

World
Bank
Group
**Sanctions
System**
Annual
Report
FY19



WORLD BANK GROUP

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ABBREVIATIONS AND ACRONYMS

AFR	Africa Region
CMU	Country Management Unit
EAP	East Asia and Pacific Region
EBC	Office of Ethics and Business Conduct
ECA	Europe and Central Asia Region
EO	Evaluation and Suspension Officer
FCV	Fragility, Conflict and Violence
FIR	Final Investigation Report
GGP	Governance Global Practice
HRDVP	Human Resources Vice President
IBRD	International Bank for Reconstruction and Development
ICHA	International Corruption Hunters Alliance
ICO	Integrity Compliance Officer
IDA	International Development Association
IFC	International Finance Corporation
INT	Integrity Vice Presidency
IJS	Internal Justice System
IPF	Investment Project Financing
JIFR	Joint In-depth Fiduciary Review
LCR	Latin America and the Caribbean Region
MIGA	Multilateral Investment Guarantee Agency
MDB	Multilateral Development Bank
MNA	Middle East and North Africa Region
MOP	Memorandum of the President
NoSP	Notice of Sanctions Proceedings
OPCS	Operations Policy and Country Services
OSD	Office of Suspension and Debarment
PforR	Program-for-Results
PSCI	Preventive Services and Corporate Initiatives team
SAC	Sanctions Advisory Committee
SAE	Statement of Accusations and Evidence
SAR	South Asia Region
SDO	Chief Suspension and Debarment Officer
StAR	Stolen Asset Recovery Initiative
UNODC	United Nations Office on Drugs and Crime
WBG	World Bank Group

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MESSAGE FROM WORLD BANK GROUP MANAGING DIRECTOR

SHAOLIN YANG

At the World Bank Group, we believe that a world free of corruption is fundamental to a world free of poverty. Each development dollar must reach the intended beneficiary.

For us, this starts at home, with the projects we finance. We proactively identify and address corruption risks in our operations. Over the last two decades, our Sanctions System has matured from a small unit to a professional and independent administrative system that includes trained investigators and two tiers of review to ensure due process for companies accused of misconduct. When we find fraud or corruption, we ban firms and individuals from future participation in World Bank projects. And, importantly, we actively engage the sanctioned firms and individuals in integrity compliance programs. Through this process, we encourage their rehabilitation and the adoption of meaningful measures that can help prevent, detect and reduce instances of fraud and corruption.

This is a critical signal for a development organization such as ours to send. We are committed to concrete outcomes that improve the lives of the poorest people, and we know that this task is impossible without private sector growth. For the private sector to grow, it must operate in a predictable business climate — one without fraud or corruption, and one in which there is an even playing field.

This is the right way to conduct business, and it is the work of the World Bank Group's Sanctions System, whose 2019 Annual Report is enclosed here. For the second time, this is a joint product of the Integrity Vice Presidency — the system's investigative body — and the adjudicative levels: the Office of Suspension and Debarment and the Sanctions Board. This year we also revamped and upgraded the WBG Sanctions Advisory Committee, which enhances corporate oversight on accountability and connects all group institutions on policy discussions and knowledge sharing.

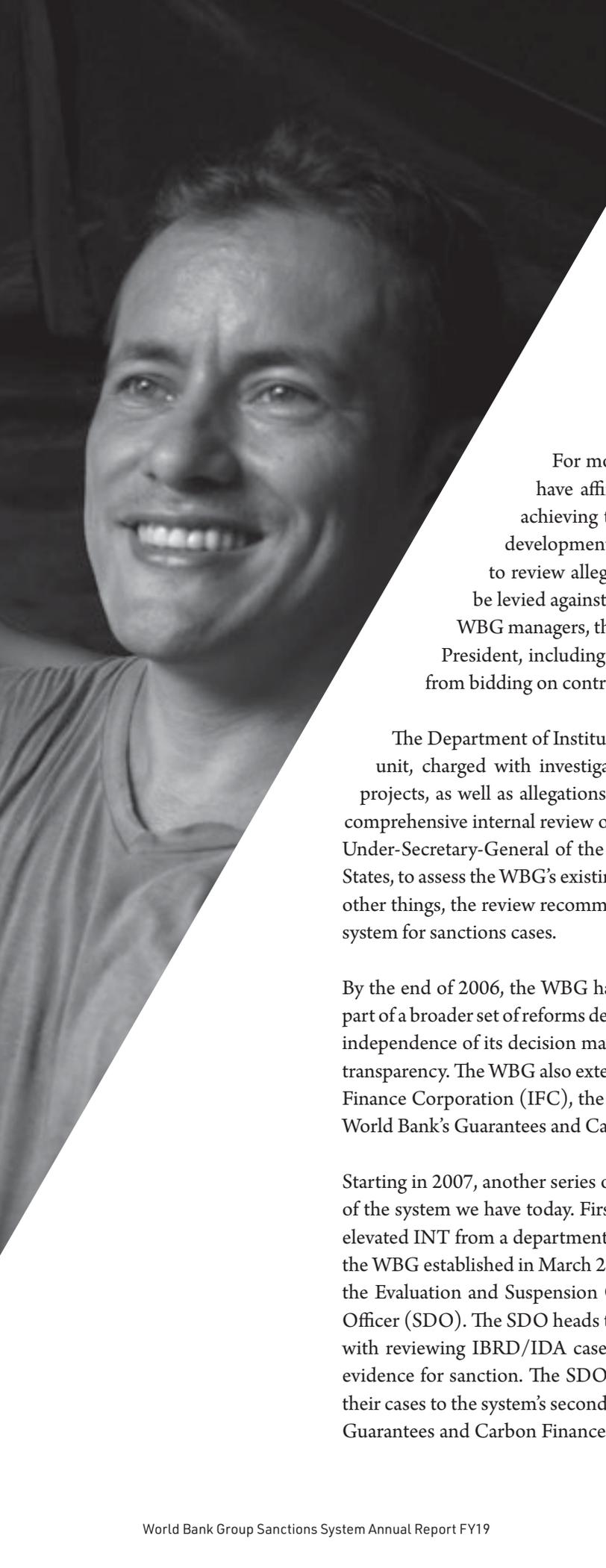
As this report shows, fraud and corruption can happen anywhere in the world. The report explains our work, presents specific examples, and shows relevant trends. It improves on an effort launched last year to modernize our data analysis and presentation, allowing us to candidly examine our system and increase efficiency, identify challenges and celebrate successes.

All of senior management, including myself, support with enthusiasm the Sanctions System's shared goal of protecting the WBG, member countries and donor resources from corrupt actors. This report showcases our solid commitment to this work, and I have high hopes for what we will accomplish together in the future.

Shaolin Yang

Managing Director and WBG Chief Administrative Officer





THE WORLD BANK GROUP'S
SANCTIONS SYSTEM:

A HISTORICAL OVERVIEW

For more than two decades, World Bank Group (WBG) Presidents have affirmed that fraud and corruption are serious impediments to achieving the WBG's goals and have addressed these issues head on as development challenges. In 1998, the Sanctions Committee was founded to review allegations of fraud and corruption and recommend sanctions to be levied against companies engaging in misconduct. Composed of five senior WBG managers, the Sanctions Committee made recommendations to the WBG President, including determinations about what companies should be prohibited from bidding on contracts in WBG-funded projects.

The Department of Institutional Integrity (INT) was created in 2001 as an independent unit, charged with investigating allegations of fraud and corruption in WBG-financed projects, as well as allegations of WBG staff misconduct. In 2002, the Bank commenced a comprehensive internal review of its sanctions process, engaging Richard Thornburgh, former Under-Secretary-General of the United Nations and former Attorney General of the United States, to assess the WBG's existing sanctions system and recommend possible reforms. Among other things, the review recommended that the WBG establish a formal, two-tier adjudicative system for sanctions cases.

By the end of 2006, the WBG had fully adopted Thornburgh's proposed two-tier structure as part of a broader set of reforms designed to improve the sanctions system's efficiency, protect the independence of its decision makers, and build in measures to ensure procedural fairness and transparency. The WBG also extended the sanctions system's scope to include the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the World Bank's Guarantees and Carbon Finance operations.

Starting in 2007, another series of changes took place, laying the groundwork for the structure of the system we have today. First, the WBG significantly expanded INT's work portfolio and elevated INT from a department to a vice presidency (the Integrity Vice Presidency). Second, the WBG established in March 2007 a new staff position as the first tier of its sanctions system: the Evaluation and Suspension Officer, later renamed the Chief Suspension and Debarment Officer (SDO). The SDO heads the Office of Suspension and Debarment (OSD) and is tasked with reviewing IBRD/IDA cases submitted by INT and judging whether there is sufficient evidence for sanction. The SDO also imposes sanctions on parties that choose not to appeal their cases to the system's second tier. Cases that arise in relation to IFC, MIGA, and the Bank's Guarantees and Carbon Finance operations are assessed at the first tier by separate Evaluation

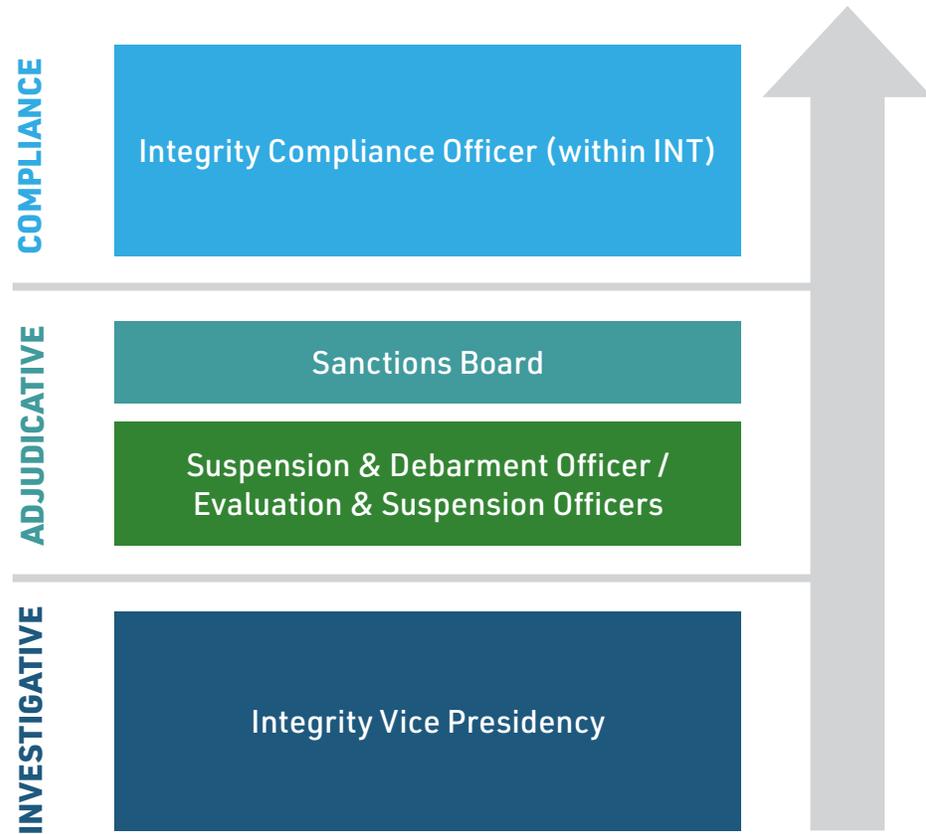
and Suspension Officers (EOs). To date, the IFC EO has reviewed three sanctions cases and one settlement; all remaining cases have been resolved by the SDO. Third, the management-controlled Sanctions Committee was replaced by the independent Sanctions Board. As the subsequent chapters explain in greater detail, INT conducts all investigations of misconduct and prepares specific allegations; the SDO and the EOs assess cases as initially filed by INT; and the Sanctions Board reviews any contested cases *de novo*.

Since 2009, as the WBG saw more investigations, considered more cases, and engaged with diverse stakeholders, it continued to develop both the scope and depth of its sanctions system. Some of the changes related to the Sanctions Board's independence and function, and eventually resulted in an all-external membership of this decision-making body and the establishment of an independent Secretariat (based in Washington D.C.) to support the Sanctions Board's mission. Other changes introduced more guidance for all decision-makers in the system, for example by establishing a "baseline sanction" for misconduct (debarment with conditional release). Finally, there were other important changes relating to the impact of a sanction after it is imposed: INT appointed an Integrity Compliance Officer (ICO) to assess compliance with conditions that accompany a sanction; and the WBG entered into an agreement with four multilateral development banks (MDBs) — the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank — to provide for mutual enforcement of debarment actions with respect to corruption, fraud, coercion, and collusion. This practice of "cross-debarment" has been an important tool in the fight against corruption, strengthening each institution's decisions, while also sending a strong regional and global message that misconduct will not be tolerated.

With the system in its second decade, the WBG has sought to systematize and streamline the underlying framework as it continues to seek improvements. For instance, in 2013, the WBG formed a Sanctions Advisory Committee (SAC) to advise the WBG Managing Director (MD) in charge of sanctions on policy and procedural matters concerning the sanctions system and to help the MD monitor and assess the functioning of the units charged with implementing the policy. In 2016, the various policy documents governing the sanctions system were compiled into a comprehensive framework that provided guidance to all decision-makers and effectively organized the rules. In 2018 and 2019, the SAC renewed its terms of reference and began more active engagement with stakeholders, including through operation of multiple working groups and coordination of dynamic bilateral and group consultations among sanctions units.

This history of bold changes and careful refinements to the WBG's sanctions policy framework reflects the institution's commitment to an agile and evidence-based fight against corruption. This annual report sets out case statistics and related trends of data within the sanctions system that provide continued accountability to our stakeholders and help inform decisions by WBG leadership on sanctions policy.

The WBG Sanctions System



The WBG Sanctions System at Work: FY19 Results

Of the **2,461 complaints** submitted to INT,



1,969 resulted in **no further action***,



106 were **forwarded** to other WBG units and 2 outside the WBG**,



and **384** resulted in **Preliminary Investigations*****



49 new Investigations were started.



47 Investigations were completed, of which **36 (76.6%)** were **Substantiated**.



INT submitted **37 Cases** to OSD & **41 FIRs** to the President, of which **13 (32%)** included preventive recommendations.



INT also issued **42 Referrals** & **20 Redacted Reports**, and submitted **16 Settlements**.



OSD temporarily suspended **24 Firms & 10 Individuals**.



19 of 25 Firms/Individuals did not appeal & were **Sanctioned** by OSD,



and **14 Firms/Individuals** were **Sanctioned** by the Sanctions Board.



53 Firms/Individuals were **Debarred** or otherwise **Sanctioned** (including through Settlements).



The **ICO** released **23 Firms/Individuals** from Sanctions.



During FY19, INT flagged new **Volcker Triggers** and **Integrity Concerns** in **152 projects** in the pipeline and under implementation (equivalent to **US\$ 28.9bn** in commitments),



of which **78 (51%)** were identified as having **Volcker Triggers**.



INT also provided **111 Advisory Services** & **preventive support** in **47 countries** & across **13 sectors**.

*"No further action" may include Advance Fee Fraud, phishing emails, or unrelated submissions.

** Complaints can be forwarded to other WBG units (e.g., EBC, Grievance Redress Services, Operations) or outside the WBG (e.g., other MDBs/Donors).

*** Multiple complaints may be combined into one preliminary investigation.

What are the Sanctionable Practices?

A **corrupt** practice is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

A **fraudulent** practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

A **coercive** practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

A **collusive** practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

An **obstructive** practice is (a) deliberately destroying, falsifying, altering, or concealing evidence material to an investigation or making false statements to investigators in order to materially impede a WBG investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to an investigation or from pursuing the investigation, or (b) acts intended to materially impede the exercise of the WBG's contractual rights of audit or access to information.

A Holistic Approach to Anti-Corruption at the WBG

The World Bank Group's twin goals are to eradicate extreme poverty and promote shared prosperity, and corruption poses a major challenge to these goals. Corruption undermines development objectives, interferes with the WBG's fiduciary responsibility, and damages the reputation of the WBG and its clients. As such, the WBG has a zero-tolerance policy toward corruption in WBG-financed projects.

The sanctions system is a key component of the WBG's institution-wide anti-corruption efforts. It ensures that fraud and corruption impacting WBG-financed activities are addressed efficiently and fairly, and that a strong deterrence message is complemented with a focus on prevention and integrity compliance programs. The sanctions system is also supported by a high-level Sanctions Advisory Committee (SAC), chaired by the MD and WBG Chief Administrative Officer. As a WBG-wide specialized governance body, the SAC provides important oversight over time to identify and address any policy gaps and to facilitate dialogue among key stakeholders. The WBG's anti-fraud and anti-corruption efforts fall under the purview of the Board of Executive Directors' Audit Committee, which oversees the operation of the WBG sanctions regime and makes key decisions as to its policies and function. The institution as a whole confronts corruption through several different avenues. The Governance Global Practice (GGP), for example, works at the country, regional, and global levels and helps countries build capable, accountable, transparent, and inclusive institutions. In addition, the Stolen Asset Recovery Initiative (StAR), a partnership between the WBG and the United Nations Office on Drugs and Crime (UNODC), supports international efforts to end safe havens for corrupt funds. StAR works with developing countries and financial centers to prevent the laundering of the proceeds of corruption and to facilitate more systematic and timely return of stolen assets.

Following the Anti-Corruption Summit held in the United Kingdom in May 2016, the WBG reaffirmed its commitment to confront corruption as a core development issue wherever it exists and to support integrity in public sector institutions. The WBG also agreed to:

1. Build the capacity of country clients to deliver on their commitments to enhance transparency and reduce corruption;
2. Enhance its support for implementation of anti-money laundering requirements and for the recovery of stolen assets; and
3. Extend its work on tax reform, illicit financial flows, procurement reform, and preventing corrupt companies from winning state contracts.



THE INTEGRITY VICE PRESIDENCY

Investigations and forensic audits provide the basis for WBG sanctions. The investigative findings also support preventive and integrity compliance efforts, helping ensure that the WBG can do more to anticipate and address future integrity issues.

Introduction by Pascale Hélène Dubois, Integrity Vice President

I am pleased to introduce the 2019 Annual Report of the World Bank Group's Sanctions System. It is clear that in two decades, our Sanctions System has made an impact. Twenty years ago, in 1999, we began imposing sanctions on companies and individuals involved in fraud and corruption affecting our projects. That year, we debarred seven firms and two individuals. Since then, we have debarred more than 900 entities, plus additional affiliates.

Over those two decades, our investigative function has matured from a small unit, becoming a vice presidency in 2008, and growing to the professional group that it is now, including trained investigators and litigators, prevention specialists and experts in corporate integrity compliance. We investigate allegations, help prevent corruption within World Bank projects and work with companies that are sanctioned to make reforms that deter misconduct.



Some highlights from fiscal year 2019:

- We maintained the focus on efficiency and effectiveness in our investigations. We continued to build our ability to interpret and deploy the data we collect.
- We increased our capacity to do forensic audits and work with operations colleagues in the field to identify “red flags” in projects and correct fiduciary weaknesses before an investigation is needed. This is increasingly important as the World Bank puts more resources toward countries affected by fragility, conflict and violence, because such FCV contexts involve specific fiduciary risks.
- We successfully wrapped up some complex cases, such as a settlement with a large, multinational construction and engineering company in Latin America, which was debarred in January for three years. This was part of a larger investigation that involved reviewing 1.8 million emails in five languages and interviewing 75 witnesses. It showed that we hold firms accountable, regardless of their size, whether they are small family-owned contractors or multinational corporations.
- In October 2018, in collaboration with the Ministry of Foreign Affairs of Denmark, and with the support of the Government of Belgium, we co-hosted the WBG’s fourth International Corruption Hunters Alliance (ICHA) conference in Copenhagen, Denmark. The event drew 200 high-level anti-corruption practitioners from around the world, including agency heads and directors of public prosecutions and investigations, who discussed cutting-edge issues and investigation techniques used in combating corruption.
- We launched “Integrity Is Your Business,” an online course available to all World Bank staff, explaining our work and emphasizing the corporate responsibility to report suspected fraud and corruption.
- Our Integrity Compliance Office actively engaged with more than 90 sanctioned firms and individuals, releasing 23 from sanction. The ICO also provided numerous training opportunities for businesses around the world, often at the request of the World Bank’s client governments.

