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*Eu, Sandra Regina Mattos Rudzit, tradutora pública, certifico e dou fé que me foi apresentada a cópia de um documento, em idioma inglês, que passo a traduzir para o vernáculo no seguinte teor:*

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**EMPRÉSTIMO NÚMERO 9679-BR**

# Acordo de Empréstimo

(Projeto de Aceleração Digital do Espírito Santo)  
(Programa de Apoio ao Fortalecimento da Gestão Pública do Espírito Santo – “Espírito Santo Mais Inteligente”)

entre

**BANCO INTERNACIONAL PARA RECONSTRUÇÃO  
E DESENVOLVIMENTO**

e

**ESTADO DO ESPÍRITO SANTO**

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## ACORDO DE EMPRÉSTIMO

CONTRATO datado da Data de Assinatura entre o BANCO INTERNACIONAL PARA RECONSTRUÇÃO E DESENVOLVIMENTO (“Banco”) e o ESTADO DO ESPÍRITO SANTO (“Mutuário”). O Banco e o Mutuário acordam o seguinte:

### ARTIGO I — CONDIÇÕES GERAIS; DEFINIÇÕES

- 1.01. As Condições Gerais (conforme definidas no Apêndice deste Contrato) aplicam-se a este Contrato e dele são parte integrante.
- 1.02. A menos que o contexto exija o contrário, os termos iniciados em maiúsculas utilizados neste Contrato têm os significados que lhes são atribuídos nas Condições Gerais ou no Apêndice deste Contrato.

### ARTIGO II — EMPRÉSTIMO

- 2.01. O Banco concorda em emprestar ao Mutuário o valor de US\$61.216.000 (sessenta e um milhões duzentos e dezesseis mil dólares americanos), conforme tal valor possa ser convertido periodicamente através de uma Conversão de Moeda (“Empréstimo”), para auxiliar no financiamento do projeto descrito no Anexo 1 deste Contrato (“Projeto”).
- 2.02. O Mutuário poderá sacar os recursos do Empréstimo de acordo com a Cláusula III do Anexo 2 deste Contrato. O Representante do Mutuário para fins de praticar qualquer ato exigido ou permitido de acordo com esta Cláusula é o coordenador do Secretário da SECTI ou qualquer pessoa ou pessoas por ele designado.
- 2.03. A taxa inicial é de 0,25% (zero vírgula vinte cinco por cento) do valor do empréstimo.
- 2.04. O Encargo de Compromisso é de 0,25% (zero vírgula vinte cinco por cento) ao ano sobre o Saldo Não Sacado do Empréstimo.
- 2.05. A taxa de juros é a Taxa de Referência mais o Spread Variável ou a taxa que vier a ser aplicada após uma Conversão; sujeito à Cláusula 3.02(e) das Condições Gerais.
- 2.06. As datas de pagamento são 15 de janeiro e 15 de julho de cada ano.
- 2.07. O valor de principal do Empréstimo será pago de acordo com o Anexo 3 deste Contrato.
- 2.08. O Mutuário poderá solicitar as Conversões dos termos do Empréstimo, em cada caso com a prévia não objeção do Garantidor, por meio da Secretaria do Tesouro Nacional do Ministério da Fazenda do Garantidor.

### ARTIGO III — PROJETO

- 3.01. O Mutuário declara seu compromisso com os objetivos do Projeto. Para tanto, o Mutuário, por meio da SECTI, deverá:
  - (a) com o apoio do PRODEST, executar a Parte 1 do Projeto;
  - (b) com o apoio da SEG, executar a Parte 2 do Projeto;
  - (c) com o apoio da SESP, executar a Parte 3 do Projeto; e
  - (d) executar a Parte 4 do Projeto;

tudo de acordo com o disposto no Artigo V das Condições Gerais e no Anexo 2 deste Contrato e do Acordo de Cooperação.

#### **ARTIGO IV – RECURSOS JURÍDICOS DO BANCO**

- 4.01. O Evento de Suspensão Adicional consiste no seguinte: o PRODEST deixar de cumprir qualquer de suas obrigações no âmbito do Acordo de Cooperação de modo a afetar de modo relevante e adverso, na opinião do Banco, a capacidade do Mutuário de cumprir qualquer de suas obrigações no âmbito deste Contrato.
- 4.02. O Evento de Antecipação de Vencimento Adicional consiste no seguinte: o evento especificado na Cláusula 4.01 deste Contrato ocorrer e perdurar por um período de 120 (cento e vinte) dias após a entrega de notificação do evento pelo Banco ao Mutuário e ao Garantidor.

#### **ARTIGO V — EFETIVIDADE; RESCISÃO**

- 5.01. As Condições Adicionais de Efetividade consistem no seguinte:
- (a) Que a UGP tenha sido estabelecida e o seu Pessoal-Chave tenha sido contratado ou designado, tudo de forma aceitável para o Banco;
  - (b) Que as UIPs tenham sido estabelecidas e o seu Pessoal-Chave tenha sido contratado e designado, tudo de forma aceitável ao Banco;
  - (c) Que o Acordo de Cooperação tenha sido celebrado em forma e teor aceitáveis ao Banco e todas as condições suspensivas de sua vigência (se houver) houverem sido cumpridas; e
  - (d) Que o Manual de Operações do Projeto tenha sido elaborado, aprovado e adotado em forma e conteúdo aceitáveis ao Banco.
- 5.02. O Prazo Limite Estabelecido para a Efetividade de é a data que cair 120 (cento e vinte) dias após a Data de Assinatura.

## ARTIGO VI — REPRESENTANTE; ENDEREÇOS

6.01. Exceto conforme disposto na Cláusula 2.02 deste Contrato, o Representante do Mutuário é o seu Governador.

6.02. Para os fins da Cláusula 10.01 das Condições Gerais:

(a) o endereço do Mutuário é:

Governo do Estado do Espírito Santo  
Palácio Anchieta – Praça João Clímaco, s/n, Cidade Alta, Centro  
29015-110 Vitória – ES  
Brasil

Com cópia para:

Secretaria de Assuntos Internacionais e Desenvolvimento - SEAID  
Ministério do Planejamento e Orçamento  
Esplanada dos Ministérios Bloco K-8º andar  
70040-906 Brasília, DF  
Brasil

(b) o endereço eletrônico do Mutuário é:

E-mail: governador@es.gov.br

Com cópia para:

E-mail: cofiex@economia.gov.br  
gecod.codiv.df.stn@tesouro.gov.br

5.03. Para os fins da Cláusula 10.01 das Condições Gerais:

(a) o endereço do Banco é:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
Estados Unidos da América; e

(b) o Endereço Eletrônico do Banco é:

E-mail: jzutt@worldbank.org

Com cópia para:

E-mail: informacao@worldbank.org

ACORDADO na Data de Assinatura.

**BANCO INTERNACIONAL PARA  
RECONSTRUÇÃO E DESENVOLVIMENTO**

**Por**

(ass)

**Representante Autorizado**

**Nome:** Johannes Zutt

**Cargo:** Diretor para o País

**Data:** 12 de dezembro de 2024

**ESTADO DO ESPÍRITO SANTO**

**Por**

(ass)

**Representante Autorizado**

**Nome:** Renato Casagrande

**Cargo:** GOVERNADOR DO ESTADO DO ESPÍRITO SANTO

**Data:** 12 de dezembro de 2024

## ANEXO 1

### Descrição do Projeto

Os objetivos do Projeto são fortalecer a resiliência da infraestrutura digital, modernizar a gestão de emergências e aperfeiçoar a infraestrutura pública digital no Estado do Espírito Santo.

O Projeto é composto pelas seguintes partes:

#### Parte 1. Infraestrutura de dados e habilidades digitais resilientes

1. Elaborar estudos referentes à concepção e modelagem das operações do Data Center Verde.
2. Construir o Data Center Verde.
3. Fortalecer as habilidades digitais de pessoas no território do Mutuário, inclusive mediante o fornecimento de treinamento.
4. Configurar um programa de aceleração para prestar serviços a start-ups digitais expandindo o acesso ao financiamento de estágio inicial a start-ups capazes de auxiliar no desenvolvimento de produtos e serviços digitais impulsionados por dados.

#### Parte 2. Fortalecimento da infraestrutura pública digital

1. Conduzir atividades voltadas para (a) a implementação da Plataforma de Interoperabilidade, (b) o desenvolvimento do Portal, (c) a integração do Portal com a Plataforma Nacional e a adoção de soluções de autenticação digital e assinatura eletrônica e (d) a adoção de soluções de inteligência artificial no contexto do Portal.
2. Aquisição de hardware e software que atendam aos padrões de melhores práticas em eficiência energética para apoio à operação da Plataforma de Interoperabilidade e do Portal.
3. Conduzir atividades voltadas para (a) o desenvolvimento e aperfeiçoamento dos serviços digitais end-to-end do Mutuário, (b) o desenvolvimento de aplicativos de software, (c) a criação de um repositório padrão de dados e execução de extração, transformação e carregamento (ETL) de dados para assegurar uma troca de dados eficaz entre os diversos sistemas, (d) o replanejamento das interfaces digitais existentes do Mutuário, (e) o treinamento dos servidores públicos do Mutuário no uso do Portal; (f) a condução de campanhas de comunicação para alcançar usuários finais e promover o uso do Portal, especialmente entre Grupos Vulneráveis; e (g) o desenvolvimento de uma metodologia e funcionalidade para co-criação e concepção de serviços digitais com a sociedade civil, incluindo mecanismos participativos.

#### Parte 3. Modernizar o sistema de gestão de emergências

1. Conduzir (a) estudos de viabilidade e elaboração de documentos de licitação para construção e operacionalização do sistema centralizado de resposta a emergências do Mutuário e (b) supervisão da concepção e construção do CIDES, incluindo monitoramento de exigências ambientais e sociais, e observância das melhores práticas internacionais de eficiência energética na construção de novos edifícios.
2. Projetar e construir as dependências do CIDES e operacionalizá-lo por meio da aquisição de infraestrutura física para aumentar a capacidade das entidades de emergência de primeira resposta que

fazem parte do objeto dentro do território do Mutuário para planejamento e resposta efetivos a emergências, incluindo emergências climáticas.

3. Conduzir atividades voltadas para (a) o desenvolvimento e integração de todos os sistemas e procedimentos de gestão de chamadas de emergência do Mutuário por meio do estabelecimento da Plataforma Integrada de Resposta a Emergências (IERP), (b) o fornecimento de treinamento sobre eventos e impactos climáticos locais e (c) o fortalecimento da capacidade do Mutuário em relação à preparação para mudanças climáticas a fim de que os operadores de centrais de emergências assegurem a continuidade do serviço em caso de choques climáticos.

#### Parte 4. Gestão do Projeto

Fortalecer a capacidade do Mutuário de executar o Projeto, inclusive em relação à (a) gestão e coordenação do Projeto, (b) gestão de aquisições e financeira, (c) gerenciamento de riscos ambientais e sociais, (d) monitoramento e avaliação (M&E); (e) serviços de treinamento, consultoria e auditoria e (f) informação ao público, engajamento de cidadãos e comunicação.

## ANEXO 2

### Execução do Projeto

#### Cláusula I. Arranjos de Implementação

##### A. Arranjos Institucionais.

1. O Mutuário deverá:
  - (a) Estabelecer e, posteriormente, operar e manter, durante a implementação do Projeto, uma UGP dentro da SECTI com funções, recursos e (observado o parágrafo (b) abaixo) composição aceitáveis ao Banco, conforme detalhado no Manual de Operações do Projeto e no PCAS, que será responsável pela coordenação, implementação, relatório e supervisão geral do Projeto, inclusive em relação à gestão de aquisições e contratos, monitoramento e avaliação, gestão financeira (procedimentos de contabilidade e desembolso), gestão ambiental e social e engajamento de partes interessadas; e
  - (b) No prazo máximo de 60 (sessenta) dias após a Data de Efetividade, completar, de maneira aceitável para o Banco, o quadro de pessoal da UGP (incluindo a contratação de consultores), conforme estabelecido no Manual de Operações do Projeto e no PCAS.
2. O Mutuário deverá:
  - (a) Estabelecer ou providenciar o estabelecimento (conforme aplicável) e, posteriormente, operar e manter ou providenciar a operação e manutenção (conforme aplicável), durante a implementação do Projeto, UIPs no âmbito do PRODEST, SEG e SESP, com funções, recursos e (observado o parágrafo (b) abaixo) composição aceitáveis ao Banco, conforme detalhado no Manual de Operações do Projeto, para implementar suas respectivas partes do Projeto conforme estabelecido no Artigo III deste Contrato;
  - (b) No prazo máximo de 90 (noventa) dias após a Data de Efetividade, completar, de maneira aceitável para o Banco, o quadro de pessoal das UIPs (incluindo consultores), conforme estabelecido no Manual de Operações do Projeto.
3. No prazo máximo de 90 (noventa) dias após a Data de Efetividade, o Mutuário deverá estabelecer e, posteriormente, operar e manter, durante a implementação do Projeto, o Comitê Diretor, com funções, recursos e composição aceitáveis ao Banco, conforme detalhado no Manual de Operações do Projeto, o qual será responsável pela supervisão, orientação estratégica, coordenação e monitoramento do andamento.

##### B. Acordo de Cooperação

1. Para facilitar a implementação do Projeto, o Mutuário deverá, por meio da SECTI, celebrar um Acordo de Cooperação com o PRODEST referente à Parte 1 do Projeto, em termos e condições aceitáveis ao Banco, e posteriormente manter o referido Acordo de Cooperação durante a implementação do Projeto.
2. O Mutuário, por meio da SECTI, garantirá que o Acordo de Cooperação inclua, *inter alia*, (a) as responsabilidades do PRODEST com relação à implementação do Projeto e (b) a obrigação do PRODEST de realizar suas respectivas atividades no âmbito do Projeto de acordo com (i) este

Contrato, (ii) o Manual de Operações do Projeto, (iii) as Diretrizes Anticorrupção, (iv) o Regulamento de Aquisições e (v) as disposições do PCAS aplicável.

3. O Mutuário, por meio da SECTI, exercerá seus direitos nos termos do Acordo de Cooperação de forma a proteger os interesses do Mutuário e do Banco e a cumprir os objetivos do Empréstimo.
4. Salvo acordo em contrário do Banco, o Mutuário não deverá ceder, alterar, revogar ou renunciar ao Acordo de Cooperação ou a qualquer de suas disposições.

#### **C. Manual de Operações do Projeto**

1. O Mutuário executará e providenciará a execução do Projeto de acordo com o Manual de Operações do Projeto, o qual incluirá, entre outros: (a) uma descrição detalhada das atividades e arranjos institucionais do Projeto; (b) as partes do Projeto a serem executadas pelo Mutuário com fundos de contrapartida; (c) uma descrição dos mecanismos de monitoramento e avaliação, incluindo os indicadores e resultados esperados para cada ano de implementação do Projeto; (d) a composição e as funções da UGP e das UIPs; (e) as atribuições específicas das Agências Implementadoras, bem como os arranjos de coordenação aplicáveis; (f) a composição e funções do Comitê Diretor e seu papel no monitoramento do Projeto; (g) os requisitos fiduciários, ambientais e sociais do Projeto, incluindo o engajamento de partes interessadas e a reparação de queixas; (h) os procedimentos técnicos, administrativos, contábeis, de controle interno e auditoria, relatórios, financeiros (incluindo desembolsos) e de aquisição do Projeto; (i) os termos de referência para as auditorias financeiras; e (j) as Diretrizes Anticorrupção.
2. Exceto se o Banco acordar de outra forma, o Mutuário não deverá revogar, alterar, suspender, renunciar ou deixar de fazer cumprir o Manual de Operações do Projeto ou qualquer de suas disposições.
3. Em caso de qualquer conflito entre os termos do Manual de Operações do Projeto e este Contrato, as disposições deste Contrato prevalecerão.

#### **D. Normas Ambientais e Sociais.**

1. O Mutuário, por meio da SECTI, deverá garantir que o Projeto seja executado de acordo com as Normas Ambientais e Sociais, de maneira aceitável para o Banco.
2. Sem limitação ao parágrafo 1 acima, o Mutuário, por meio da SECTI, garantirá que o Projeto seja implementado de acordo com o Plano de Compromisso Ambiental e Social (“PCAS”), de maneira aceitável para o Banco. Para tanto, o Mutuário, por meio da SECTI, deverá garantir que:
  - (a) as medidas e ações especificadas no PCAS sejam implementadas com a devida diligência e eficiência, conforme previsto no PCAS;
  - (b) haja fundos suficientes disponíveis para cobrir os custos de implementação do PCAS;
  - (c) políticas e procedimentos sejam mantidos e pessoal qualificado e experiente em número adequado seja contratado para implementar o PCAS, conforme previsto no PCAS; e
  - (d) o PCAS ou qualquer de suas disposições não sejam alterados, revogados, suspensos ou objeto de renúncia, exceto se o Banco concordar de outra forma por escrito, conforme especificado no PCAS, bem como garantir que o PCAS revisado seja divulgado imediatamente a partir desse momento.

3. Em caso de qualquer inconsistência entre o PCAS e as disposições deste Contrato, as disposições deste Contrato prevalecerão.
4. O Mutuário deverá, por meio da SECTI, garantir que:
  - (a) sejam tomadas todas as medidas necessárias para recolher, compilar e fornecer ao Banco através de relatórios regulares, com a frequência especificada no PCAS e prontamente em um relatório ou relatórios separados, se assim solicitado pelo Banco, informações sobre o estado de conformidade com o PCAS e os instrumentos ambientais e sociais neles referidos, todos esses relatórios em forma e conteúdo aceitáveis ao Banco, estabelecendo, entre outros: (i) a situação de implementação do PCAS; (ii) condições, se houver, que interfiram ou ameacem interferir na implementação do PCAS; e (iii) medidas corretivas e preventivas tomadas ou necessárias para resolver tais condições; e
  - (b) o Banco seja prontamente notificado sobre qualquer incidente ou acidente relacionado ao Projeto ou que produza impacto sobre o Projeto que produza ou apresente a probabilidade de produzir um efeito adverso significativo sobre o meio ambiente, as comunidades afetadas, o público ou os trabalhadores, de acordo com o PCAS, os instrumentos ambientais e sociais neles referidos e as Normas Ambientais e Sociais.
5. O Mutuário, por meio da SECTI, deverá estabelecer, divulgar, manter e operar um mecanismo de reparação de queixas acessível, para receber e facilitar a resolução de preocupações e queixas das pessoas afetadas pelo Projeto, bem como tomar todas as medidas necessárias e apropriadas para resolver ou facilitar a resolução de tais preocupações e queixas, de uma forma aceitável para o Banco.
6. O Mutuário garantirá que todos os documentos de licitação e contratos para obras civis no âmbito do Projeto incluam a obrigação dos empreiteiros, subempreiteiros e entidades de supervisão de: (a) cumprir os aspectos relevantes do PCAS e os instrumentos ambientais e sociais neles referidos; e (b) adotar e aplicar códigos de conduta que devam ser fornecidos e assinados por todos os trabalhadores, detalhando medidas para lidar com os riscos ambientais, sociais, de saúde e segurança e os riscos de exploração e abuso sexual, assédio sexual e violência contra crianças, tudo conforme aplicável às obras civis encomendadas ou executadas de acordo com referidos contratos.

## **Cláusula II. Relatório e avaliação de monitoramento de projetos**

O Mutuário deverá fornecer ao Banco cada Relatório de Projeto no prazo máximo de 45 (quarenta e cinco) dias após o final de cada semestre civil, abrangendo o semestre civil.

## **Cláusula III. Retirada de recursos do empréstimo**

### **A. Geral.**

Sem que se limitem as disposições do Artigo II das Condições Gerais e de acordo com a Carta de Desembolso e Informações Financeiras, o Mutuário poderá sacar os recursos do Empréstimo para: (a) financiar Despesas Elegíveis e (b) pagar: (i) a Taxa Inicial; e (ii) cada prêmio de Cap de Taxa de Juros ou Collar de Taxa de Juros no valor alocado e, se for o caso, até o percentual estabelecido para cada Categoria da tabela a seguir:

<b>Categoria</b>	<b>Valor do empréstimo Alocado (expresso em dólares americanos)</b>	<b>Percentual de despesas a serem financiadas (incluindo impostos)</b>
(1) Obras e bens para o Projeto	45.681.000	100%

(2) Custos Operacionais, Custos de Treinamento, serviços de consultoria e técnicos para o Projeto	15.381.960	100%
(3) Taxa inicial	153.040	Valor a pagar de acordo com a Cláusula 2.03 deste Contrato nos termos da Cláusula 2.07 (b) das Condições Gerais
(4) Prêmio de Cap de Taxa de Juros ou Collar de Taxa de Juros	0	Valor a pagar de acordo com a Cláusula 4.05 (c) das Condições Gerais
VALOR TOTAL	61.216.000	

#### B. Condições de Retirada; Período de retirada

1. Não obstante as disposições da Parte A acima, nenhum saque será feito para pagamentos efetuados antes da Data de Assinatura, exceto pelo fato de que saques até um valor total não superior a US\$12.243.200 (doze milhões duzentos e quarenta e três mil e duzentos dólares americanos) poderão ser feitos para pagamentos efetuados antes desta data, mas a partir da data correspondente a 12 (doze) meses antes da Data de Assinatura, inclusive, para Despesas Elegíveis.
2. A Data de Encerramento é 30 de junho de 2029. O Banco poderá conceder uma prorrogação da Data de Encerramento somente após o Ministério da Fazenda do Garantidor ter informado o Banco de que concorda com tal prorrogação.

### ANEXO 3

#### Cronograma de reembolso de amortização vinculado a compromissos

A tabela a seguir estabelece as Datas de Pagamento do Principal do Empréstimo e o percentual do valor total do principal do Empréstimo a ser pago em cada Data de Pagamento do Principal (“Parcela”).

#### Amortizações do Principal

<b>Data de Pagamento do Principal</b>	<b>Parcela</b>
Cada dia 15 de janeiro e 15 de julho A partir de 15 de julho de 2029 até 15 de janeiro de 2049	2,50%

## APÊNDICE

### Cláusula I. Definições

1. “Diretrizes Anticorrupção” significa, para fins do parágrafo 6 do Apêndice às Condições Gerais, as “Diretrizes sobre Prevenção e Combate à Fraude e Corrupção em Projetos Financiados por Empréstimos do BIRD e Créditos e Doações da AID”, datado de 15 de outubro de 2006 e revisado em janeiro de 2011 e a partir de 1º de julho de 2016.
2. “Categoria” significa uma categoria estabelecida na tabela da Cláusula III.A do Anexo 2 deste Contrato.
3. “Acordo de Cooperação” significa o acordo referido na Cláusula I.B do Anexo 2 deste Acordo.
4. “Plano de Compromisso Ambiental e Social” ou “PCAS” significa o plano de compromisso ambiental e social do Projeto, datado de 18 de abril de 2024, conforme alterado periodicamente de acordo com suas disposições, que estabelece medidas e ações relevantes que o Mutuário deverá realizar ou fazer com que sejam realizadas para abordar os potenciais riscos e impactos ambientais e sociais do Projeto, incluindo os prazos das ações e medidas, arranjos institucionais, de pessoal, treinamento, monitoramento e relatórios, bem como quaisquer instrumentos ambientais e sociais a serem elaborados em conformidade com seus termos.
5. “Normas Ambientais e Sociais” ou “NASs” significam, coletivamente: (i) “Norma Ambiental e Social 1: Avaliação e Gestão de Riscos e Impactos Ambientais e Sociais”; (ii) “Norma Ambiental e Social 2: Condições Laborais e de Trabalho”; (iii) “Norma Ambiental e Social 3: Eficiência de Recursos e Prevenção e Gestão da Poluição”; (iv) “Norma Ambiental e Social 4: Saúde e Segurança Comunitária”; (v) “Norma Ambiental e Social 5: Aquisição de Terras, Restrições ao Uso da Terra e Reassentamento Involuntário”; (vi) “Norma Ambiental e Social 6: Conservação da Biodiversidade e Gestão Sustentável dos Recursos Naturais Vivos”; (vii) “Norma Ambiental e Social 7: Povos Indígenas/Comunidades Locais Tradicionais Historicamente Desfavorecidas da África Subsaariana”; (viii) “Norma Ambiental e Social 8: Patrimônio Cultural”; (ix) “Norma Ambiental e Social 9: Intermediários Financeiros”; (x) “Norma Ambiental e Social 10: Envolvimento das Partes Interessadas e Divulgação de Informações”; em vigor em 1º de outubro de 2018, conforme publicadas pelo Banco.
6. “Ponto Focal” significa uma pessoa a ser contratada ou nomeada em cada uma das UIPs e responsável por coordenar, intermediar e reportar à UGP sobre questões fiduciárias, ambientais, sociais, de comunicação e de engajamento de cidadãos do Projeto.
7. “Condições Gerais” significa as “Condições Gerais do Banco Internacional para Reconstrução e Desenvolvimento para Financiamento do BIRD e Financiamento de Projetos de Investimento”, datadas de 14 de dezembro de 2018 (última revisão em 15 de julho de 2023).
8. “Data Center Verde” significa um data center de baixo carbono e resiliência climática cobrindo serviços de colocação, hospedagem e telecomunicações, o qual deverá se localizar na região da Grande Vitória ou em outro local considerado aceitável pelo Banco.
9. “Agências Implementadoras” significa a SECTI, a SEG, a SESP e o PRODEST.
10. “Centro Integrado de Defesa Social” ou “CIDES” significa uma central de emergência no âmbito da SESP capaz de administrar a expansão projetada de chamadas de emergência no território do Mutuário, conforme previsto no Manual de Operações do Projeto.

11. “Plataforma Integrada de Resposta a Emergências” ou “IERP” significa um sistema integrado, interoperável e coordenado para (a) resposta efetiva a emergências dentro do território do Mutuário e (b) distribuição de papéis e responsabilidades entre as diversas agências do Mutuário.
12. “Plataforma de Interoperabilidade” significa uma plataforma de interoperabilidade digital para facilitar o compartilhamento de dados entre as agências governamentais do Mutuário.
13. “Pessoal-Chave” significa (a) em relação à UGP, um coordenador do Projeto, um especialista em gestão financeira, um especialista em aquisições e um especialista ambiental e social, e (b) em relação às UIPs, o Ponto Focal.
14. “IP” significa protocolo de internet.
15. “Plataforma Nacional” significa a plataforma nacional estabelecida pelo Governo Federal do Brasil, a qual pode ser acessada no endereço [www.gov.br](http://www.gov.br) ou qualquer sucessora aceitável ao Banco.
16. “Custos Operacionais” significa os gastos operacionais incrementais incorridos pelo Mutuário por conta da implementação, gestão, monitoramento e avaliação do Projeto, incluindo aluguel de escritório, materiais e suprimentos de escritório, serviços públicos, custos de comunicação, suporte para sistemas de informação, custos de tradução, encargos bancários e custos de viagens e diárias e outras despesas razoáveis diretamente associadas à implementação das atividades do Projeto, todos baseados em um orçamento anual aceitável para o Banco.
17. “UIP” significa qualquer das unidades de implementação do Projeto referidas na Cláusula I.A.2 do Anexo 2 deste Contrato.
18. “UGP” significa a unidade de gestão do Projeto referida na Cláusula I.A.1 do Anexo 2 deste Contrato.
19. “Portal” significa um portal digital único fornecendo a pessoas físicas e empresas com serviços públicos integrados end-to-end personalizados de todas as entidades governamentais do Mutuário em uma única plataforma que assegure o acesso aos serviços.
20. “Regulamento de Aquisições” significa, para efeitos do parágrafo 85 do Apêndice às Condições Gerais, o “Regulamento de Aquisições do Banco Mundial para Mutuários de IPF”, datado de setembro de 2023.
21. “PRODEST” significa o Instituto de Tecnologia da Informação e Comunicação do Estado do Espírito Santo ou qualquer sucessor aceitável ao Banco.
22. “Manual de Operações do Projeto” significa o manual referido na Cláusula I.C do Anexo 2 deste Contrato.
23. “SECTI” significa a Secretaria da Ciência, Tecnologia, Inovação e Educação Profissional ou qualquer sucessora aceitável ao Banco.
24. “SEG” significa a Secretaria de Estado do Governo ou qualquer sucessora aceitável ao Banco.
25. “SESP” significa a Secretaria da Segurança Pública e Defesa Social ou qualquer sucessora aceitável ao Banco.
26. “Data de Assinatura” significa a última das duas datas na qual o Mutuário e o Banco assinaram este Contrato e tal definição se aplica a todas as referências à “data do Acordo de Empréstimo” nas Condições Gerais.

27. “Comitê Diretor” significa o comitê referido na Cláusula I.A.3 do Anexo 2 deste Contrato.
28. “Povos e Comunidades Tradicionais” significa grupos culturalmente diferenciados que se reconheçam como tais, que possuam formas próprias de organização social e que ocupem e utilizem territórios e recursos naturais como condição para sua reprodução cultural, social, religiosa, ancestral e econômica, utilizando conhecimentos, inovações e práticas gerados e transmitidos pela tradição, conforme definido pelo Decreto nº 6.040, de 7 de fevereiro de 2007.
29. “Custos de Treinamento” significa despesas (exceto aquelas para serviços de consultoria) incorridas com relação a visitas de estudo, cursos de treinamento, seminários, workshops e outras atividades de treinamento, não incluídas em contratos de bens ou prestadores de serviços, incluindo custos de materiais de treinamento, espaço e aluguel de equipamentos, viagens, diárias para estagiários e instrutores e honorários de instrutores (conforme aplicável), todos baseados em um orçamento anual satisfatório para o Banco.
30. “Grupos Vulneráveis” significa Povos e Comunidades Tradicionais e outras minorias, populações rurais, idosos e pessoas com deficiência, conforme detalhado no Manual de Operações do Projeto.

## **Cláusula II. Alterações das Condições Gerais**

As Condições Gerais são alteradas da seguinte forma:

1. A Cláusula 3.01 (*Taxa Inicial; Encargo de Compromisso*) é alterada, passando a vigorar com a seguinte redação:

“Cláusula 3.01. *Taxa inicial; Encargo de Compromisso*

- (a) O Mutuário pagará ao Banco uma Taxa Inicial sobre o valor do Empréstimo à taxa especificada no Acordo de Empréstimo. Salvo disposição em contrário na Cláusula 2.07 (b), o Mutuário deverá pagar a Taxa Inicial no prazo máximo de 60 (sessenta) dias após a Data de Efetividade.
- (b) O Mutuário pagará ao Banco um Encargo de Compromisso sobre o Saldo Não Sacado do Empréstimo à taxa especificada no Acordo de Empréstimo. O Encargo de Compromisso será acumulado a partir da data do Acordo de Empréstimo ou da data correspondente ao quarto aniversário da data de aprovação do Empréstimo pelo Banco, o que ocorrer por último, até as respectivas datas nas quais os valores forem retirados pelo Mutuário da Conta do Empréstimo ou cancelados. Salvo disposição em contrário na Cláusula 2.07 (c), o Mutuário pagará a Taxa de Compromisso semestralmente e postecipadamente em cada Data de Pagamento.”

2. A Cláusula 3.04 (*Pagamento Antecipado*) é alterada, passando a vigorar com a seguinte redação:

“Cláusula 3.04. *Pagamento Antecipado*

- (a) Após a entrega de notificação ao Banco com pelo menos 45 (quarenta e cinco) dias de antecedência, o Mutuário poderá amortizar os valores a seguir para o Banco antes do vencimento, em uma data aceitável ao Banco (desde que o Mutuário tenha efetuado todos os Pagamentos do Empréstimo vencidos até a referida data): (i) a totalidade do Saldo Sacado do Empréstimo até a referida data; ou (ii) a totalidade do principal de um ou mais vencimentos do Empréstimo. Qualquer pagamento antecipado parcial do Saldo Sacado do Empréstimo deverá ser imputado da forma especificada pelo Mutuário ou, na ausência de especificação pelo Mutuário, da seguinte forma: (A) se o Acordo de Empréstimo prever a amortização separada de Valores Desembolsados específicos do principal do Empréstimo, o pagamento antecipado deverá ser imputado na ordem inversa de tais Valores Desembolsados, devendo o Valor Desembolsado sacado por último ser amortizado em primeiro lugar e o último vencimento de tal Valor Desembolsado ser amortizado em primeiro

lugar; e (B) em todas as demais hipóteses, o pagamento antecipado deverá ser imputado na ordem inversa dos vencimentos do Empréstimo, devendo o último vencimento ser amortizado em primeiro lugar.

(b) Se, em relação a qualquer valor do Empréstimo a ser pago antecipadamente, houver sido efetuada uma Conversão e o Período de Conversão não houver se encerrado no momento do pagamento antecipado, aplicar-se-á o disposto na Cláusula 4.06.”

3. As definições nos parágrafos 4 (Valor de Exposição Excedente Atribuído), 53 (Sobretaxa de Exposição), os parágrafos 99 (Limite de Exposição Padrão) e 105 (Exposição Total) do Apêndice são totalmente eliminados e os parágrafos subsequentes são renumerados de forma correspondente.

4. Nos parágrafos do Apêndice originalmente numerados 75 e 81, os termos “Pagamento do Empréstimo” e “Data de Pagamento” são alterados, passando a vigorar com a seguinte redação:

“73. ‘Pagamento do Empréstimo’ significa qualquer valor a ser pago pelas Partes do Empréstimo ao Banco nos termos dos Acordos Jurídicos, incluindo (sem limitação) qualquer valor do Saldo Sacado do Empréstimo, juros, a Taxa inicial, o Encargo de Compromisso, juros à Taxa de Juros Padrão (se houver), qualquer sobretaxa, qualquer taxa de transação referente a uma Conversão ou rescisão antecipada de uma Conversão, qualquer prêmio devido em virtude da definição de um Cap de Taxa de Juros ou Collar de Taxa de Juros e qualquer Valor de Desvinculação devido pelo Mutuário.”

“79. ‘Data de Pagamento’ significa cada data especificada no Acordo de Empréstimo ocorrida a partir da data do Acordo de Empréstimo na qual sejam devidos juros, Encargo de Compromisso e outras taxas e encargos do Empréstimo (exceto a Taxa Inicial), conforme aplicável.”

## **EMPRÉSTIMO NÚMERO 9679-BR**

### **Contrato de Garantia**

**(Projeto de Aceleração Digital do Espírito Santo)  
(Programa de Apoio ao Fortalecimento da Gestão Pública do Espírito Santo – “Espírito Santo Mais Inteligente”)**

entre

**REPÚBLICA FEDERATIVA DO BRASIL**

e

**BANCO INTERNACIONAL PARA RECONSTRUÇÃO E DESENVOLVIMENTO**

**EMPRÉSTIMO NÚMERO 9679-BR**

### **CONTRATO DE GARANTIA**

CONTRATO entre a REPÚBLICA FEDERATIVA DO BRASIL (“Garantidor”) e o BANCO INTERNACIONAL PARA RECONSTRUÇÃO E DESENVOLVIMENTO (“Banco”) (“Contrato de Garantia”) em função do Acordo de Empréstimo da Data de Assinatura entre o Banco e o ESTADO DO ESPÍRITO SANTO (“Mutuário”) referente ao Empréstimo nº 9679-BR (“Acordo de Empréstimo”). O Garantidor e o Banco convencionam, neste ato, o quanto segue:

### **ARTIGO I – CONDIÇÕES GERAIS; DEFINIÇÕES**

Cláusula 1.01. As Condições Gerais (conforme definido no Apêndice do Acordo de Empréstimo) se aplicam e constituem parte deste Contrato.

Cláusula 1.02. Salvo se o contexto exigir em contrário, os termos com iniciais maiúsculas utilizados neste Contrato têm os significados que lhes são atribuídos nas Condições Gerais ou no Acordo de Empréstimo.

## ARTIGO II – GARANTIA

Cláusula 2.01. O Garantidor garante incondicionalmente, neste ato, na qualidade de devedor principal, e não meramente de fiador, o pagamento regular e pontual de todos os Pagamentos do Empréstimo devidos pelo Mutuário nos termos do Acordo de Empréstimo.

## ARTIGO III – REPRESENTANTE; ENDEREÇOS

Cláusula 3.01. O Representante do Garantidor é seu Ministro da Fazenda.

Cláusula 3.02. Para os fins da Cláusula 10.01 das Condições Gerais:

(a) o endereço do Garantidor é:

Ministério da Fazenda  
Procuradoria Geral da Fazenda Nacional  
Esplanada dos Ministérios, Bloco “P” – 8º andar  
70048-900 Brasília, DF  
Brasil

Com cópia para:

Ministério da Fazenda  
Secretaria do Tesouro Nacional  
Coordenação-Geral de Controle da Dívida Pública  
Esplanada dos Ministérios, Bloco P, Ed. Anexo, Ala A – 1º andar, sala 121  
Brasília, DF, 70048-900 – Brasil

Ministério do Planejamento e Orçamento  
Secretaria de Assuntos Internacionais e Desenvolvimento  
Esplanada dos Ministérios, Bloco K – 7º e 8º andar  
70040-906, Brasília, DF  
Brasil; e

(b) o Endereço Eletrônico do Garantidor é:

E-mail: apoiocof.df.pgfn@pgfn.gov.br

Com cópia para:

(c) E-mail: gecod.codiv.df.stn@tesouro.gov.br  
cofiex@economia.gov.br

Cláusula 3.03. Para os fins da Cláusula 10.01 das Condições Gerais:

(a) o Endereço do Banco é:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
Estados Unidos da América; e

(b) o Endereço Eletrônico do Banco é:

E-mail: jzutt@worldbank.org

Com cópia para:

E-mail: informacao@worldbank.org

ACORDADO na última das duas datas indicadas abaixo.

REPÚBLICA FEDERATIVA DO BRASIL

Por (ass)

Representante Autorizada

Nome: Suely Dib de Sousa e Silva  
Cargo: Procuradora da Fazenda Nacional  
Data: 12 de dezembro de 2024

BANCO INTERNACIONAL PARA RECONSTRUÇÃO E DESENVOLVIMENTO

Por (ass)

Representante Autorizado

Nome: Johannes Zutt  
Cargo: Diretor para o País  
Data: 12 de dezembro de 2024

*NADA MAIS. LI, conferi, achei conforme e dou fé desta tradução.*

*São Paulo, 26 de dezembro de 2024*

Recibo N° 27445

SANDRA REGINA MATTOS RUDZIT  
Tradutora Pública

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**LOAN NUMBER 9679-BR**

# **Loan Agreement**

**(Espírito Santo Digital Acceleration Project)**  
*(Programa de Apoio ao Fortalecimento da Gestão Pública do Espírito Santo -  
“Espírito Santo Mais Inteligente”)*

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**STATE OF ESPÍRITO SANTO**

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## LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF ESPÍRITO SANTO (“Borrower”). The Bank and the Borrower hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of sixty-one million two hundred sixteen thousand Dollars (USD 61,216,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Secretary (*Secretário*) of SECTI, or any person or persons whom he/she shall designate.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

- 2.08. The Borrower may request the Conversions of Loan terms, in each case with the prior no-objection of the Guarantor, through its Secretariat of the National Treasury of the Guarantor's Ministry of Finance.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall, through SECTI:
- (a) With the support of PRODEST, carry out Part 1 of the Project;
  - (b) With the support of SEG, carry out Part 2 of the Project;
  - (c) With the support of SESP, carry out Part 3 of the Project; and
  - (d) Carry out Part 4 of the Project;

all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Cooperation Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following: PRODEST has failed to comply with any of its obligations under the Cooperation Agreement so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to carry out any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: The event specified in Section 4.01 of this Agreement occurs and is continuing for a period of one hundred twenty (120) days after notice of the event has been given by the Bank to the Borrower and the Guarantor.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) That the PMU has been established and its Key Staff hired or designated, all in a manner acceptable to the Bank;
  - (b) That the PIUs have been established and their Key Staff hired or designated, all in a manner acceptable to the Bank;
  - (c) That the Cooperation Agreement has been entered into in form and substance acceptable to the Bank, and all conditions precedent to its effectiveness (if any) have been verified; and
  - (d) That the Project Operations Manual has been prepared, approved and adopted in form and substance acceptable to the Bank.

- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is its Governor.

- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Government of the State of Espírito Santo  
Palácio Anchieta - Praça João Clímaco, s/n, Cidade Alta, Centro  
29015-110 Vitória – ES  
Brazil

With copy to:

Secretaria de Assuntos Internacionais e Desenvolvimento - SEAID  
Ministério do Planejamento e Orçamento  
Esplanada dos Ministérios Bloco K-8º andar  
70040-906 Brasília, DF  
Brazil

- (b) the Borrower's Electronic Address is:

E-mail: [governador@es.gov.br](mailto:governador@es.gov.br)

With copy to:

E-mail: [cofiex@economia.gov.br](mailto:cofiex@economia.gov.br)  
[gecod.codiv.df.stn@tesouro.gov.br](mailto:gecod.codiv.df.stn@tesouro.gov.br)

- 5.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

E-mail: [jzutt@worldbank.org](mailto:jzutt@worldbank.org)

With copy to:

E-mail: [informacao@worldbank.org](mailto:informacao@worldbank.org)

AGREED as of the Signature Date.

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By**



\_\_\_\_\_  
**Authorized Representative**

**Name:** Johannes Zutt

**Title:** Country Director

**Date:** 12-Dec-2024

**STATE OF ESPÍRITO SANTO**

**By**



\_\_\_\_\_  
**Authorized Representative**

**Name:** Renato Casagrande

**Title:** GOVERNADOR DO ESTADO DO ESPÍRITO SANTO

**Date:** 12-Dec-2024

## SCHEDULE 1

### Project Description

The objectives of the Project are to strengthen digital infrastructure resilience, to modernize emergency management, and to improve digital public infrastructure in the State of Espírito Santo.

The Project consists of the following parts:

#### Part 1. Resilient data infrastructure and digital skills

1. Carrying out studies related to the design and modelling of the operations of the Green Data Center.
2. Building the Green Data Center.
3. Strengthening the digital skills of individuals within the territory of the Borrower, including through the provision of training.
4. Setting up an accelerator program to serve digital start-ups expanding access to early-stage financing to start-ups that can help developing data-driven digital products and services.

#### Part 2. Strengthening of digital public infrastructure

1. Carrying out activities aimed at (a) the implementation of the Interoperability Platform, (b) the development of the Portal, (c) the integration of the Portal with the National Platform and the adoption of solutions for /digital authentication and e-signature, and (d) the adoption of artificial intelligence solutions in the context of the Portal.
2. Acquisition of hardware and software that meets best-practice energy efficiency standards to support the operation of the Interoperability Platform and the Portal.
3. Carrying out activities aimed at (a) the development and improvement of the Borrower's end-to-end digital services, (b) the development of software applications (c) the creation of a data standard repository, and the performance of data extraction, transformation and load (ETL) to ensure effective data exchange among the various systems, (d) the redesign of the Borrower's existing digital interfaces, (e) training the Borrower's public servants in the use of the Portal; (f) conducting communication campaigns to reach out to end-users and to promote the use of the Portal, especially among Vulnerable Groups; and (g) the

development of a methodology and functionality to co-create and design digital services with the civil society, including participatory mechanisms.

### **Part 3. Modernize the emergency management system**

1. Carrying out (a) feasibility studies and drafting bidding documents for the construction and operationalization of the Borrower's centralized emergency response system, and (b) the supervision of the design and building of the CIDES, including monitoring environmental and social requirements, and compliance with international best practices on energy efficiency for the construction of new buildings.
2. Designing, building the premises and operationalizing the CIDES through the acquisition of physical infrastructure to enhance the capacity of the targeted first response emergency entities within the Borrower's territory to effectively plan and respond to emergencies, including climate emergencies.
3. Carrying out activities aimed at (a) the development and integration of all the Borrower's systems and procedures for the management of emergency calls through the establishment of the Integrated Emergency Response Platform (IERP), (b) the delivery of training on local climate events and impacts, and (c) the strengthening of the Borrower's capacity with respect to climate change preparedness for emergency center operators to ensure service continuity in case of climate shocks.

### **Part 4. Project Management**

Strengthening the Borrower's capacity to carry out the Project, including with respect to (a) Project management and coordination, (b) procurement and financial management, (c) environmental and social risk management, (d) monitoring and evaluation (M&E); (e) training and advisory and audit services, and (f) public information, citizen engagement and communication.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Borrower shall:
  - (a) Establish and thereafter operate and maintain, throughout Project implementation, a PMU within SECTI with functions, resources and (subject to paragraph (b) below) composition acceptable to the Bank, as further detailed in the Project Operations Manual and the ESCP, which shall be responsible for overall Project coordination, implementation, reporting and supervision, including with respect to procurement and contract management, monitoring and evaluation, financial management (accounting and disbursement procedures), environmental and social management, and stakeholder engagement; and
  - (b) Not later than sixty (60) days after the Effective Date, complete, in a manner acceptable to the Bank, the staffing of the PMU (including the hiring of consultants) as set out in the Project Operations Manual and the ESCP.
2. The Borrower shall:
  - (a) Establish, or cause to be established (as applicable), and thereafter operate and maintain, or cause to be operated and maintained (as applicable), throughout Project implementation, PIUs within PRODEST, SEG and SESP, with functions, resources and (subject to paragraph (b) below) composition acceptable to the Bank, as further detailed in the Project Operations Manual, to implement their respective parts of the Project as set out in Article III of this Agreement;
  - (b) Not later than ninety (90) days after the Effective Date, complete, in a manner acceptable to the Bank, the staffing of the PIUs (including consultants) as set out in the Project Operations Manual.
3. Not later than ninety (90) days after the Effective Date, the Borrower shall establish, and thereafter operate and maintain, throughout Project implementation, the Steering Committee with functions, resources and composition acceptable to the Bank, as further detailed in the Project Operations Manual, which shall be

responsible for Project oversight, strategic guidance, coordination and monitoring of progress.

## **B. Cooperation Agreement**

1. To facilitate the implementation of the Project, the Borrower shall, through SECTI, enter into a Cooperation Agreement with PRODEST with respect to Part 1 of the Project, under terms and conditions acceptable to the Bank, and thereafter maintain said Cooperation Agreement throughout Project implementation.
2. The Borrower, through SECTI, shall ensure that the Cooperation Agreement includes, *inter alia*, (a) the responsibilities of PRODEST with respect to Project implementation, and (b) the obligation of PRODEST to carry out its respective activities under the Project in accordance with (i) this Agreement, (ii) the Project Operations Manual, (iii) the Anti-Corruption Guidelines, (iv) the Procurement Regulations, and (v) the applicable provisions of the ESCP.
3. The Borrower, through SECTI, shall exercise its rights under the Cooperation Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
4. Except as the Bank may otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Cooperation Agreement or any of its provisions.

## **C. Project Operations Manual**

1. The Borrower shall carry out, and cause the Project to be carried out, in accordance with the Project Operations Manual, which shall include, *inter alia*: (a) a detailed description of the activities and institutional arrangements for the Project; (b) the parts of the Project to be carried out by the Borrower with counterpart funds; (c) a description of the monitoring and evaluation arrangements, including the indicators and expected results for each year of Project implementation; (d) the composition and functions of the PMU and the PIUs; (e) the specific attributions of the Implementing Agencies, as well as the applicable coordination arrangements; (f) the composition and functions of the Steering Committee and its role in Project monitoring; (g) the Project fiduciary, environmental and social requirements, including stakeholder engagement and grievance redressing; (h) the Project technical, administrative, accounting, internal control and auditing, reporting, financial (including disbursement) and procurement procedures; (i) the terms of reference for the financial audits, and (j) the Anti-Corruption Guidelines.

2. Except as the Bank may otherwise agree, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual or any provision thereof.
3. In case of any conflict between the terms of the Project Operations Manual and this Agreement, the provisions of this Agreement shall prevail.

**D. Environmental and Social Standards.**

1. The Borrower, through SECTI, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through SECTI, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower, through SECTI, shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall, through SECTI, ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which

- interfere or threaten to interfere with the implementation of the ESCP; and  
(iii) corrective and preventive measures taken or required to be taken to address such conditions; and
- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower, through SECTI, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

**Section II. Project Monitoring Reporting and Evaluation**

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Works and goods for the Project	45,681,000	100%
(2) Operating Costs, Training Costs, consulting and non-consulting services for the Project	15,381,960	100%
(3) Front-end Fee	153,040	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>61,216,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed twelve million two hundred forty-three thousand two hundred Dollars (USD 12,243,200) may be made for payments made prior to this date but on or after the date falling twelve (12) months prior to the Signature Date, for Eligible Expenditures.
2. The Closing Date is June 30, 2029. The Bank may grant an extension of the Closing Date only after the Guarantor's Ministry of Finance has informed the Bank that it agrees with such extension.

### SCHEDULE 3

#### Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

#### Level Principal Repayments

Principal Payment Date	Installment Share
On each January 15 and July 15 Beginning July 15, 2029 through January 15, 2049_____	2.50%

## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “Cooperation Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement.
4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 18, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
5. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
6. “Focal Point” means a person to be hired or appointed within each of the PIUs, responsible for coordinating, liaising and reporting to the PMU on fiduciary,

environmental, social, communication and citizen engagement matters of the Project.

7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023).
8. “Green Data Center” means a low-carbon and climate-resilient data center covering colocation, hosting, and telecommunications services, to be located in the greater Vitoria region, or in another location deemed acceptable by the Bank.
9. “Implementing Agencies” means SECTI, SEG, SESP and PRODEST.
10. “Integrated Center for Social Defense” or “CIDES” (*Centro Integrado de Defesa Social*) means an emergency center within SESP capable of handling the projected emergency call expansion in the Borrower’s territory, as foreseen in the Project Operations Manual.
11. “Integrated Emergency Response Platform” or “IERP” means an integrated, interoperable, and coordinated system for effective (a) emergency response activities within the Borrower’s territory, and (b) distribution of roles and responsibilities among the different Borrower’s agencies.
12. “Interoperability Platform” means a digital interoperability platform to facilitate data sharing across the Borrower’s government agencies.
13. “Key Staff” means, (a) with respect to the PMU, a Project coordinator, a financial management specialist, a procurement specialist, and an environmental and social specialist, and (b) with respect to the PIUs, the Focal Point.
14. “IP” means internet protocol.
15. “National Platform” means national platform established and operated by the Federal Government of Brazil, accessible at [www.gov.br](http://www.gov.br), or any successor thereto acceptable to the Bank.
16. “Operating Costs” means the incremental operating expenditures incurred by the Borrower on account of the Project implementation, management, monitoring and evaluation, including office rent, office materials and supplies, utilities, communication costs, support for information systems, translation costs, bank charges and travel and *per diem* costs and other reasonable expenditures directly associated with the implementation of the Project activities, all based on an annual budget acceptable to the Bank.

