

Advancing Rated Criteria

World Bank-Financed
Project Procurement



February 2024



Agenda

1. Overview of the World Bank
2. Procurement Framework
3. Advancing use of Rated Criteria
4. Procurement data
5. Links to more information

The World Bank comprises **5** institutions

IBRD

International Bank
for Reconstruction
and Development

**Provides financing
for middle-income
developing
countries**

IDA

International
Development
Association

**Provides financing
for low-income
developing
countries**

IFC

International
Finance
Corporation

**Mobilizes private
sector investment**

MIGA

Multilateral
Investment
Guarantee Agency

**Provides political
risk insurance and
credit guarantees**

ICSID

International Centre
for Settlement of
Investment Disputes

**Conducts
international
arbitration to settle
investment disputes**

IPF - Investment Project Financing

World Bank Vision

To end extreme poverty and boost prosperity on a livable planet.

IPF WHAT DOES IT DO?

Provides IBRD loans, IDA credits and grants and guarantee financing to governments

IPF WHAT DOES IT FUND?

Activities that create the physical & social infrastructure necessary to reduce poverty and create sustainable development



\$306 billion
total value of active IPF projects at end of FY23

25,680
projects worldwide
(FY23)

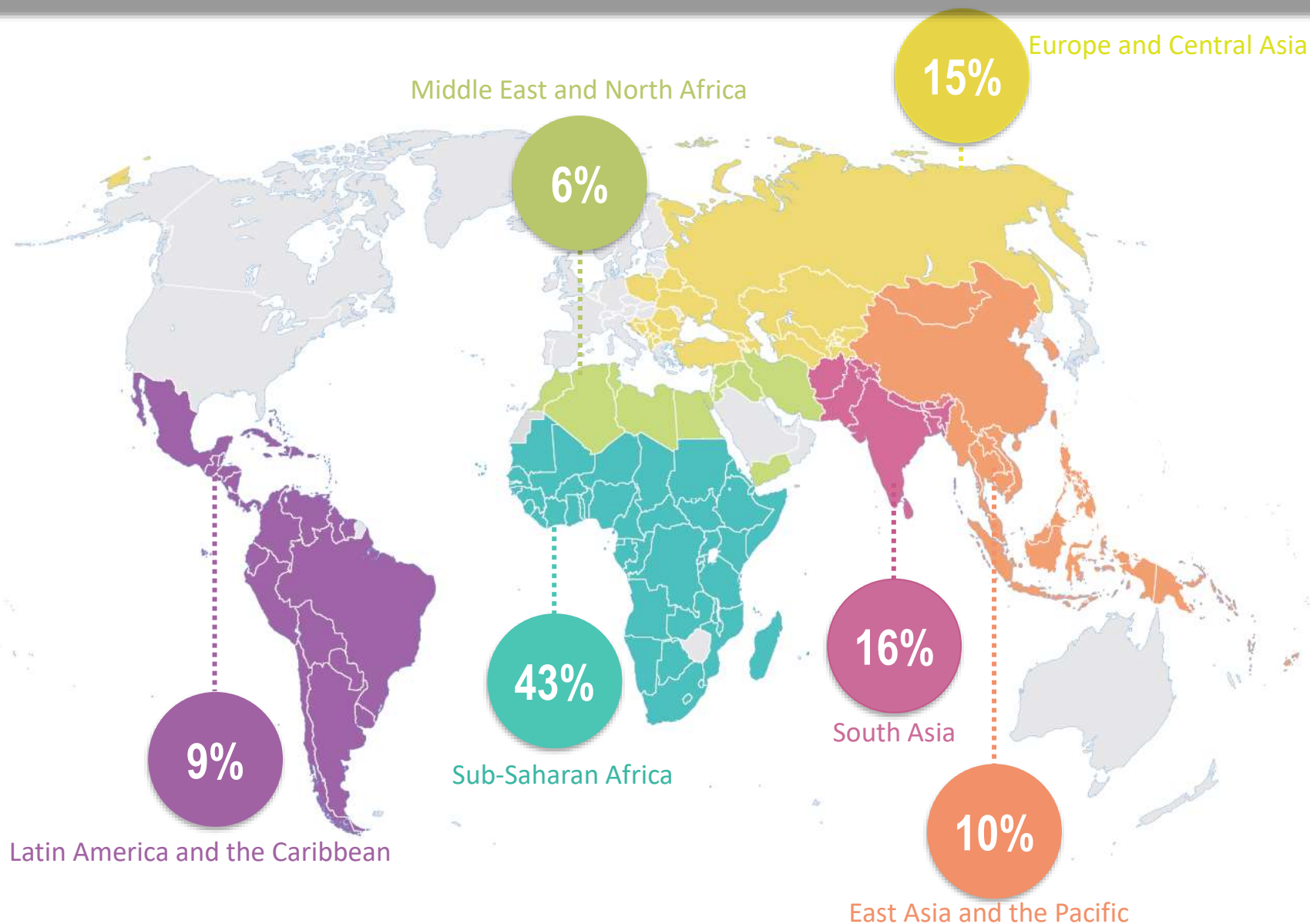
146
countries

Investment Project Financing comprises • loans • credits • grants

IPF funds “eligible expenditures” for the procurement of Goods, Works, Consulting and Non-consulting Services

