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Business Opportunity Seminar 2024

Qualification Requirements under the World Bank Financed Procurement Opportunities

Kathmandu, Nepal, 24 September 2024

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How the Contract Award Decisions are Made

The Borrower selects the Most Advantageous Proposal/Bid for contract award according to the Evaluation Criteria, criteria as specified in the Request for Proposal/Bid document...

- Consultancies (QCBS): the consultant with the Most Advantageous Proposal; the proposal that achieves the highest combined technical and financial scores, will be considered for contract award. The total score is calculated by weighting the technical and financial scores.
- Works: The Employer shall award the contract to the bidder whose proposal/bid is determined as the Most Advantageous Proposal/Bid. The Most Advantageous Proposal/Bid is the Proposal/Bid that meets the Qualification Criteria and achieved the highest combined technical and financial score. The technical score consists of the non-price/qualitative Rated Criteria.

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- **Works:** The Employer shall award the contract to the bidder whose proposal/bid is determined as the **Most Advantageous Proposal/Bid**. The Most Advantageous Proposal/Bid is the Proposal/Bid that meets the **Qualification Criteria and achieved the highest combined technical and financial score**. The technical score consists of the **non-price/qualitative Rated Criteria**.

How the Contract Award Decisions are Made



Consultancies

- Shortlisting Requirements
- Technical Score
- Financial Score
- Combined Score

Works

- Qualification Requirements
- Technical (Rated Criteria) Score
- Financial Score
- Combined Score

Consultancies

- ✓ **Shortlisting:** is the process used prior to inviting request for proposals (RFP) in the procurement of Consulting Services. The Borrower prepares the Shortlist of firms that have expressed interest and have the relevant experience and managerial and organizational capabilities for the assignment. The RFP is issued only to the shortlisted firms.
- ✓ **RFP:** is a competitive method for the solicitation of Proposals that contains Technical & Financial Proposals...both the Proposals are submitted at the same time in two (2) separate and sealed envelopes.
- ✓ **Evaluation of Technical Proposal (Quality):** shall be in accordance with the Evaluation Criteria specified in the issued RFP document.
- ✓ **Evaluation of Financial Proposals (Cost):** shall meet the requirements indicated in the RFP.
- ✓ **Combined Quality and Cost Evaluation:** shall meet the requirements set out in the RFP.
- ✓ **Contract Award:** to the highest ranked firm.

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- ✓ **Combined Quality and Cost Evaluation:** shall meet the requirements set out in the RFP.
- ✓ **Contract Award:** to the highest ranked firm.

Watchout: At the shortlisting stage, make sure you only propose the JVs if you are short of any skill set and lacks '**capabilities**' in any manner to meet the expectations to comply a TOR.

Consultancies

- ❖ **Technical Proposals (TP):** should be prepared in accordance with the requirements as contained in the RFP. The TPs are evaluated against the Criteria as listed within the RFP that may contain most of the sub-criterias such as (i) Specific experience of the Consultant (as a firm) relevant to the Assignment; (ii) Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference (TORs); (iii) Key Experts' qualifications and competence for the Assignment; (iv) Transfer of knowledge (training) program (relevance of approach and methodology); and (v) Participation by nationals among proposed Key Experts.
- **Focus Areas to maximize Technical Score:** Methodology, Workplan, quality of the proposed Key Experts (& appropriateness of the non-key experts corresponding to the methodology & workplan)...

There is a minimum technical score (St) required to pass the TP Stage to move to the next stage where Financial Proposals are opened

Consultancies

- The lowest evaluated Financial Proposal (F_m) is given the maximum financial score (S_f) of 100. The formula for determining the financial scores (S_f) of all other Proposals is calculated as:

$S_f = 100 \times F_m / F$, in which “ S_f ” is the financial score, “ F_m ” is the lowest price, and “ F ” the price of the proposal under consideration

- Every RFP will indicate the weights given to the Technical (T) and Financial (P) Proposals. The range could vary as follows:
 - T = 60-90
 - P = 40-10

For a typical consultancy assignment, the T:P range is 80:20

- Proposals are ranked according to their combined technical (S_t) and financial (S_f) scores

$$S = S_t \times T\% + S_f \times P\%.$$

using the weights (T = the weight given to the Technical Proposal; P = the weight given to the Financial Proposal such as $T + P = 1$)

Works

Pre-qualification (PQ) & Initial Selection (IS): The shortlisting process which can be used prior to inviting Request for Bids in the procurement Works to ensure that only those firms/entities with appropriate and adequate capacity, capability and resources are invited to submit Bids/Proposals. The bidding document is issued only to the PQ/IS selected firms.

