



# Application of Rated Criteria for GWNCS in World Bank Funded Projects

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# Summary of a Borrower's Journey in Procurement in WB Funded Project

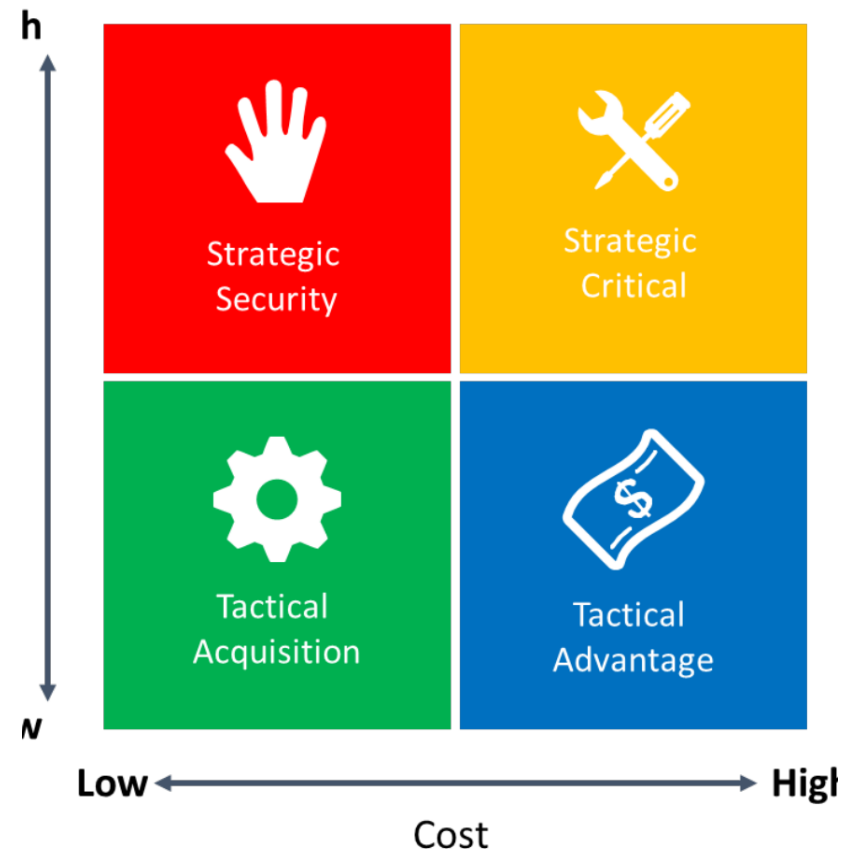


# What are Rated Criteria?

***Rated Criteria are used to evaluate non-price attributes of Bids/Proposals, including quality, risks/mitigations, opportunities, sustainability, and other technical aspects***

# PPSD Supply Positioning informs appropriate Procurement approach

- Supply Positioning helps identify key considerations for the Borrower, such as:
  - How important is the activity for Project?
  - Have Technical risks addressed well?
  - How complex is the procurement?
  - How competitive is the market?
  - Are alternatives available if procurement approach fails?
- Informs procurement approach to mitigate procurement-related risks
- Informs qualitative attributes to be considered in the evaluation
- Informs indicative weighting between technical aspects and financial cost



# Other factors impacting the technical–financial weighting

**Determine the overall technical versus financial cost weighting (e.g.: 50 : 50 or 70: 30) reflecting optimum balance of technical aspects and financial cost.**

- Extent of risks associated with the Procurement (the greater the risk, the higher the technical weighting)
- Degree of opportunity for Procurement to contribute to broader social, economic and environmental objectives (the greater the opportunity, the higher the technical weighting)
- Potential for market led innovation (the greater the potential for innovation, the higher the technical weighting)
- Complexity of the supply chain (the greater the supply chain complexity, the higher the technical weighting)

# Using Rated Criteria

## ■ General Principles

- Rated Criteria are subset of Evaluation Criteria, within the whole Evaluation Approach
- Rated Criteria are qualitative and help measure differentiation of Bids/Proposals
- Prioritized and focused on critical technical matters
- Weighted according to importance
- Tailored to specific project needs (avoid a cookie cutter approach)
- Use two-envelopes for all applicable procurements

## ■ Common issues that Rated Criteria may assess:

- Works methodology
- Extent technical proposal exceeds minimum requirements
- Credibility of related plans, risk assessments, proposed approaches to implement the contract, deliver environmental & social objectives etc.
- Experience and skills proposed key personnel

