Individuals or Companies: Who Receives More Severe Sanctions in the World Bank Sanctions System?

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Introduction

Existing research on the World Bank sanctions system has largely focused on its legal and institutional design, emphasizing due process and enforcement. More recently, McLean et al. introduced a political economy perspective by examining cross-country variation in procurement violations and sanction severity, finding that countries with higher levels of corruption and greater reliance on domestic suppliers experience more violations and harsher sanctions. However, sanctioned entities themselves remain largely treated as a homogeneous category. **This study shifts the unit of analysis to sanctioned entities, examining *whether the World Bank systematically imposes different levels of sanction severity on individuals and companies, providing insight into how accountability is allocated across different actors.***

Countervailing Hypotheses

"Sanction Severity"

(1) the likelihood of receiving a permanent rather than a temporary debarment

(2) the duration of a fixed-term debarment among temporary sanctions

H1 Individual Accountability

Individuals are more likely to receive permanent debarments and longer fixed-term debarments than companies.

Procurement misconduct ultimately stems from individual decisions.

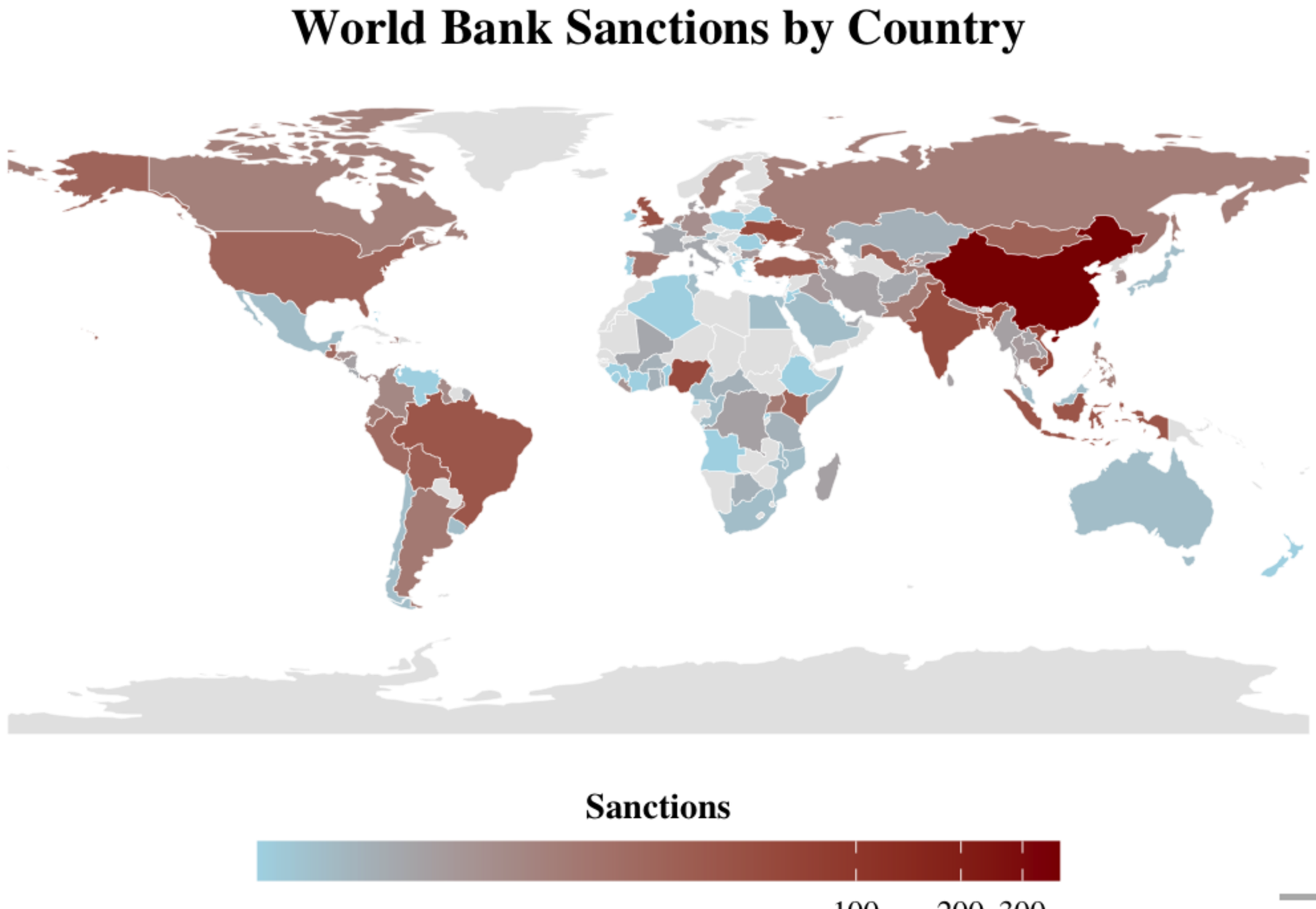
