

World  
Bank  
Group  
**Sanctions  
System**  
Annual  
Report  
FY18



WORLD BANK GROUP



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## **ABBREVIATIONS AND ACRONYMS**

ADB	Asian Development Bank
AFDB	African Development Bank
CMU	Country Management Unit
CND	Conditional Non-Debarment
EBC	Office of Ethics and Business Conduct
EO	Evaluation Officer
FIR	Final Investigation Report
GGP	Governance Global Practice
GRS	Grievance Redress Service
HRDVP	Human Resources Vice President
IBRD	International Bank for Reconstruction and Development
ICHA	International Corruption Hunters Alliance
ICO	Integrity Compliance Officer
ICP	Integrity Compliance Program
IDA	International Development Association
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IJS	Internal Justice System
INT	Integrity Vice Presidency
IPF	Investment Project Financing
JV	Joint Venture
MIGA	Multilateral Investment Guarantee Agency
MD	Managing Director
MDB	Multilateral Development Bank
MOP	Memorandum of the President
NoSP	Notice of Sanctions Proceedings
OSD	Office of Suspension and Debarment
PforR	Program-for-Results
PIU	Project Implementation Unit
PRG	Partial Risk Guarantee
PSCI	Preventive Services and Corporate Initiatives
SAC	Sanctions Advisory Committee
SAE	Statement of Accusations and Evidence
SDO	Chief Suspension and Debarment Officer
StAR	Stolen Asset Recovery Initiative
UNODC	United Nations Office on Drugs and Crime
WBG	World Bank Group



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## MESSAGE FROM WORLD BANK GROUP PRESIDENT

# JIM YONG KIM

Just a few decades ago, “anti-corruption” was a term rarely used in development. An under-the-table bribe or a kickback to move a project along were described as “the cost of doing business.”

That cost, as it turns out, is high. Corruption in any form undermines trust and weakens institutions, and from a development perspective corruption is, fundamentally, stealing from the poor. It siphons away resources from their intended purpose, and worst of all corruption prevents development before it even begins.

At the World Bank Group we have seen the direct impacts of corruption on our goals to end extreme poverty and boost shared prosperity. We have seen it in villages where schools or clinics go unbuilt because officials have siphoned off the construction money. We have seen it in medicine that may not cure – or may even kill – because of dilutions or substituted counterfeit drugs. We have seen it in foreign companies that pay bribes for contracts, then skimp on providing goods and services. The face of corruption takes many forms, but all of them jeopardize our mission.

As we increase our engagement in fragile and conflict-affected states, it is crucial that we strengthen our commitment to ensuring the proper use of our funds. This is not just for the success of our projects; it is who we are as an institution. Our Articles of Agreement charge us with using our shareholders’ donations conscientiously and doing our best to ensure that scarce public resources are not lost to corruption.

The World Bank Group Sanctions System – the Integrity Vice Presidency, the Office of Suspension and Debarment, and the Sanctions Board and its Secretariat – leads our efforts to combat fraud and corruption in our projects and prevent wrongdoing from happening in the first place. This work is critical to reducing risk and helping bring more private investment into developing countries.

At its core, the Sanctions System protects the world’s poorest. Every dollar diverted from developing essential health services diminishes a pregnant woman’s care. Each dollar stolen from building schools robs children of their chance to succeed. These are the people who our sanctions system fights to protect every day. Leveraging the World Bank Group’s convening power, we are working with multilateral development institutions, non-profits, and civil society partners to fight corruption around the world.

I am proud of the progress that the World Bank Group Sanctions System has made. In the years ahead, we will enhance our efforts to fight corruption everywhere we work and ensure that our resources and our efforts drive progress towards a world that is finally free of poverty.

**Jim Yong Kim**  
President  
World Bank Group

## MESSAGE FROM WORLD BANK GROUP MANAGING DIRECTOR

# SHAOLIN YANG

To end poverty and boost shared prosperity, we must not only do the right things, but do those things right. That means ensuring projects and investments supported by the World Bank Group are free of fraud and corruption, and encouraging our partners in other institutions and governments to do the same.

Our goal at the World Bank Group is to always have an efficient and fair sanctions system, one that not only focuses on a robust adjudicative process, but also guarantees due process to suspected companies and individuals. Our compliance programs also have a key role to play in laying the foundation of clean business – so that suspensions and debarments are not simply a sentence, but an opportunity to learn and do better in the future.

I am pleased to present this inaugural report for the World Bank Group Sanctions System which aligns this structure within the framework of the WBG's corporate strategy through 2030, the Forward Look. This marks the first time that the World Bank Group's Integrity Vice Presidency, Office of Suspension and Debarment, and the Sanctions Board are publishing a joint report. With effective data collection and analysis, we will be better able to evaluate outcomes, assess weaknesses, and increase the efficiency of our sanctions system and procedures – and to continue leading global anti-corruption efforts.

All of senior management, including myself, strongly support the Sanctions System's shared goal of promoting a world free of corruption. This report is emblematic of our solid commitment to this work and I look forward to seeing what more we will accomplish together in the years to come.

**Shaolin Yang**

Managing Director and WBG Chief Administrative Officer





THE WORLD BANK GROUP'S  
SANCTIONS SYSTEM:

## A HISTORICAL OVERVIEW

**For more than 20 years, the World Bank Group (WBG) has championed the anti-corruption agenda. In 1996, when WBG President James Wolfensohn called for the Bank to deal with the “cancer of corruption,” he set in motion a series of pioneering changes in the Bank’s processes – in the very workings of the institution – to address this issue.**

One was the establishment in 1998 of the Bank’s first formal sanctioning body – the Sanctions Committee – to review allegations of fraud and corruption and to recommend to the WBG President sanctions to be levied against companies engaging in misconduct. The Sanctions Committee was composed of five senior WBG managers responsible for making sanctions recommendations, including determinations about what companies would be debarred, or prohibited from bidding on WBG-funded projects.

In 2001, the WBG established an independent unit, the Department of Institutional Integrity (INT), which was charged with investigating allegations of fraud and corruption in WBG-financed projects, as well as allegations of staff misconduct. In 2002, the WBG commenced a comprehensive internal review of its sanctions process, engaging Richard Thornburgh, former Under-Secretary-General of the United Nations and former Attorney General of the United States, to assess the WBG’s sanctions processes and recommend possible reforms. Among other things, Thornburgh recommended that the WBG establish a formal, two-tier adjudicative system to review sanctions cases. The WBG adopted Thornburgh’s proposed two-tier structure as part of a broader set of reforms in 2004 and 2006 designed to improve the sanctions system’s

efficiency and protect the independence of its decision makers. The WBG also extended the Sanctions System's coverage to include the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the Bank's Partial Risk Guarantee (PRG) activities.

In 2007, a panel of independent experts led by former U.S. Federal Reserve Chair Paul Volcker undertook a review of INT's operations. As a result of the review, INT was elevated from a department to a vice presidency: the Integrity Vice Presidency. It expanded its portfolio to include staff dedicated to preventive services, forensic auditing, and compliance.

In March 2007 the WBG established a new position as the first tier of its sanctions system: the Evaluation and Suspension Officer, later renamed the Chief Suspension and Debarment Officer (SDO). The SDO heads the Office of Suspension and Debarment (OSD) and is tasked with reviewing cases submitted by INT and judging whether there is sufficient evidence for sanction. The SDO also imposes sanctions on parties that choose not to appeal their cases to the system's second tier. As part of the first tier of the system, IFC, MIGA, and the Bank's PRG activities also appointed separate Evaluation Officers (EOs) to review sanctions cases that relate specifically to the operations of their institutions. To date, the IFC EO has reviewed three sanctions cases and one settlement; all remaining cases have been reviewed by the SDO.

To form the second tier of the Sanctions System, the WBG replaced the Sanctions Committee with the WBG Sanctions Board, an independent body that was fully constituted in 2007 with a mix of members internal and external to the WBG. The Sanctions Board conducts a *de novo* review of all sanctions cases, where firms and individuals accused of misconduct contest the allegations made by INT and/or the sanctions recommended by the SDO or the other first tier officers. The Sanctions Board also reviews other types of appeals.

The first Sanctions Board Chair was selected by the WBG President from among its internal members. In 2009, the Sanctions Board Statute was amended to enhance the Sanctions Board's independence by providing for appointment of an external Chair upon the recommendation of the President and selection by the Executive Directors. In September 2010, the WBG established an independent Sanctions Board Secretariat consisting of WBG staff who provide the Sanctions Board with dedicated legal, strategic, and administrative support. In 2016, the WBG shifted to an all-external membership of the Sanctions Board.

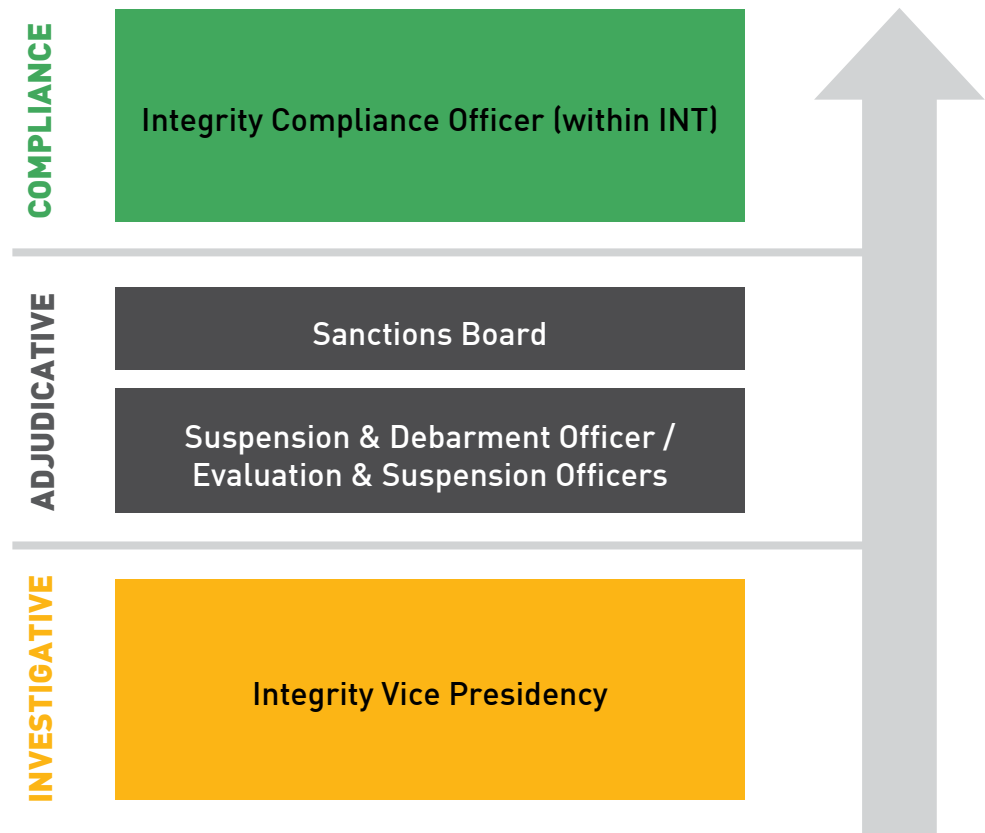
In 2010, the WBG established "debarment with conditional release" as the baseline WBG sanction, requiring sanctioned companies and individuals to meet certain conditions before they may be released from sanction and are permitted to bid again on WBG-funded projects. INT appointed an Integrity Compliance Officer (ICO) to work with these companies and individuals to develop and implement policies and procedures seeking to reduce the likelihood that they will engage in fraud or corruption in the future. These integrity compliance programs, as they are known, must be consistent with the principles set out in the WBG Integrity Compliance Guidelines.



Also in 2010, five multilateral development banks (MDBs) – the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group, and the WBG – entered into the Agreement on Mutual Enforcement of Debarment Decisions. The Agreement allows these MDBs to mutually enforce debarment actions with respect to corruption, fraud, coercion, and collusion. Cross-debarment has provided an important tool in the fight against corruption, strengthening each institution's decisions, while also sending a strong regional and global message that misconduct will not be tolerated.

In 2013, the WBG created the Sanctions Advisory Committee (SAC) with a mandate to advise the WBG Managing Director (MD) in charge of sanctions on policy and procedural matters concerning the Sanctions System and to assist the MD in monitoring and assessing the functioning of the units charged with implementing the WBG's sanctions policy. The institution continues to refine the function of the SAC.

### The WBG Sanctions System



# The WBG Sanctions System at Work: FY18 Results



\* "No further action" may include Advance Fee Fraud, phishing emails, or unrelated submissions.

\*\* Complaints forwarded outside of INT may be sent to the Office of Ethics and Business Conduct, the Grievance Redress Service (GRS), Procurement, or Operations.

\*\*\* Multiple complaints may be combined into one preliminary investigation.

\*\*\*\* 22 settlements were submitted to OSD, and 1 was submitted to IFC's Evaluation Officer.



## What are the Sanctionable Practices?

A **corrupt** practice is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

A **fraudulent** practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

A **coercive** practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

A **collusive** practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

An **obstructive** practice is (a) deliberately destroying, falsifying, altering, or concealing evidence material to an investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to an investigation or from pursuing the investigation, or (b) acts intended to materially impede the exercise of the Bank's contractual rights of audit or access to information.

## A Holistic Approach to Anti-Corruption at the WBG

The Sanctions System is a key component of the WBG's institution-wide anti-corruption efforts. It ensures that fraud and corruption impacting WBG financed-activities are addressed efficiently and fairly, and that a strong deterrence message is complemented by a focus on prevention and integrity compliance programs. The institution as a whole confronts corruption through several different avenues. The Governance Global Practice (GGP), for example, works at the country, regional, and global levels; and helps countries build capable, accountable, transparent, and inclusive institutions. In addition, the Stolen Asset Recovery Initiative (StAR), a partnership between the WBG and the United Nations Office on Drugs and Crime (UNODC), supports international efforts to end safe havens for corrupt funds. StAR works with developing countries and financial centers to prevent the laundering of the proceeds of corruption and to facilitate more systematic and timely return of stolen assets.

Following the Anti-Corruption Summit held in the United Kingdom in May 2016, the WBG reaffirmed its commitment to confront corruption as a core development issue wherever it exists and to support integrity in public sector institutions. The WBG also agreed to:

1. Build the capacity of country clients to deliver on their commitments to enhance transparency and reduce corruption;
2. Enhance its support for implementation of anti-money laundering requirements and for the recovery of stolen assets; and
3. Extend its work on tax reform, illicit financial flows, procurement reform, and preventing corrupt companies from winning state contracts.

The WBG has included Governance and Institutions as a theme in IDA-18 – its Fund for the Poorest Countries – in order to focus global attention on the issue.



# THE INTEGRITY VICE PRESIDENCY

Investigations and forensic audits provide the basis for WBG sanctions. The investigative findings also support preventive and integrity compliance efforts, helping ensure that the WBG can do more to anticipate and address future integrity issues.

## **Introduction by Pascale Helene Dubois, Integrity Vice President**

I'm delighted to be part of the first joint report of the WBG's Sanctions System. We hope it will show how the parts of our system work together and, by combining three reports into one, make reading easier for our diverse stakeholders, who include representatives of private sector companies, law firms, governments, civil society, journalism, and other multinational organizations. While we are independent units and each of us has a well-defined mandate and scope of work, we know that one report reflects better how the system addresses fraud and corruption in a continuous, fair and transparent manner.



INT has been in existence since 2001. It has grown over 17 years, becoming a vice presidency, expanding its staff and adding functions. With the start of my term as Vice President this fiscal year, we have taken the opportunity to ensure that, in a budget-constrained environment, we focus on INT's core mandate: (1) investigations, (2) prevention of fraud and corruption in WBG projects, and (3) integrity compliance, or the reform of companies that have come through our Sanctions System.

Over the past year, my colleagues and I have focused on efficiency and effectiveness in investigations. We have the benefit – thanks to past leaders of INT – of a breadth of experience. It is because of this past work that we are in a position to refine processes. We believe that “what gets counted gets done,” and that we are accountable for the use of our resources. Investigative and adjudicative work lends itself well to an analysis of process components. We have assessed our internal practices, making sure they are done most efficiently. Often, the most efficient process is to engage in settlement negotiations. For example, this year INT concluded an investigation in which INT found evidence that a number of companies engaged in corrupt practices during a project designed to further economic development in an African country. This investigation resulted in three companies being debarred as part of settlements, one of which included a financial remedy of 6.8 million euros to be paid back to the country.

A novel process that we have implemented was to increase the use of fast-track cases. These are cases that can be completed quickly, freeing up resources for more complex cases. In one case, INT received a report from a Project Management Unit in an education project in a South Asian country that a company had submitted false bank guarantees after being awarded a contract. INT completed the investigation and filed a sanctions case within five months of receiving the complaint. The WBG sanctioned the company and its principal within a few months of the end of the investigation. Case closed.

Enforcement is why we were set up. But if we only do enforcement, we miss opportunities to prevent harm and to maximize the effect of the enforcement. It would be a wasted opportunity to engage in enforcement without preventing corruption in our own projects. INT's preventive services and corporate initiatives provide tools for Bank operations to mitigate fraud and corruption risks in WBG-funded projects so development objectives can be achieved.

