



**ANNUAL UPDATE** INTEGRITY VICE PRESIDENCY (INT)

OUR DEVELOPMENT RESOURCES MUST REACH THE INTENDED BENEFICIARIES.



FISCAL YEAR 2016  
THE WORLD BANK GROUP



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Integrity

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END EXTREME POVERTY, BOOST SHARED  
PROSPERITY, AND UNCOVER AND EXPOSE  
CORRUPTION WHEREVER IT EXISTS.

As a public institution, the World Bank Group's goal is to ensure that development resources reach their intended beneficiaries and has an encompassing Governance and Anti-Corruption Strategy which imbues its activities. 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 World 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, advice, prevention, and outreach efforts. 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 World Bank Group'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 Group 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](http://www.worldbank.org/integrity)

Download the free Integrity App from iTunes to identify and report fraud and corruption in World Bank Group-financed projects.

*This report covers the period from July 1, 2015 to June 30, 2016.*

**FROM THE  
WORLD BANK GROUP  
PRESIDENT**

## JIM YONG KIM

The fight against corruption affects all of us. Corruption is stealing from the poor, and that hurts efforts to promote inclusive growth and shared prosperity. By its very nature, corruption undermines the integrity of society and equal access to opportunity. Our first line of defense against corruption are people who take a stand and speak up against it. They are testament to humanity's capacity to truly live by one's principles.

But opposing corruption in many parts of the world can be extraordinarily dangerous. This reality was recently, and tragically, brought home to us. On July 15, 2016, the World Bank Group hosted mayors from Guerrero State in Mexico to review anti-corruption strategies. One of the mayors, Ambrosio Soto Duarte of Pungarabato, revealed that his life had been threatened continuously after refusing to appoint a treasurer with ties to a drug cartel. He spoke in a matter-of-fact manner and remained steadfast in not giving in to corrupt forces. Ten days later, Mr. Soto was assassinated on a highway near Michoacan, despite extra security from federal police. He was one of two mayors killed in Mexico that weekend. My staff and I extend our deep condolences to Mr. Soto's family.

His death is a cruel reminder of our collective obligation to stop corruption in all its forms. Public funds must never be used for private gain, and especially not as a means for perpetuating poverty and violence. I ask leaders and institutions around the world to honor Mr. Soto's courage and make good on the trust people have in us to fight corruption.

In London this past June, 42 countries and six major international organizations, including the World Bank Group, jointly committed to "expose corruption wherever it is found, to pursue and punish those who perpetrate, facilitate or are complicit in it, to support the communities who have suffered from it, and to ensure it does not fester in our government institutions, businesses and communities." To give more teeth to this broader vision, I have further committed the World Bank Group to enhance our support for implementing anti-money laundering requirements and recovering stolen assets. We also are extending our work in the areas of tax reform, illicit financial flows, procurement reform, and in preventing corrupt companies from winning state contracts.

Our progress on these commitments will be accelerated by how effectively we encourage greater transparency and by the manner in which we use the information that comes to light. That is why reports such as this Annual Update for the World Bank Group's Integrity Vice Presidency are important. First, publishing this Annual Update demonstrates that the World Bank Group's independent control functions are themselves open to scrutiny. The following pages explain how we investigate fraud and corruption affecting our projects (including cases in which our own staff are implicated); the sanctions we impose as a result; with whom we have shared investigative findings; the entities that have satisfied our integrity compliance conditions; and the resources devoted to doing all of the above.

Second, this report provides information useful for others working on the frontlines against corruption. It includes the nature of the schemes affecting the projects we fund, how we have leveraged that information to identify and anticipate risks to our operations, and the partnerships and tools that have been critical to our successes.

We will continue our efforts to end extreme poverty, boost shared prosperity, and uncover and expose corruption wherever it exists. In memory of Ambrosio Soto Duarte and so many other courageous people who have lost their lives battling corruption, we at the World Bank Group will do all we can to fight this scourge to ensure that scarce public funds are not diverted, and instead go to those who need them.



# HIGHLIGHTS

## FISCAL YEAR 2016

- **A landmark decision by the Canadian Supreme Court** in April 2016 endorsed the anti-corruption efforts of international organizations. Recognizing that corruption often transcends borders, the opening passage of the ruling stated, “In order to tackle this global problem, worldwide cooperation is needed. When international financial organizations, such as the World Bank Group, share information gathered from informants across the world with the law enforcement agencies of member states, they help achieve what neither could do on their own.”
- We reviewed and opened **279 preliminary inquiries** related to fraud and corruption in World Bank Group-financed activities; **64 were selected for full investigations**. Investigators **closed 87 investigations**, of which **62% were substantiated**. Of the 65 external cases under investigation at the end of FY16, **48 involved allegations of corruption**. 24 corruption cases also included elements of fraud and/or collusion. Cases involved complex schemes, and uncovered recurrent issues such as the non-disclosure of third-party agents often used to facilitate corrupt payments, fraud during the procurement process and attempts to obstruct investigations. Referrals from counterparts in the different countries we work in, and disclosures by companies continue to bolster successful investigations.
- The investigations substantiated in the fiscal year involved **43 projects and included the review of 124 contracts totaling approximately US\$633 million**. For each of the past three years, more than half of the substantiated cases involving more than one contract had contract values in excess of US\$2 million. Twelve forensic audits reviewed 20 contracts valued at US\$512 million. **Approximately US\$87.4 million spread across 35 contracts was not awarded to companies because the wrongdoing was detected prior to contract award**, in most cases as a result of project implementation unit or Bank Group due diligence. In eight instances, the World Bank Group used Early Temporary Suspension to better and more quickly safeguard its funds, preventing companies from being awarded new contracts during the investigations. Prior review contracts worth **US\$40.5 million** had been awarded to four of these companies, making their temporary suspension critical for reducing risk in other projects.
- As a result of thorough investigations, the World Bank Group **sanctioned 58 entities**, including Information Computer Systems CJSC (Incom) which received a 22-1/2 year debarment for its involvement in rigging World Bank Group-funded contracts in the Ukraine. We also honored **38 cross-debarments** from other development Banks and entered into **18 Negotiated Resolution Agreements (NRAs)**. NRAs can expedite the outcome of an ongoing investigation, prompt companies to self-report issues and in some instances provide for restitution, as was the case with Nihon Kodan Europe, which agreed to a three-year debarment and a €400,000 restitution payment to the Government of Romania. NRAs continue to serve as a source of timely and invaluable information, and this fiscal year we opened three investigations based entirely on disclosures stemming from NRAs.

- **A record 20 companies had their debarment lifted** in FY16 after having implemented suitable compliance programs and fulfilling other conditions of their sanction, reflecting a growing emphasis on compliance among World Bank Group business partners and the private sector in general. Our Integrity Compliance Office (ICO) works to strengthen anti-corruption initiatives in companies of all sizes as well as in state-owned enterprises. At the end of FY16, the ICO was **actively engaged with 41 companies** debarred by the World Bank Group to assist them in developing compliance programs.
- We helped safeguard World Bank Group investments by alerting 64 project teams to significant integrity risks impacting their projects, and working together to devise appropriate preventive measures in 24 high-risk operations. We also **trained more than 1,100** World Bank Group staff, government officials and contractors in integrity risk management. Our nine-year engagement with the Philippines Department of Public Works and Highways is steadily helping improve that agency’s procurement, financial management and integrity systems. For example, recent contracts let under a program supported by World Bank Group financing had bid prices 20-30% below agency estimates whereas bids for a similar predecessor project were approximately 30% above estimates.
- We continue to encourage regional and global initiatives that enhance countries’ capacity to stop corruption. This fiscal year, our **International Corruption Hunters Alliance** supported the French Ministry of Justice’s June 2016 event for anti-corruption practitioners which also benefitted from the support of the OECD, the UK Serious Fraud Office and the US Department of Justice. In opening the event, **President Hollande** made a strong case for why every country should care about fighting corruption, saying, “[W]e need information if we want to fight effectively against terrorism as well as against corruption, we need international action. Countries that think they will be protected, that they will live with no threat are seriously mistaken. They not only don’t maintain the indispensable flow of information, but they also show appalling naivety as they will necessarily be affected.” Under the leadership of INT, the World Bank Group has begun creating a platform that would facilitate access for procurement and contracting officials around the world to all publicly available debarment and sanctions information, allowing them to make more informed business decisions.
- Maintaining a **culture of integrity among its more than 17,000 staff** and consultants is essential to the World Bank Group’s credibility. To this end, in FY16 INT pursued 45 cases related to fraud and corruption allegations implicating World Bank Group staff or vendors, 23 of which were new cases opened during the year. INT substantiated misconduct in seven staff cases, which highlighted issues of fraud, corruption, collusion, abuse of position, conflicts of interest, and steering of contracts to select bidders. Following the conclusion of two of the seven cases, two staff were permanently barred from rehire, and disciplinary decisions are pending in the remaining five. INT also cleared 11 staff of alleged misconduct in six unrelated cases.





BE TRANSPARENT, BE TOUGH AND BUILD TRUST.

With 1.2 billion people around the world living on US\$1.25 or less a day, the fact that any amount of money is lost to corruption, much less billions of dollars per year, is a serious indictment of our society. We gain nothing by minimizing or ignoring the problem, however, and it is the most vulnerable populations who bear the brunt of corruption's negative impact. The World Bank Group rigorously safeguards the projects it funds and works hand-in-hand with countries to strengthen their ability to reduce corruption. We strive to set a global standard for tackling corruption, maintaining a strong stance when problems arise and addressing them in a swift, transparent manner. We want to ensure our donors and clients have faith in us as a multilateral institution devoted to the public good, and to assist corruption fighters everywhere so they can better identify and manage the risks they face.

## ISSUES

### *Whistleblower provides key evidence of corruption and collusion scheme resulting in 22 ½-year debarment*

In one of its most significant decisions to date (Sanctions Board Decision No. 87), on June 29, 2016, the Sanctions Board debarred the Ukrainian company, Information Computer Systems CJSC (Incom), for 22½ years for its involvement in a corrupt and collusive scheme to rig contracts worth approximately US\$43 million under the Social Assistance System Modernization Project. Incom was already debarred for three years by the World Bank in 2014 in relation to fraud on the same project.