H2 Corporate Accountability

Companies are more likely than individuals to receive permanent debarments and longer debarments.

Procurement misconduct reflects failures of corporate governance and compliance.

Data & Method

World Bank Sanctions by Country



Source

World Bank Listing of Ineligible Firms and Individuals (official public sanctions registry)

Coverage

Debarments imposed through the World Bank sanctions process and multilateral cross-debarment.

Unit of analysis

Sanctioned entity
Individual or Company

Data Overview

Total Sanctions	1,519
Countries	120
Time Period	2003 – 2026
Companies	1,030 (67.8%)
Individuals	489 (32.2%)
Temporary	789 (51.9%)
Permanent	730 (48.1%)

Who is more likely to receive permanent debarment?

χ^2 Chi-square test

Permanent vs. temporary   Individuals vs. companies

Among temporary sanctions, who receives longer debarments?

Welch t-test

Estimate differences in average temporary debarment duration

OLS (log duration) + Country & Year fixed effects

Account for cross-country and year-to-year differences in debarment duration.

Statistical Tests

Table 1

Association Between Entity Type and Sanction Severity

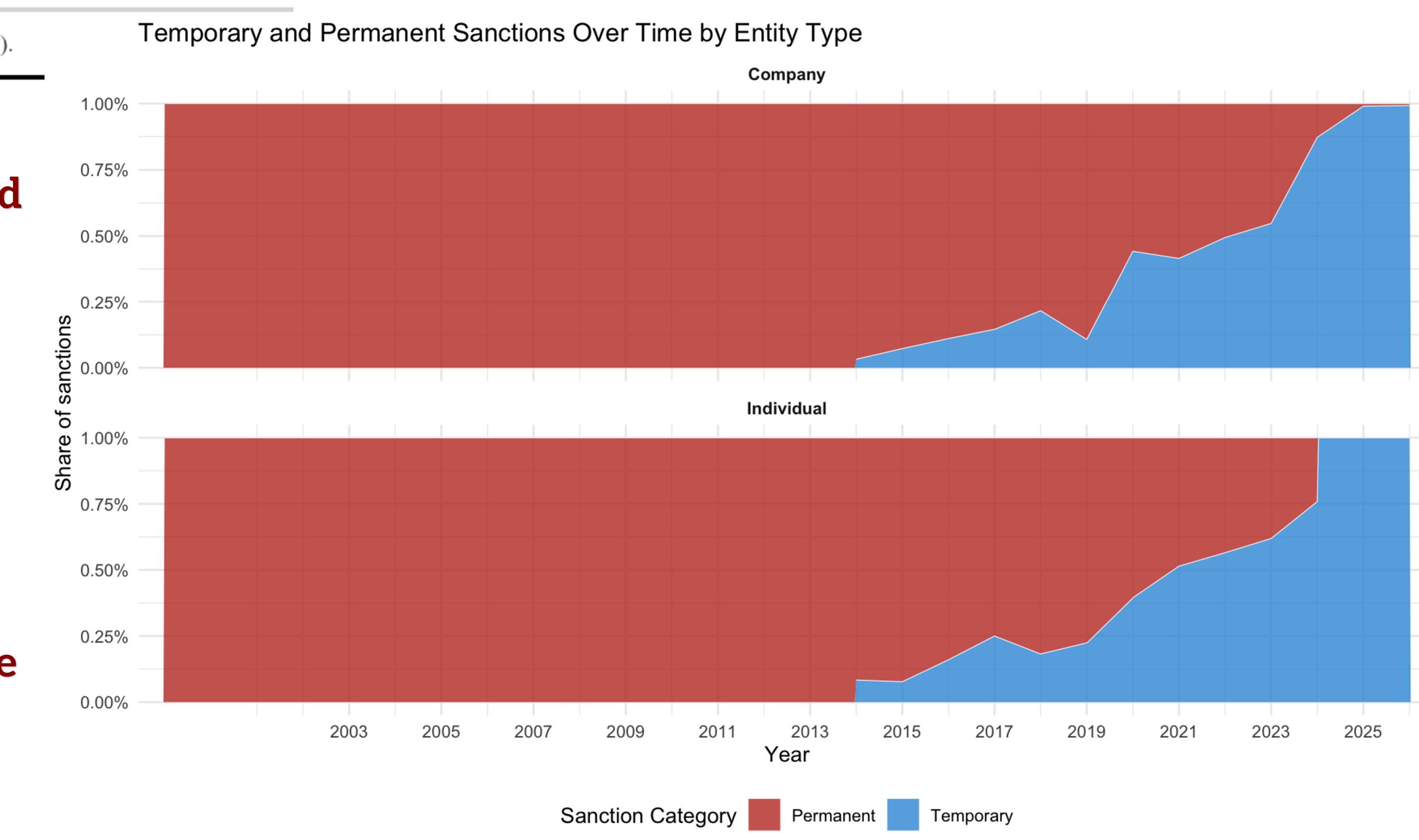
	n	%
Companies (Permanent)	**433**	**42**
Companies (Temporary)	**597**	**58**
Individuals (Permanent)	**297**	**60.7**
Individuals (Temporary)	**192**	**39.3**
χ^2	*45.69*	
df	*1*	
p		*< .001*
Cramér's V	*0.175*	
N	*1519*	

