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FISCAL YEAR 2017

THE WORLD BANK GROUP

Annual Update Integrity Vice Presidency

As a public institution, the World Bank Group strives to ensure that development resources reach their intended beneficiaries. The Integrity Vice Presidency (INT) is an independent unit within the World Bank Group that investigates and pursues sanctions related to allegations of fraud and corruption in Bank Group-financed activities. INT supports the main business units of the World Bank Group and external stakeholders, mitigating fraud and corruption risks through sharing investigative findings, preventive advice, and promoting integrity compliance. We help client countries through the joint investigations and forensic reviews we conduct, the investigative findings we refer to their authorities, and by sharing our insights with relevant ministries to help bolster their business systems and administration. INT supports the WBG's global leadership in ensuring integrity and fighting corruption remains a development priority. We also work with the private sector and NGOs through our Integrity Compliance Office to institute integrity compliance programs. Where the World Bank's own staff may be implicated in misconduct related to serious fraud and corruption, we similarly investigate and act upon those allegations, using the lessons learned to help further strengthen internal controls. INT reports on its activities on a quarterly basis to the Audit Committee of the World Bank Group.

www.worldbank.org/integrity

This report covers the period from July 1, 2016 to June 30, 2017.

Design, Erika and Don Wheeler

The World Bank Group
Fiscal Year

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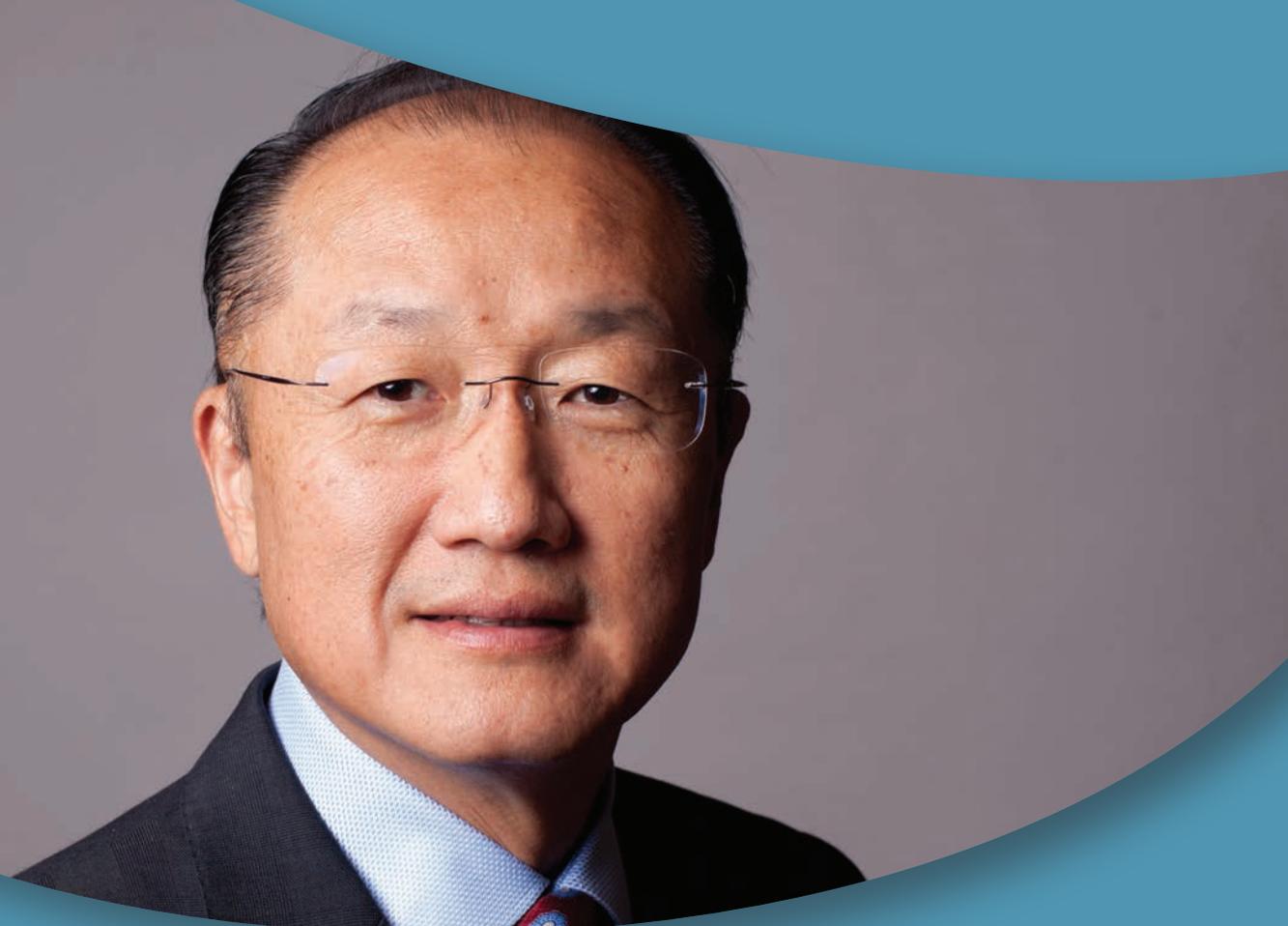
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Jim Yong Kim

From World Bank Group President Jim Yong Kim

The World Bank Group has long been a champion of the anti-corruption agenda. Corruption is tantamount to stealing from the poor, and anti-corruption efforts are critical for sustainable development. Fighting corruption is a global issue that resonates with citizens around the world. During my first months at the World Bank Group, I invited Bono – rock star, activist and co-founder of ONE – to join me for a discussion about ending poverty. Near the end of our conversation, he called corruption “the biggest killer of them all,” making headlines and reverberating with people from all walks of life.

As our first Vice President of Integrity, Leonard McCarthy broadened the World Bank Group’s anti-corruption agenda. During his nine years of service in that role, the World Bank Group has continued to push the envelope, developing concrete mechanisms that have enhanced the integrity of our operations, and supporting our client countries and development partners in their own efforts to tackle corruption.

We strengthened our sanctions system, making debarment with conditional release our default sanction; established an Integrity Compliance Office; and signed a landmark cross-debarment agreement with four other development banks. These initiatives mean that debarred firms and individuals must develop or strengthen integrity compliance programs before they can work with the World Bank Group again, and we provide them with detailed guidance on how to do so. It also means that the impact of World Bank Group sanctions is more widespread, as other multilateral development banks recognize those actions. We also began using settlements to expeditiously deal with companies that admit wrongdoing, and to date have signed 96 Negotiated Resolution Agreements.

While enforcement has been a key part of our efforts, we are focusing on prevention, knowing that it is far more effective than dealing with issues after the fact. In 2013, we began tracking the amount of funds safeguarded from fraud and corruption as a result of due diligence and other early warning systems; as of this fiscal year, that amount is \$769 million spread over 137 contracts. Information related to projects affected by ongoing or recently-completed investigations feeds into the World Bank Group’s operational risk management system.

We enhanced the capacity of our counterparts in client countries and other international institutions by launching the World Bank Group’s International Corruption Hunters Alliance (ICHA), which brings together senior representatives from 130 countries. We formalized information sharing and joint activities with a range of similar counterparts through 55 cooperation agreements. And we helped national authorities and other anti-corruption bodies stay apprised of relevant fraud and corruption risks by making 456 referrals in 101 countries.

The following report details the World Bank Group’s ongoing commitment to fighting fraud and corruption, which is an integral part of our efforts to end extreme poverty and boost shared prosperity. With Leonard’s departure over the summer, I am pleased that Pascale Dubois will serve as our next Vice President of Integrity. For more than a decade, Pascale has played a leading role in the World Bank’s anti-corruption efforts, serving most recently as Chief Suspension and Debarment Officer. I am confident that under Pascale’s leadership, the Integrity Vice Presidency will build on Leonard’s many achievements and continue to keep the World Bank Group at the forefront of global efforts to battle corruption.

Highlights from Fiscal Year 2017

HIGHLIGHT

The Scope of Our Investigations

We reviewed and opened 179 preliminary inquiries related to fraud and corruption in World Bank Group-financed activities; 51 were selected for full investigations.

Investigators closed 52 investigations, of which 65% were substantiated. Of the 63 external cases under investigation at the end of FY17, 31 involved allegations of corruption. The findings of the 52 Final Investigation Reports issued in FY17 related to 68 IBRD projects and IFC investments, and included the review of 166 contracts and agreements, totaling approximately US\$818 million.

HIGHLIGHT

Protecting Funds through Due Diligence and Early Temporary Suspension

Alert government staff implementing WBG-funded projects as well as the WBG's own due diligence systems routinely detect wrongdoing prior to awarding a contract. These efforts led to approximately \$119 million spread across 33 contracts being safeguarded through a lack of award to a party having engaged in alleged sanctionable conduct, cancelling of tendering processes or the identification of ineligible expenses for which the Bank sought reimbursement. In several instances the timely investigation by INT also evidenced issues warranting that the affected contracts be canceled or fraudulent expenditures reimbursed.

In four instances, the WBG used Early Temporary Suspension (ETS) to quickly safeguard funds at risk, preventing companies from being awarded new contracts while investigations into their activities were ongoing. Prior review contracts worth \$15 million had been awarded to three of these companies while investigations were pending, highlighting the value of the ETS mechanism for reducing risk in other projects. In addition, negotiations with large international companies led them to voluntarily refrain from bidding in 17 tenders totaling approximately \$21 million, further protecting contracts from malfeasance.

HIGHLIGHT

Deterring Misconduct through Sanctions and Settlements

As a result of thorough investigations, the World Bank Group sanctioned 60 entities and individuals in FY17. We also honored 84 cross-debarments from other development banks. INT entered into 26 Negotiated Resolution Agreements (NRAs) with 29 Respondents. Of these, 22 NRAs with 25 Respondents became effective in FY17 and the remaining NRAs became effective at the beginning of FY18. NRAs can expedite the outcome of an ongoing investigation, prompt companies to self-report issues, and in some instances provide for restitution. During FY17 INT worked on seven investigations that originated from disclosures made under NRAs.

HIGHLIGHT

Upholding the World Bank Group's Right to Protect Projects from Corruption and Fraud

Sanctions are imposed after adjudication in the WBG's two-tier sanctions system. The World Bank Suspension and Debarment Officer (SDO) (or equivalent officer for IFC or MIGA) reviews all cases submitted by INT, determining whether there is sufficient evidence and, if so, recommending an appropriate sanction. Companies and individuals who want to contest the ruling against them by the SDO may appeal to the WBG Sanctions Board, an independent body of 7 members who are external to the WBG, which will decide *de novo* on the merits of the case. Two important Sanctions Board decisions rendered in FY17 sent a strong message about the WBG's right to protect its projects from fraud and corruption. In Decision Nos. 92 and 93, two firms received 14-year debarments for multiple instances of misconduct including corruption, with their attempts to impede INT's investigations considered as an aggravating factor in one case and as a separate obstructive practice in the other.

HIGHLIGHT

Helping Rehabilitate Companies through Integrity Compliance Programs

The Integrity Compliance Office (ICO) lifted the debarment of 13 companies after they implemented suitable compliance programs and fulfilled other conditions of their sanction, reflecting a growing emphasis on compliance among World Bank Group business partners and the private sector in general. To date, a total of 51 entities have similarly been reinstated. The ICO works to strengthen anti-corruption initiatives in companies of all sizes including state-owned enterprises. At the end of FY17, the ICO was actively engaged with 50 companies debarred by the World Bank Group to assist them in developing compliance programs.

HIGHLIGHT

Enabling the World Bank Group to Support Critical Projects Exposed to Higher Risks

Helping WBG staff who work on projects stay attuned to risks arising from investigations and forensic audits is critical to ensuring high-risk operations, in particular, are able to deliver results. In FY17, INT's Preventive Services Unit (PSU) identified 93 projects in the pipeline, where ongoing or recently completed investigations had evidenced misconduct in the same sector as the proposed operation. PSU alerted task teams so that the risks could be addressed through strengthened project design or supervision. The PSU also provided tailored training for 2,108 persons, covering general anti-corruption awareness, fraud and corruption risk assessments, and detecting indicators of corruption or fraud.