17. “PIU” means any of the Project implementing units referred to in Section I.A.2 of Schedule 2 to this Agreement.
18. “PMU” means the Project management unit referred to in Section I.A.1 of Schedule 2 to this Agreement.
19. “Portal” means a unique digital portal providing individuals and businesses with resilient personalized end-to-end integrated public services from all of the Borrower’s government entities in a single platform that ensures service access.
20. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
21. “PRODEST” means Institute of Information and Communication Technology of the State of Espírito Santo (*Instituto de Tecnologia da Informação e Comunicação do Estado do Espírito Santo*), or any successor thereto acceptable to the Bank.
22. “Project Operations Manual” means the manual referred to in Section I.C of Schedule 2 to this Agreement.
23. “SECTI” means Secretariat of Science, Technology, Innovation and Professional Education (*Secretaria da Ciência, Tecnologia, Inovação e Educação Profissional*), or any successor thereto acceptable to the Bank.
24. “SEG” means Secretariat of State for Government (*Secretaria de Estado do Governo*), or any successor thereto acceptable to the Bank.
25. “SESP” means Secretariat for Public Security and Social Defense (*Secretaria da Segurança Pública e Defesa Social*), or any successor thereto acceptable to the Bank.
26. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
27. “Steering Committee” means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
28. “Traditional Peoples and Communities” means culturally differentiated groups that recognize themselves as such, that have their own forms of social organization, that occupy and use territories and natural resources as a condition for their cultural, social, religious, ancestral and economic reproduction, using knowledge,

innovations and practices generated and transmitted by tradition, as defined by Decree no. 6,040, dated February 7, 2007.

29. “Training Costs” means expenditures (other than those for consulting services) incurred in connection with study tours, training courses, seminars, workshops, and other training activities, not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel, *per diem* costs for trainees and trainers and trainers’ fees (as applicable), all based on an annual budget satisfactory to the Bank.
30. “Vulnerable Groups” means Traditional Peoples and Communities and other minorities, rural populations, the elderly and people with disabilities as further detailed in the Project Operations Manual.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 3.01 (*Front-end Fee; Commitment Charge*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

- (a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07 (b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- (b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07 (c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.”

2. Section 3.04 (*Prepayment*) is modified to read as follows:

“Section 3.04. *Prepayment*

- (a) After giving not less than forty-five (45) days’ notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower

has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

- (b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply.”
- 3. The definitions in paragraphs 4 (Allocated Excess Exposure Amount); 53 (Exposure Surcharge); 99 (Standard Exposure Limit) and 105 (Total Exposure) of the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.
- 4. In the paragraphs of the Appendix originally numbered 75 and 81, the terms “Loan Payment” and “Payment Date” are modified to read as follows:
  - “73. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
  - “79. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest, Commitment Charge and other Loan charges and fees (other than the Front-end Fee) are payable, as applicable.”

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**LOAN NUMBER 9679-BR**

# **Guarantee Agreement**

**(Espírito Santo Digital Acceleration Project)**  
***(Programa de Apoio ao Fortalecimento da Gestão Pública do Espírito Santo -***  
***“Espírito Santo Mais Inteligente”***)

**between**

**FEDERATIVE REPUBLIC OF BRAZIL**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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**LOAN NUMBER 9679-BR**

**GUARANTEE AGREEMENT**

AGREEMENT entered into between FEDERATIVE REPUBLIC OF BRAZIL (“Guarantor”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) (“Guarantee Agreement”) in connection with the Loan Agreement of the Signature Date between the Bank and the STATE OF ESPÍRITO SANTO (“Borrower”), concerning Loan No. 9679-BR (“Loan Agreement”). The Guarantor and the Bank hereby agree as follows:

**ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

Section 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) apply to and form part of this Agreement.

Section 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Loan Agreement.

**ARTICLE II – GUARANTEE**

Section 2.01. The Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement.

**ARTICLE III – REPRESENTATIVE; ADDRESSES**

Section 3.01. The Guarantor’s Representative is its Minister of Finance.

Section 3.02. For purposes of Section 10.01 of the General Conditions:

(a) the Guarantor’s address is:

Ministério da Fazenda  
Procuradoria Geral da Fazenda Nacional  
Esplanada dos Ministérios, Bloco "P" - 8º andar  
70048-900 Brasília, DF  
Brazil

With copy to:

Ministério da Fazenda  
Secretaria do Tesouro Nacional

Coordenação-Geral de Controle da Dívida Pública  
Esplanada dos Ministérios, Bloco P, Ed. Anexo, Ala A – 1º andar, sala 121  
Brasília, DF, 70048-900 – Brazil

Ministério do Planejamento e Orçamento  
Secretaria de Assuntos Internacionais e Desenvolvimento  
Esplanada dos Ministérios, Bloco K – 7º e 8º andar  
70040-906, Brasília, DF  
Brazil; and

(b) the Guarantor's Electronic Address is:

E-mail: [apoiocof.df.pgfn@pgfn.gov.br](mailto:apoiocof.df.pgfn@pgfn.gov.br)

With copy to:

E-mail: [gecod.codiv.df.stn@tesouro.gov.br](mailto:gecod.codiv.df.stn@tesouro.gov.br)  
[cofiex@economia.gov.br](mailto:cofiex@economia.gov.br)

Section 3.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

E-mail: [jzutt@worldbank.org](mailto:jzutt@worldbank.org)

With copy to:

E-mail: [informacao@worldbank.org](mailto:informacao@worldbank.org)

AGREED as of the later of the two dates written below.

FEDERATIVE REPUBLIC OF BRAZIL

By

Suely Dib de Sousa e Silva

Authorized Representative

Name: Suely Dib de Sousa e Silva

Title: Attorney of the National Treasury

Date: 12-dez-2024

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By

JZ

Authorized Representative

Name: Johannes Zutt

Title: Country Director

Date: 12-Dec-2024

Date: 12-Dec-2024

José Renato Casagrande  
State Governor  
State of Espírito Santo  
Palácio Anchieta, Praça João Clímaco, s/n  
Cidade Alta, Centro  
29015-110  
Vitória – ES  
Brazil  
[governador@es.gov.br](mailto:governador@es.gov.br)

**Re: IBRD Loan 9679-BR – Espírito Santo Digital Acceleration Project  
Additional Instructions: Disbursement and Financial Information Letter**

Excellency:

I refer to the Loan Agreement between State of Espírito Santo (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”) for financing the above-referenced Project. The General Conditions, as defined in the Loan Agreement, provide that the Borrower may from time-to-time request withdrawals of Loan amounts from the Loan Account in accordance with the Disbursement and Financial Information Letter (“DFIL”), and such additional instructions as the Bank may specify from time to time by notice to the Borrower. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project-specific financial management and reporting requirements. This letter constitutes such Disbursement and Financial Information Letter and may be revised from time to time.

**I. Disbursement Arrangements, Withdrawal of Loan Funds, and Reporting of Uses of Loan Funds for the Project**

***(i) Disbursement Arrangements***

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017 (“Disbursement Guidelines”), are available on the Bank’s secure website “Client Connection” at <https://clientconnection.worldbank.org> and its public website at <https://www.worldbank.org>. The Disbursement Guidelines are an integral part of the DFIL, and the manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below.

The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower, information on registration of authorized signatories, processing of Withdrawal Applications (including the minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account(s).

**(ii) Withdrawal Applications (Electronic Delivery)**

The Borrower shall submit applications for withdrawal or for special commitment (“Applications”) with supporting documents electronically through the Bank’s web-based portal “Client Connection” at <https://clientconnection.worldbank.org>. This option will be effected after the officials designated in writing by the Borrower, who are authorized to sign and deliver Applications, have registered as users of “Client Connection.” The designated officials shall deliver Applications electronically by completing Form 2380, which is accessible through “Client Connection.” By signing the Authorized Signatory Letter, which can be delivered manually or electronically, the Borrower confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by these means. The Borrower may exercise the option of preparing and delivering Applications in paper form on exceptional cases (including those where the Borrower encounters legal limitations) and which were previously agreed with the Bank. By designating officials to use SIDC and deliver the Applications electronically, the Borrower confirms through the Authorized Signatory Letter its agreement to (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with the Use of Electronic Means to Process Applications and Supporting Documentation, available in the Bank’s public website at <https://www.worldbank.org> and “Client Connection” at <https://clientconnection.worldbank.org>; and (b) to cause such officials to abide by those terms and conditions.

**II. Financial Reports and Audits**

**(i) Financial Reports.** The Borrower shall prepare and furnish to the Bank not later than sixty (60) days after the end of each calendar semester interim unaudited financial reports (“IFRs”) for the Project covering the semester.

**(ii) Audits.** Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Bank by the Borrower not later than six (6) months after the end of such period.

**III. Other Important Information**

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank’s public website at <https://www.worldbank.org> and “Client Connection” at <https://clientconnection.worldbank.org>, the Bank recommends that you register as a user of “Client Connection.” From this website, you will be able to prepare and deliver Authorized Signatory Letters and Withdrawal Applications, monitor the near real-time status of the Loan and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Bank by email at [askloans@worldbank.org](mailto:askloans@worldbank.org) using the above reference.

Yours sincerely,



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Johannes C. M. Zutt  
Country Director  
Brazil  
Latin America and the Caribbean

**Attachments**

1. Form of Authorized Signatory Letter
2. Statement of Expenditure (SOE)

With copies:

Ministério da Fazenda  
Procuradoria Geral da Fazenda Nacional  
Esplanada dos Ministérios, Bloco "P" - 8º andar  
70048-900 Brasília, DF  
Brazil  
apoiocof.df.pgfn@pgfn.gov.br

Ministério da Fazenda  
Secretaria do Tesouro Nacional  
Coordenação-Geral de Controle da Dívida Pública  
Esplanada dos Ministérios, Bloco P, Ed. Anexo, Ala A – 1º andar,  
sala 121  
Brasília, DF, 70048-900 – Brazil  
gecod.codiv.df.stn@tesouro.gov.br

Ministério do Planejamento e Orçamento  
Secretaria de Assuntos Internacionais e Desenvolvimento  
Esplanada dos Ministérios, Bloco K – 7º e 8º andar  
70040-906, Brasília, DF – Brazil  
cofiex@economia.gov.br

### Schedule 1: Disbursement Provisions

Basic Information					
<b>IBRD Loan No.</b>	<b>IBRD 9679- BR</b>	<b>Country</b>	Brazil	<b>Closing Date</b>	Section III.B.2 of Schedule 2 to the Loan Agreement.
		<b>Borrower</b>	State of Espírito Santo		
		<b>Name of the Project</b>	Espírito Santo Digital Acceleration Project	<b>Disbursement Deadline Date</b>	Four (4) months after the closing date
Disbursement Methods and Supporting Documentation					
Disbursement Methods		Methods	Supporting Documentation		
Direct Payment		Yes	- Copy of Records		
Reimbursement		Yes	- Statement of Expenditure (SOE), in the format provided in Attachment 2 of the DFIL		
Advance (into a Designated Account)		Yes	- Statement of Expenditure (SOE), in the format provided in Attachment 2 of the DFIL		
Special Commitments		No	- Not Applicable		
Designated Account					
<b>Type</b>	Segregated - managed by SEFAZ-ES		<b>Ceiling</b>	Variable	
<b>Financial Institution - Name</b>	Banco do Brasil		<b>Currency</b>	USD	
<b>Frequency of Reporting</b>	Quarterly		<b>Amount</b>	Based on a six-month forecast of eligible expenditures approved by the Bank	
Minimum Value of Applications					
The minimum value of applications for Direct Payment is USD 500,000 equivalent.					
Authorized Signatures Withdrawal and Documentation Applications					
The form for <b>Authorized Signatory Letter</b> (ASL) is provided in Attachment 1 of this letter. The ASL and all Withdrawal Applications with their supporting documentation will be submitted electronically via the Bank's "Client Connection" system.					
Additional Information / Instructions					
Not Applicable					

Form of Authorized Signatory Letter

[Letterhead]  
Ministry of Finance  
[Street address]

[DATE]

The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Attention: [Country Director]

Dear [Country Director]:

**Re: IBRD Loan [Loan No.] - [Country Code] - [Project Name]**

I refer to the Loan Agreement (Agreement”) between the International Bank for Reconstruction and Development (“Bank”) and [Borrower Name] (“Borrower”), providing the above Loan. For the purposes of Section 2.02 of the General Conditions as defined in the Agreement, any <sup>1</sup> [one/two/three] of the persons whose authenticated specimen signatures appear below is/are authorized on behalf of the Borrower to sign and submit an application to request a withdrawal from the Loan Account (“Applications”).

For the purpose of delivering the Applications to the Bank, <sup>2</sup> [one/two/three] of the persons whose authenticated specimen signatures appear below is/are authorized on behalf of the Borrower, acting [individually / jointly<sup>3</sup>] to deliver the Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This Authorization also confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank, including by electronic means. The Bank shall rely upon such representations and warranties, including the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of SIDC”), the Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to the Agreement(s) referred to in the subject line of this Authorization.

**Signatory Details**

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<sup>1</sup> Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in the final letter that is sent to the Bank.*

<sup>2</sup> Instruction to the Borrower: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in the final letter that is sent to the Bank.*

<sup>3</sup> Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete it. *Please delete this footnote in the final letter that is sent to the Bank.*

<b>Name</b>	<b>Position</b>	<b>Email ID</b>
[Signatory Name]	[Title]	[Email]

**Specimen Signatures**

Signatory Name	Signature 1	Signature 2	Signature 3
[User Name]			
[User Name]			
[User Name]			

Yours truly,

/ signed /

\_\_\_\_\_  
[Position]

**Attachment 2**

**BANCO INTERNACIONAL PARA RECONSTRUÇÃO E DESENVOLVIMENTO**  
**Declaração de Gastos**

PAGAMENTOS REALIZADOS NO PERÍODO DE:  A

NO. EMPRÉSTIMO/DOAÇÃO:
NO. PEDIDO:
NO. CATEGORIA:
NO. PÁGINA:

Os pagamentos apresentados foram efetuados durante o período retroativo? (SIM ou NÃO):

As despesas apresentadas foram incorridas até a data de encerramento do Acordo Legal? (SIM ou NÃO):

														SOMENTE CONTA DESIGNADA		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Item No.	Nome do fornecedor/firma/consultor/beneficiário	Breve descrição da despesa	Código da despesa	Contrato Sujeito à revisão prévia (SIM ou NÃO)	Referência do contrato	Moeda do contrato	Valor Total do Contrato	Valor acumulado do contrato (incluído em SOEs anteriores)	Número da Fatura/NF/ Recibo	Data do Pagamento	Valor Total do pagamento incluído nesse SOE	% Financiado pelo BIRD	Valor Financiado pelo BIRD (Col 12 X 13)	Taxa de Câmbio	Data de Débito da Conta Designada	Valor Debitado da Conta Designada (Col 14 ÷ 15)
											0.00		0.00	TOTAL		0.00

Documentos de Suporte para este SOE encontram-se arquivados na \_\_\_\_\_ (Informar o nome da Unidade de Implementação do Projeto) e mediante solicitação prévia serão disponibilizados para análise das missões do BIRD ou auditores designados para este fim.

# Bank Directive

## Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016)

**Bank Access to Information Policy Designation**  
Public

**Catalogue Number**  
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**Issued**  
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July 1, 2016

### **Content**

These Guidelines are designed to prevent and combat Fraud and Corruption (as hereinafter defined) that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) during the preparation and/or implementation of projects supported by Investment Project Financing (IPF). They set out the general principles, requirements and sanctions applicable to persons and entities which receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of, such proceeds.

**Applicable to**  
IBRD, IDA

**Issuer**  
Senior Vice President and General Counsel, LEGVP

**Sponsor**  
Chief Counsel, LEGOP

# GUIDELINES

## On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants

Dated October 15, 2006 and Revised in January 2011 and as of July 1, 2016

### Purpose and General Principles

1. These Guidelines are designed to prevent and combat Fraud and Corruption (as hereinafter defined) that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) during the preparation and/or implementation of projects supported by Investment Project Financing (IPF). They set out the general principles, requirements and sanctions applicable to persons and entities which receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of, such proceeds.
2. All persons and entities referred to in paragraph 1 above must observe the highest standard of ethics. Specifically, all such persons and entities must take all appropriate measures to prevent and combat Fraud and Corruption, and refrain from engaging in, Fraud and Corruption in connection with the use of the proceeds of the IBRD or IDA financing.

### Legal Considerations

3. The Legal Agreement<sup>1</sup> providing for a Loan<sup>2</sup> governs the legal relationships between the Borrower<sup>3</sup> and the Bank<sup>4</sup> with respect to the particular project for which the

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<sup>1</sup>References in these Guidelines to “Legal Agreement” include any Loan Agreement providing for an IBRD loan or Financing Agreement providing for an IDA credit or grant, any Guarantee Agreement providing for a guarantee by the Member Country of such IBRD Loan, any agreement providing for a project preparation advance or Institutional Development Fund (IDF) Grant, Trust Fund Grant or Loan Agreement providing for a recipient-executed trust fund grant or loan in cases where these Guidelines are made applicable to such agreement, and any Project Agreement with a Project Implementing Entity related to any of the above.

<sup>2</sup>References to “Loan” or “Loans” include IBRD IPF loans as well as IDA IPF credits and grants, project preparation advances, IDF grants and recipient-executed trust fund grants or loans for projects to which these Guidelines are made applicable under the agreement providing for such grant and/or loan. These Guidelines do not apply to (i) Program for Results (PforR) financing or (ii) Development Policy Operations (DPOs), unless the Bank agrees with the Borrower on specified purposes for which Loan proceeds may be used, or (iii) IBRD/IDA guarantee operations.

<sup>3</sup>References in these Guidelines to the “Borrower” include the borrower of an IBRD loan or the recipient of an IDA credit or grant or of a trust fund grant or loan. In some cases, an IBRD Loan may be made to an entity other than the Member Country. In such cases, references in these Guidelines to “Borrower” include the Member Country as Guarantor of the Loan, unless the context requires otherwise. In some cases, the project, or a part of the project, is carried out by a Project Implementing Entity with which the Bank has entered into a Project Agreement. In such cases, references in these Guidelines to the “Borrower” include the Project Implementing Entity, as defined in the Legal Agreement.

<sup>4</sup>References in these Guidelines to the “Bank” include both IBRD and IDA, whether acting in their own capacity or as administrator of trust funds financed by other donors.

Loan is made. The responsibility for the implementation of the project<sup>5</sup> under the Legal Agreement, including the use of Loan proceeds, rests with the Borrower. The Bank, for its part, has a fiduciary duty under its Articles of Agreement to “make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.”<sup>6</sup> These Guidelines constitute an important element of those arrangements and are made applicable to the preparation and implementation of the project as provided in the Legal Agreement.

### **Scope of Application**

4. The following provisions of these Guidelines cover Fraud and Corruption that may occur in connection with the use of Loan proceeds during the preparation and implementation of a project financed, in whole or in part, by the Bank. These Guidelines cover Fraud and Corruption in the direct diversion of Loan proceeds for ineligible expenditures, as well as Fraud and Corruption engaged in for the purpose of influencing any decision as to the use of Loan proceeds. All such Fraud and Corruption is deemed, for purposes of these Guidelines, to occur in connection with the use of Loan proceeds.

5. These Guidelines apply to the Borrower and all other persons or entities which either receive Loan proceeds for their own use (e.g., “end users”), persons or entities such as fiscal agents which are responsible for the deposit or transfer of Loan proceeds (whether or not they are beneficiaries of such proceeds), and persons or entities which take or influence decisions regarding the use of Loan proceeds. All such persons and entities are referred to in these Guidelines as “recipients of Loan proceeds”, whether or not they are in physical possession of such proceeds.<sup>7</sup>

6. These Guidelines apply to the procurement of goods, works, non-consulting services and consulting services financed (in whole or in part) out of the proceeds of a Loan from the Bank. Additional specific requirements relating to Fraud and Corruption in connection with such procurement are set out in Annex IV of the World Bank Procurement Regulations for Borrowers under Investment Project Financing, dated July 1, 2016, as the same may be amended from time to time.

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<sup>5</sup>References in these Guidelines to the “project” means the Project as defined in the Legal Agreement.

<sup>6</sup> IBRD’s Articles of Agreement, Article III, Section 5(b); IDA’s Articles of Agreement, Article V, Section 1(g).

<sup>7</sup> Certain persons or entities may fall under more than one category identified in paragraph 5 of these Guidelines. A financial intermediary, for example, may receive payment for its services, will transfer funds to end users and will make or influence decisions regarding the use of Loan proceeds.

## Definitions of Practices Constituting Fraud and Corruption

7. These Guidelines address the following defined sanctionable practices when engaged in by recipients of Loan proceeds in connection with the use of such proceeds.<sup>8</sup>

- a) A “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.<sup>9</sup>
- b) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly<sup>10</sup> misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- c) A “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
- d) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- e) An “obstructive practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the Bank’s contractual rights of audit or access to information.<sup>11</sup>

8. The above practices, as so defined, are referred to collectively and individually in these Guidelines as “Fraud and Corruption”.

## Borrower Actions to Prevent and Combat Fraud and Corruption in connection with the Use of Loan Proceeds

9. In furtherance of the above-stated purpose and general principles, the Borrower will:

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<sup>8</sup> Unless otherwise specified in the Legal Agreement, whenever these terms are used in the Legal Agreement, including in the applicable General Conditions, they have the meanings set out in paragraph 7 of these Guidelines.

<sup>9</sup> Typical examples of corrupt practice include bribery and “kickbacks”.

<sup>10</sup> To act “knowingly or recklessly”, the fraudulent actor must either know that the information or impression being conveyed is false, or be recklessly indifferent as to whether it is true or false. Mere inaccuracy in such information or impression, committed through simple negligence, is not enough to constitute fraudulent practice.

<sup>11</sup> Such rights include those provided for, *inter alia*, in paragraph 9(d) of these Guidelines.

- (a) take all appropriate measures to prevent Fraud and Corruption in connection with the use of Loan proceeds, including (but not limited to) (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all of its representatives<sup>12</sup> involved with the project, and all recipients of Loan proceeds with which it enters into an agreement related to the Project, receive a copy of these Guidelines and are made aware of its contents;
- (b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;
- (c) if the Bank determines that any person or entity referred to in (a) above has engaged in Fraud and Corruption in connection with the use of Loan proceeds, take timely and appropriate action, satisfactory to the Bank, to address such practices when they occur;
- (d) include such provisions in its agreements with each recipient of Loan proceeds as the Bank may require to give full effect to these Guidelines, including (but not limited to) provisions (i) requiring such recipient to abide by paragraph 10 below; (ii) requiring such recipient to permit the Bank to inspect all accounts, records and other documents relating to the project required to be maintained pursuant to the Legal Agreement, and to have them audited by, or on behalf of, the Bank; (iii) providing for the early termination or suspension by the Borrower of the agreement if such recipient is declared ineligible by the Bank under paragraph 11 below; and (iv) requiring restitution by such recipient of any amount of the loan with respect to which Fraud and Corruption has occurred;
- (e) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds; and
- (f) in the event that the Bank declares any recipient of Loan proceeds ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising the Borrower's right to terminate early or suspend the agreement between the Borrower and such recipient and/or (ii) seeking restitution.

### **Other Recipients of Loan Proceeds**

10. In furtherance of the above-stated purpose and general principles, each recipient of Loan proceeds which enters into an agreement with the Borrower (or with another recipient of Loan proceeds) relating to the Project will:

- (a) carry out its project-related activities in accordance with the above-stated

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<sup>12</sup> References in these Guidelines to “representatives” of an entity also include its officials, officers, employees and agents.

general principles and the provisions of its agreement with the Borrower referred to in paragraph 9(d) above; and include similar provisions in any agreements related to the project into which it may enter with other recipients of Loan proceeds;

(b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;

(c) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds;

(d) take all appropriate measures to prevent Fraud and Corruption by its representatives (if any) in connection with the use of Loan proceeds, including (but not limited to): (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all its representatives receive a copy of these Guidelines and are made aware of its contents;

(e) in the event that any representative of such recipient is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, either removing such representative from all duties and responsibilities in connection with the project or, when requested by the Bank or otherwise appropriate, terminating its contractual relationship with such representative; and

(f) in the event that it has entered into a project-related agreement with another person or entity which is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising its right to terminate early or suspend such agreement, and/or (ii) seeking restitution.

### **Actions by the Bank in Cases of Fraud and Corruption**

11. In furtherance of the above-stated purpose and general principles, the Bank has the right to sanction, in accordance with prevailing World Bank Group sanctions policies and procedures, any individual or entity<sup>13</sup> other than the Member Country<sup>14</sup>, including (but not limited to) declaring such individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from

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<sup>13</sup> As in the case for bidders in the procurement context, the Bank may also sanction individuals and entities which engage in Fraud or Corruption in the course of applying to become a recipient of Loan proceeds (e.g., a bank which provides false documentation so as to qualify as a financial intermediary in a Bank-financed project) irrespective of whether they are successful.

<sup>14</sup> For purposes of these Guidelines, “Member Country” includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to compete for and be awarded Bank-financed contracts in accordance with paragraph 3.22 of the World Bank Procurement Regulations for IPF Borrowers.

a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank,

- (a) if at any time the Bank determines<sup>15</sup> that such individual or entity has engaged in Fraud and Corruption in connection with the use of Loan proceeds;<sup>16</sup>
- (b) if another financier with which the World Bank Group has entered into an agreement for the mutual enforcement of debarment decisions<sup>17</sup> has declared such individual or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the individual or entity has engaged in Fraud and Corruption in connection with the use of the proceeds of a financing made by such financier; or
- (c) if the World Bank Group has found the individual or entity to be a non-responsible vendor on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement.

## Miscellaneous

12. The provisions of these Guidelines do not limit any other rights, remedies<sup>18</sup> or obligations of the Bank or the Borrower under the Legal Agreement or any other document to which the Bank and the Borrower are both parties.

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<sup>15</sup> The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank.

<sup>16</sup> The sanction may, without limitation, also include restitution of any amount of the Loan with respect to which Fraud and Corruption has occurred. The World Bank Group may publish the identity of any individual or entity declared ineligible under paragraph 11 of these Guidelines.

<sup>17</sup> Also sometimes referred to as “cross-debarment.”

<sup>18</sup> The Legal Agreement provides the Bank with certain rights and remedies which it may exercise with respect to the Loan in the event of Fraud and Corruption in connection with the use of Loan proceeds, in the circumstances described therein.

**State of Espírito Santo  
Secretaria de Economia e Planejamento**

**Espírito Santo Digital Acceleration Project  
(P180462)**

**Negotiated  
ENVIRONMENTAL AND SOCIAL  
COMMITMENT PLAN (ESCP)**

**April 18, 2024**

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The State of Espírito Santo (the Borrower) will implement the Espírito Santo Digital Acceleration Project (the Project), with the involvement of the Secretaria de Economia e Planejamento (SEP), the Secretaria da Ciência, Tecnologia, Inovação e Educação Profissional (SECTI), the Instituto de Tecnologia da Informação e Comunicação do Estado do Espírito Santo (Prodest), the Secretaria de Governo (SEG) and the Secretaria de Segurança Pública e Defesa Social (SESP), as set out in the Loan Agreement. The International Bank for Reconstruction and Development (the Bank has agreed to provide financing for the Project, as set out in the referred agreement(s).
2. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards (ESSs) and this Environmental and Social Commitment Plan (ESCP), in a manner acceptable to the Bank. The ESCP is a part of the Loan Agreement. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred agreement(s).
3. Without limitation to the foregoing, this ESCP sets out material measures and actions that the Borrower shall carry out or cause to be carried out, including, as applicable, the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, grievance management, and the environmental and social (E&S) instruments to be prepared or updated, consulted, adopted, disclosed, and implemented in accordance with the ESSs. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the Bank.
4. As agreed by the Bank and Borrower, this ESCP will be revised from time to time if necessary, during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to Project performance. In such circumstances, the Borrower through SEP and the Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and the Borrower's Secretary of SEP. The Borrower shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
<b>MONITORING AND REPORTING</b>			
A	<p><b>REGULAR REPORTING</b></p> <p>Prepare and submit to the Bank regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&amp;S instruments required under the ESCP, stakeholder engagement activities, and functioning of the grievance mechanism(s).</p>	<p>Submit six-monthly reports to the Bank throughout Project implementation, commencing after the Effective Date. Submit each report to the Bank no later than 45 days after the end of each reporting period.</p>	<p>SECTI (Project Management Unit - PMU) with the support of Prodest, SEG and SESP (Project Implementing Units – PIU)</p>
B	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>Promptly notify the Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury. Provide sufficient detail regarding the scope, severity, and possible causes of the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by SECTI, Prodest, SEG, SESP, any contractor and/or supervising firm, as appropriate. Subsequently, at the Bank’s request, prepare a report on the incident or accident and propose any measures to address it and prevent its recurrence.</p>	<p>Notify the Bank no later than 48 hours after learning of the incident or accident.</p> <p>Provide subsequent report to the Bank within a timeframe acceptable to the Bank.</p>	<p>SECTI (PMU) with the support of Prodest (PIU), SEG (PIU) and SESP (PIU)</p>
C	<p><b>CONTRACTORS’ MONTHLY REPORTS</b></p> <p>Require contractors and supervising firms to provide monthly monitoring reports on ESHS performance in accordance with the ESHS metrics specified in the respective bidding documents and contracts. Submit a summary of such reports to the Bank as part of the Semiannual Progress Reports.</p>	<p>Submit the monthly reports to SECTI, or to the Bank upon request or, ordinarily, in the form of attachments to the reports to be submitted under action A above.</p>	<p>SECTI (PMU)</p>
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	<p><b>ORGANIZATIONAL STRUCTURE SECTI</b></p> <p>Establish and maintain a Project Management Unit (PMU, or <i>Unidade de Gerenciamento do Projeto</i>, UGP, in Portuguese) with qualified staff and resources to support management of ESHS risks and impacts of the Project including an environmental specialist and a social specialist.</p>	<p>Establishing the PMU and hiring or designating its Key Staff for environmental and social risk management as an Additional Condition of Effectiveness as set out in the Loan Agreement, and subsequently maintain these positions during Project implementation.</p>	<p>SECTI (PMU)</p>

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MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>1.2 <b>ORGANIZATIONAL STRUCTURE PRODEST, SEG AND SESP</b> Designate in each of the partner implementing agencies (Prodest, SEG and SESP) a focal point to oversee the management of environmental and social risks and a focal point for the management of the grievance mechanism, under the coordination of the PMU environmental and social risk management team.</p>	<p>Assign Focal Points in the partner executing agencies as an Additional Condition of Effectiveness as set out in the Loan Agreement, and subsequently maintain these positions during Project implementation.</p>	<p>SECTI (PMU) Prodest (PIU) SEG (PIU) SESP (PIU)</p>
<p>1.3 <b>ENVIRONMENTAL AND SOCIAL ASSESSMENT</b> Prepare, disclose, consult, adopt, and implement the Project's Environmental and Social Assessment (ESA) - developed in a manner consistent with the relevant ESSs - to guide the management of environmental and social risks during Project implementation.</p>	<p>Disclose and adopt the final ESA no later than 60 days after the Effective Date. Thereafter implement the measures established in the ESA throughout Project implementation.</p>	<p>SECTI (PMU) with the support of Prodest (PIU), SEG (PIU) and SESP (PIU)</p>
<p>1.4 <b>ENVIRONMENTAL AND SOCIAL ASSESSMENT</b> Prepare and submit an environmental and social assessment report of the selected site for the construction of the data center for the Bank's no objection.</p>	<p>Submit the report assessment for the Bank's prior review and no objection before starting and as a condition for starting the implementation of the respective interventions related to construction works.</p>	<p>SECTI (PMU) with the support of Prodest (PIU)</p>
<p>1.5 <b>ENVIRONMENTAL AND SOCIAL TECHNICAL SPECIFICATIONS</b> Ensure that the entities/contractors responsible for implementing the civil works supported by the Project include the Environmental and Social Technical Specifications (ESTS) in the bidding documents for civil works as well as other guidelines and procedures comprised in the ESA for the adequate management of environmental and social risks and impacts, during their activities, when applicable, and as established in the ESA.</p>	<p>ESTS shall be part of the ESA. Include the ESTS in bidding documents for design and construction as part of the preparation of procurement documents and respective contracts. Supervise contractors throughout Project implementation.</p>	<p>SECTI (PMU) with the support of Prodest (PIU), SEG (PIU) and SESP (PIU)</p>
<p>1.6 <b>MANAGEMENT OF CONTRACTORS</b> Require the contractors to develop C-ESMPs for the civil works based on the ESTS and incorporating the relevant aspects of the ESCP, including, inter alia, the ESA, The SEP, the Labor Management Procedures, and code of conduct. Thereafter ensure that the contractors and supervising firms comply and cause subcontractors to comply with the ESTS of their respective contracts by implementing the C-ESMPs.</p>	<p>As part of the preparation of procurement documents and respective contracts. Contractors shall adopt the C-ESMPs before starting and as a condition for starting the implementation of the respective interventions related to construction works. Once adopted, supervise and ensure the execution of the respective C-ESMPs throughout the implementation of the Project.</p>	<p>SECTI (PMU) Prodest (PIU) SEG (PIU) SESP (PIU)</p>
<p>1.7 <b>TECHNICAL ASSISTANCE</b> Ensure that the consultancies, studies (including technical and feasibility studies), capacity building, training, and any other technical assistance activities under the Project are carried out in accordance with terms of</p>	<p>Throughout Project implementation.</p>	<p>SECTI (PMU) Prodest (PIU) SEG (PIU) SESP (PIU)</p>

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MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	reference acceptable to the Bank that are consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference and are consistent with the ESSs.		
1.8	<b>ACTIVITIES SUBJECT TO RETROACTIVE FINANCING</b> Carry out an ESHS due diligence of the activities subject to retroactive financing using the methodology described in the ESA, reflect such due diligence in a report, which shall also include any corrective action plans or measures that are identified pursuant to such due diligence, in accordance with the ESSs. Subsequently, implement any corrective action plans or measures, as applicable.	Submit a due diligence report whenever there is a request for reimbursement of expenses for activities subject to retroactive financing. Any corrective action plans or measures identified in such report shall be implemented in a manner and timeframe acceptable to the Bank.	SECTI (PMU) with the support of Prodest (PIU), SEG (PIU) and SESP (PIU)
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>			
2.1	<b>LABOR MANAGEMENT PROCEDURES</b> Prepare, adopt and implement Labor Management Procedures (LMP) for the Project, including, inter alia, provisions on working conditions, management of workers relationships, occupational health and safety, code of conduct (including relating to SEA and SH), forced labor, child labor, arrangements for receiving and managing grievances of Project workers, and applicable requirements for contractors, subcontractors, and supervising firms.	Submit the LMP for the Bank’s prior review and no objection, adopt and disclose the LMP no later than 60 days after the Effective Date and subsequently implement it throughout Project implementation.	SECTI (PMU) with the support of Prodest (PIU), SEG (PIU) and SESP (PIU)
2.2	<b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b> Establish and operate a grievance mechanism for Project workers, as described in the LMP and consistent with ESS2.	Establish grievance mechanism before hiring Project workers and thereafter maintain and operate it throughout Project implementation.	SECTI (PMU) with the support of Prodest (PIU), SEG (PIU) and SESP (PIU)
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<b>WASTE MANAGEMENT PLAN</b> Prepare, and implement a Waste Management Plan (WMP), to manage hazardous and non-hazardous wastes, consistent with ESS3.	As part of C-ESMP under action 1.5, and thereafter implement the WMP throughout Project implementation.	SECTI (PMU)
3.2	<b>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b> Incorporate energy efficiency measures in the building designs under action 1.4 above.	Same timeframe as for the action 1.4	SECTI (PMU)
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
4.1	<b>COMMUNITY HEALTH AND SAFETY</b> Incorporate life and fire safety requirements into the project designs as specified in the Environmental and Social Technical Specifications (ESTS) under action 1.4 above.	Same timeframe as for actions 1.4 and 1.5.	SECTI (PMU) with the support of Prodest (PIU) and SESP (PIU)
4.2	<b>ROAD SAFETY</b>	Same timeframe as actions 1.4 and 1.5.	SECTI (PMU) with the support of Prodest (PIU) and SESP (PIU)

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MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	Ensure the contractors incorporate measures to manage road safety risks as required in the ESTS as part of the C-ESMPs to be adopted and implemented under action 1.4 above.		
4.3	<b>SEA AND SH RISKS</b> Establish in the Code of Conduct for Project workers (to be developed as part of the Labor Management Procedures provided for in Action 2.1, above) measures to prevent, control and penalize sexual harassment, exploitation and abuse. Disseminate, adopt and implement the Code of Conduct and Labor Management Procedures among all Project workers.	Same timeframe as action 2.1.	SECTI (PMU) with the support of Prodest (PIU), SEG (PIU) and SESP (PIU)
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
This standard is not relevant for the Project.			
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL</b>			
This standard is not relevant for the Project.			
<b>ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES</b>			
7.1	<b>SOCIAL ASSESSMENT</b> Prepare, consult, adopt, disclose, the Social Assessment of impacts on Indigenous Peoples as part of the ESA for the Project, consistent with ESS7.	Same timeframe than action 1.3.	SECTI (PMU) with the support of SEG (PIU)
7.2	<b>CONSULTATION AND ENGAGEMENT</b> Prepare, consult, adopt, disclose, and implement a specific consultation and engagement strategy for Indigenous Peoples as set out in the SEP and consistent with ESS7.	Draft SEP disclosed before appraisal. Submit the final SEP for the Bank’s prior review and no objection, adopt, and disclose the SEP no later than 60 days of the Effective Date, and thereafter implement the SEP throughout Project implementation.	SECTI (PMU) with the support of SEG (PIU)
<b>ESS 8: CULTURAL HERITAGE</b>			
8.1	<b>CHANCE FINDS</b> Ensure that the chance find procedures are incorporated as part of C-ESMPs of construction works, which may involve excavation and earthwork, in accordance with the principles and requirements set out in the ESA and in a manner consistent with ESS 8.	Same timeframe as actions 1.3, 1.4 and 1.5.	SECTI (PMU) Prodest (PIU) SEG (PIU) SESP (PIU)
<b>ESS 9: FINANCIAL INTERMEDIARIES</b> [This standard is only relevant for Projects involving Financial Intermediaries (FIs).]			
This standard is not relevant for the Project.			
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
10.1	<p><b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b></p> <p>Prepare, consult, adopt, disclose, and implement a Stakeholder Engagement Plan (SEP) for the Project, consistent with ESS10, which shall include measures to, inter alia, provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation. This shall include measures to consult the E&amp;S instruments for the Project.</p>	Draft SEP disclosed before appraisal. Submit the final SEP for the Bank’s prior review and no objection, adopt, and disclose the SEP no later than 60 days of the Effective Date, and thereafter implement the SEP throughout Project implementation.	SECTI (PMU) with the support of Prodest (PIU), SEG (PIU), SESP (PIU) and the General State Ombudsman (GSO)
10.2	<p><b>PROJECT GRIEVANCE MECHANISM</b></p> <p>Establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances in relation to the Project, promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all Project-affected parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with ESS10. The grievance mechanism shall be equipped to receive, register, and facilitate the resolution of SEA/SH complaints, including through the referral of survivors to relevant gender-based violence service providers, all in a safe, confidential, and survivor-centered manner.</p>	Establish the grievance mechanism no later than 60 days after the Effective Date, and subsequently maintain and operate the mechanism throughout Project implementation.	GSO with the support of the SECTI (PMU), Prodest (PIU), SEG (PIU), SESP (PIU)
<b>CAPACITY SUPPORT</b>			
CS1	Provide training to the environmental and social staff of the PMU and the PIUs focal points in the partner implementing agencies on: i) aspects to be considered in the environmental and social assessment of construction works and other Project activities of relevant environmental and social risk; ii) environmental and social management and supervision according to the Environmental and Social Technical Specifications, iii) aspects to be considered in the implementation of the activities foreseen in the Stakeholder Engagement Plan.	Periodically, throughout the implementation of the Project, holding the first session no later than 90 days of the Effective Date.	SECTI (PMU)
CS2	Provide Project Workers guidance on: Occupational Health and Safety; measures to prevent SEA/SH; and the proper code of conduct for relationships with the population of local communities in the area of intervention of the Project.	Periodically, throughout the implementation of the Project as workers are hired.	SECTI (PMU) Prodest (PIU) SEG (PIU) SESP (PIU)

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# Disbursement Guidelines for Investment Project Financing

**January 2017**



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## 1. Purpose

1.1 The purpose of the Disbursement Guidelines for Investment Project Financing (the guidelines) is to set out the World Bank's procedures and requirements for disbursement of funds in projects.<sup>1</sup> Specifically, the guidelines set out (a) the different arrangements used by the World Bank to disburse funds from the Financing Account<sup>2</sup>, (b) the requirements for withdrawal from the Financing Account, (c) the types of supporting documentation that the borrower may be required to provide to demonstrate the use of funds of the Financing Account for eligible expenditures, (d) the criteria for establishing Designated Accounts<sup>3</sup>, (e) the terms and conditions applicable to advances, (f) the types of disbursement-related actions that the World Bank may take if it determines that funds of the Financing Account are not needed or have been used for ineligible purposes, and (g) the disbursement consequence of refunds.

## 2. Disbursement Methods

2.1 The World Bank establishes disbursement arrangements for a project in consultation with the borrower, taking into consideration, among other things, an assessment of the borrower's financial management and procurement arrangements, the cash flow needs of the project, and its disbursement experience with the borrower. Those arrangements are stated in the Financing Agreement<sup>4</sup> and additional information is provided in the Disbursement Letter.<sup>5</sup>

2.2 The World Bank disburses funds from the Financing Account established for each loan, to or on the order of the borrower, using one or more of the following disbursement methods, as determined by the World Bank.

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<sup>1</sup> In this document the *World Bank* includes the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), whether acting on its own account or in the capacity as administrator of trust funds funded by donors.

*Financing or Bank loan* includes any loan, credit, or grant made by the World Bank from its own resources, from trust funds funded by other donors and administered by the World Bank, or from a combination of these.

*Borrower* means a borrower or recipient of a Bank loan for a project and any other entity involved in the implementation of the project financed by the Bank loan.

These guidelines apply to all Bank loans for an Investment Project Financing. They do not apply to Program-For-Results Financing and Development Policy Financing or for grants made by the World Bank from trust funds funded by other donors and administered by the World Bank, when, exceptionally, the terms of the agreement with the donor provide for different requirements . .

<sup>2</sup> The Financing Account refers to the account opened by the World Bank in its accounting system in the name of the borrower to which the amount of the financing is credited.

<sup>3</sup> A *Designated Account* is a bank account into which the World Bank may deposit amounts withdrawn from the Financing Account to pay for eligible expenditures as they are incurred.

<sup>4</sup> The *Financing Agreement* is the agreement between the World Bank and the Borrower providing for the Bank loan.

<sup>5</sup> The Disbursement Letter contains additional instructions describing the disbursement arrangements for withdrawing proceeds from the Financing Account under a particular investment project.

- (a) **Reimbursement:** The World Bank may reimburse the borrower for expenditures eligible for financing pursuant to the Financing Agreement (eligible expenditures) that the borrower has prefinanced from its own resources.
- (b) **Advance:** The World Bank may advance funds from the Financing Account into a Designated Account of the borrower to finance eligible expenditures as they are incurred and for which supporting documents will be provided at a later date (see section 5, Designated Accounts).
- (c) **Direct Payment:** The World Bank may make payments, at the borrower's request, directly to a third party (for example, supplier, contractor, or consultant) for eligible expenditures.
- (d) **Special Commitment:** The World Bank may pay amounts to a third party for eligible expenditures under special commitments entered into, in writing, at the borrower's request and on terms and conditions agreed between the World Bank and the borrower.

### 3. Withdrawal of Funds from the Financing Account

3.1 **Authorized Signatures.** Before funds from the Financing Account may be withdrawn or committed, the authorized representative of the borrower (as designated in the Financing Agreement) must furnish to the World Bank, electronically through the Client Connection website ([Client Connection](#)), or through an authorized signatory designation letter, the name(s) of the official(s) authorized (a) to sign and submit applications for withdrawal and applications for a special commitment (collectively, Applications), and (b) to receive Secure Identification Credentials (SIDC) from the World Bank. The borrower must notify the World Bank of any changes in signature authority, either electronically in Client Connection or through an updated authorized signatory designation letter.

3.2 **Terms and Conditions of Use of Secure Identification Credentials (SIDC) to Process Applications.** By designating officials to use SIDC and by choosing to submit the applications electronically, the borrower confirms its agreement to abide by the terms and conditions of use of SIDC.<sup>6</sup>

3.3 **Applications.** Applications must be provided to the World Bank in such form as is required to access funds from the Financing Account and must include such information as the World Bank may reasonably request.

3.4 Applications and necessary supporting documents (see section 4 Supporting Documentation Requirements) should be submitted to the World Bank electronically, in a

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<sup>6</sup> Terms and conditions of use of SIDC are provided in the Disbursement Letter.

manner and on terms and conditions specified by the World Bank, through the Client Connection website at <http://clientconnection.worldbank.org>. The World Bank may, at its discretion, temporarily or permanently, disallow the electronic submission of applications by the borrower. The World Bank may permit the borrower to complete and submit applications manually in paper form. Paper applications forms can be found in the Client Connection website at [Client Connection](#) or may be obtained from the World Bank upon request.

3.5 **Minimum Value of Applications.** The World Bank establishes a minimum value for applications for reimbursement, direct payment, and special commitment. The World Bank reserves the right not to accept applications that are below such minimum value.

3.6 **Loan Disbursing Period.** The World Bank processes Applications only after the Financing Agreement has been declared effective in accordance with the terms of the Financing Agreement. The expenditures for which the Applications are made must be:

- (a) **Paid** for on or after the date of the Financing Agreement, or alternatively, in the case of projects that permit retroactive financing, on or after the earlier date specified in the Financing Agreement for that purpose; and
- (b) **Incurred** on or before the closing date specified or referred to in the Financing Agreement (the Closing Date), except as otherwise specifically agreed with the World Bank.

3.7 The loan disbursing period ends on the final date established by the World Bank for receipt by the World Bank of applications for withdrawal and supporting documentation (the Disbursement Deadline Date). The Disbursement Deadline Date may be the same as the Closing Date, or up to four months after the Closing Date. To support orderly project completion and closure of the Financing Account, the World Bank does not accept applications for withdrawal or supporting documentation received after the Disbursement Deadline Date. The borrower must promptly inform the World Bank of any expected implementation delays or exceptional administrative issues before those dates. The World Bank notifies the borrower of any exception that the World Bank may make to the Disbursement Deadline Date.

3.8 **Disbursement Conditions.** If the Financing Agreement contains a disbursement condition for a specific expenditure category, the World Bank will disburse funds from the Financing Account for that category only after the disbursement condition has been fulfilled and the World Bank has notified the borrower to that effect.

## 4. Supporting Documentation Requirements

4.1 The borrower provides supporting documentation to the World Bank to show that funds from the Financing Account have been or are being used to finance eligible expenditures.

4.2 For special commitments, the commercial bank provides its confirmation directly to the World Bank that conditions for the release of payments committed for withdrawal have been met.

4.3 **Types of Supporting Documentation.** The World Bank requires either copies of the original documents evidencing eligible expenditures (Records) or summary reports of expenditure (Summary Reports) in such form and substance as the World Bank may specify. Records include such documents as invoices and receipts. A Summary Report may be either (a) the interim unaudited financial report required under the Financing Agreement (Interim Financial Report) or (b) a statement of expenditure summarizing eligible expenditures paid during a stated period (Statement of Expenditure). In all cases, the borrower is responsible for retaining the original documents evidencing eligible expenditures and making them available for audit or inspection.

4.4 The World Bank determines the types of supporting documentation that the borrower must provide, taking into consideration the disbursement method used. The supporting documentation may be the following:

- (a) **For applications for Reimbursement:** (i) Interim Financial Reports, (ii) Statements of Expenditure, or (iii) Records
- (b) **For reporting on the use of Advances:** (i) Interim Financial Reports, (ii) Statements of Expenditure, or (iii) Records
- (c) **For applications for Direct Payments:** (i) Records such as copies of supplier invoices; (ii) a bank guarantee for advance or retention payment
- (d) **For applications for Special Commitment:** Copy of the Letter of Credit (with valid expiry date) that the commercial bank, known as the opening bank, has issued. For payment, a SWIFT (Society for Worldwide Interbank Telecommunication) message must be sent by the commercial bank; and
- (e) Any other supporting documentation that the World Bank may request by notice to the borrower or as specified in the Disbursement Letter.

4.5 **Failure to Provide Audited Financial Statements.** If the borrower fails to provide any of the audited financial statements required in accordance with, and within the period of time specified in, the Financing Agreement, the World Bank may, at its discretion, decide not to accept applications for withdrawal supported by Summary Reports, even if such reports are accompanied by Records.

## 5. Designated Accounts

5.1 The borrower may open one or more designated accounts into which the World Bank may, at the borrower's request, deposit amounts withdrawn from the Financing Account for the purpose of paying for eligible expenditures as they are incurred. Before the World Bank authorizes establishment of a Designated Account, the borrower must have adequate administrative capability, internal controls, and accounting and auditing procedures to ensure effective use of the Designated Account.

5.2 The World Bank may decide not to permit the use of Designated Accounts in new projects if the borrower has failed to refund undocumented advances in the Designated Account of any other loan to, or guaranteed by, the borrower within two months after the Disbursement Deadline Date for that loan.

5.3 **Type of Designated Account.** A Designated Account may be established in one of two ways – as a segregated account or pooled account as appropriate for the project concerned, and as determined and notified by the World Bank.

- (a) **Segregated Account:** An account of the borrower into which only proceeds of the Financing Account may be deposited;
- (b) **Pooled Account:** An account of the borrower into which the funds from the Financing Account and funds of other financing for the project (such as borrower resources or financing by other development partners) may be deposited.

5.4 **Currency of the Designated Account.** Designated Accounts must be in a currency acceptable to the World Bank. In countries that have a freely convertible currency, Designated Accounts may be held in the currency of the borrower or any freely convertible currency. The World Bank may also agree to local currency Designated Accounts when, among other things, the country's currency (even if not freely convertible) is stable and the expenditures to be financed are primarily in local currency. The borrower bears all risks associated with foreign exchange fluctuations between (a) the currency of denomination of the loan and that of the borrower's Designated Account, and (b) the currency of denomination of the borrower's Designated Account and the currency or currencies of project expenditures.

5.5 **Financial Institution.** Designated Accounts must be opened and maintained in a financial institution<sup>7</sup> selected by the borrower and acceptable to the World Bank. A financial institution is acceptable if it meets all the following requirements:

- (a) It is financially sound;
- (b) It is in good standing
- (c) It is authorized to maintain the Designated Account in the currency agreed between the World Bank and the borrower;
- (d) It is audited regularly, and receive satisfactory audit reports;

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<sup>7</sup> A financial institution may be the country's central bank, a local development bank or a commercial bank.

- (e) It can execute a large number of transactions promptly;
- (f) It can satisfactorily perform a wide range of banking services
- (g) It can provide a detailed statement of the Designated Account;
- (h) It is part of a satisfactory correspondent banking network;
- (i) It charges reasonable fees for its services.

5.6 The World Bank reserves the right not to transfer funds to a financial institution if that institution has asserted or asserts a claim to set off, seize, or attach the proceeds of any Bank loan on deposit in a Designated Account maintained by the institution.

## 6. Terms and Conditions Applicable to Advances

6.1 ***Ceiling.*** The World Bank notifies the borrower of the maximum amount of funds from the Financing Account that may be on deposit in a Designated Account (the Ceiling). The World Bank, at its discretion, may establish the Ceiling as either (a) a fixed amount, or (b) an amount that is adjusted from time to time during project implementation on the basis of periodic forecasts of project cash flow needs.

