

Business Opportunity Fair, Vientiane, Lao PDR  
Venue: Crowne Plaza Hotel

# New Procurement Regulation

Merit Point Criteria, Local Labor Engagement

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Chitoshi Izumi

Regional Procurement Hub, Thailand, Viet Nam, Cambodia, Lao PDR and Myanmar  
Asian Development Bank

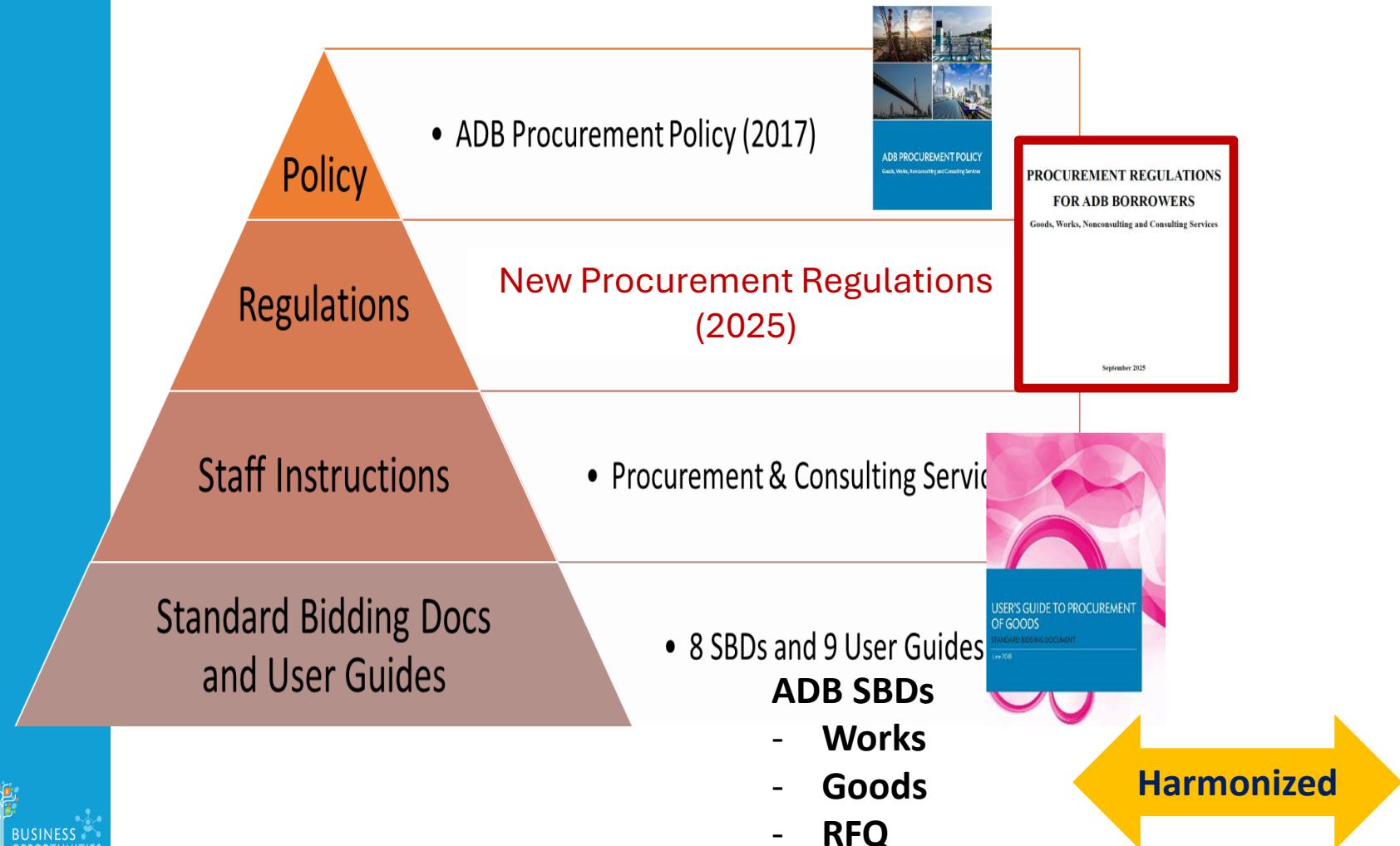
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# Procurement Framework



