

Exclusion System Summary

World Bank Group

Sanctions System



Note: The World Bank Group ("WBG") consists of the International Bank for Reconstruction and Development ("IBRD"), the International Development Association ("IDA"), the International Finance Corporation ("IFC"), the International Centre for Settlement of Investment Disputes ("ICSID"), and the Multilateral Investment Guarantee Agency ("MIGA"). The WBG Sanctions System applies to the WBG's operational lending and development activities.

I. Government-Wide Legal and Institutional Framework:

Government-Wide Exclusion Framework? Yes.

- Exclusion decisions are made independent of the procurement process and according to centralized regulations. Exclusions prohibit the supplier from being awarded or otherwise benefiting from contracts and projects financed by the World Bank Group ("WBG").

Applicability:

- The [WBG Sanctions System](#) applies to private firms and individuals involved in the WBG's operational lending and development activities.
- The WBG Sanctions System is distinct from the WBG's [Vendor Eligibility Policy](#), which applies to corporate vendor contracts entered into between a private vendor and the WBG, pursuant to the WBG's Corporate Procurement Framework.

Governing Policy:

- [WBG Policy: Sanctions for Fraud and Corruption](#) ("WBG Sanctions Policy").
- [WBG Policy: Statute of the Sanctions Board](#).

Related Regulations:

- IBRD and IDA (together, the "World Bank," "WB," or the "Bank"):
 - [Bank Directive: Sanctions for Fraud and Corruption in Bank Financed Projects](#).
 - [Bank Procedure: Sanctions Proceedings and Settlements in Bank Financed Projects](#).
- IFC, MIGA, and Private Sector Sanctions Documents:
 - [IFC Sanctions Procedures](#).
 - [MIGA Sanctions Procedures](#).
 - [World Bank Private Sector Procedures](#) (WB guarantee and carbon finance projects).
- [WBG Sanctioning Guidelines](#).
- [Summary of Integrity Compliance Guidelines](#).

Primary Legal Foundation: Administrative/Regulatory Law.

Decision-Maker: Centralized; Functionally Independent.

The WBG Sanctions System is a two-tier adjudicative system.

- First Tier:
 - The Chief Suspension and Debarment Officer (the “SDO”) decides sanctions cases based on IBRD and IDA public sector operational lending activities (which make up the vast majority of sanctions cases).
 - Institution-specific Evaluation and Suspension Officers (“EOs”) review sanctions cases related to the activities of IFC, MIGA, and the World Bank’s private sector activities.
- Second Tier:
 - The WBG Sanctions Board decides sanctions cases appealed by respondents from the first tier.

Qualification:

- The SDO and the EOs are WBG staff members who are typically admitted to practice law in the jurisdiction of at least one WBG member government.
- Members of the WBG Sanctions Board must be external to the WBG. Three members are appointed by the World Bank and must be familiar with procurement matters, law, dispute resolution mechanisms, or operations of development institutions. Two members are appointed for each of IFC and MIGA and must be familiar with private sector cross-border lending and equity investments (for IFC projects) or non-commercial guarantee operations (for MIGA projects).

Independence:

- All decision-makers within the Sanctions System must consider each case impartially and solely on its merits. They must further exercise their independent judgment in carrying out their respective roles and responsibilities in accordance with the relevant policies, directives, and procedures. (WBG Sanctions Policy, para. B2)

II. Functioning and Enforcement of the Government-Wide Exclusion System:

General Provisions:

Type of Procedures: Administrative.

Decision Deadline: No stated deadline for decision-maker to make a final determination.

Provisional Exclusions: Yes.

- Respondents are automatically suspended until sanctions proceedings are completed if the recommended sanction is a debarment greater than six months.
- Respondents can also be suspended pending the completion of an ongoing investigation in certain circumstances.

Commencement of Proceedings: Referral Required.

- Neither the SDO nor the EOs can initiate an exclusion proceeding without a prior referral from the WBG's Integrity Vice Presidency ("INT"), which investigates allegations that a firm or individual engaged in a sanctionable practice.
- Parties that are not subject to the sanctions proceedings cannot submit complaints and/or evidence to the decision-maker. Third parties can, however, submit [online](#) complaints to INT.

Notice Requirements & Opportunity to be Heard: Yes & Yes.

Notice of Proceedings:

- Suppliers receive a Notice of Sanctions Proceedings when the first-tier decision-maker determines that grounds for sanction exist. In practice, INT will generally send a Show Cause Letter to the alleged respondent before submitting the case to the first-tier decision-maker.
- Notice of Sanctions Proceedings must contain the grounds for exclusion and supporting evidence.
- The decision-makers must make their reasoning available to the supplier and the public. The first-tier decision-makers publish [notices](#) for all cases not appealed to the Sanctions Board. The Sanctions Board publishes its [decisions](#).