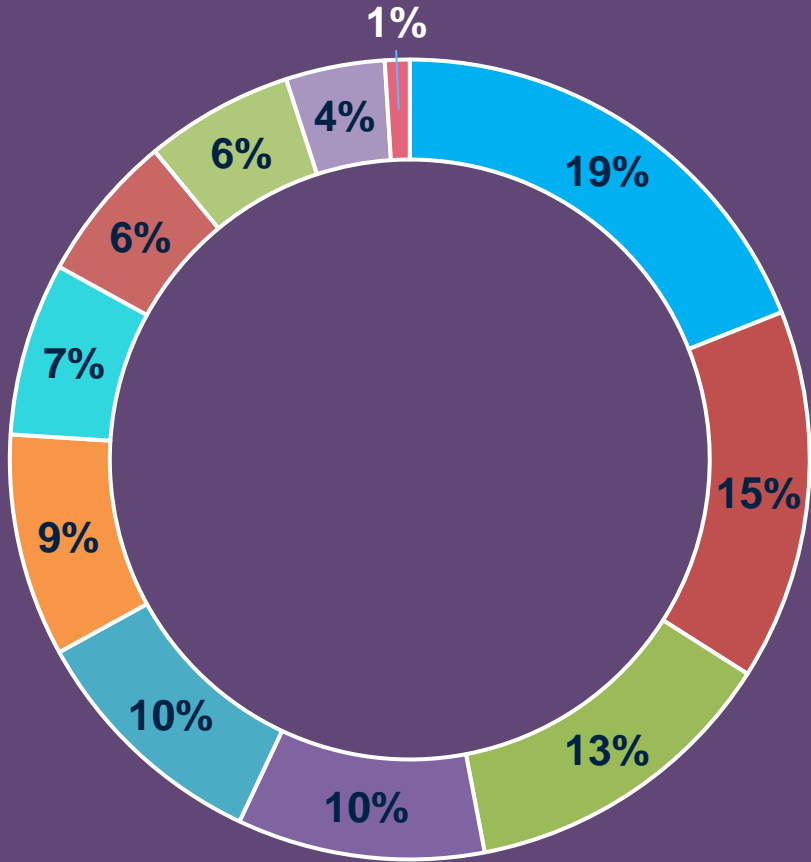
Global commitments by region

*Disbursement by region as of Dec 31, 2023



Portfolio - areas of spend worldwide FY18-23

TOTAL SPEND = US\$96.77 Bn



- Transportation
- Water Sanitation and Water Management
- Public Administration
- Energy Extractives
- Health
- Agriculture, Fishing and Forestry
- Social Protection
- Industry Trade and Services
- Education
- Information and Communications Technologies
- Financial Sector

Roles in IPF procurement

Role of the Bank

The Bank ensures that funds are used only for the purpose for which they were granted

- Provide Borrowers with implementation support and oversight
- Oversight includes conducting reviews of the Borrower's procurement activities:

Prior Review: before the procurement activity takes place

Post Review: after the procurement activity has been completed

Role of the Borrower

The Borrower conducts the procurement in accordance with the loan agreement and the Bank's Procurement Regulations. Key responsibilities include:

- Preparing a procurement strategy
- Planning the procurement
- Seeking offers from the market
- Evaluating offers and determining the Most Advantageous Bid/Proposal
- Awarding, signing and managing contracts

World Bank Procurement Framework

Launched 2016

KEY OBJECTIVES

World Bank Procurement Framework

1 Promote fit-for-purpose procurement arrangements that are country, market and project-specific

2 Provide streamlined procurement approaches and more choices and options

3 Allow the Bank to provide Hands-on Expanded Implementation Support (HEIS) to Borrowers to run procurement processes

4 Enable the use of Alternative Procurement Arrangements (APAs) following the rules and procedures of another organization