## ADB Procurement Framework



## Lao PDR Procurement

**2017: Public Procurement Law (PPL)**

**2019: Instruction**

**LAO SOP SBDs (MOF Web site)**

- Works
- Goods
- RFQ



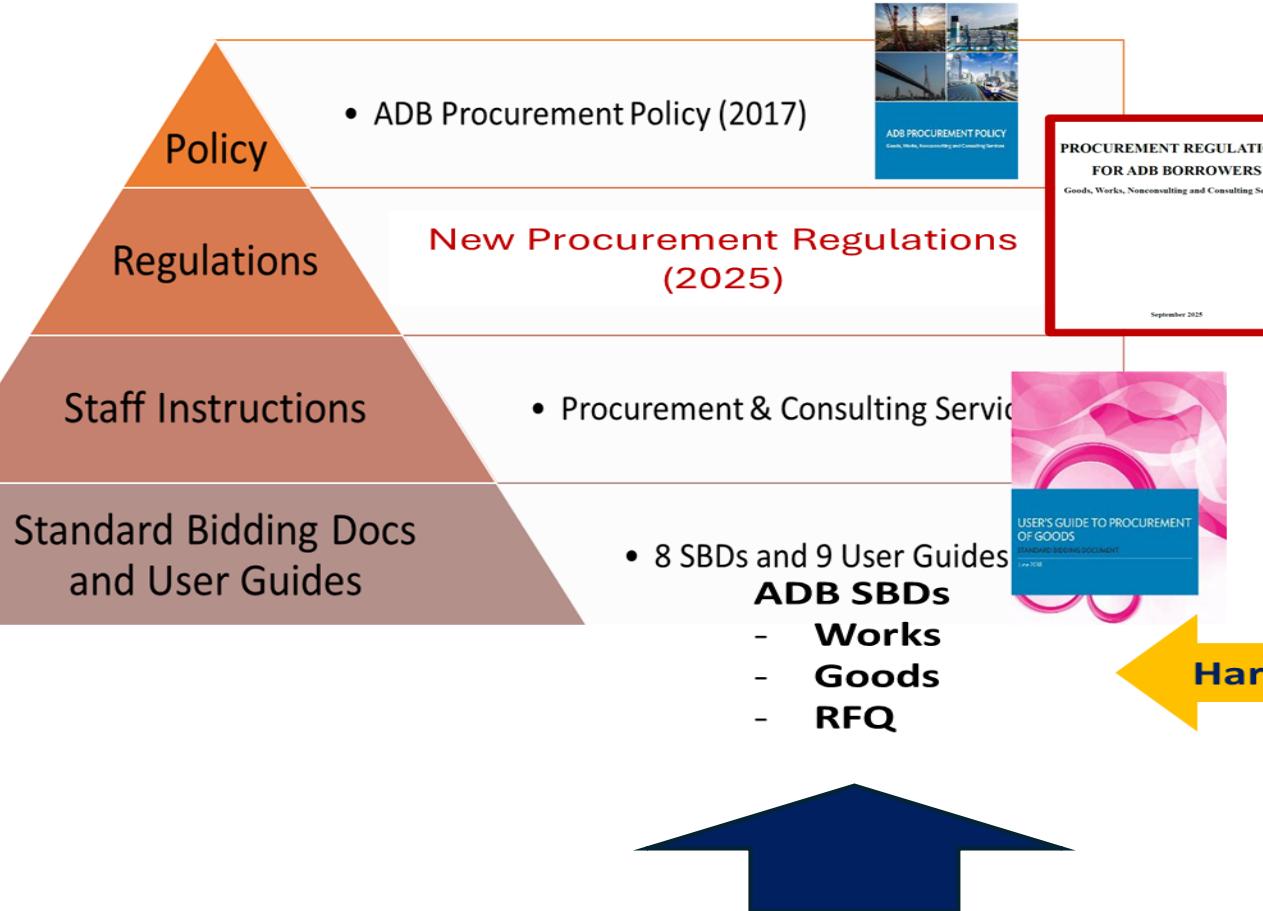
**2025**

**~~2022~~ Harmonized (ADB/WB) SBDs**

- Works
- Goods

# Bidding documents

## ADB Procurement Framework



***Open Competitive Bidding  
with International Advertisement  
(ADB/WB OCB - I)***

## Lao PDR Procurement

2017: Public Procurement Law (PPL)

2019: Instruction

### LAO SOP SBDs (MOF Web site)

- Works
- Goods
- RFQ



~~2025~~

~~2022~~ Harmonized (ADB/WB) SBDs

- Works
- Goods



***Open Competitive Bidding  
with National Advertisement  
(ADB/WB OCB - N)***

# Objective of New Procurement Regulation

## Align with new ADB Policy Architecture

- Change taxonomy (Regulations to Directive).
- Align guidance to appropriate level (i.e., details in Guidance Notes and Staff Instructions).

## Promote Innovation, Enhance Supplier Base

- Mandate Early Market Engagement for international contracts.
- Include competitive dialogue 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 sustainability (job creation/skills development incentives).

