European Bank
for Reconstruction and Development

Qualification Assessment

Guidance note

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Contents

Guidance note
Qualification Assessment

1. Purpose
2. Definitions

1. Purpose

According to the Bank's Procurement Policies and Rules (PPR), Clients shall award a Bank-financed Contract only to a Participant who has been determined to be eligible, qualified and capable to successfully perform the contract in question. Accordingly, the applicable procurement arrangements shall provide for an assessment of the Participants' qualification by the Client. Consequently, procurement documents should integrate the respective qualification requirements (criteria) and the methodology for the assessment of a Participant's qualification.

This Guidance is designated to provide Clients, Applicants and Participants with guidance on the Bank's position in respect of the assessment of the qualification of Participants in procurement processes for Bank-financed Contracts for the provision of Goods, Works, Services or Consultancy Services under the Bank's Public Sector Operations.

It describes principles, methodologies, the most common criteria and critical considerations that shall be taken into account whilst conducting qualification assessments to ensure fair, transparent, and efficient procurement processes.

In order to ensure consistency of the qualification criteria and their application with the Bank's requirements, this Guidance should be read alongside the PPR and the Standard Procurement Documents.

This Guidance highlights that the approach and criteria for a qualification assessment should appropriately reflect the nature, magnitude and complexity of the contract as well as the characteristics of the respective markets. It can therefore be followed under any sound procurement procedure, including those outside the scope of the PPR.

2. Definitions

Application	means an application submitted by a Participant in a Prequalification (shortlisting).
Contractor	means a contractor, supplier, service provider, or consultant.
Environmental, Social, Health and Safety (ESHS)	means any or all environmental, social, health and safety issues.
Interim Qualification	means an assessment of qualification of the Participants, conducted in the course of the specific procurement process for a contract, but prior to Postqualification.

Participant	means an individual, legal entity or JVCA that has submitted, or is in the process of submitting, a Proposal or an Application in the course of a procurement process.
Postqualification	means an assessment of qualification of the Participant, whose proposal was found to be the most advantageous to a Client.
Prequalification	means an assessment of qualification of Participants, conducted prior to the commencement of a selection process for a contract.
Standard Procurement Documents	mean the model procurement documents as published on the Bank's web-site https://www.ebrd.com/procurement/project-procurement/standard-procurement-documents.html
Standard Proposal Evaluation Reports	mean the model application of proposal evaluation reports as published on the Bank's web-site: https://www.ebrd.com/procurement/project-procurement/standard-procurement-documents.html

Other terms used in this Guidance have the same meaning as set out in the PPR.

Guidance note
Qualification Assessment

3. Scope

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3.1. Introduction

Successful project delivery requires contracts to be awarded to competent Contractors, who are qualified and capable to undertake them successfully. Therefore, any procurement process shall involve a qualification assessment to ensure that only a competent Participant is selected for contract award. This is achieved by assessing the Participants' legal capacity, financial health, technical qualification, past performance and experience, and present capability to satisfactorily implement the contract, thereby supporting successful project implementation and minimizing the risk of suboptimal performance.

Qualification assessment is a critical phase in a procurement process, resting on well-designed criteria, which are essential for the effective implementation of a specific contract. Clear and focused criteria and methodology of their application enhance competition by establishing fair and transparent competitive environment through setting up and applying objective requirements that Participants should meet to be considered for a contract award. These criteria permit Clients to screen Participants in the course of a procurement process and/or effectively identify a range of qualified potential Participants capable of successfully delivering the contract.

The qualification assessment criteria shall be tailored to the specific needs of the contract and taking into account the project delivery and procurement strategies, contract type, a Client's institutional capacity, and prevailing market conditions. Therefore, the assessment criteria must be calibrated to ensure fitness for purpose without unnecessarily limiting competition or avoiding the exclusion of capable Participants, while focusing on achieving desired outcomes. Striking this balance ultimately helps to achieve the intended value for money and improved project results.

For a description of the Proposal evaluation procedures for Bank-financed Contracts, Clients shall refer to the relevant Standard Procurement Documents and Standard Proposal Evaluation Reports.

3.2. Key Considerations

Although a qualification assessment is distinct from the evaluation of technical, economic, and other aspects of the Proposal, it is an integral part of all procurement processes. A Participant's qualification is assessed on its own merits using different considerations compared to the evaluation of technical, economic, and other aspects of the Proposal.

Clients shall determine to their satisfaction that the Participant, who has been determined as having submitted a substantially responsive and the most economically advantageous Proposal, meets the qualification requirements, which have been designed to demonstrate that the Participant is capable to implement the resulting contract in line with their Proposal.

3.2.1. Timing of Qualification Assessment

A qualification assessment can be conducted at the following stages of a procurement process:

i. before the commencement of the selection process (*Prequalification*); or

ii. during an ongoing process, where the assessment can be undertaken either (a) as part of the initial evaluation (*Interim Qualification*); or (b) at the final phase of the evaluation of the Proposal (*Post-qualification*).

Prequalification, Interim Qualification and Postqualification fulfil the same overarching function: ensuring the selection of a capable Participant. However, they may serve different purposes. Prequalification concerns curbing the risks of engaging in a procurement process with an unknown group of Participants, thus minimising numerous risks discussed in more detail below. Interim Qualification and Postqualification ensure that the Participants, who submitted Proposals, and especially those Participants selected for contract award, are indeed capable of performing under the contract as expected, being able to fulfil the contract requirements.

Despite the selected approach, it is essential that the Client conducts a final verification of a Participant's qualification prior to contract award. Post-qualification is thus always mandatory.

While early engagement with the market via Prequalification is generally recommended as the most effective approach, as further discussed below in this section, the timing of the qualification assessment should depend on the specific characteristics of the contract, project timeline and the procurement strategy.

It shall be noted that despite the selected approach, it is essential for Clients in any case to conduct a final verification of a Participant's qualification through a Postqualification assessment prior to contract award.

3.2.1.1. Prequalification

Prequalification is a process, which should normally be used when the nature and complexity of the contract subject to a follow-up procurement process requires and justifies its use. It is particularly recommended for large or complex contracts, especially Works contracts involving design and/or engineering, or Works of a special nature, contracts for custom-designed (especially innovative or bespoke) equipment or systems (Goods), subject to rapid technological advances, as well as for specialised and complex Services or Consultancy Services. Additionally, Prequalification can also be useful in circumstances, such financing of annual programmes under multi-year capital investment plans, when a large number of contracts are procured and as one or more lots on a “slice and packaging” basis, or as the basis of framework arrangements. In other cases, Prequalification may be a valuable option to be considered by Clients in consultations with the Bank.

Prequalification offers advantages for both Participants and Clients. The Prequalification process enables companies, who may not be sufficiently qualified on their own to avoid the expense of participating in the follow-up procurement process, or to enter into a joint venture, consortium, or association (JVCA) with other companies, thus, having a better chance of success.

It helps to develop the local economy, as it encourages local companies to create partnerships with other larger and/or specialised local or foreign companies, thereby in many cases benefiting from their resources, technologies and experience. Moreover, Prequalification helps less qualified companies, especially small and medium enterprises, to participate in projects as Subcontractors. Upon completion of Prequalification, they have an opportunity to find out from lists, published or otherwise made publicly available by Clients, the identity of prequalified Participants and offer their services to those Participants.

Prequalification normally helps eliminate or significantly reduce problems associated with inadequate or low-priced Proposals submitted by companies of doubtful capability. Therefore, well-qualified companies and JVCAs (as well as individuals, as the case may be) usually price their Proposals more competitively and offer better conditions with the knowledge that they will be competing with other comparable qualified Participants, who also met the qualification criteria. The assurance that competitors lacking the necessary qualifications will be excluded from the process thus encourages strongly qualified companies and JVCAs (as well as individuals, as the case may be) to submit Proposals.

Additionally, Prequalification is an essential instrument for effective early market engagement. Prequalification enables Clients to select potential Participants, who have legal capacity and meet contract specific qualification criteria deemed necessary for satisfactory performance. Thus, it provides insight into the level of interest generated by the project among competent companies, serving as a market engagement benchmark.

It allows Clients to test their assumptions in terms of the procurement strategy and key contract conditions, further allowing for necessary adjustments to the procurement process as may be needed, including, in particular, selection of the procurement process, evaluation methodology principles, some elements of the requirements, the preferred conditions of contract (risk sharing arrangements, appropriate payment terms, damages, dispute resolution approach, warranties, insurances or time for completion), which may be perceived as onerous by potential Participants.

Although Prequalification may take some time to be completed, Clients will conduct the follow-up procurement process with a known cohort of qualified Participants. It will substantially reduce the volume of administrative work and time required to evaluate Proposals during the follow-up procurement process, narrowing the pool of Participants, whose Proposals Clients must evaluate and compare.

In order to avoid any time loss, Prequalification shall be planned well in advance and carried out to avoid negative effect on the project overall timeline and especially its critical path. In this respect the most efficient use of Prequalification is achieved, when it is carried out at early stages of the project, whilst Clients are finalising the requirements and developing procurement documents, as well as working on different project administrative steps, which require notable time to complete.

