

World
Bank
Group
**Sanctions
System**
Annual
Report
FY20



WORLD BANK GROUP

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ABBREVIATIONS AND ACRONYMS

AFR	Africa Region
CMU	Country Management Unit
EAP	East Asia and Pacific Region
EBC	Department of Ethics and Business Conduct
ECA	Europe and Central Asia Region
EO	Evaluation and Suspension Officer
FCS	Fragile and Conflict-Affected Situations
FCV	Fragility, Conflict and Violence
FIR	Final Investigation Report
HRDVP	Human Resources Vice President
IBRD	International Bank for Reconstruction and Development
ICO	Integrity Compliance Office
IDA	International Development Association
IFC	International Finance Corporation
INT	Integrity Vice Presidency
IJS	Internal Justice System
JIFR	Joint In-Depth Fiduciary Review
LCR	Latin America and the Caribbean Region
MIGA	Multilateral Investment Guarantee Agency
MDB	Multilateral Development Bank
MNA	Middle East and North Africa Region
MoP	Memorandum of the President
NoSP	Notice of Sanctions Proceedings
OPCS	Operations Policy and Country Services
OSD	Office of Suspension and Debarment
SAC	Sanctions Advisory Committee
SAE	Statement of Accusations and Evidence
SAR	South Asia Region
SDO	Chief Suspension and Debarment Officer
SPADR	Director of Strategy, Performance and Administration
StAR	Stolen Asset Recovery Initiative
UNOPS	United Nations Office for Project Services
WBG	World Bank Group

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Message from Managing Director and World Bank Group Chief Administrative Officer Shaolin Yang

This has been a uniquely challenging year. The world is facing historic crises, the impact of which will be felt for some time. For the World Bank Group, it has meant that we have had to respond with unprecedented speed to ensure that countries have the resources they need to face these difficulties.

It has also meant that our vigilance in safeguarding these critical resources has taken on heightened importance. To be effective in helping countries, we must ensure that development resources are used for their intended purposes and robustly confront fraud and corruption within Bank Group-supported operations.

Simply put, development funds wrongfully diverted can lead to lives and livelihoods lost. We must be unequivocal in our stance against fraud and corruption.

The World Bank Group's Sanctions System is a key component of our institution's anticorruption agenda. For more than two decades, this robust, independent administrative system has ensured that allegations of fraud and corruption in Bank Group-financed operations are addressed efficiently, effectively, and fairly. By taking firm action when malfeasance is proved, the Sanctions System sends a strong signal to deter future instances of misconduct from happening. The Sanctions System also complements these functions with a determined focus on prevention and integrity compliance. In this way, it not only supports the World Bank Group in being better prepared to hinder fraud and corruption in our projects, but also to improve business practices in the countries where we work.

The anticorruption mission of the Sanctions System is no small responsibility, even in the most normal of times. With the unprecedented COVID-19 pandemic, it has required increased determination, ingenuity, and coordination across the entire system to ensure this important anticorruption work did not stop. As this report makes clear, despite the unexpected hurdles, the Sanctions System did not falter in delivering on its important mission.

We would not be able to fulfill this responsibility without the capable leaders and dedicated professionals across the Sanctions System. On behalf of the World Bank Group's senior leadership, I would like to welcome Mouhamadou Diagne to this group, who is taking up the mantle as Integrity Vice President, and reaffirm our institution's support for the unit he now leads. I would also like to thank Ethiopis Tafara for his service as Acting Integrity Vice President and for his capable leadership of the unit this year. Lastly, but certainly not least, let me thank the staff across the system for their hard work and determination to unfailingly support the institution's anticorruption efforts.

All of senior management, including myself, commend the efforts of every person involved, ensuring that this important work continues unimpeded. The World Bank Group remains committed to the fight against corruption, and the Sanctions System will continue to play a vital role in that effort.

Shaolin Yang

Managing Director and WBG Chief Administrative Officer



Remembering Paul A. Volcker

Throughout his life, Paul Volcker (1927-2019) was a champion for serving the public interest. An American economist, Volcker gained renown during his stabilizing role as Chairman of the United States Federal Reserve from 1979-1987. His reputation as a man of sound judgment and principled integrity led to him becoming an oft-sought leader for addressing challenging issues, including at the international level, that dealt with safeguarding the public trust.

In the mid-2000s, this reputation brought Volcker to the World Bank Group. He was asked to chair a panel to review the work of the Bank Group's Department of Institutional Integrity and its place in the institution's Governance and Anticorruption Strategy. The report produced by the "Volcker Panel" contained 18 recommendations for strengthening the Department's operations, its internal organization and its working relationships within the Bank.

"[T]here is a strong sense in the broad development community generally that good governance and an attack on corruption must be key parts of efforts to sustain economic growth and attack poverty."

From the Independent Panel Review of The World Bank Group Department of Institutional Integrity (2007), chaired by Paul Volcker

The proposals, both pragmatic and forward-looking, were recognized by the Bank's Board of Executive Directors and then-World Bank Group President Robert B. Zoellick as well-reasoned and actionable ways to strengthen the institution's anticorruption efforts. The recommendations reshaped the Department and led to the formation of the Integrity Vice Presidency (INT) as it is today. They improved INT's support for other units across the Bank Group, in particular for operational staff, and led to the creation of the Preventive Services unit and an increased focus on helping staff to anticipate, detect, and guard against fraud and corruption in Bank Group-financed and supported projects. Indeed, by providing a strategic framework to guide the development of INT, the panel chaired by Volcker made a lasting impact that still resonates.

With his passing in December 2019, the world lost a respected figure who had an outsized impact on economics, public policy, and the promotion of good governance. Volcker's legacy will live on through the work of INT and the entire World Bank Group Sanctions System as it continues to pursue its anticorruption mission.

EXECUTIVE SUMMARY & FISCAL YEAR HIGHLIGHTS

This Annual Report covers Fiscal Year 2020 (FY20)—from July 1, 2019 to June 30, 2020—and was prepared by the offices of the World Bank Group’s Sanctions System, which comprises the Integrity Vice Presidency (INT), the Office of Suspension and Debarment (OSD), and the Sanctions Board.

The Sanctions System addresses allegations of sanctionable practices by firms and individuals involved in WBG-financed contracts in three stages: (i) **investigating** whether there is sufficient evidence of the allegations to seek sanctions; (ii) **adjudicating** whether there is sufficient evidence to sanction a firm or individual and what the proper sanction should be; and (iii) **engaging** with sanctioned firms and individuals to assist them in implementing integrity compliance programs. Beyond the Sanctions System, INT investigates allegations of fraud and corruption by WBG staff and vendors, as well as provides preventive services for WBG operational teams and management to help mitigate the risk of fraud and corruption in WBG-financed operations.





Despite several unexpected challenges this fiscal year, the Sanctions System remained committed to its important mission. In FY20:

- INT received 2,958 complaints and opened 429 new external preliminary investigations.
- INT started 46 new external investigations and issued 29 Final Investigation Reports (FIRs) to the WBG President that involved 40 IBRD/IDA projects totaling \$8.3 billion and 70 contracts totaling \$974 million.
- INT submitted 26 cases and 22 settlements to OSD.
- OSD reviewed 29 cases and 22 settlements, temporarily suspended 30 firms and eight individuals and sanctioned 19 respondents via uncontested determinations.
- The Sanctions Board issued six public final decisions, convened 14 times and held oral hearings in more than 30% of cases.
- The Integrity Compliance Office (ICO) notified 43 newly sanctioned parties of their conditions for release from sanction, engaged with 107 sanctioned parties towards meeting their conditions for release, and determined that 18 sanctioned parties had satisfied their conditions for release.
- The ICO continues to see successful relationships growing from the ICO Mentorship Program.

Beyond the mandate of the Sanctions System, in FY20:

- INT pursued 66 cases of alleged fraud and corruption involving WBG staff and 16 cases involving corporate vendors. INT assessed 114 complaints related to WBG staff and corporate vendors.
- INT substantiated misconduct allegations in six WBG staff cases, and closed eight corporate vendor cases, one of which was substantiated, two of which were unfounded, and four of which were referred to Corporate Procurement for further review.
- One firm was declared ineligible for WBG corporate vendor contracts for a period of four years.
- INT worked in partnership with operational teams and client countries to turn the unique knowledge gained from risk reviews and INT investigations into practical measures that can deter or prevent corruption.
 - INT identified a total of 118 proposed projects as having integrity risks (known as Volcker Triggers), and 32 projects as having integrity concerns.
 - INT included recommendations for mitigating integrity risks in seven FIRs.

In FY20, the WBG responded quickly to the impacts of the COVID-19 pandemic, while WBG staff adapted to working remotely. The Sanctions System continued its work with minimal disruption:

- Despite travel restrictions, INT investigations continued through the use of technology, desk reviews, and remote audits wherever possible.
- During the development of the WBG's COVID-19 emergency response, INT supported operations with proactive upstream engagement and developed new guidance documents that summarized salient integrity risks in the sectors supported by the pipeline of emergency operations during their development.
- INT launched a new internal dashboard that captures key information for all WBG-financed COVID-19 operations to help make INT's support more systematic, identify concerns, triage related complaints more efficiently, and share time-critical information across INT.
- OSD nimbly adapted to almost entirely virtual operations, continuing to execute its core mandate of adjudicating sanctions cases without interruption and rapidly adjusting its case-related processes where necessary.
- OSD reorganized its flagship biennial International Debarment Colloquium into a series of virtual webinars in September and October 2020.
- Under the leadership of the Sanctions Board Chair and the Executive Secretary, the Sanctions Board Secretariat staff transitioned to fully remote work arrangements. Sanctions Board members have remained connected and engaged in sanctions work from their respective locations in South Africa, Spain, Switzerland, Singapore, Nigeria, the UK, and the US.
- The Sanctions Board Executive Secretary issued a public authorization for parties in sanctions cases to make all filings in electronic format, and the Secretariat facilitated numerous consultations and deliberations among Sanctions Board members in virtual format.
- In May 2020, the Sanctions Board issued its first decision where all deliberations took place remotely.





THE WORLD BANK GROUP'S SANCTIONS SYSTEM

The World Bank Group's (WBG) goals are to eradicate extreme poverty and promote shared prosperity in the countries it supports, and corruption poses a major challenge to these goals. Corruption undermines development objectives, interferes with the WBG's fiduciary responsibility, and damages the reputation of the WBG and its clients. As such, the WBG takes allegations of fraud and corruption in the projects it finances seriously. 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 for the benefit of the member countries, and that a strong deterrence message is complemented with a focus on prevention and integrity compliance programs.

Historical Beginnings

For more than two decades, WBG Presidents have affirmed that fraud and corruption are serious impediments to achieving the WBG's goals and have addressed these issues head-on as development challenges. In 1998, the Sanctions Committee was founded to review allegations of fraud and corruption and to recommend sanctions that were to be levied against companies engaging in misconduct. Composed of five senior WBG managers, the Sanctions Committee made recommendations to the WBG President, including which companies or individuals should be ineligible to receive Bank-financed contracts in the future.

The Department of Institutional Integrity was created in 2001 as an independent unit, charged with investigating allegations of fraud and corruption in WBG-financed projects, as well as allegations of WBG staff misconduct. In 2002, the Bank 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 existing sanctions system and recommend possible reforms. Among other things, the review recommended that the WBG establish a formal, two-tier adjudicative system for sanctions cases.

By the end of 2006, the WBG had fully adopted Thornburgh's proposed two-tier structure as part of a broader set of reforms designed to make the sanctions system more efficient, protect the independence of its decision makers, and build in measures to ensure procedural fairness and transparency. The WBG also extended the sanctions system's scope to include the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the World Bank's Guarantees and Carbon Finance operations.

Starting in 2007, another series of changes took place, laying the groundwork for the structure of the system we have today. First, the WBG elevated the Department of Institutional Integrity to a vice presidency named the Integrity Vice Presidency (INT) and significantly expanded its work portfolio. Second, the WBG established a new staff position as the first tier of review for the sanctions system: the Evaluation and Suspension Officer (EO). Separate EOs were assigned to review cases of public sector IBRD/IDA financing, IFC, MIGA, and IBRD/IDA's Guarantees and Carbon Finance operations. The EOs for IFC, MIGA, and IBRD/IDA's Guarantees and Carbon Finance operations were appointed from WBG staff to serve on a part-time basis in addition to their regular duties. The EO for public sector IBRD/IDA financing was appointed as the head of the Office of Evaluation and Suspension. This EO and office were later renamed the Chief Suspension and Debarment Officer (SDO) and Office of Suspension and Debarment (OSD), respectively. Third, the WBG replaced the management-controlled Sanctions Committee with the independent Sanctions Board, which would function as the second tier of review for the sanctions system. As the subsequent sections explain in greater detail, INT conducts all investigations of misconduct and prepares specific allegations; the first tier assesses cases as initially filed by INT; and the second tier reviews any contested cases de novo.

Since 2009, as the WBG saw more investigations, considered more cases, and engaged with diverse stakeholders, it continued to develop both the scope and depth of its sanctions system. Some of the changes related to the Sanctions Board's independence and function and eventually resulted in an all-external membership of this decision-making body and the establishment of an independent Secretariat (based in Washington, D.C.) to support the Sanctions Board's mission. Other changes introduced more guidance for all decision-makers in the system, for example by establishing a "baseline sanction" for misconduct (debarment with conditional release). Finally, there were other important changes relating to the impact of a sanction after it is imposed: INT appointed an Integrity Compliance Officer to head the Integrity Compliance Office (ICO) and to assess compliance with conditions for release that accompany a sanction; and the WBG entered into an agreement with four multilateral development banks (MDBs) – the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank – to provide for mutual enforcement of debarment actions with respect to corruption, fraud, coercion, and collusion. This practice of "cross-debarment" has been 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.

A Holistic Approach to Anti-Corruption at the WBG

With the system in its second decade, the WBG has sought to systematize and streamline the underlying framework as it continues to seek improvements. In 2013, the WBG formed a Sanctions Advisory Committee (SAC) to advise senior management in charge of sanctions on policy and procedural matters concerning the sanctions system and to help senior management

monitor and assess the functioning of the units charged with implementing the policy. As a WBG-wide specialized governance body, the SAC provides important oversight over time to identify and address any policy gaps and to facilitate dialogue among key stakeholders. The WBG's anti-fraud and anti-corruption efforts fall under the purview of the Board of Executive Directors' Audit Committee, which oversees the operation of the WBG sanctions regime and makes key decisions on its policies and function.

In 2016, the various policy documents governing the sanctions system were compiled into a comprehensive framework that provided guidance to all decision-makers and effectively organized the rules. Following the Anti-Corruption Summit held in the United Kingdom that year, 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 the implementation of anti-money laundering requirements and for the recovery of stolen assets; and
3. Extend its work on tax reform, prevention and detection of illicit financial flows, procurement reform, and preclusion of corrupt companies from winning state contracts.

Since 2018, the SAC has renewed its terms of reference and increased its engagement with stakeholders, including through the operation of multiple working groups and coordination of dynamic bilateral and group consultations among sanctions units.

Today, the WBG confronts corruption through several different avenues. The Governance Global Practice, 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, 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 the more systematic and timely return of stolen assets.

The history of bold changes and careful refinements to the WBG's sanctions policy framework reflects the institution's commitment to an agile and evidence-based fight against corruption. This annual report sets out case statistics and related trends of data within the sanctions system that provide continued accountability to our stakeholders and help inform decisions by WBG leadership on sanctions policy.

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 WBG 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 WBG's contractual rights of inspection and audit.

The Sanctions System Lifecycle

The current sanctions system addresses allegations of sanctionable practices by firms and individuals¹ involved in WBG-financed contracts in three stages: (i) investigating whether there is sufficient evidence of the allegations to seek sanctions; (ii) “adjudicating”² whether there is sufficient evidence to sanction the firm or individual and what the proper sanction should be; and (iii) engaging with firms and individuals sanctioned with integrity compliance conditions to assist them and ultimately determine whether they have satisfied the conditions imposed for their release from sanction.

Investigation

The Integrity Vice Presidency (INT) opens new investigations based on those allegations for which a preliminary review indicates that a full investigation is warranted. When INT completes an investigation and determines it has found sufficient evidence of sanctionable conduct, INT prepares and issues a Final Investigation Report (FIR), a document which summarizes the investigative findings and substantiated sanctionable conduct. INT can then seek sanctions against the firms and individuals involved by either preparing a Statement of Accusations and Evidence (SAE) or negotiating a settlement with the firm or individual and submitting that document to the first tier of review in the sanctions system.

Adjudication

First Tier of Review

At this stage of sanctions proceedings, INT submits an SAE to a first-tier officer, who assesses the evidence and, if evidence of misconduct is sufficient, will recommend a sanction and issue a Notice of Sanctions Proceedings to the accused respondent. For cases that involve public sector IBRD/IDA financing, INT submits the matter to the Chief Suspension and Debarment Officer (SDO), who heads the Office of Suspension and Debarment (OSD). For cases that arise in relation to IFC,

¹ While INT also undertakes internal investigations of WBG staff and corporate vendors, these investigations and any subsequent sanctioning process are not within the WBG Sanctions System per se but are instead a part of the WBG Internal Justice System. The INT section of this report will still describe internal investigations in proper detail alongside the external investigation process. For more detail on WBG staff and corporate vendor investigations see pp. 30-33.
² The WBG sanctions system encompasses an administrative and quasi-adjudicative process that allows the WBG to make fair and evidence-based decisions in cases of suspected misconduct.
³ Including several cases submitted in the previous fiscal year.

In FY20, INT ...



started **46 new external investigations,**



issued **29 FIRs** to the WBG President,



and submitted **26 cases & 22 settlements** to OSD.

In FY20, the SDO ...



reviewed **29 cases³** and **22 settlements,**



temporarily suspended **30 firms** and **8 individuals,**



and sanctioned **19 out of 32 respondents** via an uncontested determination of the SDO.

In FY20, the Sanctions Board ...



issued **6 public final decisions**,



convened **14 times**,



and held **oral hearings** in more than **30% of all contested cases**.

In FY20, the ICO ...



notified **43 newly sanctioned parties** of their conditions for release from sanction



and determined that **18 sanctioned parties** had **satisfied** their conditions for release.

MIGA, and IBRD/IDA's Guarantees and Carbon Finance Operations, INT submits the matter to the relevant Evaluation and Suspension Officer (EO). If the recommended sanction includes a minimum period of debarment of at least six months, the first-tier officer immediately suspends the respondent from eligibility to engage in WBG-financed or otherwise relevant projects. The first-tier officer also considers INT's requests for early temporary suspension of certain respondents (where a complex investigation is ongoing but has already revealed misconduct), reviews proposed settlement agreements to ensure that they were entered into voluntarily and that their terms do not manifestly violate the WBG Sanctioning Guidelines, and imposes sanctions on respondents that do not contest the first-tier officer's sanction recommendation. In FY20, all sanctions cases and settlements submitted by INT were submitted to the SDO.⁴

Second Tier of Review

The World Bank Group's Sanctions Board is the second tier of review for all sanctions cases involving IBRD, IDA, IFC, or MIGA projects, financing, and guarantees. In order to reach this stage, a respondent must contest the findings of the first-tier officer, whether that be the conclusion of liability or the recommendation of a specific sanction.⁵ The Sanctions Board accepts all contested cases for consideration; in FY20, approximately 30% of sanctions proceedings were contested. The Sanctions Board comprises seven judges of diverse backgrounds who are entirely external to and independent of the World Bank Group. The Sanctions Board's review is de novo and does not incorporate an assessment of the first-tier officer's findings or conclusions. Indeed, once a case is contested to the Sanctions Board, the parties have an opportunity to make additional arguments, furnish new evidence, and address the allegations and defenses at an oral hearing, all of which becomes part of the record before the Sanctions Board. The Sanctions Board's decisions are final.

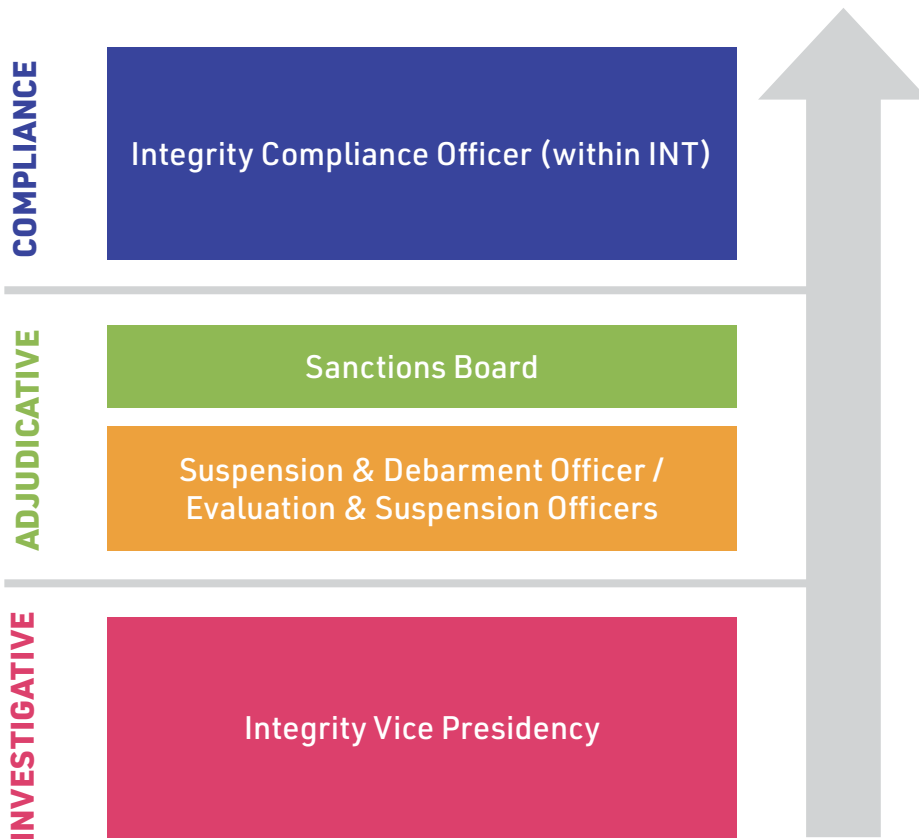
Integrity Compliance

Entities that are sanctioned with integrity compliance conditions must engage with the WBG Integrity Compliance Office (ICO) and demonstrate that they have met those, as well as any other conditions imposed, if they wish to be released from that sanction at the end of their sanction period. Because debarment with conditional release is the WBG's default sanction, most sanctions require engagement with the ICO. Starting from the initial notification that the ICO sends to newly sanctioned entities, the ICO works with engaged entities, explaining the integrity compliance conditions, recommending enhancements to their internal controls to best satisfy those conditions, and monitoring their progress toward meeting the conditions. This culminates with the WBG Integrity Compliance Officer determining whether the conditions have been met for the entities' release from the WBG sanction.

⁴ To date, the IFC EO has reviewed three sanctions cases and one settlement; all remaining cases have been resolved by the SDO.

⁵ In addition to considering contested allegations of sanctionable practice, the Sanctions Board is responsible for reviewing several other types of disputes, detailed on p. 69.

The WBG Sanctions System



The Sanctions System at Work: A Case Study

In 2014, the World Bank agreed to lend US\$90 million to a country in eastern Europe for a project to scale up significantly the use of renewable resources in urban settings. This initiative sought to expand utilization of renewable biomass to benefit the supply of electricity and heat to urban parts of the country. Heavy forest cover is an excellent source of plant biomass (wood residue) and the project sought to contribute both to the nation's urban development goals and efforts to strengthen management of environmental and natural resources. The project relied on suppliers and contractors to execute specified components, which were selected via a competitive process. One component of the project – addressed through several contracts – was to build new boilers and establish or improve existing heat generation systems in specific urban centers. The selection process included a number of mechanisms to ensure ethical conduct – including opportunities for procurement staff, competitors, and even third parties to report suspected malfeasance and fraud. INT's investigation ultimately uncovered significant misconduct during the process of bid preparation and submission with respect to multiple tenders.

Investigation

This case was the first investigation conducted by INT in the country concerned. INT's inquiry was prompted by a report that one winning bidder for a gas boiler contract was underqualified. The investigation revealed a complex and layered fraudulent scheme that involved multiple companies, false documents, and an inappropriate approach to bidder competition.

INT reviewed tender documents – the submissions by bidders – for a number of contracts financed under the project and found three bid packages that included more than 40 false documents: false bank guarantees and bid securities; falsified financial statements of multiple firms; false work experience claims, forged reference letters; and false staff training certificates. These tenders were submitted by pairs of firms (“consortia”) under different configurations. Some firms appeared in multiple bidding consortia. INT’s investigation uncovered an additional link between the tenders that eventually became the center of the inquiry – a firm (Firm X) that reportedly prepared each of those bid packages, sometimes without the full awareness of the bidders themselves. After a close analysis of the tender documents, INT conducted full audits of three of the firms involved, exercising the Bank’s audit rights under projects it finances or supports. As part of the audits, INT conducted interviews of individual witnesses and company staff as well as local staff who managed the selection process. INT’s interviews included staff and leadership of Firm X, giving the company an opportunity to explain its conduct and work processes. Firm X denied any ill intent and attempted to shift the responsibility for the numerous false documents to the bidders themselves or to a third party. INT examined the explanations but concluded that Firm X acted as an agent of the bidding companies and was the perpetrator, rather than a bystander, of this scheme.