INT's compliance function, in collaboration with investigations and prevention, works directly with the private sector to promote clean business through integrity compliance programs. These programs might include codes of conduct or whistleblower protections. For example, two INT cases this year led to settlements with a sanction of "conditional non-debarment" which means the sanctioned company remains eligible to participate in WBG-financed projects as long as it complies with certain obligations. This incentivizes good corporate behavior as the companies in these cases came forward voluntarily and disclosed their misconduct. This approach also enables the type of responsible corporate citizens the Bank wants on its projects to continue to be eligible to contribute to the Bank's mission.

Seventeen years after INT was founded, its fundamental mission remains the same. We ensure that donor money entrusted to the WBG is used for its intended purposes. This principle is consistent with the Forward Look, the WBG's vision. Indeed, it is essential to a key pillar of that vision: maximizing finance for development. INT, and the Sanctions System overall, is doing its part to make sure that scarce development money is used productively. Our work safeguards these funds so they can further our institutional goals of alleviating extreme poverty and boosting shared prosperity. Our compliance work also helps to level the playing field and therefore attract more private sector investments into our member countries. We wear our mantle seriously and with pride.

**Pascale Hélène Dubois**

Integrity Vice President, World Bank Group

## Who We Are

The Integrity Vice Presidency (INT) is an independent unit within the WBG that investigates allegations of fraud and corruption in WBG-financed contracts and by WBG staff. By sharing investigative findings, providing preventive advice, and promoting integrity compliance, INT not only supports integrity within the WBG, but also among client countries and other stakeholders. INT has 83 staff members, including integrity compliance lawyers, investigators, forensic accountants, economists, risk specialists, data scientists, and information system specialists.



**The Integrity  
Vice Presidency**

## What We Do: Three Core Business Lines

### Investigations and Forensic Audits

INT conducts two types of investigations:

1. “External” investigations involve private sector entities, often companies or individuals, that have bid on or are participating in WBG-financed contracts;
2. “Internal” investigations involve WBG staff or vendors who may be implicated in fraudulent or corrupt practices.



These investigations often draw on the expertise of INT's forensic auditors, and the investigative findings serve as the basis for WBG-imposed sanctions, including debarment, which prohibits these entities from bidding on WBG-financed contracts. When WBG staff are implicated in wrong-doing, the Vice President for Human Resources may take disciplinary action, including permanently terminating the staff's employment with the WBG.

**14.3**  
MONTHS  
Average length  
of all completed  
**investigations**  
(includes Fast Track  
Investigations)

**6.4**  
MONTHS  
Average length  
of completed  
**Fast Track**  
**Investigations**

- This fiscal year, INT focused on streamlining its investigative processes to gain greater efficiencies and provide more value for money for the WBG. By fast-tracking less complex cases, for example, INT can more quickly resolve cases that require fewer resources and reserve more resources for more complex cases. The average length of completed fast track cases in FY18 was 6.4 months. The average length of all completed investigations (including fast track investigations) was 14.3 months.
- The findings of the 43 Final Investigation Reports (FIRs) issued in FY18 related to 46 projects under the International Bank for Reconstruction and Development (IBRD) and IFC investments, and included a review of 233 contracts and agreements, totaling approximately US\$1.46 billion.
- INT modernized the business process management systems that support its core business procedures, and the platforms used to process and analyze a wide range of data that are relevant to detecting and acting on integrity issues in WBG operations.
- INT developed a detailed investigations manual to document key procedures related to the conduct of investigations and the production of deliverables. The development of this manual provided an opportunity for INT to assess and refresh many of its internal processes and practices. For example, the review and approval process for investigations and sanctions deliverables has been streamlined by cutting unnecessary steps and implementing an entirely electronic-based approval workflow that eliminates the need for paper routing slips. In addition to procedural efficiencies, the investigations manual introduces greater standardization in how INT operates across different regional teams.

## Expanded Integrity Compliance

The WBG Integrity Compliance Officer (ICO) engages with, and monitors the efforts of, sanctioned companies and individuals in working to meet their conditions for release from WBG sanction. The ICO ultimately is responsible for determining whether the conditions have been satisfactorily met such that the sanctioned party may be released from WBG sanction. The ICO also plays an important role in engaging the private sector overall, encouraging companies of all types and sizes to take steps to enhance integrity compliance in their business operations not just in response to a sanction but simply as a good business practice and sound preventive measure.

- This fiscal year, ICO engagements included sanctioned companies and individuals from across the globe.
- ICO staff also participated in numerous outreach activities, several of which were geared toward helping state-owned enterprises and small- and medium-sized enterprises develop and implement integrity compliance programs appropriate for their operations.

- For example, in September 2017, INT staff, including Vice President Pascale Dubois, traveled to Beijing to participate in a “Seminar on Strengthening International Cooperation for Clean Belt and Road,” and to meet with Chinese authorities to discuss continued cooperation to support clean business on the Belt and Road Initiative (BRI). More than 120 people attended the seminar, including representatives of government, state-owned enterprises, universities, and international organizations. The seminar showcased recent developments in combating corruption by the Chinese government, international best practices in integrity compliance, and recommendations and opportunities for improved international cooperation to support the goals of clean business on the Belt and Road Initiative.
- Since each company’s circumstances are unique, such workshops emphasized how companies can tailor integrity compliance programs to match their own circumstances and risk profile, and develop realistic and effective internal controls accordingly.

## Preventive Services and Integrated Corporate Initiatives

INT’s Preventive Services and Corporate Initiatives (PSCI) team works closely with WBG operations and country counterparts to address corruption risks. In partnership with Country Management Units (CMUs) and task teams in various sectors, PSCI assists operational staff and client countries to turn the unique knowledge gained from complaints, investigations, risk-based analyses and enhanced fiduciary reviews into practical measures that aim to deter corruption. This information feeds into sectoral- and country-level analyses and bolsters the quality of PSCI’s advisory services particularly for those operations, sectors and country environments deemed as “high-risk,” including fragile states.

- This fiscal year, PSCI focused on enhancing the potential of its data analytics capacity to strengthen its ability to enable more data-driven approaches to identifying trends and responding to integrity risks.
- To ensure the most effective response to allegations of fraud and corruption in Investment Project Financing (IPF) and Program-for-Results (PforR) operations, PSCI worked across the Bank to update protocols for collaborating and sharing information across WBG units.

## Core Business Line: Investigations

External investigations respond to allegations of five types of misconduct: fraud, corruption, collusion, coercion, and obstruction. Firms or individuals participating in WBG-financed projects that are found to have engaged in one or more of these practices may be subject to WBG sanction. Evidence of misconduct by government officials is generally referred to national authorities for action.

## Complaint Intake

INT receives complaints from all over the world and from many sources. Of the preliminary investigations opened in FY18, 18.5% of complaints received came from WBG staff and 81.5% of complaints were from non-Bank sources, including contractors or other bidders, concerned citizens, government officials, employees of NGOs, and other multilateral development banks. INT routinely conducts outreach to all groups in an effort to increase overall awareness and reporting of complaints.



Of the **1,426**  
**Complaints**  
submitted to INT,



**927** resulted in **no**  
**further action,**



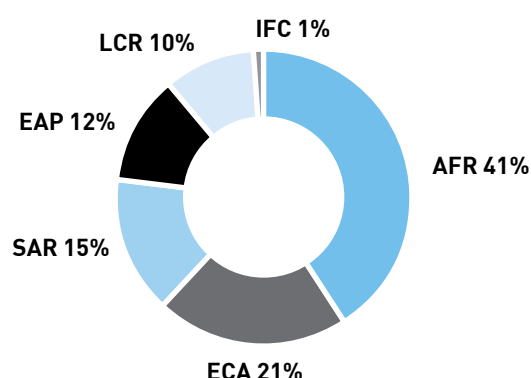
INT screens the complaints it receives to ensure they pertain to one or more sanctionable practices and involve a WBG-supported contract. If a complaint meets both criteria, INT opens a preliminary investigation and conducts further assessment of the allegation(s) contained in the complaint. In determining whether to move from a preliminary investigation to a full investigation, INT considers a number of factors, including, but not limited to: the seriousness of the allegations; the potential development impact of the alleged misconduct; the credibility of the complainant; the presence of corroborating evidence; and the amount of project and contract funds involved. When a preliminary investigation involving WBG contracts is not converted to a full investigation, or even if an allegation is not pursued for lack of jurisdiction or an absence of actionable information, INT will work with operational staff or other interlocutors, as appropriate, to address the issues raised. For example, if INT receives allegations of misconduct that do not fall within its jurisdiction (e.g., complaints about unfair labor practices or environmental degradation), it will share this information with the World Bank's Grievance Redress Service or other relevant departments for appropriate follow-up. Similarly, INT routinely exchanges information with operational counterparts regarding allegations of fraud and corruption that, while perhaps not specific enough to warrant a full investigation, may still be used to inform broader risk mitigation activities.



**130** were  
**forwarded** to other  
WBG units,



and **379**  
**Preliminary**  
**Investigations**  
were started.



Region	Investigations Started (FY18)	Distribution Ratio (FY18)
AFR	28	41%
EAP	8	12%
ECA	14	21%
IFC	1	1%
LCR	7	10%
MNA	0	0%
SAR	10	15%



**68** new  
**Investigations**  
were started



and **71**  
**Investigations**  
were completed,



of which **48 (67.6%)**  
were **Substantiated**.

## Processing of Complaints, FY18

### Investigations Started in FY18

#### Investigating Cases

Through investigations, INT ascertains whether firms and/or individuals have engaged in one or more of the WBG's five sanctionable practices. If INT finds sufficient evidence to conclude that it is more likely than not that the alleged conduct, or other sanctionable conduct, occurred, then the matter is deemed *substantiated*. INT continues to refine its selection process for matters going to full investigation and has devoted additional resources to more thorough preliminary screening of allegations before commencing a full investigation.

## Cases by Allegation, FY14-18<sup>1</sup>

Cases	Fraud	Corruption	Collusion	Coercion	Obstruction	Total
Active	42	24	19	0	2	61
%	<b>69%</b>	<b>39%</b>	<b>31%</b>	<b>0%</b>	<b>3%</b>	
Opened in FY18	51	19	14	0	0	68
%	<b>75%</b>	<b>28%</b>	<b>21%</b>	<b>0%</b>	<b>0%</b>	
Closed in FY18	61	30	21	0	3	71
%	<b>86%</b>	<b>42%</b>	<b>30%</b>	<b>0%</b>	<b>4%</b>	
Opened in FY17	41	19	15	0	2	51
%	<b>80%</b>	<b>37%</b>	<b>29%</b>	<b>0%</b>	<b>4%</b>	
Closed in FY17	39	33	19	3	3	52
%	<b>75%</b>	<b>63%</b>	<b>37%</b>	<b>6%</b>	<b>6%</b>	
Opened in FY16	39	37	17	3	3	64
%	<b>61%</b>	<b>58%</b>	<b>27%</b>	<b>5%</b>	<b>5%</b>	
Closed in FY16	64	48	30	7	8	87
%	<b>74%</b>	<b>55%</b>	<b>34%</b>	<b>8%</b>	<b>9%</b>	
Opened in FY15	78	62	38	7	8	99
%	<b>79%</b>	<b>63%</b>	<b>38%</b>	<b>7%</b>	<b>8%</b>	
Closed in FY15	60	47	19	2	3	81
%	<b>74%</b>	<b>58%</b>	<b>23%</b>	<b>2%</b>	<b>4%</b>	
Opened in FY14	28	20	6	1	4	40
%	<b>70%</b>	<b>50%</b>	<b>15%</b>	<b>3%</b>	<b>10%</b>	
Closed in FY14	45	17	8	0	2	55
%	<b>82%</b>	<b>31%</b>	<b>15%</b>	<b>0%</b>	<b>4%</b>	

## In-Depth Reviews—a Multidisciplinary Approach to Integrity Risks

An In-Depth Review is a multi-disciplinary tool that can be used to holistically and effectively address integrity risks in projects. While investigations are undertaken solely by INT, an In-Depth Review is performed collaboratively by INT and other WBG staff. In-Depth Reviews may draw on a range of relevant expertise, including but not limited to that of INT's forensic, investigative and preventive specialists as well as that of GGP financial management and procurement specialists.

The objectives of an In-Depth Review are to (i) verify that funds have been used for the purpose intended with due regard for economy and efficiency, (ii) assess the effectiveness of control, oversight and governance mechanisms within the project and identify any significant gaps that may exist, (iii) identify questionable and potential ineligible expenditures as well as instances of possible misprocurement, (iv) identify indicators of fraud and corruption and other integrity issues, and (v) compile detailed lessons learned that can be used to enhance controls and risk mitigation measures in the project and inform the design of similar, future projects. These reviews can be initiated as the result of complaints to INT; they can also be conducted proactively within higher-risk operations, providing insights about financial management and procurement breakdowns, as well as other control and governance risks within projects.

When undertaken early during a project's implementation stage, In-Depth Reviews can help safeguard the development impact of the project by (i) identifying fiduciary issues on a timely basis and informing the project risk identification and management framework, (ii) protecting project funds by helping ensure they are used for the purpose intended, and (iii) identifying project officials, contractors and other parties involved in the project implementation that are potentially engaged in wrongdoing. Findings from In-Depth Reviews, as appropriate, may result in INT investigations whose findings may be shared with national law enforcement authorities.

<sup>1</sup> Because cases may include more than one type of allegation (e.g., fraud and collusion), the counts by allegation type typically add up to more than the total number of cases.

## Case Highlights

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### INT Referrals lead to investigation and settlement

Strong partnerships with other investigative bodies and law enforcement authorities play an important role in resolving complex, multi-jurisdictional investigations. By leveraging these partnerships, INT and the WBG can help ensure that development funds are used for their intended purposes and, more broadly, support long-term development. For example, following referrals from INT, search warrants were executed on an international engineering firm that had received approximately US\$448 million in WBG-financed contracts. The company conducted an internal investigation and disclosed the findings to INT. INT's own investigation found evidence of inappropriate payments in projects in Bangladesh and Sri Lanka, as well as misrepresentations in projects in India and Sri Lanka. The company was debarred in September 2017 for 12 months, while four of its affiliates were debarred for periods ranging from six months to two and a half years.

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### Conditional Non-Debarment

To further incentivize good corporate behavior, INT reached four settlement agreements of conditional non-debarment in FY18. Conditional non-debarment allows a company to remain eligible to participate in WBG-financed projects as long as it complies with certain obligations. Otherwise, the conditional non-debarment converts to a sanction of debarment with conditional release, and the company then becomes ineligible to participate in WBG-financed projects until the conditions for release set out in the settlement agreement are met.

For example, an engineering and construction firm received a conditional non-debarment of 18 months in July 2018 for voluntarily disclosing its misconduct that was not previously known to INT under a project in Vietnam. The company cooperated fully with INT, and had also taken remedial actions and made improvements in its compliance procedures.

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### Collusion cases result in sanctions

The WBG sanctioned two companies in January 2018 for submitting jointly prepared bids for an equipment supply contract on a health project in Kazakhstan. One company was debarred for ten months while the other was debarred for four years for collusion as well as for obstruction.

Under a roads project in Georgia, two companies and a company official engaged in collusion by entering into an arrangement with personnel from the project implementation unit who assisted the companies in preparing and modifying certain information in the companies' bids for two construction contracts. One company was sanctioned in May 2018 for four years, while the other company and the company official were each sanctioned in May 2018 for five years.

In a Sanctions Board decision involving an Uzbekistan water project, two companies were each debarred in June 2018 for four years and nine months for misrepresenting the educational credentials of dozens of proposed personnel, and jointly preparing bids for a US\$10 million construction contract. Each had knowledge of the other's prices, and the bids were designed to simulate competition. INT's investigation found evidence that the two companies had identical methodology statements, bid prices and personnel forms.

## Case Highlights

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### Settlement Agreement with French power transmission company includes €6.8 million financial remedy to the Democratic Republic of Congo

A WBG investigation found evidence that a Paris-based manufacturer of power transmission components, working on the Southern Africa Power Market Project (SAPMP) in the Democratic Republic of the Congo, made improper payments to an employee of a consulting company to influence a tender process. This is a corrupt practice under WBG guidelines. Under a settlement agreement in December 2017, the manufacturing company was debarred... and later "In addition, the manufacturing company's parent company was conditionally non-debarred for a period of 18 months. It remains eligible to participate in WBG-financed projects as long as it complies with its obligations under the settlement agreement. A holding company for the two sanctioned firms also agreed to pay a financial remedy of 6.8 million euros to the DRC.

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### Wide-ranging investigation involving multiple national authorities results in the debarment of nine companies and a court order requiring \$2.2 million repayment to the WBG.

The case of a former WBG short term consultant and medical procurement specialist illustrates the impact of INT referrals and the benefits of cooperation with national authorities.

In 2011, INT received allegations that a Dutch medical supply company had obtained confidential information about a WBG-financed procurement. INT identified a WBG consultant as the potential source of the disclosure. After launching its own investigation, INT referred the matter to Dutch authorities, who initiated a parallel investigation. INT's investigation revealed that the consultant had colluded with the company to help it win WBG-financed contracts. In exchange for a percentage of each contract, the consultant had used his access and influence as a procurement specialist to give the company an unfair advantage over its competitors.

INT subsequently made additional referrals to the UK and Switzerland. While the Dutch and UK authorities conducted simultaneous searches in the Netherlands and the UK, the Swiss authorities opened a money laundering investigation and froze several Swiss accounts.