6 Encourages dialogue with suppliers to incentivize participation and resolve problems collaboratively

5 Enable flexible decision-making consistent with Core Procurement Principles

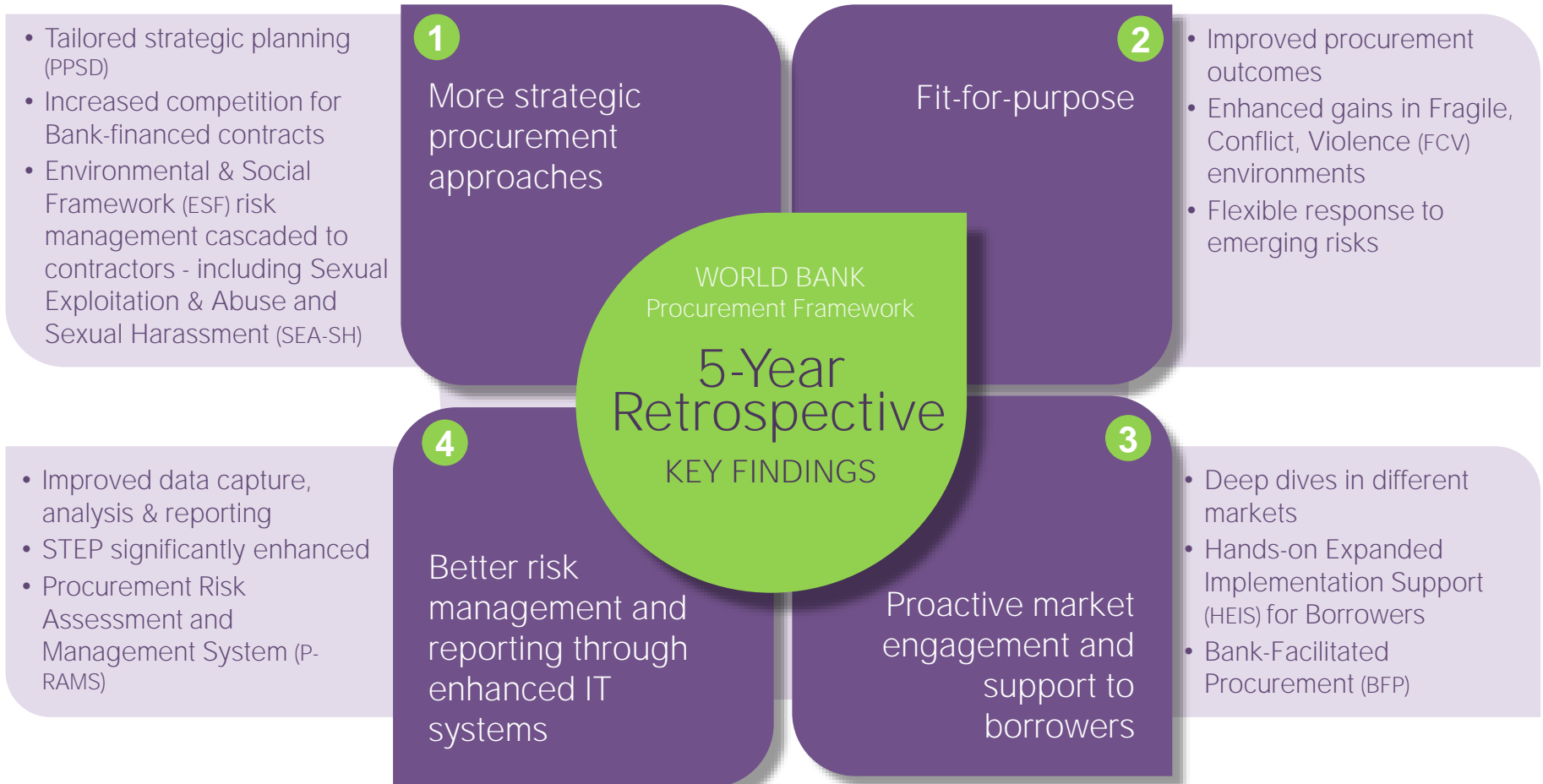


Five-year Retrospective

World Bank Procurement Framework

Review of the Procurement Framework after the first 5 years

KEY FINDINGS





Advancing use of Rated Criteria

What are Rated Criteria?

- Rated Criteria are non-price factors that are taken into account when evaluating Bids/Proposals
- They are used to measure qualitative aspects of Bids/Proposals, such as quality, sustainability and innovation
- Rated Criteria are designed to address the specific risks, opportunities, issues and quality factors in each procurement
- This flexibility supports a fit-for-purpose approach to the evaluation of Bids/Proposals
- Contracts are awarded based on the optimal balance of ‘quality’ and ‘cost’, which is not necessarily the lowest price; this represents the best Value for Money

Advancing the use of Rated Criteria

- Since 2016, the Bank's Procurement Framework has permitted the use of Rated Criteria to evaluate Bids/Proposals
- Currently used extensively in Consulting Services, Information Systems and Plant but opportunities for greater use in Works, Goods, and Non-Consulting Services
- As of September 1st, 2023 International Procurements using Bank Standard Procurement Documents must use Rated Criteria*

However, application of Rated Criteria is not mandatory for:

- Pharmaceuticals
- Vaccines
- Off the shelf goods and educational materials (e.g., published academic textbooks)
- Future commodities
- Direct Selection

Why has the Bank made this change?

- Aligned with global best practice (Rated Criteria been used for 30+ years in North America, Europe, Australasia etc.), while other countries (e.g. India) have recently modernized their procurement legislation to allow use in Works/NCS
- Greater use of Rated Criteria will further contribute to successful contract outcomes
- Combined with price and life cycle cost formulas, Rated Criteria provide a truer assessment of value that incorporates quality, sustainability, and other key criteria
- Increases the contribution of procurement to Bank priorities such as Green, Resilient and Inclusive Development (GRID) and Paris Alignment
- Rated Criteria create incentives for highly qualified bidders to participate in bidding
- According to the OECD, Rated Criteria reduces the risk of collusion, including bid rigging, in procurement processes

Implications for Bidders

- Greater flexibility to put forward tailored and innovative solutions
- Opportunity to differentiate from other Bidders on elements such as delivery methodology, key personnel, approaches to sustainability etc.
- Will need to demonstrate a clear understanding of project-specific risks and be able to put forward credible mitigations
- Bidders that can best demonstrate their technical proficiency to deliver high quality will be more likely to succeed
- Can't rely on lowest price to win business (although price will still be an important consideration)
- Promises that are put forward in the response will be included in the contract

- Over the last six months to prepare for this change (and support capacity building) the Bank has:
 - ✓ Updated the suite of Standard Procurement Documents
 - ✓ Published updated Guidance (available in English, French, Spanish and Chinese) on evaluating Bids & Proposals using Rated Criteria
 - ✓ Published updated Procurement Regulations (available in English, French and Spanish)
 - ✓ Established a dedicated Rated Criteria webpage which includes collateral such as FAQs, examples of Rated Criteria, Briefing PPTs, etc.
 - ✓ Launched a series of E-Learning on Rated Criteria

