



Bank Guidance

Procurement in Situations of Urgent need of Assistance or Capacity Constraints

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Content

Guidance on the use of streamlined Procurement Arrangements for Projects in Situations of Urgent Need of Assistance or Capacity Constraints under paragraph 12 of Section III of the IPF Policy

Applicable to

IBRD,IDA

Issuer

Chief Procurement Officer, acting, OPSPR

Sponsor

Senior Procurement Specialist, OPSPR

SECTION I – PURPOSE AND APPLICATION

1. This Guidance provides information to Bank staff on how to support operational procurement in Situations on Urgent Need of Assistance or Capacity Constraints described under paragraph 12 of Section III of the IPF Policy which include the following circumstances, collectively referred to as situations of fragility, capacity constraints, conflict and emergency (FCCE):
 - a. Borrowers in urgent need of assistance because of a natural or man-made disaster or conflict; and
 - b. Borrowers with capacity constraints because of fragility or specific vulnerabilities (including for small states).
2. This Guidance applies to the Bank.

SECTION II – DEFINITIONS AND ACRONYMS

As used in this Guidance, the capitalized terms and acronyms have the meaning set out: (a) in Section II of the [Procurement Policy](#); Section II of the [Procurement Directive](#), and Section II of the [Procurement Procedure](#); and (b) in [Bank Procedure: Preparation of Investment Project Financing - Situations of Urgent Need of Assistance or Capacity Constraints](#).

FPA: [Fiduciary Principles Accord](#)

SECTION III – SCOPE

A. Background

1. In FCCE situations, projects financed under IPF are able to benefit from special treatment by triggering paragraph 12 of Section III of the IPF Policy¹: task teams may be authorized to prepare the project using condensed procedures under which:
 - a. the normal stages of identification, preparation, and appraisal may be consolidated;
 - b. the decision to authorize negotiations may be taken after a single review of a complete negotiations package; and
 - c. the turnaround times for certain steps are reduced.
2. Borrowers and task teams need to reflect in the design of an FCCE project, the specifics of the Borrower's situation, along with the related constraints and risks, to ensure that the project adequately responds to the Borrower's needs and, at the same time, can reach its expected results efficiently.
3. The PPSD is the cornerstone document for ensuring that procurement arrangements are properly planned and designed to meet the Project Development Objectives (PDO). For FCCE situations, a simplified template is included in the [Procurement Guidance: PPSD Short](#)

¹ Refer to [Bank Procedure: Preparation of Investment Project Financing - Situations of Urgent Need of Assistance or Capacity Constraints](#).

[Form Detailed Guide](#). In some situations, such as during the immediate response and recovery phase of a natural or man-made emergency it may not be possible for the Borrower to complete the PPSD, and Procurement Plan for the entire project during project preparation, in such cases the completion of the PPSD and Procurement Plan may be deferred to the project implementation phase.

B. Procurement Flexibilities Available in FCCE Situations

In FCCE situations, streamlined procurement arrangements, particularly those that limit competition such as Direct Selection, are documented in the PPSD. For example, Borrowers are permitted to purchase directly from a supplier, contractor or consultant if the delay involved in conducting a routine procurement (e.g. which involves advertising and open competitive approaches) will prevent the Borrower obtaining the goods or services in time to bring effective relief. Annex I of the Guidance provides a summary of recommended procurement approaches in emergency situations.

C. Types of FCCE Situations

1. FCCE situations can be characterized as either sudden onset, gradual onset, or continuing crisis situations.
2. **Sudden onset** situations are unforeseen, or the magnitude of the disaster is greater than the pre-planning anticipated. In these situations, the initial intervention can be much more reactive and the appropriate procurement approach highly flexible including for projects that include a Contingent and Emergency Response Component (CERC) with or without Immediate Response Mechanism (IRM). *Example: a catastrophic tropical storm destroys roads and bridges on a small island.*
3. **Gradual onset** situations are where the possibility of a specific event is anticipated and planned for. In these cases, relevant agencies will normally have put in place measures to mitigate the effects of the situation and be better prepared to respond if it occurs. This normally involves pre-procurement and stock piling supplies. *Example: annual cyclone season preparation in the Pacific results in agencies involved in disaster response being prepared through pre-purchased, pre-positioned stocks and an established coordination mechanism.*
4. **Continuous Crisis** refers to on-going emergencies such as prolonged wars and/or violence and fragility. In this case, procurements need to be designed to fit the ongoing situation on the ground and the realities of the supply market involved. *Example: a development project in a region that continues to experience civil strife and insurgency. In this case, the participation of the community in procurement; and the use of remote sensing and or third party monitors for assessment of needs and implementation supervision would apply.*

D. Phases in Emergencies/Conflicts

1. In general, there are four phases in emergencies and conflicts:

- i. Preparedness, which enables optimal emergency procurement response if and when an emergency/conflict occurs;
- ii. Immediate Response and Recovery. In this phase there is an ongoing or imminent threat to life, environment, safety or health;
- iii. Reconstruction/Peace building and reconstruction; and
- iv. Phase-out / Post Conflict Reintegration and Rehabilitation.

E. Preparedness Phase in Emergencies and Conflicts

Procurement is an essential component of emergency disaster preparedness and management. Various steps may advisably be taken before an emergency/conflict occurs to optimize the capacity of the procurement system to respond effectively to emergencies/conflicts. The following steps in Table 1 below are essential in the procurement preparedness phase before a conflict or emergency:

Table 1: Procurement during Preparedness Phase for Emergency / Conflict

Emergency Procurement Preparedness	
□ Mainstream procurement in emergency response	<ul style="list-style-type: none"> ○ Integration of procurement into National Disaster Preparedness and Risk Reduction Plans ○ Establish governance structure and define the legal framework for applying emergency procurement procedures ○ Ensuring continuity in service delivery ○ Emergency procurement teams in the Borrower's country pooling the best suited and skilled experts to work in disaster contexts. This includes clarifying responsibilities for each party during the emergency ○ Emergency contract/supply chain management teams ○ Capacity building for emergency procurement including applying due diligence checks when identifying or pre-selecting contractors, suppliers and consultants in the supply chain ○ Use of Framework Agreements to put in place necessary supply arrangements for faster delivery of urgently-needed supplies once an emergency/conflict occurs
□ Identify and allocate resources for emergency procurement facilities and teams	<ul style="list-style-type: none"> ○ Office space ○ Communications and connectivity equipment ○ Storage and distribution facilities ○ Transportation resources (including a pre-identified list of local firms that do in-country transportation of cargo (or having a stand-by framework agreement with them) is the key for the rapid response at the beneficiaries' level) ○ Website of free public access to ensure access to information ○ Allocate budget for the work of the emergency procurement team

□ Develop emergency procurement procedures and tools

- Clarify/ confirm provisions in applicable legal framework authorizing and specifying special procedures for emergency situations (e.g., for use of direct selection, other simplified methods, and framework agreements including for consultancy services) and that Borrower staff will be empowered to apply them
- Procedural guidelines, toolkits, templates (to include in the Operational Manual)
- Maximize opportunities for efficiency by using e-GP and related processes
- Defined pre-qualification processes
- Standard emergency requisition forms, and contracts (including innovative approaches such as output-based contracts) and reporting formats
- Identification of principles and procedures applicable to cost-reimbursement
- Asset tracking procedures
- Prior and regular engagement with UN agencies (e.g. UNICEF, WFP, UNFPA, WHO, FAO, UNOPS, UNDP) to identify the most appropriate form of engagement and agree on working modalities depending on each UN agency area of specialization, including types of goods, works or services that need to be provided as part of supporting achieving results on the ground. Contracts with UN agencies in the context of specific operation should take into account applicable templates (including those to be used when the procurement is World Bank financed)
- Inclusion of a Contingent and Emergency Response Component² in projects which allows for rapid reallocation of project proceeds in the event of a natural or man-made disaster or crisis

□ Ensure readiness for supplier mobilization

- Identification of frequently required emergency goods and services, their suppliers, and their costs (e.g., for temporary shelters, food/nutritional supplements, medical supplies, communication equipment, vehicles, etc.)
- Establishment and periodic updating of a list of prequalified suppliers, contractors and service providers
- Assessment of country-wide market for common supplies needed in case of emergency³
- Building capacity of local contractors and suppliers⁴
- Establishment of Borrower's framework agreements for consulting services, goods, supplies and works that are normally expected to be needed in emergencies
- Explore possibility of Borrower tapping into existing regional Framework Agreements or Framework Agreements of the Bank or of other international organizations
- Pre-positioning of supplies and establishment of linkages with international

² See paragraphs 13 and 14 of Section III of the IPF Policy.

