



Guidance Note on Evaluation Criteria for Procurement of Goods, Works, and Non-consulting Services using RFB and RFP

This Guidance Note was prepared by the Islamic Development Bank based on the Procurement Guidance- Use of evaluation criteria for procurement of Goods, Works, and Non-consulting Services using RFB and RFP of the World Bank. IsDB thanks the World Bank for allowing the use and modification of the document for use in the IsDB operations.

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For additional information on this document, please contact:

Project Procurement (PPR)

Office of the Vice-President, Country Programs

The Islamic Development Bank

Jeddah 22332-2444

Kingdom of Saudi Arabia

ppr@isdb.org

www.isdb.org

Common abbreviations and defined terms

Common abbreviations and defined terms that are used in this Guidance Note. Defined terms are written using capital letters.

Abbreviation / term	Full terminology / definition
ALB	Abnormally Low Bid
BAFO	Best And Final Offer
BED	Board of Executive Directors
Beneficiary	A Beneficiary is the recipient of IsDB Project Financing. This term includes any entity involved in the implementation of an IsDB financed project on behalf of the Beneficiary.
Bid	An offer, by a Bidder, in response to a Request for Bids, to provide the required Goods, and/or Works and/or related services.
Bidding Documents	Any formal document issued by a Beneficiary in relation to a procurement. The Beneficiary's Bidding Documents are based on IsDB's SBDs. Bidding Documents include any of the following documents issued by the Beneficiary: GPN, SPN, Prequalification document, LOI, RFB, RFP and any addendum.
Bidder	A Firm that submits a Bid for the provision of Goods and/or Works and/or related Services
BoQ	Bill of Quantity
Consultant	A Consultant Firm or Individual Consultant that provides Consultant Services. A Consultant is independent of both the Beneficiary and IsDB.
Consultant Service(s)	Consultant 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 these Guidelines.
Contract Award Notice	The public notice published by the Beneficiary that confirms the award of the contract.
Evaluation Report	The IsDB's standard report used by the Beneficiary to record the evaluation of Bidders' Bids.
Fraud and Corruption	The sanctionable practices of corruption, fraud, collusion, coercion or obstruction defined in IsDB's <i>Guidelines on Combatting 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> .
Financing Agreement	The legal agreement between the Beneficiary and IsDB which describes the IsDB financing for a project. It includes the Procurement Plan and all documents incorporated by reference. If IsDB enters into a project agreement with an entity

Abbreviation / term	Full terminology / definition
	implementing the project, the project agreement is included as part of the Financing Agreement.
Fit-for-Purpose	Fit-for-Purpose applies to procurement processes, contracts or arrangements and the intended development outcomes. It means the most appropriate approach to meet the project development objectives and outcomes, taking into account: the value, complexity, nature and context of the procurement, and the type/s and level/s of risk. Fit-for-Purpose includes proportionality. This means undertaking a sufficient level of procurement planning, selecting an appropriate procurement process and contract/ arrangement which is proportional to the size, complexity and value of the development project. This means not overcomplicating simple procurements, and putting sufficient safeguards in place for complex procurements.
Goods	A category of procurement that includes, for example: consumables, equipment, machinery, vehicles commodities, raw materials or industrial plant. The term may also include related services, such as: transportation, insurance, installation, commissioning, training or initial maintenance.
Guidelines	IsDB's policies and procedures that govern a Beneficiary's procurement of Goods, Works, Consultant Services and related services under IsDB Project Financing.
ICB	International Competitive Bidding open to MC Firms and Firms from non-Member Countries.
ICB/MC	International Competitive Bidding limited to Firms from Member Countries.
IsDB	Islamic Development Bank
ITB	Instructions to Bidders. Part of the standard instruction to Bidders in the RFB document.
JV	Joint Venture
MC	Member Country
No-Objection	Confirmation by IsDB that it does not object to a stage in the procurement process and that the Beneficiary can proceed to the next stage.
Non-Consulting Services:	Services which are not Consulting Services. Non-Consulting Services are normally Bid and contracted based on 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.
Notification of Intention to Award	The notice transmitted by the Beneficiary to participating Bidders/Proposers informing them of the Beneficiary's intention

