

Notice of Uncontested Sanctions Proceedings

August 30, 2022

**Sanctions Case No. 758
IDA Credit Number 4734-BD
(Bangladesh Chittagong Water Supply Improvement and Sanitation Project)**

**Respondent:
NJS Co., Ltd.
(Formerly operating as NJS Consultants Co., Ltd., Japan)**

1. On February 25, 2022, the World Bank’s Chief Suspension and Debarment Officer (the “SDO”) issued a Notice of Sanctions Proceedings (the “Notice”) to NJS Co., Ltd. (the “Respondent”) pursuant to sub-paragraph 4.01(a) of Section III.A of the Bank Procedure: Sanctions Proceedings and Settlements in Bank Financed Projects issued by the Bank on June 28, 2016 (the “Sanctions Procedures”).
2. The Statement of Accusations and Evidence (the “SAE”) prepared by the Bank’s Integrity Vice Presidency (“INT”) and appended to the Notice contained INT’s accusations that the Respondent engaged in Sanctionable Practices (as defined in the Sanctions Procedures) in connection with the above-named project (the “Project”). The SAE also contained the evidence gathered by INT in support of these accusations.
3. In the SAE, INT made the following specific accusations:
 - (a) the Respondent engaged in a corrupt practice by paying government officials BDT 640,000 (approximately US\$ 8,241) in cash and travel expenses in connection with the Eid holidays to improperly influence their decisions during the implementation of the relevant consulting services contract; and
 - (b) the Respondent engaged in fraudulent practices by (i) failing to disclose the replacement of a civil engineer under the contract despite having an obligation to do so; (ii) inflating in certain invoices the cost of rental vehicle and maintenance expenses under the contract; and (iii) inflating in certain invoices the salary of one individual.
4. Based on a review of INT’s SAE conducted in accordance with sub-paragraph 4.01(a) of Section III.A of the Sanctions Procedures, and pursuant to sub-paragraph 4.01(c), sub-paragraph 9.01, and sub-paragraph 9.04 of Section III.A of the Sanctions Procedures, with due consideration of the factors set forth in sub-paragraph 9.02 of Section III.A of the Sanctions Procedures and in the World Bank Group Sanctioning Guidelines, the SDO recommended in the Notice that the Respondent, together with certain Affiliates (as defined in the Sanctions Procedures) where so specified, be sanctioned.

5. On July 12, 2022, the Respondent submitted an Explanation (as defined in the Sanctions Procedures) in accordance with sub-paragraph 4.02(b) of Section III.A of the Sanctions Procedures. On August 12, 2022, the SDO issued a review of the Explanation and recommended that the Respondent, together with certain Affiliates (as defined in the Sanctions Procedures) where so specified, be sanctioned as follows:

NJS Co., Ltd. (“NJS”)
(Formerly operating as NJS Consultants Co., Ltd., Japan (“NJSC”))

***Recommended Sanction: Debarment with Conditional Release
Minimum Period of Ineligibility of Three (3) Years and One (1) Month***

It is recommended that NJS (together with any entity that is an Affiliate directly or indirectly controlled by NJS, except NJS E&M Co. (“NJS E&M”) and NJS Engineers India Pvt. Ltd. (“NJSEI”)) be declared ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;¹ (ii) to be a nominated² sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-Financed Project; provided, however, that after a minimum period of ineligibility of three (3) years and one (1) month, NJS may be released from ineligibility only if NJS has, in accordance with sub-paragraph 9.03 of Section III.A of the Sanctions Procedures, demonstrated to the Bank Group’s Integrity Compliance Officer that NJS has complied with the following conditions:

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

(b) NJS has adopted and implemented, in a manner satisfactory to the Bank, integrity compliance measures as may be imposed by the Bank Group’s Integrity Compliance Officer pursuant to sub-paragraph 9.03(b)

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

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

of Section III.A of the Sanctions Procedures (e.g., an integrity compliance program or elements thereof) to address the Sanctionable Practice[s].

In determining this recommended sanction, the SDO took into account that NJS (through NJSC) engaged in two different types of sanctionable misconduct: corrupt and fraudulent practices. The SDO also took into account, as aggravating factors, (i) the repeated pattern of misconduct, noting the multiple corrupt payments made to public officials during a three-year period and engagement in three fraudulent schemes to inflate invoices to the relevant Project Management Unit and replace key personnel; (ii) the use of sophisticated means, noting the use of a third party to circumvent internal controls and generate funds for the corrupt practices over a three-year period; and (iii) the participation – or at least awareness – of certain members of NJSC’s senior management in the corrupt and fraudulent practices. The SDO did not apply any additional aggravating factors.

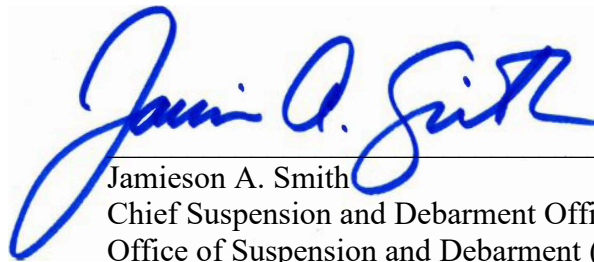
As mitigating factors, the SDO took into account (i) the substantial cooperation with INT’s investigation, noting the provision to INT of extensive records of an internal investigation and arrangement for INT to interview several current and former employees; (ii) the multiple attempts by NJSC to provide restitution to the Project of at least some of the funds that were obtained by the fraudulent misconduct at issue; (iii) NJSC’s and NJS’s Global Business Division’s voluntary restraint from bidding for Bank-funded contracts since mid-2019; and (iv) the implementation of, and ongoing improvements to, NJS’s relevant corporate compliance programs, without prejudice to any future assessment that the World Bank Group’s Integrity Compliance Officer may conduct to more fully evaluate the adequacy and implementation of NJS’s integrity compliance measures. The SDO did not apply any additional mitigating factors.

This declaration of ineligibility will extend across the operations of the World Bank Group, including IFC, MIGA, and the guarantee and carbon finance operations of the Bank.³ The Bank will also provide notice of this declaration of ineligibility to the other multilateral development banks (“MDBs”) that are party to the Agreement for Mutual Enforcement of Debarment Decisions (the “MDB Cross-Debarment Agreement”) so that they may determine whether to enforce the declarations of ineligibility with

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

*respect to their own operations in accordance with the MDB Cross-Debarment Agreement and their own policies and procedures.*⁴

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



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

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