The Sanctions Board ordered that the two debarment periods be served consecutively (for a total debarment of 25½ years). Incom's President and Vice-President were debarred for 11½ years and 8½ years respectively. In this decision the Sanctions Board debarred another Ukrainian company, BMS Consulting LLC (BMS), for its role in the collusive scheme. BMS was debarred for 6 years and its Chairman was debarred for 5 ½ years. The third company in the collusive scheme, Roma LLC, was debarred for 7 years in 2015.

The decision sends a strong message that companies who engage in serious misconduct face serious consequences. One factor contributing to the severity of the sanction was the company's attempts to obstruct INT's investigation. This sanction ought to provide a disincentive to other companies who would rely on obstruction as a strategy to deal with an ongoing investigation. Furthermore, the benefit for companies to cooperate with an INT investigation and enter into a Negotiated Resolution Agreement, with a reduced sanction, is readily apparent.

Much of the evidence in this case came from a whistleblower, and the Sanctions Board's decision underscores the crucial role that whistleblowers can play and the importance of creating incentives for them to come forward. Having to rely on administrative powers, the evidence of whistleblowers and confidential witnesses is crucial to INT's ability to effectively pursue fraud and corruption, and future investigations should benefit from the precedent set in this case.



### *Kept under wraps—undisclosed agents and payments feature prominently in many corruption investigations*

In FY16, nine of our completed investigations substantiated corruption and/or fraud, identifying US\$11.7 million in corrupt payments, and an additional US\$2.2 million in potentially corrupt or fraudulent payments. If we can eliminate corrupt agents, we can make bribes much harder to pay. Six of these investigations revealed that payments were made to undisclosed agents with the intent of transferring funds to government officials in order to influence the bid process.

In one case, investigators reviewed nearly 19,000 emails to uncover evidence of an established corrupt scheme in which a kick back of 15% of the total contract amount or "10% from each money transfer" would go to a deputy minister who would "settle all issues."

In another case, various tenders were manipulated to give an unfair advantage to the winning bidder. We found evidence that the company paid bribes estimated at US\$1.5 million to government officials and also paid at least US\$2.6 million to another undisclosed agent without any proof of services being rendered and that at least some of the money was transferred to government officials. As is often the case in corrupt schemes, INT also found that the company's bids contained multiple fraudulent claims, and that there were also reports that in some cases the product delivered did not have the required shelf life. The same company also used this corrupt pattern under another project in a different

country, where US\$700,000 had been paid to an undisclosed agent in order to provide kickbacks to procurement officials.

Four additional cases substantiating corruption involved US\$3.7 million in payments to undisclosed agents, where each of the subjects knew these payments would be used to influence project officials to award contracts in the Energy, Health and Transportation sectors.

In one additional case, US\$3.9 million was identified as potentially corrupt payments. This fee was discovered by external consultants performing a due diligence review on a portfolio investment company to be acquired with IFC. The external consultants described the payments as facilitation fee, which is not in accordance with IFC policies. However, INT's investigation was unable to determine the specific nature of the payments as the fund manager declined to provide any documentation or explanation at IFC's request. To ensure financial probity, IFC and other investors replaced the Fund Manager.

In four of the cases discussed above, funds were transferred outside the jurisdictions where the projects took place and/or the contractors are domiciled, which may point toward money laundering. INT is pursuing sanctions in all cases.

#### *Fraud as an indication of corruption during the procurement process*

Twenty-seven investigations completed this year substantiated fraud during the procurement process. We often encounter companies who fail to disclose in their bids that they will use an agent or who underreport the fees to be paid to their agent. As noted above, this is particularly problematic as these undisclosed relationships are regularly used to conceal corrupt payments made on behalf of the company and manipulation of contract awards. In one recent case, a company disclosed only a fraction of the payments (17%) it had committed to pay its agent. When confronted, the company representatives acknowledged that they had decided to misrepresent the agent fees because the actual commitment would have raised a red flag in the procurement process, and the company would have risked being disqualified.

Companies falsifying their experience in order to qualify for a bid occurred in eleven substantiated investigations this fiscal year and is the most frequently encountered type of fraudulent misrepresentation. Misrepresenting the experience of staff who are supposed to be experts in their given field can impact the quality of services delivered under a contract, and it often also is a sign that other types of misconduct might be an issue. In one example, a government had hired 717 consultants under a World Bank Group-financed land project. A review of just a 10% sample of the consultants found that six consultants had misrepresented their credentials. INT found an additional 18 consultancy contracts with evidence of fraud. As often happens in other similar situations, the fraudsters had used the names of consultants without their consent. Further review showed the government's controls had been undermined by systemic fraud, and there were strong indications of corruption involving local project officials. In investigations where it is not possible to collect sufficient evidence of corruption to satisfy the evidentiary standard of "more likely than not," sanctioning fraud allows the World Bank Group to take some form of corrective action.

#### *Colluding contractors are undermining competition*

Nine investigations this fiscal year substantiated acts of collusion and highlight the various ways that contractors can exploit the bid process to undermine competition. One investigation in the health sector revealed that two companies colluded to overprice their bids, while also refraining from cross-bidding on certain lots of the contract, thus reducing competition and increasing their odds of winning the contract at the inflated price. As these collusive acts were discovered prior to contract award the lots were retendered. However, the same collusive behavior persisted and the project ended without the contracts being awarded. This collusion, unfortunately, prevented the project from providing US\$29 million of medical supplies to support disease control. On a positive note however, project procurement and World Bank Group staff have actively reported collusion allegations, having noted suspicious bid submissions.



# RESPONSES

## *Embedding risk information into World Bank Group systems*

Due to our mission to help those living in extreme poverty, the World Bank Group necessarily operates in high-risk environments. An analysis done last fiscal year showed that almost one-quarter of all investment projects receive at least one complaint of fraud and corruption. The implied risk prompted OPCS and INT's preventive unit to work together to more consistently embed INT information into the operational risk management system managed by OPCS for all activities supported by the World Bank Group. This effort will enable INT to identify projects with specific integrity risks that may require additional attention. As such, it will be a useful tool for informing decision makers throughout the organization of relevant integrity risks and sharing risk information with the decentralized, operational units in a timely manner. The needed upgrades to the system were launched by OPCS at the end of FY16, and for which INT added information relating to new projects affected by ongoing or recently completed INT investigations. Such projects require an "integrity risk disclosure" to the World Bank Group Board of Directors. During FY17 INT will update integrity risk information relevant to projects under preparation as well as add integrity risk information relating to projects under implementation.

We are also now in the fifth year of operating a company risk profile database (CRPD). The CRPD, containing the names of more than 1,000 entities under investigation or against whom cases were previously substantiated in the past two years, helps protect our projects by alerting operational staff involved in bidding, contract award and disbursement processes of companies that pose higher integrity risks.

### **OVERSIGHT OF WORLD BANK GROUP POLICIES, PROCEDURES AND PRACTICES**

Established in 1994, the Audit Committee is appointed by the Boards for the primary purpose of assisting the Boards in overseeing the World Bank Group'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 World Bank Group operations and corporate procurement; and institutional arrangements and processes for risk management across World Bank Group institutions. This fiscal year, the Audit Committee advised and sought clarification on a range of issues beyond INT's overall performance, including the adequacy and efficiency of our collaboration with Operational staff, the referrals program, our budget position, a framework for restitution, revisions to the sanctions regime, our input to the new procurement framework, and systemic risks identified through investigations.

### *Information uncovered through investigations strengthens integrity in World Bank Group-funded projects*

Information uncovered through investigations and forensic audits provides the World Bank Group with unique information that can be leveraged to improve processes and tools meant to detect and prevent fraud and corruption. INT maintains a close working relationship with World Bank Group staff in Operational Policy and Country Services (OPCS) who are responsible for supporting clients with the design and implementation of projects.

OPCS employs an "Integrity Triangle" approach to analyze issues identified in investigations, recognizing that the public sector, private sector and financiers are equally responsible for upholding project integrity. Between July 2008 and December 2015, INT completed 292 Final Investigation Reports for which OPCS

coordinated 104 Action Plans to deal with relevant risks or weaknesses. OPCS has classified seven core schemes of misconduct by these actor groups, many of which were factors in the cases discussed above: (i) bribery and kickbacks; (ii) solicitations through agents; (iii) embezzlement during contract execution; (iv) lack of remedies; (v) conflict of interest in steering contracts; (vi) documents fraud; and (vii) misrepresentation of experience and qualifications.

Some of the actions taken by the World Bank Group to address such recurrent issues include:

- (i) contract management training, due diligence checks on document authenticity and identification of corruption red flags (China);
- (ii) addressing conflicts of interest in procurement (Mongolia);
- (iii) sharing and use of the World Bank Group's procurement checklist by the Borrower (Albania);
- (iv) declaring misprocurement on transport contracts (Argentina);
- (v) withholding reimbursement of project funds through Special Payer (Honduras);
- (vi) an action plan to improve its governance structure by the Ministry of Health (Bangladesh);
- (vii) using investigative findings to design risk mitigation in new energy projects (Nepal);
- (viii) voiding of a contract award (Nicaragua);
- (ix) reviewing a mandate letter and serving legal notice on a company (IFC - India); and
- (x) disqualifying fraudulent bidders and rebidding contracts (Afghanistan).

### *Creating a procurement framework focused on integrity*

Together INT and Operations are helping the World Bank Group strengthen its internal procedures and policies. This is evident in the World Bank's new procurement framework, which extends the application of the World Bank Group's Anti-Corruption Guidelines to all procurement methods envisioned under the new framework, including the Alternative Procurement Arrangements, national procurement arrangements, and PPPs. The framework also includes a dedicated Fraud and Corruption Annex (Annex IV) in the Procurement Regulations for Borrowers, which sets out the applicable requirements, including a clear provision on the scope of the World Bank Group's inspection and audit rights. The Anti-Corruption Guidelines were modified accordingly to clarify their application to the Procurement Framework.

