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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.

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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 engaged in misconduct in the World Bank-financed Health Nutrition and Population Sector Program in Bangladesh in 2009.

INT found evidence suggesting that Company A’s bid contained false information with regard to its World Health Organization Good Manufacturing Practice certification. Additionally, INT found evidence suggesting that the document submitted by Company A to show that it had been so certified, was not signed by its purported signatory, a State Health Official.

Evidence also indicates that Company A presented false 2005-06 turnover figures in order to meet bidding requirements.
Background

The World Bank-financed Health Nutrition and Population Sector Program (“HNPSP” or the “Project”) aimed to modernize the health sector in Bangladesh and accelerate progress toward the health and nutrition-related Millennium Development Goals in the country. To achieve this objective, one of the HNPSP’s components was the reduction of fertility rates to replacement levels, in part by shifting family planning use patterns toward effective, longer lasting, and lower cost clinical methods such as Intra-Uterine Devices (“IUDs”) and permanent methods. Within the Bangladeshi Ministry of Health and Family Welfare (“MoHFW”), the Office of the Director General of Family Planning (“DGFP”) was primarily responsible for procurement and implementation under the Project.

In March 2009, DGFP, through an international competitive bid, invited bids for the supply of 720,000 sets of IUDs. Clause 7.1 (a) of the Instructions to Bidders for such bidding process required, as bidder qualification criteria, that the bidder should have been granted a satisfactory World Health Organization Good Manufacturing Practice (WHO GMP) certificate, and should have an annual turnover of at least US$1.25 million during any one of the previous three years.

In May 2009, Company A submitted its bid to supply 720,000 IUDs for US$135,936. The bid included a letter dated April 22, 2008 — purportedly signed by a State Health Official (“the State Health Official”)—according to which, following a March 2008 inspection by State authorities, Company A had been issued a WHO GMP certificate valid for the next five years. Company A’s bid also contained purported copies of Company A’s audited financial statements for fiscal years 2005-06 to 2007-08, along with a certificate, purportedly from Company A’s accountants, indicating Company A’s total sales turnover in 2005-06. Company A’s bid was successful, and on July 21, 2009, DGFP entered into a contract with Company A.

Allegations

In October 2009, INT received allegations that Company A submitted a false WHO GMP certificate as part of its bid for the contract. It should be noted that DGFP received a similar allegation and, based upon its own inquiries, terminated Company A’s contract in late 2009 and in early 2010 debarred Company A and its Managing Director for ten years for engaging in fraud.

Methodology

INT’s investigation consisted of a detailed review of relevant procurement and contract documents, and interviews of relevant parties.

Findings

In response to INT’s request for information the relevant Indian government office informed INT that “no joint inspection of the subject firm was carried out by the Drugs Inspector of this office along with the officers of the State Health Department on 18/03/2008 for issuance of WHO GMP certificate” to Company A. In addition, the State Health Official, the purported signatory of the WHO GMP certificate to Company A, informed the relevant Indian government office that he never issued any such WHO GMP certificate to Company A, and that his signatures on the certificate were “definitely forged.” In an April 2010 interview at Company A’s offices, Company A’s Managing Director also stated that the April 22, 2008 letter, according to which Company A had a WHO GMP certificate, was false.
INT also obtained certified copies of Company A’s financial statements from fiscal years 2005-06 to 2007-08 from the Registrar of Companies for India. INT’s comparison of these certified copies with the purported financial statements submitted in Company A’s bid suggests that Company A had presented false 2005-06 turnover figures in order to qualify for the annual turnover requirements set out in the bidding documents. Although INT has repeatedly asked Company A to provide its own copies of audited financial statements, and to provide INT with the contact details of its auditors, to date Company A has not done so.

In response to an INT show-cause letter, Company A’s Managing Director told INT that a former employee had falsified both the WHO GMP certificate letter and the financial statements while he worked at Company A. In his letter, the Managing Director stated that he submitted the documents without verifying their authenticity.

**Follow Up Action by the World Bank**

The World Bank Group Sanctions Board issued a decision declaring Company A, and any affiliate entity Company A directly or indirectly controlled, ineligible to participate in any Bank-financed activities.