

ADVANCING THE USE OF RATED CRITERIA

World Bank Procurement in Investment Project Financing

QUESTIONS & ANSWERS For Borrowers AND Bidders/Proposers

Last updated July 7, 2023

Contents

[Rated Criteria explained](#)

[What's new?](#)

[Implementation support](#)

[The value of Rated Criteria](#)

[Fairness, integrity, and transparency](#)

[Technical questions](#)

[Where can I find more information?](#)

Rated Criteria explained

1. What are 'Rated Criteria'?

Rated Criteria are used to evaluate non-price factors that are considered when evaluating Bids/Proposals. These factors measure the quality aspects of Bids/Proposals, such as:

- a. quality of methodology and work plan
- b. health and safety
- c. performance
- d. capacity
- e. functionality
- f. key personnel
- g. innovative solutions and approaches
- h. environmental and social risks and impacts (such as gender, diversity, job creation, community engagement)
- i. supply chain resilience and reducing supply chain risks, such as combating modern slavery
- j. cybersecurity risks.

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, but represents the best value-for-money. Rated Criteria may be used in combination with other types of criteria, such as 'process type' criteria and 'qualification type' criteria which are usually assessed on a pass/fail basis.

2. How are Rated Criteria applied?

Using Rated Criteria to evaluate the quality of technical factors allows a comparative analysis of the relative strengths and weaknesses of each Bid/Proposal. Scores from the evaluation of Rated Criteria are combined with evaluated Financial Scores to determine final Combined Scores. The highest Combined Score is the most advantageous Bid/Proposal.

3. Have Rated Criteria been used before in Bank-financed procurement?

Yes, Rated Criteria have been used for many years in Consultancy and ICT procurements. There are also more recent examples of where Rated Criteria has been successfully used particularly for Works procurements.

What's new?

4. What is this new requirement?

Effective September 1, 2023, the World Bank will require the use of Rated Criteria as the default approach for most international procurements. Using Rated Criteria more widely will increase Borrowers' flexibility to procure Works, Goods and Non-consulting services best suited to their specific situation and provide a more fit-for-purpose approach.

5. What types of procurement does this requirement apply to?

This requirement applies to all new International Procurements invited on or after September 1, 2023, that use a Bank Standard Procurement Document (SPD).

6. Is the application of Rated Criteria mandatory for all International procurements?

Yes, with the exceptions listed in answer 7. below.

7. Are there any exceptions to this requirement?

Yes, it is not mandatory to use Rated Criteria for the following:

- a. pharmaceuticals
- b. vaccines
- c. off-the-shelf Goods and educational materials
- d. commodities
- e. other exceptions cleared by the World Bank's Chief Procurement Officer on a fit-for-purpose basis.

8. Why have these specific categories been identified as exceptions?

It is recognized that these categories are highly standardized and there is little opportunity for market innovation or differentiation other than price. Rated Criteria can still be applied for these categories, but it is not mandatory.

9. Will the Procurement Regulations be updated to reflect this change?

The Procurement Regulations already enable the use of Rated Criteria. To ensure clarity, minor updates are being made to the Procurement Regulations to reflect this change. The updated Procurement Regulations will be effective from September 1, 2023.

10. What about procurements initiated after September 1, 2023, that are not subject to international competition and do not use a Bank Standard Procurement Document?

The use of Rated Criteria is not mandated for such procurements.

However, the Borrower may still choose to use Rated Criteria in order to achieve fit-for-purpose solutions and best value-for-money. The Borrower's decision to use Rated Criteria where it is not mandatory should be informed by the analysis undertaken as part of the procurement strategy and planning phase (using the Bank's Project Procurement Strategy for Development (PPSDs)).

Implementation support

11. What steps will the Bank take to support the mandatory use of Rated Criteria?

The Bank is implementing a comprehensive set of measures to ensure the successful move to mandatory application of Rated Criteria from September 1, 2023, including:

- a. updating the Procurement Regulations, Bank Procedure and relevant procurement Guidance documents
- b. updating Standard Procurement Documents (SPDs) to include the necessary provisions on the application of Rated Criteria
- c. publishing an updated edition of *Evaluating Bids/Proposals* Guidance
- d. developing an e-Learning module on Rated Criteria.

12. Is the Bank producing updated Guidance on using Rated Criteria?

The Bank has published updated Guidance on [*Evaluating Bids/Proposals Using Rated Criteria*](#), with a particular focus on how to successfully implement Rated Criteria.