It is important that the follow-up procurement process is planned to commence shortly after completion of the Prequalification. Should it be delayed by more than 12 months after the Application submission deadline, Clients shall re-run the Prequalification, unless otherwise agreed with the Bank. This way new Contractors may take part in the procurement process for the contract, whilst the previously prequalified Participants may be allowed to limit the information to be submitted with their Applications to an update of their qualification information only. All original Prequalification Participants, including disqualified ones, shall be directly informed of the re-running of the Prequalification.

The criteria used for qualification assessment applied during the Prequalification stage may need to be adjusted for the follow-up procurement process, reflecting additional or more precise information in respect of, or any changes in the contract's scope, timeline, requirements, contract conditions or overall project complexities. As projects evolve, factors such as design development, revised technical specifications, updated funding considerations, or regulatory adjustments may necessitate a reassessment of the qualifications required from Participants. While Prequalification serves as an initial screening to identify capable Participants, the follow-up procurement phase demands a more precise evaluation aligned with the final contract conditions and the requirements. Therefore, Clients should ensure that criteria selected for Prequalification are appropriate and proportionate, avoiding unnecessary barriers while maintaining a robust selection process that secures the most suitable Participants for the expected contract's requirements and allowing to fine-tune the criteria during the follow-up procurement process, if deemed necessary.

Prequalification process shall not be normally used to limit arbitrarily the number of Participants in the follow-up procurement process. All prequalified Applications shall be permitted to participate in the follow-up procurement process.

Where Clients maintain registers of companies and JVCAs (as well as individuals, as the case may be) that meet pre-set qualification/selection requirements, such registers shall not be used as a substitute for the Prequalification process under a Bank Operation.

It shall be noted that during Prequalification Clients, unlike at any other stage in a procurement process, upon prior consultation with the Bank, may be allowed to accept late submissions. This may be allowed with the aim of enhancing competition without compromising essential project objectives.

Shortlisting

Notwithstanding to the statement that Prequalification shall not be used to arbitrarily limit the number of Participants, certain procurement processes (for example, the procurement of Consultancy Services) may benefit from or require limiting the number of Participants through establishing a shortlist of potential Participants. Use of shortlisting shall be well justified.

In addition to setting up qualification criteria and assessment methodology, which shall follow the standard practice extensively discussed in this Guidance, the process of shortlisting Participants shall also be clearly defined in the procurement documents. Usually, such process is based on a quantitative ranking of qualified Participants, where preset limited number of them is selected to take part in the follow-up procurement process.

Clients should ensure that in any case shortlists include no less than three Participants, preferably from different countries. It shall be noted that a lesser number of shortlisted Participants substantially increases the risk of collusion and usually substantially reduce competitiveness of the follow-up procurement process.

3.2.1.2. Interim Qualification

Interim Qualification can be part of the initial stage submissions evaluation in a multi-stage procurement process or an early step in the evaluation of submissions in a single stage procurement process that is conducted prior to the evaluation of technical, economic and other merits of Proposals.

With this approach, Participants are required to demonstrate as part of their submissions their ability to meet the applicable qualification requirements. This streamlines the procurement process by combining the evaluation of Proposals with the qualification assessment, ensuring that only capable Participants advance to subsequent stages of the procurement process or next steps in the evaluation process.

Interim Qualification is perceived to offer a time saving advantage. However, if undertaken instead of Prequalification, this approach may entail substantial administrative work for the Client for the assessment of the qualification of all Participants. This would apply to even of those Participants who submitted non-responsive Proposals, which would be rejected. Experience shows that information obtained during the assessment of a Participant's qualification may influence the objectivity of evaluating the merits of the Proposal submitted by such Participant.

Additionally, relying on Interim Qualification instead of Prequalification means that insufficiently qualified Participants will unnecessarily need to absorb the costs of participation in a procurement process. These costs may be significant in case of large and complex contracts.

3.2.1.3. Postqualification

After completing the evaluation of technical, economic and other aspects of the Proposals, the Client shall subsequently assess the qualification of the Participant, who has submitted a substantially responsive and the most advantageous Proposal. This is done to ensure that such Participant meets all applicable qualification requirements, thus being able to execute the resulting contract satisfactorily. This includes a thorough verification of the Participant's records and information vis-a-vis pre-set criteria (e.g. legal and financial capacity, technical expertise, past performance, etc), which were not scrutinized during the evaluation process.

The primary aim of Postqualification is that it minimizes the risk of awarding contracts to Participants, who may be unable to fulfil the contract as offered in their Proposal, thus ensuring reliable and timely execution of contracts with due quality.

It shall be noted that Postqualification assessment shall be carried out in all cases, even if Prequalification or Interim Qualification were undertaken at the earlier stages of the respective procurement process. However, in the latter case, the scope of Postqualification is substantially less, because it would be limited only to the verification of the qualification status of the successful Participant.

3.2.2. Inclusive Approach

The Bank advocates an inclusive instead of an exclusive approach in relation to the qualification assessment. The inclusive approach aims to engage a broader range of qualified Participants by creating criteria and interpreting their application with flexibility with the aim to enhance competition without compromising essential contract objectives.

It shall be noted that the quantitative parameters of qualification criteria are set arbitrary, based on estimates, assumptions, following generic guidance and often limited practice. Thus, they do not always correctly reflect actual, required parameters that are critical for the successful implementation of contracts.

During the qualification assessment, Clients shall waive any non-conformities in submissions that do not constitute material deviations or omissions. Client may request Participants to submit any necessary missing information or documentation, within a reasonable period of time, to rectify such non-material omissions in their submissions. Only deviations from critical criteria shall be considered as a basis for assessing a Participant's compliance with qualification criteria being unsatisfactory. This is usually (a) in respect of activities which occurred in the past, and which the Participant therefore cannot change, or (b) due to the Participant lacking concurrent capacity to implement the contract in question.

3.2.3. Evaluation Principles

A Participant's qualification shall be evaluated in accordance with criteria and procedures set out in the procurement documents, which should disclose relevant criteria and details about their application, ensuring transparency and reducing the scope for abuse or inconsistencies. An affirmative determination of qualification is a prerequisite for prequalifying/shortlisting Participants, and ultimately - for contract award.

As the standard approach the Bank promotes the use of the Pass/Fail approach, based on pre-defined and precise qualification criteria enabling an objective evaluation. The criteria adopted must relate only to essential characteristics to ensure a satisfactory execution of the contract and must be stated in unambiguous terms. In essence, the criteria must be chosen so that only Participants who are qualified to carry out the contracts, are prequalified (where applicable) and are ultimately awarded a contract.

It shall be noted that the use of subjective criteria, or those that are based on an imprecise merit point system must be avoided, because they often result in reduced participation rate and complaints from Participants that they were unjustly disqualified. This in turn usually leads to serious delays with contract award, and subsequently with project implementation, and inhibit the Clients' ability to achieve the planned value for money.

However, in certain cases, especially for shortlisting purposes, a rated approach based on merit point system evaluation may be more appropriate. In such cases, a weighted scoring could be considered, whereby the assessment methodology shall be developed in a way to allow objective application. Critical elements to be considered in this respect to ensure fair assessment of Participants' qualification are the focus on essential features, assignment of appropriate weights and thresholds, where appropriate, based on their importance, reflecting the relative significance of each criterion, provision of clear instructions for application of the scoring system, documenting the application of the methodology. Wherever possible, the market shall be consulted on appropriateness of the scoring system before commencement of a procurement process.

3.2.4. Documentary Basis for Qualification Assessment

The qualification assessment shall be conducted through a thorough review of the documentary evidence, statements and declarations submitted by Participants to demonstrate their compliance with the qualification criteria outlined in the applicable procurement documents. Gathering the required evidence can be costly and time-consuming for Participants, especially if it involves obtaining documents from authorities or other third parties, or when Participants are required to submit translations and/or notarisation of original documents. Excessive requirements may deter participation, particularly among small and medium-sized enterprises. It will also increase transactional costs of participation in a procurement process, thus increasing a Participant's overhead, usually leading to higher Proposal prices.

In addition to the statements, affidavits, and documents, issued or validated by the authorities or auditors, Clients may need to request Participants to submit copies of completion/acceptance certificates, or similar documents recognised by the industry, as evidence of qualification. However, some contracts may not allow Participants to disclose contract-related information to third parties or require specific consent to do so. It shall also be noted that testimonials and certificates not issued by impartial authorities are often of a doubtful value in assessing a Participant's capability. Requesting these should therefore be avoided. In any event, they are not always available.

To encourage broader participation, Clients may consider limiting the requirements to only what is necessary at each stage. In particular, it is important to assess whether all Participants shall be required to provide detailed evidence upfront, or if it would be sufficient to request such evidence only from the Participant selected for a contract award.

Clients should carefully evaluate the specific evidence required from Participants. During the assessment of the qualification of Participants, Clients may, and are encouraged, to request additional information directly from Participants or relevant third parties to clarify the information provided or request additional information in case the provided information was insufficient to establish the qualification of Participants.

When evaluating the provided documentary evidence, Clients should be vigilant to assess its veracity and authenticity. Insufficiently qualified Participants may misrepresent information or forge documentation to appear to meet the required qualification requirements, possibly engaging in fraud. If Clients have determined that a Participant may have engaged in fraud or other types of misconduct, they shall report this to the Bank for further investigation. Clients may not reject a Participant on the grounds of fraudulent practices, whilst there is no determination by the Bank that such Participant has engaged in fraud.

