



People's Republic of China: Consulting and Contracting Firms, Trade Associations, and Advisory Firms

The Integrity Learning Series

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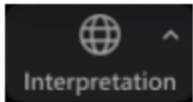
Language selection

Use the Interpretation panel for real time language interpretation

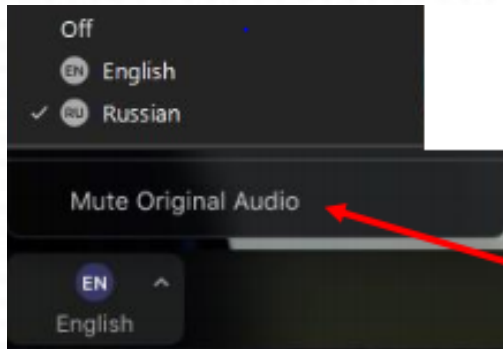
Listening to language interpretation on Windows



- In your meeting/webinar controls, click **Interpretation**.



- Click the language that you would like to hear.



- (Optional) To only hear the interpreted language, click **Mute Original Audio**.



语言选择

使用传译设置即时听取传译

在 Windows 上听取传译



- 在会议/网络研讨会控制中，点击**传译**。



- 点击您想听的语言。



- (可选) 如需只听传译，点击**将原始音频静音**。

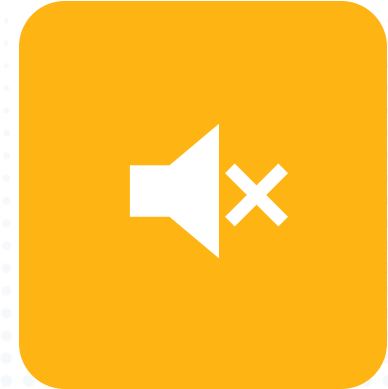
Reminders



The session is
being recorded.



Type in your questions
through Q&A at any time.



Please remain on
mute if not speaking.



The Integrity Learning Series

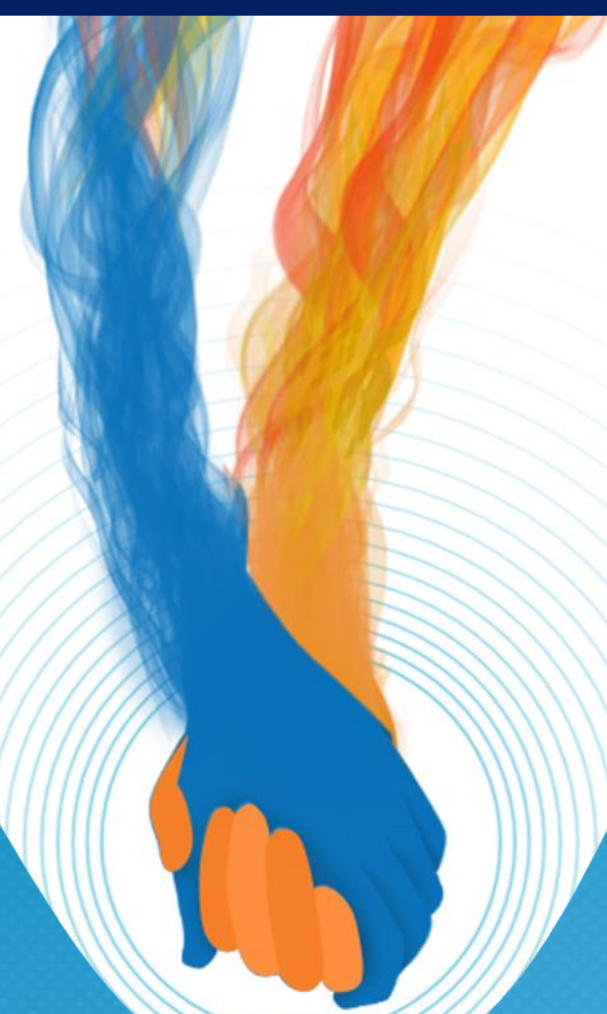
Introduction



Yolanda Fernandez Lommen

Country Director

People's Republic of China
Resident Mission



iACT to fight corruption.

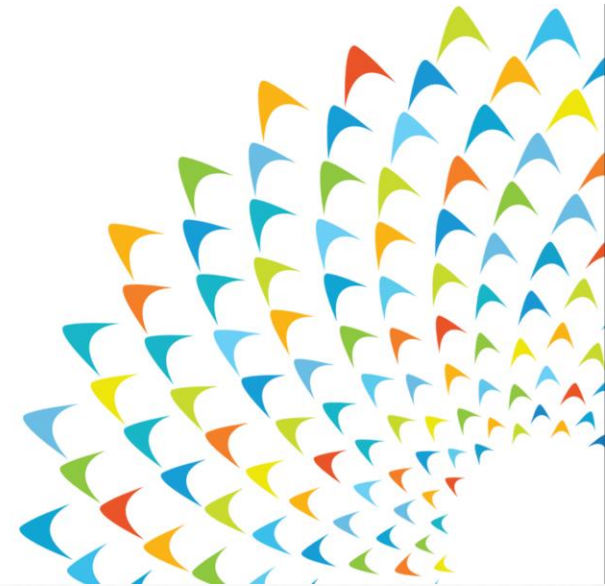
ADB's Vision

- ADB is committed to achieving a **prosperous, inclusive, resilient, and sustainable** Asia and the Pacific, while sustaining its efforts to **eradicate extreme poverty**.
- **Effective governance and improved institutional capacity** in ADB's developing member countries **is required** to achieve ADB's vision.



ADB Strategy 2030

- **Strengthening governance and institutional capacity**
- ADB will support government efforts to **eradicate corruption**.
- ADB will promote effective, timely, and **corruption-free** delivery of public services.
- ADB will implement **anticorruption measures** in all ADB projects and programs.



Welcome Remarks

- **Teresa Kho**, Director General, East Asia Department
- **John Versantvoort**, Head, Office of Anticorruption and Integrity
- **Zhijia Teng**, Director General, Procurement, Portfolio and Financial Management Department
- **Cheng Zhijun**, Director General, Department of International Economic and Financial Cooperation, Ministry of Finance
- **Zhu Xiaolei**, Deputy Director General, State Asset Supervision and Administration Commission of the State Council



iACT to fight corruption.

Objectives



Increase awareness of potential integrity risks and remedial actions



Refresh your knowledge of ADB's Integrity framework



Improve skills in building prevention and detection strategies

Outline

1

Procurement and financial management -
tendering and execution of contracts

2

Integrity risk mitigation and prevention

3

Prohibited practices and observations

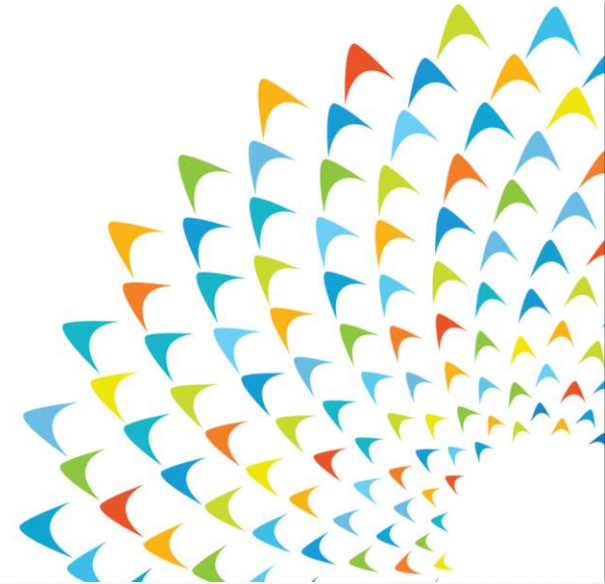
1

Procurement and Financial Management - tendering and execution of contracts

ADB Procurement Policy and Regulations for Borrowers

VII. Integrity

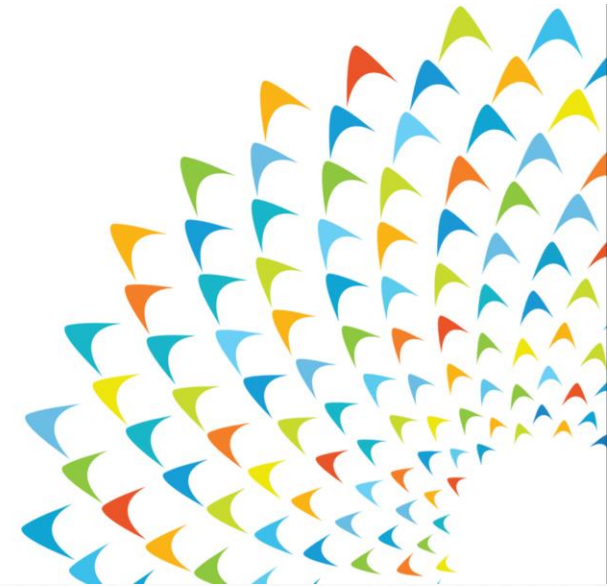
10. ADB requires application of the highest standard of ethics during any procurement process subject to this Policy and use of funds, resources, assets, and authority in accordance with ADB's Anticorruption Policy and Integrity Principles and Guidelines (both as amended from time to time) (Anticorruption Guidelines).
 - (e) A firm or individual sanctioned or temporarily suspended by ADB in accordance with ADB's Anticorruption Guidelines shall be ineligible to participate in or to be awarded an ADB-financed or ADB-administered contract or to benefit from an ADB-financed or ADB-administered contract, financially or otherwise, during the period of time determined by ADB.