On the procedural side, to help address a persistent risk of fraudulent performance guarantees identified through INT investigations, the World Bank enhanced its verification requirements relating to the authenticity of performance guarantees, making the submission of such verifications by the procuring entity a precondition to the issuance of the World Bank's no-objection. The World Bank Group is also looking more carefully at the issue of beneficial ownership, and is looking at options to collect, and make available the beneficial ownership information for legal entities participating in Bank-financed procurements.



**LONG-TERM  
COLLABORATION  
BUILDS CAPACITY  
AND LOWERS  
INFRASTRUCTURE  
COSTS**

Pilots initiated under a World Bank Group-supported program to improve procurement, financial management, internal controls, audits, and other integrity systems of the Philippines Department of Public Works and Highway (DPWH) are resulting in tangible outcomes, including lower costs for better quality roads. For example, recent contracts let under a program supported by World Bank Group-financing had bid prices coming in at 20-30% below agency estimates. In a predecessor project that was the subject of a major INT investigation nine years ago, bids for similar contracts were approximately 30% above estimates.

INT and other key World Bank Group units developed an Institutional Strengthening Action Plan with the agency that outlined a number of areas for improvement, and the agency continues to work on other aspects of its broader institutional program, including building its capacity. A program focused on training a cohort of young engineers who will form the future leadership of the agency will enhance their ability to recognize the primary fraud and corruption risks in infrastructure projects.

***Canadian Supreme Court decision reaffirms the unique role of multilateral institutions in fighting corruption***

In 2011, INT learned that representatives of SNC-Lavalin planned to bribe government officials in Bangladesh to obtain a contract related to the construction of a bridge over the Padma River. The World Bank had already agreed to provide more than \$1 billion in financing for the highly anticipated bridge that would link a previously isolated region.

As the investigation unfolded, INT voluntarily shared information of its findings with the Royal Canadian Mounted Police (RCMP) and with the Bangladeshi Anti-Corruption Commission. The RCMP purposefully pursued the case and was able to use the information received from the World Bank, together with other information they gathered, to obtain judicial authorization for a wiretap. Canadian authorities were ultimately able to gather evidence sufficient to charge four individuals under their Corruption of Foreign Public Officials Act. In an attempt to challenge the wiretap authorizations, the accused sought and received a court order requiring disclosure of certain INT records, as well as the validation of two subpoenas issued to the investigators of INT. On April 29, 2016 the Supreme Court of Canada overturned this court order (*World Bank v. Wallace*) finding that the World Bank Group privileges and immunities preclude such action by the lower court.

The significance of the decision, however, goes well beyond confirming the scope of the World Bank Group's privileges and immunities as an international institution. The opening passage of the ruling stated, "In order to tackle this global problem [of corruption], worldwide cooperation is needed. When international financial organizations, such as the World Bank Group, share information gathered from informants across the world with the law enforcement agencies of member states, they help achieve what neither could do on their own." The risk that INT's cooperation with national authorities could be construed as an implied waiver of the World Bank Group's privileges and immunities would have had a chilling effect on collaboration between the World Bank and national law enforcement. It would also have had a similarly chilling effect on INT's ability to protect whistleblowers and confidential witnesses against discovery of their identities, exposing them to possible and very serious retaliation.

Following the decision by the Supreme Court of Canada the Canadian case continues in trial court. Based on its own investigation, as well as evidence discovered in Canada, the World Bank debarred SNC-Lavalin for ten years on April 17, 2013. The World Bank also cancelled the proposed financing for the Padma Bridge. Bangladesh, however, concluded that the evidence was not sufficient to continue its own investigation into the matter.

***Leveraging our partnerships with national law enforcement authorities***

Referrals made to national law enforcement authorities are critical in helping countries pursue their own anti-corruption work, having led to the prosecution and conviction of at least 35 individuals and criminal charges brought against at least another 29 since the inception of our referrals program. This year, we made 62 referrals to Ministries of Finance and other international organizations following the conclusion of an investigation. Some countries reported action they had taken on earlier referrals, complementing the World Bank Group has already imposed. Under the Albania Water Resources and Irrigation Project, the Albanian Ministry of Agriculture terminated the contract with the joint venture that had committed a sanctionable practice under the project, took legal action based on the contract with the joint venture, and will transmit INT's referral to the prosecuting authorities. Following a show-cause notice by the Indian Ministry of Health & Family Welfare the Indian government mirrored the World Bank Group's decision to debar the implicated company for three years. The decision is being challenged in Indian courts and the debarment has been stayed.

In light of the decision by the Canadian Supreme Court, the opportunity is ripe for the World Bank Group to make better use of the information stemming from investigations while also leveraging its global partnerships. In the coming fiscal year, the World Bank Group, in appropriate circumstances, will notify enforcement agencies of an ongoing or completed investigation and facilitate the sharing of evidence and other information obtained by INT, while also ensuring those enforcement agencies are aware of the scope of INT's offer of cooperation.

***Recalibrating corporate behavior***

The case for working with the entities we debar to help them make integrity and corporate compliance a pillar of their business operations is clear. Entities that were debarred this fiscal year had been awarded 108 World Bank-funded contracts valued at nearly \$312 million. However, cultivating clean business partners goes well beyond protecting World Bank Group funds and reducing risk in our projects; rehabilitated companies exert a strong influence on corporate culture in the countries in which they operate and are important anti-corruption allies.

For the past six years, the World Bank Group has made release from its debarment conditional on an entity's demonstrated ability to implement internationally-recognized principles set out in the World Bank Group's Integrity Compliance Guidelines. In most instances, sanctioned entities must, among other things, adopt robust compliance programs. Companies sanctioned with conditional release that do not demonstrate an improved integrity posture remain ineligible to participate in our projects.

From a failure to disclose materially adverse events, to steering of contracts to firms that lack the requisite skills and experience, to delivery of sub-standard (or even non-existent) goods and services, to wide-spread losses resulting from fraudulent invoices and delivery certificates, fraud and corruption by corporate participants severely undermines project outcomes. As such, the Integrity Compliance Guidelines target a wide range of issues. For example, by putting in place specific prohibitions, controls and remedies relating to matters such as gift or entertainment expenses and third-party payments, companies can mitigate the risk of illicit payments. These controls not only protect against the diversion of funds, they also serve to discourage demand-side corruption when it becomes known that a company will not, or no longer will, operate on a "pay-to-play" basis.





Such compliance conditions help foster collective action within the private sector thereby raising the bar for all companies, regardless of their size. (This past fiscal year 12 multinational corporations and eight small-and-medium enterprises were released from debarment. See page 43 for a complete list.) Companies that have recently been released from their debarments are reporting to our Integrity Compliance Office's (ICO) that they are seeing the longer term benefits of encouraging clean business practices not just in their own operations, but among their competitors as well. Some companies have even offered their assistance to other sanctioned entities seeking to implement integrity compliance programs; Energo and Halcom (Ha Long Consulting and Investment Joint Stock Company), released in FY16, have hosted integrity compliance workshops for third parties in Serbia and Vietnam, respectively.

Zoomlion Ghana, a waste management and environmental sanitation company released from debarment in September 2015, reported that its two-year debarment impacted its business opportunities. Its board recognized continuing with a weak compliance culture would further impact the company's opportunities in new or growing markets. The Chief Operating Officer for the company noted Zoomlion upgraded its compliance oversight mechanisms from an Excel spreadsheet to "an effectively managed central monitoring portal based in our main office overseeing every entry made by any of our affiliates in other countries spread across Western Africa." He further stated, "We have developed an in-house auditing capacity and systems that are able to respond to complaints and feedback received on our new hotline." His company has committed to developing a training course to promote higher integrity standards among other local companies that lack the financial and knowledge capacity to undertake similar changes.

#### SUPPORTING COLLECTIVE ACTION EFFORTS IN THE PRIVATE SECTOR

Beyond working with debarred entities, we continue to engage with the private sector on a number of fronts to promote integrity. Drawing from our own Voluntary Disclosure Program, the Negotiated Resolution Agreements we have entered into and the experience of our Integrity Compliance Office, we worked with the World Economic Forum on its guidance to G20 governments to incentivize companies to self-report compliance breaches and to address jurisdictional differences in the treatment of voluntary disclosures.

We are collaborating with the University of Chicago and the Data Science for Social Good Program to develop a methodology that can map networks of companies and bidding patterns. Such enhanced capabilities would do much to enhance our own risk assessment efforts as well as those of our clients.

Now in its fifth year, the Siemens Integrity Initiative is backed with US\$100m in funding pursuant to the company's 2009 settlement with the World Bank. Twenty-four new anti-corruption projects worth US\$35.5 million are presently underway and subject to the World Bank's veto right. This construct remains a notable success in collective action.

We also work closely with the OECD and represent the World Bank to the OECD's Working Group on Bribery.

#### Taking action at the regional and global level

Addressing the Anti-Corruption Summit in London in May 2016, World Bank Group President Jim Yong Kim observed, "The publication of the Panama Papers reminds us of the rapid expansion and power of transparency, leading to calls to end tax havens for the very wealthy who hide their money from governments." At the end of the summit, 42 countries and six regional and international organizations, including the World Bank Group, committed to greater transparency and tackling a wide range of obstacles that obscure the flow of money and prevent governments from taking an appropriate and coordinated response. (See [www.gov.uk/government/topical-events/anti-corruption-summit-london-2016](http://www.gov.uk/government/topical-events/anti-corruption-summit-london-2016) for country statements, the Global Declaration Against Corruption, and the Summit Communiqué.)

