"OP/BP 11:00 "Procurement", were revised on July 2014 to take into account the recommendations in "World Bank Group A New Approach to Country Engagement" (R2014-0089), which were approved by the Executive Directors on May 22, 2014. As a result of these recommendations, OP/BP 13.16, Country Portfolio Performance Reviews has been retired, OP/BP 2.30 Development Cooperation and Conflict references to ISN were replaced by CEN and included in the Country Engagement Directive; OP 1.00 Poverty Reduction footnote 2 has been deleted; BP 3.10, Financial Terms and Conditions of IBRD Loans, IBRD Hedging Products, and IDA Credits, OP/BP 4.02 Environmental Action Plans, OP 8.00, Rapid Response to Crises and Emergencies, OP 11.00, Procurement have also been updated to reflect editorial changes.

Procurement

1. The Bank is required by the 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” 2. As part of complying with this requirement, the Bank has adopted policies covering the procurement by World Bank borrowers of all goods, works, non-consulting services, and consulting services financed in whole or in part out of the proceeds of Bank loans. In addition, the policies aim to support the Bank’s interest in giving equal opportunity to all eligible bidders and encouraging the development of domestic contracting and manufacturing industries in borrowing countries.

2. The Bank has issued the “Procurement Guidelines” governing the procurement of goods, works, and non-consulting services (Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits by World Bank Borrowers) and the “Consultant Guidelines” governing the selection and employment of consultants (Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits by World Bank Borrowers) (jointly, the “Procurement and Consultant Guidelines”). The Guidelines apply to Bank-financed procurement and to the Bank’s review of borrowers’ procurement actions. They are incorporated by reference in the loan agreement in the manner specified in the Project

---

1 “Bank” includes IBRD and IDA. “Loan” includes IBRD loan, IDA credit, Bank grant, IDA grant, advances under the Project Preparation Facility (PPF), and recipient-executed grants financed from the World Bank resources and from trust funds financed by other donors, where the Bank is the administrating agency, unless, exceptionally, the terms of the trust fund agreement with the donor make provision for different arrangements. “Borrower” includes loan, credit, or grant recipient that executes such project, and may include sub-borrower or project implementing entity. “Loan agreement” refers to the legal agreement between the Bank and borrower, and may include the project agreement between the Bank and project implementing entity.

2 IBRD Articles of Agreement, Article III, Section 5(b), and IDA Articles of Agreement, Article V, Section 1(g).

3 Non-consulting services are services in which the physical aspects of the activity dominate, such as drilling, mapping, and similar operations, and which are bid and contracted on the basis of performance of a measurable physical output.

4 Consulting services refer to activities of an intellectual and advisory nature.
Appraisal Document (PAD), and are binding on the borrower. The Guidelines are revised from time to time and approved by the Bank’s Board of Executive Directors.

3. The responsibility for the implementation of a Bank-financed project, including the use of loan proceeds for the purposes intended, and the award of contracts for goods, works, and consulting and non-consulting services and their payment in accordance with the loan agreement, rests solely with the borrower. In case of a conflict between the loan agreement and the borrower’s national procurement laws and regulations, the loan agreement (including by reference the Procurement and Consultant Guidelines, the Procurement Plan (see paragraph 16 below), and, wherever applicable, the Project Implementation Manual) takes precedence under the General Conditions for Loans (Section 8.01) and the General Conditions for Credits and Grants (Section 7.01).

Use of Bank Documents

4. Standard Bidding Documents (SBDs). For International Competitive Bidding (ICB), the Procurement Guidelines require the borrower to use the Bank’s SBDs with minimal changes, acceptable to the Bank, to address project-specific conditions. For National Competitive Bidding (NCB), and for the Use of Country Systems (UCS) under the Bank’s piloting program, the borrower may use its own standard bidding documents if the Bank has assessed that they are acceptable and consistent with Bank policy. Specific forms of agreement are required for Procurement from United Nations (UN) agencies, Procurement in Loans to Financial Intermediary Institutions, and Procurement under Public Private Partnership (PPP) Arrangements. Other types of contracts may be used subject to Bank’s review and at its discretion.

5. Standard Requests for Proposals (SRFPs), including contract forms. The Consultant Guidelines require the borrower to use the Bank’s SRFP (including a simplified RFP under certain circumstances) in selecting consulting firms using Quality- and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), Selection under a Fixed Budget (FBS), Least-Cost Selection (LCS), and Selection Based on Consultants’ Qualifications (CQS). For Single-Source Selection (SSS), the Bank’s standard form of contract shall be used. Specific forms of agreement

5 A “Bank-financed project” is a project financed in whole or in part by a loan.

6 SBDs and SRFPs, as well as additional Instructions and Guidance Notes for Bank staff, are available on the Bank’s procurement website. BDs, RFPs, and the signed contracts between the borrower and the providers of goods, works, and non-consulting and consulting services are binding on the parties and govern their rights and obligations.