Abbreviation / term	Full terminology / definition
	to award the contract to the successful Bidder/Proposer.
Plant	A category of procurement relating to the provision of equipped facilities, such as those executed on the basis of design, supply, installation, commissioning, maintenance, modification and protection.
Post Review	The process of IsDB reviewing the Beneficiary's Bidding Documents and procurement activities following the award of the contract.
Prequalification	The shortlisting process, which can be used prior to inviting Request for Bids in the procurement of Goods, Works and related services.
Prior Review	The process of IsDB reviewing the Beneficiary's Bidding Documents and procurement activities before the award of the contract.
Probity Assurance Provider	An independent 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 these Guidelines to cover all Procurement Documents issued by the Beneficiary. It includes: GPN, SPN, EOI, REOI, Prequalification document, RFB and RFP, including any addenda.
Procurement Plan (PP)	The Beneficiary's PP for IsDB projects, as referred to in Paragraph 1.42 of the Guidelines and incorporated by reference in the Financing Agreement.
PPR	Project Procurement
RFB	Request for Bid as a selection method.
RFP	Request for Proposal as a selection method.
SBDs	Standard Bidding Documents
Standard Bidding Documents (SBDs)	Standardised procurement documents issued by IsDB to be used by Beneficiaries for IsDB financed projects. These include IsDB's standard documents for, e.g.: GPN, SPN, Prequalification, LOI, RFB and RFP.
Standstill Period	The period following the transmission of the Notification of Intention to Award the contract.
Value-for-Money (VfM)	Value-for-Money means obtaining the optimum benefits with the effective, efficient, and economic use of resources. This requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. The lowest price alone may not

Abbreviation / term	Full terminology / definition
	necessarily represent value-for-money.
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 Note 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 note supplements, and should be read in conjunction with, the Bank's *Guidelines for Procurement of Goods and Works and related services under Islamic Development Bank Financing* (Procurement Guidelines) and the Standard Procurement Document (SPD, i.e. Standard Bidding Documents and Standard Request for Proposals) 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. As such, this guidance is non-mandatory and offered as practical advice only.

Evaluation criteria are a standard or test used in the evaluation of Bids/Proposals to select the Bid/Proposal which best meets the requirements and offers the best Value for Money (VfM).

