

SANCTIONS PROCEDURES
FOR BANK GUARANTEE PROJECTS

I. INTRODUCTION

In addition to, but separate from, the World Bank's¹ "Sanctions Procedures" applicable to Bank-financed or Bank-executed projects (referred to collectively as "Bank Projects"), the Bank is issuing the procedures set forth in this document (these "Procedures") to inform Bank staff, parties accused of wrongdoing, and other interested parties, of the procedures currently to be followed in sanctioning corrupt, fraudulent, collusive, coercive or obstructive practices, whether in connection with investment projects guaranteed by the Bank ("Bank Guarantee Projects" or "Projects")² or the violation of a Material Term of the Terms & Conditions of the World Bank Group's³ Voluntary Disclosure Program ("VDP")⁴ where the VDP violation arises out of or relates to a Bank Guarantee Project. These Procedures are intended to assist in facilitating the reasonable exercise of discretion by Bank officials in responding to allegations of corrupt, fraudulent, collusive, coercive and obstructive practices, or the violation of a Material Term of the Terms & Conditions of the VDP, and do not in themselves confer any rights or privileges. These Procedures shall be interpreted and applied in accordance with the Anti Corruption Guidelines for IFC, MIGA and World Bank Guarantee Transactions, as amended from time to time.

As of the date of the issuance of these Procedures, the terms set forth below shall have the following meanings:⁵

- (1) "Bank Guarantee Projects Evaluation Officer" or the "PRG Evaluation Officer" means the individual Bank staff member appointed by the President of the Bank as the Evaluation and Suspension Officer (in accordance with the Terms of Reference for the Bank Guarantee Projects

¹ The World Bank (sometimes hereafter referred to as the "Bank") for purposes of the procedures set forth in this document, includes the International Bank for Reconstruction and Development and the International Development Association. The Executive Directors of the Bank approved on July 9, 2004 and August 1, 2006 certain recommendations pertaining to the reform of the Bank's sanctions process. The sanctions process consists of a two-tier process conducted by an Evaluation and Suspension Officer and the World Bank Sanctions Board (the "Sanctions Board").

² These Sanctions Procedures apply to partial risk guarantees ("PRGs") but do not apply to Policy Based Guarantees in support of Development Policy Operations or partial credit guarantees.

³ "World Bank Group," as used in these Procedures, includes the Bank, International Finance Corporation ("IFC"), and the Multilateral Investment Guarantee Agency ("MIGA").

⁴ Information on the Voluntary Disclosure Program is located on the following website:
<http://intranet.worldbank.org/wbsite/intranet/units/intdoii/intvoldispro/0,,menupk:2720475~pagepk:64168324~pipk:64168339~thesitepk:2720449.00.html>.

⁵For the avoidance of any doubt, definitions (2) to (4), (6) and (8) shall be interpreted and applied in accordance with the Anti Corruption Guidelines for IFC, MIGA and World Bank Guarantee Transactions, as amended from time to time and which are attached hereto.

Evaluation and Suspension Officer) to review proposed Notices of Sanctions Proceedings and determine whether sanctions proceedings are appropriate. The PRG Evaluation Officer shall also have the authority to impose upon a Respondent temporary suspension from eligibility to be involved in a Bank Guarantee Project and to recommend an appropriate sanction based on the facts alleged in the Notice.⁶

- (2) A “Coercive Practice” means 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.
- (3) A “Collusive Practice” means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
- (4) A “Corrupt Practice” means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.
- (5) “Days” means calendar days, unless stated otherwise.
- (6) A “Fraudulent Practice” means any act or omission, including a misrepresentation, that knowingly or recklessly⁷ misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- (7) “Notice of Sanctions Proceedings” or the “Notice” means the document containing INT’s findings of a Sanctionable Practice issued by the PRG Evaluation Officer to a named firm or individual together with the sanction recommended by the PRG Evaluation Officer.
- (8) An “Obstructive Practice” means (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank Group 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 the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the Bank’s

⁶ Each of the Bank (for projects financed by the Bank in which procurement is governed by the Bank’s Procurement Guidelines or Consultant Guidelines), the International Finance Corporation (IFC) and the Multilateral Investment Guaranty Agency (MIGA) shall have their own Evaluation Officers in accordance with their own sanctions procedures.

