among coherent initiatives and projects already implemented at a national level (e.g. monitoring initiatives - such as the Progress Report on OECD Convention Enforcement -, awareness and education trainings and seminars...) while existing tools could be further improved and used (e.g. integrity pacts, anti-corruption standards...).

All the experts involved in this Project have already confirmed their interest and availability in supporting the sustainability-initiatives. Transparency International Italia has the capacity to sustain the constitution and the development of the network.

2. foster direct contacts also with EU and international organizations active in the prevention and fight against corruption and in the green economy development/protection, in order to strengthen mutual understanding and promote cooperation and networking.

From the financial standpoint, additional funds to cover future costs will be collected as follows:

- promoting (additional) sponsorships from Transparency International Italia donors
- promoting (additional) funding from public authorities (Government, Ministries, Provinces...)
- promoting sponsorships from private organizations (private companies, business organizations, foundations/associations...)
- participating to national and EU funding programmes
- promoting initiatives at a local and national levels that may have also financial implications (seminars/training fees, revenues from publications, association fees...)

A detailed and multi-annual financial plan will be developed to ensure a sound financial management.

The working team has already activated a series of actions aimed at receiving possible additional funds from public institutions (30.000,00 Euro), private Sector (30.000,00 Euro) and international institutions (240.000,00 Euro). Such actions will be constantly developed throughout all the implementation phase.

## H. Growth potential [28]

The project has been conceived through an approach which is intended to be possibly expanded both in the perspective of being scaled up including other specific segments of the green economy arena within the Italian national territory (apart from the specific areas where the initiative focuses) and in the perspective to be enlarged and extended to other national contexts.

The scaling up of the project might take place gradually starting from the second year's project via the cooperative tables where specific corporate associations and institutions will be invited to examine the options to strengthen the action by means of focusing specific action to other segmented areas of the so called "green economy", with private and public integrative support. A first relevant possibility will be to expand significantly, for instance, the nutrition sector in the framework of Milano Expo 2015, whose issue is the sustainability in the alimentary chains and productions. A second significant area is the mobility of persons, which has very significant impacts on sustainability. A third area is the dismantling of industrial sites, where Italy is facing the transformation of entire zones. Very important is the construction sector, where companies associations might be very interested in fostering policies which protect the sector from corruption cases. The protection of natural parks, where Italy has a leading position, and the fostering of sustainable tourism (which has of course tight links to both mobility and logistics of persons and goods), where Italy has some very innovative good practices, could become object of **specific** actions supported by private and public organisms.

The possible enlargement and the extension of the project is as a matter of fact also structurally included in the activities through the International Conference, which is intended as a real mechanism to promote the best practices into other national contexts. This terrain will be prepared from the very starting of the project through preliminary contacts and through the long established network of Transparency in around 80 countries. For each continental area it will be chosen a selection of specific national countries which are experiencing a significant development of green economy sectors. The high-profile reputation of Transparency International allows to have direct contacts with local and national governments. Specific attention will be paid to local dynamics, in order to promote an approach characterized by tighten links to territorial entities and actors, e.g. using the university system. Such an approach can lead to promote local best practices, which better flourish and gain longer duration.