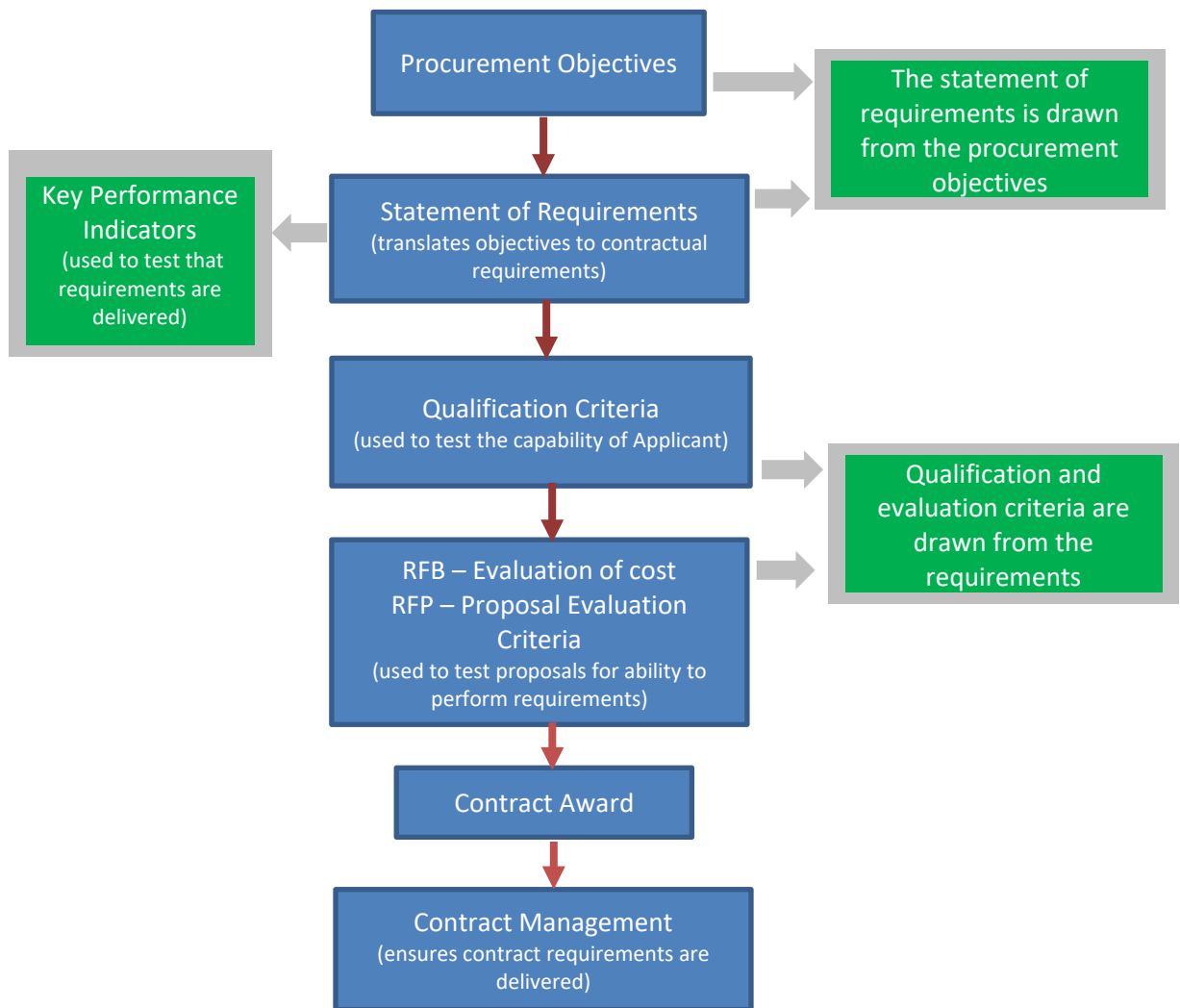
The following requirements govern the Bid/Proposal evaluation criteria:

- 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 Request for Bids/Proposals shall be applied;
- e) once the Request for Bids/Proposals 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 (VfM) 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 Beneficiary 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 Beneficiary'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.

