



ADB



ກະຊວງການເງິນ
Ministère des Finances



THE WORLD BANK
IBRD • IDA

**Outreach Conference for Private sector on Bidding Opportunities and
• new Complaint Management system in Lao PDR**

Sustainable Procurement (SusP) & Merit Point Criteria (MPC) at ADB Project

The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.

6 March 2024

Chitoshi IZUMI

Senior Procurement Specialist, ADB

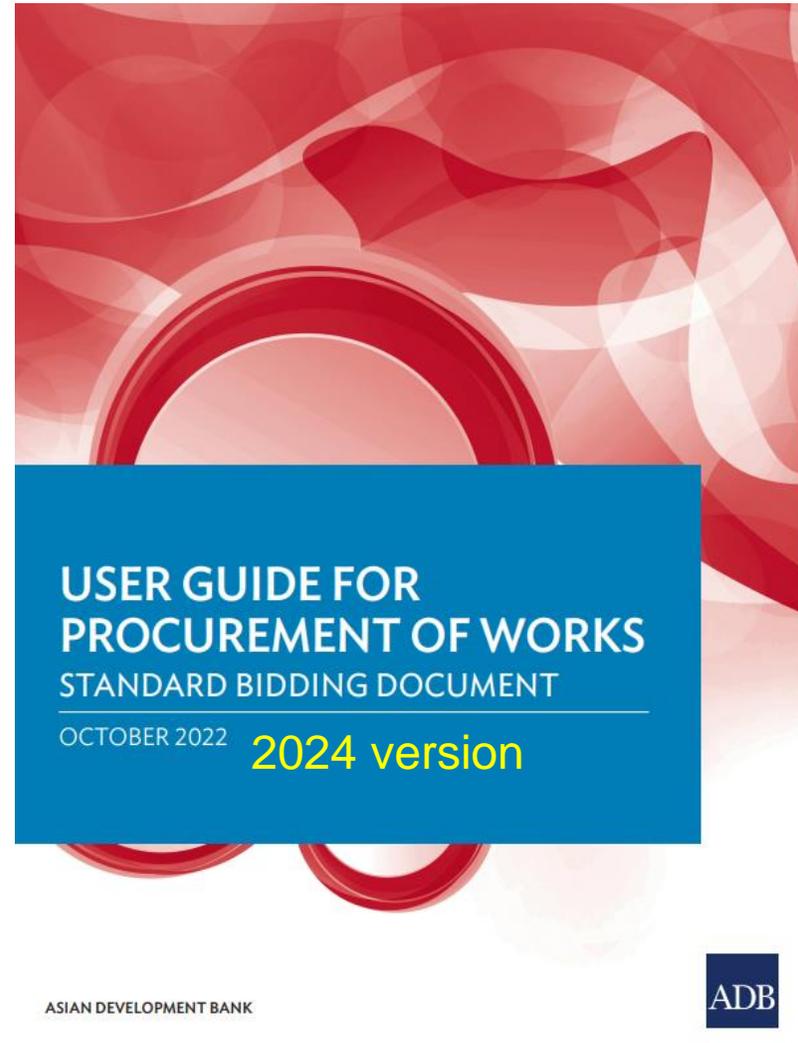
Regional Procurement Head, Viet Nam, Cambodia, Lao PDR, Myanmar and Thailand

ADB new Standard Bidding Document



2 new features;

- Sustainable procurement in evaluation and qualification criteria
- Evaluation method based on Merit Point Criteria (MPC)



The background features several overlapping, semi-transparent light gray circles and arcs. One circle in the upper left contains a pattern of small white dots. The overall design is abstract and modern.

