

*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.*

# Updates to ADB's Procurement Directives- Key Changes

**International Procurement Workshop**  
26-27 November 2025





# AGENDA

---

ADB's Procurement Framework

---

Objectives and Proposed Changes

---

Key Procurement Roles

---

Early Market Engagement

---

Merit Point Criteria

---

Local Participation

---

Other Changes in Directive

---

Rollout and Monitoring

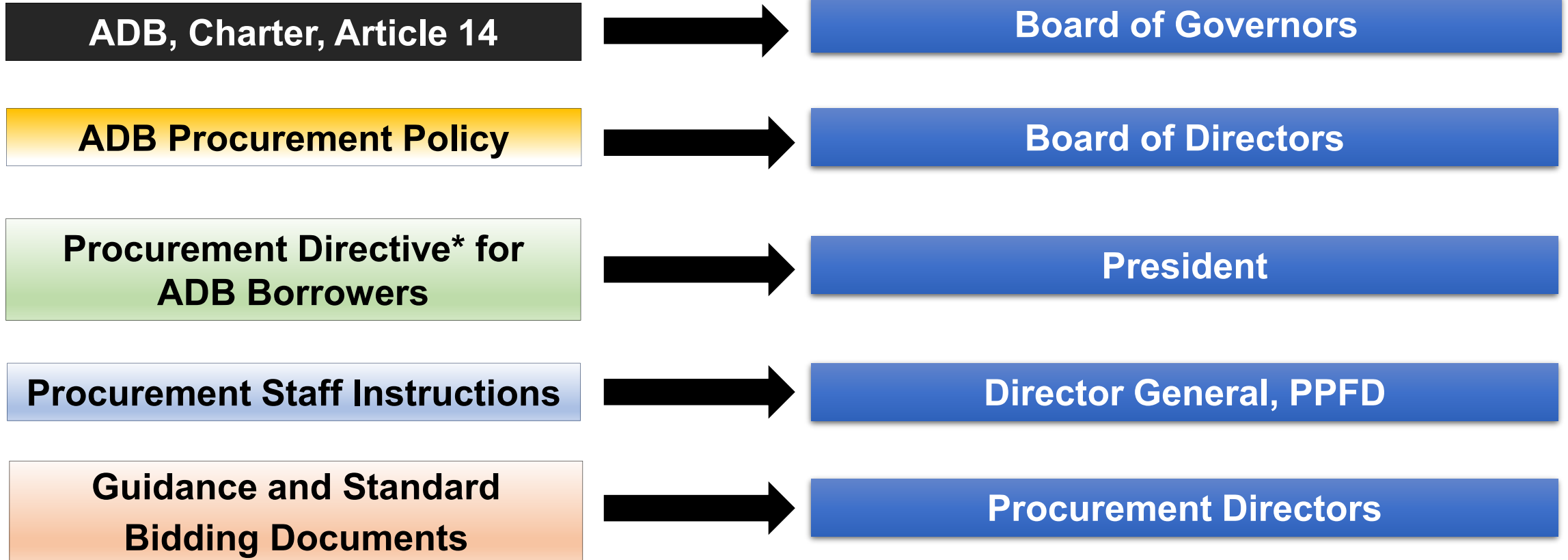
---



# ADB's Procurement Framework

## *Document Hierarchy:*

## *Approved by:*



*\*Taxonomy updated from "Regulations" to "Directive" in compliance with new ADB Policy Architecture.*



# Procurement Directive for ADB Borrowers: Objectives and Proposed Changes

## Align with new ADB Policy Architecture

- Change taxonomy (replace *Regulations* with *Directive*).
- Place details at appropriate level (high-level in Directive; specifics in guidance notes and Staff Instruction).

## Promote Innovation and Enhance Supplier Base

- Mandate early market engagement for international contracts.
- Include competitive dialogue as a procurement method.

## Improve Quality and Value for Money

- Mandate merit point criteria for contracts advertised internationally.

## Foster Economic Growth and Local Development

- Mandate minimum local labor participation.

## Reward Sustainable Procurement

- Provide incentives for environmental, social, economic & institutional considerations (job creation/skills development).



# Early Market Engagement

Required for internationally advertised contracts to promote innovation and enhance the supplier base



## **Engage with the market before bidding**

- Helps the borrower better understand market conditions and obtain feedback on requirements, risks, and costs.
- Provides opportunities to identify innovation and sustainability considerations.
- Raise awareness and stimulate interest from qualified suppliers.