Dedicated Rated Criteria webpage

Dedicated Rated Criteria Webpage containing:

- Updated Guidance – Evaluating Bids and Proposals (available in English, French, Spanish and Chinese)
- E-Learning (Two modules)
- Examples of Rated Criteria
- Briefing PPT on “How to Implement Rated Criteria”
- FAQs



Overview

Since 2016, the [World Bank's Procurement Framework](#) has encouraged the use of **Rated Criteria** -or non-price factors- to evaluate quality, sustainability, and innovative aspects of bids in decision making. This has enabled

RELATED

Infographic

[Advancing Rated Criteria](#)

Video

Message by World Bank Chief Procurement Officer

[| English | Chinese | French | Spanish](#)

Feature Story

[Rated Criteria: Game Changer for Promoting Value in Procurement](#)

E-learning: Course Login Instructions

[Module 1: Introduction of Rated Criteria](#)

[Module 2: Implementing Rated Criteria to Support Successful Project Outcomes](#)

Documents

[How to Implement Rated Criteria Briefing](#)

[Rated Criteria Q&As for Borrowers and Bidders, Proposers July 2023](#)

<https://projects.worldbank.org/en/projects-operations/products-and-services/brief/rated-criteria>

Key Steps when using Rated Criteria

Rated Criteria focus on project-specific risks, issues, and opportunities for innovation

1
Develop
procurement
strategy

2
Determine
Rated
Criteria

3
Prioritize
and set
weightings

4
Approach
market

5
Evaluate

Award
Contract

Rated Criteria
inform KPIs

KPIs written into
contract

Key considerations when developing procurement strategy











Link Rated Criteria to the procurement objectives and ensure that project-specific issues and risks are addressed

- Are there broader economic, environmental or social outcomes to be included?
- Is innovation sought? (global cutting edge or local innovation)
- What are the risks associated with the procurement and how will they be managed?
- What is the level of competition and differentiation in the market?
- Are requirements easily specified or complex?
- Is the specification likely to be conformance or performance-based?
- What are the key rated criteria and what's the priority?
- Are any minimum quality thresholds needed?
- What is the appropriate weighting between technical aspects and financial cost?

Examples of Rated Criteria

Methodology & Work Plan	Performance, Capacity or Functional Features	Team Composition & Experience of Key Personnel	Supply Chain Management	Sustainability (including Green Procurement)
<ul style="list-style-type: none"> • Method statement • Ability to identify key risks and proposed approach to risk management • Quality management • Work program • Stakeholder management and communications arrangements • Quality of knowledge transfer proposal/degree of training 	<ul style="list-style-type: none"> • Functionality and performance features (extent of exceeding employer's requirements) • Proposed design features • Usability features 	<ul style="list-style-type: none"> • Site organization and arrangements • Relevant Experience of team members • Management capability 	<ul style="list-style-type: none"> • Ability to integrate local businesses into supply-chain • Suitability of the arrangements made for sub-contracting • Ability to successfully control and manage the delivery of any sub-contracted services 	<ul style="list-style-type: none"> • Capacity to successfully address environmental, social and economic aspects (e.g. local job creation) • Ability to meet the contract's environmental and social requirements and objectives • Experience using sustainably sourced materials • Ability to verify recycled content, ethical sourcing etc. • Approach to waste elimination and reduction • Proposals for reducing carbon emissions throughout the supply-chain

