People’s Republic of China

Jiangxi Poyang Lake Basin and Ecological Economic Zone
Small Town Development Project

Redacted Report

March 2019
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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 Jiangxi Poyang Lake Basin and Ecological Economic Zone Small Town Development Project (the “Project”).

Company A bid for two Project-financed contracts. To satisfy prior experience requirements, Company A claimed two previous contracts. Evidence indicates that both of Company A’s bids misrepresented the value of these previous contracts.

The World Bank imposed the sanction of debarment with conditional release on Company A. This ineligibility extends to any legal entity that is directly or indirectly controlled by Company A.
Background

The Jiangxi Poyang Lake Basin and Ecological Economic Zone Small Town Development Project (the “Project”) was designed to improve key public services in participating small towns of Jiangxi Province through prioritized infrastructure improvements. The Project was financed by contributions from the People’s Republic of China and a loan provided by the International Bank for Reconstruction and Development (“IBRD”). The Project became effective in July 2013. It is implemented by Project Leading Groups and Project Management Offices at both the provincial and city levels.

Company A bid for and was awarded two Project-financed contracts (“Contract 1” and “Contract 2”).

The Provincial Project Leading Group recommended that Company A’s bids be rejected, having found that Company A may have provided false information about two prior contracts in its bids for Contracts 1 and 2. The contracts were not awarded to Company A.

Allegations & Methodology

The World Bank Group Integrity Vice Presidency (“INT”) received allegations that Company A’s bids for both Contracts 1 and 2 contained false information regarding the values of two of its prior contracts.

INT reviewed relevant documents and obtained further clarifications and documents from the Provincial Project Leading Group. INT subsequently issued a letter to Company A, to which Company A submitted a response.

Findings

Evidence indicates that Company A’s bids for Contracts 1 and 2 misrepresented the values of two of its prior contracts.

The bidding documents for Contract 1 required that bidders demonstrate that they had undertaken at least two prior contracts valued at no less than RMB 65 million to qualify for contract award. Similarly, the bidding documents for Contract 2 required that bidders demonstrate that they had undertaken at least two prior contracts valued at no less than RMB 45 million to qualify for contract award. Bidders were required to state the amount of each performed contract in their bids and to submit the supporting contract agreements, specifying the scope of the contract, and the contract completion certificates.

In both of its bids, Company A claimed that it had undertaken two prior contracts (“Contract X” and “Contract Y”), the amounts of which met the contract values required by the bidding documents for both Contracts 1 and 2. Evidence indicates that Company A claimed that Contract X was valued at approximately RMB 70 million. Evidence indicates that Company A supported this claim in both its bids with a purported copy of Contract X and another document, which provided that Contract X was awarded to Company A for the value stated above.
Evidence indicates that Company A claimed that Contract Y was valued at approximately RMB 75 million. Company A supported this claim with a purported copy of Contract Y and another document, which provided that the Previous Contract Y was awarded to Company A for the value stated above.

However, evidence indicates that Company A’s claimed prior contract values and supporting documents as submitted in its Contracts 1 and 2 bids contained false information. Three months before submitting bids for Contracts 1 and 2, Company A had submitted a bid for a different Project-financed contract in which it claimed Contracts X and Y as past experience. However, in that bid Company A indicated, with supporting documents, that Contract X’s value was approximately RMB 45 million, and that Contract Y was approximately RMB 35 million.

In response to INT’s inquiry, Company A did not dispute that the contract values for Contracts X and Y were inflated in its bids for Contracts 1 and 2. Company A claimed that one of its staff members had inflated the contract values when preparing the two bids, purportedly without the knowledge of Company A. Company A also claimed that it had taken action against this staff member, but, in response to INT’s request, it did not provide any detail about the action or any document to support its statement.

**Corrective Actions**

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