In order to uncover the full scope of the consultant's corrupt activities, INT launched investigations covering 10 WBG-financed projects in nine countries. These investigations have, to date, led to the WBG imposing sanctions on nine companies. They ranged from a one-year debarment to a 14-year debarment with conditional release.

In July 2013, the WBG was formally recognized by a Swiss court as a damaged entity in the case against the consultant, giving the Bank access to the evidence underlying the Swiss case and an avenue to restitution. This was a first: no international organization had previously been formally recognized as a damaged entity under Swiss law.

In February 2016, the UK's Crown prosecutor's office formally charged the consultant, and he was sentenced in September 2017 to six years in prison on 13 counts of corruption totaling approximately US\$2.2 million. A UK court has ordered that the consultant repay US\$ 2.2 million to the World Bank.



INT submitted **28 Cases** to OSD & **43 FIRs** to the President, of which **24 (56%)** included preventive recommendations.



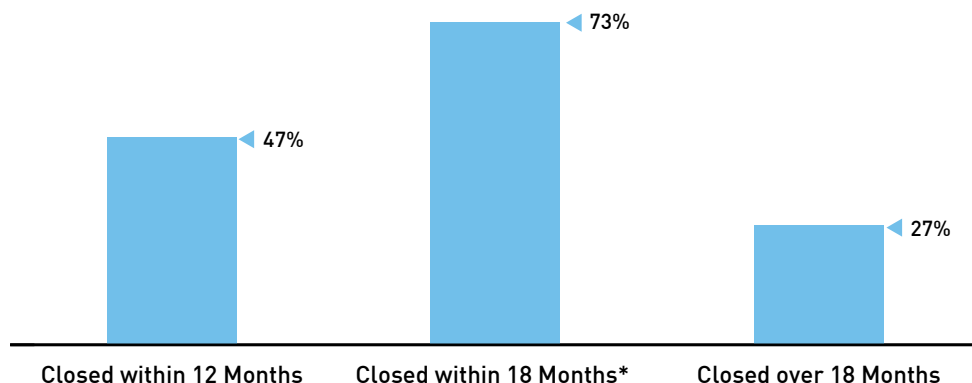
INT also issued **43 Referrals & 21 Redacted Reports.**

## Post-Investigation: Preparing Final Investigation, Referral, and Redacted Reports

When INT substantiates an investigation, it produces a Final Investigation Report (FIR) and sends it to the WBG President. In limited instances, INT will produce an FIR even when an investigation is not substantiated; for example, if INT believes that the investigation unearthed important lessons that should be shared with WBG staff or client governments.

In general, INT strives to close investigations within 12 to 18 months depending on the complexity of the underlying allegations. INT considers an investigation closed once the draft FIR has been submitted to the relevant regional operational staff in the WBG for comments.

FIRs also form the basis for two other INT outputs: referral reports and redacted reports. INT sends referral reports to relevant national authorities if evidence indicates that the laws of a WBG member country may have been violated. Redacted reports are provided to the WBG's Board of Executive Directors for information and, after the completion of all related sanctions proceedings, made publicly available.<sup>2</sup> These reports provide information about the allegations, methodology, and findings of an investigation, as well as any action taken by the WBG. INT made 43<sup>3</sup> referrals to national authorities in FY18 and produced 21 redacted reports.



\*Includes investigations closed within 12 months.

## Preparing Cases for Sanctions

INT will usually prepare a Statement of Accusations and Evidence (SAE) when it believes that it has found sufficient evidence to substantiate that a sanctionable practice occurred. For matters involving operations under IBRD or the International Development Association (IDA), the WBG's fund for the poorest, the SAE is presented to the Chief Suspension and Debarment Officer (SDO) for review and issuance to the affected parties.

The decision as to whether there is sufficient evidence to sanction a firm or individual and, if so, what sanction should be imposed is made through a two-tier adjudicative process involving the SDO and the WBG Sanctions Board, both of which are independent of INT. At the first level of review, the SDO reviews the case brought by INT to determine whether INT has

<sup>2</sup> See [www.worldbank.org/en/about/unit/integrity-vice-presidency/redacted-investigation-reports](http://www.worldbank.org/en/about/unit/integrity-vice-presidency/redacted-investigation-reports) for the redacted reports released in FY18.

<sup>3</sup> The table on pg. 62 excludes referrals for simple fraud and multiple referrals in a single country.

submitted sufficient evidence to support its allegations of sanctionable practices. If sufficient evidence has been presented, the SDO will issue a Notice of Sanctions Proceedings (NoSP) to the respondent and recommend an appropriate sanction. In most instances, a respondent will also be temporarily suspended from bidding or participating in a WBG-financed activity upon issuance of the NoSP. If a respondent fails to contest the NoSP within 90 days, the sanction recommended by the SDO becomes final. If the respondent contests the NoSP, the matter is appealed to the Sanctions Board, which will consider the case and make a final determination. (See page 55 for the list of firms and individuals debarred in FY18.)

The Sanctions System also includes parallel procedures for cases related to the IFC, MIGA, and the World Bank's Guarantees and Carbon Finance operations. In such cases, INT submits the case to the Evaluation and Suspension Officer (the EO) for the relevant institution, who performs a function parallel to that of the SDO. Since the creation of these positions, there have been a total of three cases and one settlement reviewed by these EOs.

## Cases May be Resolved through Settlements

All firms or individuals under investigation are given the option of resolving a matter through a settlement in lieu of a sanctions process. Resolving a case through a settlement can save considerable resources, while also providing certainty of result for both the WBG and the party under investigation. INT may consider a variety of factors when determining whether a settlement is appropriate, including the potential resource savings for the WBG and the corrective measures undertaken by the party. In general, settlements will include the imposition of a sanction coupled with specific cooperation and remediation obligations. INT is responsible for negotiating and drafting settlement agreements, which are then reviewed by the WBG General Counsel and ultimately approved by the SDO (or relevant EO) to verify that (i) the respondent entered into the agreement voluntarily and fully informed of its terms, and (ii) the terms of the agreement are broadly consistent with the Sanctioning Guidelines. In addition, the Integrity Compliance Officer (ICO) discusses integrity compliance with parties engaged in settlement negotiations as relevant, thereby helping to fashion appropriate conditions for release from sanction up-front in the process. In FY18 the WBG, through INT, entered into 23 settlements.

## Internal Investigations

Internal investigations assess allegations of significant fraud and corruption involving WBG staff occurring in WBG-financed projects or supported activities (*i.e.*, operational fraud and corruption) or affecting the WBG administrative budgets (*i.e.*, corporate fraud and corruption). INT also investigates allegations against corporate vendors involving the five sanctionable practices in support of the WBG's corporate vendor eligibility determinations, leading to possible corporate debarment proceedings and in some cases operational cross-debarments.

INT mainstreams lessons learned from internal investigations through case studies and training. As a member of the Bank's Internal Justice System, INT also participates in outreach programs to promote the reporting, detection, and prevention of fraud and corruption within the Bank Group's corporate arena.



**INT submitted 28 Cases to OSD .**



**INT also submitted 22 Settlements to OSD and 1 Settlement to IFC .**



Examples of allegations against staff within INT’s investigative mandate include abuse of position for personal gain, misuse of WBG funds or trust funds, embezzlement, fraud, corruption, and collusion, involving either WBG operations or administrative budgets, and attendant conflicts of interest or lesser included acts of misconduct.

INT is also responsible for investigating allegations against WBG corporate vendors involving fraud, corruption, collusion, coercion, or obstructive practices in support of “vendor eligibility reviews,” leading to corporate debarment proceedings.

## **A Holistic Approach to Integrity at the WBG: The Internal Justice System (IJS)**

The IJS is a set of independent, yet inter-connected, internal workplace dispute resolution mechanisms available to all current and former WBG staff. The services range from informal to formal services. Ninety-five percent of all issues are handled by the three informal services: Respectful Workplace Advisors, Ombuds and Mediation Services. Staff can also use the two formal services: Peer Review Services, which makes recommendations to management, and the World Bank Administrative Tribunal, which adjudicates personnel cases.

The last component of the IJS consists of investigative and advisory functions provided by INT and the Office of Ethics and Business Conduct (EBC). While INT investigates forms of misconduct under Staff Rule 8.01, the EBC focuses on workplace grievances (e.g., harassment and retaliation) and other violations of Staff Rules or WBG policies (misuse or abuse of travel funds, staff benefits and allowances, petty cash or WBG physical property) under Staff Rule 3.00.

Upon receipt of a complaint, INT follows a consistent three-stage process: (i) intake and evaluation; (ii) preliminary inquiry; and (iii) investigation.

If the investigation establishes sufficient evidence to a “clear and convincing” standard of proof, INT prepares a final report of investigation, inclusive of all supporting evidence, and provides it to the implicated staff member for comment.

Thereafter INT finalizes the report, incorporating the staff member’s comments and any INT rebuttal to those comments, and submits the report to the WBG’s Vice President for Human Resources (HRDVP) for decision.

A staff member has the right to appeal the HRDVP’s disciplinary decision to the World Bank’s Administrative Tribunal, whose judgments are binding on the WBG.

During the course of a preliminary inquiry or full investigation, INT may establish sufficient evidence to show that the allegations are unfounded, thus clearing the staff member of any wrongdoing. This is an equally important outcome for both the WBG and staff member.

## Internal Investigations Cases, FY18

	Staff	Vendor	Total
Carried over from FY17	22	8	30
Opened	24	6	30
<b>Total</b>	<b>46</b>	<b>14</b>	<b>60</b>
Closed			
Substantiated	6	5	11
Unsubstantiated	12	3	15
Unfounded	3	0	3
Referred	0	0	0
Other	1	0	1
<b>Ending caseload</b>	<b>22</b>	<b>8</b>	<b>30</b>

## Overview of internal investigation outcomes, FY14-FY18

	FY14	FY15	FY16	FY17	FY18
Cases					
Substantiated	9	7	7	10	11
Unsubstantiated	16	12	7	10	15
Unfounded	6	10	9	2	3
Referred <sup>1</sup>	2	2	2	2	0
Other	0	0	0	0	1
<b>Closed</b>	<b>33</b>	<b>31</b>	<b>25</b>	<b>24</b>	<b>30</b>
Referred <sup>2</sup> /Not investigated	33	39	27	47	46

## Outcomes

During FY18, the internal investigations unit pursued 60 cases, of which 76.7 percent related to WBG operations and 23.3 percent involved corporate matters.

## Staff Cases

INT pursued 14 active Staff Rule 8.01 investigations involving WBG staff in FY18 and substantiated misconduct allegations in three of these cases. INT closed as substantiated three more cases in the preliminary stage. Two of these cases involved the same staff member, who voluntarily resigned under the terms of an Options Letter<sup>4</sup> following INT's preliminary

<sup>4</sup> An Options Letter provides the subject staff member with a choice to resign and accept specified sanctions and conditions (to include termination, a permanent bar to rehire, and an ineligibility to be the recipient of Bank Group funds as a corporate vendor, or Bank Group financing, as a contractor, subcontractor or consultant in connection with a Bank Group-financed project or supported activity) as an alternative to undergoing the full Staff Rule 8.01 investigation and the attendant disciplinary decision process. The Options Letter can be employed when there is sufficient credible evidence to support the allegation following a preliminary inquiry, and the allegation, if substantiated, would merit automatic termination, such as abuse of position for personal gain of oneself or another.



findings. The third case involved a staff member who was terminated for misconduct by the HRDVP on the basis of an EBC investigation which occurred in parallel to the INT investigation, the latter of which found sufficient evidence to have otherwise presented the staff member with an Options Letter.

## HRDVP Decisions on Staff Cases

In FY18, the HRDVP made decisions based on INT's investigations in one staff case<sup>5</sup> concerning issues of multiple conflicts of interest, and abuse of position, leading to misuse of WBG funds. The HRDVP affirmed INT's findings and made a decision to terminate the staff member's employment and bar this staff member from rehire.

## Outcomes of Vendor Cases

In FY18, the internal unit closed eight corporate vendor cases, five of which were substantiated and three of which were unsubstantiated.

## Turnaround Time

INT aims to complete internal staff cases within nine months (270 days). In FY18, the average turnaround time for the 22 closed staff cases was 12.44 months (378.5 days).<sup>6</sup>

## Protected Disclosures

During FY18, a total of 99 WBG staff (*i.e.*, regular staff, former staff, extended- and short-term consultants, and temporaries) made protected disclosures to INT, including those who were whistleblowers.<sup>7</sup> INT is grateful to those staff members who have forwarded to INT concerns of suspected misconduct that may threaten the operations or governance of the WBG, and we appreciate the assistance and cooperation provided by many staff members in the resulting investigations.

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<sup>5</sup> Five of these decisions are based on cases substantiated and closed in FY16.

<sup>6</sup> Turnaround time is impacted by a combination of seven variables, including: (i) Investigator to case ratio; (ii) Complexity of the cases; (iii) Single/multiple allegations per case; (iv) Whether mission travel is required; (v) Whether the subject staff member has requested extensions in which to respond in writing to the allegations notice and/or to the draft final report; (vi) Delayed availability of subjects or witnesses beyond INT's control; (vii) Whether there are parties external to the Bank whose cooperation cannot be mandated.

<sup>7</sup> Staff Rule 8.02: Protections and Procedures for Reporting Misconduct (Whistleblowing) "applies to reports of suspected misconduct that may threaten the operations or governance of the Bank Group...[and sets out] protections that apply whether the subject of the allegations is a staff member or any other person or entity inside or outside the Bank Group."

# Core Business Line: Integrity Compliance

Under the WBG’s default sanction of debarment with conditional release, debarred parties may be released from sanction only after demonstrating to the satisfaction of the ICO that they have met the conditions for release stated in the relevant sanctioning document (i.e., Sanctions Board decision, SDO determination, or settlement agreement). The most common release condition is a requirement for a sanctioned company to develop and implement an integrity compliance program that is consistent with the principles set out in the WBG Integrity Compliance Guidelines.<sup>8</sup> While even the most robust integrity compliance program provides no guarantee that misconduct will not occur, it should at least include appropriate measures that: (i) seek to prevent misconduct from occurring; (ii) enable the detection of possible misconduct; (iii) allow for investigations into alleged misconduct; and (iv) provide for the remediation of substantiated misconduct. An integrity compliance program also should be tailored to address a company’s own risk profile and circumstances. The ICO engages with parties and monitors integrity compliance program implementation with such considerations in mind, using the WBG Integrity Compliance Guidelines as the primary benchmark.

In FY18 the ICO advised 80 sanctioned parties of the general requirements and procedures for meeting their respective conditions for release from sanction. At the end of FY18, the ICO was actively engaged with 61 parties.

In addition, the ICO determined that 15 sanctioned parties had satisfied their respective conditions for release as set out in the relevant sanctioning document, bringing the total number of released parties to 66 as at the end of FY18. In several cases, the ICO has maintained a positive ongoing relationship with released parties. Notably, many such companies have served as mentors for other sanctioned companies. In addition, their representatives have been frequent presenters at, and participants in, ICO-hosted (and co-hosted) workshops.

## Integrity Compliance Data, FY18

Parties sanctioned with conditional release (as at end of FY18): <sup>9</sup>	328
Parties actively engaged with the ICO (as at end of FY 18):	61
Notifications to newly sanctioned parties (total FY18):	59
Parties whose sanctions were continued (conditions for release not met) (total FY18):	39
Total number of parties whose sanctions were continued to date:	199
Parties released from sanction (total FY18):	15
Total number of parties released from sanction to date:	66
Parties whose sanctions of debarment with conditional release were converted to a sanction of conditional non-debarment (total FY18):	0

80

Sanctioned parties that engaged with the ICO in the fiscal year

61

Sanctioned parties currently engaged with the ICO

8 A summary of the WBG Integrity Compliance Guidelines can be found at: <http://pubdocs.worldbank.org/en/489491449169632718/Integrity-Compliance-Guidelines-2-1-11.pdf>.

9 In instances where different entities within a corporate family have been separately sanctioned, the ICO treats such entities as a single entity for portfolio counting purposes, including with respect to engagements, notifications, releases (except where different entities within a corporate family are released at different times per their respective sanctions), etc.

## Steps that lead to the release of companies from sanction

In all cases where a party is sanctioned with conditions for release, whether a debarment with conditional release or conditional non-debarment, the sanctioned party comes into the ICO portfolio. This is true regardless of how the sanction was imposed—pursuant to a Sanctions Board decision, Suspension and Debarment Officer determination, or settlement agreement.

Following the imposition of a sanction, the ICO invites all parties sanctioned with conditions for release to engage with the ICO in working toward satisfaction of such conditions. While the nature of an engagement depends on the terms of the sanction and the applicable conditions for release, there are some constants across all engagements. Of key importance is the need for the actions undertaken by a sanctioned company to be consistent with the principles set out in the WBG Integrity Compliance Guidelines (Integrity Guidelines), which serve as the basis for the ICO's review of a sanctioned company's efforts toward meeting its integrity compliance conditions for release from sanction. Although conditions may be tailored to address the sanctionable practices underlying the sanction in appropriate cases (e.g., the development and implementation of improved bid procedures in response to fraudulent bidding practices), a sanctioned party will be expected to develop and implement an integrity compliance program (ICP) that is consistent with the Integrity Guidelines principles in most cases.