- ✓ The assessment of an Applicant's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors, or any other firm different from the firm that submitted the Prequalification/Initial Selection Application.
- ✓ Firms participating in Bank-financed contracts may form joint ventures (JV) with domestic and/or foreign firms to enhance their qualifications and capabilities. A JV may be for the long term (independent of any procurement), or for a specific procurement. All the partners in a joint venture shall be jointly and severally liable for the entire contract. If a JV decide to submit a bid, they must meet the qualification requirements of the particular procurement activity.

Works

Qualification Requirements: Every procurement is considered ‘individual’ and warrants the specific requirements to meet the specific job covered under the bid. There are two criteria to be applied prior to deciding for contract award;

- Qualification of a bidder is assessed against disclosed ‘qualification criteria’ and marked as ‘Pass’ or ‘Fail’. The bids that qualify the qualification requirements (pass) are then taken to the next stage where the Technical Factors or Rated Criteria is applied.
- Weightage is to be given to Cost and Technical factors which correspond to the complexity of the procurement activity; This could be...
 - ❑ ...any range that is disclosed in the bidding document...typically as used in Nepal
 - Cost factor: 80%
 - Technical factor: 20%

Watchout: A joint venture shall be jointly and severally liable for the entire contract if awarded. Therefore, the JV members must have a valid JV arrangement clearly listing the Roles and Responsibilities of each member conforming to the claimed qualifications.

Works

Qualification of a bidder is assessed against disclosed 'qualification criteria' and marked as 'Pass' or 'Fail'. The following factors are used under the qualification requirements:

1.0 Eligibility

- 1.1 Nationality
- 1.2 Conflict of Interest
- 1.3 Bank Eligibility
- 1.4 State-owned Enterprise or Institutions of the Borrower country
- 1.5 UN Resolution or Borrower's country law

2.0 Historical Contract Non-performance

- 2.1 History of Non-performing contracts
- 2.2 Suspension Based on Execution of Bid/Proposal Securing Declaration by the Employer
- 2.3 Pending Litigation
- 2.4 Litigation History
- 2.5 Declaration: Environmental and Social (ES) past performance
- 2.6 Bank's SEA and/or SH Disqualification

Works

Qualification of a bidder is assessed against disclosed 'qualification criteria' and marked as 'Pass' or 'Fail'. The following factors are used under the qualification requirements:

3.0 Financial Situation and Performance

3.1 Financial Capabilities

3.2 Average Annual Construction Turnover

4.0 Experience

4.1(a) General Construction Experience

4.2(a) Specific Construction & Contract Management Experience

4.2(b) Specific Construction & Contract Management Experience in Specific Key Activities

4.2(c) Specific Experience in managing ES aspects

Only substantially responsive bids submitted by the eligible and qualified bidders shall proceed to the detailed technical evaluation in accordance with the disclosed criteria (Rated Criteria)

Rated Criteria

- ❖ ***Rated Criteria are used to evaluate non-price attributes of Bids/Proposals, including quality, risks/mitigations, opportunities, sustainability, and other technical aspects***
- ❖ ***When Rated Criteria are used, the Most Advantageous Bid/Proposal is the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be (a) substantially responsive to the Request for Bids/Request for Proposals document; and (b) the highest ranked Bid/Proposal.***

What are Rated Criteria?

- **Rated Criteria may:**
 - Be a statement of qualitative aspects of a requirement (*e.g. the timber must be sourced from independently certified sustainable sources*)
 - Specify the minimum standard where requirements are mandatory (*e.g. the road must be at least 5 meters wide*)
 - Seek solutions (*e.g. design a flood defense to protect from a 1 in 200-year flood event*)
 - Specify the minimum quality by setting a Minimum Quality Threshold score (*e.g. Bidder/Proposer's Labor Management Plan must score at least 3 out of 4 to proceed*)
 - Be input, outcome or performance based

What are Rated Criteria?