6.2 ***Applications for Advances.*** The borrower may apply for an advance in an amount up to the Ceiling less the aggregate amount of those advances previously received by the borrower for which the borrower has not yet provided supporting documentation. Normally, to support orderly closure of the Financing Account, the World Bank does not advance funds from the Financing Account into the Designated Account after the Closing Date.

6.3 ***Frequency of Reporting Eligible Expenditures Paid from the Designated Account.*** The borrower reports on the use of funds from the Financing Account advanced to the Designated Account at intervals specified by the World Bank by notice to the borrower. The borrower must ensure that all amounts deposited into the Designated Account are accounted for and that their use is reported prior to the Disbursement Deadline Date. After that date, the borrower must refund to the World Bank any advances still unaccounted for or remaining in the Designated Account.

6.4 ***Withholding Advances.*** The World Bank is not required to make any deposit into the Designated Account if any of the following conditions apply:

- (a) The World Bank determines that payment of the deposit would result in exceeding the Ceiling (see subsection 6.2, Applications for Advances);
- (b) The World Bank is not satisfied that the borrower's planned project expenditures justify the deposit. The World Bank may adjust the amount it deposits or withhold further deposits into the Designated Account until it is satisfied that the financial needs of the project warrant further deposits;

- (c) The borrower fails to take the action required pursuant to the determinations made by the World Bank under subsections 7.1 and 7.2 of these guidelines;
- (d) The borrower fails to provide any of the audited financial statements required in accordance with, and within the period of time specified in, the Financing Agreement;
- (e) The World Bank determines that all further withdrawals of funds from the Financing Account should be made by the borrower directly from the Financing Account; or
- (f) The World Bank has notified the borrower of its intention to suspend in whole or in part the borrower's right to make withdrawals from the Financing Account.

6.5 **Excess Advances.** If at any time the World Bank determines that any amount deposited in the Designated Account will not be required to cover further payments for eligible expenditures (the Excess Amount), it may, at its discretion, require the borrower to take one of the following two disbursement-related actions:

- (a) Provide evidence satisfactory to the World Bank within a period specified by the World Bank that the Excess Amount will be used to pay for eligible expenditures. If the evidence is not furnished within the time period specified, the borrower must promptly refund the Excess Amount to the World Bank; or
- (b) Refund the Excess Amount promptly.

The borrower must perform the action requested promptly after receiving notification from the World Bank that it must do so.

## 7. Ineligible Expenditures

7.1 **Ineligible Expenditures Generally.** If the World Bank determines that any amount of the funds from the Financing Account was used to pay for an expenditure that is not eligible pursuant to the Financing Agreement (an ineligible expenditure), the World Bank may, at its discretion, require the borrower to take one of the following two disbursement-related actions, without prejudice to the Bank's right to exercise remedies under the General Conditions<sup>8</sup> or Standard Conditions<sup>9</sup> and Financing Agreement.

- (a) Refund an equivalent amount to the World Bank
- (b) Exceptionally, provide substitute documentation evidencing other eligible expenditures.

The borrower must perform the action requested promptly after receiving notification from the World Bank that it must do so.

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<sup>8</sup> The *General Conditions* set forth certain terms and conditions generally applicable to IBRD loans and IDA credits and grants.

<sup>9</sup> The *Standard Conditions* set forth certain terms and conditions that are generally applicable to trust funds and advances made by the Bank under the Project Preparation Facility.

7.2 ***Ineligible Expenditures Paid from the Designated Account.*** If the World Bank determines that any payment out of the Designated Account was not justified by the evidence furnished to the World Bank or was made for an ineligible expenditure, the World Bank may, at its discretion, require the borrower to take one of the following actions.

- (a) Provide the additional evidence requested by the World Bank
- (b) Deposit an equivalent amount into the Designated Account
- (c) Refund an equivalent amount to the World Bank
- (d) Exceptionally, provide substitute documentation evidencing other eligible expenditures.

The borrower must perform the action requested promptly after receiving notification from the World Bank that it must do so.

## 8. Refunds

8.1 ***Borrower Decision to Refund.*** The borrower may, upon notice to the World Bank, refund all or any amount of the loan on deposit in the Designated Account to the World Bank for credit to the Financing Account.

8.2 ***Consequence of Refunds.*** The World Bank shall determine whether refunds made to the World Bank in accordance with sections 6 and 7 and subsection 8.1 of these guidelines will be credited to the Financing Account. Refunds of funds into the Financing Account may result in (a) swap termination fees (b) unwinding costs for amounts for which the interest rate basis or currency has been converted or hedged, (c) both.

8.3 ***Other Rights and Obligations Unaffected by Refunds.*** Refunds of loan amounts do not affect other legal rights and obligations of the parties under the Financing Agreement.



# IBRD Policy

## General Conditions for IBRD Financing: Investment Project Financing

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### **Issuer**

Senior Vice President and General Counsel, LEGVP

### **Sponsor**

Deputy Gen. Counsel, Operations, LEGVP

# **International Bank for Reconstruction and Development**

## **General Conditions for IBRD Financing**

### **Investment Project Financing**

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## **ARTICLE I**

### **Introductory Provisions**

#### *Section 1.01. Application of General Conditions*

These General Conditions set forth terms and conditions generally applicable to the Legal Agreements, to the extent the Legal Agreements so provide. If the Loan Agreement is between the Member Country and the Bank, references in these General Conditions to the Guarantor and the Guarantee Agreement shall be disregarded. If there is no Project Agreement between the Bank and a Project Implementing Entity or Subsidiary Agreement between the Borrower and the Project Implementing Entity, references in these General Conditions to the Project Implementing Entity, the Project Agreement or the Subsidiary Agreement shall be disregarded.

#### *Section 1.02. Inconsistency with Legal Agreements*

If any provision of the Loan Agreement, the Guarantee Agreement, or the Project Agreement is inconsistent with a provision of these General Conditions, the provision of the Loan Agreement, Guarantee Agreement, or Project Agreement shall prevail.

#### *Section 1.03. Definitions*

Capitalized terms used in these General Conditions have the meanings set out in the Appendix.

#### *Section 1.04. References; Headings*

References in these General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections and Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

## **ARTICLE II**

### **Withdrawals**

#### *Section 2.01. Loan Account; Withdrawals Generally; Currency of Withdrawal*

(a) The Bank shall credit the amount of the Loan to the Loan Account in the Loan Currency. If the Loan is denominated in more than one currency, the Bank shall divide the Loan Account into multiple sub-accounts, one for each Loan Currency. In the event that the Loan or any portion of the Loan is supported by a Member Guarantee, then the Loan Currency for the Loan or such portion of the Loan so supported shall be aligned with the currency of the Member Guarantee.

(b) The Borrower may from time to time request withdrawals of Loan amounts from the Loan Account in accordance with the provisions of the Loan Agreement, the Disbursement and Financial Information Letter, and such additional instructions as the Bank may specify from time to time by notice to the Borrower.

(c) Each withdrawal of a Loan amount from the Loan Account shall be made in the Loan Currency of such amount. The Bank shall, at the request and acting as an agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase with the Loan Currency withdrawn from the Loan Account such Currencies as the Borrower shall reasonably request to meet payments for Eligible Expenditures.

(d) No withdrawal of any Loan amount from the Loan Account shall be made (other than to repay the Preparation Advance) until the Bank has received from the Borrower payment in full of the Front-end Fee.

#### Section 2.02. *Special Commitment by the Bank*

At the Borrower's request and on such terms and conditions as the Bank and the Borrower shall agree, the Bank may enter into special commitments in writing to pay amounts for Eligible Expenditures notwithstanding any subsequent suspension or cancellation by the Bank or the Borrower ("Special Commitment").

#### Section 2.03. *Applications for Withdrawal or for Special Commitment*

(a) When the Borrower wishes to request a withdrawal from the Loan Account or to request the Bank to enter into a Special Commitment, the Borrower shall promptly deliver to the Bank a written application in such form and substance as the Bank shall reasonably request.

(b) The Borrower shall furnish to the Bank evidence satisfactory to the Bank of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature or the Electronic Address of each such person.

(c) The Borrower shall furnish to the Bank such documents and other evidence in support of each such application as the Bank shall reasonably request, whether before or after the Bank has permitted any withdrawal requested in the application.

(d) Each such application and accompanying documents and other evidence shall be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account shall be used only for the purposes specified in the Loan Agreement.

(e) The Bank shall pay the amounts withdrawn by the Borrower from the Loan Account only to, or on the order of, the Borrower.

#### Section 2.04. *Designated Accounts*

(a) The Borrower may open and maintain one or more designated accounts into which the Bank may, at the request of the Borrower, deposit amounts withdrawn from the Loan Account as advances for purposes of the Project. All designated accounts shall be opened in a financial institution acceptable to the Bank, and on terms and conditions acceptable to the Bank.

(b) Deposits into, and payments out of, any such designated account shall be made in accordance with the Loan Agreement and such additional instructions as the Bank may specify from time to time by notice to the Borrower, including the World Bank Disbursement Guidelines for Projects. The Bank

may, in accordance with the Loan Agreement and such instructions, cease making deposits into any such account upon notice to the Borrower. In such case, the Bank shall notify the Borrower of the procedures to be used for subsequent withdrawals from the Loan Account.

#### Section 2.05. *Eligible Expenditures*

Expenditures eligible to be financed out of the Loan proceeds shall, except as otherwise provided in the Legal Agreements, satisfy the following requirements (“Eligible Expenditure”):

- (a) the payment is for the reasonable cost of Project activities that meet the requirements of the relevant Legal Agreements;
- (b) the payment is not prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (c) the payment is made on or after the date of the Loan Agreement, and, except as the Bank may otherwise agree, is for expenditures incurred on or before the Closing Date.

#### Section 2.06. *Financing Taxes*

The use of any proceeds of the Loan to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply, if permitted pursuant to the Legal Agreements, is subject to the Bank’s policy of requiring economy and efficiency in the use of the proceeds of its loans. To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Loan.

#### Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee, Interest and Other Charges*

- (a) If the Borrower requests the repayment out of the proceeds of the Loan of an advance (or a portion thereof) made by the Bank or the Association (“Preparation Advance”) and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance (or a portion thereof) as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, and, unless otherwise agreed between the Bank and the Borrower, shall cancel the remaining unwithdrawn amount of the advance.
- (b) If the Borrower requests that the Front-end Fee be paid out of the proceeds of the Loan and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such fee.
- (c) If the Borrower requests that interest, Commitment Charge, or other charges on the Loan be paid out of the proceeds of the Loan as applicable and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on each of the Payment Dates, and pay

to itself the amount required to pay such interest and other charges accrued and payable as at such date, subject to any limit specified in the Loan Agreement on the amount to be so withdrawn.

#### Section 2.08. *Allocation of Loan Amounts*

If the Bank reasonably determines that in order to meet the purposes of the Loan it is appropriate to reallocate Loan amounts among withdrawal categories, modify the existing withdrawal categories, or modify the percentage of expenditures to be financed by the Bank under each withdrawal category, the Bank may, after consultation with the Borrower, make such modifications, and shall notify the Borrower accordingly.

### **ARTICLE III** **Financing Terms**

#### Section 3.01. *Front-end Fee; Commitment Charge; Exposure Surcharge*

(a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07 (b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

(b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from a date sixty (60) days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07 (c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

(c) If, on any given day, the Total Exposure exceeds the Standard Exposure Limit and the Allocated Excess Exposure Amount is applicable to the Loan (or a portion thereof), the Borrower shall pay to the Bank the Exposure Surcharge on such Allocated Excess Exposure Amount for each said day. Whenever the Total Exposure exceeds the Standard Exposure Limit, the Bank shall promptly notify the Member Country thereof. The Bank shall also notify the Loan Parties of the Allocated Excess Exposure Amount, if any, with respect to the Loan. The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

#### Section 3.02. *Interest*

(a) The Borrower shall pay the Bank interest on the Withdrawn Loan Balance at the rate specified in the Loan Agreement; provided, however, that the interest rate applicable to any Interest Period shall in no event be less than zero percent (0%) per annum; and provided further that, such rate may be modified from time to time in accordance with the provisions of Article IV. Interest shall accrue from the respective dates on which amounts of the Loan are withdrawn and shall be payable semi-annually in arrears on each Payment Date.

(b) If interest on any amount of the Withdrawn Loan Balance is based on a Variable Spread, the Bank shall notify the Loan Parties of the interest rate on such amount for each Interest Period, promptly upon its determination.

(c) If interest on any amount of the Loan is based on a Reference Rate, and the Bank determines that (i) such Reference Rate has permanently ceased to be quoted for the relevant Currency, or (ii) the Bank is no longer able, or it is no longer commercially acceptable for the Bank, to continue to use such Reference Rate, for purposes of its asset and liability management, the Bank shall apply such other Reference Rate for the relevant Currency, including any applicable spread, as it may reasonably determine. The Bank shall promptly notify the Loan Parties of such other rate and related amendments to the provisions of the Loan Agreements, which shall become effective as of the date set forth in such notice.

(d) If interest on any amount of the Withdrawn Loan Balance is payable at the Variable Rate, then whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining such interest rate other than as provided in the Loan Agreement, the Bank may modify the basis for determining such interest rate upon not less than three months' notice to the Loan Parties of the new basis. The new basis shall become effective on the expiry of the notice period unless a Loan Party notifies the Bank during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Loan.

(e) Notwithstanding the provisions of paragraph (a) of this Section, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

### Section 3.03. *Repayment*

(a) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement and, if applicable, as further provided in paragraphs (b), (c) (d) and (e) of this Section 3.03. The Withdrawn Loan Balance shall be repaid on either a Commitment-linked Amortization Schedule or a Disbursement-linked Amortization Schedule.

(b) For Loans with a Commitment-linked Amortization Schedule:

The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement provided that:

- (i) If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date specified in the Loan Agreement, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying:  
(x) the Withdrawn Loan Balance as of the first Principal Payment Date; by (y) the Installment Share specified in the Loan Agreement for each Principal Payment Date, adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03 (e).

- (ii) If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
    - (A) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with the Amortization Schedule under the Loan Agreement.
    - (B) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the Loan Agreement for said Principal Payment Date and the denominator of which is the sum of all remaining original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03(e).
  - (iii) (A) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (B) Notwithstanding the provisions of this paragraph, if at any time the Bank adopts an alternative billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of this paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- (c) For Loans with a Disbursement-linked Amortization Schedule:
- (i) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement.
  - (ii) The Bank shall notify the Loan Parties of the Amortization Schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
- (d) If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of the Loan Agreement and this Section 3.03 shall apply separately to the amount denominated in each Loan Currency (and a separate Amortization Schedule shall be produced for each such amount, as applicable).
- (e) Notwithstanding the provisions in paragraphs (b) (i) and (ii) above and in the Amortization Schedule in the Loan Agreement, as applicable, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance or Disbursed Amount, as applicable, to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank in accordance with the Conversion Guidelines.

#### Section 3.04. *Prepayment*

(a) After giving not less than forty-five (45) days' notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

(b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Bank to represent any cost to it of redeploying the amount to be prepaid from the date of its prepayment to its maturity date.

(c) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply.

#### Section 3.05. *Partial Payment*

If the Bank at any time receives less than the full amount of any Loan Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Loan Agreement as it determines in its sole discretion.

#### Section 3.06. *Place of Payment*

All Loan Payments shall be paid at such places as the Bank shall reasonably request.

#### Section 3.07. *Currency of Payment*

(a) The Borrower shall pay all Loan Payments in the Loan Currency; and if a Conversion has been effected in respect of any amount of the Loan, as further specified in the Conversion Guidelines.

(b) If the Borrower so requests and the Bank agrees to such request, the Bank shall, acting as agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase the Loan Currency for the purpose of paying a Loan Payment upon timely payment by the Borrower of sufficient funds for that purpose in a Currency or Currencies acceptable to the Bank; provided, however, that the Loan Payment shall be deemed to have been paid only when and to the extent that the Bank has received such payment in the Loan Currency.

#### Section 3.08. *Temporary Currency Substitution*

(a) If the Bank reasonably determines that an extraordinary situation has arisen under which the Bank shall be unable to provide the Loan Currency at any time for purposes of funding the Loan, the

Bank may provide such substitute Currency or Currencies (“Substitute Loan Currency”) for the Loan Currency (“Original Loan Currency”) as the Bank shall select. During the period of such extraordinary situation: (i) the Substitute Loan Currency shall be deemed to be the Loan Currency for purposes of the Legal Agreements; and (ii) loan payments shall be paid in the Substitute Loan Currency, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Bank. The Bank shall promptly notify the Loan Parties of the occurrence of such extraordinary situation, the Substitute Loan Currency and the financial terms of the Loan related to the Substitute Loan Currency.

(b) Upon notification by the Bank under paragraph (a) of this Section, the Borrower may within thirty (30) days thereafter notify the Bank of its selection of another Currency acceptable to the Bank as the Substitute Loan Currency. In such case, the Bank shall notify the Borrower of the financial terms of the Loan applicable to said Substitute Loan Currency, which shall be determined in accordance with principles reasonably established by the Bank.

(c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, no premium shall be payable on prepayment of the Loan.

(d) Once the Bank is again able to provide the Original Loan Currency, it shall, at the Borrower’s request, change the Substitute Loan Currency to the Original Loan Currency in accordance with principles reasonably established by the Bank; provided that if such Loan is covered by a Member Guarantee, the Bank may effect such change from the Substitute Loan Currency to the Original Loan Currency in its sole discretion, with notice to the Loan Parties.

### Section 3.09. *Valuation of Currencies*

Whenever it becomes necessary for the purposes of any Legal Agreement, to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the Bank.

### Section 3.10. *Manner of Payment*

(a) Any Loan Payment required to be paid to the Bank in the Currency of any country shall be made in such manner, and in the Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the Bank with a depository of the Bank authorized to accept deposits in such Currency.

(b) All Loan Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country and without deduction for, and free from, any Taxes levied by or in the territory of the Member Country.

(c) The Legal Agreements shall be free from any Taxes levied by or in the territory of the Member Country on or in connection with their execution, delivery or registration.

## ARTICLE IV Conversions of Loan Terms

### Section 4.01. *Conversions Generally*

(a) The Borrower may, at any time, request a Conversion of the terms of the Loan in accordance with the provisions of this Section in order to facilitate prudent debt management. Each such request shall be furnished by the Borrower to the Bank in accordance with the Conversion Guidelines and, upon acceptance by the Bank, the conversion requested shall be considered a Conversion for the purposes of these General Conditions. All Conversions shall be effected subject to the Bank's ability to hedge its exposure arising from such Conversions with such Counterparties and on such terms as acceptable to the Bank.

(b) Subject to Section 4.01 (e) below, the Borrower may at any time request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion into Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. All Conversions shall be effected in accordance with the Conversion Guidelines and may be subject to such additional terms and conditions as may be agreed between the Bank and the Borrower.

(c) Upon acceptance by the Bank of a request for a Conversion, the Bank shall take all actions necessary to effect the Conversion in accordance with the Loan Agreement and the Conversion Guidelines. To the extent any modification of the provisions of the Loan Agreement providing for withdrawal or repayment of the proceeds of the Loan is required to give effect to the Conversion, such provisions shall be deemed to have been modified as of the Conversion Date. Promptly after the Execution Date for each Conversion, the Bank shall notify the Loan Parties of the financial terms of the Loan, including any revised amortization provisions and modified provisions providing for withdrawal of the proceeds of the Loan.

(d) The Borrower shall pay a transaction fee in connection with each Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of the Bank's acceptance of the Conversion request. Transaction fees provided for under this paragraph shall be either: (i) payable as a lump sum not later than sixty (60) days after the Execution Date, or the Bank's notice to the Borrower, as applicable; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.

(e) Except as otherwise agreed by the Bank, the Borrower may not request, (i) a Currency Conversion in respect of a Loan or any portion of the Loan that is supported by a Member Guarantee and (ii) additional Conversions of any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. Each such Currency Conversion described in item (ii) of the preceding sentence shall be effected on such terms and conditions as may be separately agreed by the Bank and the Borrower and may include transaction fees to cover the underwriting costs of the Bank in connection with Currency Hedge Notes Transaction.

Section 4.02. *Conversion to a Fixed Rate or Fixed Spread of Loan that Accrues Interest at a Rate Based on the Variable Spread*<sup>1</sup>

A Conversion to a Fixed Rate or a Variable Rate with a Fixed Spread of all or any amount of the Loan that accrues interest at a rate based on the Variable Spread shall be effected by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Loan Currency, applicable on the date of the Conversion request, and in the case of a Conversion to a Fixed Rate, followed immediately by the Conversion requested by the Borrower.

Section 4.03. *Interest Payable Following Interest Rate Conversion or Currency Conversion*

(a) *Interest Rate Conversion.* Upon an Interest Rate Conversion, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate or the Fixed Rate,<sup>2</sup> whichever applies to the Conversion.

(b) *Currency Conversion of Unwithdrawn Amounts.* Upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest and any applicable charges denominated in the Approved Currency on such amount as subsequently withdrawn and outstanding from time to time at the Variable Rate.

(c) *Currency Conversion of Withdrawn Amounts.* Upon a Currency Conversion of all or any amount of the Withdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest denominated in the Approved Currency in accordance with the Conversion Guidelines on such Withdrawn Loan Balance at a rate applicable under the Conversion.

Section 4.04. *Principal Payable Following Currency Conversion*

(a) *Currency Conversion of Unwithdrawn Amounts.* In the event of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by the Screen Rate. The Borrower shall repay such principal amount as subsequently withdrawn in the Approved Currency in accordance with the provisions of the Loan Agreement.

(b) *Currency Conversion of Withdrawn Amounts.* In the event of a Currency Conversion of an amount of the Withdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate. The Borrower shall repay such principal amount denominated in the Approved Currency in accordance with the provisions of the Loan Agreement.

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<sup>1</sup> Suspended until further notice.

<sup>2</sup> Fixed Rate conversions are not available due to the suspension of the Fixed Spread terms until further notice.

(c) *Termination of Conversion Period Prior to Final Loan Maturity.* If the Conversion Period of a Currency Conversion applicable to a portion of the Loan terminates prior to the final maturity of such portion, the principal amount of such portion of the Loan remaining outstanding in the Loan Currency to which such amount shall revert upon such termination shall be determined by the Bank either: (i) by multiplying such amount in the Approved Currency of the Conversion by the spot or forward exchange rate prevailing between the Approved Currency and said Loan Currency for settlement on the last day of the Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Borrower shall repay such principal amount in the Loan Currency in accordance with the provisions of the Loan Agreement.

#### Section 4.05. *Interest Rate Cap; Interest Rate Collar*

(a) *Interest Rate Cap.* Upon the establishment of an Interest Rate Cap on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless with respect to the said Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on the Reference Rate and the Fixed Spread, the Variable Rate exceeds the Interest Rate Cap, in which case, for the relevant Interest Period, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap<sup>3</sup>; or (ii) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate exceeds the Interest Rate Cap, in which case, for the relevant Interest Period, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap plus the Variable Spread.

(b) *Interest Rate Collar.* Upon the establishment of an Interest Rate Collar on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless with respect to the said Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, the Variable Rate<sup>4</sup>: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the relevant Interest Period, the Borrower shall pay interest on such amount at a rate equal to such upper limit; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the relevant Interest Period, the Borrower shall pay interest on such amount at a rate equal to such lower limit; or (ii) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the relevant Interest Period, the Borrower shall pay interest on such amount at a rate equal to such upper limit plus the Variable Spread; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the relevant Interest Period, the Borrower shall pay interest on such amount at a rate equal to such lower limit plus the Variable Spread.

(c) *Interest Rate Cap or Collar Premium.* Upon the establishment of an Interest Rate Cap or an Interest Rate Collar, the Borrower shall pay to the Bank a premium on the amount of the Withdrawn Loan Balance to which the Conversion applies, calculated: (A) on the basis of the premium, if any, payable by the Bank for an interest rate cap or collar purchased by the Bank from a Counterparty for the purpose of establishing the Interest Rate Cap or Interest Rate Collar; or (B) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Borrower (i) not later than sixty (60) days after the Execution Date; or (ii) promptly following the Execution Date for an Interest Rate

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<sup>3</sup> Not available due to suspension of Fixed Spread terms until further notice.

<sup>4</sup> Not available due to suspension of Fixed Spread terms until further notice.

Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with this Section up to the amount allocated from time to time for that purpose in the Loan Agreement.

#### Section 4.06. *Early Termination*

(a) Any Conversion effected on a Loan shall be terminated prior to its maturity in any of the following cases, as applicable:

- (i) The Borrower exercises its right to terminate the Conversion at any time during the Conversion Period by notice thereof to the Bank;
- (ii) The Bank exercises its right to terminate the Conversion during any period of time following thirty (30) days in which the Withdrawn Loan Balance remains unpaid and such non-payment continues beyond the said thirty (30) days period, by notice thereof to the Borrower;
- (iii) The Bank exercises its right at to terminate a Conversion prior to its maturity if: (A) the underlying hedging arrangements undertaken by the Bank in connection with the said Conversion are terminated as a result of it becoming impractical, impossible or unlawful for the Bank or its Counterparty to make a payment or to receive a payment on the terms agreed upon due to the: (1) adoption of, or any change in, any applicable law after the date on which such Conversion is executed; or (2) interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date or any change in any such interpretation; and (B) the Bank is unable to find a replacement hedging arrangement on terms acceptable to the Bank;
- (iv) The Bank provides a notice to the Borrower pursuant to Section 7.05 or Section 7.07; and
- (v) In the event of prepayment of the Loan by the Borrower as provided in Section 3.04.

(b) Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Bank or the Borrower: (i) the Borrower shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of the early termination of the Conversion; and (ii) the Borrower or the Bank shall pay an Unwinding Amount, if any, for the early termination (after setting off any amounts owed by the Borrower to the Bank), in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.

## **ARTICLE V**

### **Project Execution**

#### Section 5.01. *Project Execution Generally*

The Borrower and the Project Implementing Entity shall carry out their Respective Parts of the Project:

- (a) with due diligence and efficiency;

- (b) in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and
- (c) in accordance with the provisions of the Legal Agreements.

Section 5.02. *Performance under the Loan Agreement, Project Agreement and Subsidiary Agreement*

- (a) The Guarantor shall not take or permit to be taken any action which would prevent or interfere with the execution of the Project or the performance of the obligations of the Borrower or the Project Implementing Entity under the Legal Agreement to which it is a party.
- (b) The Borrower shall: (i) cause the Project Implementing Entity to perform all of the obligations of the Project Implementing Entity set forth in the Project Agreement or the Subsidiary Agreement in accordance with the provisions of the Project Agreement or Subsidiary Agreement; and (ii) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 5.03. *Provision of Funds and other Resources*

The Borrower shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources: (a) required for the Project; and (b) necessary or appropriate to enable the Project Implementing Entity to perform its obligations under the Project Agreement or the Subsidiary Agreement.

Section 5.04. *Insurance*

The Borrower and the Project Implementing Entity shall make adequate provision for the insurance of any goods required for their Respective Parts of the Project and to be financed out of the proceeds of the Loan, against hazards incident to the acquisition, transportation and delivery of the goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable Currency to replace or repair such goods.

Section 5.05. *Land Acquisition*

The Borrower and the Project Implementing Entity shall take (or cause to be taken) all action to acquire as and when needed all land and rights in respect of land as shall be required for carrying out their Respective Parts of the Project and shall promptly furnish to the Bank, upon its request, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project.

Section 5.06. *Use of Goods, Works and Services; Maintenance of Facilities*

- (a) Except as the Bank shall otherwise agree, the Borrower and the Project Implementing Entity shall ensure that all goods, works and services financed out of the proceeds of the Loan are used exclusively for the purposes of the Project.

(b) The Borrower and the Project Implementing Entity shall ensure that all facilities relevant to their Respective Parts of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed.

#### Section 5.07. *Plans; Documents; Records*

(a) The Borrower and the Project Implementing Entity shall furnish to the Bank all plans, schedules, specifications, reports and contract documents for their Respective Parts of the Project, and any material modifications of or additions to these documents, promptly upon their preparation and in such detail as the Bank shall reasonably request.

(b) The Borrower and the Project Implementing Entity shall maintain records adequate to record the progress of their Respective Parts of the Project (including its cost and the benefits to be derived from it), to identify the Eligible Expenditures financed out of the proceeds of the Loan and to disclose their use in the Project, and shall furnish such records to the Bank upon its request.

(c) The Borrower and the Project Implementing Entity shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under their Respective Parts of the Project until at least the later of: (i) one (1) year after the Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Loan Account was made; and (ii) two (2) years after the Closing Date. The Borrower and the Project Implementing Entity shall enable the Bank's representatives to examine such records.

#### Section 5.08. *Project Monitoring and Evaluation*

(a) The Borrower and the Project Implementing Entity shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the progress of the Project and the achievement of its objectives.

(b) The Borrower shall prepare or cause to be prepared periodic reports ("Project Report"), in form and substance satisfactory to the Bank, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project and to achieve the Project's objectives. The Borrower shall furnish or cause to be furnished each Project Report to the Bank promptly upon its preparation, afford the Bank a reasonable opportunity to exchange views with the Borrower and the Project Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Bank's views on the matter.

(c) Except as the Bank may reasonably determine otherwise, the Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six (6) months after the Closing Date: (i) a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Project, the performance by the Loan Parties, the Project Implementing Entity and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan; and (ii) a plan designed to ensure the sustainability of the Project's achievements.

Section 5.09. *Financial Management; Financial Statements; Audits*

- (a) (i) The Borrower shall maintain or cause to be maintained a financial management system and prepare financial statements (“Financial Statements”) in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) the Project Implementing Entity shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect its operations, resources and expenditures, and/or those of the Project, as may be further specified in the Disbursement and Financial Information Letter.
- (b) The Borrower and the Project Implementing Entity shall:
- (i) have the Financial Statements periodically audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
  - (ii) not later than the date specified in the Disbursement and Financial Information Letter, furnish or cause to be furnished to the Bank the Financial Statements as so audited, and such other information concerning the audited Financial Statements and such auditors, as the Bank may from time to time reasonably request;
  - (iii) make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Bank; and
  - (iv) if requested by the Bank, periodically furnish or cause to be furnished to the Bank interim unaudited financial reports for the Project, in form and substance satisfactory to the Bank and as further specified in the Disbursement and Financial Information Letter.

Section 5.10. *Cooperation and Consultation*

The Bank and the Loan Parties shall cooperate fully to assure that the purposes of the Loan and the objectives of the Project will be accomplished. To that end, the Bank and the Loan Parties shall:

- (a) from time to time, at the request of any one of them, exchange views on the Project, the Loan, and the performance of their respective obligations under the Legal Agreements, and furnish to the other party all such information related to such matters as it shall reasonably request; and
- (b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.

Section 5.11. *Visits*

- (a) The Member Country shall afford all reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Loan or the Project.
- (b) The Borrower and the Project Implementing Entity shall enable the Bank’s representatives to:
  - (i) visit any facilities and construction sites included in their Respective Parts of the Project; and
  - (ii) to examine the goods financed out of the proceeds of the Loan for their Respective Parts of the Project,

and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

#### Section 5.12. *Disputed Area*

In the event that the Project is in an area which is or becomes disputed, neither the Bank's financing of the Project, nor any designation of or reference to such area in the Legal Agreements, is intended to constitute a judgment on the part of the Bank as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

#### Section 5.13. *Procurement*

All goods, works, and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

#### Section 5.14. *Anti-Corruption*

The Borrower and the Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

## **ARTICLE VI**

### **Financial and Economic Data; Negative Pledge; Financial Condition**

#### Section 6.01. *Financial and Economic Data*

(a) The Member Country shall furnish to the Bank all such information as the Bank shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.

(b) The Member Country shall report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000, as may be revised from time to time ("DRSM")), in accordance with the DRSM, and in particular, notify the Bank of new "loan commitments" (as defined in the DRSM) not later than thirty (30) days after the end of the quarter during which the debt is incurred, and notify the Bank of "transactions under loans" (as defined in the DRSM) annually, not later than March 31 of the year following the year covered by the report.

(c) The Member Country represents, as at the date of the Loan Agreement, that no defaults exist in respect of any "external public debt" (as defined in the DRSM) except those listed in a notification from the Member Country to the Bank.

## Section 6.02. *Negative Pledge*

(a) It is the policy of the Bank, in making loans to, or with the guarantee of, its member countries not to seek, in normal circumstances, special security from the member country concerned but to ensure that no other Covered Debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure all Loan Payments, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the Member Country shall promptly and at no cost to the Bank secure all Loan Payments by an equivalent Lien on other Public Assets satisfactory to the Bank.

(b) The Borrower, which is not the Member Country undertakes that, except as the Bank shall otherwise agree:

- (i) if it creates any Lien on any of its assets as security for any debt, such Lien will equally and ratably secure the payment of all Loan Payments and in the creation of any such Lien express provision will be made to that effect, at no cost to the Bank; and
- (ii) if any statutory Lien is created on any of its assets as security for any debt, it shall grant at no cost to the Bank, an equivalent Lien satisfactory to the Bank to secure the payment of all Loan Payments.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, solely as security for the payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or (ii) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

(d) The Member Country represents, as at the date of the Loan Agreement, that no Liens exist on any Public Assets, as security for any Covered Debt, except those listed in a notification from the Member Country to the Bank and those excluded pursuant to paragraph (c) of this Section 6.02.

## Section 6.03. *Financial Condition*

If the Bank has determined that the financial condition of the Borrower, which is not the Member Country, or the Project Implementing Entity, is a material factor in the Bank's decision to lend, the Bank shall have the right, as a condition to lend, to require that such Borrower or Project Implementing Entity provides the Bank with representations and warranties related to its financial and operating conditions, satisfactory to the Bank.

**ARTICLE VII**  
**Cancellation; Suspension; Refund; Acceleration**

Section 7.01. *Cancellation by the Borrower*

The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance, except that the Borrower may not cancel any such amount that is subject to a Special Commitment.

Section 7.02. *Suspension by the Bank*

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Bank may, by notice to the Loan Parties, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account. Such suspension shall continue until the event (or events) which gave rise to the suspension has (or have) ceased to exist, unless the Bank has notified the Loan Parties that such right to make withdrawals has been restored.

(a) *Payment Failure.*

- (i) The Borrower has failed to make payment (notwithstanding the fact that such payment may have been made by the Guarantor or a third party) of principal or interest or any other amount due to the Bank or the Association: (A) under the Loan Agreement; or (B) under any other agreement between the Bank and the Borrower; or (C) under any agreement between the Borrower and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Borrower.
- (ii) The Guarantor has failed to make payment of principal or interest or any other amount due to the Bank or the Association: (A) under the Guarantee Agreement; or (B) under any other agreement between the Guarantor and the Bank; or (C) under any agreement between the Guarantor and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Guarantor.

(b) *Performance Failure.*

- (i) A Loan Party has failed to perform any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement.
- (ii) The Project Implementing Entity has failed to perform any obligation under the Project Agreement or the Subsidiary Agreement.

(c) *Fraud and Corruption.* At any time, the Bank determines that any representative of the Guarantor or the Borrower or the Project Implementing Entity (or any other recipient of any of the proceeds of the Loan) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Loan, without the Guarantor or the Borrower or the Project Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.

(d) *Cross Suspension.* The Bank or the Association has suspended in whole or in part the right of a Loan Party to make withdrawals under any agreement with the Bank or with the Association because of a failure by a Loan Party to perform any of its obligations under such agreement or any other agreement with the Bank.

(e) *Extraordinary Situation.*

(i) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation has arisen which makes it improbable that the Project can be carried out or that a Loan Party or the Project Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.

(ii) An extraordinary situation has arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement.

(f) *Event Prior to Effectiveness.* The Bank has determined after the Effective Date that prior to such date but after the date of the Loan Agreement, an event has occurred which would have entitled the Bank to suspend the Borrower's right to make withdrawals from the Loan Account if the Loan Agreement had been effective on the date such event occurred.

(g) *Misrepresentation.* A representation made by a Loan Party in or pursuant to the Legal Agreements, or in or pursuant to any Derivatives Agreement, or any representation or statement furnished by a Loan Party, and intended to be relied upon by the Bank in making the Loan or executing a transaction under a Derivatives Agreement, was incorrect in any material respect.

(h) *Co-financing.* Any of the following events occurs with respect to any financing specified in the Loan Agreement to be provided for the Project ("Co-financing") by a financier (other than the Bank or the Association) ("Co-financier"):

(i) If the Loan Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Bank has established by notice to the Loan Parties ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that adequate funds for the Project are available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.

(ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.

(iii) Sub-paragraph (ii) of this paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are

available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.

(i) *Assignment of Obligations; Disposition of Assets.* The Borrower or the Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has, without the consent of the Bank:

- (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or
- (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Loan; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Bank: (A) do not materially and adversely affect the ability of the Borrower or of the Project Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Borrower (other than the Member Country) or the Project Implementing Entity (or such other entity).

(j) *Membership.* The Member Country: (i) has been suspended from membership in or ceased to be a member of the Bank; or (ii) has ceased to be a member of the International Monetary Fund.

(k) *Condition of Borrower or Project Implementing Entity.*

- (i) Any material adverse change in the condition of the Borrower (other than the Member Country), as represented by it, has occurred prior to the Effective Date.
- (ii) The Borrower (other than the Member Country) has become unable to pay its debts as they mature or any action or proceeding has been taken by the Borrower or by others whereby any of the assets of the Borrower shall or may be distributed among its creditors.
- (iii) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Borrower (other than the Member Country) or of the Project Implementing Entity (or any other entity responsible for implementing any part of the Project).
- (iv) The Borrower (other than the Member Country) or the Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of the Legal Agreements.
- (v) In the opinion of the Bank, the legal character, ownership or control of the Borrower (other than the Member Country) or of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project) has changed from that prevailing as of the date of the Legal Agreements so as to materially and adversely affect the ability of the Borrower or of the Project Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements, or to achieve the objectives of the Project.

(l) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by

the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower or the Project Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.

(m) *Additional Event.* Any other event specified in the Loan Agreement for the purposes of this Section has occurred (“Additional Event of Suspension”).

### Section 7.03. *Cancellation by the Bank*

If any of the events specified in paragraphs (a) through (f) of this Section occurs with respect to an amount of the Unwithdrawn Loan Balance, the Bank may, by notice to the Loan Parties, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount shall be cancelled.

- (a) *Suspension.* The right of the Borrower to make withdrawals from the Loan Account has been suspended with respect to any amount of the Unwithdrawn Loan Balance for a continuous period of thirty (30) days.
- (b) *Amounts not Required.* At any time, the Bank determines, after consultation with the Borrower, that an amount of the Unwithdrawn Loan Balance will not be required to finance Eligible Expenditures.
- (c) *Fraud and Corruption.* At any time, the Bank determines, with respect to any amount of the proceeds of the Loan, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Guarantor or the Borrower or the Project Implementing Entity (or other recipient of the proceeds of the Loan) without the Guarantor, the Borrower or the Project Implementing Entity (or other recipient of the proceeds of the Loan) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (d) *Misprocurement.* At any time, the Bank: (i) determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Legal Agreements; and (ii) establishes the amount of expenditures under such contract which would otherwise have been eligible for financing out of the proceeds of the Loan.
- (e) *Closing Date.* After the Closing Date, there remains an Unwithdrawn Loan Balance.
- (f) *Cancellation of Guarantee.* The Bank receives notice from the Guarantor pursuant to Section 7.06 with respect to an amount of the Loan.

*Section 7.04. Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank*

No cancellation or suspension by the Bank shall apply to amounts of the Loan subject to any Special Commitment except as expressly provided in the Special Commitment.

*Section 7.05. Loan Refund*

(a) If the Bank determines that an amount of the Withdrawn Loan Balance has been used in a manner inconsistent with the provisions of the Legal Agreements, the Borrower shall, upon notice by the Bank to the Borrower, promptly refund such amount to the Bank. Such inconsistent use shall include, without limitation:

- (i) use of such amount to make a payment for an expenditure that is not an Eligible Expenditure; or
- (ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount; or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Guarantor or the Borrower or the Project Implementing Entity (or the Member Country, if the Borrower is not the Member Country, or other recipient of such amount of the Loan), in either case without the Borrower (or Member Country, or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.

(b) Except as the Bank may otherwise determine, the Bank shall cancel all amounts refunded pursuant to this Section.

(c) If any notice of refund is given pursuant to Section 7.05 (a) during the Conversion Period for any Conversion applicable to a Loan, the provisions of Section 4.06 shall apply.

*Section 7.06. Cancellation of Guarantee*

If the Borrower has failed to pay any required Loan Payment (otherwise than as a result of any act or omission to act of the Guarantor) and such payment is made by the Guarantor, the Guarantor may, after consultation with the Bank, by notice to the Bank and the Borrower, terminate its obligations under the Guarantee Agreement with respect to any amount of the Unwithdrawn Loan Balance as at the date of receipt of such notice by the Bank; provided that such amount is not subject to any Special Commitment. Upon receipt of such notice by the Bank, such obligations in respect of such amount shall terminate.

*Section 7.07. Events of Acceleration*

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Bank may, by notice to the Loan Parties, declare all or part of the Withdrawn Loan Balance as at the date of such notice to be due and payable immediately together with any other Loan Payments due under the Loan Agreement. Upon any such declaration, such Withdrawn Loan Balance and Loan Payments shall

become immediately due and payable. If any notice of acceleration is given during the Conversion Period for any Conversion applicable to a Loan, the provisions of Section 4.06 shall apply.

(a) *Payment Default.* A default has occurred in the payment by a Loan Party of any amount due to the Bank or the Association: (i) under any Legal Agreement; (ii) under any other agreement between the Bank and the Loan Party; or (iii) under any agreement between the Loan Party and the Association (in the case of an agreement between the Guarantor and the Association, under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement); or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Loan Party; and such default continues in each case for a period of thirty (30) days.

(b) *Performance Default.*

(i) A default has occurred in the performance by a Loan Party of any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Loan Parties.

(ii) A default has occurred in the performance by the Project Implementing Entity of any obligation under the Project Agreement or the Subsidiary Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Project Implementing Entity and the Loan Parties.

(c) *Co-financing.* The event specified in sub-paragraph (h) (ii) (B) of Section 7.02 has occurred, subject to the provisions of paragraph (h) (iii) of that Section.

(d) *Assignment of Obligations; Disposition of Assets.* Any event specified in paragraph (i) of Section 7.02 has occurred.

(e) *Condition of Borrower or Project Implementing Entity.* Any event specified in sub-paragraph (k) (ii), (k) (iii), (k) (iv) or (k) (v) of Section 7.02 has occurred.

(f) *Additional Event.* Any other event specified in the Loan Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Loan Agreement (“Additional Event of Acceleration”).

Section 7.08. *Effectiveness of Provisions after Cancellation, Suspension, Refund, or Acceleration*

Notwithstanding any cancellation, suspension, refund, or acceleration under this Article, all the provisions of the Legal Agreements shall continue in full force and effect except as specifically provided in these General Conditions.

## **ARTICLE VIII**

### **Enforceability; Arbitration**

#### *Section 8.01. Enforceability*

The rights and obligations of the Bank and the Loan Parties under the Legal Agreements shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Bank nor any Loan Party shall be entitled in any proceeding under this Article to assert any claim that any provision of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank.

#### *Section 8.02. Obligations of the Guarantor*

Except as provided in Section 7.06, the obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance, and then only to the extent of such performance. Such obligations shall not require any prior notice to, demand upon or action against the Borrower or any prior notice to or demand upon the Guarantor with regard to any default by the Borrower. Such obligations shall not be impaired by any of the following: (a) any extension of time, forbearance or concession given to the Borrower; (b) any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loan; (c) any modification or amplification of the provisions of the Loan Agreement contemplated by its terms; or (d) any failure of the Borrower or of the Project Implementing Entity to comply with any requirement of any law of the Member Country.

#### *Section 8.03. Failure to Exercise Rights*

No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

#### *Section 8.04. Arbitration*

(a) Any controversy between the parties to the Loan Agreement or the parties to the Guarantee Agreement, and any claim by any such party against any other such party arising under the Loan Agreement or the Guarantee Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an arbitral tribunal as hereinafter provided (“Arbitral Tribunal”).

(b) The parties to such arbitration shall be the Bank on the one side and the Loan Parties on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Bank; (ii) a second arbitrator shall be appointed by the Loan Parties or, if they do not agree, by the Guarantor; and (iii) the third arbitrator (“Umpire”) shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either side fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator

shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

(e) If within sixty (60) days after the notice instituting the arbitration proceeding, the parties have not agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement and the Guarantee Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The Bank, the Borrower and the Guarantor shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the Bank on the one side and the Loan Parties on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Loan Agreement and Guarantee Agreement or of any claim by any such party against any other such party arising under such Legal Agreements.

(k) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Loan Agreement or Guarantee Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement

of the award against the Member Country except as such procedure may be available otherwise than by reason of the provisions of this Section.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 10.01. The parties to the Loan Agreement and the Guarantee Agreement waive any and all other requirements for the service of any such notice or process.

## **ARTICLE IX**

### **Effectiveness; Termination**

#### *Section 9.01. Conditions of Effectiveness of Legal Agreements*

The Legal Agreements shall not become effective until the Loan Party and the Project Implementing Entity confirm and the Bank is satisfied that the conditions specified in paragraphs (a) through (c) of this Section are met.

(a) The execution and delivery of each Legal Agreement on behalf of the Loan Party or the Project Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the Legal Agreement is legally binding upon such party in accordance with its terms.

(b) If the Bank so requests, the condition of the Borrower (other than the Member Country) or of the Project Implementing Entity, as represented and warranted to the Bank at the date of the Legal Agreements, has not undergone any material adverse change after such date.

(c) Each condition specified in the Loan Agreement as a condition of its effectiveness has occurred (“Additional Condition of Effectiveness”).

#### *Section 9.02. Legal Opinions or Certificates; Representation and Warranty*

For the purpose of confirming that the conditions specified in paragraph (a) of Section 9.01 above have been met:

(a) The Bank may require an opinion or certificate satisfactory to the Bank confirming: (i) on behalf of the Loan Party or the Project Implementing Entity that the Legal Agreement to which it is a party has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms; and (ii) each other matter specified in the Legal Agreement or reasonably requested by the Bank in connection with the Legal Agreements for the purpose of this Section.

(b) If the Bank does not require an opinion or certificate pursuant to Section 9.02(a), by signing the Legal Agreement to which it is a party, the Loan Party or the Project Implementing Entity shall be deemed to represent and warrant that on the date of such Legal Agreement, the Legal Agreement has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms, except where additional action is required to make such Legal Agreement legally binding. Where additional action is required following the date of the Legal

Agreement, the Loan Party or the Project Implementing Entity shall notify the Bank when such additional action has been taken. By providing such notification, the Loan Party or the Project Implementing Entity shall be deemed to represent and warrant that on the date of such notification the Legal Agreement to which it is a party is legally binding upon it in accordance with its terms.

#### Section 9.03. *Effective Date*

(a) Except as the Bank and the Borrower shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Bank dispatches to the Loan Parties and the Project Implementing Entity notice confirming it is satisfied that the conditions specified in Section 9.01 have been met (“Effective Date”).

(b) If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Borrower to make withdrawals from the Loan Account if the Loan Agreement had been effective, or the Bank has determined that an extraordinary situation provided for under Section 3.08 (a) exists, the Bank may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event (or events) or situation has (or have) ceased to exist.

#### Section 9.04. *Termination of Legal Agreements for Failure to Become Effective*

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date (“Effectiveness Deadline”) specified in the Loan Agreement for the purpose of this Section, unless the Bank, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Bank shall promptly notify the Loan Parties and Project Implementing Entity of such later Effectiveness Deadline.

#### Section 9.05. *Termination of Legal Agreements on Performance of All Obligations*

(a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Loan Balance and all other Loan Payments due.

(b) If the Loan Agreement specifies a date by which certain provisions of the Loan Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms.

(c) If the Project Agreement specifies a date on which the Project Agreement shall terminate, the Project Agreement and all obligations of the parties under the Project Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms. The Bank shall promptly notify the Project Implementing Entity if the Loan Agreement terminates in accordance with its terms prior to the date so specified in the Project Agreement.

**ARTICLE X**  
**Miscellaneous Provisions**

Section 10.01. *Execution of Legal Agreements; Notices and Requests*

- (a) Each Legal Agreement executed by Electronic Means shall be deemed an original, and in the case of any Legal Agreement not executed by Electronic Means in several counterparts, each counterpart shall be an original.
- (b) Any notice or request required or permitted to be made or given under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 9.03 (a), such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail, or Electronic Means, to the party to which it is to be given or made at such party's address or Electronic Address specified in the Legal Agreement or at such other address or Electronic Address as such party shall have designated by notice to the party giving such notice or making such request. Any notice or request delivered by Electronic Means shall be deemed dispatched by the sender from its Electronic Address when it leaves the Electronic Communications System of the sender and shall be deemed received by the other party at its Electronic Address when such notice or request becomes capable of being retrieved in machine readable format by the Electronic Communications System of the receiving party.
- (c) Unless the Parties otherwise agree, Electronic Documents shall have the same legal force and effect as information contained in a Legal Agreement or a notice or request under a Legal Agreement that is not executed or transmitted by Electronic Means.

Section 10.02. *Action on Behalf of the Loan Parties and the Project Implementing Entity*

- (a) The representative designated by a Loan Party in the Legal Agreement to which it is a party (and the representative designated by the Project Implementing Entity in the Project Agreement or the Subsidiary Agreement) for the purpose of this Section, or any person authorized by such representative for that purpose, may take any action required or permitted to be taken pursuant to such Legal Agreement, and execute any documents or dispatch any Electronic Document required or permitted to be executed pursuant to such Legal Agreement, on behalf of such Loan Party (or the Project Implementing Entity).
- (b) The representative so designated by the Loan Party or person so authorized by such representative may agree to any modification or amplification of the provisions of such Legal Agreement on behalf of such Loan Party by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Loan Parties under the Legal Agreements. The Bank may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 10.03. *Evidence of Authority*

The Loan Parties and the Project Implementing Entity shall furnish to the Bank: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute

any documents, including Electronic Documents, required or permitted to be taken or executed by it under the Legal Agreement to which it is a party; and (b) the Electronic Address or the authenticated specimen signature of each such person .

