

MINISTRY OF FINANCE & ECONOMIC EMPOWERMENT
PROCUREMENT POLICY OFFICE

Circular No. 13 of 2009

Ref : F/PPO/2/12

From: Director, Procurement Policy Office

To : Heads of Public Bodies

Sanction against Siemens AG by the World Bank

You are hereby informed that, in a correspondence dated 29 July 2009, the World Bank Group has informed us that, as from 2 July 2009, it has reached a comprehensive settlement with Siemens AG in the wake of the company's acknowledged past misconduct in its global business and a World Bank investigation into corruption in a project in Russia involving a Siemens subsidiary. The settlement includes:

- (i) a commitment by Siemens to pay \$100 million over the next 15 years to support anti-corruption work;
- (ii) an agreement of up to a four-year debarment for Siemens' Russian subsidiary; and
- (iii) a voluntary two-year shut-out from bidding on Bank business for Siemens AG and all of its consolidated subsidiaries and affiliates.

2. Thus, under the settlement, Siemens AG and its consolidated subsidiaries and affiliates are voluntarily restrained from participating in World Bank Group (WBG) projects **until 31 December 2010**. This means that Siemens AG and its consolidated subsidiaries and affiliates are:

- (i) **precluded from bidding** (or participating in bids or part of a joint venture or as a nominated sub-contractor, manufacturer, or supplier under projects financed by IBRD or IDA or trust funds administered by IBRD or IDA;
- (ii) **required to withdraw all outstanding bids** for which the WBG's no-objection has not been provided as of 1 January 2009;
- (iii) **precluded from acting as a sponsor, project company or direct beneficiary** under IBRD/IDA; and
- (iv) **prohibited from signing any amendment to existing contracts** unless such amendment has been specifically approved by the WBG based on a request submitted by the borrower.

3. You would therefore be requested to take into account the above in the context of procurement exercises undertaken by your organization.

Procurement Policy Office
11 September 2009