



## STATEMENT ON THE WORLD BANK'S INVESTIGATIVE AND SANCTIONS PROCESS

**February 4, 2009** -- The World Bank has debarred eight companies and one individual for engaging in collusive practices under the Philippines National Roads Improvement and Management Program (NRIMP-1) project. These debarments resulted from an in-depth investigation conducted by the Bank's Integrity Vice Presidency (INT), which is responsible for investigating allegations of fraud and corruption in Bank-financed operations.

INT's NRIMP-1 investigation was prompted by the Bank's project team, which identified indicators of collusion in the bidding for two contract packages worth an estimated US\$33 million and reported its suspicions to INT. The Bank does not publicly disclose the details of its investigative findings, but INT's NRIMP-1 investigation involved more than 10 investigators, lawyers, experts, and technical staff who conducted field work in six countries over a period of more than three years. INT investigators conducted more than 60 interviews with various witnesses; reviewed thousands of pages of documents, including bids, contracts, communication and other project documents; and conducted a forensic analysis of all bids submitted over three rounds of bidding for the tenders in question.

In parallel with the INT investigation, the Bank's project team continued to closely monitor the bidding for the NRIMP-1 contracts. The project team identified further collusion indicators that led the Bank to reject the award of the contracts. As a result of this swift action, no Bank funds from the NRIMP-1 project were disbursed to the now-sanctioned companies.

The INT investigation uncovered evidence of a major cartel involving local and international companies bidding on the NRIMP-1 contracts. At the close of the investigation in November 2007, INT shared its investigative findings with the Philippines Department of Finance and the Office of the Ombudsman in the form of a **Referral Report**. Such referrals are the Bank's standard practice when INT finds evidence indicating that the laws of a member country may have been violated. A **Redacted Report** which summarizes the Bank's investigative findings will be posted on the INT page of the World Bank's website in the coming weeks.

In addition, based upon the results of its investigation, INT initiated sanctions proceedings against companies that evidence indicated had engaged in collusion. As part of the ensuing sanctions process, these companies received a **Notice of Sanctions Proceedings** in May 2008 containing all alleged wrongdoing, and each was given 90 days to submit a response in their defense and contest the allegations against them. All of the companies were also offered the opportunity, as part of their response, to request a hearing before the Bank's Sanctions Board. The Sanctions Board—which is comprised of eminent external legal experts and senior Bank officials—took all of the companies' submissions into account when making its decision.

The Sanctions Board decided that the entities had participated in a collusive scheme designed to establish bid prices at artificial, non-competitive levels and to deprive the Borrower of the benefits of free and open competition. This constituted fraudulent practices under the procurement rules applying to NRIMP-1, and the Bank sanctioned the companies for those fraudulent practices.

Since 1999, the World Bank has debarred more than 350 firms and individuals from more than 24 countries based on similar investigations.

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For additional information, read the [Frequently Asked Questions](#)