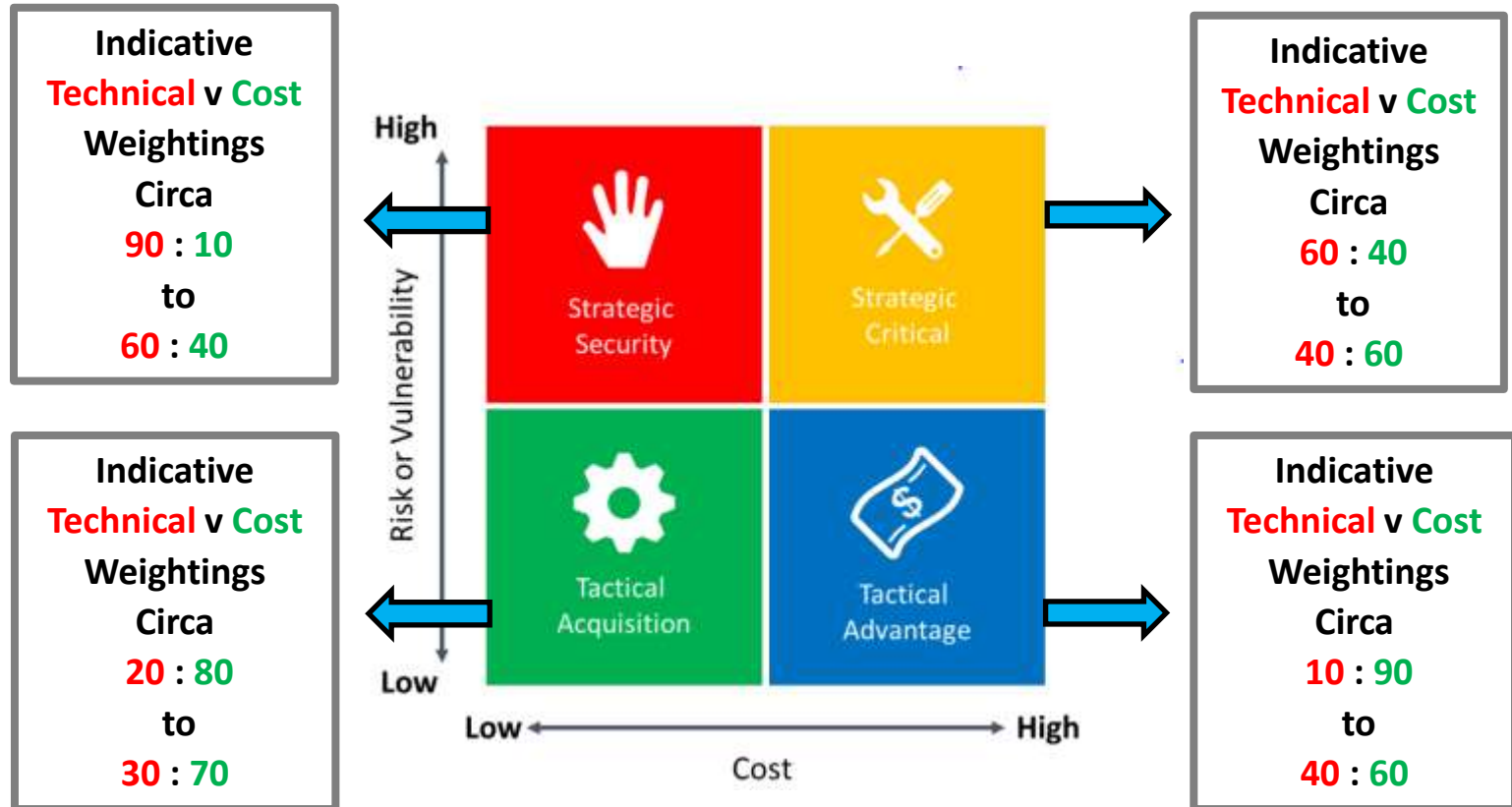
Example: simple prioritization

	Rated Criteria A	Rated Criteria B	Rated Criteria C	• Rated Criteria D
Rated Criteria A				
Rated Criteria B	B			
Rated Criteria C	C	B		
Rated Criteria D	D	D	D	

Total Count	Priority	• Weightings
A = 0	4th	10%
B = 2	2nd	30%
C = 1	3rd	20%
D = 3	1st	40%

- In this example, Rated Criteria D was most important, with Rated Criteria A much less important. Apart from Criteria A, there is an equal spread of importance amongst these factors, therefore technical weightings might be split 40%, 30% 20%, 10%
- If one Rated Criteria was vastly more important than any other, it may be given a larger weighting (e.g. 50%)

Procurement strategy informs overall weightings



Rated Criteria must be finalized before the bid/proposal is released to the market

- Ensure Bidding Documents detail the evaluation approach, including clearly written Rated Criteria, weightings etc.
- Use open questions
- Ensure information is requested on all the aspects that require evaluation under each criterion
- As needed, use bid/proposal briefings (i.e. supplier meetings) to reinforce procurement objectives and the evaluation approach (providing an opportunity for questions to be asked)
- Only Evaluation Criteria specified in the Bidding Documents shall be applied
- If any aspect of the evaluation methodology (e.g. criteria, weightings, scoring scale etc.) changes after the Bidding Documents are issued, the market must be formally notified of the specific change through an 'addenda' (to maintain transparency and integrity)

Effective use of Rated Criteria relies on a well managed evaluation process

- Forming an evaluation panel
- Managing conflict of interests
- Briefing evaluation panel on:
 - evaluation approach
 - how moderation will be handled and determining the make up of the panel
 - capturing scoring rationale (comparative strengths and weaknesses of each response)
- Independent Probity Assurance Advisors can be engaged
- Evaluating financial cost
- Overlaying financial & technical scoring
- Determining best value for money

Example Scoring- Job Creation

Scores	Rating	Features
0	Not acceptable	The Bid/Proposal doesn't demonstrate any consideration for Job Creation
1	Poor	The Bid/Proposal offers some consideration for Job Creation. Plans that are put forward are however limited and/or not specific to the Project.
2	Satisfactory	The Bid/Proposal includes plans for Job Creation that are specific to the Project and meet the target for job creation. Plans include: <ul style="list-style-type: none"> - A clear pathway for Job Creation for target groups - Aims to meet the target for job creation (e.g., as a % of contract value)
3	Good	The Bid/Proposal includes plans for Job Creation that are specific to the Project. Plans include (in addition to the features in "Satisfactory"): <ul style="list-style-type: none"> - Provision for training to upskill staff from target groups - Supported KPIs/Reporting
4	Excellent	The Bid/Proposal includes leading edge/innovative plans for Job Creation. Plans include (in addition to the features in "Good"): <ul style="list-style-type: none"> - Innovative thinking for outreach to recruit target groups - Provisions for specific development of staff from target groups, including mentoring and on-the-job support and training - Aims to exceed the target for job creation

What can we say to Borrowers who may be reluctant to use Rated Criteria?