HIGHLIGHT

Maintaining a Culture of Integrity at the World Bank Group

Maintaining a culture of integrity among its nearly 16,000 staff is essential to the World Bank Group's credibility. To support these efforts, in FY17 INT pursued 54 cases related to fraud and corruption allegations implicating World Bank Group staff or vendors, 34 of which were new cases opened during the year. INT substantiated misconduct in 6 staff cases. The Human Resources Vice President affirmed INT's findings in nine of ten cases, and imposed disciplinary measures. INT also cleared two staff of alleged misconduct based on its findings that there was no merit in the allegations.

Our Impact



Proactive Investigations Help Address Integrity Issues That Might Otherwise Not Get Reported

Most of our investigations arise because someone has noticed something they suspect—or know—doesn't seem quite right in a project that has received funding from the WBG. Concerned citizens, WBG staff, contractors or other bidders, government staff working on projects, and NGOs have all reported to INT reliable information about integrity issues affecting WBG-funded activities. Their information continues to be critical to strengthening the WBG's risk management mechanisms.

However, in fragile environments plagued by violence and conflict, choosing to report integrity concerns may be a life-threatening decision. In at least one country where INT has conducted investigations, recent legislation criminalizes communications between citizens and international organizations. In this context, ensuring funds are used with the utmost responsibility and transparency becomes even more important, and yet uncovering issues remains challenging.

INT has therefore developed more proactive means for ascertaining integrity risks in WBG-financed projects. Reviewing procurement documentation can uncover integrity red flags in the process. For example, in one instance this fiscal year, investigators selected a \$20 million contract to review based on patterns they had noted in other cases. The review pointed to the use of undisclosed agents, which is often an indicator of a corrupt arrangement and may be accompanied by a cover-up using fake documents (and contractors). With added security concerns that hinder the ability to investigate in the field, targeted and proactive document review can do much to protect funds and projects. A proactive approach to identifying and addressing integrity issues could be augmented by greater cooperation with national law enforcement and anti-corruption authorities; this is an area INT is expanding upon. (See page 16 for more on how integrated fiduciary reviews, carried out in partnership with the Governance Global Practice, have helped establish early warning systems that facilitate projects meeting their objectives.)

To respond quickly in an increasingly volatile world and to encourage greater ownership among its clients, the WBG's business model has necessarily shifted. These changes include a greater reliance on country (as opposed to WBG) systems and institutions; programmatic (as opposed to project-based) approaches that finance high volumes of low-value transactions across large geographical regions and remote locations; and procurement reforms that raise the WBG's oversight ceilings. Proactive investigations help ensure that, as the WBG business model shifts, its anti-corruption mechanisms adapt in tandem.

Established in 1994, the Audit Committee is appointed by the WBG Boards of Executive Directors for the primary purpose of assisting the Boards in overseeing the WBG's finances, accounting, risk management, internal controls and institutional integrity, including, among other things, the adequacy and effectiveness of financial, accounting and administrative policies and internal controls and the mechanisms to deter, prevent, and penalize fraud and corruption in WBG operations and corporate procurement; and institutional arrangements and processes for risk management across WBG institutions. This fiscal year the Audit Committee focused its advice and oversight on our collaboration with Operational staff and the identification and notification of systemic risks identified through investigations.

Cooperation with and Support from National Law Enforcement Authorities Make the Difference

The impact of WBG sanctions on companies has increased over time. Thanks to the cross-debarment agreement among multilateral development banks, companies may face additional loss of business opportunities if they are declared ineligible by the WBG. Being sanctioned can hurt a company's reputation. In addition, the WBG's cooperation with other multilateral institutions and the referrals it makes to national law enforcement authorities have contributed to companies and individuals facing investigations by both civil and criminal authorities and serious fines in their home countries.

While the growing impact of sanctions has deterred some companies from engaging in fraud or corruption in development projects, it has also meant that other companies are employing more tactics to contest possible sanctions. This past fiscal year, rulings in the WBG sanctions system have further upheld the WBG's efforts to protect its funds from corruption and fraud.

In its Decision No. 93, the Sanctions Board debarred a supplier for 14 years, rendering them ineligible to bid on WBG-financed projects during that time. The debarment also includes, as a condition for release, the requirement for the company to adopt and implement an effective integrity compliance program in a manner satisfactory to the WBG. The lengthy debarment reflects the company's role in perpetrating five incidences of corruption to secure WBG-funded contracts in Romania, and its obstruction of the WBG's subsequent investigation and audit. The affected health project sought to increase access and quality of services such as maternity and newborn care and rural primary health care.

It is worth noting that INT has been successful in conducting investigations parallel to law enforcement and other authorities. In a number of investigations, including this one, these efforts have yielded documentary evidence of corruption and fraud that WBG investigators could not have otherwise obtained. However, in most cases the cooperating authorities were from the countries where the companies under investigation were incorporated. Cooperation with local authorities in countries where projects are being implemented remains more challenging.



Case Study: The Challenges of Market Expansion and Supervising Satellite Offices

In recent years, our investigations and audits have uncovered increasingly complex schemes for perpetrating corruption and fraud across regions and sectors. Technology and globalization have facilitated the complexity and pervasiveness of such schemes. As companies also continue to look for opportunities to expand their business in new markets, it behooves those working in development to stay alert to how fraud and corruption schemes are evolving.

There are excellent opportunities for growth and boosting shared prosperity when countries open to more investments. There are also some specific integrity issues that development partners should bear in mind; our investigators have observed two trends in their recent work. First, employers in headquarters often prefer not to know too many details of how their satellite offices operate, making it easier to blame a "rogue employee" in the event something goes wrong. Second, corrupt relationships can form among foreign-based companies entering a new market and well-connected former government employees.

In its Decision No. 92, the Sanctions Board debarred a consulting firm for 14 years and its Managing Director for three-and-a-half years. The Sanctions Board found that, in projects in Vietnam and Indonesia, the company paid multiple bribes to government officials through its Regional Manager in exchange for winning and implementing its contracts. The Sanctions Board also found that the company engaged in multiple instances of fraud, including the submission of fraudulent invoices. The firm and its Managing Director claimed that they made the mistake of trusting the Regional Manager and that she had acted on her own. The Sanctions Board noted that "an employer could be found liable for the acts of its employees under the doctrine of *respondeat superior*, considering in particular whether the employees acted within the course and scope of their employment, and were motivated, at least in part, by the intent of serving their employer."

The World Bank Group has referred the findings of the investigation to relevant national authorities and development institutions for their review.



*Sanctions Can Help
Break Up Cartels and
Promote Competition*

Corruption is contagious; once it takes root, cartels can gain a foothold, stifling fair and open competition. Over a four-year period, one of our investigative teams completed more than a dozen cases involving WBG-financed health projects that had striking similarities. The collective findings of these investigations pointed to a pattern of corruption, collusion and fraud by foreign suppliers or local agents and government officials.

Across the projects, the misconduct showed a similar pattern. Portions of unusually high commissions that foreign suppliers or manufacturers had paid to local agents were used, with or without the knowledge of the supplier or manufacturer, as bribes. Most of the local agents hired by foreign companies were politically connected and, in one case, had direct ties to a high-level government official. In an effort to hide the misconduct, bidders did not disclose in their bids and contracts that they planned to use agents, or they falsely disclosed only a lower commission than the actual agreed-upon amount. In addition, foreign bidders worked with their local agents and other third parties to fraudulently exaggerate their financial and technical capacities to meet tender requirements. Tender specifications and bid evaluation processes were also manipulated to secure the contract award for the foreign supplier.

Over time, fair competition was eliminated, giving way to tender monopolies that favored bribe-paying bidders. Bidders who were equally or more qualified, but who refused to pay either bribes or inflated commissions to agents, stopped participating in tenders that they knew were decided in advance. In these situations, sanctions such as those imposed by the WBG can help break up cartel behavior and reintroduce fair competition. In one notable instance, the WBG's debarment of a firm helped break up a monopoly that had been in place for more than a decade.

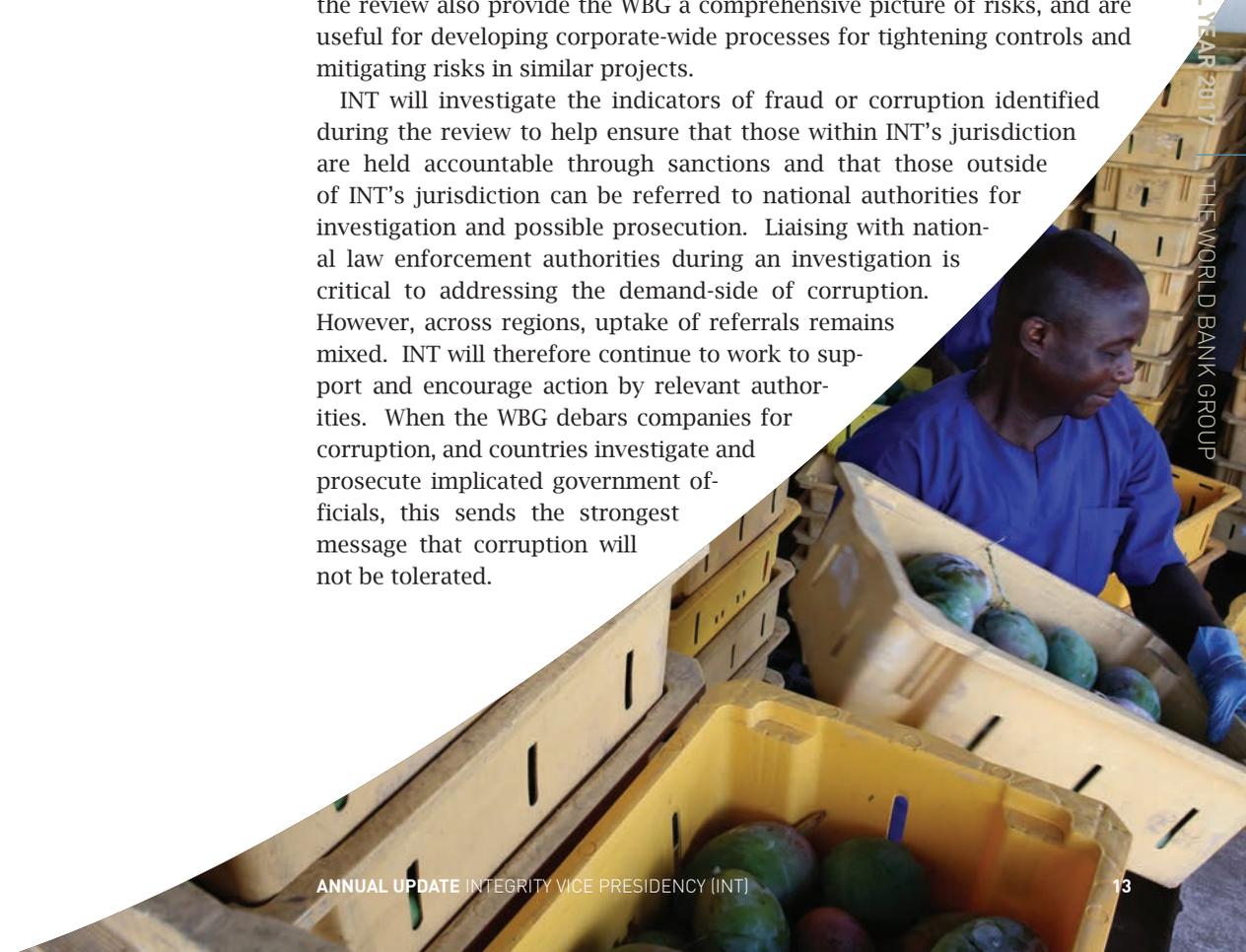
Beyond Sanctions: Additional Solutions for Tackling Corruption and Fraud in Projects

Recently, INT has noticed an uptick in corruption allegations involving project officials in certain fragile and conflict-affected countries. The increase in allegations is likely the result of an array of factors, including heightened awareness among WBG partners about how to report issues. The potentially affected projects are at the very heart of the WBG's mission: ensuring the most vulnerable people have the support and opportunities they need. By 2030, the share of global poor living in fragile and conflict-affected situations is projected to reach 46%, up from 17% today.

As mentioned earlier, imposing sanctions such as debarment can deter other companies and individuals from engaging in corruption or fraud; they also demonstrate that the WBG will hold accountable those who perpetrate such misconduct. In cases involving project officials, however, the WBG usually does not have jurisdiction to seek sanctions unless the official's contract is financed by the WBG. INT, and the WBG as a whole, have therefore worked to broaden the scope of interventions that can detect and mitigate integrity risks, with the ultimate goal of helping projects deliver results.

