This Report was prepared by the World Bank Group’s (Bank’s) Integrity Vice Presidency (INT). It provides the findings of an INT administrative inquiry (the investigation) into allegations of corrupt, fraudulent, collusive, and/or coercive practices, as defined by the Bank, regarding one or more Bank-supported activities.

The purpose of the investigation underlying this Report is to allow the Bank to determine if its own rules have been violated. This Report is being shared to ensure that its recipients are aware of the results of the INT investigation. However, in view of the specific and limited purpose of the investigation underlying this Report, this Report should not be used as the sole basis for initiating any administrative, criminal, or civil proceedings. Moreover, this Report should not be cited or referred to in the course of any investigation, in any investigation reports, or in any administrative, civil, or criminal proceedings.

This Report is provided without prejudice to the privileges and immunities conferred on the Bank by its Articles of Agreement. The Bank reserves the right to invoke its privileges and immunities, including at any time during the course of an investigation or a subsequent judicial or other proceeding pursued in connection with this matter.
Executive Summary

This report provides the findings of an administrative inquiry (the investigation) by the World Bank Group’s (WBG’s) Integrity Vice Presidency (INT) into allegations of fraud in the bidding for the construction of three schools in the Thi Qar Governorate under the Emergency School Construction and Rehabilitation Project (ESCRP or the Project) in the Republic of Iraq.

The investigation focused on Company A, who competed for a contract for the construction of schools under the Project. INT investigated allegations that Company A submitted (i) a forged bid security in its bid in order to satisfy the Thi Qar tender, and (ii) forged bid securities for two similar contracts under the Project.

Evidence indicates that:

Company A allegedly submitted forged bid securities for three contracts under the ESCRP.

As a result of an uncontested sanctions proceeding, Company A was debarred by the World Bank Group from receiving World Bank financed contracts for five years for engaging in fraudulent practices in violation of the World Bank Procurement Guidelines.
Background

The Emergency School Construction and Rehabilitation Project (ESCRP or the Project) was developed by the Iraqi Ministry of Education (MoE) and the Bank to improve learning conditions in primary and secondary schools. This was accomplished through the construction of new buildings for schools presently in unsafe or shared structures, and the rehabilitation of schools in urgent need of major repair. The Project, effective from October 2004 to December 2010, was financed by a US$60 million multi-donor trust fund grant.

In February 2008, the Iraqi Ministry of Education launched a tender contract estimated at over US$2,500,000 for the construction of two primary schools and one secondary school in the Thi-Qar governorate.

Findings

INT's investigation found evidence indicating that:

I. Company A submitted a forged bid security from Bank A, in support of its bid for Thi-Qar governorate school construction.

(a) In March 2008, to comply with the bid security requirement, Company A submitted a bid security purportedly issued by Bank A for the required amount of money per bidding instructions.

(b) As part of the bid evaluation process, the Iraq MoE Project Management Team (PMT) attempted to verify the bid security of Company A. The PMT submitted the bid security for review to the Branch Manager of Bank A who denied issuing the bid security. Upon request by the World Bank, Bank A confirmed that it did not issue the bid security to Company A.

(c) Per the World Bank's request, the PMT gave Company A an opportunity to provide an explanation regarding the authenticity of the same bid security. Company A has not provided any response to the request for an explanation regarding the allegedly false submission.

II. Evidence indicates that Company A submitted two forged securities from Bank A in its bids for two other contracts.

(a) In April 2008, Company A submitted bids for two school construction contracts similar to the Thi-Qar governorate school construction contract. Company A submitted bid securities for the required amount of money for both of these contracts. Both of these bid securities were purportedly guaranteed by Bank A from the same branch as the allegedly forged bid security submitted for the Thi-Qar governorate school construction.

(b) However, the same Branch Manager for Bank A informed INT that neither bid security were authentic nor issued by Bank A.
(c) The World Bank gave permission to the Borrower to disqualify Company A based on its previous allegedly false submission. As a result of an uncontested sanctions proceedings, Company A was debarred by the World Bank Group from receiving World Bank-financed contracts for five years for engaging in fraudulent practices in violation of the World Bank Procurement Guidelines.