To help respond to these pressing issues, this fiscal year we launched a Tax Evasion Initiative to assist revenue enforcement authorities in assessing vulnerabilities in their systems. In one country the local revenue authority identified the road sector as high-risk for tax-related crimes. Our joint assessment revealed that 20% of the largest tax payers in the road sectors are, or were, recently investigated by INT for misconduct. Using this information, the revenue enforcement authority was able to focus on specific firms. It also opened an investigation into the sale of local assets with a reported profit of one dollar. The assets were in fact acquired by a foreign investor who paid millions of dollars into an offshore account. Additionally, our handbook on tax evasion enforcement will clarify what constitutes tax evasion under national laws and how this crime is perpetrated across multiple jurisdictions. Countries can therefore develop stronger tax policies, risk management practices and enforcement strategies.

We also continue to bolster the capacity of our counterparts in client countries and other international bodies through the World Bank Group's International Corruption Hunters Alliance (ICHA), which meets biennially. ICHA seeks to strengthen the performance management of law enforcement authorities; facilitates information sharing among investigative bodies; and promotes practical and cutting-edge investigative solutions. With senior representatives from more than 130 countries, ICHA also serves as a global platform to address multifaceted, multi-stakeholder issues such as illicit financial flows.

This fiscal year, ICHA and the World Bank Group supported the French Ministry of Justice's June 2016 event for anti-corruption practitioners which also benefitted from the support of the OECD, the UK Serious Fraud Office and the US Department of Justice. The co-organizers, have agreed to each tackle one of the four thematic areas emanating from the London Anti-Corruption Summit. The World Bank Group committed to enhance information sharing among national authorities with a focus on information related to administrative remedies, including the exclusion and debarment of firms.

To this end, INT is leading an initiative at the World Bank Group to put in place a platform that would collect data on administrative remedies from around the world, thereby supporting national and international efforts to prevent corrupt actors from winning or participating in public-funded contracts. The data platform will be a free global good of value to anti-corruption authorities, integrity offices of international organizations and the bilateral donor community, as well as procurement and contracting officials worldwide. ICHA has also supported the development of an online simulated investigation training platform to help investigators sharpen their skills. The program replicates the real-world actions and decisions involved in a complex corruption investigation, including, asset tracing, money laundering, confiscation of illicit proceeds, evidence organization and trial preparation.

## PROFILES FROM THE FIELD

### ABIANA MANCELL-EGALA, INVESTIGATOR

**Someone who investigates fraud and corruption must be driven, at least to some degree, by personal motivation. Why is fighting corruption important to you?**

I have seen the difference in countries where people of authority—police, customs officers—are expected to do their jobs and do it well, and countries where there is not the same level of trust. There's this idea that people in authority are going to ask you for money anyway, so citizens don't feel they have to do the right thing either. There's very little respect shown toward authorities because you can buy them off. As a result, everyone is just looking out for themselves, there isn't an understanding of community. In that context, things like going to school, calling the police, calling an ambulance, become privileges, not rights. You may not even have the right to your own identity because getting an ID card or a passport will cost you [in bribes]. It's not fair, people shouldn't have to suffer to have the basic things in life afforded to them.

[Corruption] is probably the number one obstacle when it comes to development. Every day I think about the people that I left behind, and I have a responsibility to them to ensure that, if there is an institution such as the World Bank that is actually trying to make things better, they see those benefits.

**Why do we still need multilateral institutions like the World Bank Group to be involved in stopping corruption?**

The World Bank has had a longstanding commitment to combating corruption. We have a unique vantage point that allows us to understand the problem, and over time we have learned what policies and procedures are more effective. That helps set a higher standard for everyone working in development. More importantly though, we have really focused on cultivating partnerships with anti-corruption agencies in client countries, and that's where we really have an impact. In my experience, these collaborations are the most worthwhile because we do more than just resolve isolated cases of misconduct. By working together, we actually lay the groundwork to prevent future misconduct and or at the very least, both parties—the World Bank and partner agencies—have developed a stronger capabilities in deterring systematic corruption.

**Is there such a thing as a typical day in your line of work?**

No [laughs]. It changes hour-to-hour. So, yes, I have cases I have to open and close, and monthly, quarterly, and yearly targets and deliverables which have to be reported on and monitored, but to finalize a case requires so much innovation and flexibility. You never know where you're going to be, what you're going to face, who you're going to meet. Sometimes safety is an issue, too. You just have to understand that what you're doing is bigger than yourself, believe that it's a good thing, so even when it's not comfortable or it may not be so safe, you remember that this is what development is about. Our operational colleagues in the World Bank face similar challenges getting projects to reach the people who need them the most, so we as investigators have to do our part to make sure those projects deliver.

**What is the most important characteristic for an investigator to have?**

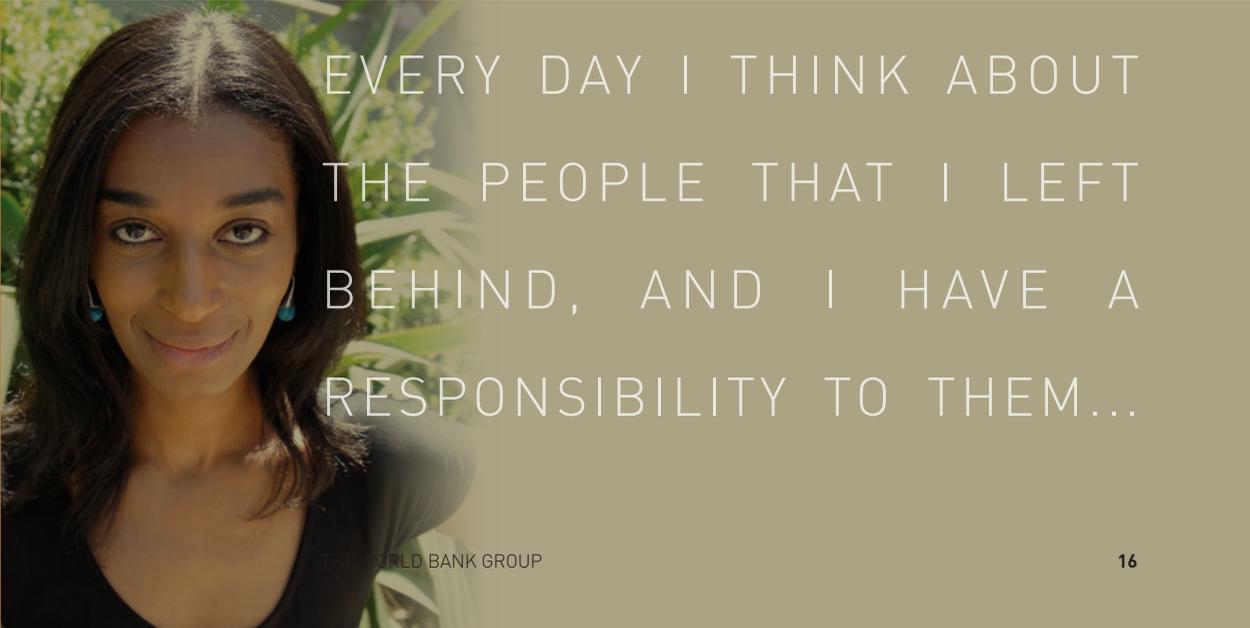
You have to be extremely objective. You can never judge anything at face value, you always have to be prepared to accept that what you thought you believed isn't what it is. You have to be rational in your approach. Not to say you shouldn't also have a great degree of empathy, because you are dealing with people's livelihoods, but you can't afford to lose sight of your objectives.

**You probably surprise some people when you show up to conduct an investigation. Has being young and female made doing your job more difficult? Do you even think about it?**

I really thought that people would question whether I was empowered enough to conduct an investigation that could actually have results. I've been pleasantly surprised though, and it touches on my point that you can't ever judge anything based on face value. People are not saying, "Oh, who is this, she's young and female and African." They see me as a representative of the World Bank who has been sent to see what the problem is, and that's enough. It also means I always have to do my best because to them it's not about me as individual, it's about the Bank as a whole and everything that the institution is trying to do.

**What has been your most rewarding experience as an investigator?**

Hands down, interacting with the people that are affected by corruption directly, hearing their side of the story, and hopefully being able to redress this by presenting the facts on their behalf. One of the most challenging aspects of the job is convincing complainants that the World Bank wants its projects to succeed. The first thing most people say to me is, "We didn't think the World Bank actually cares." I experience that a lot in the field because we are speaking to people who are aggrieved, who have seen first-hand how things have not happened correctly, and they think we are part of the problem. You really have to build a rapport and make them understand you are in it together. We might take it for granted that if we complain, someone listens, but many people don't feel empowered that way. I've dealt with complainants who were risking their lives to speak to us, and they still did whatever they could to help our investigation. It made me feel privileged to be part of a group that takes corruption seriously, and to know that even if I am based in Washington, I can have a positive impact thousands of miles away.



EVERY DAY I THINK ABOUT  
THE PEOPLE THAT I LEFT  
BEHIND, AND I HAVE A  
RESPONSIBILITY TO THEM...

## OUR FOCUS FOR FY17

### THE YEAR AHEAD

INT must persist in fulfilling its challenging mandate in the coming years with the same tenacity and dedication. Paying particular attention to a few areas would help maximize our ability to reduce corruption and support the World Bank Group's twin goals of eradicating extreme poverty and boosting shared prosperity:

1. Develop additional tools to proactively identify integrity risks in World Bank Group-financed operations while also encouraging more collaboration among all stakeholders, including World Bank Group staff, government officials, the private sector, CSOs and project beneficiaries to identify fraud and corruption.
2. Continue increased focus on complex cases involving multiple perpetrators and jurisdictions; these cases often uncover widespread schemes, have more funds at risk, and can negatively impact development activities across a whole sector. Meanwhile, continue to efficiently resolve less complex cases that nonetheless remove corrupt and fraudulent actors from World Bank Group-financed operations.
3. Deepen partnerships with national authorities. Building on the Canadian Supreme Court decision and the close partnership we have nurtured with many national authorities through our International Corruption Hunters Alliance (ICHA). INT must renew its program of interim referrals and explore new ways to work with national authorities as early as feasible in the investigative cycle.
4. Foster more collaboration with World Bank Group Operations and other oversight units. Our unique skills and insights stemming from our forensic, due diligence, and preventive work can be further leveraged to improve operational risk management efforts and decisions. INT should also promote prevention across other partner agencies and clients, including by strengthening the preventive network under ICHA. Cooperation between the World Bank Group's oversight functions, collectively known as "the 5 Is" promotes more effective and efficient institutional oversight at a corporate level.
5. Increase engagement with the private sector. While private sector entities are the primary subject of investigations, continued outreach, including through our Integrity Compliance Office, can promote collective action, help level the playing field, and build an expanding community of anti-corruption partners.
6. Continue to support global efforts to enforce anti-corruption and help the World Bank maintain its leadership in integrity in the international development community. Our work on the information sharing platform regarding administrative remedies for misconduct as one of the World Bank Group's commitments following the 2016 UK Anti-Corruption Summit will be one such contribution.