⁷ To act “knowingly or recklessly”, the fraudulent actor must either know that the information or impression being conveyed is false, or be recklessly indifferent as to whether it is true or false. Mere inaccuracy in such information or impression, committed through simple negligence, is not enough to constitute fraudulent practice.

contractual rights of access to information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

- (9) “PRG Counterparty” means, in relation to a Bank Guarantee Project, any individual or entity which is (i) a beneficiary of a Bank Guarantee, (ii) a project company implementing a Bank Guarantee Project or (iii) a project sponsor (who enters into a project agreement or similar agreement with the Bank in connection with a Bank Guarantee Project).
- (10) “Respondent” means any PRG Counterparty alleged to have engaged in a Sanctionable Practice in connection with a Bank Guarantee Project and who is designated as a Respondent in a Notice.
- (11) A “Sanctionable Practice” means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice or Obstructive Practice in a Bank Guarantee Project or any violation of a Material Term of the Terms & Conditions of the VDP in relation to a Bank Guarantee Project.

The Bank may amend, supplement, or revise these Procedures at any time, with or without notice. A revision will not affect any pending cases but will be applied only to cases for which a Notice has not been issued by the PRG Evaluation Officer as of the date of revision.

Nothing in these Procedures, and nothing revealed during proceedings under these Procedures, shall be considered to alter, abrogate, or waive the Bank’s status, immunities and privileges as set forth in the Bank’s Articles of Agreement or other provisions of national or international law.

II. PREPARATION OF THE NOTICE OF SANCTIONS PROCEEDINGS

Section 1. Department of Institutional Integrity

The Department of Institutional Integrity ("INT") investigates allegations of Sanctionable Practices⁸ in World Bank Group projects.

Section 2. Referrals to the Bank Guarantee Projects Evaluation Officer

If, as a result of an investigation, the Director of INT believes that there is sufficient evidence to support a finding of a Sanctionable Practice, INT shall present to the Bank Guarantee Projects Evaluation Officer a proposed Notice, which may become the basis of the official Notice as described hereafter.

⁸ INT also makes a preliminary determination of the violation of a Material Term of the VDP Terms & Conditions in accordance with such Terms & Conditions.

Section 3. Contents of Notice of Sanctions Proceedings

The Notice shall:

- (1) state INT's specific allegations of a Sanctionable Practice and INT's designation of each Respondent alleged to have engaged in such practices;
- (2) include INT's summary of the facts constituting the alleged Sanctionable Practice;
- (3) attach or identify the evidence that INT intends to present to the PRG Evaluation Officer and to the Sanctions Board in support of any proposed sanction, together with any exculpatory or mitigating evidence, as contemplated in Section 4;
- (4) state the sanction recommended by the PRG Evaluation Officer in accordance with Section 5(4);
- (5) advise the Respondent that if, following issuance of the Notice by the PRG Evaluation Officer, the Respondent desires to contest the allegations and/or the recommended sanction in the Notice,⁹ the Respondent must so notify the Secretary of the Sanctions Board (the "Secretary") in the manner described in Section 5(7);
- (6) state the procedure by which the Respondent may respond to the allegations and/or recommended sanction as described in Section 6(2); and
- (7) append a copy of these Procedures, as then in effect, and a copy of the Sanctions Board Statute, as then in effect.

Section 4. Disclosures of Exculpatory or Mitigating Evidence

In transmitting to the PRG Evaluation Officer a proposed Notice, and in transmitting to the Sanctions Board all subsequent written submissions, INT shall present all relevant evidence in INT's possession or knowledge that would reasonably tend to exculpate the Respondent or mitigate the Respondent's culpability.

III. COMMENCEMENT OF PROCEEDINGS

Section 5. Issuance of Notice of Sanctions Proceedings

- (1) ***Review of Proposed Notice:*** The PRG Evaluation Officer shall review the proposed Notice and, within one hundred twenty (120) days after receipt from

⁹ Except for cases involving an alleged violation of a Material Term of the VDP Terms & Conditions, where (if the violation is determined) the sanction is a mandatory ten (10)-year debarment.