ADB Standard Procurement Documents - ITB

3. Fraud and Corruption

- 3.1 ADB requires Borrowers (including beneficiaries of ADB-financed activity) and their personnel, as well as firms and individuals participating in an ADB-financed activity, including but not limited to, Bidders, Suppliers, and Contractors, agents, subcontractors, subconsultants, service providers, subsuppliers, manufacturers (including their respective officers, directors, employees and personnel) under ADB-financed contracts to observe the highest standard of ethics during the procurement and execution of such contracts in accordance with ADB's Anticorruption Policy (1998, as amended from time to time).
- (b) will reject a proposal for award if it determines that the Bidder recommended for award or any of its officers, directors, employees, personnel, subconsultants, subcontractors, service providers, suppliers or manufacturers has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices or other integrity violations in competing for the Contract;
 - (d) will impose remedial actions on a firm or an individual, at any time, in accordance with ADB's Anticorruption Policy and Integrity Principles and Guidelines, including declaring ineligible, either indefinitely or for a stated period of time, to participate¹ in ADB-financed, -administered, or -supported activities or to benefit from an ADB-financed, -administered, or -supported contract, financially or otherwise, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices or other integrity violations; and



ADB Standard Procurement Documents - ITB

- 4.4 A firm will not be eligible to participate in any procurement activities under an ADB-financed, -administered, or -supported project while under temporary suspension or debarment by ADB pursuant to its Anticorruption Policy (see ITB 3), whether such debarment was directly imposed by ADB, or enforced by ADB pursuant to the Agreement for Mutual Enforcement of Debarment Decisions. A bid from a temporarily suspended or debarred firm will be rejected and such bid may be in breach of debarment conditions, thereby subject to further ADB's investigation.

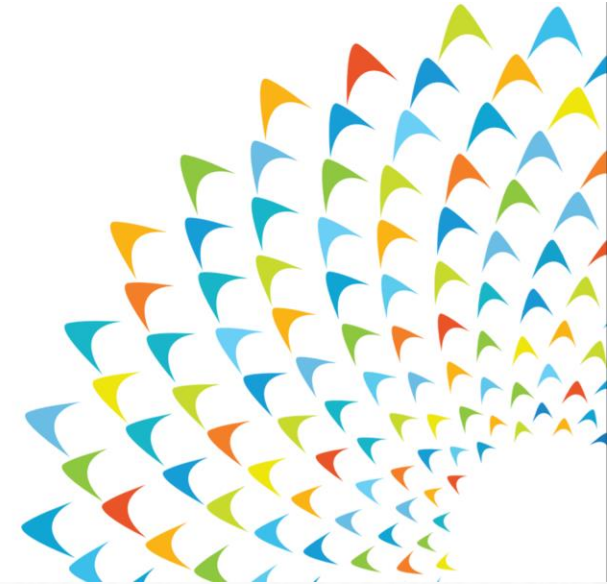
2.1.3 ADB Eligibility

Not having been declared ineligible by ADB, as described in ITB 4.4.	Must meet requirement	Must meet requirement	Must meet requirement	Not applicable	Letter of Bid
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- 4.8 Bidders shall be excluded if, by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower's country prohibits any import of goods from, or payments to, a particular country, person, or entity in respect of goods or services originating in that country. Where the Borrower's country prohibits payments to a particular person or entity or for particular goods or services by such an act of compliance, that firm shall be excluded.

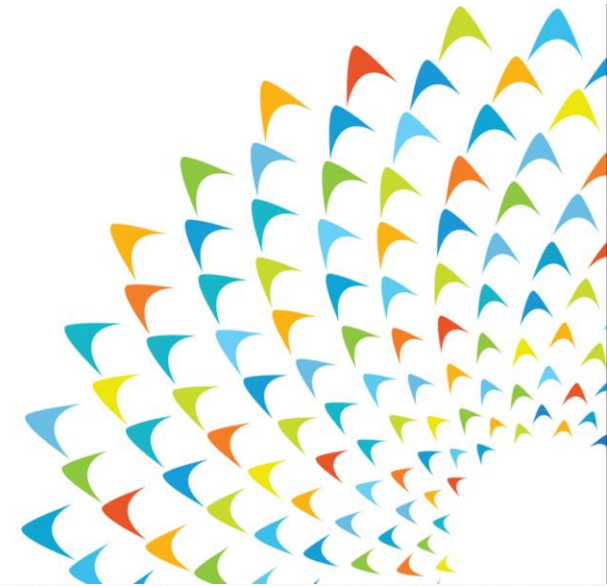
2.1.5 United Nations Eligibility

Not having been excluded by an act of compliance with a United Nations Security Council resolution in accordance with ITB 4.8.	Must meet requirement	Must meet requirement	Must meet requirement	Not applicable	Letter of Bid
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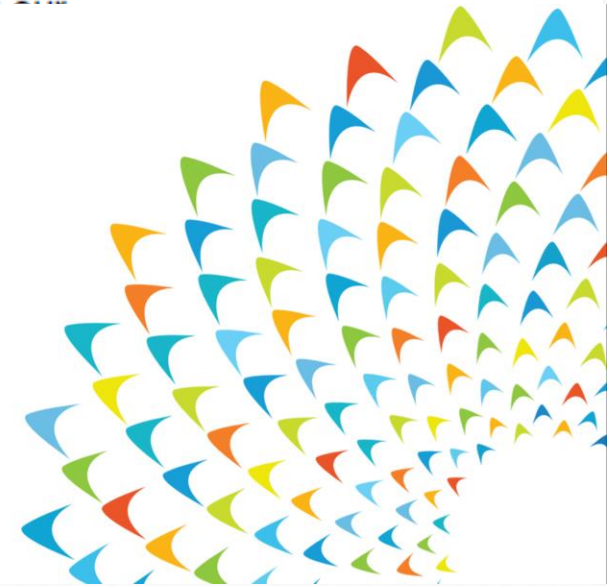
ADB Standard Procurement Documents Letter of Bid

- (b) We acknowledge that we have read and understand ADB's Anticorruption Policy (1998) and Integrity Principles and Guidelines (2015), both as amended from time to time.
- (k) Our firm, Joint Venture partners, our respective direct and indirect shareholders, directors, key officers, key personnel, associates, parent company, affiliates or subsidiaries, including any Subcontractors, consultants, subconsultants, manufacturers, service providers or Suppliers for any part of the contract, are not subject to, or not controlled by any entity or individual that is subject to a temporary suspension or a debarment imposed by the Asian Development Bank; or a debarment imposed by the Asian Development Bank in accordance with the Agreement for Mutual Enforcement of Debarment Decisions between the Asian Development Bank and other development banks.¹
- (l) Our firm, Joint Venture partners, our respective direct and indirect shareholders, directors, key officers, key personnel, associates, parent company, affiliates or subsidiaries, including any Subcontractors, consultants, subconsultants, manufacturers, service providers or Suppliers for any part of the contract, are not under ongoing investigation and/or sanctions proceedings by the Asian Development Bank or any multilateral development bank.



ADB Standard Procurement Documents Letter of Bid

- (m) Our firm, Joint Venture partners, our respective direct and indirect shareholders, directors, key officers, key personnel, associates, parent company, affiliates or subsidiaries, including any Subcontractors, consultants, subconsultants, manufacturers, service providers or Suppliers for any part of the Contract, are not temporarily suspended, debarred, declared ineligible, or subject to any national and/or international sanctions by any country, any international organization, any multilateral development bank and other donor agency.
- (aa) We certify on behalf of the Bidder, that the information provided in the bid has been fully reviewed, given in good faith, and to the best of our knowledge is true and complete. We understand that it is our obligation to inform the Employer of any changes to the information as and when it becomes known to us. We understand that any misrepresentation that knowingly or recklessly misleads, or attempts to mislead may lead to the automatic rejection of the Bid or cancellation of the contract, if awarded; may result in remedial actions, in accordance with ADB's Anticorruption Policy (1998, as amended from time to time) and Integrity Principles and Guidelines (2015, as amended from time to time).



ADB Standard Procurement Documents Bidding Forms

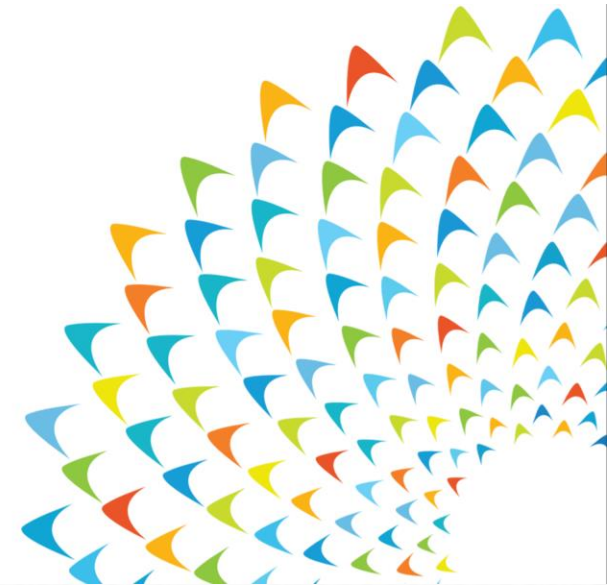
Form FIN – 1: Historical Financial Performance

Each Bidder must fill out this form.

In case of a Joint Venture, each Joint Venture Partner must fill out this form separately and provide the Joint Venture Partner's name:

Joint Venture Partner: _____

Financial Data for Previous 3 Years ^a [\$ equivalent]			
Year 1:	Year 2:	Year 3:	
Information from Balance Sheet			
Total Assets (TA)			
Total Liabilities (TL)			
Net Worth = TA - TL			
Current Assets (CA)			
Current Liabilities (CL)			
Working Capital = CA - CL			



ADB Standard Procurement Documents Bidding Forms

Form FIN – 2: Average Annual Construction Turnover

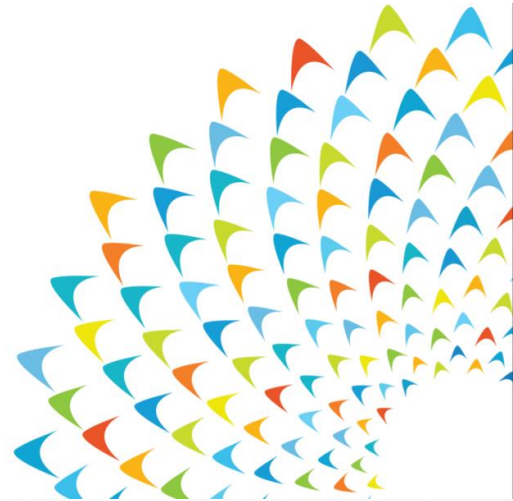
Each Bidder must fill out this form.