# Types of Early Market Engagement

## Requests for information

- Surveys to suppliers to sound out the market.

## Market roadshows

- Face-to-face engagement to explain the project, seek feedback, and build market interest.

## Feedback on draft specifications

- Review of draft specifications for accuracy, clarity and feasibility.

## Feedback on draft contract



- Review of draft contract, risk allocations and KPIs

## Market consultations

- Early-stage engagement with market to explore innovative or complex needs.



# Examples of Early Market Engagement

Project	Funafuti Water Supply and Sanitation Project (Tuvalu) 	Assam State Tertiary Healthcare Augmentation (ASTHA) Project (India) 
<b>Package</b>	Main civil works package (\$9.2 million)	Expansion and modernization of Guwahati Medical College & Hospital, Guwahati, Assam (\$ 267million)
<b>Type of EME</b>	Detailed survey issued to bidders.	Industry Outreach and Market Analysis workshop (25/5/25).
<b>Purpose</b>	Test procurement and contracting approach.	Confirm potential bidder's interest; ensure acceptability of evaluation using Merit Point Criteria.
<b>Benefits</b>	Strengthened procurement documents; market interest verified.	Confirmed acceptability of MPC with major civil works contractors.
<b>Outcome</b>	<ul style="list-style-type: none"> <li>• 10 responses received</li> <li>• Consolidation of procurement into one package</li> <li>• Preference for design-bid-build approach</li> <li>• Qualification criteria confirmed</li> </ul>	<ul style="list-style-type: none"> <li>• More than 50 contractors and consultant firms participated in the workshop,</li> <li>• Confirm the capacity of contractors to Design and Build very high value and complex package,</li> <li>• Quality criteria were confirmed in line with contractual KPIs (response time, life saving equipment etc...).</li> </ul>
<b>Timeline</b>	Q1, 2023	Q4, 2025 / Q1, 2026

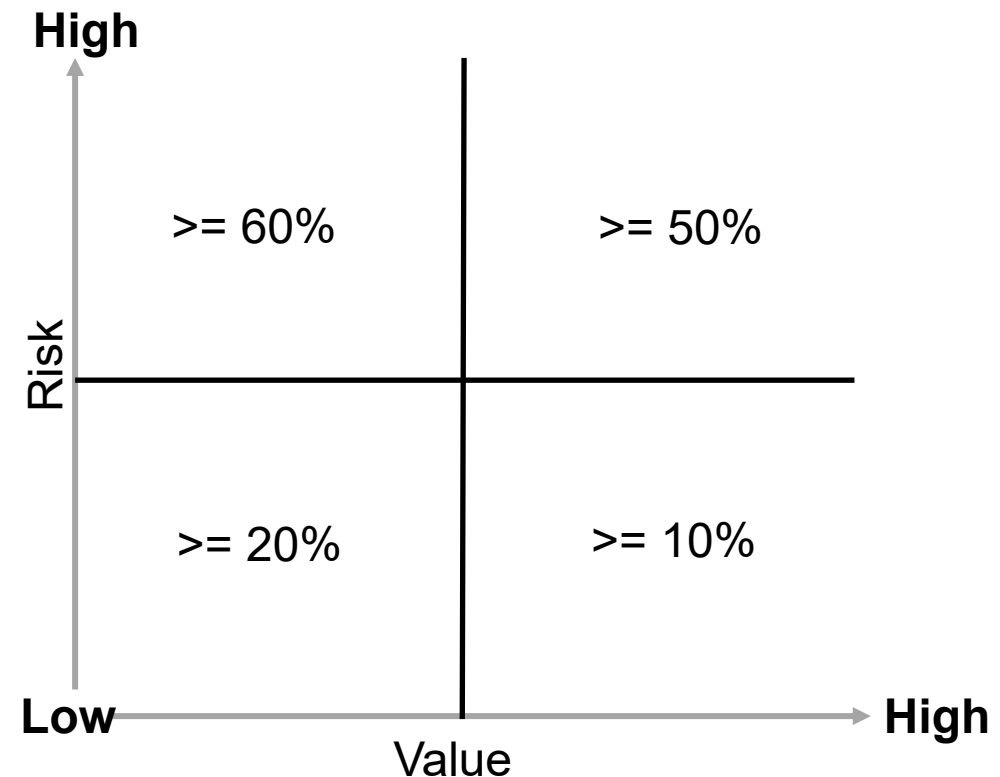


# Enhancing VFM & Quality through MPC

## MPC Requirements as of 1 January 2026

- **MPC will be mandatory for internationally advertised contracts.**
- For contracts with substantial/high procurement risk, the minimum technical weighting is 50%.
- Procurement risk is assessed during Strategic Procurement Planning.
- Key risk areas include borrower capacity, market complexity and readiness, procurement and implementation complexity
- High value for the purpose of technical weightings is >USD 10 million

