

Guidance Note on Advance Contracting

Project Procurement and Financial
Management Division

October 2026



This Guidance Note is intended to complement the Guidelines for Procurement of Goods and Works and related services and for the Procurement of Consultancy Services under Islamic Development Bank Financing, approved by the Board of Executive Directors (BED) of the Islamic Development Bank, and published in September 2018 and updated in February 2023. This document may be used and reproduced for non-commercial purposes. Any commercial use, including without limitation reselling, charging to access, redistribute, or for derivative Works such as unofficial translations based on these documents is not allowed. For additional information on this document, please contact:

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Common Abbreviations and Defined Terms

Abbreviation/ Defined Term	Full Terminology/Definition
Advance Contracting	When the Beneficiary starts the procurement process before the Financing Agreement has been signed.
APA	Alternative Procurement Arrangements
Bank	Islamic Development Bank
Beneficiary	A Beneficiary is the recipient of IsDB Project Financing. The term includes any entity involved in the implementation of an IsDB financed project on behalf of the Beneficiary.
Bid	An offer, by a Bidder venture, in response to a Request for Bid to provide the required Goods, and/or Works and/or related services
Bidder	A Firm that submits a Bid for the provision of Goods and/or Works and/or related Services
Consultant	Consultant Firm or Individual Consultant that provides Consultant Services. A Consultant is independent of both the Beneficiary and IsDB.
Consultancy Services	Consultancy Services are those intellectual services delivered by a Consultant Firm or an Individual Consultant. Consultant Services are normally of a professional, expert or advisory nature. Consultant Services are governed by IsDB's <i>Guidelines for the Procurement of Consultant Services under IsDB Project Financing</i> .
EPP	E-Procurement Portal
FA	Financing Agreement
Fraud and Corruption	The sanctionable practices of corruption, fraud, collusion, coercion and obstruction defined in <i>IsDB's Guidelines on Combating Fraud and Corruption</i> and in <i>IsDB Group Anti-Corruption Guidelines on Preventing and Combating Fraud and Corruption in IsDB Group-Financed Projects</i>
Goods	A category of Procurement that includes, for example consumables, equipment, machinery, vehicles, commodities, raw material or industrial Plant. The term may also include related services, such as transportation, insurance, installation, commissioning, training, and initial maintenance.
ICB	International Competitive Bidding
IFB	Invitation for Bids
IsDB	Islamic Development Bank
ITP	Invitation to Prequalify
MC	Member Country
NCB	National Competitive Bidding
OMS	<i>(to be completed)</i>
OTC	Operations Technical Committee
PAD	Project Appraisal Document
PP	Procurement Plan
PPFM	Project Procurement & Financial Management
PPRR	Project Preparation Review Report
Proposal	An offer, by a Proposer, in response to a Request for Proposal to provide required Consultancy Services
PS	Procurement Strategy

REOI	Request for Expressions of Interest
RFB	Request for Bids
RFP	Request for Proposals
SPN	Specific Procurement Notice
TOR	Terms of Reference



Introduction

1. This Guidance Note relates to Advance Contracting. In IsDB-financed procurement, Advance Contracting is when the Beneficiary starts the procurement process before the Financing Agreement has been signed.

