Timor-Leste

Road Climate Resilience Project

Redacted Report

March 2020
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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 Road Climate Resilience Project (the "Project") in Timor-Leste.

Company A, in a joint venture with Company B and Company C (collectively, the "JV"), submitted a proposal (the "Proposal") for a Project-financed services contract (the "Contract") and was awarded it.

However, evidence indicates that the JV misrepresented the availability of a specialist (the "Specialist") in its National Key Expert Staff team both in its Proposal and at Contract signing. Evidence indicates that Company C forged the Specialist’s signature on his/her CV and submitted it as part of the JV’s Proposal without his/her knowledge. Further evidence indicates that, despite having been made aware of this, the JV continued to misrepresent the Specialist’s availability at Contract signing.

The World Bank imposed administrative sanctions on Company A, Company B, and Company C.
**Background**

In July 2011, the International Development Association (“IDA”) and the Democratic Republic of Timor-Leste (“Timor-Leste”) signed a grant agreement for the Road Climate Resilience Project (the “Project”). In November 2013, Timor-Leste signed both a loan agreement with the International Bank for Reconstruction and Development (“IBRD,” collectively with IDA, the “Bank”) and a credit agreement with IDA, providing additional Project financing. In April 2017, IDA and Timor-Leste signed a financing agreement for additional Project financing. The Project became effective in August 2011. The Project aims to deliver sustainable, climate-resilient road infrastructure on the Dili-Ainaro corridor.

The Project implementation unit undertook the procurement process for a contract to provide services under the Project (the “Contract”). Company A, in a joint venture with a controlled subsidiary, Company B, and Company C (collectively, the “JV”), was among the firms shortlisted for Contract award.

Company A, as the lead JV member, submitted the JV’s proposal for the Contract (the “Proposal”). The JV was selected for Contract award. The Client and the JV, represented by Company A’s President Director, signed the Contract, valued at approximately US$ 4 million.

**Allegations & Methodology**

The Bank received a complaint alleging that the JV had misrepresented the availability of a specialist (the “Specialist”) in its National Key Expert Staff team, using his/her curriculum vitae (“CV”) and transcript certificate in its Proposal without his/her knowledge or consent.

INT reviewed relevant documents and interviewed witnesses.

**Findings**

1. **Evidence indicates that Company C forged the Specialist’s signature on his CV and submitted it as part of the JV’s Proposal without his/her knowledge.**

The JV submitted its Proposal for the Contract. It listed the Specialist as a member of the JV’s National Key Expert Staff team, including his/her CV with signature and transcript certificate.

Evidence indicates that the signature on the Specialist’s CV as submitted in the JV’s Proposal was forged. Further, evidence indicates that the Specialist did not know or have contact with any of the companies in JV prior to learning that they had submitted his/her CV and transcript certificate in their Proposal. Evidence indicates that the Specialist did not tell the JV that he/she would work on the Contract and that he/she never worked with JV on the Contract.

In its response to INT’s investigation, Company C stated that it had signed for the Specialist, then submitted his/her CV with the forged signature and transcript certificate in the JV’s proposal. Company C stated that it had advised Company B that it could not obtain the Specialist’s signature.
2. Evidence indicates that the JV misrepresented the Specialist’s availability to work on the JV’s National Key Expert Staff team at Contract signing.

Evidence indicates that approximately a week prior to Contract signing, the Specialist notified Company A that the JV had used his/her CV and transcript certificate in its Proposal without his/her knowledge, with his/her signature forged. Evidence indicates that Company A and Company B’s senior management, were made aware of the Specialist’s complaint and the need to replace him/her in the Proposal.

Nonetheless, a Company A’s senior manager signed the Contract on behalf of the JV, with the Specialist still listed in the Contract as a member of the JV’s National Key Expert Staff team.

In its response to INT’s inquiries, Company A and Company B acknowledged that the Specialist should not have been included in the Contract at signing. Similarly, Company C stated that they should have replaced the Specialist during Contract negotiations.

Corrective Actions

The World Bank imposed administrative sanctions against Company A, Company B, and Company C.