3.3. Key Criteria

In accordance with the PPR, the Bank permits Participants from all countries to take part in procurement processes under its projects and have the right to be awarded resulting contracts. Any conditions for contract award shall be limited to those that are essential to ensure the eligible Participant's capability to successfully perform under the contract in question.

The Bank is committed to upholding high standards of integrity, honesty, propriety, and ethical conduct in its operations, including the selection of project partners. In line with this commitment, the Bank promotes ethical business practices and sound integrity principles by integrating core consideration of reputational risk into procurement processes and contract implementation in its operations. Accordingly, the eligibility and qualification criteria established by Clients and their application, should appropriately reflect reputational risk considerations, with particular attention to integrity aspects and environmental, social, health, and safety (ESHS) issues, as outlined in this Guidance.

Qualification criteria should be tailored to reflect the existing market conditions, the specific contract's nature, magnitude, complexity and needs as well as the project implementation organisational set up, Clients' institutional capacity. When setting the criteria it is important to strike a balance between competition, efficiency and fitness for purpose. Overly lenient criteria may attract underqualified companies and JVCAs (as well as individuals, as the case may be) and deter highly qualified ones from participating in what could appear as an unfair or unbalanced competitive process. This may lead to incomplete, non-responsive and/or unreasonably priced Proposals from underqualified Participants. Conversely, overly strict criteria can stifle competition, limit participation, lead to complaints and inhibit Client from achieving the intended value for money. As such, criteria should be scaled appropriately to the contract magnitude, nature and complexity to promote healthy and fair competition.

Qualification criteria shall apply equally to all Participants, in line with the principle of equal treatment. The core criteria for JVCAs should be the same as those for single Participants. However, taking into account the joint and several liability of the partners in a JVCA, Clients are expected to set additional minimal qualification criteria for JVCA partners. Whilst a JVCA must satisfy collectively the criteria, such additional criteria shall be focused on individual partners and may differentiate between lead and other partners of JVCA, being more stringent for the former.

During the qualification assessment, the Client shall focus on evaluating the Participants' relevant experience with implementing similar contracts, their financial history and current financial status, past performance regarding ESHS matters, history of contract non-performance, and their ability to execute the contract. Additionally, the Client shall assess other considerations related to a Participant’s legal capacity that are distinct from qualification considerations. These will be further discussed below.

3.3.1. Legal Capacity

A Participant must have the required legal capacity to be prequalified (where applicable) and/or awarded the contract. While a qualification assessment determines whether a Contractor is capable of executing the contract, legal capacity criteria ensure that Participant is legally and procedurally permitted to participate in the procurement processes.

3.3.1.1. Legal Status

Participants shall be required to demonstrate their legal status. Participants may be requested to provide their charters and registration or incorporation documents as substantiation. JVCAs shall be required to submit a copy of the JVCA agreement, which must state that all partners have joint and several liability towards the Client in respect of their submission and contract implementation, if successful. In the JVCA agreement, the partners shall nominate a lead partner with overall responsibility for the joint submission, who will serve as the principal contact for communication with the Client during the procurement process and contract implementation. JVCA agreements shall cover other responsibilities of Participants for both procurement process and, more importantly, during contract implementation.

During Prequalification, Applicants may be allowed to submit only a letter of intent to form a JVCA at the follow-up procurement process. This letter shall be signed by all intended partners and shall confirm that, if prequalified, their Proposals will be submitted with a formal JVCA agreement. The letter shall state a lead partner, along with an individual with overall responsibility for the joint submission, who will serve as the principal contact for communications with the Client.

In case of Prequalification or Interim Qualification during multi-stage procurement process, JVCA compositions and/or the respective JVCA agreements submitted by Participants at earlier stages of the procurement process may be allowed or required to be modified during following stages, subject to the conditions set out in the procurement documents. The changes to JVCA composition shall normally be allowed only if such changes will not affect the qualification (vis-à-vis the respective criteria) of the Participant. Clients shall always reassess the qualification of the JVCA upon changes to its composition using the same benchmarks as for the original assessment. Moreover, Clients shall ensure that any changes to JVCA composition shall not result in a substantial reduction of competition in the procurement process.

3.3.1.2. Licences and Certificates

Where the law of the country where the contract is implemented, requires the Contractors to hold licences or certificates for the activities to be undertaken under the contract, or to be members of self-regulating associations, Clients shall request Participants to submit in the course of the procurement process, copies of the appropriate licences, certificates or association membership. It shall be noted though that in certain cases, Participants may not possess licences or certificates for specialised activities and may rely on Subcontractors to undertake these activities and possess statutory required licences or certificates. In such circumstances, Clients shall consider the overall arrangements proposed by the Participants for the contract implementation.

At the time of submission, a Participant may not have all the required licences or certificates, for example, for the activities which are planned for the later stages of contract implementation. In such circumstances, the Client shall not reject the submission by a Participant but request an explanation of the situation and the efforts the Participant is undertaking to obtain timely the required licenses as well as the expected timeline (the explanation shall demonstrate clear understanding of the respective regulatory framework and administrative timelines). Furthermore, the Participant must be required to submit the appropriate evidence (such as copies of the official application for the required licences, correspondence with the relevant authorities) that licences and certificates will, based on a realistic assessment of the potential date of contract signing and the timing of contractual activities requiring the licences, be in the Participant's possession without jeopardising the overall timeline for contract implementation.

3.3.1.3. Rejection Grounds

The Bank places strong emphasis on integrity as a fundamental consideration of reputational risk management. Accordingly, it requires that Clients and Participants uphold the highest standards of ethical conduct, integrity, and transparency, and act in a fair, honest, and accountable manner throughout the procurement process, as well as during contract implementation.

As part of the evaluation of the legal capacity of Participants, Clients shall also assess if Participants may be excluded from potential Prequalification and/or contract award in case the circumstances set out in Section III, Article 2.8 PPR apply. For further details on the interpretation and application of these grounds, please refer to the Rejection Grounds Guidance.

3.3.2. Qualification Criteria

This section discusses standard criteria for qualification assessment. However, they do not represent an exhaustive list, as additional requirements may also need to be considered, depending on the nature of the specific contract. The criteria discussed and the respective approach should be viewed as a general framework, with the understanding that they always need to be tailored and adjusted to suit the characteristics of each specific contract, and the respective procurement process, including the specific reference market.

Qualification criteria can be grouped in two categories:

- related to past performance; this category relates to already accomplished historical facts, which cannot be amended anymore by Participants, and as such can be reasonably easy verified by Clients; and
- focused on future performance; this category is specific to the contract subject to the procurement process; many parameters in this group may be adjusted by Participants going forward (please see Section 3.4.4 below).

The criteria related to past performance can be assessed well by Clients at any stage of the procurement process through Prequalification, Interim Qualification or Postqualification. The future performance criteria are usually better assessed at Postqualification stage, when Participants have full information needed to understand the complexities of the contract and its implementation requirements, are fully aware of the implementation timescale and contractual conditions, allowing them to address all risks and propose the most optimal approach to the contract implementation. Moreover, at that stage the data provided usually represent the most recent information about the Participants.

3.3.2.1. Past Performance

Assessing criteria relating to past performance is crucial to mitigating many contract implementation risks and ensuring that only reliable and experienced Participants are selected for the Bank's projects, as past performance is a strong indicator of a Participant's reliability and ability to fulfil future contractual commitments.

3.3.2.1.1 Time Span

The Client shall assess the relevant past information for a reasonable period of time, proportionate to the required criteria. They shall allow a sufficient number of potential Participants to meet them. The recommended reference period usually spans from 3 (three) to 5 (five) years prior to the deadlines for submission of Applications or Proposals. However, it may need to be adjusted depending on the nature and magnitude of the procurement and the typical contract dynamic in the relevant sector. It is not recommended to use reference periods less than 3 (three) years (even for simple contracts) or longer than 10 (ten) years (for complex and large contracts). In any case, the time period shall be coordinated with the number of the required reference contracts, activities or cases.

In instances, where a Participant was only established or has operated in a particular sector only for a part of the specified period of time, the Participant shall not be rejected on the basis of the duration of their existence or activities, but their records shall be assessed on their merit vis-à-vis the established criteria. The focus should be on evaluating the Participants' actual capability to perform the contract, rather than on the formal arbitrarily set period of time.

3.3.2.1.2 Relevant Experience

The criteria relating to experience are essential in determining whether a Participant has the industry knowledge, technical expertise, and operational capacity required to successfully manage and execute contracts of a similar nature and complexity, as the contract in question.

A strong track record of past performance serves as a key indicator of a Participant's ability to navigate the various challenges associated with contract delivery, including financial planning, own and subcontracted resource mobilisation, allocation and management, quality control, health and safety and environmental protection measures, overall risk management, as well as compliance with technical and regulatory standards.

A well-established history of successfully completed similar contracts not only reassures Clients of a Participant's reliability, but also reduces the likelihood of disruptions, delays and cost overruns. Ultimately, this ensures that only capable Contractors are selected for contract implementation, contributing to the overall success of the project.

This criterion shall be assessed through references to contracts of similar nature and complexity that are deemed to be '*substantially completed*. This term normally applies to contracts where most of the Goods have been delivered, most of the Services or Consultancy Services, have been rendered, or most of the Work have been successfully executed, even when some deliveries or works are outstanding or rectification of defects is ongoing, whilst warranty, defect liability obligations, or administrative contract close-out procedures remain outstanding. While formal completion is not mandatory, the core deliverables must generally be fulfilled to a degree that demonstrates the Participant's ability to execute similar contracts.

