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Executive Summary

This report provides the findings of an administrative inquiry by the World Bank Group Integrity Vice Presidency ("INT") into allegations of misconduct in connection with the Zhejiang Rural Water Supply and Sanitation Project (the “Project”) in China.

On March, 2016 Company A submitted bids for two Project-financed contracts: Contract X and Contract Y and on December 2016, Company A submitted a bid for another Project-financed Contract Z. Company A was awarded all three contracts.

The World Bank imposed the administrative sanction of debarment with conditional release on Company A, together with any entity that is an affiliate directly or indirectly controlled by Company A.
Background

On November, 2014, the International Bank for Reconstruction and Development ("IBRD" or the "World Bank") and the People’s Republic of China ("PRC") signed a Loan Agreement for the Zhejiang Rural Water Supply and Sanitation Project (the "Project"). The PRC provided additional funds in financing the project. The Project seeks to improve access to sustainable water supply and sanitation services in selected villages and towns in rural areas of Zhejiang Province.

In February 2016, Company B (the “Employer”) issued the Bidding Documents for two Project-financed contracts: Contract X and Contract Y. In November 2016, the Employer issued the Bidding Documents for the Project-financed Contract Z. (Contracts X, Y, Z are collectively referred to hereinafter as the “Contracts.”)


Allegations & Methodology

During the procurement post review in May 2017, the World Bank learned that Company A may have misrepresented its past experience when bidding for the Contracts. The Employer carried out further due diligence and found that the bid evaluation committee had not verified Company A’s claimed past experience against publicly available information. The matter was referred to the World Bank Integrity Vice Presidency ("INT"). INT reviewed the procurement records, Company A’s bids, and various documents provided by the Employer.

Findings

Evidence indicates that Company A misrepresented its past experience when bidding for the Contracts.

The Bidding Documents for Contracts X and Y required bidders to have undertaken at least two contracts from 2012 to 2016 valued at RMB 10 million each. Similarly, the Bidding Documents for Contract Z required bidders to have undertaken at least two contracts from 2013 to 2016 valued at RMB 4.5 million each.

In response to this requirement, Company A claimed in its bids for Contracts X and Y that it had undertaken the following contracts:

1. Contract for a sewage treatment plant from November 2013 to May 2014 valued at more than RMB 10 million;

2. Contract for a sewage treatment plant from May 2013 to November 2013 valued at more than RMB 10 million; and
3. Contract for sewage treatment plant pipeline network improvement from March 2013 to September 2013 valued at more than RMB 10 million.

In its bid for Contract Z, Company A claimed that it had undertaken the following contracts:

4. Contract for water supply pipeline relocation and temporary water supply from December 2015 to June 2016 valued at more than RMB 4.5 million; and

5. Contract for water supply pipeline relocation and temporary water supply from December 2015 to March 2016 valued at more than RMB 4.5 million.

Evidence indicates that Company A misrepresented all the contract values for Contract Z and the actual contract values were lower than represented in its bid for Contract Z. Company A was unable to provide supporting documentation to establish the existence of two contracts and had admitted that it inflated the values of three contracts and failed to supply documentation establishing the existence of another two contracts.

**Corrective Action**

Company A has been sanctioned with debarment with conditional release.