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The World Bank Group Integrity Vice Presidency

Annual Update

FISCAL YEAR 2015

TOWARD A GLOBAL ANTI-CORRUPTION MOVEMENT

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

www.worldbank.org/integrity

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

All amounts in U.S. dollars unless otherwise noted.

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int
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Abbreviations and Acronyms

CDD	Community-Driven Development
CV	Curriculum Vitae
EBC	Office of Ethics and Business Conduct
EO	Evaluation Officer
FM	Financial Management
ETT	Extended Term Temporary
FBI	U.S. Federal Bureau of Investigation
FIR	Final Investigation Report
FM	Financial Management
FY	Fiscal Year
GP	Global Practice
GAC	Governance and Anti-corruption
GSD	General Services Department
ICHA	International Corruption Hunters Alliance
ICO	Integrity Compliance Office
IFC	International Finance Corporation
IFF	Illicit Financial Flows
IMF	International Monetary Fund
INT	Integrity Vice Presidency
MIGA	Multilateral Investment Guarantee Agency
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
NoSP	Notice of Sanctions Proceedings
NoTS	Notice of Temporary Suspension
NRA	Negotiated Resolution Agreement
OECD	Organization for Economic Cooperation and Development
OPCS	Operations Policy and Country Services
OSD	Office of Suspension and Debarment
PEP	Politically Exposed Person
PIU	Project Implementation Unit
PMU	Project Management Unit
PSU	Preventive Services Unit
SAE	Statement of Accusations and Evidence
SDO	Suspension and Debarment Officer
SIGAR	Special Inspector General for Afghanistan Reconstruction (United States)
SOE	State-Owned Enterprise

StAR	Stolen Asset Recovery Initiative
TAP	Transparency, Accountability and Participation
TTL	Task Team Leader
U.K.	United Kingdom
UNCAC	United Nations Convention Against Corruption
U.S.	United States of America
VAT	Value-added Tax
VPHR	Vice President Human Resources

Contributing to—and Inspiring—a Global Movement to End Corruption



Corruption is a major challenge to achieving the World Bank Group's goals of ending extreme poverty by 2030 and boosting shared prosperity for the poorest 40 percent in developing countries. When money is lost through illicit flows, it often finds its way across borders to fund major crime, including drug and human trafficking. Our goals are inextricably tied to efforts to fight corruption, and it's a challenge that demands our constant vigilance.

This year's Integrity Vice Presidency Annual Update features insights gleaned from this unit's anti-corruption work, which has helped the Bank Group to better identify and anticipate fraud and corruption risks across many sectors and countries in our portfolio.

Investigations, forensic audits, and disclosures improve our understanding of some persistent impediments to development effectiveness, including third-party agents acting as conduits for bribes, or state-owned enterprises that maintain opaque organizational structures. More importantly, this information allows us to make smarter interventions. This fiscal year—as a result of early detection and swift action—the World Bank Group prevented approximately \$138 million, across 20 contracts, from being awarded to companies that had attempted to engage in misconduct.

Acting as a responsible steward for our own funds is part of our core responsibilities, but we must do more to prevent corruption. Maintaining an exchange of knowledge with countries is critical for affecting change on a global scale, particularly in a matter as complex and politically charged as corruption. Our International Corruption Hunters Alliance, for example, broadly supports law-enforcement efforts through targeted training and the sharing of best practices. This technical support helps those on the front line, including heads of anti-corruption agencies, attorneys general, and others.

Countries also must have strong political commitment, rigorous institutions and policies, sufficient funding, experienced public and private sector professionals, and courageous citizens who are willing to take a stand. To that end, for the first time, the report highlights successful collaborations from the outlook of some of our partners.

These perspectives show a dynamic anti-corruption movement that's growing around the world. These partners are reporting progress in a number of key areas: National authorities are fulfilling promises and joining forces with one another to stop transnational corruption; civil society is pushing leaders to reevaluate their strategies; smaller companies are realizing how corporate compliance helps improve their

businesses; and multinational companies are promoting integrity across their business lines and markets.

We will continue to push for greater change through a strong anti-corruption agenda, particularly by drawing on the outcomes and impact of our Governance Global Practice. Through collective action, I believe that we can reach a critical mass where more people act with integrity, and where any incentive to be complicit in—or complacent about—corruption is met with great resistance.

A handwritten signature in black ink, appearing to read 'Jim Kim', with a large, stylized flourish extending to the right.

Jim Kim, World Bank Group President

Fiscal Year 2015 Highlights and Impact

- In December 2014, **382 anti-corruption experts** from **130 countries** convened in Washington, DC for the 3rd meeting of the International Corruption Hunters Alliance (ICHA). We tackled a broad range of issues with special attention to illicit financial flows and the relation between tax evasion and corruption. In their opening addresses **HRH the Duke of Cambridge** and **World Bank President Jim Kim** both stressed the importance of a collaborative and global anti-corruption movement. Participants had the opportunity to attend a number of sessions during the three-day conference, obtaining expert insights, sharing experiences and learning about the latest investigative and data analytics tools.
- We received and opened **323 preliminary inquiries** related to fraud, corruption, and collusion in World Bank Group-financed activities. This fiscal year, we noted an increased rate of complaints reported by government project officials, whistleblowers inside companies, and citizens from developing countries. Of the preliminary inquiries, **99 were selected for full investigations**. Investigators **closed 81 investigations**, of which **74% were substantiated**. Of the 88 external cases under investigation at the end of FY15, **65 involved allegations of corruption**; 47 corruption cases also included elements of fraud and/or collusion. Many cases involved complex schemes, and uncovered recurrent issues such as the non-disclosure of third-party agents, corruption in community-driven development projects, and conflicts of interest within state-owned enterprises. Referrals from counterparts in the different countries the Bank works in and disclosures by companies continue to bolster investigations.





- The investigations substantiated in FY15 involved **61 projects and 93 contracts worth about \$523 million**; 58% of the cases involved contracts in excess of \$2 million. **Approximately \$138 million spread across 20 contracts was not awarded to companies because the wrongdoing was detected prior to contract award**, in most cases as a result of project implementation unit or Bank due diligence by operational and fiduciary staff.
- As part of our ongoing commitment to efficiency, in FY15 INT submitted cases to the sanctions system with greater speed, with the majority of cases being filed with the Office of Suspension and Debarment within ninety days from the completion of the Final Investigation Report. **The World Bank Group sanctioned 71 entities**, 65 of which were debarred for periods ranging from six months to 13 years.
- A growing forensic capability enables us to go beyond quantifying fraud and corruption in procurement to tracking losses of funds. The World Bank Group is shifting to **smarter risk taking**, more programmatic approaches that finance high volumes of low-value transactions across large geographical regions and remote locations, greater emphasis on fragile states, and an increased reliance on countries' own systems. The use of forensic methodology in proactive fiduciary reviews, carried out in partnership with the World Bank Group's Governance Global Practice, can **establish early warning systems that help ensure high-risk operations, in particular**, meet their objectives.
- Our work with sanctioned companies through the Integrity Compliance Office (ICO) to build and enhance their integrity compliance programs is helping large and small companies make integrity and effective risk management an integral part of their business. At the end of FY15, **47 companies** debarred by the World Bank Group were actively engaged with the ICO. **Seven companies have had their debarment lifted this fiscal year, having implemented suitable compliance programs** and fulfilling other conditions of their sanction.

- In FY15 we entered into **11 Negotiated Resolution Agreements (NRAs)** with entities ranging from small businesses to major multinational companies. With NRAs as an option, an increasing number of companies self-report misconduct, providing us with direct evidence of a higher degree of reliability, which then leads to more impactful investigations, and an ability to address fraud and corruption which is often systemic in nature. By following business relationships of companies alleged to have engaged in fraud and corruption, INT can track misconduct undermining development activities, facilitating the timely identification and mitigation of hazards associated with high-risk companies active in development.
- In an effort to better understand and help address integrity risks that may affect World Bank Group activities, an Integrity Scan conducted by INT's preventive unit **analyzed more than 300 investigations and 3,600 complaints of fraud and corruption** filed with INT in the past six years. The analysis can help the Bank Group navigate integrity risks in major operations. We also helped safeguard World Bank Group investments in low-income countries and emerging markets through our **advisory support to 94 investment operations and review of 134 projects**. In Afghanistan and Vietnam, we conducted two in-depth Integrity Risk Reviews of the Bank's investment portfolios, followed-up with comprehensive action plans. We trained **1,113** World Bank Group staff, Executive Board advisers, government officials and contractors in red flag identification and integrity risk management.
- Promoting a culture of integrity among the more than 17,000 staff and consultants who work for the World Bank Group is essential to the institution's credibility. In supporting efforts by the Office of Ethics and Business Conduct to maintain the integrity of World Bank Group staff, we **also opened 32 new cases** related to fraud and corruption allegations implicating staff or vendors. **Seven cases were substantiated; five of these were staff cases and two were vendor cases**. We also established sufficient evidence to show that **allegations against nine staff members were unfounded**, thus clearing them of any wrongdoing. The Vice President of Human Resources issued five disciplinary decisions. In four of those decisions, staff were terminated and/or permanently barred from rehire.
- INT played an active role in the World Bank Group's change process, building partnerships with the new Global Practices, in particular the **Governance Global Practice**. INT also worked closely with Operations Policy and Country Services (OPCS) and other members of the operational complex to adapt working arrangements that will facilitate a timely exchange of and follow-up on relevant information. INT continues to maintain close relationships with the World Bank Group's oversight units.

Impactful investigations are one of the cornerstones of the Bank's anti-corruption work. When investigations result in sanctions, the negative publicity and impact on a company's bottom line can have a strong deterrent effect, influencing how other companies do business. However, the value and impact of an investigation goes beyond its deterrent effect. Investigations are also a source of a wealth of knowledge. They help us identify and anticipate risks affecting projects funded by the World Bank Group as well as hot-spots in certain sectors and countries, information that is essential in ensuring that our organization is effective in efforts to end poverty.

The investigative process can also provide a basis for directing cooperation and improved compliance programs with companies that do business with the World Bank Group. Negotiated Resolution Agreements (NRAs), for example, generally require implementation of compliance programs and can result in shorter sanctions for firms and individuals that demonstrate a commitment to dealing with corruption.

A more focused and streamlined complaint intake process has allowed us to devote more resources to selecting cases that mirror the needs of World Bank Group operations which support multibillion dollar infrastructure projects as well as small community-driven ones. The following examples reflect this range of operations and the related integrity issues.

Issues our Investigations Uncover and Their Effect on Development

BY COLLUDING WITH DISHONEST PUBLIC OFFICIALS, COMPANIES CAN PERPETUATE CORRUPTION SCHEMES IN MULTIPLE COUNTRIES AND PROJECTS

As globalization allows for a quicker and easier flow of corrupt proceeds between parties, and Bank-financed projects become more complex, our investigations often deal with allegations in multiple project segments, across national borders and different jurisdictions.

In one notable case, a company, whose business primarily derived from winning multilateral-development-bank-financed contracts, perpetuated its corrupt operating model across multiple countries and contracts. After a national anti-corruption agency provided INT with information about alleged corruption related to a World Bank Group project, we launched an investigation in three countries, as well as conducted an audit at company offices located in a fourth country. The company in question had won dozens of contracts with an approximate value of \$200 million. During the audit, the company gave INT false documents to support its claim that it did not pay bribes. Nonetheless, we were able to uncover evidence of corrupt business practices in all four countries.

For example, in one country, the company paid a government procurement official \$25,000 to provide confidential information and to be proposed as the winning bidder of a \$2 million contract. In another country, it paid approximately 5% of the contract value (more than \$2 million) to project officials via its local agent in exchange for being selected for and awarded the contract. While the company disclosed in its bid that it would use an agent, the stated fee amounted to only 0.25% of the contract value. A national court recently convicted the procurement official for corrupt practices.

AGENTS ASSISTING COMPANIES CAN POSE A SIGNIFICANT CORRUPTION RISK

Our investigations have regularly encountered corruption schemes involving third-party agents, and this fiscal year we investigated several such cases. Companies often hire third-party agents to help them understand the business environment of a local market, assist with finding local subcontractors, and liaise with project officials during tendering and project implementation. The Bank requires that bidders disclose their use of third-party agents, as well as the fee the agents are paid. However, some companies intentionally hide their use of these agents or fail to accurately report fees paid to them, thereby concealing obvious conflicts of interest (for example, the agent is a family member of senior procurement or client government officials). Such practices

make it easier for agents to act as conduits for bribe payments and manipulate contract awards and amendments.

