USE OF MERIT POINT CRITERIA FOR BID EVALUATION

GUIDANCE NOTE ON PROCUREMENT

DECEMBER 2021

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Notes:

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ABOUT THIS PUBLICATION

In April 2017, the Asian Development Bank (ADB) approved its new procurement framework, the ADB Procurement Policy: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time); and the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time). These replace the former Guidelines on the Use of Consultants (2013, as amended from time to time) and Procurement Guidelines (2015, as amended from time to time). The procurement policy and the procurement regulations address the procurement activities of project executing agencies and implementing agencies on projects financed in whole or in part by a loan or grant from ADB, or by ADB-administered funds. ADB designed the 2017 procurement policy to deliver significant benefits and flexibility throughout the project procurement cycle, as well as to improve project delivery through a renewed focus on the concepts of quality, value for money (VFM), and fitness for purpose.

This note is part of a series of guidance notes published by ADB in 2018 to accompany the 2017 procurement policy and the procurement regulations. Each note discusses a topical issue for borrowers (including grant recipients), bidders, and civil society under the new framework (see list below). The guidance notes cross-reference each other frequently and should be read in conjunction. All references to “guidance notes” pertain to these notes. The notes may be updated, replaced, or withdrawn from time to time.

List of Guidance Notes for the 2017 ADB Procurement Policy and the Procurement Regulations

1. Value for Money	14. High-Level Technology
2. Procurement Risk Framework	15. Quality
3. Strategic Procurement Planning	16. Bidding-Related Complaints
4. Procurement Review	17. Noncompliance in Procurement
5. Alternative Procurement Arrangements	18. Standstill Period
6. Open Competitive Bidding	19. State-Owned Enterprises
7. Price Adjustment	20. E-Procurement
8. Abnormally Low Bids	21. Framework Agreements for Consulting Services
9. Domestic Preference	22. Public-Private Partnerships
10. Prequalification	23. Contract Management
11. Subcontracting	24. Fragile, Conflict-Affected, and Emergency Situations
12. Consulting Services Administered by ADB Borrowers	25. Sustainable Public Procurement
13. Nonconsulting Services Administered by ADB Borrowers	26. Use of Merit Point Criteria for Bid Evaluation
-

ADB procurement reforms intend to ensure VFM by improving flexibility, quality, and efficiency throughout the procurement cycle (see illustration below and the *Guidance Note on Value for Money*). VFM is part of a holistic procurement structure with three support pillars: efficiency, quality, and flexibility. The two key principles of transparency and fairness weave across all elements of the structure.

Time

Time is an important element of VFM. When a project is delivered promptly or when a process is completed rapidly, greater value is created for all stakeholders. For example, a road project completed early provides economic benefit, security, or other value to the community it serves. It increases the return on investment to the executing agency and accelerates the project and payment cycle to the successful bidder. Likewise, a project delivered late loses significant value.

When considering VFM in the context of procurement, pay attention to anything that (i) shortens the procurement cycle time frame or (ii) accelerates delivery of the development project.

Objective

This guidance note is intended to assist readers by elaborating on and explaining ADB's 2017 procurement policy and procurement regulations for borrowers (including grant recipients).

This note identifies additional information for the reader to consider when applying ADB's procurement policy and procurement regulations to their circumstances.

Living Document

This guidance note is intended to be a living document and will be revised as required.

Be sure to check the ADB Business Center website for the latest version and updates, <https://www.adb.org/business/main>.

The Reader

In many circumstances, readers are expected to use this guidance note in a manner unique to their needs. For consistency throughout the suite of guidance notes, the following assumption is made about the reader:

The reader is a professional involved in activities financed in whole or in part by an ADB loan or grant, or by ADB-administered funds.

FAQs

Frequently asked questions, clarifications, examples, additional information, links to training, and other useful resources will be made available on the ADB website.

Be sure to check the ADB Business Center website for more information, <https://www.adb.org/business/main>.

Legal and Order of Priority

This guidance note explains and elaborates on the provisions of the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) applicable to executing (and implementing) agencies under sovereign (including subsovereign) projects financed in whole or in part by an investment loan from ADB (i.e., excluding ADB results- or policy-based loans), ADB-financed grant (excluding ADB-administered technical assistance and staff consultancies), or by ADB-administered funds.

In the event of any discrepancy between this guidance note and the procurement regulations, the latter will prevail. The financing agreement governs the legal relationships between the borrower and ADB. The rights and obligations between the borrower and the provider of goods, works, or services are governed by the specific procurement document issued by the borrower and by the contract signed between the borrower and the provider, and not by this guidance note.

ABBREVIATIONS

ADB	—	Asian Development Bank
EQC	—	evaluation and qualification criteria
FIDIC	—	Fédération Internationale Des Ingénieurs Conseils
MPC	—	merit point criteria
VFM	—	value for money
1S1E	—	single-stage one envelope
1S2E	—	single-stage two envelope

EXECUTIVE SUMMARY

This guidance note aims to assist borrowers (including grant recipients) in using merit point criteria (MPC) in projects financed in whole or in part by an Asian Development Bank (ADB) loan or grant, or by ADB-administered funds. Effective use of MPC contributes to fit-for-purpose procurement outcomes that achieve value for money and the project's development objectives. This guidance note reflects the principles-based approach in ADB's 2017 procurement framework, centered around its core procurement principles.

This guidance note describes MPC, their benefits, when they should be used, how they should be structured and formulated, and how bids should be evaluated against them. Practical examples and case studies are provided to enable the borrower to put a premium on quality in bid evaluation in order to achieve optimum value for money.

Effective use of MPC may:

Increase Efficiency and Reduce Procurement Time

- Use of MPC increases the likelihood of participation by and award of contract to reputable contractors and suppliers, contributing to the efficient implementation of the contract.

Reduce Risk and Improve Quality

- MPC place greater emphasis on quality and successful procurement outcomes, increasing the level of attractiveness to reputable contractors and suppliers.
- Use of evaluation criteria that are suitable to the specifications will reduce contract implementation risks.

Deliver Value for Money

- Use of evaluation criteria that are well designed and fit-for-purpose will deliver better value for money.
- MPC allow better consideration of trade-offs between costs and quality.
- Consideration of sustainability, both environmental and social factors, and of a healthy supply chain.

Improve Fairness and Transparency

- Use of clearly defined evaluation criteria that are appropriate to the complexity of the contract give reputable contractors and suppliers confidence that they will be treated fairly and transparently.

I. Introduction

1.1 The principles and procedures outlined in this guidance note apply to the procurement of works, goods, and nonroutine, nonconsulting services under open competitive bidding and limited competitive bidding methods in projects governed by the *Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services* (2017, as amended from time to time). This guidance note is intended to supplement and illustrate the guidance on nonprice criteria stated in section IV of the *Guidance Note on Value for Money* and should be read in conjunction with the ADB Procurement Policy, the Procurement Regulations, relevant guidance notes,¹ and relevant ADB user's guides and standard bidding documents.

1.2 The core procurement principles under the 2017 ADB Procurement Policy are quality, economy, efficiency, fairness, transparency, and value for money (VFM). Historically, VFM in procurement has been limited to incorporating a specification of minimum requirements into the bidding document and then awarding the contract to the lowest-priced bidder that substantially meets these minimum requirements. While this approach is appropriate for low-risk procurement of highly standardized products and simple works or services, it is less suitable for more complex goods, works, and services, where there may be trade-offs between quality and costs. Box 1 describes results of the 2017 FIDIC Survey on trends in contract award criteria. However, the Procurement Regulations state that the aim of the evaluation is to identify the substantially responsive bid offering the optimum

Box 1

Notable Results of FIDIC Survey on Its Worldwide Member Associations and Multilateral Development Banks

- Low bids are causing a problem.
- Nearly 40% of countries award contracts based on quality and price method.
- Nearly 40% of countries award contracts based on least cost.
- About 20% apply average rule/alternative selection method.

Source: FIDIC Selection of Contractors (Proposed Alternative Mechanism to Award Construction Works Contracts), 1st edition 2017.

¹ Including the *Guidance Note on Strategic Procurement Planning*, *Guidance Note on Value for Money*, *Guidance Note on Open Competitive Bidding*, *Guidance Note on Quality*, *Guidance Note on High Level Technology*.

value for money. This provides flexibility for the use of merit point criteria (MPC) in evaluating technical aspects of bids, either to supplement a lowest evaluated price assessment or to determine a combined technical and price score for each bidder. Included in the Appendixes to this guidance note are six illustrative examples on how MPC can be applied in bid evaluation.

