

Notice of Uncontested Sanctions Proceedings

May 2, 2023

**Sanctions Case No. 728
IBRD Loan Number 8005-CN
(China Second Liuzhou Environment Management Project)
IBRD Loan Number 8456-CN
(China Chongqing Small Towns Water Environment Management Project)**

**Respondent:
Henan Geological and Mining Construction Engineering (Group) Co., Ltd.
(河南省地矿建设工程(集团)有限公司)**

1. On October 18, 2022, the World Bank’s Chief Suspension and Debarment Officer (the “SDO”) issued a Notice of Sanctions Proceedings (the “Notice”) to Henan Geological and Mining Construction Engineering (Group) Co., Ltd. (河南省地矿建设工程(集团)有限公司) (the “Respondent”) pursuant to sub-paragraph 4.01(a) of Section III.A of the Bank Procedure: Sanctions Proceedings and Settlements in Bank Financed Projects issued by the Bank on June 28, 2016 (the “Sanctions Procedures”).
2. The Statement of Accusations and Evidence (the “SAE”) prepared by the Bank’s Integrity Vice Presidency (“INT”) and appended to the Notice contained INT’s accusations that the Respondent engaged in sanctionable practices in connection with the above-named projects (the “Liuzhou Project” and the “Chongqing Project”). The SAE also contained the evidence gathered by INT in support of these accusations.
3. The specific accusations made by INT in the SAE were that the Respondent engaged in fraudulent practices by (a) making misrepresentations regarding its past experience and its ongoing litigation in connection with its bid for a wastewater treatment plant construction contract under the Liuzhou Project, and (b) making misrepresentations regarding its past experience in connection with its bid for a flood control and water treatment works contract under the Chongqing Project.
4. Based on a review of INT’s SAE conducted in accordance with sub-paragraph 4.01(a) of Section III.A of the Sanctions Procedures, and pursuant to sub-paragraph 4.01(c), sub-paragraph 9.01, and sub-paragraph 9.04 of Section III.A of the Sanctions Procedures, with due consideration of the factors set forth in sub-paragraph 9.02 of Section III.A of the Sanctions Procedures and in the World Bank Sanctioning Guidelines, the SDO recommended in the Notice that the Respondents, together with certain Affiliates (as defined in the Sanctions Procedures) where so specified, be sanctioned as follows:

Henan Geological and Mining Construction Engineering (Group) Co., Ltd.
(“Henan Geological”) (河南省地矿建设工程(集团)有限公司)

Recommended Sanction: Debarment with Conditional Release
Minimum Period of Ineligibility of Three (3) Years

It is recommended that Henan Geological, together with any entity that is an Affiliate directly or indirectly controlled by Henan Geological, including but not limited to, the following:

- 1) *Aksu Geology and Mineral Construction Engineering Co., Ltd. (阿克苏地矿建设工程有限公司)*
- 2) *Ganzhou Jida Construction Engineering Co., Ltd. (赣州集达建筑工程有限公司)*
- 3) *Henan Geology and Mineral Construction Engineering (Group) Anhui Co., Ltd. (河南省地矿建设工程(集团)安徽有限公司)*
- 4) *Henan Geology and Mineral Construction Engineering (Group) Dalian Municipal Engineering Co., Ltd. (河南省地矿建设工程(集团)大连市政工程有限公司)*
- 5) *Henan Geology and Mineral Group Municipal Engineering Co., Ltd. (河南地矿集团市政工程有限公司)*
- 6) *Henan Geology and Mineral Group Road & Bridge Engineering Co., Ltd. (河南地矿集团路桥工程有限公司)*
- 7) *Inner Mongolia Yuanshan Energy Co., Ltd. (内蒙古沅山能源有限公司)*
- 8) *Inner Mongolia Yuhe Construction Engineering Co., Ltd. (内蒙古禹和建设工程有限公司)*
- 9) *Xincai Geology and Mineral Construction Engineering Co., Ltd. (新蔡地矿建设工程有限公司)*
- 10) *Zhuhai Qintian Construction Engineering Co., Ltd. (珠海市勤天建设工程有限公司)*

be declared ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;¹ (ii) to be a

¹ For the avoidance of doubt, the declaration of ineligibility to be awarded a contract will include, without limitation, (i) applying for pre-qualification, expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract.

