Republic of India

Malaria Control Project

Report B

REDACTED REPORT
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Executive Summary

The Malaria Control Project ("MCP," or the "Project") in India was designed to introduce improved malaria control methods to India’s existing anti-malarial program, and to provide capacity-building support to that program. The Project ran from 1997 to 2005, and was principally financed by an International Development Association credit.

Beginning in September 2006, the World Bank’s Integrity Vice Presidency (INT) conducted a Detailed Implementation Review (DIR) of various India health projects, including the Malaria Control Project. The DIR raised an earlier allegation that Company A had submitted false performance certificates in support of its bid to supply mosquito bed nets to the Project. (For this reason, the procurement support agency rejected Company A’s bid for this contract.)

INT, as follow-up to the DIR, conducted an administrative inquiry (the investigation) into the allegation. INT interviewed representatives of Company A and several companies that purportedly authored the performance certificates that Company A submitted in support of its bid.

INT’s investigation found evidence indicating that several of Company A’s submitted performance certificates were forgeries.
Background

The Malaria Control Project (MCP, or the Project) in India was designed to introduce improved malaria control methods to India’s existing National Malaria Eradication Program (NMP), and to provide capacity-building support to the NMP. The Project, approved in 1997, was planned to cost over USD 200 million, of which 85 percent would be funded by an International Development Agency (IDA) Credit and 15 percent would be funded by the Government of India (the Borrower). The MCP was extended four times to facilitate completion and ultimately closed in December 2005.

One preventive component of the MCP consisted of the distribution of mosquito bed nets. In 2004, the procurement support agency advertised an invitation to bid for contracts to supply mosquito bed-nets at various locations across India. The tender instructions required, *inter alia*, that a bidder show proof of past performance—specifically, that in any one of the previous five years, it had supplied at least 80% of the quantity of bed nets it was bidding to supply under the tender.

Company A, a small company that trades in and produces cloth products, submitted a bid for four schedules in the tender. Company A’s bid submission contained performance certificates issued by various companies, including: Company B; Company C; Company D; and Company E. These certificates purportedly attested to the delivery by Company A of hundreds of thousands of mosquito bed nets. Company A subsequently provided documentation purportedly from other companies, including numerous purchase orders, invoices, and performance certificates from two additional firms, Companies F and G. Company A’s covering letter stated that many of the bed nets referenced in the initial submission had been in fact delivered to Company F.

Upon review of the submitted materials, the Bid Evaluation Committee recommended that Company A be awarded contracts to supply a total of 400,000 bed nets to four Indian states. However, following complaints that Company A did not have the requisite experience to receive the contract, the procurement support agency asked Company A to submit an affidavit swearing that its performance claims were correct. When Company A did not respond to this request, the procurement support agency awarded the contract to another company.

Allegations and Methodology

Beginning in September 2006, the World Bank’s Integrity Vice Presidency (INT) conducted a Detailed Implementation Review (DIR) of various India health projects, including the MCP. The DIR targeted high-risk areas of the MCP for review, and found widespread indicators of fraudulent and corrupt practices in the award of MCP contracts. These included the use of fraudulent documents by bidders. INT conducted an administrative inquiry (the investigation) as a follow-up to its findings from the DIR.

The INT investigation consisted of a detailed review and analysis of relevant project documentation; interviews with representatives of Companies A, B, C, and F; and site visits.

Findings

INT’s investigation uncovered evidence indicating that Company A submitted false performance certificates in support of its bid for schedules in the MCP bed nets tender.
1. **The Company B Certificate**

Company A submitted with its bid one letter purporting to be from Company B. This letter was addressed to Company A, and purported to certify delivery by Company A of over 300,000 bed nets.

An executive at Company B told INT investigators the letter was false and signed an attestation to that effect. He said that: (a) Company B deals in small electronic equipments, not bed nets; (b) the signature on the letter was unrecognizable to him; and (c) the signatory was identified as a “Partner,” while Company B is not a partnership.