In one example from this fiscal year, an agent who facilitated bribe payments between a Project Implementation Unit (PIU) manager and two companies as part of a power project, received a total of \$11 million in fees over 12 years for several different contracts. His fees, and therefore the amount of money lost on a given project, amounted to between 3.5% and 5% of the contract value. In another case, our investigation found that a company used a third-party agent who had ties to the Ministry of Health to pay bribes so that it could obtain a \$2 million contract. The agent received a 10% commission, but in its bid documents disclosed a fee of only \$1000. Through our outreach efforts this fiscal year, we have highlighted the exploitation of agency agreements by criminal forces with the private sector, government, and anti-corruption officials in Dubai; Hong Kong SAR, China; Paris; Riyadh; and London. Internally, the World Bank Group is re-examining its bidding documents and audit rights.

FRAUD AND CORRUPTION IN LOW-VALUE CONTRACTS OFTEN HARM THE POOREST BENEFICIARIES

Allegations that deal with multimillion dollar contracts pose a large risk for the World Bank Group. Often, the higher the amount of the contract—especially in certain sectors and countries—the more likely that fraud and corruption might take place. This fiscal year’s investigations involved 61 projects and 93 contracts and agreements, totaling about \$523 million. Most investigations opened in FY15 were in the Transport & ICT (15%), Health, Nutrition & Population (15%), and the Energy & Extractives (14%) Global Practices.

However, ensuring the financial integrity of smaller contracts is equally important to the World Bank Group’s mission. Projects that include a large number of low-value



contracts often directly assist the poorest. When these contracts are tainted by fraud and corruption, the negative impact on development can be dire. The severity of the risk can be masked by the fact that the misconduct is spread across many smaller transactions. In one project we investigated this fiscal year, a key component funded community-based projects aimed at improving the management of local natural resources and sustainable production methods. PIU staff, including the PIU Director, intentionally and systematically diverted funds intended to finance the community subprojects using a series of small transactions. The staff also lied that the funds had reached their intended recipients. In many cases, the goods and services that PIU staff delivered to beneficiaries in the communities were significantly lower in quantity and value than those approved under the project agreement.

In this case, as in similar Community Driven Development (CDD) projects, the low value of funds involved in each individual transaction, the remoteness of the projects sites, as well as the widespread use of cash payments, presented risk. Based on previous audits of two CDD projects in East Africa, we developed mitigation measures for fraud and corruption risks in CDD projects and a detailed governance and anti-corruption plan with the client government that can be replicated in other countries.

WHEN HIGH-LEVEL GOVERNMENT OFFICIALS ARE INVOLVED, A NUMBER OF SECTORS OR PORTFOLIOS MAY BE AT RISK OF CORRUPTION

In one case this fiscal year, we obtained direct evidence from multiple confidential witnesses associated with different companies that five high-level officials implementing a project solicited and received bribes totaling \$851,000 to influence the award and execution of at least four different contracts totaling \$16 million. The bribes ranged from 1% to 9% of the associated contract values. In one instance, witnesses provided evidence that the bribes had been paid to two officials to tailor the tender requirements in favor of one company. Our investigation confirmed that these tailored tender requirements indeed benefitted the favored company's bids.

In lieu of an outright payment to a government official, some companies pay for officials' travel in return for the award of contract or to facilitate payment of invoices generated during the project's implementation. In one case this fiscal year, one company financed a series of study tours for government officials that were solely recreational in nature. The trips were offered in exchange for contract extensions or to expedite the payment for disputed invoiced items under the contract. Ten government officials benefitted from these trips totaling over \$50,000. For two other contracts, the company agreed to pay a \$100,000 bribe to one of the aforementioned government officials to guarantee "support" during the bidding and implementation phases of the two contracts. The \$100,000 was invoiced as study tours (that never took place) in order to disguise the corrupt payment. In such cases, we advise Bank staff to ask governments to institute a code of conduct for their employees that clearly defines what a corrupt payment is and how that policy relates to accepting and receiving study tours paid for by companies.

More troublesome is that the involvement of a high-level government official, such as a minister, in a bribe scheme can indicate that other projects administered by that ministry might be tainted by corruption. Such actions have a devastating effect on public trust in government and institutions. By alerting other development banks and aid agencies working in the country, we help them to assess the risks involved in continuing to work with the specific clients. We also generally refer our information to the respective governments for any action they deem appropriate.

FRAUD DURING PROJECT IMPLEMENTATION CAN FUND CORRUPTION

This fiscal year, we investigated allegations against a company which, since 2000, had been awarded approximately \$15 million in Bank-financed-contracts for projects and \$2 million in vendor contracts. We found that the company paid nearly \$200,000 in bribes to Project Management Unit (PMU) officials.

In one instance, the company paid bribes to obtain the award of six contracts in five projects, and to obtain approval of timesheets that would support its fraudulently inflated invoices related to implementing the project. The company paid bribes to a Project Director in another country where it was operating. That contract was amended a dozen times and its final value increased by approximately 150%. Our investigation revealed that the company also failed to disclose its use of a third-party agent who was hired to facilitate obtaining business in a country that was a new market for the company. The agent arranged meetings between the company and representatives from the procurement evaluation committee.

In addition to cash payments, the company influenced project officials in other ways. It provided gifts to project officials, including tablets and laptop computers; it hired the son of a public official to do work that had already been done by someone else; it regularly entertained project officials; and it employed one of the PMU's staff, part of whose salary was allegedly paid as a kickback to the Project Director of the PMU.

As is so often the case, the corruption was funded through fraud. In order to cover the cost of the bribe payments, the company inflated invoices by misrepresenting the actual costs incurred for car rentals and other administrative expenses, submitting those invoices with no supporting documents or fake receipts. They also falsely over-billed and submitted false supporting documents for time worked by consultants and intentionally submitted false CVs (which can indicate the use of ghost employees or be used to enhance qualifications). This case, and others in which fraud during implementation was uncovered, underscore the importance of supervision during project implementation related to due diligence on consultants, of cost overrun, and of discrepancies between budgeted and actual cost and time, during project implementation.

Striving to Shape and Set the Standards

Enhancing Transparency around Investigations

Setting the standard also means being transparent, where possible, about what we do, how we do it and why, without jeopardizing those who have the courage to inform the Bank Group about wrongdoing. In line with the World Bank Group's Open Data initiative and updated Access to Information Policy, over the years we began sharing more information about our investigative work. This fiscal year, for the first time, we are publishing in this report the companies that have, as part of their sanction, implemented an integrity compliance program (see Appendix). Publicizing this list serves two purposes: it commends companies that have committed to do something about corruption, even in challenging environments; it also helps hold companies accountable by making their commitment to clean business public.

Learning Products that Strengthen Internal Controls

By publicizing the outcomes of staff cases, the World Bank Group aims to deter wrongdoing, foster an environment conducive to reporting, and send a clear signal that it takes all allegations of fraud and corruption seriously. Lessons learned from staff and corporate vendor investigations have identified factors that contribute to an "enabling environment," and helped strengthen internal controls. As a result of these investigations, the World Bank is doing more to address weaknesses arising from positional autonomy, excessive reliance on—and repeated use of—the same consultants, delayed reporting, and a lack of segregation of duties.

Setting a Higher Bar

The World Bank Group has benefitted enormously from outside expert advice including: Richard Thornburgh, former United Nations Under-Secretary-General and United States Attorney General; the Volcker Review Panel, led by the former Chair of the Federal Reserve, Paul Volcker; and the Independent Advisory Board, which served from 2008 to 2014. As a result of their insights, the World Bank Group created a unit focused solely on preventing fraud and corruption, augmented its risk identification mechanisms, made its sanctions system more robust, and introduced conditional debarments and negotiated settlements, among others. Regularly reviewing our policies and processes, and making changes where necessary, ensures the World Bank Group remains an effective anti-corruption leader.

Addressing Internal Fraud Vulnerabilities

In response to the World Bank Internal Audit Department's observation that there may be broader control issues emanating from internal investigations into misconduct in the handling of cash and procurement, INT analyzed the investigations and conducted a "virtual walk-through" of the fiduciary processes as well as reviewed existing accounting guidance. This has resulted in a set of control observations and recommendations, consolidated in the Management Action Response Matrix (MAR), which can enable a structured dialogue with World Bank Group management about their response to observed control issues.

How We Apply What We Learn to Mitigate Risks

IMPROVING THE RISK MANAGEMENT OF THE WORLD BANK GROUP'S PORTFOLIO

In an effort to leverage INT information to better understand and help address integrity risks that may affect World Bank Group activities, our preventive services unit has performed an Integrity Scan that analyzed integrity issues identified through complaints received by INT, ongoing and closed INT investigations, and Inspection Panel cases that included fraud and corruption elements. The scan included an analysis of more than 300 investigations and 3,600 complaints of fraud and corruption filed with INT in the past six years. The scan identified hot spots as well as specific operations that may be exposed to higher integrity risks and described trends and patterns across countries and global practices. One concerning finding, for instance, was that 63% of complaints received in the FY09–FY14 period allege corruption, embezzlement or other such misconduct by government officials entrusted with the handling of World Bank funds. INT shared the information gleaned through the scan with Regions and Global Practices.

INT worked with OPCS to enhance integrity aspects in the World Bank Group's new procurement policy. INT expects to work closely with operational colleagues on effective implementation of integrity aspects of the policy. **Chris Browne, Chief Procurement Officer for the World Bank Group** explains how integrity is at the heart of a new procurement framework, years in the making.

"One of the core principles of the World Bank's Procurement Policy is integrity. The new Procurement Framework requires a focus on integrity matters at the beginning of any procurement activity. As part of performance monitoring, there will be greater interaction with integrity specialists in relation to actual contract delivery and results measurement—to ensure **promises made have been delivered on the ground**. Under the new Procurement Framework, there is now an option for World Bank Group staff to provide hands-on expanded supervision to support integrity matters, for example during negotiations or structuring business dialogue, and also to use independent third-party monitors (such as Transparency International).

"The Procurement Framework supports the use of open data. World Bank Group management will examine options to collect, and make available the beneficial ownership information for legal entities participating in Bank-financed procurements. They will also consider the use of tools such as geo-tagging to pinpoint significant procurements so that they can be assessed later during contract management. The World Bank will focus its procurement support on the most significant procurements, with more prior review at key stages from up-front strategy to downstream contract management."

Together with OPCS, we committed to integrate INT's information in a continual and more systemic manner in FY16 into the integrated operational risk management system and risk rating tool SORT. We support teams all through the project cycle. We support them upstream of the risk identification by providing access through the portal to fraud and corruption information. We also support teams during project implementation by sharing information that would feed into the portfolio risk calibration process overseen by OPCS.

Our risk analysis extends to MIGA and IFC operations, who also benefit from due diligence information in INT's investigations database. This past fiscal year we conducted due diligence on 25,773 names of organizations and individuals for IFC, allowing them to make more informed business decisions. Our enhanced due diligence has facilitated decision making at MIGA as well. In one instance, we were able to corroborate MIGA's own integrity concerns about a politically exposed person (PEP) within the ownership structure of a potential project entity; the information helped MIGA decide to avoid the inherent risks.

RECOMMENDING ACTIONS TO STRENGTHEN CONTROLS IN INVESTMENT OPERATIONS

Final Investigation Reports (FIRs) inform operational staff of how fraud or corruption has affected specific projects. In order to avoid such misconduct from happening in new projects, FIRs often include recommendations of a preventive or remedial nature. Two of the most frequently made recommendations this fiscal year were to:

- Conduct due diligence on bids in order to prevent the award of contracts to bidders misrepresenting their technical or financial capacity, as early detection of fraud and collusion red flags remains one of the most cost effective interventions.
- Engage with borrowers to encourage appropriate administrative action in response to substantiated misconduct. Such action, which should comply with national rules and procedures, could include, for example, determining whether firms should be debarred nationally, seeking to recover funds that have been embezzled, placing officials on administrative leave while an internal investigation is conducted or confirming that the said individuals are no longer involved in World Bank Group-financed operations, or auditing the project to identify the full extent of the misconduct and control weaknesses.

Our investigations also inform a new series of knowledge notes for staff working in operations. These notes briefly describe the nature of the misconduct, the actors involved, the control weaknesses in the project, as well as the possible measures that might have prevented the misconduct. The first note covered fraud and corruption in two World Bank-financed infrastructure projects in Liberia involving a waste collection and disposal system in Monrovia. The second piece related to the \$806 million National Highway Project co-financed by the World Bank and the Government of India, in which INT found evidence of bribes, fraudulent reimbursement claims, and diversion of mobilization payments.

HARMONIZING CORRUPTION PREVENTION EFFORTS ACROSS DEVELOPMENT PARTNERS

As a result of ICHA members expressing strong support for the launch of an international network of prevention specialists in enforcement agencies, senior representatives of several integrity units of bilateral development agencies and INT's preventive staff convened an Integrity Risk Roundtable, to identify areas for cooperation and

Shaping the Integrity Agenda

Corruption in Fragile States

As projects in fragile countries are particularly prone to fraud and corruption risks, we organized, together with the Governance and Fragile States Global Practices, a discussion on the links between corruption and security. This *Corruption—a Driver of Conflict* colloquium featured General Ton van Loon, ret. (Royal Netherlands Army), Sarah Chayes (Senior Associate, Carnegie Endowment for International Peace), Mark Gitenstein (Special Counsel, Government & Global Trade, Mayer Brown), together with the Bank's Betty Bigombe, Senior Director and Robert Hunja, Director. The audience counted over 120 World Bank staff, defense attachés, and international affairs experts. The three sponsoring units will collaborate on a joint publication on innovative approaches and solutions to corruption challenges in fragile and conflict contexts.