³ Such market assessment will allow to identify market strengths and to point out alternative markets to procurement from within the country.

⁴ For instance, refers to the work of the NGO "Building Markets" who trains local businesses to bid for contracts as part of their humanitarian response.

humanitarian depots

- Identification of costs that may be involved in obtaining assistance from other jurisdictions and that are subject to reimbursement

F. Measures Available

In FCCE situations, the Bank team works with the Borrower to adopt the following measures as appropriate:

- a. The fiduciary requirements that are normally required during the preparation period may be deferred to the implementation stage⁵. For example, for emergencies, it may not be possible by the time of negotiations to complete the preparation of a detailed PPSD and procurement plan for the entire period of project implementation. In such cases, a simplified PPSD and initial procurement plan will be adequate for negotiations;
- b. Procurement may be conducted using the Borrower's national procurement arrangements in accordance with the relevant provisions of the Procurement Regulations for Borrowers provided they are consistent with the Bank's Core Procurement Principles;
- c. Where no viable implementation alternatives exist, the Bank may, at the request of the Borrower, execute start-up activities financed as a grant from the Project Preparation Facility or a trust fund, following applicable Corporate Procurement and internal administrative and budgeting procedures;
- d. The Bank, may at the request of the Borrower, provide HEIS to help expedite the procurement arrangements;
- e. At the request of the Borrower, and agreed by the Bank, procurement may be implemented by an international organization including UN organization using the organization's own procedures. This agreement could be reached using existing instruments for engagements with UN agencies, including Alternative Procurement Arrangements as allowed by the Procurement Policy Section III. F;
- f. The Borrower proactively adopts fit-for purpose selection methods, selection arrangements, and market approach options using streamlined procedures e.g. use of Direct Selection or Request for Quotations for large contracts when it is appropriate;
- g. The CPO may provisionally increase the accreditation thresholds granted to procurement staff and the APM may delegate APM clearances to APS so they are fully empowered to act and provide clearances in a timely manner.

Table 2 summarizes the available measures under the Bank's Procurement Framework in FCCE situations. Annex II of this Guidance illustrates the available measures at the different stages of the Borrower's procurement process.

⁵ See paragraph 12 of Section III of the IPF Policy.

Table 2: Flexibility Measures Available in FCCE Situations⁶

Item	Operational Situation			Remarks
	Natural and Man-made Emergency and FCV		Small States	
	Response / Recovery Phase	Reconstruction / Phase Out / Post Conflict Phases		
Special Procurement Arrangements	<p>Yes</p> <p>Simplified Procurement Arrangements allowed including the use of Borrower's national procurement arrangements provided the arrangements are consistent with the Bank's Core Procurement Principles</p>	<p>Yes</p> <p>Simplified Procurement Arrangements allowed including the use of Borrower's national procurement arrangements provided the arrangements are consistent with the Bank's Core Procurement Principles</p>	<p>Yes</p> <p>Simplified Procurement Arrangements allowed including the use of Borrower's national procurement arrangements provided the arrangements are consistent with the Bank's Core Procurement Principles</p>	<p>Procurement Directive. Section III. A.2</p> <p>Procurement Regulations for Borrowers Section V. 5.3 and 5.7</p>
PPSD	<p>Use Simplified Template</p> <p>Completion of PSD may be deferred to project implementation</p>	<p>Use Simplified Template</p>	<p>Use Simplified Template</p>	<p>Procurement Directive Section III. A.2</p> <p>Procurement Regulations for Borrowers Section IV. 4.3 and 4.5</p>
Risk Assessment	<p>Quick and Simple⁷</p>	<p>Standard</p>	<p>Standard</p>	<p>Procurement Directive Section III.A.</p>

⁶ The Table does not cover the preparedness phase of emergencies and conflicts. During this phase, the standard procurement procedures apply. See Section III.E of this Guidance.

⁷ Refer to paragraph [H. 4 of this Guidance](#)

Item	Operational Situation			Remarks
	Natural and Man-made Emergency and FCV		Small States	
	Response / Recovery Phase	Reconstruction / Phase Out / Post Conflict Phases		
Advance Procurement (using procedures consistent with Sections I, II & III of the Procurement Regulations for Borrowers)	Yes	Yes	Yes	Procurement Regulations for Borrowers Section V.5.1
Bank Execution of procurement for start-up activities	Yes	No	Yes	See paragraph 12(c)(ii) of Section III of the IPF Policy
Hands-on Expanded Implementation Support by Bank	Yes	Yes	Yes	Procurement Directive Section III.C.4 Procurement Regulations for Borrowers Section III 3.10 and 3.11
Increase Clearance Thresholds for Procurement Staff	Yes. CPO may provisionally increase accreditation thresholds granted to Procurement Staff	Flexible. APM encouraged to delegate clearance to APS in the field	Flexible. APM encouraged to delegate clearance to APS in the field	Procurement Procedure Annex IV paragraph 5.4
Prior Review Thresholds	Normally no prior review	Up to APM thresholds	Flexible, set by APM updated as needed	Procurement Procedure Annex I paragraph 2.3a

Item	Operational Situation			Remarks
	Natural and Man-made Emergency and FCV		Small States	
	Response / Recovery Phase	Reconstruction / Phase Out / Post Conflict Phases		
Direct Selection	Yes, as Appropriate Normally no prior review	Yes, as justified in the PPSD	Yes, as justified in the PPSD	Procurement Regulations for Borrowers Section VI 6.8-6.10 and Section VII. 7.13 - 7.15 and 7.39 Procurement Procedure Annex I paragraph 2.3a
Use of Framework Agreement (Borrower/ UN/Bank)	Yes	Yes	Yes	Procurement Regulations for Borrowers Section VI 6.48, 6.57- 6.59; Section VII. 7.28 and 7.33 and Annex XV Check with unagencies@worldbank.org for updated information on existing agreements
Use of UN Agencies	Yes	Yes	Yes	Procurement Regulations for Borrowers Section VI. 6.47-6.48; and Section VII. 7.27 and 7.28 Seek advice from unagencies@worldbank.org
Use of Procurement Agents	Yes	Yes	Yes	Procurement Regulations for Borrowers Section VII 7.31
Force Accounts	Yes	Yes	Yes	Procurement Regulations for Borrowers Section VI. 6.54 and 6.55

Item	Operational Situation			Remarks
	Natural and Man-made Emergency and FCV		Small States	
	Response / Recovery Phase	Reconstruction / Phase Out / Post Conflict Phases		
Threshold for RFQ	Unlimited	Yes. Set by APM and periodically updated	Yes. Set by APM and periodically updated	See Procurement Guidance on Thresholds
Threshold for National Competition	5 X Standard Thresholds, or as set by APM depending on situation	3 X Standard Thresholds, or as set by APM depending on situation	Set by APM and periodically updated	See Bank Guidance, Thresholds for procurement approaches and methods by country
Use of Standstill Period	No	Yes	Yes	Procurement Regulations for Borrowers Section V. 5.78-5.80
Minimum Time for bid / proposal preparation	May be shortened	Standard	Standard	Procurement Regulations for Borrowers Section V. 5.36
Bid Security	Not Mandatory Use of Bid Securing Declaration if necessary	Not Mandatory Use of Bid Securing Declaration if necessary	Not Mandatory Use of Bid Securing Declaration if necessary	Procurement Regulations for Borrowers Section V. 5.33-5.35
Performance Security	Not Mandatory for goods contracts and for small works contracts	Not Mandatory for goods contracts and for small works contracts	Not Mandatory for goods contracts and for small works contracts	Procurement Regulations for Borrowers. Annex IX paragraph 2.4-2.6
Amount of Advance Payment	Yes up to 40% of Contract price.	Yes up to 40% of Contract Price	Yes up to 40% of Contract Price	Subject to provision of a bank guarantee for the same amount depending on the