In engaging with a sanctioned company, the ICO first seeks to understand matters such as the company's size, structure, geographical and sectoral areas of operation, risk profile, and existing integrity compliance-related controls. It also is important for the company to conduct (or to have conducted) a risk assessment to be used to inform the further development and implementation of an ICP that addresses its particular risks and circumstances. In reviewing the ICP, the ICO looks to see how that has been done. The ICO also looks at the other steps and processes undertaken by a company to enhance its ICP. For example, the ICO will consider:

- How the company's compliance function has evolved, not only at the headquarters level but also in the field. Among some of the good practices we have seen in that regard is the use of local integrity focal points across organizations, in addition to regional compliance officers. Such focal points can serve a valuable role as a resource and champion for integrity compliance initiatives at the local level.
- Whether the company has declined to hire a prospective employee, engage a potential business partner, pursue a business opportunity due to integrity concerns identified under an enhanced integrity due diligence process.
- Review, decision-making and record-keeping processes, including the use of electronic request, approval and tracking tools in appropriate cases.
- The use of mechanisms in place for seeking integrity advice and reporting integrity concerns, which can indicate how well such mechanisms have been communicated within the company, employee trust that they can report confidentially and without fear of retaliation, as well as their confidence that the company will take appropriate action.
- Related actions taken by the company, not only in terms of investigations and disciplinary actions, but also other remedial actions such as clarifying/revising the ICP if multiple questions are raised on a specific procedure and incorporating real-life lessons learned into training.
- Innovative approaches taken by companies to disseminate the integrity compliance message internally (e.g., Ethics Day events, intranet integrity question of the week contests) and externally (e.g., business partner integrity commitments and training, collective action initiatives).

At the end of the day, when the ICO prepares its determination as to whether a sanctioned company has met its conditions for release from sanction, the ICO will want to see that the company has put in place an ICP that is tailored to its risks and profile, is consistent with the Integrity Guidelines principles, and has a demonstrated track record of implementation. The ICO also will look for assurances that the company intends to carry forward the ICP post-release, such as through management commitments and forward-looking action plans.

## Sharing the Successes of Integrity Compliance Programs

In most cases, companies sanctioned by the WBG, in order to be released from such sanction, are required to implement integrity compliance programs that are consistent with the principles set out in the WBG Integrity Compliance Guidelines. Such companies have valuable expertise and experience that can benefit other companies looking to implement their own integrity compliance programs. In order to facilitate the exchange of such knowledge, the ICO has been involved in organizing local and regional workshops where companies can share their experiences and learn from one another. The ICO has found that these workshops can be particularly useful for smaller firms that may have fewer resources available to them. Peer-to-peer exchanges also can benefit companies with unique integrity risk profiles (e.g., companies engaging in high-risk operations) and companies with particular organizational structures (e.g., state-owned enterprises). The discussions at these workshops typically have focused on sharing “lessons learned” by companies that have developed and implemented their own integrity compliance programs, as well as challenges that they have faced and benefits that have been realized in doing so. The additional sharing of insights by experts and practitioners working in the integrity compliance area has further enhanced these discussions.

This fiscal year, the ICO reached more than 100 companies, and other interested persons, through integrity compliance workshops hosted in Beijing, China (two workshops); Johannesburg, South Africa; and Hanoi, Vietnam. The ICO also continues to engage in other outreach activities to promote integrity compliance principles and programs, as well as to encourage mentorships whereby companies sanctioned by the WBG that have met their integrity compliance conditions for release from sanction serve as a resource for sanctioned smaller companies currently working to that end.

## Core Business Line: Preventive Services and Corporate Initiatives

INT works in partnership with operational teams and client countries to turn the unique knowledge gained from preventive risk reviews and any INT investigations into practical measures that can deter or prevent corruption. In addition, to enhance anti-corruption efforts, INT contributes to the Bank’s corporate-wide initiatives that strengthen internal policies and enhance development impact.

INT’s preventive work includes: (i) Integrity disclosures to WBG operational teams and management of specific integrity risks; (ii) Advisory Work to support operational teams; (iii) Analytical Products to promote a broader awareness of integrity risks; and (iv) Training and Capacity Building for both WBG staff and clients.

### Corporate Integrity Disclosures - Flagging Issues to WBG Operations and Management

INT supports the WBG’s risk management through disclosure mechanisms that signal integrity risks and concerns and help identify high-risk operations as well as identify risks or trends in sectors. In addition to routine meetings where INT presents current issues to Regional or Global Practice colleagues, INT reports on identified integrity issues in the following ways:

#### Volcker Triggers

The WBG’s internal protocols require that management disclose integrity risks in proposed operations to the WBG Board’s Executive Directors in the Memorandum of the President (MOP), which is a document that accompanies other project documents as part of a Board package for approval. The “Volcker Trigger,” which prompts this disclosure, was named after former Federal



Throughout the fiscal year, INT identified **integrity risks** in **390 projects**, (equivalent to **US\$ 2.2bn** in project commitments),



of which **65 (17%)** were identified as having **Volcker Triggers**.



INT also provided **80 Advisory Services & preventive support** in **28 countries & across 14 sectors**, and over **1,650 participants** attended INT training events.

Reserve Chairman Paul Volcker, who chaired the 2007 Independent Panel Review of INT recommending this requirement. The disclosure requirement is triggered when a proposed operation is in the same country and sector as an ongoing or recently completed INT investigation (within two years of the Final Investigation Report having been issued to the Bank's President).

**In FY18, 65 MOPs included integrity risk disclosures.**

### **Integrity Concerns**

INT flags high-risk operations with an "Integrity Concern" flag in WBG's project management systems. This applies to operations where INT sees the potential for high vulnerability for fraud and corruption, based on a track record of sanctions, investigations, volume of complaints, and other operational risk factors which arise out of INT's business intelligence.

**By the end of FY18, INT had identified a total of 234 projects (11 percent of projects under supervision) as having Integrity Concerns.**

### **Recommendations in Final Investigative Report (FIR)**

Following a closed investigation, INT's Preventive Services team provides a set of recommendations which are discussed with the project teams and the Bank's country management. These may include a potential vulnerability for fraud and corruption within the same Project Implementation Unit (PIU) as a newly proposed project or specific measures to mitigate those risks.

**In FY18, 24 FIRs included recommendations for mitigating integrity risks.**

## **Advisory Work - Prevention Focused on High-Risk Operations and Sectors**

INT provides hands-on advice to operational teams to help mitigate and prevent integrity risks, focusing on high-risk operations and sectors. This work is increasingly based on risk criteria informed by data analysis and supported by the ongoing modernization of INT's business systems.

INT provides targeted and in-depth risk management analytics and advice to CMUs and task teams in the Practice Groups and/or Global Practices to provide an overview of structural risks as well as emerging trends. The briefings provide an overview for engagement with the Country Director, identify capacity-building, as well as identify constraints in the private sector in complying with WBG norms. In addition, INT analyzes the lending pipeline and on-going portfolio of operations in the regions to further identify the relevant risks prior to implementation. Early identification of integrity issues facilitates the development of effective mitigation strategies and controls. In undertaking this analysis, INT works closely with the fiduciary and sector-specific experts who are colleagues based in the country, at headquarters and in Global Practices.

INT's preventive staff also work collaboratively with operational staff in all regions, providing advice that can reduce integrity risks and increase development impact across the WBG's portfolio. Some key engagements from FY18 include:

In one country in Southeast Asia, after substantiated corruption in a US\$100 million roads sector project, INT's Preventive Team worked closely with the CMU and the Transport Global Practice to mitigate risks in the project. This has included providing advice about spotting indicators of

possible corruption based on known schemes and insight about networks operating in the local context, as well as accompanying project teams when they conducted on-site monitoring visits. With the Preventive Team's technical assistance, the WBG has introduced additional controls and mitigation measures to address vulnerabilities in the project management cycle. INT will continue to provide support through a detailed expenditure review in selected high-risk districts.

In a country in Africa, the Preventive Team coordinated with the Task Team and suggested mitigation measures for specific contracts that were in the procurement phase, as well as structural changes to the project implementation unit. INT's intervention identified a shell company that was part of a joint venture (JV) with a foreign bidder. The discovery led to increased scrutiny over the award of a US\$12 million contract to the JV.

In a country in Central Asia, INT designed targeted interventions to respond to a relatively large number of complaints and cases in the water sector. More recent complaints relate to the manipulation of procurement processes for on-lending in the agriculture sector, which has resulted in INT expanding its advice - at the project team's request - to help address risks in two new agriculture projects.

## Analytical Products - Sharing Findings with Key Target Audiences

Analytical products allow INT to share its findings more effectively with key target audiences and bolster preventive efforts across the WBG. Analysis of case and complaints data, including an overview of trends in sectors and regions, is included in regular briefings to Regions and Global Practice Groups. The modernization of data systems and management this fiscal year has greatly enhanced our ability to do this. It helps ensure operational staff in the WBG are aware of current and potential integrity issues affecting their portfolios and provides an opportunity for collaboration on preventive interventions.

## Training and Capacity Building for WBG Staff and Country Counterparts

INT provides training to WBG staff as part of corporate onboarding, in partnership with other WBG units and fiduciary staff, and in response to specific requests. As part of its advisory engagements, INT also provides training to CMU and PIU staff. Training usually covers awareness of the WBG's policies and procedures for addressing corruption that impacts WBG-financed activities, INT's role in investigating, deterring and preventing fraud and corruption, and red flags for detecting fraud and corruption risk in operations

- In FY18, INT provided 31 tailored training events for 1,650 persons.
- This fiscal year INT developed a mandatory e-learning program that provides an overview of the WBG's integrity framework; informs staff of responsibilities and channels for reporting concerns of fraud and corruption; and sensitizes staff to issues that can arise in their work, using real life examples. The module will launch in FY19.

INT also supports events led by other parts of the WBG. For example, this year INT helped with sessions in Financial Management and Procurement workshops in Central Asia aimed at capacity building for Project Management Units. Such activities demonstrate that prevention of fraud and corruption is a concern for the Bank as a whole.



Number of substantive **Advisory Services** on prevention & risk management



Number of countries & sectors were INT provided substantive **preventive support**





1,650

Number of  
participants in the  
**31 training events  
provided by INT** in  
FY18

INT conducted several training programs on red flags, integrity compliance, managing contract risks, and fine-tuning elements of an investigative and debarment system for the Export-Import Bank of India (EximBank). This effort built on wide-ranging discussions and workshops that the GGP conducted for EximBank over the past few fiscal years.

In addition, this fiscal year INT has further developed its capacity building program for Saudi Arabia's National Anti-Corruption Commission NAZAHA (Arabic for "integrity"). First launched in 2011, this program has grown from workshops and secondments for NAZAHA staff with INT to a collaboration with the GGP. The agency benefits from tailored training activities, targeted technical assistance and peer-to-peer learning, while INT is able to strengthen its working relationships within the region.

## Corporate Initiatives - Contributing to a WBG-Wide Response to Corruption

In response to shifting lending models and structural changes within the WBG, INT worked across several units this fiscal year to further strengthen and define its role and responsibilities. This corporate initiative allowed for an updating of the protocols followed by WBG staff in handling allegations of fraud and corruption. Among areas the updates focused on were: how to give greater clarity to the referrals process; how preventive recommendations in FIRs are developed and implemented; and specific procedures for notifying donors of integrity issues in projects. This initiative ensured a more coordinated and efficient response to integrity risks identified by INT across the WBG.

### ICHA 2018—The World Bank's Flagship Anti-Corruption Event

The WBG's International Corruption Hunters Alliance (ICHA) meeting in October will bring together the people who are working on the front lines to confront corruption, including anti-corruption agency heads, directors of public prosecution or investigations, and representatives of international organizations. Members representing more than 100 countries have an opportunity to advance the global policy dialogue, learn about new developments, and exchange information critical to the success of their work. Dialogue among core members is supplemented by experts in related fields such as investigative journalism and big data, providing participants with a broader perspective about tools that can be used to successfully combat corruption.

INT has led the coordination of the biennial global meetings in Washington D.C. since 2010, aiming to provide ICHA members with technical discussions and workshops, policy dialogue, networking, and skills building. Previous meetings have focused on the evolving role of technology in fighting corruption, ending impunity, and how administrative remedies and alternatives to prosecution can be used to stop corruption. In June 2016, a smaller gathering of the ICHA alliance convened in Paris as part of INT's co-hosting of the French Government's Global Anti-Corruption Conference. The emphasis at that meeting was on building international momentum behind the commitments made at the May 2016 UK Anti-Corruption Summit, at which the WBG made commitments alongside 43 participating governments.

In October the World Bank Group and the Ministry of Foreign Affairs of Denmark will cohost the fourth meeting of the ICHA in Copenhagen, Denmark, with additional support from the Belgian Federal Public Service Foreign Affairs. This year's cross-cutting theme is "Coalitions Against Corruption." ICHA members, practitioners, and experts from around the world will engage with and learn from each other on a range of topics including: overcoming challenges in international corruption investigations and prosecutions; asset recovery and restitution; state capture, fragility, security and their links to corruption; emerging practices around data analytics and data privacy; whistleblower protections; and tax crime and corruption.







# OFFICE OF SUSPENSION AND DEBARMENT

The first tier of the World Bank's  
adjudicative Sanctions System

## **Introduction by Jamieson Smith, Chief Suspension and Debarment Officer**

The position of the World Bank's Chief Suspension and Debarment Officer (the SDO) traces its beginnings to the 2002 Thornburgh Report, which recommended the creation of a first-tier "Evaluation Officer" to increase efficiency and provide for the early yet thorough disposition of sanctions cases while providing due process to respondents. More than a decade has passed since the WBG adopted its two-tiered Sanctions System, and the Office of Suspension and Debarment (OSD) has played a central role in the system's overall effectiveness during that time. The SDO has adjudicated more than 400 sanctions cases, and now is a good moment to reflect on what we have learned and what could be improved.



The WBG has come a long way in promoting a transparent approach to the Sanctions System while, at the same time, respecting the need for confidentiality in handling specific cases of wrongdoing. Such an instance of transparency was the publication of OSD's 2014 Report on Functions, Data and Lessons Learned 2007-2013, which presented detailed and user-friendly information on the investigative and adjudicative aspects of the WBG Sanctions System. OSD has since published a second edition in 2015, as well as an annex that provided updated data and statistics through June 30, 2017.

This joint annual report unites for the first time the efforts of the three Sanctions System units – the Integrity Vice Presidency, OSD, and the WBG Sanctions Board – to present a comprehensive picture of the system's inner workings to the outside world, expressing the WBG's continued commitment to transparency. While the SDO's independence in deciding case-specific matters remains a sacred element of the Sanctions System, experience has demonstrated the tremendous benefits of collaborating with internal and external stakeholders to share general trends and identify lessons learned. Through this collaboration, and with the support of WBG's senior management, OSD helps to ensure that the WBG's Sanctions System is properly aligned with the institution's broader developmental goals of ending extreme poverty and boosting shared prosperity.

We at OSD will continue to strive for efficiency and effectiveness in every aspect of our operations, a goal that is made possible by the commitment and abilities of each of our dedicated staff members.

**Jamieson Smith**

Chief Suspension and Debarment Officer  
International Bank for Reconstruction and Development  
and International Development Association

## Who we are

OSD is the first tier of the World Bank's two-tiered adjudicative system and its functions are akin to an administrative judicial office of first instance. OSD is tasked with impartially reviewing accusations against respondent firms and individuals that are brought by INT and determining whether there is sufficient evidence that a respondent has engaged in sanctionable misconduct. OSD is an independent unit within the WBG and is headed by the SDO, who is appointed by and reports to the Managing Director and WBG Chief Administrative Officer on matters related to budget and management. The SDO is required to evaluate each sanctions case solely on its merits and in accordance with the *Bank Procedure: Sanctions Proceedings and Settlements in Bank Financed Projects* (the "Sanctions Procedures"). In deciding a case, the SDO does not take instructions or recommendations from any other person or unit.

The SDO is supported by three staff attorneys, one paralegal, one program assistant, and two legal interns. In FY18, Jamieson Smith was appointed as the new SDO, effective on April 1, 2018. A U.S. national, Mr. Smith brings over eight years of experience within OSD, in addition to nearly a decade in private law practice, where he represented clients in a wide variety of white collar criminal and regulatory matters, including alleged violations of the U.S. Foreign Corrupt Practices Act. OSD's staff are all based in Washington, D.C.