INT, shall determine whether sanctions proceedings are appropriate. The review shall take into account whether there is sufficient evidence to support a finding that the Respondent has engaged in the alleged Sanctionable Practice and any other consideration relevant to the proceedings. The PRG Evaluation Officer may, in its discretion, consult with the Respondent as needed to make such determination. If the proposed Notice pertains to an alleged Sanctionable Practice that took place more than ten (10) years prior to the date on which the Notice would be issued by the PRG Evaluation Officer, the PRG Evaluation Officer shall close the matter and shall notify the Director of INT accordingly.¹⁰

(2) ***Referral Back to INT:*** If the PRG Evaluation Officer determines that the sanctions proceedings are not appropriate, the PRG Evaluation Officer shall not issue the Notice and shall notify the Director of INT of the decision and the basis therefor. The Director of INT may resubmit a proposed Notice to the PRG Evaluation Officer after making appropriate amendments, in which case the procedures set out in Section 5(1) shall apply to the resubmitted proposed Notice.

(3) ***Issuance of Notice:*** If the PRG Evaluation Officer determines that there is sufficient justification to issue a Notice to the Respondent, the PRG Evaluation Officer shall issue the Notice to the Respondent and shall notify the Chair of the Sanctions Board (the “Sanctions Board Chair”) and the Director of INT.

(4) ***Recommendation of Appropriate Sanction:*** The PRG Evaluation Officer shall include in the Notice a recommendation of the appropriate sanction to be imposed on each Respondent, which shall be selected from the range of possible sanctions identified in Section 15(3) of these Procedures¹¹ and after due consideration, to the extent applicable, of the factors in Section 15(5).

(5) ***Respondent’s Explanation in Opposition to Temporary Suspension:*** Within forty-five (45) days after the date of issuance of the Notice, the Respondent may explain in writing to the PRG Evaluation Officer why it believes that, notwithstanding the evidence set forth in the Notice, the Respondent should remain eligible for additional World Bank Group financing and contracts or otherwise participate in new activities in World Bank Group projects,¹² pending a

¹⁰ For cases arising out of Bank Guarantee Projects, the date of a Sanctionable Practice shall be deemed to be the date on which the last constituent act or element of the Sanctionable Practice occurred. For cases involving an alleged violation of a Material Term of the VDP Terms & Conditions, the PRG Evaluation Officer shall close the matter and shall notify the Director of INT accordingly if the proposed Notice pertains to VDP Terms & Conditions which terminated more than ten (10) years prior to the date on which the Notice would be issued.

¹¹ For cases involving the alleged violation of a Material Term of the VDP Terms & Conditions, the PRG Evaluation Officer shall note the mandatory sanction of a ten (10)-year debarment.

¹² For purposes of these Sanctions Procedures, “new activities” means, in connection with IFC, MIGA or Bank Guarantee Projects, the activities of an IFC, MIGA or PRG Counterparty (as those terms are defined herein and in IFC’s and MIGA’s respective Sanctions Procedures).

final outcome of the sanctions proceedings before the Sanctions Board (an “Explanation”).¹³

(6) **Temporary Suspension:** Except for cases involving alleged violation of a Material Term of the VDP Terms & Conditions and unless the PRG Evaluation Officer determines, upon consideration of an Explanation submitted by the Respondent pursuant to Section 5(5), that temporary suspension shall not come into effect, the Respondent shall, seventy-five (75) days after the date of issuance of the Notice, automatically be temporarily suspended, pending a final outcome of the sanctions proceedings, from eligibility as a PRG Counterparty in a new Bank Guarantee Project. The PRG Evaluation Officer shall notify the Bank Evaluation Officer, the IFC Evaluation Officer and the MIGA Evaluation Officer of the temporary suspension so that they may impose a temporary suspension with respect to their own operations, pending the final outcome of the sanctions proceedings. A temporary suspension from eligibility for a Bank Guarantee Project shall be posted on the Bank’s Client Connection website unless the Respondent has informed the PRG Evaluation Officer in writing that the Respondent shall voluntarily refrain from seeking or obtaining World Bank Group financing, from being awarded contracts for World Bank Group projects, and from otherwise participating in new activities¹⁴ in World Bank Group projects pending a final outcome of the sanctions proceedings.