# Use of Quality Thresholds

- Can set a minimum quality threshold for critical Rated Criteria:
  - To reject Bids/Proposals that do not meet the minimum quality threshold at Technical evaluation stage
- A minimum quality threshold may apply to:
  - Total combined score of all qualitative criteria
  - Combined score of selected qualitative criteria
  - Score for an individual qualitative criterion
- Exclusion of abnormally low-priced bids helps to address quality risks
- **Make sure quality thresholds are realistic, not anti-competitive and/or discriminatory**

# Key messages



Applicable Bid/Proposal Documents must include the Evaluation Approach, including Rated Criteria and weightings prior to release

After a Bid/Proposal document has been issued, any change to criteria shall be made only through addenda (to maintain transparency and integrity)



# Whole Evaluation Approach

- **4 STEP Evaluation Approach is followed when Rated Criteria is applied**
  - **Step 1: Preliminary Examination:** Verification and completeness check as per requirements stated in bid.
  - **Step 2: Eligibility and Qualifications:** Eligibility verification and Qualifying whether the bid meets specified technical and financial requirements as Pass/Fail based on information provided by bidders. All "Must Meet" conditions needing to be verified at this step to progress further.
  - **Step 3: Scoring Technical Bids:** Evaluation based on rated criteria and scoring each bid individually first and then with a comparative scoring determining final technical scores. May require a minimum pass score to qualify for the next step. Some parts of bid may be reviewed in both qualification stage and technical scoring.
  - **Step 4: Combined Evaluation:** Final evaluation using a specified formula to determine the Most Advantageous Bid.
- **Single stage Two Envelope method to be followed**

## Step 1: Preliminary Verification

### Verification of Bids/Proposals

Whether technical and financial bids/proposals sealed and marked separately in 2 envelopes	Whether Bid is in required Language – for International market approach- English
Whether Bid copies are submitted as required	Whether Letter of Bid- completeness, changes if any, signed by all JV partners, if applicable
Whether Bid validity declared as required	Whether Bid Security/Declaration as required
Whether Bid security cover the whole duration as needed	Whether Power of Attorney attached, if needed
Whether JV requirements met- JV formation, signatories, authorization	Whether all technical bid/proposal forms are submitted- method statement, details of personnel and equipment, ESHS requirements, SEA statements, other details required in bid/proposal
Whether Financial forms for turn over, cash flow, etc. as required are submitted	Whether notarized translations to English attached for non-English documents

## Step 2: Eligibility and Qualifications- Pass/Fail

Nationality: Nationality in accordance with ITB 4.4	Conflicts of interest: No conflicts of interest in accordance with ITB 4.2
Bank Eligible: Not having been declared ineligible by the Bank, as described in ITB 4.5.	State- owned Enterprise or Institution of the Borrower country Meets conditions of ITB 4.6
United Nations resolution or Borrower's country law : Not having been excluded as a result of prohibition in the Borrower's country laws or official regulations against commercial relations with the Bidder's country, or by an act of compliance with UN Security Council resolution, both in accordance with ITB 4.8 and Section V.	Historical Non-performance: Non-performance of a contract did not occur as a result of contractor default for defined period.
Suspension Based on Execution of Bid/Proposal Securing Declaration by the Employer- Not under suspension based on-execution of a Bid/Proposal Securing Declaration pursuant to ITB 4.7 or withdrawal of the Bid. pursuant ITB 19.9.	Pending Litigation and Litigation History- No consistent history of court/arbitral award decisions
Declaration: Environmental and Social(ES) past performance	Bank's SEA and/or SH Disqualification

## Step 2: Eligibility and Qualifications- Pass/Fail

<b>Financial Capabilities- cash flow etc. as per bid</b>	<b>Turn over- Annual turn over of the firm, Average Construction or specific industry/service turn over</b>
<b>General Experience in the activity</b>	<b>Specific Experience with evidences</b>
<b>Specific Experience in managing ESHS, SEA</b>	<b>Personnel to be employed</b>
<b>Equipment/Licenses, etc. to be used</b>	

Each of the above would carry details as per the procurement item – like years/ period; values, manufacturer’s authorizations, licenses to operate, audited reports or balance sheets, Bank authorizations etc. The relevant section would also detail the kind of evidences and documentation, to be submitted. These would be on a Pass/Fail basis and any item where the bidder has a Fail will not be considered for the next Step of Whole Evaluation Approach.

## Step 3: Technical Scoring

Scoring will be carried out ONLY on the basis of the information provided with bid/proposal and any current and relevant documented information available with Client about the bid/bidder:

- Technical Proposal prepared in detail and in accordance with requirements, reflecting all elements required for evaluation and scoring.
- All information on the key personnel is provided as required in PER Forms;
- All information on the equipment is provided as required in EQU Forms;
- Experience information is provided for the proposed Specialized Subcontractors, Licenses, etc.;
- Details provided on the ESHS MSIP part of the proposal.

