




PROJECT PREPARATION TECHNICAL  
ASSISTANCE FACILITY (PPTAF)




# PROCUREMENT FOR WORLD BANK FUNDED PROJECTS

## GRAFT AND CORRUPTION



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### General Considerations

The Bank considers corruption a barrier to development and is committed to ensure that all its projects are free of fraud and corruption.



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### **The Bank's *Consultant Guidelines* define corrupt and fraudulent practices as follows:**

- "Corrupt practice" means the offering, giving, receiving, or soliciting of, directly or indirectly, anything of value to influence the actions of a public official (including World Bank staff and employees of other organizations taking or reviewing procurement decisions) in the selection process or in contract execution.




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- "Fraudulent practice" means a misrepresentation or omission of facts to influence a selection process or the execution of a contract.
- "Collusive practices" means a scheme or arrangement between two or more consultants, with or without the knowledge of the Borrower, designed to establish prices at artificial, noncompetitive levels.




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- “Coercive practice” means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process or affect the execution of a contract.



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## Most-Common Corrupt and Fraudulent Practices

Corruption may originate with the client or the consultant. Fraud commonly originates from a deliberate misrepresentation by the consultant of key aspects of its proposal or services given.



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### Selection Stage

During the selection stage, consultants may:

- misrepresent their experience in their expressions of interest to be shortlisted;
- bribe the client's officials to be shortlisted;
- collude with each other or with the client to stifle competition (for example, manipulate the requirements of the RFP to exclude other qualified consultants);



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### Selection Stage

- bribe the client's officials to obtain confidential information or undue advantage in the evaluation process, such as obtaining the terms of reference (TOR) in advance or favorable scores in the evaluation;
- exert undue pressure on members of the client's Evaluation Committee by, for example, exerting political, diplomatic, and other coercive pressures;



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### Selection Stage

- misrepresent facts in technical proposals and falsify or forge documents submitted in support of their proposals;
- collude with the client to fraudulently change essential data of the financial proposal after bid submission; or
- withhold information about material conflicts of interest affecting their performance of the proposed assignment and the client's interest.



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### Experience shows that the client could:

- ask for bribes;
- provide unequal access to information by, for example, withholding important information from certain consultants or by advertising inadequately;
- ignore conflicts of interest affecting particular consultants;
- adopt selection methods that unduly favor certain consultants;



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- knowingly overlook a consultant's false statement, misrepresentation of experience, forged signatures, and so forth;
- hire consultants by the single-source selection method (SSS), although competitive selection would be expected to elicit better results; or
- violate the confidentiality of the selection process by, for example, disclosing the status of proposal evaluation to a consultant or a third party.



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### **Implementation Stage**

To take advantage of an inexperienced Borrower or in collusion with the Borrower itself, during the implementation stage of the assignment, consultants may:

- seek unjustified contract extensions, addenda, or payments;
- make unjustified changes in the assigned team members;



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- overcharge the client (for example, in a time-based contract, billing more staff-months than actually worked);
- provide fewer services than agreed on under the contract without informing the client;
- seek unjustified increases of consulting staff to work on the assignment;



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- misrepresent work delays or the need for extension of time;
- engage in unauthorized use of project property and services by, for example, using the client's transportation and telecommunication facilities inappropriately; or
- alter accounting records of their assignment to misappropriate project funds.



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### Sources of Allegations

**Allegations of fraud and corruption may be based on, or originate from:**

- a losing proponent;
- a consultant's disgruntled employee;
- a government employee, the press, an NGO, or the public;
- an inquiry by the Bank initiated by a Bank review; or
- procurement audits carried out by the Bank.