## **ADDITIONAL INFORMATION.**

### **ANNEXES, FOOTNOTES AND LINKS TO THE TEXT**

## FOREWORD

- 1.3 UNEP. 2010. *Green Economy report 2010. A preview*. Paper-free version available at <http://www.unep.org/greeneconomy/>
- 1.4 Worldwatch Institute. 2008. *State of the World 2008: Innovations for a Sustainable Economy*. Quotes from <http://www.worldwatch.org/node/5568>
- 1.5 Data from <http://www.businessweek.com/news/2010-03-17/renewable-energy-investment-may-reach-200-billion-in-2010.html>
- 1.6 UNEP. 2008. *Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World*. Paper-free version available at [http://www.unep.org/labour\\_environment/features/greenjobs-report.asp](http://www.unep.org/labour_environment/features/greenjobs-report.asp)
- 1.7 Quotes from <http://www.worldwatch.org/node/5925>
- 1.8 “By 2020, total cumulative renewable energy investments will be €963 billion going up to about €1,620 billion by 2030. By 2050, total cumulative renewable energy investments will reach more than €2,800 billion”. European Renewable Energy Council. 2010. *RE-thinking 2050 - A 100% Renewable Energy Vision for the European Union* - Executive summary. Paper-free version available at <http://www.rethinking2050.eu/>
- 1.9 Listen the Secretary-General's Message for Global Compact Leaders Summit 2010 at <http://www.leaderssummit2010.org/sitecore/content/be-bruga/leaderssummit2010/Invitation.aspx>
- 1.10 UNODC. 2010. The globalization of crime - a transnational organized crime threat assessment, pag. 276-277. Paper-free version available at [http://www.unodc.org/documents/data-and-analysis/tocta/TOCTA\\_Report\\_2010\\_low\\_res.pdf](http://www.unodc.org/documents/data-and-analysis/tocta/TOCTA_Report_2010_low_res.pdf)

## **A. CURRENT CIRCUMSTANCES**

Transparency International Italia has initiated a substantial path aimed at fostering accountability and legality (an effective rule of law cultural environment) in the Green Economic Sector in Italy by cooperating with companies, media and no profit associations specialized on the topic.

Links:

GREEN SOCIAL FESTIVAL (Bologna February 2010)

<http://www.greensocialfestival.it/modelli/homesesz8.aspx>

<http://www.greensocialfestival.it/modelli/mod020002.aspx?ID=30>

ELECTRIC AGE (Monza May 2010)

<http://www.ilsole24ore.com/tecnologie/green.shtml>

video.ilsole24ore.com/.../aria-nuova/2\_07-Paolo-BERTACCINI-Territoria/2\_07-Paolo-BERTACCINI-Territoria.php

BIOECO GEO: (Milano June 2010)

<http://www.bioecogeo.com/2010/06/03/secondo-congresso-bioecogeo-energie-rinnovabili-a-che-punto-siamo.html>

## **B. OBJECTIVES**

A complementary structuring of the objectives/activities (which includes altogether both the ones which will be primarily pursued and the secondary ones which will be pursued through integrative funding) of the project is as follows. Such complementary structuring must be regarded as a first descriptive basis to approach the concept of “Green Economy” in an applicative perspective towards preserving and fostering a legal and fair market.

### **VALUES AND EDUCATION**

Elaboration of comprehensive set of values to encompass the “Green Economy” to prevent the recurrent bubbles accompanying the significant evolutions of the market (e-bubble, financial bubble).

Education on personal and collective responsibility

Promotion of Higher transparency in managing local and global problems.

Promotion of CSR, UNCAC, Business Principles, Integrity Pacts.

### **ENVIRONMENT**

It will consider energy saving, renewables, waste management and waste reduction, innovative solutions and innovative materials, land saving, reduction of emissions, energy saving collective mobility, accrued city life responsible management, water management

### **MOBILITY, PRODUCTION, INDUSTRY, INDUSTRY RESEARCH**

Natural resources management, development of innovative materials and production methods, increased safety of processes, compatible and responsible supply chain, pollution free personal mobility, increased researches and application, Nanotech technologies

### **AGRICULTURE, NUTRITION, HEALTH**

Responsible land use ,– increased O- Km production and seasonal products consumption,  
increased nutrition responsibility, health care and medicaments researches – ethics in agri-food chain, natural cosmetics

#### HOUSING AND LAND MANAGEMENT

Sustainable architecture – responsible land management – responsible restructuring  
– Environmental preservation – lighter footprint

### C. ACTIVITIES

In order to go deeper into the project and to detect credible solutions and technologies, Transparency international Italia will make avail of a sound network on the different thematic areas. Among others, we indicate a first list of private and public entities :