One successful approach has been to form dedicated teams of financial risk specialists to conduct an in-depth forensic review of projects that pose the greatest risk of corruption. These teams pull together WBG experts in forensic auditing, investigations, financial management, and procurement who can pinpoint weaknesses in project design, possible ineligible expenditures and misprocurement, and indicators of fraud and corruption. The results of the review also provide the WBG a comprehensive picture of risks, and are useful for developing corporate-wide processes for tightening controls and mitigating risks in similar projects.

INT will investigate the indicators of fraud or corruption identified during the review to help ensure that those within INT's jurisdiction are held accountable through sanctions and that those outside of INT's jurisdiction can be referred to national authorities for investigation and possible prosecution. Liaising with national law enforcement authorities during an investigation is critical to addressing the demand-side of corruption. However, across regions, uptake of referrals remains mixed. INT will therefore continue to work to support and encourage action by relevant authorities. When the WBG debars companies for corruption, and countries investigate and prosecute implicated government officials, this sends the strongest message that corruption will not be tolerated.



The WBG has been able to adapt this approach to address a range of nuanced issues and risks. Given its fiduciary responsibility to donors, for example, INT quickly mobilized a team to assess the need for an in-depth forensic review of a project financed by a multi-donor trust fund in light of widespread allegations of misconduct on the part of project staff and grant recipients. The allegations included travel fraud, forged accounting and financial records, and the steering of grants by project staff in exchange for kickbacks. The ensuing review identified close to US\$2 million in ineligible expenditures; approximately US\$250,000 in misprocurement; significant control weaknesses; and indicators of fraud, corruption, and collusion. More importantly, the review generated recommendations for tightening controls and mitigating risk in similarly designed ongoing projects.

A Changing Legal Context for Negotiating Settlements

The WBG negotiated its first settlement in 2009 with Siemens AG, paving the way for 96 Negotiated Resolution Agreements (NRAs) since then. NRAs can expedite the outcome of an ongoing investigation, prompt companies to self-report issues, and sometimes also provide a form of restitution. For example, in its settlement with the WBG, Siemens committed \$100 million to support anti-corruption efforts around the world. Because companies that sign NRAs also agree to fully cooperate with the WBG, they often serve as a source of invaluable information about what is happening in the markets where they operate.

While NRAs have provided the WBG another mechanism for addressing corruption and fraud affecting its projects, leveraging NRAs has proven more challenging in countries where the notion of negotiated resolution is unfamiliar or was incorporated recently into the legal tradition. On a positive note, any action that the WBG is able to take in responding to allegations, undertaking investigations, and ultimately imposing sanctions, helps demonstrate accountability to citizens. The changing legal context for negotiations could have a further positive impact on future settlement agreements.

Creating the Right Environment for Future Projects

INT's cooperation and coordination with WBG task teams has not only helped keep projects on track, but also led to the implementation of integrity risk mitigation measures that will improve the overall environment for future projects. Closely reviewing procurement, financial management and technical aspects of Bid Evaluation Reports led one team to detect fraud and possible collusion during the first round of bidding for US\$6 million worth of tenders that were part of a larger US\$28 million infrastructure project. Alerting INT to these issues led to an investigation which also uncovered a corruption scheme involving the mayor. Through targeted procurement trainings with government staff and local construction firms, the task team was able to attract more qualified bidders in subsequent rounds of bidding.

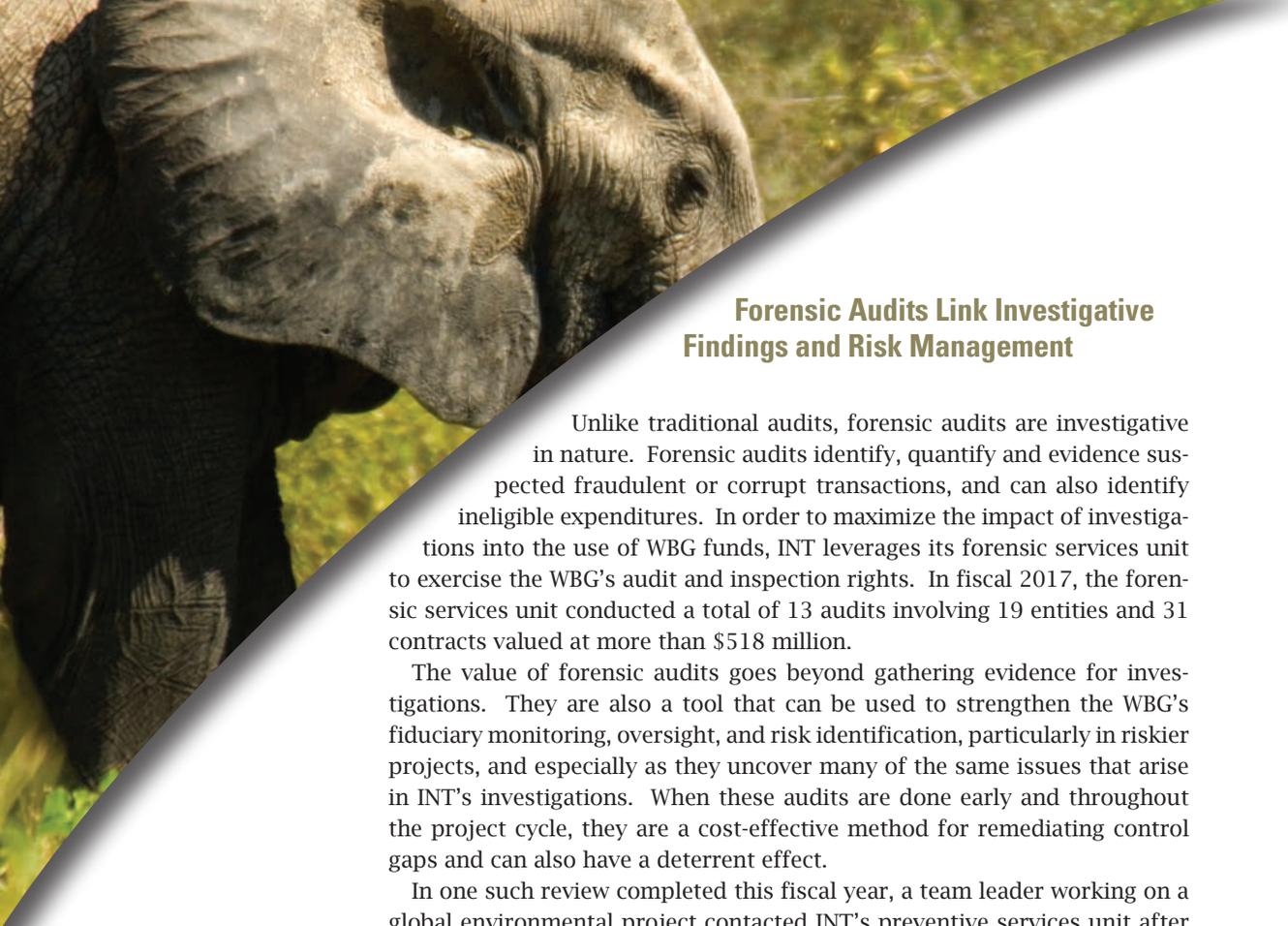


Helping Community-Driven Development Projects Deliver

Community-driven development projects (CDD) are designed to provide poor men and women access to information, appropriate capacity, clear and transparent rules, and financial support so that they can identify their community's priorities. Citizens address local problems by working in partnership with local governments and other supportive institutions to build small-scale infrastructure and deliver basic services. This type of project design necessitates having small contracts spread out across many entities, making financial supervision harder.

In relation to one CDD project, INT and the task team began receiving allegations that project staff in a number of different project implementation units were embezzling project funds and steering contracts to companies owned by project staff and to favored bidders in exchange for kickbacks. A forensic review was undertaken by the WBG task team with outside consultants and the technical support of INT. The initial review identified millions of dollars in ineligible and potentially ineligible expenditures, as well as substantial indicators of fraud, corruption and collusion.

INT conducted a follow-up investigation which, in a large sample size of contracts, identified significant evidence and/or indicators of fraud in connection with contract award, collusion between companies and between project officials and companies, the steering of contracts to companies in which project officials had a financial interest, and the steering of contracts to companies in exchange for kickbacks. In light of the relatively small value of the contracts at issue and the widespread nature of the problem, INT's objective was not to seek sanctions against a large number of entities or individuals. Instead, the goal was to identify and hold accountable the most egregious actors; identify the schemes used to defraud the project; and provide the most pertinent information to task teams to mitigate future risks in follow-on projects of a similar nature.



Forensic Audits Link Investigative Findings and Risk Management

Unlike traditional audits, forensic audits are investigative in nature. Forensic audits identify, quantify and evidence suspected fraudulent or corrupt transactions, and can also identify ineligible expenditures. In order to maximize the impact of investigations into the use of WBG funds, INT leverages its forensic services unit to exercise the WBG's audit and inspection rights. In fiscal 2017, the forensic services unit conducted a total of 13 audits involving 19 entities and 31 contracts valued at more than \$518 million.

The value of forensic audits goes beyond gathering evidence for investigations. They are also a tool that can be used to strengthen the WBG's fiduciary monitoring, oversight, and risk identification, particularly in riskier projects, and especially as they uncover many of the same issues that arise in INT's investigations. When these audits are done early and throughout the project cycle, they are a cost-effective method for remediating control gaps and can also have a deterrent effect.

In one such review completed this fiscal year, a team leader working on a global environmental project contacted INT's preventive services unit after a supervisory visit raised concerns about the implementing agent. Although the concerns raised did not amount to specific fraud or corruption allegations, they pointed to potential fiduciary issues. INT assisted the team by applying forensic methodology to a targeted review looking into two-and-a-half years of project expenditures (US\$39 million), financial management and procurement practices, and the fraud and corruption risk and control framework. The WBG was able to identify areas of inconsistencies between certain legal agreements and accounting practices employed by the implementing agent, identify ineligible expenditures, quantify the impact on donors and recommend a course of action for remediation. These actions helped the task team draft an action plan to address the issues identified in advance of the project receiving \$15 million in additional financing.

MONEY HIDDEN IN PLAIN SIGHT

Although one recent World Bank Group investigation undertaken in parallel with national law enforcement authorities hinged on the discovery of a car trunk filled with cash, most cases involve more complicated methods of siphoning money from projects and moving it among corrupt parties. Forensic audits and investigations undertaken this fiscal year routinely encountered strong indicators of corruption in commonly used contracting practices. While not every instance of contracts which include these practices is a red flag, knowing how they can be manipulated is an important step to mitigating future risks.

Back-to-back contracts

A well-established contractor submits a bid with the hidden intention of sub-contracting the entire contract to another contractor who would not have otherwise qualified to bid. The well-established contractor earns a profit and the unqualified contractor gains business. This sub-contracting arrangement often results in unnecessary price increases, delays, and sub-standard work. Other non-financial impacts of back-to-back contracts have also included sub-contractors that do not employ proper health and safety practices for their workers, or other sub-standard practices in order to cut costs.

Agents or consultants

When an agent or consultant is involved in a corrupt arrangement, they often receive payments that are done on more favorable terms compared to other vendors, receive unusually high overall commission rates, and no evidence exists of the value added or services they provided. Often times, payments to agents are concealed through fraudulent invoices.

Advance payments

The proceeds of advance payments which are intended to pay, for example, for equipment needed to start a large infrastructure project, can instead be misused as bribes, or for other expenditures that do not directly benefit the project. This is often times accompanied by the submission of fraudulent documentation as to how the payment was used to the project implementation unit (PIU) and the WBG to conceal the true use of the advance.

Forensic audits of company records not only have identified schemes in the context of the WBG-funded contract as discussed above, but also reflect other symptoms of a more systemic culture lacking integrity, such as direct payments to PIU officials (or their families and friends), the purchase of gifts or travel, and facilitation payments for the clearance of goods through customs.

Could Paying More Attention to Fraudulent Documents be the Key to Stemming Illicit Financial Flows?

The proceeds of corruption most often enter the tangled web of illicit financial flows where it becomes nearly impossible to trace, recover and repatriate them. The scope of the problem is mind boggling. In one attempt to quantify impacts, Global Financial Integrity (GFI) analyzed data filed by governments with the IMF and estimated that nearly a trillion dollars a year in illicit financial flows moves from poorer countries into richer ones.