## 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](http://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](http://www.go.worldbank.org/C3YIALVBFO).)

### EXTERNAL INVESTIGATIONS

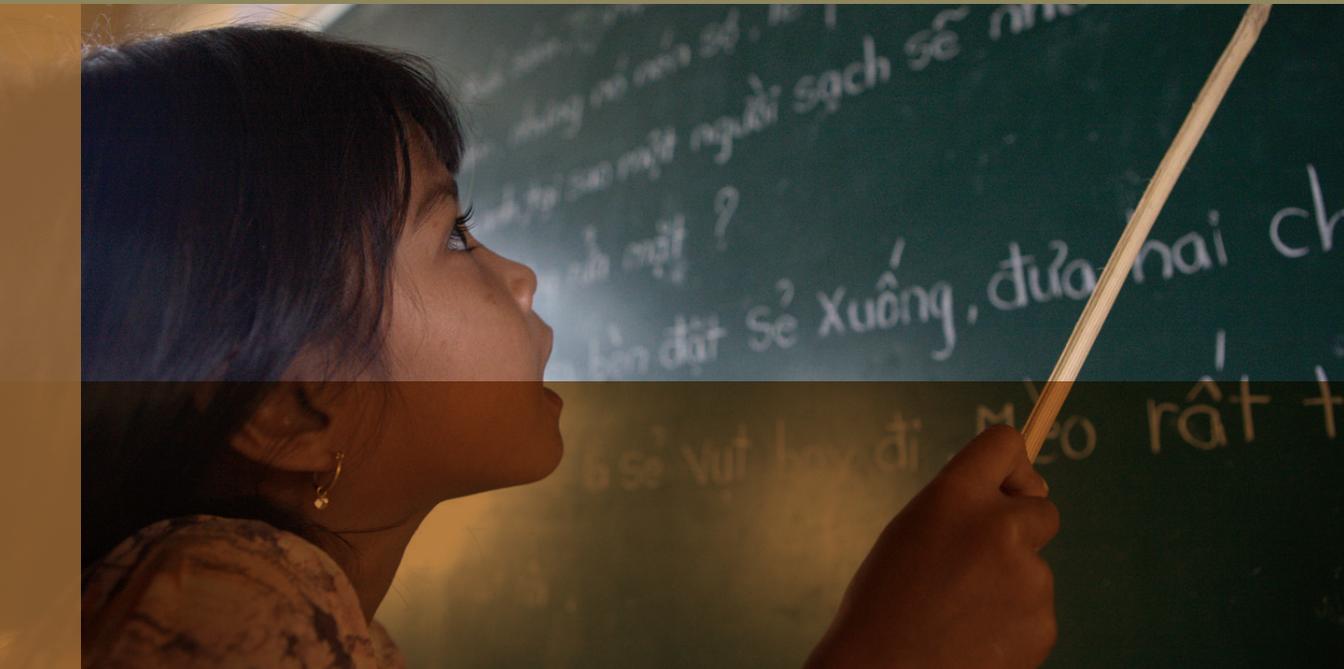
#### Complaint intake

INT receives complaints from all over the world and from many sources. Of the **preliminary inquiries opened in FY16, 37% of complaints received came from World Bank Group staff<sup>1</sup> and 63% 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 FY16, INT reviewed and opened **279 preliminary inquiries, of which 64 were selected for full investigation**. These investigations covered **60 projects in 36 countries**.

<sup>1</sup> The 27% 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 FY16 was 62%.**

### New Cases Opened by Region, FY12-FY16

Region	FY12	FY13	FY14	FY15	FY16
Africa	31	24	8	25	14
East Asia Pacific	8	15	13	20	10
Europe & Central Asia	17	14	9	11	15
Latin America & Caribbean	8	10	3	8	7
Middle East & North Africa	6	5	1	4	6
South Asia	11	16	5	26	11
IFC		5	1	5	1
<b>Grand Totals</b>	<b>81</b>	<b>89</b>	<b>40</b>	<b>99</b>	<b>64</b>

### New Cases Opened by Sector, FY12-FY14\*

Sector	FY12	FY13	FY14
Agricultural and Rural	13	12	5
Economic Policy	0	0	0
Education	2	3	2
Energy & Mining	8	7	4
Environment	3	0	0
Financial and Private Sector Development	2	1	3
Global Information/Communications Technology	1	0	0
Health, Nutrition and Population	14	17	9
No Sector	1	5	1
Public Sector Governance	4	9	4
Social Development	0	0	0
Social Protection	2	0	0
Transport	14	20	7
Urban Development	3	0	0
Water	13	15	5
<b>Total</b>	<b>81</b>	<b>89</b>	<b>40</b>

### New Cases Opened by Global Practice, FY15-16\*

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

\*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.

Of the 65 external cases under investigation at the end of FY16, 48 involved allegations of corruption.

Type of Allegation	FY12	FY13	FY14	FY15	FY16
Coercion	0	0	1	1	0
Collusion	12	10	7	10	8
Corruption	40	41	41	65	48*
Fraud	27	35	22	13	9

\*Of the 48 cases under investigation for corruption, 24 have elements of fraud and/or collusion.

## Final Investigation Reports

When INT substantiates a case, it produces a Final Investigation Report (FIR) which is provided to the President. In some 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 FIR has been submitted to the relevant operational staff in the World Bank Group for comments. **Of the 87 investigations closed in FY16, 53% were closed within 12 months and 85% were closed in less than 18 months. The average duration of all investigations completed in FY16 was 12 months. By the end of FY16, INT had 13 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 40 for list of referrals made to national authorities in FY16); 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, FY12-FY16

	FY12	FY13	FY14	FY15	FY16
Preliminary Inquiries Opened	512	449	355	323	279
Investigations Opened	81	89	40	99	64
FIRs Issued	48	52	43	37*	35
Investigations Closed	90	86	55	81	87
<i>Cases Substantiated</i>	47	58	34	60	54
<i>Cases Unsubstantiated</i>	29	28	19	19	32
<i>Cases Unfounded</i>	6	0	2	2	1
Referrals to countries/MDBs	46	42	49	50	62

\* The 35 FIRs issued in FY16 reported INT's findings with respect to 39 closed investigations.

## SANCTIONS

When INT finds sufficient evidence to substantiate that a sanctionable practice occurred, it commences the sanctions process by preparing a Statement of Accusations and Evidence (SAE). The SAE is presented to one of the four Bank Group (IBRD/IDA, IFC, MIGA or IBRD/IDA Guarantees & Carbon Finance) Suspension and Debarment Officers (SDO) for review and issuance to the affected parties.

The final decision 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 process involving World Bank Group staff, that oversee suspension and debarment decisions, and the Sanctions Board. These individuals and the Sanctions Board are independent of INT. The relevant officers review the case brought by INT to determine whether INT has submitted sufficient evidence to support its findings and, if so, to recommend an appropriate sanction via a Notice of Sanctions Proceedings (NoSP) and temporarily suspend the respondent. Under the sanctions procedures, when a respondent fails to contest the accusations against it within 90 days, the sanction recommended by the officer becomes final. If the respondent contests the recommended sanction, the Sanctions Board will consider the case, which may include a hearing. (See page 35 for list of entities debarred in FY16.)

## Sanctions System and Results, FY12-FY16

	FY12	FY13	FY14	FY15	FY16
Sanctions Cases Submitted to OSD by INT <sup>∞</sup>	25	33	45	35**	45
Sanctions Cases (NoSPs or NoTSs) Issued by OSD to Respondents*	33	25	46	39	40
Negotiated Resolution Agreements Submitted to OSD by INT <sup>^</sup>	16	8	6	11	18
Firms and Individuals Temporarily Suspended by OSD	60	41	71	54	48
Firms and Individuals Sanctioned	84	47	67	73	58

<sup>∞</sup> Office of Suspension and Debarment (OSD) formerly the Office of Evaluation and Suspension (OES).

\* NoSPs: Notices of Sanctions Procedures; and, NoTS: Notices of Temporary Suspension.

<sup>^</sup> Negotiated Resolution Agreements (Settlements) were first put into effect in FY11.

\*\* Reported as 29 in FY15 and did not include 6 Early Temporary Suspensions.

## Compliance

To further encourage corporate governance and elevate integrity standards of the private sector entities active in development as of September 2010, the World Bank Group's default sanction is debarment with conditional release. Debarred entities therefore must meet specified conditions, such as establishing and implementing an effective corporate compliance program or improving an existing program, before they are once again eligible to bid on World Bank Group-funded projects. While there is no guarantee that entities that have met such conditions and have been released from sanction 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 send a clear message to external partners as well. 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](http://www.worldbank.org/integrity).

In FY16 the ICO contacted and advised **38** sanctioned parties of the general requirements and procedures for meeting their respective conditions for release from sanction. Overall, in FY16 the ICO actively engaged with **41** 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 revision and/or enhancement as appropriate. Regarding such engagement, during FY16, 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 FY16, the ICO determined that in **20** 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. This is a notable increase considering 18 entities had been released between FY12-15. One entity's sanction of debarment with conditional release was converted into a sanction of conditional non-debarment. In several cases, the ICO has maintained a positive ongoing relationship with released parties.