The information supplied should be the Annual Turnover of the Bidder or each partner of a Joint Venture for the total certified payments received from the clients for contracts in progress or completed, converted to US dollars at the rate of exchange at the end of the period reported.

In case of a Joint Venture, each Joint Venture Partner must fill out this form separately and provide the Joint Venture Partner's name:

Joint Venture Partner: _____

Annual Turnover Data for the Last . . . Years ^a (Construction only)			
Year	Amount Currency	Exchange Rate	\$ Equivalent
Average Annual Construction Turnover ^b			



ADB Standard Procurement Documents Bidding Forms

Form FIN – 3: Availability of Financial Resources

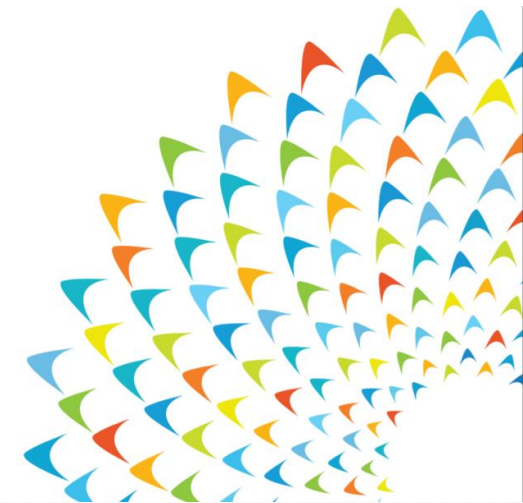
Bidders must demonstrate sufficient financial resources, usually comprising of Working Capital supplemented by credit line statements or overdraft facilities and others to meet the Bidder's financial requirements for

- (a) its current contract commitments, and
- (b) the subject contract.

In case of a Joint Venture, each Joint Venture Partner must fill out this form separately and provide the Joint Venture Partner's name:

Joint Venture Partner: _____

Financial Resources		
No.	Source of Financing	Amount (\$ equivalent)
1	Working capital (to be taken from FIN – 1)	
2	Credit Line ^a	
3	Other financial resources	
Total Available Financial Resources		



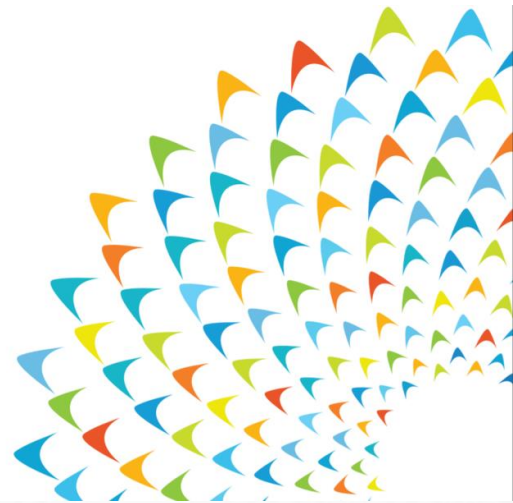
ADB Standard Procurement Documents Bidding Forms

Form EXP – 1: Contracts of Similar Size and Nature

Fill out one (1) form per contract. Each contract shall be supported by documents such as Signed Contract Agreement, Taking-Over Certificate, Contract Completion Certificate or Performance Certificate.

The exchange rate to be used to calculate the value of the contract for conversion to a specific currency shall be the selling rate of the Borrower's Central bank on the date of the contract.

Contract of Similar Size and Nature		
Contract No. of	Contract Identification	
Award Date	Completion Date	
Total Contract Amount	\$	
If partner in a Joint Venture or Subcontractor, specify participation of total contract amount	Percent of Total	Amount
Employer's name Address Telephone number Fax number E-mail		



ADB Standard Procurement Documents Bidding Forms

Form EXP – 2: Construction Experience in Key Activities

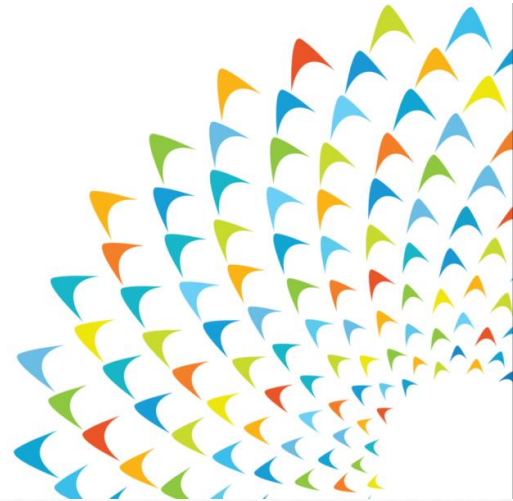
Fill out one form per contract. Each contract shall be supported by documents such as Signed Contract Agreement, Taking-Over Certificate or Contract Completion Certificate.

Each Bidder must fill out this form.

If complied by Specialist Subcontractors, each Specialist Subcontractor must fill out this form and provide the Specialist Subcontractor's name:

Specialist Subcontractor: _____

Contract with Similar Key Activities		
Contract No. of	Contract Identification	
Award Date	Completion Date	
Total Contract Amount	\$	
If partner in a Joint Venture or Subcontractor, specify participation of total contract amount	Percent of Total	Amount
Employer's name Address Telephone number Fax number E-mail		

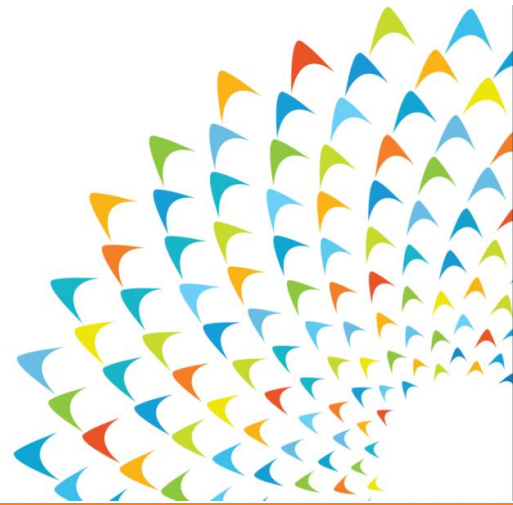


Contracts for Works and Consulting Services

If the Contactor is debarred or temporarily suspended by ADB, it shall inform the Employer of such debarment or suspension, and that the endorsement of ADB's Office of Anticorruption and Integrity is required for any variations, extensions or modifications to the Contract.

If the Employer determines, based on reasonable evidence, that the Contractor has engaged in corrupt, fraudulent, collusive or coercive practices, or other integrity violations, including the failure to disclose any required information which constitutes a fraudulent practice, in competing for or in executing the Contract, then the Employer may, after giving 14 days notice to the Contractor, terminate the Contract and expel him from the Site, and the provisions of Clause 15 shall apply as if such termination had been made under Sub-Clause 15.2 [Termination by Employer].

19.1.2 Furthermore, if the Client determines that the Consultant has engaged in corrupt, fraudulent, collusive, coercive *[or obstructive]* practices, in competing for or in executing the Contract, the Client may, after giving 14 calendar days' written notice to the Consultant, terminate the Consultant's employment under the Contract.



Contractors' and Consultants' Responsibilities

- Be familiar with ADB's Anticorruption Policy and Integrity Principles and Guidelines.
- Carefully read instructions in the bidding documents.
- Ensure that the Bidder's shareholders, directors, key officers, key personnel, associates, parent company, affiliates or subsidiaries
 - *are not under a temporary suspension or a debarment by ADB or any multilateral development bank*
 - *are not under ongoing investigation and/or sanctions proceedings by ADB or any multilateral development bank.*
- Report to ADB or the Employer (the Client) at any time if the Contactor (the Consultant) is debarred or temporarily suspended.
- Permit ADB to inspect the Contractor's (the Consultant's) assets, accounts and records, and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by ADB.
- Cooperate fully in any investigation when requested by ADB.



2

Integrity Risk Mitigation and Prevention

“

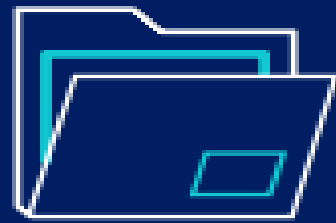
Corruption is the single greatest obstacle to economic and social development around the world.

Every year, **\$1 trillion** is paid in bribes, while an estimated **\$2.6 trillion** are stolen annually through corruption.

A sum equivalent to more than **5%** of the global GDP.