For assessment purposes, substantial completion is typically verified through official contract documentation, such as taking-over or completion certificates, interim handover reports, acceptance certificates or payment records. Clients should exercise professional judgment, when determining whether a contract qualifies as substantially completed, particularly considering the nature and complexity of the work. For instance, substantial completion of common civil works, such as road construction, differs from that of a turnkey contract for a facility like a water treatment plant.

Assessments should be conducted on a case-by-case basis, rather than relying on arbitrary set thresholds, such as a fixed percentage of physical progress or contract value paid. Rigid numerical requirements and overly formal assessment usually contradict the '*inclusive*' principle underpinning the Bank's view on qualification assessment (as discussed in Section 3.2.2 of this Guidance). It often leads to poor and unjust procurement outcomes, either by favouring Participants, who formally meet the threshold but lack true technical capacity or by unfairly excluding qualified Participants, who have gained sufficient expertise from partially completed contracts, but may not be in a position to demonstrate it formally at the time of participation in the procurement process for the specific contract. An overly rigid approach may result in weakening competition by rejecting otherwise capable Participants. This flexible yet rigorous approach ensures that Participants are evaluated based on their actual ability to execute contract successfully, preventing exclusions based on procedural formalities that do not affect overall performance capability.

'*Similarity*' should be seen broadly, based on the key parameters specified in the procurement documents, including physical size, scope, nature, core technical requirements as well as potential work methods or technologies, which may be required for successful implementation of the contract subject to the procurement process. It shall be noted that a large number of contracts, and especially complex contracts, are usually unique in their scope and environment in which they are implemented. Thus, Clients should not expect complete match between the reference contract and the contract, subject to the procurement process. Client should rather focus on requiring generic similarity and apply a holistic view and 'inclusive' principle during the assessment of relevant experience.

In many cases the magnitude of reference contracts is an important criterion when considering similarity. However, in certain cases, comparable magnitude is not essential and smaller contracts of similar nature and complexity can be safely considered. This would be typical for the construction/rehabilitation of facilities of linear nature (e.g. roads, transmission grids, canals, pipelines, rial tracks, etc.), for the construction/rehabilitation of a number of similar facilities (e.g. pumping stations, transformer substations, etc.), for the supply of lots/batches of similar Goods, or for the provision of similar Services or Consultancy Services.

The referenced contracts are not normally expected to be commenced, but only substantially completed within the specified period. However, in certain instances, Clients may prefer to see the reference contracts fully implemented (commenced and completed) during the time period selected for the evaluation of qualification. In such cases, Clients shall explicitly state these requirements in the procurement documents. The duration of the selected period may need to be extended to factor in the typical time for completion of similar contracts.

3.3.2.1.2.1 General Experience

The general experience of Participants is a critical criterion for qualification assessment. Participants shall demonstrate a successful history of completing contracts of a similar type, complexity and comparable magnitude, as evidence of possessing the right skills and knowledge to deliver the contract in question effectively. Familiarity with comparable contracts should suggest that a Participant is sufficiently experienced and thus, likely to anticipate potential challenges and resolve arising issues efficiently.

Participants should substantiate their general capabilities with references to relevant experience and the value of supply or works undertaken under comparable contracts. The Participant should have supplied similar Goods, or carried out Works¸ Services or Consultancy Services (similar to and of a magnitude comparable to those required under the contract subject to the procurement process) in any capacity (main Contractor, management Contractor, member of a JVCA, or Subcontractor).

Clients shall assess the number of past relevant contracts, with the expectation that Participants have completed a minimum number of contracts of a certain value or, alternatively, fewer contracts with a combined value meeting the required threshold. Depending on the type of contract, the Participant should have carried out one or more contracts of adequate, specified value during a specified period of time.

Typically, the individual value of those reference contracts should be no less than 60% of the estimated cost estimates (or volume) of the contract in question. This permits the Client to assess whether the Participant is capable to produce a similar outcome without being overwhelmed by the magnitude of the contract (expressed in monetary terms or volume).

3.3.2.1.2.2 Management Experience

To ensure successful execution of complex contracts, a solo Participant, or the lead partner in a JVCA must have demonstrable experience acting as the prime or managing Contractor on contracts of similar magnitude and preferably complexity, whilst not necessarily of the same nature. The assessment of management experience aims to establish whether the Participant or the lead partner of a JVCA possesses the necessary leadership, management and coordination skills, and technical expertise to manage large-scale contracts effectively 'upstream' (towards Clients and relevant authorities) and 'downstream' (in respect of Subcontractors).

A Participant's ability to oversee and ensure completion of contracts on time, within the contractual price, and to the required quality standards is crucial in mitigating risks and ensuring smooth implementation. Therefore, Clients should request Participants to provide evidence of having successfully managed a specified number of contracts of adequate value (generally not less than 60% of the estimated cost of the contract subject to the procurement process) within a specified period.

This criterion applies exclusively to a solo Participant or a lead partner in a JVCA, as they are responsible for the overall execution and management of the contract. While other JVCA members may contribute specific expertise, the lead entity must have a proven track-record of managing the financial, logistical, and technical aspects of contract execution at a similar magnitude and, where appropriate, complexity. By ensuring that a solo Participant or a lead JVCA partner has relevant experience, this requirement helps minimize the risk of delays, cost overruns, and underperformance, ultimately contributing to more effective and efficient project delivery.

Management experience may be claimed by Participants on the same contracts, that are referred to in support of demonstration that they meet general experience criteria, where applicable.

3.3.2.1.2.3 Specific Experience

Many contracts may have specific features (including certain types of Works, Goods, Services of Consultancy Services) or their intensities, which are critical for the successful delivery of these contracts. Such situations require Clients to assess the specific experience of the Participants in addition to the general experience, focused on a history of successfully delivered contracts of similar nature and complexity in the past, as discussed above.

Specific experience assessment shall not focus on similar reference contracts per se, but on establishing whether Participants possess the necessary expertise and capacity to execute the key activities required under the contract subject to the procurement process.

In this context, Participants shall be required to demonstrate experience with the substantial completion of specific activities of the stated nature, regardless of their role in the reference contracts. This ensures that Participants have direct experience performing the specialised tasks critical to successful completion of the contract subject to the procurement process. Procurement documents shall specify the relevant key activities, along with critical volume thresholds and/or required production rates, as necessary. In response Participants shall provide evidence of having successfully carried out operations of comparable scale, complexity, and quality. For example, if the contract involves large volume of earth or concrete works, the Participant should be required to demonstrate having performed such activities at rates at least 75% of the peak levels required for the contract. Specialised works (such as tunnelling, bridge construction, underground or diving works, works offshore, large scale welding or works on height structures) shall be stated with references to similar complexities and, where essential, volume or number of engagements.

When past experience is claimed by a Participant that was obtained as a partner in a JVCA, only the portion of the work actually executed by the Participant shall be considered.

Participants may propose Subcontractors for specialised activities, which is a common business practice. In such circumstances, the Clients shall consider the overall and respective arrangements proposed by the Participants for the contract implementation. Thus, the criterion (in the respective part) may need to be applied to Subcontractors rather than the Participant.

Geographical experience can be a relevant element during specific experience qualification assessment as it ensures that the Participant is well-acquainted with the specific logistical, climatic and operational challenges brought by the project location. These considerations are relevant especially for contracts, involving implementation of the works under challenging climate conditions (for example, at acute subzero temperatures or at high solar radiation zones), geological or hydrological (for example, in permafrost or deserts, or conversely, frequently flooded areas) conditions, or undertaken off shore, or in remote areas; as well as supply contracts, involving complex logistics or delivery and post-delivery support of the goods, especially abroad; or service or consultancy service contracts to be rendered at challenging geopolitical and/or socio-economic conditions.

Similar considerations may be given to experience gained during contracts implementation in countries affected by armed conflicts or wars, or in regions affected by natural disasters or epidemics. In such circumstances Clients may require Participants to demonstrate particular relevant experience and capability to perform the contract under such conditions.

Under no circumstances Participants should be disqualified solely because they have not had direct experience in the Client's country or the region.

3.3.2.1.3 Financial Situation

Clients shall evaluate the financial standing of Participants, as overall financial health and stability is a key indicator of their ability to complete the contract on time and to the required standards. Financially stable Participants are more likely to possess the necessary resources (such as skilled labour, materials, and equipment) in order to fulfil their contractual obligations effectively.

To adequately assess Participants’ financial standing, the Client shall set appropriate criteria related to the Participants’ historical financial performance, annual revenues, and financial solvency, which will be discussed below.

3.3.2.1.3.1 Historical Financial Performance

Clients shall request Participants to demonstrate the soundness of their financial position by providing the following documentation in support of their submission:

- annual financial statements (such as balance sheets as well as profit and loss accounts) for a specific period of time supported by audit statements or tax returns/acceptance by the tax authorities; and
- names and addresses of the Participant's bank(s) and an appropriate authorisation allowing verification of the information provided.