## Compliance data, FY16

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Entities sanctioned with conditional release to date\*: **259**

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Entities actively engaged with the Integrity Compliance Office: **41**

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Notifications to newly debarred entities: **38**

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Notifications of continued sanction (conditions for release still not met): **39**

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Total number of continued sanction to date (end of FY16): **107**

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Entities released from sanction following satisfaction of conditions for release: **20**

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Total number of entities released to date (end of FY16): **28**

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(See page 43 for a complete list)

\*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, 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 subject to review by the World Bank's General Counsel. Moreover, the relevant SDO 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 FY16 INT entered into NRAs with 18 entities.

## PREVENTIVE SERVICES

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

**1. Assistance to identifying and disclosing integrity risks on pipeline projects.** In FY16, the PSU identified 59 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); 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, as required by the Working Arrangements.

**2. Support to operational task teams with projects with integrity issues.** In 88 instances, the PSU alerted task teams to actual or suspected fraud and corruption on their projects, and in several cases conducted further assessments of the risks to the projects based on the project design, complaints received (e.g., identifying multiple complaints involving the same PIU Director), 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, 14 FIRs prompted the PSU to make 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 task teams.

**4. Integrity Risk Reviews for GPs and Regions.** The PSU undertakes Integrity Risk Reviews for Global Practices 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 Bank staff, clients, and private companies.** The PSU provided tailored training for 1,100 persons, covering general anti-corruption awareness, fraud and corruption risk assessments, and red flag detection. The PSU now provides regular training for the onboarding of new staff as well as Advisors and Senior Advisors to the Bank 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 abuse.

### Preventive services related results, FY16

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"Volcker Trigger" projects incorporating INT risk information: **59**

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Support to operational task teams with projects with integrity issues: **88**

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Recommendations and/or support with remedial action to risks identified in FIRs: **14**

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Integrity Risk Reviews: for GPs (1); Regions (8); and Chief Risk Officer (1)

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Clients and staff trained in integrity risk management: **1,100**

## 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 of staff cases

During FY 16, INT pursued 45 cases, of which close to 70 per cent related to Bank Group operations and about 30 per cent involved corporate matters.

During FY16, INT undertook 16 Staff Rule 8.01 investigations involving WBG staff and substantiated misconduct allegations in 11 of these, two of which resulted in permanent bars to rehire and five of which were submitted in Q4 to HRDVP for disciplinary decisions, which are pending. The four remaining cases are being finalized pending comments from the subject staff members on the draft final reports issued to them for review.

The substantiated misconduct highlights issues with abuse of position for personal gain and conflicts of interest associated with concurrent employment for the Bank Group (as STCs) and giving select bidders a competitive advantage through undue disclosure of confidential information, steering of contracts, fraud, collusion, corruption, misuse of WBG and donor funds for personal gain.

INT also cleared 11 staff of alleged misconduct in six unrelated cases based on its findings that there was no merit in the allegations reported to INT; it also closed seven cases involving seven staff as unsubstantiated as there was insufficient evidence to substantiate or refute the misconduct as alleged.

#### Outcomes of vendor cases

On the corporate vendor side, based on INT's findings, the World Bank group declared 10 vendors "non-responsible" and debarred each of the vendors for periods of 3-5 years. The substantiated misconduct ranged from falsification of the results of a country survey in a fragile state (through the use of fabricated data), to the involvement of nine vendors in a large-scale corruption scheme operated by a former Bank staff member, who was terminated in 2014. (The collective misconduct by the staff member and the nine vendors resulted in losses to the Bank of about US\$400,000, of which the Bank is expecting to recover an additional US\$36,000 from one of the vendors who agreed to reimburse the Bank for inflated charges).

During the year INT also cleared three corporate vendors.

#### Internal Investigations Cases, FY16

	Staff	Vendor	Total
Carried over from FY15	18	4	22
Opened	20	3	23
<b>Total</b>	<b>38</b>	<b>7</b>	<b>45</b>
Closed	<b>22</b>	<b>3</b>	<b>25</b>
<b>Substantiated</b>	7	0	7
<b>Unsubstantiated</b>	7	0	7
<b>Unfounded</b>	6	3	9
<b>Referred</b>	2	0	2
Ending caseload	<b>16</b>	<b>4</b>	<b>20</b>

#### Overview of Internal Investigation Outcomes, FY12-FY16

	FY13	FY14	FY15	FY16
<b>Cases</b>				
Substantiated	20	9	7	7
Unsubstantiated	8	16	2	7
Unfounded	9	6	10	9
Referred <sup>2</sup>	2	2	2	2
<b>Closed</b>	<b>39</b>	<b>33</b>	<b>31</b>	<b>25</b>
Referred <sup>3</sup> /Not investigated	30	33	39	27

<sup>2</sup> 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).

<sup>3</sup> Complaints that involved issues not within INT's investigative mandate that were referred to other appropriate venues within the WBG for intervention.

#### Turn around time

INT aims to complete internal staff cases within nine months (270 days)<sup>4</sup>. In FY16 the average turnaround time for the 22 closed staff cases was 267 days (8.9 months). 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 FY16, a total of 125 staff (e.g., regular staff, former staff, extended- and short-term consultants, and temporaries) made protected (whistleblower) disclosures to INT. We are grateful to those staff members who have forwarded concerns of suspected misconduct that may threaten the operations or governance of the World Bank Group to the Integrity Vice Presidency, and we appreciate the assistance and cooperation provided by many World Bank staff members in the resulting investigations.

#### Learning products and knowledge sharing distilled from investigations of WBG staff and corporate vendors

By publicizing the outcomes of staff cases, the World Bank aims to deter wrongdoing, foster an environment conducive to reporting, and send a clear signal that it takes all allegations of fraud and corruption seriously. Lessons learned from staff and corporate vendor investigations have identified factors that contribute to an "enabling environment," and helped strengthen internal controls. Types of misconduct highlighted through investigations carried out in FY16 include fraud, corruption, collusion, abuse of position, conflicts of interest, and steering of contracts to select bidders.

#### Harmonization of the World Bank Group's internal investigation standards

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.

This fiscal year, the World Bank Group reviewed and fully harmonized its investigative standards and procedures concerning staff rights, obligations and procedural safeguards. This initiative 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. The harmonized directives benefitted from close consultations with the Staff Association, which has endorsed them.

<sup>4</sup> The nine month period spans from the initial receipt of the complaint through submission of a litigation quality final report of Investigation to the VPHR. 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) Availability of subjects or witnesses; (vii) Cooperation by parties external to the World Bank Group

**BUDGET AND STAFFING**

INT's **budget remained unchanged in FY16**, and resulted from corporate budget decisions. Staffing composition have remained relatively constant with **57% female and 43% male**. **36%** of staff represent Part II countries and **23%** represent Nationalities of Focus.

A benchmarking study, which was completed in early FY16, compared INT to integrity functions across other MDBs, the Global Fund, and select UN and national integrity functions. The study ranked INT well within its peers in most aspects of its structure, resourcing and operational performance. It is important to note, however, that the study concluded that INT's staffing levels are below the average of its comparators (measured as a percentage of overall institutional/agency staff).

**Budget and Staffing Levels, FY12-FY16**

	FY12	FY13	FY14	FY15	FY16
<b>Budget (in US\$ mil, incl. Reimbursables)</b>	<b>\$20.6</b>	<b>\$20.4</b>	<b>\$19.8</b>	<b>\$18.6</b>	<b>\$18.6</b>
<b>Staffing<sup>5</sup></b>					
Staff grades GE+	67	67	70	70	70
Staff grades GA-GD	17	19	17	17	13
<b>Total Staff</b>	<b>84</b>	<b>86</b>	<b>87</b>	<b>87</b>	<b>83</b>



<sup>5</sup> In addition to the 83 term and open-ended staff, INT's gross staffing also includes 2 extended term consultants/temporaries, to augment its capacity, while retaining staffing flexibility.

## ENTITIES DEBARRED IN FY16

	Entity Name/Individual	Country	Grounds for Sanction	Length of Debarment
1	Information Computer Systems CJSC	Ukraine	Collusive, Corrupt and Obstructive Practices, 2004 and 2006 Procurement Guidelines	22 years, 6 months
2	Mr. Alexander Fedchenko	Ukraine	Collusive and Corrupt, 2004 and 2006 Procurement Guidelines	11 years, 6 months
3	Mr. Nguyen Phuong Quy	Vietnam	Fraudulent and Collusive Practices, 2010 Consultant Guidelines & 2010 Procurement Guidelines	11 years
4	SFC Vietnam Investment Development For Environment Corporation	Vietnam	Fraudulent and Collusive Practices, 2010 Consultant Guidelines & 2010 Procurement Guidelines	10 years
5	Mr. Nikolay Dovzhenko	Ukraine	Collusive and Corrupt Practices, 2004 and 2006 Procurement Guidelines	8 years, 6 months
6	Roprusca Contratistas Generales S.A.*	Peru	Fraudulent Practice, 2010 Procurement Guidelines	8 years
7	BMS Consulting LLC	Ukraine	Collusive Practices, 2004 Procurement Guidelines	6 years
8	Mr. Sergei Savchenko	Ukraine	Collusive Practices, 2004 Procurement Guidelines	5 years, 6 months
9	Chuy FRP Composite LLC	Kyrgyz Republic	Fraudulent Practices, 2010 & 2011 Procurement Guidelines	5 years
10	Société Grands Travaux Mghaieth (GTM)	Tunisia	Fraudulent Practices, 1999 & 2006 Procurement Guidelines	5 years
11	Ecograph LLC aka Ecography Company	Mongolia	Fraudulent Practice, 2004 Consultant Guidelines	4 years
12	Fedders Lloyd Corporation LTD	India	Fraudulent Practices, 2006 and 2010 Procurement Guidelines	4 years
13	Mr. Nikolai Georgievitch Obradovitch	Russian Federation	Corrupt Practice, 2010 Consultant Guidelines	4 years
14	Mr. Volodymyr Bogdanovych Kokhanyy	Ukraine	Corrupt Practices, 2010 Consultant Guidelines	4 years
15	Ms. Tumendemberel Bayarmaa	Mongolia	Fraudulent Practice, 2004 Consultant Guidelines	4 year
16	Thang Loi Group Co., LTD.	Vietnam	Fraudulent Practices, 2006 and 2010 Procurement Guidelines	4 years
17	Agonic Associates Nig LTD.	Nigeria	Fraudulent Practices, 1999 Procurement Guidelines	3 years
18	BMR Consultoria Y Construcción S.A.C.	Peru	Fraud Practices, 2010 Procurement Guidelines	3 years