1.3 During the strategic procurement planning process, appropriate evaluation and qualification criteria including MPC should be discussed between the ADB project team and the borrower as part of the options analysis. The borrower’s capacity to formulate MPC and evaluate bids using them, which requires multidisciplinary expertise, should be analyzed and supplemented with appropriate experts if capacity constraint is found. The country and sector/agency procurement risk assessment should determine whether the country legislative and regulatory framework allows the use of MPC. Figure 1 describes MPC in the ADB procurement cycle and Figure 2 describes the MPC strategic approach.

Figure 1: Merit Point Criteria in the ADB Procurement Cycle

Source: Asian Development Bank.

Figure 2: Merit Point Criteria Strategic Approach

Source: Asian Development Bank.

II. Use of Merit Point Criteria

A. Evaluation and Qualification Criteria

2.1 Evaluation and qualification criteria (EQC) ensure that a contract is awarded to the bidder that has the experience, and professional, financial, and technical capacity to successfully perform the contract. Therefore, the EQC and the methodology for evaluating bids and selecting a bidder need to be aligned with the desired characteristics or qualifications of the bidder, and the desired outcomes of the contract, to enable the borrower to achieve value for money.

2.2 Bidders are firstly required to meet predefined, precise minimum qualification criteria, e.g., ADB eligibility, historical contract nonperformance, average annual construction turnover, etc., which are evaluated on a pass-fail basis. Failure to meet any qualification criteria results in the disqualification and rejection of the bid. Evaluation criteria are then used to assess qualified bids to determine which bidder will be awarded the contract.

2.3 Evaluation and qualification criteria and the methodology by which they will be quantified, measured, or evaluated must be clearly stated in the bidding document. This will enable

- (i) potential bidders to make an informed decision whether or not to participate in the procurement of the contract and, if so, whether to participate as a single entity or in a joint venture;
- (ii) bidders to provide sufficient information in their bids to meet the appropriate standards and requirements; and
- (iii) borrower's staff to transparently evaluate bids and determine the substantially responsive bid offering the optimum VFM, which will be awarded the contract.

B. Merit Point Criteria

2.4 Merit point criteria (MPC)² are supplementary criteria that use merit points in assessing nonprice attributes of bids to determine the substantially responsive bid that is most advantageous, i.e., offers the optimum VFM. Generally, MPC are used to assess relative merits of a bidder's technical bid that meets the qualification requirements to perform the contract, rather than the bidder's historical performance. However, there may be cases where bidders' previous experience and performance may be relevant to quality of works to be delivered, in which case such elements can be evaluated through MPC.³ As with other EQC, MPC and the method by which bids will be evaluated against them must be clearly stated in the bidding document. These nonprice criteria may be used to assess the following features, among others:

- (i) the degree to which the performance, capacity, innovative features or functionality features offered by bidders meet or exceed the levels specified in the performance and/or functional requirements and/or influence the life cycle cost defined in the Employer's Requirements;
- (ii) quality of bids in terms of methodology or method statement, work plan, key personnel, access to key equipment, site organization, safety, quality assurance, mobilization schedule, implementation schedule and any other specific activities as indicated in the Employer's Requirements; and
- (iii) ability of bidders to meet and exceed any sustainable procurement requirements specified in the Employer's Requirements.⁴

C. When to Use Merit Point Criteria

2.5 MPC may be considered as part of the evaluation criteria in the following circumstances:

- (i) where price should not be the sole determining factor, e.g., the assessment of the balance between cost and quality is desired to achieve value for money;

² Referred as "point-based criteria" in para 4.9 of the *Guidance Note on Value for Money*, "scoring system" in para 5.10 of the *Guidance Note on Quality*, and "merit-point scoring" in Box 2 of the *Guidance Note on Open Competitive Bidding*. The use of MPC is similar to scoring system in the evaluation of technical proposals in the selection of consultant services, and to the scorable prequalification criteria described the *Guidance Note on Prequalification*.

³ Evaluation of previous experience using MPC should be fully justified, and mitigation measures should be in place to ensure that its inclusion will not result in "double counting" in the evaluation. Appendix 2 presents an example of the use of MPC to evaluate bidders' previous experience.

⁴ Sustainable procurement requirements are socioeconomic and environmental development objectives as described in para 1.4(f) of the Procurement Regulations, and those referred to in paras. 3.9 and 3.10 of Appendix 3 to the *Guidance Note on Value for Money* (and which may include environmental standards, social impact, among others).

- (ii) when the scope of the contract is complex, e.g., information and communication technology, textbooks, custom-designed equipment or plant, or sophisticated infrastructure such as water supply tunnel, elevated railway, and desalination plant;⁵
- (iii) to enable the ranking of technical bids, e.g., for purposes of comparing and identifying the differences between technical proposals;
- (iv) when there is a need to evaluate solutions that exceed the requirements or when alternative or innovative solutions are allowed;
- (v) where certain aspects of bids are not quantifiable or cannot be expressed in monetary terms;
- (vi) where the borrower has identified value-add in using MPC over lowest evaluated bid; and
- (vii) for certain nonroutine, nonconsulting services, e.g., delivery of health care services that are best procured through a procedure similar to the quality- and cost-based selection procedure used for the recruitment of consulting firms. The *Guidance Note on Nonconsulting Services Administered by ADB Borrowers* gives further details.

2.6 MPC are generally not suitable for standard off-the-shelf goods and equipment, standard or simple construction works, or routine nonconsulting services.

D. Benefits of Using Merit Point Criteria

2.7 The following are the benefits and risks of using MPC in bid evaluation:

- (i) **Benefits**
 - (a) enables the borrower to rank technical bids in order of merit;
 - (b) rewards technical bids that exceed the minimum requirements;
 - (c) facilitates the evaluation of technical merit and quality, and allows objective comparison of solutions or methodologies offered by the bidders; and
 - (d) enables the borrower to allow premium for technical bids that minimize or improve the environmental impact, and that propose higher standards for health and safety management.

⁵ Refer to Procurement Regulations, Appendix 1 (Value for Money), para 10: "In situations where quality needs to be measured by comparing providers based on an assessment of qualification, experience, and performance (such as consultancy services or where complex solutions consisting of a combination of goods, works, and services are required), value for money is likely to be achieved by applying evaluation methods which allow for an assessment of the balance between cost and quality according to the needs of the borrower as well as intended project development objectives."

(ii) Risks

- (a) subjectivity is introduced into the bid evaluation process when MPC are formulated in an abstract manner, and
- (b) the borrower may evaluate technical bids in an arbitrary or manipulative manner when scores given to each bid are not accompanied by narratives that clarify the basis for such scores.

E. Options for Applying Merit Point Criteria

2.8 There are two options for applying MPC in bid evaluation:⁶

- (i) **Option 1.**⁷ Bids are evaluated and scored based on the MPC indicated in the bidding document. Bidders must achieve a prescribed minimum technical score in order to be assessed as substantially responsive. Prices of substantially responsive bidders are evaluated using adjusted bid prices and/or life-cycle costs as the total costs of ownership⁸ (refer to the example in Appendix 5).
- (ii) **Option 2.** This option is similar to Option 1 except prices are instead scored using a prescribed formula, and a combined technical and price score is determined for each substantially responsive bid. The bid with the highest combined technical and price score will be assessed as the most advantageous bid, i.e., the bid offering the optimum VFM, and awarded the contract. Refer to para 2.22 for the sample formula, and the examples in Appendix 6.

F. How to Structure Merit Point Criteria

2.9 The borrower has broad discretion in structuring MPC to determine the bid offering the optimum value for money. Different approaches are available depending on the nature of procurement and technical complexity of the Employer's Requirements.

2.10 Key to formulating the criteria and subcriteria to be scored is understanding the nature and complexities of the Employer's Requirements, available technical solutions, and the best procurement practices in the sector. Based on this understanding, qualified borrower's staff or consultants who have experience in the particular field and who are fully informed of the details of the

⁶ These options are essentially those described in Procurement Regulations, Appendix 1, paras. 9 and 10. The options are consistent with Procurement Regulations, Appendix 3, para. 89.

⁷ Option 1 may apply to projects where national legislation mandates contracts to be awarded to the lowest evaluated substantially responsive bidder. Option 1 allows a robust evaluation of the technical aspects of the bid as compared to the normal pass-fail and substantial responsiveness evaluation.

⁸ See *Guidance Note on Value for Money*, Appendix 1 for a detailed definition of total costs of ownership.

