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Cambodia
Outreach Conference for Private sector on Bidding Opportunities

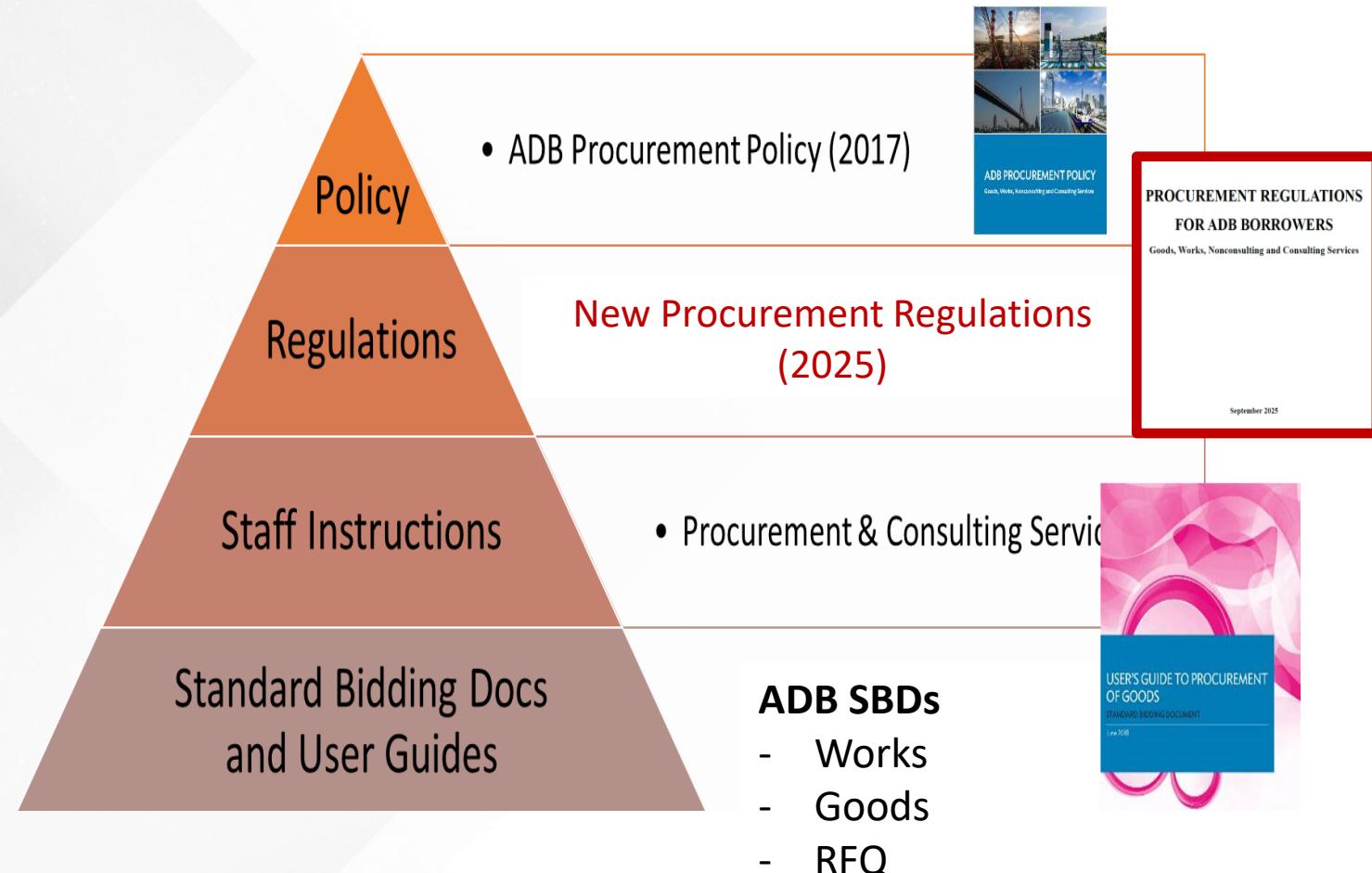
New Procurement Regulations: Merit Point Criteria, Local Labor Engagement