Despite the enormity and complexity of stemming illicit financial flows, a large part of the solution could lie in tackling one simpler component of the problem. Raymond Baker, President of GFI, has argued that manipulating the pricings of imports and exports through mis-invoicing is probably the source of the largest share of illicit financial flows. The fraudulent activity that facilitates trade mis-invoicing is similar to the fraudulent activity that WBG investigations into corruption routinely encounter.

Drawing upon these commonalities to assess what deterrent and enforcement mechanisms could be most effective, the WBG and GFI hosted a panel discussion in November 2016. Executives from the IMF, U.S. Government, Global Witness, the Carnegie Endowment for International Peace, and Transparency International brought a well-rounded perspective to the discussion.

Frank Vogl, co-founder of Transparency International and the Partnership for Transparency Fund, further underscored the scope of the problem, noting “If we don’t deal with illicit financial flows, we will see more because illicit finance is the lifeblood of terrorist networks.” He also touched upon the limits of current methods, such as fines, that are meant to deter illicit financial flows. “Fines are the cost of doing business. Banks need to understand they could risk losing their licenses.”

The WBG’s Governance Global Practice, led by Deborah Wetzel, continues to push for greater transparency as a global public good. Wetzel stated, “The use of information and technology is changing the game for us, and our ability to look at information, whether it’s tax evasion, whether it’s transfer pricing, whether it’s issues related to monitoring extractive industries. There has been a big push for openness and transparency that has helped us advance in a more systemic way.” Sarah Chayes, author and senior fellow in Carnegie’s Democracy and Rule of Law program, urged the audience not to see technology as a panacea, saying, “A ‘paperless’ government doesn’t mean we can avoid having to take difficult political decisions.” She pointed to a cultural shift that has complicated the fight against corruption. “We have begun to exalt the amassing of money above just about every other social or other cultural ideal.”

The event was part of INT and the WBG’s ongoing efforts to convene important anti-corruption stakeholders to advance thought leadership on emerging key issues shaping the field. To learn more, see <http://www.gfintegrity.org/event/amplifying-integrity-in-the-fight-against-systemic-illegality/>.

Integrity Risk Management is a Business Enabler

Just-in-time advice helps projects deliver results on time

Every year, the INT’s preventive services unit (PSU) provides integrity advice to nearly a hundred task teams. The support is tailored to the specific challenges. Over the last year, the work has included: developing options for safeguarding a project from a senior official with fiduciary responsibility for handling WBG funds and who engaged in misconduct; ensuring several irrigation systems are brought up to specifications before the last payment to the contractors; developing a checklist to detect and prevent pervasive fraud and substandard quality in a rural road project, conveying the Bank’s zero tolerance towards corruption to officials working in a PIU with significant corruption risks; instituting controls over soft expenditures such as study tours; and assisting management and the project task team in distilling the lessons learned and charting the course forward in a contract with millions of dollars in suspected bribes.

Channeling information from investigations to project operations prevents future problems

The impact of fraud and corruption on a project can be significant as prices become inflated to cover bribe payments; the work is often substandard reducing the economic life span of the asset, and delays pile up. The Bank’s investigations provide a unique opportunity to address vulnerabilities. In FY17, the PSU made recommendations in 20 Final Investigation Reports on steps management can take to reduce integrity risks and remediate the substantiated misconduct. The recommendations aimed to encourage the client to take appropriate administrative action in light of the misconduct, strengthen preventive measures, and enhance detection controls.



The Positive Ripple Effect of Integrity Compliance

INT's Integrity Compliance Office (ICO) is an important partner for entities who have been sanctioned by the WBG but are committed to rehabilitating their business practices and putting in place effective integrity compliance programs. Moreover, creating a pool of companies that operate with high integrity standards provides the WBG with partners who are committed to development done right. This fiscal year, the ICO worked closely with 50 sanctioned entities, thirteen of whom were removed from the WBG's list of ineligible entities. In total, 51 entities sanctioned with compliance conditions have been reinstated since the ICO was established in 2010.

Promoting compliance in companies of all sizes

Given the WBG's global presence across a range of regions and sectors, the ICO aims to engage with companies of all sizes and to help them develop integrity compliance programs that best fit their particular risks and business profiles. For example, a small local company may choose to have physical drop boxes to receive complaints rather than a telephone hotline, which may not allow sufficient anonymity given the limited number of employees, or an electronic reporting system, which may be too complex or costly to maintain. The ICO is also sensitive to how cultural context can shape ideas about corporate compliance and ethics. For example, rather than prohibiting all gifts in a region where the non-acknowledgment of certain holidays may be considered culturally inappropriate, some companies may elect more robust internal controls around gift-giving practices. To that end, replacing individual cash gifts (which previously may have been the norm) with food baskets to be shared among an entire organization, together with internal approval and recording requirements, may serve as an effective, realistic compromise.

Peer-to-peer learning—companies mentor one another on compliance programs

Companies are also taking the initiative to support collective action and promote greater buy-in across the private sector. Some sanctioned entities have reported to the ICO that their existing business partners have served as useful resources. In that regard, smaller companies have successfully reached out to their upstream, larger multinational business partners for guidance on integrity compliance programs. Similarly, several entities who have satisfied the conditions for their release from WBG sanction have reached out to downstream suppliers and industry peers to assist them in enhancing their own internal controls.

To lend more momentum to these efforts, the ICO is piloting a mentorship program that pairs sanctioned entities with entities that have already implemented compliance programs to the satisfaction of the ICO and therefore have met their compliance conditions for release from WBG sanction. Several companies have already been paired and early feedback is promising, indicating that both mentor and mentee companies have found the experience mutually beneficial. In addition, both mentor and mentee companies believe participating in such a program may help to improve their competitive advantage as a business partner. Larger companies have also noted the initiative helps cultivate better downstream business partners; ultimately having a pre-vetted pool of business partners can help reduce the time and money spent undertaking their own due diligence and monitoring efforts.

Long-term payoff—companies reap the benefits of their compliance programs

The ICO also is pleased to report that it has maintained relationships with several entities that have been released from WBG sanction following satisfaction of their compliance conditions. It is through precisely these types of ongoing relationships and continuing dialogues that the ICO hopes to spread the word about the evident benefits of doing business with integrity. One of the ICO's most positive interactions in that respect involves a formerly sanctioned entity that informed the ICO of its post-sanction selection as a business partner for a major multinational corporation. In performing its due diligence review of prospective partners, the multinational was impressed by the integrity compliance program that the formerly sanctioned entity had put in place.



Our Performance



Investigative Data

INT groups its investigations into two categories, external and internal investigations. External investigations look into allegations of five types of misconduct: fraud, corruption, collusion, coercion, and obstruction. These are the five practices for which the Bank Group may impose sanctions on entities doing business with the Bank Group. (See www.worldbank.org/sanctions.) Evidence of misconduct by government officials is generally referred to national authorities for action.

Internal investigations assess allegations of significant fraud and corruption involving Bank Group staff occurring in Bank Group-financed projects or supported activities (*i.e.*, operational fraud and corruption) or affecting the Bank Group administrative budgets (*i.e.*, corporate fraud and corruption). INT also investigates allegations against corporate vendors involving the five sanctionable practices in support of the Bank's corporate vendor eligibility determinations, leading to corporate debarment proceedings and in some cases operational cross-debarments. (See www.go.worldbank.org/C3YIALVBFO.)

External Investigations

Complaint Intake

INT receives complaints from all over the world and from many sources. Of the **preliminary inquiries opened in FY17, 34% of complaints received came from World Bank Group staff¹ and 66% of complaints were from non-Bank sources**, including contractors or other bidders, concerned citizens, government officials, employees of NGOs, and other multilateral development banks. INT routinely conducts outreach to all groups in an effort to increase overall awareness and reporting of complaints.

INT screens the complaints it receives to ensure they pertain to one or more sanctionable practices and involve a Bank Group-supported activity. If the complaints meet both criteria, INT opens a complaints file and conducts further assessment of the allegations. In determining whether to move from a preliminary inquiry to a full investigation, INT analyzes the seriousness of the allegations, the credibility of the complaint, and the presence of corroborating evidence, among other factors in its case selection guidelines. INT also considers aspects such as the amount of project and contract funds involved, the quality of the information or evidence, the potential development impact, the ability to investigate and the investigation risks, as well as the reputational risk to the World Bank Group. When an allegation is not pursued or a preliminary investigation involving Bank-Group activities is not converted to a full investigation, INT works with operational staff or other interlocutors to address the issues raised.

In FY17, INT reviewed and opened **179 preliminary inquiries, with 51 matters selected for full investigation**. These investigations covered **55 projects in 33 countries**.

¹ The 34% of Bank staff include staff who have, of their own initiative, reported an issue, as well as staff who have forwarded complaints they receive from other parties.

Investigation of cases

Through investigations, INT ascertains whether firms and/or individuals have engaged in one of the Bank Group's five sanctionable practices. If INT finds sufficient evidence to conclude that it is more likely than not that the alleged conduct, or other sanctionable conduct, occurred, then the matter is deemed *substantiated*. The allegation is considered *unsubstantiated* if there was insufficient evidence to prove or disprove it, and *unfounded* if INT concludes that the alleged sanctionable conduct did not occur. INT continues to refine its selection process for matters going to full investigation and has devoted additional resources to more thorough preliminary screening of allegations before commencing a full investigation. **INT's substantiation rate in FY17 was 65%.**

New Cases Opened by Region, FY17



New Cases Opened by Region, FY13-FY17

Region	FY13	FY14	FY15	FY16	FY17
Africa	24	8	25	14	8
East Asia Pacific	15	13	20	10	16
Europe & Central Asia	14	9	11	15	8
Latin America & Caribbean	10	3	8	7	7
Middle East & North Africa	5	1	4	6	3
South Asia	16	5	26	11	8
IFC	5	1	5	1	1
Grand Total	89	40	99	64	51

New Cases Opened by Sector, FY13-FY14*

Sector	FY13	FY14
Agricultural and Rural	12	5
Economic Policy	0	0
Education	3	2
Energy & Mining	7	4
Environment	0	0
Financial and Private Sector Development	1	3
Global Information/Communications Technology	0	0
Health, Nutrition and Population	17	9
No Sector	5	1
Public Sector Governance	9	4
Social Development	0	0
Social Protection	0	0
Transport	20	7
Urban Development	0	0
Water	15	5
Total	89	40

New Cases Opened by Global Practice, FY15-17*

Sector	FY15	FY16	FY17
Agriculture	6	4	2
Education	4	2	7
Energy & Extractives	14	7	6
Environment & Natural Resources	5	3	0
Finance & Markets	1	1	0
Governance	5	2	0
Health, Nutrition & Population	15	10	3
Macroeconomics & Fiscal Management	0	0	1
No Sector (IFC)	5	1	1
Poverty	1	0	0
Social Protection & Labor	3	0	1
Social, Urban, Rural & Resilience	11	6	7
Trade & Competitiveness	2	2	0
Transport & ICT	15	16	12
Water	12	10	11
Total	99	64	51

*As part of the new World Bank Group Strategy introduced in FY14, thematic Global Practices (GPs) were instituted, replacing sectors, to better serve clients and manage multidimensional problems by promoting the flow of knowledge across sectors, regions and the World Bank Group.

Active Cases by Allegation, FY13-17

Of the 63 cases under investigation at the end of FY17, 31 involved allegations of corruption.

Type of Allegation	FY13	FY14	FY15	FY16	FY17*
Coercion	0	1	1	0	0
Collusion	10	7	10	8	22
Corruption	41	41	65	48	31
Fraud	35	22	13	9	47

*In FY17, INT changed the manner in which it presents its active cases by allegation. The FY17 data reflect the fact that each active case can have multiple types of allegation. In prior fiscal years, all active cases involving corruption allegations were categorized as corruption, with an explanatory note that some of these cases also involved allegations of collusion or fraud.

Final Investigation Reports

When INT substantiates a case, it produces a Final Investigation Report (FIR) which is provided to the President. In limited cases, INT will produce an FIR even if there is not sufficient evidence to substantiate a complaint; for example, if INT believes that the investigation unearthed important lessons that should be shared with colleagues in the Bank Group and with client governments of the World Bank Group.

