

Policy: WBG Policy: Sanctions for Fraud and Corruption

Bank Access to Information Policy Designation

Public

Catalogue Number

EXC6.03-POL.105

Issued

6/13/2016

Effective

1/7/2016

Last Revised On

Content

Mandates an administrative system for adjudicating allegations of fraud and corruption in connection with WBG financing or guarantee operations and imposing sanctions therefor; identifies practices subject to sanction and possible forms of sanctions

Applicable to

IBRD;IFC;IDA;MIGA;ICSID

Issuer

President, EXC; Board of MIGA, SECV

Sponsor

Senior Vice President and General Counsel, LEGVP

SECTION I - PURPOSE AND APPLICATION

1. This Policy governs the World Bank Group Sanctions System.
2. This Policy applies to the Bank, IFC and MIGA.

SECTION II - DEFINITIONS

As used in this Policy, the following capitalized terms have the meanings set out below:

- a. **Bank:** IBRD and IDA.
- b. **Board:** the Executive Directors of IBRD, IDA, IFC or the Directors of MIGA, or all of them, as applicable.
- c. **EO:** the Evaluation Officers of IFC or MIGA, or, the Evaluation Officer for Bank guarantee and certain carbon finance projects, as applicable.
- d. **IBRD:** International Bank for Reconstruction and Development.
- e. **ICO:** the Integrity Compliance Officer(s) of the World Bank Group.
- f. **IDA:** International Development Association.
- g. **IFC:** International Finance Corporation.
- h. **INT:** the Integrity Vice Presidency of the World Bank Group.
- i. **Management:** the President, a Managing Director, an Executive Vice President, some or all of these persons, or the person to whom they delegate the relevant responsibilities, as applicable.
- j. **MIGA:** Multilateral Investment Guarantee Agency.
- k. **President:** the President of the World Bank Group.
- l. **Respondent:** an entity or individual alleged to have engaged in a Sanctionable Practice. In cases involving more than one such entity or individual, the term "Respondent" refers, individually and collectively, to all such entities and individuals.
- m. **Sanctionable Practice:** (i) collectively and individually, corrupt practice, fraudulent practice, collusive practice, coercive practice and obstructive practice, as such practices may be defined in the legal agreements or other documents governing the WBG operation, including any relevant instrument prepared thereunder, in connection with which such practices may occur; and (ii) specific and limited violations of procedures in connection with the Sanctions System as the Board may determine.
- n. **Sanction:** any measure established by the World Bank Group to be imposed by the relevant officer of the Sanctions System on a party found culpable of, or responsible for, a Sanctionable Practice.
- o. **Sanctions Board:** the World Bank Group Sanctions Board.
- p. **Sanctions System:** the units established by the World Bank Group for presenting and adjudicating allegations of Sanctionable Practices, and imposing Sanctions therefor, including (without limitation) the Sanctions Board, the SDO and the EOs, and INT.
- q. **SDO:** the Suspension and Debarment Officer of the Bank.
- r. **World Bank Group or WBG:** IBRD, IDA, IFC and MIGA.

SECTION III - SCOPE

A. OBJECTIVES OF THE SANCTIONS SYSTEM

1. The objectives of the Sanctions System are to help protect the integrity of WBG operations and ensure that the proceeds of WBG financing are used only for the purposes intended.

2. Sanctions serve to create both negative incentives to discourage the sanctioned party and others from engaging in future Sanctionable Practices and positive incentives to encourage prevention, remediation and rehabilitation. Possible sanctions include debarment, which contributes to the objectives set forth in paragraph 1 above by excluding parties that have engaged in Sanctionable Practices or are responsible therefor from access to WBG financing, including support through guarantees.
3. Sanctions are intended to deter but not to punish. Sanctions are not intended to replace criminal, civil or administrative measures by national authorities or other forms of legal recourse or remedy.
4. All decisions and actions taken by the officers and representatives of the Sanctions System in regard to the presentation and the adjudication of allegations of Sanctionable Practices, and imposition of Sanctions therefor, are guided by the foregoing objectives.