10, 11 December 2025

Chitoshi Izumi, Senior Procurement Specialist, Procurement Division, PPFD

Procurement Framework

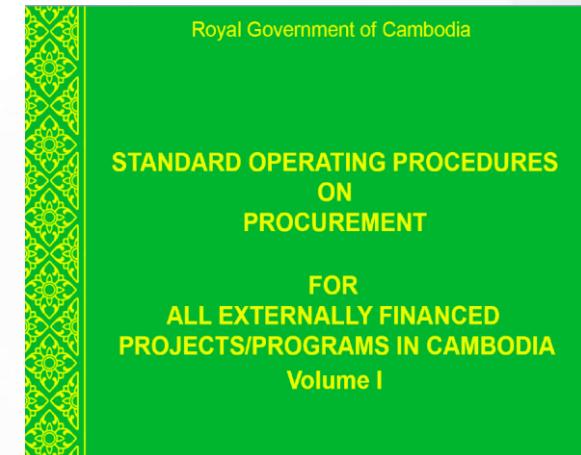
ADB Procurement Framework



Cambodia Procurement

2023: National Public Procurement Law

2019: Standard Operating Procedures (SOPs)



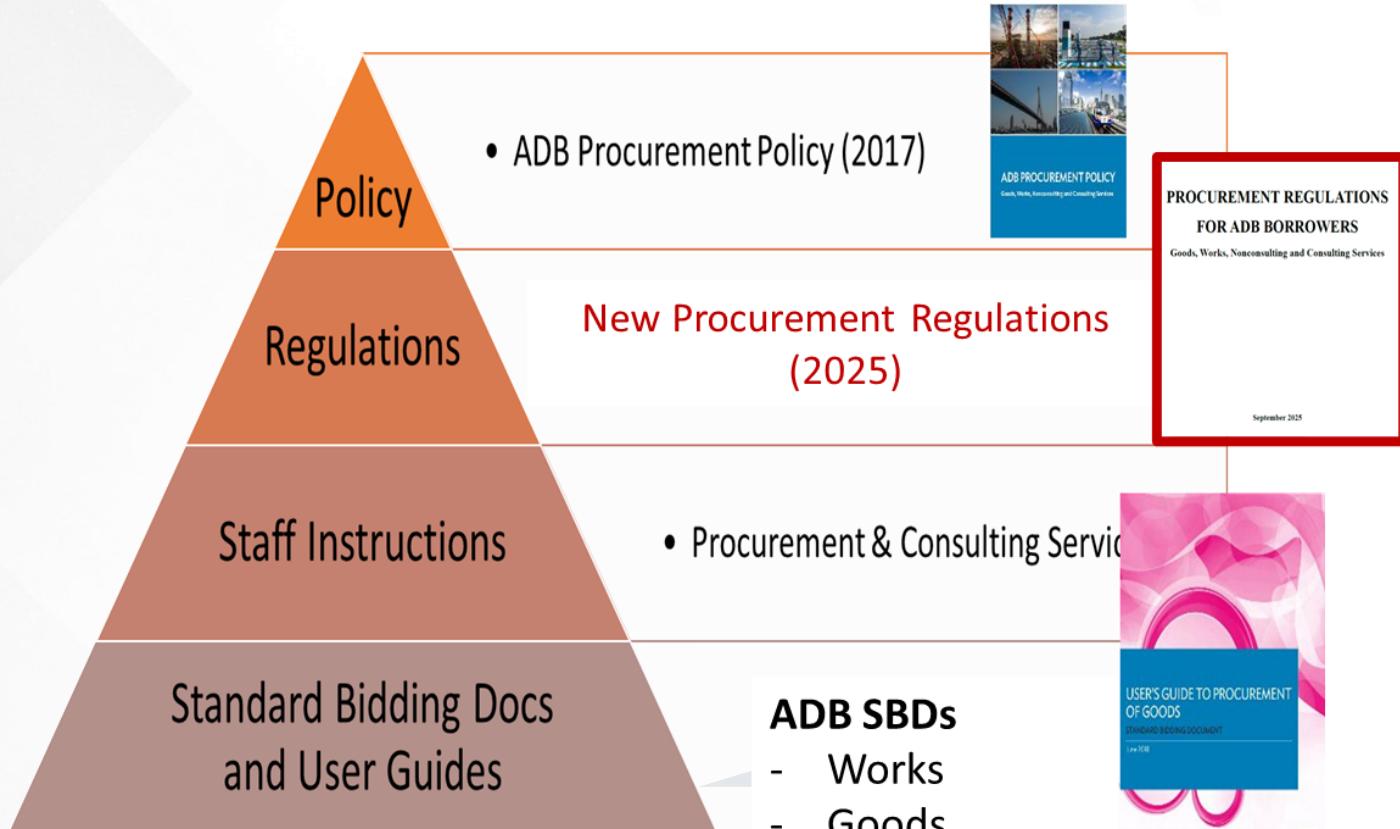
CAM SOP SBDs

- Works
- Goods
- RFQ



Bidding documents

ADB Procurement Framework

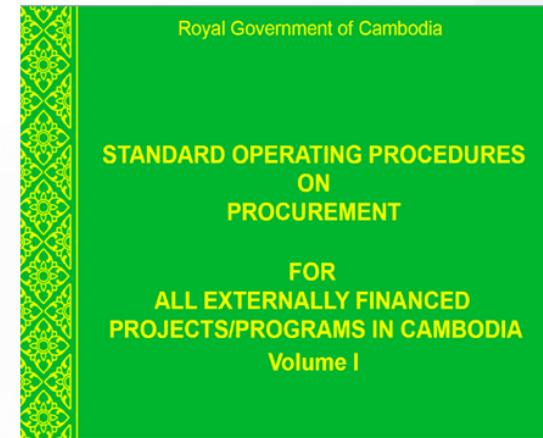


***Open Competitive Bidding
with International Advertisement
(ADB OCB - I)***

Cambodia Procurement

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CAM SOP SBDs

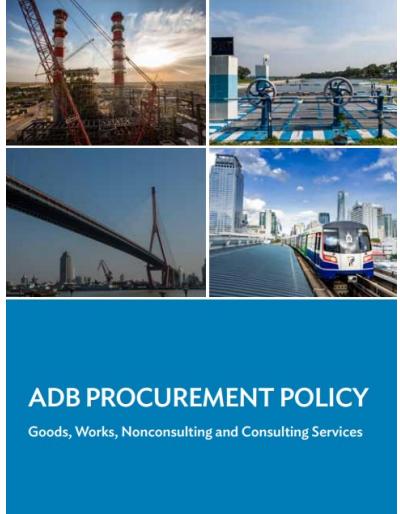
- Works
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***Open Competitive Bidding
with National Advertisement
(ADB/WB OCB - N)***



Procurement Policy

ADB



ADB's Core Procurement Principles

Economy



Efficiency



Fairness



Transparency



Quality



Value for money

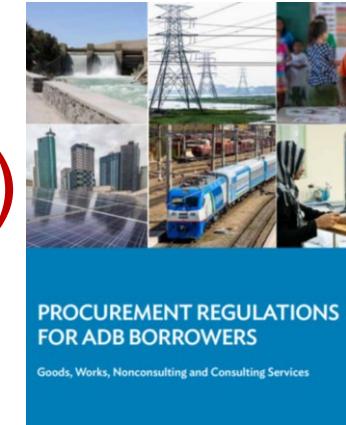


Procurement Regulations (2017)

→ Procurement Directive (2026)

- Procurement Principles
 - Adhere to Core principles
- Fitness for Purpose
 - Appropriately reflect needs of the situation
- Eligibility
 - Funds are to be used for approved purposes only
- Development of Domestic Industry
 - Encouraged
- Integrity
 - Highest ethical standards
- Conflicts of Interest
 - Declare, address, mitigate
- Accountability
 - Expectation of accountability to delivery

- Noncompliance
 - Non-compliance may result in impacts on funding
- Complaints
 - Raised appropriately and addressed objectively
- Alternative Procurement Arrangements
 - Approved alternative arrangements may be used
- E-procurement
 - Encouraged
- Procurement Plan
 - A procurement plan must be developed and show how the project procurement activities support the delivery of the project objectives



Procurement Directive: Objectives and Changes

Promote Innovation and Enhance Supplier Base

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

Improve Quality and Value for Money

- Require merit point criteria for contracts advertised internationally.

Foster Economic Growth and Local Development

- Mandate minimum local labor participation on internationally advertised construction contracts.

Reward Sustainable Procurement

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

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).

2026 MPC Requirement



MPC Evaluation Method

From January 2026, MPC evaluation (Scoring evaluation on Tech & Fin proposal) will be mandatory for all Internationally advertised Open Competitive Bidding procurements.