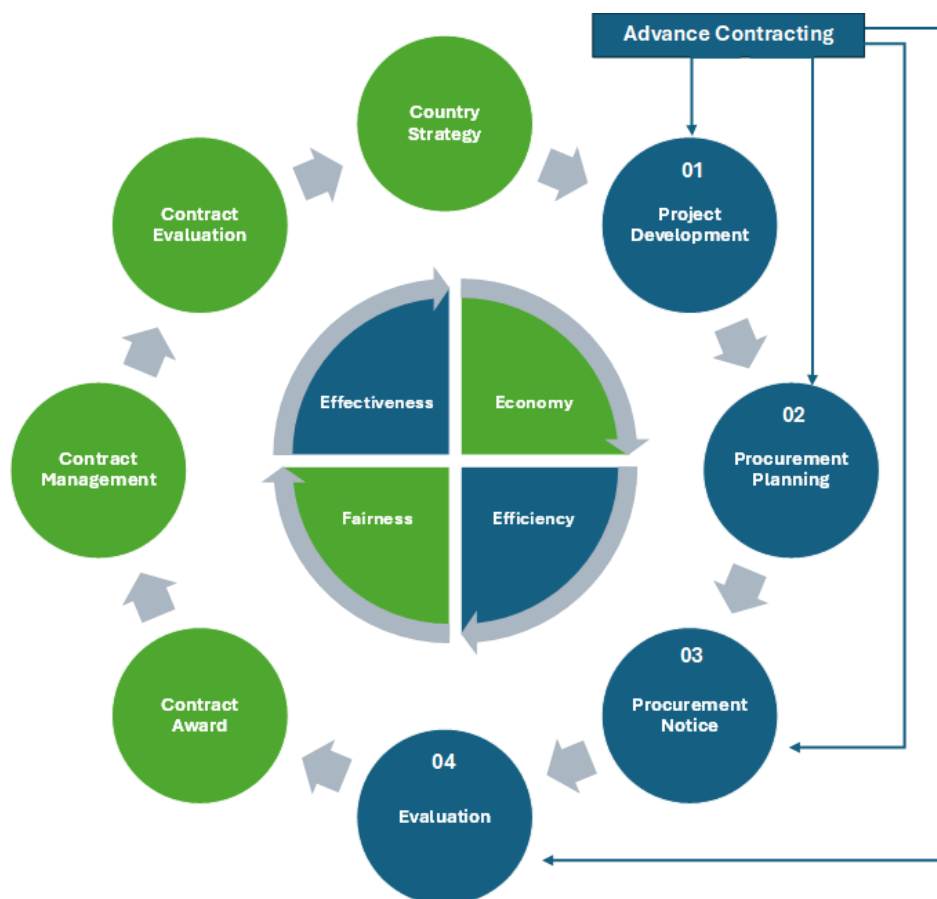


Figure 1 – Procurement Cycle

2. IsDB recognizes that the IsDB procurement cycle, as detailed in Figure 1, above, can take considerable time before financing is agreed with the Beneficiary. Delays in initiating the procurement process affect projects, which have a significant likelihood of approval by IsDB, but cannot start implementation because of the lack of certainty over funding during the project appraisal process. Advance Contracting may be initiated by the Beneficiary to overcome such difficulties in accordance with the provisions of the IsDB Procurement Guidelines on Advance Contracting. This Guidance Note provides more information on the implementation of Advance Contracting and how the procedure applies to the procurement of Goods, Works and Related Services and Consultancy Services under IsDB Project Financing.

3. Advance Contracting can help accelerate project implementation, minimize delays and utilize project resources effectively and efficiently, thus helping to ensure that the planned development objectives of the project are achieved sooner. It can enhance project readiness and ensure that projects are ready to commence implementation immediately upon financing approval.

Background

4. Advance Contracting consists of the Beneficiary's initiating and processing the procurement, up to the point where Bids/Proposals have been received and evaluated and an award of contract decided upon. It stops short of entering into a contract, to avoid committing the Beneficiary to financing the contract before IsDB funding is assured. Under IsDB-financed projects, the responsibility for administration of the project rests with the Beneficiary or the Recipient of the Bank's funds.
5. In exceptional circumstances, where it is clearly shown that Advance Contracting of Goods or Works and related services and/or consultancy services would be a favorable and important factor in the timely initiation of the project and is vital for enhancing project efficiency and effectiveness, the Beneficiary may, with the prior approval of IsDB, issue Invitations to Bid (IFB), Request for Expressions of Interest (REOI) or Invitations to Prequalify (ITP) or even, in exceptional cases, a letter of intent to the selected contractor/supplier/consultant without signing the related contract, before the approval of the project to be financed. In authorizing a Beneficiary to undertake Advance Contracting, IsDB will take into consideration the limitations, safeguards and follow the approval.
6. The Beneficiary may proceed with the initial steps of the procurement process after approval of the procurement arrangements by the IsDB management and before signing the Financing Agreement for the project. In such cases, the Beneficiary must comply with IsDB's Guidelines for the Procurement of Goods, Works and related services and Consultancy Services under IsDB Project Financing, including the requirements for advertising, for the eventual contracts to be eligible for IsDB Financing, unless otherwise agreed.
7. Since Advance Contracting significantly expedites project implementation, it needs to be discussed between the IsDB and the Beneficiary, early on in project development stage.
8. A Beneficiary undertakes such Advance Contracting at its own risk, and any concurrence with the procedures, documentation, or proposal for award provided by IsDB before the Financing Agreement is signed does not commit IsDB to provide Financing for the project in question.
9. To streamline the preparation of Project Preparation Review Report (PPRR) and/or Project Appraisal Document (PAD), the sample paragraph given in Annex C shall be used for referencing Advance Contracting procedures. This sample paragraph ensures consistent guidance and clarity in communicating the principles and

responsibilities associated with Advance Contracting under IsDB-financed projects. It is encouraged to adopt this sample paragraph in the procurement section of the PPRR and/or PAD documents to maintain uniformity and compliance with IsDB guidelines.

