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UNLOCKING SUSTAINABILITY AT THE BID EVALUATION STAGE

A practitioner guide for global procurement professionals

Acknowledgements

This Practitioner Guide for Global Procurement Professionals was prepared on behalf of the EU SWITCH-Asia Policy Support Component (PSC) by Mr *Sanjay Kumar under the supervision of Dr* Lunchakorn Prathumratana, Ms *Elodie Maria*-Sube and Dr Zinaida Fadeeva, Team Leader, SWITCH-Asia Policy Support Component.

The SWITCH-Asia Programme

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Acronyms and Abbreviations

ADB	Asian Development Bank
EC	European Commission
EPR	Extended producer responsibility
EU	European Union
GDP	Gross domestic product
GHG	Greenhouse gases
GPA	Government Procurement Agreement
ISO	International Organization for Standardization
KPIs	Key performance indicators
LCC	Life-cycle costing
LED	Light-emitting diode
MEAT	Most economically advantageous tender
MSMEs	Micro-, small- and medium-sized enterprises
NPV	Net present value
PLC	Product life cycle
S/GPP	Sustainable green public procurement
SEPA	State Environmental Protection Administration (China)
SMEs	Small and medium-sized enterprises
SPP	Sustainable public procurement
UNCITRAL	United Nations Commission on International Trade Law
UNEP	United Nations Environment Programme
VfM	Value for money
WB	World Bank
WTO	World Trade Organization

1. Executive summary

Public procurement – 13% to 14% of global GDP – can accomplish far more than just purchasing at the cheapest price. Traditional pass/fail specs plus price-only awards often miss true Value for Money (VfM), externalise social and environmental costs, and deter innovation, especially in developing markets where greener options are still maturing.

This guide shows how to unlock sustainability at the bid evaluation stage using modern bid evaluation methods (the European Union's MEAT, World Bank's Rated Criteria, Asian Development Bank's Merit Points). The common playbook is: publish clear criteria and weights, use life-cycle costing (LCC) to value operating/maintenance/end-of-life (and, where feasible, externalities), apply scoring bands for qualitative factors, and convert awarded promises into contract KPIs. Weights and thresholds can tighten as markets mature, accelerating the transition to a low-carbon, resource-efficient, and socially equitable economy while safeguarding affordability and fairness.

Done well, the modern evaluation practices deliver better VfM, keep markets open to Small and Medium-sized Enterprises (SMEs), and link awards to measurable outcomes – driving green, inclusive, and resilient development.

2. Introduction

Public procurement – the process through which governments acquire goods, services, and infrastructure – plays a crucial role in global governance. Globally, governments spend approximately USD 13 trillion[1] on procurement of goods, works and services, representing about 13% of global GDP.[2] This figure extends beyond mere transactions; it represents a vital tool for driving national development, policy implementation, and economic growth.

It plays an integral role in the delivery of public services to citizens and it functions very much as a crucial link between a government's promises and their actual delivery of goods, works and services to the citizens. Any deficiency in public services – delays in delivery of vaccines, potholes on highways, late delivery of mid-day meals to school children, non-availability of fertiliser at the beginning of the sowing season, cancellation of train services, etc. – can potentially shake the confidence and trust of citizens in their government. This is why the public procurement process needs to be understood correctly and managed diligently to deliver the strategic goals of the government.

Governments have undertaken procurement reforms in the past to mitigate the risks associated with poor or non-delivery of public services to citizens. There's an increasing push in the procurement community towards what is now being termed 'Quality-based Procurement' – in essence, procurement using rated criteria rather than simply awarding contracts to the lowest bidder.

1 Available at https://www.open-contracting.org/news/12-6-trillion-of-public-procurement-spend-each-year-is-opaque/
2 Available at https://www.wto.org/english/res_e/booksp_e/tptfca_05_02_government_procurement_e.pdf

3. Sustainable/Green Public Procurement

Sustainable/Green Public Procurement (S/GPP) is a step in the direction of quality-based procurement, designed to deliver enhanced Value for Money (VfM) by achieving sustainability goals, such as mitigating environmental externalities and/or enhancing social value for citizens. These enhanced values could be:

- improving resource/energy efficiency
- minimising pollutions of all kinds
- mitigating GHG emissions
- minimising hazardous substances
- job creation
- local economy development
- promotion of MSMEs and local enterprises
- empowerment of women or socially disadvantaged sections of society, etc.

VMF signals a move towards recognising quality, sustainability, innovation, and long-term value – attributes that go far beyond the narrow lens of upfront cost.

This is a big leap forward from the traditional procurement process in which award of tender is chiefly governed by a matrix comprising compliance to technical specifications and vendor price quote. Delivering enhanced value to citizens involves consideration of life cycle costs (Purchase price + Operating Cost + Maintenance Cost + End-of-Life Cost), and non-price attributes that cannot be captured in upfront price and technical specifications alone. For example, a government office may want to enhance social value while procuring a solar power plant, by including criteria that the winning contractor must e.g. employ a certain percentage of unemployed individuals from the local community, or provide training for disadvantaged groups, thus creating social value alongside the service. Similarly, to enhance VfM, a city administration might evaluate its transportation service options based on bus life-cycle cost and environmental impact – such as air and noise pollution – instead of selecting diesel buses solely on the basis of lowest initial price.

These additional values – employment generation or skill development or reducing air and noise pollution – cannot be easily delivered to citizens by using the technical design stage of the procurement cycle alone. Delivering these objectives requires a contracting authority to consciously design each phase – from initial planning and market engagement, through drafting tender criteria and evaluating bids, to actively managing the contract – to systematically identify, address, and monitor environmental and social risks. By proactively weaving these considerations into every decision, the authority moves beyond mere regulatory compliance to genuinely safeguarding public entities against long-term liabilities to achieve truly sustainable outcomes, thereby delivering profound public value that transcends the lowest initial price.

Developing a sound understanding with regard to the suitability of different stages of the procurement cycle in a given context, so as to maximise the sustainability outcome of purchasing decisions, is fundamental to delivering enhanced values to citizens without compromising economic efficiency. Section 4 will analyse the role of the Bid Evaluation Stage for delivering sustainability outcomes when leveraging public procurement.

4. Integrating sustainability into procurement: A Product Life Cycle (PLC) perspective

The Product Life Cycle (PLC) is a foundational business concept that describes the stages an innovative (green & sustainable) product passes through, from its initial introduction into the market to its eventual withdrawal from the market. Figure 1 illustrates a typical PLC, showing overlaying trends in key market characteristics such as competition, price, sales, etc., with the corresponding phase of PLC. The PLC concept is used by a variety of professionals in sales, marketing, business, and so on as a decision-making tool to develop their own strategy.

