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Executive Summary

This report provides the findings of an administrative inquiry (the investigation) by the World Bank Group’s Integrity Vice Presidency (INT) into allegations that Company A, a civil works construction company, may have engaged in fraudulent practices in connection with the bidding process under the Madhya Pradesh Water Sector Restructuring Project (the Project) in the Republic of India.

INT’s investigation found evidence indicating that Company A submitted false experience certificates with its bid for a contract under the Project. Specifically, in order to meet the requirements of the bidding documents, Company A submitted two prior experience certificates, purportedly issued by Organization A and Organization B. In response to the inquiries of the Government of Madhya Pradesh and INT, Organizations A and B stated that they had not issued the certificates.

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

The Madhya Pradesh Water Sector Restructuring Project (the Project) in the Republic of India aims to achieve sustainable growth and poverty reduction in selected river basins by improving the productivity of water. The Project is financed by an International Bank for Reconstruction and Development (IBRD)\(^1\) loan.

The Water Resources Department of the Government of Madhya Pradesh (the Government of Madhya Pradesh) issued an invitation for bids for the “Implementation & Execution of Water Quality Enhancement Project of Swarn Rekha River in Sindh Basin” contract (the Contract) under the Project. A civil works construction company, Company A, was ultimately awarded the Contract. The Government of Madhya Pradesh subsequently terminated the Contract because of Company A’s unsatisfactory performance.

Allegations

After the Contract termination, the Government of Madhya Pradesh contacted Organization A to verify the authenticity of Company A’s prior experience certificates supposedly issued by Organization A. Organization A informed the Government of Madhya Pradesh that it had not issued the certificates. The Government of Madhya Pradesh notified the World Bank.

Methodology

INT’s investigation consisted of a review of Project documents as well as documents and statements obtained from Organization A and Organization B, the purported issuers of Company A’s certificates.

Findings

INT found evidence indicating that Company A submitted false experience certificates with its bid for the Contract.

The bidding documents for the Contract required that bidders provide documentary proof of experience in works of a similar nature and size for each of the previous five years. In an attempt to satisfy this requirement, Company A submitted two certificates with its bid, representing that Company A successfully completed works as a subcontractor for Organization B. The first certificate, purportedly issued by Organization A, represented that Organization B had executed “CC lining work of Tandula Main Canal (the CC lining Contract).” The second certificate, purportedly issued by Organization B, represented that Company A had executed the CC lining Contract as a subcontractor for Organization B.

After the termination of the Contract with Company A, the Government of Madhya Pradesh contacted Organization A to verify the authenticity of the first certificate.

\(^1\) IBRD is one of the five institutions comprising the World Bank Group. IBRD and International Development Association (IDA) constitute the World Bank. Therefore, IBRD and the World Bank are used interchangeably throughout this Report.
Organization A informed the Government of Madhya that it had not issued the certificate and that the signature on the certificate did not belong to its staff.

INT contacted Organization B to verify the authenticity of the second certificate. Organization B informed INT that it had not issued the certificate and that the certificate was not genuine.

**Follow Up Action by the World Bank**

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