Employer’s Requirements will establish the criteria, features, and subcriteria to be used to assess each bidder’s ability to meet or exceed the requirements and provide the optimum VFM. The criteria and subcriteria should be kept to the essential minimum number and should be identified and drafted in a manner that is as objective as possible.

2.11 The weights for each criterion and subcriteria are determined according to their relative importance in meeting the Employer’s Requirements. Table 1 provides a sample set of criteria for a works contract. The weights of individual criteria, in the aggregate of 100, in this example are set as the maximum score for that criterion.

Table 1: Example of Merit Point Criteria and Weightings

Criteria	S (max)
1. Overall Project Management	20
2. Implementation Methodology and Work Plan	40
3. Programming and Mobilization	10
4. Quality, Safety and Environment	30
Total	100

S (max) = maximum score.
Source: Asian Development Bank.

2.12 Subcriteria should also be developed (refer to Appendixes 1, 2, 3, and 4 for case examples showing subcriteria for the criteria shown in Table 1). The borrower should ensure alignment and clarity of the criteria and subcriteria with the Employer’s Requirements in section 6 of the bidding document. The bidding document should provide unambiguous details that enable bidders to fully respond to the criteria and subcriteria.

2.13 In some cases, experienced implementing agencies, e.g., normally the Ministry of Public Works with competent and qualified staff who understand the use of merit point or scoring, may opt to (i) include coefficient on the level of importance of a number of criteria and/or subcriteria (refer to the example in Appendix 1), or (ii) use demerits for errors or deficiencies in the bid evaluation, e.g., the goods to be supplied (refer to the example in Appendix 3).

2.14 The minimum technical score must be specified as part of the MPC. Depending on the nature of the procurement, the borrower has flexibility in setting this passing score relative to the number of criteria. As an example, the borrower may specify that the minimum overall technical score should be 70% with no less than 65% for any of the criteria, and no less than 50% for any of the subcriteria. Box 2 lists the criteria used by the Associated General Contractors of America.

Box 2**Selection Criteria Used by Associated General Contractors of America**

The following criteria for selection of bidders under qualification-based selection procedures are relevant to merit point criteria:

- Capacity to perform the work
- Financial strength
- Management plan
- Safety plan and safety record
- Quality assurance plan
- Experience and past performance

Note: “Financial strength” under the Asian Development Bank’s procedure is a qualification criteria and not an evaluation criteria.

Source: Associated General Contractors of America Project Delivery Committee. 2009. Qualification-Based Selection of Contractors. <https://www.agc.org/sites/default/files/Qualifications%20Based%20Selection%20of%20Contractors%20FINAL.PDF>.

2.15 Analysis of various scenarios of combinations of the criteria, subcriteria, and the weights through iteration or simulation exercises should be undertaken for an informed understanding of the impact of decision in building the MPC prior to finalizing the criteria, subcriteria, and weights.

G. Technical and Price Ratio

2.16 The borrower may use the technical scores derived from use of MPC to calculate a combined technical and price score for each bid to identify the substantially responsive bid offering the optimum VFM (refer to the example in Appendix 6 for various scenarios of the combined scores based on different technical and price ratios). Box 3 presents the technical-price ratio used by various institutions. The appropriate technical-price ratio, to be specified in the bidding document, depends on the weight the borrower puts on technical versus price, as follows:

- (i) Higher technical-price ratio (90:10 to 60:40)
 - (a) The borrower puts more premium on quality rather than price.
 - (b) Bidders are likely to propose more than the borrower’s technical requirements.
- (ii) Lower technical to price ratio (50:50 to 10:90)
 - (a) The borrower puts equal or more premium on price rather than quality.
 - (b) The borrower’s national legislation mandates contract award to the lowest evaluated bidder.
 - (c) Bidders are likely to structure their bid just to meet the minimum requirements.

Box 3**Technical–Price Ratio Used by Various Institutions**

- Asian Development Bank: No restriction nor prescription on technical–price ratio.
- International Federation of Consulting Engineers: 80/20 in identifying the most economically advantageous tender (*FIDIC Procurement Procedures Guide, 1st Edition 2011*). At least 80% of the total score to truly value the technical aspect (*Proposed Alternative Mechanism to Award Construction Works Contracts*), 1st Edition 2017).
- World Bank: the relative weight to be assigned to rated criteria should generally not exceed 30%, but it may be set as high as 50% if justified to achieve value for money.
- European Union: No restriction nor prescription on technical–price ratio.

Sources: ADB. 2017. *ADB Procurement Policy*. Manila; ADB. 2017. *Procurement Regulations for ADB Borrowers*. Manila; Fédération Internationale Des Ingénieurs Conseils (FIDIC). 2011. *FIDIC Procurement Procedures Guide, 1st Edition 2011*. Geneva; FIDIC. 2017. *FIDIC Selection of Contractors (Proposed Alternative Mechanism to Award Construction Works Contracts)*, 1st Edition 2017. Geneva; FIDIC. 2017. *FIDIC Procurement Procedures Guide, 1st Edition 2017*. Geneva; FIDIC. 2017. *Proposed Alternative Mechanism to Award Construction Works Contracts, 1st Edition 2017*. Geneva; World Bank. 2016. *Guidance Note: Evaluation Criteria—Use of Evaluation Criteria for Procurement of Goods, Works, and Non-consulting Services Using RFB and RFP*. Washington, DC; and Article 67(2) in European Parliament and Council. Directive 2014/24/ EU of the European Parliament and of the Council.

H. Rating of Merit

2.17 Merit points are assigned to all bids that have passed the qualification criteria, and applied consistently according to the criteria and subcriteria. This facilitates the evaluation of technical merit, quality, risk, and other relevant factors, and allows objective comparison of the bids or the different solutions offered by the bidders.⁹ Objectivity will be improved through a scoring system using score descriptors that provide a benchmark against which borrower’s evaluators can rank or score bids. Table 2 provides a sample scale of grading or rating from 0 to 5, or 0 to 100% (0–20–50–70–80–100), which may be considered in rating or ranking the subcriteria. Depending on the nature of the procurement, the scale of grading may only be 1 to 4 instead of 0 to 5 (refer to the example in Appendix 3).

2.18 There should be a separate Scale of Grading or Rating for each criterion. This will allow evaluators to make a reasonable judgment on the scores to be given for each criterion, and thus mitigate the possibility of undue discretion in giving full scores or 100% for a poor submission. To the extent possible, there should be uniformity in the Scale of Grading or Rating for all the criteria in a particular procurement.

⁹ This does not relate to alternative bids. Instead, it relates to different solutions that may each be in full compliance with the Employers Requirements. An example of this is, for a tunnel project, Bidder A may offer New Austrian Tunnel Method while Bidder B may offer Tunnel Boring Machine.

Table 2: Sample Score Descriptors

Rating	Score or Rank	Description of Rating of Scores
Excellent submission (100%)	5	Significantly exceeds the requirements
Good submission (80%)	4	Marginally exceeds the requirements
Acceptable submission (70%)	3	Satisfies the requirements
Some reservations (50%)	2	Does not fully meet the requirements
Serious reservations (20%)	1	Significantly below the requirements
Unacceptable submission (0%)	0	Feature is absent

Source: Asian Development Bank.

2.19 Despite the use of Scales of Grading or Rating, there remains the risk of arbitrary awarding of scores. The risk increases where there is capacity constraint in the borrower's staff, increased complexity, or limited time available to evaluate the bids. This risk can be mitigated if the evaluation is carried out by qualified borrower staff or consultants who have the experience in the particular field and who are fully informed of the details of the Employer's Requirements vis-a-vis the weights per criteria and/or subcriteria and the methodology for rating of merit. Box 4 provides FIDIC's recommendation for good practices in bid evaluation.

2.20 Exposure of evaluators to price prior to evaluating nonprice information may introduce bias toward evaluating lower-priced bids more favorably. Along with the measures mentioned in para 2.19, this risk can be mitigated by (i) the use of two-envelope bidding procedures, requiring technical bid and price bid to be submitted and evaluated separately; (ii) an evaluation panel comprising multiple evaluators to evaluate the nonprice attributes; and (iii) peer review by qualified and experienced consultants when available to the project.

Box 4

FIDIC Recommended Good Practice in Bid Evaluation

It is good practice for the same evaluators, who may be more but never less than two, to score each criterion for each tender, and for the evaluators' scores for each separate criterion for each tender to be averaged. This method avoids possible distortion in scoring values, which may be caused by different evaluators marking relatively high or low. To assist in the comparison of tenders, it is also recommended that the evaluators score all tenders for a particular criterion before the next criterion is considered.