The application of Rated Criteria reflects best international practice. Rated Criteria equips the Borrower with the tools necessary to achieve the most fit-for-purpose solution to its procurement requirement. It enables the Borrower to **select the “best fit” supplier rather than just the lowest price. This gives the Borrower the best chance to deliver successful project outcomes.**

Do Rated Criteria still need to be used where we have a well-prepared design brief?

Yes, there are still non-price attributes (such as design optimization, works methodology, key personnel, sustainable procurement etc) that can be beneficial even for a highly-specified design.

How can we ensure that use of Rated Criteria doesn't create integrity problems?

As with any procurement, it is important that conflict of interest and confidentiality protocols are in place, and effectively managed. For higher risk procurements, Borrowers may wish to engage an independent Probity Assurance Auditor.

Example- Roads and Aviation Project, Solomon Islands

Project and Procurement Details

Munda Terminal Design & Build

Contract value: \$7.25M

Used RFP for Works, Lump-sum

Bank implementation support used to train the Client team on use of Rated Criteria

Bank team facilitated early market engagement to inform potential Bidders of upcoming opportunity

Client was assisted by including a consultant with appropriate technical expertise on the evaluation panel

Technical expertise particularly important when evaluating evidence put forward by Bidders in relation to value engineering solutions and sustainability.

Example- Roads and Aviation Project, Solomon Islands

- Rated Criteria were used to support value engineering, and social, economic and environmental requirements
- Rated Criteria (30%):
 - Engagement and management of suitably skilled/experienced local subcontractors & tradespeople as well as unskilled tradespeople who shall receive skills/trade training during the project (15%)
 - Use of local sustainably sourced materials to be used in the terminal (5%)
 - Percentage of construction waste that will be removed from the Solomon Islands or recycled/re-used in Solomon Islands (5%)
 - Value added architectural and other design proposals; sustainability, performance, efficiency, functionality; Easy to clean, maintain & operate (5%)

Example- Roads and Aviation Project, Solomon Islands

- Approx 23% of the contract sum was for local, registered sub-contractors and trades people (supported local jobs and economic development)
- Approx 15% of the contract sum included materials that were sourced sustainably from local suppliers
- The Contractor elected to construct a proportion of the build (24% of contract value) using prefabricated elements which dramatically reduced waste; remaining waste was recycled or removed from the island
- Value engineering contributed to the goals of performance & efficiency, functionality and ease of cleaning, maintaining and operating the control tower
- Solomon Islands cultural context (i.e. indigenous art and design features) was included in the design of the control tower, and safety, ease of maintenance and energy efficiency were also included as value engineered aspects

Closing Thoughts

- World Bank financed contracts offer suppliers billions of dollars worth of business, opportunities to work globally/enter developing markets and certainty of process/high standards of integrity
- **Rated Criteria** is a “game changer” for suppliers that want to compete on quality rather than just price
- Latest intervention by Bank (building on Abnormally low bid price protection, Standstill period, Direct Payment etc.) aimed at encouraging participation from high quality international suppliers
- The Bank continues to support Borrowers to implement this change by providing hands-on support and capacity building
- Bidders should review Rated Criteria (and associated weightings) to understand what is most important to the Borrower, and take the opportunity to put forward relevant innovations, approaches etc. to demonstrate how they can support the project development objectives



MORE
INFORMATION

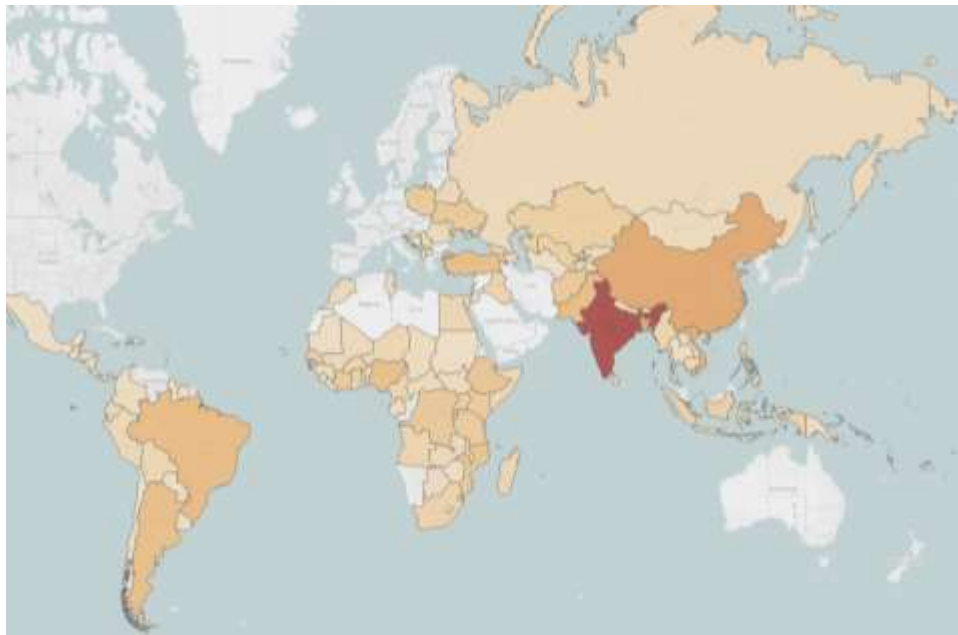


THE WORLD BANK
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Operations Policy & Country Services

