

PROCUREMENT GUIDANCE



Evaluation Criteria

Use of evaluation criteria for procurement of
Goods, Works, and Non-consulting Services
using RFB and RFP

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Common Abbreviations and Defined Terms

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

Abbreviation / term	Full terminology / definition
Applicant	A firm, joint venture or Consultant that submits an Application in response to an invitation for Prequalification, Initial Selection or Shortlisting.
Application	A document submitted by an Applicant in response to an invitation for Prequalification or Initial Selection.
BAFO	Best and Final Offer.
Bank	IBRD and/or IDA (whether acting on its own account or in its capacity as administrator of trust funds provided by other donors).
Bid	An offer, by a firm or joint venture, in response to a Request for Bids to provide the required Goods, Works or Non-consulting Services.
Bidder	A firm or joint venture that submits a Bid for Goods, Works, or Non-consulting Services in response to a Request for Bids.
Borrower	A borrower or recipient of Investment Project Financing (IPF) and any other entity involved in the implementation of a project financed by IPF.
Consultant	A variety of private entities, joint ventures, or individuals that provide a services of an advisory or professional nature. Where the Consultant is an individual they are not engaged as an employee.
Consulting Services	Covers a range of services that are of an advisory or professional nature and are provided by Consultants. These Services typically involve providing expert or strategic advice e.g. management consultants, policy consultants or communications consultants. Advisory and project related Consulting Services include, for example: feasibility studies, project management, engineering services, finance and accounting services, training and development.
Fraud and Corruption	The sanctionable practices of corruption, fraud, collusion, coercion and obstruction defined in the Anti-Corruption Guidelines and reflected in paragraph 2.2a of Annex IV of these Procurement Regulations.
Goods	A category of Procurement that includes: commodities, raw material, machinery, equipment, vehicles, Plant, and related services such as transportation, insurance, installation,

Abbreviation / term	Full terminology / definition
	commissioning, training, and initial maintenance,
Initial Selection (IS)	The shortlisting process used prior to inviting request for Proposals in the Procurement of Goods, Works or Non-consulting Services.
Investment Project Financing (IPF)	The Bank's financing of investment projects that aims to promote poverty reduction and sustainable development. IPF supports projects with defined development objectives, activities, and results, and disburses the proceeds of Bank financing against specific eligible expenditures.
Most Advantageous Bid/Proposal	The Bid/Proposal that meets the qualification criteria and has been determined to be substantially responsive to the request for bids/request for proposals document; and is also the highest ranked Bid/Proposal.
Non-consulting Services	Services which are not Consulting Services. Non-consulting Services are normally Bid and contracted on the basis of performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied. Examples include: drilling, aerial photography, satellite imagery, mapping, and similar operations.
Prequalification	The shortlisting process which can be used prior to inviting request for bids in the procurement of Goods, Works or Non-consulting Services.
Probity Assurance Provider	A third party that provides specialist probity services for concurrent monitoring of the Procurement Process.
Procurement	The function of planning for, and sourcing Goods, Works, Non-consulting Services, and/or Consulting Services to meet required objectives.
Procurement Documents	A generic term used in the Procurement Regulations to cover all Procurement Documents issued by the Borrower. It includes: GPN, SPN, EOI, REOI, Prequalification document, Initial Selection document, RFB and RFP, including any addenda.
Procurement Process	The whole Procurement lifecycle that starts with the identification of a need and continues through planning, preparation of specifications/ requirements, budget considerations, selection, contract award, and contract management. It ends on the last day of the warranty period.
Project Procurement Strategy for Development (PPSD)	A project-level strategy document, prepared by the Borrower, that describes how Procurement in IPF operations will support the development objectives of the project and deliver VfM.

Abbreviation / term	Full terminology / definition
Proposal	An offer, in response to a Request for Proposals, which may or may not include price, by one party to provide Goods, Works, Non-consulting Services or Consulting Services to another party.
Proposer	An individual entity or joint venture that submits a Proposal for Goods, Works, and Non-consulting Services in response to a Request for Proposals.
Standard Procurement Documents (SPDs)	Procurement Documents issued by the Bank to be used by Borrowers for IPF financed projects. These include, GPN, SPN, EOI, REOI, Prequalification document, Initial Selection documents, RFB and RFP documents.
Substantially Responsive Bid	A Bid that is assessed to be complete and without major deviations from the eligibility, technical and commercial requirements in the Procurement Documents.
VfM	Value for Money. VfM represents the optimum combination of total cost of ownership and quality (or fitness for purpose) to meet the buyer's requirements.
Works	A category of Procurement that refers to construction, repair, rehabilitation, demolition, restoration, maintenance of civil work structures, and related services such as transportation, insurance, installation, commissioning, and training.

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Section I. Introduction

This Guidance describes the different types of evaluation criteria that may be used to select contractors for Goods, Works and Non-consulting Services when using Request for Bids or Request for Proposals selection methods.

This Guidance should be read with reference to the World Bank Procurement Regulations for IPF Borrowers, the Standard Procurement Document (SPD) and if applicable, the associated User Guide relevant to the Selected SPD. Specific application of evaluation criteria is detailed in each of the Bank's SPDs.

Evaluation criteria are a standard or test used in the evaluation of Bids/Proposals to select the Most Advantageous Bid/Proposal which best meets the requirements and offers the best value for money (VFM).