Source: International Federation of Consulting Engineers (FIDIC). 2011. *FIDIC Procurement Procedures Guide, 1st Edition 2011*. Geneva.

2.21 Detailed information on the allocation of ratings to each bid against each of the criteria and/or subcriteria, supported by narrative descriptions, should be included in the bid evaluation report.

I. Combined Technical and Price Evaluation

2.22 A combined technical and price score will be calculated for each substantially responsive bid using the weights or ratio and formula indicated in the EQC. The bid with the highest combined technical and price score will be determined as the most advantageous bid. Below are two sample formulas to calculate a bidder's price score that is inversely proportional to its price, i.e., the lower the price, the higher the score.

- (i) The first sample formula¹⁰ for computing the combined technical and price score is presented in equation (1):

$$B \equiv C \frac{C_{low}}{C} X + \frac{T}{T_{high}} (100 - X) \quad (1)$$

where

- B = combined technical and price score
- C = evaluated bid price
- C_{low} = lowest of all evaluated price among responsive bids
- T = total technical score awarded to the bid
- T_{high} = technical score achieved by the bid that was scored highest among all responsive bids
- X = weight for price

- (ii) The second sample formula for computing the combined technical and price score is presented in equation (2):

$$B = (C_{low}/C) X + T (100 - X) \quad (2)$$

where

- B = combined technical and price score
- C = evaluated bid price
- C_{low} = lowest of all evaluated price among responsive bids
- T = total technical score awarded to the bid
- X = weight for price

¹⁰ This is the most widely used formula, i.e., in use for ADB's quality- and cost-based selection and information, and communication technology procurement and mandated for use in the World Bank's procurement, which permits a comprehensive assessment of the technical and price. It is essentially used in the illustrative case in the *FIDIC Procurement Procedures Guide, 1st Edition 2011*.

2.23 Though the above formulas are the most commonly used, there are a number of other formulas and methodologies that may have been successfully used by other organizations and institutions in obtaining the combined technical and price score. However, the use of other formulas is subject to discussion and agreement of ADB.

III. Incorporating Merit Point Criteria Into Bidding Documents

3.1 Table 3 contains the summary instructions that may be indicated in the evaluation and qualification criteria (EQC) for the options described in para 2.8.

Table 3: Summary Instructions That May Be Inserted in the Evaluation and Qualification Criteria

Option 1	Option 2
<p>1. Technical Bids are first evaluated against the QC. Only those Technical Bids that passed the QC will be subject to further technical evaluation.</p> <p>2. The Technical Bids that passed the QC will be evaluated and scored based on the MPC. Technical bids that failed the specified minimum technical score will be rejected.</p> <p><i>[Insert the following text if 1S1E bidding is being used:]</i></p> <p>3. Bids that passed the minimum technical score will be further evaluated. The lowest evaluated bid will be determined as the most advantageous and substantially responsive bid.</p> <p><i>[Insert the following text if 1S2E bidding is being used:]</i></p> <p>3. Price Bids of bidders whose Technical Bids passed the minimum technical score will be opened and further evaluated. The lowest evaluated bid will be determined as the most advantageous and substantially responsive bid.</p>	<p>1. Technical Bids are first evaluated against the QC. Only those Technical Bids that passed the QC will be subjected to further technical evaluation.</p> <p>2. The Technical Bids that passed the QC will be evaluated and scored based on the MPC. Technical Bids that failed the specified minimum technical score will be rejected.</p> <p><i>[Insert the following text if 1S1E bidding is being used:]</i></p> <p>3. Bids that passed the minimum technical score will be further evaluated. The total score will be calculated by combining the technical and price scores, using the indicated formula (that permit a comprehensive assessment of the Technical and Price scores) and technical-price ratio. The bid with the highest combined Technical and Price Score will be determined as the most advantageous and substantially responsive bid.</p>

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Table 3 continued

Option 1	Option 2
	<p><i>[Insert the following text if 1S2E bidding is being used:]</i></p>
	<p>3. Price Bids of bidders whose Technical Bids (in case of 1S2E) passed the minimum technical score will be opened and further evaluated. The total score will be calculated by combining the technical and price scores, using the indicated formula (that permit a comprehensive assessment of the Technical and Price scores) and technical-price ratio. The bid with the highest combined Technical and Price Score will be determined as the most advantageous and substantially responsive bid.</p>

1S1E = single-stage one envelope, 1S2E = single-stage two envelope, QC = qualification criteria.
Source: Asian Development Bank.

Appendix 1: Example of Bid Evaluation for a Works Package

A1.1 Several bids were received for a \$450 million civil works component for an elevated railway system package. The bid of Bidder A is among the bids that passed the qualification criteria on a pass-fail basis.

A1.2 The example in this appendix illustrates the evaluation of the technical aspects of bids (for single-stage one envelope [1S1E]) or technical bids (for single-stage two envelope [1S2E]) of Bidder A using the merit point criteria.

A1.3 Box A1.1 provides a summary of the instructions on MPC as Indicated in the Bidding Document. Information in columns 2 (level of importance), 3 (coefficient of level of importance, and 6 (S max = maximum score) in Box A1.2 are predefined and are indicated in the Bidding Document.

Box A1.1

Summary Instructions on Evaluation of Merit Point Criteria as Indicated in the Bidding Document

1. **Level of Importance.** The Level of Importance indicated by the Employer for each of the criteria and subcriteria in terms of significance to the Technical Requirement.

Indicator	Level of Importance	Coefficient (∞)
***	Critically Significant	1.0
**	Highly significant	0.8
*	Less significant	0.6

2. **Scale of Grading or Rating.** The Employer shall rate each of the subcriteria based on the following.

Rating	Description of Rating of Scores
Excellent submission (100%)	Significantly exceeds the requirements. Exceptional demonstration by the bidder showing it has the relevant experience, ability, understanding, skills, and resources required to properly deliver the Project on time. Response identifies factors that could offer potential added value. Excellent supporting evidence provided.

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Box A1.1 *continued*

Rating	Description of Rating of Scores
Good submission (80%)	Marginally exceeds the requirements. Above-average demonstration by the bidder showing that it has the relevant experience, ability, understanding, skills, and resources required to deliver the Project on time. Good supporting evidence provided.
Acceptable submission (70%)	Satisfies the requirements. The bidder has demonstrated that it has the relevant experience, ability, understanding, skills, and resources required to deliver the Project on time. Sufficient supporting evidence provided.
Some reservations (50%)	The submission does not fully meet the requirements and the bidder has not sufficiently demonstrated that it has the relevant experience, ability, understanding, skills, and resources necessary to deliver the Project on time. Insufficient supporting evidence provided.
Serious reservations (20%)	Significantly below the requirements. There are major reservations concerning the bidder's relevant experience, ability, understanding, skills, and resources required to properly deliver the Project on time. Little supporting evidence provided.
Unacceptable submission (0%)	Feature is absent. Does not comply and/or provides scarce information to demonstrate that the bidder has the ability, understanding, experience, skills, and resources required to deliver the Project on time.

3. Determination of Merit Point Score

The aggregate of the scores in each criteria must be 70% or more to pass using the following formula in equation (1).

$$S_{max} = \eta (100 \times \infty)$$

$$S_{act} = (R_1 \times \infty) + (R_2 \times \infty) + (R_3 \times \infty) \dots (R_\eta \times \infty) \quad (1)$$

where ∞ = coefficient of level of importance

η = number of subcriteria

R = rating given to the subcriteria

The actual score (S_{act}) for each of the subcriteria is obtained by multiplying the Level of Importance with the Coefficient of Level of importance and with the given Rating. (S_{max}) is the maximum score per criteria and/or subcriteria.

4. Passing Rate

- Pass rate per criteria will be determined using the formula S_{act}/S_{max} .
- A Bid or Technical Bid that failed in any of the four criteria will not be considered for further evaluation
- The Bid or Technical Bids that scored above 70% will be considered as technically responsive. Bids or Technical Bids with aggregate score of less than 70% will be considered failed, and may be rejected by the Employer on that basis.

Source: Asian Development Bank.