It has been a busy year. And that is just a taste of our work program — we invite you to read more about it in the pages that follow. You will see that our fundamental mission remains the same: we ensure that donor money entrusted to the World Bank Group is used for its intended purposes. And in the eighteen years since the founding of INT, we have been honing our ability to accomplish that mission.

Pascale Hélène Dubois

Integrity Vice President, World Bank Group

Who We Are

The Integrity Vice Presidency (INT) is an independent unit within the WBG that investigates allegations of fraud and corruption in WBG-financed contracts and by WBG staff and corporate vendors. By sharing investigative findings, providing preventive advice, and promoting integrity compliance, INT not only supports integrity within the WBG, but also among client countries and other stakeholders. INT has 77 staff members, including investigators, lawyers, forensic accountants, economists, risk specialists, data scientists, and information system specialists.



**The Integrity
Vice Presidency**

What We Do: Three Core Business Lines

Investigations and Forensic Audits

INT conducts two types of investigations:

1. “External” investigations involve private sector entities, often companies or individuals, that have bid on or are participating in WBG-financed contracts;
2. “Internal” investigations involve WBG staff or corporate vendors who may be implicated in fraudulent or corrupt practices.

These investigations often draw on the expertise of INT’s forensic auditors. The investigative findings serve as the basis for WBG-imposed sanctions, including debarment, which prohibits these private sector entities from bidding on WBG-financed contracts. When WBG staff are implicated in wrong-doing, the Vice President for Human Resources may take disciplinary action, including permanently terminating the staff’s employment with the WBG. When WBG corporate vendors are implicated in sanctionable practices, the Director of Strategy, Performance, and Administration determines WBG-imposed sanctions, including debarment.

Integrity Compliance

The WBG Integrity Compliance Officer engages with, and monitors the efforts of, sanctioned companies and individuals in working to meet their conditions for release from WBG sanction. The ICO ultimately is responsible for determining whether the conditions have been met for a sanctioned party to be released from WBG sanction. The ICO also plays an important role in engaging the private sector overall, encouraging companies of all types and sizes to take steps to enhance integrity compliance in their business operations as a good business practice and sound preventative measure rather than simply in response to a sanction.

Preventive Services and Corporate Initiatives

INT’s Preventive Services and Corporate Initiatives (PSCI) team works closely with WBG operations and country counterparts to address corruption risks. In partnership with Country Management Units (CMUs) and task teams in various sectors, PSCI assists operational staff and client countries to turn the unique knowledge gained from complaints, investigations, risk-based analyses and enhanced fiduciary reviews into practical measures that aim to deter corruption. This information feeds into sectoral- and country-level analyses and bolsters the quality of PSCI’s advisory services particularly for those operations, sectors and country environments deemed as “high risk,” including fragile states.

INT Highlights

Investigations and Forensic Audits

- The findings of the 41 Final Investigation Reports (FIRs) issued in FY19 related to 47 IBRD projects and included a review of 154 contracts and agreements, totaling approximately US\$2 billion.
- In FY19, INT continued to expedite external investigations in order to quickly resolve cases that require fewer resources and reserve more resources for more complex cases. INT completed 13 “fast-track” investigations in FY19 at an average length of 7.3 months. The average length of all completed investigations (including fast-track investigations) was 11.7 months. These fast-track investigations have so far resulted in 8 cases and 4 settlements being submitted to OSD and 7 firms and individuals being sanctioned.
- In FY19, INT, in collaboration with Operations, undertook two Joint In-Depth Fiduciary Reviews (JIFR) of an education project in the South Asia region. One of the JIFRs was completed while the other is ongoing. A total of US\$156.5 million in transactions was sampled. The JIFR validated 60% of the sample but identified serious record-keeping weaknesses in US\$21.9 million of transactions which were inadequately documented. The JIFR also identified potential procurement fraud indicators as well as instances of apparent procedural non-compliance. Relevant JIFR findings resulted in mitigation measures that have been incorporated into the design of a follow-on project in the same sector and country. The fraud and corruption risk mitigation measures are regularly monitored, and additional fiduciary measures are being considered in the new project.

Integrity Compliance

- In FY19, the ICO actively engaged with more than 90 sanctioned firms and individuals. Of these, 23 were released from sanction and one had its debarment with conditional release converted to a conditional non-debarment following ICO determinations that they had met their respective conditions for such release or conversion.
- ICO staff also participated in numerous outreach activities during the fiscal year, often at the initiation of member government agencies, to promote common integrity principles and the adoption of integrity compliance programs as a standard business practice and preventative measure. The ICO looks forward to continued opportunities to partner with member government agencies in this area.

Preventive Services and Corporate Initiatives

- In FY19, INT launched the integrity-focused eLearning module for WBG staff “Integrity Is Your Business” to emphasize the requirement to report suspected fraud and corruption wherever encountered in operations and within the Bank. INT also participated at the FCV Onboardings that took place in Myanmar, Lebanon and Washington, DC in collaboration with Office of Ethics and Business Conduct (EBC) and Internal Justice System (IJS) colleagues, as well as in many other training and workshop activities.
- This fiscal year, INT and the Ministry of Foreign Affairs of Denmark, with the support of the Government of Belgium, co-hosted the WBG’s International Corruption Hunters Alliance (ICHA) in Copenhagen, Denmark. With 200 high-level participants from around the world, including agency heads and directors of public prosecutions and investigations, ICHA has become a preeminent forum for anti-corruption experts to exchange ideas and build cross-jurisdictional partnerships to combat corruption. Topics discussed included risks in supply chains; integrity compliance programs; forensic audit techniques; the link between tax evasion and corruption; asset tracing and recovery; whistleblower mechanisms; and the role of the private sector in combating corruption.

Core Business Line: Investigations and Forensic Audits

External Investigations

External investigations focus on five types of misconduct: fraud, corruption, collusion, coercion, and obstruction. Firms or individuals participating in WBG-financed projects that are found to have engaged in one or more of these practices may be subject to WBG sanction. Evidence of misconduct by government officials is generally referred to national authorities for action.

Complaint Intake

INT screens all of the complaints it receives to ensure they pertain to one or more sanctionable practices and involve a WBG-supported contract. If they do not, the matter is considered outside of INT's mandate. When a complaint is not pursued for lack of jurisdiction or relevance, INT will work with operational staff or other interlocutors, as appropriate, to address the issues raised. For example, if INT receives allegations of misconduct that do not fall within its jurisdiction (e.g., complaints about unfair labor practices or environmental degradation), it will share this information with the World Bank's Grievance Redress Service or other relevant departments for appropriate follow-up.

Only when a complaint meets both criteria does INT open a preliminary investigation and conduct further assessment of the allegation(s) contained in the complaint. For preliminary investigations that do not result in full investigations, INT routinely shares information with operational counterparts regarding the reported allegations of fraud and corruption that, while perhaps not specific enough to warrant an investigation, may still be used to inform broader risk mitigation activities.¹ INT receives complaints from all over the world and from many sources. Of the complaints that resulted in preliminary investigations in FY19, 18.5% came from WBG staff and 81.5% 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.

Investigating Cases

In determining whether to move from a preliminary investigation to a full investigation, INT considers a number of factors, including, but not limited to: the seriousness of the allegations; the potential development impact of the alleged misconduct; the credibility of the complainant; the presence or availability of corroborating evidence; and the amount of project and contract funds involved. INT will still follow through with many of the preliminary investigations not converted to full investigations. Apart from referring the allegations involved to the relevant counterparts within the WBG, INT also retains and uses the information gathered up to that point to build a better understanding of the risks involved in the project or contract at issue or to add to the investigative strategy should the subject appear again in subsequent complaints.



Of the **2,461** complaints submitted to INT,



1,969 resulted in no further action,



106 were forwarded to other WBG units and 2 outside the WBG,

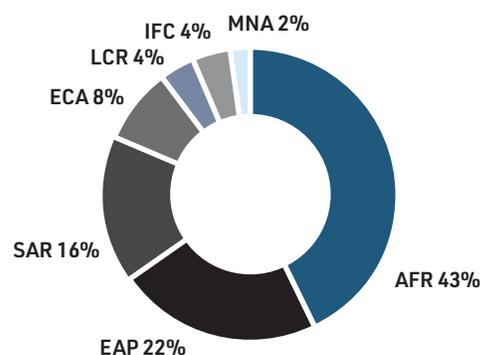


and **384** resulted in **Preliminary Investigations**.

1. See Preventive Services and Corporate Initiatives below for further information, particularly the explanation of Integrity Concerns on pages 27–28.

Investigations Started in FY19


49 new Investigations were started.



Region/Institution	Investigations Started (FY19)	Distribution Ratio (FY19)
AFR	21	43%
EAP	11	22%
ECA	4	8%
LCR	2	4%
MNA	1	2%
SAR	8	16%
IFC	2	4%


47 Investigations were completed, of which **36 (76.6%)** were **Substantiated**.

Through investigations, INT ascertains whether firms and/or individuals have engaged in one or more of the WBG'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*. INT continually refines its selection process for matters going to full investigation in order to better allocate resources on investigations of relevance and impact. In general, INT strives to complete investigations within 12 to 18 months depending on the complexity of the underlying allegations or matters being investigated.


11.7 months
Average length of all completed investigations (includes fast-track investigations)

Post-Investigation: Preparing Final Investigation, Referral, and Redacted Reports

When INT substantiates an investigation, it produces a Final Investigation Report. The draft FIR is submitted to the relevant regional operational staff in the WBG for comments before being sent to the WBG President.


7.3 months
Average length of completed fast-track investigations

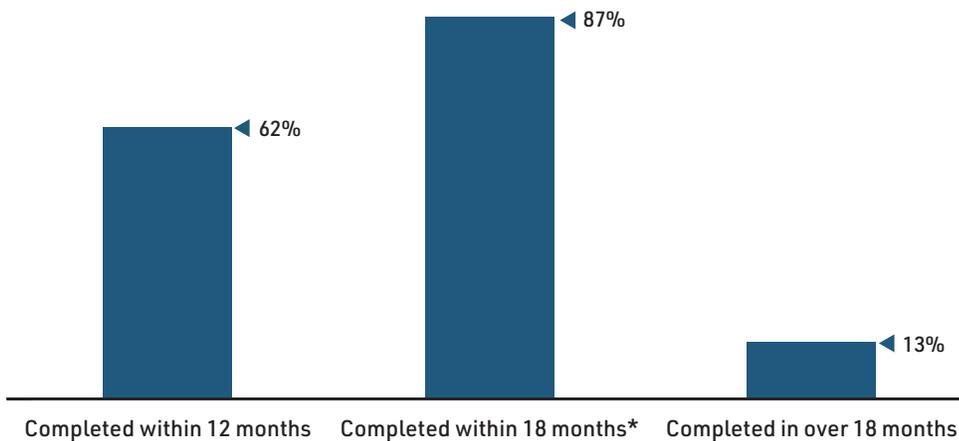
FIRs also form the basis for two other INT outputs: referral reports and redacted reports. INT sends referral reports to relevant WBG counterparts in member countries if evidence indicates that the laws of a member country may have been violated. Redacted reports are provided to the WBG's Board of Executive Directors for information and, after the completion of all related sanctions proceedings, made publicly available.² These reports provide information about the allegations, methodology, and findings of an investigation, as well as any action taken by the WBG. INT made 42³ referrals to national authorities in FY19 and produced 20 redacted reports.


INT sent **41 FIRs** to the WBG President.


INT issued **42 Referrals & 20 Redacted Reports**.

2. See www.worldbank.org/en/about/unit/integrity-vice-presidency/redacted-investigation-reports for the redacted reports released in FY19.
3. See page 68 for a list of referrals in FY19.

Investigations Completed in FY19



*Includes investigations completed within 12 months.

Preparing Cases for Sanctions

INT initiates sanctions proceedings by preparing a Statement of Accusations and Evidence (SAE) when it believes that it has found sufficient evidence to substantiate that a sanctionable practice occurred and when the respondent does not agree to settle. For matters involving IBRD/IDA financing, the SAE is presented to the Chief Suspension and Debarment Officer (SDO) for review and issuance to the affected parties.

The decision as to whether there is sufficient evidence to sanction a firm or individual and, if so, what sanction should be imposed is made through a two-tier adjudicative process involving the SDO and the WBG Sanctions Board, both of which are independent of INT. At the first level of review, the SDO reviews the case brought by INT to determine whether INT has submitted sufficient evidence to support its findings of sanctionable practices. If sufficient evidence has been presented, the SDO will issue a Notice of Sanctions Proceedings (NoSP) to the respondent and recommend an appropriate sanction. In most instances, a respondent will also be temporarily suspended from bidding or participating in a WBG-financed activity upon issuance of the NoSP. If a respondent fails to contest the NoSP within 90 days, the sanction recommended by the SDO becomes final. If the respondent contests the NoSP, the matter is referred to the Sanctions Board, which will consider the case de novo and make a final determination.⁴

The sanctions system also includes parallel procedures for cases related to the IFC, MIGA, and the World Bank's Guarantees and Carbon Finance operations. In such cases, INT submits the case to the relevant institution's Evaluation and Suspension Officer, who performs a function parallel to that of the SDO. Since the creation of these positions, INT has submitted a total of three cases and one settlement to the IFC EO.



INT submitted
37 Cases to OSD.



INT submitted
16 Settlements
to OSD.

4. See pages 64-66 for lists of entities sanctioned directly by the WBG in FY19.



In-Depth Reviews in FCV Countries

An In-Depth Review is a multi-disciplinary tool that can be used to holistically and effectively address integrity risks in projects. While investigations are undertaken solely by INT, an In-Depth Review is performed collaboratively by INT and other WBG staff. In-Depth Reviews may draw on a range of relevant expertise, including but not limited to that of INT's forensic, investigative and preventive specialists as well as that of GGP financial management and procurement specialists.

In FY19, INT continued and increased its involvement with In-Depth Reviews of projects in FCV countries. FCV contexts involve particular fiduciary risks, such as lower institutional capacity, the extensive use of cash payments due to large unbanked populations, the use of local implementation partners that often have limited track records or ties to public officials, security risks that limit the ability to supervise projects and reduce the likelihood of complaints, the possible over-reliance on third-party monitors, and limited local internal and external audit capacity. In-Depth Reviews can be particularly useful in FCV contexts in enhancing existing fiduciary control frameworks, identifying risk-mitigation measures, and acting as a deterrent to the misuse of WBG funds. In line with the WBG strategic focus on FCV, INT is committed to continuing its support of WBG teams operating in these contexts in FY20 and beyond.

Resolving Cases through Settlements

All firms or individuals under investigation are given the option of resolving a matter through a settlement in lieu of a sanctions process. Resolving a case through a settlement can save considerable resources, while also providing certainty of result for both the WBG and the party under investigation. INT may consider a variety of factors when determining whether a settlement is appropriate, including the potential resource savings for the WBG and the corrective measures undertaken by the party. In general, settlements will include the imposition of a sanction coupled with specific cooperation and remediation obligations. INT is responsible for negotiating and drafting settlement agreements, which are then reviewed by the WBG General Counsel and ultimately approved by the SDO (or relevant EO) to verify that (i) the respondent entered into the agreement voluntarily and fully informed of its terms, and (ii) the terms of the agreement are broadly consistent with the Sanctioning Guidelines. In addition, the Integrity Compliance Officer discusses integrity compliance with parties engaged in settlement negotiations as relevant, thereby helping to fashion appropriate conditions for release from sanction up-front in the process. In FY19, INT entered into 16 settlements.

Case Highlights

Three companies sanctioned for fraudulent and collusive practices under Latin America water project

In January 2019, the WBG announced the three-year debarment of a large construction engineering firm in Latin America under a Settlement Agreement. Shortly afterwards, in April 2019, another Settlement Agreement saw two subsidiaries of a global leader in water and wastewater treatment receive a two-year debarment from the WBG. Both debarments were the result of fraudulent and collusive practices committed by these firms during their participation in a WBG-financed water project in Latin America. The companies failed to disclose fees paid to commercial agents during the tender prequalification and bidding processes. These agents assisted the companies in obtaining confidential information and improperly influencing a tendering package under the project.

These settlements resulted from a large-scale, complex investigation involving five contracts under the same project, which together amount to approximately US\$520 million. The investigated contracts aim to reduce the risk of floods and decontaminate the river waters passing through one of the largest cities in Latin America. The investigation uncovered fraud, corruption, collusion and obstruction. INT kept close contact with and received strong cooperation from operational colleagues throughout the investigation in an effort to factor the information obtained during the investigation into the Bank's supervisory role and decision-making processes in the project. As a result, at the Bank's request, the borrower hired a firm to conduct a technical audit to verify the dredging works and ensure the project was on track.

INT is in the process of negotiating further settlements with some companies and seeking sanctions against others in relation to this investigation. Additionally, INT is making a number of referrals of its investigative findings to national authorities.

In this example of increasingly complex and resource-intensive investigations, INT reviewed a total of 1.8 million emails in five languages, conducted eight forensic audits and interviewed over 75 witnesses. Disclosures from prior settlements also contributed to INT's investigation.



Case Highlights

Six companies and one individual separately sanctioned to date for collusive, fraudulent, corrupt, and obstructive practices under East Asia Pacific (EAP) urban transport project

There are now three Sanctions Board decisions⁵ and one settlement under the US\$304 million project whose objective was to promote urban mobility by increasing the use of public transportation and reducing travel times in select city corridors. Of the US\$152.2 million in IDA financing for the project, INT has investigated and substantiated misconduct on contracts totaling US\$17.8 million, or approximately 12% of project financing. Three awarded contracts totaling approximately US\$5.8 million involved fraudulent and corrupt practices. INT's investigation also protected Bank funds by preventing the award of a US\$12 million contract affected by collusion.

In February 2019, the WBG sanctioned a joint venture (JV) partner of a consortium for engaging in a collusive arrangement with project and agency officials to obtain non-public information on a US\$12 million light rail IT system tender in order to improperly influence the evaluation process in the consortium's favor. In July 2018, the WBG announced the conditional non-debarment of a firm under a Settlement Agreement for also engaging in collusive practices under the same light rail IT system tender. The firm received conditional non-debarment in light of its exceptional cooperation, disclosure of misconduct not previously known to the Bank, and voluntary remedial actions. Both collusive attempts were unsuccessful, and the Bank eventually did not finance the light rail IT system contract when the project closed in December 2016. INT is in the process of seeking sanctions against other entities involved in the collusive scheme.

In November 2018, under the same project, the WBG sanctioned three firms collectively with 120 months of debarment for fraudulently misrepresenting the involvement of an undisclosed affiliate on a US\$200,000 implementation monitoring contract.

5. The third Sanctions Board decision was issued in March 2017. In Decision No. 92, the Sanctions Board found that an international consulting firm had paid bribes to project officials to influence the award and execution of a \$2.7 million institutional strengthening contract under the same project.

Case Highlights

Three companies and one individual sanctioned for collusion on a US\$96.6 million IT governance project in South Asia; subcontractor and principal also sanctioned for soliciting bribes

In November 2017, the main supplier of a US\$96.6 million contract was debarred under a Settlement Agreement for engaging in collusive and corrupt practices under an IT governance project in the South Asia Region. In FY19, INT obtained sanctions against three other entities engaged in a collusive scheme involving the contract.

The main supplier also acknowledged improper payments to the subcontractor and its principal who solicited payments to influence the actions of a public official in relation to the contract that comprised almost half of the US\$195 million project. The project closed in February 2018 with a little over half of the project funds disbursed.