As the investigation drew to a close, INT worked closely with the Bank’s task team, which coordinated with the government to suspend payments on one of the tainted contracts. To avoid disruption in the contract’s deliverables, the task team and government found replacement contractors that completed the gas boiler contracts in time for the winter. INT also determined that the evidence collected – correspondence from financial institutions; witness statements; examples of valid signatures for comparison; correspondence from asserted partners and clients of the bidders; and analyses of the financial statements – supported a finding of sanctionable conduct and submitted a Statement of Accusations and Evidence (SAE) to the Bank’s Chief Suspension and Debarment Officer (SDO).

Adjudication

First Tier of Review

The SDO evaluated the accusations and evidence presented by INT against the Respondent. In a comprehensive, fully reasoned determination, the SDO described his analysis of all relevant procedural, factual, and legal matters. Based on the totality of evidence in the record, the SDO concluded that the evidence sufficiently demonstrated that the Respondent had engaged in multiple instances of fraudulent misconduct in connection with three contracts under the project. In particular, the SDO concluded that the Respondent had acted as an agent for an international firm on behalf of which it included false information and documentation, including a false bid guarantee in the firm’s bid for a boiler construction contract. The SDO further concluded that the Respondent had also submitted false bid, performance, and advance payment guarantees in connection with another bid of another consortium between the international firm for a second gas boiler construction contract. Finally, the SDO concluded that the Respondent had submitted a false performance guarantee in connection with a third bid of another international firm for a third gas boiler construction contract.

The SDO issued a Notice of Sanctions Proceedings (the Notice) to the Respondent, which contained copies of the SAE and all corresponding evidence and informed the Respondent of the SDO’s finding of liability and recommended sanction – debarment with conditional

release for a minimum period of four years and nine months. The conditions for release from ineligibility required the Respondent to take appropriate remedial measures to address the misconduct for which the sanction has been recommended and to adopt and implement an effective integrity compliance program, in a manner satisfactory to the Bank. In determining this sanction, the SDO took into account the applicable aggravating and mitigating factors as listed in the WBG Sanctioning Guidelines. The Notice described the Bank's sanctions process and informed the Respondent of its right to file an Explanation with the SDO and/or appeal the SDO's determination to the WBG Sanctions Board. Per the Sanctions Procedures, in order to protect the WBG's funds, the SDO temporarily suspended the Respondent pending the final outcome of the sanctions proceedings and notified Bank Group management, the three EOs, relevant country directors and Executive Directors, and various relevant units of the Bank Group of the issuance of the Notice and the Respondent's temporary suspension.

The Respondent did not submit an Explanation to the SDO as to why the SDO should withdraw the Notice or revise the recommended sanction.

Second Tier of Review

The Respondent submitted a timely Response to the Executive Secretary of the WBG Sanctions Board, reiterating some of the defenses previously presented to INT and contesting both the finding of liability reached by the SDO and the sanction recommended as a result. The Sanctions Board Chair assigned a panel of Sanctions Board members to consider the matter de novo. As neither the Respondent nor INT requested a hearing in the matter, the Panel reviewed the matter in reliance on the documentary evidence and arguments filed with or otherwise available to the Sanctions Board Executive Secretary, including the Notice issued by the SDO, the SAE and all accompanying evidence, the Respondent's Response, and INT's Reply.

In its analysis of the case, published in [Decision No. 127](#), the Sanctions Board assessed the basis of the Bank's jurisdiction to sanction the Respondent, evidence of the specific sanctionable practices alleged; and all sanctioning factors that may be relevant to selecting the final sanction for the Respondent. On the first point, the Sanctions Board determined that the Respondent was a service provider for the bidding consortia and could therefore be sanctioned for fraud in such bids. On the second point, the Sanctions Board held that multiple pieces of evidence supported a finding of misrepresentations in each of the three bids and a conclusion that the Respondent was involved in the process directly and knowingly. Together, these conclusions supported a finding that the Respondent was liable for the alleged sanctionable conduct – fraud.

In this case, the Sanctions Board decided that the Respondent should be debarred for a minimum of six years; release from ineligibility is not assured but dependent on the Respondent meeting certain specified conditions. The Panel selected this sanction after noting the aggravating effect of the Respondent's repeated pattern of misconduct and the fact that its senior management was involved in the scheme. The Sanctions Board held that the Respondent had made contradictory and misleading statements to INT and the Sanctions Board itself in the context of these proceedings, which served to erase possible mitigation for any cooperative conduct (i.e., participating in INT-led interviews) during INT's investigation.

Before the Respondent can be eligible for Bank-financed work again, the company must show, to the satisfaction of the WBG Integrity Compliance Office (ICO), that it has satisfied the specific condition for release identified by the Sanctions Board: “[having] adopted and

implemented effective integrity compliance measures . . . including integrity systems to monitor and document any participation in tender-related processes, including where the [R]espondent is a bidder, a member of a bidding group, an agent, or a service provider.”

The Sanctions Board’s analysis, conclusions, and final sanction were presented in a fully reasoned decision, which was first directly transmitted to the parties in this case (INT and the Respondent) and then distributed publicly via the WBG website. The decision also explained the condition for release and the precise scope of sanction against the Respondent, i.e., its applicability across WBG institutions and potential recognition across multilateral development banks party to the Cross-Debarment Agreement.⁶ Sanctions proceedings were closed on the date that the decision was issued – May 6, 2020.

Integrity Compliance

The Sanctions Board notified Bank Group management and regionally relevant Bank Group units of this final sanction. The Sanctions Board also provided such notice to the ICO, for separate follow-up with the Respondent regarding the process for a sanctioned entity’s engagement with the ICO and fulfillment of the release conditions set out by the Sanctions Board. Finally, the WBG notified representatives of all multilateral development banks party to the Cross-Debarment Agreement of both the decision and the basis for the sanction. The Respondent will remain debarred for a minimum period of six years, after which time the company will become eligible for release from the sanction if the conditions set out by the Sanctions Board have been met to the satisfaction of the ICO.

⁶ Described in more detail on p. 10.



ELEVEN!

ELEVEN!

ELEVEN!

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THE INTEGRITY VICE PRESIDENCY

Investigations, which may include forensic audits, provide the basis for WBG sanctions of external firms, individuals, and corporate vendors and disciplinary proceedings for WBG staff. 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 Ethiopis Tafara, Acting Integrity Vice President

I am pleased to present the World Bank Group Sanctions System Annual Report for fiscal year 2020. As an institution, the WBG has recognized for more than two decades the deleterious impact that corruption has on development and, consequentially, on the lives of people around the world. Over the same time, the Sanctions System has developed into a recognized leader in confronting and deterring fraud and corruption.

As an independent unit, the Integrity Vice Presidency (INT) investigates allegations of fraud and corruption involving private sector entities in WBG-financed activities, as well as allegations involving WBG staff and corporate vendors. INT also provides advisory support during the design of WBG projects to help mitigate and prevent integrity risks. And, through the Integrity Compliance Office, we engage with sanctioned entities to support their implementation of integrity compliance programs and related internal controls, which help to enhance good business practices and deter future misconduct. INT's work is carried out by its professional staff—consisting of investigators, forensic auditors, litigators, prevention specialists, data scientists, and integrity compliance experts—who share a dedication to the mission of safeguarding the WBG's development resources.

As you will read, this year INT has continued to carry out its mission, conducting broad ranging, highly complex, and impactful investigations. These include untangling complicated investigations of companies across countries and regions; uncovering corruption, collusion, and fraud related to more than \$135 million in contracts on a large road infrastructure project; and conducting investigations in some of the most challenging country environments, including areas of fragility and conflict. INT also continues to partner closely with WBG operational teams in the design and preparation of projects, turning knowledge gained from INT investigations into timely guidance to deter and prevent corruption. In addition, through outreach by the Integrity Compliance Office, which grew this year to engagements with more than 100 sanctioned parties, efforts to improve integrity standards among private sector firms continue to expand.

The unprecedented, global impacts of COVID-19 have also presented challenges to the WBG and INT. In response to the pandemic, the WBG mobilized its development resources like never before. In this context, maintaining robust and responsive oversight of the use of these resources is unquestionably critical. To this end INT ably adapted its work to ensure the continuity of its investigations, preventive guidance, and integrity compliance support without interruption. Without a doubt these challenges will continue as we move forward, and INT will remain unwavering in its dedication to its anticorruption mission.

Looking ahead, I would like to welcome the incoming Integrity Vice President, Mouhamadou Diagne, as he takes the reins to lead this group. I trust he will find the duties of this role to be both demanding and rewarding. I have no doubt that, under his leadership, INT will continue to build on its professional legacy and positive impacts honed over the last two decades.

Ethiopis Tafara

Acting 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 and corporate vendors. 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. As of the end of FY20, INT had 82 staff members, including investigators, lawyers, forensic accountants, economists, risk specialists, data scientists, and information system specialists.

What We Do

In FY20, INT ...



received **2,598** complaints



and opened **429** new external preliminary investigations.

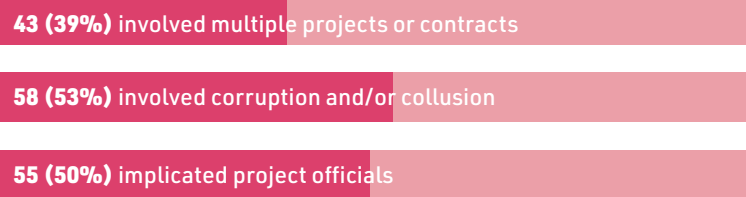
Within the Sanctions System

External Investigations

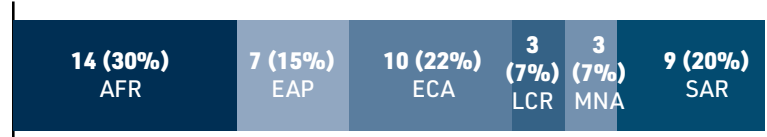
The primary sources of INT investigations are the complaints it receives. INT receives complaints from all over the world and from many sources, and INT routinely references reporting mechanisms when conducting outreach to increase overall awareness and reporting. One of INT's primary sources of complaints is operational colleagues who are involved in supervising the execution of WBG-financed contracts. INT views operational colleagues as a crucial partner in bringing to light integrity concerns on Bank projects. INT examines every complaint received and determines whether the allegations fall within INT's mandate. Allegations against firms or individuals are within INT's mandate if they pertain to one or more sanctionable practices and involve a WBG-financed contract. Cases involving such matters are considered external investigations, as opposed to the internal investigations of WBG staff and corporate vendors that INT also conducts but which are not a part of the sanctions system.

Active and New External Investigations in FY20

Of the 109 investigations that were active at some point in FY20



46 of these investigations started in FY20

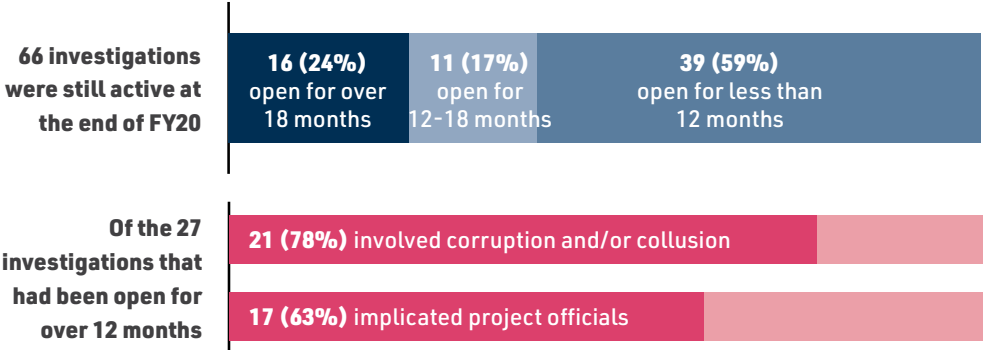


External investigations can vary greatly in terms of complexity, typically revolving around the scope of the matters under scrutiny. Of the various schemes investigated by INT, some involve relatively simple and localized activities undertaken by a few parties. In contrast, other more systemic and sophisticated schemes, particularly those that involve corruption and collusion, may require a larger number of participants, extend over a longer period of time, and affect a

greater portion of the Bank’s operational portfolio at once. The more subjects, projects, and contracts being investigated, the more jurisdictions they may be spread across and therefore more missions will likely be required to gather the necessary evidence. The amount of evidence that needs to be reviewed increases exponentially alongside the number of investigative subjects, the sophistication of the schemes perpetrated, the timeframe of the conduct, and the number of languages involved—to the point of millions of records for the most complex cases. In these investigations, additional INT personnel may be required to handle everything from email and document reviews to interviews. Many cases require specialist support, such as from the experienced forensic accountants within INT or subject matter experts, and this support can extend beyond the original investigation into the sanctioning processes that follow.

Often, a single investigation can become significantly more complex over its lifecycle, as new allegations are added to those submitted in the original complaint. Complaints against single firms may end up implicating parent companies, affiliates, subcontractors, and agents. Complaints involving certain projects or contracts may raise flags in related operations and procurement. Complaints claiming relatively simple fraud may reveal corruption on the part of government officials or extensive collusive schemes. All of these factors and more may necessitate additional time and resources, but whatever the needs of an investigation, INT stands ready with an approach that is both efficient and thorough.

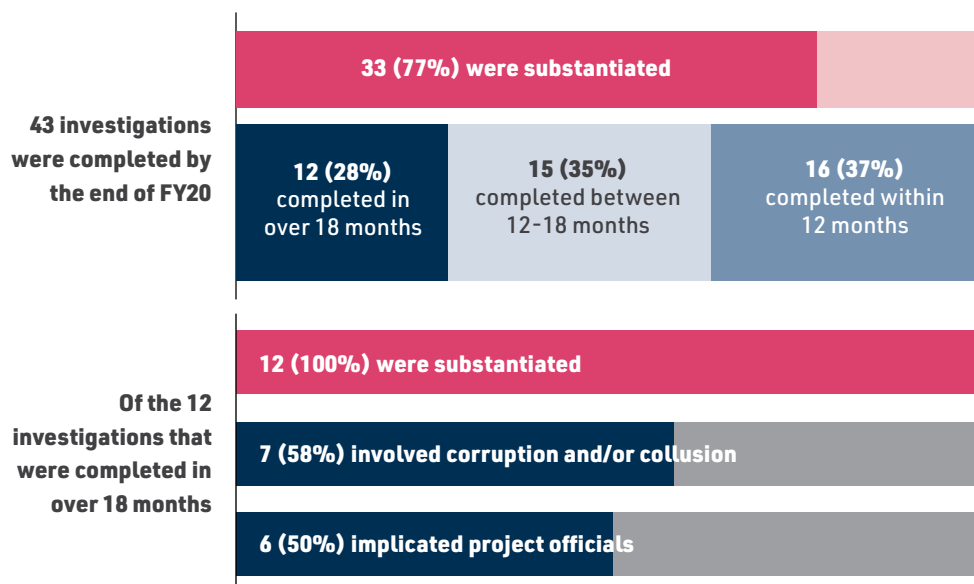
Active External Investigations at the End of FY20




If INT determines it has found sufficient evidence of sanctionable conduct, then INT deems the matter substantiated and produces a Final Investigation Report (FIR), which summarizes the investigative findings. The FIR is shared with Regional operational staff, who may consider lessons learned for the existing project or future projects, and ultimately with the WBG President.

Regardless of the investigation outcome, INT retains and uses the information gathered to build a better understanding of the risks involved in the project, contract, sector or country at issue and to add to the investigative strategy should the subject appear again in subsequent complaints. For external investigations, INT regularly shares that understanding with relevant operational counterparts and uses the strategy to refine its selection process for investigated matters in order to better allocate resources on investigations of relevance and impact. During lengthier investigations, INT may also work with operational counterparts while the investigation is still active to ensure that any ongoing risks to the project are mitigated as effectively as possible.

Completed External Investigations in FY20



In FY20, INT ...

 issued **29 FIRs** to the WBG President, which involved **40 IBRD/IDA projects** totaling **\$8.3 billion** and **70 contracts** totaling **\$974 million**,

 and submitted **26 cases and 22 settlements** to OSD.

Substantiated investigations are not in and of themselves sufficient to impose sanctions against firms and individuals. Rather, INT can only seek sanctions through one of two procedures: Statements of Accusations and Evidence (SAEs) or settlements. For the imposition of sanctions, both require the review of at least the first tier of the sanctions system. INT is responsible for preparing and submitting SAEs to the SDO or EO for review and issuance to the respondents. The decision whether INT's accusations against a respondent are supported by sufficient evidence to sanction a respondent and, if so, what sanction should be imposed begins with the SDO or EO but may be elevated to the second tier of the sanctions system if the respondent contests the matter to the WBG Sanctions Board. For more information on the review of SAEs and any resultant sanctions proceedings, please see the OSD and SB sections of this report.

INT is also responsible for negotiating and drafting settlement agreements, which generally include the imposition of a sanction coupled with specific cooperation and remediation obligations. Completed settlements are then reviewed by the WBG General Counsel and ultimately approved by the SDO or 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 World Bank Group Sanctioning Guidelines.

All firms or individuals under investigation are given the option of resolving a matter through a settlement agreement in lieu of a sanctions proceeding.⁷ 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. Settlements also allow the ICO to discuss integrity compliance with the firms and individuals engaged in negotiations as relevant, thereby helping to fashion appropriate conditions for release from sanction. Finally, settlements often contain cooperation conditions, under which firms help the WBG to identify issues of fraud and corruption that may be impacting projects.

⁷ Even if sanctions proceedings have already begun, settlement agreements can be negotiated and entered into at any time if both INT and the respondent agree.

Settlement agreement cooperation identifies fraud and corruption

In FY20, five firms with newly effective settlement agreements undertook to comply with the cooperation requirements included in the terms of their settlements, and six firms continued to comply with the ongoing cooperation requirements of settlements from previous fiscal years. These 11 firms were obliged to hire an independent investigator to carry out 32 investigations.⁸ The results of one such investigation highlighted wide-spread improper subcontracting and banking arrangements. This information was shared with the firm's compliance monitor so that changes could be made to the firm's business processes and relevant oversight and compliance systems could be put in place. The findings of another investigation revealed serious health and safety concerns that were reported to the relevant WBG operational team so they could be further addressed.

Sanctions imposed through the aforementioned proceedings and settlement agreements include: (i) debarment with conditional release; (ii) fixed-term debarment; (iii) conditional non-debarment; (iv) letter of reprimand; and (v) restitution. Currently, the WBG's default sanction for firms and individuals is debarment with conditional release. Complex sanctions made up of multiple parts may be imposed in certain situations, most often settlement agreements, either consecutively (e.g., a period of fixed-term debarment followed by a period of conditional non-debarment) or simultaneously (e.g., a debarment with conditional release, with restitution as one of the conditions for release).

Integrity Compliance

Under the WBG's default sanction of debarment with conditional release, debarred entities may be released from ineligibility only after demonstrating, to the satisfaction of the WBG Integrity Compliance Officer in 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). When entities are first sanctioned with such conditions, the ICO advises them of the general requirements and procedures for meeting their respective conditions for release from sanction and invites them to engage with the ICO.

For sanctioned firms, the most common release condition is a requirement to develop and implement an integrity compliance program that is consistent with the principles set out in the WBG Integrity Compliance Guidelines. For sanctioned individuals, the most common release conditions are the completion of training on integrity compliance principles and the development and implementation of integrity compliance programs at any firms the individual controls, directly or indirectly.⁹

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 firm's own risk profile and circumstances. The ICO engages with sanctioned entities and monitors integrity compliance program implementation with such considerations in mind, using the WBG Integrity Compliance Guidelines as the primary benchmark.

⁸ On average, settlements with compliance conditions require three investigations on the part of the firm.
⁹ In addition, a sanctioned firm's conditional non-debarment was converted to a debarment with conditional release upon the Integrity Compliance Officer's determination that the firm had not yet met its conditions for release from WBG sanction.

In FY20, the ICO ...



notified **43 newly sanctioned parties** of their conditions for release from sanction,



engaged with **107 sanctioned parties** toward meeting their conditions for release,



and determined that **18 sanctioned parties** had **satisfied** their conditions for release,⁹ bringing the total number of released parties to **107**.

Significant Investigations from FY20

Eight firms investigated for fraud, corruption, collusion and obstruction under an Africa environmental WBG-financed project; five firms paid a total of approximately US\$500,000 in bribes to at least 35 project and public officials

As a result of receiving multiple complaints alleging fraud, corruption, and collusion, INT initiated a desk review of contracts awarded under one of the largest projects funded by the World Bank in Africa in terms of dollar value and geographical scope. The review identified compelling indicators suggesting that many firms executing contracts had submitted forged experience certificates in their bids and inflated their financial capacity to qualify for the various contracts. The review further found very strong indicators of additional fraud, corruption and collusion. Based on this information, INT opened a case and commenced a full investigation.

During its investigation, INT uncovered information warranting the opening of a second investigation into additional subjects. To date, eight firms have been investigated for allegations of fraud, corruption and collusion involving 17 contracts valued at approximately \$50 million. These investigations involved seven audits, which required a thorough review of voluminous records of multiple firms, and 49 interviews. INT has found evidence that bribe payments totaling approximately US\$500,000 were paid to at least 35 project and public officials and substantiated the allegations of fraud and collusion. One of the firms also obstructed INT's investigation.

INT is working with operational colleagues to put in place mechanisms to prevent such scenarios in the future and to ensure the successful implementation of the ongoing WBG-financed project.

Engineering consulting firm sanctioned for corrupt, collusive and fraudulent practices under a Latin America transport project

An engineering consulting firm responsible for supervising the execution of two road rehabilitation works contracts under a Bank-financed transport sector project in Latin America was debarred under a settlement agreement for engaging in corrupt, collusive and fraudulent practices. The road rehabilitation works contracts had an aggregate value of US\$135.5 million and were intended to improve year-round transit capability in an area where residents were isolated during the rainy season without access to schools or hospitals.

INT uncovered evidence that the firm engaged in corruption to secure the award of the works supervision contract, engaged in a collusive practice when arranging to replace a bid form following bid submission, and engaged in fraud during the execution of the contract by approving certificates inflating the progress of the works.

In this case, the high level of cooperation by the firm went far beyond fulfilling contractual obligations in enabling the Bank to exercise its audit rights, and this extensive cooperation was reflected in the terms of the settlement reached with the firm.

This case highlights the importance of the oversight role of supervision consultants, which are required to ensure that the amount of work contractors are paid for corresponds to the work that is actually completed. The engineering firm took action to remediate the misconduct and agreed to expand its cooperation under the settlement agreement to encompass World Bank financed contracts executed by its parent firm and other affiliates. This expanded cooperation allows INT to identify integrity risks affecting other World Bank financed activities.

Finally, the contractor that submitted the inflated certifications went bankrupt and abandoned the works without completing them. INT faced the difficult challenge of obtaining information from a firm which was in the process of being liquidated.

Uncovering fraud in a large hydropower project in South Asia

An investigation that INT conducted into a contract awarded under a Bank-financed hydropower project in South Asia was resolved when a firm agreed, by way of a settlement agreement, to a two-year debarment for its fraudulent conduct. The debarment could be converted to conditional non-debarment after 18 months if the firm meets certain conditions. The firm acknowledged responsibility for engaging in multiple misrepresentations during the tendering process for multiple contracts under the project. The firm received two of the contracts, together valued at over \$50 million, which were ultimately terminated by the project's implementing agency when it learned of the misrepresentations from INT's investigation. INT found that the firm subcontracted or planned to subcontract more work than permitted to a local construction firm but failed to disclose this during the tender processes as required.

This case is among several investigations that INT completed this year that uncovered qualified firms winning bids only to immediately subcontract them entirely to unqualified firms, usually in exchange for a fee. Such arrangements are detrimental to effective implementation of Bank-financed contracts, as the inexperienced subcontractor inevitably causes at best delay to the project and at worst substandard work.

Investigations in Fragile States

In FY20, INT has focused on investigating allegations of fraud and corruption in countries characterized by fragility, conflict and violence (FCV), where the impact of such misconduct can be especially devastating.

Complex Investigation and Desk-Review in East Asia

INT's recent investigations in a fragile state in East Asia were its first in the country. During the more complex investigation, INT conducted four audits, which included interviews of staff of firms in Europe, South Asia and East Asia. The investigation uncovered fraud, corruption, and collusion during the bidding process for certain contracts under the project, resulting in the client paying inflated prices for critical equipment. To maximize Bank operations' ability to mitigate the negative impact of the fraud and corruption, INT collaborated closely with operational colleagues throughout the investigation. This enabled the Bank to strengthen its supervisory role and decision-making processes on the project in real time.

