

# Letter to the World Bank

The World Bank  
Callisto E. Madavo  
Vice President, Africa Region

November 30, 1999

Antonio Tricarico  
Reform the World Bank Campaign  
Via Ferraironi 88/G  
00172 Rome  
ITALY

Dear Mr. Tricarico,

I would like to thank you for your letter to Mr. Wolfensohn of November 19 regarding the Lesotho Highlands Water Project (LHWP). Mr. Wolfensohn has asked me to respond, and I can assure you that the World Bank's commitment to eradicate corruption is strong and will be sustained. The list of firms that the Bank has declared ineligible to be awarded future Bank-financed contracts continues to grow, and all of these firms were placed on that list because of their acts of fraud and corruption.

However, the Bank must continue to act in conformity with its own governing rules and guidelines. Due process must be afforded to companies and individuals accused of corruption. We cannot encourage our member governments to obey the rule of law and, at the same time, ignore our own governing principles.

For these reasons, the Bank can only extend the debarment of contractors to those that were financed by the Bank. We do not have jurisdiction to

investigate and declare ineligible every corporation suspected of corruption regardless of its connection to a Bank-financed contract.

With respect to LHWP, the Bank is currently investigating the allegations made against those companies that received Bank-financed contracts. At the same time, we are cooperating with the local authorities in Lesotho to assist them in the prosecution of their cases arising out of the LHWP. As ever, our commitment to prevent and punish corruption is unshakable.

I am pleased to report that the meeting held recently in Pretoria was a considerable success. The Bank and other financiers of the LHWP have agreed to assist the local authorities with documents and other important evidence in order to support their case. In addition, some of the donors will contribute necessary funds to the Government of Lesotho to assist in investigating the case. We believe it is important that the Government has the appropriate support as it embarks on the difficult task of getting to the bottom of what appears to be an extremely complicated case. Mr. Wolfensohn and I will continue to be briefed on the status of the Bank's own investigation to ensure that it is both vigorous and fair to all parties involved.

Sincerely yours,

Callisto Madavo  
Vice President  
Africa Region

cc: Mr. James D. Wolfensohn, President  
Mr. Franco Passacantando, Executive Director (Italy)  
Mr. Godfrey Gaoseb, Executive Director (Africa)

<http://irn.org/programs/lesotho/corrwb.991130.html>