The Bank sanctioned this subcontractor and its principal in April 2019 for the collusion and corruption, and another supplier on the contract that was also part of the collusive scheme later settled with INT for a 12-month debarment followed by a 9-month conditional non-debarment. The three companies had accessed and provided modifications to confidential draft bid specifications related to the contract and accessed questions from other bidders to narrow competition for the contract.

Internal Investigations

Investigations of WBG Staff

INT's internal investigations unit investigates allegations of fraud and corruption involving WBG staff occurring in WBG-financed projects or supported activities (i.e., operational fraud and corruption) or affecting the WBG administrative budgets (i.e., corporate fraud and corruption). Examples of allegations against staff within INT's investigative mandate include abuse of position for personal gain, misuse of WBG funds or trust funds, embezzlement, fraud, corruption, and collusion and attendant conflicts of interest or lesser included acts of misconduct.

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, INT prepares a final report of investigation, inclusive of all supporting evidence, and provides it to the implicated staff member for comment. INT then finalizes the report, incorporating the staff member's comments and any INT rebuttal to those comments, and submits the report to the WBG'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 WBG and the appealing staff member.

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 WBG and staff member.

Investigations of WBG Corporate Vendors

INT’s internal investigations unit also investigates allegations against corporate vendors involving the five sanctionable practices (fraud, corruption, collusion, coercion, obstruction) in support of the WBG’s corporate vendor eligibility determinations, leading to possible corporate debarment proceedings and, in some cases, operational cross-debarments.

Subjects of Internal Investigations in FY19



Lessons Learned and Outreach

INT mainstreams lessons learned from internal investigations of WBG staff and corporate vendors. As a member of the WBG’s Internal Justice System, INT also participates in outreach programs to promote the reporting, detection, and prevention of fraud and corruption within the WBG’s corporate arena.

A Holistic Approach to Integrity at the WBG: The Internal Justice System (IJS)

The IJS is a set of independent, yet inter-connected, internal workplace dispute resolution mechanisms available to all current and former WBG staff. The services range from informal to formal. The majority of issues (95%) are handled by three of the informal services: Respectful Workplace Advisors, Ombuds Services, and Mediation Services. Staff can also avail themselves of two formal dispute resolution services: Peer Review Services, which makes recommendations to management, and the World Bank Administrative Tribunal, which adjudicates personnel cases.

Another component of the IJS consists of investigative and advisory functions provided by INT and the Office of Ethics and Business Conduct (EBC). While INT investigates forms of misconduct under Staff Rule 8.01 (e.g., abuse of position, misuse of funds, fraud and corruption), EBC focuses on workplace grievances (e.g., harassment and retaliation) and other violations of Staff Rules and WBG policies (misuse or abuse of travel funds, staff benefits and allowances, petty cash or WBG physical property) under Staff Rule 3.00.

Outcomes

During FY19, INT's internal investigations unit pursued 69 cases, of which 68.1 percent related to WBG operations and 31.9 percent involved corporate matters.

Staff Cases

INT pursued 15 Staff Rule 8.01 investigations involving WBG staff in FY19 and substantiated⁶ misconduct allegations in six cases. In addition, one case was resolved via mediation.

HRDVP Decisions on Staff Cases

Of the six substantiated cases, one is pending decision by the HRDVP. Three staff members were barred from rehire by the HRDVP due to their failure to fully cooperate with INT's investigation, and they will remain barred from rehire unless and until they cooperate with INT. One staff member under investigation for misconduct was terminated and permanently barred from rehire for poor performance before INT's investigation was completed. Subsequently, INT worked with relevant WBG units to address the internal control weaknesses that allowed the misconduct to proceed. One staff member resigned under the terms of an Options Letter⁷ following INT's preliminary inquiry.

Outcomes of Corporate Vendor Cases

In FY19, the internal unit closed seven corporate vendor cases, four of which were substantiated, two of which were unsubstantiated, and one of which was referred to Corporate Procurement for review of contract management irregularities. Of the four substantiated cases, one vendor received a 4-year public debarment, two vendors received 4-year non-public debarments, and one case is pending decision by the Director of Strategy, Performance, and Administration.

Turnaround Time

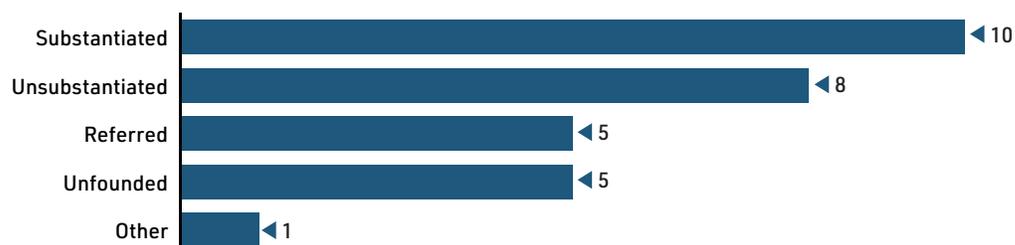
INT aims to complete internal staff cases within nine months (270 days). In FY19, the average turnaround time for the 22 closed staff cases was 9.88 months (300.54 days).⁸

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6. **Substantiated case:** A determination by INT that the evidence supports a finding of misconduct, based on the results of the investigation. The determination of whether misconduct has occurred and what disciplinary measure to impose, if any, is made by the WBG HRDVP. **Unfounded case:** The results of a preliminary inquiry or investigation support a conclusion that misconduct, as alleged, did not occur. **Unsubstantiated case:** Following a preliminary inquiry or investigation, there was insufficient evidence to warrant an investigation or to prove or disprove that misconduct was committed, and the decision then falls in favor of the staff member.
 7. Under an Options Letter, a subject staff member can resign under specified sanctions and conditions to include: (i) termination of employment/permanent bar to rehire, (ii) no future employment with the Bank Group in any capacity; (iii) restriction on access to Bank Group facilities; (iv) permanent bar from directly or indirectly engaging in activities that would allow the subject staff member to be the recipient of Bank Group funds as a corporate vendor; (v) permanent bar from directly or indirectly engaging in activities that would allow the subject staff member to be the recipient of Bank Group financing, as a contractor, subcontractor or consultant in connection with a Bank Group-financed project or supported activity; (vi) waiver of right to appeal or otherwise challenge in any administrative or legal forum any and all claims against the Bank Group and its officials, officers, and employees arising from or in connection with the matter; and (vii) if applicable, imposition of restitution.
 8. Turnaround time is impacted by a combination of seven variables, including: (i) Investigator-to-case ratio; (ii) Complexity of the cases; (iii) Single/multiple allegations per case; (iv) Whether mission travel is required; (v) Whether the subject staff member has requested extensions in which to respond in writing to the allegations notice and/or to the draft final report; (vi) Delayed availability of subjects or witnesses beyond INT's control; (vii) Whether there are parties external to the Bank whose cooperation cannot be mandated. This FY, the turn-around time was impacted by an INT staff case that was resolved via a protracted mediation. The turnaround time without taking this exceptional case into consideration was 6.93 months.

Protected Disclosures Made by WBG Staff

During FY19, a total of 95 WBG staff (i.e., regular staff, former staff, extended- and short-term consultants, and temporaries) made protected disclosures by bringing misconduct allegations to INT’s attention, including those staff who could be protected under Staff Rule 8.02 as whistleblowers.⁹ INT is grateful to those staff members who have forwarded to INT concerns of suspected misconduct, including those allegations that may threaten the operations or governance of the WBG, and we appreciate the assistance and cooperation provided by many staff members in the resulting investigations.

Outcomes of Internal Investigations in FY19¹⁰



93

Sanctioned parties that engaged with the ICO in the fiscal year

64

Sanctioned parties currently engaged with the ICO

89

Total number of parties released from sanction to date

229

Total number of parties whose sanctions were continued to date

Core Business Line: Integrity Compliance

Under the WBG’s default sanction of debarment with conditional release, debarred entities may be released from sanction only after demonstrating, to the satisfaction of the ICO, that they have met the conditions for release stated in the relevant sanctioning document (i.e., Sanctions Board decision, SDO determination, or settlement agreement). The most common release condition is a requirement for a sanctioned company to develop and implement an integrity compliance program that is consistent with the principles set out in the WBG Integrity Compliance Guidelines.¹¹ While even the most robust integrity compliance program provides no guarantee that misconduct will not occur, it should at least include appropriate measures that: (i) seek to prevent misconduct from occurring; (ii) enable the detection of possible misconduct; (iii) allow for investigations into alleged misconduct; and (iv) provide for the remediation of substantiated misconduct. An integrity compliance program also should be tailored to address a company’s own risk profile and circumstances. The ICO engages with parties and monitors integrity compliance program implementation with such considerations in mind, using the WBG Integrity Compliance Guidelines as the primary benchmark.

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

10. The “Other” case outcome was an INT staff case that was resolved through mediation. See also note 8 above.

11. A summary of the WBG Integrity Compliance Guidelines can be found at: <http://pubdocs.worldbank.org/en/489491449169632718/Integrity-Compliance-Guidelines-2-1-11.pdf>.

Collective Action to Promote Integrity Principles

During this Fiscal Year, the ICO continued to see the principle of collective action, as set out in the WBG Integrity Compliance Guidelines, put into practice. In that regard, ICO team members have continued to promote integrity principles through participation in global workshops and seminars, often in partnership with WBG member governments, such as Austria, Denmark, France, Germany, the Netherlands, Spain, and South Korea.

In addition, entities that have engaged with the ICO are building off of their own efforts in order to spread the integrity compliance message to other companies. For example, such entities continue to share their experiences in developing and implementing integrity compliance programs with other companies at workshops and seminars, seeking to encourage those companies to take similar steps to incorporate integrity principles and internal controls into their own business operations.

Such entities also continue to voluntarily serve as mentors to small- and medium-size companies currently sanctioned by the WBG who, in connection with their conditions for release from sanction, are working with the ICO to put in place integrity compliance programs that reflect the WBG Integrity Compliance Guidelines. One particularly remarkable mentorship evolved from a chance meeting of two old acquaintances at an integrity compliance workshop co-sponsored by the ICO. The acquaintances were representatives of two companies in the same industry in the same country, one company that had been released from WBG sanction after putting in place an integrity compliance program and the other company that was still working toward that end. After that encounter, the released company agreed to voluntarily, and at no cost, assist – i.e., to mentor – the sanctioned company with the further enhancement and implementation of its integrity compliance program, even providing integrity training to sanctioned company employees. Based on its own efforts and guidance received from the mentor company, the sanctioned company implemented an integrity compliance program in a manner that satisfied the conditions imposed for its release from WBG sanction. Upon its release, the formerly sanctioned company received a congratulatory note from the mentor company welcoming it back into the local business community. The mentor company recognized the benefits to all through the work done to create a level playing field on a foundation of clean business. To borrow from the words of the mentor company, it is the hope of the ICO that through collective action toward the promotion of integrity principles and “with intensive socialization ... of integrity issue[s], the number of violation[s of] integrity principle[s] can be reduced.”

In FY19, the ICO advised 93 sanctioned parties of the general requirements and procedures for meeting their respective conditions for release from sanction. At the end of FY19, the ICO was actively engaged with 64 entities.

The ICO determined that 23 sanctioned parties had satisfied their respective conditions for release as set out in the relevant sanctioning document, bringing the total number of released parties to 89 as at the end of FY19. In addition, a sanctioned company’s debarment with conditional release was converted to a conditional non-debarment upon the company’s satisfaction of its conditions for such conversion as determined by the ICO. Conversely, another sanctioned company’s conditional non-debarment was converted to a debarment with conditional release upon the ICO’s determination that the company had not yet met its conditions for release from WBG sanction.

Core Business Line: Preventive Services and Corporate Initiatives

INT works in partnership with operational teams and client countries to turn the unique knowledge gained from preventive risk reviews and INT investigations into practical measures that can deter or prevent corruption. In addition, to enhance anti-corruption efforts, INT contributes to the Bank’s corporate-wide initiatives that strengthen internal policies and enhance development impact.



During FY19, INT flagged new **Volcker Triggers** and **Integrity Concerns** in **152 projects** in the pipeline and under implementation (equivalent to **US\$ 28.9bn** in commitments),



of which **78 (51%)** were identified as having **Volcker Triggers**.



INT also provided **111 Advisory Services & preventive support** in **47 countries & across 13 sectors**.

INT’s preventive work includes: (i) integrity disclosures to WBG operational teams and management of specific integrity risks; (ii) advisory work to support operational teams; (iii) analytical products to promote a broader awareness of integrity risks; and (iv) training and capacity building for both WBG staff and clients.

Corporate Integrity Disclosures – Flagging Issues to WBG Operations and Management

INT supports the WBG’s risk management through disclosure mechanisms that signal integrity risks and concerns and help identify high-risk operations as well as identify risks or trends in sectors. In addition to routine meetings where INT presents current issues to WBG Regions or Practice Groups, INT reports on identified integrity issues in the following ways:

Volcker Triggers

The WBG’s internal protocols require that management disclose integrity risks in proposed operations to the WBG Board’s Executive Directors in the Memorandum of the President (MOP), which is a document that accompanies other project documents as part of a Board package for approval. The “Volcker Trigger,” which prompts this disclosure, was named after former U.S. Federal Reserve Chairman Paul Volcker, who chaired the 2007 Independent Panel Review of INT recommending this requirement. The disclosure requirement is triggered when an ongoing or recently completed INT investigation (within two years of the Final Investigation Report having been issued to the Bank’s President) is relevant¹² to a proposed operation. In FY19, INT provided comments relating to investigative work for 65 MOPs.

Integrity Concerns

INT, with the agreement of the relevant Regional Director, Strategy and Operations, flags high-risk operations with an “Integrity Concern” in WBG’s project management systems. This applies to operations where INT sees the potential for high vulnerability for fraud and corruption, based on a track record of sanctions, investigations, volume of complaints, and other operational risk factors which arise out of INT’s business intelligence. In FY19, INT identified a total of 98 projects as having Integrity Concerns. At the end of FY19, roughly 8% of projects under supervision were flagged with an Integrity Concern.

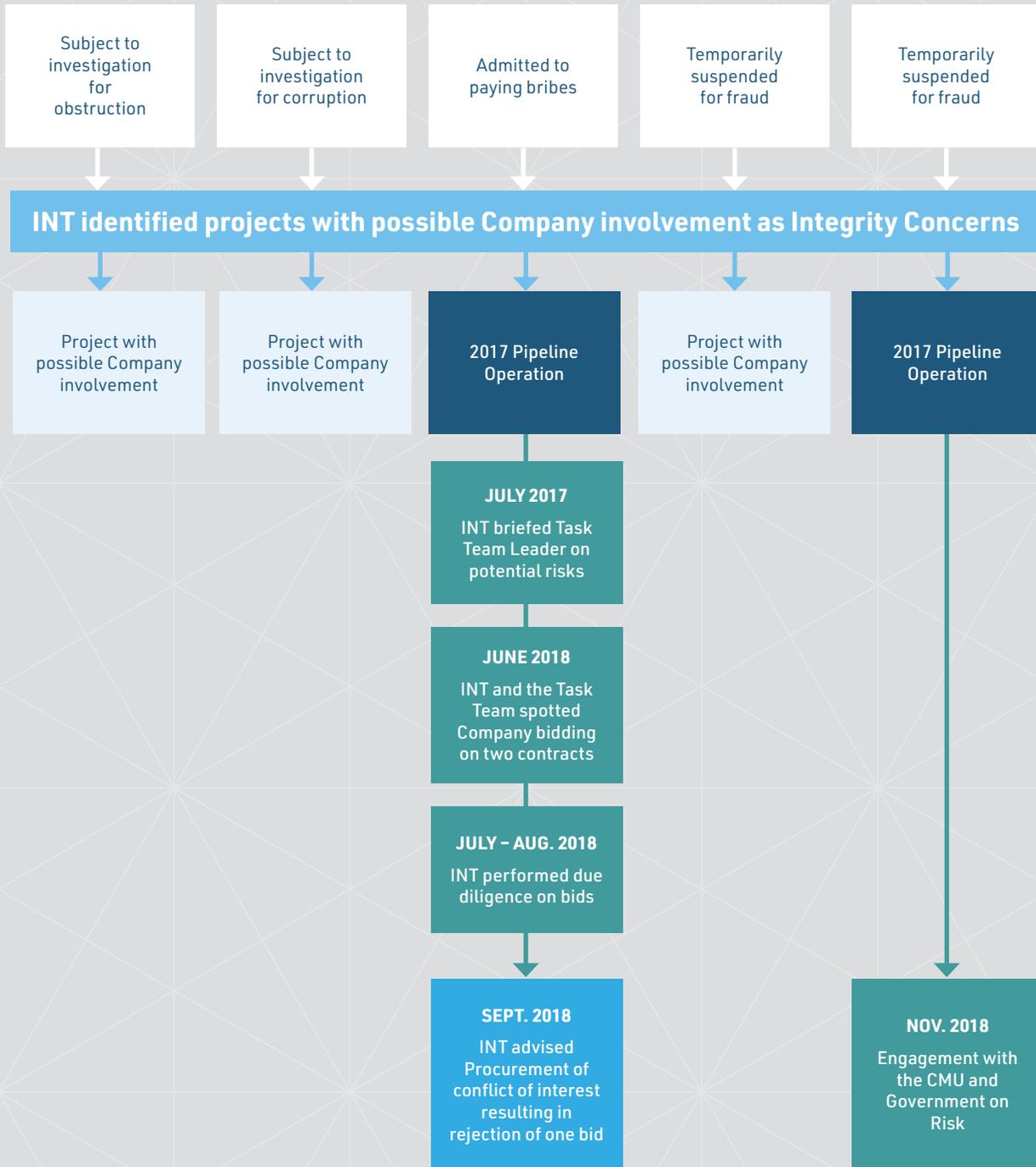
Recommendations in Final Investigation Reports

Following a completed investigation, INT provides a set of recommendations which are discussed with the project teams and the Bank’s country management. These recommendations may address potential vulnerabilities for fraud and corruption or may offer specific measures to mitigate those risks. In FY19, 13 FIRs included recommendations for mitigating integrity risks.

12. An investigation can be considered relevant to: (i) follow-on operations; (ii) operations in the same country and sector; (iii) operations that rely on the same implementation arrangements; and (iv) multi-sectoral operations in the same country with a component in the investigated sector.

Integrity Concerns in Action

Based on the activities of a company over a 15-year span, INT identified and flagged projects as Integrity Concerns where the company was possibly involved. These flags allowed dialogue between the Task Teams and INT toward joint risk mitigation actions. The activity flow leading to one such action is described below. Integrity Concerns flags may also result in training for Government Officials on Contract Management, Country engagements with the Country Management Unit (CMU) to review portfolio-related risk mitigation, and engagements with a relevant Global Practice if there is a cluster of projects that might be flagged.



Advisory Work – Prevention Focused on High-Risk Operations and Sectors

INT provides hands-on advice to operational teams to help mitigate and prevent integrity risks, focusing on high-risk operations and sectors. This work is increasingly based on risk criteria informed by data analysis and supported by the ongoing modernization of INT's business systems.

INT provides targeted and in-depth risk management analytics and advice to CMUs and task teams in the Practice Groups and/or Global Practices to provide an overview of structural risks as well as emerging trends. The briefings provide an overview for engagement with the Country Director, identify capacity-building, as well as identify constraints in the private sector in complying with WBG norms. In addition, INT analyzes the lending pipeline and on-going portfolio of operations in the regions to further identify the relevant risks prior to implementation. Early identification of integrity issues facilitates the development of effective mitigation strategies and controls. In undertaking this analysis, INT works closely with the fiduciary and sector-specific colleagues across the WBG.