The following requirements govern the Bid/Proposal evaluation criteria:

- a) the evaluation criteria shall be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured;
- b) to the extent practicable, evaluation criteria should be quantifiable (such as convertible to monetary terms);
- c) the SPD shall include the complete evaluation criteria and the specific manner in which they shall be applied;
- d) only the evaluation criteria, and all the evaluation criteria, indicated in the SPD shall be applied;
- e) once the SPD has been issued, any change to the evaluation criteria shall be made only through addenda; and
- f) the evaluation criteria shall be applied consistently to all Bids/Proposals submitted.

Evaluation criteria must be established in the early stages of the procurement in order to support transparency, value for money and integrity in the procurement process. After the contract requirements have been defined and the selection method decided (e.g. RFP, RFB), the evaluation criteria are set so that the Borrower can appropriately evaluate which Bidder/Proposer is best able to deliver the requirements and maximize VFM.

The key performance indicators to be used in the Borrower's management of the contract may also inform the evaluation criteria, which completes the strategic alignment from the identification of needs through to contract delivery. See Figure I.

Delivering procurement objectives through the Procurement Process

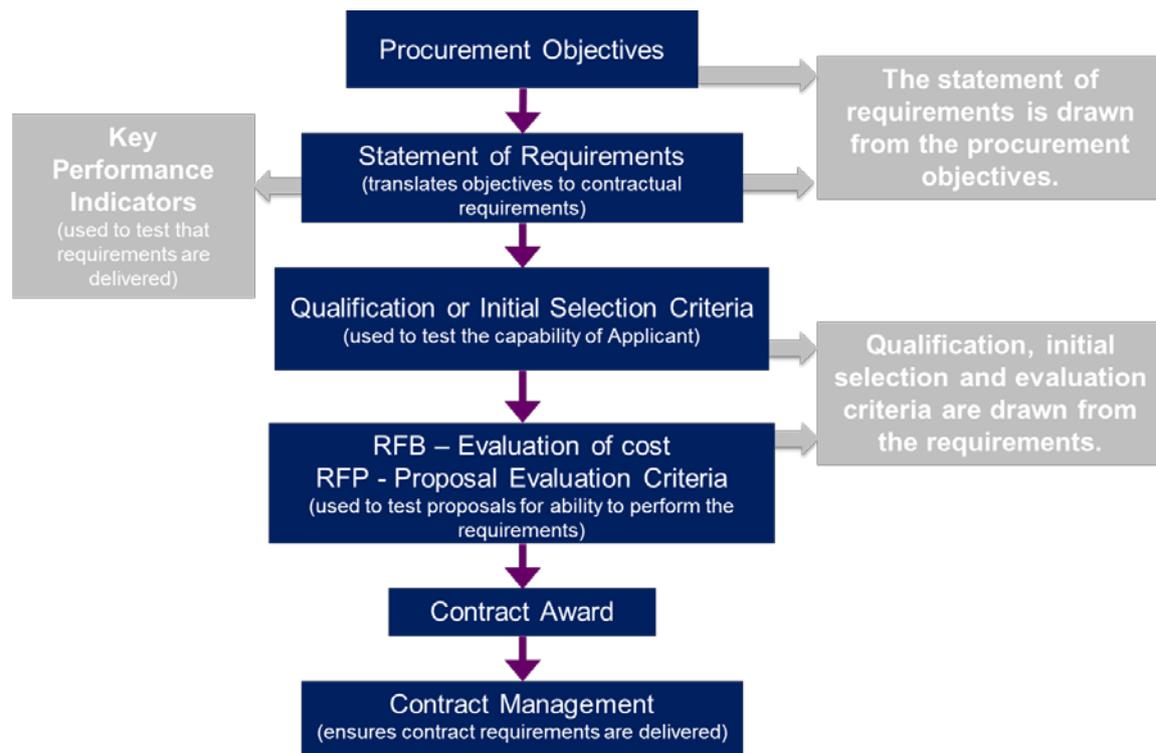


Figure 1 – Delivering procurement objectives through the Procurement Process

To achieve VfM, the evaluation criteria may take into account such factors as the following:

- a) Cost: evaluation of cost using a methodology that is appropriate to the nature of the procurement including:
 - i. adjusted Bid/Proposal price; or
 - ii. adjusted Bid/Proposal price plus the running/recurrent cost over the useful life time of the asset on a net present cost basis (life-cycle costs);
- b) Quality: evaluation of quality using a methodology to determine the degree to which the Goods, Works, Non-consulting Services or Consulting Services meet or exceed the requirements;
- c) Risk: criteria that mitigate the relevant assessed risk;
- d) Sustainability: criteria that take into account stated economic, environmental, and social benefits in support of the project objectives, and may include the flexibility of the Proposal to adapt to possible changes over the life-cycle; and/or
- e) Innovation: criteria that allow assessment of innovation in the design and/or delivery of the Goods, Works, Non-consulting Services, or Consulting Services and that give Bidders/Proposers the opportunity to include, when appropriate, in their Bids/Proposals, solutions that exceed the requirements or alternative solutions that could deliver better VfM.