### The OSD Team

Left to right: **Haiyue "Stephanie" Xue**, Program Assistant; **Collin Swan**, Counsel (Sanctions); **Alexandra Manea**, Counsel (Sanctions); **Berk Guler**, Paralegal; **Jamieson Smith**, Chief Suspension and Debarment Officer; **Eleanor Ross**, Legal Intern; **Shirin Ahlhauser**, Legal Consultant (Sanctions)

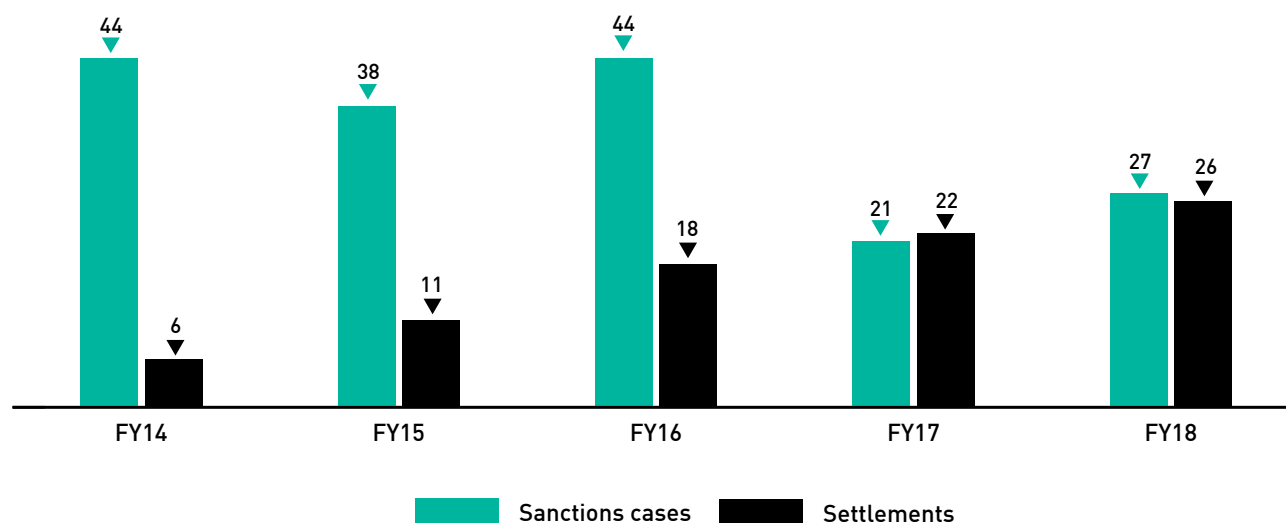


## What we do

The specific functions of OSD include:

- Evaluating the sufficiency of the evidence presented by INT in each case in a detailed written determination.
- Determining if the evidence supports a finding that the alleged sanctionable misconduct more likely than not occurred, and if so, recommending an appropriate sanction against the respondent. This recommendation is based on the public WBG Sanctioning Guidelines.
- Issuing a Notice of Sanctions Proceedings to each respondent, containing the allegations, corresponding evidence, and the SDO's recommended sanction.
- Temporarily suspending respondents from eligibility to be awarded WBG-financed contracts pending the final outcome of the proceedings.
- Reviewing any written Explanation submitted by respondents in response to a Notice of Sanctions Proceedings and deciding if the Explanation supports a revision or withdrawal of the recommended sanction.
- Imposing the SDO's recommended sanction on each respondent that does not appeal to the WBG Sanctions Board and publishing a Notice of Uncontested Sanctions Proceedings on the WBG's public website.
- Reviewing settlement agreements entered into between the World Bank, through INT, and respondents to ensure that they were entered into voluntarily and that their terms do not manifestly violate the WBG Sanctioning Guidelines.
- Handling incoming and outgoing cross-debarment notifications cross-debarment notifications issued pursuant to the 2010 Agreement for the Mutual Enforcement of Debarment Decisions.

## Number of cases & settlements reviewed by OSD



In FY18, OSD received **28** cases and reviewed **27** cases.



In FY18, **24** out of **42** firms and individuals did not appeal and were sanctioned by OSD.



In FY18, OSD temporarily suspended **29** firms and **11** individuals.

### OSD case summary

FY18 was a busy year, in which OSD received 28 cases, reviewed 27 cases, and issued a written determination to INT for each reviewed case. OSD also reviewed 26 settlements that the World Bank, through INT, entered into with respondents.

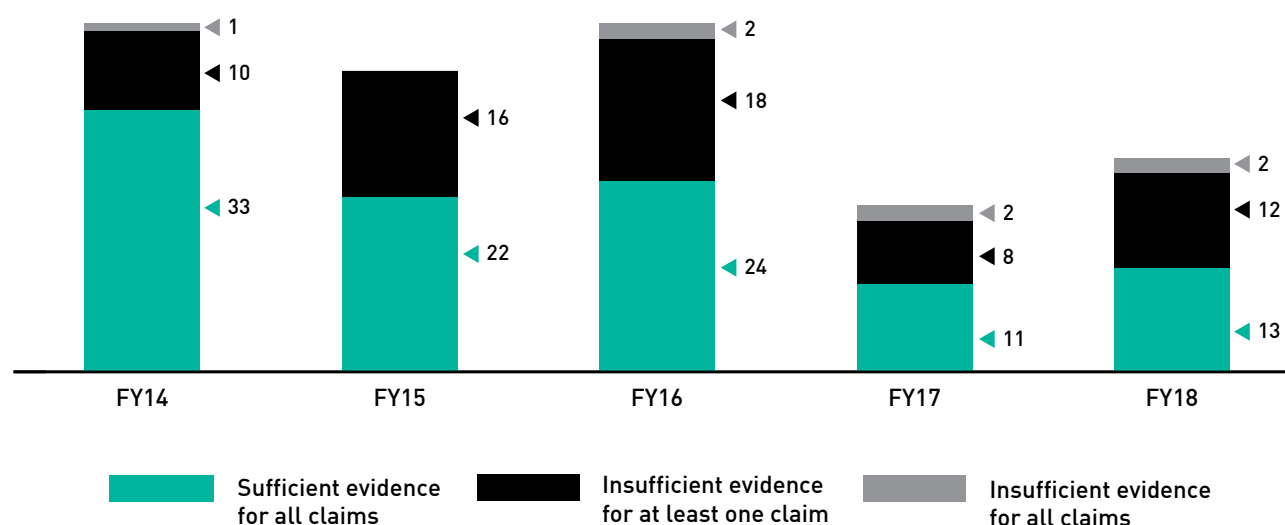
OSD referred 12 of the 27 reviewed cases back to INT for revisions after determining that there was insufficient evidence to support one or more of the accusations made. Two additional cases were rejected in their entirety. Once INT has made any necessary revisions to a case, OSD issues a Notice of Sanctions Proceedings to the named respondents. In FY18, OSD initiated sanctions proceedings in 29 cases and temporarily suspended 40 respondents (29 firms and 11 individuals). OSD also reviewed written Explanations submitted by 23 respondents. Twenty-four out of 42 respondents did not appeal to the WBG Sanctions Board, and OSD imposed the SDO's recommended sanction against those respondents. Those respondents who appealed to the Sanctions Board remain temporarily suspended until the final outcome of their proceedings.

## Effect of a Temporary Suspension

In 2002, the WBG commenced a comprehensive internal review of its sanctions process, engaging Richard Thornburgh, former Under-Secretary-General of the United Nations and former Attorney General of the United States, to assess the WBG's sanctions processes and recommend possible reforms. As part of this report, Mr. Thornburgh recommended, and the WBG later implemented as part of the SDO's functions, a mechanism for temporarily suspending respondents pending the final outcome of sanctions proceedings. Mr. Thornburgh recommended using temporary suspensions to protect the WBG at an earlier stage of the proceedings and discourage respondents from delaying the final outcome.

Under the current Sanctions Procedures, every respondent is temporarily suspended from the date OSD issues the Notice of Sanctions Proceedings, unless the SDO recommends a debarment of six months or less. Respondents that appeal to the WBG Sanctions Board thus remain temporarily suspended until the final outcome of the proceedings. To account for this period of suspension, the Sanctions Procedures require the SDO and the WBG Sanctions Board to consider "the period of temporary suspension already served by the sanctioned party" in determining an appropriate sanction.

## SDO findings of sufficient/insufficient evidence (by case)



Consistent with historical trends, most of the cases and settlements reviewed by OSD this fiscal year (about 81%) contained at least one fraudulent practice accusation. Five of the 27 cases and 7 of the 26 settlements this fiscal year contained accusations of two or more different types of misconduct (e.g., fraudulent and corrupt practices). OSD has seen an uptick in the number of cases and settlements alleging collusive practices over the past two years; about 25% of cases and settlements reviewed by OSD this fiscal year alleged at least one collusive practice accusation. In comparison, only 5% of cases and settlements reviewed in FY16 and 21% of cases and settlements reviewed in FY17 contained collusive practice claims. Corrupt practice and obstructive practice accusations were present in 19% and 4% of cases and settlements reviewed this fiscal year, respectively.

46%

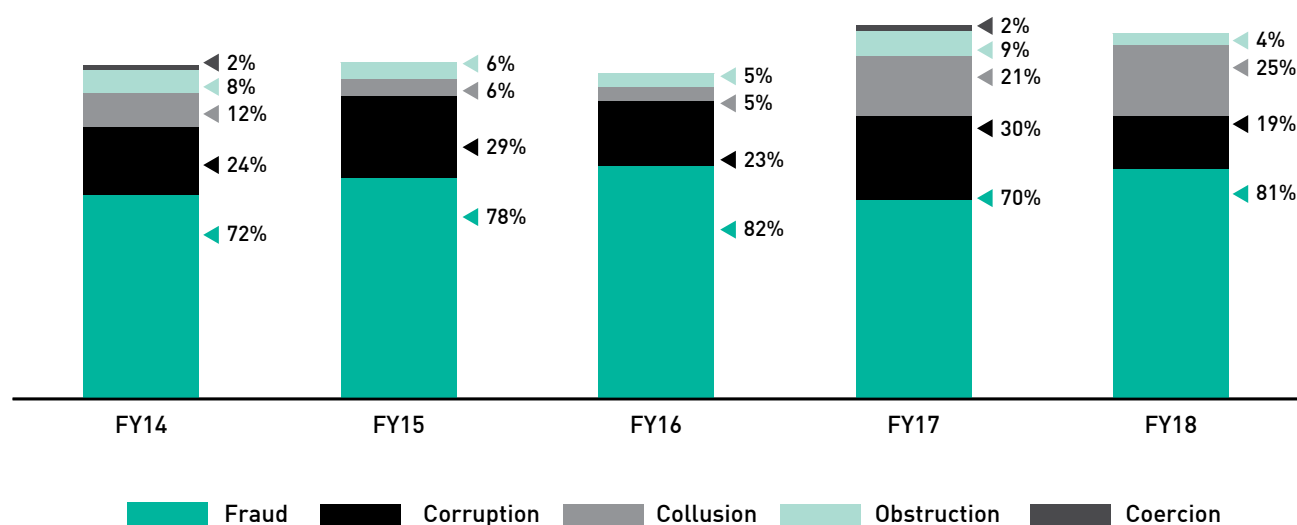
Respondents that **submitted an explanation** to OSD (FY18)

17%

Rate of **reductions to recommended sanction** following an explanation (FY18)



## Percentage of cases & settlements reviewed by OSD by type of sanctionable practice\*



\* Includes all INT submissions reviewed by OSD (sanctions cases and settlements) [257 in the past five years]. The above columns each add up to greater than 100%, as an individual case may include several types of sanctionable practices, each of which is counted separately in the number of cases involving a certain type of sanctionable practice. "Collusion" includes cases containing allegations of collusive misconduct governed by the pre-2004 definition of fraudulent practice.

## Events and Outreach

OSD continued its extensive outreach activities both within and outside the WBG to inform colleagues, other organizations, and national governments about the mission, processes, and results of the WBG's sanction system. OSD has hosted and participated in a variety of events to discuss the Sanctions System and the WBG's broader anti-corruption agenda.

In FY18, OSD hosted its fourth Suspension and Debarment Colloquium. The Colloquium featured four panels covering recent trends in suspension and debarment, the growth of national debarment systems, perspectives of small- and medium-enterprises, and the use of suspension and debarment by international financial institutions. A diverse range of panelists representing multilateral organizations, government, academia, the private sector, and non-governmental organizations helped to make this day-long event lively and thought-provoking.



## Suspension and Debarment Colloquium Series

The Suspension and Debarment Colloquium Series showcases, on a biennial basis, developments in suspension and debarment systems worldwide, examining the various uses of suspension and debarment in the procurement and anti-corruption contexts. The Colloquium is open and free to the public. On September 14, 2017, OSD hosted the fourth Colloquium at the WBG's headquarters in Washington, D.C., bringing together experts from multilateral organizations, governments, private sector, non-governmental organizations, and academia for a full day of discussions about recent trends in the suspension and debarment arena, both at the national and international levels. During four sessions before an audience of over 400 attendees, panelists compared a range of national suspension and debarment systems and discussed recent trends and developments, the impact of debarment on small versus large businesses, and the role of suspension and debarment in the context of the development missions of the WBG and other multilateral development banks.

**The 2017 Colloquium proceedings are available online:**  
<http://www.worldbank.org/suspensiondebarment2017>



**Speakers from the third roundtable of the 2017 Colloquium, titled: "Keeping an Eye on the Little Guy: Suspension & Debarment Perspectives of Small- and Medium-Sized Enterprises and Individuals."**

In addition to the Colloquium, OSD co-organized with the Sanctions Board Secretariat the Tenth Anniversary Celebration of the WBG Two-Tier Sanctions System and two one-day seminars for the International Law Institute. These events provided an overview of the WBG's Sanctions System and its relationship to the institution's broader anti-corruption efforts.

OSD continued to maintain regular contacts with suspension and debarment officials from national governments and international organizations, including with its counterparts from other multilateral development banks. OSD also participated in various bilateral discussions with client countries and organizations interested in learning more about the World Bank's Sanctions System. Finally, OSD staff continued to participate as speakers and panelists at conferences and seminars, both inside and outside the WBG. In June 2018, OSD collaborated with the Sanctions Board Secretariat, INT, and others on a well-received presentation of mock arguments before a fictitious multilateral development bank sanctions board. The mock trial was presented to a large audience at the annual International Bar Association's Anti-Corruption Conference in Paris, France. OSD staff is also organizing a session, for the first time, at the WBG's International Corruption Hunters Alliance meeting in October 2018.

## Lessons Learned

During its 11 years of operation, OSD has reviewed 331 sanctions cases and 118 settlements. OSD's experiences suggest that the WBG's Sanctions System is generally operating as intended and succeeds in providing an efficient, effective, and fair process. Experience has revealed important lessons that OSD considers critical to the successful operation of the WBG's Sanctions System.

1. In its discussions with national governments and international organizations, OSD has come to appreciate the role of the WBG's Sanctions System in providing an example to national authorities and other organizations. This encourages the WBG's Sanctions System to continue its leading role and maintain its high standards.
2. Effective case management depends on good data collection. Through its case management and data collection efforts, OSD has maintained a comprehensive database of each step in the process for every case. Effective data collection enables us to evaluate outcomes and assess weaknesses, which in turn, allows OSD to increase the efficiency of its systems and procedures. Cooperation with INT and the Sanctions Board Secretariat on data collection empowers the Sanctions System as a whole to identify trends, strengthen processes, and provide a streamlined and complete overview to internal and external audiences.
3. Rules, guidance, and data should be public, not just for the sake of transparency, but also to ensure consistency and stability. Public reporting ensures accountability to team members, management, and other internal audiences, as well as external stakeholders. This in turn bolsters the system's credibility.
4. Fraud can be as significant to development effectiveness as other forms of misconduct. Unqualified contractors often deliver defective goods and services that do not meet the needs of the end user. In many cases, a fraudulent practice can be proven relatively easily, and often with a minimum amount of resources. By addressing these easy fraud cases quickly, the institution's funds can be protected early on and resources can be made available for more complex cases.
5. The independence of the SDO remains a key element of the integrity of the Sanctions System. Independence in relation to case decision-making ensures the ability of the SDO to impose sanctions without internal or external interference.
6. At the same time, the SDO's independence in deciding on case-specific matters does not mean that OSD cannot cooperate and share lessons learned with internal and external stakeholders. On the contrary, collaboration on initiatives outside of the case decision-making context helps to ensure that the WBG's Sanctions System is properly aligned with its broader goals and development efforts.





# THE WBG SANCTIONS BOARD

**The second tier of the WBG's  
adjudicative Sanctions System**

**Introduction by Giuliana Dunham Irving,  
Executive Secretary to the WBG Sanctions Board**

We are pleased to celebrate this inaugural edition of the WBG Sanctions System Annual Report as a commendable effort towards enhancing transparency and accountability in the WBG. By consolidating the work of INT, OSD, and the Sanctions Board, this report presents a cohesive picture of the sanctions process, while highlighting each actor's contribution to the institution's core values. The sanctions process complements the contractual remedies and other operational safeguards promoting the highest ethical standards in the WBG's core mission and work. When our corruption prevention efforts fall short, the sanctions process ensures a fair review of alleged sanctionable misconduct and due process for all accused firms and individuals, with a goal to not only exclude offending contractors, but also rehabilitate them. To achieve these objectives, the work of the Sanctions Board is vital.



Over the past five years, the WBG engaged in a series of initiatives to strengthen the Sanctions Board as a more transparent, accountable, and independent body. Notably, the Sanctions Board shifted to an all-external membership to enhance its independence, bolster due process, and protect the Sanctions System from legal challenges. In addition, the Sanctions Board is the only MDB sanctions body to publish fully-reasoned decisions. This creates a valuable set of precedents that complement the guidance provided to the WBG, other MDBs, and any public or private actors seeking to work with the WBG. In FY17-18, the Sanctions Board Secretariat engaged in a successful streamlining of internal processes, consistent with simplification exercises conducted across the WBG, which has enhanced our efficiency. In FY18, the Sanctions Board issued a record number of decisions, some of which we highlight in this report. As more firms and individuals are investigated and sanctioned, the WBG is also collecting data-points that will help identify effects of sanctions on markets, business practices, and beneficiaries of WBG-financed projects.

