

Bank silent on corporate corruption in Lesotho

Controversy over the call for debarment of a Canadian contractor is proving a litmus test of the Bank's commitment to apply the same standards to corrupt Northern companies as it does to Southern companies and government officials.

In a landmark judgment on 15 August, the Court of Appeal of Lesotho rejected the major appeal of Canadian engineering firm Acres International. The company was convicted of bribing a public official to win a contract on the World Bank-funded Lesotho Highlands Water Project last year. A lesser second appeal was successful, resulting in a partial reduction in the fine to be paid. Acres' spokesperson, George Soteroff, maintained his company's innocence: "no evidence was presented in court that any of our employees knew of or authorized any of the secret payments made by our independent representative".

Pressure is now on the World Bank to debar Acres from future contracts. World Bank-hired investigators, American law firm Arnold and Porter, concluded in 2001 that "the evidence is reasonably sufficient to establish that Acres was paying [their representative] not for information, but for influence" and had "engaged in a corrupt practice." However the Bank Sanctions Committee mysteriously postponed debarment saying that there was insufficient evidence. The Bank says it is now "examining the court records of the criminal case... to determine if there is new evidence that should be brought to the attention of the Sanctions Committee." It would not give further details for this process or a deadline for its conclusion.

A Canadian government official at the office of the Canadian Executive Director to the World Bank said Canada would resist any motion to debar Acres since "there is corruption with courts in the Third World". Therefore, he explained, it would be a travesty to ruin Acres on the basis of a verdict from Lesotho. Fiona Darroch, a British barrister who has been observing the trials in Lesotho, says that "such a slur on the work of the Lesotho courts in administering justice is as inappropriate as it is unfounded. Such ill informed comment must be utterly repugnant to the judges and senior lawyers from Lesotho and South Africa who have been involved in the case."

The Acres case is just the first in a long list of firms to face bribery charges in relation to the project. Lesotho's High Court has convicted and fined German company Lahmeyer International more than \$1m for bribing its way into the project. The company says it will appeal both the conviction

and the fine. A representative of an Italian-led consortium has decided to plead guilty. Other trials, of France's Spie Batignolles and Dumez International, are scheduled for October.

LHWP Contractors

- * ABB (Switzerland/Sweden)*
- * Bouygues (France)*
- * Acres International (Canada)**
- * Concor (South Africa)
- * Dumez International (France)*
- * Group Five (South Africa)
- * Hochtief (Germany)
- * Impregilo (Italy)
- * Keir International (UK)
- * Lahmeyer International (Germany)**
- * Spie Batignolles (France)*
- * Stirling International (UK)

* Case pending

** Convicted and fined

- * [Lesotho corruption verdict](#)
- * [Bank downplays Lesotho dam corruption](#)

* George Soteroff, Spokesman for Acres (Email)

* Ms. Françoise Bentchikou, Secretary of the Sanctions Committee, World Bank (Email)

* [Odious Debts focus on Lesotho corruption trials](#), Odious Debts (Web page)

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