Illicit financial flows, Tax Evasion and Corruption

Events hosted by INT and the Governance Global Practice during the Annual and Spring Meetings further strengthened the momentum of the World Bank Group's efforts to address illicit financial flows and the underlying sources, like corruption and tax evasion.

"Illicit financial flows are at the heart of the systemic causes of poverty and inequality, affecting billions of people around the world," said **Raymond Baker, President of Global Financial Integrity**, who was a panelist.

According to law enforcement agencies at the 2014 ICHA Conference, corruption and tax evasion are intrinsically linked. Most corruption cases have an associated tax offense because bribes are not tax deductible. That is why tax investigations can be a powerful tool to fight corruption. However, a survey held among ICHA-participants highlighted critical obstacles such as privacy laws regarding tax data, lack of trust between agencies, and training. Financial secrecy and the border-crossing nature of these crimes further complicate the matter.

The rewards from breaking the web of secrecy can be significant, as shown by a case study INT developed in collaboration with the Danish Tax Administration (SKAT). SKAT analyzed six million financial transactions involving tax havens, identifying discrepancies that yielded approximately \$400 million in tax adjustments. In partnership with the World Bank's Governance Global Practice and the Governments of Denmark and Norway, we are developing tools including a handbook on the enforcement of tax evasion. We will make these tools available to the ICHA community and other financial crimes investigators in the Bank's client countries.

build on the success of their preventive and integrity risk management efforts. As input to the meeting, four development agencies had combined their data consisting of more than 5,000 complaints to identify hotspots. The deliberations focused on sharing lessons on how to improve integrity risk management and resulted in an agreement to work on two high-risk countries, and expand the joint data analytics work.

“The Integrity round table provided the opportunity for donors’ fraud and corruption experts to not only share ideas and challenges in preventing fraud and corruption, but also facilitated the transfer of highly specialized knowledge and lessons learned through the creation of new personal and professional relationships and networks between the represented donors,” said Timothy Church, Director of the Fraud and Anti-Corruption Section, Department of Foreign Affairs and Trade of Australia.

COOPERATION UNDER NEGOTIATED RESOLUTION AGREEMENTS CAN PROVIDE REAL-TIME INSIGHTS

Settlements through Negotiated Resolution Agreements (NRA) have proven to be an invaluable tool to help us gain added insights critical to identifying ongoing and future risks. In addition to expediting the outcome of an ongoing investigation, NRAs have assisted the Bank to tap into additional sources of information. One element of an NRA is cooperation with INT as a condition for eventual release from debarment. This cooperation may require the company to appoint an independent investigator to carry out a review of the company’s books and records relating to World Bank-financed contracts and to carry out an internal investigation into possible misconduct by the company concerned as well as by their joint venture partners or related third parties. The findings of these investigations are then disclosed to INT. Since FY13, INT opened 8 cases as a result of NRA disclosures. These cases involve 13 projects in six countries, and contracts totaling \$38.3 million. So far, cases resulting from NRAs have resulted in 7 early temporary suspensions. INT has also referred five cases to national authorities.

Furthermore, for operational staff, NRAs can be a source of real-time information that assists risk mitigation in ongoing projects. The World Bank recently entered into a NRA with an engineering company, which included a requirement that the company should conduct a number of internal investigations at INT’s direction. Under the NRA, the company investigated a \$3.7 million contract for a water supply and sanitation project. This internal investigation revealed a \$50,000 bribe to an official in the government’s Project Management Unit, paid to ensure the award of the contract. The bribe was paid using project funds and disguised through a false invoice.

The timing of the investigation was such that INT’s preventive staff could work with the Bank’s operational team to identify and put in place additional mitigation measures for the follow-on project. These measures address not only the corruption risks exposed by the investigation, but also weaknesses such as limited competition in the tenders conducted, the absence of a contractor performance management system, and the absences of a complaint database and an independent dispute settlement

committee to address contractors' grievances. Several new systems were put in place and capacity building provided for officials in the agency.

FORENSIC AUDITS DELVE DEEPER INTO ISSUES AND PROVIDE ACTIONABLE EVIDENCE

The World Bank Group is shifting to smarter risk taking, more programmatic approaches that finance high volumes of low-value transactions across large geographical regions and remote locations, greater emphasis on fragile states, and an increased reliance on countries' own systems. The use of forensic methodology in proactive fiduciary reviews, carried out in partnership with the World Bank Group's Governance Global Practice, can establish early warning systems that help ensure high-risk operations, in particular, meet their objectives.

To this end, we are increasing our use of in-depth forensic audits of government expenditures in collaboration with our operational colleagues in financial management (FM) and procurement. This fiscal year, for example, one of our most in-depth forensic audits looked into expenditures incurred under an economic governance and reform project in Africa. Working together with FM and procurement staff, we reviewed thousands of vouchers totaling in excess of \$60 million as well as other project documentation. A joint report identified ineligible expenditures, control weaknesses and lessons learned. The government in question refunded \$10 million to the Bank due in respect of ineligible expenditures identified in the project. The control and risk mitigation issues identified are not unique to this project, and the lessons learned can have broader impact on World Bank-funded projects, as well as development efforts in general.

The in-depth review also gave us an opportunity to liaise closely with law enforcement authorities in the country where the misconduct occurred. The sharing of information ultimately played a role in the arrests and charges of corruption against certain government officials.

TWO-WAY INFORMATION SHARING IS CRITICAL TO ADVANCING INVESTIGATIONS AND NATIONAL-LEVEL ENFORCEMENT EFFORTS

Referring the findings of our investigations to national law enforcement authorities has been instrumental in helping countries advance their own anti-corruption work. To date, World Bank Group referrals have led to the prosecution and conviction of at least 35 individuals, and two companies have been fined for corruption and other misconduct. Criminal charges have been brought against at least another 29 individuals and arrests have been made with respect to another five referrals. (See Appendix for an update on the referrals we have made in the past two fiscal years.) Our referrals program also helps the World Bank Group fulfill its fiduciary obligation to ensure the

funds entrusted to the institution go to the purposes intended and are handled by persons of professional competence and integrity.¹

Equally important is the information that is shared with us, whether through established partnerships with national authorities or via the provisions in our NRAs and integrity compliance programs. National authorities in two countries provided us with information in one corruption investigation that was critical to substantiating the case. Two companies made bribe payments to a PIU manager to win four contracts on two different World Bank-financed projects. Law enforcement authorities in the PIU manager's country of citizenship obtained financial records via the authorities of a third country where he had his bank account. The records provided concrete evidence, listing all the corrupt payments he had received. Based on that information, the PIU manager confessed to having solicited bribes on multiple projects.

In another example, both the findings of an inquiry undertaken by a national anti-corruption agency and, in a second instance, the voluntary disclosures made by a company that had entered into a NRA with the World Bank Group helped our investigation into one of the cartels active in one country's energy sector. These cartel members, would decide in advance which of its companies would win particular contracts and collaborate on the prices to be quoted in different tenders. The cartel members collectively won five Bank-financed contracts in five years with a combined value of approximately \$4.5 million.

PROMOTING CORPORATE COMPLIANCE AMONG BUSINESSES OF ALL SIZES

Whether large multinational corporations or small local enterprises, the private sector plays a significant role in development. Companies can do much to reduce the supply-side of corruption and exert influence over how business is done in a given country. Five years ago the World Bank Group established the Integrity Compliance Office (ICO) which guides sanctioned companies through the process of establishing an effective compliance program. Companies that are conditionally debarred will continue to be blacklisted by the World Bank Group at the end of their period of debarment if they have not implemented a satisfactory compliance program.

Beyond helping make it a more suitable partner for World Bank-funded projects, a company's commitment to corporate compliance can have a trickle-down effect to subcontractors and other businesses in the same sector. The ICO's assessment of a

¹ In 2011 INT made a referral to Canadian authorities based on its investigation into allegations of corruption in connection with the Padma Bridge project. Based on a subsequent investigation by Canadian authorities, several former employees of SNC-Lavalin were charged with criminal violations of Canada's Corruption of Foreign Public Officials Act. In December 2014, a trial level court in Canada ruled on a records request to the World Bank which had been filed by the charged former employees of SNC-Lavalin. The court found that the Bank had impliedly waived its immunities through its conduct in cooperating with Canadian authorities in connection with their investigation into corruption by SNC-Lavalin and its employees. On July 2, 2015 the Supreme Court of Canada granted the World Bank's application for leave to appeal the decision of the lower court and will hear oral argument later in 2015. The World Bank has, during the pendency of this litigation, limited its referrals program to national authorities.

INT has an ongoing engagement with Public Works and Government Services, Canada's Department of Oversight (PWGSC), providing them with specific, experience-based knowledge as they revise their integrity regime for procurement and real property transactions. In early July, PWGSC launched the Government of Canada's new integrity regime, which contains several features inspired by elements of the World Bank's sanctions system. **Barbara Glover, Assistant Deputy Minister at the Departmental Oversight Branch** says Canada will continue to spread the message to suppliers regarding the new Integrity Regime, noting, "Strong anti-corruption policies and practices are enlightened self-interest for companies."

compliance program also supports the efforts of our anti-corruption partners. In one of its cases, the U.S. Department of Justice determined that a company it was investigating did not need to have an independent compliance monitor if the company had been released from World Bank debarment by the ICO. From well-known multinationals like the French energy giant Alstom and the Australian engineering consulting firm GHD Pty, to the medium and small-sized contractors and consultants from Nicaragua (Telecomunicaciones y Sistemas), France (Marvel), Uganda (Babcon), and Egypt (TEAM Misr Engineering), the ICO engaged and influenced a diverse group of companies, helping them adopt and implement integrity compliance programs that best fit their unique risks and business profiles, while observing the best practice principles reflected in the World Bank Group's Integrity Compliance Guidelines.

Larger companies with more resources are often better positioned to develop a compliance program, and those with a multinational presence have a greater incentive to meet a rising international standard. In fact, when bidding for contracts, a company's ability to anticipate and manage fraud and corruption risks is a competitive advantage, particularly in challenging environments and new markets. We are adapting our compliance guidelines to better suit the needs of small- and medium-sized enterprises that, in general, are less likely to engage with the ICO but are crucial to the strength of local economies.

Since the ICO's inception, 238 companies have been debarred with conditional release. To date, 18 have been released having an Integrity Compliance Program in place (See Appendix for a list of companies that implemented an Integrity Compliance Program under the guidance of the ICO). In addition, the Integrity Vice President, joined forces with the World Economic Forum Global Agenda Council on Transparency and Anti-Corruption to develop guidance for companies on voluntary disclosure. This blueprint is intended for firms considering how to respond to possible or actual instances of bribery committed by their staff.

ADDRESSING RISKS RELATED TO STATE-OWNED ENTERPRISES (SOES)

SOEs have an increasing presence in international investment generally, and development projects in particular. At the same time, however, SOEs from multiple countries are subjects of a significant portion of our complaints and investigations, and represent approximately one-third of the multinational companies on the World Bank Group's sanctions list. Our investigations this fiscal year have identified recurrent issues when some SOEs are involved in projects, including a conflict of interest when the parent company and subsidiaries bid on the same contract, or fraud when they use each other's experience as their own. In some cases, the attentiveness of the local Project Management Office or the World Bank task team leader prevented the contracts from being awarded to the companies committing the fraud. As a result of these investigations, in at least one instance, the World Bank urged the project implementation agencies to verify the experience of the lowest evaluated bidder by requiring authenticating documents (including signed contract and work completion certificates from previous clients) to be included in the Bid Evaluation Reports.

With an eye toward addressing systemic issues, we conducted a review of integrity risks associated with SOEs based on outcomes of our investigative and integrity compliance work. Some additional issues include tacit collusion in domestic projects, which is reflected in coordinated bids of SOEs active in the same sector; opaque management and oversight, enabled by a lack of clear rules, standards and transparency requirements, which contribute to corruption and losses; and barriers to effective integrity due diligence, caused by a lack of transparency and access to information. As initial steps, we will reach out to SOEs and relevant authorities to focus attention on these issues as well as assess the scope of the World Bank Group Integrity Compliance Guidelines to accommodate the structural and operational realities of SOEs. Over the past year or so, we have noted a new willingness of SOEs to engage with the Bank and seek settlements that stipulate cooperation and implementing effective integrity compliance programs.