(7) **Review by the Sanctions Board:** If the Respondent informs the Sanctions Board pursuant to Section 6(2) that it desires to contest the allegations and/or the sanction recommended by the PRG Evaluation Officer in the Notice, the Secretary shall so notify the Sanctions Board Chair, the PRG Evaluation Officer and the Director of INT, and the matter shall be referred to the Sanctions Board for its review and decision pursuant to the Sanctions Board Statute.¹⁵

(8) **Sanctions in Uncontested Proceedings:** If the Respondent does not inform the Sanctions Board pursuant to Section 6(2) of the Respondent's desire to contest the allegations and/or the sanction recommended¹⁶ by the PRG Evaluation Officer in the Notice within ninety days (90) days after the date of issuance of the Notice (including in those cases where, pursuant to Section 5(6), the PRG Evaluation Officer has determined that the temporary suspension shall not come into effect), the Sanctions Board shall, through the Secretary and without need of a hearing, issue a Sanctions Board decision imposing the sanction recommended by the PRG Evaluation Officer in the Notice.

¹³ The temporary suspension shall not apply to cases involving the alleged violation of a Material Term of the VDP Terms & Conditions. However, the Respondent may explain why it believes that the PRG Evaluation Officer should withdraw the Notice pursuant to Section 5(9).

¹⁴ See footnote 12 for a definition of “new activities.”

¹⁵ The terms Sanctions Board, Sanctions Board Panel, Sanctions Board Chair, Secretary and Panel Chair shall have the meanings intended under the Sanctions Board Statute.

¹⁶ For cases involving the alleged violation of a Material Term of the VDP Terms & Conditions, the mandatory sanction is a ten (10)-year debarment.

(9) ***Withdrawal of Notice:*** Within thirty (30) days after the date of the submission of an Explanation, the PRG Evaluation Officer may withdraw the Notice upon concluding that there is insufficient evidence to support a finding that the Respondent engaged in any Sanctionable Practice. The PRG Evaluation Officer shall notify the Respondent and the Director of INT of the withdrawal and the reasons therefor, and the proceedings shall be closed. Such withdrawal and closure shall be subject to INT's opportunity to submit a revised proposed Notice on the basis of additional information not contained in the original Notice, in which case the matter shall proceed in accordance with the procedures set forth in Section 5(1).

IV. SUBMISSIONS TO THE PRG EVALUATION OFFICER AND TO THE SANCTIONS BOARD

Section 6. Written Submissions

(1) ***Respondent's Explanation in Opposition to Temporary Suspension:*** The Respondent's Explanation opposing a temporary suspension shall consist of a single document not exceeding twenty single-sided pages, unless the PRG Evaluation Officer approves a longer submission, and shall present arguments by the Respondent and summarize any credible evidence in support thereof. No other opportunity to oppose a temporary suspension, either orally or in writing, shall be provided to the Respondent.

(2) ***Respondent's Response to Notice of Sanctions Proceedings:*** Within ninety (90) days after issuance of the Notice, the Respondent may submit to the Sanctions Board through the Secretary a written response to the allegations and recommended sanction contained in the Notice (the "Response"). The Response may contain written arguments and evidence, subject to Section 6(7), and shall contain a certification, signed by an individual Respondent or an authorized officer of a Respondent that is an entity, that the information contained therein is true, complete and correct to the best of the signer's knowledge after the exercise of reasonable due diligence in reviewing the matter and the records of the Respondent within the Respondent's possession or control.

(3) ***INT's Reply in Support of the Notice of Sanctions Proceedings:*** Within thirty (30) days after the Respondent's submission of its Response, INT may submit to the Sanctions Board through the Secretary a written reply to the arguments and evidence contained in the Response (the "Reply").