These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.
are required for the selection of particular types of consultants as specified in the Consultant Guidelines. Contracts that do not follow standard forms may be used subject to Bank’s review and at its discretion.

Conflict of Interest

6. Bank policy addresses conflict of interest as a basis for ineligibility in the Procurement and Consultant Guidelines. Cases of individual consultants who formerly were or currently are working for the World Bank Group (WBG) are governed by Staff Manual 3.03 (General Obligations of Staff Members). Consulting firms hired by the Bank to assist in project preparation and appraisal are ineligible to provide services to the borrower under the same project.

Advance Contracting

7. The borrower may, at its own risk, initiate and proceed with a procurement or selection process before signing the related Bank loan agreement, in accordance with the Procurement and Consultant Guidelines. In such cases, the eventual contracts are eligible for Bank financing only if the borrower uses procurement procedures that meet the requirements of the Procurement and Consultant Guidelines. In addition, if the borrower does not stop the procurement process at the point where bids have been received and evaluated and an award decided upon, but instead proceeds to enter into a contract, reimbursement by the Bank of any payments made by the borrower under the contract prior to loan signing is considered retroactive financing and is subject to the limits specified in the loan agreement.

8. Advance contracting may be undertaken to expedite the implementation of a project, particularly when the procurement process is complex and requires extensive lead times or under emergency operations. Except for pre-investment work, advance contracting actions should normally take place after pre-appraisal when the project is clearly defined and the Bank is satisfied with its overall design. Contracts under advance contracting are included in the tentative Procurement Plan that is normally attached to the minutes of negotiations for a new project or for additional financing. In the case of large contracts that are subject to prior review, the procurement procedure and bidding documents (or RFP) are cleared by the Bank in accordance with Appendix 1 of the Procurement and Consultant Guidelines respectively, as if the loan agreement had already been signed.
Co-Financing

9. **Joint co-financing** occurs when the Bank’s and other financiers’ funds are being used to finance the same contract in agreed proportions. Since Bank funds finance a portion of expenditures, to be eligible for Bank financing, all procurement under joint co-financing arrangements must be in accordance with the Bank’s **Procurement** and **Consultant Guidelines**. The Bank’s responsibility with regard to procurement is identical to that of other projects where no co-financing is involved.

10. **Parallel co-financing** occurs when the Bank and co-financier(s) finance different contracts and activities defined in distinct components or geographical areas of a project. The review of procurement processes and clearance by co-financiers of the borrower’s decisions is normally the responsibility of each co-financier for their respective financing unless specific alternative arrangements are made in this regard. Parallel co-financing is generally used when:

   (a) other co-financiers’ procurement rules are inconsistent with the Bank’s Guidelines, e.g., because of source restrictions or unacceptable procedures; and

   (b) works, goods, and services can be divided into packages that may be separately bid without seriously affecting project costs, implementation schedules, or overall performance.

Misprocurement

11. The Bank declares misprocurement in accordance with the relevant provisions of the **Procurement** and **Consultant Guidelines**. When misprocurement is declared, the Bank does not finance expenditures under the contract that has been so misprocured and normally cancels the portion of the proceeds of the loan allocated to this contract, except as provided under paragraph 13 below.

12. Misprocurement applies to all categories and methods of procurement (including the Use of Country Systems under the piloting program) provided in the **Procurement** and **Consultant Guidelines**. Misprocurement may be declared at any point during the procurement process or

---

8 Co-financing of projects by other financing agencies in addition to the Bank, under joint or parallel financing arrangements, raises specific issues because of the different terms and conditions attached to the use of their resources and the choice of appropriate procurement arrangements. Co-financing requires, inter alia, donor coordination and early attention to procurement planning in order to achieve an optimal use of co-financing resources and successful project implementation. The proposed packaging of the contracts shall follow a rationale based on project design, and technical and implementation considerations, and shall not be exclusively driven by financial reasons.

9 The amount allocated to a misprocured contract is defined in **BP 11.00**.

*These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.*
after conclusion or termination of a contract, including in cases when the Bank issued a “no objection” on the basis of the information provided by the borrower.