All of these initiatives reflect the WBG's emphasis on increasing transparency and providing valuable resources to staff and external stakeholders. With the cross-debarment enforcement, and an increased number of MDBs, donor agencies, and other international financial institutions that refer to our Sanctions System, it is my hope that this inaugural edition of the Sanctions System Annual Report will provide valuable insight and contribute to the development and future improvements to anti-corruption frameworks and administrative sanctions worldwide.

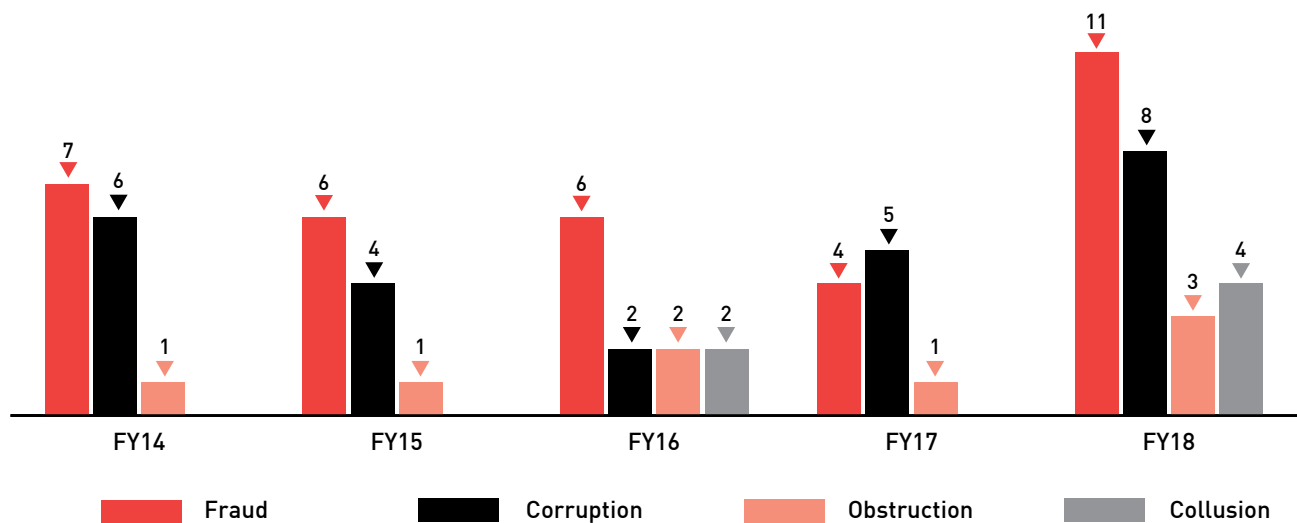
**Giuliana Dunham Irving**

Executive Secretary to the WBG Sanctions Board

## Overview

The WBG Sanctions Board was established in 2007 as an independent, adjudicative body that supports the WBG's anti-corruption goals. The Sanctions Board is the second and final tier of the Sanctions System; and issues non-appealable decisions in all contested cases of sanctionable misconduct in projects financed or co-financed by IBRD, IDA, or IFC, or those guaranteed by MIGA. In addition, the Sanctions Board reviews other types of appeals (see "Review of other types of cases" on page 48). The Sanctions Board has published its fully-reasoned decisions since 2012.

### Trend In The Type Of Misconduct Alleged In Cases Reviewed By The Sanctions Board (Counted by Cases): FY14 - FY18\*



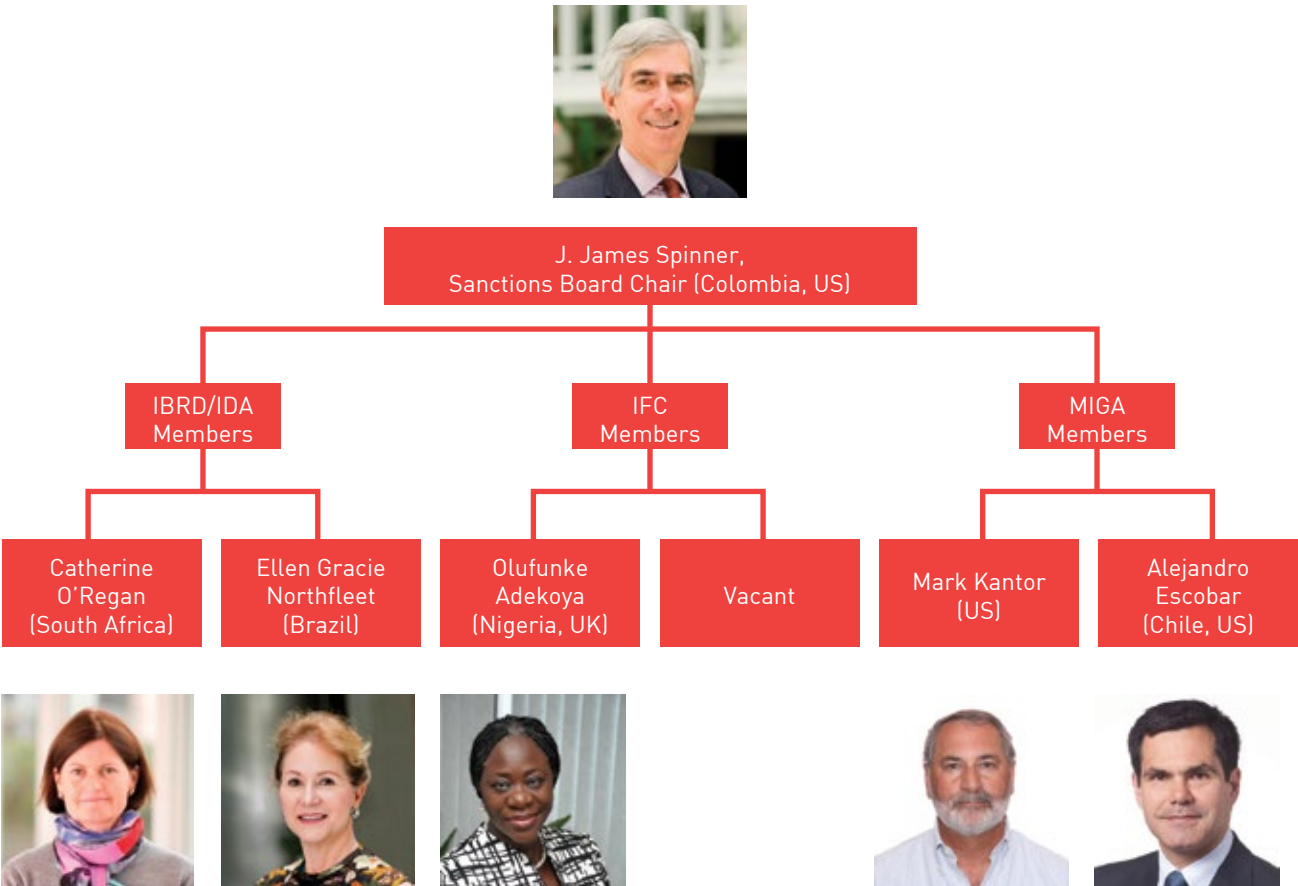
\* To date, the Sanctions Board has not reviewed any cases involving allegations of coercion.



Who we are

Sanctions Board Members

The Sanctions Board is composed of seven members: three members appointed by the World Bank, two by IFC, and two by MIGA. Sanctions Board members are top jurists and development experts, all external to the WBG. They are appointed by WBG Executive Directors at the recommendation of the President for a single, non-renewable term of up to six years.



## Sanctions Board Secretariat

The Sanctions Board relies on a professional Secretariat managed by the Executive Secretary to the Sanctions Board, with an office in the WBG's Washington, D.C., headquarters. In FY18, Giuliana Dunham Irving was appointed as the new Executive Secretary. Ms. Dunham Irving brings over 11 years of experience within the WBG, including positions as an investigator with INT and Senior Counsel for Sanctions Policy in the World Bank's Legal Department. Prior to joining the WBG, Ms. Dunham Irving served as a civil and criminal litigator in private practice and a trial lawyer with the United States Department of Justice.

The Secretariat reports to the Managing Director and WBG Chief Administrative Officer on administrative and budget matters, and is supervised by the Sanctions Board Chair on all case-related matters. The Secretariat provides legal, strategic, and administrative support and advice to the Sanctions Board. Among other functions, the Secretariat assists the Sanctions Board in reviewing cases, issuing decisions, holding hearings, convening for deliberations, and liaising with relevant stakeholders in the WBG and in the global development community.

### The Sanctions Board Secretariat

Left to right: **Giuliana Dunham Irving**, Executive Secretary to the Sanctions Board; **Felipe Rocha dos Santos**, Counsel; **Anna Lorem Ramos**, Counsel; **Ryan Velandria McCarthy**, Senior Counsel; **Sharon Louis Chandran**, Legal Analyst; **Amanda Schneider**, Senior Program Assistant; **Eugenia Pyntikova**, Counsel



# What we do

## Review of contested sanctions cases

The Sanctions Board provides a full, fair, and independent review of all sanctions cases where the respondent contests the allegations made by INT and/or the sanction recommended by the Bank's SDO, IFC's EO, MIGA's EO, or the EO for the Bank's partial risk guarantee (PRG) activities. In its review of contested sanctions cases, the Sanctions Board determines whether the evidence presented by INT, as contested by respondents, supports the conclusion that it is more likely than not that the respondent engaged in the alleged sanctionable practice. This "more likely than not" standard means that, upon consideration of all the relevant evidence, a preponderance of the evidence supports a finding that the respondent engaged in a sanctionable practice. Between FY14-FY18, the Sanctions Board reviewed and decided 51 contested sanctions cases against 83 respondents.

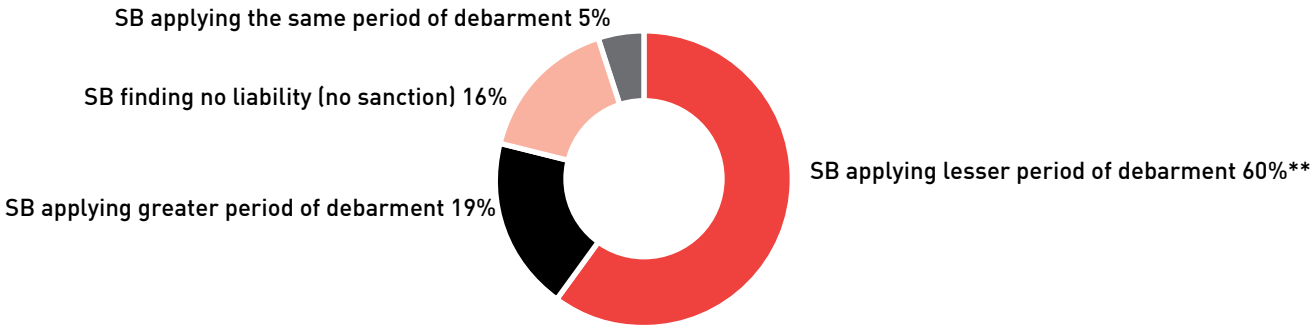
The Sanctions Board reviews cases *de novo*, which means that it does not engage in a reconsideration of the determinations at the first tier, or give those determinations any deference. In reviewing contested cases, the Sanctions Board considers a more expansive record than at the first tier, including at least one additional round of pleadings containing additional arguments and/or new evidence. In addition, the Sanctions Board makes determinations on any jurisdictional, evidentiary, and procedural issues that could not be resolved at the first tier of review; conducts oral hearings as requested by any of the parties or convened at the discretion of the Sanctions Board Chair; and takes into account a wide array of sanctioning factors. As a result, the Sanctions Board may reach different conclusions on liability and sanctions based on different reasoning as compared to the first-tier officers.



Percentage of firms and individuals who contested their case to the Sanctions Board (FY18)

## Outcome for Respondents

Comparison Between the First and Second Tier of Review By Minimum Period of Public Debarment: FY14 - FY18\*



\*In each contested case, the Sanctions Board considers the respondent's period of temporary suspension in determining any sanction.  
\*\*Includes sanctions with no public debarment, namely letters of reprimand, conditional non-debarment, and restitution.

## Review of other types of cases

In addition to resolving contested sanctions cases, the Sanctions Board reviews four other types of cases. First, the Sanctions Board reviews cases where a sanctioned party contests the ICO's determination that the party did not comply with the conditions for release from sanctions. Second, the Sanctions Board reviews appeals from parties that entered into settlement agreements with INT and contest INT's subsequent determination regarding either non-compliance with the conditions of the agreement, or any controversy between the parties as to the interpretation or performance of the agreement's terms and conditions. Third, the Sanctions Board reviews cases where a party contests a determination by the WBG that it is a successor or assignee of a sanctioned party and subject to that sanctioned party's sanction.

In reviewing the above three types of contested determinations, the Sanctions Board uses an "abuse of discretion" standard. Under this standard, the Sanctions Board ascertains whether the determination at issue (i) lacks an observable basis or is otherwise arbitrary; (ii) is based on disregard of a material fact or a material mistake of fact; or (iii) was taken in material violation of the procedures set out in Section III.A, sub-paragraph 9.03 of the Sanctions Procedures. Finally, the Sanctions Board may entertain requests for reconsideration of Sanctions Board decisions, but only in narrowly defined and exceptional circumstances. These circumstances may include discovery of newly available and decisive facts, fraud in the original proceedings, or clerical error in the issuing of the original decision.

## Conduct of hearings

**60%**  
Cases with **oral hearing** (FY18)

**50%**  
Cases involving **outside counsel** (FY18)

Sanctions Board hearings are confidential and informal. These hearings are convened at the request of the respondent or INT, or at the Sanctions Board Chair's discretion. Hearings begin with opening presentations, with INT presenting its case first and the respondents afterwards. INT is then permitted to reply to the respondent's opening presentation. The Sanctions Board members thereafter pose questions to the parties, who do not have the right of cross-examination but are entitled to present rebuttal evidence. In certain circumstances, the Sanctions Board may call witnesses, who may be questioned only by Sanctions Board members. Finally, the parties are invited to make closing presentations, with the respondents being given the opportunity to have the last word.

# Issuance of Sanctions Board decisions

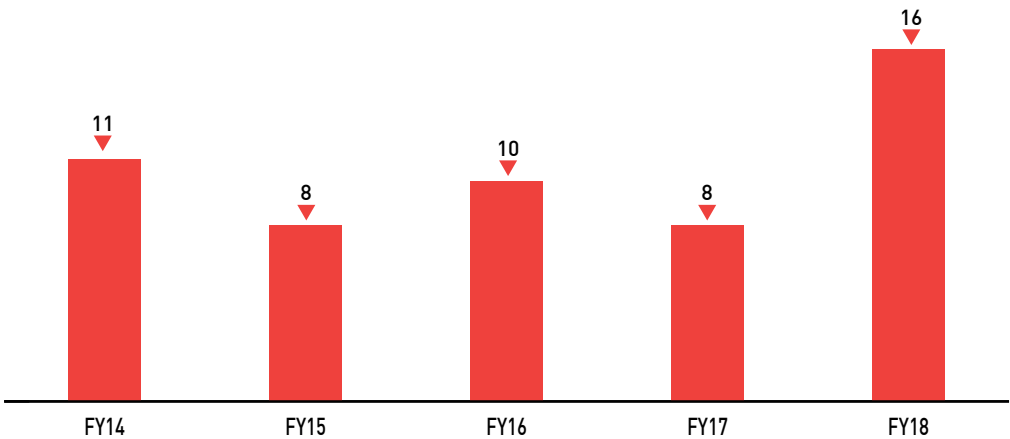
Consistent with the WBG’s commitment to transparency, the Sanctions Board is a leader among MDBs as the only sanctions appeals body that publishes fully-reasoned decisions in all types of appeals that it reviews. Sanctions Board decisions set out detailed factual and legal analyses, procedural and substantive findings, and citations to relevant precedent. The holdings in decisions issued between 2007 and 2011 were presented in the first edition of the Sanctions Board’s Law Digest, published in December 2011. The shift to publicly-available Sanctions Board decisions in 2012 has resulted in the development of a body of jurisprudence that offers guidance to the international community involved in anti-corruption and sanctions.

In a majority of cases with a finding of liability, the Sanctions Board has imposed a sanction of debarment with conditional release on the respondent. Conditions are tailored to the facts of the case considering the sanctions framework, and have included the improvement of bid processes, the provision of training to staff implicated in misconduct, and the implementation or enhancement of integrity compliance programs.



In FY18, 20 firms and individuals were sanctioned by the Sanctions Board

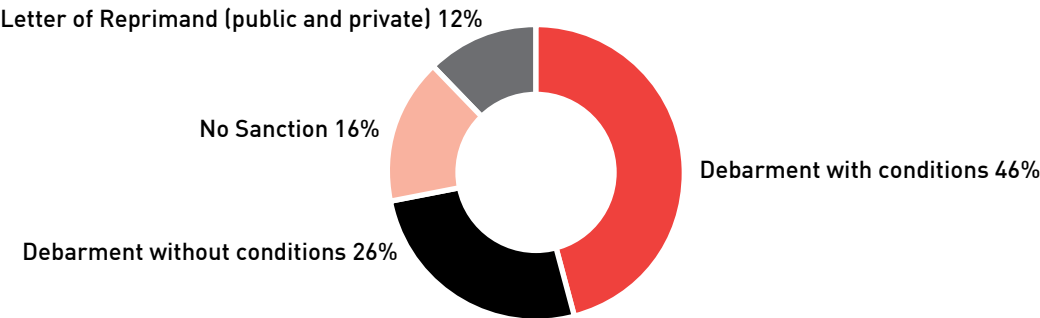
## Decisions Issued By The Sanctions Board: FY14 - FY18



The number of decisions issued may account for more than one sanctions case contested to the Sanctions Board and also include decisions in successor appeals and requests for reconsideration.