Item	Operational Situation			Remarks
	Natural and Man-made Emergency and FCV		Small States	
	Response / Recovery Phase	Reconstruction / Phase Out / Post Conflict Phases		
				risk
Advance Payment Security	Yes	Yes	Yes	May be waived for small contracts and contracts with reputable NGOs with good performance record and for advances less than 10% of Contract Price
Use of Time-based contracts for Works and Non-Consulting services (incl. use of Day works and Provisional Sums)	Yes	Yes	Yes	Procurement Regulations for Borrowers Annex VIII. 3.9 and 3.10
Use of Reimbursable Cost Plus fee Contracts for Works and Non-Consulting Services	Yes	Yes	Yes	Procurement Regulations for Borrowers Annex VIII. 3.12 and 3.13

G. Application of Procurement Regulations for Borrowers and Bank Procedures during Emergencies

1. During the immediate response and recovery phase of an emergency or conflict, the Bank may accept the use of the Borrower’s national procurement arrangements, provided those procedures are consistent with the Bank’s Core Procurement Principles and the Bank’s Anti-Corruption Guidelines. Normally, no prior review is required during the immediate response and recovery phase of an emergency since time is of the essence. Prior review should only

be used in very exceptional cases and in those instances the Bank's response to Borrowers' requests should normally be provided no later than 6 hours after receipt of the Borrower's request. The Bank's oversight of procurement will be done through, increased implementation support, HEIS, increased procurement post review and/or independent procurement reviews and use of third parties such as the supreme audit institution, or independent third-party assurance providers, acceptable to the Bank.

H. Project Design through the PPSD

1. During project preparation Borrowers are required to complete a simplified PPSD for all FCCE projects with the support of Bank staff, as appropriate. The PPSD outlines the fit for purpose procurement arrangements that suit the situation and that most efficiently meet the PDOs.
2. The PPSD provides the basis for preparing the Procurement Plan that includes a description of the procurement activity, the procurement risk, value and approach to market and selection methods. The Procurement Plan will form part of the legal agreement between the Borrower, and the Bank and any updates of the Procurement Plan, shall be submitted to the Bank for its review and no objection. It is not a requirement for the Borrower to resubmit a PPSD for approval. However, it is good practice to document the justification for changes to the procurement plan, and the easiest place to do that would be by updating the PPSD.
3. The output of the PPSD will be a set of fit for purpose procurement arrangements and other measures designed to better achieve the project development objectives. For example, the degree of project specific training and capacity building, and the degree of HEIS to be provided by the Bank.
4. In some situations, such as during the immediate response and recovery phase of a natural or man-made emergency, it may not be possible for the Borrower to complete a PPSD and procurement plan for the entire project during project preparation. In such cases, the completion of the PPSD and Procurement Plan may be deferred to the project implementation phase. Some of the factors to keep in mind during design and preparation of the PPSD and procurement plan for FCCE situations include the following:
 - a. Keep the design, the PPSD and the resulting Procurement Planning and packaging, short, simple and fit for purpose (Refer to Procurement Guidance for Preparing Short Form PPSD Template);
 - b. Understand the prevailing political economy, and the severity and geographic spread of any conflicts that may affect the country;
 - c. Understand the supply chain limitations and constraints affecting the country;
 - d. Use procurement approaches and selection methods that suit the situation and that will deliver the best outcomes;
 - e. Consider adaptable project controls such as levels of prior and post review that can be adjusted as capacity improves, a designated account for contractor payment etc.;
 - f. Consider using Framework Agreements where feasible;

- g. Conduct a procurement process cycle tracking analysis including the lead times for administrative approvals and payments to identify potential bottlenecks and in order to agree with the Borrower on streamlining internal controls for processing procurement under the project. Delays sometimes occur on the side of the Borrower due to their complex approval arrangements and/or lack of delegation of authority.

I. Operational Context and Market Conditions

1. **Periodic Supply Market Assessments.** APMs should ensure that Bank task teams work with the Borrower to conduct periodic supply market assessments as a base source of information for regular procurement in FCV and small states e.g. market analysis in key sectors such as energy, water, transport, health, education etc. This will streamline any approach to market and ensure better outcomes.
2. **Consideration of Local Market Conditions.** A good understanding of the reality of the prevailing market conditions in the country, its competitiveness, and the country's logistical infrastructure is essential for determining an appropriate delivery strategy for the project.
3. Where there is little prior knowledge on the prevailing conditions, a good understanding can be quickly achieved through conducting informal 'ad hoc' surveys of the local market conditions. One option that might be worth considering is to hold informal "town hall" type meetings with representatives from local businesses to discuss local market conditions and practices. A review of local commercial practices and how they are actually applied in respect of bidding procedures and the local level of understanding (if any) of contract terms and their application will also provide a good indicator of local market capability. A sound understanding of the effectiveness of local legislative and regulatory regime under which these practices are applied is also required. Consideration should be given to greater use of pre-bid meetings and debriefing meetings to exchange information on the procurement process and to provide local contractors, suppliers and consultants with basic procurement training on public procurement procedures and the application of procurement documents.
4. **Security Requirements for the Country.** Each country will present different security issues that will have an impact on the procurement process and on performance of each contract. Security considerations are often reflected in prices quoted for goods, works and services. In order to ensure greater transparency and more realistic pricing, the cost of security should be identified as a separate line item in contracts to facilitate and manage the impact on cost of performance if the security situation in the country changes during contract implementation.
5. **Contracting out core Government Services to External Providers.** This may be an option where the government is recovering from conflict and as a result has little or no capacity to deliver essential public services or functions (public financial management, legislative drafting, treasury reform, management of health services, private sector development, management of a state-owned enterprise or facility etc. The contracting out of these services is a possible short-term solution, however, there are potentially political and technical risks associated with this approach that need to be taken into consideration at the project appraisal stage. The contracting of these services should be subject to appropriate procurement procedures in order to ensure that quality services are contracted.

6. **Use of Second Hand Goods.** In FCCE situations, 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. This may be the case in a fragile or Small State. A procurement process for goods shall not mix second-hand goods with new goods; the technical requirements/specifications should describe the minimum characteristics of the items which could be offered second-hand, i.e., age and condition (e.g. refurbished, like new, or acceptable if showing normal wear and tear); and the warranty and defect liability provisions in the contract shall be written or adapted to apply to second-hand goods. Any risk mitigation measures that may be necessary in relation to the procurement and use of second hand goods shall be reflected in the PPSD.
7. **Governance.** There is an inherent high risk that procurement in a FCCE operation will be affected by conflict of interest or by fraudulent or corrupt activities of some of the stakeholders in the procurement process. Developing a sound Governance and Anti-Corruption Action Plan (GAAP) for the project is a key consideration to helping mitigate the risk. Some useful guidance on dealing with fraud and corruption issues can be found at the website of The World Bank's [Integrity Vice Presidency](#). In small states, conflict of interest is often an issue and appropriate mitigation measures should be designed to address such situations.
8. **Dialogue with Government on Procurement Reform Needs.** The information gained during a review of existing Advisory Services and Analytics (ASA) and any additional country assessments will provide insight as to the status of the overall procurement capacity development needs of the country. This information can be used as a basis for opening or maintaining a dialogue with government to help them develop and implement short-term measures such as manuals and bidding documents while developing a suitable long-term strategy for strengthening the public procurement system and building capacity. It could be a basis for developing a Technical Assistance (TA) component within the subject operation or incorporating a training reserve.