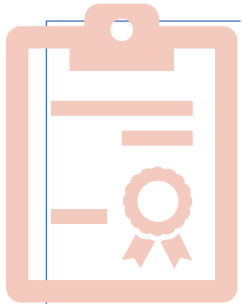
## MPC minimum technical (qualitative) weightings:



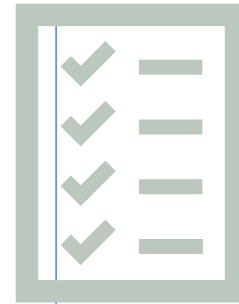




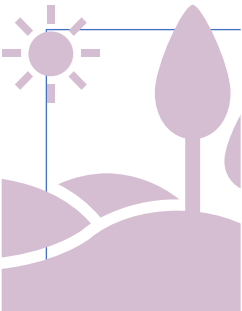
# Enhancing VFM & Quality through MPC



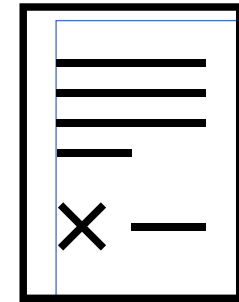
Evaluation method emphasizing technical quality through a weighted scoring system.



Borrower scores key technical areas most critical for delivering quality infrastructure.



Enables consideration of other objectives (job creation, sustainability, innovation, health and safety, and environmental performance).



Enables the introduction of KPIs, improved contract performance through damages for poor performance (or bonuses for good performance)



# Potential impacts and Mitigation - MPC

## Potential Impacts

## Mitigation Measures

**Introduction of evaluator subjectivity or unconscious bias, leading to unfair supplier assessments.**

- Use clear, measurable scoring rubrics
- Involve multiple evaluators to reduce bias
- Train evaluators for consistency

**Placing too much weight on technical criteria may overlook cost, leading to exceeding the cost estimate.**

- Balance quality with cost considerations.
- Include life-cycle costing in assessments, not just upfront prices.
- Set thresholds for technical scores before considering financial bid.

**Can increase evaluation complexity and prolong procurement timelines.**

- Limit the number of technical criteria to essential.
- Use standardized templates and scoring tools.
- Ensure adequate resourcing for evaluation teams.

**Strict or poorly designed criteria may unintentionally exclude providers, reducing competition and innovation in the market.**

- Ensure proportionality of requirements.
- Offer clarification sessions.
- Use flexible criteria “desirable” vs. “mandatory”.
- Encourage early market engagement.

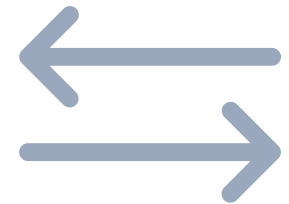
**If criteria are not applied consistently or transparently, this may lead to complaints, disputes, or even legal challenges.**

- Clearly publish evaluation criteria and weightings in SBDs.
- Keep a transparent audit trail of scoring and justifications.
- Regularly review evaluation practices against Directive.
- Provide debriefs to unsuccessful bidders to maintain trust.



# ADB Assistance to Borrowers to Facilitate the Change

- Briefings for procurement and oversight agencies began in Q3 2025.
- Project-specific training will be delivered during project processing.
- Transition arrangements will be introduced to ease the implementation burden.
- Hands-on support, through external consultants, for the design and implementation of MPC, particularly for borrowers applying MPC for the first time.





## Use of MPC in the participating DMCs

Bhutan	<b>Yes.</b> Use of point-based system of evaluation for procurement of large works.
Georgia	<b>Yes.</b> Weighted criteria are only used for “Competition” and “Two-stage Tender” methods.
India	<b>No.</b> Only the lowest evaluated substantially responsive bid. However, use of QCBS is permitted for procurement of works and NCS in some cases.
Indonesia	<b>Yes.</b> Use of MPC was available as an option; is encouraged for Design-Build.
Kyrgyz Republic	<b>Yes.</b> New 2022 PPL introduced MPC as optional, however, not widely used as historically price based evaluation was the major method and there is no implementation guidelines developed.
Lao PDR	<b>No.</b> Only the lowest evaluated substantially responsive bid
Maldives	<b>No.</b> Scoring is used only for technical criteria for procurement by SOE. All other procurement, the award goes to lowest evaluated price bid.
Mongolia	<b>No.</b> Lowest evaluated substantially responsive bid for all procurement, except for procurement of pharmaceuticals and medical supply.
Thailand	<b>Yes.</b> When procurement involves the supplies intended to be granted promotion or support by the State.
Uzbekistan	<b>Yes.</b> 2024 procurement allows use of MPC as an option.