Box A1.2**Summary Rating Sheet for the Bid of Bidder A**

Merit Point Criteria (1)	Level of Importance (2)	Coefficient of Level of Importance (3)	Rating (4)	S (act) (5)	S (max) (6)
1. Overall Project Management				360	400
1.1 Key Staff					
• Project Manager	***	1	80	80	100
• Quality Assurance Manager	***	1	80	80	100
1.2 Project Management					
• Project management organization	***	1	100	100	100
• Site management organization	***	1	100	100	100
2. Implementing Methodology and Work Plan				520	700
2.1 Works Implementation					
• Overall approach	***	1	80	0	100
2.2 Bored Piling					
• Methods of boring to be used, including slurry approach, and details of equipment to be utilized	***	1	80	80	100
• Method of pile casting including slurry recovery	***	1	80	80	100
2.3 Boxed Girders					
• Methodology and calculations for production cycle of girders	***	1	70	70	100
• Details of launching girders, and girder erection arrangements at site	***	1	70	70	100
2.4 Bridge Construction					
• Method statement including detailed sequence for a balanced cantilever concrete bridge	***	1	70	70	100
• Method statement including detailed sequence for a steel girder bridge	***	1	70	70	100

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Box A1.2 *continued*

Merit Point Criteria (1)	Level of Importance (2)	Coefficient of Level of Importance (3)	Rating (4)	S (act) (5)	S (max) (6)
3. Programming and Mobilization				126	180
3.1 Mobilization					
• Dates of mobilization of key staff	*	0.60	70	42	60
• Dates of mobilization of equipment and setting of temporary facilities	*	0.60	70	42	60
3.2 Plant and Equipment					
• Evidence that the plant and equipment will be available for the duration required of the project	*	0.60	70	42	60
4. Quality, Safety, and Environment Management				408	560
4.1 Quality Management					
• Project quality procedures	***	1	70	70	100
4.2 Safety Management					
• Site safety provisions and medical facility	***	1	70	70	100
• Emergency response procedures	***	1	70	70	100
4.3 Environmental Management					
• Environmental management policies and procedures	**	0.8	80	64	80
• Method of identification of activities with potential impact and mitigation proposals	**	0.8	80	64	80

* means less significant, ** means highly significant, *** means critically significant.

S (act) = actual score, S (max) = maximum score.

Source: Asian Development Bank.

A1.4 The summary scores for each of the four MPC of the Bid of Bidder A are presented in Box A1.3.

Box A1.3
Summary Technical Scores for the Bid of Bidder A

Criteria	S (act)	S (max)	S (act)/S (max)
Overall project management	360	400	90.00 %
Implementation methodology or work plan	520	700	74.29 %
Programming and mobilization	126	180	70.00 %
Quality, safety, and environment management	408	560	72.86 %
Summary score	1,414	1,840	76.85%

S (act) = actual score, S (max) = maximum score.

Source: Asian Development Bank.

Explanation of the Example Result

A1.5 The example in this appendix shows that the Bid or Technical Bid of Bidder A met the passing score of 70% in each of the four criteria, and obtained an overall Technical Score of 76.85%.

Appendix 2: Example of Evaluating Previous Experience Using Merit Point Criteria

A2.1 The sample case in this appendix is similar to Appendix 1; the only added feature is the inclusion of “previous experience” as the fifth criterion.

A2.2 In Box A2.1, information in columns 2 (level of importance), 3 (coefficient of level of importance, and 6 (S max = maximum score) are predefined and are indicated in the Bidding Document.

Box A2.1 Summary Instructions on Evaluation of Merit Point Criteria as Indicated in the Bidding Document

1. **Level of Importance.** The Level of Importance indicated by the Employer for each of the criteria and subcriteria in terms of significance to the Technical Requirement.

Indicator	Level of Importance	Coefficient (∞)
***	Critically significant	1.0
**	Highly significant	0.8
*	Less significant	0.6

2. **Scale of Grading or Rating.** The Employer shall rate each of the subcriteria based on the following.

For Criteria Nos. 1, 2, 3, and 4

Rating	Description of Rating of Scores
Excellent submission (100%)	Significantly exceeds the requirements. Exceptional demonstration by the bidder showing it has the relevant experience, ability, understanding, skills, and resources required to properly deliver the Project on time. Response identifies factors that could offer potential added value. Excellent supporting evidence provided.
Good submission (80%)	Marginally exceeds the requirements. Above-average demonstration by the bidder showing that it has the relevant experience, ability, understanding, skills, and resources required to deliver the Project on time. Good supporting evidence provided.

continued on next page

Box A2.1 *continued*

Rating	Description of Rating of Scores
Acceptable submission (70%)	Satisfies the requirements. The bidder has demonstrated that it has the relevant experience, ability, understanding, skills, and resources required to deliver the Project on time. Sufficient supporting evidence provided.
Some reservations (50%)	The submission does not fully meet the requirements and the bidder has not sufficiently demonstrated that it has the relevant experience, ability, understanding, skills, and resources necessary to deliver the Project on time. Insufficient supporting evidence provided.
Serious reservations (20%)	Significantly below the requirements. There are major reservations concerning the bidder's relevant experience, ability, understanding, skills, and resources required to properly deliver the Project on time. Little supporting evidence provided.
Unacceptable submission (0%)	Feature is absent. Does not comply and/or provides scarce information to demonstrate that the bidder has the ability, understanding, experience, skills, and resources required to deliver the Project on time.

For Criterion No. 5

Rating	Description of Rating of Scores
Excellent submission (100%)	Significantly exceeds the requirements. Exceptional demonstration by the bidder showing it has previously implemented more than 10 similar projects.
Good submission (80%)	Marginally exceeds the requirements. Above-average demonstration by the bidder showing it has previously implemented more than five similar projects.
Acceptable submission (70%)	Satisfies the requirements. The bidder has the bidder has previously implemented at least one contract or substantially completed a contract of similar project.
Some reservations (50%)	The submission does not fully meet the requirements. The bidder was just recently awarded a similar contract.
Serious reservations (20%)	Significantly below the requirements. There are major reservations concerning the bidder's relevant experience. The bidder has participated in a contract of similar size but involvement is limited to construction of the railway station or only in single component.
Unacceptable submission (0%)	Feature is absent. Does not comply and/or provides insufficient information to demonstrate that the bidder has the experience similar to the project.

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Box A2.1 *continued***3. Determination of Merit Point Score**

The aggregate of the scores in each of the above four criteria must be 70% or more to pass using the formula in equation (1):

$$\begin{aligned} S_{max} &= \eta (100 \times \alpha) \\ S_{act} &= (R_1 \times \alpha) + (R_2 \times \alpha) + (R_3 \times \alpha) \dots (R_\eta \times \alpha) \end{aligned} \quad (1)$$

where α = level of importance coefficient

η = number of subcriteria

R = rating given to the subcriteria

4. Passing Rate

- Pass rate per criteria will be determined using the formula S_{act}/S_{max} .
- A Bid or Technical Bid that failed in any one of the above five criteria will not be considered for further evaluation.
- A Bid or Technical Bid that scored above 70% will be considered as technically responsive. Bids or Technical Bids with aggregate score of less than 70% will be considered failed, and may be rejected by the Employer on that basis.

Source: Asian Development Bank.

Box A2.2**Summary Rating Sheet for the Bid of Bidder A**

Merit Point Criteria	Level of Importance	Coefficient of Level of Importance	Rating	S (act)	S (max)
1. Overall Project Management				360	400
1.1 Key Staff					
• Project Manager	***	1	80	80	100
• Quality Assurance Manager	***	1	80	80	100
1.2 Project Management					
• Project management organization	***	1	100	100	100
• Site management organization	***	1	100	100	100
2. Implementing Methodology or Work Plan				520	700
2.1 Works Implementation					
• Overall approach	***	1	80	0	100

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Box A2.2 *continued*

Merit Point Criteria	Level of Importance	Coefficient of Level of Importance	Rating	S (act)	S (max)
2.2 Bored Piling					
• Methods of boring to be used, including slurry approach, and details of equipment to be utilized	***	1	80	80	100
• Method of pile casting including slurry recovery	***	1	70	70	100
2.3 Boxed Girders					
• Methodology and calculations for production cycle of girders	***	1	70	70	100
• Details of launching girders, and girder erection arrangements at site	***	1	70	70	100
2.4 Bridge Construction					
• Method statement including detailed sequence for a balanced cantilever concrete bridge	***	1	70	70	100
• Method statement including detailed sequence for a steel girder bridge	***	1	70	70	100
3. Programming and Mobilization				126	180
3.1 Mobilization					
• Dates of mobilization of key staff	*	0.60	70	42	60
• Dates of mobilization of equipment and setting of temporary facilities	*	0.60	70	42	60
3.2 Plant and Equipment					
• Evidence that the plant and equipment will be available for the duration required of the project	*	0.60	70	42	60
4. Quality, Safety and Environment Management				408	560
4.1 Quality Management					
• Project quality procedures	***	1	70	70	100
• Plan for design management, site quality	***	1	70	70	100

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Box A2.2 *continued*

Criteria	Level of Importance	Coefficient of Level of Importance	Rating	S (act)	S (max)
4.2 Safety Management					
• Site Safety provisions and medical facility	***	1	70	70	100
• Emergency response procedures	***	1	70	70	100
4.3 Environmental Management					
• Environmental management policies and procedures	**	0.8	80	64	80
• Method of identification of activities with potential impact, and mitigation proposals	**	0.8	80	64	80
5. Previous Construction Experience				140	200
5.1 Quality Management					
• Construction of balanced cantilever bridges of at least 200 meters long using traveler formwork	***	1	70	35	50
• Construction of elevated railway station	***	1	70	35	50
• Viaduct works for railway or road of more than 5 kilometers in length	***	1	70	35	50
• Similar contract (continuous road or railway) in similar climate condition (monsoon, wet and dry season) with a minimum value of \$100 million.	**	1	70	35	50

* means less significant, ** means highly significant, *** means critically significant.