INT also completed a desk-review investigation of another Bank-financed project aimed at expanding access to electricity in the same country. INT initially received allegations from operational colleagues regarding questionable test certificates included in the bids of two firms participating in a tender designed to supply, install, and maintain solar electricity systems for households and public facilities. During its investigation, INT traced the sources of the questionable certificates and found that suppliers and laboratories based in another country in the Region played a role in producing and distributing falsified documents that were eventually used by the two firms under investigation. In addition, INT discovered that a firm engaged in fraud by failing to make disclosures regarding agents in its bid for a contract. INT entered into a settlement with one of the firms, under the terms of which the firm agreed to a 15-month conditional non-debarment. The case involving the other firm is still pending.

Collaboration with UNOPS in the Republic of Yemen

INT completed an investigation into fraud in a contract awarded under a Bank-financed project in the Republic of Yemen. The investigation was one of the first involving a third-party implementing agency in an FCV country. As part of its ongoing commitment to alleviate poverty in FCV countries, including those in which the World Bank does not have an active presence, the Bank has the option to enter into “alternative implementation” agreements with relevant third parties, including international agencies.

Under such arrangements, when a concern arises relating to a potential sanctionable practice in a Bank-financed project, a preliminary investigation is often conducted by the implementation agency on the ground, in this instance UNOPS. INT reserves the right to supplement and/or conduct its own parallel investigation. In this case, one of the bidders in a Bank-funded project in Yemen submitted a fraudulent document in its bid. The matter was investigated by UNOPS and its investigative findings were shared with INT. In consultation with UNOPS, INT subsequently conducted its own investigation. This is the first case of its kind for INT and demonstrates that fraud and corruption can be addressed even in countries where the Bank does not have a physical presence.

Investigations that Resulted in Sanctions Imposed in FY20

Investigations that Resulted in Sanctions Imposed by the SDO Pursuant to Notices of Uncontested Proceedings

In this section, INT provides a summary of the investigations underlying some of the cases that were resolved through uncontested determinations of the SDO. For more information on the SDO’s decisions themselves, please see OSD’s section of this report.

Sanctions Case No. 559

The sanctions decision in this case is of particular interest because INT’s investigation targeted various subjects that fell under different disciplinary and sanctioning mechanisms, namely rules applicable to Bank staff, corporate vendors, and Bank-financed contracts. Specifically, INT’s investigation found that a former Short-Term Consultant (STC) avoided the necessary disclosures the Bank Group rules required him to make with regard to his companies, one of which was found to be a shell company. The overall misconduct tainted Corporate Procurement contracts on six projects in three countries, with an aggregate value of US\$2.4 million. As a result of INT’s investigation, in August 2017 Corporate Procurement debarred the three implicated vendor firms. However, under the current framework, a vendor firm that is declared by the Bank Group ineligible to receive Corporate Procurement contracts, may still bid for Bank-financed contracts as there is no automatic cross-debarment mechanism. Thus, INT pursued sanctions against these firms, using an innovative approach to remedy the situation that this case presented, and applied a provision in the Sanctions Procedures that had never been invoked previously, which permits INT to seek sanctions based on a Corporate Procurement decision. The case was referred to the SDO after the Director for Strategy, Performance, and Administration had declared the firms to be non-responsible in accordance with the Bank’s Vendor Eligibility Policy. As a result, INT succeeded in cross-debarring the former STC and his firms for Bank-financed contracts based on the earlier determination made by Corporate Procurement.

Sanctions Case No. 585

The investigation underlying this determination revealed a broader scheme, including the coercion that was the basis of this determination. The investigation began with an allegation that three companies had engaged in collusion in their bid submissions. INT audited three companies which have been debarred for minimum periods of debarments ranging between four and eight years. The coercion occurred when the principal behind the companies tried to intimidate a foreign competitor to withdraw from participating in one of the tenders. The head of the foreign company received multiple threatening phone calls and messages and was invited to a meeting at a local restaurant where the principal, representatives of the other companies and members of the Project Implementation Unit all tried to “convince” him that it was in his company’s best interest to withdraw from the tender.

Sanctions Cases Nos. 586 and 662

The investigation that gave rise to these cases began with a complaint from a concerned citizen, highlighting the importance of the local community and its interest in Bank projects. From the detailed information received, INT ultimately investigated 12 civil works procurement packages under this project. The investigation involved six audits and 39 interviews. The investigation revealed widespread and complex schemes involving corruption, collusion, and fraud. Subject firms engaged in bid rigging to ensure that a designated winner among them won a contract at an inflated price, with participating firms submitting artificial bids to simulate competition. Some of the successful bidders then subcontracted the entirety of the contract awarded to them to smaller, inexperienced firms in violation of the contract provisions. Furthermore, several companies submitted fraudulent documents to qualify for the tender, which resulted in contracts being awarded to unqualified firms. In addition, INT found that as part of this scheme, at least one firm paid project officials a kickback subsequent to the award of contract. During this investigation INT worked closely with the Task Team.

Sanctions Case Nos. 586 and 662 relate to two of the entities involved in this scheme that have been debarred over the course of the last two fiscal years. These two entities were involved in fraudulent practices pursuant to the scheme. The sanctions imposed to date range between two- and five-years debarment with conditional release.

Investigations that Resulted in Sanctions Imposed by the Sanctions Board Pursuant to Sanctions Board Decisions in FY20

In this section, INT provides a summary of the investigations underlying the decisions of the Sanctions Board during this fiscal year. For more information on the decisions themselves, please see the Sanctions Board section of this report.

Sanctions Board Decision No. 122: Nigeria Erosion and Watershed Management Project
This matter was referred to INT after officials in the project’s management unit confirmed that the bid security submitted by a bidder had not actually been issued by the financial institution in whose name it was purportedly issued. INT confronted the bidder, which claimed that it had been misled by an individual with a purported affiliation to the financial institution. In response to this claim, INT conducted further verification and determined that the bidder’s explanation was not credible and not supported by the evidence.

Sanctions Board Decision No. 123: Georgia Second Regional and Municipal Infrastructure Development Project and Third Regional Development Project

This matter was brought to INT's attention after the project management unit for one of the projects discovered that a firm had failed to disclose in its bid that it had certain ongoing contractual obligations despite an obligation to do so in accordance with the bid requirements. INT's investigation into the matter found that the firm had failed to make the same required disclosures in relation to a tender under another Bank-financed project.

Sanctions Board Decision No. 124: Afghanistan Agricultural Inputs Project

INT received an allegation that an individual working as a senior procurement specialist with influence over award of contracts on the project had submitted falsified work experience in his CV in order to qualify for the position. The individual's contract was financed by the Bank under the project. INT contacted the employer listed on the individual's CV to verify the experience claim. The employer informed INT that the individual had never worked with them in any capacity. INT referred the matter to the Afghan authorities who then removed the individual from the Bank-financed position.

Sanctions Board Decision No. 125: South African Power Market Project

The INT investigation that led to this decision was one of a series that were triggered when national criminal authorities alerted the World Bank to indicators of corruption under projects in the Democratic Republic of Congo. The national authorities were concerned with two subjects, whose apparent modus operandi indicated that an insulator manufacturer could be making illegitimate payments to the supervision consultant's project manager to rig procurement processes under the World Bank project. The investigation that ensued was highly complex and involved audits in four different jurisdictions. With INT's guidance, several audited firms conducted extensive internal investigations, shared detailed written reports and hired forensic firms to image and analyze data and provide INT with that information. The firms also agreed to voluntarily refrain from bidding on Bank-financed contracts pending INT's investigation. INT reviewed hundreds of thousands of documents in seven different languages. INT's investigation substantiated misconduct on contracts worth more than US\$200 million. The case also led to spin-off investigations into World Bank-financed contracts in other jurisdictions. Three firms settled related corruption and fraud allegations with the World Bank in June and December 2017, and in August 2018, respectively. The sanctions imposed through these settlement agreements ranged from 15 months to 24 months' debarment with conditional release, reflecting the firms' cooperation with INT. Among the firms that settled was the insulator manufacturer, which also repaid as restitution the EUR 6.8 million profit it obtained from the contract it had won through corrupt means. This decision related to the recipient of the corrupt payments.

Sanctions Board Decision No. 126: Lebanon Greater Beirut Water Supply Project

In 2016, INT conducted a proactive integrity risk analysis of World Bank-financed projects in Lebanon, which included a review of contracts under the Greater Beirut Water Supply Project. INT's proactive review identified red flags that, when bidding for a project-financed contract, a winning contractor—and later sanctions case Respondent—may have submitted forged experience certificates in its bid, and inflated its financial capacity, in order to qualify for contract award. INT launched an investigation and independently checked the contractor's financial and experience claims, finding them to be false. Remarkably, when INT then contacted the contractor to discuss these findings, the firm stated that it was unaware that it even had a Bank-financed contract in Lebanon. This surprising response led INT to conduct audits of the

contractor at both its worksite in Lebanon and its headquarters in Bulgaria. INT found that the contractor had a branch in Lebanon, that a local subcontractor was implementing the contract in its entirety, and that the contractor had somehow “lost track” of its Lebanese branch and contract during a later management change. INT’s audits also reaffirmed INT’s earlier finding that the contractor had misrepresented its past experience and financial capacity in its bid. INT sought sanctions against the contractor for these fraudulent practices.

Beyond the Sanctions System

INT also contributes to a variety of important functions outside of the sanctions system, including (i) internal investigations of WBG staff and corporate vendors; (ii) referrals of investigations and complaints; (iii) joint in-depth fiduciary reviews; (iv) preventive services and corporate initiatives; and (v) promotion of Integrity Compliance principles to private sector firms.

Internal Investigations

Ensuring the integrity of the WBG’s own staff is also very important to maintain its credibility in the global anti-corruption arena. Through internal investigations INT investigates allegations of 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). 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, collusion, coercion, and attendant conflicts of interest or lesser included acts of misconduct.

INT also investigates allegations against corporate vendors involving the five sanctionable practices (fraud, corruption, collusion, coercion, obstruction) in support of the WBG’s corporate vendor eligibility determinations, leading to possible ineligibility and, in some cases, operational cross-debarments.

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

An internal investigation entails weighing and analyzing facts, assessing the credibility of the parties to a case, and producing a comprehensive report that provides a complete and balanced account, including all known facts and circumstances, supporting evidence, an analysis and evaluation of the evidence, and objective fact-based conclusions.

Investigations of WBG Staff

INT’s procedures for investigating allegations of staff misconduct are governed by the policies set forth in Staff Rule 8.01 and are further informed by the judgments issued by the World Bank Administrative Tribunal. These procedures are designed to protect and respect the rights of all staff members, including those who are accused, those who report allegations, and those who serve as witnesses in a case.

If the investigation establishes sufficient evidence,¹⁰ INT prepares a final report of investigation, inclusive of all supporting evidence, and provides it to the implicated staff member for comment.

¹⁰ The specific standards for substantiation can differ depending on the type of investigation involved. The WBG bears the burden of proof in staff misconduct cases and must meet the requisite standard of substantial evidence and that this is more than a balance of probabilities.

In FY20, INT ...



pursued **82 staff and vendor cases.**

INT then 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.

If the HRDVP finds misconduct, discipline can range from an oral reprimand to termination of the staff member’s WBG employment. A staff member has the right to appeal the HRDVP’s disciplinary decision to the WBG’s Administrative Tribunal whose judgments are binding on the WBG.

Investigations of WBG Corporate Vendors

INT’s investigation of allegations against WBG corporate vendors is in support of the WBG’s vendor eligibility reviews that lead to corporate eligibility proceedings, which is an administrative process.¹¹ The Director of Strategy, Performance and Administration (SPADR) makes determinations of non-responsibility on corporate vendors. Implicated vendors are provided with an opportunity to respond to the allegations before the Director of SPADR makes a determination. If sanctions are imposed, they can range from a letter of reprimand to ineligibility for a specified or indefinite period. Determinations by the Director of SPADR cannot be appealed.

Clearing Staff and Corporate Vendors of Misconduct Allegations

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

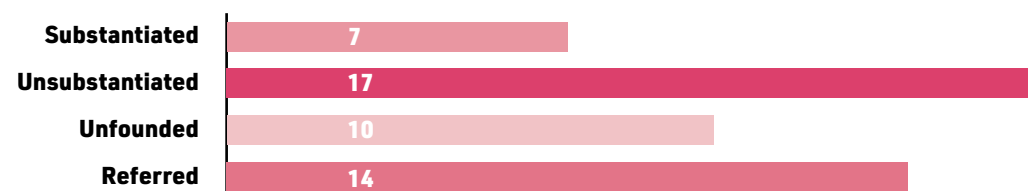
Outcomes of Internal Investigations

During FY20, INT pursued 82 cases involving WBG staff and corporate vendors, of which 61 percent related to WBG operations, 34 percent involved corporate matters, and five percent involved a combination of both. In addition, INT also assessed 114 complaints related to WBG staff and corporate vendors.

Subjects of Internal Investigations in FY20



Outcomes of INT’s Closed Internal Investigations in FY20 (Staff and Corporate Vendors)



¹¹ The specific standards for substantiation can differ depending on the type of investigation involved. For corporate vendor investigations, INT needs sufficient evidence to determine that it is more likely than not that the sanctionable conduct has occurred.

Outcomes of Staff Cases

INT conducted 13 Staff Rule 8.01 investigations involving WBG staff, two of which were opened in FY20. INT substantiated¹² misconduct allegations in six WBG staff cases.

HRDVP Decisions on Staff Cases

Of the six substantiated cases, two staff members were former staff who were barred from rehire by the HRDVP, and they will remain barred from rehire unless and until they are responsive and cooperate with INT's investigation. Two staff members were permanently barred from rehire, one of whom was terminated from employment. One staff member resigned under the terms of an Options Letter¹³ following INT's investigation. Lastly, HRDVP found one staff member did not engage in misconduct.

Outcomes of Corporate Vendor Cases

In FY20, INT closed eight corporate vendor cases, one of which was substantiated, one of which was unsubstantiated, two of which were unfounded, and four of which were referred to Corporate Procurement for further review. The one substantiated case was sent to SPADR in June 2020 and is pending a non-responsibility determination by the Director of SPADR as of the end of FY20.

Director of SPADR Decisions on Corporate Vendor Cases

In FY20, the Director of SPADR also declared the Kenyan Red Court Hotel ineligible for WBG corporate vendor contracts for a period of four years based on an INT investigation that was substantiated and closed in FY19. The Red Court Hotel was found to have engaged in fraudulent and obstructive practices by forging a document and refusing to cooperate with the WBG.

Turnaround Time

INT aims to complete internal staff cases within nine months (270 days). In FY20, the average turnaround time for the 40 closed staff cases was 10.5 months (319.37 days).¹⁴

Protected Disclosures Made by WBG Staff

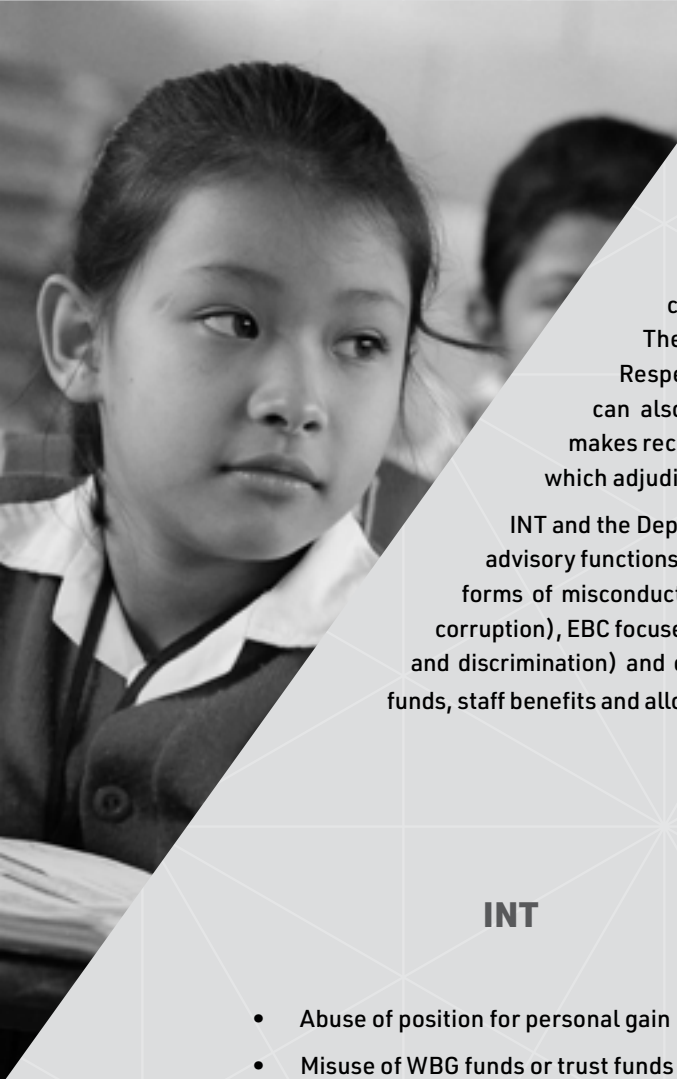
During FY20, a total of 137 WBG staff (i.e., regular staff, former staff, extended- and short-term consultants, and temporaries) made protected disclosures by bringing misconduct allegations to INT's attention, including those staff who could be protected under Staff Rule 8.02 as whistleblowers. INT is grateful to those staff members who have forwarded to INT concerns of suspected misconduct, including those allegations 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.

12 **Substantiated** case: A determination that based on the results of the investigation, the evidence supports a finding of misconduct. **Unsubstantiated** case: The preliminary inquiry or investigation, due to a lack of evidence did not establish a reasonable basis to warrant further investigation or a reasonable belief to substantiate that misconduct was committed, despite the presence of some credible information that, which if corroborated, would have established a reasonable belief, but as it stands does not rise above the suspicion level. In other words, there was insufficient evidence to warrant an investigation or to prove or disprove that misconduct was committed, and the decision then falls in favor of the staff member. **Unfounded** case: The results of a preliminary inquiry or investigation established sufficient evidence supporting a conclusion that misconduct, as alleged, did not occur. **Referred** case: Following a preliminary inquiry, these cases were deemed to involve issues more suitably addressed by other venues within the WBG for intervention (e.g., EBC).

13 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.

14 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; and (vii) Whether there are parties external to the Bank whose cooperation cannot be mandated.

In addition to investigating allegations of fraud and corruption involving WBG staff and corporate vendors, INT mainstreams lessons learned through case studies, training, and other activities and participates in outreach programs as a member of the WBG’s internal workplace dispute resolution mechanisms to promote the reporting, detection, and prevention of fraud and corruption within the WBG’s corporate arena.



A Holistic Approach to Integrity at the WBG

The internal workplace dispute resolution mechanisms are made up of independent units that are inter-connected and are available to all current and former WBG staff. The services range from informal to formal.

The majority of issues (90%) are handled by three of the informal services: Respectful Workplace Advisors, Ombuds Services and Mediation Services. Staff can also avail themselves of two formal services: Peer Review Services, which makes recommendations to management, and the World Bank Administrative Tribunal, which adjudicates personnel cases.

INT and the Department of Ethics and Business Conduct (EBC) make up the investigative and advisory functions of internal workplace dispute resolution mechanisms. While INT investigates forms of misconduct under Staff Rule 8.01 (e.g., abuse of position, misuse of funds, fraud and corruption), EBC focuses on workplace grievances (e.g., harassment, retaliation, sexual harassment, and discrimination) and other violations of Staff Rules and WBG policies (misuse or abuse of travel funds, staff benefits and allowances, petty cash or WBG physical property) under Staff Rule 3.00.

INT vs EBC Mandate

INT

- Abuse of position for personal gain
- Misuse of WBG funds or trust funds for personal gain
- Embezzlement
- Fraud
- Corruption
- Collusion
- Coercion
- Attendant conflicts of interest



EBC

- Workplace misconduct (harassment, sexual harassment, abuse of authority)
- Retaliation
- Misuse/abuse of travel, benefits, P-card, petty cash or property
- Failure to adhere to WBG policies
- Failure to comply with personal legal obligations
- Conflicts of interest
- Breaches of confidentiality
- Discrimination

Referrals

When INT substantiates allegations against firms and individuals for misconduct under WBG-funded projects, the resultant FIRs form the basis for referral reports and redacted reports. INT sends referral reports to relevant WBG counterparts in member countries if evidence indicates that the laws of a 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. These reports provide information about the allegations, methodology, and findings of an investigation, as well as any action taken by the WBG. INT also shares information with counterparts in other MDBs and other international institutions when relevant to their operations.

When allegations about firms and individuals are within INT's mandate but are not specific enough to warrant an investigation or are not substantiated as a result of INT's investigation, INT routinely shares information with operational counterparts so that the reported allegations or investigative findings may be used to inform broader risk mitigation activities.¹⁵

When allegations are outside of INT's mandate, INT works with operational staff or other interlocutors, as appropriate, to address the issues raised. Examples include complaints about unfair labor practices or environmental degradation, which are referred to the Grievance Redress Service; complaints about workplace grievances (e.g., harassment and retaliation) and other violations of Staff Rules and WBG policies (misuse or abuse of travel funds, staff benefits and allowances, petty cash or WBG physical property), which are referred to the Office of Ethics and Business Conduct; Corporate Procurement matters (i.e., non-fraudulent ineligible expenses and conflicts of interest) that do not involve allegations pertaining to the five sanctionable practices, which are referred to the Corporate Procurement team to address procurement matters not rising to the level of misconduct; and employment verifications, which are referred to HR.

In FY20, INT ...



issued **17 referrals** and published **31 redacted reports**.

In FY20, INT ...



referred **88 complaints** within the WBG and **5** outside the WBG.

INT intelligence gathering supports IFC

During FY20, INT, in close coordination with International Finance Corporation (IFC)'s Business Risk and Compliance Department, provided a critical supporting role gathering intelligence to inform key operational decisions. For example, a project team identified a series of discrepancies in audits of an investee in relation to the administration of a power plant in Western Africa, particularly in the management and valuation of inventory. The complexity of the management reports made it difficult to assess if those discrepancies were the product of negligence or mismanagement or the result of potentially fraudulent activities. INT's forensic specialists assisted in the resulting preliminary investigation, looking into the discrepancies and explanations given by the firm and providing feedback and advice to a forensic review requested by the project team. As a result of this review, the project team received the necessary clarifications from the firm and set up a series of action items for future financial exercises in order to prevent such discrepancies.

¹⁵ As mentioned previously, this information sharing can also occur during active investigations, particularly during lengthy and complex investigations.

Joint In-Depth Fiduciary Reviews

Joint In-Depth Fiduciary Reviews (JIFR) are a multi-disciplinary tool that can be used to holistically and effectively address integrity risks in projects. JIFRs are performed collaboratively by INT and other WBG staff, and 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 Governance Global Practice financial management and procurement specialists. The goal of a JIFR is not only to identify fiduciary control and governance weaknesses or indicators of potentially fraudulent or corrupt activity, but to also extract lessons learned that can be used to strengthen fiduciary controls in the project and the portfolio and inform the design of future projects in the sector and the country.

In FY20, three JIFRs were completed, two in the South Asia Region and one in the Europe and Central Asia Region. The reviews included proposed mitigation measures in response to the findings as well as lessons learned and detailed recommendations for enhancements to the fiduciary framework.

In FY20, INT ...



provided **comments** relating to investigative work for **86 MoPs**,



identified a total of **118 projects** as having **Volcker Triggers** and **32 projects** as having **Integrity Concerns**,



and included **recommendations** for mitigating integrity risks in **7 FIRs**.

At the end of FY20 ...



roughly **5% of projects** in the pipeline for **FY21** were flagged with a **Volcker Trigger** and **7% of projects** under supervision were flagged with an **Integrity Concern**.

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 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 in support of operational teams; (iii) knowledge sharing and 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

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 Regions or Practice Groups, 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 U.S. Federal Reserve Chairman Paul Volcker, who chaired the 2007 Independent Panel Review of INT recommending this requirement. The disclosure requirement is triggered when an ongoing or recently completed INT investigation (within two years of the Final Investigation Report having been issued to the Bank's President) is relevant¹⁶ to a proposed operation.

Integrity Concerns. INT, with the agreement of the relevant Regional Director, Strategy and Operations, flags high-risk operations with an "Integrity Concern" in WBG's project management systems. This applies to operations where INT sees the potential for high vulnerability for fraud

¹⁶ An investigation can be considered relevant to: (i) follow-on operations; (ii) operations in the same country and sector; (iii) operations that rely on the same implementation arrangements; and (iv) multi-sectoral operations in the same country with a component in the investigated sector.

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.

Recommendations in FIRs. When a completed investigation results in the issuance of an FIR, INT can provide a set of recommendations which are discussed with the project teams and the Bank's country management. These recommendations may address potential vulnerabilities for fraud and corruption or may offer specific measures to mitigate those risks.