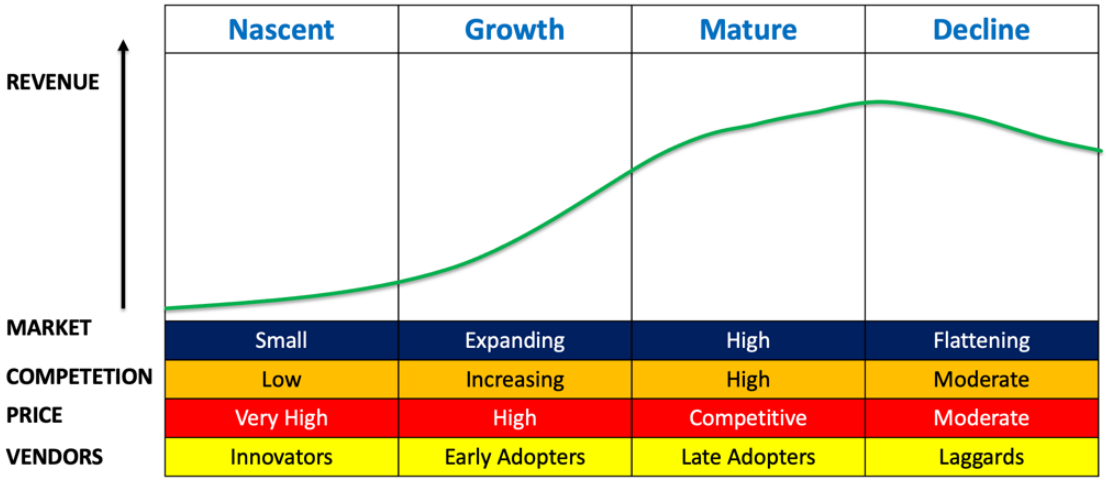

Figure 1. Product Life Cycle Model[3]

For procurement professionals, PLC provides a critical lens through which to view the market dynamics of 'sustainable' or 'green' products. As a greener alternative is introduced and evolves through the different phases, the levels of competition and price volatility change significantly. Understanding these trends is essential for developing a dynamic and effective sustainable procurement strategy.

The PLC model reveals two critical, interrelated market trends with direct consequences on procurement strategy: the evolution of **competition** and **pricing**. During the nascent phase, competition is typically limited, as the product is innovative and offered by only a few suppliers. As the market progresses through the nascent phase into growth and maturity, competition intensifies significantly. Concurrently, the price of a newly introduced sustainable alternative is initially high, reflecting high R&D costs and low economies of scale. As the market develops, matures, and becomes more competitive, prices tend to decrease due to standardised production, increased supplier rivalry, and greater market efficiency.

These dynamics are invaluable for crafting a robust sustainable procurement strategy. It illustrates that procurement cannot have a one-size-fits-all approach to sustainability. The tools, strategies, and metrics must be tailored to the maturity of the market for each sustainable product or service. Procurement must transition its focus from funding innovation and piloting projects in early stages to leveraging competition and optimising costs in later stages.

3 Based on https://hbr.org/1965/11/exploit-the-product-life-cycle

5. The World's Playbook: Why the ecolabel-dependent model fails in developing economies

5.1. Proven model for implementing GPP

The concept of S/GPP has been around for more than three decades now. During these years, governments have used S/GPP to achieve sustainability goals through two main approaches: first, buying eco-friendly options available in the market, and second, using the public sector's market influence to shape the market by sending consistent signals for sustainable goods, works, and services.

The first approach uses the national ecolabel to set and verify technical standards in tender and make award decisions based on the lowest price. This is closest to the traditional procurement process as it leverages a ready-made, credible, and market-tested framework for defining what constitutes a 'green' or 'sustainable' product or service. The complex process is simplified for both procurers and businesses: procurers can confidently specify robust environmental standards without needing to be technical experts themselves, while businesses have a clear and consistent benchmark to meet if they wish to qualify for public tenders. Thus, by 'piggybacking' on these established labels, governments can rapidly scale their S/GPP ambitions, ensure credibility, and drive market demand for verified sustainable products.

Most developed economies have successfully leveraged this type of strategy to advance their S/GPP programme, which works because national ecolabels in these countries were already in place prior to the formal adoption of S/GPP policies. For example, the Germany Blue Angel was established in 1978, much earlier than the EU Procurement Directives that set the ball rolling for adopting GPP policy in the European countries, including in Germany. Similarly, Japan's Eco Mark label was established in 1989 while the Government of Japan enacted the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Act on Promoting Green Purchasing) a decade later in 2001. The Thai Green Label was introduced in Thailand by the Thailand Environment Institute in 1994 while the first Green Public Procurement Promotion Plan 2008-2-11 was launched in 2005. The China Environmental Labelling program was initiated in 1993 by the State Environmental Protection Administration (SEPA) while the directive on procurement of energy-saving products arrived in 2004, and Environmental Labelling Products appeared in 2006. But there are exceptions such as in the Philippines, where the Philippine National Ecolabelling Programme, Green Choice Philippines and Executive Order mandating purchasing ecolabel products were introduced in 2003 and 2004, respectively.

Such gaps in the introduction of environmental labelling programmes and S/GPP policy can be found in other developed economies as well. Broadly speaking, this phenomenon suggests that when GPP policy was introduced in these countries, the market for 'green' or 'sustainable' products in those countries was already in the Growth or Maturity phase in the PLC model, indicating that competition already existed in the market, and that the price of product although still high was nonetheless competitive. Therefore, developed economies found it rather easy to adopt GPP Policy because they already had a fully matured green market with a flourishing ecolabeling programme.

5.2. Application of proven GPP implementation models in developing & poor economies

The proven strategy of aligning GPP technical specifications with established ecolabel criteria in developed nations led global policy advocates to recommend the same approach in developing countries. UNEP's methodology of assisting countries in designing and implementing SPP policy recommends the same approach in its Sustainable Public Procurement Guidelines. This strategy, however, often failed to account for one critical gap: the absence of the prerequisite Type I Ecolabel Programme to build upon. There is nothing wrong in the UNEP strategy per se, except that it doesn't take into account the country context. The absence of any ecolabelling programme basically means that a given country's market for 'green' or 'sustainable' products corresponds only to the **Nascent** phase of the PLC model.

For countries wanting to implement a S/GPP policy based on established ecolabel criteria, it basically means that they must first develop a national ecolabel programme and then ride on the success or failure of ecolabeling programmes to implement their S/GPP policy. Setting up a national ecolabeling programme requires defining product-specific environmental criteria, establishing a framework for a robust performance assessment based on life cycle sustainability, and managing a third-party certification system for credibility. More often than not, S/GPP implementation does not take off or make only very little progress, because setting up a national ecolabeling programme in a developing country itself is a humongous task. Even if a country is able to develop a Type I Ecolabel Programme, onboarding of vendors will take a lot of time.

The ISO 14024, the standard for Type I Ecolabel, specifies that the objective of the Type I Ecolabel is to identify and promote overall environmental leadership in a product category, and also that the threshold criteria be designed to serve that objective. Though neither mandated by ISO 20400 nor revealed by Ecolabeling organisations, the top 10%–30% of the manufacturers is a commonly cited range for leading ecolabels like the Blue Angel, Nordic Swan, and the EU Ecolabel and is considered as the functional application of the ISO 14024 standard. The rationale for this is that the minimum threshold shall be stringent enough to be meaningful but achievable enough to attract manufacturers and create a competitive market for green products. Thus the threshold criteria have been knowingly designed to be stringent to limit certification only to a select group of top-performing market participants.

Though the purpose of setting high threshold criteria for ecolabels is well intended, it has unintended consequences when the same criteria are used to design technical specification for public tendering in the underdeveloped market, i.e. in the **Nascent** phase of the PLC model. Since the technical criteria are evaluated as Pass/Fail in public tendering, access to public tendering is effectively closed for a large number of vendors (MSMEs) and market competition is limited. Even environmentally committed manufacturers, who meet 50%–90%, or even 99% of the threshold criteria, suddenly find themselves excluded from the public tendering market with the introduction of an S/GPP policy in a country, implying inherent risks for SPP implementation. As seen in the Product Life Cycle (PLC) model, such an approach can limit competition – particularly in immature markets for sustainable goods and services. The limitations can drive public expenditure up, thus fuelling the perception that SPP policies inherently lead to higher costs or that environmentally friendly products are costlier.

