



**Focus Group Meeting with Academics  
on the Review of the World Bank Group Sanctions System  
*Consultation Feedback Summary***

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**Date:** October 17, 2013, 2.00 p.m. – 4.00 p.m. (-0400 UTC).

**Venue:** World Bank, Washington, D.C.

- video-connections from Oslo, Norway and Nottingham, U.K.
- audio-connection from Paris, France

**Total Number of Participants:** 7

<b>FEEDBACK FROM PARTICIPANTS</b>
<b>General Comments</b>
<ul style="list-style-type: none"><li>• Participants pointed out the importance of the review and getting the Bank’s sanctions system right, since the system may be taken as a model for the establishment of national debarment systems</li><li>• Participants highlighted the difference between national debarment systems as opposed to the Bank’s sanctions system: national debarment officers rely on court or administrative judgments as to the occurrence of misconduct, while the Bank may not do so</li><li>• Participants stressed the importance of looking at the effectiveness of the system in fighting corruption and of finding ways to strengthen anticorruption initiatives at the national level (e.g. through the use of referral reports) in an effort to strike the right balance between the objectives of a Bank-administered sanctions system and the ultimate development goal of enhancing national systems and country ownership</li><li>• A number of participants did not view the lack of corruption cases and prevalence of procurement fraud cases as a cause of concern since the pattern is a common one (cf. statistics under the U.S. Fraud and Corrupt Practices Act)</li><li>• Participants emphasized the importance of the Bank’s focusing on performance risk (i.e., the risk which client governments may face from corrupt or incompetent contractors) as well as fiduciary risk (i.e., the risk that financings provided by the Bank not be used for their intended purposes and with due attention to economy and efficiency)</li><li>• Participants reminded the Bank to be cognizant of reputational and other risks that may stem from erroneous decisions against respondents</li></ul>

<ul style="list-style-type: none"> <li>• One participant cautioned the Bank on risks related to the introduction of frequent changes in the system</li> </ul>
<p><b>Cross-Debarment</b></p>
<ul style="list-style-type: none"> <li>• Call for more harmonization among MDBs’ debarment systems</li> <li>• A participant cautioned against the broader use of third party debarments (e.g., member countries/co-financiers) because of the potentially disruptive consequences and issues that such broader use would raise in terms of due process and proportionality</li> </ul>
<p><b>Re-sequencing of the First Tier and Early Temporary Suspension</b></p>
<ul style="list-style-type: none"> <li>• Participants expressed reservations about the review teams’ preliminary recommendation to allow INT to appeal EO decisions to the SB, warning that this could undermine the SDO’s authority. If INT were to be given this right to appeal, the Bank should consider making this right subject to clearance by a third party (e.g. the Legal Department)</li> <li>• Participants suggested that an independent assessment of the use of Early Temporary Suspensions could be useful in determining the reasons underlying its infrequent use</li> </ul>
<p><b>Effectiveness, Efficiency, and Settlements</b></p>
<ul style="list-style-type: none"> <li>• Need to look not only at the supply side of corruption (i.e. the bribe giver), but also at the demand side (i.e. the bribe taker). To enhance the MDBs’ fight of the demand side of corruption, participants suggested that MDBs could agree on some sort of “cross-remedy” arrangement whereby if one MDB exercises a F&amp;C-related contractual remedy on one of its members, the other MDBs would follow suit.</li> <li>• Participants suggested that the Bank require companies to disclose, at the time of their bidding on Bank-financed projects, whether they have been convicted for fraud or corruption before national courts</li> <li>• Need for more positive incentives in the system, including whistleblower protection programs and a stronger Voluntary Disclosure Program. Positive incentives, such as credit for self-cleaning and focus on rehabilitation, should be enhanced</li> <li>• Participants cautioned that introducing a requirement that a company refrain from participating in Bank-financed projects or voluntarily submit to ETS as a condition to entering into major settlement negotiations would have a significant ‘chilling effect’</li> </ul>
<p><b>Small and Medium-Sized Enterprises</b></p>
<ul style="list-style-type: none"> <li>• Some participants warned the review team not to “read too much” into the pattern of SME non-engagement in the system, while others urged the Bank to do more to guarantee SMEs’ access to the sanctions system, including addressing language barriers that may be particularly significant for respondents from non-Anglophone countries</li> </ul>