Module 1

SUSTAINABLE PROCUREMENT AT ADB

Pillars of Sustainable Procurement at ADB



ENVIRONMENTAL



Viable Environment

SOCIAL



Nuturing Community

ECONOMIC



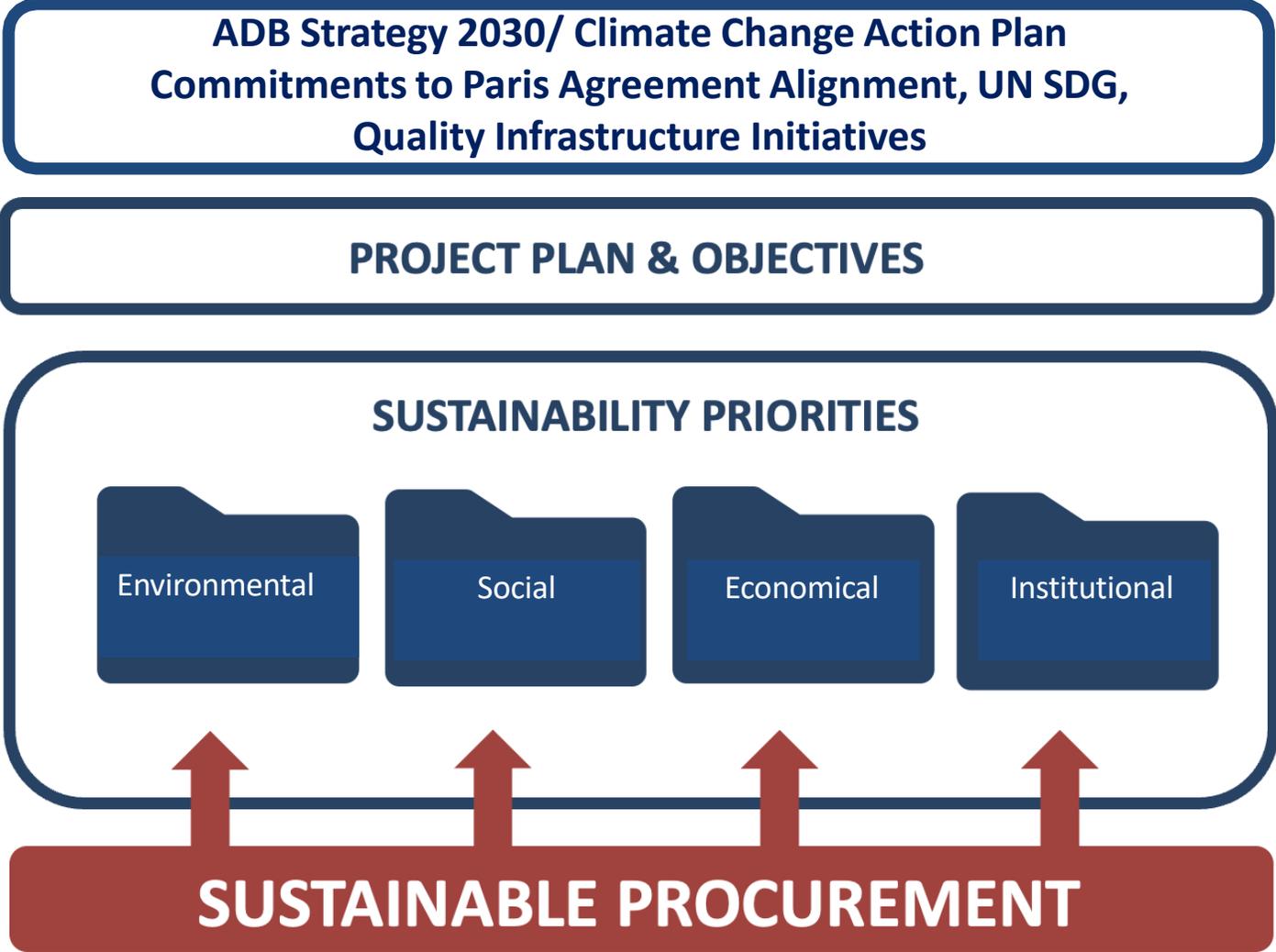
Sufficient Economy

INSTITUTIONAL

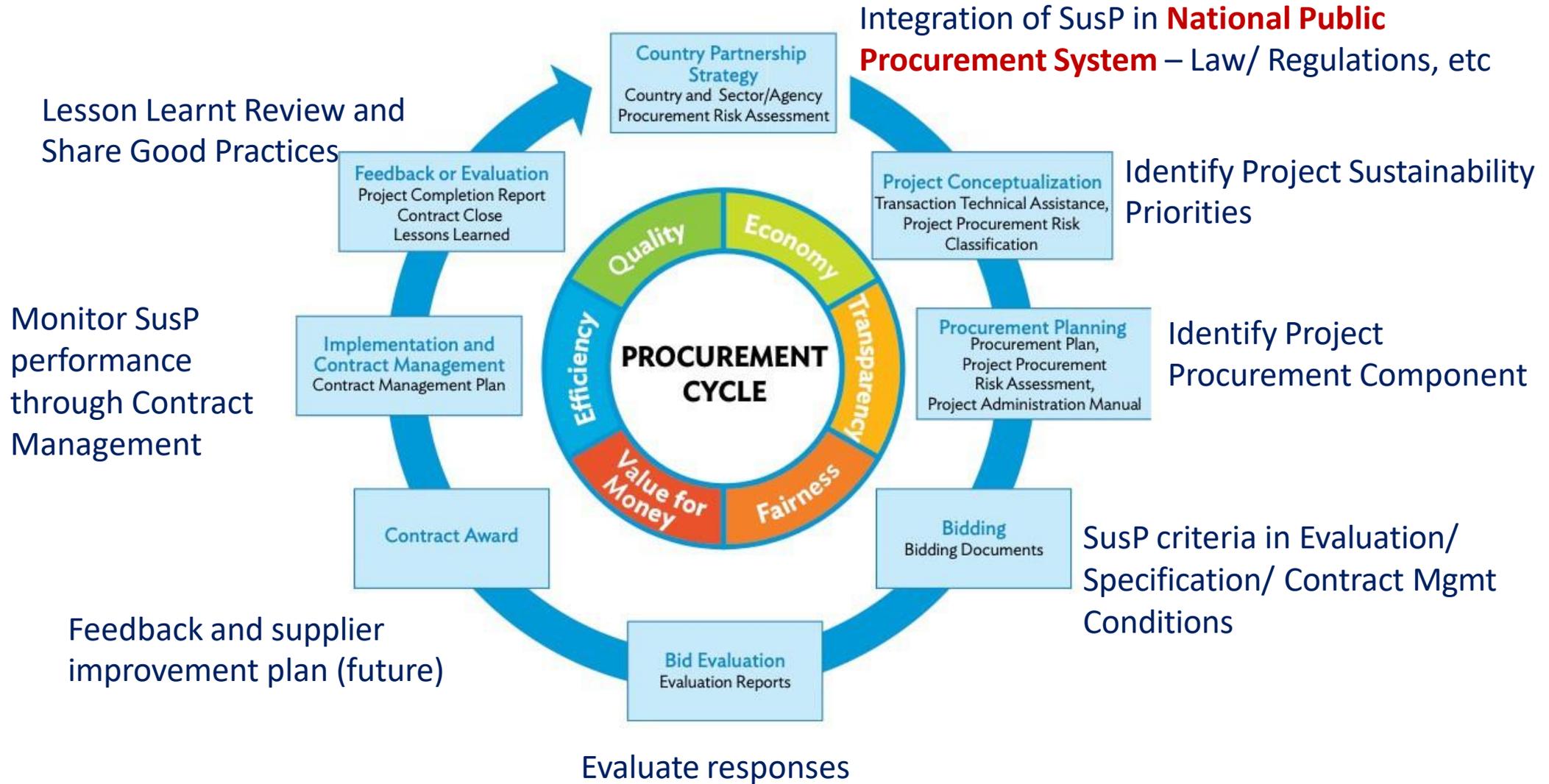


Effective Governance

A Powerful Multiplier to achieve Value for Money



Country & Project Level Application of Sustainable Procurement



National Public Procurement System

<Law on Public Procurement No. 30/NA, 2/Nov/2017>

Article 4

Government Policy on Public Procurement

The government promotes public procurement by identifying appropriate procurement measures and procedures, through staff training, supply of equipment and facilities to build infrastructure ensuring such activity is carried out in an effective and efficient manner.

The government encourages and promotes local and foreign individuals, legal entities and organizations to participate in bidding for works, goods, services and consulting services based on the basis of equality.

The government promotes public procurement by protecting the rights and interest of the government, individuals, legal entities or organizations and preserving the environment for green sustainability.

<Instruction on Implementation of Law No. 0477/MOF, 13 February 2019>