S (act) = actual score, S (max) = maximum score.

Source: Asian Development Bank.

A2.3 The summary scores for each of the five MPC of the Bid of Bidder A are presented in Box A2.3.

Box A2.3
Summary Technical Scores for the Bid of Bidder A

Merit Point Criteria	S (act)	S (max)	S (act)/S (max)
Overall Project Management	360	400	90.00%
Implementation Methodology or Work Plan	520	700	74.29%
Programming and Mobilization	126	180	70.00%
Quality, Safety, and Environment Management	408	560	72.86%
Previous Construction Experience	140	200	70.00%
Summary Score	1,554	2,040	76.18%

S (act) = actual score, S (max) = maximum score.
Source: Asian Development Bank.

Explanation of the Example Result

A2.4 The example in this appendix showed that the Bid or Technical Bid of Bidder A met the passing score of 70% in each of the five criteria, and obtained an overall Technical Score of 76.18%.

Appendix 3: Example of Bid Evaluation for Goods Package (Textbooks)

A3.1 Several bids were received for a \$3 million package for procurement of textbooks and teacher's manuals for History for grade 10 students in the public sector. The bid of Bidder B is among the bids that passed the Qualification Criteria on a pass-fail basis.

A3.2 The example in this appendix illustrates the evaluation of the bid of Bidder B (see Box A3.1 and Box A3.2) using merit point criteria (MPC).

Box A3.1

Summary Instructions on Evaluation of Merit Point Criteria as Indicated in the Bidding Document

Scale of Grading or Rating for Criterion No. 1

Score	Rating	Description of Rating of Scores
4	100%	100 % coverage
3	Good submission (80%)	95% to 99% coverage
2	Acceptable submission (70%)	90% to 94% coverage
1	Unacceptable Submission (50%)	Below 90% coverage

- The material should obtain at least 90% coverage to pass Criterion No. 1.

Scale of Grading or Rating for Criteria Nos. 2 to 4

Score	Rating	Description of Rating of Scores
4	Excellent submission (100%)	Exceeds the requirements
3	Acceptable submission (70%)	Satisfies the requirements with identified deficiencies
2	Unacceptable submission (50%)	The material does not satisfy the requirements, and there are identified deficiencies
1	Objectionable submission (20%)	The material is significantly below the requirements

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Box A3.1 *continued*

- Must obtain a score of 18 (out of a maximum of 24) to pass Criterion No. 2
- Must obtain a score of 12 (out of a maximum of 16) to pass Criterion No. 3
- Must obtain a score of 15 (out of a maximum of 20) to pass Criterion No. 4

Scale of Grading or Rating for Criterion No. 5

This criterion will be evaluated based on demerits for each of the subcriteria, as follows:

- **5 demerit points** each for serious errors, e.g., conceptual error, factual error, conflicting facts
- **2 demerit points** each for minor errors, e.g., mistakes that may be regarded as relatively minor

Materials with less than 50 demerits will pass this criterion, and those with 50 or more demerits are unacceptable and will therefore fail this criterion.

Note: The above is only a summary of instructions on how this criterion on demerits will be applied. There is a separate instruction in the Bidding Document providing detailed guidance and instructions to the evaluators.

Overall Ranking

- Bids offering a set of textbooks and teacher’s manuals that passed all of the above five criteria will be considered as technically responsive.
- Bids having a set of textbooks and teacher’s manuals that failed in any one of the five criteria will not be considered for further evaluation.

Source: Asian Development Bank.

Box A3.2
Summary Rating Sheet for the Bid of Bidder B

Merit Point Criteria	Description of Rating	Rating	Total Score per Criterion
1. Learning Competencies			3 out of 4
1.1 Learning competencies covered		3	3
2. Appropriateness of the Material			20 out of 24
2.1 Content is appropriate to the learner’s grade level	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
2.2 Vocabulary and length of sentences are suitable to target learners	Fully satisfied the requirements	4	

continued on next page

Box A3.2 *continued*

Merit Point Criteria	Description of Rating	Rating	Total Score per criterion
2.3 Materials take into account the diversity of cultural, religious, and economic backgrounds of the target learners	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
2.4 Treatment of gender in terms of roles, occupations, and contributions in the text and illustrations of the textbook is balanced	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
2.5 Materials encourage integration of positive values and are mindful of health and safety issues to learners	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
2.6 Material is free of controversial and sensitive issues	Fully satisfied the requirements	4	
3. Presentation and Organization of Material			12 out of 16
3.1 Topics covered are logically presented throughout the material	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
3.2 Units, chapters, and lessons are arranged from simple to complex, from observable to abstract	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
3.3 Units and chapters contain useful introduction, reviews, summaries, and other details that facilitate smooth progression from one lesson to another	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
3.4 Materials provide useful measures and information to help the teacher evaluate the learner's progress in mastering the target competencies	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
4. Teacher's Manual			16 out of 20
4.1 The materials in the teacher's manual correspond with the textbook material	Fully satisfied the requirements	4	

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Box A3.2 *continued*

Merit Point Criteria	Description of Rating	Rating	Total Score per criterion
4.2 All units and chapters have specific, attainable, and measurable learning objectives	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
4.3 Lessons are developed using a variety of teaching methods, learning activities, and evaluation measures	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
4.4 The teacher's manual includes rationale, alternative learning approaches, and additional remedial and enrichment materials	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
4.5 Time allotment in the teacher's manual is sufficient to develop lessons in the textbook with the corresponding number of schooldays	Satisfied the requirements with deficiencies identified in the evaluation sheet	3	
5. Accuracy and Updated Information			36 demerit points
5.1 Conceptual errors	10 demerit points (2 conceptual errors found)		
5.2 Factual errors	10 demerit points (2 factual errors found)		
5.3 Grammatical errors	6 demerit points (3 grammatical errors found)		
5.4 Obsolete information	5 demerit points (1 obsolete information found)		
5.5 Other errors such as error in illustrations, diagrams, pictures, maps, graphs	5 demerit points (1 error in map found)		

Source: Asian Development Bank.

The summary scores for each of the MPC are presented in Box A3.3.

Box A3.3
Summary Technical Scores for the Bid of Bidder B

Merit Point Criteria	S (act)	S (max)/ Max Demerit	S (act)/ S (max)
Learning Competencies	3	4	Passed
Appropriateness of the Material	20	24	Passed
Presentation and Organization of Material	12	16	Passed
Teacher’s Manual	16	20	Passed
Accuracy and Updated Information	36 demerit points	50 demerit points	Passed

S (act) = actual score, S (max) = maximum score.
Source: Asian Development Bank.

Appendix 4: Example of Evaluation of Technical Bid for Nonconsulting Services

A4.1 Several bids were received for a \$1 million package for nonconsulting services for delivery of health care services. The Technical Bid of Bidder C is among the bids that passed the Qualification Criteria on pass–fail basis. The example in this appendix illustrates the evaluation of the Technical Bid of Bidder C (see Box A4.1 and Box A4.2).

Box A4.1

Summary Instructions on Evaluation of Merit Point Criteria as Indicated in the Bidding Document

1. **Scale of Grading or Rating.** The Employer shall rate each of the subcriteria based on the following rating.

Criterion No. 1: Experience

Rating	Submission Assessment
Excellent submission (100%)	Significantly exceeds the requirements. Exceptional demonstration by the bidder showing it has the relevant experience, ability, understanding, skills, and resources for the delivery of primary health care management and administration. Bidder has previously implemented more than 10 similar donor-funded health care project in the Employer's country whose scope includes (i) enabling the poor and very poor to utilize the program services, (ii) quality assurance, and (iii) health care financing. Excellent supporting evidence has been provided.
Good submission (80%)	Marginally exceeds the requirements. Above-average demonstration by the bidder showing it has the relevant experience, ability, understanding, skills, and resources for the delivery of primary health care management and administration. Bidder has previously implemented more than five similar donor-funded health care projects in the Employer's country whose scope includes (i) enabling the poor and very poor to utilize the program services, (ii) quality assurance, and (iii) health care financing. Good supporting evidence has been provided.