All missing parts required for evaluation and scoring shall be scored as zero points;

Some of the Technical Proposal's schedules can be evaluated in both the Qualification (Step 2) and the Scoring of Technical Proposal (Step 3) stages.

# Evaluating Financial Cost

- Goods and works (particularly where on-going costs are estimated to be relatively significant and may vary among bids) should include an assessment of other quantifiable costs including:
  - Purchase price or upfront costs of acquisition
  - Installation and commissioning costs
  - Cost of operation and maintenance
  - Energy and other running costs
  - Decommissioning and disposal costs
- Any monetary adjustments for other aspects as specified in the Procurement Documents
- Dealing with seriously unbalanced, front loaded or abnormally low-cost bids
- Lowest evaluated cost bid is allocated 100 percent and the scores for the other evaluated bid costs are calculated as follows:-

$$\frac{\text{Lowest evaluated cost bid}}{\text{evaluated bid cost}} \times 100$$

# Treatment of Abnormally Low Bids

1. Identify

- The Borrower identifies a potential ALB based on comparison with available prices from the market, or with the cost estimate, or applying relative/statistical method (see Bank Guidance)

2. Clarify

- The Borrower seeks clarification from the Bidder/proposer

3. Justify

- The Bidder prepares a justification of their price based on the request from the Borrower

4. Verify

- The Borrower fully analyzes the Bidder's justification to verify if its is an ALB

5. Decide

- The Borrower documents the decisions to accept or reject the Bid with the Bank's no-objection as appropriate

# Evaluating Financial Cost

Bidder/ Proposer	Total Evaluated Financial Cost	Comparative Financial Cost Score	Weighted Financial Cost Score (20%)
A	\$5,200,000	84.6	16.92
B	\$4,999,999	88.0	17.60
<b>C</b>	<b>\$4,400,000</b>	<b>100.0</b>	<b>20.00</b>
D	\$4,800,000	91.7	18.34
E	\$1,100,000	Nil, rejected as ALB	Nil, rejected as ALB

**To determine the financial score of bidder/proposer A, divide the lowest overall cost (highlighted grey) by the bid/proposal cost (highlighted orange)**

**Then multiply by the financial weighting (20%)**

**This will determine the financial score**

Lowest cost \$4,400,000

Company A \$5,200,000

X 100

= 84.6 x Financial Cost Weighting 20% = **16.92 points**



# Bid/Proposal Evaluation Report

- The Bid/Proposal Evaluation Report needs to thoroughly explain the Evaluation Approach and application of Rated Criteria, weightings and management of integrity etc.
- Include all key documentation:
  - Evaluation approach and methodology (use of any Probity Assurance, Auditor reports, HEIS etc.)
  - Clarification questions and responses
  - Any addendum issued
  - Pre-Bid/Proposal meeting attendance registers and notes
  - Bid/Proposal Opening Registers and notes
  - Summary score sheets (signed by all evaluation committee members)
  - Complaints
- Reasons for any disqualification/rejection must be clearly explained
- Bid/Proposal Evaluation Reports must be able to withstand scrutiny from approving authorities, auditors and other key stakeholders

# One key message



**Rated criteria will help better development** by motivating good suppliers and contractors to bid, rewarding credible technical proposals and supporting better overall project implementation

## Post-Award Process

- Notification of Intention to Award and Standstill period

- Contract signing

- Advance mobilization (if applicable)

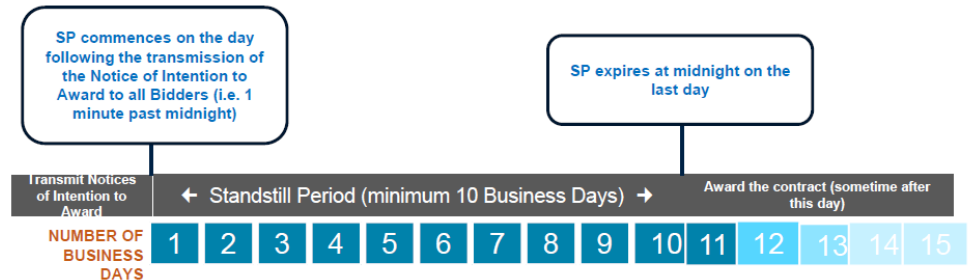
- Performance security

- Monitoring & supervision

# Notification of Intention to Award and Standstill period

## Standstill Period (SP)

- Period within which to complain (and still be able to influence the award decision)



# Q&A

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