



Republic of Zambia

Lusaka Transmission and Distribution Rehabilitation Project

Redacted Report

June, 2020

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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 Lusaka Transmission and Distribution Rehabilitation Project (the “Project”) in Zambia.

In January 2017, Company A bid for the Project-financed contract for the Construction of Project A (the Contract). Company A was awarded the Contract. The Bidding Documents required bidders to demonstrate that they had past experience implementing two contracts similar to the Contract.

Evidence indicates that Company A provided incorrect information in relation to its past experience in its bid for the Contract.

In May 2019 the World Bank imposed the sanction of debarment with conditional release for 20 months, extending to any entity Company A directly or indirectly controls.

Background

In October 2013, the International Development Association (“IDA”) and the Republic of Zambia (“Zambia”) entered into a Financing Agreement for the Lusaka Transmission and Distribution Rehabilitation Project (the “Project”) in Zambia and to which half of the contract is financed by IDA. The Project became effective in February 2014 and is scheduled to close in February 2021.

The Project’s development objectives are to increase the capacity and improve the reliability of the electricity transmission and distribution system in the Lusaka area. The Project is implemented by ABC, formerly known as the XYZ.

As part of the first component of the Project, the Employer published Bidding Documents for a Project-financed contract for the Construction of Contract A. In January 2017, Company A, a company registered in the People’s Republic of China, submitted its bid for the Contract. In November 2017, Company A signed the Contract and subsequently started implementation.

Allegations & Methodology

INT received an allegation that Company A had misrepresented its credentials when bidding for the Contract. INT reviewed relevant documents and conducted independent verifications.

Findings

Evidence indicates that Company A had provided incorrect information in relation to its past experience in its bid for the Contract, submitting falsified documents in support of this representation.

The Bidding Documents for the Contract required bidders to demonstrate that, within the last five years of their bid submission, they had completed at least two contracts similar to the Contract, each valued at no less than US\$9 million. In addition, bidders were required to provide documentation from the client(s) of the two largest projects claimed as past experience, demonstrating they had completed those projects.

In Company A’s bid, it claimed to have performed Contract X and submitted a certificate attesting to the company’s performance and a copy of the contract agreement, both purportedly signed by the alleged employer of Contract X.

Company A also claimed to have performed Contract Y. In support of this representation, Company A submitted a purported certificate attesting to the company’s performance and a purported copy of the contract agreement, both purportedly signed by the alleged client of Contract Y.

Evidence indicates that Company A did not complete Contract X or Contract Y as claimed.

INT provided notice of its findings to Company A. In response, Company A stated that its wholly owned subsidiary, Company AB, was primarily responsible for preparing and submitting the bid. Company A also stated that it imposed internal sanctions against the employees involved in the misconduct.

Corrective Action

In May 2019, the World Bank imposed the sanction of debarment with conditional release for 20 months, extending to any entity Company A directly or indirectly controls.