J. Procurement Risk Assessment

1. The scope of the assessment should be customized to the operation being implemented and the relevant issues affecting the specific country. The APS assesses fiduciary and non-fiduciary issues and risks that may affect the project, as well as any specialized procurement arrangements that the project may require and develops a risk management plan to guide (i) the oversight of the project; and (ii) Borrower support requirements. In addition to the for the risk factors normally considered in a procurement risk assessment, particular attention should be paid to the following:
 - a. The impact that the prevailing political economy has on public sector procurement;
 - b. The capacity and experience of the executing agencies to implement the type of procurement envisaged under the operation.
 - c. The legal framework in the Borrower's country and whether it empowers Borrower staff to apply the flexibility measures in this guidance.
 - d. The extent to which the procurement challenges mentioned above will have an impact on project implementation;

- e. The local and international contractors', suppliers' and consultants' capacity and capability to deliver the project requirements; and
 - f. The capability of civil society organizations, if they exist within the country, and the extent to which they could contribute to monitoring;
2. Up-front procurement risk assessment of the implementing agency should be carried out in a timely manner to determine the institutional and management arrangements that would ensure proper execution of the project. To save time, especially in emergencies, streamlined capacity assessments may be conducted. Such streamlined assessments focus on the capacity and internal arrangements of the Borrower and the executing agency(ies) to carry out by itself/themselves procurement planning and implementation, or otherwise proposed alternative arrangements to ensure transparent and efficient implementation. These assessments can be conducted by Bank staff or by another qualified resource person or entity associated with experts who are familiar with the country's administrative system and context, and with the Bank's procurement policies and procedures. APMs should arrange for the preparation of generic procurement risk assessment for FCV countries and small states up-front, then adapting this generic assessment to the specific implementing agency of the project.
 3. The risk assessment and mitigation measures are recorded in the Procurement Risk Assessment and Management System (PRAMS)

K. Financing Flexibility

1. When designing implementation arrangements in FCCE situations task teams and APS should be aware of the following provisions:
 - a. The ceiling for advances from the Project Preparation Facility (PPF) is \$10 million. The PPF facilitates project preparation activities such as taking of inventories; carrying out preliminary studies; preparing terms of reference (TOR), shortlists, procurement documents; carrying out advance procurement; and recruiting project management staff and consultants. The PPF may also finance urgent start-up activities, using agreed simplified procurement procedures that are acceptable to the Bank.
 - b. The retroactive financing limit is 40 percent of the loan/credit/grant amount. The Bank allows retroactive financing under the following conditions: (i) the activities financed are included in the project description; (ii) the payments are for items procured in a manner consistent with Sections I, II and III of the Procurement Regulations for Borrowers, including advertising; and (iii) the payments were made by the Borrower not more than 12 months before the expected date of the signing of the project legal agreement for the Bank loan. The Bank reviews the Borrower's process to determine whether previous contracts are consistent with the Bank's Core Procurement Principles and the Bank's Anti-Corruption Guidelines.

L. Organizational and Institutional Support

1. Assistance must be supported by sufficient attention to the Borrower's proposed organizational and institutional arrangements for implementation, including procurement.

- a. **Within the Country.** Rapid and appropriate assistance requires the Bank to work in a flexible and pragmatic way with other institutions.
- i. In countries with weak implementation capacity, the Bank may consider a proposal from a Borrower to contract UN agencies, nongovernmental organizations (NGOs), intergovernmental and regional institutions, and other multilateral and bilateral donors to undertake all or part of project implementation, including the procurement function.
 - ii. Use of Alternative Procurement Arrangements (APA) of other multilateral or bilateral agency or organization should be considered in project design in accordance with Section III.F of the Procurement Policy. In such cases, the Bank may agree to rely on and apply the procurement rules and procedures of the agency or organization and may agree to such party taking a leading role in providing implementation support and monitoring of procurement activities.
 - iii. Use of pooled funds with common simplified procurement procedures should also be considered, to the maximum extent possible.
- b. **Within the Bank.** The following changes in the Bank's normal procedures are intended to help ensure rapid processing for these urgent situations.
- i. As stated in paragraph 5.4 of Annex IV of the Procurement Procedure, the Chief Procurement Officer (CPO) may provisionally increase the accreditation thresholds granted to procurement staff who are assigned to projects where paragraph 12 of Section III of the IPF Policy has been triggered. Accredited Practice Managers (APMs) will normally also delegate their higher approval authority (up to APM thresholds) to APS/PAS in the field offices who are working on emergency projects. The objective here is to ensure accelerated clearance for issuance of no-objection letters and to reduce time taken for any procurement prior reviews. Non-delegation of APM clearances to the APS/PAS shall be by exception. In the case of emergency operations, contracts procured during the response or recovery phase are not normally subject to Bank prior review. To ensure effective and timely response to weak country capacities, additional resources for Bank supervision budget may be allocated to projects requiring rapid response. It is important for the APM to discuss with the country unit the requirements for procurement input for each project.
 - ii. In response to a request of a Borrower that lacks implementation capacity, and in the absence of any viable implementation alternative, the Bank in accordance with paragraph 12(c)(ii) of Section III of the IPF Policy, may directly execute start-up activities that are necessary to enable the recipient to undertake the execution of project activities. The Loan/Credit/Grant Agreement determines the ceiling for individual contracts and the aggregate amount of such Bank-executed procurement. The Bank avoids delivering any services directly to beneficiaries. Titles for goods and services procured by the Bank are transferred to the Borrower at the time they are received and accepted. Bank-executed activities may include assistance in contracting consulting engineers to carry out inventories / surveys / studies or to support project management; purchasing of simple off-the-shelf goods; and implementing minor civil works that are urgently needed for start-up activities. In these cases, the Bank works

through its Corporate Procurement Department and will enter into contracts with contractors, suppliers and consultants, in accordance with the provisions of AMS 15.01 and AMS 15.10. The cost of these contracts may be financed from a PPF or from a trust fund. Each proposal for Bank execution requires the authorization of a Managing Director through the RVP, in consultation with OPCS/OPSPF if needed.

- iii. In FCCE situations, the Bank will seek to provide the Borrower with HEIS if needed, which may include:
 - a. Drafting Procurement Documents
 - b. Identifying strengths and weaknesses of bids/proposals;
 - c. Observing dialogues and negotiations with bidders/consultants; and
 - d. Drafting procurement reports and contract award documentation
2. Procurement execution remains the Borrower's responsibility and HEIS does not result in the Bank carrying out procurement on behalf of the Borrower. Likewise providing HEIS does not replace the Bank's procurement oversight through prior reviews. Contracts subject to prior review are submitted for the Bank's review and No Objection where HEIS is provided. Bank staff providing HEIS do not provide procurement clearances for contracts on which they have advised the Borrower as part of the HEIS role. Further details are available in the [Bank Guidance on HEIS](#) and in the Bank Procedure.

M. Use of UN Agencies

1. **Program Management and Use of UN Agencies.** When it is appropriate to place greater reliance on, or to delegate part or whole of project implementation to, UN agencies, direct selection may be used in accordance with paragraphs 6.47 and 6.48 of Section VI and paragraphs 7.27 and 7.28 of Section VII of the Procurement Regulations for Borrowers. For procurement from or through UN Agencies under circumstances where the Bank and a UN agency have a pre-established framework agreement, the Borrower has an option to call-off under such Framework Agreement. Standard Agreements with the UN Agencies that have such pre-established arrangements, include a provision that enables the Borrower to use this option.
2. **Delegated Management of Funds.** When the delegation of implementation includes management of funds by a UN Agency, single-source selection may be used in accordance with the provisions of AMS 15.00 (if the UN is hired directly by the Bank), or Direct Selection in accordance with the Procurement Regulations for Borrowers (if the UN is contracted by the Borrower).
3. **Procurement Framework when UN Agencies are involved in Project/Program Implementation.** As a common practice, UN Agencies participate in activities financed by the Bank or Bank-administered trust funds in one of the following ways:
 - a. the UN Agency supports the Borrower's implementation of all or part of project activities in an emergency or crisis situation (given the Borrower's weak capacity);