INT works collaboratively with operational staff in all regions, providing advice that can reduce integrity risks and increase development impact across the WBG's portfolio. Some key engagements from FY19 include:

INT conducted due diligence on two key consultant contracts in a US\$325 million Electricity Transmission Project in Africa. The project had been flagged by INT with an Integrity Concern during project preparation due to the risk experienced in the sector. One of the Bank-financed consultants who had been previously investigated and sanctioned by the Bank submitted bids that exhibited red flags. To avoid potential conflicts of interest, INT recommended the company be awarded only one of the contracts. The project team also agreed to implement a workshop with the government, Bank staff, and contractors to further identify risks.

In an FCV country in the Africa Region, INT assisted the CMU Health Team in the Ebola response to address concerns about kickbacks for employing additional auxiliary staff, who are essential for the public health response. INT recommended standardizing hiring protocols and verifying payments to auxiliary staff by leveraging cell phone provider data. These staff conduct home surveys, transport possible cases to the health clinics and establish monitoring procedures, clean the surroundings of possible cases, and provide awareness campaigns to address hygiene and other preventive measures.

In the Europe and Central Asia Region, INT provided advice to a team working in the Transport Sector, in relation to ongoing projects that had been subject to multiple complaints, and in the processing of new projects in the same sector. One key aim has been to limit perceived risks through enhancing collaboration with INT, the WBG's Country Unit and the Governance Global Practice. Working closely with these groups signals that the Task Team and project management are serious about risk identification and mitigation.

Analytical Products – Sharing Findings with Key Audiences

Analytical products developed by INT provide for just-in-time analysis of case and complaints data as well as trends in sectors and regions. This information is included in regular briefings to Regions, Global Practice Groups, and other WBG stakeholders, enabling appropriate risk response by projects when addressing emerging or existing integrity risks. During FY19, INT

further enhanced its information and reporting systems to better detect systemic integrity issues across sectors and regions.

Training and Capacity Building for WBG Staff and Country Counterparts

INT provides training to WBG staff through its eLearning, as part of various WBG corporate onboarding programs, in partnership with other WBG units and fiduciary staff, and in response to specific requests. INT also provides training to CMU and client (e.g., project) staff. The training encompasses many aspects of INT's work: raising awareness of the WBG's policies and procedures for addressing corruption that impacts WBG-financed activities, INT's role in investigating, deterring and preventing fraud and corruption, integrity compliance, and recognizing warning signs for detecting fraud and corruption risk in operations.

In FY19, INT collaborated with other parts of the WBG and provided numerous learning/training programs and events within the WBG:

- INT launched the integrity focused eLearning module for World Bank staff "Integrity Is Your Business" to emphasize the requirement to report suspected fraud and corruption encountered in operations and within the Bank.
- In collaboration with colleagues from the WBG's Ethics and Business Conduct Department (EBC) and Internal Justice Services (IJS), INT participated in the module "WBG Corporate Responsibilities to Uphold its Reputation" at the FCV Onboardings that took place in Myanmar, Lebanon and Washington, DC.
- In collaboration with Operations, INT jointly delivered on a number of occasions the Anti-Corruption Clinic "Handling Allegations of Fraud and Corruption in IPF, PforR, and Recipient Executed Trust Funds". The clinic was organized and led by Operations and was geared toward Task Teams and Operations colleagues.
- INT provided new Bank staff with an introduction to INT and staff's duty to report suspected fraud or corruption in Bank-supported operations. This included INT's participation throughout the year in close to 20 Bank Onboarding Programs such as WBG Corporate/Regional Onboardings and the Young Professional Program.
- INT held "Integrity Clinics" for Executive Directors, Advisers and Senior Advisers. The clinics were designed to explain the key integrity risks associated with Bank-financed projects.
- INT provided an introduction to INT to selected government officials from focal agencies in dialogue with the WBG and other International Financial Institutions who join the Bank as part of the Voice Secondment Program (VSP), a six-month secondment assignment.

INT also supports events led by other parts of the WBG. Such activities demonstrate that prevention of fraud and corruption is a concern for the WBG as a whole. They are largely designed to help project teams and government counterparts develop adequate preventive measures to address existing and emerging integrity risks.

For example, in a country in the East Asia and Pacific Region, INT conducted a Fiduciary and Integrity Workshop for project staff and government officials implementing WBG-financed projects, along with WBG procurement and financial management specialists. The workshop was coordinated by the CMU, and approximately 60 Project Implementation Unit staff and officials participated, including representatives from projects in the Energy, Education, Health, Water, and Agriculture sectors. The workshop also covered how to detect and respond to cyber-based attempts at fraud.

In FY19, INT continued the successful collaboration with the Governance Global Practice (GGP) and Saudi Arabia's National Anti-Corruption Commission NAZAHA (Arabic for "integrity") under the Technical Support and Capacity Building to AC Agency NAZAHA Project. INT's role in the project is focused on custom-designed investigative workshops and training programs as well as secondments of NAZAHA staff with INT. Through the Project, INT is also able to strengthen its working relationships within the region.

Corporate Initiatives – Contributing to a WBG-Wide Response to Corruption

INT and Operations Policy and Country Services (OPCS) updated the protocols among the Practice Groups, the Regions, INT, and OPCS regarding fraud and corruption. These updated arrangements align the guidance provided with the current WBG matrix structure, including the role of the Practice Groups, and provide greater clarity on how to handle the referral process, FIR recommendations, and the notification to donors of integrity issues.

ICHA 2018 – The World Bank's Flagship Anti-Corruption Event

The fourth meeting of the WBG's International Corruption Hunters Alliance (ICHA) in Copenhagen, Denmark on October 25–26, 2018 was co-hosted by INT and the Ministry of Foreign Affairs of Denmark, with the support of the Government of Belgium. ICHA is a global platform that expands the dialogue on cutting edge issues such as illicit financial flows and beneficial ownership. Most importantly, ICHA strives to bridge the gap between dialogue and action, and to showcase knowledge from all corners of the world.

The meeting attracted over 200 high-level participants from around the globe representing more than 100 countries and included agency heads and directors of public prosecutions and investigations. Held on a biennial basis, ICHA has become a preeminent forum for anti-corruption experts to exchange ideas and build cross-jurisdictional partnerships to combat corruption.

In his welcoming remarks, Mr. Shaolin Yang, MD and Chief Administrative Officer of the World Bank Group, reaffirmed the WBG commitment to anti-corruption alongside the Danish Minister for Development Cooperation, Ms. Ulla Tørnæs. "At the World Bank Group," noted Yang, "we believe that a world free of corruption is fundamental to a world free of poverty. Indeed, for us, each development coin must reach the poor."

The session was opened by the WBG's Integrity Vice President, Pascale Dubois, who explained the WBG's role in investigating allegations of corruption in WBG-financed projects, encouraging governance reforms and helping the private sector to prevent future acts of corruption. "Anti-corruption, I think it's clear to everybody, is very much pro-poor. Anti-corruption makes sure that the poor get the services they need," Dubois said. "Anti-corruption, at the same time, is very much pro-business because it levels the playing field."

At the plenary panel, titled "Coalitions Against Corruption: Building Trust, Promoting Integrity, Ending Impunity," speakers discussed the impact of technology on corruption, the necessity to make cooperation go beyond commitments on paper, and the challenges to addressing corruption in fragile and violence-afflicted countries.

To better promote a coordinated and holistic approach to global anti-corruption efforts, for the first time ICHA immediately followed the International Anti-Corruption Conference, co-hosted by Denmark and Transparency International (TI). The strategic timing allowed ICHA members, who primarily represent enforcement and prevention agencies, to establish contacts with TI's representatives from grass-roots, academic, and advocacy organizations.

The WBG's Integrity Vice Presidency has led the coordination of ICHA since its first global meeting in Washington, D.C. in 2010.





OFFICE OF SUSPENSION AND DEBARMENT

**The first tier of the World Bank's
adjudicative sanctions system**

Introduction by Jamieson A. Smith, Chief Suspension and Debarment Officer

I am delighted to be part of the second joint report of the WBG's Sanctions System. Over the past year, the Office of Suspension and Debarment (OSD) has again focused on its core mandate of adjudicating sanctions cases in an efficient and fair manner. Through its casework, OSD serves as one part of a broader effort to protect the integrity of WBG operations and ensure that the proceeds of WBG financing are used only for their intended purposes.

OSD has also worked to promote the activities of the Sanctions System and share knowledge with other stakeholders, both inside and outside the institution.

To that end, OSD continues to collaborate with its counterparts within the Sanctions System and on the operational side of the institution to update each other on project-related matters and share the latest developments and lessons learned from global anti-corruption efforts.



OSD's efforts have also involved close ongoing cooperation with key stakeholders from other multilateral development banks, including the five members of the 2010 Agreement on the Mutual Enforcement of Debarment Decisions (the "Cross-Debarment Agreement"). Signed in 2010, the Cross-Debarment Agreement has developed into an important tool that greatly expands the deterrent effect of sanctions against entities and individuals found to have engaged in misconduct. The first-tier sanctions officials of these five multilateral development banks meet both annually and on an ad hoc basis to engage collaboratively and discuss pressing sanctions issues.

In addition, OSD continues to interact with external stakeholders from the public and private sectors to raise awareness of the WBG's anti-corruption work, particularly that of the Sanctions System. We have participated in panel discussions, led trainings, and engaged in a range of collaborative activities, including with the American Bar Association, the International Bar Association, the International Law Institute, the Organization for Economic Co-operation and Development, and the United Nations Office on Drugs and Crime.

Through our collaboration during the past year, OSD has helped to identify strategies to ensure that the Sanctions System is properly aligned with the institution's broader developmental goals of ending extreme poverty and boosting shared prosperity.

Jamieson A. Smith

Chief Suspension and Debarment Officer (SDO)
World Bank

Who we are

The Office of Suspension and Debarment is the first tier of the World Bank's two-tiered adjudicative system and functions in a similar way as an administrative judicial office of first instance. It is tasked with impartially reviewing accusations against respondent firms and individuals that are brought by INT and determining whether there is sufficient evidence that a respondent has engaged in sanctionable misconduct.

OSD is an independent unit within the World Bank and is headed by the Chief Suspension and Debarment Officer (SDO), who is appointed by and reports to the Managing Director and WBG Chief Administrative Officer on matters related to budget and management. The SDO is required to evaluate each sanctions case solely on its merits and in accordance with the *Bank Procedure: Sanctions Proceedings and Settlements in Bank Financed Projects* (the "Sanctions Procedures"). In deciding a case, the SDO does not take instructions or recommendations from any other person or unit.

The SDO is supported by three staff attorneys, one legal assistant, one program assistant, and two legal interns. All of OSD's staff are based in Washington, D.C.

Back row, left to right:
Shirin Ahlhauser,
Legal Consultant;
Alexandra Manea,
Counsel (Sanctions);
Amanda McDowell,
Legal Intern;
Muslima Maksudzoda,
Legal Intern

Front row, left to
right: **Collin Swan**,
Counsel (Sanctions);
Jamieson A. Smith,
Chief Suspension and
Debarment Officer;
**Haiyue "Stephanie"
Xue**, Legal Assistant;
Gaukhar Larson,
Counsel (Sanctions)

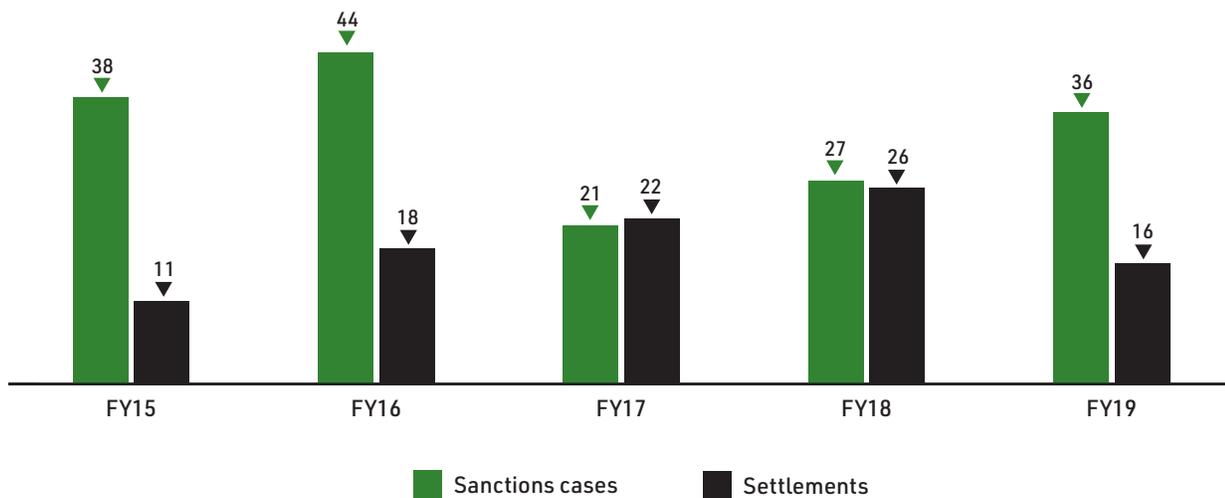


What we do

The specific functions of the SDO include:

- Evaluating the sufficiency of the evidence presented by INT in each case in a detailed written determination.
- Determining if the evidence supports a finding that the alleged sanctionable misconduct more likely than not occurred, and if so, recommending an appropriate sanction against the respondent. This recommendation is based on the public WBG Sanctioning Guidelines.
- Issuing a Notice of Sanctions Proceedings (NoSP) to each respondent, which includes the allegations, corresponding evidence, and the SDO's recommended sanction.
- Temporarily suspending respondents from eligibility to be awarded World Bank-financed contracts pending the final outcome of the proceedings.
- Reviewing any written Explanation submitted by respondents in response to an NoSP and deciding if the Explanation warrants a revision or withdrawal of the recommended sanction.
- Imposing the SDO's recommended sanction on each respondent that does not appeal to the WBG Sanctions Board and publishing a Notice of Uncontested Sanctions Proceedings on the World Bank's public website.
- Reviewing settlement agreements entered into between the World Bank, through INT, and respondents to ensure that they were entered into voluntarily and that their terms do not manifestly violate the WBG Sanctioning Guidelines.
- Handling incoming and outgoing cross-debarment notifications issued pursuant to the Cross-Debarment Agreement.
- Organizing outreach and knowledge-sharing activities to inform internal and external stakeholders about the mission, processes, and results of the WBG's Sanctions System.

Number of cases & settlements reviewed by OSD



OSD case summary



In FY19, OSD received **37 cases** and reviewed **36 cases**.

FY19 was a busy year, in which OSD received 37 cases, reviewed 36 cases, and issued a detailed written determination to INT for each reviewed case. OSD also reviewed 16 settlements that the World Bank, through INT, entered into with respondents. In FY19, it took OSD an average of about 75 days to review a case and issue a written determination to INT. Of course, any given case may take a shorter (or longer) period of time to review depending on the amount of evidence provided, the number of respondents involved, and the complexity of the accusations made by INT.



In FY19, OSD temporarily suspended **24 Firms** and **10 Individuals**.

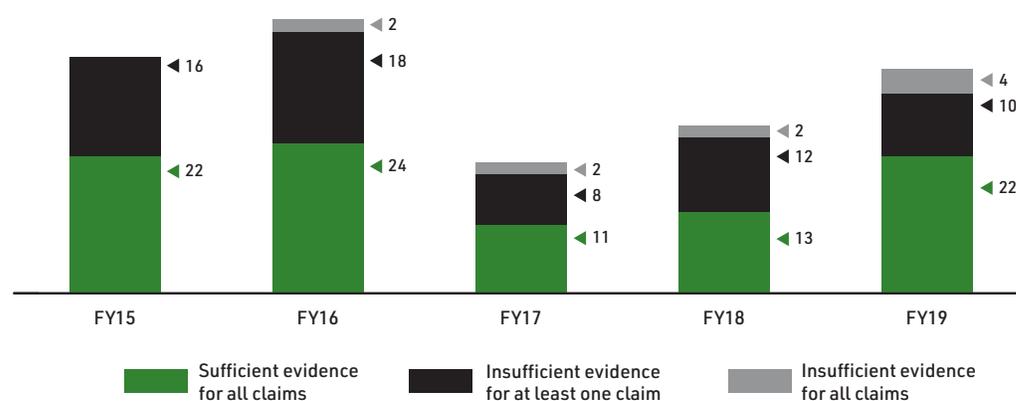
The SDO referred 10 of the 36 reviewed cases back to INT for revisions after determining that there was insufficient evidence to support one or more of the accusations made. Four additional cases were rejected in their entirety. Once INT has made any necessary revisions to a case, the SDO issues an NoSP to the named respondents. In FY19, the SDO issued NoSPs in 30 cases and temporarily suspended 34 respondents (24 firms and 10 individuals).



In FY19, **19 out of 25 Firms and Individuals** did not appeal and were **sanctioned** by OSD.

Under the Sanctions Procedures, respondents may submit a written Explanation to the SDO within 30 days — and may appeal to the WBG Sanctions Board within 90 days — after receiving the NoSP. In FY19, OSD reviewed written Explanations submitted by eight respondents. Furthermore, 19 out of 25 respondents whose appeal deadline fell in FY19 did not appeal to the WBG Sanctions Board, and OSD imposed the SDO's recommended sanction against those respondents. This is generally consistent with previous experience; since OSD began reviewing and issuing cases in 2007, about 66% of all cases did not involve an appeal and were resolved at OSD's level.

SDO findings of sufficient/insufficient evidence (by case)



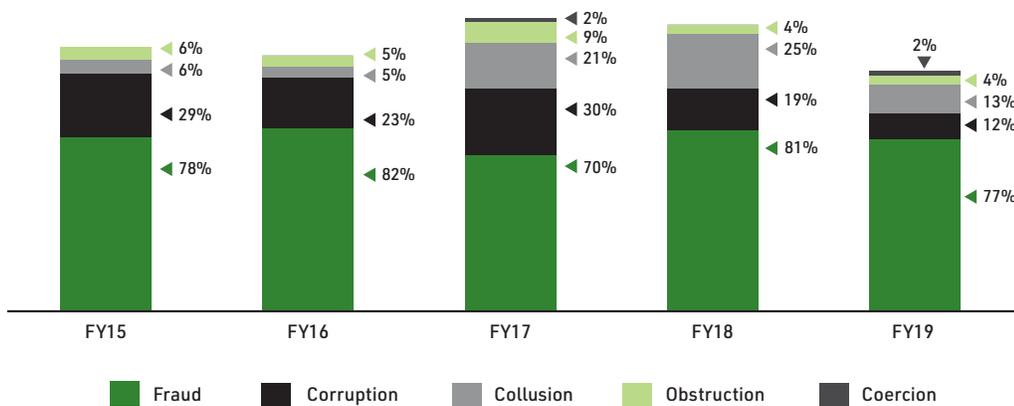
Consistent with historical trends, most of the cases and settlements reviewed by OSD this fiscal year (about 77%) contained at least one fraudulent practice accusation. Two of the 36 cases and two of the 16 settlements reviewed this fiscal year contained accusations of two or more different types of misconduct (e.g., fraudulent and corrupt practices). This fiscal year, about 14% of cases and settlements reviewed by OSD alleged at least one collusive practice accusation. Corrupt practice and obstructive practice accusations were present in 12% and 4% of cases and settlements reviewed this fiscal year, respectively. OSD also reviewed one case alleging a coercive practice.

Effect of a Temporary Suspension

The 2002 Thornburgh Report recommended, and the WBG later implemented as part of the SDO's functions, a mechanism for temporarily suspending respondents pending the final outcome of sanctions proceedings. The Thornburgh Report recommended using temporary suspensions to protect the WBG at an earlier stage of the proceedings and discourage respondents from delaying the final outcome.