13. In exceptional cases (e.g., if there are legitimate differences in judgment between the Bank and the borrower, or if the borrower genuinely misunderstood the requirements of the loan agreement), the Bank may agree not to cancel the portion of the proceeds of the loan allocated to the misprocured contract, but instead to reallocate it to other components of the project. However, these proceeds cannot be used to finance any contract awarded following a re-bidding for the goods, works, or services in respect of which misprocurement was declared.

Fraud and Corruption

14. It is the Bank’s policy to require that borrowers (including beneficiaries of Bank loans) and bidders, and their personnel, observe the highest standard of ethics during the procurement and execution of all Bank-financed contracts. In pursuance of this policy, the Bank may take actions as described in Section I of the Procurement and Consultant Guidelines and in the IBRD/IDA Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (“Anti-Corruption Guidelines”) which are incorporated by reference in the loan agreement.

15. The Bank’s sanctions policies and procedures are publicly disclosed on its Sanctions website. The names of firms and individuals temporarily suspended from being awarded Bank-financed contracts or declared ineligible to be awarded Bank-financed contracts are available on the internal Bank’s Suspensions and Debarred Firms websites, respectively.

Procurement Plan

16. As part of project preparation and with the assistance of the Bank, the borrower prepares a Procurement Plan, and regularly updates it, in accordance with Section I of the Procurement and Consultant Guidelines. Special provisions may apply for projects or components that are demand-driven in nature as indicated in the Procurement and Consultant Guidelines. The Procurement Plan, as approved by the Bank during loan negotiations, is incorporated by reference in the loan agreement, and thus is legally binding on the borrower. Any violation of the Procurement Plan may give rise to the exercise of remedies under the loan agreement. The

---

10 Procurement Plan identifies: (i) appropriate contract packages with estimated costs; (ii) the completion dates for the different contracts; (iii) the optimal methods for procuring them; (iv) duration of each procurement step for each contract; (v) the standard or model documents that will be used; and (vi) the institutional arrangements that will be needed to carry out the procurement. The Procurement Plan may otherwise consist of a detailed description of all administrative aspects of procurement and consultants’ selection, including: (i) criteria for efficient contract packaging and appropriate procurement methods; and (ii) approximate completion dates for all procurement activities.

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.
Project Implementation Plan and Project Implementation Manual for a Bank-financed project shall be consistent with the Procurement Plan.

**Counter Trade**

17. Awards of Bank-financed contracts are made solely on the basis of the bids and proposals presented by the bidders and consulting firms without imposing any counter trade obligations to purchase local goods or services in return, or mandatory investment or licensing and other similar industrial participation obligations.

**Domestic Preference**

18. To encourage development of domestic industries, the Bank, in accordance with the Procurement Guidelines, permits borrowers to give preference to (i) bidders offering domestically manufactured goods and (ii) domestic contractors for works (in eligible borrowers’ countries\(^{11}\)). In addition, the Bank permits borrowers to include points for participation by nationals among the consultant’s key experts in the evaluation of technical proposals for consulting services in accordance with the Consultant Guidelines.

**Specific Policies for Certain Categories of Procurement**

19. **Procurement of Secondhand Goods.** The Bank’s policy\(^ {12}\) is to finance the procurement of new goods. Under limited circumstances that are evaluated on a case-by-case basis, the Bank may finance secondhand goods (e.g., capital plant and equipment, vessels, etc.) when they are considered to provide the most economic and efficient means of satisfying the project’s objectives because:

   (a) the procurement of new goods would result in prohibitive costs due to a lack of economies of scale and/or specific market conditions; and

   (b) there is a surplus (in suitable quantity and quality) of the type of secondhand goods required from sufficient sources to ensure competitive bidding.

Bidding documents set out: (i) clear specifications that define minimum acceptable standards; (ii) performance requirements and residual economic life of the goods; (iii) special criteria and methodology for evaluating and comparing bids; (iv) inspection provisions; and (v) requirements for certification and assessment of the residual life of the goods by recognized licensed entities.

---

\(^{11}\) See OP 3.10, Annex D, IBRD/IDA Countries: Per Capita Incomes, Lending Eligibility, and Repayment Terms which sets forth which borrowing countries are eligible to give preference to bids for works contracts.

\(^{12}\) Staff should refer to internal instructions for additional information on procurement of second hand goods.