V = Cramér's V effect size (small = .10, medium = .30, large = .50).

χ^2 Chi-square test

- **Individuals are more likely than companies to receive permanent debarments (60.7% vs. 42.0%; 297 vs. 433), whereas companies are more likely than individuals to receive temporary debarments (58.0% vs. 39.3%; 597 vs. 192).**
- **Entity type is systematically associated with sanction severity (χ^2 = 45.69, p < .001), although the relationship is of modest magnitude (Cramér's V = 0.175).**

- **An additional pattern observed is a shift toward greater use of fixed-term sanctions in the World Bank sanctions system.**
- **Permanent debarments dominated before 2014, but fixed-term debarments became the majority by 2026.**



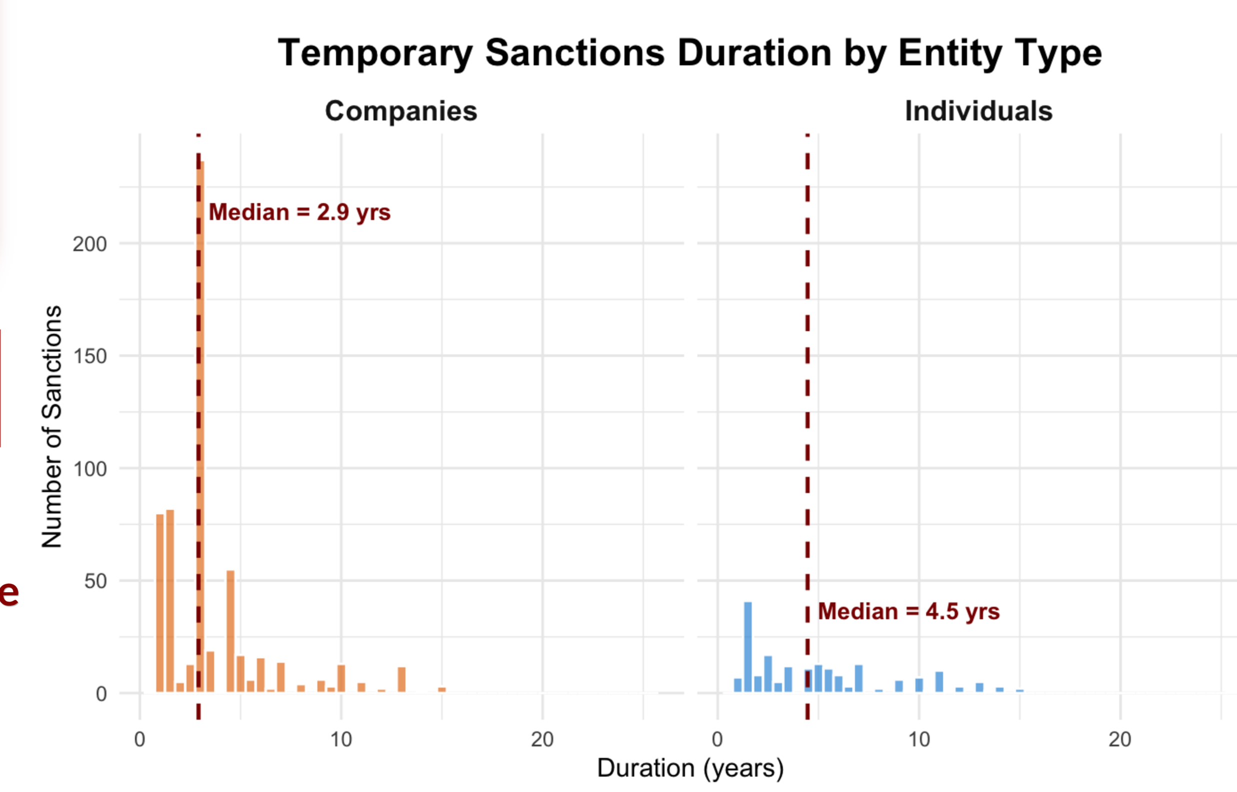


Table 3

OLS Regression: Temporary Sanction Duration (Log-Transformed)

Variable	**B**	**SE**	**t**	**p**
Individual (vs. Company)	**0.091***	**0.037**	**2.44**	**0.015**
Country FE	Yes			
Year FE	Yes			
Observations	789			
R^2	0.805			

Note. Dependent variable: log(duration_years). Entity type reference category: Company. Country and year fixed effects included but not shown. *** p < .001.

Welch t-test

- **Individuals receive significantly longer temporary debarments than companies (mean difference = 1.70 years, p < .001).**

OLS (Country & Year FE)

- **After controlling for country and year fixed effects, individuals still receive ~9.5% longer temporary sanctions than companies (p < .05).**

Table 2

Independent Samples t-Test: Temporary Sanction Duration by Entity Type

Comparison	t	df	p	M (Company)	M (Individual)	Mean Diff.	95% CI
Company vs. Individual	−5.56	247.84	< .001	3.55	5.25	1.70	[-2.3, -1.1]

