

**The World Bank Group
Middle East & North Africa Region**

RED SEA – DEAD SEA WATER CONVEYANCE

STUDY PROGRAM

A. FEASIBILITY STUDY

B. ENVIRONMENTAL AND SOCIAL ASSESSMENT

**Red Sea-Dead Sea Water Conveyance Feasibility Study and
Environmental and Social Assessment Trust Fund (TF No. 070369)**

CONSULTING SERVICES

ADVISORY NOTE REGARDING CONFLICTS OF INTEREST

A. REFERENCES

**1. Source: Guidelines for Selection and Employment of Consultants (May 2004;
Revised October 2006)**

Conflict of Interest

Para. 1.9 Bank policy requires that consultants provide professional, objective, and impartial advice and at all times hold the client's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own corporate interests. 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 interest of the Borrower. Without limitation on the generality of the foregoing, consultants shall not be hired under the circumstances set forth below:

- (a) Conflict between consulting activities and procurement of goods, works or services (other than consulting services covered by these Guidelines¹): A firm that has been engaged by the Borrower to provide goods, works, or services (other than consulting services covered by these Guidelines) for a project, and each of its affiliates, shall be disqualified from providing consulting services related to those goods, works or services. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, and each of its affiliates, shall be disqualified from subsequently providing goods, works or services (other than

consulting services covered by these Guidelines) resulting from or directly related to the firm's consulting services for such preparation or implementation.

- (b) Conflict among consulting assignments: Neither consultants (including their personnel and sub-consultants) nor any of their affiliates shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the consultants. As an example, consultants hired to prepare engineering design for an infrastructure project shall not be engaged to prepare an independent environmental assessment for the same project, and consultants assisting a client in the privatization of public assets shall neither purchase, nor advise purchasers of, such assets. Similarly, consultants hired to prepare Terms of Reference (TOR) for an assignment shall not be hired for the assignment in question.
- (c) Relationship with Borrower's staff: Consultants (including their personnel and sub-consultants) that have a business or family relationship with a member of the Borrower's staff (or of the project implementing agency's staff, or of a beneficiary of the loan) who are directly or indirectly involved in any part of: (i) the preparation of the TTOR of the contract, (ii) the selection process for such contract, or (iii) supervision of such 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

Para.1.10 Fairness and transparency in the selection process require that consultants or their affiliates competing for a specific assignment do not derive a competitive advantage from having provided consulting services related to the assignment in question. To that end, the Borrower shall make available to all the short-listed consultants together with the request for proposals all information that would in that respect give a consultant a competitive advantage.

2. Source: World Bank Group – General Conditions of Contract for Operational Consulting Services (07/2006)

Clause 3.2 Conflict of Interest

3.2.1 Consultants Not to Benefit from Commissions, Discounts, etc.

The remuneration of the Consultants pursuant to Clause 5 shall constitute the Consultants' sole remuneration in connection with this Contract or the Services, and the Consultants shall not accept for their own benefit any trade commission, discount, or similar payment in connection with activities pursuant to this Contract or to the Services, or in the discharge of their obligations under the Contract, and the Consultants shall use their best efforts to ensure that any Subconsultants, as well as the Personnel and agents of the Consultants and any Subconsultants, similarly shall not receive any such additional remuneration.

3.2.2 Consultants Not to Engage in Certain Activities

The Consultants agree that the Consultants and any entity affiliated with the Consultants, as well as any Subconsultants and any entity affiliated with such Subconsultants,

- (a) shall be disqualified from subsequently providing goods, works or services (other than consulting services) related to the Services;
- (b) for the duration of this Contract and for a period of three (3) years after its termination, shall not provide any consulting services related to the Services unless the Consultants obtain the prior consent of the Client, which consent shall not be unduly withheld unless, in the opinion of the Client, there is a conflict of interest;
- (c) for a period of three (3) years after the termination of this Contract, Consultants who advise the Client on the privatization of state-owned enterprises or other assets (or on related problems), shall not engage, and shall cause its Personnel not to engage, in the activity of a purchaser (directly or indirectly) of the assets on which they advised the Client under this Contract, nor shall they engage in the activity of an adviser (directly or indirectly) of potential purchasers of such assets;
- (d) shall not engage in any such other activity as may be specified in the SC.

