Mongolia

Netherlands-Mongolia Trust Fund for Environmental Reform Project

Redacted Report

March 2020
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Executive Summary

This report provides the findings of an administrative inquiry by the World Bank Group Integrity Vice Presidency into allegations that Company A may have engaged in misconduct in connection with the Netherlands-Mongolia Trust Fund for Environmental Reform Project (the “Project”) in Mongolia.

The Project Implementing Unit (“PIU”) advertised an invitation for Expressions of Interest for a Project consultancy contract (the “Contract”). Company A submitted its proposal and was awarded the Contract.

Evidence indicates that Company A is owned by two siblings, Co-owners A and B. Evidence indicates that Company A failed to disclose that Co-owner A was a PIU staff member directly involved in the supervision and implementation of the Contract. Evidence indicates that, in his/her capacity as a PIU staff member, Co-owner A reviewed and edited the draft and final reports Company A submitted to the PIU pursuant to the Contract.

The World Bank has imposed the sanction of debarment with conditional release on Company A. This extends to any legal entity that Company A directly or indirectly controls. The World Bank has also imposed the sanction of debarment with conditional release on Co-owner B, extending to any legal entity s/he directly or indirectly controls. The World Bank has not sanctioned Co-owner A because it does not sanction the employees of its Member governments.
Background

The International Development Association (“IDA”), acting as administrator of grant funds provided by the Netherlands, and the government of Mongolia signed a Grant Agreement. The purpose of the grant was to fund the second phase of the Netherlands-Mongolia Trust Fund for Environmental Reform Project (the “Project”) in Mongolia. The Project aimed to assist the government of Mongolia to strengthen its environmental governance strategy and advance its environment and natural resources agenda. The Project closed in December 2011.

In 2008, the Project Implementing Unit (“PIU”) conducted a selection process for a consultancy contract (the “Contract”). Company A submitted its proposal and was awarded the Contract.

Allegations

The World Bank Group Integrity Vice Presidency (“INT”) received a complaint, alleging an undisclosed conflict of interest, with one of Company A’s co-owners also working as a PIU staff member throughout Contract selection and implementation.

Methodology

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

Findings

Evidence indicates that Company A failed to disclose that its co-owner was a PIU staff member who was directly involved in the implementation of the Contract.

The World Bank’s Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (the “Consultant Guidelines”), which applied to the Contract, required that consultants provide professional, objective, and impartial advice, and at all times hold the client’s interest paramount. The Consultant Guidelines also prohibited the hiring of consultants that have a business or family relationship with a member of the project implementing agency’s staff who were directly or indirectly involved in any part of: (i) the preparation of the contract’s terms of reference; (ii) the selection process for the contract; or (iii) supervision of the contract. Such consultants may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the World Bank.

The Contract tender put bidders on notice that the Contract selection process would be conducted in accordance with the Consultant Guidelines. The Consultant Guidelines are publicly available. Company A was therefore obligated under the Consultant Guidelines to disclose to the World Bank any conflict of interest and, in particular, any business or family relationship with PIU staff members involved in the Contract.

Evidence indicates that Company A was founded and is co-owned, in equal parts, by two siblings, Co-owner A and Co-owner B. Evidence indicates that, at the time of the
Contract’s selection and execution, Co-owner A was also working as a PIU official. Evidence indicates that, as a PIU staff member, Co-owner A played a key role in Contract implementation and supervision, including reviewing and editing Company A’s work products.

Evidence indicates that Company A did not disclose that Co-owner A was a PIU staff member who was involved in the supervision of its Contract.

**Corrective Action**

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

The World Bank has also imposed the sanction of debarment with conditional release on Co-owner B, extending to any legal entity s/he directly or indirectly controls. The World Bank has not sanctioned Co-owner A because it does not sanction the employees of its Member governments.