The value of Rated Criteria

13. Why is using Rated Criteria important?

There are several reasons why increasing the use of Rated Criteria in Bank-financed procurement is important. These include:

- a. Strengthening development outcomes - in large, high-value, complex Bank-funded procurements a variety of non-price factors are often critical to the delivery of successful development outcomes. Using Rated Criteria improves value-for-money and maximizes the use of scarce public resources.
- b. Evolving the procurement function to tackle emerging complex challenges - urgent action is required to address the growing crisis of poverty, economic distress and global challenges. Procurement can support the achievement of global public goods and help address the impacts of climate change, pandemic risk, rising fragility and conflict. Increasing the use of Rated Criteria is an essential component in equipping the Bank's procurement function to meet these challenges.
- c. Aligning with good international practice - using Rated Criteria:
 - i. nurtures competition, promotes quality and sustainability, encourages innovation and reduces the likelihood of cost and time overruns during implementation
 - ii. incentivizes the market to propose high quality solutions
 - iii. provides transparent evaluation of non-price attributes and combats fraud and corruption.

14. What is the advantage of the Rated Criteria approach over the lowest-price approach?

Value-for-Money is the optimal balance of 'quality' and 'cost', which is not necessarily the lowest-price. In comparison to procurement decisions that are based on "lowest price", the use of Rated Criteria enables Borrowers to identify suppliers that are able to deliver above the "minimum standard". This includes being able to take advantage of market-led methodologies or innovations.

Making decisions based on Value-for-Money (rather than "lowest price") gives Borrowers a better opportunity to select the supplier that is the "best fit" for the project and thus increases the likelihood of successful contract outcomes and effective risk management, including managing issues around environmental, social, supply chain disruption, cybersecurity, and global health emergencies, etc.

15. The Bank's Procurement Framework provides flexibility in designing a fit for purpose approach. Is mandating the use of Rated Criteria compatible with the flexibility allowed under the Framework?

The Procurement Framework is premised on a risk-based approach. The Bank is strengthening this risk-based approach by mandating the use of Rated Criteria in high-risk, high-value, complex procurements. It ensures that project-specific risks and issues that critically impact outcomes are fully addressed in Bids/Proposals and fully evaluated when making the contract award decision.

Fairness, integrity and transparency

16. What measures can be in place to reduce the risk of subjectivity and ensure the use of Rated Criteria is fair and unbiased?

Specific measures can include:

- a. ensuring criteria are well designed, properly ranked (weighted) and clearly articulated
- b. appointing evaluators with appropriate expertise and levels of experience
- c. requiring evaluators to declare actual or perceived conflicts of interest
- d. briefing the evaluation panel to ensure all evaluators understand the criteria and how to apply the evaluation methodology
- e. using a 'scoring scale' to regulate how evaluators award scores with clear descriptions of what constitutes 'good' as opposed to 'poor' responses prepared in advance
- f. identify scores which represent outliers and discuss at the evaluation committee
- g. undertaking a moderation process to ensure consistency and fairness of scoring across all Bids/Proposals
- h. documenting the relative strengths and weaknesses of each Bid/Proposal to support the justification of the scores awarded
- i. appointing a Probity Assurance Provider to ensure independent scrutiny of the scoring and evaluation processes
- j. where appropriate, engaging expertise through Hands-on Expanded Implementation Support (HEIS).

17. What are the key tips to successfully develop and use Rated Criteria?

It is essential that Rated Criteria are clearly articulated, unambiguous, explicit, and transparent. The process to develop relevant, tailored Rated Criteria involves several steps, including:

- a. identify the key factors (including risks and issues) that are relevant to the project objectives and critical to the project's success
- b. clearly describe each of these factors in terms of a 'requirement' (criteria)
- c. ensure that each criteria is specific and relevant and capable of being evaluated. To ensure Rated Criteria are capable of being accurately assessed, cross-check each criteria against the information and level of detail being requested from Bidders/Proposers through the bidding documents to ensure there is a match between the information being sought and the information required for evaluation
- d. rank the criteria in order of importance, relevant to the project-specific risks, issues, and opportunities
- e. keep the number of criteria to a minimum and restrict the use of sub-criteria to distinct factors.

18. What is the role of a Probity Assurance Provider?

A Probity Assurance Provider is an independent third-party specialist, typically hired by the Borrower in cases of high corruption risk, to monitor the procurement process as it unfolds.

The Probity Assurance Provider may be present during different stages of the process to provide independent assurance that correct procedures are followed. These stages may include:

- a. early market engagement
- b. Bid/Proposal opening
- c. Bid/Proposal evaluation
- d. negotiations
- e. contract award decisions.

The Bank may require a Borrower to appoint a Probity Assurance Provider. In this case, the Borrower needs to obtain the Bank's agreement as to the selection and appointment.