- b. The UN Agency is a recipient on behalf of the Borrower under e.g. [OP 2.30](#) and conducts procurement following Alternative Procurement Arrangements;
 - c. the UN Agency acts as the Borrower’s specialized supplier of critical goods (e.g., vaccines and medical supplies, vehicles, medical equipment or equipment required for quick recovery of agriculture crops, etc.) or contractor (e.g. set up shelters, emergency public facility rehabilitation to restore access to critical public services); and
 - d. the UN Agency acts as an adviser or technical expert to the Borrower (e.g. rapid damage assessment and needs assessment studies, outreach campaigns, recovery strategy development, etc.).
4. In the past, substantial delays have occurred under all three scenarios because of difficulties in agreeing on appropriate legal arrangements and contractual terms that have the right balance between effectiveness and compliance with Bank fiduciary requirements. Moreover, UN Agencies have different business models that prevent full harmonization of terms of engagement with the entire family of UN organizations. Staff facing difficulties should contact the Global Support Team for UN Agencies Engagement under Bank-financed Operations (unagencies@worldbank.org) that coordinates the Bank’s Partnerships with UN Agencies in Bank financed operations, including conducting corporate level fiduciary assessments; development of standard templates and advising task teams on appropriate engagement modalities and specifics of each UN Agency.
5. **Fiduciary Principles Accord:** [The Fiduciary Principles Accord \(FPA\)](#) helps address issues that arise when the UN Agency is a direct implementer of emergency activities under Multi-donor trust funds administered by the Bank. The FPA is aimed at reducing transaction costs for countries and increasing the effectiveness and impact of the assistance that the World Bank and UN provide. The FPA is a full delegation of implementation to a UN Agency that follows its own financial management, procurement and safeguard rules and procedures. The FPA applies only when the following conditions are met:
- a. the project is prepared under paragraph 12(i) of Section III of the IPF Policy;
 - b. the involvement of a UN Agency is a result of a request from a Borrower that has insufficient capacity to respond to the emergency;
 - c. the proposed UN Agency is a signatory to the FPA in good standing; and
 - d. the funds are from trust funds (multi-donor trust funds) that specifically provide for the application of the FPA, or when all donors have agreed to the application of the FPA.
6. The FPA is not applicable when a component or project implemented by a UN Agency is financed from IBRD or IDA resources. The FPA is used for transfers—either directly from the Bank or passing through a borrowing government—of funds that are administered by the Bank to the UN Agency implementing the needed activities. In these cases, the Bank, from a procurement point of view, has a role similar to a fiscal agent. Since the FPA was designed as a “reciprocal” framework, it also applies to the more infrequent situations when the Bank implements activities under trust funds administered by a UN Agency.
7. When a UN agency is a grant recipient that does not fall under the FPA, the Bank’s Procurement Regulations for Borrowers normally apply. A UN Agency that is a co-signatory to the FPA or the Financial Management Framework Agreement in good standing, will follow its own financial management rules and may follow its own procurement rules and procedures

if the Bank agrees that those rules and procedures meet the requirements for Alternative Procurement Arrangements in Section III F. of the Procurement Policy.

8. **Standard Form of Agreement between Borrowers/Beneficiaries and UN Agencies.** OPCS is responsible for developing standard agreement templates and approving them with the respective UN Agencies. A current list of such agreements is available on the [OPCS website](#). Contact Global Support Team (unagencies@worldbank.org) for advice on the best fit for the specific engagement if a standard template with a particular UN agency is not found on the website.
9. The choice of an appropriate template (especially when considering supplies vs output-based type of standard agreement) should be discussed between the Borrower, Bank task team and the UN Agency at the project design stage. Since different UN Agencies involved in emergency response at the country level may have overlapping areas of expertise or specialization, it is important to analyze which one would be the best choice for a particular scope of work/assistance. Secondly, the standard agreements contain provisions that allow the Bank to carry its obligation to review and provide the necessary oversight for how a UN Agency plans, mobilizes and executes the required scope of work. The Agreement obliges the UN Agency to provide to the Borrower with timely progress and financial reports that document status of delivery of required inputs (supplies, works, or services) to deliver the required outputs. For example, under an output-based agreement with UNICEF, the Borrower will be receiving progress reports on delivery of the vaccines to the country, and the final report will indicate the number of immunized children that is the ultimate deliverable. The Borrower keeps this documentation as part of the project records. Thirdly, in security constrained operations where the Bank's task team cannot carry out normal supervision, including post reviews, during project implementation, copies of the progress reports are provided to the Bank to monitor the status of deliverables and completion of the required outputs and deliverables. In such cases, it is advisable to align the deliverables under the Agreements with UN Agencies with the project's indicators.

N. Use of Procurement Agents

1. Procurement Agents and Project Management Agents. When the implementing agency does not have in-house capacity for the necessary procurement or project management activities, hiring a procurement agent (PA) or project management agent (PMA) may be the most efficient option. The PA/PMA should be selected in accordance with paragraph 7.31 of Section VII of the Procurement Regulations for Borrowers. In FCCE situations or where large numbers of small contracts are involved, the Borrower may also employ a management contractor, whose services may be selected through the use of streamlined procedures set out below.
2. The process for selecting the PA is as follows:
 - a. The Borrower formulates a shortlist of firms. Where at the request of the Borrower, the Bank advises on a list of potential PAs, Borrowers are not constrained by the Bank's pre-identified list and are entitled to include any qualified firm in the shortlist.

- b. If the Borrower decides to select the firm on the basis of the consultants' qualifications, the borrower sends an outline of the TOR to the shortlisted firms and requests them to submit their relevant qualifications. The time for submission could be limited to 10 business days and submission can be accepted by mail, facsimile, or e-mail.
- c. After evaluating the submissions, the Borrower sends a detailed TOR of the assignment, draft contract form, and sample proposal forms to the most qualified firm and invites it to submit a combined technical and financial proposal.
- d. The Borrower negotiates and signs the contract with the firm.
- e. For contracts subject to prior review, the Borrower should seek the Bank's no-objection in accordance with the Bank's regular review requirements as specified in the Procurement Regulations for Borrowers.

O. Flexible Arrangements for Procurement

In FCCE situations, the selection methods, selection arrangements and the market approaches used to procure goods, works, consulting and non-consulting services, should be simple. Simplified procedures, which are consistent with the provisions of the Bank's Procurement Regulations for Borrowers should be used as appropriate. The following general provisions apply:

1. **Approaching the National Market vs the International Market.** Approaching the National Market using the Borrower's own procurement procedures and documentation can be used where the procedures for international competitive procurement are considered to be inappropriate or too complex due to weak Borrower implementation capacity, and where there is clearly no international market appetite to participate in the procurement process. The thresholds for approaching the national market are set by the APM and periodically updated. The Bank's requirements for national procurement arrangements are stipulated in Section V. paragraphs 5.3 – 5.6 and Section VI paragraphs 6.15 – 6.18 of the Procurement Regulations for Borrowers.
2. **Standstill Period does not apply to procurement in emergency situations** recognized by the Bank as stipulated in Section V. paragraph 5.80 of the Procurement Regulations for Borrowers.

P. Flexible Arrangements for the Selection of Consultants

1. **Direct Selection.** Direct selection of consulting firms and individuals (Section VII paragraphs 7.13-7.15 and 7.39, respectively, of the Procurement Regulations for Borrowers) should be used if it presents a clear advantage over competition for the required consulting services. Firms that are already working in the country and that have a proven track record in similar assignments may be the most suitable option for the start-up activities. Consultants selected on a direct selection basis may be given the right to participate in future assignments under the same project provided that there is no unresolved conflict of interest with the tasks performed under the initial contract. However, for future or downstream assignments, any available information must be shared with all participating firms to ensure a level playing field.
2. **Selection of consulting firms using Consultant's Qualification-based Selection (CQS).** In CQS, the Borrower requests firms to submit their Expressions of Interest (EoI) in response

to the Borrower's Request for Expressions of Interest (REoI) (to which a TOR shall be attached), requesting information about the firm's experience and qualifications. From the firms that have submitted their EoI, the Borrower selects the consulting firm with the best qualifications and relevant experience and invites it to submit technical and financial proposals for negotiations. Advertisement of REoIs is not mandatory.

3. **CQS is appropriate for small assignments or emergency situations where preparing and evaluating competitive proposals is not justified.** The selection is carried out in accordance with Section VII paragraphs 7.11 and 7.12 of the Procurement Regulations for Borrowers.
4. **Framework agreements** as described in Section VII paragraph 7.33 and Annex XV of the Procurement Regulations for Borrowers may be appropriate for the procurement of consulting services in emergency situations/crisis planning (such as for natural disasters). Such framework agreements may be existing Borrower framework agreements to be used in IPF operations, or they may be established by the Borrower for an IPF operation.
5. Using a "pool of experts" or a list of "preselected" consulting firms may also be considered as an appropriate method for supporting counterpart agencies at various steps of project execution, including the procurement process and the preparation of TOR, shortlists, RFPs, and bidding documents. Remuneration and fees may be resolved at the time of preselection and prescribed in a framework agreement.