#### Section 10.04. *Disclosure*

The Bank may disclose the Legal Agreements to which it is a party and any information related to such Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

## **APPENDIX**

### **Definitions**

1. “Additional Condition of Effectiveness” means any condition of effectiveness specified in the Loan Agreement for the purpose of Section 9.01 (c).
2. “Additional Event of Acceleration” means any event of acceleration specified in the Loan Agreement for the purpose of Section 7.07 (f).
3. “Additional Event of Suspension” means any event of suspension specified in the Loan Agreement for the purpose of Section 7.02 (m).
4. “Allocated Excess Exposure Amount” means, for each day during which the Total Exposure exceeds the Standard Exposure Limit, (A) (i) the total amount of said excess, multiplied by (ii) a ratio corresponding to the proportion that all (or, if the Bank so determines, a portion) of the Loan bears to the aggregate amount of all (or, if the Bank so determines, the relevant portions) of the loans made by the Bank to, or guaranteed by, the Member Country that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank, or (B) such other amount as reasonably determined from time to time by the Bank with respect to the Loan; and notified to the Loan Parties pursuant to Section 3.01 (c).
5. “Amortization Schedule” means the schedule for repayment of principal amount specified in the Loan Agreement for purposes of Section 3.03.
6. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, as further defined in the Loan Agreement.
7. “Approved Currency” means, for a Currency Conversion, any Currency approved by the Bank, which, upon the Conversion, becomes the Loan Currency.
8. “Arbitral Tribunal” means the arbitral tribunal established pursuant to Section 8.04.
9. “Association” means the International Development Association.
10. “Automatic Conversion to Local Currency” means, with respect to any portion of the Withdrawn Loan Balance, a Currency Conversion from the Loan Currency to a Local Currency for either the full maturity or the longest maturity available for the Conversion of such amount with effect from the Conversion Date upon withdrawals of amounts of the Loan from the Loan Account.
11. “Automatic Rate Fixing Conversion” means an Interest Rate Conversion whereby either: (a) the initial Reference Rate component of the interest rate for a Loan based on a Variable Spread is converted to a Fixed Reference Rate; or (b) the initial Variable Rate for a Loan with a Fixed Spread is converted to a Fixed Rate,<sup>5</sup> in either case for the aggregate principal amount of the Loan withdrawn from the Loan Account during any Interest Period or any of the two or more consecutive Interest Periods that equals or exceeds a specified threshold, and for the full

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<sup>5</sup> Not available due to the suspension of the Fixed Spread terms until further notice.

- maturity of such amount, as specified in the Loan Agreement or in a separate request from the Borrower.
12. “Bank” means the International Bank for Reconstruction and Development.
  13. “Borrower” means the party to the Loan Agreement to which the Loan is extended.
  14. “Borrower’s Representative” means the Borrower’s representative specified in the Loan Agreement for the purpose of Section 10.02.
  15. “Closing Date” means the date specified in the Loan Agreement or such other date – including an earlier date at the Borrower’s request – as the Bank may establish, by notice to the Loan Parties.
  16. “Co-financier” means the financier (other than the Bank or the Association) referred to in Section 7.02 (h) providing the Co-financing. If the Loan Agreement specifies more than one such financier, “Co-financier” refers separately to each of such financiers.
  17. “Co-financing” means the financing referred to in Section 7.02 (h) and specified in the Loan Agreement provided or to be provided for the Project by the Co-financier. If the Loan Agreement specifies more than one such financing, “Co-financing” refers separately to each of such financings.
  18. “Co-financing Agreement” means the agreement referred to in Section 7.02 (h) providing for the Co-financing.
  19. “Co-financing Deadline” means the date referred to in Section 7.02 (h) (i) and specified in the Loan Agreement by which the Co-financing Agreement is to become effective. If the Loan Agreement specifies more than one such date, “Co-financing Deadline” refers separately to each of such dates.
  20. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).
  21. “Commitment-linked Amortization Schedule” means an Amortization Schedule in which timing and amount of principal repayments is determined by reference to the date of approval of the Loan by the Bank and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
  22. “Conversion” means any of the following modifications of the terms of all or any portion of the Loan that has been requested by the Borrower and accepted by the Bank: (a) an Interest Rate Conversion; (b) a Currency Conversion; or (c) the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate; each as provided herein, in the Loan Agreement and in the Conversion Guidelines.
  23. “Conversion Date” means, for a Conversion, such date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that in case of an Automatic Conversion to Local Currency, the Conversion Date shall be the date of withdrawal from the Loan Account of the amount in respect of which the Conversion has been requested.

24. “Conversion Guidelines” means, for a Conversion, the Directive “Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments” issued and revised from time to time, by the Bank and the Association, in effect at the time of the Conversion.
25. “Conversion Period” means, for a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which the Conversion terminates by its terms; provided, that solely for the purpose of enabling the final payment of interest and principal under a Currency Conversion to be made in the Approved Currency, such period shall end on the Payment Date immediately following the last day of said final applicable Interest Period.
26. “Counterparty” means a party with whom the Bank enters into a hedging arrangement for purposes of executing a Conversion.
27. “Covered Debt” means any debt which is or may become payable in a Currency other than the Currency of the Member Country.
28. “Currency” means the currency of a country and the Special Drawing Right of the International Monetary Fund. “Currency of a country” means the currency which is legal tender for the payment of public and private debts in that country.
29. “Currency Conversion” means a change of the Loan Currency of all or any amount of the Unwithdrawn Loan Balance or the Withdrawn Loan Balance to an Approved Currency.
30. “Currency Hedge Notes Transaction” means one or more notes issues by the Bank and denominated in an Approved Currency for purposes of executing a Currency Conversion.
31. “Currency Hedge Transaction” means either: (a) a Currency Hedge Swap Transaction; or (b) a Currency Hedge Notes Transaction.
32. “Currency Hedge Swap Transaction” means one or more Currency derivatives transactions entered into by the Bank with a Counterparty as of the Execution Date for purposes of executing a Currency Conversion.
33. “Default Interest Period” means for any overdue amount of the Withdrawn Loan Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31<sup>st</sup> day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.
34. “Default Interest Rate” means for any Default Interest Period: (a) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and (b) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Fixed Rate immediately prior to the application of the Default

Interest Rate: Default Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).<sup>6</sup>

35. “Default Reference Rate” means the Reference Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Reference Rate shall be equal to Reference Rate for the Interest Period in which the amount referred to in Section 3.02 (e) first becomes overdue.
36. “Default Variable Rate” means the Variable Rate for the relevant Interest Period; provided that: (a) for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.02 (e) first becomes overdue; and (b) for an amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate based on a Fixed Reference Rate and the Variable Spread immediately prior to the application of the Default Interest Rate, “Default Variable Rate” shall be equal to the Default Reference Rate plus the Variable Spread.
37. “Derivatives Agreement” means any derivatives agreement between the Bank and a Loan Party (or any of its sub-sovereign entities) for the purpose of documenting and confirming one or more derivatives transactions between the Bank and such Loan Party (or any of its sub-sovereign entities), as such agreement may be amended from time to time. “Derivatives Agreement” includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.
38. “Disbursed Amount” means, for each Interest Period, the aggregate principal amount of the Loan withdrawn from the Loan Account during such Interest Period.
39. “Disbursement-Linked Amortization Schedule” means an Amortization Schedule in which principal amount repayments are determined by reference to the date of disbursement and the Disbursed Amount and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
40. “Disbursement and Financial Information Letter” means the letter transmitted by the Bank to the Borrower as part of the additional instructions to be issued under Section 2.01 (b).
41. “Dollar”, “\$” and “USD” each means the lawful currency of the United States of America.
42. “Effective Date” means the date on which the Legal Agreements enter into effect pursuant to Section 9.03 (a).
43. “Effectiveness Deadline” means the date referred to in Section 9.04 after which the Legal Agreements shall terminate if they have not entered into effect as provided in that Section.
44. “Electronic Address” means the designation of a party that uniquely identifies a person within a defined Electronic Communications System for purposes of authenticating the dispatch and receipt of Electronic Documents.

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<sup>6</sup> Not available due to suspension of the Fixed Spread terms until further notice.

45. “Electronic Communications System” means the collection of computers, servers, systems, equipment, network elements and other hardware and software used for the purposes of generating, sending, receiving or storing or otherwise processing Electronic Documents, acceptable to the Bank and in accordance with any such additional instructions as the Bank may specify from time to time by notice to the Borrower.
46. “Electronic Document” means information contained in a Legal Agreement or a notice or request under a Legal Agreement that is transmitted by Electronic Means.
47. “Electronic Means” means the generation, sending, receiving, storing or otherwise processing of an Electronic Document by electronic, magnetic, optical or similar means, including, but not limited to, electronic data interchange, electronic mail, telegram, telex or telecopy, acceptable to the Bank.
48. “Eligible Expenditure” means an expenditure which meets the requirements of Section 2.05.
49. “EURIBOR” means for any Interest Period, the EUR interbank offered rate for deposits in EUR for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page at the customary publication time as specified by the EURIBOR benchmark administrator in the EURIBOR benchmark methodology, as reasonably determined by the Bank for the relevant Interest Period.
50. “Euro”, “€” and “EUR” each means the lawful currency of the Euro Area.
51. “Euro Area” means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
52. “Execution Date” means, for a Conversion (or its early termination), the date on which the Bank has undertaken all actions necessary to effect (or terminate) the Conversion, as reasonably determined by the Bank.
53. “Exposure Surcharge” means the surcharge at the rate established by the Bank in accordance with its policies, and periodically published by the Bank, which may be applicable to the Borrower pursuant to Section 3.01 (c).
54. “Financial Statements” means the financial statements referred to in Section 5.09 (a).
55. “Fixed Rate” means a fixed rate of interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c).<sup>7</sup>
56. “Fixed Reference Rate” means a fixed reference rate component of the interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c).

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<sup>7</sup> Interest Rate Conversions to Fixed Rate are not available due to the suspension of the Fixed Spread terms until further notice. Some rate fixing Currency Conversions are available, subject to the Conversion Guidelines.

57. “Fixed Spread” means the Bank’s fixed spread for the Original Loan Currency established by the Bank in accordance with its policies in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, expressed as a percentage per annum and as periodically published by the Bank; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, “Fixed Spread” means the Bank’s fixed spread for the Loan Currency as reasonably determined by the Bank on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.<sup>8</sup>
58. “Front-end Fee” means the fee specified in the Loan Agreement for the purpose of Section 3.01 (a).
59. “Guarantee Agreement” means the agreement between the Member Country and the Bank providing for the guarantee of the Loan, as such agreement may be amended from time to time. “Guarantee Agreement” includes these General Conditions as applied to the Guarantee Agreement, and all appendices, schedules and agreements supplemental to the Guarantee Agreement.
60. “Guarantor” means the Member Country which is a party to the Guarantee Agreement.
61. “Guarantor’s Representative” means the Guarantor’s representative specified in the Loan Agreement for the purpose of Section 10.02.
62. “Installment Share” means the percentage of the total principal amount of the Loan payable on each Principal Payment Date as specified in a Commitment-linked Amortization Schedule.
63. “Interest Hedge Transaction” means, for an Interest Rate Conversion, one or more interest rate swap transactions entered into by the Bank with a Counterparty as of the Execution Date and in accordance with the Conversion Guidelines, in connection with the Interest Rate Conversion.
64. “Interest Period” means the initial period from and including the date of the Loan Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
65. “Interest Rate Cap” means, with respect to all or any amount of the Withdrawn Loan Balance, a ceiling that sets an upper limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate<sup>9</sup>; or

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<sup>8</sup> Suspended until further notice.

<sup>9</sup> Not available due to the suspension of the Fixed Spread terms until further notice.

- (b) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
66. “Interest Rate Collar” means, with respect to all or any amount of the Withdrawn Loan Balance, a combination of a ceiling and a floor that sets an upper and a lower limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate<sup>10</sup>; or (b) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
67. “Interest Rate Conversion” means a change of the interest rate basis applicable to all or any amount of the Withdrawn Loan Balance: (a) from the Variable Rate to the Fixed Rate or vice versa;<sup>11</sup> (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread;<sup>12</sup> (c) from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or (d) Automatic Rate Fixing Conversion.
68. “Legal Agreement” means any of the Loan Agreement, the Guarantee Agreement, the Project Agreement, or the Subsidiary Agreement. “Legal Agreements” means collectively, all of such agreements.
69. “Lien” includes mortgages, pledges, charges, privileges and priorities of any kind.
70. “Loan” means the loan provided for in the Loan Agreement.
71. “Loan Account” means the account opened by the Bank in its books in the name of the Borrower to which the amount of the Loan is credited.
72. “Loan Agreement” means the loan agreement between the Bank and the Borrower providing for the Loan, as such agreement may be amended from time to time. “Loan Agreement” includes these General Conditions as applied to the Loan Agreement, and all appendices, schedules and agreements supplemental to the Loan Agreement.
73. “Loan Currency” means the Currency in which the Loan is denominated; provided that if the Loan Agreement provides for Conversions, “Loan Currency” means the Currency in which the Loan is denominated from time to time. If the Loan is denominated in more than one currency, “Loan Currency” refers separately to each of such Currencies.
74. “Loan Party” means the Borrower or the Guarantor. “Loan Parties” means collectively, the Borrower and the Guarantor.
75. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any surcharge, any transaction fee for a Conversion or early

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<sup>10</sup> Not available due to the suspension of the Fixed Spread terms until further notice.

<sup>11</sup> Not available due to the suspension of the Fixed Spread terms until further notice.

<sup>12</sup> Not available due to the suspension of the Fixed Spread terms until further notice.

- termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.
76. “Local Currency” means an Approved Currency that is not a major currency, as reasonably determined by the Bank.
77. “Maturity Fixing Date” means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which the Disbursed Amount is withdrawn.
78. “Member Country” means the member of the Bank which is the Borrower or the Guarantor.
79. “Member Guarantee” means a financial guarantee or credit enhancement provided by a member or members of the Bank, to the Bank in respect of a Loan for applicable Loan Payments. Member Guarantee excludes the guarantees provided by a Member Country to the Bank in respect of a Loan provided to a Borrower within such Member Country’s territory, where the Borrower is not the Member Country.
80. “Original Loan Currency” means the currency of denomination of the Loan as defined in Section 3.08.
81. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest and Commitment Charge are payable.
82. “Preparation Advance” means the advance referred to in the Loan Agreement and repayable in accordance with Section 2.07 (a).
83. “Principal Payment Date” means each date specified in the Loan Agreement on which all or any portion of the principal amount of the Loan is payable.
84. “Procurement Plan” means the Borrower’s procurement plan for the Project, provided for under Section IV of the Procurement Regulations, as such plan may be updated from time to time with the Bank’s approval.
85. “Procurement Regulations” means the “World Bank Procurement Regulations for Borrowers under Investment Project Financing”, as further defined in the Loan Agreement.
86. “Project” means the project described in the Loan Agreement for which the Loan is extended, as the description of such project may be amended from time to time by agreement between the Bank and the Borrower.
87. “Project Agreement” means the agreement between the Bank and the Project Implementing Entity relating to the implementation of all or part of the Project, as such agreement may be amended from time to time. “Project Agreement” includes these General Conditions as applied to the Project Agreement, and all appendices, schedules and agreements supplemental to the Project Agreement.
88. “Project Implementing Entity” means a legal entity (other than the Borrower or the Guarantor) which is responsible for implementing all or a part of the Project and which is a party to the Project Agreement or the Subsidiary Agreement.

89. “Project Implementing Entity’s Representative” means the Project Implementing Entity’s representative specified in the Project Agreement for the purpose of Section 10.02 (a).
90. “Project Report” means each report on the Project to be prepared and furnished to the Bank pursuant to Section 5.08 (b).
91. “Public Assets” means assets of the Member Country, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
92. “Reference Rate” means, for any Interest Period:
- (a) (i) for USD, SOFR; (ii) for EUR, EURIBOR; (iii) for GBP, SONIA; and (iv) for JPY, TONA; provided that if the relevant Reference Rate is not available through the normal sources of information at the customary publication times in respect of the relevant Interest Period, the Bank shall reasonably determine such Reference Rate taking into account the prevailing market practice with respect to alternative methods for calculating the Reference Rate, their market representativeness and acceptability to the Bank for purposes of its asset and liability management, and notify the Borrower accordingly;
- (b) if the Bank determines that (i) the Reference Rate for the relevant Loan Currency has permanently ceased to be quoted for such currency, or (ii) the Bank is no longer able, or it is no longer commercially acceptable for the Bank, to continue to use such Reference Rate, for purposes of its asset and liability management, such other comparable reference rate for the relevant currency, including any applicable spread, as the Bank shall determine, and notify to the Borrower pursuant to Section 3.02 (c); and
- (c) for any currency other than USD, EUR, JPY and GBP: (i) such reference rate for the Original Loan Currency as shall be specified or referred to in the Loan Agreement; or (ii) in the case of a Currency Conversion to such other currency, such reference rate as shall be determined by the Bank in accordance with the Conversion Guidelines and notice thereof given to the Borrower in accordance with Section 4.01(c).
93. “Relevant Rate Page” means the display page designated by an established financial market data provider selected by the Bank as the page for the purpose of displaying at customary publication times the Reference Rate (including any applicable spread to the relevant prior benchmark rate) for the Loan Currency.
94. “Respective Part of the Project” means, for the Borrower and for any Project Implementing Entity, the part of the Project specified in the Legal Agreements to be carried out by it.
95. “Screen Rate” means with respect to a Conversion, such rate as determined by the Bank on the Execution Date taking into account the applicable interest rate, or a component thereof, and market rates displayed by established information vendors in accordance with the Conversion Guidelines.

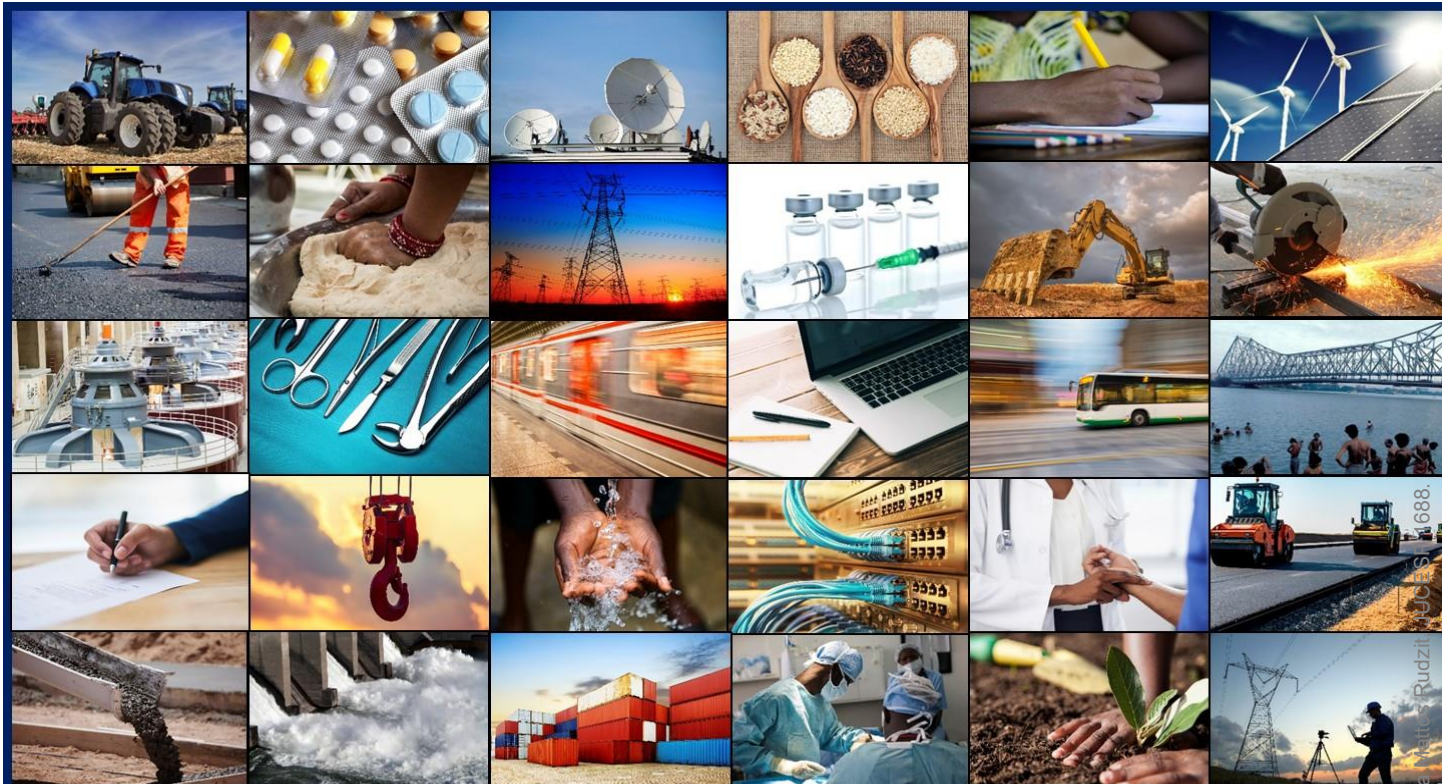
96. “SOFR” means for any Interest Period, the Secured Overnight Financing Rate (SOFR) for the relevant Interest Period (whether calculated on a term basis, or other basis designed to replicate a term structure, and which may include an applicable spread to the relevant prior benchmark rate), expressed as a percentage per annum, that appears on the Relevant Rate Page at customary publication times specified by the applicable benchmark administrator, as reasonably determined by the Bank for the relevant Interest Period.
97. “SONIA” means for any Interest Period, the Sterling Overnight Index Average (SONIA) rate for the relevant Interest Period (whether calculated on a term basis, or other basis designed to replicate a term structure, and which may include an applicable spread to the relevant prior benchmark rate), expressed as a percentage per annum, that appears on the Relevant Rate Page at customary publication times specified by the applicable benchmark administrator, as reasonably determined by the Bank for the relevant Interest Period.
98. “Special Commitment” means any special commitment entered into or to be entered into by the Bank pursuant to Section 2.02.
99. “Standard Exposure Limit” means the standard limit on the Bank’s financial exposure to the Member Country, as determined from time to time by the Bank which, if exceeded, would subject the Borrower to the Exposure Surcharge, pursuant to Section 3.01 (c).
100. “Sterling”, “£” or “GBP” each means the lawful currency of the United Kingdom.
101. “Subsidiary Agreement” means the agreement that the Borrower enters into with the Project Implementing Entity setting forth the respective obligations of the Borrower and the Project Implementing Entity with respect to the Project.
102. “Substitute Loan Currency” means the substitute currency of denomination of a Loan as defined in Section 3.08.
103. “Taxes” includes imposts, levies, fees and duties of any nature whether in effect at the date of the Legal Agreements or imposed after that date.
104. “TONA” means for any Interest Period, the Tokyo Overnight Average Rate (TONA) for the relevant Interest Period (whether calculated on a term basis, or other basis designed to replicate a term structure, and which may include an applicable spread to the relevant prior benchmark rate), expressed as a percentage per annum, that appears on the Relevant Rate Page at customary publication times specified by the applicable benchmark administrator, as reasonably determined by the Bank for the relevant Interest Period.
105. “Total Exposure” means, for any given day, the Bank’s total financial exposure to the Member Country, as reasonably determined by the Bank.
106. “Umpire” means the third arbitrator appointed pursuant to Section 8.04 (c).
107. “Unwinding Amount” means, for the early termination of a Conversion: (a) an amount payable by the Borrower to the Bank equal to the net aggregate amount payable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount; or (b) an amount payable by the Bank to the

Borrower equal to the net aggregate amount receivable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount.

108. “Unwithdrawn Loan Balance” means the amount of the Loan remaining unwithdrawn from the Loan Account from time to time.
109. “Variable Rate” means: (a) a variable rate of interest equal to the sum of: (1) the Reference Rate for the Original Loan Currency; plus (2) the Variable Spread, if interest accrues at a rate based on the Variable Spread, or the Fixed Spread if interest accrues at a rate based on the Fixed Spread;<sup>13</sup> and (b) in case of a Conversion, such variable rate as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c).
110. “Variable Spread” means, for each Interest Period: (a) (1) the Bank’s standard lending spread for Loans established by the Bank in accordance with its policies in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement (including the maturity premium, if applicable); and (2) plus or minus the adjusted weighted average margin to the Reference Rate, for the relevant Interest Period, in respect of the Bank’s outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank, expressed as a percentage per annum and periodically published by the Bank; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c). In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.
111. “Withdrawn Loan Balance” means the amounts of the Loan withdrawn from the Loan Account and outstanding from time to time.
112. “World Bank Disbursement Guidelines for Projects” means the World Bank guidelines, as revised from time to time, and issued as part of the additional instructions under Section 2.01 (b).
113. “Yen”, “¥” and “JPY” each means the lawful currency of Japan.

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<sup>13</sup> Fixed Spread terms are suspended until further notice.



# THE WORLD BANK

## Procurement Regulations for IPF Borrowers

### PROCUREMENT IN INVESTMENT PROJECT FINANCING

### Goods, Works, Non-Consulting and Consulting Services

Fifth Edition  
September 2023



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Those wishing to submit comments or questions on these Regulations or to obtain additional information on procurement under World Bank-financed projects are encouraged to contact:

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The World Bank, 1818 H Street, NW Washington, D.C., 20433, U.S.A.

# Foreword

Welcome to the World Bank Procurement Regulations for IPF Borrowers (Regulations).

Our vision is:

***“Procurement in IPF operations supports Borrowers to achieve value for money with integrity in delivering sustainable development”***

The Regulations have been written to support this vision, and reflect the extensive feedback received from stakeholders involved in IPF procurements financed by the World Bank. They are designed to support a modern, fit for purpose procurement framework. The Regulations detail many options to tailor individual procurement processes to meet operational needs and deliver the right result.

Borrowers using the Regulations spend billions each year procuring the works, services, or goods they need from third-party suppliers, contractors and consultants. Procurements under these Regulations happen in over 170 countries across the globe. They cover diverse locations and some challenging operating environments. Procurements range from highly complex infrastructure, cutting edge consultancy, major pieces of plant/equipment, high tech information technology, research and development, and critical supplies, to simple, routine goods and services. Therefore, these Regulations must be practical, in all situations, to ensure the correct procurement approach is used to deliver the right results.

The Regulations are guided by the following core procurement principles: value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness.

In supporting the core procurement principles, the Regulations provide many choices for Borrowers to design the right approach to market. The Regulations also specify the rules that must be followed, so that it is easier, for all those involved, to understand the procurement process.

Complementing the Regulations are a series of Standard Procurement Documents (SPDs), Guidance, and a set of briefing, training, videos, and e-learning materials - all accessible through:

[www.worldbank.org/procurement](http://www.worldbank.org/procurement).

Undertaking any procurement can be a challenging prospect. The World Bank is there to support its Borrowers as needed. For more information please contact your local World Bank representative, or see [www.worldbank.org/procurement](http://www.worldbank.org/procurement).

We wish you every success in using these Regulations, and look forward to supporting you to deliver your project development objectives.

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# Common Abbreviations and Defined Terms

This section explains the common abbreviations and defined terms that are used in these Regulations. Defined terms are written using capital letters.

Abbreviation / term	Full terminology / definition
<b>Annex</b>	An Annex to these Procurement Regulations for Borrowers.
<b>Applicant</b>	A firm or joint venture that submits an Application in response to an invitation for Prequalification or Initial Selection.
<b>Application</b>	A document submitted by an Applicant in response to an invitation for Prequalification or Initial Selection.
<b>BAFO</b>	Best and final offer.
<b>Bank</b>	IBRD and/or IDA (whether acting on its own account or in its capacity as administrator of trust funds provided by other donors).
<b>Bid</b>	An offer, by a firm or joint venture, in response to a Request for Bids, to provide the required Goods, Works or Non-consulting Services.
<b>Bidder</b>	A firm or joint venture that submits a Bid for Goods, Works, or Non-consulting Services in response to a Request for Bids.
<b>BOO</b>	Build, own, operate.
<b>BOOT</b>	Build, own, operate and transfer.
<b>Borrower</b>	A borrower or recipient of Investment Project Financing (IPF) and any other entity involved in the implementation of a project financed by IPF.
<b>BOT</b>	Build, operate, and transfer.
<b>Business Day</b>	Any day that is an official working day of the Borrower. It excludes the Borrower's official public holidays.
<b>CDD</b>	Community-driven development.
<b>CIP</b>	Incoterm meaning Carriage and Insurance Paid to (named place of destination).
<b>Competitive Dialogue</b>	A selection method for Goods, Works or Non-consulting Services described in Paragraphs 6.39 to 6.41 and Annex XIII.
<b>Complaint</b>	A procurement-related complaint as described in Paragraphs 3.27 to 3.32 and Annex III, Procurement-related Complaints.

Abbreviation / term	Full terminology / definition
<b>Consultant</b>	A variety of private and public entities, joint ventures, or individuals that provide services of an advisory or professional nature. Where the Consultant is an individual they are not engaged by the Borrower as an employee.
<b>Consulting Services</b>	Covers a range of services that are of an advisory or professional nature and are provided by Consultants.  These Services typically involve providing expert or strategic advice e.g., management consultants, policy consultants or communications consultants. Advisory and project related Consulting Services include, for example: feasibility studies, project management, engineering services, finance and accounting services, training and development.
<b>Contract Award Notice</b>	The published award of contract notice as described Paragraphs 5.93 to 5.95.
<b>Core Procurement Principles</b>	The Bank's Core Procurement Principles (value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness) are set out in detail in Section III. C of the Bank Policy: Procurement in IPF and Other Operational Procurement Matters.
<b>CQS</b>	Consultants Qualifications-based Selection.
<b>Emergency Situations</b>	For the purposes of these Procurement Regulations, Emergency Situations include those cases where the Borrower/beneficiary or, as appropriate, the member country is deemed by the Bank to be in urgent need of assistance because of a natural or man-made disaster or conflict.
<b>EOI</b>	Expression of Interest.
<b>ESF</b>	Environmental and Social Framework.
<b>Evaluation Criteria</b>	Price and non-price criteria (including Rated Criteria when applicable) that define how the Borrower assesses which Bidder/Proposer provides the Most Advantageous Bid/Proposal.
<b>FA</b>	Framework Agreement.
<b>FBS</b>	Fixed-budget Based Selection; a method of evaluating the selection of Consultants where Proposals are based on a fixed budget.
<b>Fraud and Corruption</b>	The sanctionable practices of corruption, fraud, collusion, coercion and obstruction defined in the Anti-Corruption Guidelines and reflected in paragraph 2.2a of Annex IV of these Procurement Regulations.

Abbreviation / term	Full terminology / definition
<b>Goods</b>	A category of procurement that includes: commodities, raw material, machinery, equipment, vehicles, Plant, and related services such as transportation, insurance, installation, commissioning, training, and initial maintenance.
<b>GPN</b>	General Procurement Notice.
<b>IBRD</b>	International Bank for Reconstruction and Development.
<b>IDA</b>	International Development Association.
<b>In Writing</b>	This means communicated or recorded in written form. It includes, for example: mail, e-mail, fax or communication through an electronic procurement system (provided that the electronic system is accessible, secure, ensures integrity and confidentiality, and has sufficient audit trail features).
<b>Incoterms</b>	The international commercial terms for goods published by the International Chamber of Commerce (ICC).
<b>Initial Selection (IS)</b>	The shortlisting process used prior to inviting proposals when applying a Request for Proposals selection method.
<b>Investment Project Financing (IPF)</b>	The Bank's financing of investment projects that aims to promote poverty reduction and sustainable development. IPF supports projects with defined development objectives, activities, and results, and disburses the proceeds of Bank financing against specific eligible expenditures.
<b>KPI</b>	Key Performance Indicator.
<b>LCS</b>	Least Cost-based Selection: a method of evaluating the selection of Consultants based on the lowest price.
<b>Legal Agreement</b>	Each agreement with the Bank providing for a loan for a project, including Procurement Plan and all documents incorporated by reference. If the Bank enters into a project agreement with an entity implementing the project, the term includes the project agreement.
<b>Most Advantageous Bid/Proposal</b>	As defined in Annex X, Evaluation Criteria.
<b>National Language</b>	National Language is, either: <ul style="list-style-type: none"> <li>a. the national language of the Borrower, or</li> <li>b. the language used nationwide in the Borrower's country for commercial transactions, and the Bank is satisfied that this is the language used.</li> </ul>

<b>Abbreviation / term</b>	<b>Full terminology / definition</b>
<b>NGO</b>	Non-governmental Organization.
<b>Non-consulting Services:</b>	Services which are not Consulting Services. Non-consulting Services are normally bid and contracted on the basis of performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied. Examples include: drilling, aerial photography, satellite imagery, mapping, and similar operations.
<b>Notification of Intention to Award</b>	The notice transmitted to Bidders/Proposers/Consultants informing them of the intention to award the contract, as described in Paragraphs 5.72 to 5.77.
<b>Paragraph</b>	A numbered paragraph within these Procurement Regulations. It excludes paragraphs in the Annexes.
<b>Plant</b>	The provision of equipped facilities, such as those executed on the basis of design, supply, installation and commissioning.
<b>PPP</b>	Public-Private Partnership.
<b>Prequalification</b>	The shortlisting process which can be used prior to inviting Request for Bids in the procurement of Goods, Works or Non-consulting Services.
<b>Probity Assurance Provider</b>	An independent third party that provides specialist probity services for concurrent monitoring of the Procurement Process.
<b>Procurement Documents</b>	A generic term used in these Procurement Regulations to cover all Procurement Documents issued by the Borrower to potential Applicants/Bidders/Proposers. It includes: GPN, SPN, REOI, prequalification document, initial selection document, Request for Bids document, Request for Proposals document, forms of contracts and any addenda.
<b>Procurement Plan</b>	The Borrower's Procurement Plan for IPF projects, as referred to in Paragraphs 4.4 and 4.5, and incorporated by reference in the Legal Agreement.
<b>Procurement Process</b>	The process that starts with the identification of a need and continues through planning, preparation of specifications/requirements, budget considerations, selection, contract award, and contract management. It ends on the last day of the warranty period.
<b>Procurement Regulations</b>	The "World Bank Procurement Regulations for IPF Borrowers".
<b>Project Procurement Strategy for Development (PPSD)</b>	A project-level strategy document, prepared by the Borrower, that describes how procurement in IPF operations support the development objectives of the project and deliver VfM.

<b>Abbreviation / term</b>	<b>Full terminology / definition</b>
<b>Proposal</b>	An offer, in response to a Request for Proposals, which may or may not include price, by one party to provide Goods, Works, Non-Consulting Services or Consulting Services to another party.
<b>Proposer</b>	An individual entity or joint venture that submits a Proposal for Goods, Works, and Non-consulting Services in response to a Request for Proposals.
<b>QBS</b>	Consultants Quality-based Selection.
<b>QCBS</b>	Consultants Quality and Cost-based Selection.
<b>Rated Criteria</b>	Rated Criteria are used in accordance with Paragraph 5.50, to evaluate non-price attributes of Bids/Proposals, including quality, risks/mitigations, VFM opportunities, sustainability, and other technical aspects.
<b>REOI</b>	Request for Expressions of Interest.
<b>RFB</b>	Request for Bids as a selection method.
<b>RFP</b>	Request for Proposals as a selection method.
<b>RFQ</b>	Request for Quotations as a selection method.
<b>Section</b>	A Section within these Procurement Regulations for Borrowers.
<b>Sexual Exploitation and Abuse (SEA)</b>	A prohibited practice as defined in the applicable Standard Procurement Documents (SPDs).
<b>Sexual Harassment (SH)</b>	A prohibited practice as defined in the applicable Standard Procurement Documents (SPDs).
<b>Shortlist</b>	The shortlisting process used prior to inviting request for proposals in the procurement of Consulting Services.
<b>SOEs</b>	State-owned Enterprise or institution.
<b>SPN</b>	Specific Procurement Notice.
<b>Standard Procurement Documents (SPDs)</b>	Procurement documents issued by the Bank to be used by Borrowers for IPF financed projects. These include, GPN, SPN, REOI, Standard Prequalification documents, Initial Selection documents, Request for Bids documents, and Request for Proposals documents.
<b>Standstill Period</b>	The period following the Notification of Intention to Award as described in Paragraphs 5.78 to 5.80.
<b>TOR</b>	Terms of Reference.
<b>UN Agency</b>	UN Agency broadly refers to the United Nations departments, specialized agencies, and their regional offices, funds, and programs.

Abbreviation / term	Full terminology / definition
UNDB Online	UN Development Business online. <a href="http://www.devbusiness.com">www.devbusiness.com</a>
VfM	Value for Money.
<b>WBG’s Sanctions Framework (Sanctions Framework)</b>	A framework consisting of WBG Policy, “Sanctions for Fraud and Corruption”, and other related regulations adopted by the Bank.
<b>Works</b>	A category of procurement that refers to construction, repair, rehabilitation, demolition, restoration, maintenance of civil work structures, and related services such as transportation, insurance, installation, commissioning, and training.

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# Section I. Introduction

- 1.1 Procurement in Investment Project Financing (IPF) supports Borrowers to achieve value for money (VfM) with integrity in delivering sustainable development.
- 1.2 The Bank is required by its Articles of Agreement to “make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.” In accordance with this requirement, and other applicable Bank rules, the Bank has adopted the World Bank Procurement Regulations for IPF Borrowers (Procurement Regulations) governing the procurement of Goods, Works, Non-consulting Services, and Consulting Services for IPF operations to be financed in whole, or in part, by the Bank.
- 1.3 While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, the following Bank’s Core Procurement Principles generally guide Bank decisions under these Procurement Regulations: value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness.



# Section II. General Considerations

## Applicability

- 2.1 The Legal Agreement governs the legal relationship between the Borrower and the Bank. The Procurement Regulations are applicable to the procurement of Goods, Works, Non-consulting Services and Consulting Services in IPF operations, as provided for in the Legal Agreement. The rights and obligations of the Borrower and the providers of Goods, Works, Non-consulting Services and Consulting Services for IPF operations are governed by the relevant Request for Bids/Request for Proposals document and by the contracts signed by the Borrower and the providers of Goods, Works, Non-consulting Services, and Consulting Services, and not by these Procurement Regulations or the Legal Agreement. No party other than the parties to the Legal Agreement shall derive any rights from, or have any claim to, financing proceeds.
- 2.2 The Procurement Regulations do not apply to the procurement of Goods, Works, Non-consulting Services, and Consulting Services financed by the Bank:
  - a. under projects where the Bank Guarantees, provided by the Bank; and/or
  - b. through loans made by eligible financial intermediaries to private borrowers.
- 2.3 For contracts that are not financed by the Bank, but are included in the scope of a Bank-financed project, the Borrower may adopt other procurement rules and procedures if the Bank is satisfied that:
  - a. the rules and procedures will fulfill the Borrower’s obligations to carry out the project diligently and efficiently; and
  - b. the Goods, Works, Non-consulting Services or Consulting Services to be procured:
    - i. are specified to a satisfactory quality, are compatible with the other elements of the project, and are consistent with the project objectives;
    - ii. will be delivered or completed in a timely manner; and
    - iii. are priced so as not to have an adverse effect on the economic and financial viability of the project.

## Alternative Procurement Arrangements

- 2.4 At the Borrower’s request, the Bank (subject to its policies and rules, and applicable fiduciary and operational requirements), may agree to:
  - a. rely on and apply the procurement rules and procedures of another multilateral or bilateral agency or organization, and may agree to such a party taking a leading role in providing the implementation support and monitoring of procurement activities; and
  - b. rely on and apply the procurement rules and procedures of an agency or entity of the Borrower.



# Section III. Governance

## Governance

- 3.1 The governance of procurement in IPF operations shall be managed through clear and transparent lines of accountability, and the clear definition of the roles and responsibilities of each party.

## Roles and Responsibilities

### Borrower

- 3.2 The Borrower is responsible for carrying out procurement activities financed by the Bank in accordance with these Procurement Regulations. This includes planning, strategizing, seeking and evaluating Applications/Quotations/Bids/Proposals, and awarding and managing contracts. The Borrower shall retain all Procurement Documents and records of procurements financed by the Bank, as required in the Legal Agreement.
- 3.3 The Borrower may engage independent Probity Assurance Providers to be present during different stages of the Procurement Process, including: engagements/discussions with firms, Bid/Proposal opening, evaluation, negotiations, contract award decisions, and/or contract execution. Where the Bank requires the Borrower to appoint a Probity Assurance Provider, the Borrower shall obtain the Bank's agreement to the selection and appointment.

### Bank

- 3.4 To ensure that Bank funds are used only for the purposes for which the financing was granted, the Bank carries out its procurement functions, including implementation support, monitoring and procurement oversight, under a risk-based approach. For details see Annex II, Procurement Oversight.

### Prior and Post Review

- 3.5 The Bank carries out prior reviews of procurement activities that are of high value and/or high risk to determine whether the procurement is carried out in accordance with the requirements of the Legal Agreement.
- 3.6 The Bank also carries out post reviews of procurement activities undertaken by the Borrower to determine whether they comply with the requirements of the Legal Agreement. The Bank may use a third party such as a supreme audit institution, acceptable to the Bank, to carry out post reviews. Any such third party shall carry out the reviews in accordance with the terms of reference (TOR) provided to it by the Bank.
- 3.7 Whether a procurement is subject to prior or post review is determined on the basis of the project and contract-specific procurement risks. These risks are assessed by the Bank during project preparation and reassessed and updated during project implementation.
- 3.8 The requirement for a prior or post review shall be specified in the Procurement Plan. During project implementation, the Bank monitors and reassesses the risk and risk mitigation measures.

If necessary and appropriate, as determined by the Bank, the Bank may require the Borrower to revise the prior and/or post review requirements in the Procurement Plan.

### Independent Procurement Reviews

- 3.9 Independent procurement reviews are procurement audits performed by independent third parties appointed by the Bank when the Bank determines the need for such a review based on its assessment of risk. The Borrower shall cooperate with the third parties and provide all necessary access.

### Hands-on Expanded Implementation Support

- 3.10 The Bank may agree to provide the Borrower with hands-on expanded implementation support for procurement where the Bank determines that this support is needed to assist the Borrower to achieve the development objectives and outcomes of the project.
- 3.11 The scope and nature of such support is determined by the Bank on a case-by-case basis. Such support does not result in the Bank's executing procurement on behalf of the Borrower, and project execution remains the Borrower's responsibility.

### **Firms and Individuals**

- 3.12 The effective participation and performance of high-quality firms and individuals is critical to achieve effective competition and VfM throughout the whole Procurement Process.
- 3.13 Firms and individuals participating in procurement in Bank IPF operations are responsible for complying with the requirements of the Procurement Documents and the contract which they may enter with the Borrower.

### **Conflict of Interest**

- 3.14 The Bank requires that firms or individuals involved in Bank IPF procurement shall not have a conflict of interest.

### **Goods, Works, and Non-consulting Services**

- 3.15 A firm shall be considered to have a conflict of interest if the firm:
- a. is providing Goods, Works, or Non-consulting Services resulting from, or directly related to, Consulting Services that it provided for the preparation or implementation of a project, or where such services were provided by an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and built contract;

- b. including its personnel, has a close business or family relationship with a professional staff of the Borrower, or of the project implementing agency, or of a recipient of a part of the Bank's financing, or any other party representing or acting on behalf of the Borrower who:
  - i. is directly or indirectly involved in the preparation of the Procurement Documents or contract specifications, and/or the evaluation process of such contract;
  - ii. would be involved in the execution or supervision of such contract, unless the conflict stemming from such relationship has been resolved in a manner acceptable to the Bank throughout the procurement process and execution of the contract; or
- c. does not comply with any other conflict of interest situation as specified in the SPDs relevant to the specific procurement process.

## Consulting Services

3.16 The Bank requires that Consultants:

- a. provide professional, objective and impartial advice;
- b. at all times hold the Borrower's interests paramount, without any consideration of future work; and
- c. in providing advice, avoid conflicts with other assignments and their own corporate interests.

3.17 Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interests of the Borrower. Without limitation on the generality of the foregoing, Consultants shall not be hired under the circumstances set forth below:

- a. a firm that has been engaged by the Borrower to provide Goods, Works, or Non-consulting Services for a project (or an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm), shall be disqualified from providing Consulting Services resulting from, or directly related to, those Goods, Works, or Non-consulting Services. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and build contract;
- b. a firm that has been engaged by the Borrower to provide Consulting Services for the preparation or implementation of a project (or an affiliate that directly or indirectly controls, is controlled by, or is under common control with that Consulting firm), shall be disqualified from subsequently providing Goods, Works, or Non-consulting Services resulting from, or directly related to those Consulting Services. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and build contract;
- c. neither a Consultant (including personnel and sub-consultants), nor an affiliate (that directly or indirectly controls, is controlled by, or is under common control with that Consultant), shall be hired for any assignment that, by its nature, creates a conflict of interest with another assignment of the Consultant;

- d. Consultants (including their experts and other personnel, and sub-consultants), that have a close business or family relationship with a professional staff of the Borrower, or of the project implementing agency, or of a recipient of a part of the Bank's financing, or any other party representing or acting on behalf of the Borrower, that is directly or indirectly involved in any part of:
- i. the preparation of the TOR for the assignment;
  - ii. the selection process for the contract; or
  - iii. the supervision of the contract;

may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Bank throughout the selection process and the execution of the contract.

## Unfair Competitive Advantage

- 3.18 Fairness and transparency in the selection process require that Consultants or their affiliates, competing for a Consulting assignment do not derive a competitive advantage from having provided Consulting Services related to it. To that end, the Borrower shall make available to all short-listed Consultants, together with the request for proposals document, all information that would give a Consultant a competitive advantage.

## One Bid/Proposal per Bidder/Proposer/Consultant

### Goods, Works, and Non-consulting Services

- 3.19 A firm shall not submit more than one Bid/Proposal, either individually or as a joint venture partner in another Bid/Proposal, except for permitted alternative Bids/Proposals. Submitting or participating in more than one Bid/Proposal results in the disqualification of all Bids/Proposals in which the firm is involved. This does not limit the inclusion of a firm as a subcontractor in more than one Bid/Proposal. Additionally, for certain types of procurement, the participation of a Bidder/Proposer as a subcontractor in another Bid/Proposal may be permitted as allowed by the SPDs applicable to such types of procurement.

### Consulting Services

- 3.20 A Consultant shall not submit more than one Proposal, either individually or as a joint venture partner in another Proposal. If a Consultant, including a joint venture partner, submits or participates in more than one Proposal, all such Proposals shall be disqualified. However, this does not preclude a firm's participation as a sub-consultant, or an individual's participation as a team member, in more than one Proposal when circumstances justify and if permitted by the Request for Proposals document.

## Eligibility

- 3.21 The Bank permits eligible firms and individuals from all countries to offer Goods, Works, Non-consulting Services, and Consulting Services for Bank-financed projects.

- 3.22 In connection with any procurement to be financed in whole or in part by the Bank, the Borrower shall not deny participation of, or award to, an Applicant/ Bidder/Proposer/Consultant for reasons unrelated to:
- a. its capability and resources to successfully perform the contract; or
  - b. conflict of interest situations covered under Paragraphs 3.14 to 3.17 (Conflict of Interest).
- 3.23 As exceptions to Paragraphs 3.21 and 3.22:
- a. Firms or individuals from a country, or Goods manufactured in a country, may be excluded if:
    - i. as a matter of law or official regulation, the Borrower's country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the supply of Goods, Works, Non-consulting Services, or for the procurement of Consulting Services. When the procurement is implemented across jurisdictional boundaries (more than one country is involved in the procurement), exclusion of a firm or individual on this basis by one country may be applied to that procurement across other countries involved if the Bank, and all the Borrowers involved in that procurement, agree; or
    - ii. by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower's country prohibits any import of Goods from, or payments to, a particular country, person, or entity. When the Borrower's country prohibits payments to a particular firm or for particular Goods by such an act of compliance, that firm may be excluded.
  - b. State-owned enterprises (SOEs) or institutions of the Borrower's country may be eligible to compete and be awarded contracts in the Borrower's country only if they can establish, in a manner acceptable to the Bank, that they:
    - i. are legally and financially autonomous;
    - ii. operate under commercial law; and
    - iii. are not under supervision by the agency contracting them.
  - c. As an exception to Paragraph 3.23 b., when the Goods, Works, Non-consulting Services, or Consulting Services provided by SOEs, state-owned universities, research centers, or institutions are of a unique and exceptional nature because of the absence of suitable private sector alternatives, or as a consequence of the regulatory framework, or because their participation is critical to project implementation, the Bank may agree to the contracting of these entities on a case-by-case basis.
  - d. On a case-by-case basis, the Bank may agree to the hiring of government officials and civil servants of the Borrower's country under Consulting contracts in the Borrower's country, either as individuals or as members of the team of experts proposed by a Consulting firm, only when:
    - i. the services of the government officials and civil servants of the Borrower's country are of a unique and exceptional nature, or their participation is critical to project implementation;

- ii. their hiring would not create a conflict of interest; and
    - iii. their hiring does not conflict with any laws, regulations, or policies of the Borrower.
  - e. A firm or individual declared ineligible, sanctioned pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework. For details see Annex IV, Fraud and Corruption.
  - f. If requested by the Borrower, the Bank may agree that in Bank-financed contracts, the Request for Bids/Request for Proposals document states that a firm or individual that is under a sanction of debarment from being awarded a contract by the proper judicial or administrative authorities in the Borrower's country and pursuant to its relevant laws is ineligible to be awarded a Bank-financed contract, provided that the Bank concludes to its satisfaction that the debarment relates to Fraud or Corruption and follows a judicial or administrative proceeding affording the firm or the individual adequate due process.
- 3.24 As an exception to Paragraph 3.22:
- a. A firm disqualified by the Bank, in accordance with Paragraph 3.34 (non-compliance with contractual SEA/SH Prevention and Response obligations), shall be excluded from being awarded a contract to be financed in whole or in part by the Bank.

## Noncompliance

- 3.25 If the Bank determines that the Borrower has not complied with the procurement requirements set out in the Legal Agreement, the Bank may, in addition to exercising the legal remedies set out in the Legal Agreement, take other appropriate actions, including declaring misprocurement (for example, due to the failure to address complaints in accordance with applicable requirements).
- 3.26 Even once the contract is awarded after obtaining a no objection from the Bank, the Bank may still take appropriate actions and exercise legal remedies, regardless of whether the project has closed or not, if it concludes that the no objection or the notice of satisfactory resolution was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or the terms and conditions of the contract had been substantially modified without the Bank's no objection.

## Procurement-related Complaints

- 3.27 Procurement-related complaints (Complaints) should be submitted to the Borrower in a timely manner, at the appropriate stage of the procurement process, and when so submitted, the Borrower shall address them promptly and fairly. Timeliness, in both the submission of Complaints and their resolution, is of critical importance in order to avoid undue delay and disruption in the project of which the procurement is a part.
- 3.28 All Complaints shall be recorded by the Borrower in the appropriate tracking and monitoring system, as agreed between the Bank and the Borrower.
- 3.29 Those Complaints arising in connection with contracts for which the SPDs are required to be used, shall be administered and handled in accordance with Annex III, Procurement-related Complaints. The contracts where the Borrower shall use the SPDs shall be specified in the Procurement Plan for the project.

- 3.30 Whenever the SPDs are required to be used, a Standstill Period shall apply, unless otherwise provided under Paragraph 5.80.
- 3.31 Complaints, other than those covered under Annex III, Procurement-Related Complaints, are to be handled by the Borrower in accordance with the applicable complaint review rules and procedures as agreed by the Bank.
- 3.32 A Complaint that includes allegations of Fraud or Corruption may require special treatment. The Borrower and the Bank shall consult to determine any additional actions that may be necessary.

### **Fraud and Corruption**

- 3.33 The Bank requires application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. For details see Annex IV, Fraud and Corruption.

### **Disqualification of firms**

- 3.34 The Bank may disqualify a firm from being awarded a contract, financed in whole or in part by the Bank, for a period of two years if the firm has been determined to be non-compliant with its contractual SEA/SH Prevention and Response obligations. The determination of non-compliance shall be made in accordance with the procedures specified in the applicable SPD.