Under the current Sanctions Procedures, every respondent is temporarily suspended from the date OSD issues the NoSP unless the SDO recommends a debarment of six months or less. Respondents that appeal to the WBG Sanctions Board thus remain temporarily suspended until the final outcome of the proceedings, but this suspension is not public. To account for this period of suspension, the Sanctions Procedures require the SDO and the WBG Sanctions Board to consider "the period of temporary suspension already served by the sanctioned party" in determining an appropriate sanction.

Percentage of cases & settlements reviewed by OSD by type of sanctionable practice*



* Includes all INT submissions reviewed by OSD (sanctions cases and settlements) (259 in total). An individual case may include several types of sanctionable practices, each of which is counted separately in the number of cases involving a certain type of sanctionable practice.

Regional Breakdown of Respondents Reviewed by the SDO and Ultimately Sanctioned

The World Bank, as one of the largest sources of funding and knowledge for developing countries, operates in countries around the globe, and OSD receives sanctions cases against respondents from every region of the world. Since July 2014, OSD has seen a relatively even split of respondents from five major regions: South Asia; Latin America & the Caribbean; East Asia & the Pacific; Europe & Central Asia; and Sub-Saharan Africa. As shown in the graphs below, this breakdown is consistent in both the 205 respondents who were sanctioned in the last five years pursuant to the Bank's adjudicative process (either by an uncontested determination of the SDO or through a decision of the WBG Sanctions Board) and the 118 respondents who agreed to enter into settlement agreements with the World Bank, as negotiated by INT. OSD's tracking of settlements reviewed by the SDO reveals that respondents who settled came from all over the world and were not limited to specific regions.

Of course, the regional breakdown of sanctions cases and settlements does not necessarily indicate how prevalent fraud and corruption may be in any given region. INT receives complaints from all regions and considers many factors when deciding how to best allocate its resources to investigate potential misconduct. For its part, OSD plays no role in INT's review of complaints and selection of cases. Nevertheless, the data suggests that the Bank's sanctions have a truly global reach.

Percentage of Cases Resolved at OSD's Level since OSD's Formation in 2007:

66%

Respondents that submitted an explanation to OSD (FY19):

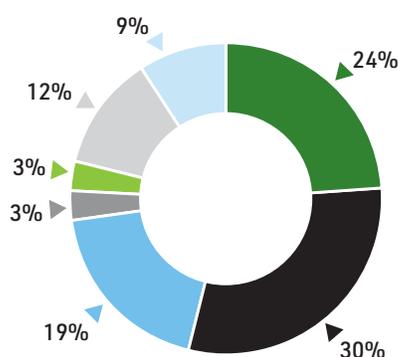
29%

Frequency of reductions to recommended sanction following an explanation (FY19):

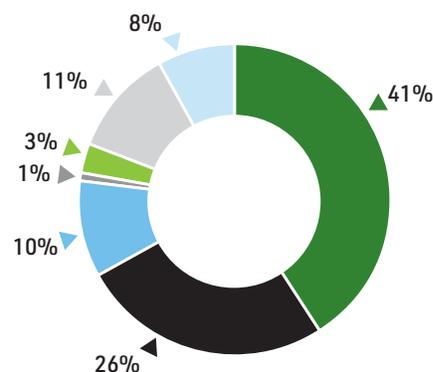
38%

Regional Origin of Respondents

Sanctioned by the SDO and the WBG Sanctions Board (205 Respondents) (FY15 - FY19)



Sanctioned via Settlement (118 Respondents) (FY15 - FY19)



Recommending an Appropriate Sanction – the WBG Sanctioning Guidelines

After reviewing a case, if the SDO finds sufficient evidence of misconduct against the respondent, the SDO will also recommend an appropriate sanction. The SDO's choice of recommended sanction is guided by the relevant provisions of the Sanctions Procedures, which provide for five possible sanctions: debarment with conditional release (the "baseline" or default sanction); debarment for a fixed period (without conditional release); conditional non-debarment; public letter of reprimand; and restitution. In deciding on the appropriate type and length of sanction, the SDO takes into account any relevant aggravating and mitigating factors as set forth in the Sanctions Procedures and the WBG Sanctioning Guidelines. Promulgated in September 2010, the WBG Sanctioning Guidelines provide non-prescriptive guidance on considerations relevant to any sanctioning decision. The WBG Sanctioning Guidelines contain a set of aggravating and mitigating factors and provide guidance as to when each factor would be applicable and the suggested impact that each factor should have on the sanctioning calculation.

OSD has tracked the SDO's application of these aggravating and mitigating factors since the WBG Sanctioning Guidelines were promulgated nine years ago. OSD uses this data to ensure that the SDO is consistently evaluating and applying these factors across all respondents. The graphs below show how often the SDO has applied a given factor across the 390 respondents against whom the SDO has issued a sanctions case since the WBG Sanctioning Guidelines came into effect (excluding cases that (i) were ongoing as of June 30, 2019; and (ii) were withdrawn or settled after an SDO recommendation). Of those 390 respondents, 279 did not appeal to the WBG Sanctions Board and were thus sanctioned by the SDO. As shown below, certain factors have been applied more frequently than others, although the SDO considers the unique factual circumstances of each case.

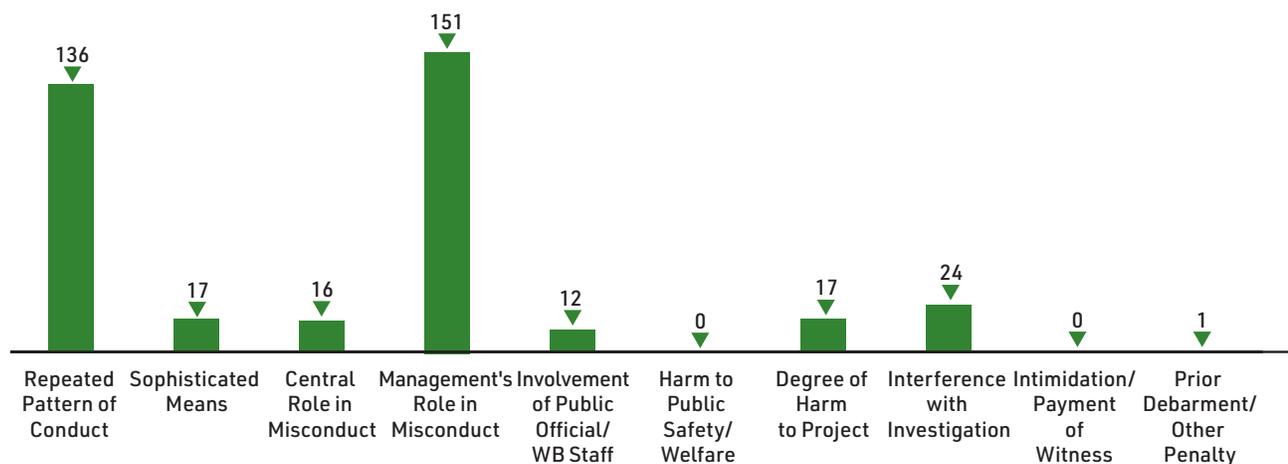
Aggravating Factors from the WBG Sanctioning Guidelines

Aggravating Factors Increase	Aggravating Factor
1-5 years for this category	A. Severity of the Misconduct <ol style="list-style-type: none"> 1. Repeated pattern of conduct. 2. Sophisticated means. 3. Central role in misconduct. 4. Management's role in misconduct. 5. Involvement of public official or World Bank staff.
1-5 years for this category	B. Harm Caused by the Misconduct <ol style="list-style-type: none"> 1. Harm to public safety/welfare. 2. Degree of harm to project.
1-3 years for this category	C. Interference with Investigation <ol style="list-style-type: none"> 1. Interference with investigative process. 2. Intimidation/payment of a witness.
10 years	D. Past History of Adjudicated Misconduct Prior debarment or other penalty.

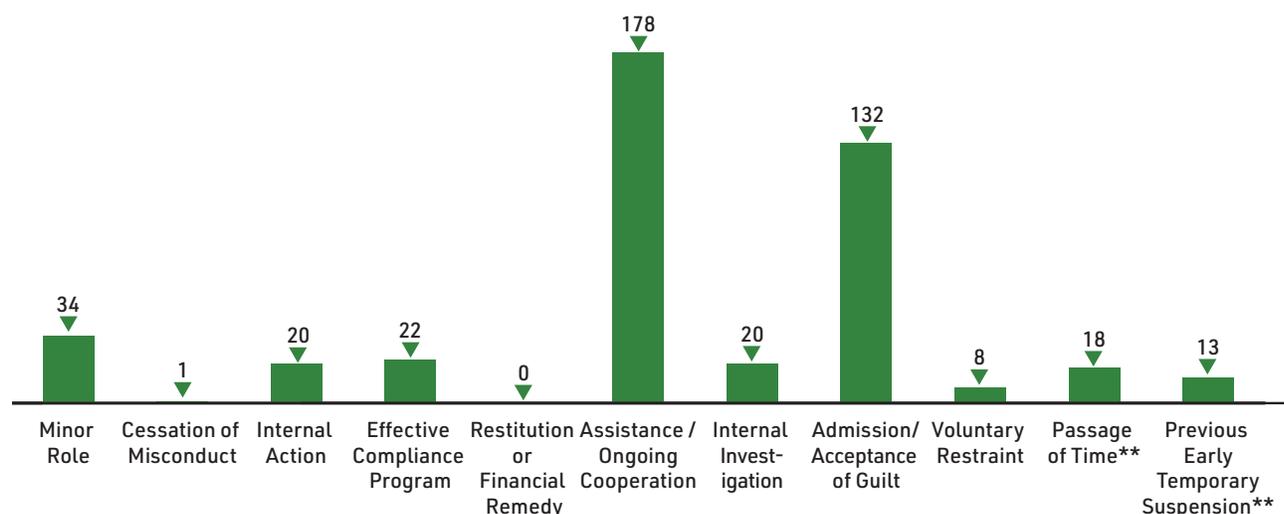
Mitigating Factors from the WBG Sanctioning Guidelines

Mitigating Factors Decrease	Mitigating Factor
Up to 25%	A. Minor Role in Misconduct
Up to 50%; a greater reduction may be warranted in exceptional circumstances.	B. Voluntary Corrective Action Taken <ol style="list-style-type: none"> 1. Cessation of misconduct. 2. Internal action against responsible individual. 3. Effective compliance program. 4. Restitution or financial remedy.
Up to 33%, however, in extraordinary circumstances, a greater reduction may be warranted.	C. Cooperation with Investigation: <ol style="list-style-type: none"> 1. Assistance and/or ongoing cooperation. 2. Internal investigation. 3. Admission/acceptance of guilt/ responsibility. 4. Voluntary restraint.

SDO Application of Aggravating Factors from WBG Sanctioning Guidelines (390 Respondents*) (Sept. 2010 – June 2019)



SDO Application of Mitigating Factors from WBG Sanctioning Guidelines (390 Respondents*) (Sept. 2010 – June 2019)



*Excludes (i) the 16 respondents against whom sanctions proceedings were ongoing as of June 30, 2019; and (ii) the 16 respondents whose cases were withdrawn or settled after an SDO recommendation.

**"Passage of Time" and "Previous Early Temporary Suspension" are not listed in the WBG Sanctioning Guidelines but may be considered pursuant to the Sanctions Procedures.

Events and Outreach

OSD continued its extensive outreach activities both within and outside the WBG to inform colleagues, other organizations, and national governments about the mission, processes, and results of the WBG Sanctions System, and to learn from those outside the WBG. OSD has hosted and participated in a variety of events to discuss the Sanctions System and the WBG's broader anti-corruption agenda. In FY19, OSD's staff:

- Organized a panel on *Anti-Corruption Sanctions and Enforcement Across Jurisdictions* at the WBG-hosted International Corruption Hunters Alliance meeting in October 2018 in Copenhagen, Denmark.
- Co-organized with the WBG Sanctions Board Secretariat two day-long seminars for the International Law Institute in November 2018 in Washington, D.C. These events provided an overview of the WBG Sanctions System and the WBG's broader anti-corruption efforts to public officials and private practitioners from 15 jurisdictions.
- Presented a research paper in November 2018 at the *Third International Conference on Public Procurement Law Africa* in Cape Town, South Africa. The paper examined the use of debarment in several jurisdictions as a tool to protect against poorly performing contractors and was presented as part of a conference organized by the African Procurement Law Unit at Stellenbosch University.
- Provided an overview of the WBG Sanctions System in November 2018 to senior government officials as part of the *Advanced Workshop on Government Procurement and Governance* organized by the World Trade Organization Secretariat in Geneva, Switzerland.
- Presented a research paper in December 2018 on anti-corruption and financial sanctions at the *Transnationalization of Anti-Corruption Law* conference in Paris, France. The conference was organized by the American Society of International Law, Sciences Po Law School, and the

Zicklin Center for Business Ethics Research of the Wharton School of the University of Pennsylvania, in collaboration with the Organisation for Economic and Co-Operation and Development.

- Participated in April 2019 as part of an expert group that reviewed and validated a series of 14 Anti-Corruption University Modules developed as part of the United Nations Office on Drugs and Crime (UNODC) Education for Justice (E4J) initiative. These modules are meant to assist educators and academics across regions in their efforts to transmit knowledge and create a deeper understanding of corruption-related issues. The modules are freely accessible online at www.unodc.org/e4j/.
- Organized a panel in April 2019 in Washington, D.C. for the Suspension & Debarment Committee of the American Bar Association's Section of Public Contract Law discussing sanctions at the WBG, the Inter-American Development Bank, and other international institutions.
- Participated in May 2019 in the annual meeting of the first-tier sanctions officers from five major multilateral development banks hosted by the African Development Bank Group in Abidjan, Côte d'Ivoire.

OSD continued to maintain regular contacts with suspension and debarment officials from national governments and international organizations, including with its counterparts from other multilateral development banks. OSD also participated in various bilateral discussions with client countries and organizations interested in learning more about the WBG Sanctions System; in some of these cases, clients were aiming to establish their own debarment systems.

Suspension and Debarment Colloquium Series

The Suspension and Debarment Colloquium Series showcases developments in suspension and debarment systems worldwide, examining the various uses of suspension and debarment in the procurement and anti-corruption contexts. The next Colloquium is scheduled to take place in Spring 2020. As with previous Colloquia, the Fifth Colloquium on Suspension and Debarment will bring together a range of experts from multilateral organizations, governments, the private sector, non-governmental organizations, and academia for a full day of discussions about recent trends in the suspension and debarment arena, both at the national and international levels. The Colloquium is always open and free to the public.



Networking at the Fourth Suspension and Debarment Colloquium

The last Colloquium took place on September 14, 2017. The proceedings of the last Colloquium are available online: <http://www.worldbank.org/suspensiondebarment2017>

Pilot Study of the Global Suspension & Debarment Survey

Although increasing in use, suspension and debarment is often viewed through the lens of other disciplines. OSD has begun to undertake a systemic effort to examine debarment as its own discipline by looking for ways to gather knowledge and comparable data on exclusion systems worldwide. In addition to multilateral development banks, countries and international organizations have increased their use of legal remedies to avoid doing business with suppliers who present a risk to public funds, generally by removing a wayward supplier from the procurement system for either a specific procurement process or for a period of time.

Through the efforts of a working group of the International Bar Association's Anti-Corruption Committee, in cooperation with the Sanctions Officer for the Inter-American Development Bank Group (comprising the Inter-American Development Bank, IDB Invest, and IDB Lab), and Le Bureau de l'inspecteur general de la Ville de Montréal, OSD has launched a global survey designed to study these legal mechanisms. The survey attempted to compile as much data as possible on suspension and debarment systems across a range of jurisdictions and institutions. The survey sought information on six key areas relating to an exclusion system's structure and operation:

- legal and institutional framework
- functioning and enforcement
- substantive grounds for exclusion
- scope and effect of exclusion
- transparency
- sub-national exclusion systems

A pilot program was launched between May and October 2018 to test the survey's structure and formatting. The pilot obtained a number of responses covering the following 11 jurisdictions: Australia, Brazil, Chile, Germany, Italy, Spain, Tunisia, the United Kingdom, the United States, the European Commission, and the World Bank. These responses came from a mix of private practitioners, government officials, and academics with knowledge of exclusions in their jurisdictions. In May 2019, an event was held at the George Washington University Law School to present the results of the pilot program. The next round of the survey will launch in the fall of 2019 and aims to collect a broader range of responses from a more diverse set of jurisdictions.

The survey and a summary of the results of the pilot program are available on OSD's website at www.worldbank.org/exclusionsurvey.





THE WBG SANCTIONS BOARD

The second tier of the WBG's
adjudicative sanctions system

**Introduction by Giuliana Dunham Irving, Executive Secretary
to the WBG Sanctions Board**

We are pleased to share this second edition of the WBG Sanctions System Annual Report with our development partners and other stakeholders inside and outside the World Bank Group. The composite presentation of annual data from multiple units within the sanctions system promotes a holistic view of the Bank Group's work and accomplishments. Indeed, the contributions and mission of the Sanctions Board as the second and final tier of this system are best understood in the context of information regarding investigations and first-tier decisions that take place before a case is contested.



The past year has brought changes and progress. Since the previous Annual Report, the Sanctions Board has issued new decisions, welcomed new members, contributed to important institutional policy discussions, and prepared the second edition of its periodic Law Digest. At the same time, the core contribution of the Sanctions Board has held the same — it is the only all-external body within the WBG Sanctions System that publishes fully reasoned decisions for all cases it considers. The Sanctions Board remains, to date, the only such body among other Multilateral Development Banks (MDBs) party to the Cross-Debarment Agreement and continues to engage with these and other institutions seeking to refine their sanctions systems and related adjudicative processes. The case data collected and analyzed by the Sanctions Board and its Secretariat, some of which is presented in this report, serves to both inform prevention efforts in the anti-corruption arena and support a dedicated approach to fairness and transparency of process within the sanctions system.

All of these initiatives reflect the WBG's emphasis on addressing misconduct in development projects through transparent and equitable means that ultimately encourage ethical decisions among the Bank Group's many partners. Publication of this report illustrates the WBG's commitment to leading by example when it comes to institutional accountability and transparency.

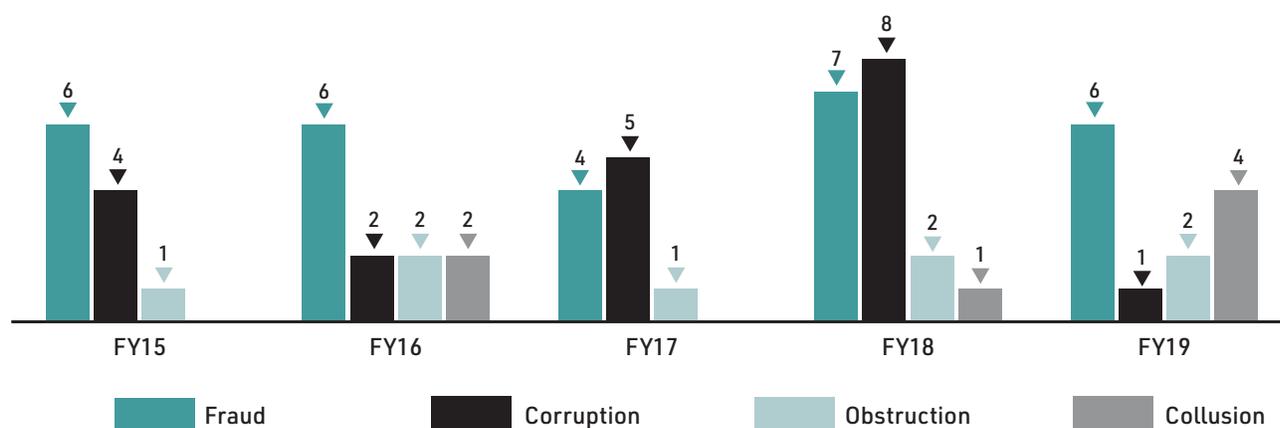
Giuliana Dunham Irving

Executive Secretary to the WBG Sanctions Board

Overview

The WBG Sanctions Board was established in 2007 as an independent, quasi-adjudicative body that supports the WBG’s anti-corruption agenda. The Sanctions Board is the second and final tier of the sanctions system, and issues non-appealable decisions in all contested cases of sanctionable misconduct in projects financed, co-financed, or guaranteed by any member institution of the World Bank Group (IBRD, IDA, IFC, MIGA). In addition, the Sanctions Board reviews other types of cases (see “Review of other types of cases” on pages 50–51). The Sanctions Board has issued more than 120 decisions to date and has published its fully-reasoned decisions since 2012.