- **Rated Criteria should be:**
 - **Scorable** and able to be rated to justifiably differentiate Bids/Proposals
 - Specific and proportionate - designed to address project objectives, risks and issues

Rated Criteria – Some examples

Technical Factor	weight (%)
➤ Extent the technical proposal exceeds the requirements of the Specification	
➤ Method Statement for construction activities (and design, if any) corresponding to the requirements as stated in the Specifications and ESHS framework	
➤ Site Organization	
➤ Work Program and completeness of allocated resources	
➤ Management strategies and implementation plans (MSIPs) for ES	
➤ Qualifications and Experience of Contractor’s Representative and Key Personnel	
➤ Deployment schedule of Key equipment & utilization strategy	
➤ Any other technical factors as appropriate	
Total	100%

Example: Final - Technical vs Financial Cost

	Proposal A	Proposal B	Proposal C	Proposal D
Quality Score	31.66	33.33	30.00	40.0
Financial Cost Score	50.76	52.80	60.00	55.02
Combined Score	82.42	86.13	90.00	95.02
				Recommended for Award

Specifics for Nepal

An effort to make sure that the Lead JV Member, if an international contractor, following should be ensured:

- 1. The Contractor's authorized representative should be from the Lead Member and technically qualified to meet the disclosed requirements**
- 2. The Contractor's authorized representative must be based in Nepal at the work site**
- 3. The Contractor's authorized representative must be a permanent member of the Lead Member or is continuously employed by the Lead Member for X number of years**
- 4. JV Agreement is well balanced in defining roles and responsibilities assigned to each JV member, including the Lead Member**



Further Reading



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infonepal@worldbank.org

Works

Eligibility and Qualification Criteria		Compliance Requirements			
Subject	Requirement	Single Entity	Joint Venture (existing or intended)		
			All Members Combined	Each Member	Lead Member
1. Eligibility					
1.1 Nationality	Nationality in accordance with ITB 4.4	Must meet requirement	Must meet requirement	Must meet requirement	Must meet requirement
1.2 Conflict of Interest	No conflicts of interest in accordance with ITB 4.2	Must meet requirement	Must meet requirement	Must meet requirement	Must meet requirement
1.3 Bank Eligibility	Not having been declared ineligible by the Bank, as described in ITB 4.5.	Must meet requirement	Must meet requirement	Must meet requirement	Must meet requirement
1.4 State- owned Enterprise or Institution of the Borrower country	Meets conditions of ITB 4.6	Must meet requirement	Must meet requirement	Must meet requirement	Must meet requirement
1.5 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.	Must meet requirement	Must meet requirement	Must meet requirement	Must meet requirement

Works

Eligibility and Qualification Criteria		Compliance Requirements			
Subject	Requirement	Single Entity	Joint Venture (existing or intended)		
			All Members Combined	Each Member	Lead Member
2. Historical Contract Non-Performance					
2.1 History of Non-Performing Contracts	Non-performance of a contract did not occur as a result of contractor default since ...	Must meet requirement	Must meet requirement	Must meet requirements	Must meet requirement
2.2 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 and ITB 19.9	Must meet requirement	Must meet requirement	Must meet requirement	Must meet requirement
2.3 Pending Litigation	Bidder's financial position and prospective long-term profitability still sound according to criteria established in 3.1 below and assuming that all pending litigation will be resolved against the Bidder	Must meet requirement	Must meet requirement	N/A	Must meet requirement
2.4 Litigation History	No consistent history of court/arbitral award decisions against the Bidder since ...	Must meet requirement	Must meet requirement	Must meet requirement	Must meet requirement

