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 Second Rural Electrification Project (the "Project") in Peru.

Company A bid for a Project-financed contract (the "Contract"). However, evidence indicates that Company A was previously involved in drafting technical studies for the Contract. Evidence indicates that Company A failed to disclose this information in its Contract bid.

The World Bank imposed a sanction of debarment with conditional release on Company A and Company A’s legal representative (the "Legal Representative"). The period of ineligibility extends to any legal entity that is directly or indirectly controlled by Company A or the Legal Representative.
Background

The Rural Electrification Project in Peru was designed to contribute to the Peruvian government’s goal of reducing the electrification gap. It was financed by the International Bank for Reconstruction and Development (“IBRD”) and a Trust Fund grant, and implemented by the Ministry of Energy and Mines (“MEM”) of Peru. The Government of Peru requested additional IBRD financing for the Second Rural Electrification Project (the “Project”), to continue and expand the activities of the first Rural Electrification Project. The Project financing agreement was signed in July 2011. The Project closed in August 2017.

In 2013, bidding documents for seven lots of a Project-financed contract (the “Contract”) were issued. Company A and four other companies, submitted bids for Lots 3, 4, 5, 6, and 7. Company A was awarded Lot 5 but was subsequently disqualified. The value of Lot 5 was approximately US$ 700,000.00.

Allegations & Methodology

The World Bank Group Integrity Vice Presidency (“INT”) received allegations that Company A had failed to disclose, when bidding for the Contract, that it had previously worked on the technical studies for the Contract Bidding Documents.

INT’s administrative inquiry consisted of, among other steps, a review of the Project documents and statements obtained from the relevant companies, including Company A.

Findings

1. Evidence indicates that Company A failed to disclose a conflict of interest when bidding for Contract A.

The Contract bidding documents required that Bidders “not have a conflict of interest” and defined conflict of interest as including the Bidder “or any of its affiliates [having] participated as consultant in the preparation of the design or the technical specifications related to the bid.”

Company A submitted bids for four Contract lots. A legal representative for Company A (the “Legal Representative”) declared in the bid letters included in Company A’s bid submissions that “we, including any subcontractor or supplier for any component of the contract, have no conflict of interest as stipulated by . . . the bidding documents under the Instruction to Bidders.” However, evidence indicates that Company A had previously drafted technical studies relating to the Contract. Having drafted the technical studies, Company A had access to cost estimates for the tender’s line items. An analysis of Company A’s bid indicates that for various line items, Company A quoted the exact same price (to the cent) listed in the Project Implementing Unit’s cost estimates.

During the interview with INT, the Legal Representative confirmed that he was aware of the conflict of interest clause in the bidding documents, but that he had been informed by Project officials that Company A could participate in the tender even though it had prepared
the technical studies. The Legal Representative stated, however, that he did not remember the names of the Project officials who had provided him with this information.

**Corrective Actions**

The World Bank imposed the sanction of debarment with conditional release on Company A and its Legal Representative. These sanctions extend to any legal entity that is directly or indirectly controlled by Company A or the Legal Representative.