Depending on the selection method that is chosen, for example RFB with or without Pre-qualification, or RFP with Initial Selection, there are different approaches or processes that can be used to initially select/qualify firms, and to evaluate their Bids/Proposals in order to select the Most Advantageous Bid/Proposal. See Figure II.

Borrowers should check the relevant SPD and if applicable, the associated User Guide for specific application of evaluation criteria in each of the Bank’s SPDs.

Application of evaluation criteria RFB v RFP



Figure II – Application of evaluation criteria RFB v RFP

Section II. Substantial responsiveness

Preliminary examination

The evaluation process should begin immediately after opening of the Application/Bid/Proposal with a preliminary examination to verify the overall completeness of the Application/Bid/Proposal received as required by the SPDs before undertaking their detailed examination or evaluation.

All Application/Bid/Proposal should be subjected to a preliminary examination. This action enables evaluation committee to identify and reject Applications/Bids/Proposals that are incomplete, invalid or substantially non-responsive.

The results of preliminary examination should be presented in the Evaluation Form. If the Application/Bid/Proposal fails preliminary acceptance, the reasons must be clearly explained in footnotes or in an attachment, as necessary.

Since rejection at this stage puts the Application/Bid/Proposal out of any further considerations, it should be ensured that the decision to reject is justifiable.

In the preliminary examination, attention should be directed toward deficiencies that, if accepted, would provide unfair advantages to the Applicant/Bidder/Proposer. Sound judgment must be used: for example, simple omissions or mistakes arguably due to human error should not be grounds for rejection of the Application/Bid/Proposal. Rarely is an Application/Bid/Proposal perfect in all respects.

Justification to reject must therefore be based on the existence of one or more major deficiencies or deviations which cannot be permitted to be rectified or accepted in any case, and rejection would be justified and sustainable. A material deviation is one which:

- a) has an effect on the validity of the bid; or
- b) has been specified in the bidding documents as grounds for rejection of the bid; or
- c) is a deviation from the commercial terms or the technical specifications in the bidding documents whose effect on the bid price is substantial but cannot be given a monetary value.

The following checks should be applied:

- a) **Verification:** The validity of the Application/Bid/Proposal requires that all relevant forms be signed by authorized person or persons. If the Applicant/Bidder/Proposer is a joint venture, the joint venture agreement must be submitted; if the Applicant/Bidder/Proposer is an agent, an authorization from the supplier or manufacturer must be provided in addition to any documentation required of the supplier or manufacturer itself.
- b) **Eligibility:** All goods and services shall originate from eligible source countries. In the case of plant and equipment, this eligibility test is applied only to the finished product offered in the Application/Bid/Proposal and to its major and clearly identifiable components.
- c) **Bid/Proposal Security:** The SPD may require submission of a Bid/Proposal security. If so, the Bid/Proposal security must conform to the requirements of the SPD, and it must accompany the Bid/Proposal.
- d) **Completeness of Application/Bid/Proposal:** Unless the SPDs have specifically allowed Applicant/Bidder/Proposers to quote for only select items or for only

partial quantities of a particular item—those not offering all of the required items should ordinarily be considered nonresponsive. However, under works contracts, missing prices for occasional work items are considered to be included in prices for closely related items elsewhere.

Technical and Commercial Qualifying criteria

Technical and Commercial Qualifying criteria are the minimum and/or maximum requirements in the SPD that are normally evaluated on a pass/fail basis.

Qualifying (pass/fail) criteria should be stated in such a way that an assessment can determine whether the Bid/Proposal is substantially responsive to the technical and commercial requirements.

Qualifying criteria can be applied in both an RFB and an RFP as illustrated in Figure II.

The Borrower should be careful not to limit market competition through unnecessary or unduly onerous qualifying criteria.

Material deviations to the commercial requirements and technical specifications are a basis for the rejection of an Application/Bid/Proposal. As a general rule, material deviations are those that, if accepted, would not fulfill the purposes for which the Application/Bid/Proposal is requested, or would prevent a fair comparison with Applications/Bids/Proposals that are properly compliant with the SPDs. Examples of material deviations include:

- a) Refusing to bear important responsibilities and liabilities allocated in the SPD, such as performance guarantees and insurance coverage;
- b) Inability to meet the critical delivery schedule or work schedule clearly specified in the SPD;
- c) Failure to comply with minimum experience criteria as specified in the SPD;
- d) Failure to meet major technical requirements (e.g., offering completely different types specified, plant capacity well below the minimum specified, equipment not able to perform the basic functions for which it is intended; and/or
- e) Failure to bid for the required scope of work (e.g., for the entire works or a complete package or a complete schedule) as instructed in the SPD and where failure to do so has been indicated as unacceptable.

Section III. Prequalification and Initial Selection

Prequalification and Initial Selection are processes used to shortlist Applicants in the procurement of Goods, Works and Non-consulting Services. These processes ensure that only those with appropriate and adequate capacity, capability and resources as assessed against the qualification criteria in the SPD, are invited to submit Bids/Proposals.

The assessment of an Applicant's qualifications only assess the firm that submitted the Prequalification/Initial Selection Application. The assessment does not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the Prequalification/Initial Selection document), or any other firm different from the firm that submitted the Prequalification/Initial Selection Application.

The use of qualification criteria for Initial Selection or with RFB with pre-qualification or post qualification is summarized in Figure II and is covered in detail in each of the respective SPDs and if applicable, User Guides.