(4) ***Submission of Additional Materials:*** In the event that additional material evidence becomes available to INT or to the Respondent after the applicable deadlines for the submission of written materials have passed, but prior to the conclusion of the hearing to be held on the matter, the Sanctions Board Chair or the Chair of the Sanctions Board Panel (the "Panel Chair") convened to hear the

case pursuant to Articles VII or VIII of the Sanctions Board Statute may, as a matter of discretion, authorize such additional evidence to be submitted, together with a brief argument predicated upon such evidence. The Sanctions Board Chair or the Panel Chair may also authorize either INT or the Respondent to submit, within a reasonable timeframe, additional arguments and evidence in response to the evidence and arguments contained in the additional materials presented by the other party.

(5) **Language:** All written materials submitted to the Sanctions Board shall be submitted through the Secretary, in English, except that exhibits shall be in the original language with the pertinent parts translated into English. The Sanctions Board or the Sanctions Board Panel may require, either *sua sponte* or on request by the other party, that the other parts or the entirety of an exhibit be translated into English, as such Chair may deem appropriate under the circumstances.

(6) **Time Period for Filing Submissions:** Time periods for filing submissions shall be those specified in Sections 5 and 6 of these Procedures, subject to any reasonable extension of time granted as a matter of discretion by the Sanctions Board Chair or the Panel Chair in accordance with the Sanctions Board Statute.

(7) **Length:** The Sanctions Board Chair or the Panel Chair in accordance with the Sanctions Board Statute shall set reasonable limits for the length of written submissions.

Section 7. Admissions of Culpability

The Respondent may admit all or part of any allegation set forth in the Notice. The Respondent may also present evidence and arguments of mitigating circumstances,¹⁷ the intervening implementation of programs to detect or prevent Sanctionable Practices, or other facts relevant to the Sanction Board's decision concerning an appropriate sanction. Such evidence and arguments shall be submitted in accordance with the schedule for written submissions set forth in these Procedures.

Section 8. Distribution of Written Materials

(1) **Distribution of Materials to INT and the Respondent:** The Secretary shall provide to INT and the Respondent, in a timely manner, copies of all written submissions and evidence, records of any related proceedings, and any other materials received or issued by the Sanctions Board relating to the proceedings, except as provided in Section 8(3). The Respondent shall have no right to review or obtain any other information or documents in INT's possession.

¹⁷ Except for cases involving the violation (if determined) of a Material Term of the VDP Terms & Conditions, where the mandatory sanction is a ten (10)-year debarment irrespective of mitigating circumstances.

(2) ***Distribution of Materials to Other Respondents in Sanctions***

Proceedings: With respect to materials submitted to the Sanctions Board in a sanctions proceeding, the Secretary may at any time, upon approval of the Sanctions Board or the Sanctions Board Panel, make such materials available to other Respondents in sanctions proceedings involving related allegations, facts, or matters. In determining whether to approve the disclosure of such materials, the Sanctions Board Panel shall consider, among other factors, the standard for withholding sensitive materials set forth in Section 8(3).

(3) ***Distribution of Sensitive Materials:*** Although all evidence presented to the Sanctions Board by INT, including all relevant evidence in INT's possession or known to INT that would reasonably tend to exculpate the Respondent or mitigate the Respondent's culpability, shall ordinarily be provided by the Sanctions Board to the Respondent, the Sanctions Board or the Sanctions Board Panel may, in its discretion and upon request by INT, withhold particular evidence upon a determination that there is a reasonable basis to conclude that revealing the particular evidence might endanger the life, health, safety, or well-being of a person or constitute a violation of any undertaking by the Bank in favor of a participant in the VDP.

Section 9. Contents of Record

The record to be considered by the Sanctions Board shall consist of the Notice, the Response, the Reply, all other related written submissions of arguments and evidence, and all arguments presented at any hearing before the Sanctions Board, including any Explanation submitted pursuant to Section 5(5). The record shall be confidential and will not be available to the public.

V. HEARINGS

Section 10. Applications

Should the Respondent or INT desire that the Sanctions Board hold a hearing on the allegations against the Respondent, such request shall be made in the Respondent's Response or in INT's Reply. If a request for a hearing is made, the Secretary, after consulting with the Sanctions Board Chair, shall provide the Respondent and the Director of INT reasonable notice of the date, time and location of the hearing. If no such request is made, the Sanctions Board shall review the case and render its decision on the basis of the existing record, as defined in Section 9, without a hearing.