Advisory Work

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 Country Management Units (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 that INT delivers to these stakeholders contain an overview for engagement with the Country Director and identify capacity-building and 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 fiduciary and sector-specific colleagues across the WBG.

INT works 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 FY20 include:

In the Europe and Central Asia Region, INT continued to work with fiduciary colleagues to provide advice where integrity risks had been identified in Bank financed operations. Often this is proactive, prompted by complaints or cases, but increasingly Task Teams are also coming to INT for advice. One example was an operation being planned to provide assistance to refugees and their enterprises. In that instance, the Task Team specifically requested a review of proposed systems and advice on future collaboration with Non-Government Organizations. In another example in the Region, advisory work in the Health sector has highlighted risks in relation to a country where the institutional setting has been in a state of flux for over a decade. Combined with the many integrity issues reported to INT over the years, this indicated a challenging situation for the project. INT was asked to advise on how to limit integrity risks in this project and review key documents such as the Operational Manual for possible improvements.

In the South Asia Region, at the request of the team preparing a Water sector project, INT supported discussions with the client on risk mitigation measures, including securing bids, broadening participation of firms, strengthening complaints-handling mechanisms, and ensuring transparency during procurement. INT also joined the World Bank team conducting an appraisal for a multi-state project in the environment sector that will comprise the first phase of a Multiphase Programmatic Approach (MPA). During the mission, INT and the Task Team agreed with state- and local-level Project Implementation Units to incorporate several risk mitigation measures aimed at strengthening governance arrangements, complaints-handling, and due-diligence.

In FY20, INT ...



provided advisory services and preventive support in **53 countries** across **14 sectors**.

Follow-up work on these agreements is ongoing and will be documented in the revised Project Appraisal Document as well as in the Operations Manual and legal agreements of the MPA.

At country, Global Practice and Regional levels, INT has continued to track “hot spots” based on data related to the seriousness and frequency of incoming complaints. This tracking began as a means of targeting INT’s preventive work, but it has become a feature of the real-time INT Integrity Risk Analysis and it is one of many areas of integration between INT’s preventive and data work. To operationalize this information, prior to the pandemic and at the request of the Country Directors and Country Management Units, INT conducted extensive missions to countries in the South Asia and East Asia and Pacific Regions to meet with each Global Practice team to discuss integrity risks and issues in their projects, and work with them on risk mitigation strategies.

Providing advanced preventive support to operations

During the development of the WBG’s COVID-19 emergency response, INT continued to support operations by flagging integrity risks and providing operational guidance to project teams. Because of the accelerated pace of project development, INT’s Preventive Services proactively engaged with key focal points across the Bank’s operations to flag common and likely risks that may be encountered in the sectors most relevant to the COVID-19 response. Recognizing the need for broad-based, in-time advice for these operational staff, INT developed new guidance documents that summarized the most salient integrity risks in the sectors supported by the pipeline of emergency operations, thereby providing succinct considerations for improving project development. The guidance was drawn from observations from more than a decade of INT investigations and included insights from across INT’s investigative teams.

Knowledge and Analytical Products

Analytical products developed by INT provide for just-in-time analysis of case and complaints data as well as trends in sectors and Regions. This information is included in regular briefings to Regions, Global Practice Groups, and other WBG stakeholders, enabling an appropriate risk response by projects when addressing emerging or existing integrity risks. During FY20, INT continued to enhance its information and reporting systems to better detect systemic integrity issues and risks across sectors and Regions:

Data Integration and Dashboards. INT is piloting ways to integrate data from WBG systems and make it accessible to end users through dashboards. In June 2019, INT launched an online supplier profiling tool that integrates data from Operations with INT’s case data. Since then, INT staff have used this tool regularly to inform complaint risk assessments, provide insights into Bank-funded bidding and contract award activities, and identify trends and patterns.

Text Mining. Using Topic Modeling and cluster computing, INT is developing systems to mine text data from various supervision documents, including annual project financial audits and internal control letters.

Bid Pattern Detection. INT is developing an application that (a) visualizes the outcome of bidding activities in projects and (b) applies pattern detection algorithms and machine learning to identify potential anomalies.

In FY20, INT also updated and re-launched the brochure entitled Warning Signs of Fraud and Corruption in Procurement. The brochure elaborates on warning signs of fraud and corruption in procurement, which, if spotted, might help in the early identification of risks. This is the latest revision of a product (formerly known as Common Red Flags of Fraud and Corruption in Procurement) that has served as a useful reference for Task Teams and other WBG staff, as well as Borrower staff and Project Implementations Units. It is available in hard copy and online in eight languages: Arabic, Chinese, English, French, Hindi, Portuguese, Russian and Spanish.

Leveraging new systems to monitor and identify integrity risks

INT also strengthened its monitoring efforts by fast-tracking the development and deployment of web-based tools to identify and analyze risks in real-time. At the end of April, INT launched an internal dashboard that captures key information on projects, procurements, and allegations of fraud and corruption for all WBG-financed COVID-19 operations. The processing status, review levels, and supplier information for all procurement tenders under COVID-19 projects can be accessed in real-time by INT staff and downloaded for analysis against incoming complaints. Designed to make INT's support to the Bank's emergency response more systematic, this dashboard is helping to identify concerns, triage related complaints more efficiently, and share time-critical information across all INT business lines.



Training and Capacity Building

INT provides training to WBG and client staff to raise awareness of the WBG's policies and procedures for addressing fraud and corruption, to explain INT's role in investigating and preventing fraud and corruption, and to highlight warning signs of fraud and corruption in operations. INT delivers this training through its eLearning, as a part of various WBG corporate onboarding programs, in partnership with other WBG units and fiduciary staff, and in response to specific requests. In FY20, INT strengthened its learning program for INT staff by consolidating pertinent INT and Bank-wide learning information in the INT Learning Guide and creating a more robust training curriculum. INT also participated in numerous programs and events, both on its own and in collaboration with other parts of the WBG, to provide general training for WBG staff:

- INT, in collaboration with Ethics and Business Conduct and Internal Justice System colleagues, participated in two onboarding programs in Maputo, Mozambique and Yangon, Myanmar, tailored for staff working in fragile and conflict-affected situations (FCS), which were attended by 55 staff. INT also participated in a virtual FCS Onboarding session for 44 staff.
- INT delivered presentations at four Regional Corporate Orientations (in Bangkok, Nairobi, Dakar and Chennai) for 194 WBG staff. Three of these sessions were virtual.
- INT participated in seven WBG Corporate Onboarding Courses attended by 404 WBG staff, including one session held virtually.
- INT participated in an Onboarding Course for the Young Professional Program (YPP), providing new staff with an introduction to INT and the Bank's stance against fraud and corruption, which was attended by 72 participants.
- INT participated in five joint OPCS/INT Integrity Clinics for Task Teams/WBG staff on "Handling Allegations of Fraud & Corruption (F&C) in Operations" and "Anti-Corruption Considerations for COVID-19 Operations". A total of 172 WBG staff attended.
- INT conducted an Integrity Clinic specifically designed for Advisors to Executive Directors and Senior Advisors to understand key integrity risks associated with Bank-financed projects, how INT investigates and how the Integrity Compliance Office works. Board Officials were also introduced to INT's e-learning course. A total of 47 Advisors and Senior Advisors attended.
- INT presented on the "World Bank Group Anti-Corruption Efforts and Sanctions System" to approximately 30 Country Office staff in Pakistan.
- INT conducted a training session for approximately 25 Country Office staff in Myanmar on the work INT does in Investigations, Sanctions, Prevention and Compliance.
- INT delivered an INT Clinic to staff of the Equitable Growth, Finance and Institutions (EFI) Practice Group. The clinic provided an overview of INT's work, what it does, why the Bank cares about fraud and corruption, what staff should (or should not) do if their project is ever under investigation, staff's obligation to report suspected fraud or corruption in Bank Group-supported operations and more. 17 WBG staff participated.

Other events are more specifically tailored to help project teams and government counterparts develop adequate preventive measures to address existing and emerging integrity risks:

- In a country in the South Asia Region, during a capacity-building and appraisal workshop attended by approximately 60 key officials of a multi-state project to be financed partly by the Bank, INT discussed the integrity framework of the Bank and how this would be operationalized in the project. The main aim of this was to raise awareness and understanding of specific practices considered to be sanctionable under the WB guidelines (fraud, corruption, collusion, coercion, and obstruction). The plenary discussion was followed by local workshops conducted at the state level where additional participants that would be working on project implementation attended, numbering approximately 25 participants.
- In a country in the Latin American and Caribbean Region, INT participated in a Fiduciary and Safeguards Workshop for project staff and government officials implementing World Bank financed projects. The workshop was coordinated by the CMU, and approximately 30 project staff and officials participated, including representatives from projects in the Water, Transport, Agriculture, and Higher Education sectors. The objectives of the workshop were to: (i) identify solutions to bottlenecks affecting the implementation of projects, (ii) clarify World Bank policies, and (iii) improve the capacity of staff working in implementing agencies.
- In a country in the Africa Region, the CMU requested INT provide training to various Implementation Agencies (IAs) managing infrastructure projects. These IAs were selected from projects in four sectors: Transport, Energy, Water and Urban Development. INT conducted a Fiduciary Oversight Capacity Building Workshop on “Effective Due Diligence and Detection of Possible Fraud and Corruption during Procurement Processes”. 60 participants attended.
- Forensic Audits provided a 4-day training program on Investigative and Forensic Accounting to 30 staff members of Office of the Auditor General of a country in the Africa Region.



Private Sector Outreach

The ICO actively promotes collective action, as set out in the WBG Integrity Compliance Guidelines. ICO team members have continued to promote integrity principles in global workshops and seminars. Such efforts often are supported by firms that have worked with the ICO, who willingly share their experiences in developing and implementing integrity compliance programs with other participants at such workshops and seminars seeking to enhance their own internal controls.

The ICO also frequently liaises with WBG member governments in promoting such principles. Notable activities in FY20 included workshops and seminars held jointly with government agencies in France and the People's Republic of China. The ICO has developed a close working relationship with the Ministry of Justice of the Republic of Korea regarding the promotion of integrity compliance principles.

The ICO continues to see successful relationships growing from the ICO Mentorship Program. Under this program entities that have engaged with the ICO voluntarily mentor small- and medium-size firms currently sanctioned by the WBG who, in connection with their conditions for release from sanction, are working with the ICO to put in place integrity compliance programs that reflect the WBG Integrity Compliance Guidelines. In some cases, these mentorships have continued beyond the firm's release from WBG sanction and have even led to the mentor and mentee firms jointly promoting integrity compliance principles within their industries and regions of operation.





OFFICE OF SUSPENSION AND DEBARMENT

The first tier of the World Bank's adjudicative sanctions system

Introduction by Jamieson A. Smith, Chief Suspension and Debarment Officer

I am delighted to share this third WBG Sanctions System Annual Report with our internal and external stakeholders. The Office of Suspension and Debarment (OSD) is a key component of a maturing system that enables our institution to effectively safeguard development funds from fraud and corruption, and uphold the WBG's fiduciary duty to ensure that its funds are used only for their development purposes.

In the past year, OSD continued to adjudicate sanctions cases impartially and efficiently, issuing comprehensive, fully-reasoned determinations in a timely manner. OSD increased its engagement with institutional policy issues and contributed to several working groups led by the WBG's Sanctions Advisory Committee.

Of course, the COVID-19 pandemic has brought unexpected challenges for the entire WBG, including our unit. I am proud that OSD's dedicated staff has successfully transitioned to home-based work and nimbly adapted to almost entirely virtual operations. OSD continued to execute its core mandate of adjudicating sanctions cases without interruption and rapidly adjusted its case-related processes where necessary. Perhaps most importantly, we've worked to ensure that our adaptations continue to uphold the WBG Sanctions System's key principles of independence, transparency, and due process. Among other measures, any respondents that may be affected by the pandemic are being granted reasonable extensions to allow them to engage meaningfully with the system. We have also readjusted our outreach efforts, including the rescheduling of our flagship event – the Fifth International Debarment Colloquium – to a virtual format.

As part of the collective international efforts against corruption, OSD staff continued to engage with external stakeholders from the public and private sectors to raise awareness of the WBG's anti-corruption work, particularly that of the Sanctions System. We organized events addressing innovative approaches to anti-corruption, including at the Conference of State Parties to the UN Convention Against Corruption, and led trainings hosted by academic and co-financing partners.

This past year was busy and particularly challenging, and I am excited about the opportunity to share with our stakeholders a glimpse into our continued successful evidence-based efforts to combat fraud and corruption.

Jamieson A. Smith

Chief Suspension and Debarment Officer



Who We Are

The Office of Suspension and Debarment is the first tier of the World Bank's two-tiered adjudicative system and functions in a similar way as an administrative judicial office of first instance. It 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 and, if so, recommending an appropriate sanction against the respondent.

OSD is an independent unit within the World Bank and is headed by the Chief Suspension and Debarment Officer (SDO). 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 is entirely independent and does not take instructions or recommendations from any other person or unit.

The SDO is supported by three staff attorneys, two legal consultants, one paralegal, one program assistant, and up to two legal interns. Mr. Jamieson Smith has been serving as the SDO since April 2018. Mr. Smith has over a decade of experience within OSD and, before that, another decade in private law practice, where he represented clients in a wide variety of white-collar criminal matters, including alleged violations of the U.S. Foreign Corrupt Practices Act. Mr. Smith also teaches a course on international anti-corruption efforts as an Adjunct Professor at Georgetown University Law Center. OSD's staff members and consultants have diverse regional backgrounds – hailing from the United States, Romania, Kazakhstan, China, Denmark, Greece, Tajikistan, and Georgia – and bring solid expertise in international development, anti-corruption, corporate law, public procurement, and compliance. All of OSD's staff are normally based in Washington, D.C.

OSD Legal Internship Program

Every year, the OSD offers up to four highly-motivated law students an opportunity to be exposed to the mission and work of OSD and the World Bank through a legal internship. The candidates are selected on a competitive basis, ensuring diversity of backgrounds and nationalities. The objective of the program is to introduce interns to practical aspects of the efforts against corruption via experience in the day-to-day operations of the sanctions system, while working closely with OSD and other WBG staff. OSD's legal interns have contributed new perspectives, ideas, and knowledge to OSD and are able to improve their legal skills while working in a multicultural environment.

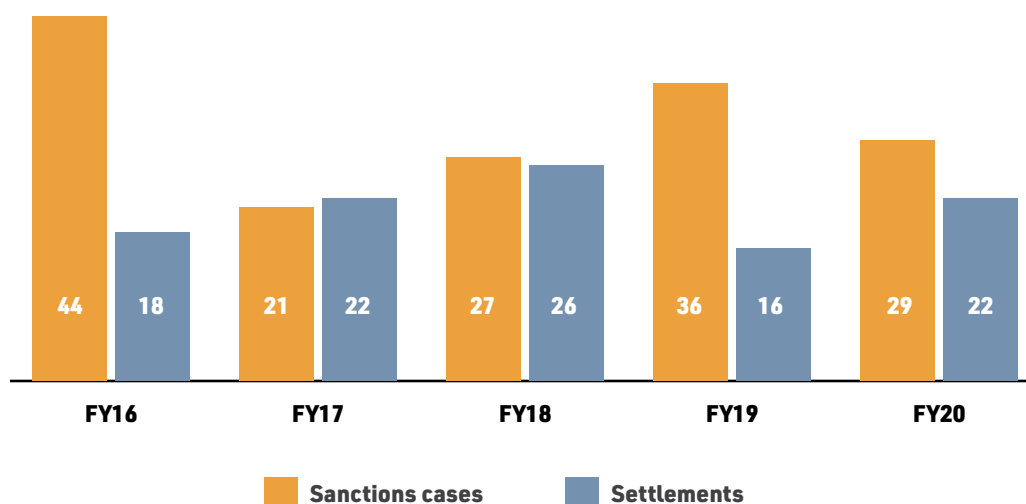
What We Do

The specific functions of the SDO include:

- Evaluating the sufficiency of the evidence presented by INT in each case in a comprehensive, fully-reasoned determination that analyzes factual, procedural, and legal matters in detail.
- If sufficient evidence has been found in a particular case, recommending an appropriate sanction against the respondent. This sanctioning recommendation is based on the public WBG Sanctioning Guidelines.
- Issuing a Notice of Sanctions Proceedings to each respondent, which includes the allegations and corresponding evidence as well as the SDO's recommended sanction.
- Temporarily suspending respondents from eligibility to be awarded World Bank-financed contracts pending the final outcome of the sanctions proceedings.
- Reviewing any written Explanation submitted by a respondent in response to a Notice of Sanctions Proceedings and deciding if the Explanation warrants 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 World Bank'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 issued pursuant to the Cross-Debarment Agreement.
- Contributing to the continuous development of the WBG's overall sanctions policy.
- Organizing outreach and knowledge-sharing activities to inform internal and external stakeholders about the mission, processes, and results of the WBG's Sanctions System.

OSD case summary

Number of cases & settlements reviewed by OSD



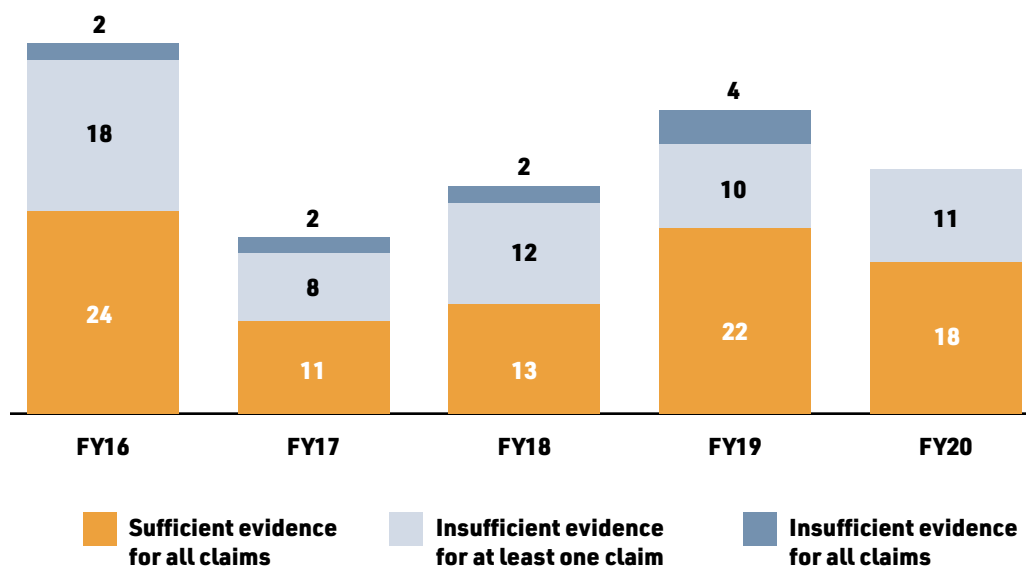
In FY20, OSD ...



received **26 cases**
and reviewed
29 cases.

In FY22, OSD received 26 cases, reviewed 29 cases (including several cases submitted in the previous fiscal year), and made a fully-reasoned determination with respect to whether INT presented sufficient evidence for each sanctionable practice in each case. OSD also reviewed 22 settlements that the World Bank, through INT, entered into with respondents. Over the FY15-FY20 period, it took OSD an average of about 78 days to review a case and issue a determination to INT. Of course, any given case may take a shorter or longer period of time to review depending on the number of pending cases, the amount of evidence provided, the number of respondents involved, the complexity of the accusations made by INT, and any procedural issues.

SDO findings of sufficient/insufficient evidence (by case)



The SDO referred 11 of the 29 reviewed cases back to INT for revisions after determining that there was insufficient evidence to support one or more of the accusations made. No cases were rejected in their entirety during this fiscal year. Once INT has made any necessary revisions to a case, the SDO issues a Notice of Sanctions Proceedings to the named respondents. In FY20, the SDO issued Notices of Sanctions Proceedings in 30 cases, which resulted in the temporary suspension of 38 respondents (30 firms and 8 individuals).

Under the Sanctions Procedures, respondents may submit a written Explanation to the SDO within 30 days – and may appeal to the WBG Sanctions Board within 90 days – after receiving the Notice of Sanctions Proceedings. In FY20, OSD reviewed written Explanations submitted by 11 respondents. Furthermore, 19 out of the 32 respondents whose appeal deadline fell in FY20 did not appeal to the WBG Sanctions Board, and the Bank imposed the SDO’s recommended sanction against those respondents. This is generally consistent with previous experience; since OSD began reviewing and issuing sanctions cases in 2007, about 66% of all cases did not involve an appeal and were resolved at OSD’s level.

In FY20, OSD ...



temporarily suspended **30 firms** and **8 individuals**



and sanctioned **19 out of 32 respondents** via an uncontested determination of the SDO.

Percentage of Cases Resolved at OSD’s Level since OSD’s Formation in 2007: **66%**

Submission of Respondent’s Explanation to the SDO

Within 30 calendar days after delivery of a Notice of Sanctions Proceedings to a respondent, the respondent may provide a written Explanation as to why the SDO should withdraw this Notice of Sanctions Proceedings or revise the recommended sanction. The SDO will consider reasonable requests for extensions of the Explanation submission deadline on a case-by-case basis.

The respondent’s Explanation must be a single document in English not exceeding 20 pages, unless the SDO approves a longer submission, and should present arguments by the respondent and attach any credible evidence in support thereof, including with respect to any relevant mitigating factors such as the respondent’s minor role in misconduct, voluntary corrective action taken, or cooperation with the investigation.

Within 30 calendar days after receipt of an Explanation, the SDO will consider the arguments and evidence presented therein and may (i) withdraw the Notice of Sanctions Proceedings upon concluding that there is manifest error or other clear basis for supporting a finding of insufficiency of evidence against the respondent or (ii) revise the recommended sanction in light of evidence or arguments with respect to mitigating factors presented by the respondent.

Percentage of Respondents that Submitted an Explanation to OSD (FY20): **33%**

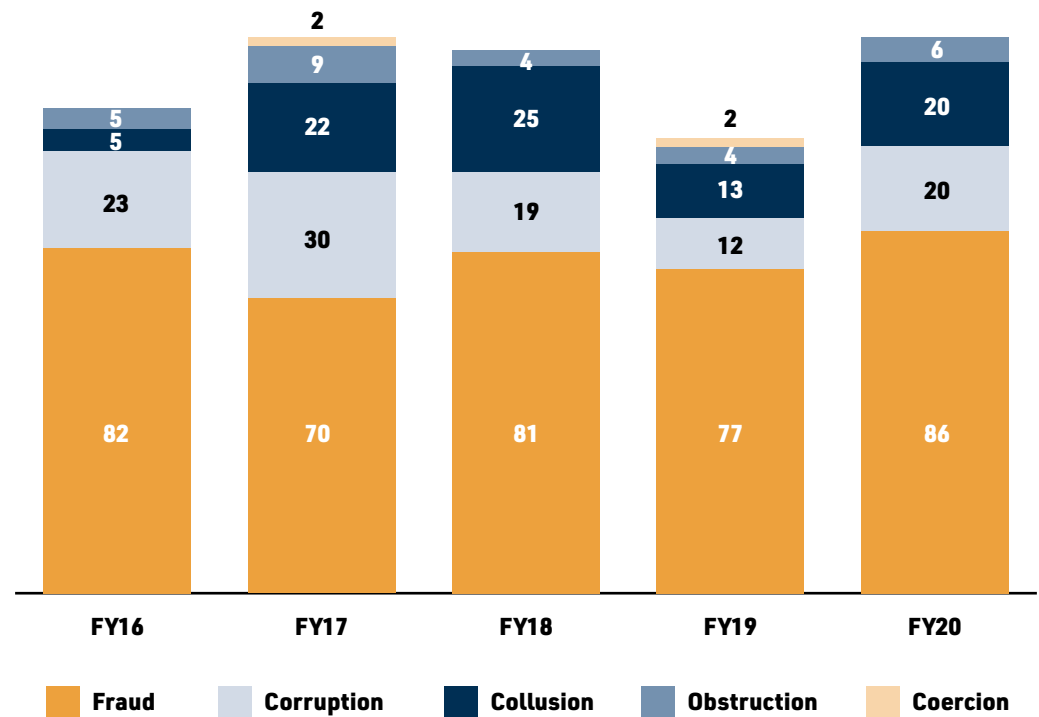
Percentage of Reductions to Recommended Sanction Following an Explanation (FY20): **27%**

Effect of a Temporary Suspension

The 2002 Thornburgh Report 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. The Thornburgh Report 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, but this suspension is not public. 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.

