



**Regional Consultation Meeting
on the Review of the World Bank Group Sanctions System
*Consultation Feedback Summary***

Date: October 30, 2013 – 12:30 p.m. – 3:00 p.m. (-0500 UTC)

Venue: World Bank, Lima office, Peru (video-connection with Washington, D.C.)

Total Number of Participants: 21

FEEDBACK FROM STAKEHOLDERS

General Comments

- One suggestion was made to consider the possibility of appointing representatives in country to contribute to the sanctions system based on local law, thus facilitating the implementation of sanctions decisions.
- Participants recommended that the Bank must go beyond sanctions and create mechanisms to prevent recurrence and incorporate lessons and research as a means of prevention across sectors. Participants were interested in receiving more information on the patterns of fraud and corruption applicable to Peru.
- A call was made for the Bank not to make the system more bureaucratic. Longer processing times would frustrate the Bank's objective of preventing misconducts from recurring. This is why it is critical for the Bank to clarify the objectives of the sanctions system.

Transparency, Due Process, and Independence

- Participants were interested in comparisons between Peru's anticorruption country systems and the Bank's sanctions system—one main area was how these processes are communicated to the country when the Bank applies its sanctions. They observed that there is little access to information about the process and the results in specific cases.
- A question was posed as to why suspension not communicated more widely from the Bank in the same way the country system does.
- In terms of fairness and transparency, participants opined that it would be important to publish all sanctions decisions and have direct communication with the Bank's counterpart, as well as to inform the respective sector ministry. It would be important to alert the relevant national agencies about the sanction and the firm to facilitate detection at the national level.
- A call for reconsidering the move to an all external Sanctions Board was made. It is important to maintain the current composition to incorporate the Bank's experience in the process.
- It would be important to give specific examples of the behaviors that lead to sanctions.

Conduct and Efficiency of Investigations

- Participants were particularly concerned that, after a long time for investigation, no response from INT was shared with the project entity. In some cases, there have been more than two visits to government authorities and businesses by INT, but INT's report was not shared with the public entities. Considering that some of these investigated companies are still presenting bids, the Bank needs to clearly communicate to project entities that contracts can continue to be awarded until there is a decision—the current pattern of uncertainty is lamentable since INT processes are very slow and the timing is unclear for operations.
- In a specific Bank-financed project, participants referred to a lack of response from INT about the investigation that was reported to INT by project officials
- In simple cases and provided there is sufficient evidence, it would be important to resolve them in a more agile way, less time-consuming manner. Some participants argued that timely investigations and greater contact with the client could be achieved by decentralizing INT and making it part of the Country Office.
- Participants questioned how to avoid the unnecessary use of State resources and requiring the national judicial systems to act in addition to the Bank. The more case processing is simplified the more delays are reduced and intervention by national/local law enforcement and judicial authorities would not be required.

Nature of Sanctions and Cross-Debarment

- In some participants' view, it would be useful for the Bank to MoUs with national procurement agencies as a way to allow cross-debarment.

Settlements

- Participants expressed concerns on the use of settlements and the ability to use discretionary decision-making in the context of sanctions. Some perceived that the settlement process is designed for large companies that are able to negotiate settlements, while the tool would not be equally accessible to SMEs.

Early Temporary Suspension

- If early temporary suspension is imposed, and after the investigation is complete no sanctions is imposed, a question was posed as to whether there are mechanisms in place to compensate firms for the loss caused by the suspension. Participants believed that it would be useful to rely on country systems and national debarment lists.