Limiting the Scope for Advance Contracting

10. In limiting the scope for Advance Contracting, it is advisable to start by identifying those project elements which appear suitable for Advance Contracting as part of developing the Procurement Strategy (PS). The following are relevant examples of project elements that may be considered suitable for Advance Contracting.

Preliminary work for Project Execution

11. Advance Contracting may be required for certain preliminary works needed to start project execution. This could be in connection with the construction of access roads, housing for construction workers, purchasing of rights of way and other real property and establishing, hiring consultants, and staffing the project executing agency.

Work affected by seasonal variations.

12. In cases where it is evident that project work could be affected by the impact of seasonal variations, Advance Contracting might be useful in avoiding unnecessary delays in the implementation of the project, e.g. rain-fed rice project.

Equipment with a long manufacturing time

13. Where the manufacture of equipment is expected to take some time, Advance Contracting could be a useful tool in reducing part of the lead time for the availability of the equipment required, e.g., power generation and telecommunications equipment.

Timing of Decision on Advance Contracting

14. Advance Contracting should be considered only after project preparation or pre-appraisal has been completed, to ensure that IsDB is satisfied with the overall design of the project and that it has identified appropriate components for its own financing and possible elements which may be acceptable for Advance Contracting. The Beneficiary may proceed with the initial steps of the procurement process after approval of the procurement arrangements by the IsDB management (committee such as OTC through PPRR) and before signing the Financing Agreement for the project.

Circumstances of Use

15. In certain circumstances, to accelerate project implementation or in situations of emergency, the Beneficiary may, with IsDB no objection, proceed with the initial steps of the procurement process after approval of the procurement arrangements by the IsDB management and before signing the Financing Agreement for the project. In such cases, the Beneficiary shall follow the Guidelines for the Procurement of Goods, Works and related services under IsDB Project Financing or the Procurement of Consultancy Services

under IsDB Project Financing, as appropriate, and IsDB will apply its normal review procedures.

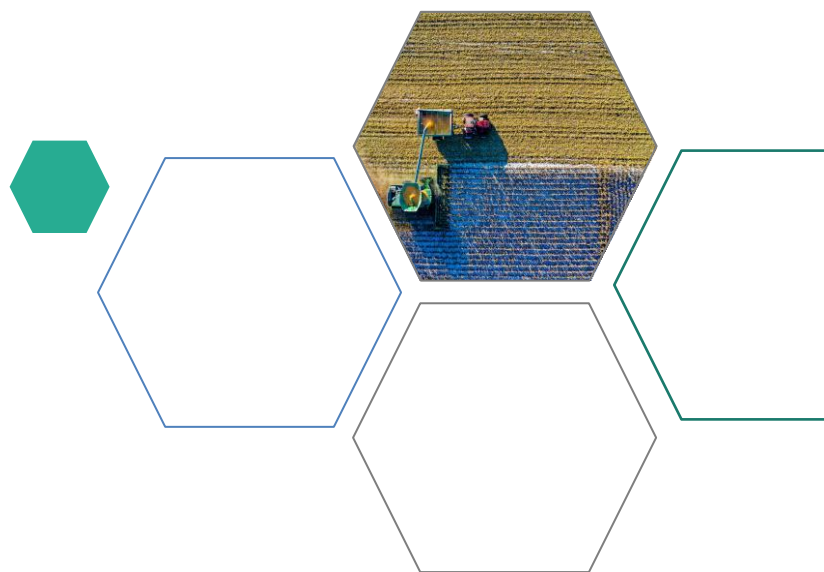
16. In applying Advance Contracting, the procurement process shall be subject to prior review, and the Beneficiary shall seek IsDB approval at each procurement stage as required by the applicable Procurement Guidelines, including for the draft procurement documents before they are issued.
17. In a case where IsDB has agreed to Alternative Procurement Arrangements (APA) and/or use of country procurement system, Advance Contracting may be initiated as per the agreed APA and/or as per the Beneficiary procurement laws/regulations. In this case, the procurement process shall not be subject to IsDB prior review, unless otherwise agree.