Type of Misconduct Alleged in Cases Reviewed by the Sanctions Board (by Case): FY15 – FY19

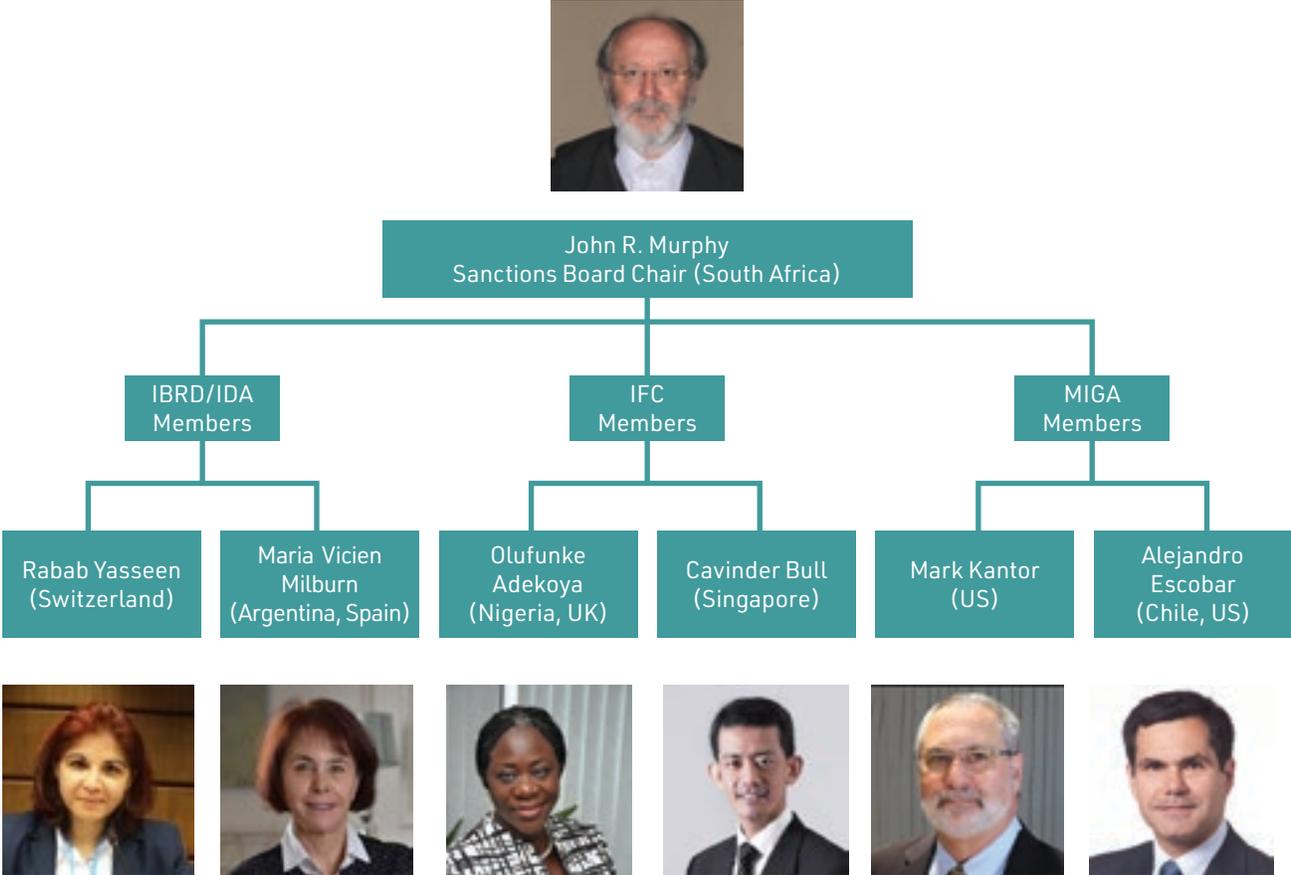


Who we are

Sanctions Board Members

The Sanctions Board is composed of seven members, each appointed by the World Bank Group’s Board of Executive Directors. The candidates for membership are identified by the World Bank, IFC, or MIGA (see chart on next page) and must satisfy requirements of professional expertise and independence. Members serve single non-renewable terms of up to six years and represent a diversity of personal and professional backgrounds. For cases that arise in IFC or MIGA projects, the Sanctions Board may also formally consult specific “Internal Advisors” within those institutions before reaching a final decision.

Sanctions Board Members



In FY19, the Sanctions Board filled three vacancies: that of the former Chair Mr. J. James Spinner (term completed in 2019), Ms. Ellen Gracie Northfleet (term completed in 2019), and Ms. Catherine O’Regan (term completed in 2018). The new members, as included in the graphic above, are Mr. John R. Murphy (as Sanctions Board Chair), Ms. Maria Vicien Milburn, and Ms. Rabab Yasseen.

Sanctions Board Secretariat

The Sanctions Board relies on a professional Secretariat managed by the Executive Secretary to the Sanctions Board, with an office in the WBG’s Washington, D.C., headquarters. Ms. Giuliana Dunham Irving has been serving as the Sanctions Board’s Executive Secretary since July 2017. Ms. Dunham Irving brings the experience of more than a decade of legal and anti-corruption work in the WBG to her current role, including an investigative position at INT and that of Senior Counsel for Sanctions Policy in the World Bank’s Legal Department. Prior to joining the WBG, Ms. Dunham Irving served as a civil and criminal litigator in private practice and a trial lawyer with the United States Department of Justice. Staff attorneys and other members of the Secretariat bring diverse experience in program management, international law, alternative dispute resolution, private legal practice, and international development to their work supporting the Sanctions Board.

The Secretariat reports to the Managing Director and WBG Chief Administrative Officer on administrative and budget matters, and is supervised by the Sanctions Board Chair on all case-related matters. The Secretariat provides legal, strategic, and administrative support and advice to the Sanctions Board. Among other functions, the Secretariat assists the Sanctions Board in reviewing cases, issuing decisions, holding hearings, convening for deliberations, and liaising with relevant stakeholders in the WBG and in the global development community.

The WBG Sanctions Board Secretariat (left to right): **Giuliana Dunham Irving**, Executive Secretary to the Sanctions Board; **Felipe Rocha dos Santos**, Counsel; **Anna Lorem Ramos**, Counsel; **Ryan Velandria McCarthy**, Senior Counsel; **Sharon Louis Chandran**, Legal Analyst; **Amanda Schneider**, Senior Program Assistant; **Eugenia Pyntikova**, Counsel.



What we do

Review of contested sanctions cases

The Sanctions Board provides a full, fair, and independent review of all sanctions cases where the respondent contests the allegations made by INT and/or the sanction recommended by any of the WBG's first-tier officers.¹³ In its review of contested sanctions cases, the Sanctions Board determines whether the evidence presented by INT supports the conclusion that it is more likely than not that the respondent engaged in the alleged sanctionable practice. This “more likely than not” standard means that, upon consideration of all the relevant evidence, a preponderance of the evidence supports a finding that the respondent engaged in a sanctionable practice. Between FY15–FY19, the Sanctions Board reviewed and decided 49 contested sanctions cases against 77 respondents.

The Sanctions Board reviews cases *de novo*, which means that it reviews each of those case independently and in its entirety, without deference to (or reexamination of) determinations reached at the first tier of the sanctions process. In reviewing contested cases, the Sanctions Board considers a more expansive record than at the first tier, including at least one further round of pleadings containing additional arguments and/or new evidence. In addition, the

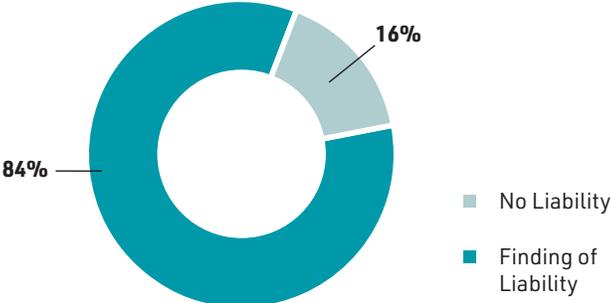
17%

Proportion of respondents that contested their cases to the Sanctions Board in FY19.

13. The WBG's first tier officers are as follows: the Bank's SDO, IFC's EO, MIGA's EO, and the EO for the Bank's Guarantees and Carbon Finance operations. See pages 5–6 of this document.

Sanctions Board makes determinations on any jurisdictional, evidentiary, and procedural issues not resolved at earlier points in the process; conducts oral hearings as requested by any of the parties or called by the Sanctions Board Chair; and takes into account a wide array of sanctioning factors, including the period of temporary suspension preceding the final decision. As a result, the Sanctions Board may reach different conclusions on liability and sanctions based on different reasoning and evidence as compared to the first-tier officers.

**Outcome for Respondents
Comparison Between the First and Second Tiers of Review: FY15 – FY19**



Where the Sanctions Board found liability it also imposed a sanction. In most cases, the sanction involved a debarment with conditional release, as proposed by the SDO at the first tier of review, but the period of debarment was in some cases greater or lesser than the initial recommendation. In all cases, the Sanctions Board took into account, as required, the Respondents’ period of non-public ineligibility during the pendency of sanctions proceedings. In a proportion of cases (approximately 36% of all appeals), the Sanctions Board imposed a different type of sanction — either a fixed debarment not accompanied by any conditions or a letter of reprimand.

Review of other types of cases

In addition to resolving contested sanctions cases, the Sanctions Board reviews four other types of disputes. First, the Sanctions Board reviews cases where a sanctioned party contests the ICO’s determination that the party did not comply with conditions associated with a sanction.¹⁴ Second, the Sanctions Board reviews appeals from parties that entered into settlement agreements with INT and contest INT’s subsequent determination regarding either non-compliance with the conditions of the agreement, or any controversy between the parties as to the interpretation or performance of the agreement’s terms and conditions. Third, where the WBG extends a respondent’s sanction to that respondent’s successors or assigns, the Sanctions Board reviews any complaints from those successors or assigns that the WBG determination was improper.



14. Please see pages 25-26 of this document for further information on the ICO process.

In reviewing these three types of disputes, the Sanctions Board uses an “abuse of discretion” standard and ascertains whether the WBG determination at issue (i) lacked an observable basis or was otherwise arbitrary; (ii) was based on disregard of a material fact or a material mistake of fact; or (iii) was taken in material violation of applicable procedures.

Fourth, the Sanctions Board may review requests for reconsideration of Sanctions Board decisions, but has held that such a request would be granted only in narrowly defined and exceptional circumstances. These circumstances include discovery of newly available and decisive facts, fraud in the original proceedings, or clerical mistake in the issuing of the original decision.

Conduct of hearings

Cases with oral hearing (FY19):

25%

Cases involving outside counsel (FY19):

25%

Sanctions Board hearings are confidential and informal, and they are convened at the request of the respondent or INT, or at the Sanctions Board Chair’s discretion. Hearings begin with opening presentations, with INT presenting its case first and the respondent afterwards. INT is then permitted to reply to the respondent’s opening presentation. The Sanctions Board members thereafter pose questions to the parties, who do not have the right of cross-examination but are entitled to present arguments in rebuttal. In certain circumstances, the Sanctions Board may call witnesses, who may be questioned only by Sanctions Board members. At the conclusion of a hearing, the parties are invited to make closing presentations, with the respondents being given the opportunity to have the last word.

Issuance of Sanctions Board decisions

Consistent with the WBG’s commitment to transparency, the Sanctions Board is a leader among MDBs as the only sanctions appeals body that publishes **fully reasoned decisions** in all types of cases that it reviews.¹⁵ Sanctions Board decisions set out detailed factual and legal analyses, procedural and substantive findings, and citations to relevant precedent. The holdings in unpublished decisions between 2007 and 2011 were presented in the first edition of the **Sanctions Board’s Law Digest, published in December 2011**.¹⁶ The shift to publicly-available Sanctions Board decisions in 2012 has resulted in the development of a body of jurisprudence that offers guidance to international stakeholders involved in anti-corruption and administrative sanctions. The full body of Sanctions Board precedent as of FY19 will be presented in the second edition of the Law Digest, to be published in FY20.

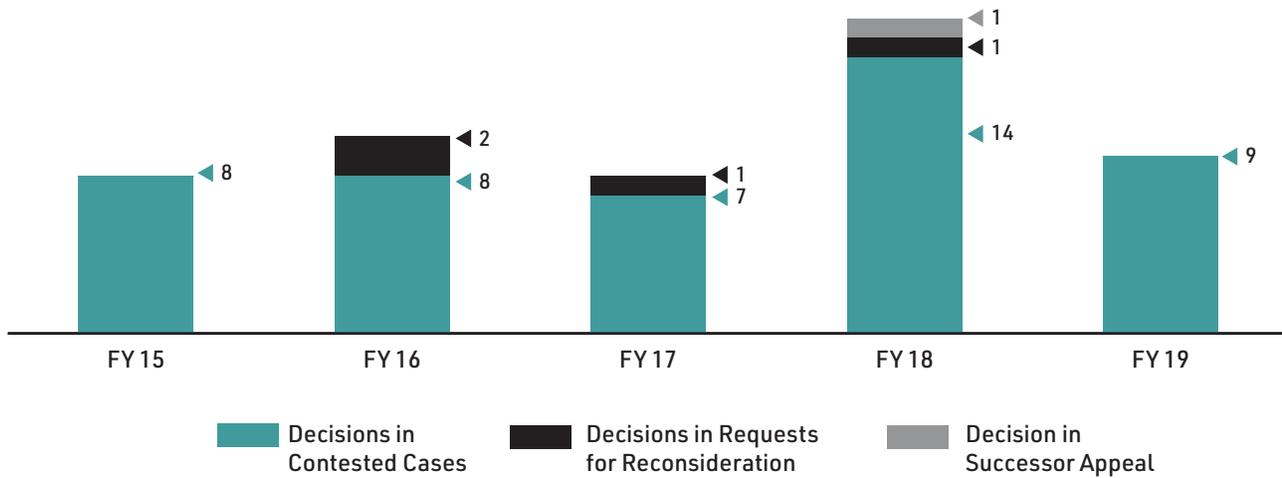
In FY19, 14 Firms and Individuals were sanctioned by the Sanctions Board.

In a majority of cases with a finding of liability, the Sanctions Board has imposed a sanction of debarment with conditional release on the respondent. Conditions imposed by the Sanctions Board are responsive to the facts of the case and have included the improvement of company bidding processes, meaningful training programs for staff implicated in misconduct, and the implementation or enhancement of integrity compliance programs at firms that had engaged in misconduct or are controlled by sanctioned individuals.

15. All published decisions are available online at: <https://www.worldbank.org/en/about/unit/sanctions-system/sanctions-board#4>.

16. The Sanctions Board’s Law Digest is available online at: <https://www.worldbank.org/en/about/unit/sanctions-system/sanctions-board#5>.

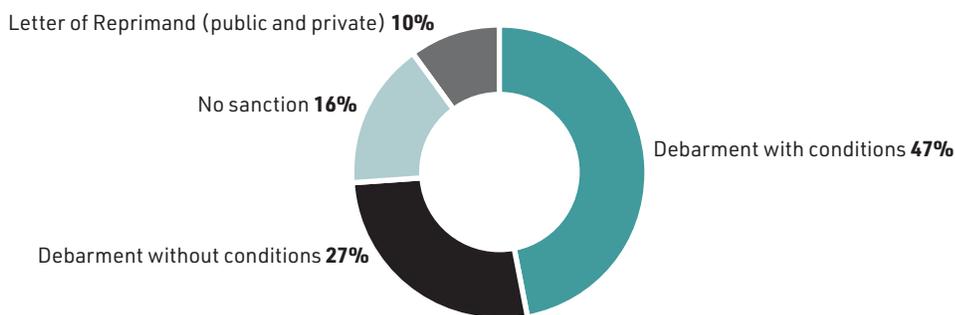
Decisions Issued by the Sanctions Board: FY15 – FY19



The number of decisions issued may account for more than one sanctions case contested to the Sanctions Board and also include decisions in successor appeals and requests for reconsideration.

During the period of FY15–FY19, the Sanctions Board has issued a decision every 36 days, on average.

Types of Sanctions Imposed on Respondents by the Sanctions Board: FY15 – FY19



Knowledge sharing and engagement with stakeholders

In addition to direct engagement as a decision maker in sanctions proceedings, the Sanctions Board recognizes its responsibility to appropriately engage with stakeholders outside the context of sanctions cases, share lessons learned with peers at similar tribunals, and contribute to the global anti-corruption community through targeted outreach efforts. To that end, the Sanctions Board and the Secretariat provide internal consultations to Management on the functioning and possible future reforms of the WBG sanctions system; engage in dialogue with similar sanctions appeals bodies at other international development organizations (below); and participate in public forums and conferences that relate to administrative sanctions as a tool against corruption in development.

For example, the Executive Secretary and staff of the Secretariat have given presentations and hosted educational sessions for representatives of national development and anti-corruption authorities, members of the compliance industry at international conferences, sanctions offices at other MDBs, and many students of various graduate and professional education programs in business ethics, international law, anti-corruption, and governance.



In photo: representatives of the sanctions systems of the World Bank Group; Inter-American Development Bank Group; African Development Bank Group; European Bank for Reconstruction and Development; the Global Fund to Fight AIDS, Tuberculosis and Malaria; and the International Fund for Agricultural Development.

SUMMARY OF PRECEDENT – FY19

During FY19, the Sanctions Board issued nine decisions (Sanctions Board Decisions No. 113–No. 121) arising from cases heard during its Fall 2018 and Spring 2019 sessions,¹⁷ which included allegations of fraud, corruption, collusion, and obstruction. The cases were diverse in scope and related to IBRD and IDA-financed Projects in Ukraine, the Philippines, Vietnam, Bangladesh, Ghana, Kenya, and Nicaragua, that sought development for the transportation, trade, technology, oil & gas, environment, and health sectors of those countries.

Collusion schemes occasionally combined with other misconduct:

The Sanctions Board examined allegations of collusion in four of its decisions issued during the past fiscal year. In two of those decisions, the Sanctions Board reviewed complex allegations of collusion, fraud, corruption, and/or obstruction, where respondents sought to not only benefit from their misconduct but also conceal it from investigators or generally impede the Bank’s fact-finding mission.

DECISION NO. 113

In [this decision](#), the Sanctions Board issued a formal letter of reprimand to a firm and its managing director for colluding with an associated company. The collusive conduct at the center of this case aimed to give the respondents access to confidential information and thereby help the respondent firm and its associate secure a Bank-financed contract valued in excess of US\$2 million under the Integrated Persistent Organic Pollutants Management Project in the Philippines. In its analysis, the Sanctions Board rejected the respondents’ proposed narrow interpretation of what constitutes sanctionable collusion and explained that the WBG may sanction a “broad range of collusive misconduct” including but not limited to price-fixing and bid-rigging. INT alleged that the respondents colluded with two parties: the associated company and a government consultant within the agency implementing the Project, whereby the respondents received non-public information from the government agent through the associated company. However, after examining the totality of the record, particularly the contemporaneous email correspondence between the respondent individual and the president of the associated company, the Sanctions Board found the evidence to only support the finding of an arrangement between the respondents and one party — the associated company. In selecting the appropriate sanctions for the respondents, the Sanctions Board applied aggravation for the fact that the respondent firm’s management was involved in the misconduct and took into account a number of mitigating circumstances, including the respondents’ documented development of appropriate compliance measures and various examples of cooperation with the Bank’s investigation.