## Section IV. PPSD and Procurement

### Project Procurement Strategy for Development

- 4.1 The Bank requires the Borrower to develop a Project Procurement Strategy for Development (PPSD) for each project financed under IPF. The PPSD shall address how procurement activities will support the development objectives of the project and deliver the best Value for Money (VfM) under a risk-based approach. It shall outline the Borrower's procurement objectives, proposed evaluation approach and methodology, the various stages of evaluation and, where Rated Criteria are to be used, the specific non-price/qualitative criteria and their proposed prioritization and weightings, e.g. methodology, sustainability, innovation, etc. The PPSD shall provide adequate justification for the selection methods in the Procurement Plan. The level of detail and analysis in the PPSD shall be proportional to the risk, value and complexity of the project procurement. The initial Procurement Plan shall normally cover at least the first eighteen (18) months of the project implementation.
- 4.2 The Borrower prepares the PPSD and Procurement Plan during project preparation, and the Bank reviews the PPSD and agrees to the Procurement Plan before the completion of loan negotiations. The Procurement Plan, approved by the Bank during loan negotiations, is incorporated by reference in the Legal Agreement, making it legally binding on the Borrower. The Borrower shall submit updates of the Procurement Plan to the Bank for its review and approval. Once it has provided its no-objection, the Bank arranges for the publication of the Procurement Plan and all its updates on its external website. See Annex V, Project Procurement Strategy for Development.
- 4.3 The Borrower may prepare a high level, simplified PPSD in situations of urgent need of assistance because of a natural or man-made disaster or conflicts recognized by the Bank, provided that the simplified procurement arrangements in the PPSD are consistent with the Bank's Core Procurement Principles.

### Procurement Plan

- 4.4 The Procurement Plan, including its updates, shall include:
  - a. a brief description of the activities/contracts;
  - b. the selection methods to be applied;
  - c. evaluation approach and methodology, including identifying those Procurement activities where Rated Criteria apply, including where defined, any indicative Rated Criteria, proposed prioritization and weighting;
  - d. cost estimates;
  - e. time schedules;
  - f. the Bank's review requirements;
  - g. the applicable Procurement Documents; and
  - h. any other relevant procurement information.
- 4.5 For Emergency Situations, the simplified Procurement Plan may be completed during the implementation stage.



## Section V. Procurement Provisions

### Advance Contracting and Retroactive Financing

- 5.1 The Borrower may wish to proceed with the procurement process before signing the Legal Agreement. In such cases, if the eventual contracts are to be eligible for Bank IPF, the procurement procedures, including advertising, shall be consistent with Sections I, II and III of these Procurement Regulations. A Borrower undertakes such advance procurement at its own risk, and any concurrence by the Bank on the procedures, documentation, or proposal for award of contract, does not commit the Bank to finance the project in question.
- 5.2 If the contract is signed, reimbursement by the Bank of any payments made by the Borrower under the contract prior to signing the Legal Agreement is referred to as retroactive financing and is only permitted within the limits specified in the Legal Agreement.

### National Procurement Procedures

- 5.3 When approaching the national market, as agreed in the Procurement Plan, the country's own procurement procedures may be used. These procurement procedures shall be consistent with the Bank's Core Procurement Principles and ensure that the Bank's Anti-Corruption Guidelines and Sanctions Framework and contractual remedies set out in its Legal Agreement apply.
- 5.4 For national open competitive procurement, the following requirements apply:
  - a. open advertising of the procurement opportunity at the national level;
  - b. the procurement is open to eligible firms from any country;
  - c. the request for bids/request for proposals document shall require that Bidders/Proposers submitting Bids/Proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contract, confirming application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights;
  - d. the Procurement Documents include sufficient provisions, as agreed with the Bank, to adequately mitigate against environmental and social (including SEA/SH) risks and impacts;
  - e. contracts with an appropriate allocation of rights and obligations, risks and liabilities, informed by an analysis of which party is best placed to manage the risks, bearing in mind the costs and incentives of risk allocation;
  - f. publication of contract award information;
  - g. rights for the Bank to review procurement documentation and activities;
  - h. an effective complaints mechanism; and
  - i. maintenance of records of the Procurement Process.
- 5.5 Other national procurement arrangements (other than national open competitive procurement), that may be applied by the Borrower (such as limited/restricted competitive bidding, request for quotations/shopping, direct contracting), shall be consistent with the requirements set out in paragraphs 5.3 and 5.4 as appropriate of this Section.
- 5.6 In all cases, the national procurement procedures to be used shall give due attention to quality aspects, which may be evaluated using Rated Criteria.

## Urgent Need of Assistance and Capacity Constraints

- 5.7 The Bank may accept the use of the Borrowers' national procurement arrangements in accordance with the relevant provisions of these Procurement Regulations in situations where the Borrower/beneficiary or, as appropriate, the member country, is deemed by the Bank to:
- a. be in urgent need of assistance because of a natural or man-made disaster or conflict (Emergency Situations); or
  - b. experience capacity constraints because of fragility or specific vulnerabilities (including small states).

## Electronic Procurement Systems

- 5.8 Borrowers may use electronic procurement systems (e-Procurement) for aspects of the Procurement Process, including: issuing Procurement Documents, and addenda, receiving Applications/quotations/Bids/Proposals, and carrying out other procurement actions, provided the Bank is satisfied with the adequacy of the system, including its accessibility, security and integrity, confidentiality, and audit trail features.

## Procurement Planning and Tracking Tool

- 5.9 Unless otherwise agreed with the Bank in the Legal Agreement, the Borrower shall use the Bank's online procurement planning and tracking tools to record all procurement actions under IPF operations, including preparing, updating and clearing its Procurement Plan, and seeking and receiving the Bank's review and No-objection to procurement actions as required.

## Leased Assets

- 5.10 Leasing may be appropriate when there are economic and/or operational benefits to the Borrower (e.g., lower financing costs, tax benefits, assets used for a temporary period, reducing risks of obsolescence). Borrowers may use leasing if it is agreed with the Bank and specified in the Procurement Plan. Appropriate risk mitigation measures shall also be agreed with the Bank.

## Procurement of Second-hand Goods

- 5.11 If agreed with the Bank and specified in the Procurement Plan, the Borrower may procure second-hand Goods if doing so would provide an economic and efficient means of achieving the project's development objectives. The following requirements shall apply:
- a. any risk mitigation measures that may be necessary shall be reflected in the PPSD;
  - b. the procurement of second-hand Goods shall not be combined with the procurement of new Goods;
  - c. the technical requirements/specifications shall describe the minimum characteristics of the second-hand Goods, including the age and condition; and
  - d. appropriate warranty provisions shall be specified.

## Sustainable Procurement

- 5.12 Borrowers may include sustainability requirements in the Procurement Process, including their own sustainable procurement policy requirements, if they are applied in ways that are consistent with the Bank's Core Procurement Principles. Sustainability requirements are normally evaluated by applying non-price/qualitative criteria which are stated in the Procurement Documents. See Annex VII, Sustainable Procurement and Annex X, Evaluation Criteria.

## Value Engineering

- 5.13 Value engineering is a systematic and organized approach to provide the necessary functions in a contract at the optimal cost. Value engineering promotes the reduction of time or the substitution of materials, methods, or less expensive alternatives, all without sacrificing needed functionality, longevity, or reliability. Value engineering should normally enhance performance, reliability, quality, safety, durability, effectiveness, or other desirable characteristics. Request for Bids/Request for Proposals documents may allow the application of value engineering. The mechanism for application of value engineering during contract execution shall be as specified in the contract documents.

## Language

- 5.14 For international competitive procurements, all Procurement Documents shall be in English, French, or Spanish, as the Borrower chooses. The Borrower may also issue translated versions of these documents in another language, which should be the National Language.
- 5.15 The Borrower shall take full responsibility for the correct translation of the documents into the National Language. In case of any discrepancy, the text in English, French, or Spanish prevails. If Procurement Documents are issued in two languages, potential Applicants/Bidders/Proposers/Consultants may submit their Applications/Bids/Proposals in either of those two languages.
- 5.16 For international competitive procurement that is subject to prior review, the Borrower has the responsibility to furnish to the Bank an accurate translation of the evaluation report for Prequalification/Initial Selection/Shortlisting/Bid/Proposal, draft contract and the conformed copy of the contract in the internationally used language specified in the Request for Bids/Request for Proposals documents, that is, English, French, or Spanish. The Borrower shall also furnish to the Bank an accurate translation of any subsequent modifications of such contracts.
- 5.17 For national procurement, Procurement Documents may be in the National Language. When the Procurement Documents are in the National Language, the Bank may require the Borrower to provide, for its review, an accurate translation in English, French, or Spanish.
- 5.18 The contract signed with the winning Bidder/Proposer/Consultant shall always be written in the language in which the Bid/Proposal was submitted, which shall be the language that governs the contractual relations between the Borrower and the winning Bidder/ Proposer/Consultant. The contract shall not be signed in more than one language.

## Confidential Information

- 5.19 Without prejudice to the principle of transparency and other obligations pursuant to these Procurement Regulations, in particular those relating to the publication of the Contract Award Notice and debriefing of unsuccessful Bidders/Proposers/Consultants, the Borrower shall not disclose information provided by Applicants/Bidders/Proposers/Consultants in their Applications/Bids/Proposals, which they have marked as confidential. This may include proprietary information, trade secrets and commercial or financially sensitive information.

## Release of Evaluation Information

- 5.20 The Borrower shall treat information relating to the examination, clarification, and evaluation of Applications/Bids/Proposals in such a way as to avoid disclosure of their contents to any other Applicant/Bidder/Proposer/Consultant participating in the selection process, or any other party not authorized to have access to this type of information, until the Borrower notifies the outcome of evaluation of Applications/Bids/Proposals, in accordance with the procedures in the applicable Procurement Documents.

## Communications

- 5.21 Communications between the Borrower and Applicants/Bidders/Proposers/Consultants during the different stages of the Procurement Process shall be In Writing with proof of receipt. The Borrower shall keep a written record of meetings, such as: early market engagement, Competitive Dialogue, and exploratory/clarification meetings.

## Publication of Procurement Opportunities

- 5.22 Timely notification of procurement opportunities is essential in competitive procurement. A General Procurement Notice (GPN) is required for all procurement financed by the Bank that is expected to involve open international competitive procurement (except for operations involving a program of imports). The Borrower is required to prepare and submit to the Bank a GPN before beginning any procurement activity under a project. The Bank arranges for the publication of the GPN in UN Development Business online (UNDB Online) and on the Bank's external website. The GPN contains the following information:
- a. the name of the Borrower (or prospective Borrower);
  - b. the purpose and amount of the financing;
  - c. the scope of procurement reflecting the Procurement Plan;
  - d. the Borrower's contact point;
  - e. if available, the address of a free-access website on which the subsequent Specific Procurement Notice/s (SPNs) will be posted; and
  - f. if known, an indication of the scheduled dates for the specific procurement opportunities.
- 5.23 The Borrower shall advertise the SPN:
- a. on its free-access website, if available;

- b. in at least one newspaper of national circulation in the Borrower's country; or
- c. in the official gazette.

5.24 For open international competitive procurement:

- a. the Borrower shall also publish the SPN in UNDB online and, if possible, in an international newspaper of wide circulation; and
- b. the Bank arranges for the simultaneous publication of the SPN on its external website.

## Standard Procurement Documents

5.25 For international competitive procurement, the Borrower shall use the SPDs, available on the Bank's external website at [www.worldbank.org/procurement/standarddocuments](http://www.worldbank.org/procurement/standarddocuments). For Procurement involving national competitive procurement, the Borrower may use its own Procurement Documents, acceptable to the Bank. Procurement Documents upon issuance by the Borrower are deemed by the Bank to be public documents and shall be publicly disclosed upon request by any party.

## Standards and Technical Specifications

5.26 Standards and technical specifications in applicable Procurement Documents shall promote the broadest possible competition, while ensuring performance or other requirements for the procurement. To the extent possible, in international competitive procurement, the Borrower shall specify internationally accepted standards (e.g., technical, environmental, social, information/cybersecurity, quality, etc.) with which the equipment, materials or workmanship shall comply. When such international standards do not exist or are inappropriate, national standards may be specified. In all cases, the Procurement Documents shall state that equipment, material, workmanship, and/or methodology meeting other standards that are at least substantially equivalent to the specified standards will also be accepted.

## Use of Brand Names

5.27 Specifications shall be based on relevant technical characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided. If it is justified to specify a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words 'or equivalent' shall be added after such a reference to permit the acceptance of offers for Goods that have similar characteristics and performance at least substantially equivalent to those specified.

## Contract Types and Arrangements

5.28 The selection of contract types and arrangements takes into account the nature, risk, and complexity of the procurement, and VfM considerations. Applicable contract types and arrangements include: lump sum, turnkey, performance-based, unit price, time-based, Framework Agreements, build-own-operate, and build-operate-transfer. For details see Annex VIII, Contract Types.

## Contract Conditions

- 5.29 The conditions of contract in procurement financed by the Bank shall provide an appropriate allocation of rights and obligations, risks and liabilities, informed by an analysis of which party is best placed to manage the risks, bearing in mind the costs and incentives of risk allocation. For details see Annex IX, Contract Conditions in International Competitive Procurement. The contract documents shall clearly define the:
- a. scope of work to be performed;
  - b. Goods, Works, Non-consulting Services, or Consulting Services to be provided;
  - c. rights and obligations of the contracting parties; and
  - d. other appropriate conditions.

## Incoterms

- 5.30 In international competitive procurement, Incoterms shall be used for the procurement of Goods. The Procurement Documents shall specify the applicable version of the Incoterms that shall be used.

## Clarification of Procurement Documents

- 5.31 Potential Applicants/Bidders/Proposers/Consultants may request, In Writing, clarifications of Procurement Documents issued by the Borrower. A Borrower's response to a request for clarification shall not divulge information that might give an unfair advantage. All clarifications and addenda of prequalification/initial selection/Request for Bids/Request for Proposals documents, shall be In Writing and shall be sent simultaneously to each recipient of the original documents and all potential Applicants/Bidders/Proposers/Consultants on record, in sufficient time to enable them to take appropriate action.
- 5.32 Any modification to issued Procurement Documents shall be introduced in the form of an addendum which shall be In Writing. If necessary, the deadline for Application/Bid/Proposal submission should be extended.

## Bid/Proposal Security

### Goods, Works, and Non-consulting Services

- 5.33 For the procurement of Goods, Works, or Non-consulting Services, Borrowers may require a Bid/Proposal security. Such a security shall be in the amount and form specified in the Request for Bids/Request for Proposal document and shall remain valid for a period sufficient to provide reasonable time for the Borrower to act if the security is to be called upon. This period is generally four (4) weeks beyond the validity period for the Bids/Proposals. The Bid securities of unsuccessful Bidders/Proposers shall be released once the contract is signed with the successful Bidder/Proposer.
- 5.34 Bid/Proposal securities shall be issued by a reputable bank, or a non-bank financial institution (such as an insurance, or bonding or surety company), located in any eligible country, selected by the

Bidder/Proposer. If the Bid/Proposal security is issued by a non-bank financial institution located outside the Borrower's country and is not enforceable in the Borrower's country, the financial institution shall have a correspondent financial institution located in the Borrower's country to make it enforceable. Bidders/Proposers shall be allowed to submit Bid/Proposal securities in the form of bank guarantees directly issued by the bank of their choice located in any eligible country.

- 5.35 In place of a Bid/Proposal security, the Borrower may require Bidders/Proposers to sign a Bid/Proposal securing declaration accepting that if they withdraw or modify their Bids/Proposals during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the Request for Bids/Request for Proposals document, they will be suspended for the period of time specified in the Request for Bids/Request for Proposals document from being eligible to submit Bids/Proposals for contracts with the entity that invited the Bids/Proposals.

## Bid/Proposal Preparation Period and Submission

- 5.36 The time allowed for the preparation and submission of Bids/Proposals shall be determined with due consideration of the particular circumstances of the project and the magnitude, risk, and complexity of the procurement. The minimum period allowed for preparation of Bids/Proposals shall be thirty (30) Business Days for open international competitive procurement, unless otherwise agreed with the Bank. For complex procurement, the Borrower may arrange a pre-Bid/pre-Proposal conference in which potential Bidders/Proposers/Consultants may meet with Borrower representatives to seek clarifications. The Borrower should also provide reasonable access to project sites for prospective Bidders/Proposers/Consultants.
- 5.37 The deadline and place for the receipt of Bids/Proposals shall be specified in the SPN and the Request for Bids/Request for Proposal document. Potential Bidders/Proposers/Consultants may submit Bids/Proposals by mail or in person. Borrowers may also use electronic systems in accordance with Paragraph 5.8.

## Joint Ventures

- 5.38 Firms participating in Bank-financed contracts may form joint ventures with domestic and/or foreign firms to enhance their qualifications and capabilities. A joint venture may be for the long term (independent of any particular procurement), or for a specific procurement. All the partners in a joint venture shall be jointly and severally liable for the entire contract. The Bank does not accept conditions of participation in a procurement process that require mandatory joint ventures or other forms of mandatory association between firms.

## Bid/Proposal Validity

- 5.39 The Bid/Proposal validity period specified in the Request for Bids/Request for Proposal document shall be sufficient to enable the Borrower to:
- complete the comparison and evaluation of Bids/Proposals;
  - obtain necessary approvals within the Borrower's entity;
  - allow for the Bank's prior review, if required in the Procurement Plan; and

- d. award the contract.

## Bid/Proposal Opening

- 5.40 The date and time for the Bid/Proposal opening shall be the same as for the deadline for receipt of Bids/Proposals or promptly thereafter, and shall be announced, together with the place for Bid/Proposal opening, in the Request for Bids/Request for Proposals document and/or the SPN. In a single stage, two-envelope process, the date, time and place for opening the second envelope shall also be appropriately announced. In a two-envelope process (with no BAFO or Negotiations, or a process that is not a Competitive Dialogue), the second envelope shall not be opened earlier than ten (10) Business Days from the communication, to the Bidders/ Proposers/ Consultants, of the results of the evaluation of the first envelope. However, if the Borrower receives a procurement-related complaint in relation to the results of the evaluation of the first envelope within the ten (10) Business Days, the opening date shall be subject to Paragraph 3.1 (b) of Annex III, Procurement- Related Complaints.
- 5.41 Normally, Bid/Proposal openings are undertaken in public. In some circumstances (e.g., where BAFO or Negotiations will take place, or in a Competitive Dialogue) the Bid/Proposal opening will not normally take place in public, but in the presence of a Probitly Assurance Provider acceptable to the Bank.
- 5.42 At the Bid/Proposal opening, the Borrower shall neither discuss the merits of any Bid/Proposal nor reject any Bid/Proposal that has been received on time.
- 5.43 In a single stage, one-envelope process, the Borrower shall:
  - a. open in public all Bids/Proposals received by the submission deadline; and
  - b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted a Bid/Proposal, the total amount of each Bid/Proposal, any discounts, Bid/Proposal Security, Bid/Proposal securing declaration, if required, and any alternative Bids/Proposals offered if they have been requested or permitted.
- 5.44 In single stage, two-envelope process (with no BAFO or Negotiations, or a process that is not a Competitive Dialogue), for the first envelope (technical Bid/Proposal), the Borrower shall:
  - a. open in public the technical Proposals received by the submission deadline. Financial Proposals that have been submitted shall be kept, unopened, in a secure place; and
  - b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted Bids/Proposals, the presence or absence of sealed envelopes with the price Bid/Proposal, the presence or absence of a Bid security/Bid securing declaration, if required, and any other information deemed appropriate.
- 5.45 In single stage, two-envelope process (with no BAFO or Negotiations, or a process that is not a Competitive Dialogue), for the second envelope (financial Bid/Proposal), the Borrower shall:
  - a. open in public the financial Proposals of the Bidders/Proposers/Consultants that meet the requirements set for the technical Bid/Proposal;
  - b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted a Bid/Proposal, and as applicable the technical score, the total amount of each Bid/Proposal, and any discounts; and

- c. after the contract is signed, return unopened the financial Bids/Proposals of those whose technical Bids/Proposals did not meet the requirements set for the technical Bid/Proposal or were considered nonresponsive.
- 5.46 In a multistage process in which the first-stage submission does not include prices, the information to be read out is the same as in a single stage, two-envelope process. In a multi-stage, two-envelope process, where BAFO or Negotiations will take place, or in a Competitive Dialogue process, the Bid/Proposal opening will not take place in public, but in the presence of a Probity Assurance Provider acceptable to the Bank.
- 5.47 A copy of the record of Bid/Proposal opening shall be promptly sent to all Bidders/Proposers/Consultants whose Bids/Proposals were opened and, if subject to prior review, to the Bank. Where the Bid/Proposal opening has not been undertaken in public, but in the presence of a Probity Assurance Provider, this information will be included in the Probity Assurance Provider's probity report. The probity report shall be sent by the Borrower to the Bank, and to all such Bidders/Proposers/Consultants along with the Notification of Intention to Award the contract.
- 5.48 Bids/Proposals not opened and read out at the Bid/Proposal opening shall not be considered.

## Late Bids/Proposals

- 5.49 Bids/Proposals received after the date and time deadline for receipt shall not be considered.

## Evaluation Criteria

- 5.50 Evaluation Criteria and methodology shall be specified in detail in the Request for Bids/Request for Proposals document. For any Procurement Process subject to international competition and for which a Bank Document is used, Rated Criteria shall apply, and the process shall be conducted using two envelopes in accordance with Paragraphs 6.29 and 6.31. However, use of Rated Criteria is not required for procurement of pharmaceuticals, vaccines, off-the-shelf goods, off-the-shelf educational materials, or commodities. The Evaluation Criteria and methodology shall be appropriate to the type, nature, market conditions, and complexity of what is being procured. For international competitive procurement, the Bank's requirements for the submission of Bid/Proposal prices (format, structure and details), and method of comparison and evaluation of Bid/Proposal prices (including treatment of taxes levied in the Borrower's country for procurement of Goods, Works, Non-consulting services, and Consulting Services), are detailed in the appropriate SPDs. For details see Annex X, Evaluation Criteria.

## Domestic Preference

### Goods and Works

- 5.51 When open international competitive procurement is used to procure Goods or Works, a margin of domestic preference may be provided in the evaluation of Bids/Proposals for the following:
  - a. Goods manufactured in the Borrower's country, compared with Goods manufactured abroad. The preference is fifteen percent (15%) added to the Carriage and Insurance Paid (CIP) price of the Goods manufactured abroad; and

- b. Works in member countries below a specified threshold of per capita gross national income (as defined annually by the Bank), when comparing Bids/Proposals from eligible domestic firms with those from foreign firms. The preference is seven and a half percent (7.5%) added to the price offered by the foreign firms.

5.52 Domestic preference shall not be applied to Plant.

5.53 The use of domestic preference is agreed in the Procurement Plan and set forth in the Request for Bids/Request for Proposals document. For details see Annex VI, Domestic Preference.

## Currency

5.54 In international competitive procurement, the Procurement Document shall state that a Bidder/Proposer/Consultant may express the Bid/Proposal price in any currency. A Bidder/Proposer/Consultant may express the Bid/Proposal price as a sum of amounts in local currency and/or no more than three different foreign currencies. The Borrower may also require Bidders/Proposers/Consultants to state the portion of the Bid/Proposal price representing local costs incurred in the currency of the country of the Borrower (local currencies).

5.55 Payment of the contract price shall be made in the currency or currencies in which payment has been requested by the Bidder/Proposer/Consultant specified in the Bid/Proposal.

## Price Adjustments

5.56 The Request for Bids/Request for Proposals document shall state that either:

- a. the Bid/Proposal price will be fixed; or
- b. price adjustments will be made to reflect any changes in major cost components of the contract, such as labor and materials.

5.57 For details see Annex IX, Contract Conditions in International Competitive Procurement.

## Rejection of Bids/Proposals

### Goods, Works, and Non-consulting Services

5.58 Rejection of all Bids/Proposals is justified (for contracts subject to prior review, with the Bank's no-objection), when:

- a. effective competition is lacking;
- b. all Bids or Proposals are not substantially responsive to the requirements of the Procurement Documents;
- c. the Bids'/Proposals' prices are substantially higher than the updated cost estimate or available budget; or
- d. none of the technical Proposals meets the minimum technical qualifying score.

5.59 Lack of competition shall not be determined solely on the basis of the number of Bidders/Proposers. Even when only one Bid/Proposal is submitted, the process may be considered valid, if:

- a. the procurement was satisfactorily advertised;
  - b. the qualification criteria were not unduly restrictive; and
  - c. prices are reasonable in comparison to market values.
- 5.60 If the Borrower rejects all Bids/Proposals, the Borrower shall review the causes justifying the rejection of all Bids/Proposals and make appropriate revisions to the PPSD, and Request for Bids/Request for Proposals document before requesting new Bids/Proposals.
- 5.61 The Borrower shall not reject all Bids/Proposals and invite new Bids/Proposals using the same Request for Bids/Request for Proposals document solely to obtain lower prices. If the Most Advantageous Bid/Proposal exceeds the Borrower's updated cost estimates by a substantial margin, the Borrower shall analyze the causes for the discrepancy and consider requesting new Bids/Proposals. Alternatively, the Borrower may negotiate with the Bidder/Proposer with the Most Advantageous Bid/Proposal to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of rights, obligations, risks and/or liabilities that can be reflected in a reduced contract price. However, a substantial reduction in the scope or a modification to the contract documents may require rebidding.

## Consulting Services

- 5.62 Rejection of all Proposals is justified (for contracts subject to prior review, with the Bank's no-objection), if:
- a. all Proposals fail to respond to important aspects of the TOR; or present major deficiencies in complying with the TOR;
  - b. all Proposals fail to achieve the minimum technical score; or
  - c. the offered price of the successful Proposal is substantially higher than the available budget or a recently updated cost estimate.
- 5.63 In Paragraph 5.62 c., rather than re-inviting Proposals, the Borrower, in consultation with the Bank, should investigate the possibility of increasing the budget or scaling down the scope of services with the Consultant. However, any substantial reduction in the scope of services requires a re-invitation. If cost is a factor in the evaluation of a time-based contract, the number of person-months proposed by the Consultant may be negotiated, provided that a change does not compromise quality or adversely affect the assignment.

## Seriously Unbalanced or Front-loaded Bids/Proposals

### Works and Plant

- 5.64 For Works and Plant, if a Bid/Proposal, in the Borrower's opinion, is seriously unbalanced or front-loaded, the Borrower may require the Bidder/Proposer to provide written clarifications, including detailed price analyses to demonstrate the consistency of the prices with the scope of Works, proposed methodology, and schedule. After evaluating the detailed price analyses (for contracts subject to prior review, with the Bank's no-objection), the Borrower may as appropriate:
- a. accept the Bid/Proposal;

- b. require that the total amount of the performance security be increased, at the expense of the Bidder/Proposer, to a level not exceeding twenty percent (20%) of the contract price; or
- c. reject the Bid/Proposal.

## Abnormally Low Bids/Proposals

### Goods, Works, and Non-consulting Services

- 5.65 An Abnormally Low Bid/Proposal is one in which the Bid/Proposal price, in combination with other elements of the Bid/Proposal, appears so low that it raises material concerns with the Borrower as to the capability of the Bidder/Proposer to perform the contract for the offered price.
- 5.66 Where the Borrower identifies a potentially Abnormally Low Bid/Proposal, the Borrower shall seek written clarifications from the Bidder/Proposer, including detailed price analyses of its Bid/Proposal price in relation to the subject matter of the contract, scope, proposed methodology, schedule, allocation of risks and responsibilities, and any other requirements of the Request for Bids/Request for Proposals document.
- 5.67 If, after evaluating the price analyses, the Borrower determines that the Bidder/Proposer has failed to demonstrate its capability to deliver the contract for the offered price, the Borrower shall reject the Bid/Proposal.

## Most Advantageous Bid/Proposal

- 5.68 The Borrower shall award the contract to the Bidder/Proposer/Consultant offering the Most Advantageous Bid/Proposal, in accordance with the applicable selection method.

### Goods, Works, and Non-consulting Services

- 5.69 When Rated Criteria are used, the Most Advantageous Bid/Proposal is the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:
  - a. substantially responsive to the Request for Bids/Request for Proposals document; and
  - b. the highest ranked Bid/Proposal.
- 5.70 When Rated Criteria are not used, the Most Advantageous Bid/Proposal is the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:
  - a. substantially responsive to the Request for Bids/Request for Proposals document; and
  - b. the lowest evaluated cost.

## Consulting Services

- 5.71 The Most Advantageous Proposal is the best evaluated Proposal.

## Notification of the Intention to Award

### Goods, Works and Non-consulting Services

- 5.72 Following the decision to award the contract (or in the case of FAs, the decision to conclude a FA), the Borrower shall promptly and simultaneously provide, by the quickest means available, and as further specified in the Request for Bids/Request for Proposals document, written notification of the Borrower's intention to award the contract to the successful Bidder/Proposer (Notification of Intention to Award), (or, in the case of FAs, notification of intention to conclude a FA). Such notification shall be sent to each Bidder/Proposer that submitted a Bid/Proposal, (unless the Bidder/Proposer has previously received notification of exclusion from the process at an interim stage of the procurement process).
- 5.73 For contracts subject to prior review by the Bank, the Borrower shall transmit the Notification of Intention to Award (or in the case of FAs, notification of intention to conclude a FA), only after receiving the Bank's no-objection to the evaluation report, as required under paragraph 7.1 of Annex II, Procurement Oversight. In the case of FAs, this written notification of intention to conclude a FA shall be provided to Bidders/Proposers promptly after receiving the Bank's no-objection to the evaluation report.
- 5.74 The Borrower's Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as applicable to the selection method, and as further specified in the relevant Request for Bids/Request for Proposals document:
- the name and address of the Bidder(s)/Proposer(s) submitting the successful Bid/Proposal;
  - the contract price, or where the successful Bid/Proposal was determined on the basis of Rated Criteria (where price and technical factors are rated), the contract price and the total combined score of the successful Bid/Proposal;
  - the names of all Bidders/Proposers that submitted Bids/Proposals, and their Bid/Proposal prices as read out, and as evaluated;
  - a statement of the reason(s) why the recipient's Bid/Proposal was unsuccessful, unless the price information under Paragraph 5.74 c. already reveals the reason. The Borrower shall not divulge any other Bidder's/Proposer's confidential or proprietary information such as: cost breakdown, trade secrets, manufacturing processes and techniques, or other confidential business or financial information;
  - instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the Request for Bids/Request for Proposals document and in accordance with the requirements of Annex III, Procurement-related Complaints; and
  - the date the Standstill Period is due to end.

### Consulting Services

- 5.75 Following the initialing of the draft negotiated contract by the successful Consultant, the Borrower shall promptly and simultaneously provide, to each Consultant whose financial Proposal was opened, the Notification of Intention to Award to the successful Consultant with whom the Borrower successfully negotiated the contract. In the case of FAs, this written notification of

intention to conclude a FA shall be provided to Consultants promptly following a decision to conclude a FA.

- 5.76 For contracts subject to prior review, such Notification of Intention to Award (or notification of intention to conclude a FA) shall be provided promptly after receiving the Bank's no-objection to the draft negotiated contract initiated by the successful Consultant or, in the case of FAs, the Bank's no-objection to the evaluation report.
- 5.77 The Borrower's Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as relevant to the selection method, and as further specified in the request for proposals document:
- a. the name and address of the Consultant with whom the Borrower successfully negotiated a contract, and the contract price;
  - b. the names of all Consultants included in the short list, indicating those that submitted Proposals;
  - c. where the selection method requires, the price offered by each Consultant as read out and as evaluated;
  - d. the overall technical scores and scores assigned for each criterion and sub-criterion to each Consultant;
  - e. the final combined scores and the final ranking of the Consultants;
  - f. a statement of the reason(s) why the recipient's Proposal was unsuccessful, unless the combined score under Paragraph 5.77 e. already reveals the reason. The Borrower shall not divulge any other Consultant's confidential or proprietary information such as: cost breakdown, trade secrets, methodology or other confidential business or financial information
  - g. instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for proposals document and in accordance with the requirements of Annex III, Procurement-related Complaints; and
  - h. the date the Standstill Period is due to end.

## Standstill Period

- 5.78 To give Bidders/Proposers/Consultants time to examine the Notification of Intention to Award and to assess whether it is appropriate to submit a complaint, a Standstill Period shall apply, except in the situations described in Paragraph 5.80.
- 5.79 Transmission of the Borrower's Notification of Intention to Award, (or in the case of a FA, notification of intention to conclude the FA), begins the Standstill Period. The Standstill Period shall last ten (10) Business Days after such transmission date, unless otherwise extended in accordance with Paragraph 5.82. The contract shall not be awarded either before or during the Standstill Period.
- 5.80 Notwithstanding Paragraph 5.78, there shall not be a requirement for a Standstill Period in the following situations:

- a. only one Bid/Proposal was submitted in an open competitive process;
- b. direct selection;
- c. call-off process among firms holding FAs; and
- d. Emergency Situations recognized by the Bank.

## Debriefing by the Borrower

- 5.81 On receipt of the Borrower's Notification of Intention to Award referred to under Paragraphs 5.72 to 5.74 (Goods, Works and Non-consulting Services), or Paragraphs 5.75 to 5.77 (Consulting Services), an unsuccessful Bidder/Proposer/Consultant has three (3) Business Days to make a written request to the Borrower for a debriefing. The Borrower shall provide a debriefing to all unsuccessful Bidders/Proposers/ Consultants whose request is received within this deadline.
- 5.82 Where a request for debriefing is received within the deadline, the Borrower is required to provide a debriefing within five (5) Business Days, unless the Borrower decides, for justifiable reasons, to provide the debriefing outside this timeframe. In that case, the Standstill Period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the Standstill Period shall not end earlier than five (5) Business Days after the last debriefing takes place. The Borrower shall promptly inform, by the quickest means available, all Bidders/Proposers/Consultants of the extended Standstill Period.
- 5.83 For contracts subject to prior review, the Borrower shall simultaneously send the information on the extended Standstill Period to the Bank.
- 5.84 Where a request for debriefing is received by the Borrower later than the three (3) Business Day deadline, specified in Paragraph 5.81, the Borrower should provide the debriefing as soon as practicable, and normally no later than fifteen (15) Business Days from the date of publication of Contract Award Notice. Requests for debriefing received outside the three (3) Business Day deadline shall not lead to an extension of the Standstill Period.
- 5.85 Debriefings of unsuccessful Bidders/Proposers/Consultants may be done In Writing or verbally. The Borrower shall not impose undue formal requirements that would restrict the Bidder's/ Proposer's/Consultant's ability to receive a timely and meaningful debriefing. The Bidder/ Proposer/Consultant shall bear their own costs of attending a debriefing meeting.
- 5.86 As a minimum, the debriefing shall repeat the information contained in the Notification of Intention to Award and respond to any related question(s) from the unsuccessful Bidder/Proposer/Consultant. The debriefing shall not include:
- a. point-by-point comparisons with another Bidder's/Proposer's/Consultant's Bid/Proposal; and
  - b. information that is confidential or commercially sensitive to other Bidders/Proposers/Consultants (as described in Paragraph 5.19).
- 5.87 A written summary of each debriefing shall be included in the official procurement records, and copied to the Bank for contracts subject to prior review

## Conclusion of the Standstill Period and Contract Award

- 5.88 At the end of the Standstill Period, if the Borrower has not received any complaint from an unsuccessful Bidder/Proposer/Consultant, the Borrower shall proceed to award the contract in accordance with its decision to award, as previously communicated through the Notification of Intention to Award.
- 5.89 For contracts subject to prior review, when no complaints are received by the Borrower within the Standstill Period, the Borrower shall proceed to award the contract in accordance with the award recommendation that had previously received the Bank's no-objection. The Borrower shall inform the Bank within three (3) Business Days of such award.
- 5.90 The Borrower shall transmit the notification of award to the successful Bidder/Proposer/Consultant, or in the case of a FA, notification to conclude the FA with the selected Bidders/Proposers/Consultants, along with other documents as specified in the Request for Bids/Request for Proposals document for the contract.
- 5.91 If the Borrower does receive a complaint from an unsuccessful Bidder/Proposer/Consultant within the Standstill Period, the Borrower shall not proceed with the contract award (or conclusion of a FA), until the complaint has been addressed, as set forth under paragraph 3.6 of Annex III, Procurement-related Complaints.
- 5.92 For contracts subject to prior review by the Bank, the Borrower shall not proceed with contract award without receiving the Bank's confirmation of satisfactory resolution of complaint.

## Contract Award Notice

- 5.93 For all contracts, whether subject to the Bank's prior review or post review, the Borrower shall publish a public notice of award of contract (Contract Award Notice) within 10 (ten) Business Days from the Borrower's Notification of Contract Award to the successful Bidder/Proposer/Consultant.
- 5.94 The Contract Award Notice shall include, at a minimum, the following information as relevant and applicable for each selection method:
- name and address of the Borrower's Project Implementing Unit undertaking the procurement, and if different, the Borrower's contracting agency;
  - name and reference number of the contract being awarded, and the selection method used;
  - names of all Bidders/Proposers/Consultants that submitted Bids/Proposals, and their Bid/Proposal prices as read out at Bid/Proposal opening, and as evaluated;
  - names of all Bidders/Proposers/Consultants whose Bids/Proposals were rejected either as nonresponsive or as not meeting qualification criteria, or were not evaluated, with the reasons therefor;
  - the name of the successful Bidder/Proposer/Consultant, the final total contract price, the contract duration and a summary of its scope; and

- f. Successful Bidder/Proposer/Consultant's Beneficial Ownership Disclosure Form for those contracts subject to international competition, in the form required in the Procurement Documents.

5.95 In the case of FAs concluded in accordance with Paragraphs 6.57, 6.58 or 7.33, the publication requirement applies only to the conclusion of the FA and not to the award of a call-off contract under the FA. The Contract Award Notice shall be published on the Borrower's website with free access, or, if not available, in at least one newspaper of national circulation in the Borrower's country, or in the official gazette. In the case of international competitive procurement, the Contract Award Notice shall also be published by the Borrower in UNDB online. For contracts subject to the Bank's prior review, the Bank will arrange the publication on its external website upon receipt from the Borrower of a conforming copy of the signed contract. For contracts subject to the Bank's post review, the Bank will publish confirmation that a contract has been signed. Publication will be on the Bank's external website following notification to the Bank through the online procurement planning and tracking tool.

## Debriefing by the Bank

5.96 If, after publication of the Contract Award Notice, a Bidder/Proposer/Consultant who has not received a satisfactory explanation from the Borrower as to why its Bid/Proposal was not successful, may request a meeting with the Bank. Such requests should be addressed to the Accredited Practice Manager for the Borrower's country, who will arrange a meeting at the appropriate level and with relevant staff. The purpose of such meeting is not to discuss the Bids/Proposals of competitors or, in the case of prior review contracts, the Bank's position that has been conveyed to the Borrower.

## Contract Management

5.97 The aim of contract management is to ensure that all parties meet their obligations. Contracts shall be actively managed by the Borrower throughout their life to ensure that contractor performance is satisfactory, appropriate stakeholders are informed and all contract requirements are met. For details see Annex XI, Contract Management.

## Records

5.98 Borrowers shall keep records of all proceedings of the Procurement Process in accordance with the requirements of the Legal Agreement.



# Section VI. Approved Selection Methods Goods, Works and Non-consulting Services

## Approved Selection Methods

- 6.1 Table 1 overleaf provides an overview of the approved selection methods, particular types of approved selection arrangements, and market approach options available for the procurement of Goods, Works, and Non-consulting Services in IPF operations. For details see Annex XII, Selection Methods.

Section VI. Approved Selection Methods: Goods, Works and Non-consulting Services

**Table 1.** Approved selection methods: Goods, Works and Non-consulting Services

Goods, Works, and Non-consulting Services	Market approach options											
	Open	Limited	Direct	Inter-national	National	PQ	IS	Single-stage	Multi-stage	BAFO	Negotiation	Rated criteria
<b>Selection methods</b>												
Request for Proposals	Y	Y	X	Y	Y	X	normally	Y	Y	Y	Y*	Y**
Request for Bids	Y	Y	X	Y	Y	optional	X	Y	X	Y	Y*	Y**
Request for Quotations	Y	Y	X	Y	Y	X	X	Y	X	X	X	X
Direct Selection	X	X	Y	Y	Y	X	X	Y	X	X	Y	X
<b>Selection arrangements</b>												
Competitive Dialogue	Y	Y	X	Y	Y	X	required	X	Y	X	X	Y
Public-Private Partnerships	Y	Y	Y	Y	Y	Y	X	Y	Y	Y	Y	Y
Commercial Practices	As per acceptable commercial procurement practices											
UN Agencies	As per Paragraphs 6.47 and 6.48											
E-Auctions	Y	Y	X	Y	Y	Y	X	Y	X	X	X	X
Imports	Y	Y	X	Y	Y	X	X	Y	X	Y	X	X
Commodities	Y	Y	X	Y	Y	Y	X	Y	X	X	X	X
Community-driven Development	Y	Y	Y	X	Y	X	X	Y	X	X	X	X
Force Accounts	X	X	Y	X	Y	X	X	X	X	X	X	X

- Y = This market approach option is available
- X = This market approach option is not available
- PQ = Prequalification
- IS = Initial Selection

\*This refers to negotiations after a competitive process as per Paragraphs 6.34 to 6.36

\*\* Please see para 5.50 Evaluation Criteria on mandatory application of Rated Criteria

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- 6.2 The Bank defines the following as approved selection methods for Goods, Works and Non-consulting Services:
- a. Request for Proposals (RFP);
  - b. Request for Bids (RFB);
  - c. Request for Quotations (RFQ); and
  - d. Direct Selection.

### **Request for Proposals**

- 6.3 An RFP is a competitive method for the solicitation of Proposals. It should be used when, because of the nature and complexity of the Goods, Works, or Non-consulting Services to be procured, the Borrower's business needs are better met by allowing Proposers to offer customized solutions or Proposals that may vary in the manner in which they meet or exceed the requirement of the Request for Proposals document.
- 6.4 An RFP is normally conducted in a multi-stage process. To allow an evaluation of the degree to which Proposals meet or exceed the requirements of the Request for Proposals document, the evaluation normally includes Rated Criteria and an evaluation methodology. For details see Annex XII, Selection Methods.

### **Request for Bids**

- 6.5 An RFB is a competitive method for the solicitation of Bids. It should be used when, because of the nature of the Goods, Works, or Non-consulting Services to be provided, the Borrower is able to specify detailed requirements to which Bidders respond in offering Bids.
- 6.6 Procurement under this method is conducted in a single-stage process. Qualification criteria may be expressed as minimum requirements which are evaluated as pass/fail; and, where Rated Criteria are also used, weighted, and scored. Rated Criteria shall be used with RFB in accordance with paragraph 5.50. For details see Annex XII, Selection Methods.

### **Request for Quotations**

- 6.7 A RFQ is a competitive method that is based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring limited quantities of readily available off-the-shelf Goods or Non-consulting Services, standard specification commodities, or simple civil Works of small value. For details see Annex XII, Selection Methods.

### **Direct Selection**

- 6.8 Proportional, fit-for-purpose, and VfM considerations may require a direct selection approach: that is, approaching and negotiating with only one firm. This selection method may be appropriate when there is only one suitable firm or there is justification to use a preferred firm.
- 6.9 Direct selection may be appropriate under the following circumstances:
- a. an existing contract, including a contract not originally financed by the Bank, for Goods, Works, or Non-consulting Services, awarded in accordance with procedures acceptable to

the Bank, may be extended for additional Goods, Works, or Non-consulting Services of a similar nature, if:

- i. it is properly justified;
    - ii. no advantage could be obtained through competition; and
    - iii. the prices on the extended contract are reasonable;
  - b. there is a justifiable requirement to re-engage a firm that has previously completed a contract, within the last 12 months, with the Borrower to perform a similar type of contract. The justification shall show that:
    - i. the firm performed satisfactorily in the previous contract;
    - ii. no advantage may be obtained by competition; and
    - iii. the prices for the direct contracting are reasonable;
  - c. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;
  - d. the case is exceptional, for example, in response to Emergency Situations;
  - e. standardization of Goods that need to be compatible with existing Goods may justify additional purchases from the original firm, if the advantages and disadvantages of another brand or source of equipment have been considered on grounds acceptable to the Bank;
  - f. the required equipment is proprietary and obtainable from only one source;
  - g. the procurement of certain Goods from a particular firm is essential to achieve the required performance or functional guarantee of an equipment, Plant, or facility;
  - h. the Goods, Works, or Non-consulting Services provided in the Borrower's country by an SOE, university, research center or institution of the Borrower's country are of a unique and exceptional nature in accordance with Paragraph 3.23 c.; or
  - i. direct selection of UN Agencies in accordance with Paragraphs 6.47 and 6.48.
- 6.10 In all instances of direct selection, the Borrower shall ensure that:
- a. the prices are reasonable and consistent with the market rates for items of a similar nature; and
  - b. the required Goods, Works, or Non-consulting Services are not split into smaller-sized procurement to avoid competitive processes.

## Market Approach Options

### Open Competition

6.11 An open competitive approach to market is the Bank's preferred approach as it provides all eligible prospective Bidders/Proposers with timely and adequate advertisement of a Borrower's requirements and an equal opportunity to bid/propose for the required Goods, Works, or Non-consulting Services. Any approach, other than open competition, shall be justified by the Borrower. Any such approach shall be stated in the Procurement Plan.

### Limited Competition

6.12 A limited competitive approach to market is by invitation only, without advertisement. It may be an appropriate method of selection where there are only a limited number of firms or there are other exceptional reasons that justify departure from open competitive procurement approaches.

### Approaching the International Market

6.13 Approaching the international market (international competitive procurement), is appropriate when the participation of foreign firms will increase competition and may assure the achievement of best VfM and fit-for-purpose results.

6.14 Open international competitive procurement, for which international advertisement is required in accordance with these Procurement Regulations, is the preferred approach for complex, high-risk, and/or high-value contracts. The Bank has set specific thresholds for this purpose. (see Guidance on Country Thresholds)

### Approaching the National Market

6.15 As agreed in the Procurement Plan, approaching the national market may be appropriate when the procurement is unlikely to attract foreign competition because of:

- a. the size and conditions of the market;
- b. the value of the contract;
- c. activities that are scattered geographically, spread over time, or are labor-intensive; or
- d. the Goods, Works, or Non-consulting Services are available locally at prices below the international market.

6.16 Approaching the national market may also be appropriate when the advantages of approaching the international market are clearly outweighed by the administrative or financial burden involved.

6.17 If foreign firms wish to participate in open national competitive procurement, they are allowed to do so on the terms and conditions that apply to national firms.

6.18 When approaching the national market, the country's own procurement procedures may be used, as specified in Paragraphs 5.3 to 5.6.

## Prequalification and Initial Selection

### Goods, Works and Non-consulting Services

- 6.19 Prequalification and Initial Selection are processes used to shortlist Applicants in the procurement of Goods, Works and Non-consulting Services. These processes ensure that only those with appropriate and adequate capacity, capability and resources are invited to submit Bids/Proposals. In undertaking a Prequalification or Initial Selection the Borrower shall use the Bank's Standard Prequalification document/Initial Selection document.
- 6.20 Prequalification or Initial Selection is appropriate for large or complex contracts, or in other circumstances, such as: the need for custom-designed equipment, Plant, specialized services, some complex information and technology, procurement under turnkey, design and build, or management contracting in which the high costs of preparing detailed Bids/Proposals could discourage competition.
- 6.21 The assessment of an Applicant's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the Prequalification/Initial Selection document), or any other firm different from the firm that submitted the Prequalification/Initial Selection Application.
- 6.22 When the time elapsed between the Borrower's decision on the list of prequalified/ initially selected Applicants and the issuance of Request for Bids/Request for Proposals documents is longer than twelve (12) months, the Bank may require that a new Prequalification/Initial Selection process is conducted through re-advertisement.

### Prequalification

- 6.23 Prequalification is normally used with Requests for Bids and is optional depending on the nature and complexity of the Goods, Works or Non-consulting Services. In Prequalification, minimum requirements are normally assessed on a pass/fail basis against such criteria as: eligibility, experience, technical capability and financial resources. These criteria take into account objective and measurable factors such as: experience, satisfactory past performance, successful completion of similar contracts over a given period, capability of construction and/or manufacturing facilities, financial situation, and eligibility. All Applicants that substantially meet the minimum qualification requirements are invited to submit a Bid.
- 6.24 At the end of the Prequalification process, the Borrower shall inform all Applicants of the results of the Prequalification. The invitation to submit a Bid to a prequalified Applicant shall include the names of all prequalified Applicants.

### Initial Selection

- 6.25 Initial Selection shall normally be used with Request for Proposals and shall be used for all Competitive Dialogue processes. It enables the Borrower to invite only the highest ranked Applicants to submit Proposals. Initial selection involves a two-step process. The first step is similar to the Prequalification process described above. This establishes the long-list of Applicants. Long-listed Applicants are then evaluated against rated criteria. After ranking the combined rated criteria scores the Borrower selects the highest ranked Applicants to submit Proposals. The Borrower shall state in the initial selection document, the range of Applicants that may be Initially Selected.

- 6.26 At the end of the Initial Selection process, the Borrower shall inform all Applicants of the results of the Initial Selection. The invitation to submit a Proposal to an Initially Selected Applicant shall include the names of all Initially Selected Applicants.

### **Qualification Requirements in RFB/RFP documents**

- 6.27 If Bidders/Proposers have not been prequalified/ initially selected, the Borrower shall specify appropriate qualification requirements in the Request for Bids/Request for Proposals document to verify that Bidders/Proposers possess the relevant qualifications to effectively carry out the contract. The assessment of a firm's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the Request for Bids/Request for Proposals document), or any other firm different from the firm that submitted the Bid/Proposal.

### **Single Stage One-Envelope**

- 6.28 Single-stage procurement is most appropriate when the specifications and requirements are sufficient to enable submissions of complete Bids/Proposals. Single stage-one envelope procurement requires submission of both technical and financial Bids/Proposals in one envelope.

### **Single Stage Two-Envelope**

- 6.29 If appropriate, a two-envelope process may be used in single-stage procurement. The first envelope contains the qualifications and technical part and the second envelope the financial (price) part; the two-envelope are opened and evaluated sequentially. Where Rated Criteria are used, a two-envelope process shall be applied.

### **Multistage Procurement**

- 6.30 It may often be impractical to prepare complete technical specifications in advance for the procurement of:
- a. large complex facilities for which a turnkey contract will be awarded for the design and build of a Plant;
  - b. Works of a complex and special nature; or
  - c. complex information and communication technology that is subject to rapid technological advances.
- 6.31 In the first stage, Proposals are invited on the basis of a conceptual design or performance or functional specification, subject to the Borrower's conducting confidential discovery and clarification meetings to learn about possible solutions. In the second stage, the Request for Bids/Request for Proposals document may be amended to reflect the discoveries made in the confidential meetings, and issued to the qualified Bidders/Proposers, requesting them to submit final Proposals. As required in the Request for Bids/Request for Proposals document, the second stage may be submitted in one (1) envelope, or two (2) envelopes for the technical and financial parts respectively where the two envelopes are opened and evaluated sequentially. Where Rated Criteria are used, a two-envelope process shall be applied.

