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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 that Company A may have engaged in misconduct when bidding for contracts under the World Bank-financed Water and Sanitation Service Improvement Project (the Project) in the Republic of Kenya.

Evidence indicates that Company A submitted false financial statements with its bids for several contracts under the Project. During an interview with INT, Company A representatives stated that they had submitted false financial statements with Company A’s bids in order to meet the bidding documents’ qualification criteria.

The World Bank imposed a sanction of debarment with conditional release on Company A in relation to the alleged misconduct. This sanction extends to any legal entity Company A directly or indirectly controls.
**Background**

The Water and Sanitation Service Improvement Project (the Project) in the Republic of Kenya aims to increase access to reliable, affordable, and sustainable water supply and sanitation services, and improve water and wastewater services in selected regions. Company A submitted bids for several contracts (the Contracts) financed under the Project, and ultimately was awarded one of the Contracts.

**Allegations**

The World Bank Integrity Vice Presidency (INT) commenced an investigation of Company A’s conduct when bidding for contracts financed by another World Bank-financed project. As part of this investigation, INT compared the financial documents that Company A had submitted in its bid under the other project with the financial documents that Company A had submitted in its bid under the Project. INT identified several discrepancies between the two documents. Consequently, INT expanded its investigation to encompass the Project.

**Methodology**

INT’s investigation consisted of, among other things, a detailed review of Project documents, and documents and statements obtained from Company A.

**Findings**

Evidence indicates that Company A submitted false financial statements with its bids for the Contracts under the Project.

With its bids for the Contracts, Company A submitted financial statements regarding its past construction revenue. After Company A was awarded one of the Contracts, INT met with Company A representatives and requested Company A’s audited financial statements. In response, the Company A representatives provided INT with Company A’s audited financial statements for fiscal years 2008-2010. The audited financial statements were inconsistent with the financial statements that Company A submitted with its bids for the Contracts under the Project. Specifically, the financial statements submitted for the Contracts claimed a higher annual construction revenue than Company A’s audited financial statements. During the interview with INT, the Company A representatives stated that they had inflated the past construction revenue information in Company A’s bids for the Contracts in order to meet the bidding documents’ qualification criteria.

**Follow Up Action by the World Bank**

The World Bank imposed a sanction of debarment with conditional release on Company A in relation to the alleged misconduct. This sanction extends to any legal entity Company A directly or indirectly controls.