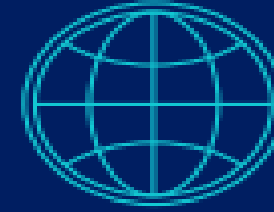
United Nations Security Council 10 September 2018

Probability and Likelihood



2,110
CASES

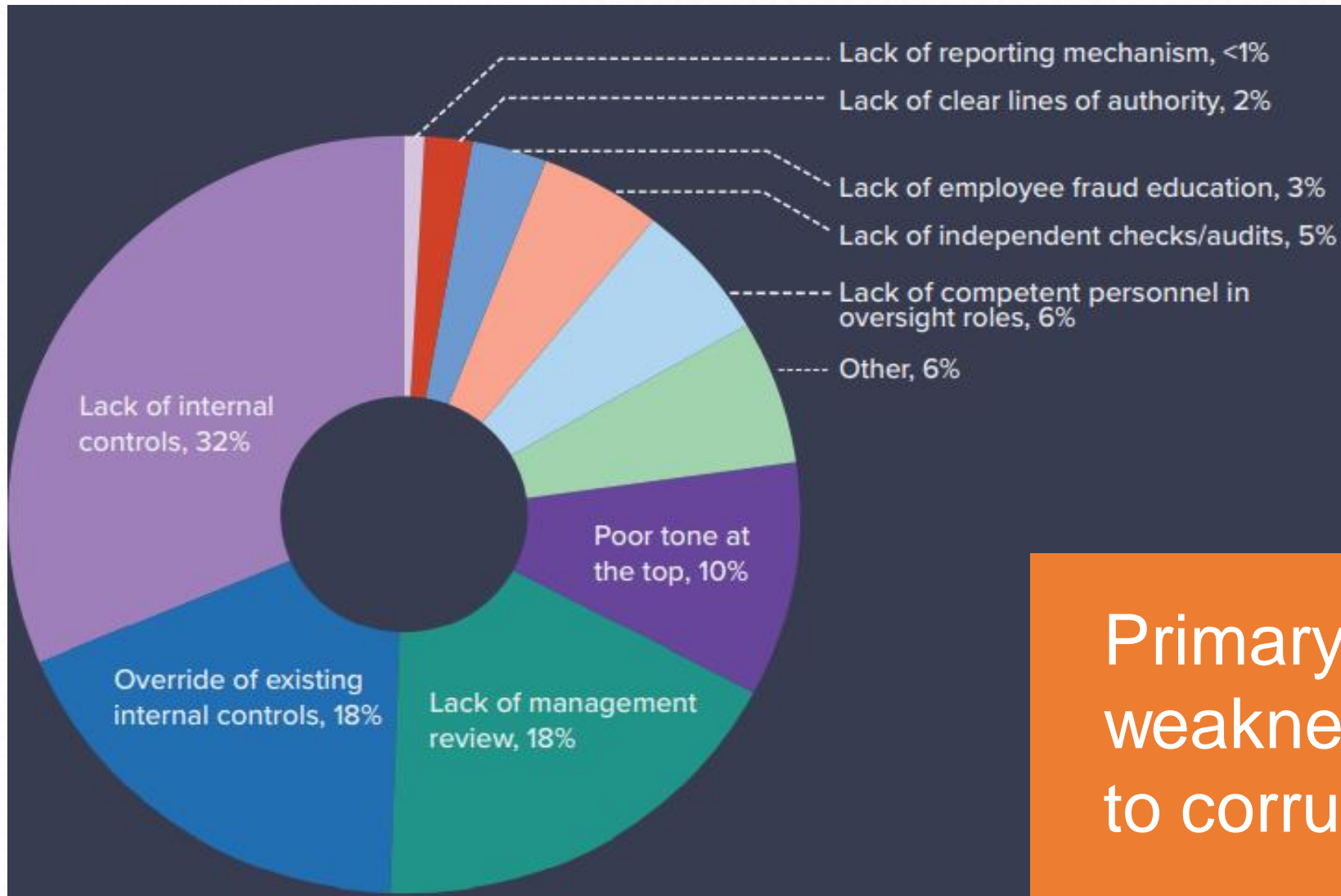
from



133
COUNTRIES



Causing total losses of more than
\$3.6 BILLION



Primary internal control weaknesses contributing to corruption and fraud

Association of Certified Fraud Examiners: Report to the Nations 2021

**FINANCIAL CRISIS AT MAJOR
CONTRACTOR: WHERE DID THE MONEY
GO?**

**Inappropriate contract
negotiations cause of project
failure**

**Sewerage in water sees
spike at hospital
emergency**

**Substandard materials and
works: contractor 100%
accountable**

Shock resignations following litigation scandal never verified

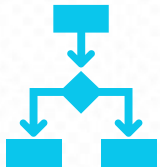
Control Environment



Company culture



Policies and procedures



Designated compliance function
and oversight



Effective training, education,
communication



Internal monitoring and testing



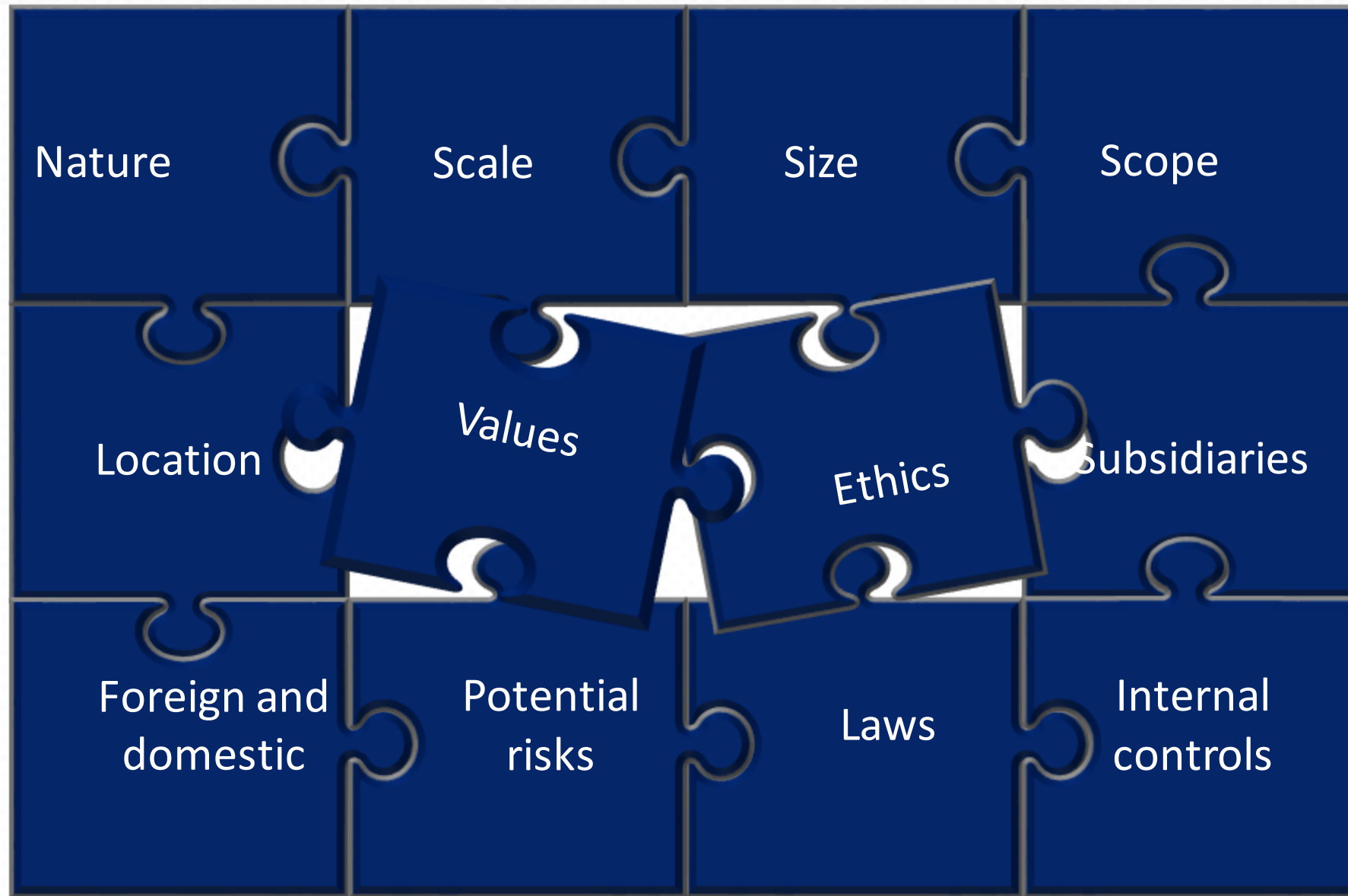
Reporting and investigating



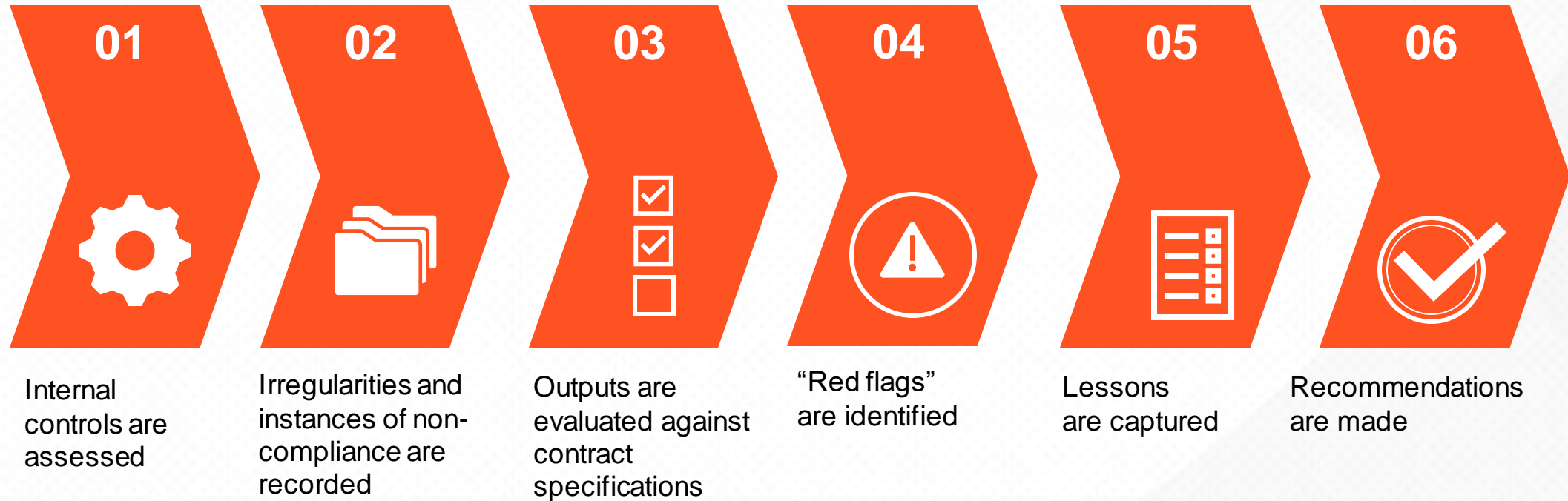
Enforcement and discipline



Response and prevention



Detection, prevention, remediation



ADB's Anticorruption Policy



Promoting efficient, effective, accountable, and transparent public administration including good governance and capacity building



Supporting anticorruption efforts in the region through quality dialogue with the DMCs



Ensuring that ADB projects and staff adhere to the highest ethical standards



ADB defines **corruption** as the **abuse of public or private office for personal gain.**

ADB's Anticorruption Policy

Applies to **executing and implementing agencies, contractors, consultants, suppliers, ADB staff, and anyone** connected to an ADB-financed, -administered, or -supported activity.