13.1.3.3 Supply of related spare-parts of goods shall refer to the capability of supply of spare-parts for annual spare-parts replacement on the entire frequency of usage of these goods such as within 3 years, 5 years, 7 years, 10 years or 15 years.

Besides the principles above, an assessment through application of non-value conditions which refers to scoring that shall be indicated in the bidding documents or request for proposals such as quality of methodology and workplan, method statement, capacity or usage and sustainable condition detailing as below:

- 1) Quality of methodology and workplan is an assessment of proposed tools, technology, method of construction, techniques on remedy of defects and management in execution of works and/or maintenance and supply of goods and/or services.
- 2) Method statement, capacity or usage is a quality assessment on usage of materials and tools adopted to the country environment in appropriate manner.
- 3) Sustainable condition is an assessment on usage of materials and tools that no environmental impacts under sustainable and green growth direction.

Support Sustainable Supply Chains



Encourage Gender and Universal Inclusiveness & Local Participation through Criteria Design



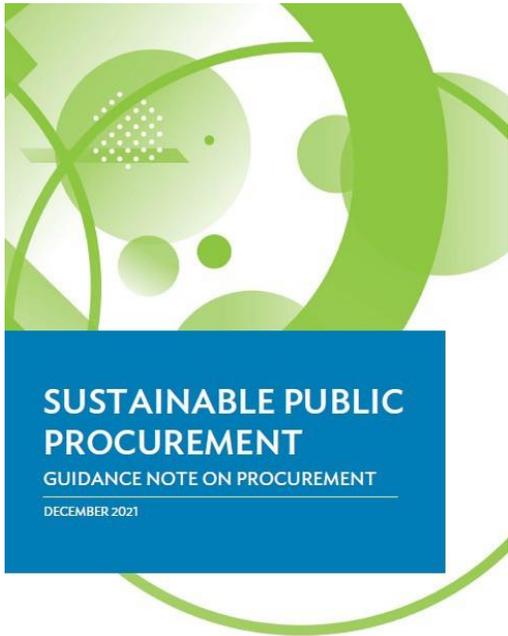
Use Technical Specification to promote Zero Waste & Circularity



Adopt Operation & Maintenance Contract Models that Consider Long Term Asset Resilience