# New Procurement Regulation for OCB-International

## Mandatory Merit Point Criteria (MPC)

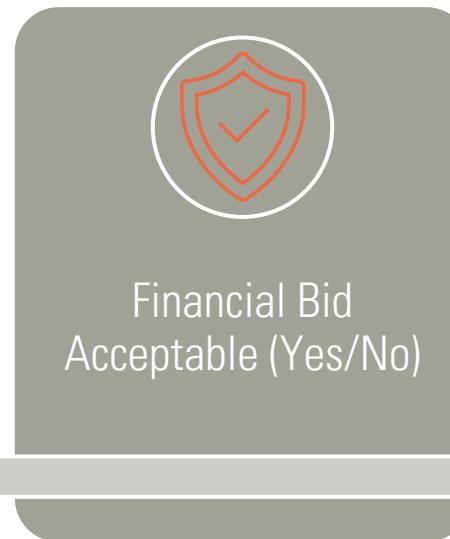
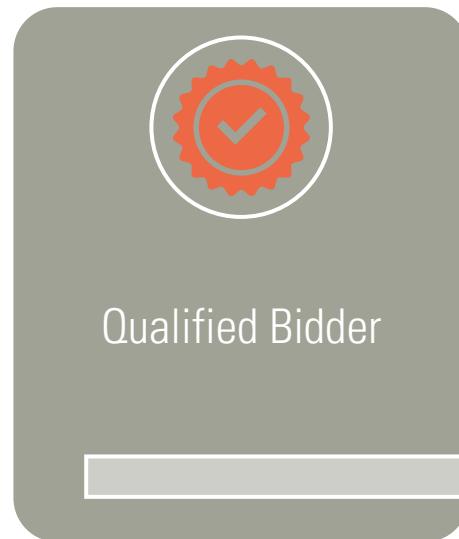
*ADB will mandate the use of MPC from 1 January 2026 to support the implementation of quality infrastructure, provide better value for money in ADB-financed projects. All contracts internationally advertised after this date will be mandated to use MPC as the evaluation method.*

## Mandatory Local Labor participation

*To foster Economic Growth and Local Development, ADB will mandate minimum local labor participation, provided better value for money in ADB-financed projects. All civil Works internationally advertised will be mandated to request local labor participation, and those are evaluated under MPC evaluation method.*

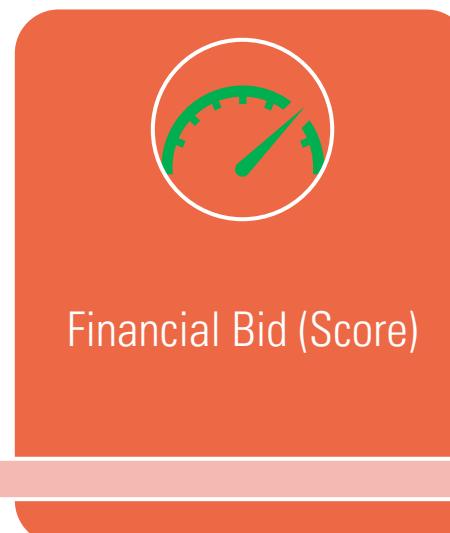
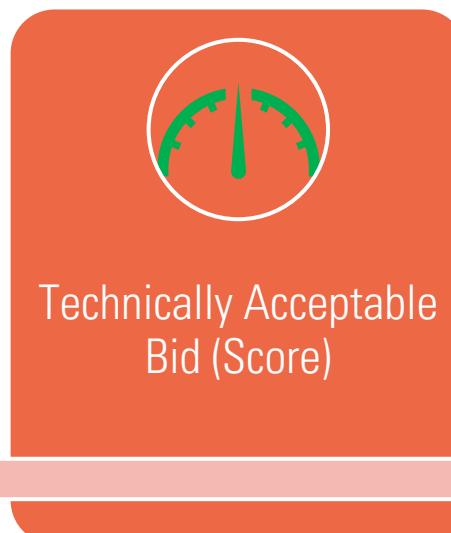
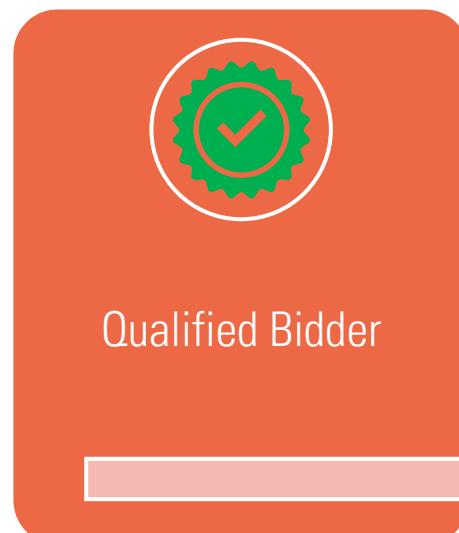
# What are the two key methods of evaluation?