*These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.*
20. *Procurement under Situations of Urgent Need of Assistance or Capacity Constraints.* 

*OP 10.00, Investment Project Financing,* sets forth the Bank’s policy on procurement of goods, works, and services financed under projects in situations when the borrower/beneficiary is deemed by the Bank to: (i) be in urgent need of assistance because of a natural or man-made disaster or conflict; or (ii) experience capacity constraints because of fragility or specific vulnerabilities (including for small states). In these cases, and at the request of the borrower/beneficiary, the Bank may agree to specific procurement arrangements as set forth in *Situations of Urgent Need of Assistance or Capacity Constraints: Simplified Procurement Procedures.* When, inter alia, a UN agency is retained as an implementing agency for projects financed through a Multi Donor Trust Fund (MDTF), provided that it is a signatory to the Fiduciary Principles Accord (FPA), it may use its own policies and procedures for all procurement.

21. *Sector-Wide Approach (SWAp).* Under SWAps, the Bank and other donors and development agencies collaborate to support government sector programs. Guidance clarifying how the Bank applies its fiduciary policies when participating in SWAps is available on the Bank’s website. All procurement is conducted in accordance with the Bank’s *Procurement and Consultant Guidelines,* and the procurement arrangements are aimed at ensuring that the Bank continues to meet its fiduciary obligations. Such arrangements include: (i) assessment of national procurement laws, regulations, practices, and procedures applicable to the sector, jointly conducted with participating donors, for use below the ICB thresholds set by Regional Procurement Managers for the country/sector; (ii) explicit identification of and enforcement of compatibility with NCB conditions, or sectoral/national modification provisions such as those described in paragraph 26 below to ensure the borrower’s compliance with the NCB provisions of the *Procurement Guidelines,* (iii) use of the Bank’s ICB procedures for contracts above these thresholds, and of the Bank’s *Consultant Guidelines* for all consulting assignments; (iv) joint reporting, prior reviews of ICB contracts, post reviews, supervision plans, and technical, financial and procurement audits as described in a memorandum of understanding between donors; and (v) the application of remedies in case of noncompliance with the loan agreement.

22. *Community Driven Development (CDD).* The procurement procedures applicable to CDD projects may be simplified, but shall meet the Bank’s procurement principles of economy, efficiency, transparency, and fair competition. The procurement capacity assessment for CDD projects evaluates the implementing agency’s capacity to (i) carry out procurement and (ii) to

---

13 The FPA reflects a shared WB/UN approach to fiduciary issues and permits UN agencies that are signatories to rely on their own fiduciary systems when implementing activities financed under MDTFs. In all other projects financed by the Bank, a UN agency acting as an implementing agency shall follow the Bank’s Procurement and Consultant Guidelines as per the provisions of the loan agreement for the procurement of goods, works, and non-consulting and consulting services that are required for the project.

14 See *Fiduciary Arrangements for SWAps: Interim Guidelines to Staff.*

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.
monitor the flow of funds and the decentralized procurement or purchase procedures. Given the demand-driven nature of CDD projects, whereby not all contracts are foreseeable at the time of project negotiations, Procurement Plans can be based on a broad list of eligible activities to be implemented. In addition, given the multitude of small value contracts, often geographically dispersed, the Bank’s procurement supervision of these projects may rely on particular post review arrangements in accordance with the relevant provisions of the Procurement and Consultant Guidelines, in parallel with technical and financial reviews or audits.

23. **Output-Based Aid (OBA), Performance-Based Procurement, and Public Private Partnership (PPP) Arrangements.** In OBA approaches, basic services in a particular sector (e.g., infrastructure, health, or education) are contracted out to an eligible third party (private company, NGO, community-based organization, or government-owned enterprise) and subsidy payments are made for specified outputs or services that meet certain specified standards. Performance-Based Procurement, also called Output-Based Procurement, refers to competitive procurement methods resulting in a contractual relationship where payments are made for measured outputs in accordance with quantities delivered at the required level of quality. PPP arrangements refer to contracts procured under a BOO/BOT/BOOT method, and concessions and similar type of private sector arrangements. In all cases, the relevant provisions set out in Section III of the Procurement Guidelines apply.

24. **Procurement in Loans to Financial Intermediary Institutions and Entities.** When loans are made to financial institutions and entities (or their designated agencies) that subsequently on-lend loan proceeds to eligible beneficiaries, the latter may carry out the procurement of goods, works, and non-consulting services, and the selection of consultants, in accordance with well-established private sector procurement methods or commercial practices that are acceptable to the Bank. Consideration shall also be given to the use of competitive methods consistent with the relevant provisions of the Procurement and Consultant Guidelines, in particular when loan funds are on-lent to public sector beneficiaries and for large and complex consultants’ assignments. The Project Implementation Manual, or similar binding document, describes the basic guiding principles, the established methods, procedures and commercial practices, contract forms, and the main responsibilities of the financial intermediary institutions and entities applicable to the loan. The Bank determines whether the established methods, procedures and practices are acceptable, or whether the loan agreement should contain any specific provisions to meet the Bank’s main procurement principles and ensure accountability. The Bank may require the use of its competitive bidding procedures or other public open competitive bidding procedures if it

---

15 BOO=Build Own Operate; BOT=Build Operate Transfer; BOOT=Build Own Operate Transfer.
16 For OBA and PPP operations, guidance notes are posted on the Bank’s Intranet Procurement website.
17 Bank staff are advised to bear in mind that, while public procurement is subject to stringent requirements of transparency and accountability that require detailed procedures and multilevel approvals, private sector procedures and practices are not subject to the same oversight.