nominated² sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-Financed Project; provided, however, that after a minimum period of ineligibility of three (3) years, Henan Geological may be released from ineligibility only if Henan Geological has, in accordance with sub-paragraph 9.03 of Section III.A of the Sanctions Procedures, demonstrated to the World Bank Group's Integrity Compliance Officer that Henan Geological has complied with the following conditions:

(a) Henan Geological has taken appropriate remedial measures to address the sanctionable practices for which Henan Geological has been sanctioned; and

(b) Henan Geological has adopted and implemented, in a manner satisfactory to the Bank, integrity compliance measures as may be imposed by the World Bank Group's Integrity Compliance Officer pursuant to sub-paragraph 9.03(b) of Section III.A of the Sanctions Procedures (e.g., an integrity compliance program or elements thereof) to address the sanctionable practices.

In determining this recommended sanction, the SDO took into account, as an aggravating factor, that Henan Geological engaged in a repeated pattern of fraudulent practices. The SDO also took into account, as a mitigating factor, the passage of time since the fraudulent practices occurred and the Bank became aware of them. The SDO did not apply any additional aggravating or mitigating factors.

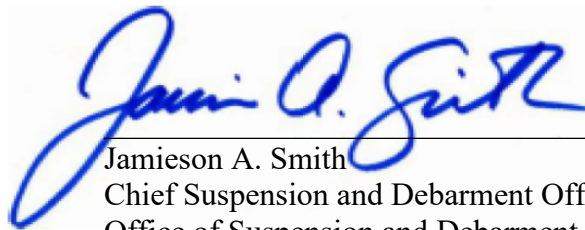
This declaration of ineligibility will extend across the operations of the World Bank Group, including IFC, MIGA, and the guarantee and carbon finance operations of the Bank.³ The Bank will also provide notice of this declaration of ineligibility to the other multilateral development banks ("MDBs") that are party to the Agreement for Mutual Enforcement of

² *A nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the particular bidding document) is one which has been (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid or (ii) appointed by the borrower.*

³ *Sanctions Procedures, . . . sub-paragraph 9.01(c) of Section III.A. For the avoidance of doubt, the declaration of ineligibility also extends to activities financed through trust funds administered by the Bank to the extent governed by the Bank's Procurement Regulations (or either of the Regulations' predecessor documents, the Procurement Guidelines and Consultant Guidelines) or Anti-Corruption Guidelines. Id., sub-paragraph 1.01(c)(i) of Section III.A.*

Debarment Decisions (the “MDB Cross-Debarment Agreement”) so that they may determine whether to enforce the declarations of ineligibility with respect to their own operations in accordance with the MDB Cross-Debarment Agreement and their own policies and procedures.⁴

5. The Respondent did not submit an Explanation in accordance with sub-paragraph 4.02(b) of Section III.A of the Sanctions Procedures.
6. Sub-paragraph 4.04 of Section III.A of the Sanctions Procedures provides that if a respondent does not contest the accusations or the sanction recommended by the SDO in a Notice of Sanctions Proceedings by submitting a Response (as defined in the Sanctions Procedures) to the World Bank Group Sanctions Board (the “Sanctions Board”) within ninety (90) days after delivery of such Notice of Sanctions Proceedings, the sanction recommended by the SDO shall enter immediately into force.
7. No Response having been submitted to the Sanctions Board by the Respondent within the specified period, INT’s accusations in the SAE and the sanction recommended by the SDO in the Notice are deemed uncontested for purposes of sub-paragraph 4.04 of Section III.A of the Sanctions Procedures, and the recommended sanction set forth in paragraph 4 above has entered into force as of the date hereof.



Jamieson A. Smith
Chief Suspension and Debarment Officer
Office of Suspension and Debarment (OSD)
The World Bank

⁴ *At present, the parties to the MDB Cross-Debarment Agreement are the Bank Group, the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank Group. The MDB Cross-Debarment Agreement provides that, subject to the prerequisite conditions set forth in the MDB Cross-Debarment Agreement, unless a participating MDB (i) believes that any of the prerequisite conditions set forth in the MDB Cross-Debarment Agreement have not been met or (ii) decides to exercise its rights under the “opt out” clause set forth in the MDB Cross-Debarment Agreement, each participating MDB will promptly enforce the debarment decisions of the other participating MDBs.*