Safeguards

18. The following safeguards are recommended for Advance Contracting and should be clearly indicated and discussed with prospective Beneficiaries requesting to proceed with Advance Contracting.
 - i. The Beneficiary undertakes Advance Contracting at its own risk and does not commit IsDB to finance the Advance Contracting.
 - ii. Any procurement under Advance Contracting must have been carried out according to IsDB's Procurement Guidelines if it is to be eligible for IsDB financing, unless otherwise agreed.
 - iii. Preparation and approval of a Procurement Plans (PP) is required under Advance Contracting.
 - iv. Invitations to Prequalify (ITPs), the Invitation for Bids (IFB), Request for Expressions of Interest (REOI) and the Instruction to Bidders/Consultants in the case of Advance Contracting must indicate that the Beneficiary has applied for financing from IsDB, and that award of the contract will be subject to approval of the financing by IsDB. The Country undertakes Advance Contracting at its own risk and IsDB will not bear any responsibility for financing until the Financing Agreement is signed.
 - v. The capacity of the executing agency to handle such Advance Contracting shall be assessed and a well-functioning unit shall be in place to undertake the Advance Contracting.
 - vi. The Beneficiary shall ensure that there is no contradiction(s)/inconsistency(ies) with the country's laws and regulations while using Advance Contracting.
19. Where Advance Contracting is approved or confirmed, the Beneficiary must be advised to:
 - i. Ensure that the procurement process is subject to prior review and the Beneficiary shall seek IsDB review at each procurement stage, as required by the applicable Procurement Guidelines, including for the draft procurement

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- documents before they are issued, unless otherwise agreed or under an APA or when national procurement procedures are applied, in accordance with paragraph 17.
- ii. Follow requirements for public advertising, as specified in the IsDB Procurement Guidelines.
 - iii. Note that approval by IsDB of Advance Contracting will not commit IsDB to subsequently approve the project or to finance the resulting procurement contracts; and
 - iv. Note that IsDB will not finance expenditures paid by the Beneficiary prior to project effectiveness, even if Advance Contracting is approved.



Annex A: Advance Contracting Notice

Request For Expressions of Interest for Consultancy Services

[Insert: Country]

[Insert: Name of Project]

[Insert: Sector]

Consultancy Services [insert: Title of assignment]

Mode of Financing: [insert: Mode of Shari'ah Financing]

1. The [insert: name of Beneficiary] has applied for financing from the Islamic Development Bank toward the cost of the [insert: name of project] and intends to apply part of the proceeds for consultant services.
2. The Beneficiary has applied for financing from IsDB, and the award of the contract will be subject to approval of the financing by IsDB.
3. The consultancy services include [insert: brief description, implementation period, estimated level of effort (professional staff-months), implementation period, expected start date of assignment, etc. ensuring full consistency with the TOR attached or referred to in this REOI].
4. The detailed Terms of Reference (TOR) for the assignment [insert one of the following: are attached to this request for expressions of interest.

Or

can be found at the following website: (insert name of the website and URL address or link). or

can be obtained at the address given below.]

5. The [insert: name of executing agency] now invites eligible consulting firms ("Consultants") to indicate their interest in providing the services. Interested Consultants must provide specific information which demonstrates that they are fully qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.).
6. The shortlisting criteria are: [insert criteria related to required qualifications and experience of the firm; such as core business and years in business, relevant experience, technical and managerial capability of the firm. The Qualifications and

Experience of Key Experts shall not be included in the shortlisting criteria]. Key Experts will not be evaluated at the shortlisting stage.

7. A consultant will be selected in accordance with the [insert approved selection method] method set out in the Procurement Guidelines for Procurement of Consultancy Services under IsDB Financing.
8. Interested consultants may obtain further information at the address below during office hours [insert: office hours if applicable, i.e. 09:00 to 17:00 hours] (local time).
9. Expressions of Interest must be delivered in a written form to the address below (in person, or by mail, or by fax, or by e-mail) by [insert: time and date (must be 14 days or more after the date of this advertisement)].

[insert: Name of Office]

Attention: [insert: name of authorized officer & title]

[insert: postal address and/or street address, and building and floor number] [insert: postal code, city and country]

Tel: [insert: telephone number, including country and city code] Fax: [insert: fax number, including country and city code]

E-mail: [insert: official email address used by the Committee for the selection] Web site: [insert: website of the office or the project]

Annex B: Advance Contracting Notice

Specific Procurement Notice

[insert: Country]

[Insert: Name of Project]

[Insert: Sector]

Procurement of Goods/Works

Mode of Financing: [insert: Mode of Shari'ah Financing]

Project No. Project Contract Title: [insert: title/Name of Contract]

ICB or ICB/MC Reference No. (as per Procurement Plan): [insert: Ref No]

