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Republic of Armenia

Municipal Water Project

Redacted Report

February 2016

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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 in connection with the Municipal Water Project (the Project) in the Republic of Armenia. The Armenian Water and Sewerage Company was the Project Implementing Unit (PIU).

The PIU published bidding documents for a contract financed by the Project (the Contract). Company A submitted its bid for the Contract, which included a Manufacturer's Authorization Form (the MAF) purportedly issued by Company B, authorizing Company A to supply certain equipment.

Evidence indicates that following the bid submission, Company B informed the PIU that: (i) it did not issue the MAF; (ii) it did not authorize Company A to offer its goods for the Contract; and (iii) the signature on the MAF was not authentic, and the title of the signatory on the MAF was incorrect. Subsequently, the PIU rejected Company A's bid. In response to INT's inquiry on this matter, Company A acknowledged that the MAF had been forged by one of its employees.

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

Background

The Municipal Water Project (the Project) in Armenia aimed to support the improvement of the quality and availability of water supply in selected areas serviced by the Armenian Water and Sewerage Company, the Project Implementing Unit (PIU). The Project was financed with an International Bank for Reconstruction and Development (IBRD)¹ loan.

The PIU published the bidding documents for a contract financed by the Project (the Contract). Company A submitted its bid for the Contract. Its bid included a Manufacturer's Authorization Form (MAF) purportedly issued by Company B, authorizing Company A to supply certain equipment.

Allegations

Following bid submission, the PIU attempted to verify the MAF, and Company B informed the PIU that the MAF was false. Consequently, the PIU rejected Company A's bid. The World Bank Group Integrity Vice Presidency (INT) was informed of the PIU's correspondence with Company B.

Methodology

INT's investigation consisted of, among other things, a review of: (i) Project documents; (ii) information provided to the PIU by Company B; and (iii) Company A's response to INT's Show Cause Letter.

Findings

Evidence indicates that Company A submitted a forged MAF with its bid for the Contract.

The bidding documents for the Contract required bidders to submit a MAF to show that they had been authorized by the concerned manufacturer to supply certain equipment. To satisfy this requirement, Company A submitted a MAF purportedly issued by Company B.

Evidence indicates that, following bid submission, the PIU contacted Company B to inquire about the validity of the MAF. According to the PIU, Company B informed the PIU that: (i) it did not issue the MAF; (ii) it did not authorize Company A to offer its goods for the Contract; and (iii) the signature on the MAF was not authentic, and the title of the signatory on the MAF was incorrect.

After the PIU rejected Company A's bid, INT issued a Show Cause Letter to Company A, requesting Company A's response to INT's findings. In its response, Company A acknowledged that the MAF had been forged by one of its employees.

¹ The IBRD is one of the five institutions comprising the World Bank Group. The International Development Association (IDA) and the IBRD constitute the World Bank. The IBRD and the World Bank are used interchangeably throughout this Report.

Follow Up Action by the World Bank

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