## Best and Final Offer

- 6.32 In international competitive procurement subject to prior review, the Bank may agree to the Borrower's use of Best and Final Offer (BAFO). BAFO is an option under which the Borrower invites Bidders/Proposers that have submitted substantially responsive Bids/Proposals to submit their best and final offer. Such a process may be appropriate when the procurement process would benefit from Bidders'/Proposers' having a final opportunity to improve their Bids/Proposals, including by reducing prices, clarifying or modifying their Bid/Proposal, or providing additional information. The Borrower shall inform Bidders/Proposers in the Request for Bids/Request for Proposals document:
- a. if a BAFO is to be used;
  - b. that Bidders/Proposers are not obliged to submit a BAFO; and
  - c. that there will be no negotiation after the BAFO.
- 6.33 If BAFO is to be applied, the Borrower shall engage the services of a Probity Assurance Provider, agreed with the Bank.

## Negotiations

- 6.34 In international competitive procurement subject to prior review, the Bank may agree to the Borrower's use of negotiations following Bid/Proposal evaluations and before final contract award.
- 6.35 Any negotiation shall be in accordance with the requirements of the Request for Bids/Request for Proposals document. If negotiations are undertaken, they shall be held in the presence of a Probity Assurance Provider, agreed with the Bank. Negotiations may involve terms and conditions, price, and/or social, environmental, and innovative aspects, as long as they do not change the minimum requirements of the Bid/Proposal.
- 6.36 The Borrower shall negotiate first with the Bidder/Proposer that has the Most Advantageous Bid/Proposal. If the outcome is unsatisfactory or an agreement is not reached, the Borrower may then negotiate with the next Most Advantageous Bid/Proposal, and so on down the list until a satisfactory outcome is achieved.

## Use of Rated Criteria

- 6.37 Rated Criteria are criteria that are applied to the non-price/qualitative attributes of Bids/Proposals. The scores assigned to a Bid/Proposal are normally based on the degree to which it meets or exceeds the minimum non-price/qualitative requirements. For details see Annex X, Evaluation Criteria.

## Particular Types of Approved Selection Arrangements

- 6.38 The particular procurement features, procedures and approaches as applicable to the following:
- a. Competitive Dialogue;
  - b. Public Private Partnerships;
  - c. Commercial Practices;
  - d. UN Agencies;

- e. e-Reverse Auctions;
- f. Imports;
- g. Commodities;
- h. Community Driven Development; and
- i. Force Accounts.

## Competitive Dialogue

- 6.39 Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with Proposers. The Borrower shall justify the use of Competitive Dialogue in the PPSD. It may be used only for complex or innovative procurement.
- 6.40 Competitive Dialogue may be appropriate:
- a. where a number of solutions that satisfy the Borrower's requirements may be possible, and where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and
  - b. due to the nature and complexity of the procurement, the Borrower is not objectively able to:
    - i. adequately define the technical or performance specifications and scope to satisfy its requirements and/or
    - ii. adequately specify the legal and/or financial arrangements of the procurement.
- 6.41 For details see Annex XIII, Competitive Dialogue.

## Public-Private Partnerships (PPPs)

- 6.42 A PPP is a long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.
- 6.43 The Bank may finance the cost of a project or a contract procured under PPP arrangements, such as build-own-operate (BOO), build-operate-transfer (BOT), and build-own-operate-transfer (BOOT) concessions or similar types of private sector arrangements, if the selection:
- a. is consistent with the Bank's Core Procurement Principles;
  - b. reflects the application of the Bank's Anti-Corruption Guidelines; and,
  - c. is consistent, as appropriate, with the requirements set out in these Procurement Regulations.
- 6.44 For details see Annex XIV, Public-Private Partnerships.
- 6.45 The private partner selected in accordance with Annex XIV, Public-Private Partnerships, then procures the Goods, Works, Non-consulting Services, and/or Consulting Services required for the facility from eligible sources, using its own procedures.

## Commercial Practices

6.46 Commercial Practices refers to the use of well-established procurement arrangements used by the private sector (normally entities not subject to the Borrower's public procurement law), for the procurement of Goods, Works, or Non-consulting Services. Commercial practices may also be used for a program of imports undertaken by private sector entities (as specified in Paragraph 6.50). The Bank's Core Procurement Principles are the standard for determining the acceptability of Commercial Practices.

## UN Agencies

6.47 When agreed with the Bank, Borrowers may select UN Agencies directly in situations where their expertise or rapid mobilization on the ground is critical, in particular, in circumstances of urgent need of assistance or capacity constraints.

6.48 When entering into a contract with a UN Agency, the Borrower shall use a standard form of agreement between the Borrower and the UN Agency or a case-specific template approved by the Bank. In circumstances in which the Bank and a UN Agency have an established FA, the Borrower may take advantage of the FA when entering into a contract with the UN Agency.

## Electronic Reverse Auctions

6.49 An electronic reverse auction (e-auction) is a scheduled online event in which prequalified/registered firms Bid against each other on their price. For details see Annex XII, Selection Methods.

## Program of Imports

6.50 When the IPF provides financing for a program of imports (i.e. a program for importing eligible essential Goods by private or public sector entities, based on a list agreed between the Borrower and the Bank), the procurement arrangements for such a program are described in Annex XII, Selection Methods.

## Commodities

6.51 Procurement of commodities refers to procuring items such as: grain, animal feed, cooking oil, fertilizer, or metals. The procurement of commodities often involves multiple awards for partial quantities to assure security of supply, and multiple purchases over a period of time to take advantage of favorable market conditions and to keep inventories low. For details see Annex XII, Selection Methods.

## Community-driven Development

6.52 Procurement arrangements, specifications, and contract packaging may be suitably adapted, in a way that is acceptable to the Bank, when, in the interest of project sustainability, or to achieve certain specific social objectives of the project, it is desirable (in selected project components), to:

- a. call for the participation of local communities and/or nongovernmental organizations (NGOs) in civil Works and the delivery of Non-consulting Services;

- b. increase the use of local know-how, Goods, or materials; or
- c. employ labor-intensive and other appropriate technologies.

6.53 For details see Annex XII, Selection Methods.

## Force Accounts

- 6.54 Force Account, which refers to works such as construction and installation of equipment and Non-consulting Services carried out by a government department of the Borrower's country using its own personnel and equipment, may be the only practical method of procurement under specific circumstances. A government-owned construction unit that is not managerially, legally, or financially autonomous is considered a Force Account unit. The use of Force Account requires that the Borrower apply the same rigorous quality checks and inspection as for contracts awarded to third parties.
- 6.55 Force Account shall be justified and may only be used, after the Bank's no-objection, under any of the following circumstances:
- a. the quantities of construction and installation works that are involved cannot be defined in advance;
  - b. the construction and installation works are small and scattered or in remote locations, so that qualified construction firms are unlikely to bid at reasonable prices;
  - c. the construction and installation works are required to be carried out without disrupting ongoing operations;
  - d. the risks of unavoidable work interruption are better borne by the Borrower than by a contractor;
  - e. as a matter of the Borrower's law or official regulations in such areas as national security, specialized Non-consulting Services such as aerial surveys and mapping can be carried out only by specialized branches of the government; or
  - f. urgent repairs are needed requiring prompt attention to prevent further damages, or works need to be carried out in conflict-affected areas where private firms may not be interested.

## Service Delivery Contractors

- 6.56 Projects may involve contracting individuals (but not as employees), to deliver Non-consulting Services. Their selection may be carried out according to the Borrower's personnel hiring procedures, as reviewed and found acceptable by the Bank. When the individuals who deliver such services are to be provided by firms, the firms shall be selected using appropriate selection methods and procedures specified in these Procurement Regulations.

## Particular Types of Contractual Arrangements

### Framework Agreements

- 6.57 A framework agreement (FA) is an agreement with one or more firms that establishes the terms and conditions that will govern any contract awarded during the term of the FA (a call-off contract).

The terms and conditions will usually include the fee rate, charge rate or pricing mechanism. FAs may be established for the anticipated procurement of Goods, Works, or Non-consulting Services, as and when required, over a specified period of time. An FA does not commit either party to procure or supply. Once established, a FA provides a fast and efficient way to procure Goods, Works or Non-consulting Services. A multi-supplier FA allows a Borrower to select from a number of firms, helping to ensure that each procurement represents best value for money.

- 6.58 FAs may be appropriate for the procurement of Goods, Works, or Non-consulting Services under the following circumstances:
- a. frequent reordering is based on the same, or similar requirements, or set of specifications;
  - b. where different entities of the Borrower procure the same Goods, Works, or Non-consulting Services, and aggregating the demand could lead to volume discounts;
  - c. planning for Emergency Situations; or
  - d. no single firm is considered to have sufficient capacity.

6.59 For details see Annex XV, Framework Agreements.

### **Performance-based Contracts**

6.60 Performance-based contracts are contractual relationships in which payments are made for measured outputs (performance targets), instead of inputs. The outputs aim at satisfying functional needs in terms of quality, quantity, and reliability. Payment is made in accordance with the quantity of outputs delivered, subject to their delivery at the level of quality required. Reductions from payments, or retentions, may be made for lower-quality level of outputs and, in certain cases, premiums may be paid for higher quality level of outputs. The Contractor is free to propose the most appropriate solution, based on mature and well-proven experience, and shall demonstrate that the level of quality specified in the Request for Bids/Request for Proposals documents will be achieved.

- 6.61 Performance Based procurement may involve:
- a. the provision of Non-consulting Services to be paid on the basis of outputs;
  - b. design, supply, construction (or rehabilitation), and commissioning of a facility to be operated by the Borrower; or
  - c. design, supply, construction (or rehabilitation) of a facility, and provision of non-consulting services for its operation and maintenance for a defined period of years after its commissioning.

# Section VII. Approved Selection Methods

## Consulting Services

### Approved Selection Methods

7.1 Table 2 below provides an overview of the approved selection methods, particular types of approved selection arrangements, and market approach options available for the selection of Consulting Services in IPF operations. For details see Annex XII, Selection Methods.

**Table 2.** Approved selection methods: Consulting Services

Consulting Services	Market approach options					
	Open	Limited	Direct	Inter-national	National	Shortlist
<b>Selection methods</b>						
Quality Cost Based Selection	Y	X	X	Y	Y	Y
Fixed Budget Based Selection	Y	X	X	Y	Y	Y
Least Cost Based Selection	Y	X	X	Y	Y	Y
Quality Based Selection	Y	X	X	Y	Y	Y
Consultant's Qualification Based Selection	Y	Y	X	Y	Y	X
Direct Selection	X	X	Y	X	X	X
<b>Selection Arrangements</b>						
Commercial Practices	As per acceptable commercial Procurement practices					
UN Agencies	As per Paragraphs 7.27 and 7.28					
Non-Profit Organizations (e.g. NGOs)	Y	Y	Y	Y	Y	Y
Banks	Y	Y	Y	Y	Y	Y
Procurement Agents	Y	Y	Y	Y	Y	Y
<b>Selection Methods for Individual Consultants</b>						
Selection of Individual Consultants	Y	Y	Y	Y	Y	Y

Y = This market approach option is available  
X = This market approach option is not available

- 7.2 The following are approved selection methods for Consulting firm:
- a. Quality Cost Based Selection (QCBS);
  - b. Fixed Budget Based Selection (FBS);
  - c. Least Cost Based Selection (LCS);
  - d. Quality Based Selection (QBS);
  - e. Consultant’s Qualifications Based Selection (CQS); and,
  - f. Direct Selection.

### Quality and Cost-based Selection

- 7.3 QCBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. The request for proposals document shall specify the minimum score for the technical Proposals. The relative weight to be given to the quality and cost depends on the nature of the assignment. Among the Proposals that are responsive to the requirements of the request for proposals document and are technically qualified, the Proposal with the highest combined (quality and cost) score is considered the Most Advantageous Proposal. For details see Annex XII, Selection Methods.

### Fixed Budget-based Selection

- 7.4 Like QCBS, FBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. In the request for proposals document, the cost of services is specified as a fixed budget that shall not be exceeded. FBS is appropriate when:
- a. the type of Consulting Service required is simple and can be precisely defined;
  - b. the budget is reasonably estimated and set; and
  - c. the budget is sufficient for the firm to perform the assignment.
- 7.5 The request for proposals document specifies the budget and the minimum score for the technical Proposals. The Proposal with the highest technical score that meets the fixed budget requirement is considered the Most Advantageous Proposal. For details see Annex XII, Selection Methods.

### Least Cost-based Selection

- 7.6 Similar to QCBS, LCS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. LCS is generally appropriate for assignments of a standard or routine nature (such as engineering designs of non-complex Works), for which well-established practices and standards exist.
- 7.7 The request for proposals document specifies the minimum score for the technical Proposals. Among the Proposals that score higher than the minimum technical score, the Proposal with the lowest evaluated cost is considered the Most Advantageous Proposal. For details see Annex XII, Selection Methods.

## Quality-based Selection

- 7.8 Under QBS, the Proposal quality is evaluated without using cost as an evaluation criterion. If the request for proposals requests both technical and financial Proposals, the financial Proposal of only the highest technically qualified firm is opened and evaluated to determine the Most Advantageous Proposal. However, if the request for proposals document requests only technical Proposals, the firm with the highest-ranked technical Proposal is invited to submit its financial Proposal for negotiations.
- 7.9 QBS is appropriate for the following types of assignments:
- a. complex or highly specialized assignments for which it is difficult to define precise TOR and the input required from the firm, and for which the Borrower expects the firm to demonstrate innovation in its Proposals;
  - b. assignments that have a high downstream impact; and
  - c. assignments that can be carried out in substantially different ways, so that Proposals will not be comparable.
- 7.10 For details see Annex XII, Selection Methods.

## Consultant's Qualification-based Selection

- 7.11 The Borrower shall request expressions of interest (REOI), by attaching the TOR to the REOI. At least three qualified firms shall be requested to provide information about their relevant experience and qualifications. From the firms that have submitted an EoI, the Borrower selects the firm with the best qualifications and relevant experience and invites it to submit its technical and financial Proposals for negotiations. Advertisement of REOs is not mandatory.
- 7.12 CQS is appropriate for small assignments or Emergency Situations in which preparing and evaluating competitive Proposals is not justified.

## Direct Selection

- 7.13 Proportional, fit-for-purpose, and VfM considerations may require a direct selection (single-source or sole-source selection), approach, that is: approaching and negotiating with only one firm. This selection method may be appropriate when only one firm is qualified, a firm has experience of exceptional worth for the assignment, or there is justification to use a preferred firm.
- 7.14 Direct selection may be appropriate under the following circumstances:
- a. an existing contract for Consulting Services, including a contract not originally financed by the Bank but awarded in accordance with procedures acceptable to the Bank, may be extended for additional Consulting Services of a similar nature, if it is properly justified, no advantage may be obtained by competition, and the prices are reasonable;
  - b. for tasks that represent a natural continuation of previous work carried out by a Consultant within the last 12 months, where continuity in the technical approach, experience acquired, and continued professional liability of the same Consultant may make continuation with the initial Consultant preferable to a new competition, if performance has been satisfactory in the previous assignment(s);

- c. there is a justifiable requirement to reengage a firm that has previously completed a contract with the Borrower to perform a similar type of Consulting Service. The justification shows that the firm performed satisfactorily under the previous contract, no advantage may be obtained by competition, and the prices are reasonable;
  - d. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;
  - e. in exceptional cases, for example, in response to Emergency Situations;
  - f. only one firm is qualified, or one firm has experience of exceptional worth for the assignment;
  - g. the Consulting Services provided in the Borrower's country by an SOE, university, research center, or institution of the Borrower's country are of a unique and exceptional nature, in accordance with Paragraph 3.23 c.; or
  - h. direct selection of UN Agencies in accordance with Paragraphs 7.27 and 7.28.
- 7.15 In all instances of direct selection, the Borrower shall ensure fairness and equity, and shall have in place procedures to ensure that:
- a. the prices are reasonable and consistent with the market rates for services of a similar nature; and
  - b. the required Consulting Services are not split into smaller-size procurements to avoid competitive processes.

## Selection Procedures for Consulting Firms

### Shortlist

- 7.16 The preparation of a Shortlist of firms to provide Consulting Services is required for all selection methods except CQS and Direct Selection. The Borrower prepares the Shortlist of firms that have expressed interest and have the relevant experience and managerial and organizational capabilities for the assignment.
- 7.17 The Shortlist shall include not fewer than five (5) and not more than eight (8) eligible firms. The Bank may agree to Shortlists comprising a smaller number of firms when not enough qualified firms have expressed interest in the assignment, not enough qualified firms could be identified, or the size of the contract or the nature of the assignment does not justify wider competition.
- 7.18 The following are not normally to be included in the same Shortlist with private sector firms:
- a. UN Agencies; or
  - b. SOEs or institutions and not-for-profit organizations (such as NGOs, and universities), unless they operate as commercial entities that meet the requirements of Paragraph 3.23 b.
- 7.19 If such entities are included in the list, the selection should normally be made using QBS or CQS. The Shortlist shall not include individual Consultants.
- 7.20 For details see Annex XII, Selection Methods.

## Request for Proposals

- 7.21 The Shortlisted firms are invited to respond to the request for proposals document using one of the approved selection methods. In determining the right selection method for Consultants, quality aspects are particularly critical. Selection based on lowest price only may not deliver the best VfM.

## Market Approach Options

### Open Competition

- 7.22 An open competitive approach to market provides all eligible prospective firms or individual Consultants with timely and adequate advertisement of a Borrower's requirements and an equal opportunity to provide the required Consulting Services. Open, competitive procurement approaches, including the advertisement for EoI, is the preferred approach for Bank-financed selection of Consultants.

### Limited Competition

- 7.23 Limited competition is competitive selection in which the Borrower prepares a Shortlist without advertisement. It may be appropriate when there are only a limited number of qualified Consultants that can carry out the subject assignment, or other justifiable exceptional reasons. Borrowers shall seek EoIs from a list of potential Consultants that is broad enough to ensure adequate competition.

### Approaching the International Market

- 7.24 An open international competitive procurement/selection market approach, with mandatory international advertisement in accordance with these Procurement Regulations, is used when the participation of foreign firms is most likely to achieve the best fit-for-purpose and VfM.

### Approaching the National Market

- 7.25 As agreed in the Procurement Plan, national selection through advertisement in the national media/press may be used when the nature, scope, and/or value of the Consulting Services is unlikely to attract foreign competition and there are adequate qualified national Consultants to carry out the assignments. If foreign Consultants wish to participate in national selection, they may do so. When approaching the national market, the country's own procurement procedures may be used as specified in Paragraphs 5.3 to 5.6.

## Particular Types of Approved Selection Arrangements

### Commercial Practices

- 7.26 The same provisions apply as those for Goods, Works, and Non-consulting Services in Paragraph 6.46.

## UN Agencies

- 7.27 When agreed with the Bank, Borrowers may select UN Agencies directly, when they are uniquely or exceptionally qualified to provide technical assistance, advisory or technical services in their area of expertise, in particular in circumstances of urgent need of assistance or capacity constraints.
- 7.28 When entering into a contract with a UN Agency, the Borrower shall use a standard form of agreement between the Borrower and the UN Agency or a case-specific template approved by the Bank. In circumstances in which the Bank and a UN Agency have an established FA, the Borrower may take advantage of the FA when entering into a contract with the UN Agency.

## Non-profit Organizations

- 7.29 Not-for-profit organizations such as NGOs may be uniquely qualified to assist in the preparation, management, and implementation of projects or carrying out other project activities, because of their involvement in and knowledge of local issues and community needs, or their participatory approaches. Such organizations may be included in the Shortlist if they express interest and if the Borrower and the Bank are satisfied with their qualifications. For these assignments the Shortlist may be made up entirely of NGOs. In such a case, the procurement follows an appropriate selection method (QCBS, FBS, LCS, or CQS), based on the nature, complexity, and size of the assignment, and the Evaluation Criteria reflect the unique qualifications of NGOs, such as local knowledge, scale of operation, and prior relevant experience. Borrowers may also select the NGO on a single-source basis, provided the criteria set out for the direct selection of consulting firms above are met.

## Banks

- 7.30 Borrowers shall use QCBS to select investment and commercial banks, financial firms, and fund managers hired for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatization operations. In addition to the conventional remuneration (a retainer fee), the compensation includes a 'success fee'. This success fee can be fixed, but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The request for proposals document shall indicate whether the financial evaluation will take the success fee into account, either in combination with the retainer fee or alone.

## Procurement Agents

- 7.31 When a Borrower lacks the necessary organization, resources, or experience, it may be efficient and effective for it to employ, as its agent, a firm that specializes in handling procurement. Procurement agents may be selected using QCBS or LCS. The procurement agent shall conduct the procurement on behalf of the Borrower following all the procurement arrangements outlined in the Legal Agreement and Procurement Plan.

## Project Implementation Support Personnel

- 7.32 Project implementation staff, individuals contracted by the Borrower to support project implementation, other than individual consulting positions identified in the Legal Agreement, may be selected by the Borrower according to its personnel hiring procedures for such activities, as reviewed and found acceptable by the Bank.

## Particular Type of Contractual Arrangements

### Framework Agreement

7.33 A Framework Agreement (FA) is an agreement established with firms or individual Consultants (panel of Consultants), as required over a specified period of time. The FA sets out terms and conditions under which specific Consulting Services (call-off contracts), can be provided directly or competitively throughout the term of the agreement. FAs may be appropriate for the recurring selection of Consulting Services or to consolidate requirements when different entities of the Borrower procure the same types of Consulting Services. For details see Annex XV, Framework Agreements.

### Approved Selection Methods for Individual Consultants

7.34 Individual Consultants are selected for an assignment for which:

- a. a team of experts is not required;
- b. no additional home office professional support is required; and
- c. the experience and qualifications of the individual are of paramount requirement.

7.35 When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it is advisable to employ a firm. When qualified individual Consultants are unavailable or cannot sign a contract directly with a Borrower because of a prior agreement with a firm, the Borrower may invite firms to provide qualified individual Consultants for the assignment. In all cases, individual Consultants selected to be employed by the Borrower shall be the most experienced and best qualified among the candidates, and shall be fully capable of carrying out the assignment. The evaluation shall be based on the relevant qualifications and experience of the individual Consultant.

### **Open Competitive Selection of Individual Consultants**

- 7.36 Advertisement through REOs is encouraged, particularly when the Borrower does not have knowledge of experienced and qualified individuals, or of their availability, the services are complex, there is potential benefit from wider advertising, or advertising is mandatory under national law.
- 7.37 REOs shall include complete TOR. Individual Consultants are selected from those that expressed interest in response to a REO.

### **Limited Competitive Selection of Individual Consultants**

- 7.38 When the Borrower has knowledge of experienced and qualified individuals and their availability, instead of issuing a REO, it may invite those individual Consultants that it deems qualified to provide the required Consulting Services. The complete TOR shall be sent with the invitation. Individual Consultants shall be selected from those that expressed interest in response to the invitation.

### **Direct Selection of Individual Consultants**

- 7.39 Individual Consultants may be selected on direct selection basis, with due justifications, under the following circumstances:
- a. tasks that are a continuation of previous work that the individual Consultant has carried out after being selected competitively;
  - b. assignments with a total expected duration of less than six months;
  - c. urgent situations; or
  - d. when an individual Consultant has relevant experience and qualifications of exceptional worth to the assignment.

# Annex I. Value for Money

## 1. Purpose

- 1.1 This Annex describes the requirements to achieve value for money (VfM) in IPF operations.

## 2. Overview

- 2.1 VfM shall be considered at all stages of the Procurement Process. For details, see Annex V, Project Procurement Strategy for Development; Annex VIII, Contract Types; Annex X, Evaluation Criteria; Annex XI, Contract Management; and Annex XII, Selection Methods.
- 2.2 VfM means the effective, efficient, and economic use of resources, which requires the evaluation of relevant costs and benefits, along with an assessment of risks and of non-price attributes and/or life-cycle costs, as appropriate. Price alone may not necessarily represent VfM.
- 2.3 VfM is achieved through the application of the following:
- a. ensuring integrity throughout the Procurement Process;
  - b. a clear statement of needs and procurement objectives;
  - c. a procurement approach that is proportional to the risk, value, context, nature, and complexity of the procurement;
  - d. appropriate specification of the requirements;
  - e. selection of appropriate contractual arrangements;
  - f. suitable Evaluation Criteria, including non-price/qualitative Rated Criteria where applicable;
  - g. selection of the firm that best meets the needs and objectives of the procurement; and
  - h. effective contract management to ensure successful execution of the contract and ensure that the deliverables are met as agreed in the contract.

## 3. Planning

- 3.1 Optimal design of the Procurement Process through the PPSD is the first step in obtaining VfM by deciding how to spend allocated funding to yield the most value.
- 3.2 The PPSD is used to state the procurement objectives and identify risks, as well as their associated mitigation measures, and opportunities in the market analysis and operating context of a project. The choice of selection methods and approaches to market are then tailored to suit the risk and value of the procurement, the operating context, and market to enable VfM to be achieved.

### Approaching the Market

- 3.3 Achieving VfM requires a clear and focused approach to market to deliver the procurement objectives, with the following elements:
- a. selection methods and arrangements that are most likely to attract a competitive response from the market and the most qualified Bidders/Proposers;

- b. requirements based on detailed technical specifications or performance/functional requirements, as appropriate;
  - c. Evaluation Criteria, including price, life-cycle costs, and/or non-price/qualitative Rated Criteria as appropriate that best enable Bidders/Proposers to demonstrate the value they can offer;
  - d. standards and technical specifications per Paragraph 5.26; and
  - e. the contract type that is best suited for the specific procurement. For details see Annex VIII, Contract Types.
- 3.4 The recommended approach to market shall be justified and documented in the PPSD. For details see Annex V, Project Procurement Strategy for Development.
- 3.5 The Evaluation Criteria, including non-price/qualitative Rated Criteria, as applicable, as well as their prioritization and weighting, shall be designed to enable the Borrower to achieve best VfM in IPF operations. For details see Annex X, Evaluation Criteria.

### **Contract Management to ensure VFM**

- 3.6 The Borrower shall determine the appropriate contract type and contract terms taking into account the nature, risk, and complexity of the activity, fit-for-purpose considerations, optimal allocation of risk and liabilities, and the roles and responsibilities of the contracting parties.
- 3.7 To effectively manage a contract, for contracts identified in the PPSD, the Borrower shall develop a Contract Management Plan with key performance indicators and milestone events. The Borrower shall monitor the performance and progress of contracts, in accordance with the Contract Management Plan, and provide timely reports to the Bank. The Bank may use the information gathered to benchmark performance. For details see Annex XI, Contract Management.

# Annex II. Procurement Oversight

## 1. Purpose

- 1.1 This Annex outlines the Bank's procurement oversight function in discharging its fiduciary responsibilities as required by its Articles of Agreement.

## 2. Requirements

- 2.1 The Bank exercises its procurement oversight through a risk-based approach comprising prior and post reviews and independent procurement reviews, as appropriate.
- 2.2 Procurement oversight for Alternative Procurement Arrangements (APA) are those agreed in the respective Legal Agreement.

## 3. Procurement Prior Review

- 3.1 The Bank sets mandatory thresholds for prior review based on project procurement risk levels. As an exception, an activity/contract below the applicable mandatory thresholds shall be subject to prior review if the Bank determines that the activity/contract has risks such as procurement arrangements that are inherently risky, such as procurement that includes the use of negotiations in a competitive procurement process for Goods, Works and Non-consulting Services, BAFO, Competitive Dialogue.
- 3.2 If the assessed activity/contract level risk is low or moderate, the Bank may determine that procurement above the applicable thresholds shall be subject to post review, and be included in the Procurement Plan. Such procurement shall use SPDs.
- 3.3 For contracts subject to prior review to be awarded using Direct Selection, the Borrower shall submit to the Bank, for its review and no objection, a sufficiently detailed justification, prior to inviting the firm to negotiations. The justification shall include the rationale for direct selection instead of competitive selection method and the basis for recommending a particular firm. After negotiations are completed, the Borrower shall submit to the Bank the draft negotiated contract and minutes of negotiations, for its prior review.
- 3.4 Unless otherwise agreed with the Bank, prior review will be undertaken for all Works procurements under projects classified as high risk for SEA/SH that use SPDs.

## 4. Procurement Post Review

- 4.1 The Bank carries out post reviews of Procurement Processes undertaken by the Borrower to determine whether they comply with the requirements of the Legal Agreement. The Bank may use a third party such as a supreme audit institution, acceptable to the Bank, to carry out post reviews. Any such third party shall carry out the reviews in accordance with the TOR provided to it by the Bank.
- 4.2 The purposes of procurement post reviews include the following:

- a. verifying that the procurement procedures followed by the Borrower comply with the Legal Agreement;
- b. confirming that the Borrower continues to be in compliance with the agreed procurement arrangements, including timely and effective implementation of the agreed risk mitigation/management plan;
- c. verifying continued adherence to the contract, including technical compliance;
- d. noting Fraud and Corruption red flags and reporting any evidence to Bank's Institutional Integrity, Integrity Vice presidency (INT); and
- e. identifying mitigating measures or actions to correct procurement deficiencies and recommending them to the Borrower.

## 5. Independent Procurement Reviews

- 5.1 Independent procurement reviews, performed by independent third parties appointed by the Bank, are carried out when the Bank determines the need for such a review through its assessment of risk. This applies to contracts subject to prior and post review.

## 6. PPSD and Procurement Plan

- 6.1 The Borrower prepares the PPSD and Procurement Plan during project preparation, and the Bank reviews the PPSD and agrees the Procurement Plan before the completion of loan negotiations. The Borrower shall submit to the Bank, for its review and approval, any updates of the Procurement Plan approved by the Bank.

## 7. Documents for Prior Review

- 7.1 For procurement that has been determined to be subject to prior review, the following documents shall be submitted by the Borrower for Bank's prior review and no objection:
- a. The GPN and SPN, as appropriate;
  - b. If Prequalification/Initial Selection is used, the invitation to prequalify/be initially selected, the Prequalification/Initial Selection document, (including any amendment(s) to them) and the Prequalification/Initial Selection evaluation report. For Consulting Services, the REoI, including the complete TOR, and the Shortlist assessment report;
  - c. The Request for Bids/ Request for Proposals documents, including any amendment to them;
  - d. The first request by the Borrower to Bidders/Proposers/Consultants to extend the Bid/Proposal validity period, if it is longer than four (4) weeks, and all subsequent requests for extension, irrespective of the period;
  - e. The Bid/Proposal evaluation report and recommendations for contract award, including documents demonstrating that any procurement complaints have been addressed to the satisfaction of the Bank. In two-envelope or multistage selection processes, the Borrower submits the Bid/Proposal evaluation report for each envelope/stage for the Bank's prior review and no-objection before proceeding to the next stage of the Procurement Process;

- f. All requests for cancellation of a Procurement Process and/or rebidding/re-invitation of Proposals;
  - g. The Borrower shall not proceed with the next stage/phase of the Procurement Process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint. If, after the Bank's prior review and no-objection, analysis of a complaint leads the Borrower to change its contract award recommendation, it submits for the Bank's no-objection the reasons for that decision and a revised evaluation report;
  - h. If the Procurement Process involves negotiations between the Borrower and Bidder/Proposer/Consultant, the minutes of negotiations and the draft contract initialed by both parties. If a probity audit was required, the minutes of negotiations should be submitted with the probity audit report;
  - i. If BAFO is used, the evaluation report prior to requesting BAFO and the final evaluation report prior to award of contract; and
  - j. If requested by the Bank, the Contract Management Plan, including the Key Performance Indicators (KPIs); also, if requested by the Bank, ongoing reports of progress based on the agreed KPIs for Bank's review and comments.
- 7.2 One conformed copy of the contract, and of the advance payment security and the performance security if they were requested, shall be furnished to the Bank promptly after its signing and prior to the making of the first payment.
- 7.3 The terms and conditions of a contract shall not, without the Bank's prior review and no objection, materially differ from those on which Bids/ Proposals were requested or Prequalification/Initial Selection, if any, was invited.

## **8. Retaining Documents for Contracts subject to Prior Review**

- 8.1 The Borrower shall retain all documentation with respect to each procurement according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:
- a. original Bids/Proposals; all documents and correspondence related to the procurement and execution of the contract, including those in support of the evaluation of Bids/Proposals; and the recommendation for award made to the Bank;
  - b. the signed original of each contract and all subsequent amendments or addenda; the payment invoices or certificates, as well as the certificates for the inspection, delivery, completion, and acceptance of Goods, Works, and Non-consulting Services; and,
  - c. for contracts awarded on the basis of direct procurement, the documentation shall include justifications for using the method, the technical and financial capacity of the firm, and the signed original of the contract.
- 8.2 The Borrower shall furnish such documentation to the Bank upon request for examination by the Bank or by its consultants/auditors.

## 9. Retaining Documents for Contracts Subject to Post Review

- 9.1 The Borrower shall retain all documentation and shall furnish such documentation to the Bank upon request, with respect to each contract subject to post review, according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:
- a. complaints, the signed original of the contract and all subsequent amendments or addenda,
  - b. the Bids/Proposals evaluation report, and the recommendation for award; and
  - c. the payment invoices or certificates, as well as the certificates for inspection, delivery, completion, and acceptance of Goods, Works, and Non-consulting Services, for examination by the Bank or by its consultants/auditors.

## 10. Modifications of the signed Contract

- 10.1 For contracts subject to prior review, the Borrower shall seek the Bank's no objection before agreeing to:
- a. an extension of the stipulated time for execution of a contract that has an impact on the planned completion of the project;
  - b. any material modification of the scope of the Works, Goods, Non-consulting services or Consulting Services, or other significant changes to the terms and conditions of the contract;
  - c. any variation order or contract amendment (except in cases of extreme urgency), including due to extension of time, that singly or combined with all previous variation orders or amendments, increases the original contract amount by more than 15% (fifteen percent);
  - d. the proposed termination of the contract;
  - e. any material modification to the SEA/SH Prevention and Response obligations in Works contracts; or
  - f. any amendment(s) or modification(s) of ongoing contracts involving a firm disqualified for SEA/SH non-compliance.
- 10.2 If the Bank determines that the Borrower's request for any such modification would be inconsistent with the provisions of the Legal Agreement and/or Procurement Plan, it informs the Borrower and states the reasons for its determination. The Borrower shall provide a copy of all amendments to the contract to the Bank for its records.

## 11. Due Diligence concerning the Bank's Sanctions Policies, Procedures and Disqualification mechanism

- 11.1 When conducting key stages of the procurement process, and as a minimum during the evaluation of Bids/Proposals, the Borrower shall check:
- a. the eligibility of Bidders/Proposers/Consultants from the lists of firms and individuals debarred or suspended by the Bank that are posted on the Bank's external website, in those cases of debarred firms and individuals, and Bank's Client Connection website

- and/or other sources of information that the Bank may make available for listing of suspended firms or individuals;
- b. the disqualification status of Bidders/Proposers/Consultants disqualified pursuant to Paragraph 3.34 (Disqualification of Firms).
- 11.2 The Borrower shall apply additional due diligence by closely supervising and monitoring any on-going contract (whether under prior or post review), executed by a firm or individual which has been sanctioned or disqualified pursuant to Paragraph 3.34 by the Bank after such contract was signed. The Borrower shall neither sign any new contracts nor sign an amendment, including any extension of time for completion or a change or variation order, to an on-going contract with a suspended, debarred or disqualified firm or individual after the effective date of the suspension, debarment or disqualification without the Bank's prior review and no objection.
- 11.3 The Bank will only finance additional expenditures if they were incurred before the completion date of the original contract or the completion date as revised;
- a. for prior review contracts, in an amendment to which the Bank has given its no objection; and
  - b. for post review contracts, in an amendment signed before the effective date of suspension or debarment.
- 11.4 The Bank will not finance any new contract, or any amendment introducing a material modification to any existing contract that was signed with a suspended, debarred or disqualified firm or individual on or after the effective date of suspension, debarment or disqualification.



# Annex III. Procurement-related Complaints

## 1. Purpose

- 1.1 This Annex details the procedures for administration and handling of procurement-related complaints (Complaints) arising in connection with contracts where SPDs are required to be used. Contracts where the Borrower shall use SPDs shall be specified in the Procurement Plan for the project. See summary in Table 1. Additional requirements apply for contracts subject to the Bank's prior review as set forth under Annex II, Procurement Oversight.

## 2. General requirements for Procurement-related Complaints

- 2.1 A Complaint may challenge:
- The Borrower's selection documents, including: prequalification, initial selection, Request for Bids, Requests for Proposals documents;
  - the Borrower's decision to exclude an Applicant/Bidder/Proposer/Consultant from a procurement process prior to award; and/or
  - the Borrower's decision to award the contract following transmission of unsuccessful Bidder/Proposer/Consultant in the Notification of Intention to Award.
- 2.2 Complaints should be submitted by 'interested parties.' An interested party for this purpose means an actual Bidder/Proposer/Consultant seeking to obtain the contract at issue (including an Applicant for Prequalification/Initial Selection, if the complaint challenges the Applicant's disqualification). Potential Applicants/ Bidders/Proposers/Consultants are also interested parties in relation to complaints challenging the Prequalification/Initial Selection document, Request for Bids/Request for Proposals document, or any other Borrower document requesting bids/Proposals or Applications.
- 2.3 Complaints shall be submitted to the Borrower in a timely manner, as described in paragraph 3.1 of this Annex.
- 2.4 The content of a Complaint is subject to the following requirements. Complaints shall be submitted In Writing to the Borrower and shall identify the name, contact details, and address of the complainant. In addition, the Complaint shall:
- generally, identify the complainant's interest in the procurement as defined under paragraph 2.2 of this Annex;
  - identify the specific project, the procurement reference number, the current stage of the procurement process, and any other relevant information;
  - specify any previous communication between the complainant and the Borrower on the matters addressed in the complaint;
  - specify the nature of complaint, and the perceived adverse impact on them; and
  - state the alleged inconsistency with or violation of the applicable procurement rules.

- 2.5 The Borrower shall give prompt and fair consideration to each Complaint that meets the requirements of the above provisions of this Annex, and is submitted within the timelines set forth under paragraph 3.1 of this Annex.
- 2.6 Complaints that do not meet the requirements of paragraphs 2.2 to 2.4 of this Annex should be addressed within a reasonable time. If such Complaints relate to contracts subject to prior review by the Bank, they shall be shared by the Borrower with the Bank in order to determine an appropriate course of action.

### 3. Timeline and process for review and resolution of Complaints

- 3.1 Complaints that meet the requirements of paragraphs 2.2 to 2.4 of this Annex are subject to the timelines and procedures set out below. The Borrower shall not proceed with the next stage/phase of the procurement process, including the contract award, until it has properly addressed any such Complaint.
- a. **Complaints challenging the terms of prequalification/initial selection documents: request for proposals documents, and any other Borrower document requesting Bids, Proposals or Applications** should be submitted to the Borrower at least ten (10) Business Days prior to the deadline for submission of Applications/ Bids/Proposals, or within five (5) Business Days after the issuing of any amended terms, whichever is later. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of the Complaint. If as a result of the Borrower's review of the Complaint, the Borrower decides to modify the prequalification/initial selection, Request for Bids/Request for Proposals, or other documents, the Borrower shall issue an addendum, and if necessary, extend the application/Bid/Proposal submission deadline.
  - b. **Complaints challenging the exclusion from a procurement process prior to contract award** should be submitted to the Borrower within ten (10) Business Days following the Borrower's transmission to the interested party of notice of such exclusion. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of Complaint. If as a result of the Borrower's review of a Complaint, the Borrower changes the results of the earlier stage/phase of the procurement process the Borrower shall promptly transmit a revised notification of evaluation results to all relevant parties advising on the next steps.
  - c. **Complaints following transmission of the Notification of Intention to Award the contract (or notification of intention to conclude a FA)**, shall be submitted to the Borrower within the Standstill Period. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, shall review the Complaint and respond to the complainant, not later than fifteen (15) Business Days from the date of receipt of Complaint. If, as a result of the Borrower's review of a complaint, the Borrower changes its contract award recommendation, it shall notify the revised intent to award to all previously notified Bidders/Proposers/Consultants, and shall proceed with the contract award.

## Complaints where the contract is subject to prior review

- 3.2 For contracts subject to prior review, the Borrower shall promptly inform the Bank of any Complaints received, and shall provide for the Bank's review all relevant information and documentation, including a draft response to the complainant once this is available.
- 3.3 If the Borrower's review of the Complaint results in:
- a modification of the prequalification/initial selection, Request for Bids/Request for Proposals, or other document, as foreseen under paragraph 3.1 a. of this Annex);
  - the Borrower's changing its decision to exclude an Applicant/ Bidder/Proposer/Consultant as foreseen under paragraph 3.1 b. of this Annex); or
  - the Borrower's changing its contract award recommendation as foreseen under 3.1 c. of this Annex);
- the Borrower shall, upon confirmation by the Bank of the satisfactory resolution of the Complaint:
- issue an addendum, and if necessary, extend the Application/Bid/Proposal submission deadline; or
  - promptly transmit to the Bank a revised evaluation report.
- 3.4 The Borrower shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint(s).
- 3.5 Notwithstanding the requirement under paragraph 3.4 of this Annex, for Complaints challenging the prequalification/initial selection/Request for Bids/Request for Proposals or other such document, or challenging exclusion prior to award, the Borrower should consult with the Bank about which, if any, steps in the procurement process may appropriately go forward while the Complaint is being considered.

## Resolution of Complaints

- 3.6 In resolving a Complaint, the Borrower should ensure a timely and meaningful review of the Complaint, including all relevant documentation and facts and circumstances related to it. The Borrower shall provide sufficient information in its response to the complainant, while maintaining the confidentiality of information as provided under Paragraphs 5.19 and 5.20. A response to a Complaint should, as a minimum include the following elements:
- Statement of Issues: Specify the issues raised by the complainant that need to be addressed;
  - Facts and Evidence: Specify the facts and evidence that in the Borrower's view, are relevant to the resolution of the Complaint. These facts and evidence should be presented as a narrative, organized around the issues;
  - Decision and reference to the basis for the decision: State the decision that has been made following the review. Also, include reference to the basis for the decision e.g., Procurement Regulations, SPD for the contract in question, etc. The response should be as precise as possible in referring to the specific decision basis;
  - Analysis: Provide an explanation why the basis for the decision applied to the facts/issues raised by the Complaint necessitates this particular decision. The analysis may be short as

long as it is clear and identifies each question that has to be answered in order to arrive at an outcome; and

- e. Conclusion: State clearly the resolution of the Complaint and describe the next steps to be taken.

## Roles and Responsibilities of the Borrower

3.7 The Borrower's roles and responsibilities with respect to Complaints covered by this Annex include the following:

- a. Provide timely and sufficient information to Bidders/Proposers/Consultants, including through the Notification of Intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision;
- b. Promptly acknowledge Complaints received;
- c. Resolve Complaints promptly and fairly;
- d. Preserve the confidentiality and proprietary information of other Applicants/Bidders/Proposers/Consultants, including commercial and financial information and trade secrets as requested by the Bidders/Proposers/Consultants in their Bids/Proposals;
- e. Maintain complete records of all debriefings and Complaints and their resolution;
- f. For contracts subject to prior review, inform the Bank promptly of any Complaint submitted and provide the Bank a copy of all relevant documents and information; and
- g. For contracts subject to prior review, consult with the Bank promptly and forthrightly throughout the Complaint review and resolution process.

## Roles and Responsibilities of the Bidders/Proposers/Consultants

3.8 The Bidder's/Consultant's roles and responsibilities with respect to Complaints covered by this Annex include the following:

- a. Comply with the requirements of paragraph 2.4 of this Annex regarding the content of the Complaint, and time limits set forth;
- b. Be familiar with the provisions of the prequalification/initial selection document, Request for Bids/Request for Proposals document or other document, as well as the Bank's Procurement Regulations, so as to understand the rules governing the procurement process;
- c. Timely request for debriefing, if one is desired;
- d. Submit any Complaint within the permitted timeframe and to the entity/official designated for that purpose in the prequalification/initial selection/Request for Bids/Request for Proposals document; and
- e. Ensure that any Complaint submitted is as specific as possible in explaining the Bidder's/Proposer's/Consultant's issues or concerns, and the alleged violation of the

applicable procurement rules (e.g., Procurement Regulations, Request for Bids/Request for Proposals document, etc.).

## Roles and Responsibilities of the Bank

- 3.9 The Bank's roles and responsibilities with respect to Complaints covered by this Annex include the following:
- a. Ensure that any Complaint addressed to the Bank is forwarded promptly to the Borrower for review and resolution;
  - b. In the case of prior review contracts, timely consider any action proposed by the Borrower, including, but not limited to, with respect to the conduct and content of a debriefing, the denial of a complaint; or the taking of action to correct the impropriety identified in the Complaint; and
  - c. Except for acknowledging receipt of a Complaint, not to discuss or communicate with any Applicant/Bidder/Proposer/Consultant during the evaluation and review process, until the publication of Public Notice of Award.

**Table 1: Business standards for procurement-related complaints (where the procurement is subject to Prior Review)**

Process step	Responsible Entity	Timeframe
Complaints challenging the terms of prequalification / initial selection documents, Request for Bids/Request for Proposals documents, or any other Borrower document requesting Bids/Proposals or Applications	Potential Bidders/ Proposers/ Consultants	Complaints shall be submitted at least ten (10) Business Days prior to the deadline for submission of Applications/Bids/Proposals Borrower shall respond not later than seven (7) Business Days from the date of receipt of complaint.
Notify Applicant/Bidder/Proposer/Consultant of the basis for exclusion from consideration for a contract; rejection of Bid submitted; or intention to award.	Borrower	The timeframe will be specified in the respective documents governing the procurement process. As a general matter, notification should take place promptly after the Borrower has made the relevant determination. Upon receipt a Complaint challenging the above determination, the Borrower shall respond to the complainant not later than seven (7) Business Days after the receipt of complaint.
Complaints following transmission of the notification of the intention to award the contract shall be submitted to the Borrower within the Standstill Period.		Complaints should be submitted within the Standstill Period. The Borrower shall respond not later than 15 Business Days from the date of receipt of Complaint.
Request for debriefing.	Bidder/ Proposer/ Consultant	Within three (3) Business Days from the receipt of the Borrower's notification of the intention to award the contract.
Conduct debriefing when requested in a timely manner.	Borrower	The Borrower shall hold the debriefing within five (5) Business Days of receipt of the request. For all other requests for debriefing, the Borrower shall hold debriefing not later than fifteen (15) Business Days from the date of publication of public notice of award of contract.
Acknowledge receipt of Complaint.	Borrower	Within three (3) Business Days from the date of receipt of the Complaint
Forward complaint to the Borrower, if Complaint is submitted only to the Bank	Bank	Within three (3) Business Days from the date of receipt of the Complaint
Forward Complaint to the Bank, along with all relevant information and documentation.	Borrower	As soon as possible after receipt of Complaint

# Annex IV. Fraud and Corruption

## 1. Purpose

- 1.1 The Bank's Anti-Corruption Guidelines and this Annex apply with respect to procurement under Bank Investment Project Financing operations.

## 2. Requirements

- 2.1 The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders (applicants/proposers), consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.

- 2.2 To this end, the Bank:

- a. Defines, for the purposes of this provision, the terms set forth below as follows:
- i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
  - ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
  - iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
  - iv. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
  - v. "obstructive practice" is:
    - (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
    - (b) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.
- b. Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/ or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

- c. In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
- d. Sanctions, pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework any firm or individual – determined at any time by the Bank to have engaged in Fraud and Corruption in connection with the procurement process, selection and/or execution of a Bank-financed contract;
- e. Requires that a clause be included in Request for Bids/Request for Proposals documents and in contracts financed by a Bank loan, requiring bidders (applicants/proposers), consultants, contractors, and suppliers; and their sub-contractors, sub-consultants, agents, personnel, consultants, service providers or suppliers, permit the Bank to inspect<sup>1</sup> all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank;
- f. Requires that, for Bank-financed operations to be implemented utilizing national procurement arrangements, as well as PPPs, agreed by the Bank, bidders (applicants/proposers) and consultants submitting bids/proposals will be required to accept the application of, and agree to comply with, the Anti-Corruption Guidelines during the procurement process, selection and/or contract execution, including the Bank's right to sanction as set forth in paragraph 2.2 d., and the Bank's inspection and audit rights as set forth in paragraph 2.2 e. Borrowers shall consult and apply the World Bank Group's lists of firms and individuals suspended or debarred. In the event a Borrower signs a contract with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate; and
- g. Requires that, when a Borrower selects a United Nations (UN) agency to provide goods, works, non-consulting services and technical assistance services in accordance with paragraphs 6.47-6.48 and 7.27-7.28 of these Procurement Regulations under an agreement signed between the Borrower and the UN agency, the above provisions of paragraph 2 of this annex regarding sanctions on Fraud and Corruption shall apply in their entirety to all contractors, consultants, sub-contractors, sub-consultants, service providers, suppliers, and their employees, that signed contracts with the UN agency. As an exception to the foregoing, paragraphs 2.2 d. and 2.2 e. do not apply to the UN agency and its employees, and paragraph 2.2 e. does not apply to the contracts between the

<sup>1</sup>Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information.

UN agency and its service providers and suppliers. In such cases, the UN agency applies its own rules and regulations for investigating allegations of Fraud and Corruption, subject to such terms and conditions as the Bank and the UN agency may agree, including an obligation to periodically inform the Bank of the decisions and actions taken. The Bank retains the right to require the Borrower to invoke remedies such as suspension or termination. UN agencies shall consult the World Bank Group's lists of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate.

- 2.3 With the specific agreement of the Bank, a Borrower may introduce into the Request for Bids/Request for Proposals document for contracts financed by the Bank, a requirement that the bidder or consultant include in the bid or proposal an undertaking of the bidder or consultant to observe, in the Procurement Process, the country's laws against fraud and corruption (including bribery) as such laws have been identified in the Request for Bids/Request for Proposals documents. The Bank will accept the introduction of such a requirement at the request of the Borrower, provided the arrangements governing the undertaking are satisfactory to the Bank.

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# Annex V. Project Procurement Strategy for Development

## 1. Purpose

- 1.1 This Annex sets out the requirements for developing the Project Procurement Strategy for Development (PPSD). The PPCS provides the basis and justification for procurement decisions, including the approach to market and selection methods.

## 2. Requirements

- 2.1 The Borrower shall prepare for each project, a PPCS and a Procurement Plan. The Borrower prepares the PPCS and Procurement Plan during project preparation, and the Bank reviews the PPCS and agrees to the Procurement Plan before the completion of loan negotiations. The Borrower shall submit to the Bank, for its review and approval, any updates of the Procurement Plan approved by the Bank. The basis and justification for updates to the Procurement Plan shall be documented in the PPCS.
- 2.2 The level of detail and analysis in the PPCS shall be proportional to the risk, value and complexity of the project procurement.
- 2.3 The PPCS shall cover the following areas:
- identification of the specific project needs and related procurement objectives;
  - assessment of the operating context and its potential impact on the procurement;
  - assessment of the implementing agency's capacity, resources, and previous experience in procuring these types of activities;
  - approach for mitigating the project's procurement-related risks, including those identified through the application of the Bank's Environmental and Social Framework;
  - assessment of the adequacy, behavior and capabilities of the market to respond to the procurement; and
  - justification of the proposed procurement arrangements based on market analysis, risk and operating context and the project's particular circumstances.
  - proposed evaluation approach and methodology, the various stages of evaluation and, where Rated Criteria are to be used, the specific non-price/qualitative criteria and their proposed prioritization and weightings.