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Box A4.1 *continued*

Rating	Submission Assessment
Acceptable submission (70%)	Satisfies the requirements. The bidder has demonstrated that it has the relevant experience, ability, understanding, skills, and resources for the delivery of primary health care (PHC) management and administration. Bidder has previously implemented one similar donor-funded health care project in the Employer's country whose scope includes (i) enabling the poor and very poor to utilize the program services, (ii) quality assurance, and (iii) health care financing. Sufficient supporting evidence has been provided.
Some reservations (50%)	Does not fully meet the requirements. The bidder has not sufficiently demonstrated that it has the relevant experience, ability, understanding, skills, and resources for the delivery of PHC management and administration. Bidder has yet to complete a similar donor-funded health care project in the Employer's country. Insufficient supporting evidence has been provided.
Serious reservations (20%)	Significantly below the requirements. There are major reservations concerning the bidder's relevant experience for the delivery of PHC management and administration. Little supporting evidence has been provided.
Unacceptable submission (0%)	Feature is absent. Does not comply and/or provides scarce information to demonstrate that the bidder has the ability, understanding, experience, skills for delivery of PHC management and administration. No supporting evidence has been provided.

Criterion No. 2: Approach and Methodology

Rating	Submission Assessment
Excellent submission (100%)	Significantly exceeds the requirements. Exceptional presentation by the bidder of its plan to provide PHC services in the coverage area. Crystal-clear strategy to (i) reach the poor and very poor, (ii) provide health care financing, (iii) engage the community and local leader for participatory planning and implementation of PHC services, (iv) quality assurance of service delivery, and (v) ensuring uninterrupted delivery of drugs and medical supplies. Good supporting evidence.

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Box A4.1 *continued*

Rating	Submission Assessment
Good submission (80%)	Marginally exceeds the requirements. Above-average presentation by the bidder of its plan to provide PHC services in the coverage area. Clear strategy to (i) reach the poor and very poor, (ii) health care financing, (iii) engage the community and local leader for participatory planning and implementation of PHC services, (iv) provide quality assurance of service delivery, and (v) ensure uninterrupted delivery of drugs and medical supplies. Sufficient supporting evidence has been provided.
Acceptable submission (70%)	Satisfies the requirements. The bidder has presented its plan to provide PHC services in the coverage area. Reasonably clear strategy to (i) reach the poor and very poor, (ii) provide health care financing, (iii) engage the community and local leader for participatory planning and implementation of PHC services, (iv) provide quality assurance of service delivery, and (v) ensure uninterrupted delivery of drugs and medical supplies. Sufficient supporting evidence has been provided.
Some reservations (50%)	Does not fully meet the requirements. The bidder has not sufficiently demonstrated its plan to provide PHC services in the coverage area. Unclear strategy to (i) reach the poor and very poor, (ii) provide health care financing, (iii) engage the community and local leader for participatory planning and implementation of PHC services, (iv) provide quality assurance of service delivery, and (v) ensure uninterrupted delivery of drugs and medical supplies. Some supporting evidence has been provided.
Serious reservations (20%)	Significantly below the requirements. The bidder failed to demonstrate its plan to provide PHC services in the coverage area. The proposed strategy is ambiguous and will not likely (i) reach the poor and very poor, (ii) provide health care financing, (iii) engage the community and local leader for participatory planning and implementation of PHC services, (iv) provide quality assurance of service delivery, and (v) ensure uninterrupted delivery of drugs and medical supplies. Insufficient supporting evidence has been provided.
Unacceptable submission (0%)	Feature is absent. The bidder totally misunderstood the requirements.

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Box A4.1 *continued***Criterion No. 3: Key Staff**

Rating	Submission Assessment
Excellent submission (100%)	Exceeds the requirements. The proposed staff is a medical doctor with a postgraduate degree and public health background, and has implemented and/or supervised more than 10 similar contracts of similar scope and size.
Good submission (80%)	Marginally exceeds the requirements. The proposed staff is a medical doctor with a public health background, and has implemented and/or supervised more than 5 similar contracts of similar scope and size.
Acceptable submission (70%)	Satisfies the requirements. The proposed staff is a medical doctor with a public health background, and has implemented and/or supervised a contract similar in scope and size.
Some reservations (50%)	Does not fully meet the requirements. The proposed staff is a medical doctor with no public health background, and has implemented and/or supervised a contract less than half the scope and size of this project.
Serious reservations (20%)	Significantly below the requirements. The proposed staff is not medical doctor, and has implemented and/or supervised a contract less than half the scope and size of this project.
Unacceptable submission (0%)	Feature is absent. The proposed staff is not a medical doctor, and has never implemented nor supervised a similar contract.

2. Determination of Merit Point Score

(S_{max}) is the maximum score per criteria or subcriteria indicated in the Bidding Document.

The actual score (S_{act}) for each of the subcriteria is obtained by multiplying the given rating with the S_{max} per subcriteria.

The aggregate of the scores in each of the above three criteria must be 70% or more to pass.

3. Passing Rate

- A Technical Bid that failed in any one of the above three criteria will not be considered for further evaluation.
- The remaining Technical Bids will be considered as technically responsive and the corresponding Price Bids will be opened.

Source: Asian Development Bank.

Box A4.2**Summary Rating Sheet for the Bid of Bidder C**

Merit Point Criteria	Description of Rating	Rating	S (act)	S (max)
1. Experience			240	300
1.1 Primary health care (PHC) system management and administration	Satisfies the requirements. Above-average presentation.	80%	80	100
1.2 Similar donor-funded health care project in the country	Implemented six similar donor projects in the borrower's country.	80%	60	75
1.3 Enabling the poor and very poor to utilize program services	Satisfies the requirements. Above-average presentation.	80%	40	50
1.4 Implementing quality assurance strategies, e.g., monitoring, supervision	Satisfies the requirements. Above-average presentation.	80%	40	50
1.5 Health care financing, e.g., cost recovery, cross subsidies	Satisfies the requirements. Above-average presentation.	80%	20	25
2. Approach and Methodology			304	400
2.1 Plan to provide PHC services and increase population coverage in the partnership area including strategy to ensure that poor and the very poor receive the services	Satisfies the requirements. Above-average presentation.	80%	160	200
2.2 Strategy for health care financing	Satisfies the requirements. Above-average presentation.	80%	48	60
2.3 Plan for community and local leadership participation in planning and implementing the PHC	Satisfies the requirements. Above-average presentation.	80%	48	60
2.4 Plan to assure quality services delivered at all levels	Satisfies the requirements. The bidder has presented its plan to provide PHC services.	70%	28	40

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Box A4.2 *continued*

Merit Point Criteria	Description of Rating	Rating	S (act)	S (max)
2.5 Strategy for ensuring uninterrupted supply of drugs and medical supplies	Strategy is unclear	50%	20	40
3. Key Staff			230	300
3.1 Project Manager (experience including medical or public health background)	The proposed staff is a medical doctor with a postgraduate degree and public health background, and has implemented or supervised more than seven similar contracts of similar scope and size.	80%	160	200
3.2 Manager, Finance and Administration	The proposed staff is a Chartered Accountant with a Masters in Business Administration, and has implemented or supervised more than three similar contracts of similar scope and size.	70%	70	100

S (act) = actual score, S (max) = maximum score.

Source: Asian Development Bank.

A4.2 The summary scores for each of the MPC are presented in Box A4.3.

Box 4.3**Summary Technical Score for the Bid of Bidder C**

Merit Point Criteria	S (act)	S (max)	S (act)/S (max)
Experience	240	300	80.00 %
Approach and Methodology	304	400	76.00 %
Key Staff	230	300	76.67 %
Summary Score	774	1,000	77.40 %

S (act) = actual score, S (max) = maximum score.

Source: Asian Development Bank.

Explanation of the Example Result

A4.3 The example in this appendix showed that the Technical Bid of Bidder C met the passing score of 70% in all the three criteria, and obtained an overall Technical Score of 77.40%.

Appendix 5: Example of Use of Merit Point Criteria to Determine Lowest Evaluated Bid

A5.1 The example in this appendix illustrates a case where the substantially responsive bid offering the optimum value for money is the lowest evaluated bid. (Bids of Bidders A, B, C, and D passed the qualification criteria on a pass–fail basis).