17. The Spring 2019 session was the last chaired by Mr. J. James Spinner, whose term concluded in June 2019.

DECISION NO. 115

In [this decision](#), the Sanctions Board imposed a fixed-term debarment of four-and-a-half years on an individual and debarment with conditional release after at least nine years and nine months on his company. The Sanctions Board found that the respondents had engaged in a collusive scheme and that the respondent firm was additionally culpable for fraud and obstruction. The collusion scheme involved several parties and sought to favor a specific bid (connected to the respondent firm) on a Bank-financed contract under the Hanoi Urban Transport Development Project in Vietnam. The respondent firm, as the Sanctions Board found, additionally made misrepresentations in this and one additional bid under the same Project and, when INT sought to examine corporate records related to the relevant bids and contracts, acted to obstruct that investigation. In its analysis, the Sanctions Board affirmed the WBG's jurisdiction with respect to the respondent individual, who had played (and leveraged) a dual role as a representative of the respondent firm and a public official, but whose actions at the center of INT's allegations were taken in his private capacity. The Sanctions Board also rejected a number of defenses proposed by the respondents, noting where they relied on unsubstantiated assertions or were general and not responsive to INT's arguments and evidence. In articulating the basis for its sanctions, the Sanctions Board pointed to several aggravating circumstances, including the central role that the respondents played in misconduct that involved at least one other company and various government agency staff. At the same time, the Sanctions Board declined to apply aggravation on bases proposed by INT but not supported by evidence.

DECISION NO. 118

In [this decision](#), the Sanctions Board imposed debarments with conditional release on a firm and its CEO for several types of misconduct during that firm's attempt to benefit from a supplier contract under the Identification System for Enhancing Access to Services Project in Bangladesh. The firm was found liable for collusion, corruption, and obstruction; the CEO was sanctioned for collusion and corruption under the same general set of facts. The collusion scheme involved three associated businesses — the bidding company for which the accused firm was a declared subcontractor, the accused firm itself, and a supplier to the accused firm. The Sanctions Board concluded that the businesses had arranged to influence technical specifications for the contract and “orchestrate” the implementing agency's responses to other prospective bidders, all to their competitive advantage. The Sanctions Board also found that the accused firm and its CEO had solicited bribes for a government official to ensure support for both the collusive scheme and execution of the expected contract. Finally, the Sanctions Board sanctioned the accused firm for obstruction because the firm refused to meaningfully comply with INT's investigation and document requests. Such requests are supported by the WBG's established rights to audit and inspect corporate records relating to submission of bids and execution of contracts financed by the Bank. In selecting the final overall sanctions for the firm and its CEO, the Sanctions Board found several additional aggravating factors: the firm's and the CEO's central role in the misconduct, involvement of management in the schemes, and the sophisticated tactics employed by multiple players to perpetrate and conceal the misconduct.

DECISION NO. 121

In [this decision](#), the Sanctions Board issued a formal letter of reprimand to a firm that served as the agent of a bidder and participated in bid-pricing discussions with the government authority implementing the Health Sector Development Program in Bangladesh. The Sanctions Board found sufficient evidence that the bidder's final bid price was contingent on the firm's discussions with the government agency. The Sanctions Board, however, did not find support for the full scope of INT's allegations, which also included collusion via receipt of non-public information and manipulation of technical specifications for the contract. In selecting the final sanction, the Sanctions Board took into account the scope of the firm's cooperation with INT's investigation and the lapse of more than six years between the Bank's awareness of the misconduct and its formal Notice of Sanctions Proceedings to the accused firm.

Fraudulent misrepresentations by prospective suppliers and consultants:

DECISION NO. 114

In [this decision](#), the Sanctions Board imposed debarments with conditional release on three respondents. The sanctions required minimum debarment periods ranging from three to three-and-a-half years and were based on findings of a fraudulent misrepresentation in a proposal for consulting services in the Hanoi Urban Transport Development Project in Vietnam submitted by or relating to each of the respondent firms. Specifically, the evidence reflected misrepresentations relating to the roles and relationships among the respondents disclosed in the proposal. The respondents each argued their cases separately to the Sanctions Board and made independent submissions disputing or commenting on the allegations. In assessing liability, the Sanctions Board found sufficient evidence to conclude that all three respondents engaged in fraud by failing to meet disclosure obligations during bidding. However, the Sanctions Board also held that the record did not support a finding of misrepresentation relating to the relationship between one of the respondents and a proposed consultant. The Sanctions Board gave weight to a number of aggravating circumstances in this case and declined to find the respondents' asserted voluntary restraint worthy of mitigation, as the commitments to forgo Bank-financed projects were articulated only after the respondent firms' temporary suspensions went into effect.

DECISIONS NO. 116 and NO. 117

In decisions [No. 116](#) and [No. 117](#), the Sanctions Board imposed debarments with conditional release on firms whose various employees fabricated and submitted false documents when bidding on Bank-financed contracts. The separate contracts related to the Second Road and Safety Improvement Project in Ukraine and the Eastern Africa Transport, Trade and Development Project in Kenya. In each case, the Sanctions Board noted the respondent firm's cooperation with INT's investigation, and considered this favorably in determining the appropriate sanction. In cases where an accused firm admitted to the misconduct or did not contest INT's allegations, the Sanctions Board applied additional mitigating credit, taking into account the scope and timing of such admissions.

DECISION NO. 120

In [this decision](#), the Sanctions Board imposed debarment with conditional release on a firm and debarment for a fixed period on its director for fraudulent acts committed when the firm bid on eight lots in two tenders under the Oil and Gas Capacity Project in Ghana. In its bids, the firm had submitted several false letters from manufacturers supposedly authorizing that firm to supply certain goods under the contracts. The firm's director had on his part omitted to disclose to the implementing agency the fact that the firm was using a paid agent in bidding for one of the contracts. The Sanctions Board observed that such disclosures were "explicitly required" under the applicable rules of bidding. In determining the final sanction, the Sanctions Board increased the minimum period of debarment for the firm given that its staff committed two distinct fraudulent acts under two separate tenders.

Findings of insufficient evidence

**Allegations
insufficiently
supported by the
record (FY19):**

4%

Under the applicable Sanctions Procedures, for a finding of liability, the record must show that the respondent "more likely than not" engaged in a sanctionable practice. In FY19, the Sanctions Board considered 23 allegations in 9 contested sanctions cases and determined that INT met its burden of proof with respect to at least one count of misconduct in all but one case. In three other cases, the Sanctions Board found liability and did sanction the misconduct, but observed that some components of the allegations were not sufficiently supported by evidence in the record.

DECISIONS NO. 113, NO. 114, and NO. 121

In [Decision No. 113](#), the Sanctions Board examined INT's allegation that the respondents entered into an arrangement with two parties: a company associated with the respondent firm (as a co-bidder) and a government consultant within the agency implementing the relevant project. In its allegations, INT submitted that the respondents received non-public information from the government consultant through the associated company. However, after examining the totality of the record, particularly the contemporaneous email correspondence between

the respondent individual and the president of the associated company, the Sanctions Board found the evidence to only support the finding of arrangement between the respondents and one party — the associated company.

In [Decision No. 114](#), the Sanctions Board agreed that the respondents had made misrepresentations relating to the roles and relationships among them, but did not find evidence to support additional misrepresentations regarding a proposed consultant. In its analysis, the Sanctions Board made clear that INT has failed to discharge its initial burden of proof on that point and that the respondents' sanction was based on only one of the two counts of misconduct articulated in the original accusations.

In [Decision No. 121](#), the Sanctions Board found sufficient evidence that the respondent engaged in collusion with respect to the relevant project, but did not accept the full scope of INT's allegations of the collusive misconduct. The Sanctions Board found the record to support a finding of collusion with respect to the respondent's bid price, but not also for the alleged receipt of non-public information or manipulation of technical specifications for the contract.

DECISION NO. 119

In [this decision](#), the Sanctions Board declined to impose a sanction and terminated the respondent's temporary suspension after concluding that INT's allegations of fraud were neither adequately articulated nor supported by sufficient evidence. Specifically, the respondent, as a hired supervisor for certain Bank-financed contracts, was accused of improperly approving payments to a consultant firm executing those contracts. The respondent argued that the payments corresponded with projected works and were made with the awareness of (and at the request of) the government agency implementing the project. In its analysis, the Sanctions Board considered INT's articulation of arguments on the record, the totality of evidence and submissions from the parties, as well as the scope and quality of translated documents. As a result, the Sanctions Board was unable to reach a finding that the respondent's staff engaged in a specific misrepresentation or a misleading act. In its analysis, the Sanctions Board drew a distinction between a respondent's contract-specific obligations to the implementing agency and the respondent's duty to not engage in sanctionable practices, noting that breach of one is not necessarily equivalent to a violation of the other.



Annex

Investigations Overview

External Investigation Cases by Allegation, FY15–FY19

	Fraud	Corruption	Collusion	Coercion	Obstruction	Total ¹⁸
Active	40	26	22	2	3	63
%	63%	41%	35%	3%	5%	
Opened in FY19	35	17	16	1	3	49
%	71%	35%	33%	2%	6%	
Completed in FY19	39	16	13	0	6	47
%	83%	34%	28%	0%	13%	
Opened in FY18	51	19	14	0	0	68
%	75%	28%	21%	0%	0%	
Completed in FY18	61	29	21	0	3	70
%	87%	41%	30%	0%	4%	
Opened in FY17	41	19	15	0	2	51
%	80%	37%	29%	0%	4%	
Completed in FY17	39	33	19	3	3	52
%	75%	63%	37%	6%	6%	
Opened in FY16	39	37	17	3	3	64
%	61%	58%	27%	5%	5%	
Completed in FY16	64	48	30	7	8	87
%	74%	55%	34%	8%	9%	
Opened in FY15	78	62	38	7	8	99
%	79%	63%	38%	7%	8%	
Completed in FY15	60	47	19	2	3	81
%	74%	58%	23%	2%	4%	

18. Because cases may include more than one type of allegation (e.g. fraud and collusion), the counts by allegation type typically add up to more than the total number of cases.

Internal Investigation Cases, FY19

	Staff	Vendor	Total
Carried over from FY18	24	6	30
Opened	31	8	39
Total	55	14	69
Closed	22	7	29
<i>Substantiated</i>	6	4	10
<i>Unsubstantiated</i>	6	2	8
<i>Unfounded</i>	5	0	5
<i>Referred</i>	4	1	5
<i>Other</i>	1	0	1
Ending caseload	22	7	29

Overview of Internal Investigation Outcomes, FY15–FY19

	FY15	FY16	FY17	FY18	FY19
Closed	31	25	24	30	29
<i>Substantiated</i>	7	7	10	11	10
<i>Unsubstantiated</i>	12	7	10	15	8
<i>Unfounded</i>	10	9	2	3	5
<i>Referred</i> ¹⁹	2	2	2	0	5
<i>Other</i>	0	0	0	1	1
Referred ²⁰ /Not investigated	39	27	47	46	31

Sanctions System and Results, FY15–FY19

Sanctions Cases	FY15	FY16	FY17	FY18	FY19	5 Year Total
Sanctions Cases Submitted to SDO/EO by INT	35	45*	26**	28	37	171
SDO/EO Initial Review Completed	38	45*	22**	27	36	168
Sanctions Cases Issued by SDO/EO to Respondents	39	40	19**	29	30	157
Settlement Agreements						
Settlement Agreements Submitted to SDO/EO by INT	11	18	26	23***	16	94
SDO/EO Review Completed	11	18	22	27***	16	94
Sanctions Results						
Firms and Individuals Temporarily Suspended	54	48	22**	40	34	198
Sanctions Imposed Pursuant to SDO Determinations	44	28	25	24	19	140
Sanctions Imposed Pursuant to SB Decisions	11	12	8	20	14	65
Sanctions Imposed Pursuant to Settlement Agreements	18	19	25	39***	20	121

Notes:

*In FY16, the IFC EO received and reviewed one sanctions case against one respondent. The case was closed due to insufficient evidence.

**In FY17, the IFC EO received and reviewed one sanctions case against two respondents.

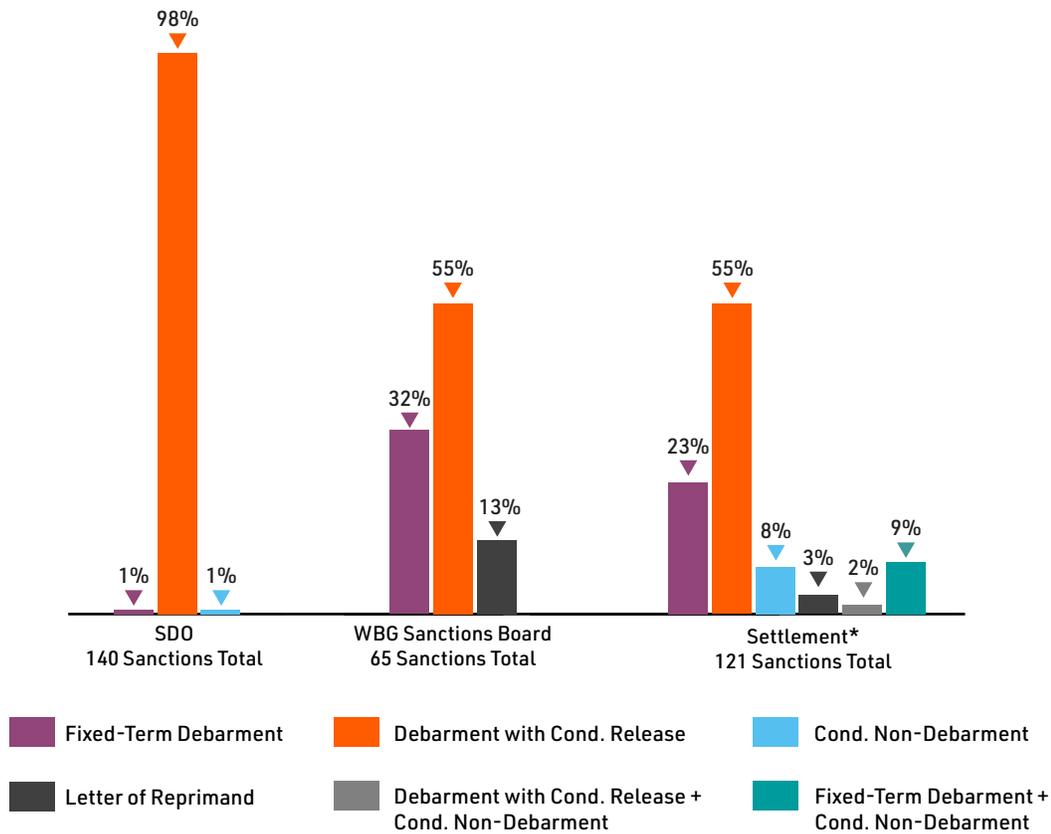
***In FY18, the IFC EO reviewed one settlement agreement entered into between the Bank and three respondents.

19. 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).

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

Sanctions Imposed, FY15–FY19

Type of Sanctions Imposed by the SDO, the WBG Sanctions Board, and Pursuant to Settlement (Total of 326 Sanctions Imposed) (FY15–FY19)

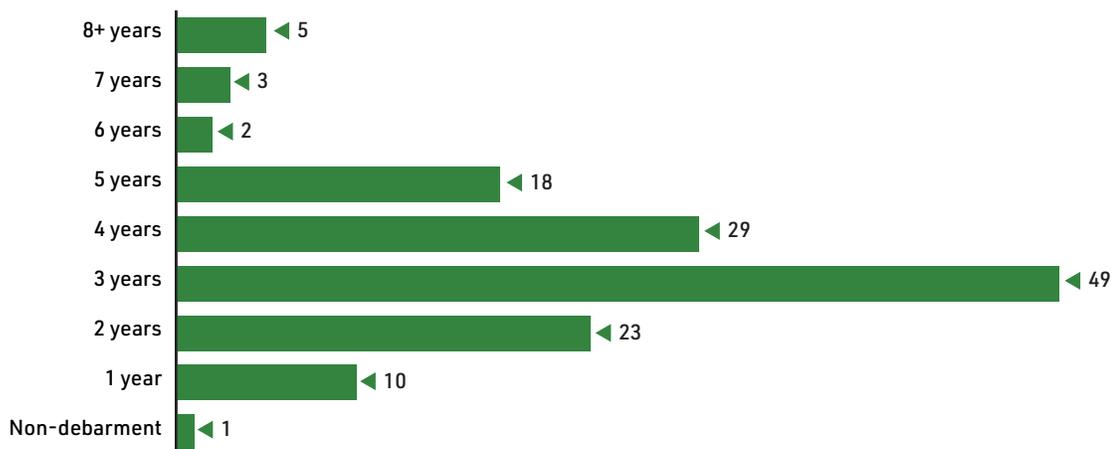


Note:

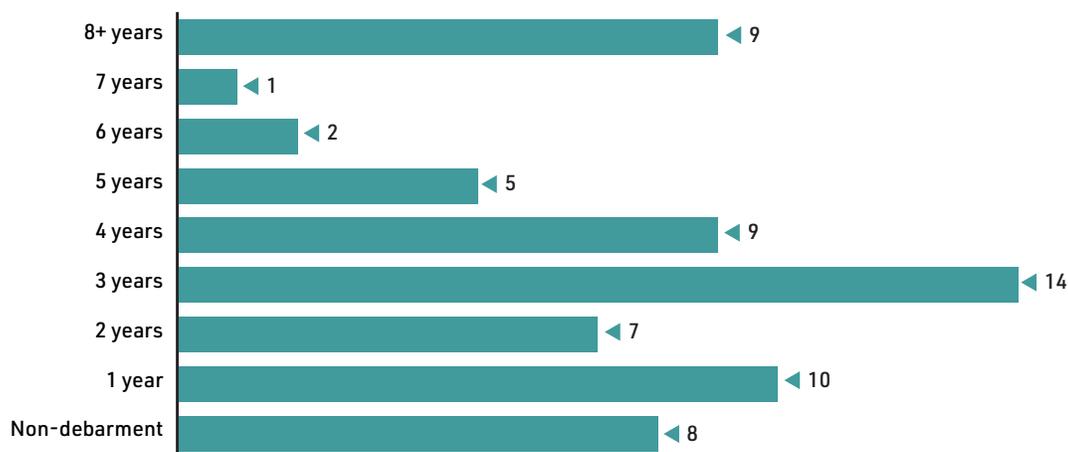
*Includes one settlement agreement that the Bank entered into in FY18 with three respondents in connection with IFC operations.

Length of Sanctions Imposed by the SDO, the WBG Sanctions Board and Pursuant to Settlement* (Total of 303 Debarments and 23 Non-Debarments)** (FY15–FY19)

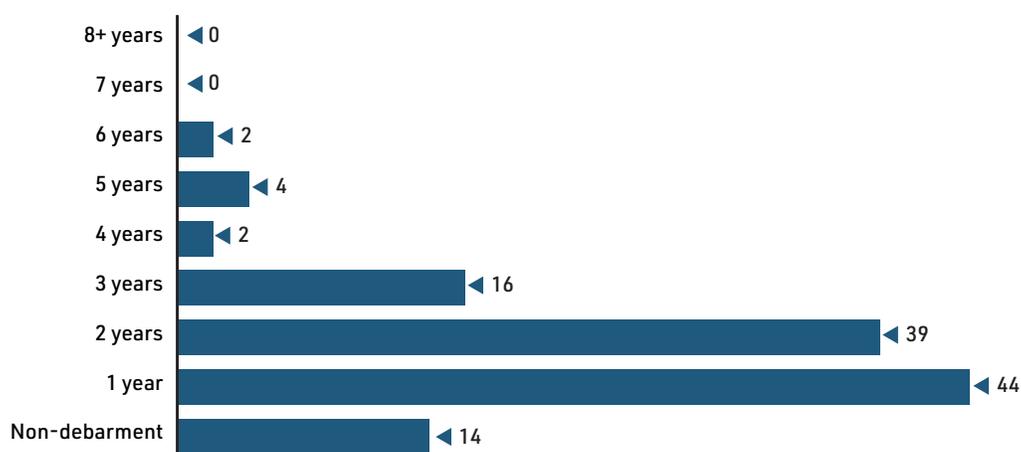
SDO - 139 Debarments and 1 Non-debarment in Total



WBG Sanctions Board – 57 Debarments and 8 Non-debarments in Total



Settlement – 107 Debarments and 14 Non-debarments in Total



Notes:

* Period of debarment rounded to the nearest whole number. Includes one settlement agreement that the Bank entered into in FY18 with three respondents in connection with IFC operations.