Q. Flexible Arrangements for Procurement of Goods, Works and Non-Consulting Services

1. **Direct Selection.** Direct selection for contracts for goods, works and non-consulting services (Section VI paragraph 6.8 – 6.10 of the Procurement Regulations for Borrowers) may be used to extend an existing contract or award new contracts in response to disasters or emergencies. Such contracting may be justified if, the price is reasonable and that no advantage could be obtained through competition. The direct selection may be from the private sector, UN Agencies, suppliers, or contractors or NGOs that are already mobilized and working in the emergency areas.
2. **Framework agreements** as described in Section VI paragraphs 6.57 – 6.59 and Annex XV of the Procurement Regulations for Borrowers may be appropriate for the procurement of goods, works and non-consulting services in emergency situations/crisis planning (such as for natural disasters). Such Framework Agreements may be existing Borrower framework agreements to be used in IPF operations, or they may be established by the Borrower for an IPF operation.
3. **Request for Quotations.** Request for Quotations (Section VI paragraph 6.7 and Annex XII paras. 5.1 – 5.3) of the Procurement Regulations for Borrowers) is a competitive method based on comparison of prices obtained from firms for the provision of goods, works or non-consulting services that are generally low value, low risk, not complex and can be specified through simple requirements documents. This method may be appropriate 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, when it is more efficient than more competitive methods. Quotations should be obtained through advertisement, or when limited competition is justified, through a request for quotations (RFQs) to a limited number

of firms. To ensure competition, the Borrower should request quotations from as many firms as possible to ensure receipt of normally at least 3 quotations. In some situations, less than three suppliers or contractors are available (or less than 3 quotations are received), and the Borrower should simply note the situation in the procurement records and proceed with the process. There is no requirement for the Borrower to obtain a no objection from the Bank when there are fewer than three quotations. Firms shall be given sufficient time to prepare and submit their quotations. RFQs shall include the description and quantity for the works, goods or 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. The evaluation of quotations and contract award shall be carried out as per the criteria specified in the RFQs. The terms of the accepted quotation shall be incorporated in a contractually binding document. The Borrower shall keep records of all proceedings regarding RFQs. The RFQ thresholds are set by the APM and periodically updated. In emergency situations, the Request for Quotations selection method can be used even for large contracts and the justification noted in the PPSD or procurement records as appropriate.

4. **Simplification of Pre and Post Qualification criteria.** The pre and post qualification criteria requirements should be set so as to optimize the participation of available local or regional contractors and suppliers. In particular, the qualification requirements should match the qualifications of available and competent local and regional contractors and suppliers.
5. **Prequalified Suppliers and Contractors.** Using lists of prequalified suppliers and contractors to whom periodic invitations are issued can also help accelerate the procurement process. Such an approach would be consistent with Section VI paragraphs 6.19-6.24 of the Procurement Regulations for Borrowers; but instead of being used for large and complex works or goods, it could be used for a large number of similar simple contracts of any size, as well as for procurement of commodities, per Section VI paragraph 6.51 and Annex XII paragraphs 6.7 and 6.8 of the Procurement Regulations for Borrowers. Prequalification documents may use a simplified format that is acceptable to the Bank. Suppliers and contractors would be asked to provide quotations for simple unit prices, as for commodities. Contracts should be awarded on a competitive basis and may be for a duration of up to two years, with a price escalation clause and the possibility of extension upon mutual agreement between the client and the supplier/contractor.

SECTION IV – OTHER PROVISIONS

1. **Use of Positive Lists.** An emergency program may include a quick-disbursing component designed to finance a positive list of imported⁸ or locally produced goods that are required for the Borrower's emergency recovery program. During project preparation, the Bank and the Borrower reach agreement on the conditions for the release of the financial tranches and the required documentation and certifications, such as customs and tax certificates or invoices. The project document clearly states a set of quantitative or qualitative indicators for monitoring progress during implementation and evaluating outcomes upon completion. Furthermore,

⁸ Goods already imported or to be imported.

national emergency procedures, if they exist, or established commercial practices of the private sector could be followed to procure a positive list, provided they are found acceptable to the Bank. The Project Appraisal Document should clearly specify the acceptable procedures and address any associated risks and mitigation measures. In such cases, the team may recommend carrying out a technical and financial audit of the component procured under this arrangement. These audits at minimum cover the following:

- a. the contracting approach,
 - b. the appropriateness of prices relative to market prices,
 - c. the adherence to acceptable and agreed commercial practices or emergency procedures, and
 - d. the appropriate use of funds for intended eligible purposes.
2. **Commodities.** In FCCE situations, the most efficient way of procuring commodities such as seeds, grain, cereals, cooking oil and fertilizers may be through UN Agencies (in particular FAO, WFP, UNOPS and UNDP). Procurement of commodities from the private sector, must be in accordance with Section VI paragraph 6.51 and Annex XI paragraphs 6.7 - 6.8 of the Procurement Regulations for Borrowers. In countries where customs duties for emergency commodities are abnormally high, the Borrower may be asked to waive or to reduce customs duties to bring them to a reasonable level (10-12 percent).⁹ Priority commodities must be determined in response to the basic needs resulting from the emergency situation, in particular the needs of the poorest people. Pre-shipment Inspection for commodities is normally required.
3. **Force Accounts.** In FCCE including in small state situations, when construction firms are unlikely to bid at reasonable prices because of the location of and risks associated with the project or a certain government agency has a sole right in certain type of work (e.g., railway track work, high tension transmission cables), Force Account for repair/reconstruction using the Borrower's own personnel and equipment or a government-owned construction unit may be the only practical method (Section VI paragraphs 6.54 - 6.55 of the Procurement Regulations for Borrowers), provided that the Borrower has sufficient managerial capacity and possesses the required technical and financial controls to report to the Bank on expenditures. In some cases, Borrowers have asked to use the military to proceed with urgent works, and it is important to note that Force Account delegated to military forces may not be eligible for Bank financing.
4. **Accelerated Bid/Proposal Times.** Bidding/proposal preparation periods during the immediate response and recovery phases of an emergency may be reduced to 15 business days for international competition and 7 business days for national competition. Shorter periods should be cleared with the APM, taking into consideration the capacity of firms (local and international) to prepare responsive bids in a short period.

⁹ For example, if customs duties for the imports of nutritional commodities in a particular country were set at 90 percent, quick-disbursing funds to finance nutritional commodities should be conditional on the temporary waiver or reduction of customs duties that have negative effects on the poorest people.

5. **Bid and Performance Security Requirements.** For small contracts for goods or works, the preparation of bids by small and medium-size suppliers or contractors can be accelerated by taking the option, set out in Section V paragraph 5.33 of the Procurement Regulations for Borrowers, of not requiring a bid security. In line with Section V paragraph 5.35 of the Procurement Regulations for Borrowers, in place of a bid security, the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or when they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding document, the bidder will be suspended for the period of time specified in the bidding document from being eligible to bid for any contract with the entity that invited bids. Similarly, in the case of small contracts for works or supply of goods, the Borrower may decide not to require a performance security in accordance with Annex IX paragraphs 2.4-2.6 of the Procurement Regulations for Borrowers. However, in works contracts, retention money may be retained during the defects liability period; and for goods contracts, manufacturer warranties will be requested.
6. **Advance Payment.** Where it is not easy for contractors /suppliers/consultants to obtain lines of credit from banks, the Borrower may consider increasing the amount of advance payment under works and supply contracts to up to 40 percent of the contract value, provided that the contractor, supplier or consultant provides a bank guarantee for the same amount and the World Bank clears this increased value of advance payment. In some environments, the only contractors / suppliers /consultants who are willing to execute the contract may not be able to obtain bank guarantees for the advance payment. In such cases, the PPSD should provide a situational analysis and provide options along with appropriate risk mitigation measures. For example, contracts with CSOs, NGOs and Institutions with track record of good performance may provide for the payment of an appropriate amount of advance payment without requiring such CSOs, NGOs/Institutions to provide bank guarantees. Under the agreements with UN Agencies with less than 12 months implementation period, the full contract amount can be paid upon signing and without a bank guarantee, if such UN Agency is a co-signatory of the Financial Management Framework Agreement (FMFA) with the Bank.
7. **Types of Contracts:** In addition to the standard types of contracts, the following types of contracts may be used in FCCE situations where appropriate.
 - a. **Time based Contracts:** Time based contracts are contracts where the payment is made based on agreed rates and time spent plus reasonable incurred reimbursable expenses. These types of contractual arrangements may be used for:
 - i. emergency situations, repairs and maintenance works;
 - ii. 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); and
 - iii. this type of contract is not appropriate for goods and industrial plant.
 - b. **Reimbursable Cost Contracts:** Reimbursable cost contracts require that payments be made on a reimbursable basis for all actual costs plus an agreed fee to cover overhead and profit. These types of contracts may be appropriate for exceptional fit-for-purpose circumstances such as emergency repairs and maintenance work. To minimize risk to the Borrower:

- i. the contractor shall make all his records and accounts available for inspection by the Borrower or by some agreed neutral third party; and
- ii. the contract shall include appropriate incentives to limit costs.