We strive to have our work in investigations, sanctions, and prevention create impact beyond the World Bank Group portfolio. Our goal is to not only contribute to a larger anti-corruption movement, but to inspire others to participate. This past fiscal year was marked by strong partnerships across a spectrum of stakeholders. Collective action heightens awareness for the issues that drive corruption, as well as enhances the global capacity to tackle them.

The Global Anti-Corruption Movement—Tackling Issues that Drive Corruption

THE WORLD BANK GROUP'S INTERNATIONAL CORRUPTION HUNTERS ALLIANCE (ICHA) 2014: BRINGING TOGETHER THOSE WHO NEED SOLUTIONS WITH THOSE WHO HAVE SOLUTIONS

With the support of the Governments of Australia, Denmark and Norway, the World Bank Group launched ICHA in 2010 to strengthen the performance management of law enforcement authorities; facilitate the sharing of information among investigative bodies; undertake collective action, such as through parallel investigations, to target corrupt entities; and share practical and cutting edge investigative solutions.

In December 2014, ICHA convened for the third time. **World Bank President Jim Kim** succinctly described the Alliance's influence on the broader anti-corruption movement. "Every two years the Alliance brings together people from around the world who are on the front lines of enforcing the anti-corruption agenda. We engage in what is happening at a multilateral level, provide access to the latest anti-corruption tools and information, and foster a dialogue that drives our collective efforts to beat corruption." The President also stressed the Bank's support for country-led efforts in turning the tide against corruption, via the Governance Global Practice with more than 700 experts dedicated to helping countries to enhance their governance, and challenged the corruption hunters to freeze, forfeit, and recover stolen assets to disrupt the flow of corrupted funds.



HRH The Duke of Cambridge addresses ICHA members at World Bank Group headquarters in Washington, D.C.

Partnering with the World Bank Group for the first time, **HRH the Duke of Cambridge** made a plea for the participants' support in the fight against the illegal wildlife trade, a problem exacerbated by corruption. "In our lifetimes, millions of people will lift themselves out of poverty. But stubborn impediments to development remain, of which corruption is one of the most persistent and damaging. At its heart, all corruption is an abuse of power; the pursuit of money or influence at the expense of society as a whole. Worst of all, it weighs most heavily on the world's poorest and most powerless people. It deepens their hardships, stifles their opportunities, distorts justice, and undermines development. Where corrupt hands tear down faster than clean hands can build, escaping from the trap of poverty or conflict is much more difficult."

With 382 heads and senior members of anti-corruption authorities and representatives of international organizations from 130 countries, ICHA has a global footprint, bringing together those who need solutions with those who have solutions.

Two plenary sessions featured: a moderated discussion on how participants could take advantage when investigating and prosecuting corruption cases of international, national as well as foreign (such as the U.K. and U.S.) anti-bribery legislation; and a panel discussing why cooperation between law enforcement, anti-corruption authorities and tax authorities on a national level, as well as cooperation at an international level in dealing with illicit financial flows (IFF) is so critical, specifically in light of the post-2015 development agenda and the Financing for Development agenda.

Twenty-one parallel sessions dealt with additional issues that are ripe for progress, such as transnational efforts related to extractive industries in fragile states; the potential of civil lawsuits and other remedies to recover corrupt funds; the importance for authorities to engage in prevention, education, detection, and enforcement in combination to achieve maximum results; the value of innovative approaches, such as the Transparency, Accountability and Participation (TAP) concepts, in changing a culture of impunity and managing the risks of corruption in public administration; the findings of the OECD Foreign Bribery Report (2014); good practices for digital records management for anti-corruption authorities; the benefits of financial disclosure by public officials in the fight against corruption and building a climate of integrity in public service; the capability of NodeXL, a free open-source application for the visual display and analysis of networks; the advantage to pursuing tax crimes, in collaboration with tax authorities, so as to aid anti-corruption agencies in their fight against corruption; and the use of social media such as blogs and twitter as an effective platform for connecting and engaging anti-corruption leaders with advocates and citizens to bring greater prominence to issues and challenges around integrity compliance, ethical behavior, and the rule of law.

ICHA 2014 furthermore offered insights into the potential of data and analytics to transform how anti-corruption authorities can detect, investigate, and better monitor corruption risks in development financing, public spending, and government contracts. Several projects, open source tools and other instruments were shared with participants for their learning and consideration.

Training Corruption Hunters

Sharing knowledge is one way to foster a more effective and widespread response to corruption. This year we provided training to more than 1,100 people around the world, often in conjunction with local authorities. Some of the specialized training included: competition concerns in public procurement in India; enhancing the administration of statements of assets and liabilities in the Philippines; health sector workshops in Bangladesh and Ukraine; road sector project workshops in Tajikistan and Kyrgyz Republic; and detecting red flags during the bidding process and project implementation for water projects in Uzbekistan.

In partnership with instructors from the George Washington University Law School and simulation experts from the University of Maryland ICONS program, we developed a two-week online training program "Operational Skills for International Corruption Hunters" which guides teams through a simulated investigation involving a complex financial corruption scenario, asset tracing, money laundering, confiscation of illicit proceeds, evidence organization and trial preparation. The course is available in English, French, and Spanish and has been used by anti-corruption agencies in Botswana, Tanzania, Sierra Leone, Senegal, the Philippines, Singapore, Chile, Peru, Costa Rica and the Dominican Republic. For more information about the ICHA-ICONS training program please contact icha@worldbank.org.

Forty banking sector supervisors from nine countries in Latin America participated in a course on financial crimes detection, developed in collaboration with the U.S. Federal Reserve, the IMF and the StAR Initiative. An intensive primer on the links between corruption, bank fraud, anti-money laundering, asset recovery and international development, participants learn about international frameworks and actors, national institutions, policies, methods and tools. This year, for the first time, the roster also included representation from the United States Internal Revenue Service to include tax evasion investigative techniques.

For more information about this event download the conference report at www.worldbank.org/icha. ICHA members and other interested parties can also share experiences via the ICHA forum. To apply to become a member, send an email to icha@worldbank.org.

Inspiring a Global Anti-Corruption Movement

The Government Perspective—Fulfilling Campaign Promises in the Philippines

The World Bank Group and the Philippines have partnered on a number of anti-corruption and transparency initiatives over the years, from targeted training to prevention strategies tailored for the Department of Finance, the judiciary and the media. This fiscal year, we also jointly undertook a review to enhance the Philippines Integrity Management Program, carried out under the auspices of the Office of the Ombudsman and the Office of the President. **Conchita Carpio Morales, Ombudsman for the Philippines**, has actively participated in ICHA since its inception. She explains what the “*walangmahirap kung walang corrupt*” campaign means for the daily work of her office and her country.

“Corruption is costly, especially in a country like the Philippines where extreme poverty in 2012 was estimated at 19.2% of the population, or about 18.4 million people. Corruption is a persistent problem and perceived as pervasive. Based on the Corruption Perceptions Index report of Transparency International, the Philippines ranked 129th out of the 183 countries covered by the survey in 2011. Its score and ranking improved significantly since: 85th out of 175 countries in 2014.

While the intensified campaign against corruption by the government under the present administration implementing a platform of good governance “*walangmahirap kung walang corrupt*” (if there’s no corruption, there will be no poverty) has made significant headway in addressing corruption, the results of the survey conducted by the Social Weather Stations released during the Good Governance Summit in 2014 showed that 56% of business executives said corruption was widespread as compared to 43% in 2012.

At the beginning of my term in mid-July 2011, my first order was to hire an additional 100 qualified and competent lawyers to ensure the speedy disposition of pending criminal and administrative cases which, records reveal, have reached 11,000. This set the tone of my administration’s thrust for the succeeding seven years: to go after the big fish and ensure successful prosecution of cases.

To send a strong message that the Ombudsman faithfully performs its constitutional mandate to enforce public accountability, it has prioritized the investigation and prosecution of corruption related cases involving high-ranking officials involving grand corruption, or misuse of large amounts of public funds.

Interviews have been edited for brevity and clarity.

The Filipino people have the right to hold their public servants to the highest bar of accountability and to bring them before the courts of justice if they are accused of betraying the public trust.”

The Government Perspective—Asset Seizure in Switzerland and Thailand

The World Bank has, over many years, had an extensive engagement with Swiss authorities in the law enforcement arena including the forfeiture of proceeds of corruption. **Michael Lauber, Attorney General**, Office of the Attorney General OAG, Switzerland, shares why international cooperation is crucial to anti-corruption.

“Corruption undermines democracy, [it] adversely effects efforts to reduce poverty [and] destroys the operation of free markets. Corruption has a disastrous effect on the citizens of our world. Fighting corruption should therefore be at the forefront of all governmental institutions and the entire private sector.

Switzerland plays a crucial role in the anti-corruption network of international organizations such as the World Bank and the OECD. Swiss federal law enforcement is specialized in fighting both national and international corruption and works on world-known criminal investigations. The fight against corruption is not the task of single jurisdictions. We have to remove barriers to effective international cooperation. This should be a main goal for all of us.”

In 2007, INT investigated and substantiated allegations of fraud and corruption involving local sub-consultants of an international consulting consortium that had agreed to pay 17% of a \$2.5 million contract as bribes to senior officials on the Bid Evaluation Committee. The World Bank eventually withdrew funding of the contract, and has sanctioned three entities involved in the corrupt scheme. The case was referred to the then newly-established National Anti-Corruption Commission of Thailand where INT continues to provide cooperative support. **Sirilaksana Khoman, Chair, Economic Sector Corruption Prevention**, National Anti-Corruption Commission, describes Thailand’s progress since.

“Ultimately, corruption is a crime of injustice. Advantage over others is obtained not through ability, but through unfair means. It leads to misallocation of resources and waste; needed projects are not undertaken because funds are hijacked and diverted to projects that can be manipulated for personal gain. Roads, bridges, hospitals and schools are not built or repaired, skills are ungraded because resources are diverted elsewhere. In addition, corruption also destroys the moral fabric of society. Honest people get discouraged and the situation perpetuates itself if left unchecked.

Intercepting suspicious looking mega-projects before the corruption occurs has been our biggest success so far. We now attempt to systematize the process, and include a provision for project monitoring and ‘integrity pacts’ in the new public procurement

law in Thailand. We are focusing on asset recovery as a deterrent. Others can help by convening meetings on the legal intricacies across jurisdictions, provide progressive training and tools to trace money trails.”

The Government Perspective— Working in Fragile States: SIGAR

In March 2011, INT signed a MoU with the Special Inspector General for Afghanistan Reconstruction (SIGAR) to regulate the exchange of information around the World Bank’s Afghanistan Reconstruction trust fund. Initiatives, like INT’s participation this fiscal year in the SIGAR Salon, keep both organizations informed about the issues stakeholders working in fragile or conflict-affected environments must address to create positive development impact. **Inspector General Sopko, Special Inspector General for Afghanistan Reconstruction (SIGAR)**, urges the international community to rethink its approach to anti-corruption.

“In conflict—and post-conflict countries, polities are often fragile. Legitimacy of the state is not secure, which opens the door to undermining forces, insurgencies among them. A stable, more secure and predictable world is one desired by the populations such governments serve. It is also in the obvious interest of the international community and the U.S. Enabling such states to be effectively self-governing, self-sustaining and able to provide public goods and services that meet the needs and expectations of their citizens without bribery, extortion and other corrupt practices will provide good reasons for people to participate positively with government, rather than be at odds with it.

While SIGAR has had numerous successes in the anti-corruption effort, one that sticks out as having a wide ranging impact is the results of a SIGAR investigation that uncovered corruption in the award of a nearly \$1 billion, multi-year Afghan Ministry of Defense (MOD) fuel contract.

Corruption is too malevolent a phenomenon and too pervasive in too many countries. How can others help? All our partners, domestic and international, in both the political and development arenas, should take the anti-corruption agenda on board themselves. We all need to think, and think again, as to the potential corruptive effects, obviously unintentional, that our interventions—policy and programmatic—may cause, to include not only the possibility of actual corruption but also the perception thereof. We should no longer pretend that we in the international community do not play a role in fostering corruption under certain circumstances. We need to acknowledge and do more to guard against our possible contribution to the problem. At the same time, we need to build into our relationships with beneficiaries measures which they can undertake, with or without our support, that mitigate corruption that occurs independently of us, or as a consequence of our actions.”

The Government Perspective—Poland’s Central Anti-Corruption Bureau

In 2013, in collaboration with Poland’s Central Anti-Corruption Bureau (CBA), INT published a Fraud and Corruption Awareness Handbook for civil servants involved in public procurement. The handbook offers insights about fraud and corruption in public investments in Poland as well as in World Bank-financed projects; how it happens and how it can be detected before it negatively impacts investments. The handbook was translated into Polish this fiscal year. (See <https://openknowledge.worldbank.org/handle/10986/18153>)

Pawel Wojtunik, Head of Poland’s Central Anti-Corruption Bureau discusses his country’s five-year anti-corruption plan and efforts to tamp down on corruption in the public sector’s IT development.