## 3. Specific Elements of the PPCS

- 3.1 The PPCS provides the basis for the Borrower to prepare the Procurement Plan and the Contract Management Plan. It includes the following sections.

## Project overview

3.2 The following elements are included:

- a. description of the project;
- b. development objectives for the project;
- c. key result indicators;
- d. statement of any specific legal or policy requirements, including any sustainable procurement requirements and any proposal to use Alternative Procurement Arrangements; and
- e. summary of the proposed procurement contracts.

## Operating Context and Borrower Capacity

3.3 The PPSD should analyze and take into consideration the operational context factors that may affect the procurement approach, the motivation of bidders to participate, and the success of any subsequent contracts. This should include:

- a. Governance aspects: fragile, conflict or volatile situations that may raise security concerns; state involvement in the specific economic sector (such as state-owned enterprises receiving government subsidies), legislative processes that may regulate the market/bidders; the overall legal framework; and Emergency Situations;
- b. Economic aspects: a small economy that may result in a lack of competition or difficulty attracting international bidders; high inflation that may require use of another currency or inflation protection terms that protect a bidder so they are motivated to participate; any domestic preference that may motivate local businesses, but endanger international competition; track-record of on-time payment to suppliers, and exchange rate volatility;
- c. Technological aspects: speed of technological change; need for information transfer and security so there is not a continued dependency on the bidders; internet access and restrictions; cell phone access and coverage; opportunity for, and dependency on, the use of technology for Project delivery, and may also include additional;
- d. Sustainability aspects: sustainable procurement requirements, including aspects arising from the Borrower's application of the Bank's Environmental and Social Framework.

3.4 The Borrower shall consider the following factors in assessing their resource needs to implement the procurement:

- a. procurement capacity to carry out the Procurement Process from planning to contract management;
- b. experience in implementing similar projects, track record, level of success and lessons learned;
- c. contract management capacity; and
- d. complaints management systems.

## Market Research and Analysis

- 3.5 The purpose of market research is to develop a thorough understanding of the relevant sectors and the potential Bidders/Proposers/Consultants with which the procurement will interface to ensure that the procurement approach maximizes the likelihood of participation and selection of the right Bidders/Proposers/Consultants that deliver best VfM.
- 3.6 The market research and analysis assesses market-related risks and opportunities that will affect the preferred approach-to-market strategy, as well as an assessment of the capacity of the market to mitigate the project's procurement risks, including any significant environmental, economic or social risks. The market research and analysis is consolidated into a list of conclusions and implications that are used to select the Fit for Purpose approach to market for the contracts in the project.

## Risk Management

- 3.7 The Risk Management Plan is informed by the analysis in the PPSD, and covers all major risks to achieving the defined needs through implementing the procurement arrangements. Risks can relate to the operating environment, market conditions, implementing agency capacity, procurement complexity and risk of environmental, economic and social impacts, including SEA/SH.
- 3.8 The likelihood and impact of each risk shall be assessed, and a prioritized Risk Mitigation Plan developed and maintained throughout the life of the project, procurement risks and opportunities identified are managed through the Procurement Process, including procurement arrangements, technical specifications, contractual terms and conditions, Evaluation Criteria, and contract management.

## Procurement Arrangements

- 3.9 The Borrower shall outline the preferred procurement arrangements for the contracts in the project, including the justification as to why the arrangements are fit for purpose:
- approach to market (open, limited, direct, international/national, pre/post qualification, single-/multistage, one-/two-envelope, negotiations, BAFO);
  - selection methods;
  - type of Procurement Documents to be used; and
  - contracting strategy (contract packaging, types of contracts).
- 3.10 The Procurement Plan shall include a summary of the procurement arrangements for each contract in the project.
- 3.11 For Works procurements in projects classified as high-risk for SEA/SH, the Procurement Plan shall also detail use of the applicable SPD for large Works.

## Contract Management

- 3.12 The PPSD shall identify those contracts requiring a Contract Management Plan. The detailed requirements for the Contract Management Plan are set out in Annex XI, Contract Management.
- 3.13 All Works procurements in projects classified as high-risk for SEA/SH shall have a Contract Management Plan as set out in Annex XI, Contract Management.

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# Annex VI. Domestic Preference

## 1. Purpose

- 1.1 This Annex sets out the evaluation procedures for the use of domestic preference for Works and domestically manufactured Goods offered in an open international competitive procurement. It does not apply to national competitive procurement. The domestic preference for Goods does not apply to Plant.

## 2. Requirements

### Domestic Preference for Goods

- 2.1 The Borrower may, with the agreement of the Bank, grant a margin of preference in the evaluation of Bids/Proposals in open international competitive procurement to Bids/Proposals offering certain Goods manufactured in the country of the Borrower, when compared to Bids/Proposals offering such Goods manufactured elsewhere. In such cases, the Request for Bids/Request for Proposals document shall clearly indicate any preference to be granted to domestically manufactured Goods and the information required to establish the eligibility of a Bid/Proposal for such preference. The nationality of the manufacturer or Bidder shall not be a condition for such eligibility. The methods and stages set forth hereunder shall be followed in the evaluation and comparison of Bids/Proposals.
- 2.2 For comparison, responsive Bids/Proposals shall be classified in one of the following three groups:
- a. Group A: Bids/Proposals exclusively offering Goods manufactured in the country of the Borrower, if the Bidder/Proposer establishes to the satisfaction of the Borrower and the Bank that:
    - i. labor, raw material, and components, including domestic transportation and insurance, from within the country of the Borrower will account for 30% (thirty percent) or more of the Ex Works (EXW) price of the product offered; and
    - ii. the production facility in which those Goods will be manufactured or assembled has been engaged in manufacturing/assembling such Goods at least since the time of Bid/Proposal submission.
  - b. Group B: All other Bids/Proposals offering Goods manufactured in the country of the Borrower; or
  - c. Group C: Bids/Proposals offering Goods manufactured abroad that have already been imported or that will be directly imported.
- 2.3 The price quoted for Goods in the Bids/Proposals of Groups A and B shall include all duties and taxes paid or payable on the basic materials or components purchased in the domestic market or imported, but shall exclude the sales and similar taxes on the finished product. The price quoted for Goods in Bids/Proposals of Group C shall be on the basis of Incoterm CIP (place of destination), which is exclusive of customs duties and other import taxes already paid or to be paid.

- 2.4 In the first step, all evaluated Bids/Proposals in each group shall be compared to determine the Most Advantageous Bid/Proposal in each group. Such Most Advantageous Bids/Proposals shall be compared with each other and if, as a result of this comparison, a Bid/Proposal from Group A or Group B is the best, it shall be selected for contract award.
- 2.5 If as a result of the comparison under paragraph 2.4 of this Annex, the Most Advantageous Bid/Proposal is from Group C, all Bids/Proposals from Group C shall be further compared with the Most Advantageous Bid/Proposal from Group A after adding to the evaluated price of Goods offered in each Bid from Group C, for the purpose of this further comparison only, an amount equal to 15% (fifteen percent) of the respective Incoterm CIP Bid/Proposal price for Goods to be imported and already imported Goods. Both prices shall include unconditional discounts and be corrected for arithmetical errors. If the Bid/Proposal from Group A is the best, it shall be selected for contract award. If not, the Most Advantageous Bid/Proposal from Group C shall be selected as per paragraph 2.4 of this Annex.

### Domestic Preference for Works

- 2.6 In the evaluation of Bids/Proposals in open international competitive procurement for Works contracts, eligible Borrowers (preference for domestic Bidders/Proposers is applicable only in countries which qualify), may, with the agreement of the Bank, grant a margin of preference to domestic Bidders/Proposers when comparing to Bids/Proposals from foreign Bidders/Proposers. In such cases, the Request for Bids/Request for Proposals document shall clearly indicate any preference to be granted to domestic contractors and the information required to establish the eligibility of a Bid/Proposal for such preference. The following provisions shall apply:
- a. Bidders/Proposers applying for this preference are asked to provide, as part of the data for qualification, the information, including details of ownership, required to determine whether, according to the classification established by the Borrower and accepted by the Bank, a particular Bidder/Proposer or group of Bidders/Proposers qualifies for domestic preference. The Request for Bids/Request for Proposals document shall clearly indicate whether the preference will apply and what method will be followed in the evaluation and comparison of Bids/Proposals to give effect to the preference; and
  - b. After Bids/Proposals have been received and reviewed by the Borrower, responsive Bids/Proposals shall be classified into the following groups:
    - iii. Group A: Bids/Proposals offered by domestic Bidders/Proposers eligible for the preference; and
    - iv. Group B: Bids/Proposals offered by other Bidders/Proposers.
- 2.7 As a first evaluation step, all evaluated Bids/Proposals in each group are compared to determine the Most Advantageous Bid/Proposal in that group, and the Most Advantageous Bids/Proposals from the two groups are then compared with each other. If, as a result of this comparison, a Bid/Proposal from Group A is the Most Advantageous Bid/Proposal, it shall be selected for the award of contract. If a Bid/Proposal from Group B is the Most Advantageous Bid/Proposal, as a second evaluation step, all Bids/Proposals from Group B shall then be further compared with the Most Advantageous Bid/Proposal from Group A. For the purpose of this further comparison only, an amount equal to 7.5% (seven and one-half percent) shall be added to the respective

Bid/Proposal price corrected for arithmetical errors, including unconditional discounts but excluding provisional sums and the cost of day Works, if any, shall be added to the evaluated price offered in each Bid/Proposal from Group B. If the Bid/Proposal from Group A is the Most Advantageous Bid/Proposal, it shall be selected for award of contract. If not, the Most Advantageous Bid/Proposal from Group B based on the first evaluation step shall be selected.

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# Annex VII. Sustainable Procurement

## 1. Purpose

- 1.1 This Annex outlines the Bank's requirements for a Borrower that decides to include additional sustainable procurement aspects beyond economic, environmental and social matters required by the Bank.

## 2. Implementing Sustainable Procurement

- 2.1 The intention to adopt sustainable procurement requirements in the Procurement Process should be identified at the planning stage of the Project Procurement Strategy for Development (PPSD).
- 2.2 The Bank's Procurement Regulations allow for a number of stages at which sustainable procurement considerations may be applied:
  - a. Prequalification/ Initial Selection of firms;
  - b. functional and/or detailed technical specifications;
  - c. Evaluation Criteria, including use of Rated Criteria;
  - d. contract terms and conditions; and
  - e. contract performance monitoring.
- 2.3 Sustainable procurement requirements may arise from the following sources:
  - a. The Borrower's policies on economic, social, and environmental sustainability.
  - b. Risks, mitigations, and opportunities identified through analysis of the market and the operating environment.
  - c. Economic, environmental, and social impact assessments or other documents identifying procurement-related risks and mitigations, including those arising from the Borrower's application of the Bank's Environmental and Social Framework.
  - d. The Borrower's objectives related to Green, Resilient and Inclusive Development, universal access, gender inclusivity etc.
- 2.4 The sustainable procurement requirements should be based on evidence (i.e., with supporting data), and on existing social-label criteria, eco-label criteria, or information collected from stakeholders in industry, civil society, and international development agencies.
- 2.5 The Borrower shall not request sustainable procurement requirements that are proprietary or otherwise available to only one Bidder/Proposer, unless such a requirement is justified to the satisfaction of the Bank.

- 2.6 If sustainable procurement requirements are specified, relevant evaluation and qualification criteria shall be specified in the Request for Bids/Request for Proposals documents to enable the evaluation of sustainable procurement aspects in Bids/Proposals e.g. the Bidder's/Proposer's Environmental and Social-Management Strategy and Implementation Plan, works methodology, key personnel, code of conduct etc. The Borrower may adopt international sustainability standards covering a wide range of product and service groups, provided they are consistent with Bank's Core Procurement Principles. Internationally recognized certification or accreditation schemes may be used to demonstrate a Bidder's/Proposer's ability to apply environmental management measures. Such schemes may include ISO 14001 or other systems that conform to the relevant international standards on certification and environmental management. Bidders/Proposers may also be permitted to demonstrate that they apply equivalent sustainable management measures, even without certification.
- 2.7 The Borrower may include economic, environmental, and social considerations in a contract, provided they are consistent with Bank policy.
- 2.8 If sustainable procurement requirements are included in a contract, the KPIs shall include key sustainable procurement aspects to enable monitoring the requirements.

# Annex VIII. Contract Types

## 1. Purpose

- 1.1 This Annex lists the different types of contracts that may be used in procurement financed by the Bank.

## 2. Requirements

- 2.1 The determination of contract types and arrangements shall be based on VfM and fit-for-purpose considerations.

## 3. Contract Types

- 3.1 The list below includes, but is not limited to, the common contract types based on payment conditions.

### Lump-Sum Contracts

- 3.2 Under a lump-sum contract, the contractor/Consultant agrees to perform the scope of services for a fixed contract amount. Payment percentages or amounts may be linked to the completion of contractual milestones or determined as a percentage of the value of the work to be done.
- 3.3 Lump-sum contracts may be appropriate when:
  - a. the scope of the procurement activity can be clearly and accurately specified and can be linked to milestone payments at the time of selection (e.g., simple civil Works, Consulting Services with clearly identifiable deliverables); and
  - b. the contractor is responsible for delivering the completed Works, Plant, or pre-built information technology solutions, as in turnkey contracts, and can be paid on a lump-sum basis per contractual milestones.

### Performance-based Contracts

- 3.4 In a performance-based contract, the payments are not made for inputs but for measured outputs that aim at satisfying functional needs in terms of quality, quantity, and reliability.
- 3.5 Performance-based contracts may be appropriate for:
  - a. rehabilitation of roads and operation and maintenance of the roads by a contractor for specified periods;
  - b. the provision of Non-consulting Services to be paid on the basis of outputs; and
  - c. operation of a facility to be paid on the basis of functional performance.

## Admeasurement - Contract based on Unit Prices

- 3.6 This type of contract is based on estimated quantities of items and contractual unit prices for each of these items, and is paid on the actual quantities and contractual unit prices.
- 3.7 This type of contract is appropriate for Works, when the nature of the work is well defined, but the quantities cannot be determined with reasonable accuracy in advance of construction, as in roads or dams.
- 3.8 For Goods and Non-consulting Services, this type of contract is appropriate when the required quantities are known and unit prices are sought from Bidders.

## Time-based Contracts

- 3.9 Under time-based contracts, the payment is made on the basis of agreed rates and time spent, plus reasonable incurred reimbursable expenses.
- 3.10 These types of contractual arrangements may be used for:
  - a. Emergency Situations, and repairs and maintenance work; or
  - b. Consulting Services, when it is difficult to define or fix the scope and duration of the services (e.g., complex studies, supervision of construction, advisory services).
- 3.11 This type of contract is not appropriate for Goods or Plant.

## Reimbursable-cost Contracts

- 3.12 Under reimbursable-cost contracts, payments cover all actual costs, plus an agreed fee to cover overhead and profit.
- 3.13 These types of contracts may be appropriate for circumstances such as emergency repairs and maintenance work. To minimize risk to the Borrower:
  - a. the contractor makes all records and accounts available for inspection by the Borrower or by some agreed neutral third party; and
  - b. the contract includes appropriate incentives to limit costs.

## 4. Other Types of Contractual Arrangements

### Framework Agreements

- 4.1 These are contractual arrangements for fixed or variable volumes of products or services provided over a fixed period. For details see Annex XV, Framework Agreements.

### Public-Private Partnerships

- 4.2 For PPP, the several possible contract arrangements (such as build-operate-transfer (BOT), and build-own-operate-transfer (BOOT)), are addressed in Annex XIV, Public-Private Partnerships.

# Annex IX. Contract Conditions in International Competitive Procurement

## 1. Purpose

- 1.1 This Annex lists the minimum contract conditions required for international competitive procurement for Goods, Works, and Non-consulting Services in IPF operations.

## 2. Requirements

- 2.1 The contract conditions shall provide an appropriate allocation of responsibilities, risks and liabilities informed by an analysis of which party is best placed to manage the risks, taking into account the costs and incentives of risk allocation.
- 2.2 For international competitive procurement for Goods, Works, Non-consulting Services, and Consulting Services, the Borrower shall use the applicable Bank SPD, for example Request for Bids/Request for Proposals documents with minimum changes, acceptable to the Bank, as necessary to address any project-specific conditions.
- 2.3 For Goods, Works, and Non-consulting Services when the Bank has not issued an applicable SPD, the Borrower shall use other internationally recognized standard conditions of contract and contract forms acceptable to the Bank, and subject to the requirement in paragraph 2.27 of this Annex. If neither an applicable Bank SPD, nor other internationally recognized standard conditions of contract and contract form acceptable to the Bank are available, the Borrower shall at least include the following provisions in the contract.

## Performance Security

- 2.4 Contracts for Works and Plant shall require security in an amount sufficient to protect the Borrower in case of breach of contract by the contractor. This security shall be provided in an appropriate amount, as specified by the Borrower in the Request for Bids/Request for Proposals document. The amount of the security may vary, depending on the type of security furnished and the nature and magnitude of the Works or facilities. Normally, the amount for bank guarantees should not exceed ten percent (10%) of the contract price unless the commercial practice for the industry recommends a different percentage. A portion of this security shall extend sufficiently beyond the date of completion of the Works or facilities to cover the defects liability or maintenance period up to final acceptance by the Borrower.
- 2.5 In contracts for the supply of Goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of Goods. To protect against nonperformance of the contract, firms may be required to provide a security in an appropriate and reasonable amount, specified by the Borrower in the Request for Bids/Request for Proposals document.
- 2.6 Performance securities shall be in an appropriate form, acceptable to the Bank, as specified by the Borrower in the Request for Bids/Request for Proposals document. Bidders/Proposers shall be allowed to submit a performance security directly issued by the reputable bank or financial institution (insurance, bonding or surety company), of their choice, located in any eligible country. However, if the performance security is issued by a financial institution that is located outside the

Borrower's country, if it is not enforceable, the financial institution shall have a correspondent financial institution located in the Borrower's country to make it enforceable.

## Defaults

- 2.7 The contract includes provisions such as suspension and termination, addressing contractual defaults by either party.

## Force Majeure

- 2.8 The conditions of contract shall stipulate that failure on the part of the parties to perform their obligations under the contract shall not be considered a default if such failure is the result of an event of force majeure as defined in the conditions of contract.

## Liquidated Damages and Bonus Clauses

- 2.9 Time for contract completion/ delivery period shall be specified. Provisions for liquidated damages or similar provisions in an appropriate amount shall be included in the conditions of contract when delays in the delivery of Goods, completion of Works, or failure of the Goods, Works, and Non-consulting Services to meet performance requirements would result in extra cost or loss of revenue or other benefits to the Borrower. Provision may also be made for a bonus to be paid to contractors for completion of Works or delivery of Goods ahead of the times specified in the contract, when an earlier completion or delivery would be of benefit to the Borrower.

## Value Engineering

- 2.10 For complex or high-value contracts, provisions may be included that allow for value engineering, that is, proposals by the contractor to reduce costs, increase performance, improve completion times, or create other benefits to the Borrower. The proposal is prepared at the contractor's cost, and the decision of whether or not to adopt the proposal rests with the Borrower. The contract shall specify how any benefits arising from the proposal shall be shared between the parties.

## Contract Change Management

- 2.11 The contract shall clearly indicate the procedures to address change orders or contract variations.

## Payments

- 2.12 Payment contract provisions shall be in accordance with the international commercial practices applicable to the specific Goods, Works and Non-consulting Services.
- 2.13 Contracts for Goods provide for full payment on the delivery and inspection (if required), of the contracted Goods, except for contracts involving installation and commissioning; for such contracts, a portion of the payment may be made after the contractor has complied with all its obligations under the contract. The Bank normally requires the use of letters of credit to assure prompt payment to the contractor. In major contracts for equipment and Plants, provisions shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly.

- 2.14 In appropriate cases contracts for Works shall provide, for mobilization advances, advances on contractor's equipment and materials, regular progress payments, and reasonable retention amounts to be released upon the contractor's compliance with its obligations under the contract.
- 2.15 Any advance payment for mobilization and similar expenses, made upon signature of a contract for Goods, Works, and Non-consulting Services, shall be related to the estimated amount of these expenses and be specified in the Request for Bids/Request for Proposals document. Amounts and timing of other advances to be made, such as for materials delivered to the site for incorporation in the Goods or Works, shall also be specified. The Request for Bids/Request for Proposals document shall specify the arrangements for any security required for advance payments.

## **Taxes, Duties and Levies**

- 2.16 Contracts shall have provisions on the treatment of taxes, duties and levies, including the responsibilities of the contracting parties.

## **Price Adjustments**

- 2.17 The contract shall state either that:
- a. contract prices shall be fixed; or
  - b. the contract price adjustments will be made to reflect any changes in major cost components of the contract, such as labor and materials.
- 2.18 Price adjustment provisions are usually not necessary in simple contracts involving delivery of Goods, or completion of Works and Non-consulting Services within eighteen (18) months, but are included in contracts that extend beyond eighteen (18) months. Contracts of shorter duration (less than 18 months), may also include similar provisions for price adjustments when local or foreign inflation is expected to be high. Prices are adjusted by using applicable official price indices. Where such indices are not available, they may be derived from appropriate documented sources.
- 2.19 The formula, the applicable price indices, and the base date for application shall be clearly defined in the contract. The contract shall also have appropriate provisions for treatment of the impact on a contract change in laws and regulations in the Borrower's country, if after 28 days prior to the date of Bid/Proposal submission, that subsequently affects the contract completion period/delivery date and/or the contract price.

## **Incoterms**

- 2.20 The applicable version of Incoterms shall be used in the contract for Goods.

## **Insurance**

- 2.21 Contracts shall include types and terms of insurance to be provided by contractors. Normally, an 'all risk' type of insurance policy shall be specified. For Goods and for single responsibility contracts, the indemnity payable under transportation insurance shall be at least 110% (one hundred ten percent), of the CIP price of the Goods to be imported in the currency of the payment or in a freely convertible currency to enable prompt replacement of lost or damaged Goods.

- 2.22 If a Borrower does not wish to obtain insurance coverage through the contract, and wishes to make its own arrangements or to reserve insurance to national firms or other designated sources, it provides evidence satisfactory to the Bank that:
- a. resources are readily available for prompt payment, in a freely convertible currency among the currencies of payment of the contract, of the indemnities required to replace lost or damaged Goods and Works; and
  - b. risks are adequately covered.

## **Copyright and Patent Indemnity**

- 2.23 The conditions of contract shall include appropriate provisions on copy rights and patent indemnity.

## **Applicable Law and Settlement of Disputes**

- 2.24 The conditions of contract for international competitive procurement shall include provisions dealing with the applicable law and the forum for the settlement of disputes. All international competitive procurement contracts are required to include appropriate mechanisms for independent dispute resolution either, Dispute Review Experts or Dispute Review Boards.
- 2.25 International commercial arbitration in a neutral venue shall also be required unless the national regulations and arbitration procedures are acceptable to the Bank in terms of equivalence to international commercial arbitration and the venue is neutral, or the contract has been awarded to a Bidder/Proposer/Consultant from the Borrower's country.
- 2.26 The Bank shall not be named arbitrator or be asked to name an arbitrator. It is understood, however, that officials of the International center for Settlement of Investment disputes (ICSID) shall remain free to name arbitrators in their capacity as ICSID officials.

## **Fraud and Corruption**

- 2.27 The Bank requires application of, and compliance with, the Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. For details see Annex IV, Fraud and Corruption.

# Annex X. Evaluation Criteria

## 1. Purpose

- 1.1 This Annex describes the principles of Bid/Proposal Evaluation Criteria and methodology, including use of Rated Criteria.

## 2. Requirements

- 2.1 The Project Procurement Strategy for Development (PPSD) informs the Evaluation Criteria. The criteria shall be appropriate to the nature and complexity of the procurement to enable the Borrower to achieve VfM. See [Procurement Guidance, Evaluating Bids and Proposals](#).

- 2.2 The following requirements govern the Bid/Proposal Evaluation Criteria:

- a. the Evaluation Criteria shall be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured;
- b. the Request for Bids/Request for Proposals document shall detail the complete Evaluation Criteria, including, Rated Criteria (any sub-criteria) as applicable, and the specific way they shall be applied, including their prioritization and weighting;
- c. only the Evaluation Criteria, and all the Evaluation Criteria, indicated in the Request for Bids/Request for Proposals document shall be applied;
- d. once the Request for Bids/Request for Proposals document have been issued, any change to the Evaluation Criteria shall be made only through addenda; and
- e. the Evaluation Criteria shall be applied consistently to all Bids/Proposals submitted.

- 2.3 To achieve VfM, the Evaluation Criteria, including Rated Criteria where applicable, may consider such factors as the following:

- a. Cost: evaluation of cost using a methodology that is appropriate to the nature of the procurement including:
  - i. adjusted Bid price; or
  - ii. adjusted Bid price plus the running/recurrent cost over the useful lifetime of the asset on net present cost basis (life-cycle costs);
- b. Quality: evaluation of quality using a methodology to determine the degree to which the Goods, Works, Non-consulting Services or Consulting Services meet or exceed the requirements;
- c. Risk: adequacy of the Bidder's/Proposer's methodology to identify and mitigate relevant risks, such as those related to environment, social, economic, cybersecurity, implementation etc.;
- d. Sustainability: credibility of the Bidder's/Proposer's methodology to address economic, environmental, and/or social issues, and/or sustainability opportunities identified, and may include the flexibility of the Bid/Proposal to adapt to possible changes over the life-cycle; and/or

- e. Innovation: innovative aspects of, inter alia, design, methodology, technology and/or delivery of the Goods, Works, Non-consulting Services, or Consulting Services..

### 3. Goods, Works, and Non-consulting Services

#### Qualification criteria

- 3.1 Qualification criteria are the minimum requirements in the Request for Bids/Request for Proposals document which may be evaluated on pass/fail basis or evaluated using Rated Criteria.

#### Rated Criteria

- 3.2 The Rated Criteria, and sub-criteria as applicable, are prioritized, scored, and weighted according to their relative importance. The number of Rated Criteria should be kept to the minimum.

#### Evaluation of Costs

- 3.3 As specified in the Request for Bids/Request for Proposals document, costs are evaluated on the basis of
  - a. adjusted Bid price, or
  - b. life-cycle costs.
- 3.4 Adjustments of Bid price include arithmetic correction, any discounts, and other adjustments specified in the Request for Bids/Request for Proposals document for evaluation purposes, including adjustments for deviation in the delivery/implementation schedule and/or payment terms, and corrections for minor deviations or omissions.
- 3.5 Life-cycle costing should be used whenever possible, particularly when the costs of operation and/or maintenance over the specified life of the Goods or Works are estimated to be considerable in comparison with the initial cost and may vary among different Bids/Proposals. It is evaluated on a net present cost basis.
- 3.6 When using life-cycle costing, the Borrower shall specify the following information in the Request for Bids/Request for Proposals document:
  - a. number of years used in the life-cycle cost determination;
  - b. the discount rate, in percent, to be used to calculate the net present cost of future costs over the life-cycle period specified in 3.8 a; and
  - c. the factors and methodology to be used for calculating the operation, maintenance, and residual value costs, including the information to be provided by the Bidder/Proposer in the Bid/Proposal.

#### Combined Rated Criteria and Cost

- 3.7 Bids/Proposals are given a financial score that is inversely proportional to their prices. The weighting to be used to combine the rated and financial scores to determine the Most Advantageous Bid/Proposal shall be specified in the Request for Bids/Request for Proposals document.

## 4. Consulting Services

### Technical Evaluation

- 4.1 Technical Proposals of Consulting Services are evaluated through a scoring system that uses the following criteria:
- adequacy of methodology and work plan;
  - relevant experience and qualifications of key staff; and
  - relevant experience of the firm.
- 4.2 In addition, transfer of knowledge and participation of nationals among key staff may be included as criteria, depending on the nature and needs of the assignment.
- 4.3 The criteria are assigned scores within the indicative range of scores set out in Table 1. For justifiable reasons and with the Bank's prior review, the ranges may be adjusted, for example, when transfer of knowledge is the main objective of an assignment, it may be given a higher weight to reflect its importance. Within the specified range, the score to be assigned to a criterion depends on the nature and complexity of an assignment. As an example, when VfM is to be achieved through innovative Proposals, the scores to be assigned to the methodology criteria could be on the higher end of the range.
- 4.4 The Borrower normally divides these criteria into sub-criteria. Each criterion is then assigned a score on the basis of the total points assigned to its sub-criteria. The number of sub-criteria should be kept to the minimum essential.

**Table 1. Range of scores for quality of Proposals (Consulting Services)**

Rated criteria	Merit point range
Methodology	20 – 50%
Relevant experience and qualification of key staff	30 – 60%
Relevant experience of firm	0 – 10%
Transfer of knowledge	0 – 10%
Nationals among key staff [As reflected by the participation of nationals among key experts (whether presented by foreign or national firms), and calculated as the ratio of key national experts' time (in person months), to the total number of key experts' time (in person months), in the Proposal.]	0 – 10%

- 4.5 The request for proposals document shall specify the overall minimum technical score. The minimum technical score shall normally be in the range of 70-85% depending on the nature and complexity of the assignment.

## Financial Evaluation

- 4.6 The offered total price includes all the Consultant's remuneration and other reimbursable and miscellaneous expenses. For the purpose of evaluation, the offered prices exclude local identifiable indirect taxes (such as sales, value-added, and excise taxes and similar taxes and levies) on the contract and income tax payable to the country of the Borrower on the remuneration of Services rendered in the country of the Borrower by nonresident experts and other personnel of the consulting firm. In exceptional circumstances, when the Borrower cannot fully identify indirect taxes when evaluating the financial offers, the Bank may agree that, for the purpose of evaluation only, prices may include all taxes payable to the country of the Borrower.
- 4.7 For a time-based contract, any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the technical Proposals. For a lump-sum contract, the Consultant is deemed to have included all prices in its financial Proposal, so neither arithmetical corrections nor price adjustments shall be made; the total price, net of taxes as per paragraph 4.6 of this Annex, included in the financial Proposal is considered the offered price.
- 4.8 For QCBS, the Proposal with the lowest offered total price is given a financial score of 100% (one hundred percent), and other Proposals given financial scores that are inversely proportional to their prices. The methodology to be used is specified in the request for proposals document.

## Combined Quality and Cost Scores

- 4.9 When using QCBS, the scores of the quality and the cost scores are weighted appropriately and added to determine the Most Advantageous Proposal.
- 4.10 The weighting of quality and cost scores depends on the nature and complexity of the consulting assignment. The range of quality and cost score weighting is normally as shown in Table 2, except for justifiable reasons with the Bank's prior review.

**Table 2. Combined Quality / Cost Ratio for QCBS (Consulting Services)**

Description	Quality/Cost Score Weighting (%)
High complex / downstream consequences / specialized assignments (or may use QBS method)	90 / 10
Moderate complexity	70-80 / 30-20
Assignments of a standard or routine nature (or may use LCS method)	60-50 / 40-50

# Annex XI. Contract Management

## 1. Purpose

- 1.1 This Annex outlines the requirements for Contract Management and for monitoring through the Contract Management Plan in IPF operations.

## 2. Requirements

- 2.1 Effective contract management requires systematic and efficient planning, execution, monitoring, and evaluation to optimize performance while managing risks to ensure that both parties fulfill their contractual obligations with the ultimate goal of achieving VfM and results on the ground.
- 2.2 The Borrower begins developing a contract as early as possible in the Procurement Process. As these Procurement Regulations require, the contract conditions are included in the Request for Bids/Request for Proposals document for the particular Procurement Process. The level of detail required in a contract depends on the risk and complexity of the contract. The terms and conditions shall be fit-for-purpose, with appropriate allocation of risks, liabilities, roles, and responsibilities of the parties.
- 2.3 A Contract Management Plan is developed during contract creation and completed at the time the contract is signed.
- 2.4 Borrowers shall proactively manage contracts throughout their duration against the Contract Management Plan. Where required Key Performance Indicators (KPIs) are set to ensure that contractor performance is satisfactory, contract requirements are met, and relevant stakeholders are well informed and satisfied with the Goods, Works, Non-consulting Services, and Consulting Services provided under the contract. An evaluation of the contract execution shall be carried out at the contract completion to assess the performance, and if applicable, identify any lessons learned for future contracts.

## 3. Contract Management Plan and Contract Execution

- 3.1 For contracts identified in the PPSD (or where the works contract is assessed as high-risk of Sexual Exploitation and Abuse/Sexual Harassment), the Contract Management Plans shall typically contain a summary of details as follows:
  - a. identified potential risks (such as delays in the contractor's right of access to site, payment delays, and other defaults in the Borrower's contractual obligations that could potentially lead to contractual disputes), and their mitigation;
  - b. key contacts and roles and responsibilities of the parties:
    - i. the names and contact details of the key contacts for each party;
    - ii. ensuring that each party has established the necessary authorizations and delegations for its personnel at the beginning of the contract is an important prerequisite to ensuring that all contracting decisions are valid and enforceable;
  - c. communication and reporting procedures;
  - d. key contractual terms and conditions;

## Annex XI. Contract Management

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- e. contractual milestones, including critical path (identified to ensure early detection and mitigation of issues), and payment procedures consistent with contractual provisions;
- f. key contract deliverables, identified and properly described, and updated to account for change orders during the execution of the contract;
- g. KPIs and a description of the measurement process (if required);
- h. contract variation/change control mechanisms; and
- i. record-keeping requirements.

### Contract Monitoring

- 3.2 During contract execution, the Borrower uses the contract and the Contract Management Plan to ensure that both contracting parties are complying with the contractual provisions.
- 3.3 To determine whether VfM is achieved, the Borrower monitors the contract to ensure at least the following:
  - a. risks are managed or mitigated before they materialize;
  - b. the contract is completed on time and within budget;
  - c. contract variations are properly justified;
  - d. the outcome of the contract meets the objectives set at the start;
  - e. the Borrower's technical and commercial requirements are met or exceeded within budget; and
  - f. the final contract price compares favorably with comparable benchmarks.

# Annex XII. Selection Methods

## 1. Purpose

- 1.1 This Annex provides further details on Approved Selection Methods and Particular Types of Approved Selection Arrangements.

## 2. Requirements

- 2.1 For each procurement, the Borrower identifies, from the Approved Selection Methods, the selection method that best fits the requirements and enables it to achieve VfM. Sections VI and VII of these Procurement Regulations provide the conditions and circumstances for using the Approved Selection Methods, Particular Types of Approved Selection Arrangements, and Market Approach Options.

## 3. Goods, Works, and Non-consulting Services

### Procedures for using an RFP Selection Method

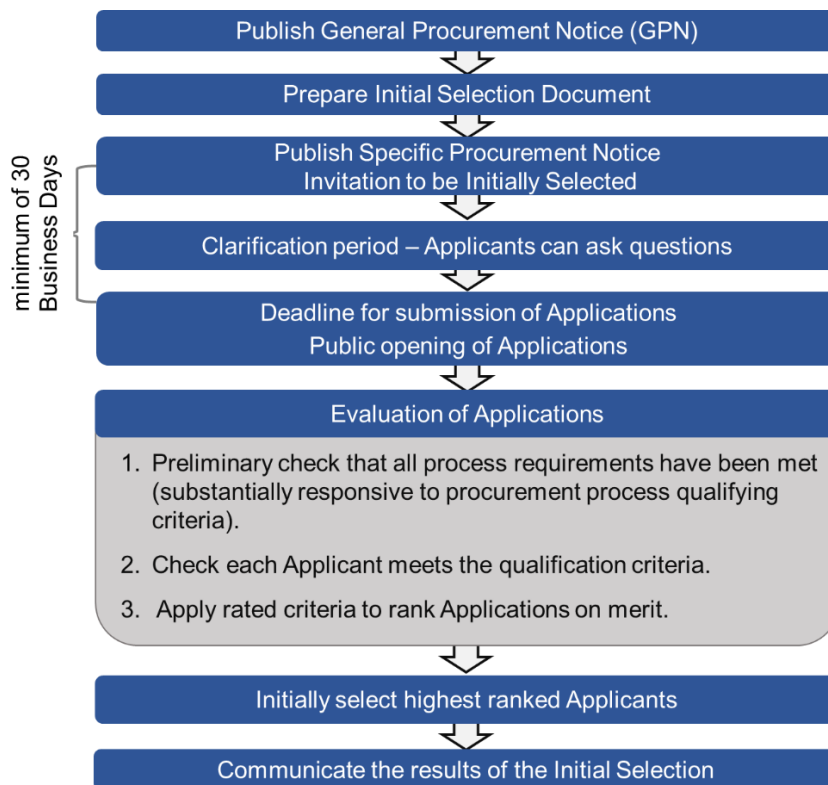
#### Initial Selection

- 3.1 Initial Selection shall normally be used with a RFP method for Goods, Works or Non-consulting Services. Initial Selection precedes each of the three RFP models applicable to these categories. The Borrower follows the steps below to carry out an Initial Selection process when using the RFP method:
  - a. **Initial Selection document:** prepare the Initial Selection Document, using the applicable Bank's Standard Initial Selection Document;
  - b. **Specific Procurement Notice:** prepare the SPN inviting Applications for Initial Selection, using the Bank's applicable template for such notices. When the initial selection document is ready for distribution, publish the SPN in accordance with Paragraphs 5.23 and 5.24 (Publication of Procurement Opportunities), giving sufficient time for Applicants to obtain the initial selection document and prepare and submit their Applications;
  - c. **Clarifications and addenda:** respond to any request for clarifications from prospective Applicants In Writing, and forward a copy of the response to all prospective Applicants. Any amendment to the initial selection document that the Borrower deems necessary as a result of additional/modified information or clarifications shall be In Writing and be communicated In Writing to all prospective Applicants;
  - d. **Initial Selection Application submission and opening:** Applications are to be submitted by the deadline; however, the Borrower may accept Applications received after the deadline for submission of Applications, unless otherwise specified in the initial selection document. The Borrower prepares a record of the opening of Applications and distributes a copy of the record to all Applicants;
  - e. **Evaluation of Applications:** evaluate Initial Selection Applications on the basis of the criteria specified in the initial selection document. Firstly, Applicants are assessed against

qualification criteria. All Applicants that meet the qualification criteria are ranked based on an assessment against Rated Criteria. The highest ranked Applicants, to be invited to participate in the next stage of the procurement, are selected in accordance with the procedures specified in the Initial Selection Document; and

- f. **Communication of Initial Selection results:** communicate the results of the Initial Selection process to all Applicants.

**Figure 1: Process flow chart: Initial Selection**



## **RFP Model 1: Two-Stage following Initial Selection**

3.2 Model 1 is based on the following features:

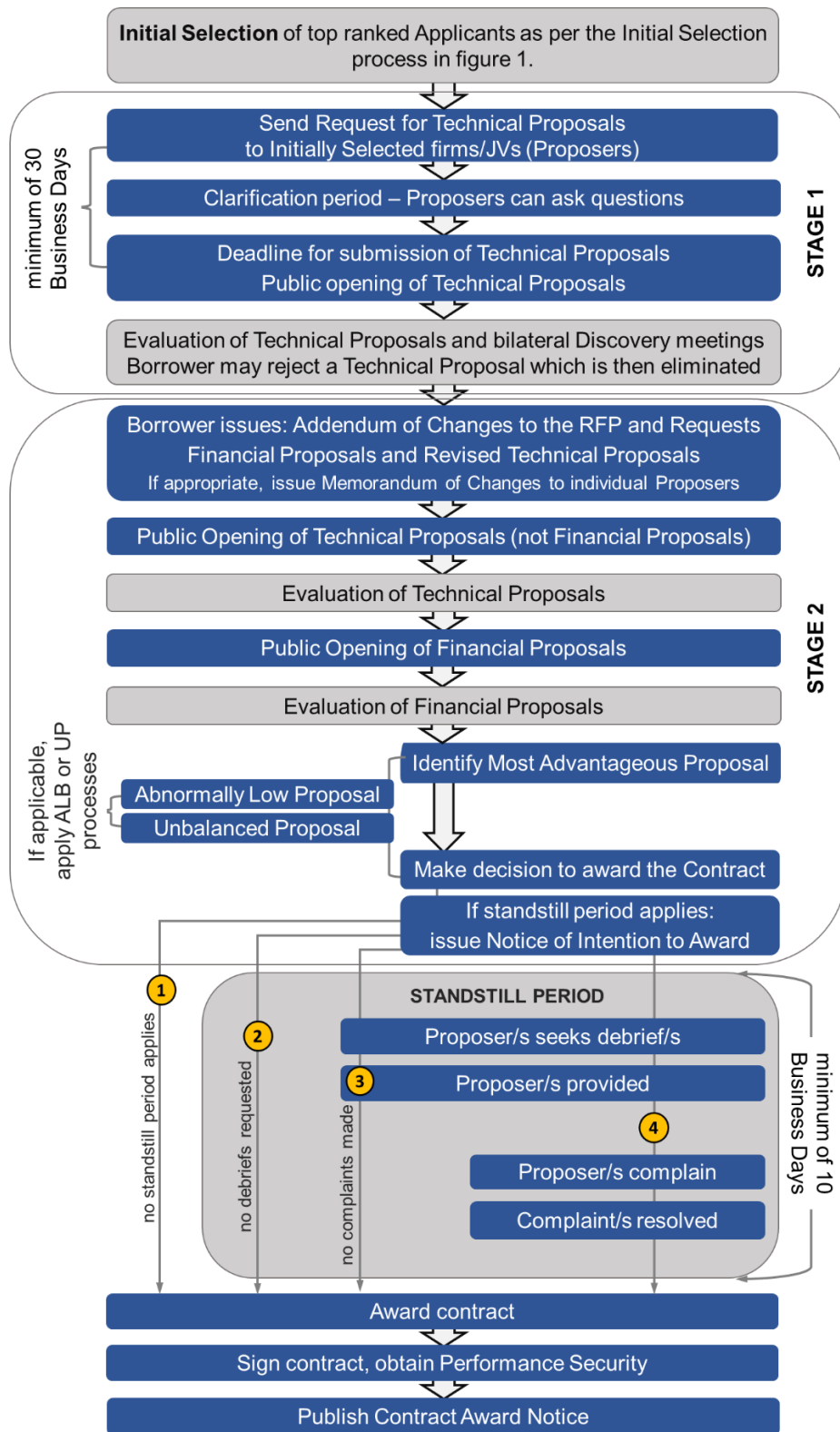
- a. **Preliminary stage:** Initial Selection (see process described in paragraph 3.1 of this Annex);
- b. **Stage 1:** request for, and assessment of, technical Proposals. During this stage the Borrower undertakes discovery meetings with each Initially Selected proposer and has the ability to refine the business/functional performance requirements. Refined requirements are shared with all proposers simultaneously. Proposers have an opportunity to submit modified Proposals based on these refined needs;
- c. **Stage 2:** request for, and assessment of, full technical and financial Proposals; and
- d. **BAFO or negotiation are optional:** They are, however, mutually exclusive.

3.3 The Borrower follows the steps below to carry out a procurement using the RFP Model 1 selection method. These steps apply when there is no BAFO or negotiation:

- a. **Initial Selection:** apply the procedures described at paragraph 3.1 of this Annex to identify the highest ranked Proposers, who are Initially Selected to proceed to Stage 1;
- b. **Stage 1 Request for Proposals:** prepare using the Bank's Standard Request for Proposals document;
- c. **Issue Request for Proposals:** issue the Request for Proposals document to all Initially Selected Applicants to submit technical Proposals only;
- d. **Clarifications and amendment(s):** Provide clarifications and amendment(s) in accordance with Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);
- e. **Technical Proposal submission deadline and opening:** meeting the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission), and 5.40 to 5.48 (Bid/Proposal Opening), as applicable;
- f. **Proposal evaluation:** based on the Evaluation Criteria, including non-price/qualitative Rated Criteria as specified in the Request for Proposals document;
- g. **Determination of responsiveness:** according to the requirements of the Request for Proposals document;
- h. **Discovery Stage (Meetings, Clarifications and Addendum of Changes):** the Borrower examines the technical Proposals and may seek clarifications from Proposers In Writing. The Borrower conducts one-on-one meetings with each Proposer to probe, challenge and clarify the proposed technical Proposal. Following clarifications and one-on-one meetings, the Borrower shall:
  - i. prepare an Addendum of Changes to the Request for Proposals document and issues it to all Proposers, as required;
  - ii. prepare a Memorandum of Changes in relation to an individual Proposal and issue it to the relevant Proposer as required; and
  - iii. issue the invitation to submit second stage technical and financial Proposals to all qualified proposers with responsive stage 1 Proposals.

- i. **Stage 2 Technical and Financial Proposals** (Proposal submission deadline and opening): shall meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission), and Paragraphs 5.40 to 5.48 (Bid/Proposal Opening) as applicable. Proposals shall be submitted prior to the expiry of the deadline for submissions. At the public opening the technical Proposals are opened and details read out. The financial Proposals are not opened at this time. Following evaluation of the technical Proposals a public opening of financial Proposals takes place. Financial Proposals are then evaluated, in accordance with the Evaluation Criteria specified in the Request for Proposals document. The Borrower identifies the Most Advantageous Proposal;
- j. **Notification of Intention to Award and Standstill Period:** The Borrower transmits its Notification of Intention to Award the Contract to the Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period). Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Borrower); and
- k. **Award of contract and publication of Contract Award Notice:** Once the Standstill Period has expired the Borrower may award the contract. The Borrower will then publish the Contract Award Notice. The Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice).

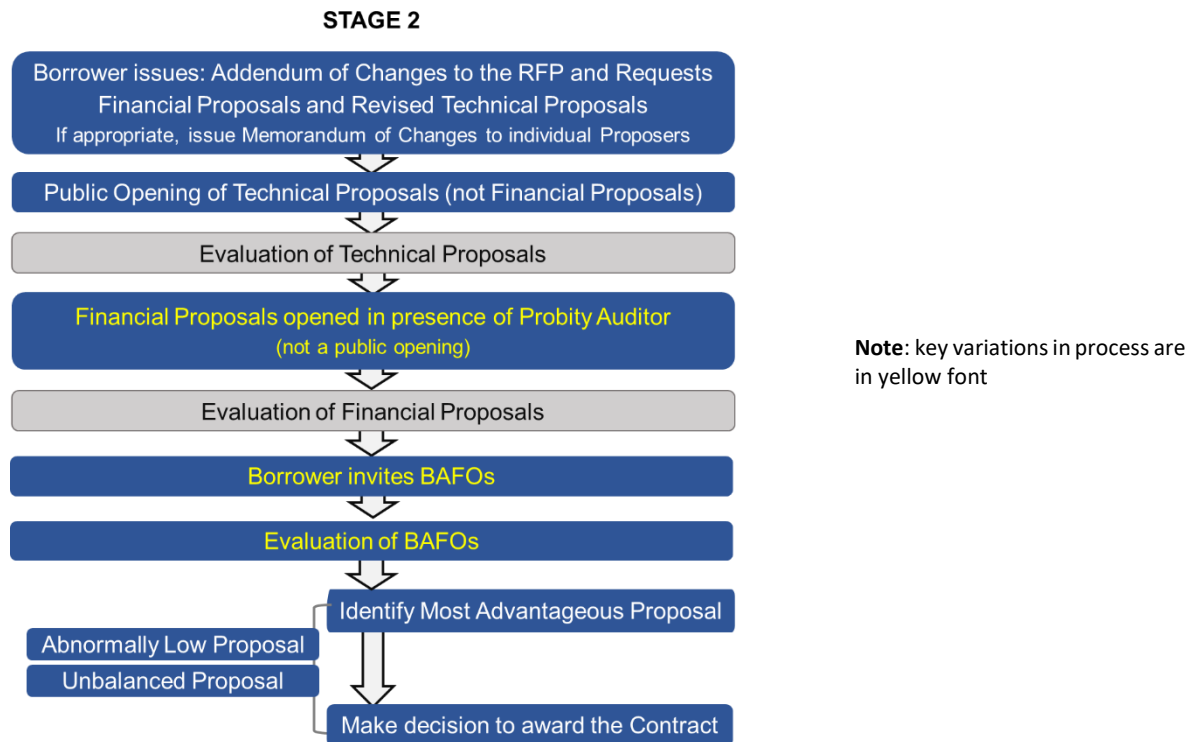
**Figure 2: Process flow chart: RFP Model 1**



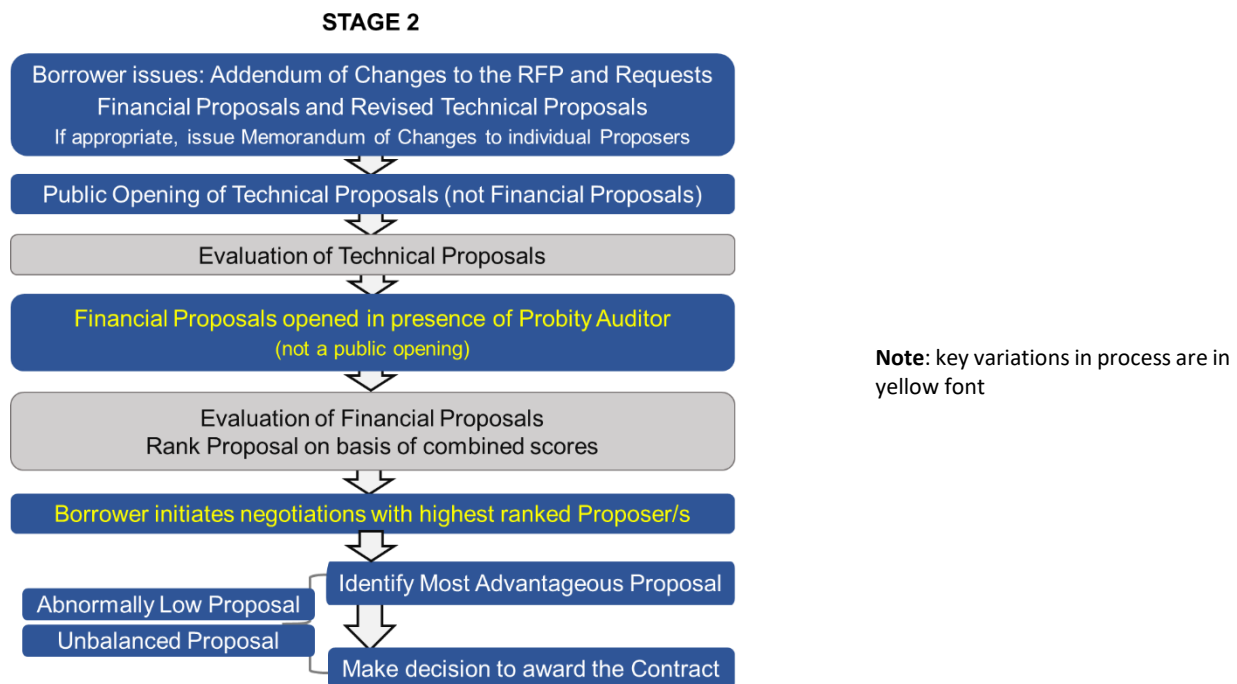
### Variation to process when BAFO or Negotiations apply

- 3.4 **BAFO or Negotiations:** A variation to the above process occurs when BAFO or Negotiations apply. These are mutually exclusive. When the Borrower applies BAFO, it shall meet the requirements of Paragraphs 6.32 and 6.33. When the Borrower applies Negotiations, it shall meet the requirements of Paragraphs 6.34 to 6.36.
- 3.5 **Probity Auditor:** When BAFO or Negotiations apply the Borrower shall appoint a Probity Assurance Provider (Probity Auditor) acceptable to the Bank, to oversee the integrity of the procurement process, and in particular the conduct of BAFO or Negotiations. The Probity Auditor shall be approved by the Bank. For the Stage 2 opening of the second envelopes (financial Proposals):
- a. the second envelopes shall not be opened at a public opening, but at an opening in the presence of the Probity Auditor; and
  - b. The Borrower shall prepare a record of the opening of the financial Part envelopes which shall be signed by the Probity Auditor.
- 3.6 **Probity Report:** When the Borrower has made the decision to award the contract, the Probity Auditor shall prepare a probity report. The report will be provided to the Borrower and a copy sent to the Bank. To ensure transparency and accountability the probity auditor's report shall be sent by the Borrower to all Proposers (that is every Proposer that submitted a Stage 2 Proposal regardless of whether they were invited to submit a BAFO or to negotiate), and published on the Borrower's website. This shall be done at the same time as transmission of the Notification of Intention to Award the contract.