**Policy and
Guidelines**



**Operational
Instructions**



**Administrative
Orders**



Bids/ Proposals

Bidding Forms

Bill of Quantities

Objectives

The objectives of the Bill of Quantities are

- (a) to provide sufficient information on the quantities of Works to be executed to enable bids to be prepared efficiently and accurately; and
- (b) when a contract has been entered into, to provide a Bill of Quantities for use in the periodic valuation of Works executed.

In order to attain these objectives, the Bill of Quantities should be itemized in sufficient detail to distinguish between different types of Works, or between Works of the same nature carried out in different locations or under different circumstances that may give rise to different considerations of cost. Consistent with these requirements, the layout and content of the Bill of Quantities should be as simple as possible.

Content

The Bill of Quantities should be divided generally into the following sections:

BOQ and bidding documents should be authentic

Bids/ Proposals

Bidding Forms

Technical Proposal

Technical Proposal – Personnel

Form PER – 1: Proposed Personnel
Bidder shall provide the details of the proposed personnel and their experience in the relevant Information Forms below for each candidate:

1.	Title of position
	Name
2.	Title of position
	Name

Form PER – 2: Resume of Proposed Personnel

Position		
Personnel information	Name	Date of birth
	Professional qualifications	
	Name of employer	
	Address of employer	
	Telephone	Contact (manager / personnel officer)

Proposed personnel should be aware and available

Bids/ Proposals

Bidding Forms

Technical Proposal – Equipment

Form EQU: Equipment

The Bidder shall provide adequate information and details to demonstrate clearly the capability to meet the equipment requirements indicated in Section 6 (Employer's Requirements), using the Forms below. A separate Form shall be prepared for each item of equipment and for alternative equipment proposed by the Bidder.

Item of Equipment		
Equipment Information	Name of manufacturer	Model and power rating
	Capacity	Year of manufacture
Current location		
State		

Equipment should be available

Bids/ Proposals

Bidding Forms

Bidder's Qualification

To establish its qualifications to perform the contract in accordance with Section 3 (Eligibility and Qualification Criteria) the Bidder shall provide the information requested in the Information Sheets included hereunder:

Form ELI - 1: Bidder's Information Sheet

Bidder's Information	
Bidder's legal name	
In case of JV, name of each partner	

Information on incorporation documents, shareholders, owners and managers, authorized representative, JV partners, legal address, and country of constitution should be in order

Bids/ Proposals

Bidding Forms

Form LIT - 1: Pending Litigation

Each Bidder or member of a JV must fill in this form if so required under Criterion 2.2 of Section 3 (Evaluation and Qualification Criteria).

Choose one of the

☐

Form FIN - 2: Average Annual Construction Turnover

Each Bidder or member of a JV must fill in this form.

The information supplied should be the Annual Turnover of the Bidder or each member of a JV in terms of the amounts billed to clients for each year for work in progress or completed, converted to US Dollars at the rate of exchange.

Annual	
Year	

Form FIN - 1: Historical Financial Performance

Each Bidder or member of a JV must fill in this form.

Total Assets
Total Liabilities

Financial Data for Project	
Year 1:	

Form EXP - 1(a): Construction Experience in Key Activities

Fill up one (1) form per contract.

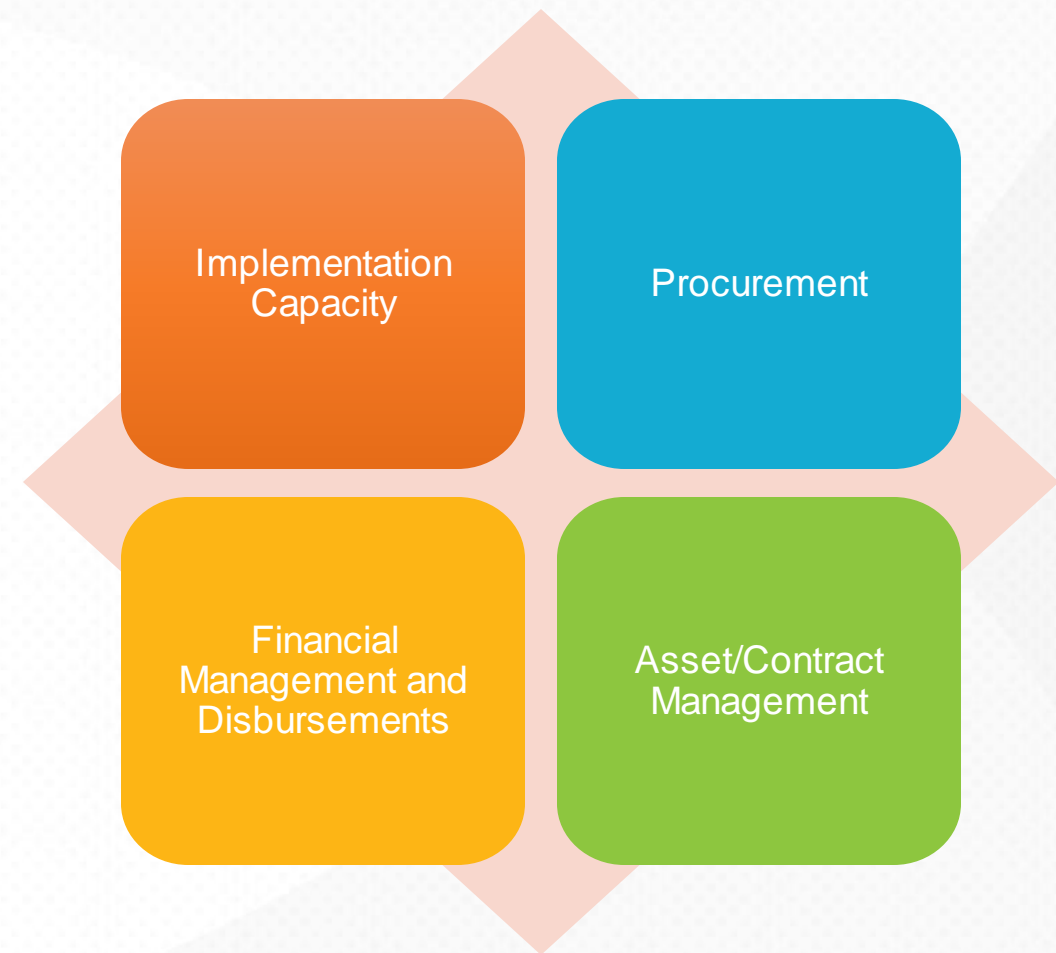
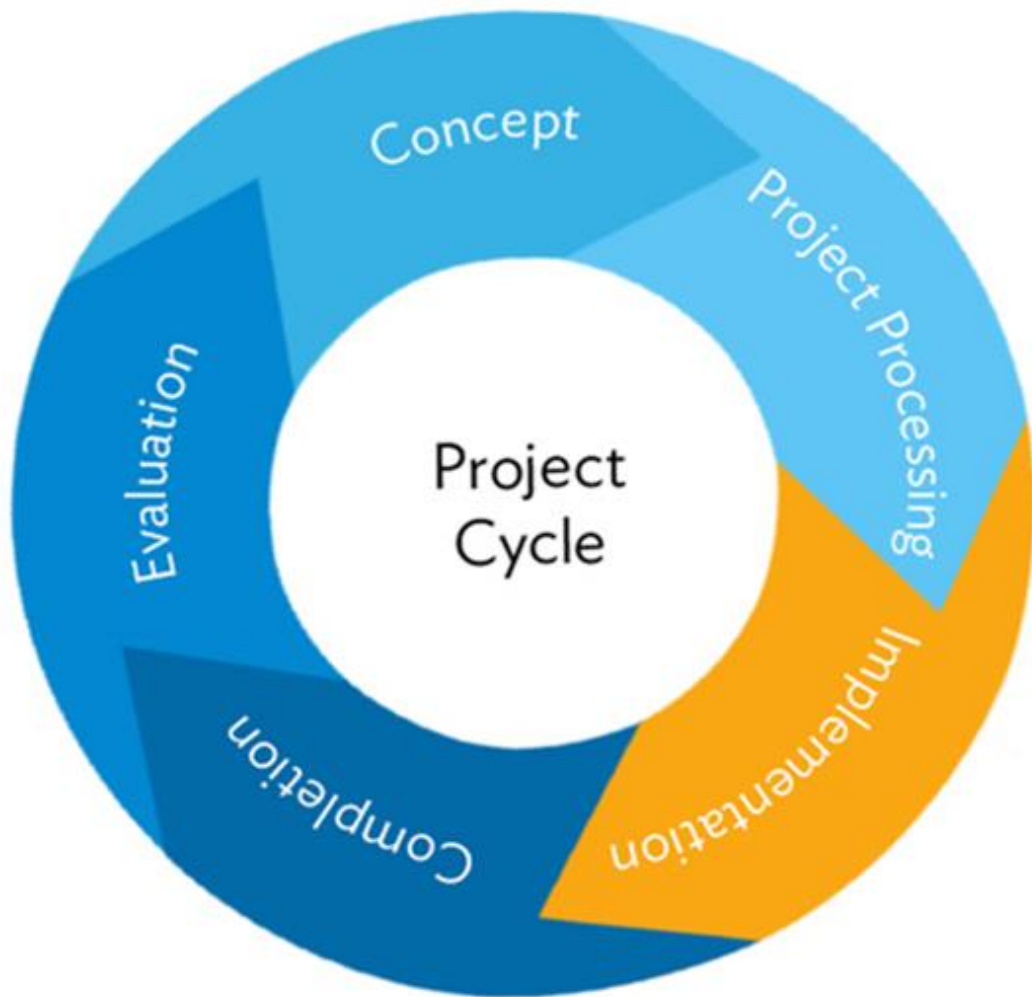
Contract with Similar Size and Nature	
Contract Identification	

Form EXP - 1(b): Construction Experience in Key Activities

Fill up one (1) form per contract.