1. The [insert name of Beneficiary] has applied for financing from the Islamic Development Bank (IsDB) toward the cost of the [insert name of project or grant], and intends to apply part of the proceeds toward payments under the contract for [insert title of contract].
2. The Beneficiary has applied for a financing from IsDB, and that award of the contract will be subject to approval of the financing by IsDB.
3. The [insert name of implementing agency] now invites sealed bids from eligible bidders for [insert brief description of Goods/Works required, including quantities, location, delivery or completion period, margin of preference if applicable, etc.]
4. Bidding will be conducted through the International Competitive Bidding (ICB) or International Competitive Bidding limited to IsDB member countries (ICB/MC) or NCB procedures as specified in IsDB's Guidelines: Procurement of Goods, Works and related services under Islamic Development Bank Project Financing [insert date of applicable Guidelines edition as per legal agreement] ("Procurement Guidelines"), and is open to all eligible bidders as defined in the Procurement Guidelines. In addition, please refer to paragraphs 1.18 -21 setting forth IsDB's policy on conflict of interest.
5. Interested eligible bidders may obtain further information from [insert name of implementing agency, insert name and e-mail of officer in charge] and inspect the bidding documents during office hours [insert office hours if applicable i.e. 0900 to 1700

hours] at the address given below [state address at the end of this invitation]

6. A complete set of bidding documents in [insert name of language] may be purchased by interested eligible bidders upon the submission of a written application to the address below and upon payment of a nonrefundable fee of [insert amount in Beneficiary's currency or in a convertible currency]. The method of payment will be [insert method of payment]. The document will be sent by [insert delivery procedure].
7. Bids must be delivered to the address below [state address at the end of this invitation] on or before [insert time and date]. Electronic bidding will [will not] be permitted. Late bids will be rejected. Bids will be publicly opened in the presence of the bidders' designated representatives. and anyone who chooses to attend at the address below [state address at the end of this invitation] on [insert time and date].
8. All bids must be accompanied by a [insert "Bid Security" as appropriate] of [insert amount and currency in case of a Bid Security].
9. The address(es) referred to above is(are): [insert detailed address(es)]

[insert name of office, room number]

Attn: [insert name of officer & title]

[insert postal address and/or street address]

[insert postal code, city, country]

Tel: [include the country and city

code] Fax: [include the country and

city code]

E-mail: [insert electronic address if electronic bidding is

permitted] Web site: [insert: website of the office or the project]

Annex C: Sample Advance Contracting paragraph

Following is the sample standard advance contracting paragraph to be included in the procurement arrangements of the PPRR/PAD documents.

1. Advance Contracting: To accelerate project execution, the use of "Advance Contracting" is recommended to be considered for the following packages:
 - Reconstruction of Fatih Sultan Mehmet Training & Research Hospital
 - Consultancy Services for the Reconstruction Site Supervision of Fatih Sultan Mehmet Training & Research Hospital
 - Selection of Financial Auditor
2. This early recruitment aims to maintain momentum and improve project quality, efficiency, and effectiveness from the outset. However, obtaining IsDB's no-objection for using Advance Contracting is mandatory before issuing official notices/invitations for selecting contractors and consulting services. All advance contracting actions will be undertaken in conformity with IsDB's *Guidelines for the Procurement of Consultancy Services under IsDB Project Financing*, (April 2019 edition, revised in February 2023), and *Guidelines for the Procurement of Goods, Works, and related services under IsDB Project Financing*, (April 2019 edition, revised in February 2023). IsDB will apply the normal procedure on a Prior Review basis.
3. It is important to note that the Beneficiary undertakes such Advance Contracting at its own risk and any concurrence by IsDB regarding the procedures and/or contract award does not commit IsDB to provide the Project Financing for the contract(s) in question.

Annex D: Activation of “Advance Contracting” option in the EPP and OMS systems

At the time of tender creation in the EPP, “Advance Contracting” option shall be turned on as “Yes” as shown in the below screenshot.

Tender Info	
Name*	works 1
Tender Number*	2111
Description	
Procurement Type*	Works
Procurement Process Type	Contractor
Procurement Method*	International Shopping
Selection Method	
Project Currency	US Dollar - USD
Bid Currency	
Exchange Rate Date	Exchange Rate Date
Fixed Exchange Rate (From Project Currency to Tender Currency)	
Review*	Prior
Type of Evaluation	
Form of Contract	
Margin of Preference	
Advance Contracting	☒

At the time of tender creation in the OMS, “Advance Contracting” option shall be clicked as shown in the below screenshot.

Financial Auditor	
Id: 6757	
Tender Number:	
ID: 6757	
Tender Number:	
Name: Financial Auditor	
Description:	
Advance Contracting:	☒



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