

## **World Bank Sanctions System: Tackling Fraud & Corruption through a Two-Tier Administrative Process**

The World Bank has agreed with other multilateral development banks (MDBs) that certain forms of misconduct should be subject to sanctions. These “Sanctionable Practices” include corrupt, fraudulent,

There are five possible sanctions: *Debarment with Conditional Release*, *Debarment*, *Conditional Non-Debarment*, *Public Letter of Reprimand*, and *Restitution*. The default or “baseline” sanction is Debarment with Conditional Release. Any sanctions imposed by the SDO or the Sanctions Board will apply to the successors and assigns of the sanctioned parties and will trigger cross-debarment by other MDBs where applicable. The World Bank makes public the names of the sanctioned parties and the sanctions imposed.

In some circumstances, sanctions may be imposed on a Respondent through a negotiated resolution. Under this settlement mechanism, sanctions proceedings may be resolved at any point prior to the Sanction Board’s issuance of a decision, including during the investigation phase. Settlements are subject to a number of safeguards and must be cleared with the World Bank Group General Counsel.<sup>vi</sup> Additionally, the SDO must review any settlement to confirm that: (1) the agreement was entered into voluntarily and without duress; and (2) the agreed sanction, if any, does not entail a manifest violation of the World Bank’s *Sanctioning Guidelines*.

In exceptional cases, the World Bank may suspend Respondents from eligibility during the investigation phase, prior to the submission of an *SAE*, through a procedure known as early temporary suspension. If, before INT concludes an investigation, INT believes there is sufficient evidence to support a finding of at least one Sanctionable Practice against a Respondent, and that it is likely that the investigation will be successfully concluded and an *SAE* will be presented to the SDO within a maximum period of one year, INT may present to the SDO a *Request for Temporary Suspension*. If the SDO determines that the evidence is sufficient to support a finding that the Respondent has engaged in at least one sanctionable practice, the SDO may issue a *Notice of Temporary Suspension* and impose a temporary suspension on the Respondent for an initial period of six months, subject to a one-time extension of up to six months.

Sanctions are published on the World Bank website: <http://worldbank.org/sanctions>.

The figure shows the candidates

<sup>i</sup> This figure does not take into account sanctions imposed by other MDBs that are enforced by the World Bank through the Agreement for Mutual Enforcement of Debarment Decisions (*i.e.*, the cross-debarment agreement among MDBs).

<sup>ii</sup> The rules governing the World Bank sanctions system are set forth in the World Bank’s policies and procedures, including the *Bank Procedure: Sanctions Proceedings and Settlements in Bank Financed Projects*. The sanctions system also includes parallel procedures for cases relating to International Finance Corporation (“IFC”), Multilateral Investment Guarantee Agency (“MIGA”) and IBRD/IDA guarantees and carbon finance operations, with adjustments appropriate to those institutions’ business models.

<sup>iii</sup> If a case relates to the operations of IFC, MIGA or IBRD/IDA guarantees and carbon finance, the *SAE* is submitted instead to the Evaluation and Suspension Officer (EO) for such institution, who performs a function parallel to that of the SDO.

<sup>iv</sup> The role, composition, competence and responsibilities of the Sanctions Board are set out in the *WBG Policy: Statute of the Sanctions Board*.

<sup>v</sup> Three (3) members of the Sanctions Board are appointed by the World Bank Group’s Executive Directors from a list of candidates drawn up by the President after appropriate consultation. The candidates must not currently hold any appointment to the staff of the Bank, IFC or MIGA and must be familiar with procurement matters, law, dispute resolution mechanisms, or operations of development institutions. One (1) member and one (1) alternate member are appointed for each of IFC and MIGA by the Executive Directors from a list of candidates drawn up by the President after appropriate consultation. The candidates must not currently hold any appointment to the staff of the Bank, IFC or MIGA and must be familiar with private sector cross-border lending and equity investments (for IFC Projects) or non-commercial guarantee operations (for MIGA Projects).

<sup>vi</sup> In cases involving IFC or MIGA, the General Counsel of the relevant institution clears the agreements.