Another shortcoming of this approach is that environmental issues are not the first priority for the government and citizens in poor and developing economies. Because the main focus of eco-labels globally has largely been on addressing the environmental and health-related aspects of products and services,[4] they do not take into account more competing priorities for citizens and governments such as employment generation, local economy development, promotion of local industries, empowerment of women, etc. This approach thus falls short of addressing the development priorities of the poor and developing economies.

Relying solely on the technical specification stage of the procurement cycle to drive sustainability outcomes often has limitations as well: over-prescriptive, pass/fail requirements can shrink competition, raise bid prices, and exclude capable SMEs and local suppliers. Binary compliance fails to reward partial improvements or contextual trade-offs, ignores life-cycle costs (energy, maintenance, product end-of-life), and increases the risk of non-responsive bids – especially in immature markets – and thus undermines both VfM and policy goals.

Consequently, S/GPP implementation in developing and poor economies requires a distinct approach that simultaneously tackles core developmental issues while fostering inclusion for environmentally conscious local businesses. The next section explores how a strategically designed evaluation stage of the procurement cycle can address the lacunae noticed in approaches that take into account only developed economies, and further examines the potential of a product's stage in the life-cycle model to use public procurement as a transformative tool for development.

4 Frieder Rubik, Siddharth Prakash, Felicitas Riedel, Integration of social aspects in the German Blue Angel scheme – Views from manufacturers and consumers, Sustainable Production and Consumption, Volume 33, 2022, Pages 466-476, ISSN 2352-5509, https://doi.org/10.1016/j.spc.2022.07.018

6. Transforming bid evaluation: Modernising practices for better outcome

The Bid Evaluation (Selection) stage constitutes a vital component of the procurement process. In the qualification stage, vendors or contractors not meeting a minimum threshold for a certain criterion are eliminated at the outset from any further bidding. In the Bid Evaluation stage, contracting authorities can rank and select vendors or contractors based on price only or on a combination of price and quality. In the traditional system, the primary function of bid evaluation was to assess and rank bids solely on the basis of the economic aspects – namely, the price. This process functioned effectively because all of the qualitative attributes of the products and services were captured during the development of technical specifications. Bids were initially screened for technical compliance on a Pass/Fail basis, with only those satisfying all requirements advancing to a price evaluation stage. The contract was then typically awarded to the most technically qualified vendor quoting the lowest price.

Such traditional bid evaluation methods had limitations for SPP implementation, as they failed to account for the full spectrum of criteria that constitute true value for money (VfM) for citizens, and the reason is that such a system fails to account for the full life-cycle costs of a product or the qualitative aspects including social value that truly define fitness for purpose.

However, as countries transitioned from traditional procurement processes to adopt S/GPP policies, it was felt that the Bid Evaluation method ought to be able to evolve so as to secure true VfM and deliver fit-for-purpose solutions to citizens. In response to these demands, multilateral organisations revised their procurement regulations to facilitate evaluation of true value and fitness of purpose in the bid evaluation process. This in turn gave rise to the adoption of more holistic bid evaluation mechanisms like the Most Economically Advantageous Tender (MEAT) adopted by EU countries, Rated Criteria adopted by the World Bank, and Merit Point Criteria adopted by the ADB. These methods were designed to systematically capture and evaluate qualitative aspects (including environmental and social factors) and life-cycle costs, ensuring that non-price factors are integral to determining VfM and fitness-for-purpose.

As we will see in the following subsections, these revised methodologies encourage the contracting authority to consider all the costs and consequences associated with procurement of goods, works and services. These changes are transformative in view of the growing evidence that the negative environmental repercussions of procuring goods, works, and services at the lowest initial price – such as pollution, biodiversity loss, health impact, and waste – are largely externalised onto society. The above-mentioned revised procurement methodologies call for considering all the costs and outcomes, including those borne not just by the organisation, but by society as a whole. An increasing number of countries are now recognising the inherent pitfalls of the misallocation of costs and consequences among purchasers, vendors, and the public, and they are now undertaking procurement reform to address limitations associated with the traditional bid-evaluation method and adopt revised and updated bid-evaluation practices.

The salient features of these updated methodologies and how they facilitate taking into account all the associated costs as well as the eventual aftermath of purchasing products, works or services to maximise sustainability outcomes will be discussed below.

6.1. Most Economically Advantageous Tender (MEAT)

The bid evaluation based on **Most Economically Advantageous Tender (MEAT)**[5] is the conceptual heart of the EU's Public Procurement Directives 2014/23/EU (the Concessions Directive), 2014/24/EU (the Public Procurement Directive) and 2014/25/EU (the Utilities Directive). By prescribing MEAT as the key award criterion, these Directives encourage authorities to make strategic, value-driven decisions based on a holistic set of factors – including quality, life-cycle cost, and sustainability – rather than on price alone. This ensures that the winning bid represents the best overall value for the contracting authority and society.

5 https://eur-lex.europa.eu/eli/dir/2014/23/oj/eng; https://eur-lex.europa.eu/eli/dir/2014/24/oj/eng; https://eur-lex.europa.eu/eli/dir/2014/25/oj/en

The contracting authority may achieve the most economically advantageous tender on the basis of the price or cost, using a cost-effectiveness approach such as LCC or the best price-quality ratio. The Directives further advise that the best price-quality ratio shall be assessed on the basis of criteria, including qualitative, environmental and/or social aspects linked to the subject matter of the bid in question. While price or cost must always be a component of the evaluation, the Directive encourages Member States to limit or discourage the use of price- or cost-only criteria, promoting a shift toward more quality-oriented procurement.

The Directive promotes the use of life-cycle costing and states that LCC shall, where relevant, cover all or part of the costs (acquisition, operation, maintenance and end-of-life) borne by the contracting authority or other users, as well as those costs imputed to environmental externalities (GHG emissions) over the life cycle of a product, service, or works.

6.2. Rated Criteria for Bid Evaluation

In direct response to the shifting definition of value, the World Bank has comprehensively revised its bid evaluation methodology. To achieve true VfM, it now promotes the use of **Rated Criteria**[6] for evaluating bids in the procurement of all goods, works, and non-consulting services. Evaluations based on Rated Criteria (including non-price factors) allow for a more comprehensive assessment of bids, taking into account not only cost but also quality, functionality, sustainability, and other relevant factors.

The WB methodology acknowledges that the evaluation criteria depend on the nature, complexity and objectives of procurement. Therefore, procuring entities must tailor them based on a combination of the following factors to deliver the best VfM.

a. **Cost**: Assessment of cost using an appropriate methodology based on the nature of the procurement, which may include adjusted bid price or life cycle costing
b. **Quality**: Evaluation of quality through a structured methodology to determine the extent to which the Goods, Works, Non-consulting Services, or Consulting Services meet or exceed the specified requirements
c. **Risk**: Assessment of the adequacy of the Bidder's/Proposer's methodology in identifying and mitigating relevant risks, including environmental, social, economic, cybersecurity, and implementation-related risks
d. **Sustainability**: Evaluation of the credibility of the Bidder's/Proposer's approach to addressing economic, environmental, and/or social considerations, including identified sustainability opportunities, which may also cover the flexibility of the bid/proposal to adapt to potential changes over the life cycle of the contract
e. **Innovation**: Consideration of innovative elements in areas such as design, methodology, technology, and delivery mechanisms for the Goods, Works, Non-consulting Services, or Consulting Services

Recognising the value of Rated Criteria in achieving fit-for-purpose procurement objectives, the World Bank adopted Rated Criteria as the default approach for most international procurement processes with effect from 1st September 2023. To facilitate adoption, the Bank has issued a dedicated guideline titled 'Evaluating Bids and Proposals', which provides step-by-step guidance to develop the evaluation approach, determine rated criteria, prioritise weightings and quality threshold, and evaluation processes with examples.