B. PRINCIPLES GOVERNING THE SANCTIONS SYSTEM

1. **Investigations; Sanctions Proceedings.** Sanctions may be imposed after diligent and impartial inquiry into the facts by INT, and after affording the Respondent with due process through proceedings that include the meaningful opportunity for the Respondent to be heard by the SDO or the relevant EO, and, if the Respondent so elects, by the Sanctions Board, including through a hearing. Decisions of the Sanctions Board are final and not subject to appeal. A sanctioned party's compliance with any conditions imposed in connection with a Sanction is determined by the ICO. The SDO, or relevant EO, as applicable, may temporarily suspend the Respondent from eligibility for access to WBG financing, including support through guarantees, pending the outcome of such proceedings.
2. **Independence.** The SDO, the EOs, the ICO, and each member of the Sanctions Board consider each case in the Sanctions System impartially and solely on its merits, and do not answer to or take instructions from Management, members of the Board, member governments, Respondents, or any other entity or individual. All officers and representatives of the Sanctions System exercise their independent judgment in carrying out their respective roles and responsibilities in accordance with the relevant policies, directives and procedures of the World Bank Group, including (without limitation) this Policy and the related directives and procedures, and with due regard to the related guidance issued by Management and such legal advice as may be provided by the World Bank Group General Counsel or, with respect to IFC or MIGA, by their respective General Counsels. In providing legal advice to the SDO, the relevant EO, or the Sanctions Board in connection with issues arising out of a particular case in the Sanctions System, the relevant General Counsels refrain from expressing any opinion as to the outcome of the case or on the weight or credibility of the evidence.
3. **Standard of Proof.** Sanctions are imposed through sanctions proceedings only if the SDO, the relevant EO or the Sanctions Board, as the case may be, after considering the whole of the evidentiary record provided to them, determines that it is more likely than not that the sanctioned party has engaged in, or bears responsibility for, a Sanctionable Practice.
4. **Sanctioned Party.** Sanctions may also be imposed on affiliates of the Respondent, where necessary, for the purpose of preventing circumvention of the Sanctions System.
5. **Settlements.** In lieu of sanctions proceedings, the WBG may agree with a Respondent or other party that controls the Respondent on an appropriate Sanction and related terms and conditions governing the resolution of the case, subject to appropriate checks and balances in decision-making and within such guidelines as Management may establish from time to time in accordance with this Policy.

6. **Voluntary Disclosure.** The WBG may agree with entities and individuals to lessen Sanctions in exchange for voluntary disclosure of past Sanctionable Practices, on such terms and conditions as Management may establish from time to time in accordance with this Policy.
7. **Cross-Debarment.** The WBG may recognize and enforce the debarment decisions of other multilateral development banks in accordance with the Agreement for Mutual Enforcement of Debarment Decisions dated April 9, 2010 (as it may be amended, supplemented or otherwise revised with Board approval from time to time). The Board may, from time to time, authorize the addition of a particular multilateral development bank to the existing list of multilateral development banks whose debarment decisions the Bank generally recognizes for cross-debarment. Management decides whether the WBG will recognize and enforce in respect of each particular debarment decision of such multilateral development banks in accordance with such Agreement. The Sanctions System may also entertain sanctions proceedings based on referrals of debarment decisions relating to fraud and corruption in connection with WBG corporate procurement.
8. **Statute of Limitations.** In the interests of efficiency, fairness and legal certainty, Management establishes reasonable time limits, not exceeding ten (10) years from the last day of contract execution or the last constituent act or element of the Sanctionable Practice within which sanctions proceedings must commence.
9. **Transparency.** The Sanctions System strives to ensure transparency for Respondents, other sanctioned parties and the general public, while protecting the integrity of the investigatory and adjudicatory processes, which are confidential and not open to the public. In furtherance of this principle, the names of sanctioned parties, the Sanctions imposed and the grounds therefor are publicly disclosed. The decisions of the SDO, the relevant EO, and of the Sanctions Board, are also publicly disclosed.

C. THE RANGE AND NATURE OF SANCTIONS

1. **Range of Sanctions.** Possible sanctions are: debarment for a definite or indefinite period, debarment with conditional release, conditional non-debarment, restitution (financial or otherwise), and reprimand, or any combination thereof.
2. **Proportionality.** Sanctions are proportionate in both nature and scope to the Sanctionable Practice for which they are imposed and the culpability or responsibility of the sanctioned party for such Sanctionable Practice, with due consideration of such mitigating and aggravating factors as Management may set out in applicable guidance.

SECTION IV - EXCEPTION

N/A

SECTION V - WAIVER

Only the Board may waive a provision of this Policy

SECTION VI - OTHER PROVISIONS

N/A

SECTION VII - TEMPORARY PROVISIONS

N/A

SECTION VIII - EFFECTIVE DATE

Effective date for this is 1/7/2016

SECTION IX - ISSUER

The issuer of this Policy is the President and the Board of MIGA.

SECTION X - SPONSOR

The Sponsor of this Policy is the Senior Vice President and WBG General Counsel.