	Entity Name/Individual	Country	Grounds for Sanction	Length of Debarment
19	Grant Thornton Herrera Guzmán y Asociados	Honduras	Fraudulent Practice, 2006 & 2010 Consultant Guidelines	3 years
20	Hubei Sunlight Electric Co., LTD.	China	Fraudulent Practice, 2006 Procurement Guidelines	3 years
21	Hunan Construction Group Co., LTD.	China	Fraudulent Practice, 2006 Procurement Guidelines	3 years
22	International Epirotic Construction And Trading S.A., D.I.T.E. SA	China	Fraudulent Practices, 2011 Procurement Guidelines	3 years
23	Minimix Agencies (Minimix)	Kenya	Fraudulent Practices, 2011 Procurement Guidelines	3 years
24	Mr. Agomuo Nicholas	Nigeria	Fraudulent Practice, 1999 Procurement Guidelines	3 years
25	Mr. Eugene Sando Caine	Liberia	Corrupt Practices, 2004 Consultant Guidelines	3 year
26	Mr. Khotamov Rustam Urakovich	Tajikistan	Fraudulent Practices, 2011 Consultant Guidelines	3 years
27	Mr. Manuel Montarroso	Spain	Corrupt Practices, 2004 Procurement Guidelines	3 years
28	Mr. Stephen Courtenay Chandler	United Kingdom	Fraudulent Practices, 2006 Consultant Guidelines	3 years
29	Nihon Kohden Europe GmbH	Germany	Corrupt Practices, 2004 Procurement Guidelines	3 years
30	Soluciones Energéticas, S. A.	Spain	Corrupt Practices, 2010 Procurement Guidelines	3 years
31	Xinjinzhu Municipal Landscaping Engineering Co., Ltd. f/k/a Henan Xinjinzhu Landscaping Engineering Co., Ltd.	China	Fraudulent Practices, 2006 Procurement Guidelines	3 years
32	Daewoo Information Systems Co., Ltd.	Korea, Republic of	Corrupt Practice, 1999 Procurement Guidelines	2 years, 6 months
33	voestalpine VAE SA (Pty) Ltd (Reg. No. 1999/000957/07)	South Africa	Fraudulent Practices, 2010 Procurement Guidelines	2 years, 3 months
34	Schneider Electric Pakistan PVT. Limited	Pakistan	Collusive Practices, 2006 Procurement Guidelines	2 years, 1 month
35	Consortio Ocongate	Peru	Fraudulent Practice, 2010 Procurement Guidelines	2 years
36	Consortio Ropruca	Peru	Fraudulent Practice, 2010 Procurement Guidelines	2 years
37	Desarrollo con Ingeniería Contratistas Generales S.A. (DISA-CGSA)	Peru	Fraudulent Practices, 2011 Procurement Guidelines	2 years
38	Mr. Anders Christer Andersson	Sweden	Corrupt Practice, 2010 Consultant Guidelines	2 years

	Entity Name/Individual	Country	Grounds for Sanction	Length of Debarment
39	Mr. Nabor Miranda Gambini	Peru	Fraudulent Practice, 2004 Procurement Guidelines	2 years
40	San Isidro-L S.R.L.	Peru	Fraudulent Practices, 2004 Procurement Guidelines	2 years
41	B.V. Scheepswerf Damen Gorinchem (Damen Shipyards Gorinchem)	Netherlands	Fraudulent Practices, 2010 Procurement Guidelines	1 year, 6 months
42	Dr. Gunnar Demoulin	Austria	Fraudulent practice, 2010 Procurement Guidelines	1 year, 6 months
43	Hydrosphere SARL	France	Fraudulent Practice, 2004 Procurement Guidelines	1 year, 6 months
44	Mr. Baasanjav Enkhbaatar	Mongolia	Fraudulent Practice, 2010 Procurement Guidelines	1 year, 6 months
45	Santmol Construction Enterprise	Sierra Leone	Fraudulent Practices, 2011 Procurement Guidelines	1 year, 6 months
46	6M Insulation Panel Co., Ltd. (Tam Cach Nhiet Co., Ltd.)	Vietnam	Fraudulent Practices, 2011 Anti-Corruption Guidelines	1 year
47	Asia Refrigeration Industry Co., Ltd. (ARICO)	Vietnam	Fraudulent Practices, 2011 Anti-Corruption Guidelines	1 year
49	Huu Nghi Engineering Corporation	Vietnam	Fraudulent Practice, 2011 Anti-Corruption Guidelines	1 year
49	J&R Contratistas Generales S.R.L.	Peru	Fraudulent Practice, 2010 Procurement Guidelines	1 year
50	Pöyry Finland OY	Finland	Fraudulent Practices, 2004 Consultant Guidelines	1 year
51	Sai Gon Insulation Co., Ltd	Vietnam	Fraudulent Practices, 2011 Anti-Corruption Guidelines	1 year
52	Sea Refrigeration Electrical Engineering Company	Vietnam	Fraudulent Practices, 2011 Anti-Corruption Guidelines	1 year
53	Shandong Taikai Power Engineering Company Limited	China	Fraudulent Practice, 2010 Procurement Guidelines	1 year
54	TST CO., Ltd.	Vietnam	Fraudulent Practices, 2011 Anti-Corruption Guidelines	1 year
55	Vietrust Technological Investment & Development JSC	Vietnam	Fraudulent Practices, 2011 Anti-Corruption Guidelines	1 year

\*This entity was sanctioned in 2 separate sanctions cases.

#### OTHER SANCTIONS IMPOSED IN FY16

	Entity Name/Individual	Country	Sanction Imposed	Grounds
1.	M/s. GVR Infra Projects Ltd.	India	Private Letter of Reprimand	Fraudulent Practice
2.	Pöyry Switzerland Ltd.	Switzerland	Letter of Reprimand	Fraudulent Practices
3.	Sinohydro Corporation Limited	China	Letter of Reprimand	Fraudulent Practices

### CROSS-DEBARMENTS HONORED BY THE WORLD BANK GROUP IN FY16

	Entity Name/Individual	Country	Grounds For Debarment	Length Of Debarment
1	Inpreco Ingenieria Prefabricados y Construccion	Guatemala	Cross-debarment, IDB	Permanent
2	Picsa Proyectos de Ingenieria y Sanitaria	Guatemala	Cross-debarment, IDB	Permanent
3	PSI Proyectos y Servicios de Infraestructura	Guatemala	Cross-debarment, IDB	Permanent
4	Carlos Estuardo Garcia Bautista	Guatemala	Cross-debarment, IDB	Permanent
5	Ruth Ismenia de Belen Mazariegos y Mazariegos	Guatemala	Cross-debarment, IDB	10 years
6	Corporacion Casmusa S.A.C.	Peru	Cross-debarment, IDB	8 years
7	Juan Carlos Salazar Prieto	Peru	Cross-debarment, IDB	8 years
8	Juan Munoz Coello	Spain	Cross-debarment, IDB	8 years
9	Amaya Corleto, S.A. de C.V.	El Salvador	Cross-debarment, IDB	7 years
10	Andres Rodriguez de la Torre	Mexico	Cross-debarment, IDB	7 years
11	Fredy Ricardo Chavez Ordonez	Guatemala	Cross-debarment, IDB	7 years
12	Jovenes Futuros Empresarios Por Mexico, A.C. (JEMAC)	Mexico	Cross-debarment, IDB	7 years
13	M&R Heavy Equipment Road Builders	The Bahamas	Cross-debarment, IDB	7 years
14	Sergio Armando Ayala Lazo	El Salvador	Cross-debarment, IDB	7 years
15	Servicios Profesionales de Ingenieria y Comerico Rocha	Guatemala	Cross-debarment, IDB	7 years
16	Steven Rose Jr.	The Bahamas	Cross-debarment, IDB	7 years
17	Antonio Manuel Castilla Fernandez	Peru	Cross-debarment, IDB	6 years
18	Crescencio Manuel Gutierrez Carlos	Spain	Cross-debarment, IDB	6 years
19	Gedetec S.L.	Spain	Cross-debarment, IDB	6 years
20	Heraclio Hernandez Dominguez	Spain	Cross-debarment, IDB	6 years
21	Vigaus 2003, S.L.	Spain	Cross-debarment, IDB	6 years
22	Geografica Diseno y Planificacion Digital	Guatemala	Cross-debarment, IDB	5 years
23	MPB Corporacio de Servicios Generales S.A.C.	Peru	Cross-debarment, IDB	5 years
24	Yeyson Yonatan Cotom Xicara	Guatemala	Cross-debarment, IDB	5 years
25	1947 S.A.	Argentina	Cross-debarment, IDB	4 years
26	Costplus S.A.	Argentina	Cross-debarment, IDB	4 years
27	Eduardo Osvaldo Madrid	Argentina	Cross-debarment, IDB	4 years
28	Eduo S.A.	Argentina	Cross-debarment, IDB	4 years
29	Finochietto 606 S.A.	Argentina	Cross-debarment, IDB	4 years
30	Gheiller & Pheizer S.A.	Argentina	Cross-debarment, IDB	4 years
31	Italstar S.A.	Argentina	Cross-debarment, IDB	4 years
32	Lista Azul S.A.	Argentina	Cross-debarment, IDB	4 years