6.3. Merit point criteria for bid evaluation

Similar to the Rated Criteria, the Asian Development Bank (ADB) recommends Borrowers to use Merit Point Criteria for bid evaluation during procurement of Goods, Works and Services.[7] This bid evaluation methodology enables the borrower to achieve optimal benefits by applying, where appropriate, life-cycle costing along with the borrower's socioeconomic and environmental development objectives.

Appendix 5 of the Procurement Regulations for ADB Borrowers provides detailed commentary on Evaluation Criteria and Methodology for evaluating bids for procurement of Goods, Works and Non-consulting Services.

6 https://projects.worldbank.org/en/projects-operations/products-and-services/brief/rated-criteria
7 https://www.adb.org/news/features/merit-point-criteria-and-adbs-evolving-procurement-approach

It states that the evaluation criteria shall be carefully designed to reflect the nature and complexity of the procurement in order to enable the contacting authority to achieve VfM. The criteria may include consideration of the quality of goods and services, alignment with socioeconomic and environmental objectives, fitness for purpose, the bidder's track record in delivering desired outcomes based on past experience and performance, and the use of cost assessment methods such as life-cycle costing.

The ABD recommendations state that the evaluation criteria must be aligned with the nature of the procurement and should aim to appropriately balance cost and quality considerations. For goods and equipment procurement, non-price factors may include elements such as the payment schedule, delivery time, operating costs, equipment efficiency and compatibility, and availability of service and spare parts, as well as associated training, safety features, and environmental or sustainability benefits.

6.4. Bid evaluation as per UNCITRAL Model Law on Public Procurement

The United Nations Commission on International Trade Law (UNCITRAL) first issued the Model Law on Public Procurement in 1994 and subsequently revised it in 2011.[8] Article 11 the Model Law describes detailed provisions related to award criteria, stating:

The evaluation criteria used in procurement processes should be directly related to the subject matter of the procurement and may include the following:

a. Price

b. Total cost considerations, such as the costs associated with operating, maintaining, and repairing the goods or construction works; the delivery timeframe, completion period for construction, or the timeline for service provision; the functional and environmental characteristics of the goods, works, or services; as well as payment terms and warranty conditions

c. Where applicable criteria may also include the experience, reliability, and professional and managerial competence of the supplier, contractor, and personnel involved in delivering the procurement requirements.

UNCITRAL has also issued a detailed guide to explain the objectives of the Model Law and how the provisions in the Model Law are designed to achieve those objectives.

The Model Law also supports broader socio-economic policy objectives, encompassing social inclusion, employment generation, SME development, human rights, and environmental protection. These policies can be pursued through measures such as tailored evaluation criteria as provided in various articles of the Law.

6.5. From Cost to Value: Bid evaluation as a tool for sustainable development

The above discussion shows that the bid-evaluation reforms – EU's MEAT, World Bank's Rated Criteria, ADB's Merit Points, and UNCITRAL guidance – attempt to fix the flaws observed in the traditional bid evaluation method within the context of delivering sustainability objectives. These four reformed methods clearly recognise that price alone does not fully reflect VfM, and therefore they advocate for a balanced evaluation approach that considers both cost and non-cost factors including quality, sustainability, and developmental impact. By incorporating qualitative factors such as technical quality, environmental performance, social inclusion, innovation, and risk mitigation, they enable a more balanced and context-sensitive evaluation of bids.

In essence, the modern bid evaluation method serves as a practical tool for mainstreaming sustainability considerations in procurement decisions, thus ensuring that what is procured is not only cost-effective but also contributes to the goal of building sustainable, inclusive, and resilient economies. The newer methods allow all the contracting authority to compare price and quality, sustainability, inclusion, innovation, and risk on a common, auditable basis; reward better performance without excluding suppliers; and link awarded commitments to contract key performance indicators (KPIs). As these practices spread across both poor and developing countries, these more modern bid evaluation methods could make SPP a more effective tool for achieving long-term environmental, social, and economic outcomes.

8 https://uncitral.un.org/en/texts/procurement/modellaw/public_procurement

7. Designing high-quality rated sustainability criteria

Public buyers pursue multiple, sometimes competing objectives in a single procurement – fitness-for-purpose, cost efficiency over the life cycle, sustainability outcomes, competition/SME access, and mitigating other risks. Therefore, designing a high-quality rated sustainability criteria often boils down to an exercise in prioritising different procurement objectives: aligning weights and thresholds based on the type and nature of what is being procured, market maturity and supply availability, sustainability consequences, and budget constraints/affordability. In practice, not every objective can be priortised in all cases at all times.

A smarter approach to maximising sustainability outcomes is to set minimum pass/fail baselines to protect non-negotiables (quality, fitness, safety, legality) using rated criteria to reward incremental sustainability performance. This approach allows most vendors to participate in the bidding process without being excluded on the ground of meeting minimum technical criteria (Pass/Fail). This simple calibration – while designing technical specifications – keeps the interest of market players in the bidding process and motivates them to continue working on enhancing their sustainability performance.

As discussed above, MEAT/Rated/Merit Point criteria as a bid evaluation method allows the contracting authority to incorporate qualitative factors such as technical quality, environmental attributes, social issues, innovation, and risk mitigation, making them a more balanced and context-sensitive evaluation of bids. Thus, this approach directly supports the principles of sustainable procurement, which seeks to achieve not only economic efficiency but also positive environmental and social results.

To demonstrate how contracting authorities can develop suitable sustainability criteria in line with the PLC model, consider case 1 (below) of a city government in a developing country that desires to replace 20,000 sodium streetlights with light-emitting diodes (LEDs). The goals are to improve public safety, reduce energy and maintenance costs, and minimise e-waste. Using the step-by-step process below, the contracting authority can design effective criteria for this retrofit project.

Case 1: A city replaces streetlights

STEP 1 - Identify Sustainability hotspots: Experiences in using LEDs on a smaller scale have revealed that

- electricity consumption over 10–15 years dominates a share of total costs to the city administration
- durability along with preventive maintenance such as avoiding driver failure, ingress protection, surge events, etc. are key to reducing costs
- e-waste management through responsible take-back can enhance aluminium recovery

STEP 2 - Market Analysis revealed that

- there are multiple regional LED brands, but the supply of control systems (e.g. smart/dimming) is weak
- There are local companies engaged in assembly but they offer varying warranties
- Importing LED is permitted but takes 8-12 weeks
- One of the raw materials for LED and fixture, aluminium, has witnessed price volatility during the past three years

STEP 3 - Set minimum technical criteria

- which are non-negotiable, such as compliance with national standards, electric and photometric safety, surge protection, glare limits, compliance with recognised test standards, etc. These criteria are mostly covered in national LED standards in any country.
- Do not mandate a brand, chip model or proprietary control; allow 'equivalent' certifications/tests to keep SMEs and local assemblers in play.