Section 11. Representation at Hearings

(1) ***INT:*** INT shall be represented before the Sanctions Board by a representative who may or may not be an employee of the World Bank Group.

(2) ***The Respondent:*** A Respondent may be self-represented or represented by an attorney or any other individual authorized by the Respondent, at the Respondent's own expense.

Section 12. Conduct of Hearings

(1) ***Attendance:*** The representatives of INT and the Respondent and the Respondent's representatives may be present throughout the hearing. The hearing including the submissions shall remain confidential and not open to the public. Neither the representatives of INT nor the Respondent nor the Respondent's representatives shall be present for or participate in the deliberations of the Sanctions Board or the Sanctions Board Panel.

(2) ***Presentations:***

(a) **Order:** INT shall present its case first. The Respondent or the Respondent's representative shall present the Respondent's case second. INT shall be permitted to reply.

(b) **Length:** The Sanctions Board or the Panel Chair shall set a reasonable period of time for each presentation.

(c) **Form:** Presentations shall be informal. They shall be limited to arguments and evidence contained in the written submissions, and may rely upon or refute individual items of evidence.

(d) **Live Testimony:** No live witness testimony shall be taken, except that one or more witnesses may be called and questioned only by the members of the Sanctions Board or the Sanctions Board Panel. A Respondent who appears in person or, in the case of a Respondent that is an entity, through an authorized representative, may make a statement during the hearing. There shall be no cross-examination, although rebuttal evidence may be presented during the hearing.

(e) **Matters Relating to the Sanction:** INT and the Respondent may present evidence of mitigating or aggravating factors relating to the appropriateness of a particular sanction.¹⁸

(3) ***Response to Questions:*** The representative of INT and the Respondent or the Respondent's representative shall be subject to questions by the members of the Sanctions Board or the Sanctions Board Panel. A party's refusal to answer, or failure to answer truthfully or credibly, may be construed against that party.

¹⁸ Except in cases involving the alleged violation of a Material Term of the VDP Terms & Conditions, for which, if determined, the mandatory sanction is a ten (10)-year debarment.

VI. EVIDENCE

Section 13. Forms of Evidence

Any kind of evidence may form the basis of arguments presented in a sanctions proceeding and conclusions reached by the Sanctions Board or the Sanctions Board Panel. The Sanctions Board or the Sanctions Board Panel shall have discretion to determine the relevance, materiality, weight, and sufficiency of all evidence offered. Hearsay evidence or documentary evidence shall be given the weight deemed appropriate. Without limiting the generality of the foregoing, the Sanctions Board or the Sanctions Board Panel shall have the discretion to infer purpose, intent and/or knowledge on the part of the Respondent, or any other party, from circumstantial evidence before it. Formal rules of evidence shall not apply.

Section 14. Privileged Materials

Communication between an attorney, or a person acting at the direction of an attorney, and a client for the purpose of providing or receiving legal advice (“attorney-client communications”), and writings reflecting the mental impressions, opinions, conclusions or legal theories of an attorney in connection with a legal representation (“attorney work product”) shall be privileged and exempt from disclosure.

VII. IMPOSITION OF SANCTIONS BY THE SANCTIONS BOARD

Section 15. Findings and Sanction Decision

(1) ***Basis for Findings:*** The review and deliberation of the Sanctions Board or the Sanctions Board Panel shall be restricted to the record as defined in Section 9 and to other facts contained in the public record.

(2) ***Findings:***

(a) **Standard of Proof:** The Sanctions Board or the Sanctions Board Panel shall determine whether the evidence presented by INT, as refuted by the Respondent, supports the conclusion that it is more likely than not that Respondent engaged in a Sanctionable Practice in a Bank Guarantee Project. “More likely than not” 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 in a Bank Guarantee Project.

(b) **Burden of Proof:** INT shall have the burden of proof to present evidence sufficient to establish that it is more likely than not that the Respondent engaged in a Sanctionable Practice in a Bank Guarantee Project. Upon such a showing by INT, the burden of proof shall shift to the Respondent to demonstrate

that it is more likely than not that Respondent's conduct did not amount to a Sanctionable Practice.