Prequalification

Prequalification is normally used with Requests for Bids and is optional depending on the nature and complexity of the Goods, Works or Non-consulting Services.

In prequalification, minimum requirements are normally assessed on a pass/fail basis against such criteria as:

- a) Eligibility
 - i. Nationality
 - ii. Conflict of Interest
 - iii. Bank Eligibility
 - iv. United Nations resolution or Borrower's country law
- b) Historical Contract Non-Performance
 - i. History of Non-Performing Contracts
 - ii. Suspension Based on Execution of Proposal Securing Declaration by the Employer
 - iii. Pending Litigation
 - iv. Litigation History
- c) Financial Situation and Performance
 - i. Financial Capabilities
 - ii. Average Annual Turnover
- d) Experience
 - i. General Experience
 - ii. Specific Experience

All Applicants to a prequalification that substantially meet the qualification requirements are invited to submit a Bid.

Initial Selection

Initial Selection is normally used with Request for Proposals and for all Competitive Dialogue processes. It enables the Borrower to invite only the highest ranked Applicants to submit Proposals.

Initial selection involves a two-step process. The first step is similar to the Prequalification process described above. All Applicants to an Initial Selection are assessed against minimum (pass/fail) qualification requirements.

In Initial Selection, qualification requirements are normally assessed on a pass/fail basis against such criteria as:

- a) Eligibility
 - i. Nationality
 - ii. Conflict of Interest
 - iii. Bank Eligibility
 - iv. United Nations resolution or Borrower's country law
- b) Historical Contract Non-Performance
 - i. History of Non-Performing Contracts
 - ii. Suspension Based on Execution of Proposal Securing Declaration by the Employer
 - iii. Pending Litigation
 - iv. Litigation History
- c) Financial Situation and Performance
 - i. Financial Capabilities
 - ii. Average Annual Turnover
- d) Experience
 - i. General Experience
 - ii. Specific Experience
- e) Past performance
 - i. Number of similar contracts
 - ii. Timeliness of delivery

Applicants that substantially meet the meet the qualification requirements are then assessed against the rated type criteria in the Initial Selection document in order to be ranked on merit.

- a) Management capability (policy, systems, practice)
 - i. Management facilities
 - ii. Financial management
 - iii. Risk management
 - iv. Health and safety management
 - v. Innovation
 - vi. Sustainable business
- b) Contract / Project Management Capability (policy, systems, practice)
 - i. Contract/Project management

- ii. Scope of human resources and structure assigned to contract/project management
- iii. Budget and financial management
- iv. Risk processes to mitigate and manage
- v. Value engineering, continuous improvement
- c) Employer's requirements
 - i. Full understanding of the Employer's Requirements
 - ii. Practical and realistic preliminary approach and methodology
 - iii. Realistic preliminary timeline/delivery schedule
 - iv. Effective risk identification
- d) Sustainable Procurement
 - i. Sustainable procurement (policy and systems)
 - ii. Track record of delivering successful sustainable procurement result/s (actual examples to be provided)
 - iii. Sustainable procurement accreditation from a recognized body
 - iv. Sustainable procurement award from a recognized body

After ranking the combined rated criteria scores the Borrower selects the highest ranked Applicants to submit Proposals. The Borrower must state in the Initial Selection document, the range of Applicants that may be Initially Selected. Figure III illustrates an example Initial Selection process.

