

Notice of Uncontested Sanctions Proceedings

October 5, 2023

**Sanctions Case No. 757
IDA Credit Number 5885-PK
(Pakistan Balochistan Integrated Water Resources Management
and Development Project)**

**Respondent:
M/S Gul Construction Co.**

**Controlling Affiliates:
Muhammad Ayub and Brothers
M/S Gul Construction Co. (Gul Prime)**

1. On June 29, 2023, the World Bank’s Chief Suspension and Debarment Officer (the “SDO”) issued a Notice of Sanctions Proceedings (the “Notice”) to M/S Gul Construction Co. (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 (as defined in the Sanctions Procedures) in connection with the above-named project (the “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 corrupt and fraudulent practices in connection with two construction contracts (the “Contracts”) under the Project. Specifically, INT alleged that the Respondent engaged in a corrupt practice by providing payments and other benefits to several Project officials in order to influence their actions in connection with the Contracts. INT also alleged that the Respondent engaged in fraudulent practices by (i) misrepresenting that it did not intend to pay any commissions in connection with one of the Contracts and (ii) misrepresenting its past experience and financial information and submitting related false documents in connection with the Contracts. INT also alleged that two controlling affiliates of the Respondent — Muhammad Ayub and Brothers, and M/S Gul Construction Co. (Gul Prime) — should also be sanctioned to prevent potential evasion by the Respondent.
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 Group Sanctioning Guidelines, the SDO recommended in the Notice that the Respondent, together with certain Affiliates (as defined in the Sanctions Procedures) where so specified, be sanctioned as follows:

M/S Gul Construction Co. (“Gul”)

***Recommended Sanction: Debarment with Conditional Release
Minimum Period of Ineligibility of Three (3) Years and Seven (7) Months***

It is recommended that Gul, together with any entity that is an Affiliate directly or indirectly controlled by Gul, 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 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 and seven (7) months, Gul may be released from ineligibility only if Gul has, in accordance with sub-paragraph 9.03 of Section III.A of the Sanctions Procedures, demonstrated to the Bank Group’s Integrity Compliance Officer that Gul has complied with the following conditions:

(a) Gul has taken appropriate remedial measures to address the Sanctionable Practices for which Gul has been sanctioned; and

(b) Gul 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

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.

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.

compliance program or elements thereof) to address the Sanctionable Practices.

In determining this sanction, the SDO took into account the fact that Gul engaged in two different types of sanctionable misconduct: corrupt and fraudulent practices. The SDO also took into account, as mitigating factors, (i) Gul’s admission to engaging in a corrupt practice and (ii) Gul’s significant cooperation with INT during the investigation, noting in particular that representatives of Gul agreed to meet with INT and Gul provided INT with certain documentary evidence. The SDO did not apply any aggravating factors or any additional 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 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

Controlling Affiliate of M/S Gul Construction Co.
Muhammad Ayub and Brothers (“MAB”)

Pursuant to sub-paragraph 9.04(b) of Section III.A of the Sanctions Procedures, it is further recommended that MAB (together with any entity that is an Affiliate directly or indirectly controlled by MAB, subject to the operation of any sanction imposed on the Respondent and the directly and indirectly controlled Affiliates thereof) be declared ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or

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, as defined in the Sanctions Procedures. Id., Section II and sub-paragraph 1.01(c)(i) of Section III.A.*

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.*

*in any other manner;*⁵ *(ii) to be a nominated*⁶ *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 and seven (7) months, MAB may be released from ineligibility only if MAB has, in accordance with sub-paragraph 9.03 of Section III.A of the Sanctions Procedures, demonstrated to the Bank Group’s Integrity Compliance Officer that MAB has complied with the following conditions:*

(a) MAB has taken appropriate remedial measures to address the Sanctionable Practices for which MAB has been sanctioned; and

(b) MAB 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 sanction, the SDO took into account that the evidence demonstrates that MAB had similar ownership, management, and staff as the Respondent. Therefore, the extension of the sanction to MAB is reasonably necessary to prevent evasion of the Respondent’s sanction.

*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.*⁷ *The Bank will also provide notice of this*

⁵ 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.

⁶ 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.

⁷ 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, as defined in the Sanctions Procedures. *Id.*, Section II and sub-paragraph 1.01(c)(i) of Section III.A.

declaration of ineligibility to the other multilateral development banks (“MDBs”) that are party to the Agreement for Mutual Enforcement of 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.⁸

Controlling Affiliate of M/S Gul Construction Co.
M/S Gul Construction Co. (Gul Prime) (“Gul Prime”)

Pursuant to sub-paragraph 9.04(b) of Section III.A of the Sanctions Procedures, it is further recommended that Gul Prime (together with any entity that is an Affiliate directly or indirectly controlled by Gul Prime, subject to the operation of any sanction imposed on the Respondent and the directly and indirectly controlled Affiliates thereof) be declared ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;⁹ (ii) to be a nominated¹⁰ 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 and seven (7) months, Gul Prime may be released from ineligibility only if Gul Prime has, in accordance with sub-paragraph 9.03 of Section III.A of the Sanctions Procedures, demonstrated to the Bank Group’s Integrity Compliance Officer that Gul Prime has complied with the following conditions:

⁸ *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.*

⁹ *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.*

¹⁰ *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.*

(a) *Gul Prime has taken appropriate remedial measures to address the Sanctionable Practices for which Gul Prime has been sanctioned; and*

(b) *Gul Prime 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 sanction, the SDO took into account that the evidence demonstrates that Gul Prime had similar ownership, management, and staff as the Respondent. Therefore, the extension of the sanction to Gul Prime is reasonably necessary to prevent evasion of the Respondent’s sanction.

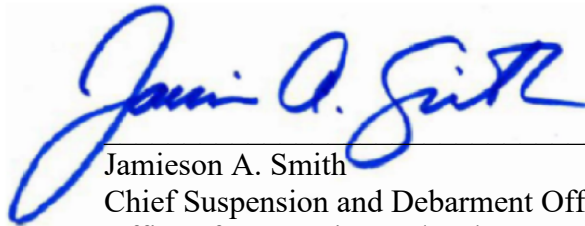
This declaration of ineligibility will extend across the operations of the World Bank Group, including IFC, MIGA, and the guarantee and carbon finance operations of the Bank.¹¹ The Bank will also provide notice of this declaration of ineligibility to the other multilateral development banks (“MDBs”) that are party to the Agreement for Mutual Enforcement of 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.¹²

5. The Respondent did not submit an Explanation (as defined in the Sanctions Procedures) in accordance with sub-paragraph 4.02(b) of Section III.A of the Sanctions Procedures.

¹¹ *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, as defined in the Sanctions Procedures. Id., Section II and sub-paragraph 1.01(c)(i) of Section III.A.*

¹² *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.*

6. Sub-paragraph 4.04 of Section III.A of the Sanctions Procedures provides that if a respondent does not contest any accusation or 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 sanctions 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 sanctions set forth in paragraph 4 above have 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