3.2.3 Former World Bank Group Staff and Relatives of Current World Bank Group Staff as Personnel; Dealings with Outside Parties

- (a) The Consultants shall immediately notify the Client of any Personnel (including Subconsultant's Personnel) intended to be assigned to provide the Services under this Contract who is a former World Bank Group staff member and shall warrant that said former World Bank Group staff member is not subject to any work restrictions by virtue of such former employment with the World Bank Group. For purposes of this clause, World Bank Group staff members are defined as current and retired World Bank Group employees, and individuals that have worked for the World Bank Group with at least one of the following types of appointments: Short Term Consultant (STC), Short Term Temporary (STT), Extended Term Consultant (ETC), Extended Term Temporary (ETT) or Junior Professional Associate (JPA).
- (b) The Consultants shall use their best efforts not to assign any Personnel (including Subconsultant's Personnel) to this Contract who are relatives of current World Bank Group staff. For purposes of this clause, relative is defined as (including those related by adoption and/or step or half relationships): Mother, Father, Sister, Brother, Son, Daughter, Aunt, Uncle, Niece and Nephew. In the event that Client or Consultants discover that any Personnel is a close relative of a current World Bank Group staff member, Consultants shall promptly replace said Personnel at no additional cost to Client, with an individual having equivalent skills. Consultants shall also reimburse Client for any actual direct costs incurred by the Client resulting from the violation of this Article.
- (c) With respect to an "outside party," defined to mean an individual or firm (i) with which the World Bank Group is engaged in a formal dispute (i.e., the outside Party is suing or has been sued by the World Bank Group), (ii) who is being investigated by the World Bank Group for fraud or corruption, or is ineligible to

be awarded a World Bank Group-financed contract because of fraud or corruption, or (iii) whose complaint against a procurement decision is under review by the World Bank Group, the Consultants:

(A) hereby confirm that, at the time of signing this Contract, they are not knowingly advising an outside party;

(B) shall not knowingly, for the duration of this Contract and for a period of three (3) years after its termination, advise an outside party without the Client's prior consent; and

(C) shall immediately notify the Client if a client of the Consultants becomes an outside party before this Contract has been terminated, and shall then, if the Client so requests, either terminate the contract with the outside party or, at the option of the Consultants, terminate this Contract with the Client.

B. ISSUES AND ANSWERS

1. While the request expressions of interest and the subsequent request for proposals are currently focused on the two components of the Study Program, the Feasibility Study and the Environmental and Social Assessment, it is foreseeable that a selection process would be initiated in the future for the engineering design and other technical services related to the Red Sea – Dead Sea Water Conveyance. Hence, the urgent need at this early stage to consider the possibility of conflict of interest among upstream and downstream assignments. Such conflict exists anytime the advice, findings or recommendations under one assignment may be influenced by the other assignment. Even where no conflict exists between the upstream and downstream assignment, participation in the upstream assignment in itself could give the consultant a competitive advantage in competing for the downstream assignment, and in that case it will be necessary to consider measures to be put in place to mitigate this advantage.
2. In the interest of avoiding actual and perceived conflicts of interest in the case of the Red Sea – Dead Sea Water Conveyance and to preserve the ability of consultants to make informed decisions concerning their participation in the competition for assignments and their ability to provide independent, unbiased advice under any of these assignments, the Bank is providing the following direction on the conflict of interest issues cited above for consideration to potential applicants for the two components of the Study Program.
3. With regard to **Component A. Feasibility Study**, measures will be put in place by the Bank to avoid the possibility of conflict of interest. The work output of the Feasibility Study consultants will be subject to the additional review of an independent expert advisor selected by the Bank. In addition, the consultants will be required to keep detailed records of all contacts in carrying out the Feasibility Study, as well as to compile a complete record of all materials and sources consulted during the carrying out of the assignment. The contact list and all materials and source material examined during the Feasibility Study implementation shall be put in a Data Room. The Data Room shall be available to all firms which have been short listed and provided with the RFP for subsequent engineering design work and technical services, if any, following from Component A. Short listed firms for future engineering design work and technical services will also have the opportunity to make further inquiries at a pre-proposal meeting or prior to it. Throughout this future selection process, the Bank will monitor and review any emerging conflict of interest situations and take commensurate additional mitigation measures. Finally, the terms of reference for the engineering design work and other downstream technical services will be prepared by an independent source, without involvement of the consultants selected for Component A.
4. With regard to **Component B. Environmental and Social Assessment**, it has been determined that there would indeed be a conflict of interest specifically prohibited by Bank policy and which cannot be effectively mitigated. The consultants selected for Component B will therefore, not be eligible to compete in the future selection of consultants for engineering design work or other technical services. As is the case in any of the conflict of interest situations covered by the Bank's policy, this determination regarding Component B also applies to multifunctional consulting organizations which

are capable of providing different types of services through the parent company or affiliates.

5. The attention of potential applicants for the two components of the Study Program is again drawn to clauses on conflict of interest quoted above, including the requirement, for a period of three years, to obtain the Bank's prior agreement before accepting future work connected with projects or operations that were the consultant's direct concern during the contract assignment. Any such request for waiver will be reviewed by the Bank on a case-by-case basis according to the policies stated above and will be denied only in the event that the Bank determines that a substantive conflict of interest exists among the assignments.
6. This Advisory Note has specific reference to the Red Sea- Dead Sea Water Conveyance Study Program and the possibility of future consulting services related to it; it is applicable solely within the context of the corresponding selection processes. The answers provided in it should not be construed as a waiver now or in the future of Bank guidelines, procedures and policies related to conflicts of interest.