Initial Selection example

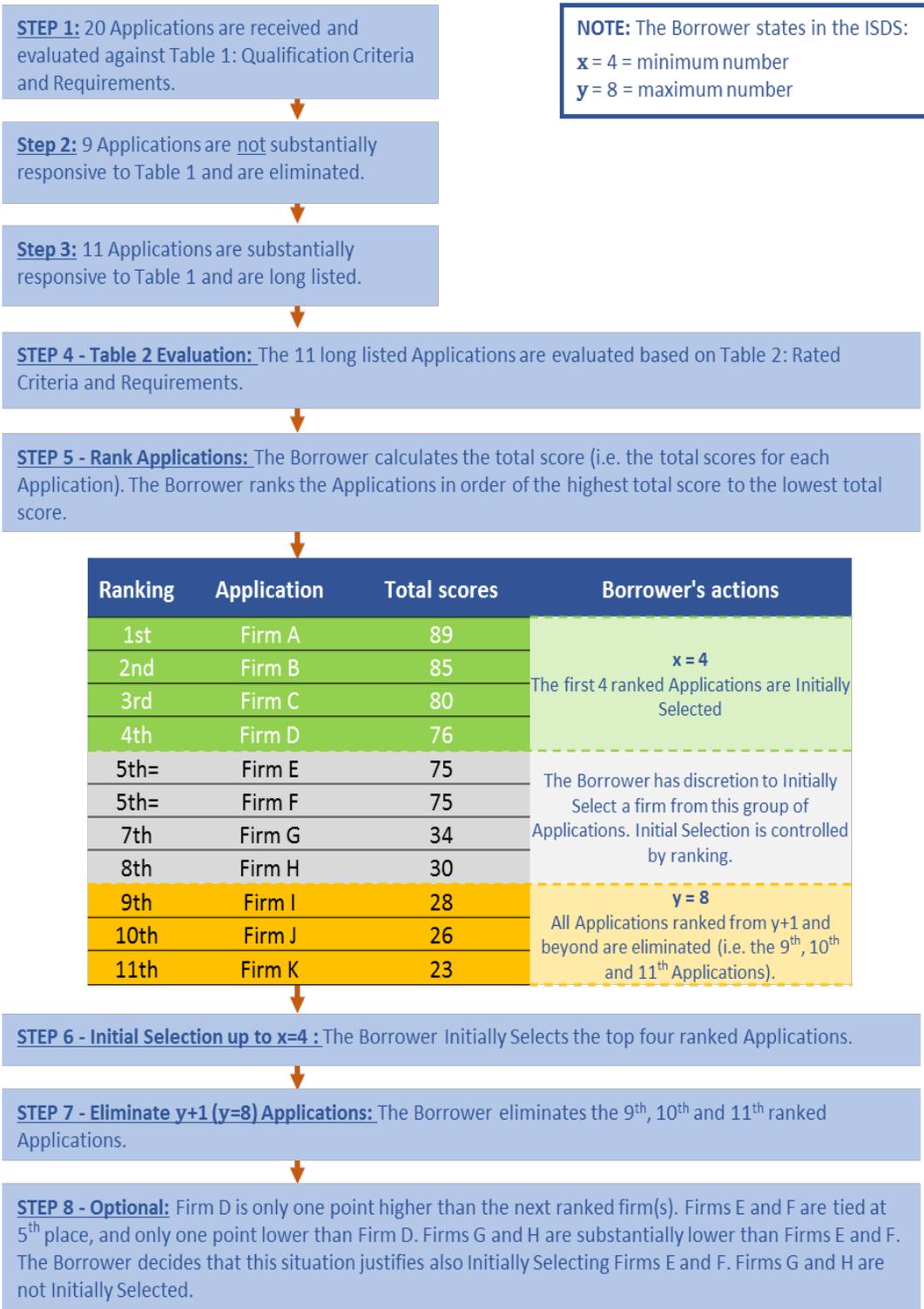


Figure III – Initial Selection Example

Post-Qualification

If Bidders/Proposers have not been prequalified/ initially selected, the Borrower shall specify appropriate qualification requirements in the SPD to verify that a

Bidder/Proposer that would be recommended for contract award has the capability and resources to effectively carry out the contract.

As with pre-qualification, the assessment of a firm's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the SPD), or any other firm different from the firm that submitted the Bid/Proposal.

Section IV. Evaluation of Bid/Proposal Cost

As specified in the SPD, quoted costs are evaluated against monetarily quantifiable criteria. This allows the Borrower to compare and evaluate costs of each Bidder/Proposer.

Borrower's selection of method for the evaluation of Bid/Proposals cost shall be guided by the factors that will be considered for the purpose of evaluation besides the quoted costs. If factors selected can be quantified in monetary terms, then an RFB approach that uses monetarily quantifiable criteria should be selected. If factors cannot be monetized, then an RFP approach using Rated Type criteria should be selected.

When setting monetarily quantifiable evaluation criteria, the SPD shall specify the relevant factors, in addition to price, that are to be considered in Bid/Proposal cost evaluation, and the manner in which they will be applied for the purpose of determining the evaluated cost of each Bid/Proposal.

Examples of where monetarily quantifiable methodology can apply, include:

- a) domestic margin of preference;
- b) time schedule adjustment;
- c) payment schedule adjustment;
- d) life cycle costing;
- e) functional guarantees min/max adjustment; and
- f) discounts for multiple lots.

Adjusted Bid/Proposal price

Adjusted Bid/Proposal price forms part of the evaluated cost of each Bid/Proposal. Adjustments of Bid price include arithmetic correction, any discounts, and other adjustments specified in the SPD for evaluation purposes.

Price adjustment provisions that are used in long-term contracts instead of a fixed price are not considered in the evaluation.

Discounts that are conditional on the award of more than one lot, or slice shall not be considered for proposal evaluation.

The Bid/Proposal prices should be adjusted for the purpose of comparison of evaluated cost for each Bid/Proposal. Only those deviations which are minor and which can be "translated" fairly into monetary values should be adjusted. The calculation of financial adjustment should be in the manner consistent with the SPD.

All the adjustment factors and the basis of price comparison specified in the SPD must be taken into account during the evaluation.

Factors or other criteria not listed in the Procurement Documents shall not be introduced during the Bid/Proposal evaluation.

Life-cycle costs

Evaluation of Bid/Proposal cost may also include an assessment of life cycle costs. The principle of VFM does not necessarily mean selecting the lowest price, but rather total cost of ownership (or lifecycle cost) over a specified period, generally the useful life of an asset. VFM represents the optimum combination of total cost of ownership and quality

(or fitness for purpose) to meet the buyer's requirements. It allows the relative benefits of different Bids/Proposals to be measured by taking into account all costs including for example:

- a) purchase price or upfront costs of acquisition;
- b) installation and commissioning costs;
- c) cost of operation and maintenance including costs of materials, servicing, spare parts, etc. over the useful life ;
- d) sustainability savings e.g. lower fuel consumption; and/or
- e) decommissioning and disposal costs.

