Enforcing Accountability: World Bank Debars Alstom Hydro France, Alstom Network Schweiz AG, and their Affiliates


Companies commit to pay $9.5 million in restitution following acknowledgement of misconduct in a World Bank-financed project in Zambia

WASHINGTON, February 22, 2012—The World Bank Group today announced the debarment of Alstom Hydro France and Alstom Network Schweiz AG (Switzerland) - in addition to their affiliates - for a period of three years following Alstom’s acknowledgment of misconduct in relation to a Bank-financed hydropower project.

The debarment is part of a Negotiated Resolution Agreement between Alstom and the World Bank which also includes a restitution payment by the two companies totaling approximately $9.5 million. The debarment can be reduced to 21 months - with enhanced oversight - if the companies comply with all conditions of the agreement.

“This case demonstrates a clear commitment from the World Bank to ensure development funds reach their intended beneficiaries while setting a high standard for global integrity where project resources may be at stake,” said Leonard McCarthy, World Bank Integrity Vice President. “Alstom’s settlement with the Bank is a wake-up call to global companies that are involved in development business that need to ensure their operations with the World Bank are clean. Alstom is a major player in the hydropower sector and their commitment under this agreement is a significant step in deterring the risks of fraud and corruption.”

In 2002, Alstom made an improper payment of €110,000, to an entity controlled by a former senior government official for consultancy services in relation to the World Bank-financed Zambia Power Rehabilitation Project. During the debarment period of Alstom Hydro France and Alstom Network Schweiz AG, Alstom SA and its other affiliates are conditionally non-debarrd.

Under the Agreement, Alstom SA, Alstom Hydro France, Alstom Network Schweiz AG and their affiliates commit to cooperating with the World Bank’s Integrity Vice Presidency and continuing to improve their internal compliance program. The debarment of Alstom Hydro France and Alstom Network Schweiz qualifies for cross-debarment by other MDBs under the Agreement of Mutual Recognition of Debarments that was signed on April 9, 2010.

About The World Bank Integrity Vice Presidency (INT)
The World Bank Integrity Vice Presidency (INT) is responsible for preventing, deterring and investigating allegations of fraud, collusion and corruption in World Bank projects, capitalizing on the experience of a multilingual and highly specialized team of investigators and forensic accountants. INT’s work during this fiscal year included:

- **62 debarments** of firms and individuals for engaging in wrongdoing, while jointly debarring 14 entities with other Multilateral development Banks
Based on an INT referral, UK authorities ordered Macmillan Publishers Limited to pay over £11 million. WBG debarred Macmillan for 6 years (2010), for bribery linked to an education project in Sudan.

The Norwegian Authorities also took prosecutorial action against three former employees of “Norconsult,” based on an INT referral.

An International Corruption Hunters Alliance brought together 286 senior enforcement and anticorruption officials from 134 countries, to inject momentum into global anti-corruption efforts.

A cross-debarment agreement among the Multilateral Development Banks, so that companies debarred by the Bank Group can no longer seek business from other multilateral development banks (MDBs), closing a loophole in multilateral development programs.

Cooperation agreements in support of parallel investigations, asset recovery and information sharing with the UK Serious Fraud Office, the European Anti-Fraud Office, Interpol, the International Criminal Court, USAID, and the Australian Agency for International Development.

Enhanced preventive training and forensic audits designed to identify and address red flags and integrity controls in World Bank projects.

Contacts:

In Washington: Dina Elnagger (202) 4733245, Delnagger@worldbank.org

For further information on the World Bank Integrity Vice Presidency, please visit: www.worldbank.org/integrity

Visit us on Facebook: http://www.facebook.com/worldbank

Be updated via Twitter: http://www.twitter.com/worldbank

For our YouTube channel: http://www.youtube.com/worldbank

Permanent URL for this page: http://go.worldbank.org/7CT2IPC910