Since FY10, INT has been tracking case turnaround time, striving to ensure that cases are closed within 12 to 18 months, depending on the complexity of cases, as was recommended by the Volcker Panel in 2007. INT considers a case closed once the draft FIR has been submitted to the relevant operational staff in the World Bank Group for comments. **Of the 52 investigations closed in FY17, 46% were closed within 12 months and 65% were closed in less than 18 months. The average duration of all investigations completed in FY17 was 15 months. By the end of FY17, INT had 20 investigations open longer than 18 months.**

FIRs also form the basis for two other INT outputs: referral reports, which INT sends to relevant national authorities if evidence indicates that the laws of a Bank Group member country may have been violated (see page 44 for a list of referrals made to national authorities in FY17), and redacted reports, which are provided to the Bank Group's Board of Executive Directors for information and, after the completion of all related sanctions proceedings, made publicly available.

External Investigations Performance Indicators, FY13-FY17

	FY13	FY14	FY15	FY16	FY17
Preliminary Inquiries Opened	449	355	323	279	179
Investigations Opened	89	40	99	64	51
FIRs Issued	52	43	37	35	52*
Investigations Closed	86	55	81	87	52
<i>Cases Substantiated</i>	58	34	60	54	34
<i>Cases Unsubstantiated</i>	28	19	19	32	17
<i>Cases Unfounded</i>	0	2	2	1	1
Referrals to countries/MDBs	42	49	50	62	47

*The 52 FIRs issued in FY17 reported findings with respect to 55 closed investigations.



Sanctions

When INT believes that it has sufficient evidence to substantiate that a sanctionable practice occurred, it commences the sanctions process by preparing a Statement of Accusations and Evidence (SAE). For matters involving IBRD/IDA operations, the SAE is presented to the IBRD/IDA Suspension and Debarment Officer (SDO) for review and issuance to the affected parties. (For matters involving IFC, MIGA or IBRD/IDA Guarantees & Carbon Finance, the SAE is presented to the Evaluation and Suspension Officer (EO) for the relevant institution.)

The decision as to whether there is sufficient evidence to sanction a firm or individual and, if so, what sanction should be imposed is made through a two-tier adjudicative process involving the SDO and the World Bank Group Sanctions Board. These adjudicators are independent of INT. At the first level of review, the SDO reviews the case brought by INT to determine whether INT has submitted sufficient evidence to support its findings and, if so, the SDO recommends an appropriate sanction via a Notice of Sanctions Proceedings (NoSP) and temporarily suspends the respondent. Under the sanctions procedures, when a respondent fails to contest the accusations against it within 90 days, the sanction recommended by the SDO becomes final. If the respondent contests the recommended sanction, the Sanctions Board will consider the case, which may include a hearing. (See page 38 for the list of entities debarred in FY17.)

Sanctions System and Results, FY13-FY17

	FY13	FY14	FY15	FY16	FY17
Sanctions Cases Submitted	33	45	35	46	25
Sanctions Cases (NoSPs or NoTSs*) Issued	25	46	39	40	19
Negotiated Resolution Agreements Submitted	8	6	11	18	26^
Firms and Individuals Temporarily Suspended	41	70	54	48	22
Firms and Individuals Sanctioned	47	71	73	59	60

* NoTS: Notices of Temporary Suspension.

^ In FY17 INT entered into 26 NRAs with 29 Respondents. Of these, 22 NRAs with 25 Respondents became effective in FY17 and the remaining four NRAs with four Respondents became effective at the beginning of FY18.

Compliance

To further encourage corporate governance and elevate integrity standards of private sector entities active in development, the World Bank Group's default sanction became debarment with conditional release as of September 2010. Under such sanction, debarred entities must meet specified conditions, such as the establishment and implementation of an effective integrity compliance program, before they may be released from sanction and therefore again become eligible to participate in World Bank Group-funded projects. While there is no guarantee that entities that have met such conditions and have been released from sanction following a determination by the World Bank Group's Integrity Compliance Office (ICO) are risk-free, the policies and procedures they put in place and their top management's stated commitment to promote integrity all yield a positive influence. Such actions not only improve internal controls and risk assessment processes, but also send a clear message to external partners. The ICO also discusses compliance conditions with entities that are in Negotiated Resolution Agreement (NRA) negotiations with the World Bank Group, thereby helping to inform compliance conditions up-front in the process. The World Bank Group Integrity Compliance Guidelines (pdf) can be found at www.worldbank.org/integrity.

In FY17 the ICO contacted and advised 47 sanctioned parties of the general requirements and procedures for meeting their respective conditions for release from sanction. At the end of FY17 the ICO was actively engaged with 50 entities. Such engagement typically involves the ICO conducting a baseline evaluation of corporate compliance program-related materials presented by the party, as well as the party's implementation of such materials, with the ICO offering recommendations for revision and/or enhancement as appropriate. Regarding such engagements, during FY17 the ICO also monitored the corporate compliance programs of numerous sanctioned entities, including through the review of matters such as periodic status reports, program revisions, implementation activities, and remedial action taken in response to the sanctioned misconduct (and any other misconduct subsequently detected).

In FY17, the ICO determined that in 13 cases the sanctioned parties had satisfied their respective compliance and/or other conditions for release as set out in the relevant Sanctions Board decision, SDO determination, or NRA. During the period FY12-16, the ICO released 38 entities following the satisfaction of their respective conditions for such release, bringing the total number of such released entities to 51 as at the end of FY17. In addition, the period of sanction for one entity that was debarred with the possibility of early release expired by its terms in FY17. In several cases, the ICO has maintained a positive ongoing relationship with released parties.

Compliance data, FY17

Entities sanctioned with conditional release (as at end of FY 17): **289²**

Entities actively engaged with the Integrity Compliance Office (as at end of FY 17): **50**

Notifications to newly debarred entities (total FY17): **47**

Entities whose sanctions were continued (conditions for release not met) (total FY17): **51**

Total entities whose sanctions were continued to date: **157**

Entities released from sanction (total FY17): **13**

Total entities released from sanction to date: **51**

Entities whose sanctions of debarment with conditional release were converted to a sanction of conditional non-debarment (Total FY17): **0**

Entities whose sanction of debarment with the possibility of early release expired (Total FY17): **1**

² In instances where different entities within a corporate family have been separately sanctioned, the ICO 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.

Negotiated Resolution Agreements

All firms or individuals under investigation are given the option of settling a matter through a Negotiated Resolution Agreement (NRA) in lieu of litigating through the sanctions process. Resolving a case through an NRA can save considerable resources, while also providing certainty of result for both the Bank and the party under investigation. At the same time, settlements must be handled with discretion and transparency. INT is responsible for the drafting, negotiation and execution of NRAs. The agreements are, however, subject to review by the World Bank's General Counsel. Moreover, the SDO or relevant EO is charged with reviewing settlement agreements to verify that (i) the respondent entered into the agreement freely and fully informed of its terms, and free of duress, and (ii) the terms of the agreement are broadly consistent with the Sanctioning Guidelines. **In FY17 INT entered into 26 NRAs with 29 Respondents.** Of these, 22 NRAs with 25 Respondents became effective in FY17 and the remaining four NRAs with four Respondents became effective at the beginning of FY18.

Preventive Services

The Preventive Services Unit (PSU), working in partnership with operational teams and client countries, turns the unique knowledge gained from INT investigations into practical measures that can deter or stop corruption in WBG-financed projects. The PSU's work is concentrated in the following areas:

1. Assistance in identifying and disclosing integrity risks on pipeline projects. In FY17, the PSU identified 93 projects in the pipeline, where ongoing or recently completed investigations had evidenced misconduct in the same sector as the proposed operation (so-called Volcker Trigger projects). PSU distilled the specific risks; alerted task teams so that the risks could be addressed through strengthened project design or supervision; and advised the teams on appropriate disclosure language to the World Bank's Board of Executive Directors.

2. Support to project task teams managing projects with integrity issues. Through 24 advisory engagements in support of high-integrity-risk operations and regarding 36 projects supported by PSU where integrity risks have been flagged to Operations, the PSU alerted task teams to actual or suspected fraud and corruption in their projects. In several cases the PSU conducted further assessments of the risks based on the project design, related complaints received and, in a few cases, through open source due diligence. In many cases, the PSU supported the task teams in developing practical risk mitigation measures, taking into account operational and INT experiences.

3. Recommended preventive and remedial actions following INT investigations. During the fiscal year, in 20 FIRs the PSU made recommendations to Operations with the purpose of preventing the substantiated fraud and corruption schemes from reoccurring or to prompt remedial action. Increasingly, the recommendations are tabled in agreement with Operations or already taken due to the early collaboration between the PSU and the project task teams.

4. Integrity Risk Reviews for Global Practice Groups and Regions. The PSU undertakes Integrity Risk Reviews for Global Practices Groups (GPs) and Regions at their request, e.g., to inform newly appointed Directors about integrity risks in their portfolio, support the development of the Bank's country strategies, or as an input into the country dialogue.

5. Training of WBG staff, clients, and private companies. The PSU provided tailored training for 2,108 persons, covering general anti-corruption awareness, fraud and corruption risk assessments, and detecting indicators of corruption or fraud. The PSU provides regular training for new WBG staff as well as Advisors and Senior Advisors to the Board of Executive Directors. The recent year's focus on red flags is beginning to bear fruit in other ways. In one case, training and the use of INT's due diligence tool helped a task team prevent the award of two contracts to a cartel. The contracts were valued at US\$19 million. Due to the early intervention, an additional six contracts valued at US\$13 million were safeguarded from misconduct.

Preventive Services-related results FY17

“Volcker Trigger” projects incorporating INT risk information: **93 projects**

Support to, and advisory engagements with, operational task teams with projects with integrity issues: **60 instances**

Recommendations and/or support with remedial action to risks identified in FIRs: **20 PSU recommendations**

Integrity Risk Reviews for Global Practices and Regions: **3**

Persons trained in integrity risk management: **2,108 WBG and client country staff**

Internal Investigations

To maintain its credibility in the global anti-corruption arena, the integrity of the World Bank Group’s own operations is of the utmost importance. In addition to investigating allegations of fraud and corruption involving Bank Group 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 Bank’s Internal Justice System to promote the reporting, detection, and prevention of fraud and corruption within the Bank Group’s corporate arena.

The Internal Investigations cycle

Examples of allegations against staff within INT’s investigative mandate include abuse of position for personal gain, misuse of Bank Group funds or trust funds, embezzlement, fraud, corruption, and collusion, involving either Bank Group operations or administrative budgets, and attendant conflicts of interest or lesser included acts of misconduct.

INT is also responsible for investigating allegations against Bank Group corporate vendors involving fraud, corruption, collusion, coercion, or obstructive practices in support of “vendor eligibility reviews,” leading to corporate debarment proceedings.

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

If the investigation establishes sufficient evidence to a “clear and convincing” standard of proof, INT prepares a final report of investigation, inclusive of all supporting evidence, and provides it to the implicated staff member for comment.

Thereafter INT finalizes the report, incorporating the staff member’s comments and any INT rebuttal to those comments, and submits the report to the Bank’s Vice President for Human Resources (HRDVP) for decision.

A staff member has the right to appeal the HRDVP’s disciplinary decision to the World Bank’s Administrative Tribunal, whose judgments are binding on the World Bank Group.

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

Outcomes

During FY17, the internal investigations unit pursued 54 cases, of which 67 percent related to Bank Group operations and 33 percent involved corporate matters.

Staff Cases

INT pursued nine active Staff Rule 8.01 investigations involving Bank Group staff in FY17 and substantiated misconduct allegations in five of these cases; the remaining four 8.01 investigations are ongoing. Two staff members were cleared of alleged misconduct in two unrelated cases based on findings that there was no merit to the allegations. Further, INT closed nine staff cases as unsubstantiated due to insufficient evidence to substantiate or refute the misconduct as alleged.

HRDVP Decisions on Staff Cases

In FY17, the Vice President for Human Resources (HRDVP) made decisions based on INT’s investigations in 10 staff cases³ concerning issues of abuse of position, misuse of Bank Group funds, corruption, fraud, collusion, obstruction, conflicts of interest, and attendant violations of Bank Group rules. The HRDVP affirmed INT’s findings in nine of the 10 cases, and imposed disciplinary measures ranging from a letter of reprimand, to a reduction in future pay and promotion ineligibility, to temporary and permanent bars to rehire.