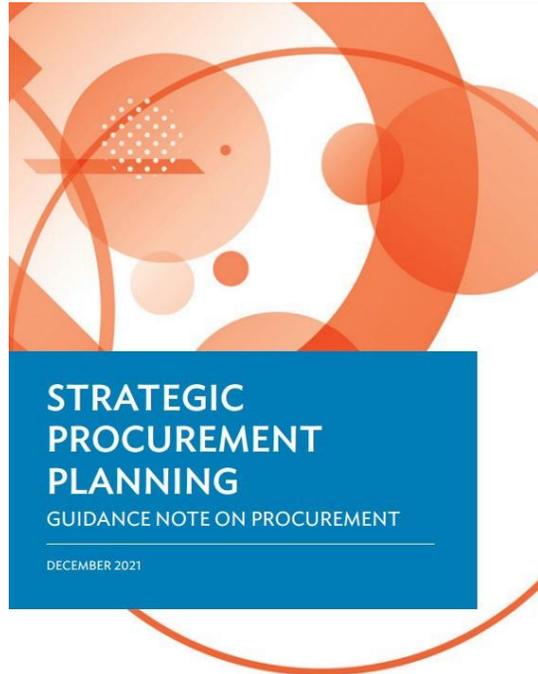
ADB - Guidance & Tools Focus Areas



ASIAN DEVELOPMENT BANK



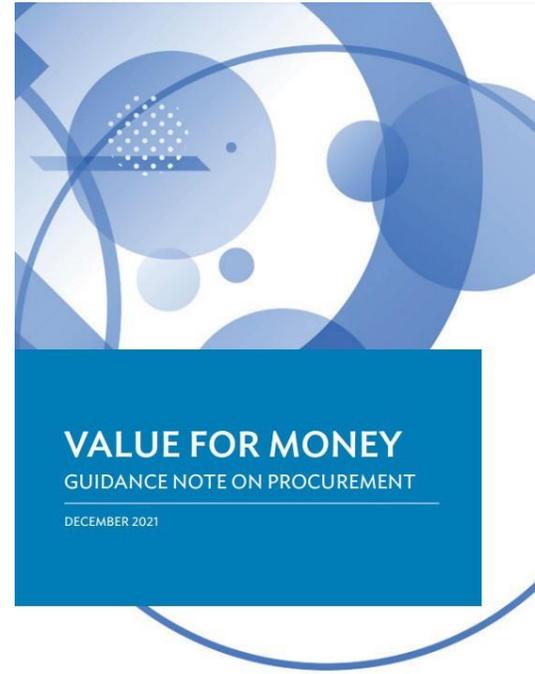
<https://www.adb.org/documents/sustainable-public-procurement>



ASIAN DEVELOPMENT BANK



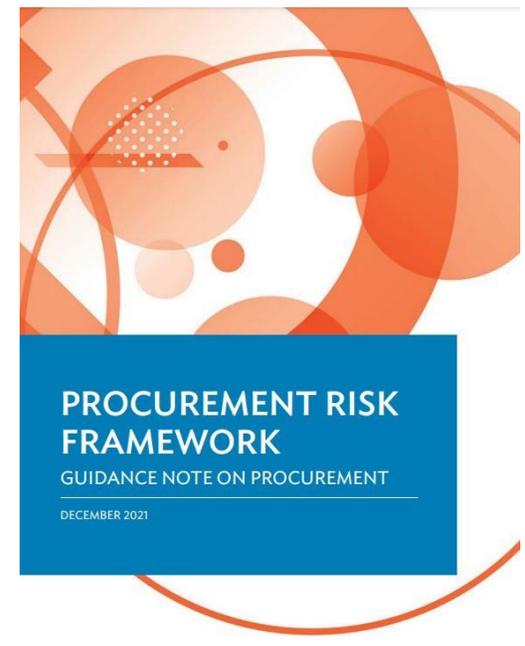
<https://www.adb.org/documents/procurement-planning>



ASIAN DEVELOPMENT BANK



<https://www.adb.org/documents/procurement-value-money>



ASIAN DEVELOPMENT BANK



<https://www.adb.org/documents/procurement-risk-framework>

Low carbon cement for the foundation under climate mitigation financing



Uttarakhand Integrated and Resilient Urban Development Project - Additional Financing (Proposed) India – \$200 million

- Strategic Procurement Planning: Greenhouse gas emissions reduction opportunity in Water Supply Sanitation Structure
- Market research: Low-carbon cement, willingness of suppliers and cost competitiveness.
- Importance of **robust market assessment** considering relevant standards and certification schemes, validated their inclusion in bidding documents.



*Procurement of 260,000 tons of low-carbon cement: reduce GHG emissions by 67,850 tons of CO₂-eq.
(\$55 million in climate mitigation financing by low-carbon cement)*

Employment of Local Potential through Traineeships on Construction Sites



<Case Study>

Ulaanbaatar Urban Services and Ger Areas Development Investment Program – Mongolia - \$160 million (MFF)

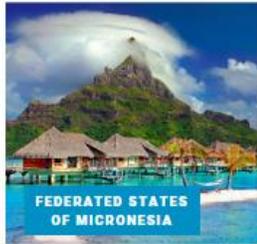
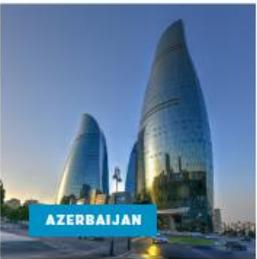
- Placement of **101 trainees** on construction sites in various technical occupations under Contractors train and "certify" on the job training programme
- Cooperation with **16 construction companies**
- Impact: 92% of trainees in employment or continue education
- Contractor satisfaction: 50% contractors offer jobs to trainees (benchmark 40-60%)
- Inclusion: Improved youth inclusion (youth-to-adult ratio)



ADB Country Sustainable Procurement Fact Sheets



- *Understanding of SusP in country and market context*
- *Country diagnostic for all of ADB DMCs*



ADB Country Sustainable Procurement Fact Sheets



<Lao PDR>



Introduction

This Factsheet outlines the current progress in advancing Sustainable Public Procurement (SusPP) in Lao People's Democratic Republic (PDR) based on a desk review. The review applies an analytical framework of six Pillars (or "building blocks") of SusPP systems.

The Framework is designed to make clear that countries do not need to follow a linear step-by-step path to build effective GPP systems. Rather it is important to examine local contexts and prioritize the Pillars with the most potential in the country. No matter where a country starts, a balanced approach to implementation calls for progress on all Pillars to some degree.