(c) **Insufficient Evidence:** If the Sanctions Board or the Sanctions Board Panel determines that it is more likely than not that the Respondent did not engage in a Sanctionable Practice, the Sanctions Board or the Sanctions Board Panel shall notify INT and the Respondent in writing, and the proceedings shall be terminated. The Notice may be resubmitted if evidence not available at the time of filing of the Notice is subsequently obtained.

(d) **Sanctions Board's Decision:** If the Sanctions Board or the Sanctions Board Panel determines that it is more likely than not that the Respondent did engage in a Sanctionable Practice, it shall impose an appropriate sanction on the Respondent, which sanction shall be selected from the range of possible sanctions identified in Section 15(3). In determining the appropriate sanction, the Sanctions Board or the Sanctions Board Panel shall not be bound by the recommendation of the PRG Evaluation Officer.

(3) ***Range of Possible Sanctions:***

(a) **Reprimand:** The Sanctions Board may decide that the Respondent be reprimanded in the form of a formal "Letter of Reprimand" of the Respondent's conduct.

(b) **Debarment:** The Sanctions Board or the Sanctions Board Panel may decide that the Respondent be declared ineligible, either indefinitely or for a stated period of time, to be a PRG Counterparty ("debarment"). For cases involving the violation of a Material Term of the VDP Terms & Conditions, the Sanctions Board or the Sanctions Board Panel shall declare the Respondent ineligible for a period of 10 years to be a PRG Counterparty. This ineligibility resulting from debarment shall extend to new activities under Bank Projects, acting as an IFC Counterparty, and acting as a MIGA Counterparty (as "new activities under Bank Projects", "IFC Counterparty" and "MIGA Counterparty" are defined in the Bank's, IFC's and MIGA's respective Sanctions Procedures). Debarment arising out of other World Bank Group projects (other than Bank Guarantee Projects) shall also render the Respondent ineligible to be a PRG Counterparty in a new Bank Guarantee Project.

(c) **Conditional Non-Debarment:** The Sanctions Board or the Sanctions Board Panel may decide that the Respondent be required to comply with certain remedial, preventative or other measures as a condition to avoid debarment from World Bank Group projects. In the event the Respondent fails to demonstrate its compliance with the conditions within the time periods established, a debarment would automatically become effective for a period of time established by the Sanctions Board or the Sanctions Board Panel.

(d) **Debarment with Conditional Release:** The Sanctions Board or the Sanctions Board Panel may decide that the Respondent be made subject to debarment with conditional release, under which the Respondent's period of debarment would be reduced or terminated if the Respondent demonstrates compliance with the conditions of release set forth in the decision of the Sanctions Board or the Sanctions Board Panel, such as introduction and/or implementation of corporate compliance or ethics programs, compliance with procurement requirements, or other measures. Such debarment with conditional release shall also result in cross-debarment among other World Bank Group entities (on the same terms and conditions) as outlined in Section 15(3)(b).

(e) **Restitution Requirements:** The Sanctions Board or the Sanctions Board Panel may decide to require the Respondent to make restitution of diverted funds to any other party.

(f) **Combination of Sanctions:** The Sanctions Board or the Sanctions Board Panel may decide to impose one or more of the above sanctions in the alternative or in combination.

(g) **Multiple Sanctionable Practices:** For cases involving multiple Sanctionable Practices, the Sanctions Board or the Sanctions Board Panel may impose the most severe sanction for the most serious Sanctionable Practice. However, when warranted by the circumstances,¹⁹ the Sanctions Board or the Sanctions Board Panel may impose cumulative sanctions pertaining to the multiple Sanctionable Practices.

(4) **Parties Subject to Sanction:** When the Sanctions Board or the Sanctions Board Panel imposes a sanction on a particular Respondent, the Sanctions Board or the Sanctions Board Panel may also impose an appropriate sanction on any individual or organization that, directly or indirectly, controls or is controlled by the Respondent.