CASE NO. 1. The HRDVP affirmed the findings of corruption and collusion by a former STC in a fragile state, permanently barring the STC from future Bank Group employment. The STC agreed to act as an agent for a company receiving and bidding on Bank-financed contracts to facilitate over US\$10,000 in bribes to government officials. The STC received close to US\$48,000 for, among other things, services and expenses related to facilitating the bribes.

CASE NOS. 2-4. A former STC and two TTLs steered WBG-financed and donor-funded contracts to three preferred firms: two of which the STC owns and one that was a shell company. INT’s involvement enabled the WBG to safeguard US\$1.5 million in donor funds through the cancellation of a planned contract award for which the TTL, with whom the STC colluded, was about to issue the no-objection. The HRDVP barred the former STC from future Bank Group employment for five years. In the case of one of the implicated TTLs, the HRDVP found that the TTL had engaged in inappropriate communications with the STC, but that those actions did not rise to the level of misconduct. In the case of the second TTL, the HRDVP found that the TTL violated Staff Rules and imposed the loss of one year of Salary Review Increase (for the fiscal year in which the misconduct occurred) as a remedy.

³ Five of these decisions are based on cases substantiated and closed in FY16.

CASE NOS. 5-8. In relation to two projects a TTL, a former STC, a former STT, and a Program Assistant used fraudulent invoices and TORs. The HRDVP imposed a temporary (two-year) bar from future Bank Group employment for the STC and STT, a salary reduction of US\$10,000 and temporary (three-year) ineligibility for promotion for the TTL, and a one-year written reprimand for the Program Assistant.

CASE NO 9. By serving simultaneously as a WBG STC and project consultant on the same project, and while also receiving other consultancy contracts for other projects in the same country, an STC's conflict of interest affected at least US\$750,000 in consultancy contracts. The HRDVP barred the former STC from Bank Group employment for three years.

CASE NO. 10. An STC leaked confidential procurement information to several bidders under a WBG-financed project, and disclosed confidential procurement information to three firms in which the STC held personal and financial interests. The HRDVP permanently barred the former STC from future Bank Group employment.

Outcomes of Vendor Cases

In FY17, the internal unit closed five corporate vendor cases, four of which were substantiated and one of which was unsubstantiated. Two of the substantiated cases were submitted to the Director of Strategy, Performance and Administration (SPADR) for corporate debarment decisions. The other two cases were referred and handled by relevant management, Corporate Procurement, and the Office of Ethics and Business Conduct (EBC).

Internal Investigations Cases, FY17

	Staff	Vendor	Total
Carried over from FY16	16	4	20
Opened	25	9	34
Total	41	13	54
Closed	19	5	24
Substantiated	6	4	10
Unsubstantiated	9	1	10
Unfounded	2	0	2
Referred	2	0	2
Ending caseload	22	8	30

Overview of internal investigation outcomes, FY13-FY17

	FY13	FY14	FY15	FY16	FY17
Cases					
Substantiated	20	9	7	7	10
Unsubstantiated	8	16	12	7	10
Unfounded	9	6	10	9	2
Referred ⁴	2	2	2	2	2
Closed	39	33	31	25	24
Referred ⁵ /Not investigated	30	33	39	27	47

Turnaround Time

INT aims to complete internal staff cases within nine months (270 days). In FY17 the average turnaround time for the 19 closed staff cases was 9.48 months (288 days).⁶ In FY16 the average turnaround time for the 22 closed staff cases was 8.9 months (267 days). This is comparable to FY15, (278 days for 27 cases) and FY14, (211 days for 26 cases), and a steady improvement since FY13 (367 days for 21 cases).

Protected Disclosures

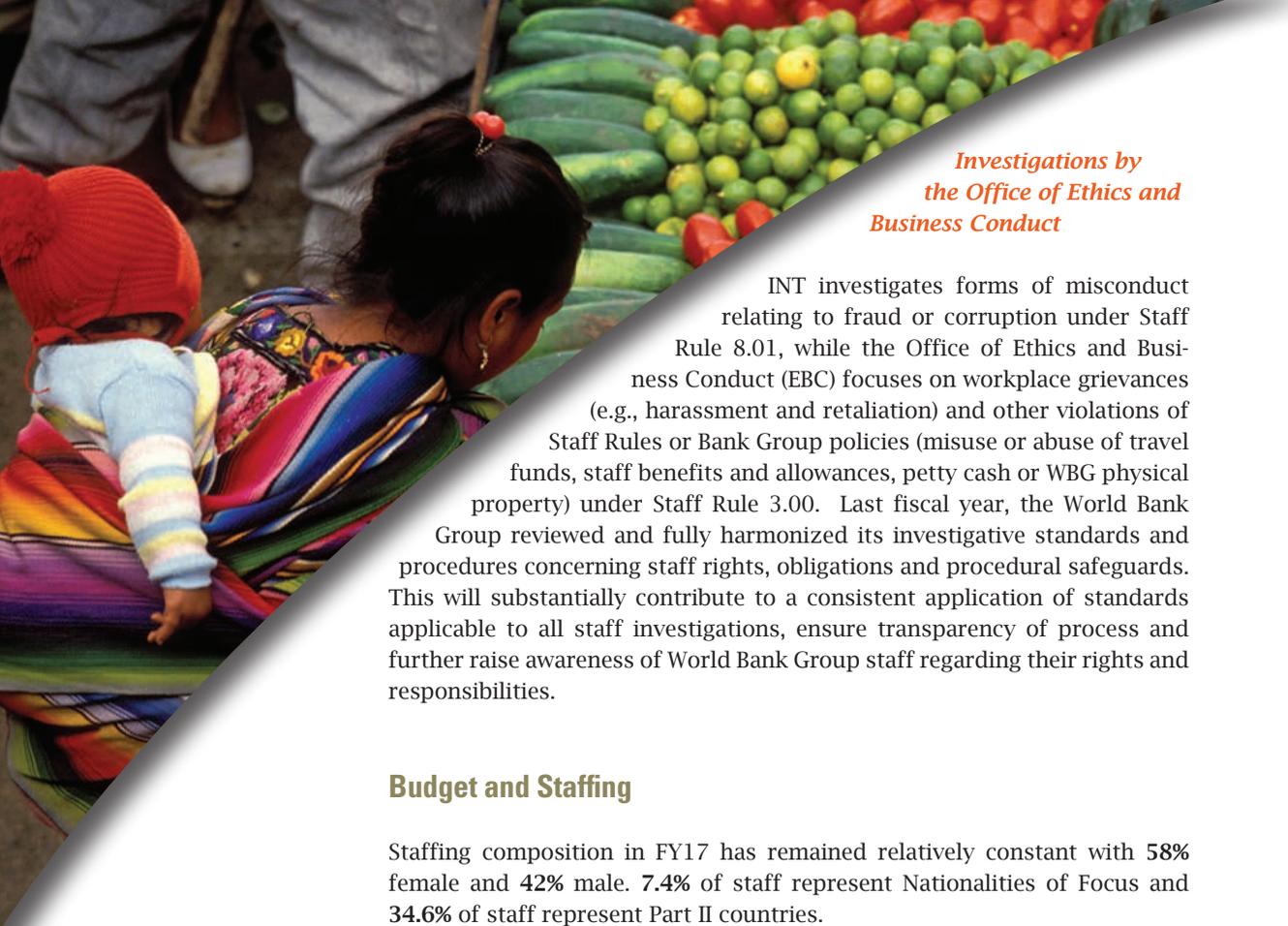
During FY17, a total of 108 WBG staff (i.e., regular staff, former staff, extended- and short-term consultants, and temporaries) made protected disclosures to INT, including those who were whistleblowers.⁷ We are grateful to those staff members who have forwarded to INT concerns of suspected misconduct that may threaten the operations or governance of the World Bank Group, and we appreciate the assistance and cooperation provided by many WBG staff members in the resulting investigations.

⁴ 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).

⁵ Complaints that involved issues not within INT's investigative mandate that were referred to other appropriate venues within the WBG for intervention.

⁶ The nine-month period spans from the initial receipt of the complaint through submission of a litigation-quality final report of Investigation to the HRDVP. 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 WBG whose cooperation cannot be mandated.

⁷ Staff Rule 8.02: Protections and Procedures for Reporting Misconduct (Whistleblowing) "applies to reports of suspected misconduct that may threaten the operations or governance of the Bank Group...[and sets out] protections that apply whether the subject of the allegations is a staff member or any other person or entity inside or outside the Bank Group."



*Investigations by
the Office of Ethics and
Business Conduct*

INT investigates forms of misconduct relating to fraud or corruption under Staff Rule 8.01, while the Office of Ethics and Business Conduct (EBC) focuses on workplace grievances (e.g., harassment and retaliation) and other violations of Staff Rules or Bank Group policies (misuse or abuse of travel funds, staff benefits and allowances, petty cash or WBG physical property) under Staff Rule 3.00. Last fiscal year, the World Bank Group reviewed and fully harmonized its investigative standards and procedures concerning staff rights, obligations and procedural safeguards. This will substantially contribute to a consistent application of standards applicable to all staff investigations, ensure transparency of process and further raise awareness of World Bank Group staff regarding their rights and responsibilities.

Budget and Staffing

Staffing composition in FY17 has remained relatively constant with 58% female and 42% male. 7.4% of staff represent Nationalities of Focus and 34.6% of staff represent Part II countries.

Budget and Staffing Levels FY13-FY17

	FY13	FY14	FY15	FY16	FY17
Budget (in US\$ mil, incl. Reimbursables)	\$20.4	\$19.8	\$18.6	\$18.6	\$18.8
Staffing					
Staff grades GE+	67	70	70	70	72
Staff grades GA-GD	19	17	17	13	9
Total Staff	86	87	87	83	81

Appendix



ENTITIES DEBARRED IN FY17

	Entity Name/Individual	Country	Grounds for Sanction	Length of Debarment
1	Consia Consultants Aps *	Denmark	Fraudulent and Corrupt Practices 2004, 2006, 2010 Consultant Guidelines	14 years
2	Dutchmed B.V.	Netherlands	Corrupt and Obstructive Practices 2004, 2010 Procurement Guidelines	14 years
3	Ms. Lloly Yana De Jesus	Philippines	Fraudulent and Collusive Practices 2006 & 2010 Consultant Guidelines	9 years
4	Quvasoy Mukammal Tamir LLC	Uzbekistan	Fraudulent, Coercive and Collusive Practices 2011 Procurement Guidelines	7 years, 11 months
5	Innogy Solutions, Inc.	Philippines	Fraudulent and Collusive Practices 2006 & 2011 Consultant Guidelines	7 years, 7 months
6	Constructora Arteaga S.R.L. (Conarte S.R.L.)	Bolivia	Fraudulent and Collusive Practices 2010 Procurement Guidelines	7 years, 4 months
7	An Hoa Limited Company	Vietnam	Fraudulent Practices 2010 Procurement Guidelines	5 years
8	Apq S.A.C.	Peru	Fraudulent Practices 2010 Procurement Guidelines	5 years
9	Berkman International, Inc.	Philippines	Fraudulent and Corrupt Practices 2004 and 2006 Consultant Guidelines	5 years
10	Mr. Ngo Dung Toan	Vietnam	Fraudulent Practices 2010 Procurement Guidelines	5 years
11	Mr. Alexandre Antonio Pareja Quintanilla	Peru	Fraudulent Practices 2010 Procurement Guidelines	5 years
12	Atcon Engineering & Industry	Egypt, Arab Republic of	Corrupt Practices 2004 Procurement Guidelines	4 years
13	Best Scan Solutions Limited	Nigeria	Corrupt Practices 2006 Consultant Guidelines	4 years
14	Mr. Amr Ibrahim El Aroussi	Egypt, Arab Republic of	Corrupt Practices 2004 Procurement Guidelines	4 years
15	Mr. Arman Tuktin	Kazakhstan	Corrupt Practices 2004 Procurement Guidelines	4 years
16	Mr. Iyke Ambrose	Nigeria	Corrupt Practices 2006 Consultant Guidelines	4 years
17	Oregon Pacific International Co. Ltd.	Tonga	Fraudulent Practices 2011 Procurement Guidelines	4 years
18	Too Distrilab	Kazakhstan	Corrupt Practices 2004 Procurement Guidelines	4 years
19	Ltb Leitungsbau GmbH	Germany	Fraudulent Practices 2011 Procurement Guidelines	3 years, 6 months
20	Mr. Erling Rask	Denmark	Fraudulent Practices 2004 Consultant Guidelines	3 years, 6 months
21	Mr. Roland Kolitsch	Germany	Fraudulent Practices 2011 Procurement Guidelines	3 years, 6 months