Life-cycle costing should be used when the costs of operation and/or maintenance over the specified life of the Goods or Works are estimated to be considerable in comparison with the initial cost and may vary among different Bids/Proposals. It is evaluated on a net present value (NPV) basis.

When using life-cycle costing, the Borrower shall specify the following information in the SPD:

- a) number of years used in the life-cycle cost determination;
- b) the discount rate, in percent, to be used to calculate the net present cost of future costs over the life-cycle period specified; and
- c) the factors and methodology to be used for calculating the operation, maintenance, and residual value costs, including the information and functional guarantees to be provided by the bidder/proposer in the bid/proposal.

Note: Borrowers should take extra care in setting the discount rate and the number of years to ensure they are suitable for the specific contract.

An example Life-cycle cost calculation is included in Annex I.

Unbalanced, front loaded and Abnormally low bids/proposals

When the evaluation of Bids/Proposals has been completed then the Borrower shall check if the evaluated cost is reasonable. That is, whether it may be identified as unbalanced, front loaded or abnormally low. Refer to separate guidance on Abnormally Low Bids, see www.worldbank.org/procurement.

Section V. Rated-Type Criteria

Rated-type criteria are used to assess non-price attributes using merit points. They are normally used in an RFP process when attributes or differences in attributes among different Bids/Proposals may not be quantifiable (or the evaluation criteria cannot be expressed) in monetary terms or where a Borrower wishes to differentiate proposals using merit points.

Rated criteria can be used:

- a) in conjunction with pass/fail criteria in order to rank and initially select Applicants; and
- b) in the evaluation of proposals (and exceptionally of bids) to identify the most advantageous proposal (bid).

When using rated criteria at the Proposal stage of an RFP, rated criteria are assessing the extent to which the firm is able to meet and exceed the requirements to perform the contract, rather than past performance.

At the Proposal stage rated criteria may include, but are not limited to, the following features as relevant:

- a) to what extent the performance, capacity, or functionality features meet or exceed the levels specified in the performance / functional requirements and/or influence the life-cycle cost;
- b) quality of Technical Proposal in terms of method statement, key personnel, access to key equipment, site organization, safety, quality assurance, mobilization schedule, Implementation Schedule and any other activities as specified by the Employer; and
- c) ability to meet and exceed any sustainable procurement requirement if specified in the Employer's Requirements.

Prioritization of rated criteria

Rated-type criteria, and sub-criteria as appropriate, are prioritized, assigned merit points, and weighted according to their relative importance in meeting the requirements. The number of criteria and sub-criteria should be kept to the essential minimum.

The scores to be given to each criteria and sub-criteria are specified in the data sheet, and in Section III of the SPD.

To help prioritize the rated criteria a simple prioritization matrix may be used. See Figure IV.

- a) Start by creating a table as per the example below with each criteria being identified as a letter in alphabetical order;
- b) Insert the criteria into the matrix twice – one in the horizontal rows and once in the vertical columns;
- c) Take each pairing in turn. Ask the evaluation team to determine which of the two compared against each other is more important in this procurement e.g. compare criterion 'A' against 'B'. If the team decide that 'B' is most important then insert

the letter 'B' in the box. If the evaluation team decides that both criteria are equal then insert A and B;

- d) Count the total number of 'A's, 'B's 'C's etc;
- e) The letter with the highest count is the most important and the letter with the lowest count is the least important;
- f) Prioritize as 1st, 2nd, 3rd etc. on the basis of the highest count so that each criterion is ranked against the other; and
- g) Discuss and agree points or percentage weightings. When combining with price, the total weightings of all rated criteria other than price should normally not exceed 30% but it may be set as high as fifty percent (50%) if justified to achieve VfM.