(5) **Factors Affecting the Sanction Decision:** Except for cases involving violation of a Material Term of the VDP Terms & Conditions where there is a mandatory sanction, the Sanctions Board or the Sanctions Board Panel may consider the following factors in determining an appropriate sanction:

- (a) egregiousness and severity of the Respondent's conduct;
- (b) degree of involvement of the Respondent in the Sanctionable Practice (including whether the conduct involved was "active" or "passive");
- (c) magnitude of any losses caused by the Respondent and damage caused by the Respondent to the Bank's reputation;
- (d) past conduct of the Respondent involving a Sanctionable Practice;

¹⁹ An example would be a corrupt practice coupled with an obstructive practice.

(e) breach or attempted breach of the Respondent's undertaking pursuant to Section 5(6) to voluntarily refrain from seeking or obtaining World Bank Group financing, from being awarded contracts for World Bank Group projects, or from otherwise participating in new activities in a World Bank Group project pending a final outcome of the sanctions proceedings;

(f) mitigating circumstances, including the extent to which the Respondent cooperated in the investigation and whether such cooperation is of substantial benefit to the World Bank Group;

(g) savings of World Bank Group resources or facilitation of an investigation that was occasioned by the Respondent's admission of culpability or cooperation in the investigation or sanctions process;

(h) period of temporary suspension already served by the Respondent; and

(i) any other factor that the Sanctions Board or the Sanctions Board Panel deems relevant.

Section 16. Entry Into Force of Final Decision

(1) ***Final Nature of Decision:*** The decision of the Sanctions Board or the Sanctions Board Panel shall be final and shall take effect immediately, without prejudice to any action taken by any government under its applicable law.

(2) ***Dissemination of Decision:*** The decision of the Sanctions Board or the Sanctions Board Panel shall be transmitted by the Sanctions Board Secretary to the Respondent and INT, the Executive Directors representing the member country concerned and the country of the Respondent, and [management of] the Bank, IFC and MIGA.

VIII. DISCLOSURE

Section 17. Disclosure of a Sanction to the Public

If a sanction is imposed on a Respondent, or on another individual or organization as provided in Section 15(4), information concerning the identity of each sanctioned party and the sanctions imposed shall be publicly disclosed.

Section 18. Disclosure of Information Obtained in the Course or as a Result of a Sanctions Proceeding to Government Authorities and Other Organizations²⁰

²⁰ The Bank may withhold information if it determines that disclosure would violate any undertaking by the Bank in favor of a VDP participant.

(1) ***Information Pertaining to Illegal Activities:*** If the Bank determines that the law of a member country may have been violated by a Respondent, the Bank may at any time make available to its government counterpart information relating to such potential violation. In determining whether to disclose such information, the Bank shall consider, among other factors, the standard for withholding sensitive information set forth in Section 8(3).

(2) ***Information Pertaining to a Project Financed by or with Another Organization or Agency:***

If the Bank determines that there is information relating to a Sanctionable Practice in connection with a Bank Guarantee Project that is financed, guaranteed or otherwise undertaken together with another international or multinational organization, including another development bank, or by an agency of a member government that promotes international development, the Bank may at any time make such information available to such organization or agency. In determining whether to disclose such information, the Bank shall consider, among other factors, the standards for withholding sensitive information set forth in Section 8(3).

(3) ***Sharing of Materials Submitted to the Sanctions Board With Other Organizations or Agencies:*** The Bank may at any time make available materials submitted to the Sanctions Board to another international or multinational organization, including another development bank, or to an agency of a member government that promotes international development, where the Bank and such organization or agency have agreed that the organization or agency shall make similar information available from its own files to the Bank. In determining whether to approve the disclosure of such materials, the Bank shall consider, among other factors, the standard for withholding sensitive materials set forth in Section 8(3).

(4) ***No Prejudice to Administration or Operations:*** Nothing in this Section 18 or elsewhere in the Sanctions Procedures limits, prejudices or qualifies any rights or privileges the Bank may have to provide information to its co-financiers in any Bank Guarantee Project, or in the course of dispute resolution, or otherwise in the course of administration or operation of its projects and transactions.

IX. ADDITIONAL PROVISIONS

Section 19. Effective Date

These Procedures shall become effective on _____, 2006 and shall apply to all Bank Guarantee Projects for which a Project Concept Note is issued on or after that date.