Federative Republic of Brazil

GEF Rio Grande do Sul Biodiversity Project

Redacted Report

March 2019
Statement of Use and Limitations

This Report was prepared by the World Bank Group (the “WBG”) Integrity Vice Presidency (“INT”). It provides the findings of an INT administrative inquiry (the “Investigation”) into allegations of corrupt, fraudulent, collusive, and/or coercive practices, as defined by the WBG for purposes of its own policies, rules and procedures (the “WBG’s Framework regarding Anti-corruption”), in relation to the WBG-supported activities. The purpose of the Investigation was to allow the WBG to determine if the WBG’s Framework regarding Anti-corruption has been violated.

This Report is being shared to ensure that its recipients are aware of the results of the INT Investigation. However, in view of the specific and limited purpose of the Investigation underlying this Report, this Report should not be used as the sole basis for initiating any administrative, criminal, or civil proceedings. Moreover, this Report should not be cited or otherwise referred to in the course of any investigation, in any investigation reports, or in any administrative, civil, or criminal proceedings.

This Report is provided without prejudice to the privileges and immunities conferred on the institutions comprising the WBG and their officers and employees by their respective constituent documents and any other applicable sources of law. The WBG reserves the right to invoke its privileges and immunities, including at any time during the course of an investigation or a subsequent judicial, administrative or other proceeding pursued in connection with this matter. The WBG’s privileges and immunities cannot be waived without the prior express written authorization of the WBG.
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 GEF Rio Grande do Sul Biodiversity Project (the "Project") in the Federative Republic of Brazil.

Company A submitted a proposal for, and was awarded, a Project-financed contract (the "Contract").

Evidence indicates that Company A misrepresented the availability of a key employee in its proposal, during Contract negotiations, and at Contract signing.

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 International Bank for Reconstruction and Development (the “Bank”) and the State of Rio Grande do Sul, Brazil (the “State”) signed a Trust Fund Grant Agreement, with the Bank acting as administrator, for the GEF Rio Grande do Sul Biodiversity Project (the “Project”). The Project became effective in February 2011 and closed in March 2016.

The Project’s development objective was to increase the conservation and restoration of biodiversity in the State’s grassland ecosystem through mainstreaming biodiversity conservation within the forestry, agriculture, and livestock productive landscapes.

The Project Implementing Unit (“PIU”) published a Request for Proposals for a Project-financed contract (the “Contract”). In response, Company A submitted a proposal, signed by its Director (“Director A”). The PIU awarded the Contract to Company A, which was signed by Director A and the PIU for approximately US$ 300,000.

**Allegations & Methodology**

INT received allegations suggesting that the inclusion of a key personnel member in Company A’s proposal was fraudulent. INT reviewed relevant documents and interviewed witnesses.

**Findings**

*Evidence indicates that Company A misrepresented the availability of a key employee in its proposal, during Contract negotiations, and at Contract signing.*

In Company A’s proposal, it provided that one of its employees (the “Employee”) would serve as a Services Coordinator. The proposal listed the Employee’s education and professional background. Evidence indicates that the Employee’s qualifications were critical to Company A’s obtaining the Contract. Further, the Employee’s remuneration equaled roughly 25 percent of the Contract Value. The Employee was included in the list of personnel at Contract signing.

Evidence indicates that, contrary to Company A’s representation, the Employee had terminated his/her professional relationship with Company A more than a month earlier, and had no professional relationship or contact with Company A in the interim. Evidence indicates that the Employee’s signature provided in Company A’s proposal was falsified.

Further, Director A told INT that, during Contract negotiations with the PIU, Company A continued to misrepresent the Employee’s availability to work as Company A’s Services Coordinator. Evidence indicates that Company A failed to disclose the Employee’s unavailability at Contract signing.

**Corrective Actions**

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.