



Kingdom of Morocco

Strengthening Micro-Entrepreneurship for Disadvantaged Youth Project

Redacted Report

March 2018

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Executive Summary

This report provides the findings of an administrative inquiry by the World Bank Group Integrity Vice Presidency (INT) into allegations of misconduct in connection with the Strengthening Micro-Entrepreneurship for Disadvantaged Youth Project (the Project) in Morocco.

Evidence indicates that, in connection with three purchase orders under the Project, several companies submitted false documents and/or may have entered into an improper arrangement to influence the award of contracts under the Project. Evidence also indicates that these three purchase orders, and some other purchase orders under the Project, were backdated.

INT did not seek the imposition of World Bank Group administrative sanctions in this matter. INT's investigative findings largely pertained to apparent weaknesses in internal controls within the Project Management Unit, which may be addressed through operational remedies and risk mitigation measures.

Background

The Strengthening Micro-Entrepreneurship for Disadvantaged Youth Project (the Project) in Morocco aims to provide beneficiaries in the Project areas with access to micro-entrepreneurship development services. The Project is financed by a trust fund for which the International Bank for Reconstruction and Development (IBRD)¹ acts as the Implementing Agency. The Project is implemented by a Project Management Unit (PMU).

Allegations

The World Bank Group Integrity Vice Presidency (INT) received a series of allegations against the PMU involving mismanagement, conflicts of interest involving PMU employees and non-governmental organizations (NGOs) selected under the Project, and other misconduct. In addition, a post-procurement review highlighted red flags in the PMU's selection of service providers and suppliers.

Methodology

After obtaining further details from complainants, and conducting a desk review that showed additional indicators of irregularities concerning purchase orders under the Project, INT conducted an investigation into certain purchase orders.

Findings

1. Purchase Order X

The PMU awarded Purchase Order X to Company A. Documentation obtained from the PMU indicated that two losing bidders, Company B and Company C, submitted quotations. The presence of three quotations gave the impression of a competitive selection process, and thus compliance with the PMU's operations manual, which required that at least three quotations be collected from prospective suppliers.

However, evidence indicates that all three bidders likely are owned by the same person, Mr. A. INT was unable to meet with Mr. A, as he claimed to be travelling when INT contacted him. INT also could not physically locate Companies C and B, while Company A was closed during INT's field visit.

Nevertheless, INT found evidence indicating that:

- According to the addresses listed on their quotations, Companies A, B, and C are all located in the same neighborhood, on the same street;
- Company A and Company C have the same telephone number;

¹ The IBRD is one of the five institutions comprising the World Bank Group. The International Development Association (IDA) and the IBRD constitute the World Bank. The IBRD and the World Bank are used interchangeably throughout this Report.

- When INT called the telephone number of Companies A and C, the person who answered—but refused to fully identify himself—stated that Mr. A owns Company C;
- Company registration documentation indicated that Company B’s shareholders are all members of the Mr. A’s family, one of whom is listed as “Mr. A,” and
- Companies B and C are not in the business of providing the services for which they submitted quotations.

The poor quality of the documentation on file at the PMU prevented INT from identifying the individuals who prepared and sent the requests for quotations to these three companies.

2. Purchase Order Y

Purchase Order Y was awarded to Company D. The documentation obtained from the PMU indicated that two losing bidders, Companies E and F, submitted quotations, but evidence indicates that these quotations may have been “courtesy” bids designed to give the appearance of competition.

The requests for quotations on file were dated on a certain date (the Request Date). But according to Company D’s owner, the relevant services had been provided up to nine months before the Request Date. Evidence indicates that a PMU-prepared document confirmed the earlier dates and details of these services.

In addition:

- Company E’s owner stated that he was unaware that Company E submitted a quotation, and that he had never seen its purported quotation before;
- One individual, who introduced himself as an associate of Company E, stated that he had prepared the quotations of both Company E and Company F for this purchase order; and
- Company F could neither be located at the address provided in its quotation, nor reached at the telephone number stated in its quotation.

Evidence indicates that Company D is a well-established service provider that, among other things, works at the headquarters of the PMU’s parent ministry. Some evidence suggests that, instead of going through a PMU-operations-manual-required competitive selection process, Company D had been single-sourced for the purchase order.

3. Purchase Order Z

Purchase Order Z was awarded to Company G. Documentation obtained from the PMU indicated that two losing bidders, Companies H and I, had submitted quotations. However, evidence indicates that the quotation allegedly submitted by Company H was falsified, and that its signature and the logo on the quotation were not genuine.

After failing to locate Company G’s offices despite multiple attempts using the address on Company G’s quotation, INT managed to locate Company G’s premises with the help of a witness.

However, INT was unable to meet with any Company G representatives, as their offices were closed, and no one answered to the telephone numbers listed on the company's quotation.

4. Purchase Orders V, W, X, Y, and Z

Evidence indicates that documents for purchase orders V, W, X, Y, and Z were backdated. INT did not, however, find evidence of other misconduct regarding these purchase orders.

Follow Up Action by the World Bank

INT did not seek the imposition of World Bank Group administrative sanctions in this matter. INT's investigative findings largely pertained to apparent weaknesses in internal controls within the Project Management Unit, which may be addressed through operational remedies and risk mitigation measures.