8. Fiduciary Oversight

In general, in rapid response situations, there is an increased risk of fraud and corruption, in particular with regard to the abuse of simplified procurement procedures, false delivery certification, inflated invoices, theft of goods, commodities, and materials procured or delivered for the project. Because the capacity of national institutions is often weak, and because of the political economies of corruption in post-conflict situations, contractual terms and conditions may not be observed or applied. Mitigating such risks normally includes oversight by Bank supervision teams in close coordination with the Borrower's oversight agencies, to ensure appropriate scope, design, speed, supervision, and controls for the operation. Teams involved in preparing FCCE operations may consider using the measures listed below.

- a. ***Involving a UN Agency*** (e.g. UNOPS or UNDP) as management consultants to the Borrower to assist with the selection, contract negotiations and contract administration of suppliers, contractors and consultants in situations of which are vulnerable to high corruption
- b. ***Taking a sequenced approach*** in emergency programs that allows low-risk components and activities to move ahead, while necessary assessments are done for activities that represent higher risks.
- c. ***Lower prior-review thresholds for FCV and Small States.*** Depending on the PPSD and the risk assessment, the reliability of the program management entity, and the particular risks associated with the FCV or Small States situation, the Bank team with the agreement of the APM could consider applying lower prior-review thresholds than those normally applied to projects in the same sector in other countries.
- d. ***No prior review requirement in the immediate response and recovery phases of emergency and conflict situations.*** In such cases Bank oversight will be done through HEIS, Procurement Post Review, Independent Procurement Review and/or third-party assurance.
- e. ***Using a monitoring and/or procurement agent*** who would provide fiduciary assurance to the Bank and other donors and the Borrower by prescreening procurement documents and contract awards of major contracts and would raise issues to the Bank and Borrower for quick resolution. Procurement Agents (PAs) may also be given the responsibility to handle procurement on the Borrower's behalf, in accordance with the procurement procedures set out in the Loan Agreement and elaborated in the Procurement Plan approved by the Bank.
- f. ***Use of Information Communication Technology*** such as smart phones, geotagging, drone technology and satellite imagery for verification in hard to reach sites.
- g. ***Providing for pre-shipment inspection*** and local independent verification at delivery to ensure the qualitative and quantitative compliance of contract execution. This is

particularly important for commodities imported under a quick-disbursing component, since it is designed to identify any under- or over-invoicing, or qualitative and quantitative deficiencies. When a PA is hired to support the government, the related TOR may include management of inspection and acceptance of delivery.

- h. **Intensifying Bank supervision** to address and mitigate the increased risks associated with such emergency operations. This may be accomplished by more frequent supervision missions and/or constant supervision by Bank fiduciary staff in country offices.
- i. **Hands-on Expanded Implementation Support** may be provided by the Bank, at a given the appropriate stage of procurement, if the Bank determines that this support is useful to help the Borrower achieve the development objectives and outcomes of an IPF operation..

9. Specialist Support in the Bank

Recognizing that procurement support to an operation in situations of FCCE will be somewhat demanding, additional support can be sought through the regional procurement hub, the APM office and the FCV Hub in Nairobi. In addition, designated procurement staff have been identified in each region, and in OPSPF, to provide procurement support on emergency and rapid response situations. These contacts can also provide useful information and support to non-emergency operations in FCCE situations.

SECTION V – EFFECTIVE DATE

This Guidance is effective July 1, 2016.

SECTION VI – ISSUER

The Issuer of this Guidance is CPO, acting, OPSPR

SECTION VII – SPONSOR

The Sponsor of this Guidance is the Senior Specialist, OPSPR

SECTION VIII – RELATED DOCUMENTS

Bank Policy, [“Procurement in IPF and Other Procurement Operational Matters”](#)

Bank Directive [“Investment Project Financing”](#)

Bank Directive, [“Procurement in IPF and Other Procurement Operational Matters”](#)

Bank Guidance, “Procurement in Situations of Urgent Need of Assistance or Capacity Constraints”

Bank Guidance, [“Thresholds for procurement approaches and methods by country”](#)

Bank Guidance, [“Procurement Hands-on Expanded Implementation Support”](#)

Operational Policy (OP) 2.30 [“Development Cooperation and Conflict”](#)

Bank Policy [“Investment Project Financing”](#)

Bank Procedure. [“Preparation of Investment Project Financing - Situations of Urgent Need of Assistance or Capacity Constraints”](#)

Bank Procedure, [“Procurement in IPF and Other Operational Procurement Matters”](#)

Bank Procedure (BP) 2.30 [“Development Cooperation and Conflict”](#)

[World Bank and United Nations Fiduciary Principles Accord for Crisis and Emergency Situations Procurement Guidance: Project Procurement strategy for Development Short Form Detailed Guide](#)

[World Bank Procurement Regulations for IPF Borrowers](#)

SECTION X- REVISION HISTORY

March 2019: Changes to reflect (i) a revision of paragraph 4 of Section III.C of the Procurement Directive that enables the Bank to provide HEIS in IPF projects -beyond those situations described in paragraph 12 of Section III of the IPF Policy-, if the Bank determines that this support is useful to help the Borrower achieve the development objectives and outcomes of an IPF operation, and (ii) other editorials.

Questions regarding this Guidance should be addressed to the Sponsor.

Annex I. Summary of Procurement in Emergency Situations

What is Emergency Procurement?

An emergency includes natural or man-made disaster that has caused, or is likely imminently to cause, a major adverse economic, environmental and/or social impact—that is, significant consequences in terms of human lives lost, property damage, or economic impacts.

Some examples: tropical storms, earthquakes, tsunamis, drought, climate change, flooding, oil spill, landslides, pandemics, food safety incidents and impact of refugee crises. The Borrower country's declaration of an emergency due to a disaster could be an indication of the existence of such a disaster.

In a genuine emergency, implementing agencies will need to be flexible in how they procure the goods, works and services that are required for their response. Implementing agencies are permitted to forgo standard routine procurement procedures and use reactive, accelerated and expedited procurement arrangements provided the methods used are consistent with the Bank's Core Procurement Principles, the Bank's rules on universal eligibility and the Anti-Corruption Guidelines. In all cases, proper records must be maintained by the implementing for accountability. Normally, no Bank prior review is required and Bank procurement oversight will be provided through implementation support missions, procurement post reviews by the Bank or other third parties acceptable to the Bank or through independent procurement reviews.

In adopting a more flexible procurement process agencies should consider what is reasonable and justifiable given all of the facts and circumstances of the situation. Agencies are permitted to purchase direct from a contractor, supplier, consultant if the delay involved in conducting a routine procurement (i.e. which involves advertising and open competition) will prevent them delivering the goods, works or services in time to bring effective relief.

What Emergency Procurement is Not

Urgent situations that are created by an implementing agency through a lack of planning or risk mitigation do not constitute an emergency. Agencies should consider contingency planning where appropriate to allow for the provision of goods, works and services if an emergency, supply shortage or other unforeseen event arises. The level of forward planning should reflect the strategic importance of the goods, works or services, the risk of an emergency and the cost of any contingency measures. The approach taken by the agency should be balanced, practical and fiscally responsible and should be part of their wider disaster risk management strategy.