During the period of FY14-FY18, the Sanctions Board issued a decision every 33 days, on average.

## Types of Sanctions Imposed on Respondents by the Sanctions Board: FY14 - FY18



## KEY PRECEDENT – FY18

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### Successorship

Under the sanctions framework, the WBG has the discretion to determine whether a firm or an individual is a successor to a sanctioned party and therefore subject to the sanctioned party's sanction. A party sanctioned as a successor has the right to appeal the successorship determination to the Sanctions Board, bearing the burden of establishing that the WBG committed an "abuse of discretion" in reaching its determination. In FY18, the Sanctions Board reviewed the first appeal of a successorship determination.

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### DECISION NO. 101

This decision relates to two earlier Sanctions Board decisions issued in 2014 and 2016, pursuant to which a firm was sanctioned. Following the second decision, the sanctioned firm wound down its operations and transferred parts of its business to other companies. In 2017, the Bank determined that one of these companies had become the sanctioned firm's successor, and added that party – the appellant – to its public debarment list. The appellant requested that the Sanctions Board review this determination, arguing that it violated the applicable procedures and disregarded material facts. In reaching its decision as to whether the Bank abused its discretion, the Sanctions Board observed that the sanctions framework does not provide a definition of the term "successor," and considered the specific factors set out by the Bank in reaching the initial successorship determination. Notwithstanding the deferential standard of review applicable to the appeal, the Sanctions Board found that the Bank's determination was not supported by the evidence in the record and that the Bank committed an abuse of discretion.

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## Findings of no liability

Under the Sanctions Procedures, for a finding of liability, the record must show that the respondent “more likely than not” engaged in a sanctionable practice. In FY18, the Sanctions Board considered 39 allegations in 16 contested sanctions cases and determined that INT met its burden of proof with respect to at least one count of misconduct in each case.

Only a limited number of allegations were found to be, on balance, insufficiently supported by the record or successfully rebutted by the respondents.

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15%

Allegations insufficiently supported by the record (FY18)

6%

Allegations successfully rebutted by the respondents (FY18)

### DECISION NO. 108

The respondents – an employee and an agent of a consulting firm – were accused of corrupt practices in connection with several projects in Vietnam. According to INT, in five different instances, the respondents gave a thing of value to local public officials in exchange for financial benefits. With respect to three of the allegations, the Sanctions Board determined that INT presented sufficient evidence that the respondents made improper payments. The other two claims were based on INT’s allegations that the respondents provided recreational trips to certain public officials in order to influence the implementation of a contract. With respect to these allegations, the Sanctions Board found that INT had not borne its initial burden of proof. In reaching this determination, the Sanctions Board gave limited weight to certain evidence relied upon by INT, including uncorroborated testimonial evidence; documents containing vague or ambiguous language; and incomplete, unsigned, and unconfirmed minutes of meetings. Nevertheless, the respondents were found liable for corruption on the first three counts.

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### DECISION NO. 109

The respondents – a consulting company and two of its employees – were accused of corruption in connection with a road sector project in Laos. In two separate claims, INT alleged that the respondents used a local partner to offer and/or pay bribes to public officials in order to influence the execution or implementation of a contract. With respect to the first claim, the Sanctions Board determined that the respondents, more likely than not, arranged for the local partner to provide a vehicle to a public official in exchange for contractual benefits. As for the second claim, however, the Sanctions Board found that the evidence did not support a conclusion that the respondent firm, acting through the local partner, offered to pay a percentage of the contract’s value to certain government officials. According to the Sanctions Board, the record indicated that employees of the respondent firm considered accepting an improper solicitation, but was inconclusive as to whether the solicitation was ultimately accepted and the employees made an offer as alleged by INT. This notwithstanding, the respondents were found liable on the first count of corruption.

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### DECISION NO. 110

This case arose in the context of an economic reform and governance project in Nigeria. The respondents – a local management consulting company and its manager – made a payment to a public official who was in a position of authority with respect to the project. INT identified this transaction during a financial audit of the respondent firm. INT accused the respondents of corruption in relation to the payment. The respondents denied any impropriety, claiming that the transfer to the public official was made for onward payment to other individuals working on the project. The Sanctions Board found that INT met its initial burden to show that the payment was made with corrupt intent. However, on balance, the Sanctions Board determined that the respondents sufficiently rebutted INT’s allegations, finding that the respondents’ explanation for the payment was credible and supported by exculpatory evidence, including a sworn affidavit that was corroborated by contemporaneous documents and written notes. Separately, the Sanctions Board found the respondents liable for obstruction for acting to materially impede INT’s investigation.

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## Findings of obstruction

Under the WBG's sanctions framework, companies and individuals may be sanctioned for obstruction if they act to materially impede a WBG investigation of other sanctionable practices, or an audit relating to bid submission or contract execution. In FY18, the Sanctions Board decided two cases where the respondents were debarred for obstruction alone – independent of any other misconduct.

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### DECISION NO. 104

This case involved a health sector development program in Bangladesh. Following the procurement of ultrasound machines under this project, INT requested to audit the accounts and records of the respondent, a company that was among the losing bidders. Despite initially agreeing to cooperate with INT, the respondent ultimately refused to permit the audit. To justify this refusal, the respondent claimed, inter alia, that INT did not allege misconduct separate from obstruction, and that the Bank has no audit rights over losing bidders. In its decision, the Sanctions Board observed that, in order to detect, deter, and prevent fraud and corruption effectively, the Bank must be able to exercise its audit rights without interference – especially considering that INT has no powers to compel the production of evidence or witness testimony. The Sanctions Board further observed that, per the bidding documents, the respondent not only undertook an obligation to comply with audit requests by the Bank, but also expressly agreed that failing to do so could, in and of itself, lead to sanctions for obstruction. Emphasizing that this obligation is not limited to the winning bidder, the Sanctions Board found the respondent liable for obstruction.

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### DECISION NO. 110

This case, previously discussed above (see “Findings of no liability” on page 52 above), arose in the context of an economic reform and governance project in Nigeria. During INT's audit of the respondent firm, the respondents provided INT with incomplete documentation – specifically, a set of bank statements that included gaps in the period requested by INT. Among other transactions, the records omitted the aforementioned payment to a public official. The Sanctions Board determined that the respondents acted to materially impede INT's investigation, finding that the respondents requested their commercial bank to prepare bank statements for a limited set of dates, presenting the incomplete statements to INT, and then providing an implausible explanation for the missing records. Because the respondents deliberately withheld material evidence that was central to INT's investigation – even though the payment itself was not found to be improper and INT independently obtained evidence of that payment – the respondents were held liable for obstruction.

# Annex

## Sanctions System and Results, FY14-FY18

Sanctions Cases						
	FY14	FY15	FY16	FY17	FY18	5 Year Total
Sanctions Cases Submitted to SDO/EO by INT	45*	35	45**	26***	28	179
SDO/EO Initial Review Completed	45*	38	45**	22***	27	177
Sanctions Cases Issued by SDO/EO to Respondents	46*	39	40	19***	29	173
Settlement Agreements						
Settlement Agreements Submitted to SDO/EO by INT	6	11	18	26	23****	84
SDO/EO Review Completed	6	11	18	22	27****	84
Sanctions Results						
Firms and Individuals Temporarily Suspended	70*	54	48	22***	40	234
Sanctions Imposed Pursuant to SDO Determinations	45	44	28	25	24	166
Sanctions Imposed Pursuant to SB Decisions	19	11	12	8	20	70
Sanctions Imposed Pursuant to Settlement Agreements	7	18	19	25	39****	108

\*In FY14, the IFC EO received and reviewed one sanctions case against four respondents. The case was appealed to the Sanctions Board and eventually dismissed for lack of jurisdiction.

\*\*In FY16, the IFC EO received and reviewed one sanctions case against one respondent. The case was closed due to insufficient evidence.

\*\*\*In FY17, the IFC EO received and reviewed one sanctions case against two respondents.

\*\*\*\*In FY18, the IFC EO reviewed one settlement agreement entered into between the Bank and three respondents.

## Firms/Individuals Debarred in FY18

\* This table does not include any affiliates controlled by the firms/individuals debarred.

\*\* All debarments in the table below are imposed with conditional release, unless marked with "\*\*\*" at the end of the length of debarment.

\*\*\*CND = Conditional non-debarment, which means a firm/individual is eligible to participate in World Bank-financed projects.

CND converts to debarment with conditional release if the firm/individual does not meet the sanctions conditions.

	Sanctioned Pursuant to	Firm/Individual Name	Country of Respondent	Project Country	Grounds for Sanction	Length of Debarment
1	Sanctions Board Decision	Olive Health Care	India	Bangladesh	Fraudulent and Corrupt Practices	10 years, 6 months
2	Sanctions Board Decision	Mr. Jay Modi	India	Bangladesh	Fraudulent and Corrupt Practices	7 years, 6 months**
3	SDO Uncontested	National Bio-Medical Pvt. Ltd.	Nepal	Nepal	Fraudulent and Corrupt Practices	6 years
4	Settlement	Innogy Solutions Inc.	Philippines	Philippines	Fraudulent and Collusive Practices	5 years, 6 months
5	Settlement	Ms. Lloly Yana de Jesus	Philippines	Philippines	Fraudulent and Collusive Practices	5 years, 6 months
6	SDO Uncontested	National Alimentation Services	Haiti	Haiti	Fraudulent Practices	5 years
7	SDO Uncontested	Avtobani Ltd.	Georgia	Georgia	Collusive Practices	5 years
8	SDO Uncontested	Mr. Shalva Bubuteishvili	Georgia	Georgia	Collusive Practices	5 years
9	Sanctions Board Decision	Kuvasoy Tamir Kurlish LLC	Uzbekistan	Uzbekistan	Fraudulent and Collusive Practices	4 years, 9 months
10	Sanctions Board Decision	Juydam-Tamirchi LLC	Uzbekistan	Uzbekistan	Fraudulent and Collusive Practices	4 years, 9 months
11	Sanctions Board Decision	Angelique International Limited	India	Ethiopia Nepal	Fraudulent and Corrupt Practices	4 years, 6 months
12	SDO Uncontested	M/s. Famy Care Limited	India	Argentina Bangladesh	Fraudulent Practices	4 years
13	SDO Uncontested	Middle South Union Electric Co. Ltd.	China	Bangladesh	Fraudulent Practices	4 years
14	SDO Uncontested	Servicios de Ingeniería y Construcciones, S.A. (SICSA)	Nicaragua	Nicaragua	Fraudulent Practices	4 years
15	SDO Uncontested	Nortex Link LLP	Kazakhstan	Kazakhstan	Collusive and Obstructive Practices	4 years

	<b>Sanctioned Pursuant to</b>	<b>Firm/Individual Name</b>	<b>Country of Respondent</b>	<b>Project Country</b>	<b>Grounds for Sanction</b>	<b>Length of Debarment</b>
16	SDO Uncontested	Marabef Global Limited	Nigeria	Nigeria	Corrupt Practices	4 years
17	SDO Uncontested	Mr. Patrick Alozie Onwuka	Nigeria	Nigeria	Corrupt Practices	4 years
18	SDO Uncontested	T&G Ltd.	Georgia	Georgia	Collusive Practices	4 years
19	SDO Uncontested	Mr. Andre Koll	Germany	Romania	Corrupt Practices	4 years
20	Sanctions Board Decision	Mr. Nguyen Ngoc Thang	Vietnam	Vietnam	Corrupt Practices	3 years, 11 months**
21	Sanctions Board Decision	Quick Projects Limited	Nigeria	Nigeria	Obstructive Practices	3 years, 7 months
22	Sanctions Board Decision	Hifab International AB	Sweden	Lao PDR	Corrupt Practices	3 years, 1 month
23	SDO Uncontested	Zhongtai Construction Group Holding Co., Ltd.	China	China	Fraudulent Practices	3 years
24	SDO Uncontested	Lugang Group Co., Ltd.	China	China	Fraudulent Practices	3 years
25	SDO Uncontested	Guoji Construction Group Co., Ltd.	China	China	Fraudulent Practices	3 years
26	SDO Uncontested	Proyectos Diversos Integrados SA de CV (Prodiel)	El Salvador	El Salvador	Fraudulent Practices	3 years
27	Settlement	Ms. Marissa V. David	Philippines	Philippines	Collusive Practices	3 years
28	Sanctions Board Decision	Joca Ingeniería y Construcciones, S.A.	Spain	Ukraine	Fraudulent Practices	3 years
29	SDO Uncontested	DATEX Haiti	Haiti	Haiti	Fraudulent Practices	3 years
30	SDO Uncontested	Alam & Sons Government Contractor & General Order Supplier	Pakistan	Pakistan	Fraudulent Practices	3 years
31	SDO Uncontested	Mr. Khuda Dad	Pakistan	Pakistan	Fraudulent Practices	3 years
32	Settlement	Ms. Ruth Eli Cuarezma Fuentes	Nicaragua	Nicaragua	Fraudulent and Corrupt Practices	2 years, 10 months
33	Settlement	Coronado Ingenieros S.A.	Nicaragua	Nicaragua	Fraudulent and Corrupt Practices	2 years, 10 months



	<b>Sanctioned Pursuant to</b>	<b>Firm/Individual Name</b>	<b>Country of Respondent</b>	<b>Project Country</b>	<b>Grounds for Sanction</b>	<b>Length of Debarment</b>
34	Settlement	Mr. Jose Benigno Coronado Mendez	Nicaragua	Nicaragua	Fraudulent and Corrupt Practices	2 years, 10 months
35	Settlement	Pak Elektron Limited	Pakistan	Pakistan	Collusive Practices	2 years, 9 months
36	Settlement	Mr. Abdul Waheed Butt	Pakistan	Pakistan	Collusive Practices	2 years, 9 months
37	SDO Uncontested	Latifi Construction and Road Construction Company	Afghanistan	Afghanistan	Fraudulent Practices	2 years, 8 months
38	Sanctions Board Decision	Ms. Nathalie Tranefeldt	Sweden	Lao PDR	Corrupt Practices	2 years, 7 months**
39	Sanctions Board Decision	Ms. Cristina Qvarfordt	Sweden	Lao PDR	Corrupt Practices	2 years, 7 months**
40	Sanctions Board Decision	Mr. Victor Dike	Nigeria	Nigeria	Obstructive Practices	2 years, 7 months**
41	Settlement	SMEC Bangladesh Ltd.	Bangladesh	Bangladesh	Corrupt Practices	2 years, 6 months
42	Settlement	ACE Consultants Ltd.	Bangladesh	Bangladesh	Corrupt Practices	2 years, 6 months
43	Settlement	Ocyana Consultants (Pvt.) Ltd.	Sri Lanka	Sri Lanka	Fraudulent and Corrupt Practices	2 years, 6 months
44	Settlement	Oberthur Technologies SA.	France	Bangladesh	Corrupt and Collusive Practices	2 years, 6 months
45	Sanctions Board Decision	Shailung Construction Co. Pvt. Ltd.	Nepal	Nepal	Corrupt Practices	2 years, 6 months
46	SDO Uncontested	Mr. Nabaraj Basnet	Nepal	Nepal	Corrupt Practices	2 years
47	Sanctions Board Decision	Mr. Syed Asif Raza	Pakistan	Pakistan	Fraudulent Practices	2 years**
48	Sanctions Board Decision	Madhucon Projects Limited	India	India	Fraudulent Practices	2 years
49	Settlement	Sediver S.A.S.	France	DRC Vietnam	Fraudulent and Corrupt Practices	2 years
50	SDO Uncontested	P-Square Associates, Co.	Philippines	Philippines	Collusive Practices	2 years
51	SDO Uncontested	Eng. Jose Palac	Philippines	Philippines	Collusive Practices	2 years

