World Bank Statement on Lesotho Court of Appeals Ruling

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WASHINGTON, April 12, 2004–The World Bank has taken note of the decision of the Court of Appeals of Lesotho to uphold the conviction of Lahmeyer International GmbH on several counts of bribery connected to the Lesotho Highlands Water Project. Lahmeyer had received a Bank-financed contract on the Highlands Water Project.

In early 2002, the World Bank's Sanctions Committee determined that the information available to it at that time was not sufficient to conclude that Lahmeyer had engaged in corrupt practices as defined in the Bank's Consultant Guidelines. Therefore, the Bank has not declared Lahmeyer ineligible to be awarded future Bank-financed contracts. The Sanctions Committee stated that it would re-examine its findings in light of any additional relevant information that might surface from any source, including the public proceedings conducted by the authorities in Lesotho.

With the ruling of the Court of Appeals of Lesotho, the Bank will now review the evidence presented during the criminal proceedings, including the Court of Appeals decision, to determine whether there is additional relevant information that was not previously considered by the Bank's Sanctions Committee. If the Bank determines that there is additional relevant information, then the Bank may reopen debarment proceedings against Lahmeyer, which would then have an opportunity to respond to the charges against it.

The World Bank applauds the commitment demonstrated by the Government of Lesotho to fight corruption through the judicial system. The World Bank has cooperated with the Government throughout its investigation, and the World Bank continues to finance the development of the Lesotho Highlands Water Project.

About the World Bank's Department of Institutional Integrity, and the Sanctions Committee.
The Department of Institutional Integrity is the World Bank unit that investigates allegations of fraud and corruption in Bank Group operations. If the Department's findings demonstrate that a firm or individual involved in a Bank-financed contract has committed fraudulent or corrupt practices, it submits its findings to the Bank's Sanctions Committee, comprising several senior Bank officials. This Committee makes recommendations to the President of the Bank whether firms or individuals should be declared ineligible to be awarded future Bank-financed contracts, either indefinitely, or for a defined period of time. The Sanctions Committee procedures are explained here.

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