1. RISSC
2. ACQUISTI & SOSTENIBILITA'
3. LEGAMBIENTE
4. TERRITORIA
5. PENTAPOLIS
6. WEC – WORLD ENERGY COUNCIL/ITALIAN SECTION
7. STEP
8. CNR-IST – NANOTECHNOLOGIES (ENERGY, MECCATHRONIC, BIOTECH)  
- Prof Alessandro Ponti
9. POLITECNICO DI MILANO –Dept of Power Electronics  
– Prof. Piero Maranesi
10. UNIVERSITA' MILANO BICOCCA –  
Prof. Gianfranco Pacchioni
11. ISTITUTO ITALIANO di TECNOLOGIA  
- Dr. Marzia Quaglio
12. MINISTERO PUBBLICA AMMINISTRAZIONE E INNOVAZIONE  
– Cons. Antonio Naddeo
13. MINISTERO AMBIENTE TUTELA DEL TERRITORIO E DEL MARE  
- Dir. Corrado Clini
14. STUDIO SYNERGIA for SUSTAINABLE ARCHICHTURE  
– Prof. Sergio Los and Arch Natasha Pulitzer
15. IRER – ISTITUTO REGIONALE DI RICERCA DI REGIONE LOMBARDIA  
- Dir. Alberto Brugnoli
16. SUSTAINABLE DEVELOPMENT FOUNDATION – ECOMONDO
17. AUTORITA' EUROPEA PER LA SICUREZZA ALIMENTARE EFSA  
– Dir. Catherine Geslain-Lanelle
18. NATURAL SOLUTIONS RESEARCH &DEVELOPMENT LABORATORIES  
– Mauro Chiriatti

The indicated entities have been already contacted having confirmed their interest and full disposition to cooperate and partecipate scientifically and technically to the project, through the providing of know-how and information.

**Confirmation by the Applicant Organization [29]**

*We hereby confirm that the information contained in, and attached to the Full Proposal form (including information in all respective annexes) is complete, accurate and to the best of our knowledge. We understand that any material changes during the selection process must be communicated to Siemens immediately via the following e-mail address ([application.integrityinitiative@siemens.com](mailto:application.integrityinitiative@siemens.com)).*

*We also confirm that we are aware that Siemens may eliminate the application from the selection process for the ongoing funding round, as well as any future funding rounds of the Siemens Integrity Initiative if any material piece of information or documentation provided in or related to this Full Proposal form, is found to be inaccurate or untrue, or where any material changes during the selection process are not correspondingly communicated to Siemens.*

*We understand that the decision to award any funds, including the decision to disregard any application fully, or award funds only partially, at any stage of the selection process, is solely and exclusively at the discretion of Siemens. Siemens will not be obliged to provide a justification for its decisions in the selection process. Participation in the selection process and/ or selection for the Full Proposal stage of the selection process may result in, but does not entitle an applicant to be selected for the award of any funds.*

**FURTHERMORE, WE CONFIRM THAT AS OF THE DAY OF SIGNING THIS DOCUMENT NO INFORMATION HAS COME TO OUR ATTENTION THAT RAISES CONCERNS REGARDING THE INTEGRITY OF OUR ORGANIZATION, OR ANY ORGANIZATION INCLUDED IN THIS APPLICATION WITH REGARD TO CORRUPTION, BRIBERY, FRAUD, MONEY LAUNDERING OR SIMILAR INFRINGEMENTS AGAINST LEGISLATION.**

**Sign and clearly print name of Applicant Organization: [30]**

\_\_\_\_\_  
Date, name, function, organization

**Attached to this Full Proposal the following Annexes have to be provided:**

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**Annex 1: Project Work Plan [31]**

*Please refer to Excel Sheet for Annexes*

**Annex 2: Project Budget [32]**

*Please refer to Excel Sheet for Annexes*

**Annex 3: Project Core Team Members [33]**

*Please refer to Excel Sheet for Annexes*

**Annex 4: Project Sponsors [34]**

*Please refer to Excel Sheet for Annexes*

**Annex 5: Project Partner Organizations [35]**

*Please refer to Excel Sheet for Annexes*

**Annex 6: Detailed information for New Project Partners [36]**

*Please refer to Word Document 'SII Full Proposal Annex 6'*

**Annex 7: Confirmation of Acceptance Letter [37]**

*Please refer to Word Document 'Annex 7'*