**Figure 3: BAFO: Key process variations to RFP Model 1 for BAFO**



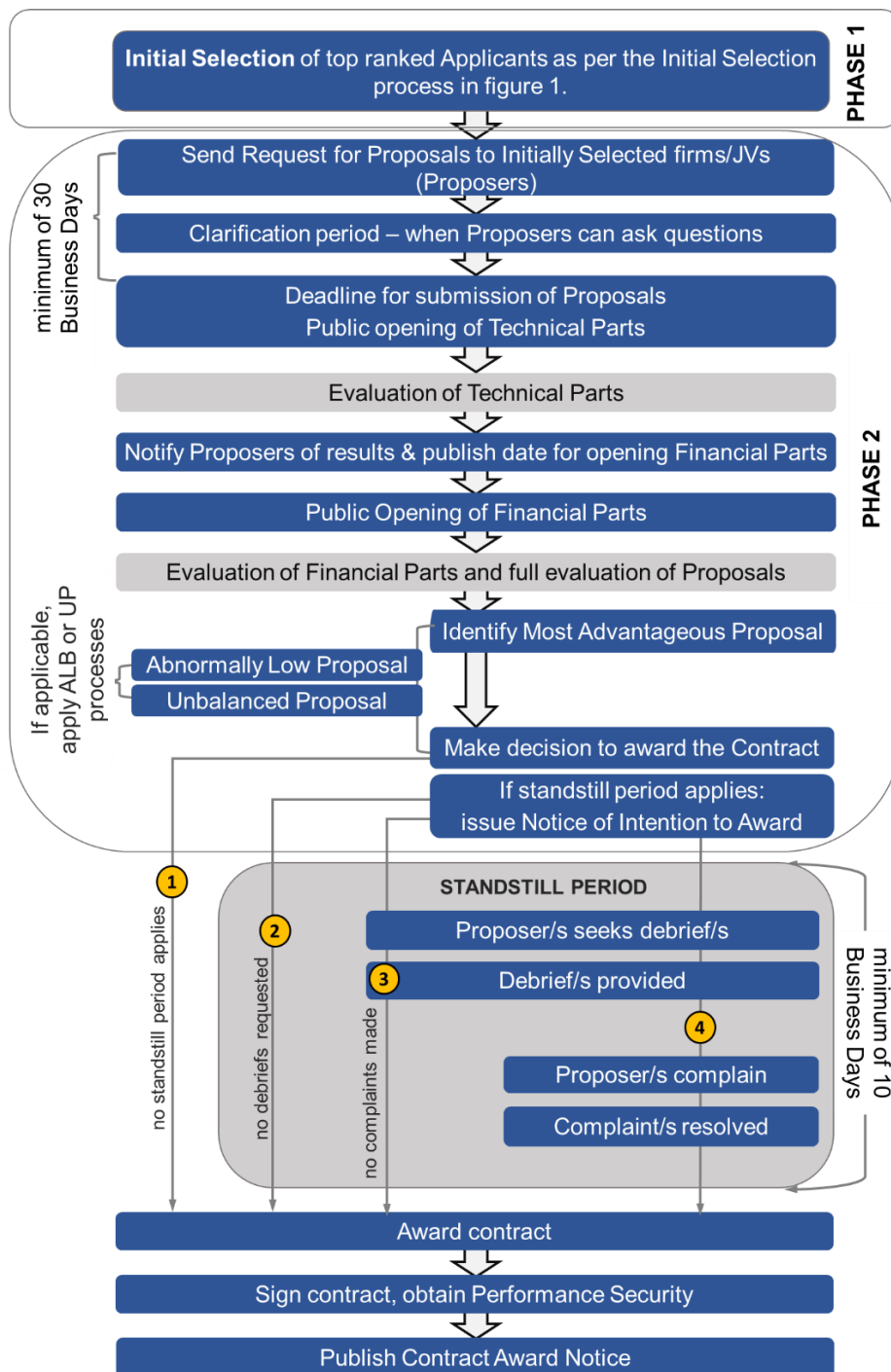
**Figure 4: NEGOTIATIONS: Key process variation to RFP Model 1 for negotiations**



## **RFP Model 2: Streamlined**

- 3.7 Following Initial Selection, the Borrower follows the steps below to carry out a procurement using the RFP selection method:
- a. **Request for Proposals document:** prepare using the Bank’s Standard Request for Proposals document;
  - b. **Issue Request for Proposals:** issue the Request for Proposals document to all Initially Selected Proposers. Proposers are invited to submit full technical and financial Proposals;
  - c. **Clarifications and amendments:** respond to any request for clarifications from Proposers In Writing, and forward a copy of the response to all Proposers. Any addenda to the initial Selection document that the Borrower deems necessary as a result of additional/modified information or clarifications shall be In Writing and be communicated In Writing to all Proposers. In providing clarifications and issuing addenda the Borrower shall meet the requirements of Paragraphs 5.31 and 5.32;
  - d. **Proposal submission deadline and opening:** meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission) and 5.40 to 5.48 (Bid/Proposal Opening), as applicable. Proposals shall be submitted prior to the expiry of the deadline for submissions. At the public opening the technical Proposals are opened and details read out. The financial Proposals are not opened at this time. Following evaluation of the technical Proposals a public opening of financial Proposals takes place. Financial Proposals are then evaluated, in accordance with the Evaluation Criteria specified in the request for proposals document. The Borrower identifies the Most Advantageous Proposal;
  - e. **Proposal evaluation and post-qualification assessment:** Proposals are evaluated in accordance with the Evaluation Criteria specified in the request for proposals document;
  - f. **Notification of Intention to Award and Standstill Period:** The Borrower transmits its Notification of Intention to Award the Contract to the unsuccessful Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), Paragraphs 5.78 to 5.80 (Standstill Period). Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Borrower); and
  - g. **Award of contract and publication of contract award:** Once the Standstill Period has expired the Borrower may award the contract. The Borrower will then publish the Contract Award Notice. The Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice).

**Figure 5: Process flow chart: RFP Model 2 (without BAFO or negotiations)**



### **Variation to process when BAFO or Negotiations apply**

3.8 A variation to the above process occurs when BAFO or Negotiations apply. The Borrower shall meet the requirements described in paragraphs 3.4 to 3.6 of this Annex.

### **RFP Model 3: Competitive Dialogue**

3.9 The key steps in process are more fully described in Annex XIII, Competitive Dialogue.

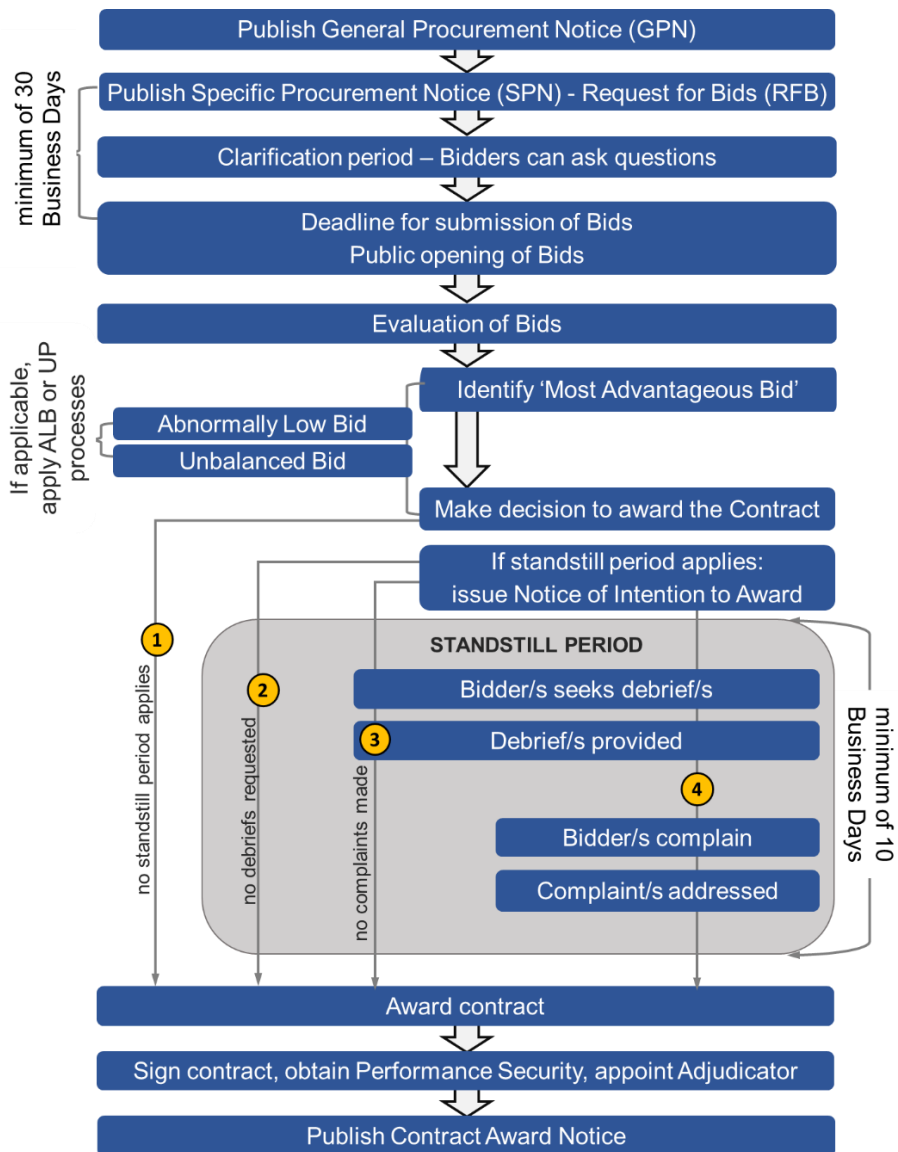
## **4. Procedures for using a Request for Bids Selection Method**

4.1 For Prequalification, the Borrower uses the applicable Bank's Standard Prequalification Document.

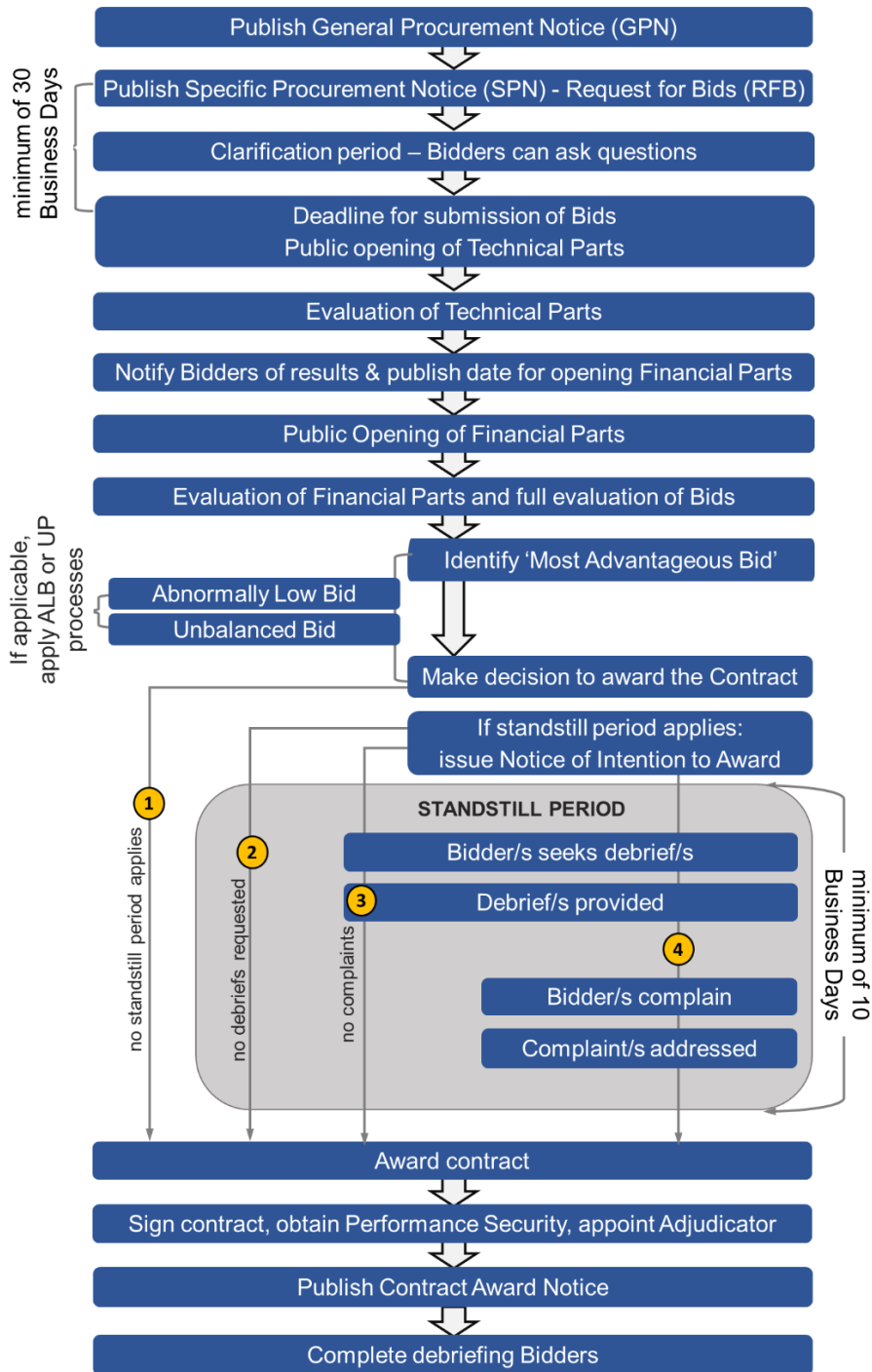
4.2 For National open competitive procurement procedures (Section V, 5.3 to 5.6), see Figure 6.

4.3 For procurement subject to international competition using the Bank's SPD, see Figure 7.

**Figure 6: Process flow chart National Procurement (or exceptions under paragraph 5.50): RFB One-envelope process (without Prequalification)**



**Figure 7: Process flow chart, international procurement using a Bank SPD: RFB Two-envelope process (without Prequalification)**



## 5. Requests for Quotations

- 5.1 Quotations should be obtained through advertisement or, when limited competition is justified, through a request for quotations (RFQ) to a limited number of firms. To ensure competition, the Borrower should request quotations normally from not fewer than three (3) firms.
- 5.2 Firms shall be given sufficient time to prepare and submit their quotations. RFQs shall include the description, quantity, delivery period, location of the Goods, Works and Non- consulting Services, including any installation requirements, as appropriate. The request shall also indicate the deadline for submission of quotations and specify that quotations may be submitted by letter, facsimile or by electronic means.
- 5.3 The evaluation of the quotations and contract award shall be carried out according to the criteria specified in the RFQ. The terms of the accepted quotation shall be incorporated in a contractually binding document. The Borrower shall keep records of all proceedings regarding RFQs.

## 6. Particular Types of Procurement Arrangements

### E-reverse Auctions

- 6.1 The E-reverse auction is a particular application of an RFQs and shall start within a reasonable time after firms that have been prequalified/registered and have met the minimum qualification criteria receive information on:
  - a. the automated evaluation method that will be used to rank Bidders during the E-reverse auction; and
  - b. any other relevant information on how the E-reverse auction is to be conducted, including clear instructions on how to access and participate in the auction.
- 6.2 Firms then place offers to provide the Goods or Non-consulting Services; at the end of the auction, the firm with the lowest Bid price is considered for award.
- 6.3 E-reverse auctions may be used when the Borrower's requirements are unambiguously specified and there is adequate competition among firms.

### Program of Imports

- 6.4 Where the loan provides financing for a program of imports handled by the Borrower's public sector entities, the RFB selection method with simplified advertising and currency provisions may be used for large-value contracts, as defined in the Procurement Plan. The simplified provisions for notification do not require a GPN. SPNs shall be advertised in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, if any, or on a widely used website or electronic portal with free national and international access, in addition to UNDB Online and the Bank's external website. The period allowed for submission of Bids may be reduced to 20 Business Days from the date of publication of the SPN on UNDB Online. Bidding and payment may be limited to one currency widely used in international trade. For smaller contracts identified in the Procurement Plan, the Borrower's public sector entities may procure the imports using the applicable procedures of the public sector entity handling the imports, if acceptable to the Bank.

- 6.5 When the private sector entity handles the procurement of imports, Commercial Practices, specified in Paragraph 6.46 (Commercial Practices), may be applied.
- 6.6 Pre-shipment inspection and certification of imports is one of the risk mitigation measures for the Borrower, particularly for a large import program. The inspection and certification usually covers quality, quantity and reasonableness of price. Imports procured using the RFB selection methods may not be subject to price verification, but only verification of quality and quantity. However, imports procured using less competitive methods than the RFB method may additionally be subjected to price verification. Physical inspection services may also be included.

## Commodities

- 6.7 A framework arrangement may be established and a list of Bidders drawn up to whom periodic invitations to Bid are issued. Bidders may be invited to quote prices linked to the market price at the time of, or prior to, the shipments. Bid validities shall be as short as possible. A single currency, specified in the Request for Bids document, in which the commodity is usually priced in the market may be used for bidding and payment. Standard contract conditions and forms consistent with market practices shall be used.
- 6.8 E-Reverse auction may be used for procuring commodities from prequalified/registered firms if requirements can be unambiguously specified and there is adequate competition among firms.

## Community-driven Development

- 6.9 CDD projects generally envisage a large number of small-value contracts for Goods, Non-consulting and/or Consulting Services, and a large number of small Works scattered in remote areas. Commonly used procurement procedures include RFQ; local competitive bidding inviting prospective Bidders for Goods and Works located in and around the local community; direct contracting for small-value Goods, Works, and Non-consulting Services; and the use of community labor and resources.
- 6.10 The proposed arrangements and the project activities to be carried out by community participation are outlined in the Legal Agreement and further elaborated in the relevant project implementation document (manual) approved by the Bank and made publicly available by the Borrower.

## 7. Consulting Services

### Preparation of Shortlists

- 7.1 The Borrower shall follow the steps below to carry out a Shortlisting process:
- Terms of reference:** prepare the complete TOR for the assignment. The TOR shall define clearly the objectives, goals, and scope of the assignment, provide background information to facilitate preparation of Proposals, and be compatible with the budget;
  - Request for Expressions of Interest:** prepare the Request for Expressions of Interests (REOI) in accordance with the template provided on the Bank's external website, according to Paragraph 5.25 (Standard Procurement Documents). The REOI includes the complete TOR;

- c. **Publication of the REoI:** after the complete TOR have been prepared and are ready for distribution, make the TOR available to interested firms by publishing the REoI according to Paragraphs 5.22 to 5.24 (Publication of Procurement Opportunities);
- d. **Clarifications and addenda to the REoI:** shall be In Writing;
- e. **Submission of Expressions of Interests:** give firms sufficient time to respond to the REoI, normally no less than 10 Business Days. Late submission of an expression of interest (EoI) is not a cause for its rejection unless the Borrower has already prepared a Shortlist of qualified firms based on EoIs received; and
- f. **Shortlisting:** assess the expressions of interest to determine the Shortlist. The criteria to be used for short listing may normally include: core business and years in business, relevant experience, technical and managerial capability of the firm. Key personnel are not evaluated at this stage. The final Shortlist is communicated to all firms that expressed interest, as well as any other firm or entity that requests this information. The invitation to Shortlisted firms to submit Proposals includes the names of all Shortlisted firms. Once the Bank has issued its no-objection to the Shortlist, the Borrower does not modify it without the Bank's no-objection.

## Common Procedures for QCBS, FBS, and LCS

- 7.2 The Borrower shall follow the steps below to carry out a selection process when using QCBS, FBS or LCS methods.
- a. **Request for Proposals Document:** prepare the request for proposals document using the Bank's applicable Standard Request for Proposals document;
  - b. **Proposal preparation period:** the Borrower shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;
  - c. **Letter of invitation to submit Proposals:** the Borrower's shall issue the letter of invitation to submit Proposals along with the request for proposals document to all the Shortlisted firms;
  - d. **Clarifications and addenda:** shall meet the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);
  - e. **Proposal Submission:**
    - i. the technical and financial Proposals shall be submitted at the same time in two (2) separate and sealed envelopes
    - ii. shall meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission).
  - f. **Technical Proposal Opening:**
    - i. the Borrower shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals.
    - ii. shall meet the requirements of Paragraphs 5.40 to 5.48 (Bid/Proposal Opening) as applicable.

- g. **Evaluation of Technical Proposals:** the evaluation of the technical Proposals shall be in accordance with the Evaluation Criteria specified in the request for proposals document;
- h. **Communications of results:**
  - i. once the evaluation of technical Proposals is complete, the Borrower shall inform all firms that submitted Proposal of their score and whether they met the minimum qualifying technical score specified in the request for proposals document. The Borrower shall simultaneously notify the firms that have met the technical Proposal requirements of when the financial Proposal shall be opened.
- i. **Financial Proposals Opening:**
  - i. the Borrower shall conduct the opening of the financial Proposals in accordance with Paragraphs 5.40 to 5.48 (Bid/Proposal Opening), as applicable.
- j. **Evaluation of Financial Proposals:** shall meet the requirements indicated in the request for proposals document;
- k. **Combined Quality and Cost Evaluation:** shall meet the requirements set out in the request for proposals document;
- l. **Negotiations:** Negotiations shall include discussions of the TOR, the methodology, Borrower's inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract;
- m. **Notification of Intention to Award and Standstill Period:** as per Paragraphs 5.75 to 5.77 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period);
- n. **Award of Contract and publication of contract award:** shall meet the requirements of Paragraphs 5.88 to 5.92 (Conclusion of Standstill Period and Contract Award), and Paragraphs 5.93 to 5.95 (Contract Award Notice); and
- o. **Debriefing:** as per Paragraphs 5.81 to 5.87 (Debriefing by the Borrower).

## Procedures for using a Quality-based Selection Process

### 7.3 Quality Based Selection Process:

- a. **Request for Proposals document:** prepare using the Bank's Standard Request for Proposals document;
- b. **Proposal preparation period:** the Borrower shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;
- c. **Letter of invitation to submit Proposals:** the Borrower's shall issue the letter of invitation to submit Proposals along with the request for proposals document to all the Shortlisted firms;
- d. **Clarifications and addenda:** shall meet the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);

- e. **Proposal Submission:** the Borrower shall choose between the following two (2) alternatives:
  - i. the technical and financial Proposals shall be submitted at the same time in two (2) separate and sealed envelopes; or
  - ii. only the technical Proposal shall be submitted and after evaluating the technical Proposals, the Borrower shall request the firm with the highest ranked technical Proposal to submit a detailed financial Proposal for negotiations;
- f. **Technical Proposal opening:** in accordance with the requirements of Paragraphs 5.40 to 5.48 (Bid/Proposal Opening), as applicable, the Borrower shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals;
- g. **Evaluation of Technical Proposals:** the evaluation of the technical Proposals shall be in accordance with the Evaluation Criteria specified in the request for proposals document;
- h. **Communications of Results:** the Borrower shall:
  - i. notify the consulting firm that has the highest score for the technical Proposal as to when the financial Proposal shall be opened or when to submit the financial Proposal; and
  - ii. simultaneously inform the other firms who submitted Proposals of their technical scores and that their technical Proposal has not been evaluated as the highest ranked;
- i. **Financial Proposals Opening:** (if technical and financial Proposals have been submitted):
  - i. Financial Proposals shall be opened as specified in Paragraph 5.40;
  - ii. the Borrower shall conduct the opening of the financial Proposal of the consulting firm with the highest ranking technical Proposal in the presence of the firms who submitted Proposals and wish to attend; and
  - iii. the Borrower shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.
- j. **Financial Proposals Opening** (if only technical Proposal was initially invited):
  - i. Invitation to the highest technically evaluated firm to submit financial Proposals shall not be earlier than the period specified in Paragraph 5.40; and
  - ii. Negotiate the financial Proposal submitted by the highest technically evaluated firm.
- k. **Evaluation of Financial Proposals and Negotiations:** the Borrower shall evaluate the financial Proposal and negotiate the final contract;
- l. **Notification of Intention to Award and Standstill Period:** as per Paragraphs 5.75 to 5.77 (Notification of Intention to Award);
- m. **Award of Contract and Publication of Contract Award:** the Borrower shall publish the contract award information in its website of free access if available, or in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, and on UNDB online, and inform directly to firms that submitted Proposals. The Borrower shall implement a Standstill Period in accordance with Paragraphs 5.78 to 5.80 (Standstill Period); and
- n. **Debriefing:** as per Paragraphs 5.81 to 5.87 (Debriefing by the Borrower).

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# Annex XIII. Competitive Dialogue

## 1. Purpose

- 1.1 This Annex outlines the procedures commonly used for Competitive Dialogue. Each Competitive Dialogue needs to be carefully designed to maximize the effectiveness of the procedure. This may result in variations to the generic procedures described below. Competitive Dialogue uses the RFP Model 3 (Multi-stage Integrated), Standard Procurement Document described in Annex XII, Selection Methods. A summary of the process can be found in figure 1 of this annex.

## 2. Requirements

- 2.1 Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with Proposers. The Borrower shall justify the use of Competitive Dialogue in the Project Procurement Strategy for Development (PPSD). It may only be used for complex or innovative procurement.
- 2.2 Competitive Dialogue may be appropriate:
- a. where a number of solutions that satisfy the Borrower's requirements may be possible, and where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and
  - b. due to the nature and complexity of the procurement, the Borrower is not objectively able to:
    - i. adequately define the technical or performance specifications and scope to satisfy its requirements; and/or
    - ii. fully specify the legal and/or financial arrangements of the procurement.
- 2.3 In Competitive Dialogue, the Borrower enters into dialogue with Initially Selected firms/joint ventures, with the aim of better identifying and defining the means best suited to satisfy the Borrower's requirements before inviting the firms to submit their final Proposals.

## 3. Undertaking a Competitive Dialogue

- 3.1 To ensure transparency and accountability the Borrower shall identify an independent Probity Assurance Provider (Probity Auditor) acceptable to the Bank. The Probity Auditor shall be appointed at the beginning of the procurement and audit the process until the award of contract.
- 3.2 The Probity Auditor shall provide independent scrutiny of the procurement process, the procurement decision making process, the dialogue phase with each Proposer, and in particular the conduct of any BAFO or negotiations that take place. Following the Borrower's decision to award the contract, and before the Notification of Intention to Award the contract is transmitted, the Probity Auditor shall provide a probity report. The report shall be provided to the Borrower with a copy sent to the Bank.
- 3.3 The Competitive Dialogue procurement process normally includes several phases:

## Phase 1: Initial Selection

- Step 1:** Issue initial selection document in accordance with to paragraph. 3.1 of Annex XII, Selection Methods.
- Step 2:** Receipt and public opening of Initial Selection Applications.
- Step 3:** Evaluation of Initial Selection Applications to identify the firms/joint ventures to be Initially Selected and invited to participate in the dialogue phase of the process.

The list of Initially Selected firms/joint ventures shall include a sufficient number, normally not less than three (3) and not exceeding six (6) (i.e. a range of 3 to 6). The Bank may agree to an Initial Selection list comprising a smaller number when enough qualified firms/joint ventures have not expressed interest in the contract. Normally this will be a sufficient number to ensure adequate competition throughout the dialogue process.

## Phase 2: Request for Interim Proposals and Dialogue

- Step 1:** Issue request for proposals document in accordance with the Bank's Standard Procurement Document to the Initially Selected firms/joint ventures (Proposers). Normally a one-envelope process is used at this Phase. Clarifications and addenda may be made in accordance with the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents).
- Step 2:** Proposers submit Interim Proposals which provide solutions to the Borrower's problem definition or statement of need or business requirements as defined in the request for proposals document. Interim Proposals are opened at a public opening.
- Step 3:** The Borrower makes an initial assessment of the Interim Proposals against the Evaluation Criteria described in the request for proposals document.
- Step 4:** Parties enter into dialogue. This involves the Borrower holding separate, confidential bilateral dialogue meetings (rounds) with each Proposer to discuss all aspects of its Proposal. The dialogue meeting may focus on the solution, the commercial deal, the legal aspects and such other features the Borrower considers relevant.

The rounds of bilateral dialogue meetings can be repeated until the Borrower is satisfied that discussions have been exhausted. The Borrower should indicate in the request for proposals document the number of rounds of dialogue planned to take place.

A progressive elimination of Proposers may take place on the basis of the review of the initial solutions, and by applying the criteria and methodology specified in the request for proposals document.

The number of Proposals at the close of the dialogue phase should normally be not less than three (3).

Each Proposer shall be given an equal opportunity to participate in each dialogue round, unless they are eliminated from the process (as above).

**Step 5:** The Borrower may test the readiness of Proposers to submit compliant Final Proposals by requesting and assessing a 'Draft Final Proposal'. This is an initial version of the final Proposal. Once the Borrower is satisfied that at least one compliant final Proposal will be received, dialogue can be closed. Dialogue should continue if further work is required to produce at least one compliant final Proposal.

**Step 6:** Formal closure of the dialogue phase. The Borrower declares that the dialogue is closed. No further discussions are allowed after this closure.

The Borrower refines the problem definition or statement of need or business requirements and prepares addenda to the request for proposals document to convert it into the Phase 3 request for proposals document.

### Phase 3: Request for Final Proposals

**Step 1:** Issue updated request for proposals document to the Proposers (that have not been eliminated in Phase 2), in accordance with the SPD. A two-envelope process is normally used at this Phase.

**Step 2:** Receipt and public opening of Final Proposals. Only the technical Proposals are opened at this time. Financial Proposals remain sealed.

**Step 3:** The Borrower evaluates technical Proposals against the Evaluation Criteria described in the request for proposals document. There should be no need to seek clarification with a Proposer. The dialogue phase has closed and no further discussions are allowed.

**Step 4:** The Borrower opens the financial Proposals in the presence of the Probity Auditor. This is not normally done in public. The Borrower evaluates financial Proposals against the Evaluation Criteria described in the request for proposals document.

**Step 5:** Once evaluation is completed, the Borrower selects the Most Advantageous Proposal for contract award according to the Evaluation Criteria, including the non-price/qualitative Rated Criteria specified in the Request for Proposals document.

**Step 6:** Once the Most Advantageous Proposal has been selected, the Borrower and the selected Proposer will finalize details of the solution. This process only allows for clarification and confirmation and does not permit any material deviation from the final Proposal that formed the basis of the Borrower's decision to select.

**Step 7:** At this step in the process the Probity Auditor shall prepare a probity report. The report will be provided to the Borrower and a copy sent to the Bank. To ensure transparency and accountability the Probity Auditor's report shall be sent by the Borrower to all Proposers, who were involved in the dialogue stages, (after excluding all confidential information), and published on the Borrower's website. This shall be done at the same time as transmission of the Notification of Intention to Award the contract.

**Step 8** Notification of Intention to Award and Standstill Period: The Borrower transmits its Notification of Intention to Award the Contract to the Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract.

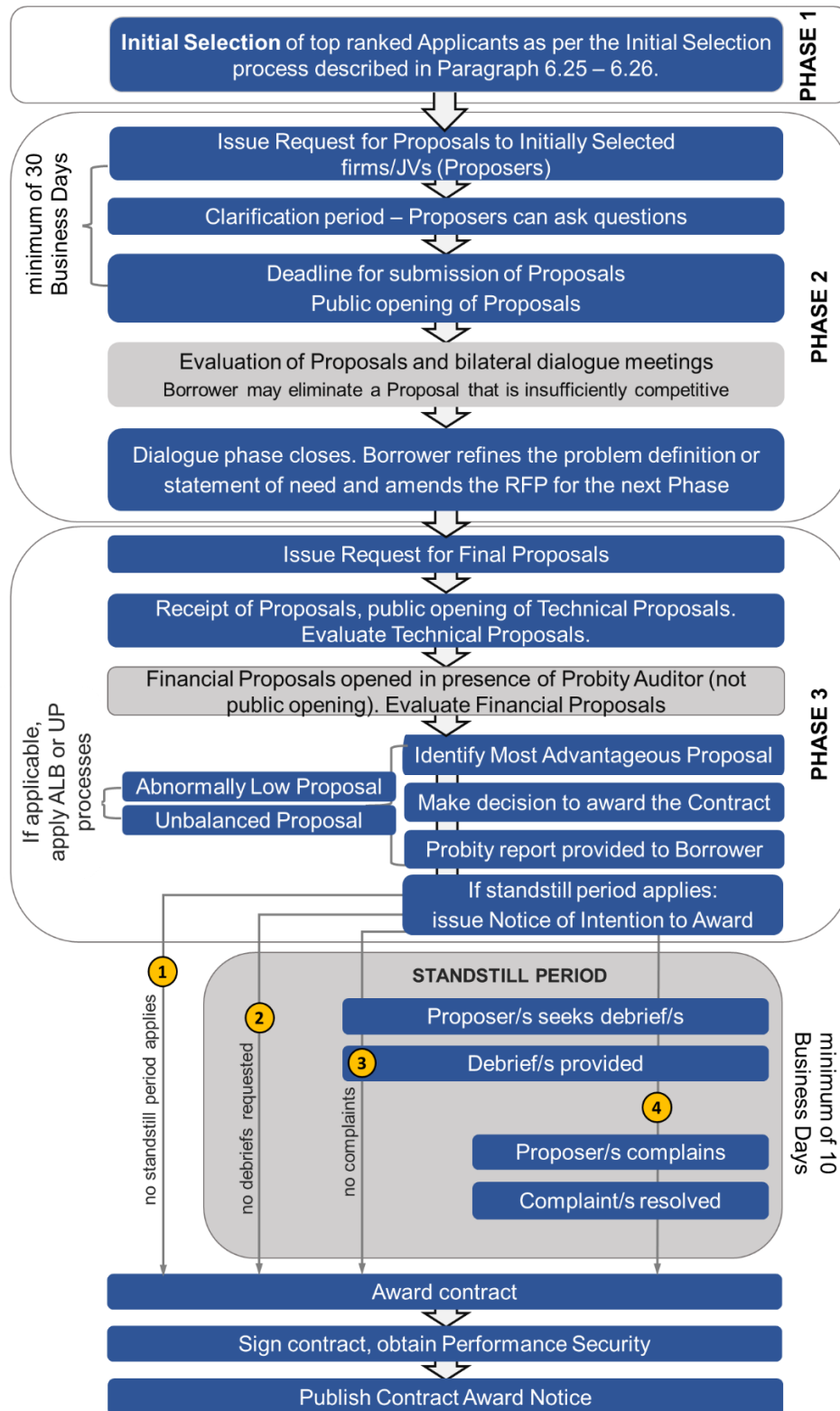
**Step 9:** The Borrower shall publish the Contract Award Notice following expiry of the Standstill Period. In awarding the contract and publishing the Contract Award Notice the Borrower shall meet the requirements of Paragraphs 5.88 to 5.92 (Conclusion of the Standstill Period and Contract Award), and Paragraphs 5.93 to 5.95 (Contract Award Notice).

## 4. Dialogue Procedures and Considerations

4.1 The dialogue consists of confidential clarification meetings with the Initially Selected Proposers to discuss all aspects of the Proposal submitted including the details of the solution, the commercial deal, price, the legal aspects and such other features the Borrower considers relevant. The procedures and considerations include:

- a. The invitation to participate in the dialogue phase restates the needs and requirements, describes the dialogue process, and sets out the award criteria for the final Proposal;
- b. The objective of the dialogue meetings is for the Borrower to engage in a clarification process with each Proposer to identify appropriate technical aspects and/or commercial terms and conditions. The outcome of the dialogue meetings may be incorporated in addenda to the request for proposals document to be issued for the final submission;
- c. Interim Proposals: to confirm and test each Proposer's understanding of the Borrower's problem definition or statement of need or business requirements (as defined in the request for proposals document), and to fine-tune the Proposal or Phase 3 request for proposals document;
- d. The number of meetings with each Proposer is determined by the Borrower on the basis of its need to clarify information included in each Proposal. The Borrower shall determine whether or not further meetings are necessary with a Proposer and communicate this decision to the Proposer;
- e. The Borrower shall not provide information in a discriminatory manner which may give some Proposers an advantage over others;
- f. Proposers shall identify and agree with the Borrower which part/s of their Proposal are specific to them and have to be treated as commercially confidential;
- g. The Borrower shall not disclose to other Proposers the solutions proposed or any commercially confidential information communicated by a Proposer in its Proposal and as disclosed during the dialogue phase without that Proposer's prior written consent;
- h. The Borrower shall not use a Proposer's commercially confidential information to enhance other Proposals;
- i. The dialogue meetings shall be attended by a Probitry Auditor selected by the Borrower and acceptable to the Bank to ensure that a competitive process takes place and that no undue advantage is given to any of the firms/joint-ventures as result of these meetings; and
- j. The Borrower shall prepare confidential minutes of the dialogue meetings it has with each Proposer which shall be communicated to the respective Proposer as part of the invitation to submit final Proposals. The minutes shall not form part of the final request for proposals document.

**Figure 1: Process flow chart: RFP Model 3: Competitive Dialogue**



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# Annex XIV. Public-Private Partnerships

## 1. Purpose

- 1.1 This Annex outlines the requirements to be met by Borrowers in selecting the private partner in public-private partnership (PPP) arrangements financed by the Bank.

## 2. Requirements

- 2.1 In a PPP arrangement, the Borrower undertakes the following project phases:
- project assessment;
  - project structuring;
  - selection of the private partner; and
  - contract management.
- 2.2 The Borrower shall demonstrate that there is adequate institutional capacity to prepare, structure, procure and manage the PPP project.

## 3. Project Assessment: Business Case and Feasibility Requirements

### Identification

- 3.1 The proposed PPP component of the project should have been identified as a priority public investment project and/or derived from an approved national infrastructure plan/sector program.

### Feasibility Considerations

- 3.2 The Borrower shall have conducted suitable economic and financial analysis to confirm:
- whether the underlying project is adequately justified, on the basis of a sound and quantified economic analysis the project presents best VfM, i.e., is cost-benefit justified, and the approach to delivering the benefits, considering the relevant technical, legal, financial and environmental constraints, irrespective of implementation as a PPP or through other public sector procurement;
  - whether the project's overall revenue requirements are within the capacity of users, the public authority, or both, to pay for the infrastructure service;
  - that the project risks were identified and assessed and that mitigation measures were considered, and that the residual fiscal risk will not jeopardize fiscal sustainability;
  - that the chosen PPP scheme (i.e., risk-allocation matrix, pay and performance mechanism) resulted from the consideration of alternative PPP schemes and other procurement options; and
  - the commercial viability, that is, whether the project is likely to be able to attract good-quality sponsors and lenders by providing robust and reasonable financial returns.

- 3.3 The Borrower shall ensure the information above is available to enable an independent review and third party assurance of the inputs, assumptions and results.

## 4. Project structuring: PPP Structure Requirements

### Output Specification

- 4.1 The Borrower shall ensure that output requirements are included and the output specifications include:
- a. clear performance targets and output requirements that are specific, measurable, achievable, realistic, and time bound;
  - b. how performance will be monitored, including roles for the government's contract management team, the private partner, external monitors, regulators, and users; and
  - c. the consequences for failure to reach the required performance targets, clearly specified and enforceable.

### Risk Allocation

- 4.2 Based on the contractual provisions, a risk matrix shall be presented by the Borrower to the Bank, exhaustively listing project risks and their appropriate allocation to the contractual parties or to third parties are made efficiently.

### Performance Payment Mechanism

- 4.3 The Borrower shall develop a payment and performance mechanism that sets out the principle of performance-based payments upon meeting the provision of contractual assets and service at the agreed service level and service schedule.

## 5. Selection of the Private Partner

- 5.1 Open competition is the Bank's preferred procurement approach. Exceptionally, the Bank may agree to a non-competitive selection process. The Borrower selects the private partner according to the requirements set out in Paragraph 6.43.
- 5.2 PPP activities whose procurement processes have been initiated or contracts have been awarded may be financed by the Bank, if the Bank is satisfied with the project justification, feasibility, PPP structure requirements, contract arrangements and the consistency of the selection process for the private partner with the Bank's Core Procurement Principles and Sections I, II and III of these Procurement Regulations, and the compliance with the Bank's Anti-corruption Guidelines.

### Unsolicited Proposals

- 5.3 The Bank may agree to finance PPP projects initiated from unsolicited proposals. In all instances of unsolicited proposals, the process to assess and determine the best fit-for-purpose and VfM approach to awarding a contract initiated by an unsolicited proposal shall be clearly defined by the Borrower.

- 5.4 When an unsolicited proposal is subjected to a competitive selection process, the Borrower may use one of the following approaches in allowing the firm that submitted the unsolicited proposal to participate in the process:
- a. The Borrower grants no advantage to the firm in the process. The Borrower may separately compensate the firm if permitted under Borrower’s applicable regulatory framework; or
  - b. The firm is granted an advantage in the selection process, such as a point bonus in the evaluation or a guaranteed access to the second stage of a two-stage process. This advantage shall be disclosed in the Request for Bids/Request for Proposals document and defined in such a way that it does not prevent effective competition.

## 6. Contract Management

- 6.1 The Bank requires that the Borrower submit a Contract Management Plan. For details see Annex XI, Contract Management.

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# Annex XV. Framework Agreements

## 1. Purpose

- 1.1 This Annex supplements the provisions of Paragraphs 6.57 to 6.59 (FA for Goods, Works and Non-consulting Services), Paragraph 7.33 (FA for Consulting Services), and describes the minimum requirements for establishing a FA for contracts financed by the Bank through IPF.

## 2. Requirements

- 2.1 A Borrower may establish a FA with firms that are capable of delivering specified Goods, Works, Non-Consulting Services and/or Consulting Services agreeing, in advance, the applicable terms and conditions. These usually include the fees, charge rate or pricing mechanism.
- 2.2 FAs may be pre-existing to an IPF operation or newly established under an IPF operation. To be used for an IPF operation:
- Pre-Existing: the Bank shall be satisfied a pre-existing Borrower's FA is consistent with the Bank's Core Procurement Principles; or
  - New: a new FA established by the Borrower shall meet the requirements of these Procurement Regulations.
- 2.3 Firms awarded a FA (FA firms) have no guarantee of any call-off contracts. The number of firms awarded FAs should be proportionate to the anticipated demand. This allows all FA firms an opportunity to be awarded a call-off contract.

## 3. Parties

- 3.1 A FA can be concluded with a single provider or with several providers, for the same Goods, Works, Non-consulting Services, or Consulting Services. The Borrower shall decide on the appropriate strategy based on the market conditions and its requirements.
- 3.2 FAs shall only be used between the Borrower's procuring entity/s and the FA firm/s. When several procuring entities establish a FA together, a lead entity is appointed to act on behalf of the group of entities. Each entity in the group is identified in the Request for Bids/Request for Proposals documents at the time of going to market. Each individual procuring entity shall be specified in each call-off contract.

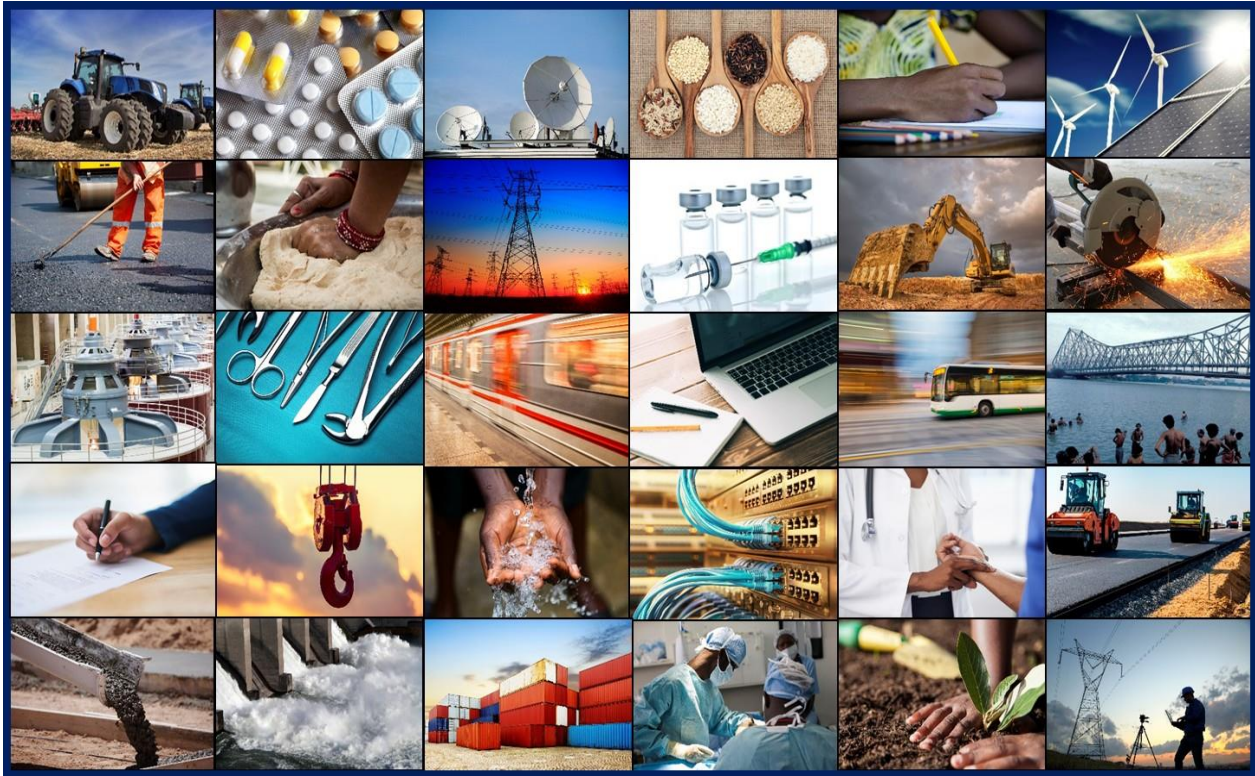
## 4. Establishing the FA

- 4.1 In order to establish a FA, the Borrower shall use open competitive procurement with appropriate Request for Bids/Request for Proposals documents. Once a FA is established, the Borrower does not need to openly advertise individual contract opportunities to be awarded as call-offs.
- 4.2 The additional information in the Request for Bids/Request for Proposals documents shall include as a minimum:

- a. a description of the Goods, Works, Non-consulting Services or Consulting Services that the FA is intended to cover;
  - b. an estimate of the total volume/scope of the Goods, Works, Non-consulting Services or Consulting Services for which call-off contracts may be placed and, as far as possible, the volume/scope and frequency of the call-off contracts to be awarded under the FA;
  - c. qualification and Evaluation Criteria and, evaluation methodology;
  - d. the terms and conditions of contract that will apply to call-offs under the FA, which shall include the following information:
    - i. a statement that the fees, charge rate or pricing mechanism, and any other associated costs shall be agreed with each firm, and be valid for the term of the FA;
    - ii. a statement that explains that the Borrower will engage FA firms as required, through call-off contracts;
    - iii. a statement that the FA is:
      - a closed panel (which should normally be the case), and the constitution of the panel shall remain unchanged during the term of the FA (other than firms being removed from the panel, no additional or replacement firms may be added); or
      - an open panel and an outline of the process for selection;
    - iv. a statement that there is no guarantee of being awarded a call-off contract, and no commitment will be made with regard to possible volume of Goods, Works, Non-consulting Services, or Consulting Services;
    - v. a statement that the FA is not an exclusive agreement and that the Borrower reserves the right to procure the same or similar Goods, Works, Non-consulting Services, or Consulting Services from non-FA firms;
    - vi. a description of the circumstances that may lead to a firm being removed from the FA, and the process to be used in securing the removal;
  - e. the secondary procurement method or methods the Borrower shall use to select a firm (the call-off process);
  - f. the contractual method the Borrower will use to secure the call-off contract (for example, a statement of work or purchase order); and
  - g. the duration of the FA, including any option to extend. FAs shall be established for a maximum period of three (3) years, with the option to extend by up to a further two (2) years, if the initial engagement has been satisfactory.
- 4.3 The Borrower shall issue a Notification of Intention to conclude a FA (in conformance with Paragraphs 5.72 to 5.77 (Notification of Intention to Award), and a Standstill Period shall apply at the time when the FA is established. A public notice of the conclusion of the FA shall be published when the FA is established, as per Paragraphs 5.93 to 5.95 (Contract Award Notice). This shall list the names of all firms that have been included in the FA.

## 5. Call-off Contracts

- 5.1 For each procurement under a FA, a firm shall be selected from the panel using the secondary procurement process, or one of the processes, described in the FA.
- 5.2 The secondary procurement for the call-off process shall take one or, as an option both, of the following forms:
- a. **mini-competition** based on objective criteria for call-offs that have been described in the FA, such as:
    - i. competitive quotes (RFQ - from some or all of the panel members) based on the lowest evaluated cost;
    - ii. competitive Bids or Proposals (RFB or RFP from some or all of the panel members), based on expertise, proposed solutions and value for money; and/or
  - b. **direct selection** based on objective criteria for call-offs that have been described in the FA, such as;
    - i. location where call-off contracts are awarded to the firm that is best able to deliver based on their location and the location where the Goods, Works, Non-consulting Services, or Consulting Services are to be delivered.
    - ii. balanced division of supply/scope/task where an upper value limit is fixed and call-off contracts are awarded in turn on a rotational basis when a firm reaches the upper value limit;
- 5.3 As part of the call-off process, firms shall be given a description of the scope of supply/tasks that they will be expected to provide. The statement of work or purchase order to be issued as part of the call-off process shall specify the objectives, tasks, deliverables, timeframes and price or price mechanism. The price for individual call-off contracts shall be based on the fees, charge rate or pricing mechanism detailed in the FA.



**For additional information, such as Standard Procurement Documents (SPDs), Guidance, briefing, videos, training and e-learning materials see [www.worldbank.org/procurement](http://www.worldbank.org/procurement)**



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