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China

Integrated Economic Development of Small Towns 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 ("INT") into allegations of misconduct in connection with the Integrated Economic Development of Small Towns Project (the "Project") in the People's Republic of China.

Evidence indicates that a company ("Company A") submitted a falsified Letter of Bid Security with its bid for a Project contract.

The World Bank imposed the administrative sanction of debarment on Company A.

Background

The Integrated Economic Development of Small Towns Project (the "Project") in the People's Republic of China ("PRC") is financed by three International Bank for Reconstruction and Development (the "World Bank") loans and by additional funding from the Borrower, the PRC.

The Project's objective is to improve public infrastructure and services to contribute to the sound development of selected small towns in Guangdong, Gansu, and Hunan Provinces. The Project became effective in May 2012 and closed in December 2018.

Findings

Evidence indicates that a company submitted a falsified Letter of Bid Security with its bid for a Project contract.

Evidence indicates that a company ("Company A") bid for a Project contract, submitting a Letter of Bid Security purportedly issued by a commercial bank (the "Commercial Bank"). The Letter of Bid Security provided the Project Implementing Unit with an approximately USD 250,000 unconditional and irrevocable guarantee on the validity of the bid and a commitment to perform upon Contract award. Evidence indicates that the Bid Evaluation Committee recommended Company A for Contract award.

Evidence indicates that after receiving the notice of Contract award and before the expiration of the bid validity, Company A withdrew its bid. Evidence indicates that, subsequently, the Project Implementation Unit tried to encash the bid security but was informed by the Commercial Bank that the Letter of Bid Security was falsified. Subsequently, the World Bank reported the matter to INT.

INT reviewed documentation provided by the purported issuing bank. Evidence indicates that the bid security was falsified. Further, upon questioning by INT, Company A admitted that the document was falsified.

Corrective Actions

The World Bank imposed the administrative sanction of debarment on Company A.