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



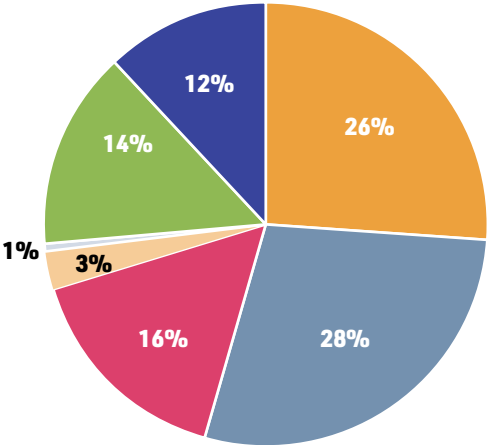
* Includes all INT submissions reviewed by OSD (sanctions cases and settlements) (261 in total). An individual case may include several types of sanctionable practices, each of which is counted separately in the number of cases involving a certain type of sanctionable practice. "Collusion" includes cases containing allegations of collusive misconduct governed by the pre-2004 definition of fraudulent practice.

Consistent with historical trends, most of the 29 cases and 22 settlements (approximately 86%) reviewed by OSD this fiscal year contained at least one fraudulent practice accusation. The number of fraudulent practice accusations may be due to a number of factors, including the comparative prevalence of fraud in procurement and the availability of documentary and testimonial evidence. Fraudulent practices are also frequently employed to enable corrupt and collusive schemes to succeed. Like other forms of misconduct, fraud can be quite detrimental to development effectiveness; OSD has seen numerous cases in which unqualified contractors obtained Bank-financed contracts via fraudulent bid submissions, as well as cases where contractors were overpaid, delivered defective goods and services, or completely failed to perform. Approximately 20% of the cases and settlements reviewed by OSD alleged at least one collusive practice accusation. Corrupt practice and obstructive practice accusations were present in 20% and 6% of cases and settlements reviewed this fiscal year, respectively. Approximately 35% of the cases and 32% of the settlements reviewed this fiscal year contained accusations of two or more different types of misconduct (e.g., fraudulent and corrupt practices).

Regional Breakdown of Respondents Sanctioned

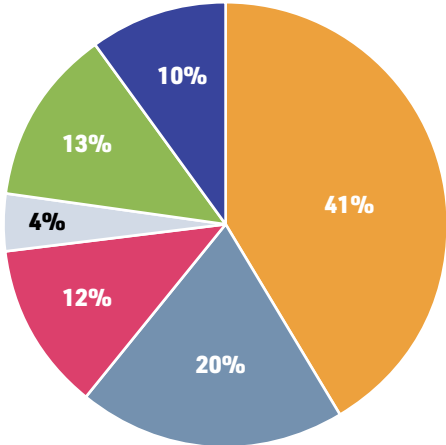
Regional Origin of Respondents Sanctioned by the SDO and the WBG Sanctions Board

(176 Respondents) (FY16 - FY20)



Regional Origin of Respondents Sanctioned by Settlement

(123 Respondents) (FY16 - FY20)



- Sub-Saharan Africa**
- Latin America & Caribbean**
- Europe & Central Asia**
- South Asia**
- Middle East & North Africa**
- East Asia & Pacific**
- North America**

The World Bank, as one of the largest sources of funding and knowledge for developing countries, operates in countries around the globe, and OSD receives sanctions cases against respondents from every region of the world. Since July 2015, OSD has seen a relatively even split of respondents from five major regions: South Asia; Latin America & the Caribbean; East Asia & the Pacific; Europe & Central Asia; and Sub-Saharan Africa. As shown in the graphs above, this breakdown is consistent in both the 176 respondents who were sanctioned in the last

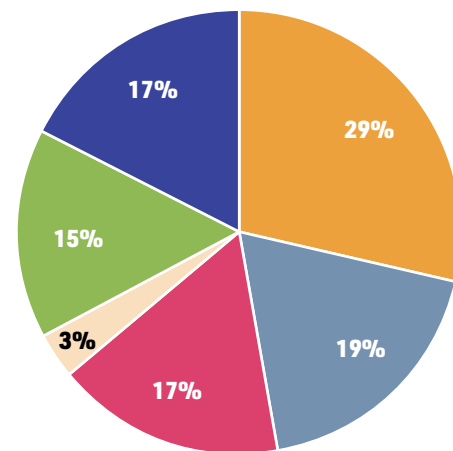
five years pursuant to the Bank’s adjudicative process (either by an uncontested determination of the SDO or through a decision of the WBG Sanctions Board) and the 123 respondents who agreed to enter into settlement agreements with the Bank, as negotiated by INT. OSD’s tracking of settlement agreements reviewed by the SDO reveals that respondents who settled came from all over the world and were not limited to specific regions.

While the regional breakdown of sanctions cases and settlements does not necessarily indicate how prevalent fraud and corruption may be in any given region, the data suggests that the Bank’s sanctions have a truly global reach.

Regional Breakdown of Misconduct Sanctioned

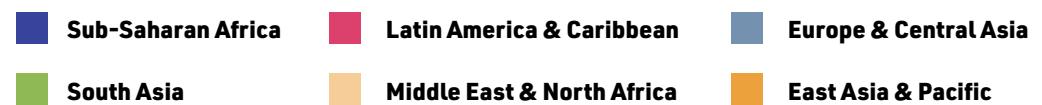
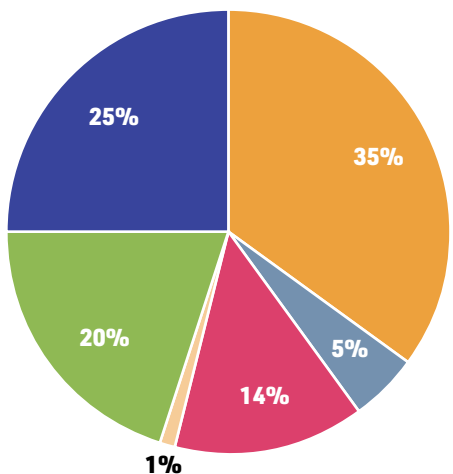
Regional Origin of Misconduct Sanctioned by the SDO and the WBG Sanctions Board

(176 Sanctions) (FY16 - FY20)



Regional Origin of Misconduct Sanctioned by Settlement

(123 Sanctions) (FY16 - FY20)



Recommending an Appropriate Sanction – the WBG Sanctioning Guidelines

After reviewing a case, if the SDO finds sufficient evidence of misconduct against the respondent, the SDO will recommend an appropriate sanction. The SDO’s choice of recommended sanction is guided by the relevant provisions of the Sanctions Procedures, which provide for five possible sanctions: debarment with conditional release (the “baseline” or default sanction); debarment for a fixed period (without conditional release); conditional non-debarment; public letter of reprimand; and restitution. In deciding on the appropriate type and length of sanction, the SDO takes into account any relevant aggravating and mitigating factors as set forth in the Sanctions Procedures and the WBG Sanctioning Guidelines. Promulgated in September 2010, the WBG Sanctioning Guidelines provide non-prescriptive guidance on considerations relevant

to any sanctioning decision. The WBG Sanctioning Guidelines contain a set of aggravating and mitigating factors and provide guidance as to when each factor would be applicable and the suggested impact that each factor should have on the sanctioning calculation.

Aggravating Factors from the WBG Sanctioning Guidelines

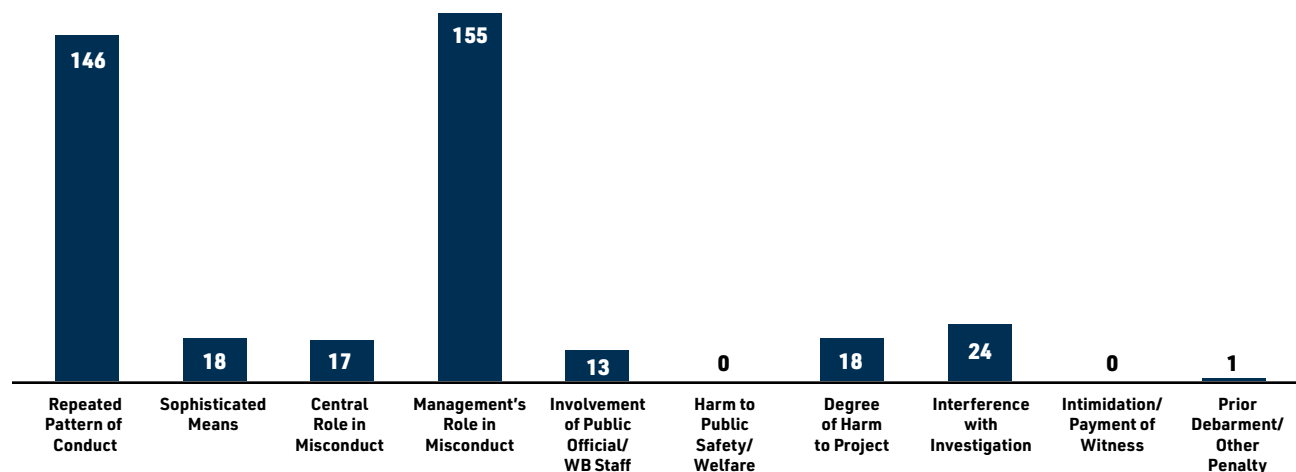
Aggravating Factors Increase	Aggravating Factor
1-5 years for this category	A. Severity of the Misconduct <ol style="list-style-type: none"> 1. Repeated pattern of conduct. 2. Sophisticated means. 3. Central role in misconduct. 4. Management's role in misconduct. 5. Involvement of public official or World Bank staff.
1-5 years for this category	B. Harm Caused by the Misconduct <ol style="list-style-type: none"> 1. Harm to public safety/welfare. 2. Degree of harm to project.
1-3 years for this category	C. Interference with Investigation <ol style="list-style-type: none"> 1. Interference with investigative process. 2. Intimidation/payment of a witness.
10 years	D. Past History of Adjudicated Misconduct <p>Prior debarment or other penalty.</p>

Mitigating Factors from the WBG Sanctioning Guidelines

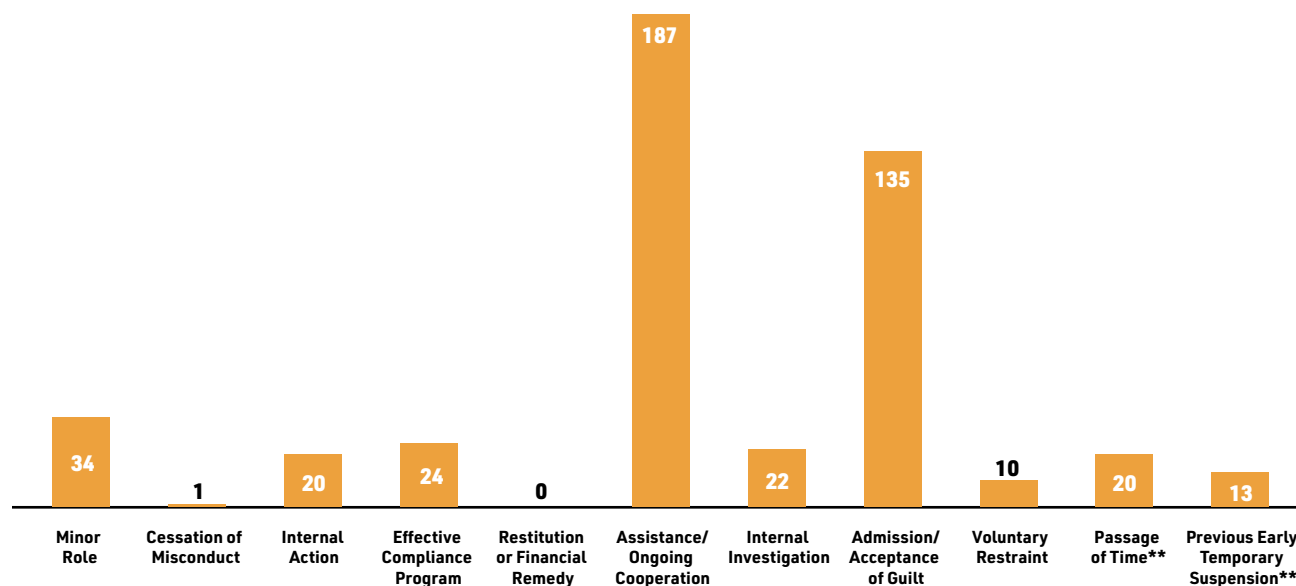
Mitigating Factors Decrease	Mitigating Factor
Up to 25%	A. Minor Role in Misconduct
Up to 50%; a greater reduction may be warranted in exceptional circumstances.	B. Voluntary Corrective Action Taken <ol style="list-style-type: none"> 1. Cessation of misconduct. 2. Internal action against responsible individual. 3. Effective compliance program. 4. Restitution or financial remedy.
Up to 33%, however, in extraordinary circumstances, a greater reduction may be warranted.	C. Cooperation with Investigation: <ol style="list-style-type: none"> 1. Assistance and/or ongoing cooperation. 2. Internal investigation. 3. Admission/acceptance of guilt/ responsibility. 4. Voluntary restraint.

OSD has tracked the SDO’s application of these aggravating and mitigating factors since the WBG Sanctioning Guidelines were promulgated 10 years ago. OSD uses this data to ensure that the SDO is consistently evaluating and applying these factors across all respondents. The graphs below show how often the SDO has applied a given factor across the 416 respondents against whom the SDO has issued a sanctions case since the WBG Sanctioning Guidelines came into effect (excluding cases that (i) were ongoing as of June 30, 2020; or (ii) were withdrawn or settled after an SDO recommendation). Of those 416 respondents, 298 did not appeal to the WBG Sanctions Board and were thus sanctioned via an uncontested determination of the SDO. As shown below, certain factors have been applied more frequently than others, although the SDO considers the unique factual circumstances of each case.

SDO Application of Aggravating Factors from WBG Sanctioning Guidelines (416 Respondents*) (Sept. 2010 - June 2020)



SDO Application of Mitigating Factors from WBG Sanctioning Guidelines (416 Respondents*) (Sept. 2010 - June 2020)



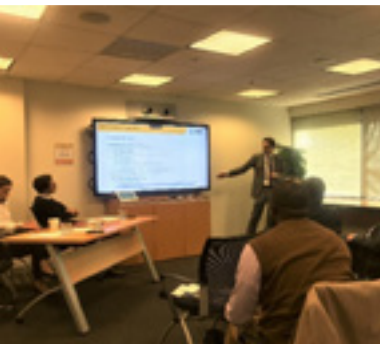
*Excludes (i) the 23 respondents against whom sanctions proceedings were ongoing as of June 30, 2020; and (ii) the 20 respondents whose cases were withdrawn or settled after an SDO recommendation.

**“Passage of Time” and “Previous Early Temporary Suspension” are not listed in the WBG Sanctioning Guidelines but may be considered pursuant to the Sanctions Procedures.

Events and Outreach

OSD continued its 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 Sanctions System, and to learn from those outside the WBG. OSD has hosted and participated in a variety of events to discuss the Sanctions System and promote the WBG's broader anti-corruption agenda. In FY20, OSD's staff:

- Raised awareness about the WBG sanctions system by delivering presentations both internally, including to country offices, and externally, including to co-financing development partners such as the OPEC Fund for International Development.
- Organized a panel on Administrative Sanctions and Innovative Measures Against Corruption during the Conference of State Parties to the UN Convention Against Corruption in UAE in December 2019. Representatives of the World Bank, the African Development Bank, the Council of Ethics for the Norwegian Government Pension Fund, and a major state-owned enterprise's independent sanctions system discussed the anti-corruption administrative systems developed by their institutions and considered to what extent these types of systems can be replicated and adapted to other organizations across the public and private sectors.
- Co-organized with the WBG Sanctions Board Secretariat seminars for the International Law Institute in November 2019 in Washington, D.C. These events provided an overview of the WBG Sanctions System and the WBG's broader anti-corruption efforts to public officials and private practitioners from 11 jurisdictions.
- Lectured at the International Anti-Corruption Academy in Vienna, Austria about the role of the WBG Sanctions System in the global pursuit of integrity in international development.
- Presented on the use of suspension and debarment in various procurement systems at a conference organized by the Polish Public Procurement Law Association in Warsaw, Poland in November 2019.
- Provided an update on WBG Sanctions System activity at CS's Annual Conference on Anti-Corruption in France, joining representatives of the European Bank for Reconstruction and Development and the European Investment Bank in a discussion about recent investigative techniques, sanctions, and compliance requirements.



- Participated in a mock trial involving anti-corruption issues at the International Bar Association's annual conference in Seoul, South Korea in September 2019.
- Participated in a joint meeting of the first-tier sanctions officers and the respective heads of integrity from other major multilateral development banks on the occasion of the Conference of International Investigators in Geneva, Switzerland in November 2019.
- Presented on the effect of sanctions in procurement at the Fourth Global Procurement Conference organized by the University of Rome Tor Vergata in July 2019. Speaking to recent graduates of the International Master in Public Procurement Management program, this presentation examined the common purposes and mechanisms behind the use of suspension and debarment in various procurement systems, including the WBG Sanctions System.
- Presented on what triggers debarment and other potential sanctions in the WBG sanctions system at the International Conference on the Foreign Corrupt Practices Act in Washington, D.C. in December 2019.
- Organized a webinar in March 2020 on the Global Exclusion Survey under the auspices of the International Bar Association Anti-Corruption Committee's Debarment and Exclusions Subcommittee. This webinar kicked off the next round of the Global Exclusion Survey and discussed the importance of understanding how suspension and debarment is used by countries and organizations around the world.

OSD continued to maintain regular contacts with suspension and debarment officials from national governments and international organizations. OSD also participated in various bilateral discussions with client countries and organizations interested in learning more about the WBG Sanctions System and, in some of these cases, looking to establish their own debarment systems.

In FY20, OSD had planned to host the fifth edition of its biennial International Debarment Colloquium series, a flagship event which showcases developments in debarment systems worldwide, examining the various uses of suspension and debarment in the procurement and anti-corruption contexts. Due to the ongoing COVID-19 pandemic, OSD reorganized the event into a series of virtual webinars in September and October 2020. More information about, and recordings of, the webinars can be accessed on the Colloquium's [website](#).



The 2020 Round of the Global Exclusion Survey

Although increasing in use, suspension and debarment is often viewed through the lens of other disciplines. OSD has continued its systematic effort to examine debarment as its own discipline by looking for ways to gather knowledge and comparable data on exclusion systems worldwide. In addition to multilateral development banks, countries and international organizations have increased their use of legal remedies to avoid doing business with suppliers who present a risk to public funds, generally by removing a wayward supplier from the procurement system for either a specific procurement process or for a period of time.

Through the efforts of the International Bar Association's Anti-Corruption Committee's Debarment and Exclusions Subcommittee, in cooperation with the Sanctions Officer for the Inter-American Development Bank Group (comprising the Inter-American Development Bank, IDB Invest, and IDB Lab), and Le Bureau de l'inspecteur general de la Ville de Montréal, OSD launched a global survey designed to study these legal mechanisms. The survey attempted to compile as much data as possible on suspension and debarment systems across a range of jurisdictions and institutions. The survey sought information on six key areas relating to an exclusion system's structure and operation:

- legal and institutional framework
- functioning and enforcement
- substantive grounds for exclusion
- scope and effect of exclusion
- transparency
- sub-national exclusion systems.

OSD conducted a pilot study between May and October 2018 to test the survey's structure and formatting. The next round of the survey was launched in March 2020 and continues to accept submissions. So far, numerous responses have been received covering at least 20 countries and organizations: Australia, Brazil, Canada, China, Cost Rica, El Salvador, Estonia, Germany, Guatemala, Honduras, India, the Netherlands, Poland, Serbia, South Africa, South Korea, Sweden, the United States, the United Nations Commission on Human Rights, the World Bank's Corporate Procurement Vendor Eligibility Policy, and the World Trade Organization's Agreement on Government Procurement. These responses came from a mix of private practitioners, government officials, and academics with knowledge of exclusions in their jurisdictions. Ultimately, these responses will contribute to a public report and table summarizing the exclusion systems of the covered jurisdictions.

More information about the Global Exclusion Survey is available at www.worldbank.org/exclusionsurvey.

Sanctions Imposed by the SDO Pursuant to Notices of Uncontested Sanctions Proceedings

During FY20, the SDO issued Notices of Uncontested Sanctions Proceedings in 15 cases, resulting in sanctions against 19 respondents for engaging in fraud, corruption, and coercion in connection with WBG-financed projects in the health, agriculture, social, transportation, water, energy, extractive, and education sectors of client countries. All of these Notices of Uncontested Sanctions Proceedings are publicly available on the WBG's website. These cases included:

Sanctions Case No. 593

The SDO determined that the respondent, a Chinese firm acting as a subcontractor on two power plant construction contracts under an energy efficiency Bank-financed project in China, engaged in a fraudulent practice by misrepresenting that it had completed certain works under two subcontracts. The SDO imposed a sanction against the respondent, and several named affiliates, of debarment with conditional release for a minimum period of four years and nine months. In determining this sanction, the SDO took into account, as aggravating factors, the respondent's repeated pattern of misconduct and the degree of harm to the project caused by the misconduct. As a mitigating factor, the SDO considered the respondent's limited cooperation with INT's investigation.

Sanctions Case No. 559

The individual respondent, an Ecuadorian citizen, had been involved in several technical assistance contracts awarded directly by the Bank pursuant to the Bank's corporate procurement framework. INT referred this case to the SDO after the Director for Strategy, Performance, and Administration declared the respondent to be non-responsible in accordance with the Bank's Vendor Eligibility Policy. After reviewing the case, the SDO determined that the respondent had engaged in fraudulent practices in connection with two corporate procurement technical assistance contracts under a social protection reform project in Pakistan. The respondent fraudulently failed to disclose in an affiliated company's proposals for both contracts that he intended to assist in executing these contracts while simultaneously serving as a Short Term Consultant with the Bank. The SDO imposed a debarment with conditional release for a minimum period of two years on the respondent and certain of his affiliates. The SDO took into account, as an aggravating factor, the respondent's repeated pattern of misconduct. As mitigating factors, the SDO considered the respondent's cooperation with INT and the significant passage of time since the misconduct occurred and since it came to the Bank's attention.

Sanctions Case No. 670

The SDO determined that the respondents, a Fiji-based firm and its Managing Director, a Fijian citizen, engaged in a fraudulent practice by including a false manufacturer's authorization form in a bid for a works contract under an energy sector development project in Fiji. The SDO imposed on each respondent a fixed-term debarment of nine months. As an aggravating factor, the SDO considered the involvement of management in the misconduct. As mitigating factors, the SDO took into account the respondents' (i) timely establishment and implementation of corporate compliance procedures and training related to the misconduct, (ii) cooperation during the course of INT's investigation, (iii) admission and acceptance of responsibility for the misconduct, (iv) internal investigation into the misconduct, and (v) voluntary restraint from bidding on Bank-financed tenders.

Sanctions Case No. 618

The SDO determined that the respondent, an Indian firm proposed as a subcontractor in bids for three lots of a works contract under a rural electricity transmission and distribution project in Bangladesh, engaged in fraudulent practices by submitting false test reports for its surge arrestors to the bidder for inclusion in the bids. The SDO imposed on the respondent a debarment with conditional release for a minimum period of four years. The SDO took into account, as an aggravating factor, the respondent's repeated pattern of misconduct and concealment of evidence, noting that the respondent had falsified 12 test reports and subsequently altered documents in an attempt to conceal its misconduct.

Sanctions Case No. 647

The SDO determined that the respondents, a Nigerian firm and its Managing Director, a Nigerian citizen, engaged in fraudulent and corrupt practices in connection with a refuse collection and disposal contract under a state employment and expenditure project in Nigeria. The SDO found that the respondents had submitted false documents in connection with the firm's bid for and execution of the contract, and also made three corrupt payments to a public official to improperly influence the official's actions in connection with the same contract. The SDO imposed on each respondent a debarment with conditional release for a minimum period of six years and seven months. In determining this sanction, the SDO considered that the respondents had engaged in two different types of sanctionable misconduct, and also took into account, as an aggravating factor, the respondents' repeated pattern of fraudulent practices. As a mitigating factor, the SDO considered the firm's limited cooperation with the investigators, noting that the respondents provided documents and access to the firm's bank account but denied engaging in misconduct.

Sanctions Case No. 588

The SDO determined that the respondents, an Uzbek firm and its Managing Director, an Uzbek citizen, engaged in a corrupt practice by offering something of value to a World Bank staff member in an attempt to improperly influence the staff member's actions in connection with a future contract under a higher education modernization project in Uzbekistan. The SDO imposed on both respondents a debarment with conditional release for a minimum period of three years. The SDO did not apply any mitigating or aggravating factors.

Sanctions Case No. 585

The SDO determined that the individual respondent, an Uzbek citizen, engaged in a coercive practice by threatening a representative of a competing bidder in an attempt to pressure the bidder to withdraw his bid for a construction contract under a water supply project in Uzbekistan. The SDO imposed on the respondent a debarment with conditional release for a minimum period of four years. The SDO took into account, as an aggravating factor, that the respondent conspired with public officials in connection with the coercive practice. This sanction was extended to a firm as a controlled affiliate for as long as the individual respondent directly or indirectly controls the firm, notwithstanding the sanction that was separately imposed on the affiliate firm by the Bank in 2018 in connection with another sanctions case.