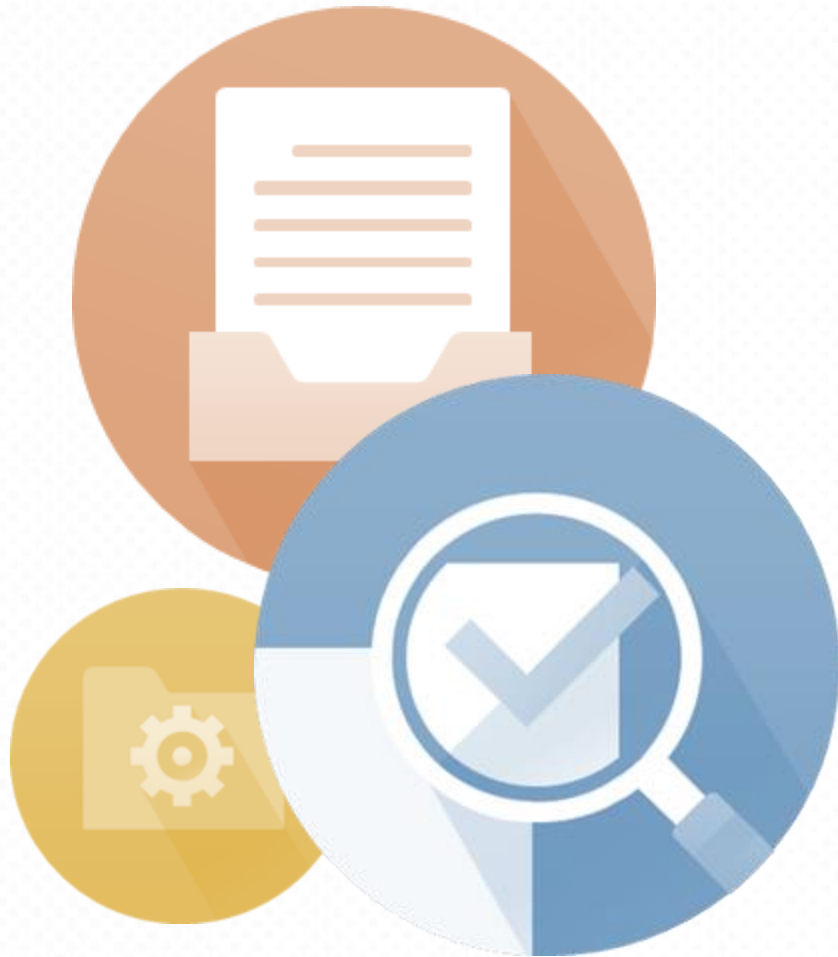
Contract with Similar Key Activities	
Contract No of	Contract Identification
Award Date	Completion Date
Total Contract Amount	US\$

Should meet the bid qualification requirements



3

Prohibitive Practices and Observations



Integrity Violations

Complaints Assessment

Investigation Process

Remedial Actions

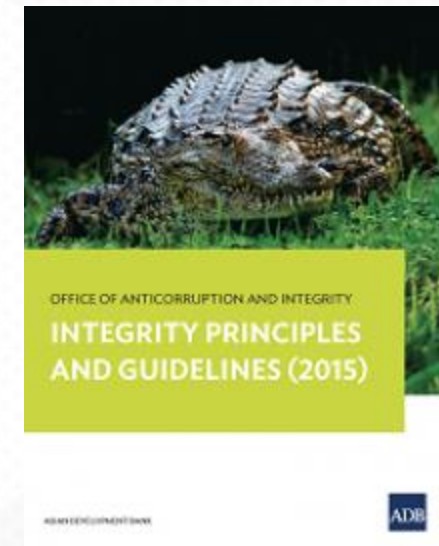
Cross Debarment

Appeal Process

ADB's Integrity Violations



Defined in Section 2.A. of ADB's 'Integrity Principles and Guidelines'



<https://www.adb.org/documents/integrity-principles-and-guidelines>



Case study 1: Rehabilitation of the Road Network Project

*Background: Bidder A's proposal was lower than engineer's estimate and other bidders.
Bidder A's proposal was not disqualified despite not meeting the qualification requirements.*



USD54 million contract was awarded to Bidder A whose books of accounts and bank statements revealed multiple payments totaling USD2 million, which were transferred to intermediaries known to be affiliated with the family of the Minister of Transport.

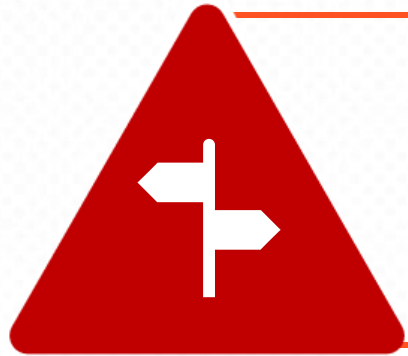
Impact: poor quality of works and supervision, contract amount increased, delay in contract completion and economic loss.



What are the integrity violations?

Case study 2: Urban Road Extension Project

Background: During bid proposals evaluation, the EA was unable to confirm a bidder's past work experience to meet the bid requirements.



When examining the authenticity of a bidder's technical proposal, it was found that bidder's claimed experience (scope of work and amount of contract) and submitted manufacture authorizations from suppliers were fake.

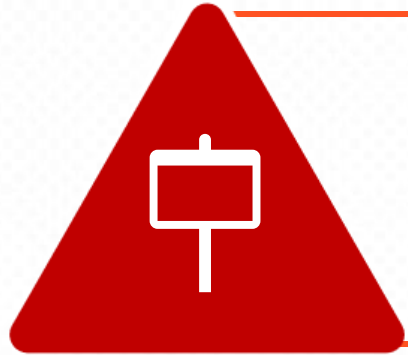
Impact: unexperienced bidder, poor quality of works, contract amount increased, delay in contract completion and economic loss



What is the integrity violation?

Case study 3: Rehabilitation of the 300–560 km of Road 66

Background: An investigative journalist established that the winning bidder has an affiliation with the member of the tender committee.



The CEO of the winning bidder for construction works contract has a close familial relations with the member of the tender committee for the contract. This relations was not disclosed prior to the bid evaluation.

Impact: reputational risk, poor performance of contractual obligations, economic loss



What are the integrity violations?

Case study 4: Great Ocean Road Rehabilitation Project

Background: Multilateral Bank A received an allegation that supervision consultants turned a blind eye on the quality of contractor's works and goods.



Most payments have been made without certifications from supervision consultants, particularly civil construction contracts. Still, full payments were made to the contractors. No disputes were raised by project officials against the product substitution.

Impact: poor quality of works and goods, weak project supervision, additional resources to rectify the defects, economic loss



What are the integrity violations?

Case study 5: Rural Roads Construction and Rehabilitation Project

Background: Beneficiaries of the project complained that Section 5 of the Road is poor quality and unsafe.



The investigator was unable to review contract-related documentation as the contractor has not provided the documentation and prevented the investigator to visit the contractor's office and Section 5 of the road.

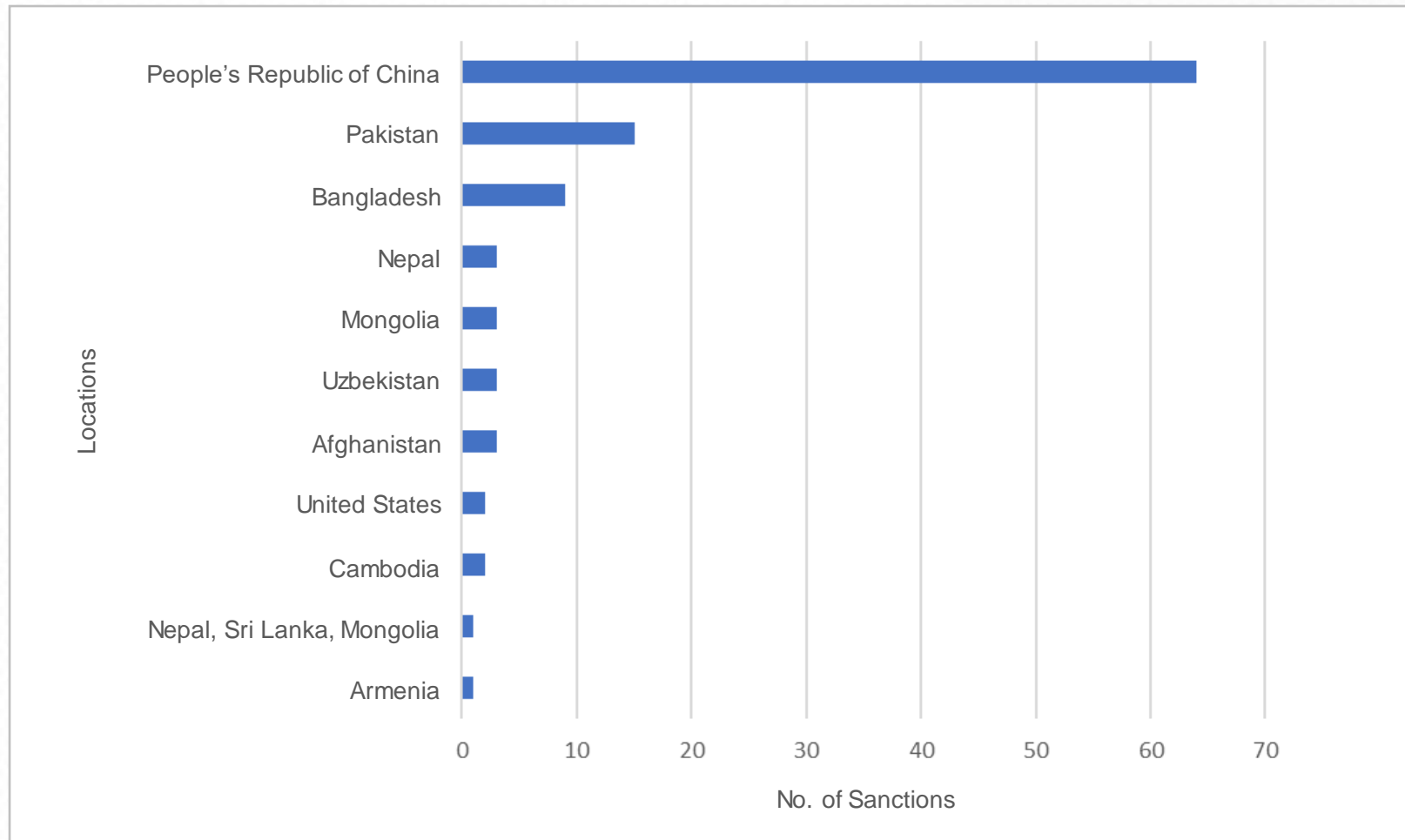
Impact: poor quality and unsafe road, weak project supervision, additional resources to rectify the defects, economic loss



