Republic of Albania

Social Service Delivery Project

Redacted Report

February 2016
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 that Company A may have engaged in misconduct in connection with the Social Services Delivery Project (the Project) in the Republic of Albania.

Company A submitted a bid for a contract (the Contract) under the Project. The Contract tender required bidders who did not manufacture the equipment they proposed to supply to submit a Manufacturer’s Authorization Form (MAF), which is issued by the manufacturer and authorizes the bidder to offer its goods for the Contract. To satisfy this requirement, Company A submitted a MAF, which was purportedly issued by Company B.

Evidence indicates that the MAF submitted by Company A was false. Specifically, evidence indicates that Company B informed the Project Coordinating Unit that it had not issued the MAF submitted by Company A.

In its response to INT’s inquiry, Company A claimed that Company C, Company B’s exclusive distributor in the Balkans, had provided the MAF to Company A. However, during INT’s investigation, Company C informed INT that it had not issued the MAF submitted by Company A.

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

The International Development Association (IDA)\(^1\) and Albania signed a Development Credit Agreement for the Social Services Delivery Project (the Project) for approximately US$ 12 million. The Project subsequently was funded by a US$ 5 million Loan Agreement for Additional Financing between the International Bank for Reconstruction and Development (IBRD) and Albania. The Project’s objectives were to improve the standards of living of poor and vulnerable population groups in Albania.

The Project Coordinating Unit of the Government of Albania (the PIU) published an Invitation for Bids (IFB) and International Competitive Bidding Documents (ICB Documents) for a contract (the Contract) under the Project. The IFB required bidders who did not manufacture the equipment they proposed to supply to submit a Manufacturer’s Authorization Form (MAF), which is issued by the manufacturer and authorizes the bidder to offer its goods for the Contract.

Company A submitted its bid for the Contract. The bid contained several MAFs, including one that purportedly was issued by Company B. Following bid submission, the PIU sought verification of the MAF from Company B. Evidence suggests that Company B informed the PIU that it had not issued the MAF to Company A. Nevertheless, the PIU did not disqualify Company A’s bid, and requested that Company A extend its bid validity on three separate occasions. Upon the PIU’s request to extend the bid validity for the third time, Company A replied that it “will not proceed with the third extension of the bid validity and respective bid security validity.” Thus, Company A’s bid was not considered for further evaluation.

**Allegations**

The World Bank Group Integrity Vice Presidency (INT) was informed of the PIU’s correspondence with Company B regarding the MAF submitted by Company A.

**Methodology**

INT’s investigation consisted of, among other things, a review of Project documents and the PIU’s correspondence with Company B, as well as statements obtained from Company A and Company C, Company B’s exclusive distributor in the Balkans.

**Findings**

Evidence indicates that Company A submitted a false MAF in its bid for the Contract.

After reviewing the PIU’s correspondence with Company B, INT sent a letter to Company A, requesting Company A’s response on this matter. In its response, Company A stated that it had not intentionally or knowingly submitted a false document. Company A claimed that it had negotiated the supply of Company B goods through Company C, Company B’s

---

1 IDA and the International Bank for Reconstruction and Development (IBRD) are two of the five institutions comprising the World Bank Group. The IBRD, IDA, and the World Bank are used interchangeably throughout this Report.
exclusive distributor in the Balkans. According to Company A, Company C provided the MAF which was included in Company A’s bid.

When INT contacted Company C to verify Company A’s assertions, Company C informed INT that “such letter of Authorization is not issued, composed and/or elaborated by our company or company staff.”

**Follow-Up Action by the World Bank**

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