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### Prevention of Corrupt and Fraudulent Practices

**During the selection phase, the Borrower should:**

- allow sufficient time for the submission of expressions of interest and proposals by consultants;
- check on the credibility of the qualifications of a consultant whenever serious doubts arise;



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- shortlist only those consultants who are qualified for the assignment;
- consider only consultants with a reputation of professional integrity;
- reject and denounce attempts at corruption by consultants or their intermediaries;
- ensure that all documents forming the RFP are clear and unambiguous;



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- ensure that all documents forming the RFP are clear and unambiguous;
- clearly describe in the Data Sheet attached to the ITC of the RFP the selection criteria, subcriteria, and relevant points;
- adopt the most suitable selection method for the assignment;
- appoint an Evaluation Committee of impartial and competent officials;



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- ensure that the Evaluation Committee agrees on the definition of grades to be used for assessing the level of responsiveness of the technical proposals to the criteria and subcriteria set forth in the Data Sheet;
- ensure that each evaluator first evaluates the proposals independently from other evaluators and that evaluators discuss their scores before reaching final decisions;



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- shield the evaluators from all illicit contacts and pressures;
- appoint an independent adviser to the Evaluation Committee whenever it appears that the evaluation process is at risk;
- appoint a negotiation committee with technical and legal experience relevant to consulting assignments;



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- provide each negotiation committee member with clear procedures and objectives;
- instruct negotiators to aim for a fair and balanced contract;
- prohibit evaluation and negotiation committee members from unofficial contacts with consultants;



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- report, investigate, and sanction cases of attempted or actual corruption;
- set up a credible complaint management system;
- disclose the results of the selection process to those interested after the contract award; and
- provide a debriefing to those consultants who request it after contract award.



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# Conflicts of Interest

A consultant conflict of interest (COI) is a situation in which consultants provide, could provide, or could be perceived as providing biased professional advice to a Borrower to obtain from that Borrower or from others an undue benefit for themselves or their affiliates.



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# Categories of Conflicts of Interest

**The *Consultant Guidelines* identify four main categories of conflict of interest that may bias the consultants' advice and lead to their disqualification:**

- Activities by the consultants and their affiliates that conflict with their assignment for the Borrower (para. 1.9 (a) of the *Consultant Guidelines*)



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- Consulting assignments that, by their nature, are or may be in conflict with each other (para. 1.9 (b) of the *Consultant Guidelines*)
- Relationships between the consultants and the Borrower's staff (para. 1.9 (c) of the *Consultant Guidelines*)
- Consultants serving different clients with conflicting interests on closely related assignments (paras. 1.9 and 1.9 (b) of the *Consultant Guidelines*)



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### **First Category of Conflict: Conflicting Activities**

- a) Downstream procurement of goods, works, and services, other than consulting services, related to the consultants' professional assignment.
- (b) Downstream provision of consulting services related to works executed or equipment supplied by an affiliate of the consultants.

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## Second Category of Conflict: Conflicting Assignments

(a) Conflicting assignments by nature, in which the consultants could bias their advice to be consistent with findings of another of their assignments or those of their affiliates.

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(b) Conflicting downstream assignments in which incumbent consultants create conditions under which they attain or are perceived to attain an undue advantage over other consultants who may apply for consideration in a downstream assignment, thus depriving the client of the benefits of full competition.

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## Third Category of Conflict: Conflicting Relationships

### For example:

- The consultant competing for an assignment has a family or a business relation with a member of the client's staff involved in the selection process for that assignment.
- A consultant nominates a client employee as key staff in its technical proposal.

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## Fourth Category of Conflict: Conflicting Clients

The fourth category of conflict (that is, "conflicting clients") includes consultants working simultaneously for two or more clients whose interests are in conflict.

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## **Prevention of Conflicts of Interest**

The most common situations of COI in Bankfunded consulting assignments and the related provisions for the avoidance or mitigation of COIs are identified in para. 1.6 of the ITC and in the Standard Forms of Contract attached to the RFP.

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## **Prevention of Conflicts of Interest**

- **Request for Expressions of Interest**
- **Preparing TORs**
- **Short List**
- **Technical Evaluation**
- **Contract Negotiations**
- **Implementation**



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QUESTIONS???



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