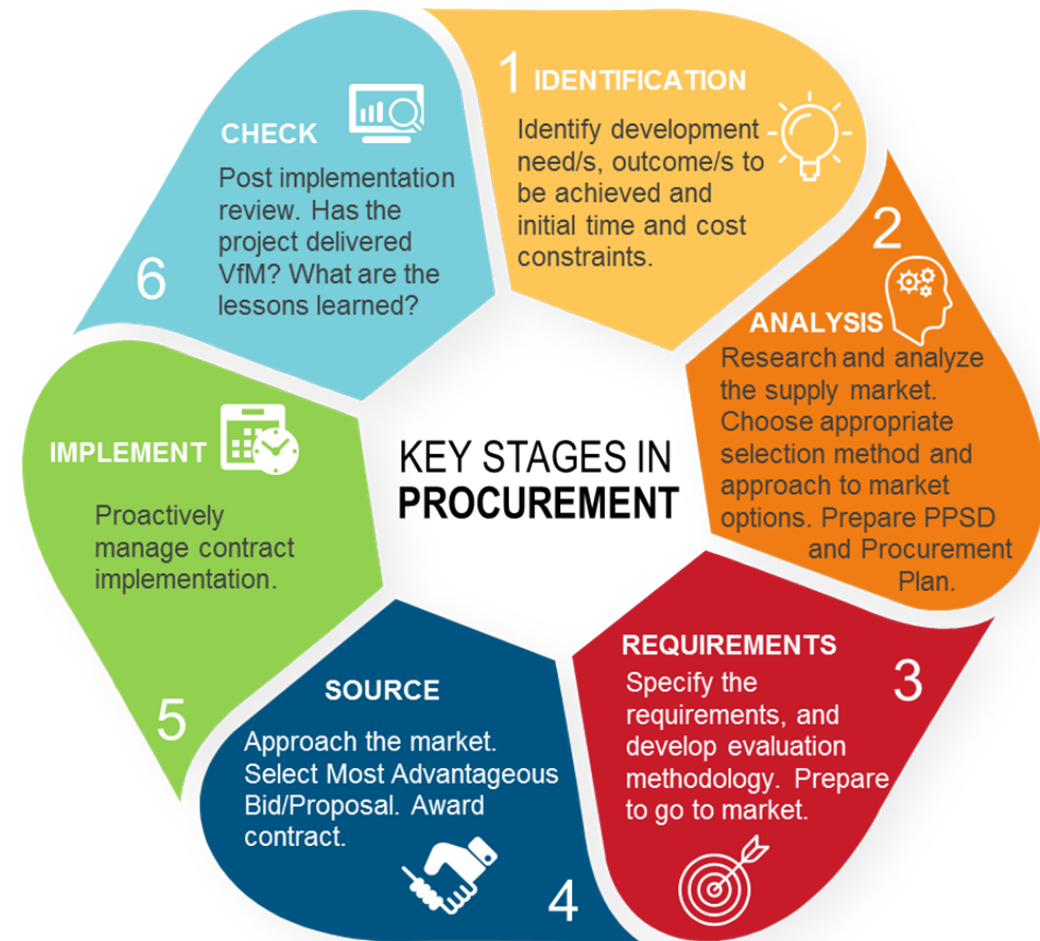
There are in general 4 phases of emergencies and for each phase the approach to procurement should be fit for purpose and reflect the most appropriate approach to meet project objectives and outcomes taking into account the context, risk, criticality, value and complexity of procurement.

Phase of Emergency	Preparedness	Response and Recovery	Reconstruction	Phase-out
Description of situation	Strategic Planning for possibility of emergency	Imminent threat to human life, environment, safety, health	No immediate threat to life, but there is need to restore vital services	System has stabilized. Restoration of other services and phasing out emergency
Procurement Procedures	Standard Procurement Prior Review as Needed	Reactive Procurement No Prior Review	Accelerated Procurement Up to APM thresholds	Expedited Procurement Up to APM thresholds
Application of Procurement Regulations of Borrowers	Procurement Regulations for Borrowers apply in full	Borrower may use special procurement arrangements provided the procedures are consistent with the Bank's Core Procurement Principles	Procurement Regulations for Borrowers apply in full	Procurement Regulations for Borrowers apply in full
PPSD	Standard	Use Simplified Template. May be completed during project implementation	Use Simplified Template	Use Simplified Template
Selection Methods	Need for stocking as appropriate and setting up Framework Agreements for call-off in case event happens. Use of UN Agencies for needs assessments as appropriate.	Use simple selection methods such as Direct Selection; Request for Quotations; Framework Agreements; CQS UN Agencies	Use simple selection methods to the extent possible. Use relevant UN Agencies as appropriate	Use simple selection methods to the extent possible. Use UN Agencies as appropriate under TA Agreements as advisors to Borrow to build capacity for phase-out

Annex II. Summary of Flexibility Measures available for Procurement in Situations of Urgent Need and Capacity Constraints at different stages of the procurement process

KEY STAGES IN PROCUREMENT and the new Procurement Framework

- This diagram is a theoretical representation of the key stages in procurement. It shows the common stages and their usual sequencing. Actual procurements may differ.
- The Procurement Process is defined in the Procurement Regulations as: *“the process that starts with the identification of need and continues through planning, preparation of specifications/ requirements, budget considerations, selection, contract award and contract management...”*
- This document supports good procurement practice. It is non-mandatory and provided as guidance only.



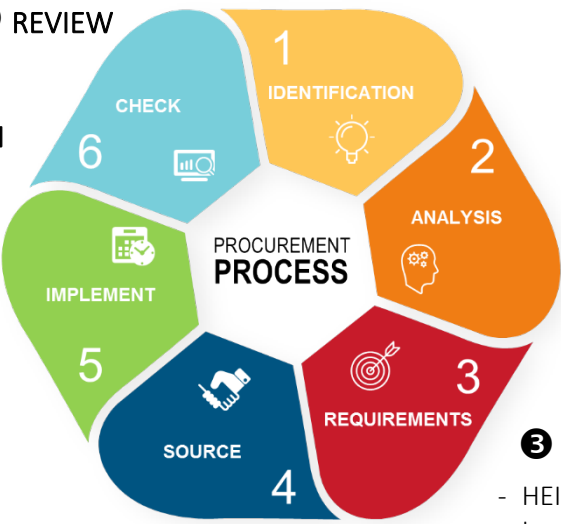
Flexibility measures available for FCCE under the World Bank's new Procurement Framework at KEY STAGES IN PROCUREMENT

This annotated diagram indicates the flexibility measures available to customize procurement to the operating environment in **situations or urgent need and capacity constraints** (including small states) under para 12 of Section III of the IPF Policy

It shows at which key stages the flexibilities are most likely to be applied. For some this can be at more than one stage.

- 5 CONTRACT IMPLEMENTATION**
- HEIS
 - Advance payment security may be waived for contracts with reputable NGOs and for advances less than 10% of contract price
 - Advance Payment may be increased up to 40% of contract price
 - Performance security not mandatory for goods and small works
 - Reimbursable cost plus fee contacts for GWNcS

6 REVIEW



1 OPERATIONAL CONSIDERATIONS

- HEIS
- Alternative Procurement Arrangement including with UN Agencies
- Bank execution of procurement for start-up activities financed as a grant from PPF

2 MARKET RESEARCH + PLANNING

- HEIS
- Simplified PPSD and initial PP sufficient for negotiations with finalization of PPSD deferred to implementation
- APA
- Increased thresholds for national competition
- Quick and simple risk assessment
- Framework Agreements
- Use of UN Agencies

3 PROCESS DESIGN CONSIDERATIONS

- HEIS
- Increased clearance thresholds for procurement staff on the ground to act and provide clearances timeously
- Use of procurement agents
- Direct Selection and Request for Quotations for large contracts as appropriate
- Increased use of framework agreements
- Force Account

4 SOURCING PROCESS

- HEIS
- No Standstill period for emergency procurement
- Reduced time for bid/proposal preparation for emergency procurement

The following terms and acronyms are used:
APA= Alternative Procurement Arrangements
FCCE= Fragility, Conflict, Capacity Constraints and Emergencies
GWNcS= Goods, Works and Non consulting Services
PPF= Project preparation Facility
PPSD= Project procurement Strategy for Development
PP= Procurement Plan
HEIS= Hands-on expanded implementation support
RFQ = Request for Quotations

Bank Guidance, "Procurement in Situations of Urgent Need of Assistance or Capacity Constraints"