ADB



Lowest Evaluated Substantially Responsive Bid (LESRB)

Applicable: OCB-N packages



Merit Point Criteria (MPC)

Mandatory: OCB-I

# Merit Point Criteria\_Sample evaluation

The combined score (CS):

$$CS = \frac{T \times X}{T_{high}} + \frac{P_{low}}{P} (1 - X)$$

Where:

P = Each Bid Price

$P_{low}$  = Lowest Bidder's Price

T = Each Technical score

$T_{high}$  = Highest technical bidder's score

X = Technical weight (e.g., 40%)

## **<Sample>**

Bidder A: Tec score: 95, Fin: \$50 million

Bidder B: Tec score: 60, Fin: \$39 million



Bidder A:  $95/95 \times 40\% + 39/50 \times 60\% = 87$

Bidder B:  $60/95 \times 40\% + 39/39 \times 60\% = 85$

***Highest scored bidder win!***



# 2026 Mandate Requirements

## MPC Evaluation Method

From January 2026, MPC evaluation will be mandatory for all International Open Competitive Bidding procurements, to support the implementation of quality infrastructure, provide better value for money in ADB-financed projects.

### Technical Weighting Criteria

Technical weighting ranges from 10% to 60%, based on procurement risk and contract value.

- **Sustainable Procurement Points:** *Up to 25%* of technical points can be allocated to sustainable procurement initiatives.
- **Local Labor and Job Creation:** Local labor participation must *be at least 50%*, with *up to 15%* technical points for job creation and skills development.

#### The combined score (CS):

$$CS = \frac{T}{T_{\text{high}}} \times X_1 + \frac{P_{\text{low}}}{P} \times X_2$$

Where:

P = Each Bid Price

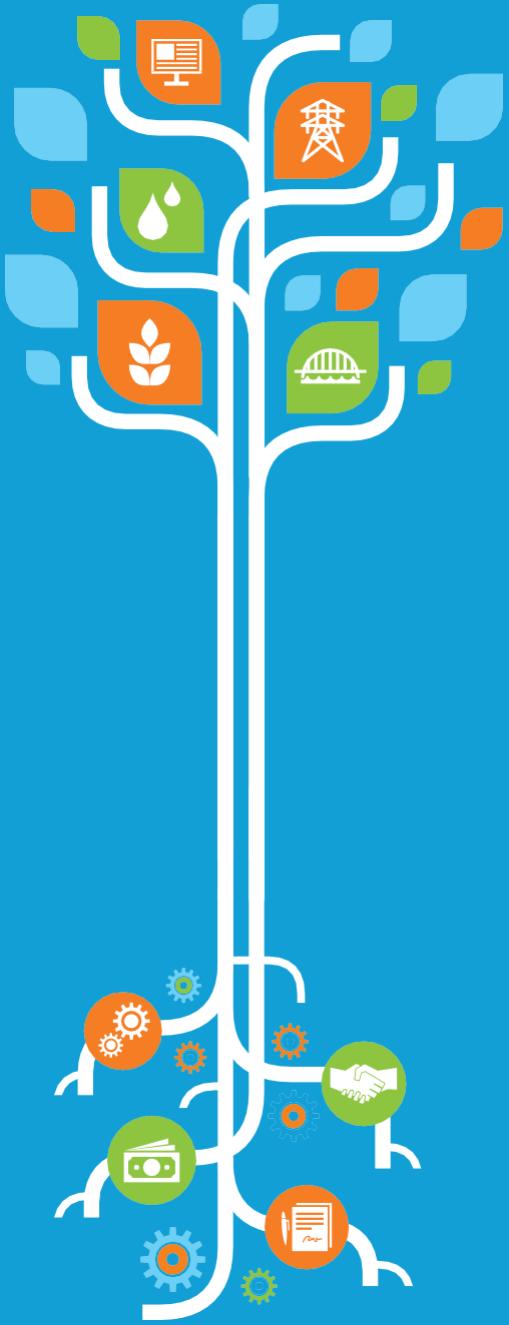
$P_{\text{low}}$  = Lowest Bid Price

T = Each Technical Score

$T_{\text{high}}$  = Highest Technical Bidder's Score

$X_1$  = Technical Weight (e.g., 40%)

$X_2$  = Financial Weight (e.g., 60%)



# Thank You !

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