Table A5.1: Summary of the Rating of the Technical Bids of Bidders A, B, C, and D

Merit Point Criteria	Bidder A	Bidder B	Bidder C	Bidder D	S (max)
Overall Project Management	360	315	320	260	400
Implementation Methodology or Work Plan	520	530	490	450	700
Programming and Mobilization	126	135	130	140	180
Project Administration	408	400	395	390	560
Summary Score	1,414	1,380	1,335	1,240	1,840

S (max) = maximum score.

Source: Asian Development Bank.

Table A5.2: Summary of the Scores of the Technical Bids of Bidders A, B, C, and D (%)

Merit Point Criteria	Bidder A	Bidder B	Bidder C	Bidder D
Overall Project Management	90.00	78.75	80.00	65.00
Implementation Methodology or Work Plan	74.29	75.71	70.00	64.29
Programming and Mobilization	70.00	75.00	72.22	77.78
Project Administration	72.86	71.43	70.54	69.64
Summary Score	76.85	75.00	72.55	67.39

Source: Asian Development Bank.

A5.2 In this case, the Technical Bids of Bidders A, B and C passed the 70 point passing mark. The Technical Bid of Bidder D, which failed to pass 70 point passing mark, has to be rejected.

Table A5.3: Summary of the Evaluated Bid Prices Based on Life Cycle Cost Analysis of Bidders A, B, and C

	Bidder A	Bidder B	Bidder C
Initial price (\$)	220,000,000	195,000,000	200,000,000
Annual operating and maintenance costs (\$)	15,000,000	45,000,000	20,000,000
Residual value (\$)	20,000,000	15,000,000	10,000,000
Discount rate (6%)			
Period (10 years)			
Net present value (\$)	269,000,000	270,000,000	250,000,000

Source: Asian Development Bank.

Explanation of the Example Result

A5.3 The above example showed that the bid of Bidder C, which offered the lowest bid among those that passed the minimum technical score, is the substantially responsive bid offering the optimum value for money.

Appendix 6: Use of Merit Point Criteria to Calculate Combined Technical and Price Score

A6.1 The example in this appendix illustrates that among the various combinations of Technical and Price Ratios:

- A higher technical–price ratio, i.e., 90:10 to 60:40, allows the Employer to place more weight on quality rather than on price in order to determine the most advantageous bid offering the optimum value for money—which is the bid with the highest combined Technical and Price Score among the responsive bids.
- A lower technical–price ratio, i.e., 50:50 to 10:90, allows the Employer to put more weight on price rather than on quality in order to determine the bid offering the optimum value for money.

Table A6.1: Summary of Ratings for Technical Bids of Bidders A, B, C, and D

Merit Point Criteria	Bidder A	Bidder B	Bidder C	Bidder D	S (max)
Overall Project Management	360	315	320	260	400
Implementation Methodology or Work Plan	520	530	490	450	700
Programming and Mobilization	126	135	130	140	180
Project Administration	408	400	395	390	560
Summary Score	1,414	1,380	1,335	1,240	1,840

S (max) = maximum score.

Source: Asian Development Bank.

Table A6.2: Summary Scores for Technical Bids of Bidders A, B, C, and D (%)

Merit Point Criteria	Bidder A	Bidder B	Bidder C	Bidder D
Overall Project Management	90.00	78.75	80.00	65.00
Implementation Methodology or Work Plan	74.29	75.71	70.00	64.29
Programming and Mobilization	70.00	75.00	72.22	77.78
Project Administration	72.86	71.43	70.54	69.64
Summary Score	76.85	75.00	72.55	67.39

Source: Asian Development Bank.

A6.2 In this case, the Technical Bids of Bidders A, B and C passed the 70 point passing mark. The Technical Bid of Bidder D, which failed to pass 70 point passing mark, has to be rejected.

Table A6.3: Summary of Evaluated Price Bids on Life Cycle Cost Analysis of Bidders A, B, and C

	Bidder A	Bidder B	Bidder C
Initial price	220,000,000	195,000,000	200,000,000
Annual operating and maintenance costs (\$)	15,000,000	45,000,000	20,000,000
Residual value (\$)	20,000,000	15,000,000	10,000,000
Discount rate (6%)			
Period (10 years)			
Net present value (\$)	269,000,000	270,000,000	250,000,000

Source: Asian Development Bank.

A6.3 Tables A6.4a to A64.i summarize scores under varying technical–price ratios.

A6.4 Using the formula in equation (1) at 90:10 (technical–price ratio),

$$B \equiv C \frac{C_{low}}{C} X + \frac{T}{T_{high}} (100 - X) \quad (1)$$

where

- B = combined technical and price score
- C = evaluated bid price
- C_{low} = lowest of all evaluated price among responsive bids
- T = total technical score given to the bid
- T_{high} = technical score achieved by the bid that was scored best among all responsive bids
- X = weight for price

Table A6.4a: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (90:10 technical–price ratio)

	Bidder A	Bidder B	Bidder C	Bidder D
Technical Score	90.00	87.24	84.97	65.00%
Price Score	9.29	9.26	10.00	69.64%
Combined Score	99.29	96.50	94.97	67.39%

Source: Asian Development Bank.

Explanation of the Example Result

A6.5 Table A6.4a shows that the bid of Bidder A with the highest combined Technical and Price Score is the substantially responsive bid offering the optimum value for money, and not the bid of Bidder C, though it has the lowest evaluated cost.

A6.6 Below are the other scenarios of the combined scores based on different technical and price ratios.

A6.7 At 80:20 ratio, the bid of Bidder A with the highest combined Technical and Price Score is the substantially responsive bid offering the optimum value for money (Table A6.4b).

Table A6.4b: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (80:20 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	80.00	78.08	75.53
Price Score	18.59	18.52	20.00
Combined Score	98.59	96.60	95.53

Source: Asian Development Bank.

A6.8 At 70:30 ratio, the bid of Bidder A with the highest combined Technical and Price Score is the substantially responsive bid offering the optimum value for money (Table A6.4c).

Table A6.4c: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (70:30 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	70.00	68.32	66.09
Price Score	27.88	27.78	30.00
Combined Score	97.88	96.10	96.09

Source: Asian Development Bank.

A6.9 At 60:40 ratio, the bid of Bidder A with the highest combined Technical and Price Score is the substantially responsive bid offering the optimum value for money (Table A6.4d).

Table A6.4d: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (60:40 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	60.00	58.56	56.65
Price Score	37.17	37.04	40.00
Combined Score	97.17	95.60	96.65

Source: Asian Development Bank.

A6.10 At 50:50 to 10:90 ratio, the bid of Bidder A with the highest combined Technical and Price Score is the substantially responsive bid offering the optimum value for money (see Tables A6.4e to Table A6.4i).

Table A6.4e: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (50:50 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	50.00	48.80	47.21
Price Score	46.47	46.30	50.00
Combined Score	96.47	95.10	97.21

Source: Asian Development Bank.

Table A6.4f: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (40:60 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	40.00	39.04	37.77
Price Score	55.76	55.56	60.00
Combined Score	95.76	94.60	97.77

Source: Asian Development Bank.

Table A6.4g: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (30:70 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	30.00	29.28	28.32
Price Score	65.06	64.81	70.00
Combined Score	95.06	94.09	98.32

Source: Asian Development Bank.

Table A6.4h: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (20:80 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	20.00	19.52	18.88
Price Score	74.35	74.07	80.00
Combined Score	94.35	93.59	98.88

Source: Asian Development Bank.

Table A6.4i: Summary of the Combined Technical and Price Scores of the Bids of Bidders A, B, and C (10:90 technical–price ratio)

	Bidder A	Bidder B	Bidder C
Technical Score	10.00	7.76	9.44
Price Score	83.64	83.33	90.00
Combined Score	93.64	91.09	99.44

Source: Asian Development Bank.

Use of Merit Point Criteria for Bid Evaluation

Guidance Note on Procurement

This guidance note aims to assist borrowers, including grant recipients, in using merit point criteria (MPC) in projects financed in whole or in part by an Asian Development Bank (ADB) loan or grant, or by ADB-administered funds. Effective use of MPC contributes to fit-for-purpose procurement outcomes that achieve value for money and the project's development objectives. This guidance note describes MPC along with their benefits, when they should be used, and how they should be structured, formulated, and applied in bid evaluation. Practical examples and case studies are also presented. This guidance note reflects the principles-based approach in ADB's procurement policy and the procurement regulations for ADB borrowers.

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