STEP 4 - Select Rated Criteria to reward bidders offering better durability, circularity and the smart features of LED. Incorporate contract clauses to measure outcome, such as kilowatt-hours (kWh) saved, uptime, take-back, etc. to ensure that promises made in the bid offer become results that translate into sustainability performance.

STEP 5 - Allocate wights transparently to reflect market maturity and risks

- Nascent Market (Nascent Phase of the PLC model): Here the procurement objective is to motivate more and more suppliers to enhance their sustainability practices and stimulate their entry into the sustainable products market.
- Growth Market (Growth phase of the PLC model): Here the procurement objective is to raise the sustainability performance bar of existing vendors in the market.
- Mature Market (Mature and Decline phases of the PLC model): Here the procurement objective is to maximise the sustainability outcome through procurement.

The following table provides a tentative weight that may be adopted by a contracting authority according to the maturity of the market. The amounts can be further tailored to suit local market conditions in order to balance quality, sustainability and economic efficiency.

Market Type	Price/cost	Sustainability	Technical	Capacity
Nascent Market	60	20	10	10
Growth Market	50	25	15	10
Mature Market	40	30	20	10

STEP 6 - Define measurable 0–5 bands (or ranges) based on objective evidence and avoid double counting of sustainability benefits.

- *Durability and Warranty:* evidence can be accredited test reports, warranty certificates or the equivalent
  - *0: No independent evidence*
  - *3: ≥ 5-year system warranty; LM-80/ISTMT (or equiv.) supports driver/LED lifetime claims*
  - *5: ≥ 7-year warranty; proven driver MTBF; surge ≥ 10 kV with test reports; spare-parts plan*
- *Circularity and Take-back evidence: EPR registration, take-back contract, material declaration*
  - *0: No take back*
  - *3: Contract for take-back at the end of product life; recycling aluminium housing; > 20% recycled content*
  - *5: Guaranteed take-back with certified recycler; ≥ 40% recycled aluminium content; component-level repairability (drivers/optics)*
- *Smart readiness such as control interface, dimming plan* – Evidence: data sheet; pilot/dimming schedule
  - *0: Not supported*
  - *3: 0-10V/DALI (or equivalent); NEMA/ Zhaga socket*
  - *5: Controls-ready plus a verified dimming schedule delivering > 15% modelled energy reduction*

Energy efficiency directly drives the operating cost, which depends on wattage, lighting hours, electricity tariffs, control system (dimming), and even optional carbon pricing. It may surprise some that energy efficiency is not considered a separate sustainability criterion for quality scoring in this example.

The benefit of energy efficiency can be better captured by using LCC for financial scoring, therefore LCC is better able to monetise these factors over the life cycle of a LED bulb, giving a transparent, apples-to-apples comparison of total cost and impact. Scoring lumens per watt on top of LCC would double-count the same benefit, overweighting efficiency relative to other priorities (e.g. durability, repairability, take-back) that are not easily monetised. Accordingly, it is recommended to reserve rated sustainability scoring for attributes that LCC cannot price well (e.g. circularity, warranty strength, smart-readiness).

Further, it must be clearly understood that the weight assigned to sustainability attributes depends on the country context. The contracting authority can gradually raise sustainability ambitions as domestic market progress on the PLC model. Figure 2 gives general guideline on choosing weighting between quality and price based on market maturity.

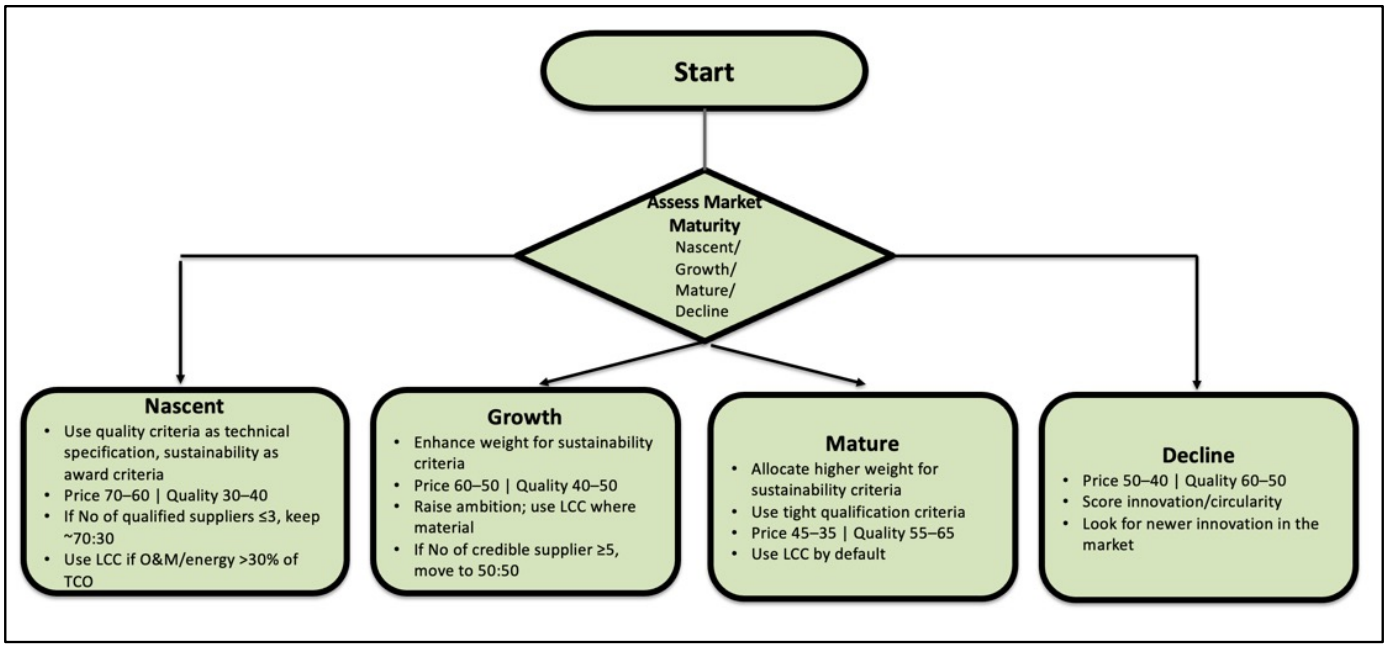

Figure 2. General guidelines on how to adopt weight based on market maturity

By progressively increasing ambition, the contracting authority keeps supplier interest alive, signals a clear transition path, and gives vendors time to upgrade capabilities and processes so they can compete on sustainability, which in turn can support wider SPP uptake without undermining competition or affordability.

8. Relative and absolute formula for bid evaluation

When opting for a MEAT/Rated/Merit Point method for bid evaluation, the contracting authority needs to make a number of key decisions: which quality dimensions to include in the Technical and Qualification stages and which in the Bid Evaluation stage, how to score each dimension, and how to weight each quality dimension so as to arrive at one overall quality score. Most quality aspects are often already covered in the minimum requirements and they are not considered for weighting; only those quality aspects for which the contracting authority wants vendors to compete for by offering discriminating qualities are weighted during the evaluation process.

Quality criteria are listed and prioritised by assigning a weight to each criterion. The quality score is then calculated as the weighted sum of the scores of each individual quality criterion. Because only qualified bidders proceed from the qualification stage to the bid evaluation stage, a compensatory approach is used for final selection, whereby a high score on one criterion (price or quality) can compensate for a low score on another one.