Awarded value by Borrowers

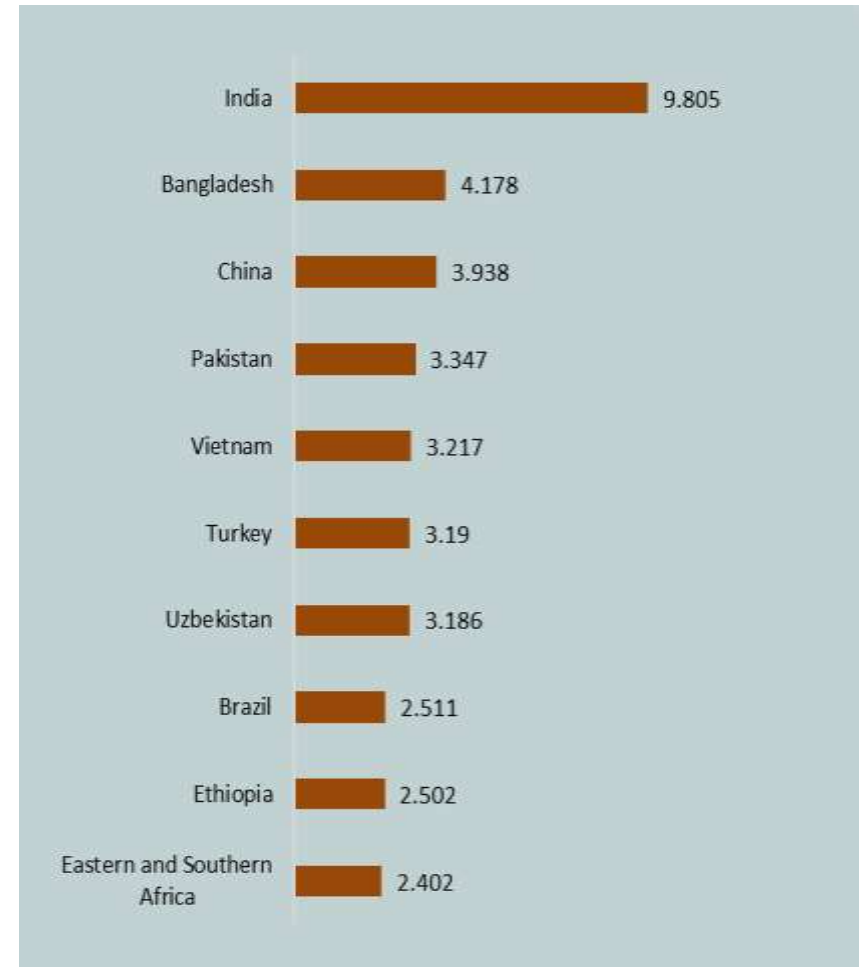
\$ 96.77 billion

FY 18-23



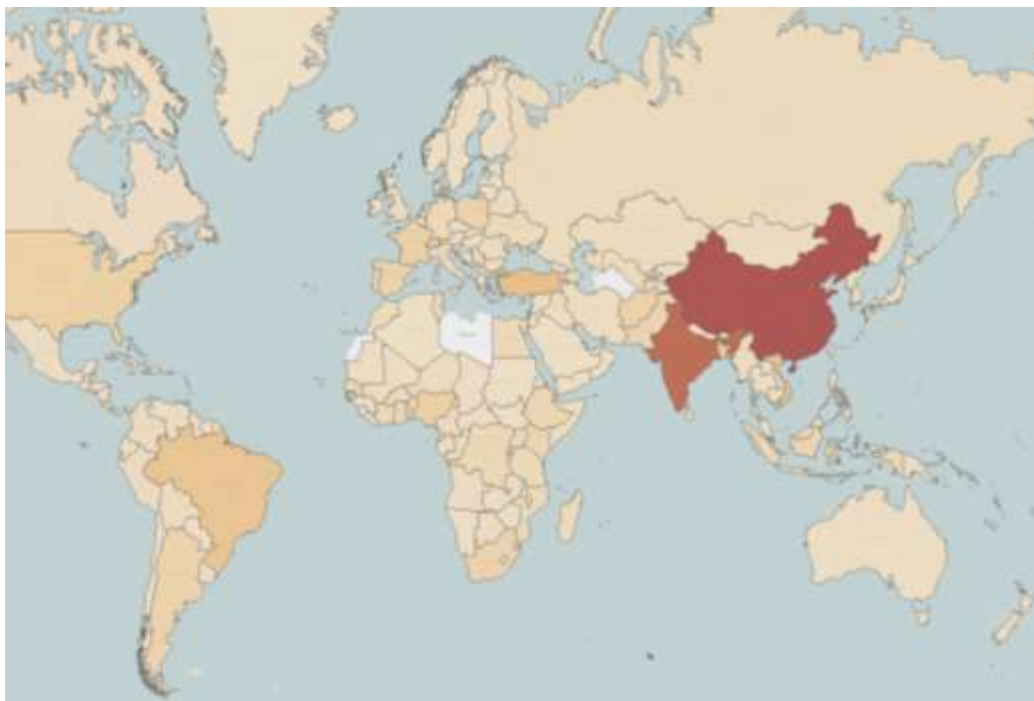
Top 10 Borrowers by awarded value

in USD billion, FY 18-23



Awarded value by supplier country

\$ 96.77 billion
FY 18-23



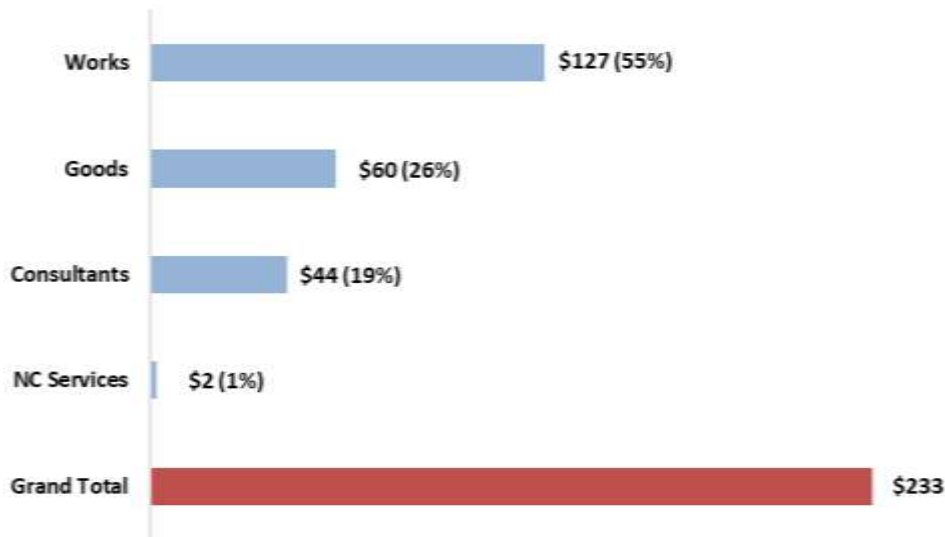
Top 10 supplier countries by value
in USD billion, FY 18-23



Japanese companies were awarded \$233 million during FY 18-23, ranking 136th overall in awarded value, and 76th overall for works contracts.

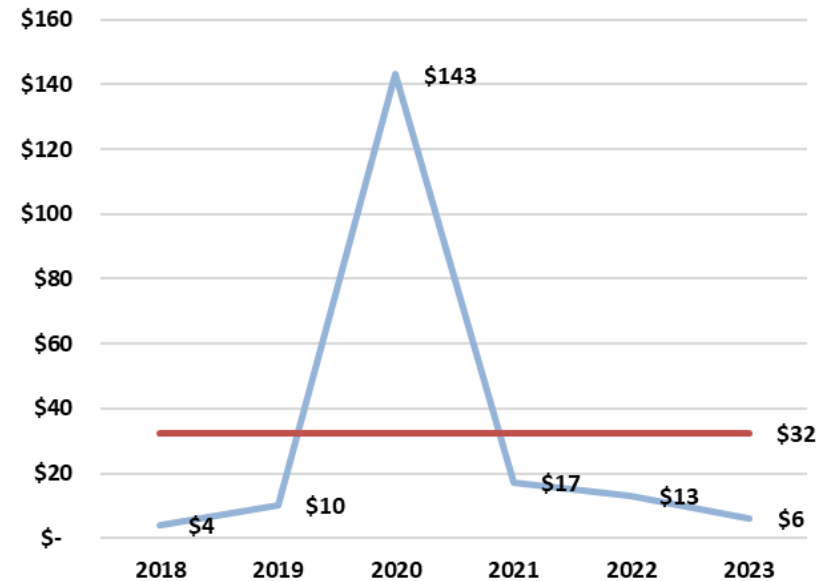
Japanese companies were awarded \$127 million in works contracts

Awarded value to Japanese companies (in USD million), FY18-23



Awarded value to Japanese companies fluctuated over the past six FY

Awarded value to Japanese companies (in USD million), FY 18-23



Help in identifying opportunities

Guidance for business

[Finding Business Opportunities and Winning Contracts Financed by the World Bank](#)

Alerts

Subscribe to email alerts for procurement notices, project documents and more

<https://alerts.worldbank.org/>

Video: 'How to Bid'

<http://www.worldbank.org/en/news/video/2016/03/30/world-bank-procurement-video>



VIDEO

World Bank Procurement Video: How to bid, finding opportunities, what makes a successful bid



October 2021



How to complain
January 2017



World Bank Procurement resources

Procurement for Development – overview of World Bank Procurement
<https://www.worldbank.org/en/topic/procurement-for-development>

Procurement for Projects and Programs – Procurement Framework & key documents
<https://www.worldbank.org/en/projects-operations/products-and-services/procurement-projects-programs>

World Bank Development Projects – search World Bank lending portfolio of projects
<https://www.worldbank.org/en/what-we-do>

World Bank's Procurement Regulations for IPF Borrowers

<https://thedocs.worldbank.org/en/doc/6c0602876d68949e80820507d90a14ed-0290012023/original/Procurement-Regulations-September-2023.pdf>

World Bank Rated Criteria Webpage

<https://projects.worldbank.org/en/projects-operations/products-and-services/brief/rated-criteria>

Standard Procurement Documents templates (SPDs)

<https://projects.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework#SPD>

Guidance on Standard Procurement Documents (SPDs)

<http://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework>

Guidance on how to Complain

<http://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework>

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