Example Prioritization matrix for evaluation criteria

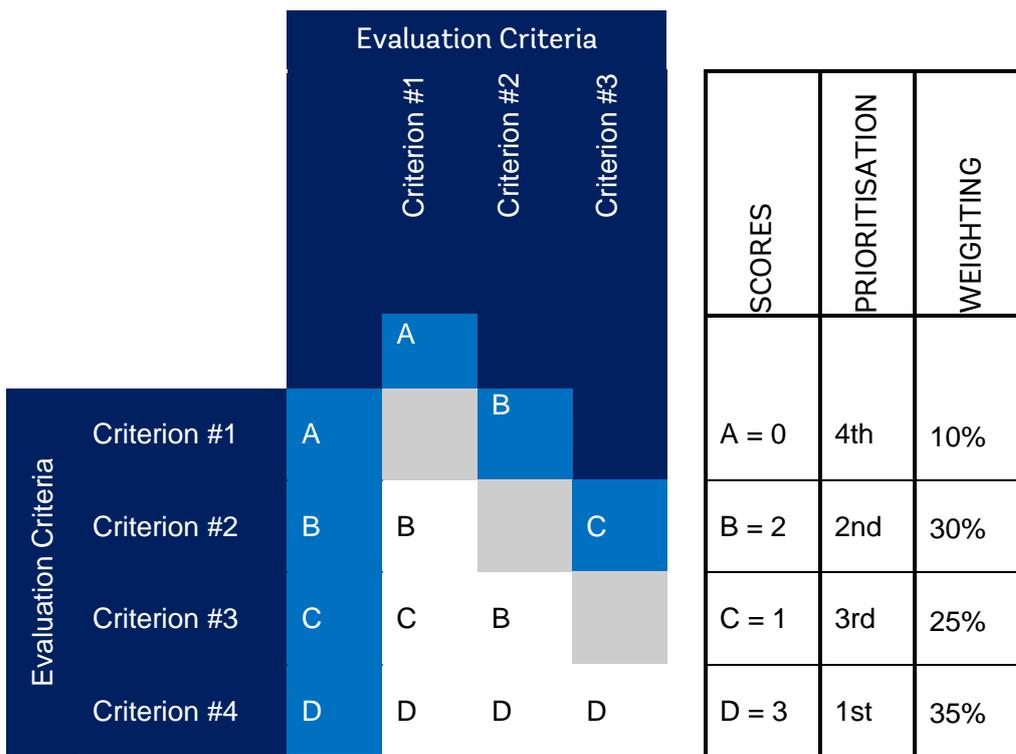


Figure IV – Example Prioritization matrix for evaluation criteria

Evaluation of Technical scores

The total technical points assigned to each Proposal in the Evaluated Proposal Formula will be determined by adding and weighting the scores assigned by an evaluation committee to technical features of the Proposal in accordance with the criteria below.

- a) The technical features to be evaluated are generally defined below and specifically identified in the Proposal Data Sheet (PDS):
 - i. to what extent that the performance, capacity, or functionality features meet or exceed the levels specified in the performance / functional requirements and/or influence the life-cycle cost and effectiveness of the Plant.

- ii. quality of Technical Proposal in terms of method statement, key personnel, access to key equipment, site organization, safety, quality assurance, mobilization schedule, Implementation Schedule and any other activities as specified by the Employer and based on the proposers experience.
 - iii. Any sustainable procurement requirement if specified in the Employer’s Requirements.
- b) Each technical feature may include sub criteria as specified **in the PDS**. The scores to be given to each technical feature and sub criteria are specified **in the PDS**.

During the evaluation process, the evaluation committee will assign each desirable/preferred feature a whole number score as stated in the SPD.

For example a score from 0 to 4 may be used, where:

- i. 0 means that the feature is absent;
- ii. 1 for the feature being present but showing deficiencies;
- iii. 2 for meeting the requirements;
- iv. 3 for marginally exceeding the requirements; and
- v. 4 for significantly exceeding the requirements.

The score for each feature (i) within a category (j) will be combined with the scores of features in the same category as a weighted sum to form the Category Technical Score using the following formula:

$$S_j \equiv \sum_{i=1}^k t_{ji} * w_{ji}$$

where:

- t_{ji} = the technical score for feature “i” in category “j”
- w_{ji} = the weight of feature “i” in category “j”
- k = the number of scored features in category “j”

$$\text{and } \sum_{i=1}^k w_{ji} = 1$$

The Category Technical Scores will be combined in a weighted sum to form the total Technical Proposal Score using the following formula:

$$T \equiv \sum_{j=1}^n S_j * W_j$$

where:

- S_j = the Category Technical Score of category “j”
- W_j = the weight of category “j” as specified in the PDS
- n = the number of categories

$$\text{and } \sum_{j=1}^n W_j = 1$$

Combined Technical and Financial scores

The Purchaser will evaluate and compare the Proposals that have been determined to be substantially responsive.

If indicated by the PDS, the Purchaser’s evaluation of responsive Proposals will take into account technical factors, in addition to cost factors.

In such a case, an Evaluated Proposal Score (B) will be calculated for each responsive Proposal using the following formula, which permits a comprehensive assessment of the Proposal price and the technical merits of each Proposal:

$$B \equiv \frac{C_{low}}{C} X + \frac{T}{T_{high}} (1 - X)$$

where

- C = Evaluated Proposal Price
- C_{low} = the lowest of all Evaluated Proposal Prices among responsive Proposals
- T = the total Technical Score awarded to the Proposal
- T_{high} = the Technical Score achieved by the Proposal that was scored best among all responsive Proposals
- X = weight for the Price as specified in the PDS

The Proposal with the best evaluated Proposal Score (B) among responsive Proposals shall be the Most Advantageous Proposal provided the Proposer is qualified to perform the Contract.

An example in Annex I shows how price is weighted and combined with the technical score to determine the Most Advantageous Proposal.

Annex I. Example RFP evaluation using rated type criteria

The following example illustrates evaluation of an RFP using rated type criteria and life-cycle costing for the evaluation of five Proposals that were Initially Selected.

Weighting of Criteria

Rated Category and Feature	Percentage weighting
Price weighting	50%
1. Methodology and Work Plan	
a. Methodology	10%
b. Work Plan	10%
2. Management and Technical Skills	
a. Management Team	5%
b. Technical Skills	8%
3. Past performance	10%
4. Relevant Experience	12%
Technical score	50%
Total	100%

Table I – Weighting of Criteria

The rated type criteria indicated in Table I are evaluated according to the method indicated in Table II.

Example scoring methodology of Rated Type Criteria

The example below in Table III shows how the weighted scores are calculated for each criterion and sub-criterion, the weighing of the intermediate scores, and application of the weighing factor for mandatory rated criteria.

Each Proposer is scored on the scale specified in the SPD for each factor in a rated-type criteria category.