Summary of PRC Entities Sanctioned by ADB per Entity Type (2017–2022)

Summary	Firm				
Year	Individual	Individual-Representative	Parent	Subsidiary	Total Sanctions
2017	0	3	4	0	7
2018	0	6	7	31	44
2019	0	21	15	0	36
2020	1	10	7	27	45
2021	0	11	12	122	145
2022	0	3	6	27	36
Total	1	54	51	207	313

Location of ADB Projects with Violations by Sanctioned PRC Entities Excluding Subsidiaries (2017–2022)



Integrity Violations Committed by Sanctioned PRC Entities Excluding Subsidiaries (ADB data 2017–2022)

Violation (Primary)	PRC Sanctions
Fraud	79
Fraud, Collusion	11
Obstruction	4
Fraud, Obstruction	4
Corruption	4
Fraud, Sanction Violation	1
Sanction Violation	1
Collusion, Corruption	1
Fraud, Collusion, Sanction Violation	1
Total	106

95% of all integrity violations by PRC entities involve **fraud**

Fraudulent Practice

Fraudulent practice, which is any act or **omission**, including a **misrepresentation**, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

Omission or misrepresentation concerning:

- Prior work experience;
- Financial statements (and turnover);
- Litigation history;
- Technical specifications of proposed equipment.

Misrepresenting Work Experience

Background: An ADB Project comprising a loan of USD 280 million for power transmission enhancement (to improve coverage, reliability, transparency, and quality of the power transmission service in Pakistan)



OAI's investigation substantiated that a PRC firm, through the actions of its authorized representative, engaged in fraudulent practice by submitting false work experience documents in a bid for an ADB-financed contract.

The firm accepted OAI's findings of fraud through misrepresentation and agreed to OAI's proposed sanction of the firm, and its subsidiaries and branches, for 5 years with an option for early reinstatement after completion of a minimum period of 4 years provided that the firm can demonstrate compliance with the conditions set by OAI. The firm accepted that OAI will publish the debarment.

Significant Contributing Factor: Failure of the PRC firm to supervise and check the work of its representative.

Misrepresenting Financial Statements

Background: An ADB Project comprising a loan of USD 100 million for integrated Ecosystem and Water Resources Management in the Baiyangdian Basin



OAI received information that a PRC firm was administratively sanctioned by a government agency for submitting fraudulent financial reports in its bid for an ADB-financed contract. OAI's investigation established that the firm falsified supporting documents in its bid and misrepresented that it had the financial capacity to complete the project.

The firm accepted OAI's proposed debarment of 3 years with conditional reinstatement. The firm may qualify for early reinstatement subject to compliance with the conditions set.

Significant Contributing Factor: Failure of the PRC firm to appropriately check and supervise the work of relatively junior employees.

Misrepresenting Litigation History

Background: An ADB Project comprising a loan of USD 150 million for the urban road network in Xinjiang Tacheng Border Cities and Counties.



OAI's investigation substantiated that a PRC firm engaged in fraudulent practice by stating in a tender that it had no pending litigation in its bid for a contract under the above project. Public records disclosed that the PRC firm had a significant amount of pending litigation at the time of its bid submission.

The firm accepted OAI's findings of fraud through misrepresentation and agreed to OAI's proposed sanction of a reprimand. The firm's bid for the contract was disqualified.

Significant Contributing Factor: The firm explained that the individuals involved in the bid submission were "negligent" in preparing the bid documents. Furthermore, these individuals "did not fully understand" the pending litigation part of the bidding document and "did not seriously" inquire about the firm's pending litigation leading to the omission of the information in the bid submission.

Misrepresenting Technical Specifications

Background: An ADB Project comprising a grant of USD 81.5 million for upgrading energy facilities and strengthening the institutional capacity of power utility, Da Afghanistan Breshna Sherkat



OAI's investigation substantiated that a PRC firm engaged in fraudulent practice by falsifying type test reports that were submitted by a bidder during the procurement for a contract .

The firm and its former employee accepted OAI's findings of fraud through misrepresentation and accepted the proposed sanction of 4 years, with an option for early reinstatement after completion of a minimum period of 3 years, provided that the firm demonstrates compliance with the conditions set by OAI.

Significant Contributing Factor: Failure of the PRC firm to supervise and check the work of its employee who prepared the bid.

Following Another MDB Investigation



ADB receives a notice from the MDB of the debarment which ADB enforces, otherwise known as a cross debarment.



Firms and individuals currently debarred by ADB



Example of a Cross Debarment

African Development Bank Debars Weihai Construction Group for 35 Months for Fraudulent Practices

242
Shares

40

38

141

13

23-Dec-2021

The African Development Bank Group, on 23 December 2021, announces the conclusion of a negotiated settlement agreement with Weihai Construction Group, thus putting an end to sanctions proceedings for fraudulent practices raised against that company. Pursuant to the negotiated settlement agreement, Weihai Construction Group, registered in China, will be debarred for a period of 35 months, effective 19 November 2021.

An investigation conducted by the Office of Integrity and Anti-Corruption of the Bank established that Weihai Construction Group engaged in fraudulent practices in the context of the Kenol-Sagana-Marua Highway Improvement Project, the Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project, Phase II, and the Towns Sustainable Water Supply and Sanitation Program, all in Kenya.



Name of Sanctioned Entity and Address:

Weihai Construction Group Co., Ltd.
No.13 Kunming Road, Huancui District, Weihai City, Shandong Province, China

Nationality: China

Corporates Information: Weihai Construction Group Co., Ltd is a limited liability company registered under the laws of the People's Republic of China under the registration number 91371000166697768C

Sanctionable Practices: **Fraudulent Practices**

Project Name: Kenol-Sagana-Marua Highway Improvement Project. The Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project, Phase II, and the Towns Sustainable Water Supply and Sanitation Program

Details on the Allegations: Weihai Construction Group Co., Ltd engaged in fraudulent practices in a bidding process of projects financed by the AfDB in Kenya

ADB Cross Debarment of PRC Firms

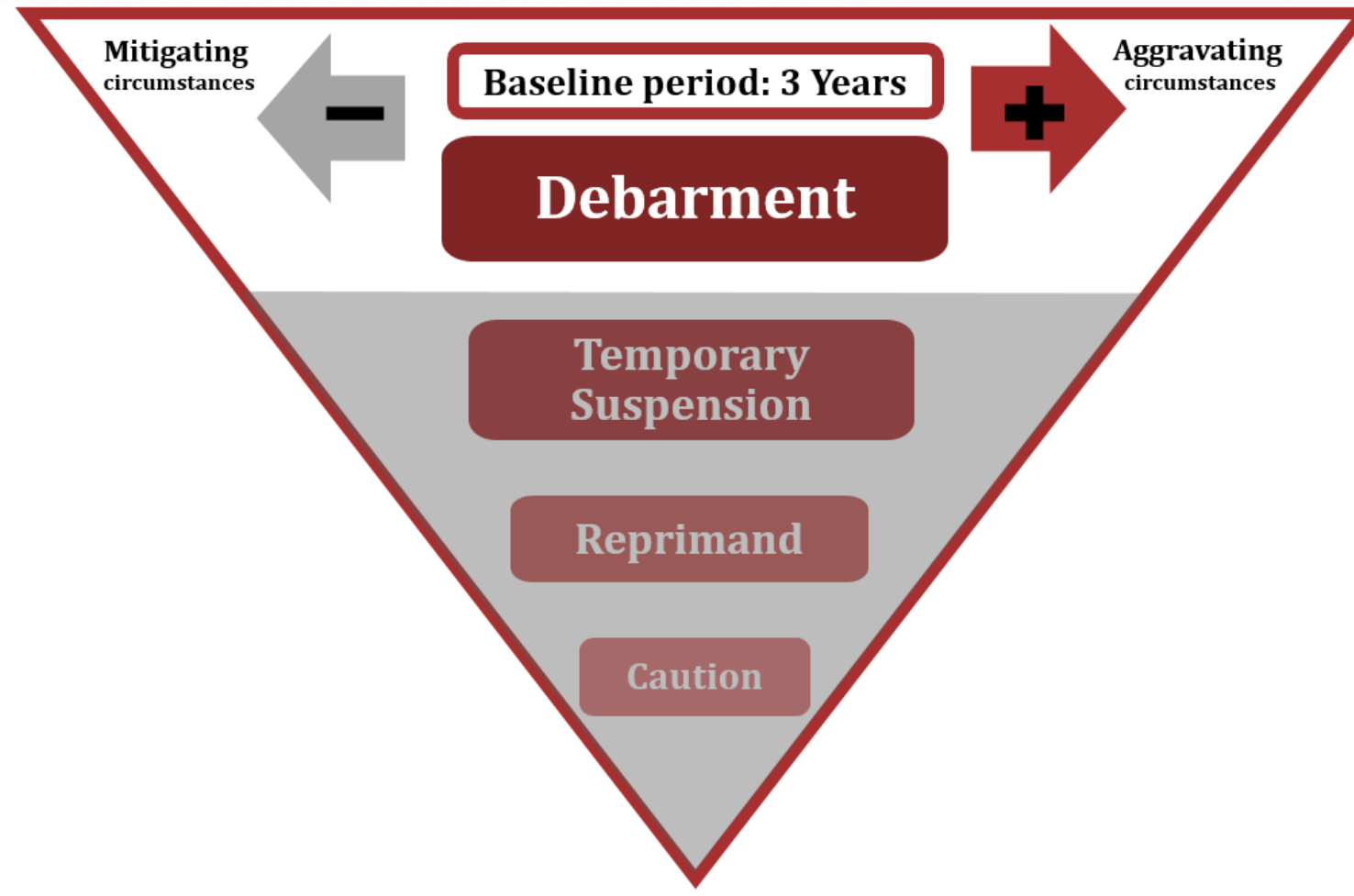
5 APRIL 2022

ADB cross debars firm and controlled affiliates sanctioned by the African Development Bank

ADB cross debarred Weihai Construction Group Co. Ltd. and its controlled affiliates after they were debarred by the African Development Bank for fraudulent practices. Weihai Construction Group Co. Ltd. and its controlled affiliates are not eligible to participate in ADB-related activities while cross debarred. View updated [sanctions list](#).