Technical questions

19. What is the right number of Criteria to use?

There is no right number, and no one-size-fits-all. It is good practice to minimize the number of criteria and sub-criteria so that focus can be brought to the project-specific factors that enable differentiation between Bids/Proposals.

Too many criteria can dilute their relative importance (weighting) and make it harder to identify the specific merits that characterize the successful Bid/Proposal.

20. Can a minimum quality threshold be applied to the Technical evaluation?

Normally, the procurement documents would specify the minimum/essential technical/performance/functional requirements and standards that shall be met prior to application of Rated Criteria. Borrowers may, if necessary, also consider setting a minimum quality threshold. It is important to make sure that any quality threshold/minimum score is realistic, not anti-competitive and/or discriminatory.

The need to apply a minimum quality threshold, and the determination of the minimum quality score need to be identified at the procurement planning stage and captured in the Project Procurement Strategy for Development (PPSD). Any such minimum quality threshold must be disclosed in the bidding documents.

21. Can Rated Criteria be used in a procurement process without Pre-Qualification or Initial Selection?

Yes. But ultimately the decision on whether to use Pre-qualification or Initial Selection should be based on the Project Procurement Strategy for Development (PPSD). Rated Criteria may be used as part of the Initial Selection.

22. Will Rated Criteria be used to evaluate the reasonableness of bidders' prices?

No. Rated Criteria evaluate non-price, technical aspects of Bids/Proposals.

Bid/Proposal prices will still be evaluated in monetary terms. To determine the best value-for-money the Bid/Proposal price is converted into points and added to the Rated Criteria score

to produce a Combined Score. Using Rated Criteria the contract is awarded to the Bid/Proposal with the highest Combined Score.

23. What mitigation measures can be applied to prevent delays in the evaluation process?

Upfront planning of the evaluation process can help to ensure that it can be completed on time. In particular:

- a. appointing evaluators with appropriate expertise and levels of experience
- b. checking that evaluators have the time available to dedicate to evaluation (recognizing commitments with their day job)
- c. briefing the evaluation panel to ensure all evaluators understand the criteria and how to apply the evaluation methodology
- d. ensuring the evaluator moderation sessions are booked well in advance.

24. Can Rated Criteria be applied in an FCV setting?

Yes, Rated Criteria can be effective in situations subject to Fragility, Conflict and Violence (FCV). The use of Rated Criteria in FCV situations allows Borrowers greater ability to express and address explicit, and sometimes unique, FCV issues and complex risks. This ensures that these factors directly inform the evaluation of Bids/Proposals. Given the diversity of FCV challenges, there can be no one-size-fits-all approach. Each procurement requires carefully designed qualitative criteria that are tailored to address precise FCV challenges.

25. Do Rated Criteria still have to be used in an emergency response?

The Bank's policies, procedures, and guidance relating to emergency procurement apply. For example, the Bank's Guidance *Procurement in Situations of Urgent Need of Assistance or Capacity Constraints* governs emergency situations.

Rated Criteria relate to achieving the best value-for-money, regardless of the circumstances leading to the procurement.

The Project Procurement Strategy for Development (PPSD) should address the appropriateness of using Rated Criteria in procurements resulting from an emergency response. A significant factor will be the phase of the emergency response e.g. immediate response to rescue survivors, disaster relief to help people who have survived, or post-disaster reconstruction. For example, Rated Criteria will be critical in infrastructure reconstruction, especially where sustainability considerations are paramount.

26. Will Borrowers still be required to use Rated Criteria for international procurements even when national laws do not permit its use?

Yes. For Bank-financed projects, the Procurement Regulations apply.

It is recognized that extra effort to build capacity in countries where national laws do not permit the use of Rated Criteria may be needed. Hands-on Expanded Implementation Support (HEIS) can be accessed.

27. How can it be ensured that “promises” made through the Bid/Proposal are implemented?

“Promises” can’t be guaranteed! However, the supplier can be held responsible for specific deliverables described in the requirements and specific work plans, methodologies, timelines etc. described in the Bid/Proposal that are incorporated into the contract. The contract is the legal framework that provides a mechanism to monitor and manage implementation.

Everything that is to be delivered must be articulated in the contract, leaving no room for a “promise” to deliver. If it’s not in the contract there is no mechanism to require delivery. It is especially important in pre-contract discussions/negotiations to ensure that requirements and deliverables are not only understood but clearly articulated and captured in the contract. If a supplier’s performance doesn’t meet the contract requirements, then corrective action can be taken.

Where can I find more information?

For more information on this initiative please see the below links:

- [Rated Criteria webpage *Promoting Value in World Bank Procurement*](#)
- [Feature Story](#)
- [Infographic](#)
- [CPO Video](#)
- [Bank Guidance Evaluating Bids and Proposals using Rated Criteria](#)