# Local Participation: Background

- The *G20 Principles for Quality Infrastructure Investment* highlight job creation and technology transfer in infrastructure projects.
- 1.2B youth entering emerging economy workforces over the next decade → strong incentive to expand jobs on ADB contracts.
- DMCs are increasingly seeking opportunities to maximize the secondary economic benefits of projects financed by ADB.



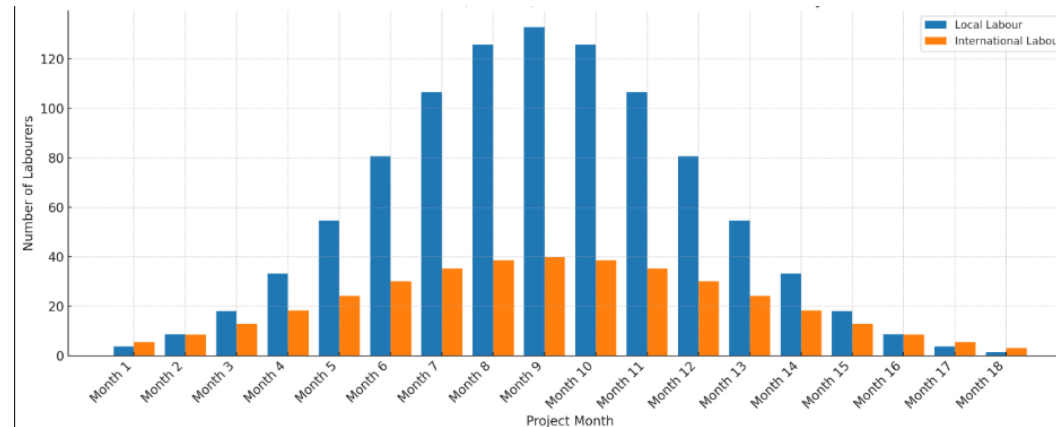


# Approach

## Qualification Criteria

- As a minimum, **50 % of the workforce shall be local labor**
  - Applicable on 1 January 2026
  - Lower threshold permitted in certain situations (e.g., SIDS) if justified in procurement strategy.
  - Borrowers may give scoring benefits to contractors exceeding the minimum in MPC evaluations.
- 
- **Calculation by person days**

**Required on internationally advertised contracts, recommended elsewhere**





# Other Changes in Directive

## **Sustainable Procurement**



Where the MPC evaluation method is used, up to 25% of the technical score may be allocated to sustainability aspects.

## **Beneficial Ownership**



Successful bidders on internationally advertised contracts must disclose their beneficial ownership before execution, ensuring transparency of firms awarded ADB-financed contracts.

## **Collaborative Contracting**



Collaborative methods (e.g., competitive dialogue, early contractor involvement) suit high-risk or high-value contracts where early market input adds value and borrower capacity is sufficient.



# Sustainable public procurement

achieved through

- policy and regulation
- contract requirements
- specification
- criteria setting

informed by prioritization and  
market analysis

ENVIRONMENTAL



SOCIAL



ECONOMIC



INSTITUTIONAL



It's  
more than  
just green



**Strategically Aligned  
with Public Goods**

**Amplifier of**  
environmental, social,  
economical impacts  
through market shaping

*Do good both through what is built  
and through how it is built*





## Phased approach to introduction of MPC and local labor

**For projects approved prior to 1 January 2026:** Open Competitive Bidding (OCB) packages internationally advertised within 12 months of the Directive's effective date may continue to use evaluation methods other than MPC and not apply the requirements on local labor.

**For projects approved after 1 January 2026:** OCB packages internationally advertised within six months of the Directive's effective date may continue to use evaluation methods other than MPC and not apply the requirements on local labor.



# Guidance and Materials to support roll-out

Guidance Note on MPC

Guidance on Local Participation

Guidance Note on Early Market Engagement

Guidance Note on Bid Evaluation

Updated Standard Bidding Documents with integrated guidance

ADB's Operational Procurement Webpage



# Thank you