Opportunity to be Heard:

- Suppliers are entitled to present a defense to the decision-maker and may:
 - Obtain the evidentiary record.
 - Make a written submission to the decision-makers.
 - Request an in-person hearing (before the WBG Sanctions Board only).

Appellate Review of Exclusion Decisions: Yes.

Nature and Forum of Review: Administrative

- Respondents may appeal to the WBG Sanctions Board, which will review the case *de novo* and without deference to the first tier's decision.

Means Available to the Supplier: As part of appellate review, suppliers may:

- Obtain the evidentiary record.
- Make a written submission to the appellate body.
- Request an in-person hearing with the appellate body.

Duration of Appeal Process: One to two years.

Legal Representation:

- A supplier **may** be represented by counsel.

Subsequent Modification of Exclusion Decision: No.

- A supplier is not entitled to any opportunity to seek a modification or early termination of exclusion after it goes into effect.

III. Substantive Grounds for Government-Wide Exclusion:

Automatic Exclusion: No.

Discretionary Exclusion: Yes.

The decision-maker must make an administrative finding that the respondent more likely than not engaged in one of these five "sanctionable practices":

- Corruption;
- Fraud;
- Collusion and/or Infringing Competition;
- Coercion or Intimidation;
- Obstruction of an investigation.

Decision-maker may decide that a sanction other than exclusion is more appropriate.

The supplier can also negotiate a Settlement Agreement with INT.

Exclusion based on Bankruptcy and Cross-Debarment: None & Automatic.

- According to the Agreement on Mutual Enforcement of Debarment Decisions (the "Cross-Debarment Agreement"), the WBG will recognize public debarments imposed by the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank Group that are (i) greater than one year in length; and (ii) imposed on the respondent for engaging in one of the four harmonized sanctionable practice definitions – corruption, fraud, coercion, or collusion.

IV. Scope and Effect of Government-Wide Exclusion:

Types of Excluded Suppliers:

- Individuals and Corporations.

Scope of Exclusion:

Extension to Other Agencies and Organizations:

- Exclusions prohibit the supplier from contracting with any WBG institution and any organization whose activities are financed by the WBG.
- Exclusions imposed by the WBG are recognized by the four MDBs pursuant to the Cross-Debarment Agreement.

Effect on Ongoing Contracts:

- Ongoing contracts are **not** automatically cancelled.
- Subsequent (non-material) modifications to ongoing contracts **are permitted**.

Effect on Subcontracting:

- An excluded supplier **cannot** serve as a subcontractor.

Effect on Excluded Individuals:

- Excluded individuals **may** be employed by a corporate supplier as long as the individual does not directly or indirectly control the corporate entity.
- Exclusion **must** extend to companies controlled by the excluded individual.

Tailoring Exclusion:

- Yes. Exclusion **may** be limited to certain divisions, operating units, or business lines within the company, if the decision-maker so decides.

Effect on Affiliates:

Corporate Affiliates:

- Exclusion **may** apply to affiliates of the supplier (controlling, controlled, under common control). Exclusions are presumed to extend to all controlled affiliates and may extend to controlling affiliates and affiliates under common control if the decision-maker finds the affiliate culpable or responsible for the misconduct.
- Controlling affiliates and affiliates under common control **must** be given an opportunity to contest the action.

Extension to Affiliated Individuals:

- Exclusion of a corporate supplier **may** extend to individuals that own or control the supplier if the decision-maker finds the individual culpable or responsible for the misconduct.

Duration of Exclusions:

Duration Specified in Legal Framework:

- The baseline sanction is three-year debarment with conditional release. However, depending on the total number of substantiated counts and the applicable aggravating and mitigating factors in each case, the duration of the debarment decision can vary.

Duration Depends on Applicable Exclusion Ground? No.

Discretion to Deviate:

- Yes. The decision-maker has discretion to deviate from the baseline sanction after considering applicable aggravating and mitigating factors pursuant to the WBG Sanctioning Guidelines.

Exceptions/Waivers to Exclusions:

- No. There is not a legal mechanism within the WBG sanctions framework whereby a contract might still be awarded to an excluded vendor during its period of exclusion.

Other Sanctions:

- Conditional Non-Debarment, Public Letter of Reprimand, and Restitution.

V. Government-Wide Transparency and Exclusion List:

Official List of Excluded Suppliers? Yes, and it is publicly available.

- [World Bank Listing of Ineligible Firms and Individuals](#).
- Public list provides limited information on the grounds for each listed exclusion (*i.e.*, the type of sanctionable practice for which an entity or individual was sanctioned).

Procurement Checks: Yes.

- Procuring entities must check a list of excluded suppliers before awarding a contract.

Reporting on Exclusions:

Number of Exclusions: Since 1999, more than 1,000 firms and individuals have been publicly sanctioned by the WBG.

Regular Reporting: The WBG Sanctions System publishes an [annual report](#).

Other Transparency Mechanisms: Press releases and public notices of sanction decisions.

VI. Limited Scope Exclusion Systems:

Not applicable.