Sanctions Case No. 586

The SDO determined that the respondent, an Indonesian firm, engaged in three separate fraudulent practices in connection with several irrigation rehabilitation contracts under a water resources and irrigation sector management project in Indonesia. In particular, the SDO found that the respondent had (i) submitted a forged performance guarantee and a forged advance payment guarantee after being awarded one contract, (ii) submitted forged bid guarantees in its bids for two other contracts, and (iii) submitted in those same two bids a false declaration that the



respondent had not been blacklisted by national authorities. The SDO imposed on the respondent a debarment with conditional release for a minimum period of five years. In determining this sanction, the SDO took into account, as an aggravating factor, the respondent's repeated pattern of misconduct.

Sanctions Case No. 601

The SDO determined that the respondent, a Chinese firm, engaged in a fraudulent practice by misrepresenting its prior experience and the experience of its proposed project manager in its bid in a joint venture between the respondent and another company for a construction contract under water environment management project in China. The SDO imposed on the respondent a debarment with conditional release for a minimum period of three years. In determining this sanction, the SDO did not apply any aggravating or mitigating factors.

Sanctions Case No. 662

The SDO determined that the respondent, an Indonesian firm, engaged in a fraudulent practice by submitting a forged bid guarantee with its bid for an irrigation rehabilitation contract under a water resources and irrigation sector management project in Indonesia. The SDO imposed on the respondent a debarment with conditional release for a minimum period of three years. The SDO did not apply any aggravating or mitigating factors.



Sanctions Case No. 643

The SDO determined that the respondent, a Chinese firm, engaged in a fraudulent practice by misrepresenting its past experience in its bid for an environmental restoration contract under a mining area rehabilitation project in China. The SDO imposed on the respondent a debarment with conditional release for a minimum period of three years. The SDO did not take into account any aggravating or mitigating factors.

Sanctions Case No. 642

In a case similar to Sanctions Case No. 643, the SDO determined that the respondent, a Chinese firm, engaged in a fraudulent practice by misrepresenting its past experience in its bid for an environmental restoration contract under a mining area rehabilitation project in China. The SDO imposed on the respondent a debarment with conditional release for a minimum period of three years. The SDO did not take into account any aggravating or mitigating factors.

Sanctions Case No. 616

The SDO determined that the respondent, a Democratic Republic of Congo-based firm, engaged in fraudulent practices by submitting multiple fabricated invoices and supporting documentation under at least three contracts it implemented under a health sector rehabilitation project in the Democratic Republic of Congo. The SDO imposed on the respondent a debarment with conditional release for a minimum period of four years. In determining this sanction, the SDO took into account, as an aggravating factor, the firm's repeated pattern of misconduct.

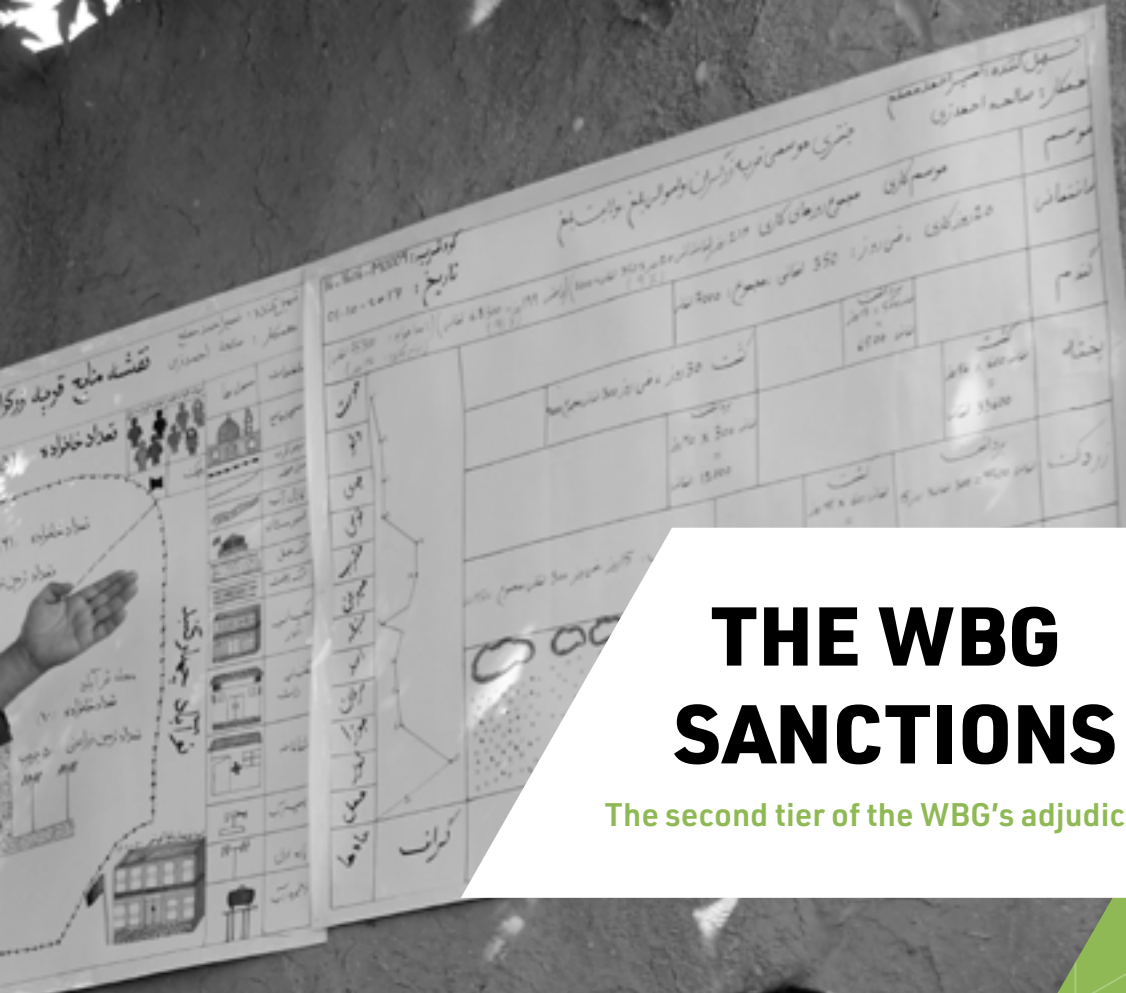
Sanctions Case No. 607

The SDO determined that the respondents, a Russian firm and its Tajik partner firm, each engaged in a fraudulent practice by misrepresenting their respective financial information in a joint venture bid for a furniture supply contract under an education project in Tajikistan. The SDO imposed on each respondent a debarment with conditional release for a minimum of three years. The SDO did not apply any aggravating or mitigating factors.

Sanctions Case No. 641

The SDO determined that the respondent, a Chinese firm, engaged in fraudulent practices by misrepresenting its past experience in its bids for three contracts under a rural water supply and sanitation project in China. The SDO imposed on the respondent a debarment with conditional release for a minimum period of two years and eight months. In determining this sanction, the SDO took into account, as an aggravating factor, the respondent's repeated pattern of misconduct, noting in particular that the respondent engaged in fraudulent practices in bids for three separate contracts. The SDO also took into account, as a mitigating factor, the respondent's admission to INT that its representatives engaged in the misconduct.





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 share this edition of the WBG Sanctions System Annual Report with our colleagues, partners, and other stakeholders in the development community. As this fiscal year comes to a close, we welcome the opportunity to look back at the sanctions cases, outreach initiatives, and other developments within the World Bank Group Sanctions Board and its Secretariat.

The World Bank Group-wide sanctions system encompasses diverse decision makers, several tiers of independent review, and mechanisms to assess and address potential misconduct in all of the Bank Group's areas of work. As the final decision maker in all types of cases where an accused party disputes the findings and/or recommendations reached at the first tier, the Sanctions Board contributes an additional layer of due process, transparency, and independence, which further strengthens the Bank Group's efforts against misconduct in its projects.



The Sanctions Board has continued its leadership in transparency through publication of detailed decisions setting out the key issues, arguments, evidence, and legal and factual findings in its cases. This year, we are especially pleased to note that another institution has joined the Bank Group in publishing the decisions of its final tier of review – the African Development Bank Group's Sanctions Appeals Board.¹⁷ Published sanctions decisions increase publicity surrounding the imposition of sanctions, may enhance the general deterrent effect of sanctions proceedings, and serve as a publicly available body of case law used by other MDBs and the defense bar. In addition, reasoned decisions that discuss the facts of each case help define the boundaries between permissible and sanctionable conduct, may elevate the level of argumentation in sanctions cases, and drive institutional sanctions system enhancements.

The past year has been productive and challenging. On the heels of the publication of its [Law Digest](#), the Sanctions Board has considered new complex cases, the Secretariat has engaged in varied educational and outreach efforts, and all units have worked to ensure that the sanctions system continues to function efficiently during the COVID-19 global pandemic. As always, the Sanctions Board's contributions as the final and fully independent layer of the sanctions system have been made clear in its published decisions, summarized later in this section. As we look forward to the next fiscal year, the members of the Sanctions Board and our team at the Secretariat remain committed to the World Bank Group's values of integrity, transparency, and due process.

Giuliana Dunham Irving

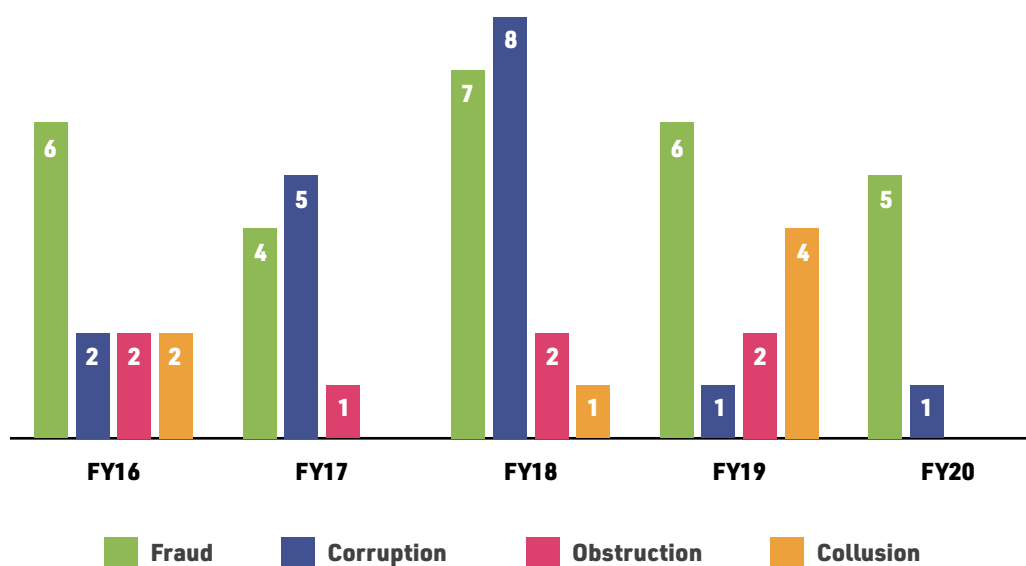
Executive Secretary to the WBG Sanctions Board

17 The AfDB Group is a signatory of the MDB Cross-Debarment Agreement. More about the Sanctions Appeals Board: <https://www.afdb.org/en/topics-and-sectors/topics/sanctions-system/second-tier-the-secretariat-of-the-sanctions-appeals-board>.

Overview

The Sanctions Board is the second and final tier of review within the sanctions system, and issues non-appealable decisions in all contested cases of sanctionable misconduct in projects financed, co-financed, or guaranteed by any member institution of the World Bank Group (IBRD, IDA, IFC, or MIGA). In addition, the Sanctions Board reviews other types of cases, which include disputes regarding scope of sanctions and compliance with conditions that a sanction may impose (see “Review of other types of cases” later in this section). The WBG Sanctions Board was established in 2007. Sanctions Board members are entirely external to the World Bank Group, and consider sanctions cases in dedicated 3-person panels or a larger plenary group. The Sanctions Board has issued more than 125 decisions to date and, since 2012, has published all final and fully-reasoned decisions online .

Trend in the type of misconduct alleged in cases contested to the Sanctions Board (by case): FY16-FY20



Who We Are

Sanctions Board Members

The Sanctions Board is currently composed of seven members, each appointed by the World Bank Group's Board of Executive Directors. Sanctions Board members serve as impartial decision-makers external to the WBG. None of the members are WBG staff and their consideration of sanctions cases is subject to disclosure and avoidance of any potential conflicts of interest. The candidates for membership are identified by the World Bank, IFC, or MIGA (see chart below); and must satisfy requirements of professional expertise and independence. Members serve single non-renewable terms of up to six years, and represent a diversity of personal and professional backgrounds. In cases that involve IFC or MIGA financing, the Sanctions Board also receives input from an internal advisor appointed by the relevant institution.

In FY20, the Sanctions Board was fully constituted and did not have any vacancies. Over the course of the year, the Sanctions Board met fourteen times, including in-person meetings



John R. Murphy
Sanctions Board Chair
(World Bank)
South Africa

Concurrently with his work at the Sanctions Board, Chairman Murphy serves as a Judge of Appeals of the United Nations Appeals Tribunal and Acting Judge of Appeal of the Labour Appeal Court of South Africa. His previous roles include that of President of the United Nations Appeals Tribunal (2018) and Judge of the High Court of South Africa (Gauteng Division, Pretoria).



Rabab Yasseen
Member (World Bank)
Switzerland



Maria Vicien Milburn
Member (World Bank)
Argentina, Spain



Olufunke Adekoya
Member (IFC)
Nigeria, UK



Cavinder Bull
Member (IFC)
Singapore



Mark Kantor
Member (MIGA)
United States



Alejandro Escobar
Member (MIGA)
Chile, United States

and virtual consultations, to convene panels for deliberations and hearings, involving each of the current members.

Sanctions Board Secretariat

The Sanctions Board Secretariat is a professional team of attorneys and other staff, managed by the Executive Secretary to the Sanctions Board, with an office in the WBG's Washington, D.C., headquarters. The Secretariat is tasked with supporting all functions of the Sanctions Board and facilitating the work of its members in pending sanctions cases. Ms. Giuliana Dunham Irving has been serving as the Sanctions Board's Executive Secretary since July 2017. Ms. Dunham Irving brings to her current role more than a decade of legal and anti-corruption work in the WBG, including an investigative position at INT and that of 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. Staff attorneys and other members of the Secretariat have diverse experience in program management, international law, alternative dispute resolution, corporate legal practice, litigation, and international development.

The Secretariat is supervised by the Sanctions Board Chair on all case-related matters. The Secretariat's functions include legal, strategic, and administrative support and advice to the Sanctions Board to ensure efficient coordination of its members and timely resolution of proceedings. 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 international development community.

In addition to regular staff, the Secretariat's FY20 team included an associate from the [WBG-Howard University Law School program](#), which places law students in select departments within the Bank Group. The program is specific to WBG units addressing issues of integrity and internal justice at the institution, and brings students with backgrounds and interest in alternative dispute resolution matters. During FY20, the Secretariat welcomed Ms. Oretha Manu (Ghana, Liberia).



Pictured: WBG Sanctions Board, Executive Secretary, and Secretariat Staff; December 2019

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 any of the WBG’s first-tier officers.¹⁸ In its review of contested sanctions cases, the Sanctions Board determines whether the record in a sanctions case 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. The Sanctions Board’s analysis takes place under a “burden-shifting” framework, whereby if INT shows that it is more likely than not that the respondent engaged in misconduct, the burden of proof shifts to the respondent to show — with counterarguments and evidence — that INT’s accusations are not supported by a preponderance of the evidence.¹⁹ Between FY16-FY20, the Sanctions Board reviewed and decided 44 contested sanctions cases against 69 respondents.

The Sanctions Board reviews cases de novo, which means that it reviews each of those cases independently and in its entirety, without deference to (or reexamination of) determinations reached at the first tier of the sanctions process. In reviewing contested cases, the Sanctions Board considers a more expansive record than at the first tier, including at least one further round of pleadings containing additional arguments and/or new evidence. In addition, the Sanctions Board makes determinations on any jurisdictional, evidentiary, and procedural issues not resolved at earlier points in the process; conducts oral hearings as requested by any of the parties or called by 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 and evidence as compared to the first-tier officers.

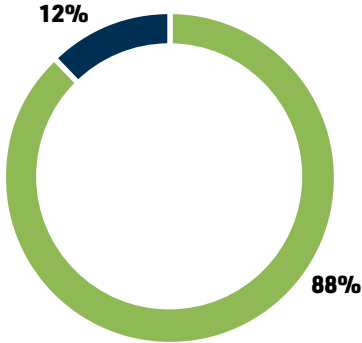
Among all cases contested during the FY16-FY20 period, the Sanctions Board held 88% of those respondents liable for the alleged misconduct. For 12% of the respondents during the same period, the Sanctions Board concluded that the record did not support a finding of liability and terminated the proceedings without any sanction. (see figure on right)

In contested cases where the Sanctions Board reaches a finding of liability, it does not reaffirm the sanction recommended at the first tier but, again, conducts a de novo analysis of the severity of misconduct and other sanctioning factors. During the FY16-20 period, sanctions applied at the second tier “matched” those at the first tier in 7% of instances. For 55% of contesting respondents, the Sanctions Board applied a sanction that included a lesser period of minimum debarment. For 26% of contesting respondents, the minimum debarment period determined at the second tier was greater.²⁰ The



Proportion of respondents that **contested their cases** to the Sanctions Board in FY20.

Outcome for Respondents Comparison Between the First and Second Tiers of Review FY16-FY20



SB finding no liability (no sanction)
SB finding liability

18 The WBG’s first tier officers are as follows: the Bank’s SDO, IFC’s EO, MIGA’s EO, and the EO for the Bank’s guarantee and carbon finance activities. See pp. 10 and 12-13 of this document
19 The standard and burden of proof in sanctions cases are described in the relevant Sanctions Procedures, all available at: <https://www.worldbank.org/en/about/unit/sanctions-system/sanctions-board#3>
20 In each contested case, the Sanctions Board considers the respondent’s period of temporary suspension in determining any sanction.

Sanctions Board also generally applies a broad range of sanctions, including debarment with conditional release, conditional non-debarment, debarment for a fixed period of time, and letters of reprimand with and without conditions. The conditions applied by the Sanctions Board are similarly diverse and tied to the facts of each case and the risk attendant to the misconduct at issue.

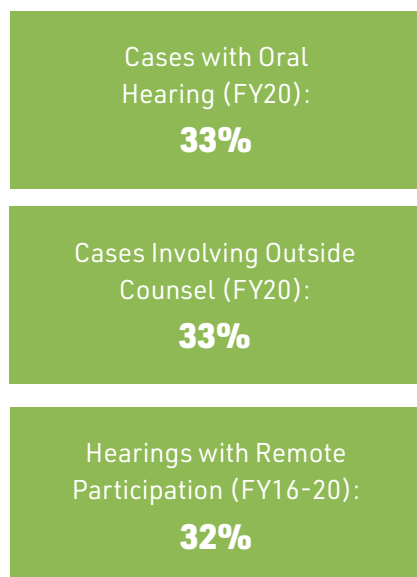


Review of other types of cases

In addition to resolving contested sanctions cases, the Sanctions Board is responsible for reviewing four other types of disputes. First, the Sanctions Board reviews cases where a sanctioned party contests the ICO’s determination that the party did not comply with conditions imposed by a sanction. 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, where the WBG extends a respondent’s sanction to that respondent’s successor or assign,²¹ the Sanctions Board reviews any appeal by the entity of the WBG’s determination.

In reviewing these three types of disputes, the Sanctions Board uses an “abuse of discretion” standard and ascertains whether the WBG determination at issue (i) lacked an observable basis or was otherwise arbitrary, (ii) was based on disregard of a material fact or a material mistake of fact, or (iii) was taken in material violation of applicable procedures.

Fourth, the Sanctions Board may review requests for reconsideration of Sanctions Board decisions, but has held that such a request would be granted only in narrowly defined and exceptional circumstances. These circumstances include discovery of newly available and decisive facts, fraud in the original proceedings, or clerical mistake in the issuing of the original decision.



Conduct of hearings

Sanctions Board hearings are confidential and informal, and they 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 respondent 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. At the conclusion of a hearing, the parties are invited to make closing presentations, with the respondents being given the opportunity to have the last word.

²¹ As determined by the WBG.

Issuance of Sanctions Board decisions

Consistent with the WBG’s commitment to transparency, the Sanctions Board is a leader among MDBs as the first sanctions appeals body to publish [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 unpublished decisions between 2007 and 2011 were presented [in the first edition of the Sanctions Board’s Law Digest](#), published in December 2011. The shift to public Sanctions Board decisions in 2012 has resulted in the development of a body of jurisprudence that offers guidance to international stakeholders involved in anti-corruption and administrative sanctions. The full body of Sanctions Board precedent as of FY19 is presented [in the second edition of the Law Digest](#).

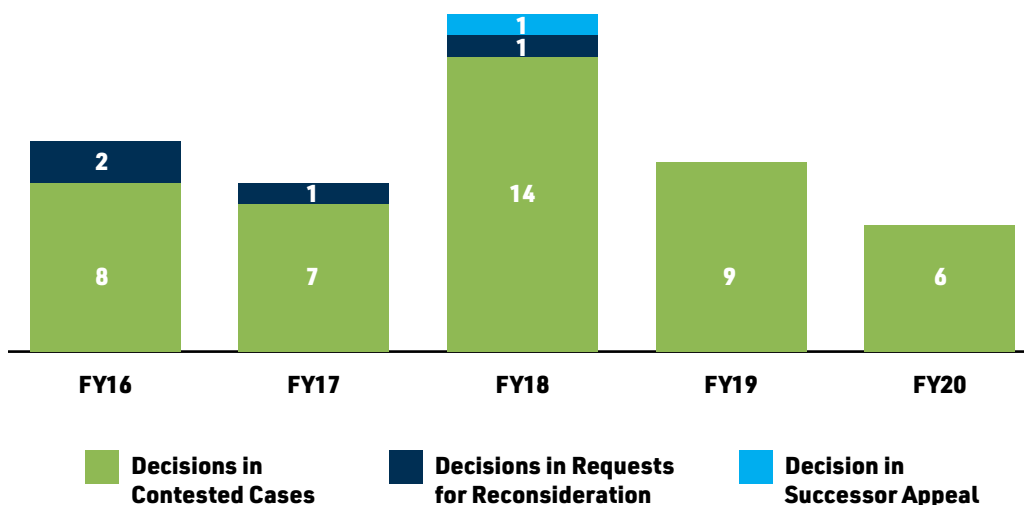
In a majority of cases with a finding of liability, the Sanctions Board has imposed a sanction of debarment with conditional release on the respondent. Conditions imposed by the Sanctions Board are responsive to the facts of the case and have included the improvement of company bidding processes, meaningful training programs for staff implicated in misconduct, and the implementation or enhancement of integrity compliance programs at firms that had engaged in misconduct or were controlled by sanctioned individuals.

In FY20 ...



7 firms and individuals were sanctioned by the Sanctions Board.

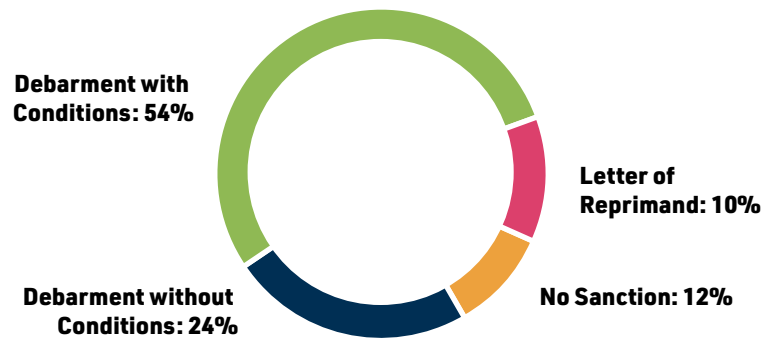
Decisions issued by the Sanctions Board: FY16-FY20



* Some decisions resolve more than one contested case – for example, where the Sanctions Board has joined related cases for efficiency and fairness.

** During the period of FY16-FY20, the Sanctions Board issued a decision every 41 days, on average.

Type of Sanctions Imposed on the Respondents by the Sanctions Board: FY16-FY20



Knowledge sharing and engagement with stakeholders

In addition to direct engagement as a decision maker in sanctions proceedings, the Sanctions Board recognizes its responsibility to appropriately engage with stakeholders outside the context of sanctions cases, share lessons learned with peers at similar tribunals, and contribute to the global anti-corruption community through targeted outreach efforts. To that end, the Sanctions Board and the Secretariat provide internal consultations to Management on the functioning and possible future reforms of the WBG sanctions system; engage in dialogue with similar sanctions appeals bodies at other international development organizations (below); and participate in public forums and conferences that relate to administrative sanctions as a tool against corruption in development.

The Executive Secretary and staff of the Secretariat engaged in various knowledge-sharing and outreach efforts in FY20, including lectures for internal stakeholders and external audiences and broader public events to examine issues of corruption and integrity in international development.