Figure-I: Delivering Procurement Objectives through the Procurement Process



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

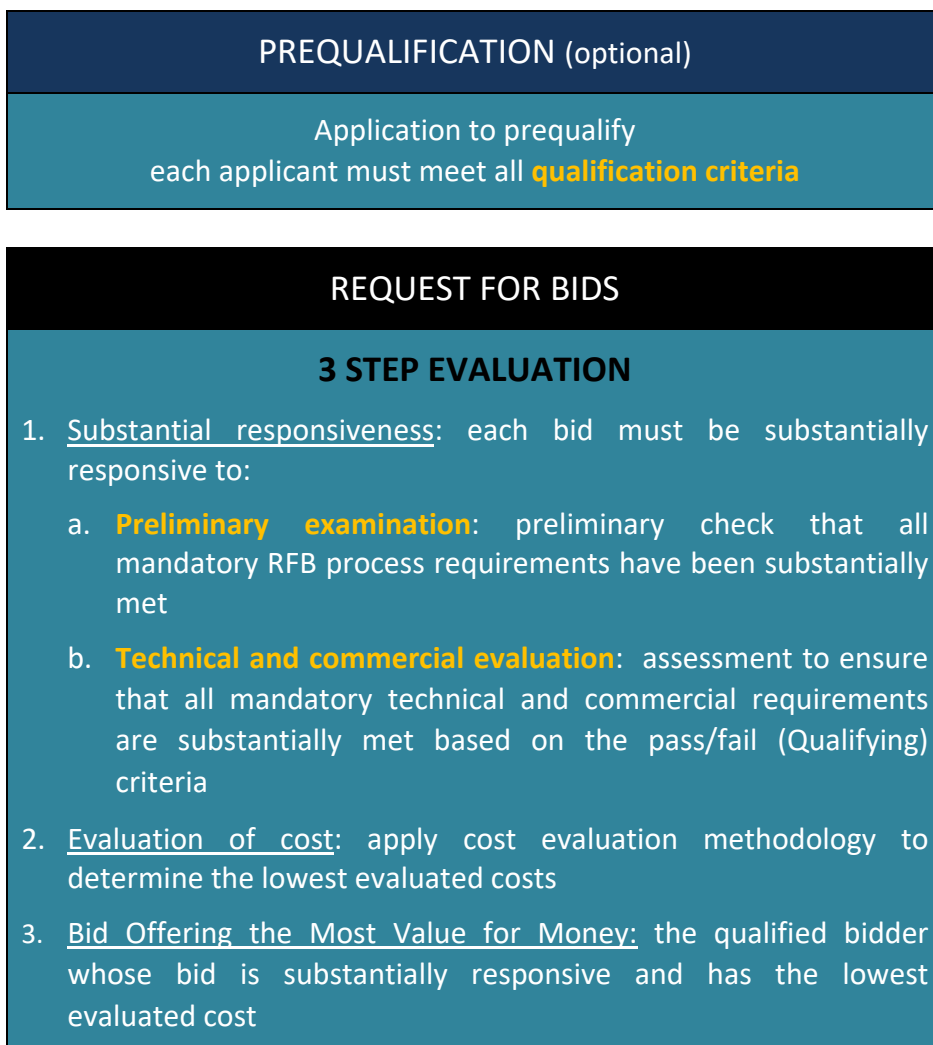
- a) **Cost:** evaluation of cost using a methodology that is appropriate to the nature of the procurement including:
 - i. adjusted Bid/Proposal price; or
 - ii. adjusted Bid/Proposal price plus the running/recurrent cost over the useful life time of the asset on a net present cost basis (life-cycle costs);
- b) **Quality:** evaluation of quality using a methodology to determine the degree to which the Goods, Works, or Non-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, or Non-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 Prequalification, there are different approaches or processes that can be used to qualify firms, and to evaluate their Bids/Proposals in order to select the Bid/Proposal Offering the Most Value for Money . See Figure II.

Beneficiaries 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.

Figure-II: Application of Evaluation Criteria



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 the 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 Request for Bids/Request for Proposals may require submission of a Bid/Proposal security. If so, the Bid/Proposal security must conform to the requirements of the Request for Bids/Request for Proposals, and it must accompany the Bid/Proposal.
- d) **Completeness of Application/Bid/Proposal:** Unless the Request for Bids/Request for Proposals 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 Request for Bids/Request for Proposals 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 Beneficiary 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 Request for Bids/Request for Proposals. Examples of material deviations include:

- a) Refusing to bear important responsibilities and liabilities allocated in the Request for Bids/Request for Proposals, such as performance guarantees and insurance coverage;
- b) Inability to meet the critical delivery schedule or work schedule clearly specified in the Request for Bids/Request for Proposals;
- c) Failure to comply with minimum experience criteria as specified in the Request for Bids/Request for Proposals;
- 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 Request for Bids/Request for Proposals and where failure to do so has been indicated as unacceptable.

Section III. Prequalification and Post-qualification

Prequalification is a process 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 Prequalification Document, are invited to submit Bids/Proposals.

The assessment of an Applicant's qualifications assesses the firm that submitted the Prequalification 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 document), or any other firm different from the firm that submitted the Prequalification Application.

The use of qualification criteria for Prequalification 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, and with Request for Proposals.

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. Government Owned Entity of the Beneficiary country
 - v. United Nations resolution or Beneficiary's country law or Boycott Regulations of the Organization of the Islamic Cooperation, the League of Arab States and the African Union.
- b) Historical Contract Non-Performance
 - i. History of Non-Performing Contracts
 - ii. Suspension Based on Execution of Bid Securing Declaration by the Employer
 - iii. Pending Litigation
 - iv. Litigation History
 - v. Declaration: Environmental, Social, Health, and Safety (ESHS) past poor performance
- 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.

Post-Qualification

If Bidders/Proposers have not been prequalified, the Beneficiary shall specify appropriate qualification requirements in the Request for Bids/Request for Proposals 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 Request for Bids/Request for Proposals), 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 Beneficiary to compare and evaluate costs of each Bidder/Proposer.