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.
considers that they are the most appropriate method because of the nature of the project and the specific country and sector conditions.

**Procurement under Trust Funds (TFs)**\(^\text{18}\)

25. The procurement policies and procedures that apply to trust funds vary, depending on the trust fund type:

(a) **Recipient-Executed Trust Funds (RETFs)**. Procurement activities follow the **Procurement** and **Consultant Guidelines**, and a procurement plan is prepared at the latest before the signing of the Grant Agreement\(^\text{19}\). Grants to finance activities that are subject to paragraph 11 of **OP 10.00**, *Investment Project Financing*, and grants for an amount of US$2 million or less, may rely on simplified procurement arrangements, and a simplified Procurement Plan listing the items to be procured, their cost estimates, the type of procurement (consultants, goods, works, and/or non-consulting services), the procurement method, and an estimated timeline.

(b) **Financial Intermediary Funds (FIFs)**. The applicability of the Bank’s **Procurement** and **Consultant Guidelines** is decided on the basis of the characteristics of each fund.

**Country Procurement Assessments**

26. The Bank periodically assesses the borrower’s national procurement laws, regulations, procedures and practices, and the responsible institutions to: (i) better understand the procurement environment and the risk of poor or corrupt procurement in specific operations; (ii) ascertain whether they are suitable for use in projects financed by the Bank, and (iii) guide the development of action plans to improve them. To do so, the Bank carries out either a Country Procurement Assessment jointly with the government or an Operations Procurement Review (OPR), independently or as part of an integrated fiduciary assessment\(^\text{20}\). The assessment identifies any exceptions to national procurement procedures that may be required in loan agreements to ensure the borrower’s compliance with the NCB provisions of the **Procurement Guidelines**. As appropriate, the findings of the assessment are incorporated into the Bank’s

---

\(^{18}\) Procurement activities funded by Bank-Executed Trust Funds (BETFs), and, in exceptional circumstances when the Bank executes activities under a Recipient Executed Trust Fund (RETF), follow the Bank's Administrative Manual **AMS 15.01, Selection and Use of Consultants By the World Bank Group** which is administered by the Corporate Procurement Unit of the General Services Department. See also **OP 14.40, Trust Funds**.

\(^{19}\) Grants to finance projects subject to OP 8.60, *Development Policy Lending (DPL)*, are not subject to the Bank’s procurement policy. Development Grant Facility (DGF) grants are subject to **OP/BP 8.45, Grants**.

\(^{20}\) See **CPAR and ESW Instructions**. Fiduciary assessments typically incorporate Financial Management and Public Sector Management reviews and possibly Public Expenditures Reviews, and are usually carried out with other donors, particularly with other Multilateral Development Banks.

*These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.*
Country Partnership Framework (CPF) to inform the Bank’s support for capacity development and other procurement reforms, including through Development Policy Lending (DPL).

**Piloting the Use of Country Procurement Systems**

27. The Bank has adopted a methodology to identify countries to participate in a limited piloting program for the use of country procurement systems, and subsequently finance pilot projects using such systems. The methodology is based on thorough assessments of the country’s systems, laws and regulations, and their equivalency with the Bank’s procurement policy to determine acceptability to the Bank, and includes various analytical tools to assess risks and the capacity of implementing agencies to implement pilot projects. For purposes of the piloting program, UCS is defined as procurement undertaken in accordance with such methodology.7

**Development Policy Lending**

28. This OP and accompanying BP do not apply to DPL operations unless the Bank and the borrower agree on specified purposes for which loan proceeds may be used, in which case, they apply. The procurement considerations applicable to these operations are set out in OP/BP 8.60, Development Policy Lending. The Bank may require, as part of a DPL operation, public procurement-related reforms.

**Program-for-Results Financing**

29. This OP and the accompanying BP do not apply to operations financed under Program-for-Results Financing. The procurement policies applicable to these operations are set out in OP/BP 9.00, Program-for-Results Financing.