“At first sight, many citizens do not see a link between their standard of living and a civil servant accepting a bribe unless they are explained that actually it is them who pay the bribe: an entrepreneur who gives a bribe calculates its value in the price of the products or services we buy, which distorts basic market mechanisms, primarily fair competition. In fact, it works as an additional tax imposed on traders, a tax which we all pay. Thus, corruption excludes poor people from many services as they become financially unavailable to them.

A huge problem today is corruption occurring in the IT development in public administration. Detection of corruption in the area of IT is one of the biggest achievements made by the CBA during my term in office. It was a milestone in cooperation with the FBI and the United States Department of Justice. Without the exchange of information and mutual support, we would not have solved this problem. We managed to gather evidence against state officials who accepted multi-million dollar benefits. Additionally, we detected criminal activities in which the most important state institutions and global companies were involved. The size and seriousness of corruption in the area of IT development in public administration could lead to the collapse of public IT projects, including those which are relevant to the security of the State.

These days, the Central Anti-Corruption Bureau concentrates on the *2014–2019 Government Programme for Counteracting Corruption*, which constitutes the core element coordinating the national anti-corruption policy. Its main objective is curbing corruption in Poland, and it covers two specific objectives: (1) reinforcement of preventive and educational activities, and (2) reinforcement of the fight against corruption. The latter emphasises the improvement of coordination and cooperation between law enforcement agencies as well as anti-corruption assessment of draft and enacted legislation.”

The Small- and Medium-Sized Enterprise Perspective— Babcon Uganda

Babcon Uganda, a small civil works company, was debarred for a minimum period of two years in December 2011 after having been found to have engaged in a fraudulent practice. Babcon Uganda was removed from the World Bank Group’s debarment list in September 2014 and has also offered to mentor other similar companies in its market. **Godfrey B. Zaribwende** is **Managing Director for Babcon Uganda Limited**.

“When the debarment went public, at first it was shocking, embarrassing and it led to loss of credibility and business. As if that was not enough, I had to design, adopt and implement a corporate compliance program, something that was alien to me, and I had no experts to consult locally, so it was not easy. But the alternative was to live in guilt and lose my business career which I had spent 27 years of hard work, building. I was determined, and with the support of ICO and the motivation I received from references provided by the World Bank, I pulled through. Babcon is now competing favorably in all public and private tenders. We have published anti-corruption messages that are posted on our office gate and other sites. When visitors come in, they have often expressed gratitude and are actually pleasantly surprised, as this is not common in many businesses in Uganda.

Corruption gives unfair advantage to those practicing it and therefore undermines fair competition and access to business opportunities. It undermines service delivery and does not give value for money, both in terms of quality and cost, when businesses and public servants connive in corrupt activities. This affects everyone. It is everybody’s wish to do business in a good environment, and if I can be part of the team to create this environment, I will gladly participate. We insist on working with businesses with whom we share the same values. This seems to be paying dividend. It is my strong belief that it is these integrity messages posted on our Website and displayed in our business premises that encourage our potential business partners.”

The State-Owned Enterprise Perspective— Energoprojekt Niskogradnja A.D., Serbia

Energoprojekt, a Serbian partially state-owned civil engineering and contracting firm, together with its sanctioned affiliates, was released from sanction on July 3, 2015, after meeting its conditions for release as part of a Negotiated Resolution Agreement with the World Bank. Company representatives have been engaged in activities promoting business ethics among industry groups. **Milan Mamula** is the **Integrity Compliance Officer for Energoprojekt**.

“Corruption distorts markets, affects the stability and security of societies, undermines the institutions and values of democracy, ethical values and justice, and jeopardizes sustainable development and the rule of law. We wish to avoid violating any law in

place in the countries in which we operate and seek to establish an example of best practice. We have been successful in raising awareness about corruption and how to fight it, as well as in promoting ethical standards and compliant behavior among Energoprojekt's employees and through collective action taken in the Republic of Serbia in cooperation with the National Alliance for Local Economic Development (NALED). In future, we will continue broadening awareness of our ethical and integrity compliance standards among our business partners."

The Multinational Perspective—Fluor

INT's Vice President chairs the World Economic Forum's (WEF) Global Agenda Council on Governance and Anti-Corruption, a platform that brings together leaders across all sectors. The Council is focused on leveraging the B20 collective action hubs, harmonizing legal frameworks, and designing efforts to increase public awareness on corruption.

David Seaton, Chairman and CEO of Fluor, serves as chairman of the WEF's PACI Vanguard initiative, a community of global CEOs committed to advocating for a stronger anti-corruption agenda. He also has been the co-chair of the B20 Task Force on Transparency and Anti-Corruption since its inception in 2011.

"I believe strongly that a role of business is to help create and foster prosperity for the benefit of its stakeholders. And I believe that those who care deeply about fair and balanced competition to promote business growth and competitiveness should make eliminating corruption a priority. At the outset, Fluor focused on the challenges posed by corruption in our industry, engineering and construction. We wanted to take actions that helped make competitive bidding transparent and ethical, including government and business-to-business transactions.

I have been involved with the B20 beginning in 2011 and with PACI longer than that. While we have and continue to address a broad range of issues, there is one on which I think we need to place more emphasis. Many countries have become signatories to the OECD Convention Against Bribery of Public Officials and the UN Convention Against Corruption. Both required signatories to pass and enforce national anti-corruption laws. At this point, it is clear that only the U.S., the UK and a handful of others have effectively stepped up to their enforcement responsibilities. In other words, all the right laws are on the books but they are far from having their intended effect. The OECD recently completed a review of its convention and found the lack of enforcement to be the over-arching challenge. Likewise, Transparency International conducted a global study on enforcement with similar conclusions."

The Multinational Perspective—Siemens AG

In 2009 the World Bank Group entered into a settlement with **Siemens AG**, the first of its kind for the Bank Group. The company acknowledged past misconduct in its global business and a World Bank project in Russia involving a Siemens subsidiary. As part of the settlement, Siemens committed to pay \$100 million to support anti-corruption work; an agreement of up to a four-year debarment for Siemens' Russian subsidiary; and a voluntary two-year shut-out from bidding on Bank business for Siemens AG and all of its consolidated subsidiaries and affiliates. As part of the settlement, Siemens also agreed to cooperate to change industry practices, clean up procurement practices and engage in collective action with the World Bank Group to fight fraud and corruption. Siemens will also provide information to INT on any additional cases of wrongdoing.

Dr. Andreas C. Hoffmann, General Counsel for Siemens, explains how the company has evolved since 2009 and how it is encouraging others to follow suit.

“Some of the fastest growing economies in the world today are still facing severe corruption risks. Companies like ours cannot ignore these markets, nor can they accept the existing level of corruption risks. For companies, corruption impedes business growth, escalates costs and poses serious legal and reputational risks. It also raises transaction costs, undermines fair competition and impedes long-term foreign and domestic investment.

[We have created] a focused organization based on our business risks where our compliance officers have become trusted partners to business. We have gained trust of our people who know exactly what is expected from them regarding integrity during the business transactions, but who also trust us and report potential wrongdoings as they know we will appropriately investigate and draw consequences.

But what is important is that our management and our employees have made their stance against corruption also clear to the external world and actively try to contribute to changing the business environment to be more transparent through our Collective Action efforts and our Siemens Integrity Initiative.

Today's business leaders have an unprecedented opportunity, and responsibility, to show that companies can do well by doing good. There exists a wealth of legal frameworks, policy instruments and voluntary corporate compliance standards designed to promote responsible business practices. However, there remains a gap between what these rules for business say, and how they are implemented. What we need are more companies all around the world implementing proper effective compliance systems and stable, transparent, predictable and efficient legal frameworks.”

The Civil Society Perspective—Oxfam America

As law enforcement agencies continue to crack-down on international tax evaders to promote transparency in the global financial system, more needs to be done so that financing for development efforts are not negatively impacted. At the 2015 World Bank-IMF Spring Meetings, INT hosted an event at which six high-level officials highlighted the need for global action to address tax evasion. Panelists included: His Excellency Benny Engelbrecht, Minister of Taxation, Denmark; His Excellency Luis Miguel Castilla, Ambassador to the United States, Peru; His Excellency Mogens Jensen, Minister for Trade and Development Cooperation, Denmark; Eric Hylton, Executive Director, IRS Criminal Investigations, United States; Ray Offenheiser, President, Oxfam America; and Ms. Villa Kulild, Director General, Norwegian Agency for Development Cooperation (Norad).

Oxfam America has called for international cooperation on tax matters to avoid a “race to the bottom” on tax, with countries competing to attract foreign investment with lower corporate tax rates and more generous tax incentives.

Ray Offenheiser, President of Oxfam America, explains how else his organization is helping shape the global anti-corruption movement.

“For people living in poverty, the impact of corruption is felt acutely in intimate and immediate ways. In the case of development aid, corruption can mean lost food, medicine, or other services—the very resources intended to help the most vulnerable people around the world make their way out of poverty. For women, corruption also perpetuates gender inequalities. Women are less able to afford to pay bribes and are more likely to be extorted to access basic services. These gender disparities constrain their ability to hold officials accountable to deliver services.

Instead of simply seeking to avoid corruption, donors and development implementers should support the local change agents who take great risks to combat corruption by helping citizens find their voices and by helping governments to heed those voices.

One example of this work comes from Ghana. In February, the International Monetary Fund (IMF) and the Government of Ghana reached an agreement for a loan program during the last week of February in Accra following advocacy work by Oxfam and a range of civil society allies in Ghana. The agreement would mandate greater transparency over public funds, and commits the IMF and Government of Ghana to joint monitoring with Ghanaian civil society of IMF bailout package. Already, as a consequence of this loan agreement:

- The Ghana National Petroleum Company disclosed its audits as a condition of the IMF bailout package. This was one of several key requests made to the IMF by Oxfam and civil society allies in Ghana.
- The Government of Ghana has agreed to publish monthly budget execution reports for the first time as a condition of IMF bailout. Ministries, agencies and state-owned enterprises will also publish revenues and expenditures, financial statements, investment plans, and wage performance reports.

- The Government of Ghana committed to expand by 37% in 2015 the allocation of funds from domestic resource mobilization (excluding donor aid) into pro-poor social protection—from approximately \$270 million (947 million cedis) in 2014 to \$370 million (1,294 million cedis) in 2015. The IMF will monitor allocations quarterly.

Aid can be most effective and reduce corruption when it strengthens the engagement of citizens with their own state. With the right changes to donor laws, policy, and practice, donors can adopt a more locally driven approach to fighting corruption, and thereby sharpen tools to support people in partner countries in their fight against corruption.”

The Youth Perspective—The Accountability Lab

Blair Glencorse, Founder and Executive Director of the Accountability Lab, is also a member of the World Economic Forum’s Global Agenda Council on Governance and Anti-Corruption, which is chaired by INT’s Vice President, Leonard McCarthy. He is a strong advocate for involving youth in the anti-corruption movement.

“We’ve come to realize that to engage young people around these issues we need to create a positive narrative that they can buy into; a sense that there is a different, more fair and accountable reality. This means highlighting and celebrating what works and making these issues fun and engaging. We call it “naming and faming” rather than “naming and shaming.” So we’ve been running a TV show in Nepal, Liberia and Pakistan called Integrity Idol—through which citizens can nominate and vote for honest civil servants. The top five in each country are filmed at work and taking questions from citizens; and voting takes place through SMS and social media. At the end of the year we crown an “Integrity Idol”—there is no prize—just the respect of citizens that support accountability everywhere. We’ve seen some incredible reforms come out of this process as the nominees gain respect and trust to make changes; and it’s creating widespread discussions around what it means to be a public servant, which is the key aim.”

Looking Ahead

With seven years as **Vice President for Integrity**, **Leonard McCarthy** outlines eight ideas for advancing the World Bank Group's anti-corruption work and influencing the global anti-corruption movement.

1. Over the next 12 months, we want engage with governments to reinforce integrity principles among public officials working on World Bank Group projects.
2. With half of all cases substantiated in FY15 involving corruption in the bidding process, it is incumbent upon us to provide more creative analysis—and solutions—to support the Bank Group's new procurement policy.
3. We are also looking forward to a more rigorous use of the Bank Group's audit rights, which should provide greater access to information critical to detecting fraud and corruption.
4. In FY15, we commenced tracking the financial significance of misconduct in World Bank Group projects. In FY16, we plan to have a more empirical and rigorous methodology in place to bring greater value to the institution.
5. Drawing from the issues identified throughout this Annual Update, we also want to focus our preventive efforts on the Global Practices where we have seen the most complaints: Transport & ICT, Water, and Energy & Extractives.
6. With the private sector an important part of the anti-corruption equation, we will also be reaching out to major entities that are engaged in World Bank-financed projects to enhance awareness about the World Bank's investigative findings and influence how they conduct due diligence and internal compliance.
7. Some of the analytical work and insights derived from investigations, forensic audits, INT's compliance program, and our preventive function should be shared with counterparts in government, donors and other stakeholders in a more structured and timely fashion.
8. We will also continue shaping the interaction and cooperation amongst members of ICHA, with an emphasis on financial crime, illicit financial flows and corrupt networks.