“Disruptive Technology in Development: Tool for Integrity or Instrument of Corruption?”

As part of the WBG’s annual Law Justice and Development Week, the Sanctions Board Secretariat brought together [Dr. Mihály Fazekas](#), Director & Founder of the [Government Transparency Institute](#), and [Mr. Raúl Alfaro-Pelico](#), a researcher and climate resilience specialist at the World Bank, who presented contrasting views of disruptive technology in development. The debate was moderated by the [Honorable Nicole Lamb-Hale](#), Managing Director of the Business Intelligence and Investigations practice at [Kroll](#).



"Nowhere to Hide: Exposing Corruption to Open Source Investigations"

During another session of Law Justice and Development Week, the Sanctions Board Secretariat facilitated a discussion on novel technologies in corruption investigations that relied on “open source” data. The expert panel included [Mr. J.R. Mailey](#), Director of Investigations at [The Sentry](#), Mr. James Barker, Senior Director of Business Intelligence and Investigations at Kroll, and [Mr. Ronald Machen](#), Co-Chair of [WilmerHale](#)’s White Collar Defense and Investigations Practice.



Presentations at international symposia

The Secretariat participated at this year’s meetings of the UN Commission on International Trade Law and the Asian Society for International Law, where Secretariat staff contributed to discussions on dispute resolution mechanisms in international fora and regional corruption risks.



Lectures for graduate and professional programs

Members of the Secretariat delivered presentations to students and faculty of the Washington, D.C.'s International Law Institute, the Howard University School of Law, the University of Lisbon, and the Queen Mary University of London. Topics of discussion included the WBG sanctions system, the UN Convention Against Corruption, and institutional measures against misconduct in development projects.



COVID-19 Precautions and Adjustments

The outbreak and spread of COVID-19 have had cascading impacts on the World Bank Group's partners and other stakeholders. Travel restrictions affected the ability of Sanctions Board members to convene in person, and the WBG's closure of most offices in Washington, D.C. headquarters required Secretariat staff to transition to fully remote work arrangements. Under the leadership of the Sanctions Board Chair and the Executive Secretary, the Secretariat responded quickly in this rapidly changing environment. First, the Executive Secretary issued a public authorization for parties in sanctions cases to make all filings in electronic format, and the Secretariat facilitated numerous consultations and deliberations among Sanctions Board members in virtual format. By May 2020, the Sanctions Board issued its first decision where all deliberations took place remotely. As of the issuance of this report, the Secretariat has transitioned to fully electronic processing of pleadings and case correspondence; all hearings for the time being have been moved to a virtual format; and Sanctions Board members have remained connected and engaged in sanctions work from their respective locations in South Africa, Spain, Switzerland, Singapore, Nigeria, the UK, and the US.

Summary of Precedent – FY20

During FY20, the Sanctions Board issued six decisions ([Sanctions Board Decisions No. 122-No. 127](#)) arising from contested cases reviewed in Fall 2019 and Spring 2020. The cases were diverse in scope; and involved allegations of fraud and corruption relating to contracts financed by IBRD, IDA, and a multi-donor trust fund administered by IDA. The projects at issue sought to develop the agricultural, energy, infrastructure, and water sectors of several countries including Afghanistan, Belarus, the Democratic Republic of Congo, Georgia, Lebanon, and Nigeria.

The Sanctions Board's findings and conclusions, as described below, were reached pursuant to the "more likely than not" standard of proof. The Sanctions Board's findings relied on a diverse array of evidence submitted by the parties, including copies of contemporaneous correspondence, testimonial evidence from interviews held by INT investigators, and documentation of transactions relevant to each case.

Solicitation of a bribe by a public official:

Decision No. 125

In [this decision](#), the Sanctions Board imposed a fixed-term debarment of five years and six months on an individual who served as a manager under two contracts financed by the Southern African Power Market Project (Phase I).

Applicable definition of corrupt practice; procedure: As an initial matter, the Sanctions Board observed that one of the governing project documents, in defining “corrupt practices,” deviated from the standard definition of this type of misconduct, but that this deviation was not material so as to indicate an intentional departure from standard definitions.

The Sanctions Board also noted that the standard definition of corrupt conduct did not specify who may be deemed a “public official” whose influence is at issue, but held that an employee of an organization taking/reviewing procurement/selection process decisions would fit this category. During the course of the proceedings, the Sanctions Board also reviewed supplemental filings by the parties, aiming to clarify arguments at issue in this case.

Allegations, evidence, and findings: The central allegation in this matter was that the respondent solicited a payment from a supplier under the Project in exchange for the respondent’s favorable treatment in his position of authority. In assessing the allegation, the Sanctions Board looked separately at evidence that a payment was sought, how it may have been concealed through the use of an intermediary, and what prompted the relevant conduct. The Sanctions Board relied on copies of email correspondence, statements made by the respondent and other individuals during INT’s investigation, excerpts of bidding documents under the Project, and the roles of various parties in relation to the alleged misconduct. The Sanctions Board ultimately found that evidence supported a finding that the respondent solicited a commission from a third party. However, the Sanctions Board found the evidence insufficient to support a finding that the respondent engaged an intermediary to receive and conceal the same commission. The Sanctions Board held that the respondent acted with the requisite corrupt intent in using his position of authority in exchange for a commission.

Sanctioning analysis: In determining the respondent’s final sanction, the Sanctions Board assessed the factors proposed by INT, the factors suggested by the respondent, and other sanctioning factors applicable in light of the available evidence. For example, the respondent’s conduct exhibited a degree of sophistication; the respondent played a central role in the misconduct that involved multiple parties; the respondent displayed a lack of candor during the Bank’s sanctions proceedings; and the respondent’s actions exposed the Bank to operational and reputational risks, restricted competition, and caused financial harm. However, the Sanctions Board found the evidence insufficient to support a finding



that the respondent engaged an intermediary to receive and conceal the commission, and declined to apply additional aggravation on that specific basis. The Sanctions Board found the investigative record to also reveal some limited cooperation by the respondent and noted that, by the time the Notice was issued in this case, a significant period of time had passed since the commission of the misconduct and the Bank's awareness of the same.

Fraudulent misrepresentations by contractors, consultants, unsuccessful bidders, or service providers:



Decision No. 122

In [this decision](#), the Sanctions Board imposed a sanction of debarment with conditional release for a minimum period of four years on a firm and one of its owners. The respondent firm had submitted a bid on a Bank-financed construction contract under the Erosion and Watershed Management Project in Nigeria.

Allegations, evidence, and findings: INT alleged that the individual respondent was involved in obtaining a forged bid security, which he included in the respondent company's bid. Documentary evidence and written statements from the purported

issuer showed that the bid security was indeed falsified. While the respondents argued that they had relied on the assurances of a third-party vendor and believed that the bid security was authentic, the Sanctions Board determined that the record did not support these assertions. On the contrary, circumstantial evidence indicated that the individual respondent knowingly submitted the document in question in order to satisfy the tender requirements. Accordingly, the Sanctions Board found the respondents liable for a fraudulent practice.

Sanctioning analysis: In its sanctioning analysis, the Sanctions Board applied aggravating factors including the severity of the misconduct (specific manner of misconduct and management's role in the scheme) and lack of candor in the sanctions proceedings. In addition, the Sanctions Board declined to consider factors that it found to be unrelated to the respondent's culpability or responsibility for the misconduct (adverse consequences of debarment, absence of a history of misconduct, and the respondent firm's record of contractual performance).

Decision No. 123

In [this decision](#), the Sanctions Board imposed a sanction of debarment with conditional release for a minimum period of three years on a company. The respondent company had participated in tenders for two separate Bank-financed contracts under the Second Regional and Municipal Infrastructure Development Project and the Third Regional Development Project in Georgia.

Allegations, evidence, and findings: INT alleged that in each of the respondent's bids, the respondent failed to disclose required information relating to its pre-existing contractual obligations. In reviewing the accusation, the Sanctions Board considered whether the information in question

was subject to a disclosure requirement and whether the respondent acted with fraudulent intent. Relying on relevant documentation (including excerpts of the bidding documents), contemporaneous correspondence, and circumstantial evidence, the Sanctions Board concluded that the respondent's omissions amounted to misrepresentations and constituted attempts to mislead the procurement authorities. Among other rulings, the Sanctions Board rejected the respondent's argument that its staff had misunderstood the tender disclosure requirements, observing lack of evidentiary support for this defense. Accordingly, the respondent was found liable for fraudulent practices.



Sanctioning analysis: While the respondent made misrepresentations in two separate bids, the Sanctions Board found that this conduct constituted a single course of action and did not warrant aggravation for repetition. The Sanctions Board declined to grant mitigation for circumstances raised by the respondent (minor role in the misconduct; internal action against a responsible individual; implementation of enhanced controls; absence of aggravating factors; and voluntary restraint). In its reasoning, the Sanctions Board observed that the proposed mitigating factors were either uncorroborated or unrelated to the respondent's culpability or responsibility for the misconduct at issue.

Decision No. 124

In [this decision](#), the Sanctions Board imposed a fixed-term debarment of three years on an individual employed under a contract financed by the Afghanistan Reconstruction Trust Fund, in the framework of the Agricultural Inputs Project.

Allegations, evidence, and findings: INT alleged that the respondent had misrepresented his work experience in his application for employment. While the respondent initially denied this allegation, he eventually admitted to the Sanctions



Board that his curriculum vitae untruthfully claimed three years of work at a certain non-profit organization. Based on documentary evidence (including a written statement from the relevant non-profit organization) and the respondent's own admissions, the Sanctions Board held the respondent liable for a fraudulent practice.

Sanctioning analysis: The final sanction was aggravated based on the respondent's conduct in relation to these sanctions proceedings, which the Sanctions Board found non-cooperative. The respondent's lack of candor was reflected, particularly, in implausible

denials of responsibility and persistent, unsupported claims that INT had relied on fabricated evidence in presenting its allegations. The Sanctions Board declined to grant any mitigation based on issues raised by the respondent (conduct of the selection process, absence of harm to other individuals, and adverse consequences of debarment), as such circumstances did not constitute plausible sanctioning factors relevant to the respondent’s culpability or responsibility.



Decision No. 126

In [this decision](#), the Sanctions Board imposed a sanction of debarment with conditional release for a minimum period of three years and one month on a respondent company. The respondent submitted a bid on and was awarded a Bank-financed construction contract under the Greater Beirut Water Supply Project in Lebanon.

Evidentiary and procedural matters: In initial pleadings to the Sanctions Board, the respondent questioned the quality of interview transcripts in the record and requested access to audio recordings of these interviews, noting suspected problems in translation. In additional authorized submissions, INT clarified that interpretation during interviews was conducted by the respondent’s own staff, but the respondent did not identify any transcript excerpts that were unclear and relevant to the allegations. In these circumstances, the Sanctions Board Chair denied the respondent’s request for the audio recordings. During the course of the proceedings, the Sanctions Board reviewed supplemental filings by the parties, including following the hearing, as authorized by the Sanctions Board Chair. These filings clarified the Sanctions Board’s assessment of multiple issues, including the respondent’s corporate integrity measures, the record of financial transactions relevant to the allegations, and legal assertions raised for the first time during the hearing.

Allegations, evidence, and findings: INT alleged that the respondent misrepresented past work experience and financial turnover in its bid. The Sanctions Board noted that the issue of false representation in this case – inauthentic documents and inaccurate statements – was largely undisputed and supported by additional evidence (e.g., correspondence with purported clients and relevant third parties and authentic financial statements that the respondent had filed with national authorities). The Sanctions Board also rejected the respondent’s attribution of bid- and contract-related activity to exclusively “rogue employees.” Although the respondent claimed that culpable individuals prepared the bid and established a branch company for purposes of contract execution without the respondent’s knowledge, the Sanctions Board noted that the respondent failed to support its assertions with evidence and in at least one instance admitted that its arguments were speculative. The Sanctions Board underscored that “the burden of proof with respect to a “rogue employee” defense, as a rule, lies with the respondent.”

Sanctioning analysis: The Sanctions Board found that the severity of the wrongdoing in this case (multiple forgeries attributed to public authorities) and the respondent’s lack of

candor in the proceedings both warranted aggravation of the final sanction. The Sanctions Board applied some mitigating credit for the respondent’s cooperative conduct, but noted that this was limited due to the contradictory and speculative nature of some of the respondent’s statements. The Sanctions Board declined to apply mitigation for the respondent’s asserted corrective measures, as the record did not reflect implementation of specific and relevant controls and the respondent appeared to have prepared this argument and evidence during a brief period shortly after issuance of the Notice in this case. The Sanctions Board also declined to apply mitigation for the respondent’s asserted cessation of misconduct, claimed internal investigation, limited admissions without acceptance of responsibility, asserted adverse impact of any debarment, and the lack of additional aggravating circumstances. The final sanction took into account the delays between the commission of misconduct, INT’s commencement of the investigation, and the Bank’s issuance of the Notice.

Decision No. 127

In [this decision](#), the Sanctions Board imposed a sanction of debarment with conditional release for a minimum period of six years on a respondent firm. The respondent had acted as a service provider that helped three consortia prepare and submit bids on Bank-financed contracts under the Biomass District Heating Project in Belarus.



Jurisdiction: The Sanctions Board held that the respondent was subject to possible sanction as a service provider under the Project, given the company’s role in bid preparation and support of some of the members of the bidding consortia. The Sanctions Board did not conclude that the respondent was an agent of the bidding consortia, as INT had originally asserted. In its assessment of this issue, the Sanctions Board relied on copies of legal agreements between the respondent and consortium members, evidence of the parties’ conduct during bid preparation, and testimonial evidence in the record.

Allegations, evidence, and findings: INT alleged that the respondent firm made significant misrepresentations in bid packages, which it had prepared and submitted on behalf of other companies. The Sanctions Board held that the record supported a finding of fraudulent misconduct, based on the respondent’s own acknowledgments; correspondence from financial institutions named in the false guarantees; statements from a purported signatory of one bid and examples of valid signatures for comparison; correspondence from third parties (asserted partners and clients) named in the claims of experience; and significant indicia of falsity in financial statements appended to a bid. The Sanctions Board also found that circumstantial evidence in the record supported an inference that the respondent acted knowingly and was directly involved in the misconduct. In its analysis of this element, the Sanctions Board noted the significant nature of the misrepresentations and the respondent’s later attempt to shift responsibility to a third party, unsupported by evidence and contradicted by INT’s further inquiry.

Sanctioning analysis: The final sanction was aggravated based on the repeated pattern of misconduct and participation of the respondent's senior management in the scheme. The Sanctions Board declined to apply any mitigation for cooperation, noting that the respondent had made contradictory and misleading statements during INT's investigation and during these sanctions proceedings. The Sanctions Board also did not apply mitigation for the respondent's asserted compliance with various business laws and standards, as an issue not relevant to the respondent's culpability or responsibility for the misconduct.







ANNEX

Investigations Overview

External Investigation Cases by Allegation, FY16-20

	Fraud	Corrupt.	Collusion	Coercion	Obstruct.	Total ²²
Active at End of FY20	45	31	17	2	1	66
%	68%	47%	26%	3%	2%	
Opened in FY20	38	16	11	0	0	46
%	82%	35%	24%	0%	0%	
Completed in FY20	30	11	8	0	6	43
%	70%	26%	19%	0%	14%	
Opened in FY19	35	17	16	1	3	49
%	71%	35%	33%	2%	6%	
Completed in FY19	39	16	13	0	6	47
%	83%	34%	28%	0%	13%	
Opened in FY18	51	19	14	0	0	68
%	75%	28%	21%	0%	0%	
Completed in FY18	61	29	21	0	3	70
%	87%	41%	30%	0%	4%	
Opened in FY17	41	19	15	0	2	51
%	80%	37%	29%	0%	4%	
Completed in FY17	39	33	19	3	3	52
%	75%	63%	37%	6%	6%	
Opened in FY16	39	37	17	3	3	64
%	61%	58%	27%	5%	5%	
Completed in FY16	64	48	30	7	8	87
%	74%	55%	34%	8%	9%	

22 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.

Internal Investigation Cases, FY20

	Staff	Vendor	Total
Carried over from FY19	34	7	41
Opened	32	9	41
Total	66	16	82
Closed²³	40	8	48
Substantiated	6	1	7
Unsubstantiated	16	1	17
Unfounded	8	2	10
Referred	10	4	14
Ending caseload	26	8	34

Overview of Internal Investigation Outcomes, FY16-20

	FY16	FY17	FY18	FY19	FY20
Cases Closed	25	24	30	29	48
Substantiated	7	10	11	10	7
Unsubstantiated	7	10	15	8	17
Unfounded	9	2	3	5	10
Referred	2	2	0	5	14
Other	0	0	1	1	0
Complaints Referred²⁴ / Not investigated	27	47	46	31	27

23 **Substantiated** case: A determination that based on the results of the investigation, the evidence supports a finding of misconduct. **Unsubstantiated** case: The preliminary inquiry or investigation, due to a lack of evidence did not establish a reasonable basis to warrant further investigation or a reasonable belief to substantiate that misconduct was committed, despite the presence of some credible information that, which if corroborated, would have established a reasonable belief, but as it stands does not rise above the suspicion level. In other words, there was insufficient evidence to warrant an investigation or to prove or disprove that misconduct was committed, and the decision then falls in favor of the staff member. **Unfounded** case: The results of a preliminary inquiry or investigation established sufficient evidence supporting a conclusion that misconduct, as alleged, did not occur. **Referred** case: Following a preliminary inquiry, these cases were deemed to involve issues more suitably addressed by other venues within the WBG for intervention (e.g., EBC).

24 Complaints that involved issues not within INT's investigative mandate that were referred to other appropriate venues within the WBG for intervention.

Sanctions System and Results, FY16-20

Sanctions Cases

	FY16	FY17	FY18	FY19	FY20	5 Year Total
Sanctions Cases Submitted to SDO/EO by INT	45*	26**	28	37	26	162
SDO/EO Initial Review Completed	45*	22**	27	36	29	159
Sanctions Cases Issued by SDO/EO to Respondents	40	19**	29	30	30	148
Sanctions Cases Withdrawn by INT or Settled after Issuance	1	2	2	2**	4	11
Sanctions Cases Resolved by First/Second Tier	29*	25	33	31	21	139

Settlement Agreements

Settlement Agreements Submitted to SDO/EO by INT	18	26	23***	16	22	105
SDO/EO Review Completed	18	22	27***	16	22	105

Sanctions Results

Firms and Individuals Temporarily Suspended	48	22**	40	34	38	182
Sanctions Imposed Pursuant to SDO Determinations	28	25	24	19	19	115
Sanctions Imposed Pursuant to SB Decisions	12	8	20	14	7	61
Sanctions Imposed Pursuant to Settlement Agreements	19	25	39***	20	23	126

Notes:

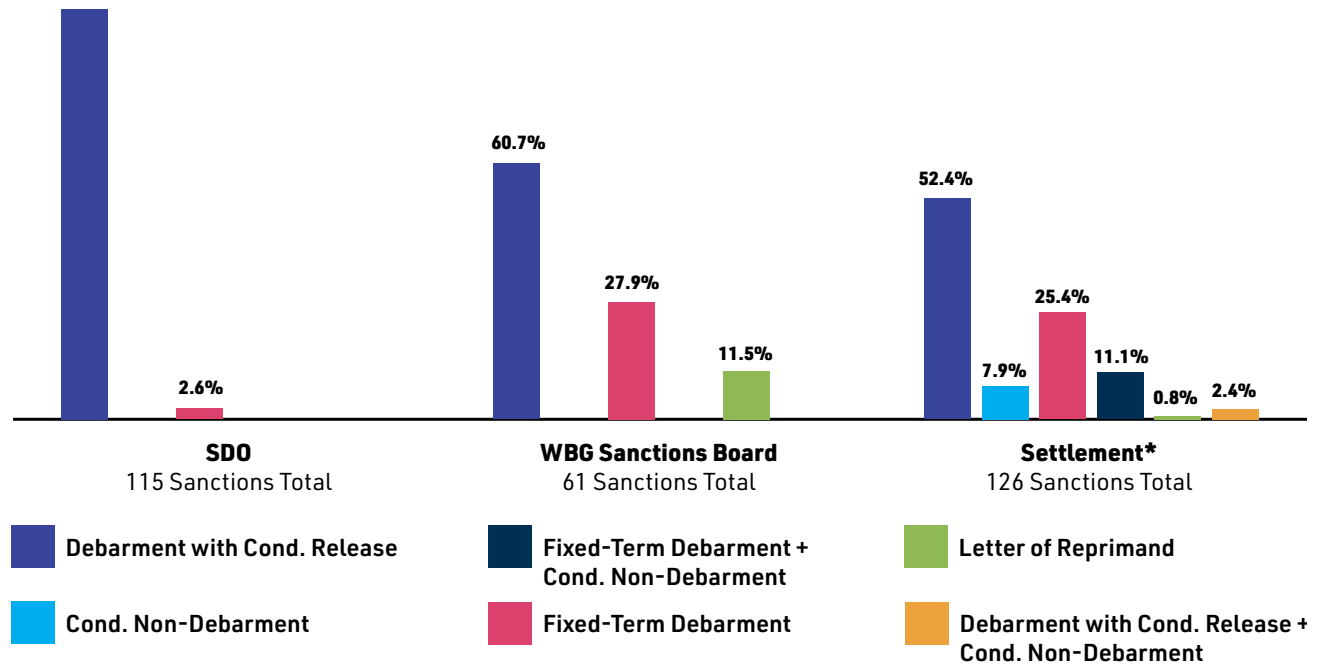
* In FY16, the IFC EO received and reviewed one sanctions case against one respondent and closed the case due to insufficient evidence; no Notice of Sanctions Proceedings was issued.

** In FY17, the IFC EO received and reviewed one sanctions case against two respondents; a Notice was issued, and the case was contested to the Sanctions Board. After submission of additional arguments and evidence, INT withdrew the allegations and the proceedings were terminated.

*** In FY18, the IFC EO reviewed and approved one settlement agreement between the Bank Group and three respondents relating to multiple IFC Projects.

Sanctions Imposed, FY16-FY20

Type of Sanctions Imposed by the SDO, the WBG Sanctions Board, and Pursuant to Settlement (Total of 302 Sanctions Imposed) (FY16-FY20)

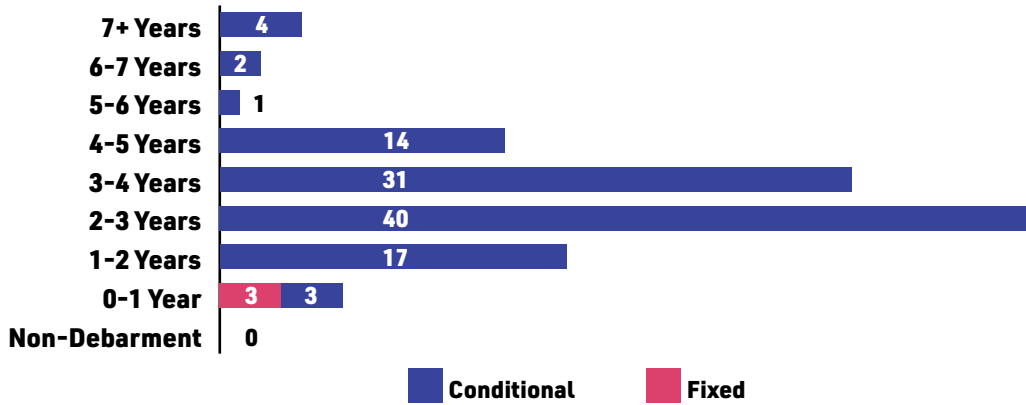


Note:

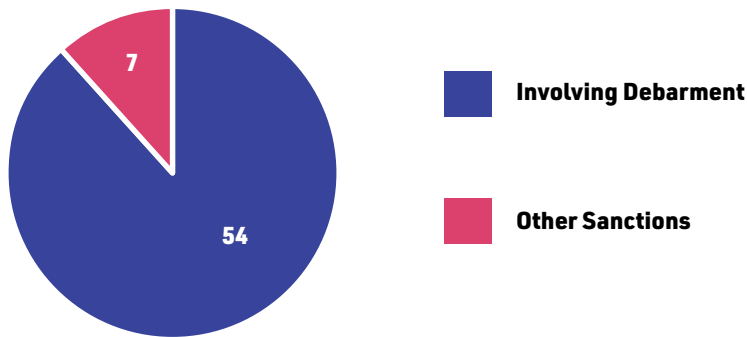
* Includes one settlement agreement that the Bank entered into in FY18 with three respondents in connection with IFC operations.

