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Integrity

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Republic of Guatemala

Second Rural and Main Roads Project

Redacted Report

October 2015

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Executive Summary

This report provides the findings of an administrative inquiry by the World Bank Group Integrity Vice Presidency (INT) into allegations of misconduct in connection with the Second Rural and Main Roads Project (the Project) in the Republic of Guatemala. Company A bid for two contracts financed by the Project (the Contracts), and ultimately was awarded the Contracts.

Evidence indicates that Company A submitted false bid securities. Specifically, the purported issuer of the bid securities submitted by Company A confirmed to INT that it had never issued the bid securities to Company A.

The World Bank imposed a sanction of debarment with conditional release on Company A. This period of ineligibility extends to any legal entity that Company A directly or indirectly controls.

Background

The Second Rural and Main Roads Project (the Project) was designed to reduce rural poverty and build social cohesion by improving and maintaining access in rural areas to markets, schools, health centers, and other social and economic infrastructure. The World Bank and the Republic of Guatemala entered into a Loan Agreement worth over US\$ 45 million to finance the Project. Company A bid for two contracts financed by the Project (the Contracts), and ultimately was awarded the Contracts.

Allegations

The World Bank Group Integrity Vice Presidency (INT) received an allegation that Company A may have submitted false bid securities with its bids for the Contracts.

Methodology

INT's investigation consisted of, among other things, a review of Project documents, as well as statements obtained from Company A and the purported issuer of the bid securities submitted by Company A.

Findings

Evidence indicates that Company A submitted false bid securities.

To comply with the bidding requirements for the Contracts, Company A submitted bid securities purportedly issued by Organization A. Subsequently, the Project Coordination Unit for the Contracts (the PCU) requested that Organization A confirm the authenticity of the bid securities submitted by Company A. Organization A confirmed to the PCU that it had not issued the bid securities to Company A, and that the reference numbers on the bid securities instead corresponded with those issued to another company. Organization A also confirmed to INT that it had never issued the bid securities submitted by Company A.

In response to INT's queries, the legal representative of Company A informed INT that his uncle and another individual had "borrowed" Company A in order to bid on several World Bank-financed tenders. Company A's legal representative claimed that this other individual hired a third party to obtain the necessary bid securities, and stated that this individual believed that the third party swindled him. However, Company A's legal representative did not provide INT with any evidence to support this claim.

Follow Up Action by the World Bank

The World Bank imposed a sanction of debarment with conditional release on Company A. This period of ineligibility extends to any legal entity that Company A directly or indirectly controls.