Works

Eligibility and Qualification Criteria		Compliance Requirements			
Subject	Requirement (including each subcontractor proposed by the Bidder)	Single Entity	Joint Venture (existing or intended)		
			All Members Combined	Each Member	Lead Member
2. Historical Contract Non-Performance					
2.5 Declaration: Environmental and Social (ES) past performance	Declare any civil work contracts that have been suspended or terminated and/or performance security called by an employer for reasons of breach of environmental, or social (including Sexual Exploitation, and Abuse) contractual obligations in the past five years.	Must make the declaration	N/A	Each must make the declaration	Each must make the declaration
2.6 Bank's SEA and/or SH Disqualification	At the time of Contract Award, not subject to disqualification by the Bank for non-compliance with SEA/ SH obligations	Must meet requirement	N/A	Must meet requirement	Must meet requirement
	If the Bidder had been subject to disqualification by the Bank for non-compliance with SEA/ SH obligations, the Bidder shall either (i) provide evidence of an arbitral award on the disqualification made in its favour; or (ii) demonstrate that it has adequate capacity and commitment to comply with SEA/SH prevention and response obligations; or (iii) provide evidence that it has already demonstrated such capacity and commitment on another Bank financed works contract.	Must meet requirement	N/A	Must meet requirement	Must meet requirement

Works

Eligibility and Qualification Criteria		Compliance Requirements			
Subject	Requirement	Single Entity	Joint Venture (existing or intended)		
			All Members Combined	Each Member	Lead Member
3. Financial Situation and Performance					
3.1 Financial Capabilities	(i) The Bidder shall demonstrate that it has access to financial means sufficient to meet the construction cash flow requirements estimated as USD \$...for the subject contract(s) net of the Bidder's other commitments	Must meet requirement	Must meet requirement	N/A	N/A
	(ii) The Bidders shall also demonstrate...that it has adequate sources of finance to meet the cash flow requirements on works currently in progress and for future contract commitments.	Must meet requirement	Must meet requirement	N/A	N/A
	(iii) The audited balance sheets demonstrate the current soundness of the Bidder's financial position and indicate its prospective long-term profitability.	Must meet requirement	N/A	Must meet requirement	N/A
3.2 Average Annual Construction Turnover	Minimum average annual construction turnover of US\$..., calculated as total certified payments received for contracts in progress and/or completed within the last ... years, divided byyears	Must meet requirement	Must meet requirement	Must meet 25% of the requirement	Must meet 40% of the requirement

Works

Eligibility and Qualification Criteria		Compliance Requirements			
Subject	Requirement	Single Entity	Joint Venture (existing or intended)		
			All Members Combined	Each Member	Lead Member
4. Experience					
4.1 General Construction Experience	Experience under construction contracts in the role of prime contractor, JV member, Subcontractor, or management contractor for at least the last five (5) years starting 1st December 2018.	Must meet requirement	N/A	Must meet requirement	N/A
4.2 (a) Specific Construction and Contract Management Experience	(i) A minimum number of X similar contracts specified below that have been satisfactorily and substantially completed as a prime contractor, joint venture member, management contractor or Subcontractor between _____ & _____ each of minimum value V = US\$ _____.	Must meet requirement	Must meet requirement	Must have experience of at least one similar contract defined in the requirement with minimum contract value of 25%	Must meet the Minimum number of one (1) similar contract

Works

Eligibility and Qualification Criteria		Compliance Requirements			
Subject	Requirement	Single Entity	Joint Venture (existing or intended)		
			All Members Combined	Each Member	Lead Member
4. Experience					
4.2 (b) Specific Construction and Contract Management Experience	For the above and any other contracts [substantially completed and under implementation] as prime contractor, joint venture member, or Subcontractor between _____ and Application submission deadline, a minimum construction experience in the following key activities: <i>Examples</i> <i>Earthwork</i> <i>Asphalt</i> <i>Concrete</i>	Must meet requirement	N/A	Must meet requirement	Must meet at least one of the requirements for key activities listed
4.2 (c) Specific Experience in managing ES aspects	For the contracts in 4.2 (a) above and/or any other contracts [substantially completed and under implementation] as prime contractor, joint venture member, or Subcontractor between _____ and Application submission deadline, experience in managing ES risks and impacts in the following aspects: developed and substantially implemented (50% of Works) and/ or completed ESMP/C-ESMP) on road construction/ improvement contracts of contract value USD XX million or more.	Must meet requirement	Must meet requirement	N/A	N/A