Our Performance

Investigative Data

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

Internal investigations assess allegations of significant fraud and corruption involving Bank Group staff occurring in Bank Group-financed projects or supported activities (i.e., operational fraud and corruption) or affecting the Bank Group administrative budgets (i.e., corporate fraud and corruption). INT also investigates allegations against corporate vendors involving the five sanctionable practices in support of the Bank's corporate vendor eligibility determinations, leading to corporate debarment proceedings and in some cases operational cross-debarments. (See www.go.worldbank.org/C3YIALVBF0.)

External Investigations

COMPLAINT INTAKE

INT receives complaints from all over the world and from many sources. Of the preliminary inquiries opened in FY15, 27% of complaints received came from Bank Staff² and 73% of complaints were from non-Bank sources, including contractors, concerned citizens, government officials, employees of NGOs, and other multilateral development banks. INT routinely conducts outreach to all groups in an effort to increase overall awareness and reporting of complaints.

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

² The 27% of Bank staff include staff who have, of their own initiative, reported an issue, as well as staff who have forwarded complaints they received from other parties.

activities is not converted to a full investigation, INT works with operational staff or other interlocutors to address the issues raised.

In FY15, INT reviewed and opened **323 preliminary inquiries pertaining to 86 countries, of which 99 were selected for full investigation.**

INVESTIGATION OF CASES

Through investigations, INT ascertains whether firms and/or individuals have engaged in one of the Bank Group's five sanctionable practices. If INT finds sufficient evidence to conclude that it is more likely than not that the alleged conduct, or other sanctionable conduct, occurred, then the matter is deemed *substantiated*. The allegation is considered *unsubstantiated* if there was insufficient evidence to prove or disprove it, and *unfounded* if INT concludes that the alleged sanctionable conduct did not occur. INT continues to refine its selection process for matters going to full investigation and has devoted additional resources to more thorough preliminary screening of allegations before commencing a full investigation. **INT's substantiation rate in FY15 was 74%.**

New Cases Opened by Region, FY12–FY15

REGION	FY12	FY13	FY14	FY15
Africa	31	24	8	25
East Asia Pacific	8	15	13	20
Europe & Central Asia	17	14	9	11
Latin America & Caribbean	8	10	3	8
Middle East & North Africa	6	5	1	4
South Asia	11	16	5	26
IFC		5	1	5
Grand Total	81	89	40	99

Of the 88 external cases under investigation at the end of FY15, 65 involved allegations of corruption.

TYPE OF ALLEGATION	FY12	FY13	FY14	FY15
Coercion	0	0	1	1
Collusion	12	10	7	10
Corruption	40	41	41	65*
Fraud	27	35	22	13

* Of the 65 cases under investigation for corruption, 47 have elements of fraud and/or collusion.

New Cases Opened by Sector, FY12–FY14*

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

New Cases Opened by Global Practice, FY15*

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

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

FINAL INVESTIGATION REPORTS

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

Since FY10, INT has been tracking case turnaround time, striving to ensure that the maximum time between opening a case and submitting the FIR to the President of the World Bank is, as was recommended by the Volcker Panel in 2007, no more than 12 to 18 months, depending on the complexity of cases. **Of the 81 investigations closed in FY15, 51% were closed within 12 months and 70% were closed in less than 18 months. The average duration of all investigations completed in FY15 was 13 months. By the end of FY15, INT had 6 investigations open longer than 18 months.**

FIRs also form the basis for two other INT outputs: referral reports, which INT sends to relevant national authorities if evidence indicates that the laws of a Bank Group member country may have been violated (see Appendix for list of referrals made to national authorities in FY15); and redacted reports, which are provided to the Bank Group's Board of Executive Directors for information and, after the completion of all related sanctions proceedings, made publicly available.

External Investigations Performance Indicators, FY12–FY15

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

*The 37 FIRs issued in FY15 reported INT's findings with respect to 47 closed investigations.

Sanctions

When INT finds sufficient evidence to substantiate that a sanctionable practice occurred, it also prepares a Statement of Accusations and Evidence (SAE). The SAE is presented for review to the relevant Bank Group's Evaluation Officer (EO). The EO for IBRD/IDA is called the Suspension and Debarment Officer (SDO).

The decision whether a firm or individual has more likely than not engaged in a sanctionable practice and, if so, what sanction should be imposed, is determined through a two-tier process—the first by the relevant EO, the second by the Sanctions Board. These staff and the Sanctions Board are independent of INT. The EOs review the case brought by INT to determine whether INT has submitted sufficient evidence to support the accusations against the respondent and, if so, to recommend an appropriate sanction via a Notice of Sanctions Proceedings (NoSP) and temporarily suspend the respondent. Under the sanctions procedures, when a respondent fails to contest the accusations against it within 90 days, the sanction recommended by the EO becomes final. If the respondent contests the recommended sanction, the Sanctions Board will consider the case, which may include a hearing. (See Appendix for list of entities debarred in FY15.)

Sanctions System and Results, FY12–FY15

	FY12	FY13	FY14	FY15
Sanctions Cases Submitted to OSD by INT [∞]	25	33	45	29
Sanctions Cases (NoSPs or NoTSs) Issued by OSD to Respondents*	33	25	46	39
Negotiated Resolution Agreements Submitted to OSD by INT [^]	16	8	6	11
Firms and Individuals Temporarily Suspended by OSD	60	41	71	54
Firms and Individuals Sanctioned	84	47	67	73

[∞] Office of Suspension and Debarment (OSD) formerly the Office of Evaluation and Suspension (OES).

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

[^] Negotiated Resolution Agreements (Settlements) were first put into effect in FY11.

COMPLIANCE

To further encourage corporate governance, as of September 2010, the World Bank Group's default sanction is debarment with conditional release. Debarred entities therefore must meet specified conditions, such as establishing and implementing an effective corporate compliance program or improving an existing program, before they are once again eligible to bid on World Bank Group-funded projects. While there is no guarantee that entities that have met such conditions and have been released from sanction by the World Bank Group's Integrity Compliance Office (ICO) are risk-free,

the policies and procedures they put in place and their top management's stated commitment to promote integrity all yield a positive influence. Such actions not only improve internal controls and risk assessment processes, but send a clear message to external partners as well. The ICO also discusses compliance conditions with entities that are in Negotiated Resolution Agreement (NRA) negotiations with the World Bank Group, thereby helping to inform compliance conditions up-front in the process. The World Bank Group Integrity Compliance Guidelines (pdf) can be found at www.worldbank.org/integrity.

In FY15 **the ICO contacted and advised 55 sanctioned parties** of the general requirements and procedures for meeting their respective conditions for release from sanction. Overall, in FY15 the ICO actively engaged with **47 entities of which 24 are multinational corporations, 19 are small and medium enterprises, and 4 are individuals. Thirteen (13) are from developed countries.** Such active engagement typically involves the ICO conducting a baseline evaluation of corporate compliance program-related materials presented by the party, as well as the party's implementation of such materials, with the ICO offering recommendations revision and/or enhancement as appropriate. Regarding such engagement, during FY15, the ICO also monitored the corporate compliance programs of numerous sanctioned entities, including through the review of matters such as periodic status reports, program revisions, implementation activities, and remedial action taken in response to the sanctioned misconduct (and any other misconduct subsequently detected).

In FY15, the ICO determined that in 7 cases the sanctioned parties had satisfied their respective compliance and/or other conditions for release as set out in the relevant Sanctions Board decision, SDO determination, or NRA. In several cases, the ICO has maintained a positive ongoing relationship with released parties.

COMPLIANCE RELATED RESULTS FY15

Entities sanctioned with conditional release to date*: **251**

Entities actively engaged with the Integrity Compliance Office: **47**

Notifications to newly debarred entities: **55**

Notifications of continued sanction (conditions for release still not met): **37**

Entities released from sanction following satisfaction of conditions for release: **7**

Total number of entities released to date (end of FY15): **18** (See Appendix for a complete list)

*In instances where different entities within a corporate family have been separately sanctioned, the ICO treats such entities as a single entity for portfolio counting purposes, including with respect to engagements, notifications, releases, etc.

NEGOTIATED RESOLUTION AGREEMENTS

Firms or individuals may explore the option of settling a matter through a Negotiated Resolution Agreement (NRA). Resolving a case through an NRA can save considerable resources, while also providing certainty of result for both the Bank and the party

under investigation. At the same time, settlements must be handled with discretion and transparency. INT is responsible for the drafting, negotiation and execution of NRAs. The agreements are, however, subject to review by the World Bank's General Counsel. Moreover, the relevant EO is charged with reviewing settlement agreements to verify that (i) the respondent entered into the agreement freely and fully informed of its terms, and free of duress, and (ii) the terms of the agreement are broadly consistent with the Sanctioning Guidelines. **In FY15 INT entered into NRAs with 11 entities.**

Preventive Services

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

Within INT, the PSU provides recommendations in Final Investigative Reports with the purpose to prevent the substantiated fraud and corruption schemes in future. These are recommendations to the country, region and/or Global Practice involved.

Within the Bank, the PSU advises Operations and the Board on risks and the mitigating measures discussed with operational staff in a proposed project, if in the proposed project's country and sector there is an ongoing or recently completed investigation (so called Volcker Trigger projects). The PSU also responds to requests from operational staff for advice on fraud and corruption risk in ongoing projects. Furthermore, the PSU undertakes Integrity Risk Reviews for Global Practices and Regions at their request. It finally develops instruments and provides training to help staff in detecting fraud and corruption risks and red flags.

The PSU also works with project officials in client countries to build capacity in detecting red flags in procurement and implementation of Bank-financed projects. In Vietnam, for example, the PSU mapped corruption risks by sector and stages in the project cycle and worked to proactively address integrity risks at the program and project level. Similarly, in Afghanistan, the PSU is working with the Governance Global Practice on a *Plan of Action to Root Out Corruption in National Procurement*.

PREVENTIVE SERVICES RELATED RESULTS FY15

Volcker Trigger projects incorporating INT risk information: 134

High-risk projects with PSU support: 94

Integrity Risk Reviews for GPs and Regions: 4

Persons trained in integrity risk management (clients and staff): 1,113

Number Final Investigative Reports with prevention-related recommendations: 24

Internal Investigations

To maintain its credibility in the global anti-corruption arena, the integrity of the World Bank Group's own operations is of the utmost importance. In addition to investigating allegations of fraud and corruption involving Bank Group staff and corporate vendors, INT mainstreams lessons learned through case studies, training, and other activities and participates in outreach programs as a member of the Bank's Internal Justice System to promote the reporting, detection, and prevention of fraud and corruption within the Bank Group's corporate arena.

THE INTERNAL INVESTIGATIONS CYCLE

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

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

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

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

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

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

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

FY15 OUTCOMES

In FY15, INT substantiated seven cases; five of these were staff cases and two were vendor cases. During the course of its preliminary inquiries, INT also established sufficient evidence to show that allegations against nine staff members were unfounded, thus clearing them of any wrongdoing.

FY15 VPHR DISCIPLINARY DECISIONS

In FY15, the VPHR issued five disciplinary decisions. In four of those decisions staff were terminated and/or permanently barred from rehire and restricted from access to Bank facilities for engaging in serious misconduct based on substantiated INT cases. In the other decision, the staff member received a letter of censure and a temporary bar to promotion.

In the first case, an Operations Analyst in a country office acted in concert with a government official to: (i) solicit and receive payments from a consultant who was a subordinate; (ii) inflate that consultant's contract salary for the purpose of funding the illicit payments; (iii) manipulate the recruitment processes of two candidates for trust fund-financed consulting positions; and (iv) falsify activity reports that were used by the Operations Analyst's half-brother to claim fees from the Bank. INT has also referred its findings to relevant national authorities.

In the second case, a now-former Bank staff member colluded with a Bank corporate vendor to fraudulently submit vendor quotations to the country office in order to create the appearance of competition leading to repeated selection of the vendor. The former staff member, as well as a Country Office Program Assistant, also communicated confidential Bank information to the vendor. While the former staff member was permanently barred from future employment with the Bank Group, the Program Assistant was censured and barred from promotion for three years—as the VPHR, due to mitigating factors INT identified during the investigation, found that she was not motivated by personal benefit. The vendor was debarred for three years.

In the third case, a task team leader (TTL) solicited kickbacks under the guise of management fees from at least two short term consultants, amounting to 30% of their remuneration. The staff member chose to resign, accepted a permanent bar to rehire; agreed to waive the right to appeal, and paid restitution in the amount of \$15,000, which equaled the amount quantified as having been paid to the TTL as a result of the solicitations.