Length of Sanctions Imposed by the SDO, the WBG Sanctions Board, and Pursuant to Settlement* (Total of 284 Debarments and 18 Non-Debarments) (FY16 – FY20)

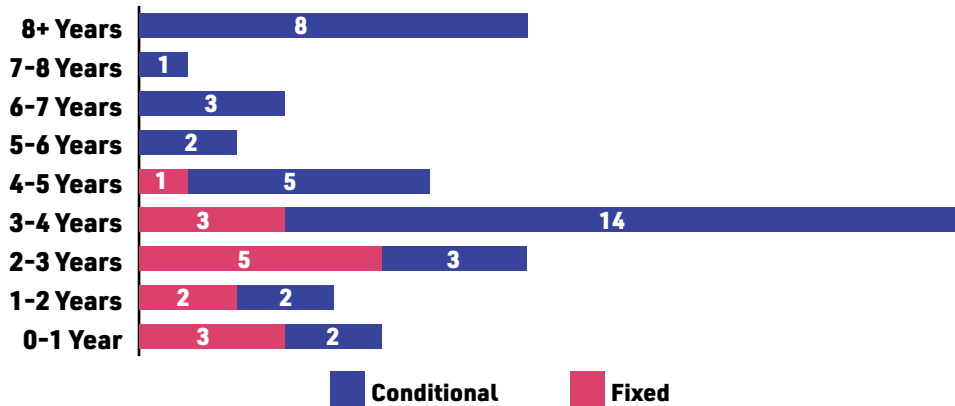
Length of Debarments Imposed by the SDO**



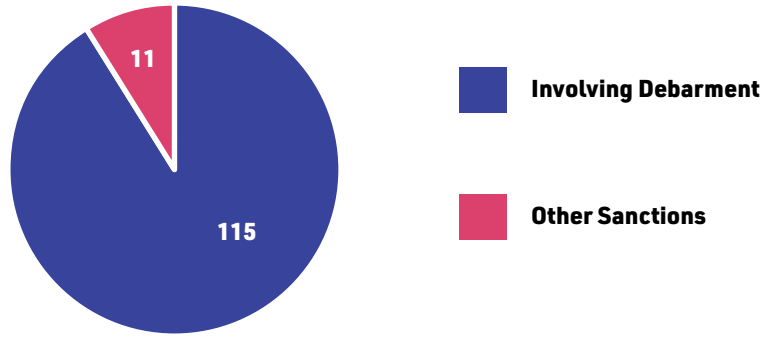
Types of Sanctions Imposed by Sanctions Board (FY16-FY20)



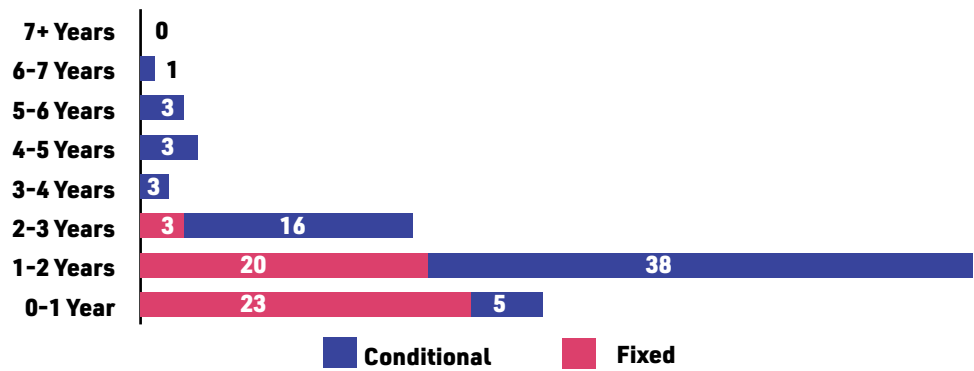
Length of Debarments Imposed by Sanctions Board (FY16-FY20)



Types of Sanctions Imposed via Settlement (FY16-FY20)



Length of Debarments Imposed via Settlement (FY16-FY20)



Notes:

* Debarments of 1 year or less are included in the 0-1 category and are not subject to Cross-Debarment among MDBs.

** Debarments for a period of exactly X years are in the higher category (i.e., a 3-year debarment is in the category “3-4 years”).

Firms/Individuals Debarred in FY20

* 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, in which case the debarment is of fixed length.

*** CND = Conditional non-debarment, which means a firm/individual is eligible to participate in WBG-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 Debarment	Length of Debarment
1	Settlement	Centre for Natural Resources Management, Analysis, Training and Policy Research	Nepal	Nepal	Fraudulent Practices	8 months** then CND for 4 months
2	Settlement	Dr. Birendra Bir Basnyat	Nepal	Nepal	Fraudulent Practices	8 months** then CND for 4 months
3	SDO Uncontested	CBS Power Solutions (Fiji) Ltd.	Fiji	Tuvalu	Fraudulent Practices	9 months**
4	SDO Uncontested	Mr. Ajay Prasad	Fiji	Tuvalu	Fraudulent Practices	9 months**
5	Settlement	Entrust Datacard Corporation	United States	Bangladesh	Collusive Practices	1 year
6	Settlement	Aqualia Intech S.A. (before denominated Aqualia Infraestructura S.A.)	Spain	Colombia	Fraudulent Practices; Collusive Practices; Corrupt Practices	1 year
7	Settlement	PROCESL Engenharia Hidráulica e Ambiental, S.A.	Portugal	Brazil	Fraudulent Practices; Obstructive Practices	1 year
8	Settlement	Institutional Family Planning Services Department (IFPSD) of Merck Sharp & Dohme B.V.	Netherlands	Bangladesh	Fraudulent Practices	1 year**
9	Settlement	Yooshin Engineering Corporation	Republic of Korea	Vanuatu	Fraudulent Practices	1 year, 1 month** then CND for 1 year, 5 months

	Sanctioned Pursuant to	Firm/Individual Name	Country of Respondent	Project Country	Grounds for Debarment	Length of Debarment
10	Settlement	Jiangxi Geo-Engineering (Group) Corporation (江西省地质工程(集团)公司)	China	China	Fraudulent Practices	1 year, 3 months
11	Settlement	Aaron Ingenieros Constructores & Consultores E.I.R.L.	Peru	Peru	Fraudulent Practices	1 year, 3 months
12	Settlement	Universal for General Construction & Trading Co. Ltd.	South Sudan	Uganda	Fraudulent Practices	1 year, 3 months**
13	Settlement	Beijing Jingold Construction Co., Ltd.	China	Samoa	Fraudulent Practices	1 year, 3 months**
14	Settlement	China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd. (中国能源建设集团湖南省电力设计院有限公司)	China	Zambia	Fraudulent Practices	1 year, 8 months
15	Settlement	Liaoning-EFACEC Electrical Equipment Company Limited	China	Zambia	Fraudulent Practices	1 year, 8 months
16	SDO Uncontested	Mr. Francisco Ayala	Ecuador	Pakistan	Fraudulent Practices	2 years
17	Settlement	China Railway First Group Co. Ltd.	China	Pakistan	Fraudulent Practices	2 years
18	Settlement	PT. Suburo Jayana Indah Corp.	Indonesia	Indonesia	Fraudulent Practices	2 years
19	Settlement	Ingeniería Especializada Obra Civil e Industrial S.A.U. (formerly Acciona Ingeniería S.A.)	Spain	Bolivia	Fraudulent Practices	2 years, 4 months
20	Settlement	Mega-Mebiko JV LLC	Uzbekistan	Uzbekistan	Fraudulent Practices	2 years, 6 months
21	Settlement	MTZ Equipment Ltd.	Canada	Afghanistan	Fraudulent Practices	2 years, 6 months**

	Sanctioned Pursuant to	Firm/Individual Name	Country of Respondent	Project Country	Grounds for Debarment	Length of Debarment
22	SDO Uncontested	Yunnan Jincheng Construction Engineering Co., Ltd.	China	China	Fraudulent Practices	2 years, 8 months
23	Sanctions Board Decision	LTD Dagi	Georgia	Georgia	Fraudulent Practices	3 years
24	SDO Uncontested	Hunan Water and Hydropower Construction Group Co., Ltd. (湖南水总水电建设集团有限公司)	China	China	Fraudulent Practices	3 years
25	SDO Uncontested	000 Fides Solutions	Uzbekistan	Uzbekistan	Corrupt Practices	3 years
26	SDO Uncontested	Mr. Ravshan Rizametov	Uzbekistan	Uzbekistan	Corrupt Practices	3 years
27	SDO Uncontested	PT. Rudy Jaya	Indonesia	Indonesia	Fraudulent Practices	3 years
28	SDO Uncontested	Tengwangge Construction Engineering Group Co., Ltd. (滕王阁建工集团股份有限公司)	China	China	Fraudulent Practices	3 years
29	SDO Uncontested	Jiangxi Changhong Horticulture Construction Co., Ltd. (江西昌宏园林建设有限公司)	China	China	Fraudulent Practices	3 years
30	SDO Uncontested	LLC "Woodmanmebel"	Russia	Tajikistan	Fraudulent Practices	3 years
31	SDO Uncontested	LLC "Conmarks"	Tajikistan	Tajikistan	Fraudulent Practices	3 years
32	Sanctions Board Decision	Mr. Bezhan Seraj	Afghanistan	Afghanistan	Fraudulent Practice	3 years**
33	Sanctions Board Decision	Vodokanalproect – Metalproect Ingeneering AD	Bulgaria	Lebanon	Fraudulent Practices	3 years, 1 month**
34	Sanctions Board Decision	Mr. Ugochukwu Ezeh	Nigeria	Nigeria	Fraudulent Practice	4 years

	Sanctioned Pursuant to	Firm/Individual Name	Country of Respondent	Project Country	Grounds for Debarment	Length of Debarment
35	Sanctions Board Decision	Kenoster (Nigeria) Limited	Nigeria	Nigeria	Fraudulent Practice	4 years
36	SDO Uncontested	Mr. Muminjon Yuldashev	Uzbekistan	Uzbekistan	Coercive Practices	4 years
37	SDO Uncontested	Eswari Electricals Pvt. Limited	India	Bangladesh	Fraudulent Practices	4 years
38	SDO Uncontested	Exode Travel	DRC	DRC	Fraudulent Practices	4 years
39	SDO Uncontested	Shanghai Hetai Construction Engineering Co., Ltd.	China	China	Fraudulent Practices	4 years, 9 months
40	SDO Uncontested	PT. Nugraha Adi Taruna	Indonesia	Indonesia	Fraudulent Practices	5 years
41	Sanctions Board Decision	Mr. Klemen Jerin	Germany	DRC	Corrupt Practice	5 years, 6 months**
42	Sanctions Board Decision	Industrial Investment Group ALC	Belarus	Belarus	Fraudulent Practices	6 years
43	Settlement	Mr. James Tinnion-Morgan	New Zealand	Vietnam	Fraudulent Practices; Corrupt Practices; Collusive Practices	6 years
44	SDO Uncontested	Puriholi Nigeria	Nigeria	Nigeria	Fraudulent Practices; Corrupt Practices	6 years, 7 months
45	SDO Uncontested	Mr. Mayor Ejiro Hasting	Nigeria	Nigeria	Fraudulent Practices; Corrupt Practices	6 years, 7 months
46	Settlement	Sao Bac Dau Technologies Corporation	Vietnam	Vietnam	Fraudulent Practices; Collusive Practices	7 years

Other Sanctions Imposed in FY20

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

** CND = Conditional non-debarment, which means a firm/individual is eligible to participate in WBG-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	Sanction Imposed
1	Settlement	Innovative Consulting & Technical Services, Myanmar Co., Ltd	Myanmar	Myanmar	Fraudulent Practices	CND for 1 year, 3 months
2	Settlement	SYSTRA, SAI Consulting Engineering Limited	India	Tanzania, Uganda, Kenya, Mozambique, Ghana	Corrupt Practices	CND for 2 years
3	Settlement	Egis India Consulting Engineers Private Limited	India	India	Fraudulent Practices	CND for 2 years

Cross-Debarments Recognized by the World Bank Group in FY20

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

	Firm/Individual Name	Country	Grounds for Debarment	Length of Debarment
1	ON-TRACK TECHNICAL SERVICES LIMITED	Uganda	Cross Debarment: AfDB	1 year, 6 months
2	CHINA ZHONGHAO NIGERIA LIMITED	Nigeria	Cross Debarment: AfDB	1 year, 6 months
3	Jiangsu Rugao HV Electric Apparatus Co. Ltd	China	Cross Debarment: AfDB	1 year, 8 months
4	Burmeister & Wain Scandinavian Contractor	Denmark	Cross Debarment: AfDB	1 year, 9 months
5	Burmeister & Wain Scandinavian Contractor	Denmark	Cross Debarment: AfDB	1 year, 9 months
6	OCEANIC CONSTRUCTION & ENGINEERING NIGERIA LTD	Nigeria	Cross Debarment: AfDB	2 years
7	Julio César Kawazo Kian (KAWAZO)	Peru	Cross Debarment: IDB	2 years
8	Luís Ángel Visurraga Mariño (VISURRAGA)	Peru	Cross Debarment: IDB	2 years

	Firm/Individual Name	Country	Grounds for Debarment	Length of Debarment
9	Vikadiza Ingenieros S.A.C. (VIKADIZA)	Peru	Cross Debarment: IDB	2 years
10	Lutoyilex Construct Limited	Nigeria	Cross Debarment: AfDB	3 years
11	Mr. Bamidele Obiniyi	Nigeria	Cross Debarment: AfDB	3 years
12	Fazle Subhan	Pakistan	Cross Debarment: ADB	3 years
13	CV Sugriwa Persada	Indonesia	Cross Debarment: ADB	3 years
14	Mr. Achmad Azharie	Indonesia	Cross Debarment: ADB	3 years
15	Mr. Iwan Rahman	Indonesia	Cross Debarment: ADB	3 years
16	CV Alam Indah	Indonesia	Cross Debarment: ADB	3 years
17	Mr. Faisol	Indonesia	Cross Debarment: ADB	3 years
18	Mr. Fadli Emil	Indonesia	Cross Debarment: ADB	3 years
19	CV Cempaka	Indonesia	Cross Debarment: ADB	3 years
20	Mr. Romulus Prabawa	Indonesia	Cross Debarment: ADB	3 years
21	Beulah Universal Link Resources Limited	Nigeria	Cross Debarment: AfDB	3 years
22	Sinotec Company Limited	China	Cross Debarment: AfDB	3 years
23	Xiao Dan	China	Cross Debarment: ADB	3 years
24	Andrade Gutierrez Engenharia S.A.	Brazil	Cross Debarment: IDB	3 years, 1 month
25	Manuel Candal Candal (CANDAL)	Spain	Cross Debarment: IDB	4 years
26	Toponort S.A. (TOPONORT)	Spain	Cross Debarment: IDB	4 years
27	Henan Qiankun Road and Bridge Engineering Co. Ltd. (河南乾坤路桥工程有限公司)	China	Cross Debarment: ADB	4 years
28	Mr. Zhang Zhike (张志科)	China	Cross Debarment: ADB	4 years
29	Beijing Zhuyuan Technology Co. Ltd. (北京逐源技术有限公司)	China	Cross Debarment: ADB	4 years
30	Fangjun Zhang (张方俊)	China	Cross Debarment: ADB	4 years
31	Zeng Ziling	China	Cross Debarment: ADB	4 years
32	Victor Chávez Ingenieros S.A.C.	Peru	Cross Debarment: IDB	4 years
33	Víctor Manuel Marcelino Chávez Loaiza	Peru	Cross Debarment: IDB	4 years

	Firm/Individual Name	Country	Grounds for Debarment	Length of Debarment
34	Xi'an Jiayang Automobile Service Co., Ltd.	China	Cross Debarment: ADB	4 years
35	Tian Xiaoyang	China	Cross Debarment: ADB	4 years
36	Jing Yapeng	China	Cross Debarment: ADB	4 years
37	Lei Sitao	China	Cross Debarment: ADB	4 years
38	Zhao Xu	China	Cross Debarment: ADB	4 years
39	Xiaoxiao "Kitty" Liang (梁晓晓)	China	Cross Debarment: ADB	5 years
40	Juan Elder Osorio (OSORIO)	Guatemala	Cross Debarment: IDB	5 years
41	Carlos Abel Beltetón Coronado (BELTETÓN)	Guatemala	Cross Debarment: IDB	5 years
42	Grupo Feder S.A. (GRUPO FEDER)	Guatemala	Cross Debarment: IDB	5 years
43	Inversiones Carwa S.A. (INVERSIONES CARWA)	Guatemala	Cross Debarment: IDB	5 years
44	Corporación Tecnológica de Centroamérica S.A. (CORPORACIÓN TECNOLÓGICA)	Guatemala	Cross Debarment: IDB	5 years
45	Enold Dorsainville	Haiti	Cross Debarment: IDB	5 years
46	LAO-AEC Consulting Co. Ltd.	Laos	Cross Debarment: ADB	5 years
47	Hg Market Group Corp.	Barbados	Cross Debarment: IDB	6 years
48	Belgrávia Serviços e Participações S.A.	Brazil	Cross Debarment: IDB	6 years
49	CNO S.A. (except branches in Africa)	Brazil	Cross Debarment: IDB	6 years
50	Multitrade S.A.	Brazil	Cross Debarment: IDB	6 years
51	Tenenge Montagem e Manutenção Ltda.	Brazil	Cross Debarment: IDB	6 years
52	Autopista del Coral S.A.	Cayman Islands	Cross Debarment: IDB	6 years
53	Centaurus Investments Limited	Cayman Islands	Cross Debarment: IDB	6 years
54	OSEL – Odebrecht Serviços no Exterior LTD	Cayman Islands	Cross Debarment: IDB	6 years
55	Tenenge Overseas Corporation	Cayman Islands	Cross Debarment: IDB	6 years
56	Constructora Odebrecht Chile S.A.	Chile	Cross Debarment: IDB	6 years

	Firm/Individual Name	Country	Grounds for Debarment	Length of Debarment
57	Constructora Norberto Odebrecht de Colombia S.A.S.	Colombia	Cross Debarment: IDB	6 years
58	Odebrecht International Participations S.à R.L.	Luxembourg	Cross Debarment: IDB	6 years
59	Concesionaria Madden-Colón S.A.	Panama	Cross Debarment: IDB	6 years
60	Construtora Norberto Odebrecht de Panamá, S.A.	Panama	Cross Debarment: IDB	6 years
61	Concesionária Trásvase Olmos S.A.	Peru	Cross Debarment: IDB	6 years
62	OEC Peru Infraestructura S.A.C.	Peru	Cross Debarment: IDB	6 years
63	Odebrecht Peru Ingeniería y Construcción S.A.C.	Peru	Cross Debarment: IDB	6 years
64	Odebrecht Global Sourcing, Inc.	USA	Cross Debarment: IDB	6 years
65	Odebrecht Industrial Engineering America, Inc.	USA	Cross Debarment: IDB	6 years
66	Odebrecht Industrial, Inc.	USA	Cross Debarment: IDB	6 years
67	Victor Forest et Co/Société d'Ingénierie et de Topographie	Haiti	Cross Debarment: IDB	6 years
68	General Electric Power Sweden AB	Sweden	Cross Debarment: EBRD	6 years
69	Victor Forest	Haiti	Cross Debarment: IDB	7 years
70	Jean Charles and Co./APEC	Haiti	Cross Debarment: IDB	7 years
71	Canes Charles	Haiti	Cross Debarment: IDB	7 years
72	Magalie Habitant	Haiti	Cross Debarment: IDB	7 years
73	Ronel Jean Baptiste	Haiti	Cross Debarment: IDB	9 years
74	Wilner Jean	Haiti	Cross Debarment: IDB	10 years
75	Garry Jean	Haiti	Cross Debarment: IDB	15 years
76	Mr. Sisira Kumara Kumaragamage Don	Australia	Cross Debarment: ADB	Indefinite

Vendors Declared Ineligible in FY20

	Vendor Name	Country	Grounds for Ineligibility	Length of ineligibility
1	The Red Court Hotel	Kenya	Engaged in fraudulent and obstructive practices by forging a document and refusing to cooperate with the Bank	4 years

Referrals Made in FY20

* Certain referral information is omitted where INT is aware of ongoing law enforcement action.

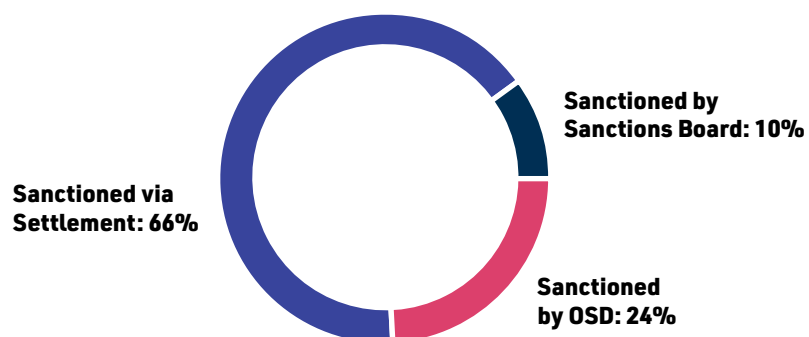
	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description
1	Sept-12-2019	Colombia	Fraud & Corruption	Environmental Recuperation and Flood Control
2	Feb-13-2020	China	Fraud	Rural Water Supply and Sanitation
3	Feb-24-2020	Liberia	Fraud	Smallholder Agriculture Transformation and Agribusiness
4	Feb-24-2020	African Development Bank	Fraud	Smallholder Agriculture Transformation and Agribusiness
5	Feb-24-2020	International Fund for Agricultural Development	Fraud	Smallholder Agriculture Transformation and Agribusiness
6	Mar-20-2020	Uzbekistan	Fraud & Collusion	Water Supply
7	Mar-20-2020	Georgia	Fraud	Highway Corridor Project
8	Mar-20-2020	European Investment Bank	Fraud	Highway Corridor Project
9	Apr-05-2020	Nepal	Fraud & Corruption	Agriculture Commercialization and Trade
10	Apr-07-2020	China	Fraud	Highway Corridor Project
11	Jun-09-2020	Azerbaijan	Fraud, Collusion, Corruption, Obstruction	Rail Trade and Transport Facilitation

Integrity Compliance Data, FY19-20

* In instances where different entities within a corporate family have been separately sanctioned, the Integrity Compliance Officer 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.

	FY19	FY20
Entities sanctioned with conditional release (as at the end of the fiscal year)	346	372
Entities actively engaged with the ICO (as at the end of the fiscal year)	64	80
Notifications to newly sanctioned entities	41	43
Entities whose sanctions were continued	30	35
Entities released from sanction	23	18
Entities whose sanctions were converted	2	1
Debarment with conditional release to conditional non-debarment	1	0
Conditional non-debarment to debarment with conditional release	1	1

Firms and Individuals Released from WBG Sanctions upon Satisfaction of Compliance Conditions in FY16-20 by Source of Original Sanction



Firms and Individuals Released from WBG Sanctions upon Satisfaction of Compliance Conditions in FY20

* Affiliates of released firms/individuals

	Sanctioned Pursuant to	Firm/Individual Name	Country	Date of Release
1	SDO Uncontested	Mr. Volodymyr Bogdanovych Kokhanyy	Ukraine	8-Jul-19
2	SDO Uncontested	Mr. Samuel K. Teekaye	Liberia	24-Jul-19
3	Settlement	Fichtner GmbH & Co. KG	Germany	1-Aug-19
4	SDO Uncontested	Mr. Khotamov Rustam Urakovich	Tajikistan	2-Aug-19
5	SDO Uncontested	Ms. Lily Hurtado Lázaro	Peru	15-Aug-19
6	Settlement	Tehnoplus Medical S.R.L.	Romania	20-Aug-19
7	Settlement	*Cidron Healthcare Limited ConvaTec International Services GmbH *ConvaTec Malaysia Sdn Bhd	Channel Islands Switzerland Malaysia	22-Aug-19
8	Settlement	Minh Anh Construction Joint Stock Company	Vietnam	17-Oct-19
9	Settlement	Sediver SAS	France	4-Dec-19
10	Settlement	Jelua del Carmen Abdalah Ramírez	Nicaragua	19-Dec-19
11	Settlement	NEC Corporation	Japan	19-Jan-20
12	Settlement	Flycom, d.o.o.	Slovenia	21-Feb-20
13	Settlement	SMEC International Pty. Ltd. *SMEC (India) Pvt. Ltd. *SMEC Bangladesh Ltd. *ACE Consultants Ltd. *Ocyana Consultants (Pvt.) Ltd.	Australia India Bangladesh Bangladesh Sri Lanka	27-Mar-20
14	Settlement	Eckert & Ziegler BEBIG s.a.	Belgium	27-Mar-20
15	SDO Uncontested	Lasservice NV	Belgium	21-Apr-20
16	Settlement	Oberthur Technologies SA. (Idemia France SAS)	France	29-May-20
17	Settlement	Veolia Water Technologies Brasil Ltda	Brazil	29-May-20
18	Sanctions Board Decision	Farhat Group Trading & Contracting Co. S.A.L. (Farhat Group)	Lebanon	25-Jun-20

How to Report Fraud or Corruption

Visit 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.

Further Information

For further information on the Sanctions System and links to useful documents, please visit:

www.worldbank.org/integrity

www.worldbank.org/sanctions

www.ifc.org/anticorruption

www.miga.org/integrity

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