Due to variations in international accounting practices and tax laws, published financial data and ratios may not adequately assess a Participant's financial standing for qualification purposes, thus requesting audited financial statements or certified balance sheets may provide a more reliable indicator of financial health. For example, financial results from the set period of time are expected to be positive. Consequential annual losses or a risk of insolvency may lead to the disqualification of a Participant.

The financial information provided by a Participant should be reviewed in its entirety to allow a truly informed judgment, with the Participant's financial position assessed based on this comprehensive evaluation. Common indicators used in this review include liquidity, profitability, operating efficiency and financial solvency. In this respect special attention shall be paid to:

- *working capital*, seen as the difference between current assets and current liabilities measures the Participant’s ability to generate cash in the short term. The Client shall take into account current assets are cash, and other assets suitable for conversion into cash, within one year. Current liabilities are the monetary obligations that must be paid out within the current year. In order to help with the interpretation of the adequacy of working capital, the current ratio, comparing current assets and current liabilities, is particularly useful to evaluate the financial health of a Participant. In general, a ratio of less than 1 can indicate potential future liquidity problems, while a ratio between 1.2 and 2.0 is considered healthy. For the construction sector, where Participants typically have minimal inventories and normal and easily collectible accounts receivable, a lower current ratio may be acceptable;

- *net worth (net equity)*, seen as the difference between total assets and total liabilities, reflects a Participant's ability to generate long-term profits and withstand financial losses. The return on equity, calculated by dividing annual profit before taxes by the previous year's net worth, provides insight into how effectively equity is employed within the company. Positive net worth means that assets exceed liabilities. Negative net worth indicates that liabilities exceed assets. Positive and increasing net worth indicates good financial health.

The Bank recommends its Clients to seek professional financial advice to undertake the assessment of Participants' financial situation, especially when Clients have identified any anomalies or concerning patterns in the above indicators or ratios.

3.3.2.1.3.2 Average Annual Revenues

A Participant's average annual revenue is another indicator of their financial health and stability. A Participant with a stable or growing stream of revenues is less likely to face financial difficulties that could jeopardize their performance under the contract, because such Participants are more likely to sustain the required contractual cashflow and can benefit from easier access to commercial financing, in case that would be needed to complete the contract. Moreover, a healthy annual turnover is often an indicator of Participants' competitiveness and ability to scale up their operations, thus reducing overheads and increasing efficiency.

A Participant's average annual revenue should be evaluated through the conversion of a number of annualised figures for a set period of time, into a defined currency. Given the volatility of exchange rates of some currencies, it is recommended to use more stable currencies for conversion (usually EURO or the currency of the loan or grant provided by the Bank) and calculate figures using the exchange rate set at the middle of each year reported, as set by the central bank of the Client's country or similar institution. However, in volatile markets Clients are encouraged to use a more dynamic exchange rate approach, possibly splitting the information and calculations on a quarterly basis.

The threshold for the required annual turnover shall normally be set in proportion to the cost estimates and expected time for completion of the contract in question, as a constant value. In certain cases, Clients may consider a variable threshold, which shall take into account the individual contract prices offered by Participants and the completion time proposed by them. In any case, considering its objective, the requirement should be set at a level that ensures that the Participant, if successful, will not be overwhelmed by the magnitude of the contract.

Indicatively, the Participant's annual turnover should be not less than 2.5 times of the expected average annual cash flow of the contract subject to the procurement process. The multipliers may be reduced for large contracts (for example, in excess of €100 million equivalent) or very small ones (for example, €5 million equivalent or less), or in special circumstances. However, in any case, they should not be less than 1.5 times. Historical data from similar contracts can serve as a benchmark, when setting this criterion.

Given a broad price range for similar contracts in different markets, in some cases the financial turnover criterion may be omitted, whilst the turnover criterion should be set based on an annual expected scope of works, services, consultancy services or supply expressed in physical terms (for example, number of vehicles supplied, volume of dredging works carried out, etc.). Similarly to the financial turnover, the criterion, even if expressed in physical terms, should be set at a level that ensures that Participants will be able to handle the new contract, given its scope and the expected time for completion.

In case of JVCAs, the turnover assessment should differentiate between partners and consider their share of the contract, and/or require minimal threshold to be met.

3.3.2.1.3.3 Financial Solvency

Clients shall assess Participants' financial solvency by checking that they are not bankrupt, insolvent, or in liquidation proceedings. Moreover, Participants shall not have

- their assets administered by a liquidator or by a court of law;
- their commercial activity suspended by a court of law; or
- any outstanding tax obligations in the Client's country or the Participant's country of incorporation or domicile.

3.3.2.1.4 Environmental and Social Considerations

As environmental, social, health, and safety requirements play an increasingly critical role in procurement considerations, specific qualification criteria shall be established to ensure Participants can effectively manage ESHS risks and achieve expected environmental or social impact, such as GHG reduction, net zero carbon emissions or social inclusion. Meeting these criteria enhances the overall sustainability of the project, contributing to the Client achieving a true value for money.

3.3.2.1.4.1 ESHS Certifications, Policies and Procedures

Client shall normally require Participants to submit relevant certifications (or their equivalents) to confirm Participants' adherence to internationally recognized standards for managing ESHS aspects on a regular basis. The following standards shall be considered and respective certificates requested, when deemed necessary and appropriate:

a. in respect of environmental considerations:
    - ISO 14001 (Environmental Management),
    - ISO 20401 (Sustainable Procurement),
    - ISO 50001 (Energy Management),
    - ISO 53001 (Sustainable Development Goals Management System), and
    - EN 15978 (Sustainability of Construction Works);
b. in respect of social considerations:
    - ISO 30415 (Human Resource Management);
c. in respect of health and safety considerations:
    - ISO 45001 (Occupational Health and Safety).

References to other standards, such as ISO 21931 (Sustainability in Building Construction) and ISO 26001 (Social Responsibility) can be made, where essential. Participants may be required to demonstrate implementation of these standards or commitment to social responsibility through various means, such as social performance assessments or by integrating the principles into their operations.

Moreover, the Participants shall declare compliance with the ILO Core Labour Conventions and Protocols.

In addition to, or in absence of these certificates, issued by impartial authorities, the Participant shall demonstrate the availability of reasonable corporate policies and procedures for ESHS and human resource management. Participants are expected to provide a copy of their relevant policies and procedures to demonstrate their compliance. The following documents are usually considered sufficient for the assessment (however, the list of the required documents shall be adjusted taking into account the specifics of the contract, subject to the procurement):

- Corporate Health and Safety Policy and Procedures;
- Corporate Environmental Management Policy and Procedures;
- Corporate Human Resources and Labour Management Policy and Procedures; and
- Health and Safety Records.

In respect of environmental considerations, Client may request submission of the following documents:

- Corporate Emission Reporting; and
- Corporate Carbon Management Strategy.

Participants shall also be requested to provide copies of reviews, inspections and audits related to the above listed policies and procedures as well as their application.

3.3.2.1.4.2 Specific ESHS Risks Management Experience

For a Contract, where certain environmental and social risks have been highlighted, the Client shall require Participants to prove their experience in managing comparable ESHS risks (including respective risk mitigation measures) in relation to the past contracts during a set time period.

Similar to the specific experience considerations, Participants shall provide evidence of having substantially completed at least a required number of contracts, in which they successfully managed similar ESHS risks in accordance with international standards. The reference contracts should involve risks similar to the key ones anticipated under the contract subject to the procurement process, reflecting the Bank's Environmental and Requirements, and should demonstrate the approach, including the successful use of the applied ESHS management systems, and overall positive ESHS outcomes.

Participants shall also be required to provide documents of their health and safety performance over the stated period of time, including information on key performance indicators (such as the lost time injury frequency rate, major accidents, etc). A strong record, with no significant accidents or safety violations, is essential to demonstrate the Participant's commitment to maintain a safe work environment. Additional information to demonstrate a strong track record of environmental or social (including labour) performance via specific key performance indicators may also be required, as appropriate.

The Client's assessment should focus on whether the Participant has effectively managed ESHS risks and obligations, including compliance with health and safety regulations, environmental impact mitigation, labour conditions, and community engagement requirements. Additionally, experience with developing and implementing ESHS management plans, ensuring workplace safety, minimizing environmental disruptions and adhering to ethical labour practices may be considered.

In addition to the ESHS risks management, Participants may be requested to provide evidence of the successful implementation of specific ESHS activities (including GHG reduction actions, net zero carbon emissions measures) similar to those, required under the contract, subject to the procurement process. Similar to other qualification criteria, the Client should request that this is demonstrated by a specified number of contracts during a set period of time in the past.

While direct experience in the same sector or geographical zone shall not be required, as it may unnecessarily limit competition, Participants should normally be asked to demonstrate a track record of specific ESHS commitments in contracts of similar scale, nature and complexity, as appropriate. This ensures that Participants possess the necessary expertise to uphold high standards of worker safety, environmental and social protection, sustainability, and social responsibility throughout execution of the contract.

Other important ESHS information, such as description of Environmental and Social Management System, which outline procedures for identifying, assessing, and mitigating environmental, social, health, and safety risks; and ESHS Management Plan, which describe how the Participant intends to manage environmental impacts, worker safety, and social engagement throughout the contract lifecycle; shall be solicited and assessed in the context of technical Proposals, as they need to be evaluated against the proposed work methods, work or service program or delivery schedule, rather than an overall standing of Participants.