** For debarments with conditional release, the minimum period of debarment is used.

Firms/Individuals Debarred in FY19

*This table does not include any affiliates controlled by the firms/individuals debarred.

All debarments in the table below are imposed with conditional release, unless marked with "*" at the end of the length of debarment.

***CND = Conditional non-debarment, which means a firm/individual is eligible to participate in WBG-financed projects. CND converts to debarment with conditional release if the firm/individual does not meet the sanctions conditions.

	Sanctioned Pursuant to	Firm/Individual Name	Country of Respondent	Project Country	Grounds for Debarment	Length of Debarment
1	Sanctions Board Decision	Software Development & IT Solution Joint Stock Company (CadPro., Jsc.)	Vietnam	Vietnam	Collusive Practices; Fraudulent Practices; Obstructive Practices	9 years, 9 months
2	Sanctions Board Decision	Tiger IT Bangladesh Ltd.	Bangladesh	Bangladesh	Collusive Practices; Corrupt Practices; Obstructive Practices	9 years, 6 months
3	Sanctions Board Decision	Mr. Ziaur Rahman	Bangladesh	Bangladesh	Collusive Practices; Corrupt Practices	6 years, 6 months
4	SDO Uncontested	Emmajoko Nig Enterprises	Nigeria	Nigeria	Corrupt Practices	5 years
5	SDO Uncontested	Mr. Henry Chinedu Ojoko	Nigeria	Nigeria	Corrupt Practices	5 years
6	SDO Uncontested	Mr. Benson Ojoko	Nigeria	Nigeria	Corrupt Practices	5 years
7	Settlement	Rojoke CNE Services Ltd.	Nigeria	Nigeria	Fraudulent Practices	5 years
8	Settlement	CNE Environmental & Waste Services Ltd.	Nigeria	Nigeria	Fraudulent Practices	5 years
9	Settlement	Mr. Robinson Ekenedilichukwu Ojoko	Nigeria	Nigeria	Fraudulent Practices	5 years
10	Sanctions Board Decision	Dr. Pham Hong Quang	Vietnam	Vietnam	Collusive Practices	4 years, 6 months**
11	SDO Uncontested	Efemaz Construction and GE. Services Limited	Nigeria	Nigeria	Corrupt Practices	4 years
12	SDO Uncontested	Mr. Efe Michael Udumbraye	Nigeria	Nigeria	Corrupt Practices	4 years
13	SDO Uncontested	Yulin Yuyang District Xingyuan Hydropower Engineering Co., Ltd.	China	China	Fraudulent Practices	4 years
14	Settlement	China Machinery Industry Construction Group Inc. (also known as SINOCONSTRUCTION)	China	China	Fraudulent Practices	4 years
15	Sanctions Board Decision	Asia Pacific Consultant Joint Stock Company	Vietnam	Vietnam	Fraudulent Practices	3 years, 6 months
16	Sanctions Board Decision	HanoiTC Expert Joint Stock Company	Vietnam	Vietnam	Fraudulent Practices	3 years, 6 months
17	Sanctions Board Decision	M/s Techfab International Pvt. Ltd.	India	Ghana	Fraudulent Practices	3 years, 5 months
18	SDO Uncontested	Ms. Dulce María Quintanilla Granados	Nicaragua	Nicaragua	Fraudulent Practices	3 years, 4 months

	Sanctioned Pursuant to	Firm/Individual Name	Country of Respondent	Project Country	Grounds for Debarment	Length of Debarment
19	SDO Uncontested	Mr. Nicolás Irías Mauricio Osorio	Honduras	Honduras, Nicaragua	Fraudulent Practices	3 years, 4 months
20	Sanctions Board Decision	NREM International Inc.	Canada	Vietnam	Fraudulent Practices	3 years
21	SDO Uncontested	La Méditerranéenne du Bâtiment et de la Construction	Tunisia	Burkina Faso	Fraudulent Practices	3 years
22	SDO Uncontested	PT. Areabangun Putra Sejati	Indonesia	Indonesia	Collusive Practices	3 years
23	SDO Uncontested	Société Tunisie Travaux	Tunisia	Tunisia	Fraudulent Practices	3 years
24	SDO Uncontested	Zhongchen Road & Bridge Construction (Beijing) Co., Ltd.	China	China	Fraudulent Practices	3 years
25	SDO Uncontested	Jiangxi Province Qunli Construction Co., Ltd.	China	China	Fraudulent Practices	3 years
26	SDO Uncontested	Guizhou Zhonghang South Machinery Construction Co., Ltd.	China	China	Fraudulent Practices	3 years
27	SDO Uncontested	Ultimate Engineering Limited	Kenya	Kenya	Fraudulent Practices	3 years
28	SDO Uncontested	Emmyways Engineering/ Construction Limited	Uganda	Uganda	Fraudulent Practices	3 years
29	Settlement	Construtora Norberto Odebrecht S.A.	Brazil	Colombia	Fraudulent Practices; Collusive Practices	3 years
30	SDO Uncontested	PT. Gunakarya Nusantara	Indonesia	Indonesia	Fraudulent Practices	2 years, 3 months
31	Settlement	China Nuclear Industry Fifth Construction Co. Ltd.	China	China	Fraudulent Practices	2 years
32	Settlement	OTV	France	Colombia	Fraudulent Practices; Collusive Practices	2 years
33	Settlement	Flycom d.o.o.	Slovenia	DRC	Corrupt Practices	1 year, 6 months
34	Settlement	Jiangsu Zhongtian Technology Co., Ltd.	China	Zambia	Fraudulent Practices	1 year, 8 months
35	Sanctions Board Decision	AKELIK GROUP OJSC (formerly ALKE INSAAT SANAYE VE TICARET OJSC and ALKE İNŞAAT S NAYE V TICAR T AÇIQ S HMDAR C MIYY TI)	Azerbaijan	Ukraine	Fraudulent Practices	1 year, 5 months
36	Settlement	Jiangsu Zhidehuateong Information Technology Co., Ltd. (also known as Jiangxu T-Radar Technology Co. Ltd. (TRACHTECH))	China	China	Fraudulent Practices	1 year, 3 months**
37	Settlement	M/s Om Sakthi Constructions	India	India	Fraudulent Practices	1 year, 3 months**
38	Settlement	Sieyuan Electric Co., Ltd.	China	Ghana	Fraudulent Practices	1 year, 3 months

	Sanctioned Pursuant to	Firm/Individual Name	Country of Respondent	Project Country	Grounds for Debarment	Length of Debarment
39	Settlement	Dongfang Electronics Co., Ltd.	China	Liberia	Fraudulent Practices	1 year, 3 months
40	Settlement	Vietnam Water and Environment Investment Corporation – JSC (VIWASEEN)	Vietnam	Vietnam	Fraudulent Practices	1 year** then CND for 1 year and 6 months
41	SDO Uncontested	Mr. Francisco Antonio Barahona Montalván	Honduras	Honduras, Nicaragua	Collusive Practices	1 year
42	Sanctions Board Decision	China Railway No. 5 Engineering Group Co., Ltd.	China	Kenya	Fraudulent Practices	1 year
43	Settlement	Veolia Water Technologies Brasil Ltda	Brazil	Colombia	Collusive Practices	1 year
44	SDO Uncontested	Fujian Lugang (Group) Corporation Ltd.	China	China	Fraudulent Practices	10 months
45	Settlement	China Railway Construction Corporation Limited	China	Georgia	Fraudulent Practices	9 months** then CND for 2 years
46	Settlement	China Railway 23rd Bureau Group Co., Ltd.	China	Georgia	Fraudulent Practices	9 months** then CND for 2 years
47	Settlement	China Railway Construction Corporation (International) Limited	China	Georgia	Fraudulent Practices	9 months** then CND for 2 years
48	Sanctions Board Decision	Mr. Nakul Gupta	India	Ghana	Fraudulent Practices	9 months**

Other Sanctions Imposed in FY19

*This table does not include any affiliates controlled by the firms/individuals debarred.

**CND = Conditional non-debarment, which means a firm/individual is eligible to participate in WBG-financed projects. CND converts to debarment with conditional release if the firm/individual does not meet the sanctions conditions.

	Sanctioned Pursuant to	Firm/ Individual Name	Country of Respondent	Project Country	Grounds for Sanction	Sanction Imposed
1	Sanctions Board Decision	ESD China Limited	China	Philippines	Collusive Practices	Letter of Reprimand
2	Sanctions Board Decision	Dr. Gong Yuyang	China	Philippines	Collusive Practices	Letter of Reprimand
3	Sanctions Board Decision	Projukti International	Bangladesh	Bangladesh	Collusive Practices	Letter of Reprimand
4	Settlement	NEC Corporation	Japan	Vietnam	Collusive Practices	CND for 1 year, 6 months
5	Settlement	MSV International Inc.	United States	India	Fraudulent Practices	Letter of Reprimand

Cross-Debarments Recognized by the World Bank Group in FY19

*Controlled affiliates may be included in the firms/individuals listed below.

	Firm/Individual Name	Country of Respondent	Grounds for Debarment	Length of Debarment
1	Leonardo Ivan Noblecilla Sotomayor	Ecuador	Cross Debarment: IDB	12 years
2	Nobsaconstrucciones S.A.	Ecuador	Cross Debarment: IDB	12 years
3	Marco Vinicio Arreaga Estrada	Guatemala	Cross Debarment: IDB	9 years
4	Alstom Egypt for Power Projects S.A.E.	Egypt	Cross Debarment: AfDB	6 years, 4 months
5	GE Power Systems GmbH	Germany	Cross Debarment: AfDB	6 years, 4 months
6	Rodolfo Álvarez Mejía	Honduras	Cross Debarment: IDB	6 years
7	Asociación de Participación Ciudadana y Desarrollo Etnocomunitario	Honduras	Cross Debarment: IDB	5 years
8	Katya Yadira Martínez Manzanares	Honduras	Cross Debarment: IDB	5 years
9	Elmer Ariel Rodríguez Mérida	Guatemala	Cross Debarment: IDB	5 years
10	Perfil Inmobiliario S.A.	Guatemala	Cross Debarment: IDB	5 years
11	Liaoning-Efacec Electrical Equipment Co Ltd. (LEEEC)	China	Cross Debarment: ADB	5 years
12	Waira & Power	Bolivia	Cross Debarment: IDB	5 years
13	Oscar Antonio Pabon Limachi	Bolivia	Cross Debarment: IDB	5 years
14	Carminia Grichel Coela Mendoza	Bolivia	Cross Debarment: IDB	5 years
15	Jorge Heriberto Estrada Vásquez	Guatemala	Cross Debarment: IDB	4 years
16	Constructora Del Mar	Guatemala	Cross Debarment: IDB	4 years
17	CEEC Trucks Industry Co. Ltd.	China	Cross Debarment: IDB	4 years
18	GL Systems LLC	United States	Cross Debarment: IDB	4 years
19	Qingdao Zhancai Industrial Co., Ltd.	China	Cross Debarment: ADB	4 years
20	Mr. Song Lihua	China	Cross Debarment: ADB	4 years
21	Mr. Liu Shuqiang	China	Cross Debarment: ADB	4 years
22	Neo Soft S.R.L.	Bolivia	Cross Debarment: IDB	4 years
23	Enzo Amilcar Aranibar Rojas	Bolivia	Cross Debarment: IDB	4 years
24	Samuel Fernando Rojas Zambrana	Bolivia	Cross Debarment: IDB	4 years
25	CHINT Electric Co. Ltd	China	Cross Debarment: AfDB	3 years
26	MATRIX	Guatemala	Cross Debarment: IDB	3 years
27	Steven Lee	China	Cross Debarment: IDB	3 years
28	Ángela Margarita Moreno Mejía	Honduras	Cross Debarment: IDB	3 years
29	Irma Yadira Argueta Bourdett	Honduras	Cross Debarment: IDB	3 years
30	Oxaro S.A.C.	Peru	Cross Debarment: IDB	3 years
31	Alejandro Martín Quiñe Domínguez	Peru	Cross Debarment: IDB	3 years
32	N.N.T.Sh. Drini company Sh.p.k.	Kosovo	Cross Debarment: EBRD	3 years
33	Mr Fatmir Gashi	Kosovo	Cross Debarment: EBRD	3 years

Vendors Debarred in FY19

	Vendor Name	Country	Grounds for Debarment	Term
1	Étude Économique Conseil Canada	Canada	Engaged in fraudulent practices and included in its deliverable to the WBG falsified data	4 years

Referrals Made in FY19

*Certain referral information is omitted where INT is aware of ongoing law enforcement action.

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description
1	Sept-27-2018	Kazakhstan	Fraud	Road Administration Project
2	Sept-27-2018	Liberia	Corruption & Collusion	Financial Management
3	Sept-28-2018	Japan	Corruption & Fraud	Road Sector
4	Nov-29-2018	Kenya	Fraud, Corruption & Collusion	Community Driven Dev. & Flood Mitigation
5	Dec-06-2018	Kenya	Fraud	Transport, Trade & Development
6	Dec-06-2018	Liberia	Fraud	Electricity Expansion
7	Jan-25-2019	Colombia	Corruption & Fraud	Environmental and Flood Control
8	Feb-14-2019	Kenya	Fraud, Corruption & Collusion	Flood Mitigation
9	Mar-13-2019	Vietnam	Fraud	Urban Transport
10	Mar-14-2019	Tonga	Fraud	Reconstruction & Climate Resilience
11	Mar-15-2019	India	Fraud	Electricity & Gas/Health
12	Mar-15-2019	Uganda	Fraud	Electricity & Gas/Health
13	Mar-15-2019	Nigeria	Fraud	Electricity & Gas/Health
14	Mar-15-2019	India	Corruption	Road Sector
15	Mar-21-2019	Kiribati	Fraud	Solar Photovoltaic
16	Mar-27-2019	Nigeria	Fraud	Erosion and Watershed
17	Apr-14-2019	Afghanistan	Fraud	Agricultural Inputs
18	May-08-2019	Nepal	Corruption & Fraud	Health, Nutrition & HIV/AIDS
19	May-08-2019	China	Corruption & Fraud	Urban Transport
20	May-08-2019	China	Fraud	Urban Infrastructure/Env. Management
21	May-08-2019	China	Fraud	Rehabilitation Project
22	May-08-2019	Tunisia	Fraud	Transport & Urban Infrastructure
23	May-08-2019	Burkina Faso	Fraud	Transport & Urban Infrastructure
24	May-15-2019	Indonesia	Fraud	Road Climate Resilience
25	May-15-2019	France	Fraud	Road Climate Resilience
26	May-15-2019	Timor-Leste	Fraud	Road Climate Resilience
27	May-15-2019	Pakistan	Fraud	Partnership for Education
28	May-16-2019	Tunisia	Fraud	Road Transport
29	May-22-2019	India	Fraud & Corruption	Oil & Gas
30	May-22-2019	Ghana	Fraud & Corruption	Oil & Gas

	Date of Referral	Referral Recipient	Nature of Misconduct	Project Description
31	May-22-2019	China	Fraud	Inter-Zonal Transmission
32	May-22-2019	Ghana	Fraud	Inter-Zonal Transmission
33	May-29-2019	Nicaragua	Fraud	Education
34	May-30-2019	Somalia	Fraud & Collusion	Special Financing Facility
35	May-30-2019	China	Fraud	Transmission & Distribution Rehab
36	May-30-2019	Zambia	Fraud	Transmission & Distribution Rehab
37	June-03-2019	Sri Lanka	Corruption & Fraud	Dam Safety/Water Resources
38	June-07-2019	Peru	Fraud	Rural Water & Sanitation
39	June-17-2019	Canada	Fraud	Urban Transport
40	June-17-2019	Honduras	Fraud	Transboundary Biosphere Reserve

Integrity Compliance Data, FY18–FY19

	FY18	FY19
Entities sanctioned with conditional release (as at the end of the fiscal year) ²¹	328	346
Entities actively engaged with the ICO (as at the end of the fiscal year)	61	64
Notifications to newly debarred entities	59	41
Entities whose sanctions were continued	39	30
Entities released from sanction	15	23
Entities whose sanctions were converted	1	2
<i>Debarment with conditional release to conditional non-debarment</i>	1	1
<i>Conditional non-debarment to debarment with conditional release</i>	0	1

21. In instances where different entities within a corporate family have been separately sanctioned, the Integrity Compliance Officer treats such entities as a single entity for portfolio counting purposes, including with respect to engagements, notifications, releases (except where different entities within a corporate family are released at different times per their respective sanctions), etc.

Firms/Individuals Released from World Bank Group Sanctions upon Satisfaction of Compliance Conditions in FY19

	Firm/Individual Name	Country	Date of Release
1	Consulting Engineering Services Pvt. Ltd. (CES)	India	Aug-2-2018
2	Mr. Travis Yau Chorng Chien	Taiwan, China	Aug-10-2018
3	China Railway 20 Bureau Group Corporation	China	Sep-26-2018
4	Grant Thornton Herrera Guzmán y Asociados	Honduras	Sep-29-2018
5	AC Boilers, S.p.A.	Italy	Oct-04-2018
6	Mr. Simon Xiao Bin Sun	China	Oct-11-2018
7	Guangzhou Artelia Environmental Protection Ltd.	China	Oct-31-2018
8	FreeBalance, Inc.	Canada	Dec-20-2018
9	Daewoo Information Systems Co., Ltd.	Korea, Rep.	Dec-21-2018
10	CDM Smith Inc.	United States	Dec-29-2018
11	AECOM Asia Company Limited	Hong Kong SAR, China	Jan-11-2019
12	Witteveen+Bos Raadgevende Ingenieurs B.V.	Netherlands	Jan-30-2019
13	Sequeira Ingenieros, S.A.	Nicaragua	Feb-1-2019
14	Larry Rafael Sequeira Mendoza	Nicaragua	Feb-1-2019
15	Feedback Infra Pvt. Ltd.	India	Mar-1-2019
16	Initec Energia S.A.	Spain	Mar-8-2019
17	Aderconsult S.R.L.	Peru	Mar-10-2019
18	Nihon Kohden Europe GmbH	Germany	Apr-11-2019
19	PT. Amythas Experts and Associates	Indonesia	Apr-19-2019
20	Meditech LLC	Armenia	Apr-29-2019
21	voestalpine VAE SA (Pty) Ltd.	South Africa	May-10-2019
22	Sediver SpA	Italy	Jun-04-2019
23	Egis International	France	Jun-27-2019

How to Report Fraud or Corruption

Visit www.worldbank.org/integrity to fill out an online integrity complaint form. The WBG will still review your complaint even if you wish to remain anonymous. All information provided will be treated in the strictest confidence. The WBG will not disclose any information that may reveal your identity without your consent.

Further Information

For further information on the Sanctions System and links to useful documents, please visit:
www.worldbank.org/integrity
www.worldbank.org/sanctions

Contact Information

For media inquiries, please contact:
Julia Oliver, Communications Officer: joliver@worldbankgroup.org or 1-202-458-9405