The next crucial decision that a contracting authority needs to make is how to distribute weight between price/cost and quality to arrive at an overall score. Here, quality typically means a weighted multi-criteria analysis resulting in one quality score for each bid. The choice of formula, or 'scoring rule', plays a key role in determining the most suitable bid.

As per the literature, the formula or 'scoring rule' used for determining the most suitable bid is broadly one of two types: an Absolute, or a Relative Scoring Method. The absolute scoring method does not use information from the submitted bids as a reference point, and thus the score is not affected by what price or quality is being offered by other qualified bidders. Vendors or contractors can calculate their score before submitting their offer. However, the Absolute Scoring Method needs extra inputs – such as a reference price or price range – which creates the burden for the contracting authority of requiring pre-tender market price knowledge, and this requirement creates the risk of deviations between expectation and reality.

On the other hand, with the Relative Scoring Method, each bid is evaluated using inputs that are derived from the entire set of submitted bids. These inputs can include characteristics like the lowest price, highest quality, lowest quality, or highest price across all bids. Consequently, bidders cannot calculate their final score because it is dependent on the other bids, which are unknown before submission. When using the Relative Scoring Method, changing the original ranking of the bids is possible if one or more bidders withdraw from the bidding process, which can occur because of the difference between two cheaper bids compared to the others. This phenomenon is known as the 'ranking paradox' in the literature, which is actually the result of the tendering methodology chosen by the contracting authority. The 'ranking paradox' can be avoided using the absolute formula, but in practice the majority of formulas being used globally by contracting authorities are relative. All the methods described above such as MEAT by the EU, Rated Criteria by the World Bank and Merit Point Criteria by the ADB use the Relative Scoring Method for bid evaluations.

The choice of formula and the choice of weights for quality and price interact to determine the outcome of the tender. Thus the contracting authority needs to carefully assign the weights of price and quality, because assigning different weights of price and quality for the same formula may yield different rankings of bids. It is also important to know whether or not a formula offers protection against the bidders who might win and who are proposing extremely high prices. For example, if a bidder knows they can offer a significantly higher level of quality than their competitors, giving them a sufficient advantage in the quality score, they might be able to charge an extremely high price and still be ranked number one. It is therefore recommended to perform a simulation study before using any formula to understand any possible outcomes and whether those outcomes are acceptable. Simulating the behaviour of a formula also helps the contracting authorities challenge their current practices and choose a method that best aligns with their organisation's goals.

9. Life-cycle costing (LCC) in evaluation

The different Bid Evaluation methods discussed in the sections above permit the use of both price or life-cycle costing (LCC) to determine the Financial Score of bids. LCC in procurement decisions refers to a method of evaluating the total cost of an asset or service over its entire lifespan, going beyond just the initial purchase price, by making it possible to consider factors like operation, maintenance, energy consumption, and disposal costs, which allows for a more informed decision when choosing between different options during the procurement process. ISO 20400:2017 has described the different costs associate with a product or service over its life cycle; see Figure 3.

It is evident that when contracting authorities use only price to determine the Financial Score in the evaluation criterion, they are considering only a limited portion of the total cost that an organisation – or society – actually bears as a result of the procurement decision. This method typically does not even account for all of the economic costs incurred over the product's life cycle, such as operation, maintenance, repair, and disposal costs. Furthermore, costs associated with environmental impact – including greenhouse gas (GHG) emissions, pollution, health impacts, and ecosystem degradation – are externalised and borne by society, and are not reflected in the procurement decision.

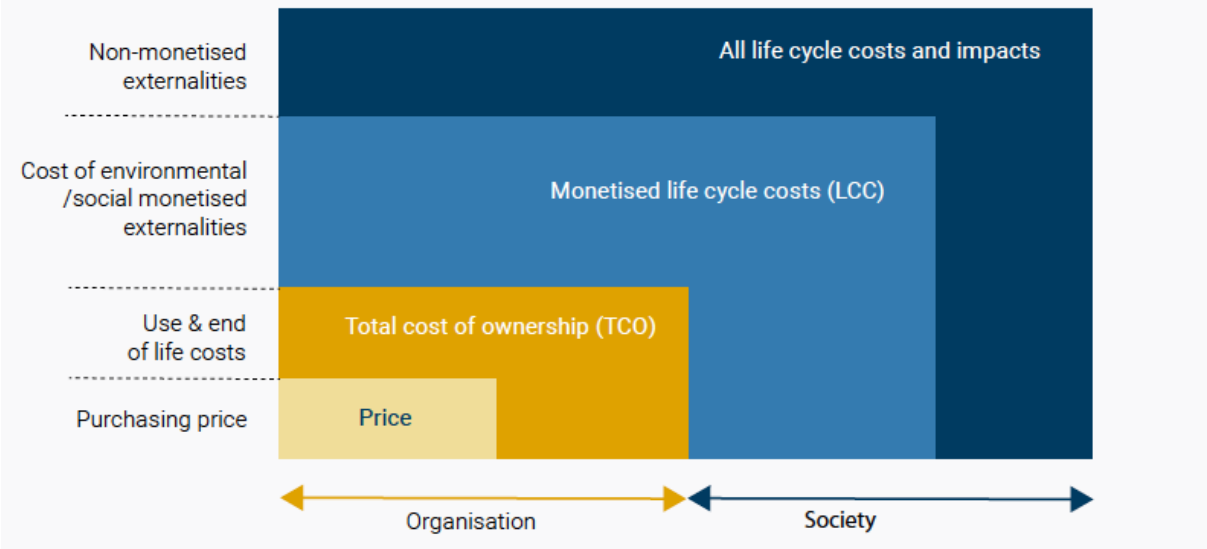

Figure 3. Costs associated with procurement of Goods, Works and Services (ISO 20400)

The concept of monetised life-cycle costs (LCC) illustrated in Figure 3 recognises that procurement decisions should be based on more than just upfront costs, and allows for a more comprehensive cost assessment over the product's life cycle. However, it also acknowledges that not all environmental and social consequences can be accurately monetised using standardised methodologies, and therefore some sustainability aspects may still be excluded from decision-making.

The European Commission (EC) has developed standardised LCC tools for product categories such as computers and monitors, imaging equipment, indoor and outdoor lighting, and vending machines. These tools are designed to help public procurers apply LCC in line with EU procurement directives.

Even if a standard LCC tool is not available in a country, the contracting authority can convert all future costs into present value and work out the life-cycle cost. The net present value (NPV) of future payment can be calculated using the following formula:[9]

9 Available at https://www.investopedia.com/terms/n/npv.asp

Where:

C_t = Cash flow (or cost) in year **t**
r = Discount rate (expressed as a decimal, e.g. 5% = 0.05)
t = Year (from 0 to n)
n = Total number of years (the life cycle or lifespan of the asset)

In case the annual charge is a fixed sum, then the NPV can be calculated as

$$\text{NPV} = A \times \left[\frac{1-(1+r)^{-n}}{r}\right]$$

Where:

A = Annual payment or annuity
r = Discount rate (expressed as a decimal, e.g. 5% = 0.05)
n = No. of years

Thus, LCC gives a fair visibility of cost associated with procurement of goods, works and services over their lifecycle, resulting in a better economic and sustainability outcome. Applying LCC enables the contracting authority to consider costs that are otherwise hidden in the purchase price, such as those related to resource use, maintenance, and end-of-life disposal. In many cases, this approach results in 'win-win' outcomes, where environmentally friendly products, works, or services also prove to be more economical over their entire life cycle.