2. **Company C Certificate**

Company A submitted with its bid one letter purporting to be from Company C. This letter was addressed to Company A and purported to certify delivery by Company A of over 30,000 bed nets.

Company C is no longer in business. A former Company C employee told INT investigators he was confident the letter was not, in fact, authored by anyone from Company C and signed an attestation stating that the letters were “unquestionably false.” He said that: (a) although Company C had purchased tent cloth from Company A, Company C had never dealt with mosquito bed nets; (b) the letter appeared printed from a computer file, while Company C had only a manual typewriter at the time; (c) the letter’s reference coding did not match Company C’s system; and (d) the letter’s signature did not match that of any Company C employees of the time.

3. **The Company F Certificates**

Company A submitted as support for its bid three letters purporting to be from Company F. These letters were addressed to Company A and certified delivery by Company A of over 500,000 bed nets.

A manager at Company F told INT investigators that Company F engages in fabric trading, but had never been involved in the purchase of bed nets; nor, he said, had it ever done business with Company A. He said all three letters submitted by Company A were “a total forgery;” and signed an attestation stating that the letters were “unquestionably false.”

4. **Other Witness Interviews**

INT also encountered a number of investigative dead-ends when researching other performance certificates in this matter, some of which suggested the certificates at issue were false. Namely:

- **Company D.** INT investigators attempted to visit Company D at the address listed on its performance certificate. The company was no longer located there, and businesses in the building provided contradictory stories about whether the company had ever been located at that address.

- **Company E.** INT investigators attempted to visit Company E in February 2009 at the address listed on its performance certificate. The company, if it exists, does not now occupy offices at that address. Current and former tenants who were located there during the relevant period told INT investigators that they had never heard of Company E.

- **Company G.** INT investigators attempted to visit Company G in January 2009 at the address listed on its performance certificate. The address housed a number of small shops trading in cloth. However, none of the current tenants of the building had ever heard of Company G.
5. **Company A**

Investigators interviewed the proprietor of Company A in January 2009, and interviewed the former proprietor two days later. The proprietor of Company A told INT investigators that he and the former proprietor had prepared all the bid documents submitted in the MCP tender. The bid was then delivered to their Delhi-based agent for signature and submission to the procurement support agency. When he was asked to confirm the validity of the performance certificates submitted with his company’s bid, the proprietor refused to do so. He demurred, and said that he needed to review his company’s records in order to answer the question. The proprietor said that he was not sure whether or not he had submitted falsified documents in connection with the bid.

In his interview two days later, the former proprietor told INT investigators that the bid documents had not been prepared by the proprietor, but instead had been prepared by their agent, whom the former proprietor described as a Delhi-based liaison agent. The former proprietor said that the agent had told him that he (the agent) would simply complete all the necessary documentation on Company A’s behalf. The former proprietor said that neither he nor the proprietor had anything to do with the preparation of the bid documents. The former proprietor said that he had not seen the bid documents before they were submitted.

The former proprietor told INT investigators that when the procurement support agency asked Company A for an affidavit concerning the performance certificates, he contacted Company A’s agent. The former proprietor said that he asked the agent to show him the documents submitted. According to the former proprietor, when the agent did so, he (the former proprietor) noted that the certificates were false, and decided the company should not sign the requested affidavit.

The former proprietor also told INT investigators that he had seen the Company C, F, and G certificate letters. He told investigators that the letters were forged, “false” documents, and were “not genuine.” He said that Company A had never done business with Companies F and G, and that although Company A had supplied Company C with tent material, Company A had never supplied that company with bed nets. The former proprietor said that Company A was not capable of producing the quantities of bed nets set out in the performance certificates.

INT attempted to conduct a joint interview with the former proprietor and the proprietor so as to provide them with an opportunity to clarify contradictions in their interview statements, but the former proprietor was unavailable for interview.