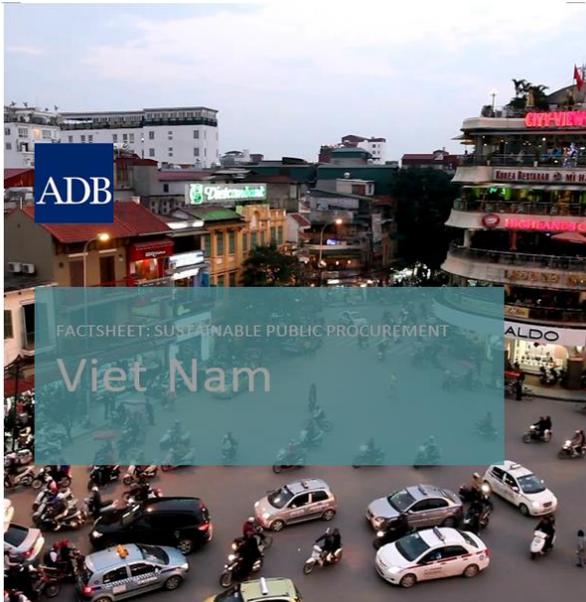
This Factsheet is organized as follows:

- "Country Overview" section with executive summary, indicative maturity rating, key achievements, potential pathways forward and timeline of key events related to advancing sustainable public procurement.
- "State of Play & Forward Looking Analysis" section that summarizes the research findings from the desk review for each Pillar theme.
- "Key Stakeholders Driving the Agenda" explores opportunities for ADB teams to open discussions with country counterparts and add value to the work of partners.



Introduction

This Factsheet outlines the current progress in advancing Sustainable Public Procurement (SusPP) in Cambodia, based on a desk review. The review applies an analytical framework of six Pillars (or "building blocks") of SusPP systems.



Introduction

This Factsheet outlines the current progress in advancing Sustainable Public Procurement (SusPP) in Viet Nam based on a desk review. It applies an analytical framework of six Pillars (or "building blocks") of SusPP systems.

MDB Joint Statement on Sustainable Procurement



JOINT STATEMENT ON SUSTAINABLE PROCUREMENT INITIATIVES
By the Heads of Procurement at Multilateral Development Banks

Preamble

The Heads of Procurement (HoP) network of the Multilateral Development Banks (MDBs) was formed over 20 years ago to harmonize their operational policies and practices for the purpose of enhancing economy, efficiency, effectiveness, and fairness across all MDB financed operations. Significant progress has been made, including harmonized procurement approaches and documents. Beyond this, several MDBs have put in place harmonized approaches for mutual reliance arrangements that allow for one MDB to rely on the procurement arrangements of another, in jointly financed operations.

Building on their successful collaboration among MDBs on climate finance, Paris Alignment and mitigation and adaptation finance tracking, the HoPs in mid-2023 created a Working Group on Sustainable Public Procurement (SPP) to develop concepts, strategies and action plans for their activities. Through this, the HoPs seek to actively induce and catalyze environmental, social, economic, and client institutional sustainability outcomes, at both a national public procurement system level and within project operations procurement, as each MDB's mandate permits.

The following joint statement reflects the HOPs' collective intent on mainstreaming sustainable procurement¹.

Global public procurement amounts to over US\$13 trillion annually (or around 15 percent of global GDP)² and can play a crucial and strategic role to support achievement of the United Nations

¹ ADB. 2021. Manila. *Sustainable Public Procurement (Guidance Note on Procurement)*. <https://www.adb.org/sites/default/files/sustainable-public-procurement.pdf>

² World Bank Group. *A Global Procurement Partnership for Sustainable Development (An International Stocktaking of*

Page 1 of 3

- A joint statement on Sustainable Procurement by 12 MDBs, in September 2023.
- Mainstreaming of sustainable procurement for environmental, social, economic, and institutional sustainability outcomes
- Target at both "national public procurement system", and "MDB funded project procurement".



IT TAKES A VILLAGE



Module 2

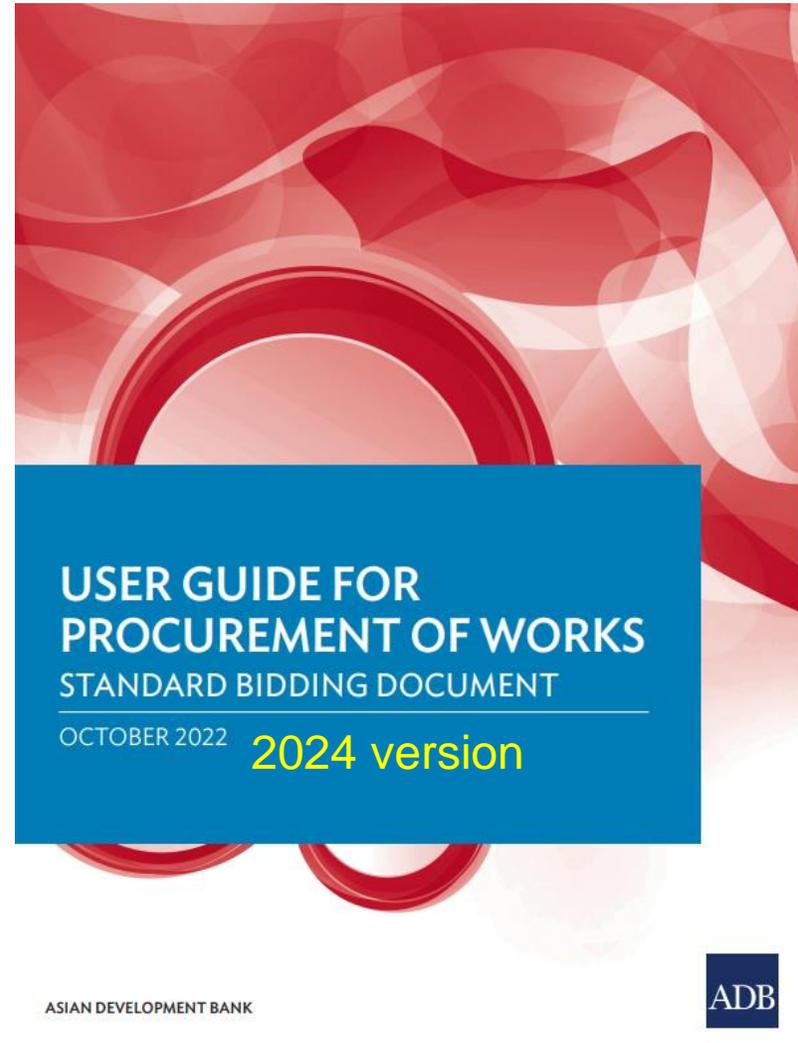
MERIT POINT CRITERIA (MPC) AT ADB

ADB new Standard Bidding Document



2 new features;