Multilateral Development Bank	Number of PRC entities referred for cross debarment since 1 January 2019
African Development Bank	67
European Bank for Reconstruction and Development	4
Inter-American Development Bank	5
World Bank Group	77
Total	153

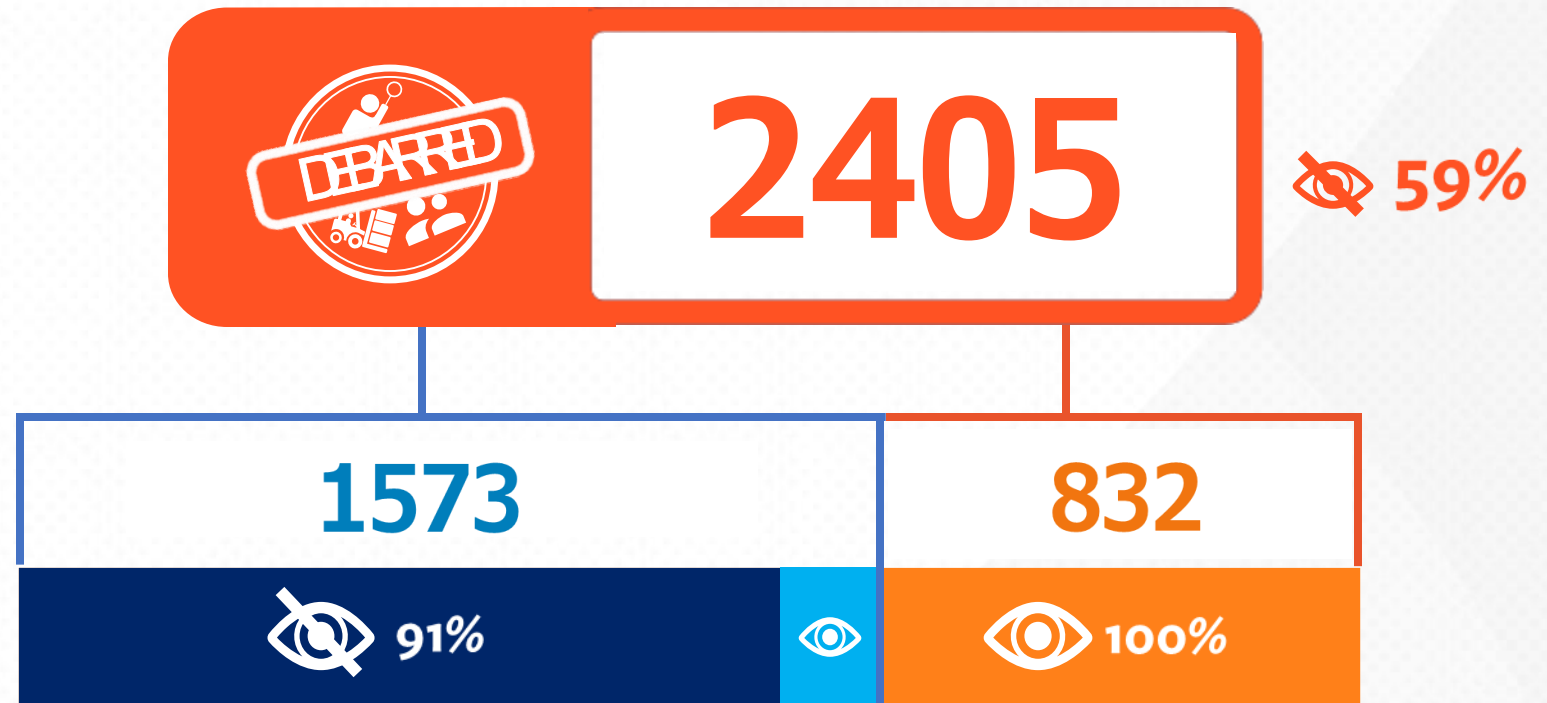
Remedial Actions



Consequences of a Debarment

To publish or not to publish:

1. ADB debarments are generally not published.
2. Cross debarments are always published.



Searches

Search: A2Z

GO

TIP: Use the * for better search results. Type *example* to list all entities containing the text example anywhere in the line.

14 documents for query "A2Z"

Name	Address	Sanction Type	Other Name / Logo	Nationality	Effect Date Lapse Date	Grounds
A2Z WASTE MANAGEMENT (LUDHIANA) LTD.	PLOT NO. B. 38, INSTITUTIONAL AREA, SECTOR -32, GURUGRAM- 122001, HARYANA, INDIA	Debarred		India	23/Jun/2021 11/Nov/2024	Cross-Debarment: WB
A2Z WASTE MANAGEMENT (ALIGARH) LTD.	PLOT NO. B. 38, INSTITUTIONAL AREA, SECTOR -32, GURUGRAM- 122001, HARYANA, INDIA	Debarred		India	23/Jun/2021 11/Nov/2024	Cross-Debarment: WB
A2Z INFRASERVICES LTD.	O-116, 1ST FLOOR, DLF SHOPPING MALL, ARJUN MARG, DLF PH-I GURUGRAM - 122002, HARYANA, INDIA	Debarred		India	23/Jun/2021 11/Nov/2024	Cross-Debarment: WB
A2Z POWERCOM LTD.	O-116, 1ST FLOOR, DLF SHOPPING MALL, ARJUN MARG, DLF PH-I GURUGRAM - 122002, HARYANA, INDIA	Debarred		India	23/Jun/2021 11/Nov/2024	Cross-Debarment: WB
RISHIKESH WASTE MANAGEMENT LTD. (FORMERLY KNOWN AS A2Z POWERTECH LTD.)	O-116, 1ST FLOOR, DLF SHOPPING MALL, ARJUN MARG, DLF PH-I GURUGRAM - 122002, HARYANA, INDIA	Debarred		India	23/Jun/2021 11/Nov/2024	Cross-Debarment: WB
A2Z INFRASERVICES LANKA PVT. LTD.	BOC MERCHANT TOWER, LEVEL 8, NO: 28 ST. MICHAEL'S ROAD, COLOMBO 3, SRI LANKA	Debarred		Sri Lanka	23/Jun/2021 11/Nov/2024	Cross-Debarment: WB
A2Z INFRA ENGINEERING LIMITED(Previously known as A2Z Maintenance & Engineering Services Limited)	PLOT NO. B-38, SECTOR 32, INSTITUTIONAL AREA, GURGAON - 122001, HARYANA INDIA	Debarred		India	8/Dec/2020 11/Nov/2024	Cross-Debarment: WB
A2Z WASTE MANAGEMENT (NAINITAL) PRIVATE LIMITED	PLOT NO. B-38 INSTITUTIONAL AREA, SECTOR 32, GURGAON, 122001, HARYANA, INDIA	Debarred		India	23/Jun/2021 11/Nov/2024	Cross-Debarment: WB

Consequences of Integrity Violations in ADB-financed projects



Sanctions of firms or individuals

Suspension of the loan or grant allocations

Termination of loan or grant allocations

Return of misused loan or grant resources back to ADB

Changes of administrative arrangements

Request to **investigate or change** government staff

Cross debarment



Impact while under sanction

Current contracts	Contract variations	Re Instatement	Future tenders
			
MAY CONTINUE	OAI APPROVAL	NOT AUTOMATIC	NOT PERMITTED

Lessons from Investigations



Almost all (95%) of PRC entities that are debarred by ADB are a result of misrepresentations in bid submission.

This has typically occurred because the preparation of the bid is:

- outsourced to agents (external parties) who are not adequately supervised; or
- completed by junior employees who are under pressure to make sure the bid is completed, even if it contains wrong information; or
- compiled by employees who do not appreciate the consequences of including false information.

Prevention:

- Proper training of staff on how to complete bids; and
- Quality review and assurance before a bid is submitted; and
- **Effective internal controls.**

An abstract graphic on the left side of the slide. It features a solid blue hand at the bottom, with several colorful, smoke-like or liquid-like trails rising from it. The trails are composed of overlapping, semi-transparent layers in shades of blue, yellow, orange, and red, creating a sense of movement and energy. The background is a light gray with a subtle grid pattern and a large, curved white shape on the right side.

Open Floor

Recap



Survey QR Code



Scan

Your feedback would help the Office of Anticorruption and Integrity in providing knowledge products and services relevant to you.

Answers will be kept confidential and data will only be assessed in the aggregate.

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Due to the COVID-19 pandemic, please reach out to OAI via email.

Report integrity violations through OAI's complaint form:

<https://www.adb.org/integrity/report-violations>