	<b>Sanctioned Pursuant to</b>	<b>Firm/Individual Name</b>	<b>Country of Respondent</b>	<b>Project Country</b>	<b>Grounds for Sanction</b>	<b>Length of Debarment</b>
52	Settlement	Eckert & Ziegler BEBIG S.A.	Belgium	Bangladesh	Fraudulent and Collusive Practices	2 years
53	Settlement	Africa Railways Logistics Limited	Mauritius	Kenya Uganda	Fraudulent and Corrupt Practices (IFC)	2 years
54	Sanctions Board Decision	Mr. Lyndsay Chapple	Australia	Vietnam	Corrupt Practices	1 year, 11 months**
55	Settlement	AECOM Asia Company Limited	Hong Kong SAR, China	China	Fraudulent Practices	1 year, 6 months
56	Settlement	Ms. Belen N. Gacad	Philippines	Philippines	Corrupt Practices	1 year, 6 months
57	Settlement	M/s RKD Construction Pvt. Ltd.	India	India	Fraudulent Practices	1 year, 6 months
58	Settlement	ConvaTec International Services GmbH	Switzerland	Bangladesh	Fraudulent Practices	1 year, 6 months
59	Settlement	ConvaTec Malaysia Sdn Bhd	Malaysia	Bangladesh	Fraudulent Practices	1 year, 6 months
60	Settlement	Gavinor S.R.L.	Argentina	Argentina	Fraudulent Practices	1 year, 6 months
61	Settlement	J.C. Segura Construcciones S.A.	Argentina	Argentina	Fraudulent Practices	1 year, 6 months
62	Settlement	Constructora J.C. Segura Construcciones S.A. - Gavinor S.R.L. - UTE	Argentina	Argentina	Fraudulent Practices	1 year, 6 months
63	Settlement	Ms. Jelua del Carmen Abdalah Ramirez	Nicaragua	Nicaragua	Fraudulent Practices	1 year, 6 months
64	Settlement	Mr. Simon Xiao Bin Sun	China	China	Fraudulent Practices	1 year, 3 months
65	Settlement	Lelo Engineering Consultant, Unipessoal, Lda	Timor-Leste	Timor-Leste	Fraudulent Practices	1 year, 3 months**
66	Settlement	PT Egis International Indonesia	Indonesia	Timor-Leste	Fraudulent Practices	1 year, 3 months
67	Settlement	Constructora Quintero S.A. – CONSTRUQUINSA	Nicaragua	Nicaragua	Fraudulent Practices	1 year, 3 months**
68	Settlement	Mr. Travis Yau Chorng Chien	Taiwan, China	China	Fraudulent Practices	1 year, 1 month
69	Settlement	SMEC International Pty Ltd.	Australia	Bangladesh India Sri Lanka	Fraudulent and Corrupt Practices	1 year** then CND for 1 year, 6 months

	<b>Sanctioned Pursuant to</b>	<b>Firm/Individual Name</b>	<b>Country of Respondent</b>	<b>Project Country</b>	<b>Grounds for Sanction</b>	<b>Length of Debarment</b>
70	Sanctions Board Decision	M/s. Janata Traders	Bangladesh	Bangladesh	Obstructive Practices	1 year
71	Sanctions Board Decision	Mr. Syed Akhter Hossain	Bangladesh	Bangladesh	Corrupt Practices	11 months**
72	Settlement	Tatva Global Environment Pvt. Ltd.	India	Vietnam	Fraudulent Practices	11 months**
73	SDO Uncontested	JSC Transtelecom	Kazakhstan	Kazakhstan	Collusive Practices	10 months
74	Sanctions Board Decision	Witteveen+Bos Raadgevende Ingenieurs B.V.	Netherlands	Philippines	Corrupt Practices	9 months
75	Settlement	AECOM New Zealand Limited	New Zealand	Vietnam	Fraudulent Practices	6 months**
76	Settlement	SMEC (India) Pvt. Ltd.	India	India	Fraudulent Practices	6 months** then CND for 2 years
77	Settlement	FreeBalance, Inc.	Canada	Liberia	Fraudulent Practices	6 months** then CND for 1 year
78	Sanctions Board Decision	Macleods Pharmaceuticals Limited	India	Bangladesh	Fraudulent Practices	3 months**

### Other Sanctions Imposed in FY18

\* This table does not include any affiliates controlled by the firms/individuals sanctioned.

\*\*CND = Conditional non-debarment, which means a firm/individual is eligible to participate in World Bank-financed projects. CND converts to debarment with conditional release if the firm/individual does not meet the sanctions conditions.

	<b>Sanctioned Pursuant to</b>	<b>Firm/Individual Name</b>	<b>Country of Respondent</b>	<b>Project Country</b>	<b>Grounds for Sanction</b>	<b>Sanction Imposed</b>
1	Settlement	Africa Railways Limited	British Virgin Islands	Kenya Uganda	Fraudulent and Corrupt Practices (IFC)	CND for 2 years
2	Settlement	Rift Valley Railways Kenya Limited	British Virgin Islands	Kenya Uganda	Fraudulent and Corrupt Practices (IFC)	CND for 2 years
3	Settlement	Cidron Healthcare Limited	Channel Islands	Bangladesh	Fraudulent Practices	CND for 1 year, 6 months
4	Settlement	Sediver SpA	Italy	DRC Vietnam	Fraudulent and Corrupt Practices	CND for 1 year, 6 months
5	Settlement	Egis International	France	Timor-Leste	Fraudulent Practices	CND for 1 year, 3 months

## Cross-Debarments Recognized by the World Bank Group in FY18

\* Controlled affiliates may be included in the firms/individuals listed below.

	Firm/Individual Name	Country	Grounds for Debarment	Length of Debarment
1	Vevakanand Dalip	Guyana	Cross Debarment: IDB	13 years
2	Vevakanand Dalip Enterprise	Guyana	Cross Debarment: IDB	13 years
3	Sabrina Mary Williams	Guyana	Cross Debarment: IDB	13 years
4	Invepar Construtora Ltda	Brazil	Cross Debarment: IDB	13 years
5	Julio Enrique Reyna Arreaga (REYNA)	Guatemala	Cross Debarment: IDB	12 years
6	Emigdio Osvaldo Perez Juarez (PEREZ)	Guatemala	Cross Debarment: IDB	7 years
7	Constructora Ecop (ECOP)	Guatemala	Cross Debarment: IDB	7 years
8	Wilian Leonel Cano Hernandez (CANO)	Guatemala	Cross Debarment: IDB	7 years
9	Constructora Fedpar Formuproyectos (FEDPAR)	Guatemala	Cross Debarment: IDB	7 years
10	SERPRO	Guatemala	Cross Debarment: IDB	7 years
11	Surti Tiendas Prisma	Guatemala	Cross Debarment: IDB	7 years
12	CORSEP	Guatemala	Cross Debarment: IDB	7 years
13	Henry Efrain Orellana López	Guatemala	Cross Debarment: IDB	7 years
14	Elán Fernando Vásquez Ayestas	Honduras	Cross Debarment: IDB	6 years
15	Auditoría, Contaduría, Asesoría Legal y Fiscal S. de R. L.	Honduras	Cross Debarment: IDB	6 years
16	Shandong Xintai Highway Engineering Co. Ltd. (山东鑫泰公路工程有限公司)	China	Cross Debarment: ADB	5 years
17	Constructora VRB E.I.R.L	Peru	Cross Debarment: IDB	5 years
18	Imelda Diaz	Peru	Cross Debarment: IDB	5 years
19	Asociación para el Fomento de la Educación y Desarrollo Integral de la Persona Humana	Honduras	Cross Debarment: IDB	5 years
20	Ana Isabel Araque Zuniga	Honduras	Cross Debarment: IDB	5 years
21	Ana Luisa Cárdenas Bonilla	Honduras	Cross Debarment: IDB	5 years
22	Judith Anne Reynolds	United Kingdom	Cross Debarment: ADB	4 years
23	Steve Martin	United Kingdom	Cross Debarment: ADB	4 years
24	Coolink Technology Company Limited (酷聯科技有限公司)	Hong Kong SAR, China	Cross Debarment: ADB	4 years
25	China Bozit Holdings Development Limited (中國保捷股份發展有限公司)	Hong Kong SAR, China	Cross Debarment: ADB	4 years
26	Guangrongfeng (Hong Kong) Industrial Co., Limited (廣榮豐 (香港) 實業有限公司)	Hong Kong SAR, China	Cross Debarment: ADB	4 years
27	HK Louisecig Technology Co., Limited (漢榮世紀投資顧問有限公司)	Hong Kong SAR, China	Cross Debarment: ADB	4 years
28	Restige Bright Limited (敏晟有限公司)	Hong Kong SAR, China	Cross Debarment: ADB	4 years
29	Shenzhen Zhuoda Technology Co., Limited (深圳市卓達科技有限公司)	Hong Kong SAR, China	Cross Debarment: ADB	4 years

	<b>Firm/Individual Name</b>	<b>Country</b>	<b>Grounds for Debarment</b>	<b>Length of Debarment</b>
30	You Pin International Limited (佑品國際有限公司)	Hong Kong SAR, China	Cross Debarment: ADB	4 years
31	Jiangxi Qingping Landscaping Architecture Co. Ltd.	China	Cross Debarment: ADB	4 years
32	Chen Leping	China	Cross Debarment: ADB	4 years
33	Li Ping	China	Cross Debarment: ADB	4 years
34	M/s Asad Enterprises	Bangladesh	Cross Debarment: ADB	4 years
35	Mohammed Asad Ullah	Bangladesh	Cross Debarment: ADB	4 years
36	Erkaengine Cía. Ltda	Ecuador	Cross Debarment: IDB	4 years
37	Erick Fabricio Rosero Pozo	Ecuador	Cross Debarment: IDB	4 years
38	A&J y Asociados	Panama	Cross Debarment: IDB	4 years
39	Abdiel Enrique Arosemena Benitez	Panama	Cross Debarment: IDB	4 years
40	Abdiel Enrique Arosemena Orozco	Panama	Cross Debarment: IDB	4 years
41	María Narcisa Orozco de Arosemena	Panama	Cross Debarment: IDB	4 years
42	Constructora Arosemena y Asociados S.A	Panama	Cross Debarment: IDB	4 years
43	Inversiones Solabed S.A.	Panama	Cross Debarment: IDB	4 years
44	José David Araque Méndez	Honduras	Cross Debarment: IDB	4 years
45	Wendy Patricia López Herrera	Honduras	Cross Debarment: IDB	4 years
46	Gorur Infra Projects Pvt. Ltd	India	Cross Debarment: ADB	4 years
47	Mohankumar Gorur	India	Cross Debarment: ADB	4 years
48	Fazl-ur-Rehman Constructors (Pvt) Limited (Likyano)	Pakistan	Cross Debarment: ADB	3 years
49	Fazl-ur-Rehman	Pakistan	Cross Debarment: ADB	3 years
50	Shahid Masood Construction Company	Pakistan	Cross Debarment: ADB	3 years
51	Zahidullah	Pakistan	Cross Debarment: ADB	3 years
52	Consultora y Constructora Robles	Peru	Cross Debarment: IDB	3 years
53	Servicios de Ingeniera Codelsa	Peru	Cross Debarment: IDB	3 years
54	Diego Alejandro Huaranga Bernal	Peru	Cross Debarment: IDB	3 years
55	Alejandro Huaranga Robles	Peru	Cross Debarment: IDB	3 years
56	MAQCO S.A. de C.V.	El Salvador	Cross Debarment: IDB	3 years
57	Jose Alfredo Menjivar Alberto	El Salvador	Cross Debarment: IDB	3 years
58	Maria Angela Moran Cortez	El Salvador	Cross Debarment: IDB	3 years
59	CODEF & Alquiler de Maquinaria	Bolivia	Cross Debarment: IDB	3 years
60	Fabiola Pozo Dorado	Bolivia	Cross Debarment: IDB	3 years
61	Entreprise de Construction Urbaine et Rurales (ECUR) sari	Mali	Cross Debarment: AfDB	3 years
62	L&A Venta de Muebles	Bolivia	Cross Debarment: IDB	2 years

	<b>Firm/Individual Name</b>	<b>Country</b>	<b>Grounds for Debarment</b>	<b>Length of Debarment</b>
63	Lidia Aguilar Herrera	Bolivia	Cross Debarment: IDB	2 years
64	Gabimet JL Gabinetes Metalicos	Bolivia	Cross Debarment: IDB	2 years
65	Miriam Aguilar Herrera	Bolivia	Cross Debarment: IDB	2 years
66	Camelaz	Bolivia	Cross Debarment: IDB	2 years
67	Braulio Lazo Mamani	Bolivia	Cross Debarment: IDB	2 years
68	Jorge Daniel Espinola Vargas	Paraguay	Cross Debarment: IDB	2 years
69	Phoenicia Architecture and Construction	Liberia	Cross Debarment: AfDB	2 years
70	Simon Charbel	Liberia	Cross Debarment: AfDB	2 years
71	Germs Consulting	Niger	Cross Debarment: AfDB	1 year, 1 day
72	Spring Empire	Ghana	Cross Debarment: AfDB	Ongoing <sup>12</sup>
73	Ohenewaa Akosua Nyarku	Ghana	Cross Debarment: AfDB	Ongoing <sup>13</sup>

## Vendors Debarred in FY18

No vendors were debarred in FY18.

## Referrals Made in FY18\*

	<b>Date of Referral</b>	<b>Referral Recipient</b>	<b>Nature of Misconduct</b>	<b>Project Description</b>
1	Aug-4-2017	Netherlands	Corrupt Practices	Pollution Control and Reduction
2	Aug-8-2017	Nigeria	Fraudulent, Corrupt, and Collusive Practices	Public Employment and Services
3	Aug-8-2017	Switzerland	Fraudulent, Corrupt, and Collusive Practices	Electrical Power
4	Oct-13-2017	Vietnam	Fraudulent and Collusive Practices	Technical Assistance and Sanitation
5	Oct-31-2017	Vietnam	Fraudulent Practices	Electrical Power
6	Nov-1-2017	PRC	Fraudulent, Corrupt Practices	Environment
7	Nov-6-2017	Indonesia	Fraudulent, Corrupt, Collusive, and Obstructive Practices	Water and Agriculture
8	Nov-10-2017	New Zealand	Fraudulent Practices	Electrical Power
9	Nov-10-2017	Germany	Fraudulent Practices	Electrical Power and Water
10	Nov-30-2017	EIB	Corrupt Practices	Electrical Power
11	Nov-30-2017	OLAF	Corrupt Practices	Electrical Power
12	Dec-20-2017	Afghanistan	Fraudulent Practices	Electrical Power

12 This debarment was recognized by the World Bank in FY18, when the continuation and initial notice of debarment were received. (The continuation notice arrived before the initial notification). The initial term of debarment began January 29, 2016.

13 Part of the same case as above.



	<b>Date of Referral</b>	<b>Referral Recipient</b>	<b>Nature of Misconduct</b>	<b>Project Description</b>
13	Jan-22-2018	Germany	Fraudulent Practices	Electrical Power
14	Jan-26-2018	Ukraine	Corrupt Practices	Health Sector
15	Jan-26-2018	West Bank and Gaza	Corrupt Practices	Water and Sanitation
16	Feb-9-2018	Nigeria	Fraudulent and Corrupt Practices	Economy and Governance
17	Mar-9-2018	Romania	Collusive and Corrupt Practices	Health Sector
18	Mar-9-2018	Lao PDR	Fraudulent and Corrupt Practices	Roads
19	Apr-26-2018	Netherlands	Corrupt Practices	Environment
20	May-2-2018	Germany	Fraudulent Practices	Electrical Power
21	May-4-2018	DRC	Corrupt Practices	Electrical Power
22	May-4-2018	Germany	Corrupt Practices	Electrical Power
23	May-4-2018	France	Corrupt Practices	Electrical Power
24	May-8-2018	NDF	Corrupt, Fraudulent, and Obstructive Practices	Technical Assistance, Infrastructure, Transportation
25	May-9-2018	USA	Fraudulent and Corrupt Practices	Water and Environment
26	May-25-2018	Brazil	Fraudulent Practices	Governance
27	Jun-1-2018	Argentina	Fraudulent Practices	Health Sector
28	Jun-15-2018	India	Fraudulent Practices	Health Sector
29	Jun-15-2018	Portugal	Fraudulent Practices	Governance
30	Jun-19-2018	Peru	Fraudulent Practices	Health Sector

\*Following a policy decision that INT adopted in FY13 to categorize the level of the referrals based on complexity, the lowest level referrals are not included in this chart.

## Parties Released from World Bank Group Sanctions upon Satisfaction of Compliance Conditions in FY18

	<b>Firm/Individual Name</b>	<b>Country</b>	<b>Date of Release</b>
1	Mr. Anders Christer Andersson	Sweden	Jul-13-2017
2	B.V. Scheepswerf Damen Gorinchem (Damen Shipyards Gorinchem)	Netherlands	Sep-15-2017
3	China International Water & Electric Corp.	China	Sep-24-2017
4	Ms. Nicole Burda	Switzerland	Oct-10-2017
5	PT. Jasa Mitra Manunggal	Indonesia	Oct-24-2017
6	R&T sh.p.k.	Albania	Nov-16-2017
7	De Lorenzo of America Corp., S.A. de C.V.	Mexico	Feb-8-2018
8	SFC Umwelttechnik GmbH	Austria	Feb-21-2018
9	Mr. Rogers Segawa	Uganda	Feb-22-2018
10	Nexus Uganda Limited	Uganda	Feb-22-2018
11	Schneider Electric Pakistan Pvt. Limited	Pakistan	Jun-20-2018
12	Mr. Mladen Milanović	Bosnia and Herzegovina	Jun-27-2018
13	Mr. Trivun Milanović	Bosnia and Herzegovina	Jun-27-2018
14	MG Mind LLC	Bosnia and Herzegovina	Jun-27-2018
15	Mrkonjićputevi JSC	Bosnia and Herzegovina	Jun-27-2018

## **How to Report Fraud or Corruption**

Visit [www.worldbank.org/integrity](http://www.worldbank.org/integrity) to fill out an online integrity complaint form. The WBG will still review your complaint even if you wish to remain anonymous. All information provided will be treated in the strictest confidence. The WBG will not disclose any information that may reveal your identity without your consent.

## **Contact Information**

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