ENTITIES DEBARRED IN FY17, CONTINUED

	Entity Name/Individual	Country	Grounds for Sanction	Length of Debarment
22	Desarrollo Con Ingeniería Contratistas Generales S.A. (Disa-Cgsa)	Peru	Fraudulent Practices 2010 Procurement Guidelines	3 years, 4 months
23	Astra Biopharmaceuticals Limited	Bangladesh	Corrupt Practices 2006 Procurement Guidelines	3 years
24	Golden Hall	Cambodia	Fraudulent Practices 2010 Procurement Guidelines	3 years
25	Mr. Pewee Flomo	Liberia	Fraudulent Practices 2010 Consultant Guidelines	3 years
26	Mr. Jaime Salazar Espinoza	Peru	Fraudulent Practices 2010 Procurement Guidelines	2 years, 8 months
27	Ingenieros Civiles Asociados S.A.	Bolivia	Collusive Practices 2010 Procurement Guidelines	2 years
28	Jiangxi Hengjian Road And Bridge Engineering Co., Ltd.	China	Fraudulent Practice 2006 Procurement Guidelines	2 years
29	Karl Storz GmbH & Co. Kg	Germany	Corrupt Practices 2004 Procurement Guidelines	2 years
30	Mr. Larry Rafael Sequeira Mendoza	Nicaragua	Collusive and Fraudulent Practices 2006 Procurement Guidelines	2 years
31	Sequeira Ingenieros, S.A. – Sequinsa	Nicaragua	Collusive and Fraudulent Practices 2006 Procurement Guidelines	2 years
32	Tehnoplus Medical S.R.L.	Romania	Corrupt Practice 2004 Procurement Guidelines	2 years
33	Zarcus Construction Nigeria Ltd	Nigeria	Fraudulent Practice 1999 Procurement Guidelines	2 years
34	Center For Environmental Studies And Management, Inc. (CESM)	Philippines	Fraudulent Practice 2006 Consultant Guidelines	1 year, 6 months
35	Honeyomar Ventures Ltd.	Nigeria	Fraudulent Practice 1999 Procurement Guidelines	1 year, 6 months
36	Inter Alliance LLC	Kyrgyz Republic	Fraudulent Practice 2011 Procurement Guidelines	1 year, 6 months
37	Lao-Asie Consultant Group	Lao People's Democratic Republic	Corrupt Practices 2006 Consultant Guidelines	1 year, 6 months
38	M/S. Famy Care Limited	India	Fraudulent Practices 2004 & 2006 Procurement Guidelines	1 year, 6 months
39	Mr. Hammed Mutiu Olalekan	Nigeria	Fraudulent Practice 1999 Procurement Guidelines	1 year, 6 months
40	Mr. Pedro César Lazo Montejó	Peru	Fraudulent Practice 2010 Procurement Guidelines	1 year, 6 months
41	Centro Productivo De Diseño S.A.	Argentina	Fraudulent Practice 1999 Procurement Guidelines	1 year, 5 months
42	Mr. Pablo Maximiliano Kantt	Argentina	Fraudulent Practice 1999 Procurement Guidelines	1 year, 5 months

ENTITIES DEBARRED IN FY17, CONTINUED

Entity Name/Individual	Country	Grounds for Sanction	Length of Debarment
43 Zanotta Sudamericana S.A.	Argentina	Fraudulent Practice 1999 Procurement Guidelines	1 year, 5 months
44 Eske S.A.C.	Peru	Fraudulent Practice 2004 Procurement Guidelines	1 year, 4 months
45 Fichtner Gmbh & Co. KG	Germany	Corrupt Practices 2002 Consultant Guidelines	1 year, 3 months
46 Hunan Shaping Construction Co., Ltd. (A/K/A Sunpeak Construction)	China	Fraudulent Practice 2011 Procurement Guidelines	1 year, 3 months
47 Sfc Umwelttechnik Gmbh	Austria	Fraudulent Practices 2010 Procurement Guidelines & Consult Guidelines	1 year, 3 months
48 Tianjin Huashui Tap Water	China	Fraudulent practice Construction Co., Ltd. 2011 Procurement Guidelines	1 year, 3 months
49 Xl Management Services Limited	Nigeria	Fraudulent Practice 1999 Guidelines	1 year, 3 months
50 Zhengtai Group Co., Ltd.	China	Fraudulent Practice 2011 Procurement Guidelines	1 year, 3 months
51 Minh Anh Construction Jsc	Vietnam	Fraudulent Practices 2010 Procurement Guidelines	1 year, 2 months
52 Geoambiente Sensoriamento Remoto Ltda. Reg.# 00.033.757/0001-81	Brazil	Fraudulent Practice 2011 Consultant Guidelines	1 year, 1 month
53 Feedback Infra Pvt. Ltd. **	India	Fraudulent Practice 2004 Consultant Guidelines	1 year
54 Ideal Medical Products Engineering	France	Corrupt Practices 2004 Procurement Guidelines	1 year
55 Sunlabob Renewable Energy Co. Ltd. (Reg. No. 010010821)	Lao People's Democratic Republic	Fraudulent Practice 2011 Procurement Guidelines	6 months
56 Ac Boilers S.PA**	Italy	Fraudulent Practice 2004 Procurement Guidelines	9 months
57 China Railway 20 Bureau Group Co.**	China	Fraudulent Practice 2011 Procurement Guidelines	6 months
58 Initec Energia S.A.**	Spain	Fraudulent Practices 2004 & 2006 Procurement Guidelines	5 months

*This entity was sanctioned in two sanctions cases.

** After the debarment period, this entity will be listed as conditionally non-debarred until conditions for release have been met, pursuant to a settlement agreement.

OTHER SANCTIONS IMPOSED IN FY17

Entity Name/Individual	Country	Sanction Imposed	Grounds
1. CDM Smith	United States	Conditionally Non-Debarred	Fraudulent Practice

In addition, one entity received a Private Letter of Reprimand for engaging in fraudulent practices.

CROSS-DEBARMENTS HONORED BY THE WORLD BANK GROUP IN FY17

Entity Name/Individual	Country	Grounds For Debarment	Length of Debarment
1 Florencia M. Silvestre	Philippines	Cross-Debarment: ADB	Permanent
2 Rafael "Ace" Fresnoza Lim	Philippines	Cross-Debarment: ADB	Permanent
3 Cellucian Limited	St. Lucia	Cross-Debarment: IDB	11 years
4 George C. Benson	United States	Cross-Debarment: IDB	11 years
5 Regional Communications Limited	St. Lucia	Cross-Debarment: IDB	11 years
6 Abel Khemraj Rai	Guyana	Cross-Debarment: IDB	8 years
7 Janet Cecilia Castillo Diaz	Peru	Cross-Debarment: IDB	8 years
8 LPF Trading	Philippines	Cross-Debarment: ADB	8 years
9 Ms. Angelita "Cielo" Banal De Leon	Philippines	Cross-Debarment: ADB	8 years
10 Ms. Lorena "Leng" Dela Paz Flores	Philippines	Cross-Debarment: ADB	8 years
11 One-Chem Industrial Sales Philippines	Philippines	Cross-Debarment: ADB	8 years
12 Sidrai Enterprises	Guyana	Cross-Debarment: IDB	8 years
13 Andres Jaramillo Jaimes	Mexico	Cross-Debarment: IDB	7 years
14 Blanca Estela Garcia Rodriguez	Mexico	Cross-Debarment: IDB	7 years
15 Brenda Ponciano Mendoza	Mexico	Cross-Debarment: IDB	7 years
16 Edwin K. Mackoon	Trinidad and Tobago	Cross-Debarment: IDB	7 years
17 Elmer Chavez Fuentes	Peru	Cross-Debarment: IDB	7 years
18 Gabriel Cruz Cervantes	Mexico	Cross-Debarment: IDB	7 years
19 Global Scientific S.A. De C.V.	Mexico	Cross-Debarment: IDB	7 years
20 Jesus Escorza Escorza	Mexico	Cross-Debarment: IDB	7 years
21 Johana Yasmin Contreras Garcia	Mexico	Cross-Debarment: IDB	7 years
22 Jose David Escorza Escorza	Mexico	Cross-Debarment: IDB	7 years
23 Jose Fino Morales	Mexico	Cross-Debarment: IDB	7 years
24 Jose Rogelio Lira Pineda	Mexico	Cross-Debarment: IDB	7 years
25 Macotro S.A. De C.V.	Mexico	Cross-Debarment: IDB	7 years
26 Manuel Vazquez Hernandez	Mexico	Cross-Debarment: IDB	7 years
27 Mario Ricard Dell	Trinidad and Tobago	Cross-Debarment: IDB	7 years
28 Proconssa, S.A.	Peru	Cross-Debarment: IDB	7 years
29 Ramon Escorza Escorza	Mexico	Cross-Debarment: IDB	7 years
30 Rebeca Ponciano Mendoza	Mexico	Cross-Debarment: IDB	7 years
31 Ryoho Tech De Mexico S.A. De C.V.	Mexico	Cross-Debarment: IDB	7 years

CROSS-DEBARMENTS HONORED BY THE WORLD BANK GROUP IN FY17, CONTINUED

Entity Name/Individual	Country	Grounds For Debarment	Length of Debarment
32	Scimed Servcies Limited	Trinidad and Tobago	Cross Debarment: IDB 7 years
33	Tecniaisla, S.R.L.	Peru	Cross Debarment: IDB 7 years
34	Western Scientific Company Limited	Trinidad and Tobago	Cross Debarment: IDB 7 years
35	Barkley Management Group, LLC	United States	Cross Debarment: ADB 6 years
36	Carlos Alejandro Del Valle Mazariegos (Del Valle)	Guatemala	Cross-Debarment: IDB 6 years
37	Chestnut Street Group LLC	United States	Cross Debarment: ADB 6 years
38	Chestnut Street Holding and Management Group, LLC	United States	Cross Debarment: ADB 6 years
39	Construcciones Arquitectonicas Construsarq (Construsarq)	Guatemala	Cross-Debarment: IDB 6 years
40	David Roldan Berenguel	Peru	Cross Debarment: IDB 6 years
41	International Project Development, LLC	United States	Cross Debarment: ADB 6 years
42	Klnb Group, LLC	United States	Cross Debarment: ADB 6 years
43	Mr. Keith H. Barkley	United States	Cross Debarment: ADB 6 years
44	Songhai Enterprise Consortium, LLC	United States	Cross Debarment: ADB 6 years
45	Manual Roldan Leon	Spain	Cross-Debarment: IDB 5 years
46	Manuel Perez Bustamante	Peru	Cross Debarment: IDB 5 years
47	Khujandrokh LLC	Tajikistan	Cross-Debarment: EBRD 4 years
48	Mekhrobi Khujand LLC	Tajikistan	Cross-Debarment: EBRD 4 years
49	Mr. Abduhakim Rakhimov	Tajikistan	Cross-Debarment: EBRD 4 years
50	Mr. Abdukhelil Boqiev	Tajikistan	Cross Debarment: EBRD 4 years
51	Mr. Davron Nabichonovich Sharipov	Tajikistan	Cross-Debarment: EBRD 4 years
52	Mr. Dilshod Rahmatulloev	Tajikistan	Cross-Debarment: EBRD 4 years
53	Mr. Shuharat Ashurov	Tajikistan	Cross-Debarment: EBRD 4 years
54	Ms. Zulaikho Rahmatulloeva	Tajikistan	Cross-Debarment: EBRD 4 years
55	PMK Sugd LLC	Tajikistan	Cross-Debarment: EBRD 4 years
56	Rokhi Vahdat LLC	Tajikistan	Cross Debarment: EBRD 4 years
57	Sugd-Techno-Servis Llc	Tajikistan	Cross-Debarment: EBRD 4 years
58	Zulhumor LLC	Tajikistan	Cross-Debarment: EBRD 4 years
59	Akin Project LLC	Azerbaijan	Cross-Debarment: ADB 3 years
60	David Pujol Maqueda	Spain	Cross-Debarment: IDB 3 years
61	Dharma Raj Bhandari	Nepal	Cross-Debarment: ADB 3 years
62	Eugene Smith, Jr.	Bahamas, The	Cross Debarment: IDB 3 years
63	Galeb Group, d.o.o.	Serbia	Cross-Debarment: EBRD 3 years
64	Galeb Metal Pack, d.o.o.	Serbia	Cross-Debarment: EBRD 3 years
65	Gou Xuejun	China	Cross-Debarment: ADB 3 years
66	Grupo Sotoval De Construccion Y Proyectos	Spain	Cross-Debarment: IDB 3 years
67	Interkomerc AD	Serbia	Cross-Debarment: EBRD 3 years
68	Interkomerc Energo D.O.O.	Serbia	Cross-Debarment: EBRD 3 years