- Sustainable procurement in evaluation and qualification criteria
- Evaluation method based on Merit Point Criteria (MPC)



Target of Merit Point Criteria



Applying Merit Point Criteria for Evaluation



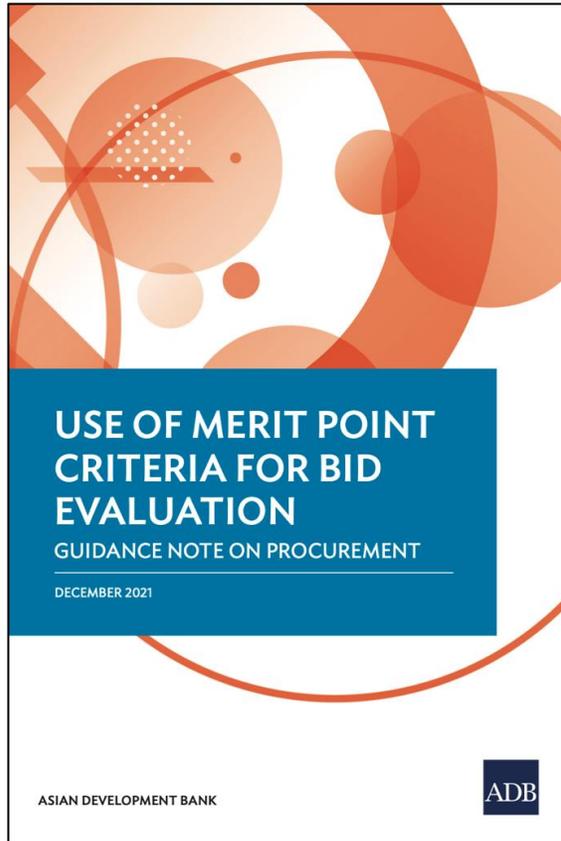
Many bi-lateral and multilateral development banks adopted:

- ADB
- WB
- IADB
- AFD
- Others

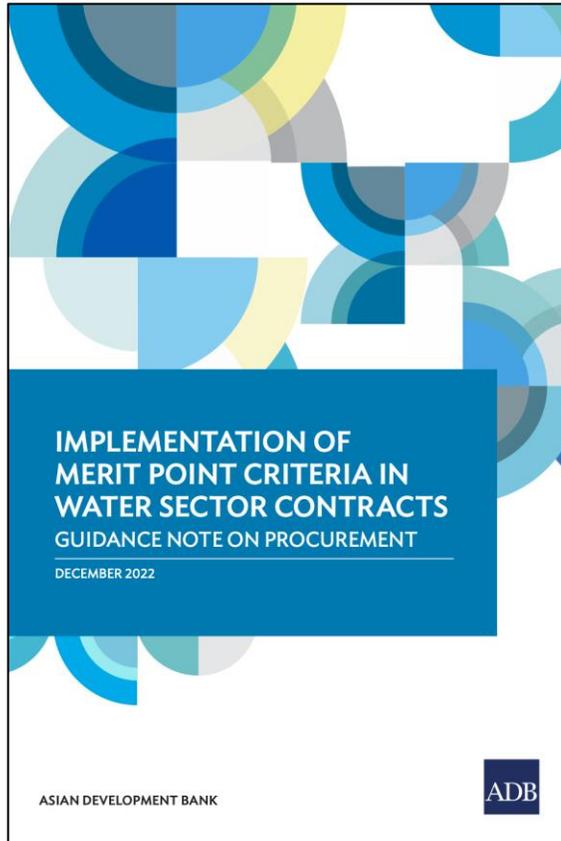
Many international organizations and governments support:

- FIDIC
- EU
- UN
- Others

ADB Guidance notes on use of MPC:



<https://www.adb.org/documents/merit-point-criteria-bid-evaluation>

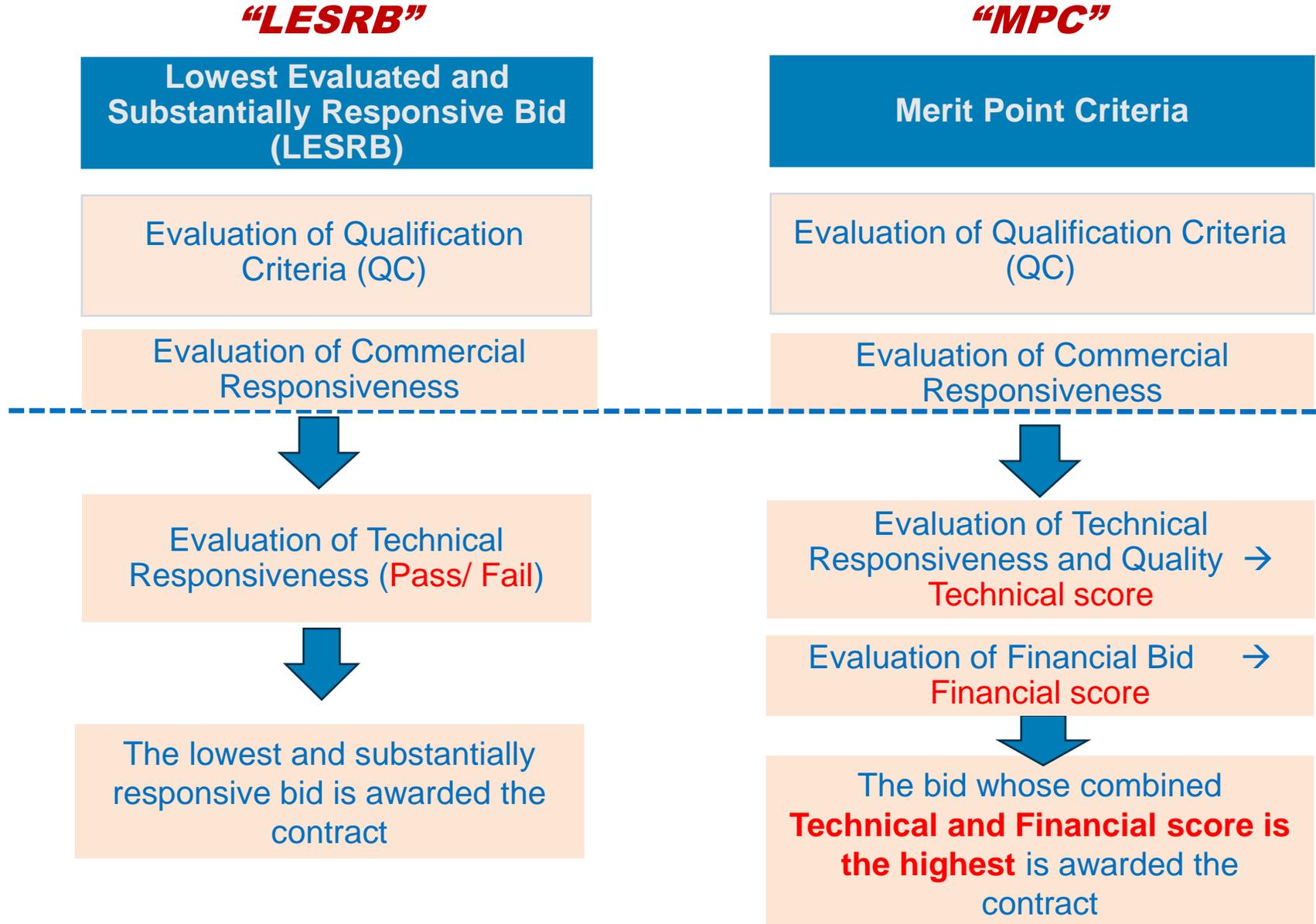


<https://www.adb.org/documents/implementation-merit-point-criteria-water-sector-contracts>



(under preparation)

Comparison between “LESRB” and “MPC”

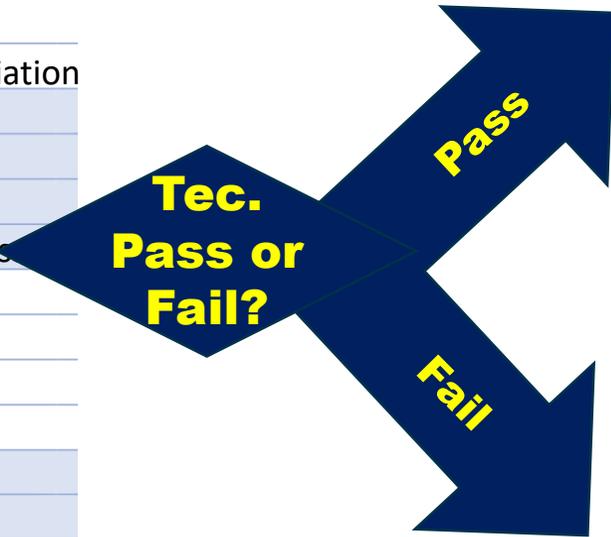


Lowest Evaluated and Substantially Responsive Bid (LESRB) (Pass/ Fail method)



<Example: Technical Proposal>

Criteria #	Criteria	Pass/Fail Evaluation
1	Programming	
1a	Overall Project Schedule	Ok
1b	Design Schedule	Ok
1c	Mobilization Schedule	Minor deviation
2	Methodology – Groundworks	
2a	Subsoil preparation	Ok
2b	Backfill	Ok
2c	Piling	Minor omission
3	Methodology – Station Construction	
3a	Foundation Design	Ok
3b	Architectural design and methodology	OK
3c	Accessibility design	Ok
4	Contractors Health & Safety	
4a	Health and Safety Plan	OK
4b	Emergency Procedures	Major deviation
5	Environmental Management	
5a	Fuel management	OK
5b	Waste materials management and recycling	Major omission
Total		



Lowest price bidder win!