Beneficiary'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 Request for Bids/Request for Proposals 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 Request for Bids/Request for Proposals 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 may be considered for bid evaluation. However, it is not recommended to use them in proposal evaluation when rated criteria are used due to complexity.

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 Request for Bids/Request for Proposals.

All the adjustment factors and the basis of price comparison specified in the Request for Bids/Request for Proposals 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 Beneficiary shall specify the following information in the Request for Bids/Request for Proposals:

- 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: Beneficiaries 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 Beneficiary 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 Note on Abnormally Low Bids.

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 Beneficiary wishes to differentiate proposals using merit points.

- a) **Rated criteria can be used:** in the evaluation of proposals (and exceptionally of bids) to identify the proposal (bid) offering the most VfM.

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 Request for Bids/Request for Proposals.

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 decides 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.

Figure IV: Example Prioritization Matrix for Evaluation Criteria

		Evaluation Criteria			SCORES	PRIORITISATION	WEIGHTING
		Criterion #1	Criterion #2	Criterion #3			
Evaluation Criteria	Criterion #1	A	B		A = 0	4th	10%
	Criterion #2	B	B	C	B = 2	2nd	30%
	Criterion #3	C	C	B	C = 1	3rd	25%
	Criterion #4	D	D	D	D = 3	1st	35%

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 proposer’s 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 Request for Bids/Request for Proposals.

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”

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

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

Combined Technical and Financial scores

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

An Evaluated Proposal Score (B) will be calculated for each responsive Proposal using the following formula, which permits a comprehensive assessment of the evaluated cost and the technical merits of each Proposal:

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

where

C = Evaluated Proposal Cost

C_{low} = the lowest of all Evaluated Cost 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 Cost as specified in the PDS

The Proposal with the best evaluated Proposal Score (B) among responsive Proposals shall be deemed to be the Proposal offering the most Value for Money 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 Proposal offering the most Value for Money.

Annex I. 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 received from prequalified candidates.

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	4%
b. Technical Skills	4%
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 Request for Bids/Request for Proposals 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>Request for Bids/Request for Proposals 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="text-align: left;">Number of contracts <i>Number of successfully completed similar contracts.</i></th> <th style="text-align: center;">>= x+4 contracts</th> <th style="text-align: center;">x+3 contracts</th> <th style="text-align: center;">x+2 contracts</th> <th style="text-align: center;">x+1 contracts</th> <th style="text-align: center;">X contracts</th> </tr> </thead> <tbody> <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 <i>Number of successfully completed similar contracts.</i>	>= x+4 contracts	x+3 contracts	x+2 contracts	x+1 contracts	X contracts	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 <i>Number of successfully completed similar contracts.</i>	>= x+4 contracts	x+3 contracts	x+2 contracts	x+1 contracts	X contracts															
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:

$$\text{Score} = (T/T_{\text{high}}) * w$$

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 Request for Proposals (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%	2/3*8= 5.3	3/3*8=8	2/3*8= 5.3	2/3*8= 5.3
Category 3 Past Performance 10%	3/3*10=10	2/3*10=6.7	2/3*10=6.7	10
Category 4 Relevant Experience 12%	12	2/3*12=8	2/3*12=8	12
Technical score	47.3	37.7	31.7	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:

$$B \equiv \frac{C_{low}}{W \cdot C}$$

- 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 Request for Proposals

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 (15 years)				
NPV	23,957,879	25,068,198	30,201,061	21,658,132
Financial score 50%	45.2	43.2	35.9	50.0

Table V – Life Cycle Cost Analysis

[NPV Calculation Formula:

NPV = Initial Price + O&M Cost Year 1 * (1 + i)⁻¹+ O&M Cost Year 2 * (1 + i)⁻²+ ... + O&M Cost Year * (1 + i)⁻ⁿ- Residual Value *(1 + i)⁻ⁿ]

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

Combined Rated and Price Score

	Proposal A	Proposal B	Proposal C	Proposal D
Technical Score	47.3	37.7	31.7	41.5
Financial Score	45.2	43.2	35.9	50.0
Combined Score	92.5	80.9	67.6	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 Proposal with the best VfM.



For any additional information, such as Standard Bidding Documents (SBDs), Guidance, training materials and briefing, please see www.isdb.org/procurement