In certain sectors, where supply chain ESHS issues may represent high risks, it may be necessary to comprehensively assess a Participant's procurement arrangements, covering the core supply chain to be involved in the contract. In such cases Clients through the respective procurement documents may reserve the right to request Participants to provide information on the proposed supply chain as well as auxiliary data to assess the respective ESHS risks. This may include specific declarations on ESHS performance and supply chain audit reports recently undertaken in conformance with internationally recognised standards and principles, Clients may be requested by the Bank to undertake additional due diligence.

The Bank places strong emphasis on responsible ESHS related business conduct as a fundamental consideration of reputational risk management. Thus, in addition to the aforementioned assessment of ESHS related experience, Clients shall also verify whether Participants have had any ongoing disputes or litigation, or any contract terminated in the recent past due to violations of the ILO Core Labour Conventions and Protocols, national, local social, labour or environmental laws, regulations, applicable contract specific ESHS requirements, or relevant contractual terms and conditions. This assessment shall be conducted in accordance with the methodology outlined in Section 3.2.1.5 of this Guidance.

3.3.2.1.5 Cybersecurity Considerations

For contracts subject to cyber security risks, specific experience requirement shall require demonstrating cybersecurity experience and track record. Specific qualification criteria shall be established to ensure Participants can effectively manage cybersecurity risks.

3.3.2.1.5.1 Cybersecurity Certifications, Policies and Procedures

Client shall normally require Participants to submit relevant certifications (or their equivalents) to confirm Participants' adherence to internationally recognized standards for managing information security and cybersecurity risks on a regular basis.

The following standards shall be considered and respective certificates requested, when deemed necessary and appropriate:

a. in respect of information security management:
    - ISO/IEC 27001 (Information Security Management Systems),
    - ISO/IEC 27002 (Information Security Controls),
    - ISO/IEC 27017 (Cloud Security Controls),
    - ISO/IEC 27018 (Protection of Personally Identifiable Information in Public Clouds),
    - ISO/IEC 27701 (Privacy Information Management),
    - ISO/IEC 27035 (Information Security Incident Management);
b. in respect of cybersecurity governance and risk management:
    - ISO/IEC 27005 (Information Security Risk Management),
    - ISO/IEC 22301 (Business Continuity Management),
    - ISO/IEC 27110 (Cybersecurity Framework Development),
    - NIST Cybersecurity Framework (CSF),
    - SOC 2 Type II Reports (Service Organization Controls);
c. in respect of sector-specific or critical infrastructure considerations (where applicable):
    - IEC 62443 (Industrial Automation and Control Systems Security),
    - Payment Card Industry Data Security Standard (PCI DSS),
    - Applicable mandatory national cybersecurity accreditation schemes.

References to other international or regional cybersecurity frameworks may be made where essential and proportionate to the nature, sensitivity and digital exposure of the contract.

In addition to, or in the absence of such certificates issued by accredited and impartial authorities, the Participant shall demonstrate the availability of reasonable and proportionate corporate policies and procedures for cybersecurity and data protection management. Participants are expected to provide copies of relevant policies and procedures to demonstrate their compliance.

The following documents are usually considered sufficient for the assessment (however, the list of the required documents shall be adjusted taking into account the specifics of the contract, subject to the procurement):

- Corporate Information Security Policy;
- Cybersecurity Risk Management Framework;
- Data Protection and Privacy Policy;
- Access Control and Identity Management Policy;
- Secure Software Development Lifecycle (SSDLC) Procedures (where applicable);
- Incident Response and Cybersecurity Breach Management Procedures;
- Business Continuity and Disaster Recovery Plans;

- Vulnerability Management and Patch Management Procedures;
- Records of cybersecurity training and awareness programmes for staff.

Clients may also request submission of the following supporting evidence:

- Results of recent third-party penetration testing or vulnerability assessments;
- Summary of internal or external cybersecurity audits;
- Evidence of compliance with applicable data protection legislation;
- Cyber insurance coverage, where appropriate;
- Disclosure of material cybersecurity incidents within a defined past period, including remedial actions taken.

Participants shall also be requested to declare compliance with applicable data protection, privacy and cybersecurity laws and regulations in the jurisdictions relevant to contract performance.

The depth and scope of cybersecurity qualification requirements shall be proportionate to the risk profile, technological complexity, data sensitivity and criticality of the procurement.

3.3.2.1.5.2 Specific Cybersecurity Risks Management Experience

For a contract where specific cybersecurity, data protection or digital resilience risks have been identified, the Client shall require Participants to demonstrate their experience in managing comparable cybersecurity risks (including respective mitigation and response measures)in relation to past contracts during a defined time period.

Similar to specific technical experience considerations, Participants shall provide evidence of having substantially completed at least a required number of contracts in which they successfully managed cybersecurity risks in accordance with internationally recognised standards and good industry practice.

The reference contracts should involve risks comparable to the key risks anticipated under the contract subject to the procurement process, such as:

- protection of sensitive or confidential information;
- operation of critical digital infrastructure;
- secure cloud or data hosting services;
- cybersecurity in industrial control or operational technology environments;
- secure software development and system integration;
- compliance with data protection and privacy requirements;
- implementation of cybersecurity frameworks or certification schemes.

The submitted references should demonstrate the approach applied, including the effective use of cybersecurity management systems, risk assessment methodologies, technical safeguards and governance mechanisms, as well as overall positive cybersecurity outcomes (e.g. absence of major incidents, successful audits, maintained certifications).

Participants may also be required to provide evidence of their cybersecurity performance over a stated period of time, including key performance indicators where appropriate, such as:

- number and severity of cybersecurity incidents;
- average incident detection and response time;
- percentage of critical vulnerabilities remediated within defined timelines;
- results of penetration testing or independent security assessments;
- audit findings and remediation status.

A strong track record, with no significant or systemic cybersecurity failures, data breaches or regulatory sanctions, is essential to demonstrate the Participant's commitment to maintaining secure and resilient systems.

The Client's assessment should focus on whether the Participant has effectively identified, mitigated and managed cybersecurity risks and obligations, including compliance with applicable cybersecurity and data protection legislation, contractual security requirements, and recognised standards.

Additionally, experience with the following matters may be considered, where relevant to the contract:

- developing and implementing Cybersecurity Management Systems;
- conducting cybersecurity risk assessments and threat modelling;
- establishing incident response and recovery mechanisms;
- ensuring secure system architecture and access controls;
- safeguarding personal and sensitive data;
- maintaining operational continuity under cyber threat conditions

In addition to general cybersecurity risk management experience, Participants may be requested to demonstrate successful implementation of specific cybersecurity activities similar to those required under the contract subject to the procurement process, such as:

- deployment of multi-factor authentication or zero-trust architecture;
- migration to secure cloud environments;
- encryption of data at rest and in transit;
- implementation of Security Operations Centre (SOC) functions;
- compliance with sector-specific cybersecurity standards.

As with other qualification criteria, the Client should require that such experience be demonstrated through a specified number of contracts completed within a defined period.

While direct experience in the same sector or geographical area shall not be strictly required where it would unnecessarily limit competition, Participants should normally demonstrate a track record of managing cybersecurity risks in contracts of similar scale, digital complexity and criticality. This ensures that Participants possess the necessary expertise to uphold high standards of information security, digital resilience and data protection throughout contract execution.

Other important cybersecurity documentation, such as a description of the Participant's Cybersecurity Management System, outlining procedures for identifying, assessing and mitigating cyber risks; and a Contract-Specific Cybersecurity Management Plan, describing how cybersecurity risks will be managed throughout the contract lifecycle, shall be solicited and assessed in the context of technical Proposals, rather than as part of qualification assessment. Such documents shall be evaluated against the proposed system architecture, implementation methodology, operational model, and service delivery arrangements, rather than solely against the Participant's general standing.

In sectors where supply chain cybersecurity risks may be significant, including where subcontractors, cloud providers or technology vendors are involved, it may be necessary to assess the Participant's cybersecurity arrangements across its relevant supply chain. In such cases, Clients may reserve the right in the procurement documents to request information on:

- cybersecurity controls applied to subcontractors and third parties;
- third-party security certifications or audit reports;
- contractual cybersecurity obligations imposed on suppliers;
- data hosting and cross-border data transfer arrangements.

Where required, Clients may be requested by the Bank to undertake additional due diligence proportionate to the risk profile.

The Bank places strong emphasis on responsible digital conduct and cybersecurity governance as a fundamental element of reputational and operational risk management. Accordingly, in addition to assessing cybersecurity experience, Clients shall verify whether Participants have been subject to material cybersecurity incidents resulting in significant operational disruption or data compromise, regulatory investigations, sanctions or enforcement actions related to cybersecurity or data protection, or contract termination in the recent past due to cybersecurity failures or breach of information security obligations. This assessment shall be conducted in accordance with the methodology outlined in Section 3.2.1.6 of this Guidance.

3.3.2.1.6 Historical Contract Non-Performance

This criterion aims to identify Participants, who represent risks to the project due to a history of contract non-performances, which refers to past instances where they failed to meet their contractual obligations (such as delays, incomplete work, underperformance, or total contract abandonment).