CROSS-DEBARMENTS HONORED BY THE WORLD BANK GROUP IN FY17, CONTINUED

Entity Name/Individual	Country	Grounds For Debarment	Length of Debarment
69	Juan Pablo Arconada Garcia	Spain	Cross-Debarment: IDB 3 years
70	Mr. Goran Percevic	Serbia	Cross-Debarment: EBRD 3 years
71	Mr. Radoslav Veselinovic	Serbia	Cross-Debarment: EBRD 3 years
72	Robert Bob Smith	Bahamas, The	Cross Debarment: IDB 3 years
73	Ron Jaisari	Guyana	Cross-Debarment: IDB 3 years
74	Semih Sagocak	Azerbaijan	Cross-Debarment: ADB 3 years
75	Siddhartha Rai	Guyana	Cross-Debarment: IDB 3 years
76	Sidrai Radiators Works	Guyana	Cross-Debarment: IDB 3 years
77	Sunaula Khimti Pvt. Construction Ltd. (Aka M/S Sunaula Khimti)	Nepal	Cross-Debarment: ADB 3 years
78	Supersea Marine Limited	Bahamas, The	Cross Debarment: IDB 3 years
79	West Side Equipment Limited	Bahamas, The	Cross Debarment: IDB 3 years
80	A-La-Carte-Haiti	Haiti	Cross-Debarment: IDB 2 years
81	Consultores Asociados Consa S.R.L.	Bolivia	Cross Debarment: IDB 2 years
82	Edna Desulme	Haiti	Cross-Debarment: IDB 2 years
83	Jose Manuel Ramirez Pacheco	Bolivia	Cross Debarment: IDB 2 years
84	Ricard Antonio Castillo Leclair	Nicaragua	Cross-Debarment: IDB 18 months

VENDORS DEBARRED IN FY17

Entity Name/Individual	Country	Grounds For Debarment	Length of Debarment
No vendors were debarred in FY17			

REFERRALS MADE IN FY17

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description	Status
1	Jul-11-2016	Slovenia	Collusion & Corruption	Electrical Power	The matter is under consideration by authorities.
2	Aug-4-2016	Sweden	Fraud, Collusion, & Corruption	Rail Transportation	The matter is under consideration by authorities.
3	Oct-6-2016	Ukraine	Fraud, Collusion, & Corruption	Social Safety Net Modernization	The matter is under consideration by authorities.
4	Oct-28-2016	Georgia	Collusion & Obstruction	Emergency Private Sector Development	The matter is under consideration by authorities.
5	Dec-5-2016	Philippines	Corruption	Pollution Control and Reduction	The matter is under consideration by authorities.
6	Dec-13-2016	Vietnam	Fraud, Collusion, & Obstruction	Waste Water Treatment	INT is unaware of any action by authorities
7	Jan-13-2017	EIB	Corruption	Social Safety Net Modernization	INT is unaware of any action by authorities
8	Jan-10-2017	Denmark	Corruption & Collusion	Agriculture	INT is unaware of any action by authorities
9	Jan-13-2017	Republika Srpska	Corruption	Social Safety Net Modernization	INT is unaware of any action by authorities
10	Feb-2-2017	Bolivia	Corruption	Agriculture	INT is unaware of any action by authorities
11	Feb-2-2017	Bolivia	Collusion & Fraud	Infrastructure	INT is unaware of any action by authorities
12	Feb-3-2017	Bosnia and Herzegovina	Corruption	Social Safety Net Modernization	INT is unaware of any action by authorities
13	Feb-7-2017	Lao PDR	Corruption & Fraud	Roads	INT is unaware of any action by authorities
14	Feb-21-2017	Nicaragua	Fraud, Corruption, & Collusion	Natural Disaster Recovery	INT is unaware of any action by authorities
15	Feb-21-2017	United Kingdom	Collusion	Telecommunications	INT is unaware of any action by authorities
16	Feb-21-2017	Kenya	Collusion	Telecommunications	INT is unaware of any action by authorities
17	Feb-21-2017	Lebanon	Collusion	Telecommunications	INT is unaware of any action by authorities
18	Mar-10-2017	Czech Republic	Fraud	Roads	The matter is under consideration by authorities.
19	Apr-7-2017	Sweden	Corruption & Fraud	Roads	INT is unaware of any action by authorities
20	Apr-12-2017	Tajikistan	Corruption	Education	INT is unaware of any action by authorities
21	Apr-28-2017	Austria	Corruption & Collusion	Health Sector	The matter is under consideration by authorities.
22	Apr-28-2017	Nepal	Corruption	Rural Transportation	INT is unaware of any action by authorities

REFERRALS MADE IN FY17, CONTINUED

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description	Status
23	May-18-2017	Vietnam	Corruption, Fraud & Obstruction	Poverty Reduction, Transportation, & Technical Assistance	The matter is under consideration by authorities.
24	May-22-2017	Vietnam	Fraud	Infrastructure	INT is unaware of any action by authorities
25	May-30-2017	India	Fraud, Collusion, & Obstruction	Waste Water Treatment	INT is unaware of any action by authorities
26	May-31-2017	South Africa	Fraud, Collusion, & Corruption	Transportation	INT is unaware of any action by authorities
27	May-31-2017	DRC	Fraud, Collusion, & Corruption	Transportation	INT is unaware of any action by authorities
28	May-31-2017	Austria	Corruption, Fraud & Obstruction	Waste Water Treatment	INT is unaware of any action by authorities
29	May-31-2017	Kenya	Fraud & Collusion	Water and Sanitation	INT is unaware of any action by authorities
30	Jun-16-2017	India	Fraud & Collusion	Waste Water Treatment	INT is unaware of any action by authorities
31	Jun-16-2017	Austria	Fraud & Collusion	Waste Water Treatment	INT is unaware of any action by authorities
32	Jun-23-2017	Nigeria	Fraud	Sanitation	INT is unaware of any action by authorities

* Following a policy decision that INT adopted in FY13 to categorize the level of the referrals based on complexity, the lowest level referrals are not included in this chart.

UPDATE ON REFERRALS MADE IN FY16*

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description	Status
1	Jul-27-2015	Bangladesh	Corruption	Health, Nutrition and Population	INT is unaware of any action by authorities
2	Aug-11-2015	Indonesia	Corruption, Fraud and Obstructive Practices	Strategic Roads	INT is unaware of any action by authorities
3	Aug-18-2015	Banque de Développement des Etats de l'Afrique Centrale (BDEAC) (Central Africa States Development Bank)	Fraud	Hydropower Project	INT is unaware of any action by authorities
4	Aug-20-2015	UK, Department for International Development (DfID)	Fraud	Second Education Sector Development	INT is unaware of any action by authorities
5	Aug-24-2015	France	Corruption and Fraud	Urban Environment Planning	INT is unaware of any action by authorities
6	Sep-1-2015	China	Corruption and Fraud	Urban Environment Planning	INT is unaware of any action by authorities
7	Sep-23-2015	Mali	Corruption and Fraud	Hydroelectric Project	INT is unaware of any action by authorities
8	Sep-23-2015	Mauritania	Corruption and Fraud	Hydroelectric Project	INT is unaware of any action by authorities
9	Sep-23-2015	Senegal	Corruption and Fraud	Hydroelectric Project	INT is unaware of any action by authorities
10	Sep-25-2015	Netherlands	Corruption and Fraud	Regional Fisheries Program	INT is unaware of any action by authorities
11	Sep-25-2015	Sierra Leone	Corruption	Regional Fisheries Program	Authorities took administrative action
12	Oct-14-2015	India	Corruption	Water Supply and Sanitation	Authorities took administrative action
13	Nov-3-2015	Lao People's Democratic Republic	Fraud	Customs and Trade	Authorities took administrative action
14	Nov-17-2015	Vietnam	Corruption, Fraud and Obstruction	Northern Mountains Poverty Reduction	INT is unaware of any action by authorities
15	Nov-24-2015	Sierra Leone	Corruption and Fraud	Youth Employment Support	INT is unaware of any action by authorities
16	Jan-27-2016	Spain	Corruption	Rural Electricity Access Expansion	INT is unaware of any action by authorities
17	Feb-1-2016	Ukraine	Corruption	Second Urban Infrastructure	A referral was requested by authorities
18	Feb-18-2016	India	Fraud	Water Sector Improvement	INT is unaware of any action by authorities
19	Mar-21-2016	Egypt	Fraud	Emergency Private Sector Development	Authorities found they lacked jurisdiction

UPDATE ON REFERRALS MADE IN FY16*, CONTINUED

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description	Status
20	Mar-21-2016	Iraq	Fraud	Emergency Private Sector Development	INT is unaware of any action by authorities
21	Mar-21-2016	Italy	Fraud	Emergency Private Sector Development	INT is unaware of any action by authorities
22	Mar-23-2016	Bangladesh	Corruption and Fraud	Health Sector Development	INT is unaware of any action by authorities
23	Mar-23-2016	India	Corruption and Fraud	Health Sector Development	INT is unaware of any action by authorities
24	Mar-23-2016	Nigeria	Corruption and Fraud	Health Sector Development	INT is unaware of any action by authorities
25	Mar-23-2016	Romania	Corruption	Health Sector Reform 2	Authorities have taken administrative action.
26	Mar-30-2016	Morocco	Corruption, Collusion and Fraud	Strengthening Mico-Entrepreneurship for Disadvantaged Youths	Authorities completed their investigation, confirmed INT findings, and will pursue action.
27	Apr-12-2016	Denmark	Corruption, Fraud and Obstruction	Strategic Roads Infrastructure	Authorities have initiated criminal investigation
28	Apr-14-2016	Bangladesh	Corruption, Fraud and Obstruction	Health, Nutrition and Population Sector	INT is unaware of any action by authorities
29	Apr-14-2016	India	Corruption, Fraud and Obstruction	Health, Nutrition and Population Sector	INT is unaware of any action by authorities
30	Apr-25-2016	Netherlands	Corruption	Health Sector Reform 2	INT is unaware of any action by authorities
31	Apr-25-2016	OLAF	Corruption	Health Sector Reform 2	Confirmed they were already aware of the contents of the report.

* Following a policy decision that INT adopted in FY13 to categorize the level of the referrals based on complexity, the lowest level referrals are not included in this chart.

ENTITIES RELEASED FROM WORLD BANK GROUP SANCTIONS IN FY17

	Entity Name	Country	Type of Entity	Date of Release
1	Alcatel-Lucent Trade International, A.G.	Switzerland	MNC	Oct-22-2016
2	Iberdrola S.A. (Iberdrola) / Iberdrola Ingenieria y Construccion, S.A.U. (Iberinco)	Spain	MNC	Nov-26-2016
3	CAA Communications & Accessories Int. GmbH	Germany	SME	Dec-29-201
4	Mrs. Jane Burda	Germany	INV	Dec-29-2016
5	Mr. Zaur Mammadzade	Azerbaijan	INV	Jan-18-2017
6	Ultra Computers Company	Azerbaijan	SME	Jan-18-2017
7	Engineering and Planning Consultants Ltd.	Bangladesh	SME	Jan-22-2017
8	Dr. Gunnar Demoulin / New Water Technology OG (NWT)	Austria	INV	Feb-19-2017
9	Sweco International AB	Sweden	MNC	Mar-27-2017
10	Mr. Zhu Hongfeng	China	INV	May-24-2017
11	Yerenergo Closed Joint Stock Company	Armenia	SME	Jun-01-2017
12	Artelia Eau & Environnement SAS	France	MNC	Jun-29-2017
13	China Hunan Construction Engineering Group Corporation (CHCEGC)	China	MNC (SOE)	Jun-29-2017