No more Price evaluation

Merit Point Criteria (Scoring method)



<Example: Technical Proposal>

Criteria #	Criteria	MPC (Scoring) method	
1	Programming		
1a	Overall Project Schedule	5 => 90%,	4.5
1b	Design Schedule	5 => 95%,	4.8
1c	Mobilization Schedule	5 => 68%,	3.4
2	Methodology – Groundworks		
2a	Subsoil preparation	10 => 85%,	8.5
2b	Backfill	5 => 95%,	4.8
2c	Piling	10 => 70%,	7.0
3	Methodology – Station Construction		
3a	Foundation Design	10 => 85%,	8.5
3b	Architectural design and methodology	10 => 97%,	9.7
3c	Accessibility design	5 => 87%,	4.4
4	Contractors Health & Safety		
4a	Health and Safety Plan	10 => 77%,	7.7
4b	Emergency Procedures	5 => 50%,	2.5
5	Environmental Management		
5a	Fuel management	8 => 80%,	6.4
5b	Waste materials management and recycling	12 => 45%,	5.4
Total		100	77.6



The combined score (CS):

$$CS = \frac{T}{T_{high}} (100 - X) + \frac{P_{low}}{P} X$$

Highest scored bidder win!

Where:

P = Evaluated Bid Price of the Bid

P_{low} = Lowest of all evaluated Bid Price

T = Technical score given to the Bid

T_{high} = Highest technical score among all bids

X = Financial weight (e.g., 30%)

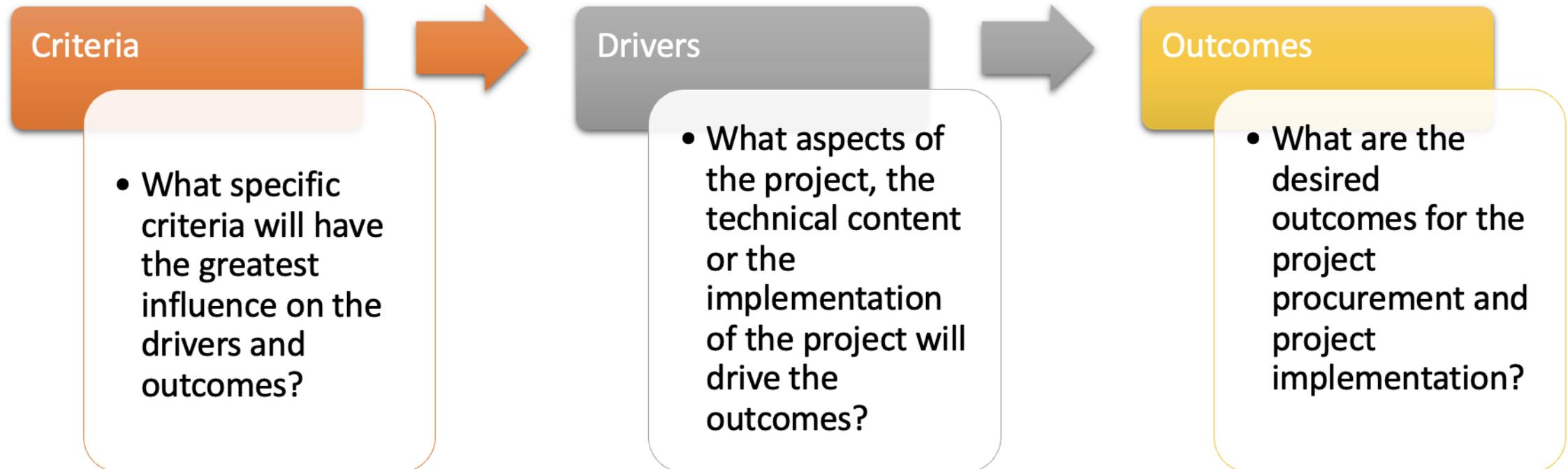
> Minimum requirement

What criteria should be selected under MPC?



What is desired project outcomes/objectives?

The criteria that best support those outcomes/objectives



What criteria should be selected under MPC?



To cover the face of the project, and components of the project.



What Criteria Will be Selected?

<Sample>

Project Planning and Administration											
Organization, Team members	Design Methodology	Construction Methodology	Health and Safety	Environmental	Risk Management	Quality management	Works management	Materials/ Equipment / Logistics	Testing, Commissioning, Handover	Community/ Social	Climate Change
Key Personnel	Design programme	Construction programme	Health and Safety Planning	Environmental Planning	Risk Planning	Quality Planning	Document Management	Sourcing Planning.	Testing	Permitting and Compliance Planning	Climate Change Planning
Experience	In-house design	Method Statements	Innovative Safety concepts	Local design/integration with environment	Initial Risk Register	Management Manuals	Resources Planning	Logistic Management tools.	Commissioning	Gender plans	Design and construction
Mobilization schedule	Outsourced design		Design of safety measures	Management Manuals	Management Manuals		Initial works programme	Key Material Key Equipment	Handover	SMEs	
			Management Manuals					Country of Origin	Maintenance	Local Participation	
								Mobilization schedule			
<----- Sustainability ----->											
Project Execution											
Reporting line	Integration with programme	Inspections	Construction Safety	Environmental protection	Management	Record keeping	Detailed work programme	Sourcing		Special site/ land use conditions	Carbon Footprint
Replacements	Compliance checks	Records	Equipment Safety	Waste reduction/ recycling	Monitoring		Compliance with Key Dates, Completion Dates	Storage		Impacts on local groups	Resilience
	Liability	Temporary works	Operational Safety	Odors/noise/vibration			Resources Management	Spare parts		Gender management	Innovation
		Permanent Works						Guarantees/ Warrantees		Interruptions to local businesses	Emissions
								FAT		Displacement	
								Trainings		Fair trade	
<----- Sustainability ----->											

Recommendations for Implementing MPC

- MPC bring great values for effective procurement, including SuSS evaluation.
- MPC Methodology is examined in SPP (Strategi Procurement Planning) stage.
- Selection of MPC criteria become crucial for successful procurement.
- Training and capacity building should be developed and implemented