Historical contract non-performance should take into account the litigation/arbitration history of a Participant. Clients should be aware of Participants who consistently fail to perform their obligations under the contracts and, therefore, bring them to substantial cost and time overruns and often termination. They should also be aware of Participants, who resort to excessive claims and litigation as a means of increasing their income after signing a contract. However, it shall be noted that in certain industries and in some countries resorting to claims is an established and normal business practice, which must be factored into account. The criterion for rejection shall not focus on the number of reported litigations, but on the proportion of arbitral awards or court decisions against a Participant.

Non-performance shall be determined based on fully settled disputes (whether settled through litigation or arbitration), meaning cases that have been resolved through the relevant dispute resolution mechanisms, with all available appeals being exhausted.

Participants with a consistent and notable history of excessive contract arbitration or litigation resulting in awards or decisions against them, as well as those frequently defaulting under contracts, may not be qualified. Additionally, a pattern of disputes may suggest that the Participant is not very collaborative in its work under contracts or in respect of issue resolution.

A particular challenge arises when the same Participant submits its Proposal for a contract with the same Client after a previous contract recently resulted in disputes due to unsatisfactory performance. While due process and fairness require that all Participants be treated equally and assessed objectively, it is understandable that a Client may be reluctant to engage with a Participant that previously failed to deliver. In such cases, a balanced approach is required. Rather than an outright rejection, the Client shall consider factors such as the severity of past non-performance, their cause, whether corrective measures have since been implemented by the Participant, and whether they have demonstrated improved capability through successful completion of other contracts with other Clients.

Notwithstanding the focus on promoting fairness and competition, the Bank on a case-by-case basis may allow the Client, subject to the provision of a solid and well-documented justification, to reject on qualification grounds a Participant with whom an ongoing or recent cooperation has been problematic. Whilst assessing the case, the Bank will consider both the Participant's position, their right to a "second chance" and the Client's legitimate concerns about project risks and reliability of the Participant. In such cases, if deemed necessary, the Bank may solicit additional information from the affected Participant via the Client. In some cases, in order to mitigate the perceived performance risks associated with re-engaging the previously underperforming Participant, instead of rejection of the Participant, Clients may be requested or allowed to set additional contractual requirements or conditions (such as stronger performance guarantees or phased contract execution). Such actions may only be possible if they do not contradict the PPR and in line with the conditions of the specific procurement process in question.

Client shall request Participants to list all contracts over a stated number of years that resulted in:

- litigation or arbitration proceedings, with an indication of the matters in dispute, the parties involved, the amounts in dispute and the outcome, where applicable; and
- termination, with an indication of the causes of the termination and the parties involved.

Normally, Participants may be rejected in case the ratio of the arbitral or court decisions against Participants or an individual member of a JVCA exceed 25% (or a higher threshold) of all reported litigation/arbitration cases.

Furthermore, pending litigation/arbitration procedures shall also be assessed, if they when resolved, may weaken the financial stability of Participants or otherwise disrupt their operations. It is reasonable to set the limit for the relative value of pending litigation or arbitration, as they may represent a potential indirect risk for the Client. Therefore, Clients may request that all pending litigation or arbitration shall in total not represent more than 25% (or a higher threshold) of the Participant's net worth.

Otherwise, Participants may be considered not qualified if they reported a consistent history of failed legal challenges. Whilst some projects may have issues for causes such as clash of personalities or poor management by previous Clients, frequent litigation may indicate a Participant's corporate approach that poses an unacceptable risk to the Client, if the Participant were awarded the contract.

If a Participant does not provide a complete record of litigations or non-performance for the required period, and a Client can demonstrate through official records of court or arbitration board decisions, where public, that the Participant has been involved in litigation or arbitration, the Client may consider the submission as a misrepresentation and reject it.

3.3.2.2. Contract Specific Resources

Clients shall assess Participants' contract specific resources to ensure that they not only possess competence, but also have capability to perform the contract subject to the procurement process, successfully while minimizing risks.

In this context it is important to distinguish between the information, which shall be evaluated as part of the submission, specifically the technical Proposal, and the data concerning capacity of the Participant as such. The Bank recommends that resources, such as key personnel and overall workforce as well as subcontracting arrangements and their capacity, critical or unique specialised equipment for carrying out works or providing services, or manufacturing capabilities, shall be evaluated in the context of technical Proposals, as they need to be assessed against the proposed work methods, work or service program or delivery schedule, rather than the overall capability of Participants.

However, there may be merits for Clients to analyse some of those resources before technical Proposals are invited, for example, during the Prequalification phase (please see Section 3.4.5). In such situations, Clients are recommended to consult with the Bank's Project Procurement Department on the most appropriate approach.

3.3.2.2.1 Financial Resources

The successful implementation of the contract relies on the Contractor's ability to maintain adequate cash flow throughout contract implementation. Therefore, the assessment of the financial resources available for the contract is important.

The respective financial resources criterion can be set in different ways. The most common approach is based on setting an absolute threshold, which is calculated taking into account the Client's assumptions in respect of a potential cash flow. It is focused on analysing if the Participant has free financial capacity to sustain the financing needs for a specified 'critical' period. Such period is defined, as the longest cumulative time required by the Client to process and pay the invoiced amount, calculated from the time the respective works, services or supplies have been carried out. A month-long contingency for potential administrative delays is usually added to such period. The calculations shall be based on the expected performance rate (cashflow) and contractual payment arrangements. In many cases, especially for Works and Service contracts, the baseline assumptions can be based on a straight-line monthly cash flow projection and expected monthly payments arrangements. Such calculations shall take into account the contract cost estimates and the planned time for completion. They shall exclude the effects of advance payments and retention monies, if any.

The amount estimated from the above calculations should be stated in the procurement documents, as a criterion. Participants should demonstrate their access to liquid assets, lines of credit, unencumbered assets, and other financial means sufficient to meet the specified cash requirement, net of other known commitments at the time of submitting Proposal. The information provided by Participants shall be subject to verification.

Alternatively, is the assessment is undertaken at the Postqualification stage, the threshold can be set as a relative figure, which is based on the actual Proposal by a Participant, taking into account the proposed time for completion and the Proposal price, as well as the Participant's estimated cashflow.

In case of JVCAs, the cumulative financial resources of all partners shall be considered, yet a minimum threshold may be set, if deemed necessary for each member. Such threshold may differentiate between lead and other partners.

3.3.2.2.2 Current Obligations and Pending Contract Awards

When assessing a Participant's financial capacity, it is deemed important to consider not only their past turnover but also their current and upcoming contractual commitments. Participants may have large ongoing obligations or pending contract awards that could limit or exhaust their resources to implement the contract subject to the procurement process. Therefore, it is recommended for Clients to request Participants to submit information regarding their on-going contractual obligations and pending contract awards, so that Clients can assess such information. If the total volume of these commitments notably exceeds the Participant's average annual turnover and remains at this elevated level throughout the contract's implementation period, there is a risk that the Participant may lack financial and other resources, as well as operational capacity to fulfil all obligations effectively. This could lead to implementation delays, cost overruns, or quality issues.

Accordingly, the Bank recommends Clients to request Participants to provide information regarding their on-going contractual obligations and pending contract awards. While a certain degree of flexibility shall be applied for interpretation of these data, a key benchmark is whether the confirmed commitments to be executed alongside the Client's contract exceed the Participant's annual turnover for the previous year (or average for a number of recent years) by a factor of 1.3 or above, there may be justifiable concerns about the Participant's ability to manage multiple contracts simultaneously. In such cases, Clients may request further clarification regarding the Participant's strategy and/or mitigation measures for handling multiple contracts of significant value, or, if necessary, determine that the Participant does not have the required financial capacity for the contract in question. Pending contract awards shall not be normally used for the calculation of the above commitments. However, in case of Prequalification, this may be taken into account and guide conditional Prequalification decision.

3.4. Other Considerations

3.4.1. Multiple Contracts

Where a project is divided into separate contracts of a similar kind (lots) that may be combined into groups of contracts (packages), at the Prequalification stage Participants may be invited to apply for each specific contract separately or for a package (combination) of contracts. The qualification criteria shall be set up in such manner as to allow Participants to apply for one or several contracts, based on their demonstrated qualification and capacity, without repeating or unnecessary duplicating presentation of information and evidence for each individual lot.

Prequalified Participants should be allowed to submit a Proposal for any contract or a number of contracts. However, they may only be awarded an aggregate value or number of contracts not exceeding the value limit for which they were prequalified.

3.4.2. Specific Requirements with regard to JVCA

Given the joint and several liability of the partners in a JVCA, it is essential to ensure that each partner contributes meaningfully to the JVCA overall capacity. While a JVCA is assessed collectively for many criteria and their individual members must independently meet the minimum standards for financial health and litigation history to ensure the JVCA's stability and reliability, some criteria shall set additional requirements for JVCA partners and may differentiate between partners' role in the JVCA.

For example, as a general rule, each partner must meet at least 25% of the qualifying criteria related to the financial positions of Participants, though the Client may increase this threshold if deemed necessary for risk mitigation or contract complexity. Additionally, the Client may set higher qualification requirements for the JVCA lead partner, recognising their primary role in contract management, coordination, and the contract implementation (for example, minimum 40% of the qualifying criteria related to the financial position of Participants, mandatory experience as a prime or managing Contractor). The financial standing of each partner is aggregated to determine the JVCA's total capacity, ensuring that the JVCA, as a whole, possesses the required strength to execute the contract successfully.

