Statement of Use and Limitations

This Report was prepared by the World Bank Group (the WBG) 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 WBG for purposes of its own policies, rules and procedures (the WBG’s Framework regarding Anti-corruption), in relation to the WBG-supported activities. The purpose of the Investigation was to allow the WBG to determine if the WBG’s Framework regarding Anti-corruption has 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 otherwise 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 institutions comprising the WBG and their officers and employees by their respective constituent documents and any other applicable sources of law. The WBG reserves the right to invoke its privileges and immunities, including at any time during the course of an investigation or a subsequent judicial, administrative or other proceeding pursued in connection with this matter. The WBG’s privileges and immunities cannot be waived without the prior express written authorization of the WBG.
Executive Summary

This report provides the findings of an administrative inquiry by the World Bank Group Integrity Vice Presidency (INT) into allegations of misconduct in connection with the Customs and Trade Facilitation Project (the Project) in the Lao People's Democratic Republic.

Organization A was awarded a contract (the Contract) under the Project. Evidence indicates that the Director of Organization A was the spouse of a government employee in the Project Implementing Unit (the PIU Employee) who was involved in awarding the Contract to Organization A.

INT elected not to seek the imposition of World Bank Group administrative sanctions regarding this matter because the applicable procurement rules did not require either the PIU Employee or Organization A to disclose the spousal relationship. Although the relationship arguably constituted a conflict of interest, absent a disclosure obligation, INT viewed the parties’ omission as not rising to the level of a sanctionable fraudulent practice.
**Background**

The Customs and Trade Facilitation Project (the Project) in the Lao People's Democratic Republic, financed by the International Development Association (IDA),¹ aims to facilitate trade by improving the efficiency and effectiveness of customs administration and simplifying customs procedures. The Project implementing unit (the PIU) manages the day-to-day implementation of the Project.

The PIU advertised a Request for Expression of Interest (REOI) for a contract (the Contract) under the Project. Five firms, including Organization A, submitted their Expressions of Interest (EOIs). The PIU completed its evaluation of the EOIs and selected Organization A as the sole candidate to submit a proposal. Organization A then submitted its technical and financial proposals; the PIU issued the Notice of Contract Award to Organization A; and the PIU ultimately signed the Contract with the Director of Organization A. The Contract was subject to procurement post review.

**Allegations**

During its procurement post review, the World Bank reviewed the Contract’s EOI Evaluation Report and found that, compared to both the other consultants who submitted EOIs and the terms of the REOI, Organization A presented substantially inferior capacity. In contrast, other, lower-ranked consultants presented significant experience and qualifications. The World Bank also was informed that Organization A’s Director and a government employee in the PIU (the PIU Employee) are married to each other. Subsequently, the World Bank Group Integrity Vice Presidency (INT) was informed of this matter.

**Methodology**

INT’s investigation consisted of, among other things, a review of Project documents, as well as statements obtained from Project staff, Organization A, and the PIU Employee.

**Findings**

Evidence indicates that the PIU Employee was involved in awarding the Contract to Organization A, despite being married to Organization A’s Director.

Organization A’s Director and the PIU Employee acknowledged to INT that they were married to each other during the Contract selection period.

Evidence indicates that the PIU Employee’s duties included working closely with the PIU’s procurement staff to maintain procurement monitoring systems, reviewing terms of reference (TORs), and updating procurement milestones in the filing system.

---

¹ IDA is one of five institutions comprising the World Bank Group. The International Bank for Reconstruction and Development and IDA constitute the World Bank. IDA and the World Bank are used interchangeably throughout this Report.
further indicates that the PIU Employee was specifically involved in the Contract selection process. Specifically, evidence indicates that:

- Two months before the Contract REOI was officially advertised, the PIU Employee sent the REOI to Organization A by email;
- The PIU completed its review of the EOIs and selected Organization A as the sole firm to submit a proposal;
- The PIU Employee sent the Request for Proposal to Organization A’s Director’s email account;
- Five days before the Technical Evaluation Report (TER) was finalized by the PIU, and 18 days before the official Notice of Contract Award was issued to Organization A, another employee of the PIU (the Government Employee) sent a draft copy of the Contract by email to Organization A’s Director for review, copying the PIU Employee;
- The Government Employee exchanged emails with Organization A regarding the Contract’s terms and payment schedule, again copying the PIU Employee; and
- The Government Employee issued the Notice of Contract Award to Organization A, along with the finalized Contract for “signature and stamp.” The PIU Employee was again copied on the email.

In response to INT’s inquiry, Organization A’s Director admitted that s/he had never formally disclosed her/his marital relationship with the PIU Employee during the selection process allegedly because this fact was already known to the PIU. Moreover, s/he stated that Organization A did not find anywhere in the Request for Proposal that Organization A must clarify the marital relationship, and that Organization A was not informed of this requirement by the Government Employee.

In response to INT’s inquiry, the PIU Employee admitted that s/he never formally informed the PIU of the marital relationship. S/he claimed, however, that this relationship was known to “the [PIU] and the procurement staff.” S/he further claimed that s/he was not part of the Evaluation Committee, nor was s/he involved in TOR preparation for the Contract.

**Follow Up Action by the World Bank**

INT elected not to seek the imposition of World Bank Group administrative sanctions regarding this matter because the applicable procurement rules did not require either the PIU Employee or Organization A to disclose the spousal relationship. Although the relationship arguably constituted a conflict of interest, absent a disclosure obligation, INT viewed the parties’ omission as not rising to the level of a sanctionable fraudulent practice.