Case 2: Calculation of Life Cycle Cost using NPV Formula

Consider a case in which a contracting authority has invited bids for purchase of office printers using rated criteria for bid evaluation. The bid document states that the financial score of the bid will be calculated based on the life-cycle cost. In this case, Bidder A has quoted the following details for different items:

- **Lifespan of the printer**: 5 years
- **Discount rate**: 5%
- **Annual usage**: 200,000 pages
- **Energy consumption**: 300 kWh/year
- **Electricity cost**: USD 0.1/kWh
- **Paper cost**: USD 0.46/100 pages
- **Maintenance & spare parts**: USD 57/year
- **Initial purchase price**: USD 1000
- **Disposal cost at end-of-life**: USD 75

Cost Element	Annual/One-time Cost	Present Value Formula	Net present value (NPV; in USD)
Initial Purchase Price	USD 1000	One-time (Year 0)	1000
Energy Cost (300 kWh x 0.1)	USD 30/year	30 × [1 - (1+0.05)^-5]/0.05	129.88
Paper Cost (2000 x 0.46)	USD 920/year	920 × [1 - (1+0.05)^-5] / 0.05	3980.60
Maintenance and Spares Parts	USD 57/year	57 × [1 - (1+0.05)^-5	246.77
Disposal Cost after 5 years	USD 75 (5th year)	75 / (1+0.05)^5	58.79
Total LCC			**5416.06 USD**

This case demonstrates the use of the NPV formula for calculating total the LCC of a product. Although the initial cost is only USD 1000, the total cost of ownership over 5 years is USD 5416.06, once energy, paper, maintenance, and disposal costs are factored in. This example demonstrates how procurement decisions based solely on initial price can significantly underestimate the actual economic costs of the purchase to an organisation.

By analysing the total cost of ownership, LCC provides a compelling rationale for accepting a higher upfront price if the post-procurement expenditure on the product is low. This approach justifies such investments by demonstrating how they are offset by substantial future operational savings, such as reduced energy consumption, lower maintenance needs, and longer asset durability. However, despite a solid rationale for using LCC in bid evaluation and permitting it in the procurement regulations, its applications have been sporadic and rather slow in both developed and developing countries. This situation highlights a good case for increasing LCC adoption in SPP implementation by developing a suitable capacity-building programme for public procurers.

10. Evaluation of bids for the award of contracts

Once a contracting authority has allocated weights for various aspects based on the procurement goals and they have been incorporated and published in the bid document, evaluation of bids after opening the biding is typically carried out by a committee nominated for this purpose. It involves the evaluation of Technical and Financial scores separately and combining them together based on the weighting for Technical and Financial scores. The contract is awarded to bidders securing the highest combined scores.

Case 3: The evaluation of a bid for a solar power plant

Let us consider an example in which a contracting authority invites an open bid for the construction, installation, operation and maintenance of a 25 GW Solar Power Plant following a two-envelope bidding system. Based on the sustainability risks and procurement goals, the contracting authority decides to allocate a 70:30 weighting between Technical and Financial scores to arrive at the best VfM. The Technical criteria were further sub-divided into Quality, Environmental Sustainability and Social Sustainability criteria in a 40:20:10 ratio to reflect the procurement objectives. It should be noted here that environmental and social criteria are evaluated along with quality as a part of Technical Score because they together determine fitness-of-purpose. Financial scores could be determined based on the lowest price or LCC.

Criterion	Sub-criteria	Max-Points	Scoring Rules*
Price	Price/LCC	30	0 No evidence 1-2 Weak/ Partial compliance 3 Meets baseline with credible evidence 4 Exceeds baseline with robust plan 5 Excellent, substantially exceeds the baseline with full evidence and risk mitigations.
Quality	Design	15	
	Construction Method	5	
	Quality of Execution	20	
Environment sustainability	Construction Materials	10	
	Energy Efficiency	5	
	Sustainable Transport	5	
Social sustainability	Training to Local youth	5	
	Sub-contracting to local contractor	5	

For scoring, one has a choice to take either a band (or range) of 0–5 or 0–100 depending on regulation/ convention in a country.

Evaluation of Technical Scores:

Technical score against any technical criterion is evaluated as

Technical score = Score/ 5 x Maximum points

For example, if an evaluation committee gives a 3.5 points out of 5 based on the response in the bid against Quality of Execution, its technical score will be

= 3.5/5 x 20 = 14.0

The Total Technical Score of any bidder will be calculated as the sum of technical scores against all sub-criteria.

In this hypothetical example, let us assume that three bidders, namely A, B and C, participated. Their offers were evaluated by the committee based on the evidence submitted for each criterion, as shown in the following evaluation table.

Sub-Criterion (max)	Bidder A		Bidder B		Bidder C	
	Score 0-5	Total Score	Score 0-5	Total Score	Score 0-5	Total Score
Quality – Design (15)	3.5	10.5	3.0	9.0	4.5	13.5
Quality – Construction Method (5)	3.0	3.0	2.0	2.0	5.0	5.0
Quality – Qty of Exe. (20)	3.5	14.0	3.0	12.0	4.5	18.0
Environment – Construction materials (10)	3.0	6.0	4.0	8.0	5.0	10.0
Environment – EE (5)	3.0	3.0	4.0	4.0	5.0	5.0
Environment – Sustainable Transport (5)	2.0	2.0	3.0	3.0	4.0	4.0
Social – Training (5)	4.0	4.0	3.0	3.0	4.0	4.0
Social – Sub-contracting (5)	3.0	3.0	4.0	4.0	4.0	4.0
Technical Scores (70)		**45.5**		**47.0**		**61.5**

Evaluation of Financial Scores:

Financial score of a bidder is evaluated as

= (Lowest LCC cost among bidders/ LCC cost of bidder under consideration) x Weight for Financial Score

Assuming in this case, the total LCC cost obtained by bidder A, B and C as 1100, 1200 and 1150, respectively, and in the same currency units, their Financial Score will be calculated as:

Financial Score of Bidder A = (1100/1100) x 30 = 30.00

Financial Score of Bidder B = (1100/1200) x 30 = 27.50

Financial Score of Bidder C = (1100/1150) x 30 = 28.5

Evaluation of Combined Scores:

Combined Score = Technical Score + Financial Score

In this case, combined score of bidders A, B and C is calculated as

A = 45.5+30 = 75.5

B = 47.0 + 27.5 = 74.5

C = 61.5 + 28.5 = 90.0

Although Bidder A in this case has the lowest evaluated LCC, they cannot be awarded the contract due to their lower combined scores. The technical evaluation measures critical non-cost factors, including quality, as well as environmental and social parameters. Consequently, Bidder C, whose proposal presented the best overall Value for Money (VfM) by achieving an optimal balance between cost and technical merit, bags the contract.

11. Benefits of using the Bid evaluation stage in integrating sustainability

The Bid evaluation stage of the procurement cycle benefits from some distinct benefits over the other stages in the procurement process. Some of the key ones are detailed below.

Flexibility to balance cost vs quality vs sustainability

The bid evaluation stage offers a unique and critical flexibility within the procurement cycle, allowing contracting authorities to strategically balance their objectives to maximise sustainability outcomes. This phase provides the discretion to tailor the evaluation approach in direct alignment with overarching procurement goals, particularly through the careful allocation of weightings between economic efficiency and quality or sustainability criteria. For instance, in contexts where cost efficiency is the primary concern – as is often the case in many developing countries – authorities may assign a higher weight to cost and a lower one to sustainability, consciously moderating their immediate sustainability ambitions. As these ambitions evolve and strengthen, the weighting can be progressively adjusted to elevate the importance of quality and sustainability aspects, thereby using the evaluation mechanism as a dynamic tool to advance broader environmental and social values over time.

