

Notice of Uncontested Sanctions Proceedings

October 1, 2013

**Sanctions Case No. 268
IDA Credit Number 4724-TZ
(Tanzania Transport Sector Support Project)**

Respondent:

China Hunan Construction Engineering Group Corporation (CHCEGC)

1. On June 27, 2013, the World Bank's Suspension and Debarment Officer (the "SDO") issued a Notice of Sanctions Proceedings (the "Notice") to China Hunan Construction Engineering Group Corporation (CHCEGC) (the "Respondent") pursuant to Section 4.01(a) of the World Bank Sanctions Procedures, as adopted by the World Bank as of April 15, 2012 (the "Sanctions Procedures").
2. The Statement of Accusations and Evidence ("SAE") prepared by the Bank's Integrity Vice Presidency ("INT") and appended to the Notice contained INT's accusation that the Respondent engaged in a sanctionable practice in connection with the above-named project (the "Project"). The SAE also contained the evidence gathered by INT in support of this accusation.
3. The specific accusation made by INT in the SAE was that the Respondent engaged in a fraudulent practice in connection with its bid for a Bank-financed road rehabilitation contract by submitting forged corporate experience documents.
4. Based on a review of INT's SAE conducted in accordance with Section 4.01(a) of the Sanctions Procedures, and pursuant to Section 4.01(c), Section 9.01 and Section 9.04 of the Sanctions Procedures, with due consideration of the factors set forth in Section 9.02 of the Sanctions Procedures and in the World Bank 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:

China Hunan Construction Engineering Group Corporation (CHCEGC)
("CHCEGC")

It is recommended that CHCEGC (together with any entity that is an Affiliate directly or indirectly controlled by CHCEGC) 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 project or program financed by the Bank and governed by the Bank's Procurement Guidelines, Consultant Guidelines or Anti-Corruption Guidelines; provided, however, that after a minimum period of ineligibility of two (2) years, CHCEGC may be released from ineligibility only if CHCEGC has, in accordance with Section 9.03 of the Sanctions Procedures, demonstrated to the Bank Group's Integrity Compliance Officer that CHCEGC has complied with the following conditions:

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

(b) CHCEGC has adopted and implemented an effective integrity compliance program in a manner satisfactory to the Bank.

In determining this recommended sanction, the SDO took into account, as a mitigating factor, INT's representations as to the extent of CHCEGC's cooperation during the course of the investigation, noting in particular that a representative of CHCEGC corresponded with INT and admitted that CHCEGC had engaged in the fraudulent practice.

The foregoing declaration of ineligibility will extend across the operations of the World Bank Group, including IFC, MIGA and the guarantee 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

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.

³ [World Bank Sanctions Procedures], at 23-24 (Section 9.01(c)). 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 Guidelines, Consultant Guidelines or Anti-Corruption Guidelines. *Id.* at 2 (Section 1.01(c)(i)).

*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. In accordance with Section 4.02(b) of the Sanctions Procedures, the Respondent submitted a written Explanation (as defined in the Sanctions Procedures) on July 17, 2013. After consideration of the arguments and evidence presented by INT in the SAE appended to the Notice and the arguments and evidence presented in the Respondent's Explanation, the SDO determined that there was no basis for (i) a withdrawal of the Notice pursuant to Section 4.03(a)(i) of the Sanctions Procedures; or (ii) a revision of the recommended sanctions pursuant to Section 4.03(a)(ii) of the Sanctions Procedures.
6. Section 4.04 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(s) 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 accusation in the SAE and the sanction recommended by the SDO in the Notice are deemed uncontested for purposes of Section 4.04 of the Sanctions Procedures, and the recommended sanction set forth in paragraph 4 above has entered into force as of the date hereof.



Pascale H el ene Dubois
Suspension and Debarment Officer
Office of Suspension and Debarment (OSD)
The World Bank

⁴ At present, the MDBs that are party 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. More information about the MDB Cross-Debarment Agreement is available on the Bank's external website (<http://go.worldbank.org/B699B73Q00>).