	Entity Name/Individual	Country	Grounds For Debarment	Length Of Debarment
33	Marcia Rojas Valladares	Costa Rica	Cross-debarment, IDB	4 years
34	Maritime and River Corp. S.A.	Argentina	Cross-debarment, IDB	4 years
35	Peru 1707 S.A.	Argentina	Cross-debarment, IDB	4 years
36	UT Supra S.A.	Argentina	Cross-debarment, IDB	4 years
37	M/S Shimul Enterprise	Bangladesh	Cross-debarment, ADB	3 years, 6 months
38	MD. Ashfaqur Rahman	Bangladesh	Cross-debarment, ADB	3 years, 6 months

### VENDORS DEBARRED IN FY16

	Entity Name/Individual	Country	Grounds for Sanction	Length of Debarment
1	Rosta Construction Company	Afghanistan	Engaged in corrupt and collusive practices	5 Years
2	SKB Architecture and Design	USA	Engaged in corrupt, collusive and fraudulent practices	5 Years
3	Cavalier Engineering Company	Kuwait	Engaged in collusive, fraudulent and corrupt practices	4 Years
4	Decorama Engineering & Decorating	Lebanon	Engaged in corrupt and collusive practices	4 Years
5	3DS Engineering, P.C.	USA	Engaged in corrupt, collusive and fraudulent practices	4 Years
6	Creative Engineering and Construction Company, Inc.	USA	Engaged in corrupt, collusive and fraudulent practices	4 Years
7	Creative People Management, Inc.	USA	Engaged in collusive and fraudulent practices	4 Years
8	International Shipping, Inc.	USA	Engaged in corrupt, collusive and fraudulent practices	4 Years
9	Touchstone International, LLC	USA	Engaged in collusive, fraudulent and corrupt practices	4 Years
10	Asharq Research Company	Iraq	Engaged in fraudulent practices by falsifying the results of a country survey	3 Years

## REFERRALS MADE IN FY16\*

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description	Status
1	10/14/2015	India	Corruption	Water Supply and Sanitation	Authorities removed the implicated project official
2	11/3/2015	Lao People's Democratic Republic	Fraud	Customs and Trade	The matter is under consideration by authorities
3	2/18/2016	India	Fraud	Water Sector Improvement	INT is unaware of any action by authorities
4	3/21/2016	Egypt	Fraud	Emergency Private Sector Development	INT is unaware of any action by authorities
5	3/21/2016	Iraq	Fraud	Emergency Private Sector Development	INT is unaware of any action by authorities
6	3/21/2016	Italy	Fraud	Emergency Private Sector Development	INT is unaware of any action by authorities
7	7/27/2015	Bangladesh	Corruption	Health, Nutrition and Population	Client referred case to corruption authorities
8	8/11/2015	Indonesia	Corruption, Fraud and Obstructive Practices	Strategic Roads	Authorities had already taken action before INT's Referral based on unrelated corruption
9	8/18/2015	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
10	8/20/2015	UK, Department for International Development (DfID)	Fraud	Second Education Sector Development	INT is unaware of any action by authorities
11	8/24/2015	France	Corruption and Fraud	Urban Environment Planning	INT is unaware of any action by authorities
12	9/1/2015	China	Corruption and Fraud	Urban Environment Planning	INT is unaware of any action by authorities
13	9/23/2015	Mali	Corruption and Fraud	Hydroelectric Project	INT is unaware of any action by authorities
14	9/23/2015	Mauritania	Corruption and Fraud	Hydroelectric Project	INT is unaware of any action by authorities
15	9/23/2015	Senegal	Corruption and Fraud	Hydroelectric Project	INT is unaware of any action by authorities
16	9/25/2015	Netherlands	Corruption and Fraud	Regional Fisheries Program	INT is unaware of any action by authorities
17	9/25/2015	Sierra Leone	Corruption	Regional Fisheries Program	Authorities undertook their own inquiry and took administrative action against officials

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description	Status
18	11/17/2015	Vietnam	Corruption, Fraud and Obstruction	Northern Mountains Poverty Reduction	INT is unaware of any action by authorities
19	11/24/2015	Sierra Leone	Corruption and Fraud	Youth Employment Support	INT is unaware of any action by authorities
20	2/1/2016	Ukraine	Corruption	Second Urban Infrastructure	A referral was requested by authorities
21	3/23/2016	Bangladesh	Corruption and Fraud	Health Sector Development	INT is unaware of any action by authorities
22	3/23/2016	India	Corruption and Fraud	Health Sector Development	INT is unaware of any action by authorities
23	3/23/2016	Nigeria	Corruption and Fraud	Health Sector Development	INT is unaware of any action by authorities
24	3/23/2016	Romania	Corruption	Health Sector Reform 2	INT is unaware of any action by authorities
25	3/30/2016	Morocco	Corruption, Collusion and Fraud	Strengthening Micro-Entrepreneurship for Disadvantaged Youths	Authorities completed their investigation, confirmed INT findings, and will pursue action
26	4/12/2016	Denmark and Obstruction	Corruption, Fraud	Strategic Roads Infrastructure	INT is unaware of any action by authorities
27	4/14/2016	Bangladesh	Corruption, Fraud and Obstruction	Health, Nutrition and Population Sector	INT is unaware of any action by authorities
28	4/14/2016	India and Obstruction	Corruption, Fraud	Health, Nutrition and Population Sector	INT is unaware of any action by authorities
29	4/25/2016	Netherlands	Corruption	Health Sector Reform 2	INT is unaware of any action by authorities
30	4/25/2016	OLAF	Corruption	Health Sector Reform 2	INT is unaware of any action by authorities

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

## UPDATE ON REFERRALS MADE IN FY15\*

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description	Status
1.	July 17, 2014	Tanzania	Corruption	Education Project	INT is unaware of any action by authorities
2.	July 31, 2014	India	Fraud	Coastal Zone Management Project	INT is unaware of any action by authorities
3.	August 11, 2014	Argentina	Fraud	Transport Project	INT is unaware of any action by authorities
4.	August 27, 2014	Sri Lanka	Fraud	Emergency Recovery Project	INT is unaware of any action by authorities
5.	October 8, 2014	Nepal	Fraud and Corruption	Electricity Project	INT is unaware of any action by authorities
6.	October 9, 2014	Nigeria	Fraud and Corruption	Economic Reform Project	Authorities have brought criminal charges against two project officials
7.	October 31, 2014	Switzerland	Fraud	Albania Water Project	INT is unaware of any action by authorities
8.	October 31, 2014	Peru	Fraud	Health Project	INT is unaware of any action by authorities
9.	October 31, 2014	Germany	Corruption	Health Projects in Bulgaria and Romania	Authorities have commenced an investigation
10.	November 18, 2014	Argentina	Fraud and Collusion	Agricultural Development Projects	INT is unaware of any action by authorities
11.	December 5, 2014	Netherlands	Fraud and Corruption	Sierra Leone Fisheries Project	Government informed INT that the matter would be forwarded to the relevant committee
12.	December 22, 2014	Albania	Fraud and Corruption	Power Projects	Government sent a follow-up inquiry to INT
13.	December 29, 2014	Vietnam	Fraud	Environmental Project	INT is unaware of any action by authorities
14.	April 20, 2015	Guatemala	Fraud and Collusion	Roads Project	INT is unaware of any action by authorities
15.	April 22, 2015	Cameroon	Fraud	Hydropower Project	INT is unaware of any action by authorities
16.	June 1, 2015	China	Fraud	Nepal Power Project	INT is unaware of any action by authorities
17.	June 23, 2015	Spain	Fraud and Corruption	Albania Power Projects	Case is closed due to lack of evidence
18.	June 25, 2015	Moldova	Corruption	Financial Management Project	INT is unaware of any action by authorities
19.	June 26, 2015	Mongolia	Fraud	Environmental Project	INT is unaware of any action by authorities
20.	June 29, 2015	China	Fraud	Cameroon Hydropower Project	INT is unaware of any action by authorities
21.	June 29, 2015	China	Corruption	Africa Hydroelectric Project	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.

## ENTITIES RELEASED FROM WORLD BANK GROUP SANCTIONS IN FY16

	Entity Name	Country	Type of Entity	Date of Release
1	Oxford University Press	UK	MNC	1/7/15
2	Energoprojekt Niskogradnja A.D.	Serbia	MNC (SOE)	2/7/15
3	PT. Tricon Jaya	Indonesia	SME	17/7/15
4	PT. Sehat Pratama Sejati	Indonesia	SME	17/7/15
5	Zoomlion Ghana Limited	Ghana	MNC	24/9/15
6	Unik Construction Engineering (PTY) Limited	Botswana	MNC	4/10/15
7	ARINC Incorporated	USA	MNC	9/10/15
8	Scientific Energy and Environmental Management Systems Limited	Nigeria	SME	30/10/15
9	China Gezhouba Three Gorges Engineering Company Limited, formally known as China Gezhouba Three Gorges Industry and Business Company Limited	China	MNC (SOE)	26/11/15
10	GKW Consult GmbH, formerly known as Pöyry Environment GmbH	Germany	MNC	28/11/15
11	iC Consultenten Ziviltechniker GmbH	Austria + affiliates	MNC	21/12/15
12	China Jiangxi Corporation for International Economic and Technical Cooperation	China	MNC	30/12/15
13	PT. Bina Karya (Persero)	Indonesia	SME	12/1/16
14	Sinclair Knight Merz Management Pty Ltd.	Australia	MNC	23/1/16
15	Berger Group Holdings, Inc. / Louis Berger Group, Inc.	USA	MNC	28/1/16
16	PT. Cipta Sanita Mandiri	Indonesia	SME	11/3/16
17	Victory Construction Company Limited	Kenya	SME	25/3/16
18	Ha Long Consulting and Investment Joint Stock Company, (formerly known as Thang Long Infrastructure Development Joint Stock Company)	Vietnam	SME	30/3/16
19	PT. Lenggogeni	Indonesia	SME	10/6/16
20	Artelia Ville & Transport SAS	France	MNC	29/6/16





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