

**Notice of Uncontested Sanctions Proceedings**

**December 15, 2015**

**Sanctions Case No. 389  
IDA Credit Number 4779-VN  
(Vietnam Project Preparation Technical Assistance Facility Project)  
IDA Credit Number 4402-VN  
(Vietnam Đà Nẵng Priority Infrastructure Investment Project)**

**Respondents:  
SFC Vietnam Investment Development for Environment Corporation  
Mr. Nguyen Phuong Quy**

1. On September 9, 2015, the World Bank’s Suspension and Debarment Officer (the “SDO”) issued a Notice of Sanctions Proceedings (the “Notice”) to SFC Vietnam Investment Development for Environment Corporation (“SFC Vietnam”) and Mr. Nguyen Phuong Quy (“Mr. Quy”) (collectively, the “Respondents”) pursuant to Section 4.01(a) of the World Bank Sanctions Procedures, as adopted by the World Bank (the “Bank”) as of April 15, 2012 (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 Respondents engaged in sanctionable practices in connection with the above-named projects (the “Projects”). 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 the following:
  - SFC Vietnam and Mr. Quy engaged in fraudulent practices by providing another company (“Company A”) with information regarding the past experience of SFC Vietnam and a related company (“Company B”) for inclusion as Company A’s past experience with respect to its proposal for a consulting contract (the “PPTAF Contract”) under a sub-project of the Vietnam Project Preparation Technical Assistance Facility Project (the “PPTAF”)
  - SFC Vietnam and Mr. Quy engaged in fraudulent practices by assisting Company A in the preparation of a fraudulent second version of Company A’s Financial Proposal for the PPTAF Contract
  - SFC Vietnam and Mr. Quy engaged in collusive practices by entering into a collusive arrangement with a bidder that was bidding for a works contract (the “Hoa Xuan Contract”) under the Đà Nẵng Priority

Infrastructure Project (the “PIIP”) against a joint venture (the “SFC Hoa Xuan JV”) made up of Company B and another company

- Mr. Quy engaged in fraudulent practices by misrepresenting facts regarding Company B’s past experience in the SFC Hoa Xuan JV’s bid for the Hoa Xuan Contract
  - In a bid by a joint venture (the “SFC Son Tra JV”) made up of SFC Vietnam and another related company (“Company C”) for a works contract (the “Son Tra Contract”) under the PIIP, SFC Vietnam and Mr. Quy engaged in fraudulent practices by misrepresenting that the SFC Son Tra JV had no conflicts of interest.
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 Respondents, together with certain Affiliates (as defined in the Sanctions Procedures) where so specified, be sanctioned as follows:

Respondent 1

*SFC Vietnam Investment Development for Environment Corporation  
 (“SFC Vietnam”)*

*It is recommended that SFC Vietnam (together with any entity that is an Affiliate directly or indirectly controlled by SFC Vietnam) be declared ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner,<sup>1</sup> (ii) to be a nominated<sup>2</sup> 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;*

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<sup>1</sup> 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.

<sup>2</sup> 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.

*provided, however, that after a minimum period of ineligibility of ten (10) years, SFC Vietnam may be released from ineligibility only if SFC Vietnam has, in accordance with Section 9.03 of the Sanctions Procedures, demonstrated to the Bank Group's Integrity Compliance Officer that SFC Vietnam has complied with the following conditions:*

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

*(b) SFC Vietnam 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 that SFC Vietnam engaged in two types of sanctionable misconduct: fraudulent practices and collusive practices. The SDO also took into account, as aggravating factors, (a) SFC Vietnam's repeated pattern of misconduct, noting that it was involved in multiple fraudulent misrepresentations in connection with two different Bank-financed projects and (b) the involvement of SFC Vietnam's General Director in the misconduct.*

*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.<sup>3</sup> 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.<sup>4</sup>*

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<sup>3</sup> [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)).

<sup>4</sup> 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>).

Respondent 2  
Mr. Nguyen Phuong Quy (“Mr. Quy”)

*It is recommended that Mr. Quy (together with any entity that is an Affiliate directly or indirectly controlled by Mr. Quy) be declared ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner,<sup>5</sup> (ii) to be a nominated<sup>6</sup> 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 eleven (11) years, Mr. Quy may be released from ineligibility only if Mr. Quy has, in accordance with Section 9.03 of the Sanctions Procedures, demonstrated to the Bank Group’s Integrity Compliance Officer that Mr. Quy has complied with the following conditions:*

- (a) Mr. Quy has taken appropriate remedial measures to address the sanctionable practices for which Mr. Quy has been sanctioned;*
- (b) Mr. Quy has completed training and/or other educational programs that demonstrate a continuing commitment to personal integrity and business ethics; and*
- (c) Any entity that is an Affiliate directly or indirectly controlled by Mr. Quy 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 that Mr. Quy engaged in two types of sanctionable misconduct: fraudulent practices and collusive practices. The SDO also took into account, as aggravating factors, (a) Mr. Quy’s repeated pattern of misconduct, noting*

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<sup>5</sup> 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.

<sup>6</sup> 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.

*that he was involved in multiple fraudulent misrepresentations in connection with two different Bank-financed projects and (b) the fact that Mr. Quy was the General Director of the corporate Respondent.*

*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.<sup>7</sup> 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.<sup>8</sup>*

5. Neither Respondent submitted a written Explanation (as defined in the Sanctions Procedures) in accordance with Section 4.02(b) 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 Respondents 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 Section 4.04 of the Sanctions Procedures, and the recommended sanctions set forth in paragraph 4 above have entered into force as of the date hereof.

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<sup>7</sup> [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)).

<sup>8</sup> 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>).



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