In the fourth case, a staff member was found to have jeopardized the IFC's privileged tax-exempt status by forging IFC correspondence and opening accounts under the IFC's name at two retailers for the express purposes of making improper value added tax (VAT) exempt personal purchases for the staff member and family members over a period of approximately four years.

VENDOR CASE HIGHLIGHTS

The World Bank debarred five corporate vendors for sanctionable practices. Debarred vendors are (a) ineligible to receive Bank Group contract awards or to bid on Bank Group solicitations, (b) excluded from conducting business with the Bank Group as agents or representatives of other vendors, and (c) precluded from having discussions with the Bank Group concerning the awarding of contracts, for a period of time determined by the Vice President, Budget, Performance Review and Strategic Planning. (See Appendix for a full list.)

The World Bank Group also issued five letters of reprimand to corporate vendors for misconduct including faulty project administration, the failure to disclose relevant information, and conflicts of interest.

Internal Investigations Cases, FY15

	OPERATIONAL (STAFF)	CORPORATE (STAFF)	VENDOR	TOTAL
Carried over from FY14	15	5	1	21
Opened	16	10	6	32
Total	31	15	7	53
Closed	17	10	4	31
Substantiated	1	4	2	7
Unsubstantiated	9	2	1	12
Unfounded	7	2	1	10
Referred	0	2	0	2*
Ending caseload	14	5	3	22

*The two referrals concern the same matter, the alleged embezzlement by an HQ extended term temporary (ETT). The case was first referred to local law enforcement and closed by INT in May. At that stage, INT held disciplinary proceedings, as well as notification to the implicated staff member of the referral, in abeyance upon request by local law enforcement during the corresponding criminal investigation. The INT case was reopened in June, when it appeared that local law enforcement would not request further delay of notification to the staff member of the referral, and the need for a formal Staff Rule 8.01 interview appeared imminent.

Overview of Internal Investigation Outcomes, FY12–FY15

	FY12	FY13	FY14	FY15
Cases				
Substantiated	12	20	9	7
Unsubstantiated	10	8	16	12
Unfounded	25	9	6	10
Referred [∞]	4	2	2	2*
Closed	51	39	33	31
Referred^/Not investigated	57	30	33	39

[∞] Following a preliminary inquiry, these cases were deemed to involve issues more suitably addressed by other venues within the World Bank Group for intervention (e.g., EBC).

* See footnote in previous table.

^ Complaints that involved issues not within INT's investigative mandate that were referred to other appropriate venues within the World Bank Group for intervention.

TURNAROUND TIME

INT aims to complete internal staff cases within nine months (270 days)³. In FY15, the average turnaround time for the 27 closed cases was 278 days (about 9 months),

³ The nine month period spans from the initial receipt of the complaint through submission of a litigation quality final report of investigation to the VPHR. Turnaround time is impacted by a combination of seven variables, including: (i) Investigator to case ratio; (ii) Complexity of the cases; (iii) Single/multiple allegations per case; (iv) Whether mission travel is required; (v) Whether the subject staff member has requested extensions in which to respond in writing to the allegations notice and/or to the draft final report; (vi) Delayed availability of subjects or witnesses beyond INT's control; (vii) Whether there are parties external to the World Bank Group whose cooperation cannot be mandated.

whereas in FY14, the average turnaround time for the 26 closed cases was 211 days (about seven months), and in FY13 the average turnaround time for the 21 closed cases was 367 days (or approximately 12 months).

WHISTLEBLOWING

During FY15, a total of 122 staff (e.g., regular staff, former staff, extended—and short-term consultants, and temporaries) made protected (whistleblower) disclosures to INT. We are grateful to those staff members who have forwarded concerns of suspected misconduct that may threaten the operations or governance of the World Bank Group to the Integrity Vice Presidency, and we appreciate the assistance provided by many World Bank staff members in the resulting investigations.

Budget and Staffing

INT's budget was reduced in FY15 in consultation with INT's Vice President, and resulted from corporate budget decisions. Staffing levels have remained relatively constant with 56% female and 44% male. 37% of staff represent Part II countries and 10% represent Nationalities of Focus. We have also taken the initiative to conduct an external benchmarking vis-à-vis other similar structures, by focusing on the budget and resources the Bank devotes to INT. Currently, 78% of INT's budget is spent on investigations, which includes sanctions-related work. INT's own administrative budget, as outlined below, is the only source of funding for this work.

Given the World Bank Group Reforms and tighter budget environment, INT adopted a conservative staffing model. While significant efforts have already been made in implementing certain shifts and trade-offs, scale-up/down to maximize resources, skills synergy and efficiency, we continue to look for additional efficiency gains.

Budget and Staffing Levels FY12–FY15

	FY12	FY13	FY14	FY15
Budget (in \$ mil, incl. Reimbursables)	\$20.6	\$20.4	\$19.8	\$18.6
Staffing*				
Staff grades GE+	67	67	70	70
Staff grades GA–GD	17	19	17	17
Total Staff	84	86	87	87

* In addition to the 87 term and open-ended staff, INT's gross staffing also includes 7 extended term consultants/temporaries, to augment its capacity, while retaining staffing flexibility.

Appendix

Entities Debarred in FY15

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUNDINGS FOR SANCTION	LENGTH OF DEBARMENT
1	N.C. Sanitors & Service Corporation	Liberia	Fraudulent & Corrupt Practices 2006 Procurement Guidelines	13 years
2	Pioneer Construction Ltd	Uganda	Fraudulent & Corrupt Practices 2006 Procurement Guidelines	8 years
3	Limited Liability Company Manufacturing and Commercial Firm "Roma LLC"	Ukraine	Fraudulent Practices 2004 Consultant Guidelines	7 years
4	Mr. Charles Kyenkya	Uganda	Fraudulent & Corrupt Practices 2006 Procurement Guidelines	7 years
5	Steven Nederhorst	Netherlands	Fraudulent Practices Corrupt Practices 2002 Consultant Guidelines	6 years
6	GABICE S.A.C.	Peru	Fraudulent Practice 2004 Procurement Guidelines	5 years
7	Mr. James Strother	Liberia	Corrupt Practices 2006 Procurement Guidelines	5 years
8	Mr. Ludwig Atahualpa Huerta	Peru	Fraudulent Practice 2004 Procurement Guidelines	5 years
9	Mr. Valeriy Rushchak	Ukraine	Fraudulent Practices 2004 and 2006 Procurement Guidelines	5 years
10	Simed International b.v.	Netherlands	Corrupt Practices 2004 Procurement Guidelines	5 years
11	Steeve Laberge	Canada	Fraudulent Practice 1999 Procurement Guidelines	5 years
12	Beijing Huaxu Engineering Project Management Co.	China	Fraudulent Practices 2006 and 2011 Consultant Guidelines	4 years, 6 months
13	Aderconsult S.R.L.	Peru	Fraudulent Practices 2004 Consultant Guidelines	4 years
14	Development and Relief International b.v. (Also known as DRC International b.v.)	Netherlands	Corrupt Practices 2004 Procurement Guidelines	4 years
15	Global Alliance Trading Company, Inc.	Liberia	Fraudulent and Corrupt Practices 2006 Procurement Guidelines	4 years
16	Groupe DEC S.A / DEC Group Inc.	Benin	Fraudulent Practices 2010 Procurement Guidelines	4 years
17	Mr. Frank Rozestraten	Netherlands	Fraudulent and Corrupt Practices 2004 Procurement Guidelines	4 years
18	Mr. Tang Chi Anh	Vietnam	Fraud Practices 2004 Consultant Guidelines	4 years
19	Alamtech International and General Supplier	Sierra Leone	Fraudulent Practice 2006 Procurement Guidelines	3 years
20	C.D.W Construction Co., Ltd.	Cambodia	Fraudulent Practice 2010 Procurement Guidelines	3 years

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUNDINGS FOR SANCTION	LENGTH OF DEBARMENT
21	China International Water & Electric Corp.	China	Fraudulent Practices 1999 and 2006 Procurement Guidelines	3 years
22	Development and Relief Corporation b.v. (Also known as DRC b.v.)	Netherlands	Fraudulent Practices 2004 Procurement Guidelines	3 years
23	Diamond Construction & Import Export Co., Ltd.	Cambodia	Fraudulent Practice 2010 Procurement Guidelines	3 years
24	Elegant-Tikinti Insaat MMC/ Elegant-Tikinti Insaat LLC	Azerbaijan	Collusive Practices 2004 Procurement Guidelines	3 years
25	Guangzhou Artelia Environmental Protection Ltd. ("Artelia China")	China	Fraudulent Practices 2004 and 2006 Consultant Guidelines	3 years
26	Information Computer Systems, CJSC	Ukraine	Fraudulent Practice 2004 Procurement Guidelines	3 years
27	K.R.G. Associates	India	Fraudulent practices 2004 Procurement Guidelines	3 years
28	M/S Gayatri Construction	India	Fraudulent practices 2004 Procurement Guidelines	3 years
29	Meditech LLC	Armenia	Fraudulent practice 2010 Procurement Guidelines	3 years
30	Modern Servis MMC/Modern Servis MMC	Azerbaijan	Collusive practices 2004 Procurement Guidelines	3 years
31	Mr. Angel Zambrano Navarro	Peru	Fraudulent Practice 2010 Procurement Guidelines	3 years
32	Mr. Chea Vantha	Cambodia	Fraudulent Practice 2010 Procurement Guidelines	3 years
33	Mr. Luis Sánchez Santur	Peru	Fraudulent Practices 2004 Consultant Guidelines	3 years
34	Mr. Samuel K. Teekaye	Liberia	Fraudulent and Corrupt Practices 2006 Procurement Guidelines	3 years
35	Mr. Yrysbek Nurdupovich Gulmatov	Kyrgyz Republic	Fraudulent Practice 2006 Procurement Guidelines	3 years
36	RISMA Ltd.	Kyrgyz Republic	Fraudulent Practices 1997 & 2004 Procurement Guidelines	3 years
37	Ruslan Tikinti Demontaj Mmc/Ruslan Building Demontage LLC	Azerbaijan	Collusive practices 2004 Procurement Guidelines	3 years
38	Seng Enterprise Co., Ltd.	Cambodia	Corrupt practice 1997 Procurement Guidelines	3 years
39	Shandong Hualong Landscaping Engineering Co., Ltd.	China	Fraudulent Practices 2006 Procurement Guidelines	3 years
40	Bayon Water Pump Co., Ltd.	Cambodia	Fraudulent Practices 2010 Procurement Guidelines	2 years

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUND S FOR SANCTION	LENGTH OF DEBARMENT
41	CAA Communications and Accessories AG	Switzerland	Fraudulent Practices 2006 Procurement Guidelines	2 years
42	Cumorah	Bolivia	Collusion 2006 Procurement Guidelines	2 years
43	Empresa Constructora Y Consultora Laptus S.R.L.	Bolivia	Fraudulent Practice by a Collusive Practice 1999 Procurement Guidelines	2 years
44	ICOR Ingenieria En Construcciones Orleans	Bolivia	Fraudulent Practice 1999 Procurement Guidelines	2 years
45	Kuoy Vuoch Construction Co., Ltd.	Cambodia	Fraudulent Practice 2010 Procurement Guidelines	2 years
46	Medtechnica Plus CJSC	Armenia	Fraudulent practice 2010 Procurement Guidelines	2 years
47	Mr. Dennis Van Vogelpoel	Netherlands	Corrupt Practices 2004 Procurement Guidelines	2 years
48	Mr. Kuoy Vuoch	Cambodia	Fraudulent Practice 2010 Procurement Guidelines	2 years
49	Ms. Gonchig Oyungerel	Mongolia	Corrupt Practices 2002 Consultant Guidelines	2 years
50	Project Construction S.A.C.	Peru	Fraudulent Practices	2 years
51	R&T sh.p.k.	Albania	Fraudulent Practice 2006 Procurement Guidelines	2 years
52	Servicios Profesionales De Ingenieria Y Comercio Rocha	Guatemala	Fraudulent Practice 2010 Procurement Guidelines	2 years
53	Yerenergo Closed Joint Stock Company	Armenia	Fraudulent Practice 2011 Procurement Guidelines	2 years
54	Alcatel-Lucent Trade International, A.G. (Reg. No. Che-102.490.621)	Switzerland	Fraudulent practices 2004 Procurement Guidelines	1 year, 6 months
55	Gezhoubu No. 1 Engineering Company Limited Registration No. 420000000006592	China	Fraudulent Practices 2010 & 2011 Procurement Guidelines	1 year, 6 months
56	Gezhoubu No. 5 Engineering Company Limited Registration No. 420000000006630	China	Fraudulent Practices 2010 & 2011 Procurement Guidelines	1 year, 6 months
57	Gezhoubu No. 6 Engineering Company Limited Registration No. 350200100000023	China	Fraudulent Practices 2010 & 2011 Procurement Guidelines	1 year, 6 months
58	Artelia Ville & Transport SAS (Reg. No. 444 523 526)	France	Fraudulent Practices 2004 and 2006 Consultant Guidelines	1 year
59	Iberdrola Ingenieria y Construcción, S.A.U. (Iberinco)	Spain	Fraudulent Practices 1997 & 2004 Procurement Guidelines	1 year
60	iC Consulanten Ziviltechniker GmbH	Austria	Fraudulent Practices 2010 Consultant Guidelines	1 year