Furthermore, the lead partner shall demonstrate experience as a main Contractor on the contracts of a similar magnitude and complexity, reinforcing their ability to assume a leadership role in the contract's execution. These requirements help maintain a balanced and competent JVCA structure, whilst safeguarding the contract from financial and operational risks.

Throughout the procurement process, the composition of a JVCA may change due to various factors, such as strategic decisions by the members, financial considerations, or changes in project requirements. Clients shall provide reasonable flexibility and allow Participants to strengthen their JVCAs in line with the rules of the procurement procedure in question. It shall be noted that in some cases, material changes to the JVCA structure may result in disqualification of Participants, if they substantially alter the basis on which the JVCA was initially assessed. Therefore, any modifications to the JVCA need to be carefully assessed.

3.4.3. Subcontractors

The qualification of Subcontractors shall not be considered towards the qualification of the Participants. However, their specialised experience and availability of statutory licences or certificates may be taken into account in assessing the capability of Participants to implement the resulting contract, where Participants do not directly possess the required expertise or statutory documents, provided the Participants are otherwise qualified and the respective reasons for subcontracting arrangements are sufficiently explained in their submission.

In addition to the assessment of the qualification of Participants, Clients are also encouraged to assess qualification of major or specialised Subcontractors in similar ways, as it is done in respect of the Participants, but on a smaller scale, primary focusing on their capacity to perform the subcontracted part of the contract. In such situation, Participants should be required to provide qualification information on the major (for example, Subcontractors, who are intended to undertake more than 10 per cent of the contract scope, by value) or specialist Subcontractors (engaged for critical specialised activities). The absence of such specialised support, essential for certain operations, such as design, installation and commissioning of specialised engineering systems or underwater work, could result in the disqualification of a Participant, if the required expertise is not available in-house.

Moreover, where the ESHS risks are high, e.g. in certain sectors or where Subcontractors are proposed to carry out the tasks associated with such risks, it is essential to assess ESHS aspects of Subcontractors' qualification and contract specific arrangements.

It shall be noted that the Bank does not support arbitrarily set limits for subcontracting, albeit Participants shall not subcontract the entire scope of the contract. It is expected that the qualified Participants should be capable to arrange the contract activities in the most efficient and economically efficient way, using their own resources and by engaging Subcontractors, where appropriate. It shall be kept in mind that regardless the subcontracting arrangements, the contract conditions provide for the prime contractor remaining to be responsible for implementing the contract on time, with due quality and within the agreed price. Therefore, the related assessment should primarily focus on the review of the adequacy of the proposed arrangements in respect of the required qualification and capacity needed for the successful contract implementation.

Should a Subcontractor be determined to be unqualified or otherwise unacceptable, the respective Participant shall be required to substitute such Subcontractor with an acceptable one or demonstrate that they possess the relevant expertise and capacity on their own.

It shall be noted that the assessment of Subcontractors is more efficient at Interim Qualification or Postqualification stage, when the scope of the contract and its terms and conditions are well defined. Nevertheless, If Clients anticipate that due to the nature of the contract subject to procurement, or market, or regulatory conditions Participants will need to rely on specialised Subcontractors to perform some of the critical activities, information on Subcontractors and their qualification may be solicited at Prequalification.

3.4.4. Conditional Qualification

In case of Prequalification, and in some cases of Interim Qualification (at the initial stage submissions evaluation in a multi-stage procurement process), Clients may find that some Participants fail to meet some of the qualifying criteria in respect of Legal Capacity (discussed in Section 3.3.1) and Contract Specific Resources (discussed in Section 3.3.2.2). In such cases, with the aim of enhancing competition without compromising essential project objectives, the Participants may be conditionally prequalified (or be conditionally qualified, in case of Interim Qualification). This means they may be prequalified (qualified) subject to certain specific requirements to be met substantially prior to a prescribed deadline (usually, before the date planned for issuing invitations to submit Proposals or by the deadline for Proposal submission).

A non-exhaustive list of most common requirements for conditional qualification is:

- provision of the licences/certificates;
- revisions to a JVCA composition and/or JVCA agreement;
- improving critical project management;
- hiring experts in specialised fields;
- demonstrating access to the specialised equipment;
- engagement/substitution of major or specialised Subcontractors;
- update of the information with regard to the Participant's questionable ability to undertake the contract in question due to significant current commitments or pending awards of other substantial contracts; or
- presentation of a Participant's bank commitment to provide securities and/or a sufficient credit line in the event the Participant is successful.

Please note that provision of otherwise additional information shall not be used a condition of qualification, as such information shall be solicited during evaluation of submissions. No conditional qualification is allowed in respect of past Performance criteria (discussed in Section 3.3.2.1).

3.4.5. Preliminary Assessment of Contract Specific Resources

In some cases, at early stages of the procurement process (at the Prequalification or Interim Qualification stages in a multi-stage procurement process), Clients may find it beneficial to indicate their expectations in respect of the resources required for successful contract implementation and preliminary assess Participants' qualification in this respect.

It shall be noted that the assessment process shall always allow Participants to offer alternative arrangements and/or resources, as well as amend the proposed arrangements at later stages in the procurement process, when more information regarding the scope of the contract, its timeline and contract terms and conditions become available to them. As discussed above, in case Participants do not meet some of the contract specific resource criteria they shall not be rejected, but conditionally qualified.

Preliminary assessments of resources are usually focussed on competence of Participants' key personnel, availability of major or critical equipment for carrying out works, and manufacturing capacity of suppliers for major items of plant and equipment, and in some cases on critical or specialised Subcontractors, such as designers in case of design and build, EPC or similar construction contracts.

3.4.5.1. Key Personnel

In some cases, it may be necessary to assess the qualification of key personnel to be potentially involved with the contract (unless such assessment forms an integral part of the Proposal evaluation). The requirements shall normally be focused on demonstrating high level of qualification and extensive experience of personnel proposed for essential and critical technical or operational roles in the contract. Qualification should thus be done in respect of a limited number of such key personnel.

Participants should typically be required to designate both a principal candidate and an alternate for each key personnel position, ensuring that both individuals meet the required qualification, which usually include respective education, a minimum number of years of experience in a similar position, and a minimum number of comparable contracts completed within the set number of years. This is to ensure that key staff, in executive contract positions, have sufficient knowledge of Participants' management, policy, procedures and practices to act with confidence and authority within that framework. Executive CVs of both the principal and alternate candidates shall be assessed. In some cases, academic qualifications may be not seen as critical, as some companies and JVAs employ skilled staff, who have acquired their expertise through long term hands-on experience rather than formal education.

3.4.5.2. Equipment

In the construction sector, and in some cases for provision of some consultancy services, owning a comprehensive inventory of specialised equipment represents a significant capital investment for Participants. As a result, not all qualified potential Participants maintain an inventory of high-value items that are in suitable condition for major contracts. In most cases Participants can readily purchase, lease or hire the necessary equipment.

It is unnecessary to require Participants to own commonly available equipment. The assessment adopted may be only limited to major or specialised items that are critical for the type of contract to be implemented and that may be difficult for the Participant to obtain quickly, for example heavy cranes, piling barges, dredgers, asphalt-concrete mixing plants, tunnel boring machines, 3D laser scanners, drone-based surveying systems, ground-penetrating radars, or airborne and ground-based hyperspectral imaging sensors. It shall be noted that even in these cases, main Contractors may not own the equipment, but rather rely on specialist Subcontractors or equipment leasing companies. In such cases, the availability of such Subcontractor and the specified equipment should be verified.

Careful consideration is required when setting the criterion for equipment due to different skill levels and techniques that Participants bring to projects. Thus, use of performance/functional criteria related to the contract than listing specific equipment may be more relevant. As mentioned above Participants shall be allowed to list alternative equipment which they would propose to use for the contract, accompanied by explanation of their proposed arrangements.

3.4.5.3. Manufacturing Capacity

For contracts involving the supply of specialised equipment, such as power turbines, transformers, etc, or a large number of vehicles (locomotives, buses, trams, wagons, etc.) or other Goods, it is usually critical to establish whether the Participant or manufacturer/vendor of the Goods has the manufacturing capacity to produce the required quantity within the required timeframe.

The criterion for qualification should be set at a level that ensures that the manufacturer has sufficient installed capacity, with adequate free capacity beyond ongoing orders, to meet the contract's demands. Depending on the nature of the equipment to be subject to procurement, Participants should be required to demonstrate that they or their manufacturers have production capacity in excess of what is required for the expected contract, free of other commitments for the specified period.

Guidance note
Qualification Assessment

4. Disclosure
5. Effective Date
6. Decision Making Framework
7. Related Documents

4. Disclosure

This Guidance will be disclosed on Bank's website.

5. Effective Date

This Guidance becomes effective on 1 September 2026.

6. Decision Making Framework

Director, Project Procurement Department, is accountable for this Guidance.

Associate Director, Policy, Project Procurement Department, is responsible for this Guidance.

7. Related Documents

1. Procurement Policies and Rules, as may be amended from time to time;
2. Environmental and Social Policy, as may be amended from time to time;
3. Enforcement Policy and Procedures, as may be amended from time to time;
4. Guidance on Rejection Grounds;
5. Standard Procurement Documents;
6. Standard Application/Proposal Evaluation Reports.

Guidance notes: Qualification Assessment

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