Delivering social value

The MEAT/Rated/Merit Point criteria method for Bid Evaluation enables contracting authorities to evaluate bids based on a broad range of qualitative and sustainability factors that are difficult to assess in other phases of the procurement process. This approach is equally suitable for integrating qualitative social value into the decision-making process, such as employment generation, local economic development, fair subcontracting practices, and workforce health and safety, along with environmental performance. By assigning merit points to these factors during bid evaluation, authorities can strategically align awards with sustainable development objectives, ensuring that procurement drives broader positive outcomes regardless of core product or service functionality.

Suitability across market condition

The Bid Evaluation stage provides contracting authorities with the strategic flexibility to proportionally align weightings with the market maturity of a product or service, as described in Product Life Cycle (PLC) model (see Fig. 1). During the nascent and growth phases, where sustainable alternatives are often novel and costly, a lower weighting of 10–30% may be allocated to quality (sustainability), with greater emphasis placed on cost and innovation. Conversely, in the mature phase – where sustainable options are standardised, competitive, and cost-effective – the weighting for sustainability can be strategically increased to drive broader environmental and social value. For example, until a few years ago procurement regulation in India did not permit the evaluation of bids based on rated/multi-point criteria for the procurement of works. Now, procurement has permitted the maximum weight for quality (sustainability) as 30% while cost is 70%, which represents a gradual increase in sustainability that can be weighted from ‘0’ to ‘30’ for the evaluation of bids. Similarly, the procurement regulation of Vietnam caps the technical score weight for sustainability to range from 10%–30% and the financial score weight from 70%–90%. Thus, this approach could be used to effectively integrate sustainability into procurement decisions across all market conditions, enabling authorities to balance price and qualitative objectives according to both supply market realities and strategic priorities.

Market transformation without stifling competition

The benefit of using the bid evaluation state to integrate sustainability holds the advantage of this method's inherent flexibility, thus ensuring that the integration of sustainability criteria will be strategically calibrated to market maturity and thus prevent the unnecessary exclusion of vendors from SPP markets. By initially assigning a lower weight to sustainability criteria in developing markets, a broader range of operators to compete in public tenders is made possible, thus fostering inclusion and encouraging market entry. Furthermore, the winning bidder is strategically bound to concrete improvements in sustainability performance through specifically crafted contract terms and conditions, ensuring that procurement acts as a catalyst for continuous market development rather than a barrier to entry.

12. Implementation considerations and safeguards

While the benefits of MEAT/Rated/Merit Point criteria as bid evaluation methods for delivering sustainability objectives are quite obvious and substantive, designing bid evaluation criteria and evaluating bidders on these criteria needs a higher level of skill sets. Therefore, governments must develop and deliver a suitable capacity-development programme for procurers to harness the full potential of a given evaluation method in real-world procurement cases.

Based on the experiences of using MEAT/Rated/Merit Point criteria as bid evaluation methods by contracting authorities for procurement in development projects, the following are suggested safeguards for using them as bid evaluation methods for delivering sustainability objectives.

a. The Evaluation Criteria should be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value, and objectives of the procurement.
b. To the extent practicable, the criteria should be quantifiable, and preferably expressed in a form that can be converted into monetary terms to facilitate objective comparison.
c. The relative weightings of each evaluation criterion should be clearly specified in the bid documents either as a precise number or a range with an appropriate maximum spread.
d. The criteria must be clearly specified in the bidding or request for proposals documents, accompanied by a comprehensive explanation of how each criterion will be applied during evaluation.
e. Any changes to the criteria must be made only through formal amendments to the procurement documents and communicated to all potential bidders in a timely and transparent manner.
f. The criteria must be applied consistently and uniformly to all bids or proposals submitted, ensuring fairness, transparency, and equal treatment throughout the evaluation process.

The financial score could be based on either the purchase price alone or on life-cycle costing. It is a good practice to use life-cycle costing for determining the financial score of bids wherever feasible, especially in cases where the operation and/or maintenance costs over the expected life of the goods or works are substantial relative to the initial cost and in addition may vary significantly among different bids or proposals. However, when using life-cycle costing, a contracting authority needs to take the following safeguards into consideration to calculate the financial scores of bidders participating in the bid.

a. The number of years to be used in determining the life-cycle cost
b. The discount rate (in percentage) to be applied for calculating the net present cost of future expenditures over the specified life-cycle period
c. The factors and methodology to be used for calculating operation, maintenance, and residual value costs, including the data that bidders are required to submit

d. When assessing costs related to environmental externalities, the chosen calculation method must meet the following conditions:

   - It must be based on objective, verifiable, and non-discriminatory criteria. If the calculation method is not intended for regular or repeated use, it should not unfairly advantage or disadvantage certain suppliers.
   - The method must be open and accessible to all interested parties.
   - The required data must be reasonably obtainable by diligent suppliers, including those from third countries covered by international agreements such as the WTO-Government Procurement Agreement (GPA).
   - All data requirements must be called for up front in the Request for Bids/Request in order for the Proposals document to arrive at the correct life-cycle costing.

However, integrating all life-cycle costs and impact into evaluation processes is easier said than done, due to several practical challenges that a contracting authority might face in its country, such as the lack of tools, data, and methodologies to capture and quantify all costs and impact consistently. Moreover, specific rules and methods must be developed to ensure that costs assigned to environmental externalities are calculated in a transparent, objective, and non-discriminatory manner.

Further, the reliability of LCC is often dependent on the promises and projections embedded within it. For established equipment/products with a long performance history, these projections are grounded in solid data, allowing for confident modelling of cash flows and discount rates. In contrast, for newer equipment/products, maintenance and operational cost forecasts can sometime resemble educated guesses rather than certainties. This inherent uncertainty may create some risks. Therefore, to ensure that the bidder's promises are actually delivered in reality, contracting authorities must embed enforceable functional and performance guarantees – covering reliability, efficiency, and cost caps – into the contract.

13. Conclusion

The bid evaluation stage transforms public procurement from a lowest-price exercise into a transparent, evidence-based selection of the Most Economically Advantageous Tender – weighing qualitative, environmental, and social performance alongside price/Life-cycle costing. By publishing clear criteria, weights, and verification rules, and by valuing different impacts through life-cycle costing, contracting authorities make transparent, fair, and value-driven procurement decisions that advance broader development goals – positioning procurement as a strategic lever for green, inclusive, and resilient growth.

But contracting authorities need to be cautious because turning good intentions into good outcomes isn't automatic. Applying rated-criteria procurement is complex in practice. Without careful design, clear weighting methods, and robust evaluation capacity, it can lead just as easily to suboptimal results as it can to better results. Therefore, practitioners must calibrate weights judiciously between price/cost and quality (and among the dimensions of quality), avoid double-counting benefits, and translate awarded commitments into measurable contract key-performance indicators (KPIs).

What is important to understand is that one stage of the procurement cycle may not yield the best sustainability outcome in all market conditions. Therefore, the strategic selection of the most appropriate procurement stage – or a combination of stages – is essential for contracting authorities to maximise the sustainability outcomes of procurement decisions.

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