Note. Welch's t-test was used due to unequal variances. CI = 95% confidence interval for the mean difference.

Robustness check

Cross-debarment control Individuals still receive approximately 26% longer temporary debarments than companies (β = 0.230, SE = 0.047, p < .001); cross-debarment is also associated with longer sanction durations (β = 0.439, p < .001).

2014–2023 Subsample Restricting to 2014–2023, when variation in sanction types existed, the individual coefficient attenuates and becomes non-significant (β = 0.082, SE = 0.048, p = 0.090).

Limitations & Future Research

- Additional case-level data (e.g., investigations, mitigating factors, and settlement agreements) are needed to identify the mechanisms underlying sanction severity.
- The non-significant 2014–2023 estimate suggests that the individual–company gap may be driven by the changing composition of sanctions over time rather than entity type itself.

"Phoenix Firms" & Sanctions Evasion Nine cases of firms re-emerging under new names at the same address were observed, pointing to future research on whether corporate restructuring capacity contributes to the individual-company gap in sanction severity.

Are CCP-Connected Firms Protected from Severe Sanctions? Preliminary evidence suggests that central SOEs receive no permanent debarments and substantially shorter sanctions than provincial SOEs.

Full Sanctions Process Data McLean et al.'s case-level data could help identify why individuals receive harsher sanctions.

Key Reference: McLean, Elena V., Yohan Ha, and Wonyong Jung. n.d. "Crime and Punishment in Development Banks: The Politics of Procurement Rule Violations and Sanctions Stringency."