For example. For the Category 3 evaluation criteria ‘Past Performance 10%’, the scoring methodology might be stated as follows:

Past Performance (Rated-type criteria, Category 3 above)						Scoring		Documentation																		
Requirement						Maximum score	Remark	Submission Requirement																		
<p>Category 3 Past Performance: Number of similar contracts <i>SPD Table 1, 4.2 specifies a minimum of x=3 contracts completed in 5 years.</i> <i>Number of successfully completed contracts that <u>exceed</u> the number specified in Table 1, 4.2 (‘Specific Experience’), that are:</i></p> <ol style="list-style-type: none"> 1. similar to the Requirements (<u>Reference Table 1, 4.2</u>); and 2. completed during the past 7 years. <p>Scoring methodology:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Number of contracts</th> <th style="width: 10%;">>= x+4 contracts</th> <th style="width: 10%;">x+3 contracts</th> <th style="width: 10%;">x+2 contracts</th> <th style="width: 10%;">x+1 contracts</th> <th style="width: 10%;">X contracts</th> </tr> </thead> <tbody> <tr> <td><i>Number of successfully completed similar contracts.</i></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Score</td> <td style="text-align: center;">4</td> <td style="text-align: center;">3</td> <td style="text-align: center;">2</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>						Number of contracts	>= x+4 contracts	x+3 contracts	x+2 contracts	x+1 contracts	X contracts	<i>Number of successfully completed similar contracts.</i>						Score	4	3	2	1	0	4 (10%)	In case of JV, all members combined will be evaluated.	Form EXP 4.2
Number of contracts	>= x+4 contracts	x+3 contracts	x+2 contracts	x+1 contracts	X contracts																					
<i>Number of successfully completed similar contracts.</i>																										
Score	4	3	2	1	0																					

Table II – Example scoring methodology of Rated Type Criteria

Scoring of Rated Type Criteria

Criteria category	Proposal A	Proposal B	Proposal C	Proposal D	Best score
Category 1 Methodology	4	2	2	3	4
Work Plan	3	3	2	2	3
Category 2 Management Team	2	3	2	2	3
Category 3 Past Performance	3	2	2	3	3
Category 4 Relevant Experience	3	2	2	3	3

Table III – Scoring of rated Type Criteria

The weighted score for each Proposer shown, in Table IV, is calculated as:

$$Score \equiv \frac{T}{T_{high}} w$$

- T = the Technical Score awarded (0-4)
 T_{high} = the Technical Score achieved by the Proposal that was scored best among all responsive Proposals (0-4)
 w = % weight for the category or factor as specified in the SPD (e.g. Methodology 10%)

Weighting of scored Rated Type Criteria

Criteria category	Proposal A	Proposal B	Proposal C	Proposal D
Category 1 Methodology 10%	4/4*10=10	2/4*10=5	2/4*10=5	3/4*10=7.5
Work Plan 10%	3/3*10=10	3/3*10=10	2/3*10=6.7	2/3*10=6.7
Category 2 Management 8%	5.3	8	5.3	5.3
Category 3 Past Performance 10%	10	6.7	6.7	10
Category 4 Relevant Experience 12%	12	8	8	12
Technical score	47.3	37.7	32.1	41.5

Table IV – Weighting of scored Rated Type Criteria

In the example above, Proposal A has the best Technical score of 47.3 out of a maximum 50.

Applying Life Cycle Costing and Combined Scores

Once each Proposal cost has been calculated it is scored using the following calculation:

$$B \equiv \frac{C_{low}}{C} w$$

- C = Evaluated Proposal Cost
 C_{low} = the lowest of all Evaluated Proposal Costs among responsive Proposals
 w = weight for the cost as specified in the SPD

For example, for Proposal B below

- C = 24,300,000
 C_{low} = 21,500,000
 W = 50%
 Score = $\frac{21,500,000}{24,300,000} * 50\% = 44.2\%$

Table V illustrates the analysis required for life cycle costing.

Life Cycle Cost Analysis

	Proposal A	Proposal B	Proposal C	Proposal D
Initial Price	15,000,000	7,000,000	6,400,000	12,000,000
Yearly O&M Costs	900,000	1,750,000	2,300,000	1,000,000
Residual Value	800,000	200,000	150,000	500,000
Discount Rate 5%				
Period (10 years)				
NPV	23,200,000	24,300,000	29,250,000	21,500,000
Financial score 50%	46.3	44.2	36.8	50.0

Table V - Life Cycle Cost Analysis

To calculate the combined technical and financial score, the total scores are added and the Proposal with the highest score is determined as the Most Advantageous Proposal. See Table VI.

Combined Rated and Price Score

	Proposal A	Proposal B	Proposal C	Proposal D
Technical Score	47.3	37.7	32.1	41.5
Financial Score	46.3	44.2	36.8	50.0
Combined Score	93.6	81.9	68.9	91.5

Table VI - Combined Rated and Price Score

Explanation of the Example Results

The analysis of the results shows that Proposal D with the lowest evaluated cost does not win. The contract shall be awarded to Proposal A as it has the highest combined score and is therefore the Most Advantageous Proposal with the best overall VFM.



For additional information, such as Standard Procurement Documents (SPDs), Guidance, briefing, training and e-learning materials see www.worldbank.org/procurement