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUNDS FOR SANCTION	LENGTH OF DEBARMENT
61	Louis Berger Group, Inc.	United States	Corrupt Practices 2004 Procurement Guidelines	1 year
62	Ms. Lily Hurtado Lázaro	Peru	Fraudulent Practice 2004 Consultant Guidelines	1 year
63	GKW Consult GmbH (Reg. No. Hrb 5700)	Germany	Fraudulent and corrupt practices 2004 Consultant Guidelines	10 months
64	China Gezhouba Three Gorges Engineering Company Limited Reg. No.420000000006576 (1-10), Formally Known As China Gezhouba Three Gorges Industry and Business Company Limited (Gezhouba Three Gorges)	China	Fraudulent Practices 2010 Procurement Guidelines	6 months
65	Mr. Jaswinder S. Brar	United Kingdom	Fraudulent Practice 1999 Procurement Guidelines	6 months

Other Sanctions Imposed in FY15

	ENTITY NAME/INDIVIDUAL	COUNTRY	SANCTION IMPOSED	GROUNDS
1	Alcatel-Lucent Egypt for Telecommunications. S.A.E.	Egypt	Conditional Non-debarment	Fraudulent Practices
2	Alcatel-Lucent Italia, S.p.A.	Italy	Conditional Non-debarment	Fraudulent Practices
3	Artelia Eau & Environnement SAS	France	Conditional Non-debarment	Fraudulent Practices
4	Berger Group Holdings, Inc.	United States	Conditional Non-debarment	Sanctions Procedures, 9.04(b)
5	China Gezhouba Group Company Limited (CGGC Ltd.)	China	Letter of Reprimand	Fraudulent Practices
6	FreeBalance Inc.	Canada	Private Letter of Reprimand	Corrupt Practices
7	Iberdrola S.A.	Spain	Letter of Reprimand	Corrupt Practices
8	M/s Raghava Constructions	India	Letter of Reprimand	Fraudulent Practices

Cross-Debarments Honored by the World Bank Group in FY15

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUND(S) FOR DEBARMENT	LENGTH OF DEBARMENT
1	Fausto Alejandro Lopez Cifuentes	Guatemala	Cross-debarment, IDB	13 years
2	Alejandro Guerra Feo	Peru	Cross-debarment, IDB	10 years
3	Walter Chávez Rivadeneyra	Peru	Cross-debarment, IDB	10 years
4	Asociacion Camara de Exportadores de Costa Rica—CADEXO	Costa Rica	Cross-debarment, IDB	7 years
5	Sergio Andres Navas Alvarado	Costa Rica	Cross-debarment, IDB	7 years
6	Tecnologia Nordica Norditec S.A.	Costa Rica	Cross-debarment, IDB	6 years
7	Omar Enrique Rojas Donato	Costa Rica	Cross-debarment, IDB	6 years
8	Caribbean Asphalt Products	The Bahamas	Cross-debarment, IDB	6 years
9	Trevor Cleare	The Bahamas	Cross-debarment, IDB	6 years
10	Alexander Abraham Capelson	United States	Cross-debarment, EBRD	5 years
11	Roosevelt Alexandre	Haiti	Cross-debarment, IDB	5 years
12	Ettienne, Gerard & Co., or Geniexpert	Haiti	Cross-debarment, IDB	5 years
13	Inextec CIA. LTDA.	Ecuador	Cross-debarment, IDB	5 years
14	Sergio Paez Moreno	Ecuador	Cross-debarment, IDB	5 years
15	Patricia Gioconda Paez Moreno	Ecuador	Cross-debarment, IDB	5 years
16	G miqaya irk ti MMC	Azerbaijan	Cross-debarment, ADB	5 years
17	Volkan zer	Azerbaijan	Cross-debarment, ADB	5 years
18	True Blue Heavy Equipment and Trucking Co.	The Bahamas	Cross-debarment, IDB	4 years
19	Dereck Mackey	The Bahamas	Cross-debarment, IDB	4 years
20	Md. Bodiuzzaman (MBZ)	Bangladesh	Cross-debarment, ADB	4 years
21	Md. Bodiuzzaman	Bangladesh	Cross-debarment, ADB	4 years
22	John Sarker	Bangladesh	Cross-debarment, ADB	3 years

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUND FOR DEBARMENT	LENGTH OF DEBARMENT
23	ING—Serviços e Gestão de Projectos, Lda.	Portugal	Cross-debarment, AfDB	3 years
24	TSKJ—Serviços de Engenharia, Lda.	Portugal	Cross-debarment, AfDB	3 years
25	TSKJ II—Construções Internacionais, Sociedade Unipessoal, Lda.	Portugal	Cross-debarment, AfDB	3 years
26	China First Highway Engineering Co. Ltd.	China	Cross-debarment, AfDB	3 years
27	Eduateq Limited	United Kingdom	Cross-debarment, AfDB	2 years and 6 months

Vendors Debarred in FY15

	ENTITY NAME/INDIVIDUAL	COUNTRY	GROUND FOR SANCTION	LENGTH OF DEBARMENT
1	Joshi & Bhandary	Nepal	Engaged in fraudulent and obstructive practices by claiming fraudulent and ineligible expenses.	4 years
2	NEDA Telecommunications Ltd.	Afghanistan	Impeded World Bank Group investigation into alleged fraudulent claims of another vendor and provided fraudulent receipts and false statements.	4 years
3	JM Capital Africa LTD.	South-Africa	Submitting false invoices and claiming reimbursement that exceeded actual expenses.	3 years
4	Muks Uganda Ltd.	Uganda	Engaged in fraud in conjunction with World Bank Group procurement tenders and submitting false invoices.	3 years
5	Infoglobe, Inc.	Canada	Engaged in fraud and collusion in conjunction with World Bank Group procurement tenders.	2 years

Referrals Made in FY15*

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
1	July 17, 2014	Tanzania	Corruption	Education Project	INT is unaware of any action by authorities.
2	July 31, 2014	India	Fraud	Coastal Zone Management Project	INT is unaware of any action by authorities.
3	August 11, 2014	Argentina	Fraud	Transport Project	INT is unaware of any action by authorities.
4	August 27, 2014	Sri Lanka	Fraud	Emergency Recovery Project	INT is unaware of any action by authorities.
5	October 8, 2014	Nepal	Fraud and Corruption	Electricity Project	INT is unaware of any action by authorities.
6	October 9, 2014	Nigeria	Fraud and Corruption	Economic Reform Project	Authorities have brought criminal charges against two project officials.
7	October 31, 2014	Switzerland	Fraud	Albania Water Project	INT is unaware of any action by authorities.
8	October 31, 2014	Peru	Fraud	Health Project	INT is unaware of any action by authorities.
9	October 31, 2014	Germany	Corruption	Health Projects in Bulgaria and Romania	INT is unaware of any action by authorities.
10	November 18, 2014	Argentina	Fraud and Collusion	Agricultural Development Projects	INT is unaware of any action by authorities.
11	December 5, 2014	Netherlands	Fraud and Corruption	Sierra Leone Fisheries Project	Government informed INT that the matter would be forwarded to the relevant committee.
12	December 22, 2014	Albania	Fraud and Corruption	Power Projects	Government sent a follow-up inquiry to INT.
13	December 29, 2014	Vietnam	Fraud	Environmental Project	INT is unaware of any action by authorities.
14	April 20, 2015	Guatemala	Fraud and Collusion	Roads Project	INT is unaware of any action by authorities.
15	April 22, 2015	Cameroon	Fraud	Hydropower Project	INT is unaware of any action by authorities.
16	June 1, 2015	China	Fraud	Nepal Power Project	INT is unaware of any action by authorities.
17	June 23, 2015	Spain	Fraud and Corruption	Albania Power Projects	INT is unaware of any action by authorities.
18	June 25, 2015	Moldova	Corruption	Financial Management Project	INT is unaware of any action by authorities.

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
19	June 26, 2015	Mongolia	Fraud	Environmental Project	INT is unaware of any action by authorities.
20	June 29, 2015	China	Fraud	Cameroon Hydropower Project	INT is unaware of any action by authorities.
21	June 29, 2015	China	Corruption	Africa Hydroelectric Project	INT is unaware of any action by authorities.
22	June 30, 2015	India	Fraud	Road Project	INT is unaware of any action by authorities.

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

Update on Referrals Made in FY14*

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
1	September 12, 2013	Australia	Fraud and Corruption	Bangladesh Power Project	The matter is under consideration by authorities.
2	October 7, 2013	India	Fraudulent and Corrupt Practices	Roads Project	Authorities have commenced an investigation.
3	October 23, 2013	Cambodia	Corruption	Electricity Project	Government informed INT that the matter had been referred to anti-corruption authorities.
4	October 24, 2013	Guatemala	Fraudulent and Collusive Practices	Roads Project	Authorities have commenced an investigation.
5	October 29, 2013	Kyrgyz Republic	Corrupt Practices	Health Project	INT has not received a response to its inquiries.
6	October 31, 2013	Mongolia	Corrupt and Fraudulent Practices	Governance Assistance Project	Case is closed because authorities declined to bring criminal charges.
7	November 18, 2013	Germany	Corrupt Practices	Kyrgyz Health Project	Authorities have commenced an investigation.
8	December 6, 2013	Iraq	Corrupt Practices	Water Project	INT has not received a response to its inquiries.
9	December 9, 2013	United Kingdom	Corrupt Practices	Iraq Water Project	Authorities are reviewing the matter.
10	December 9, 2013	U.S.	Corrupt Practices	Iraq Water Project	Case is closed due to statute of limitations.

	DATE OF REFERRAL	REFERRAL RECIPIENT	NATURE OF MISCONDUCT	PROJECT DESCRIPTION	STATUS
11	December 19, 2013	Liberia	Fraudulent and Corrupt Practices	Infrastructure Project	Authorities have commenced an investigation.
12	December 20, 2013	Iraq	Fraudulent and Corrupt Practices	Health Project	INT is unaware of any action by authorities.
13	January 14, 2014	Bangladesh	Fraudulent and Corrupt Practices	Disaster Recovery Project	INT has not received a response to its inquiries.
14	February 20, 2014	Indonesia	Corrupt Practices	Agriculture Project	Case is closed because authorities determined that the alleged misconduct did not fall within their jurisdiction.
15	February 20, 2014	Singapore	Corrupt Practices	Indonesia Agriculture Project	Authorities sent follow-up inquiries to INT.
16	February 27, 2014	France	Fraudulent and Corrupt Practices	Iraq Water Project	Authorities have commenced an investigation.
17	March 27, 2014	Uzbekistan	Fraudulent and Corrupt Practices	Health Project	INT is unaware of any action by authorities.
18	March 31, 2014	Peru	Fraudulent Practices	Transport Project	INT is unaware of any action by authorities.
19	May 1, 2014	Indonesia	Fraudulent and Coercive Practices	Economic Development Project	Case is closed because authorities determined that the alleged misconduct did not fall within their jurisdiction.
20	May 12, 2014	Democratic Republic of the Congo	Fraudulent practices	Mineral Sector Project	INT is unaware of any action by authorities.
21	May 20, 2014	Philippines	Corrupt practices	Sewage Project	Authorities commenced an investigation, which was later closed due to the inability of third parties to provide required information.
22	May 28, 2014	Yemen	Corrupt Practices	Energy Project	Case is closed because Government concluded its investigation and found no wrongdoing.

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

Companies with Integrity Compliance Programs Satisfying World Bank Group Conditions

	COMPANIES RELEASED	YEAR OF RELEASE (FISCAL YEAR)
1	Lahmeyer International GmbH	2012
2	C.M. Pancho Construction Inc.	2012
3	Yachiyo Engineering Co., Ltd.	2013
4	Progynist	2013
5	C. Lotti and Associeta' di Ingegneria S.p.A.	2013
6	Macmillan	2013
7	PT. Inlingua International Indonesia	2014
8	MVV decon GmbH	2014
9	Kellogg Brown & Root Pty Ltd.	2014
10	Frannan International, Ltd.	2014
11	Research Periodicals & Book Services, Inc.	2014
12	TESSA Telecomunicaciones y Sistemas S.A.	2015
13	Gregory Ilias Lee	2015
14	GHD Pty Ltd., GHD Indonesian Operating Centre, and PT Global Hutama Desain	2015
15	Babcon Uganda Limited	2015
16	Marvel SAS	2015
17	TEAM Engineering & Management Consultants	2015
18	Alstom S.A., together with Alstom Hydro France, Alstom Network Schweiz AG, and other sanctioned affiliates	2015