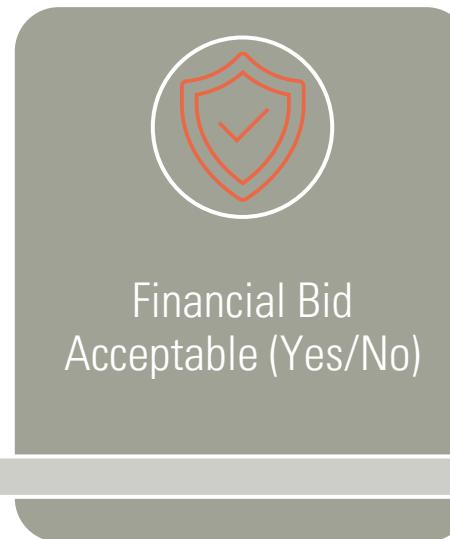
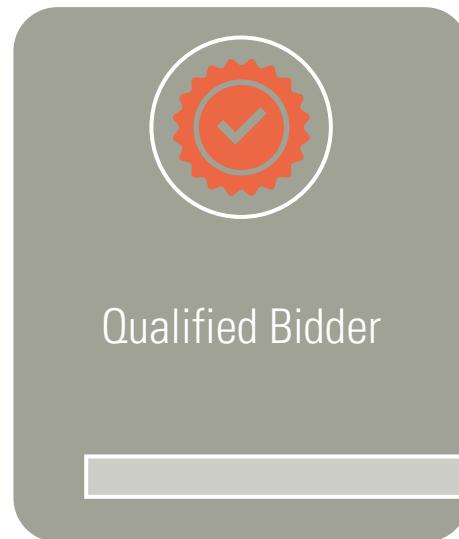
Technical Weighting Criteria

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:** At least *half* of labor used on international contracts must be local. Separately, *up to 15%* of MPC technical points for job creation and skills development.

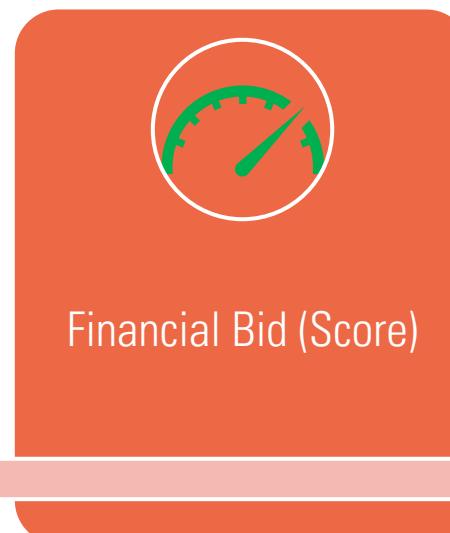
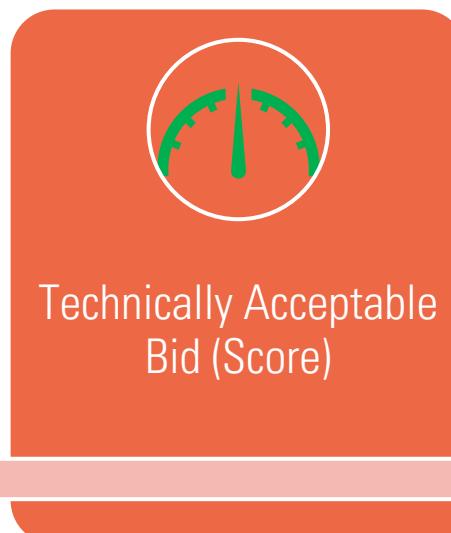
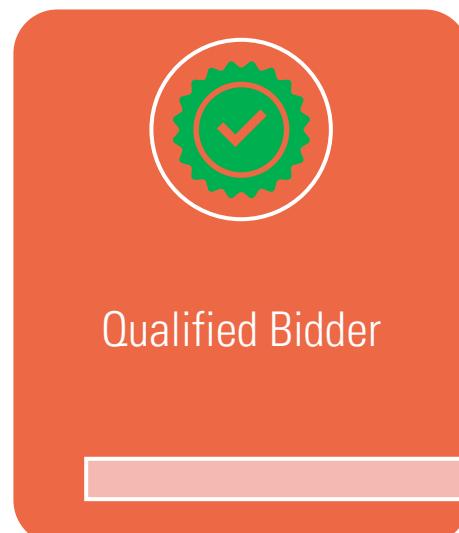
What are the two key methods of evaluation?

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

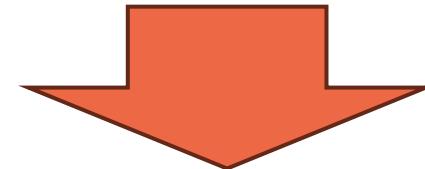
T_{high} = Highest technical bidder's score

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

<Sample>

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

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

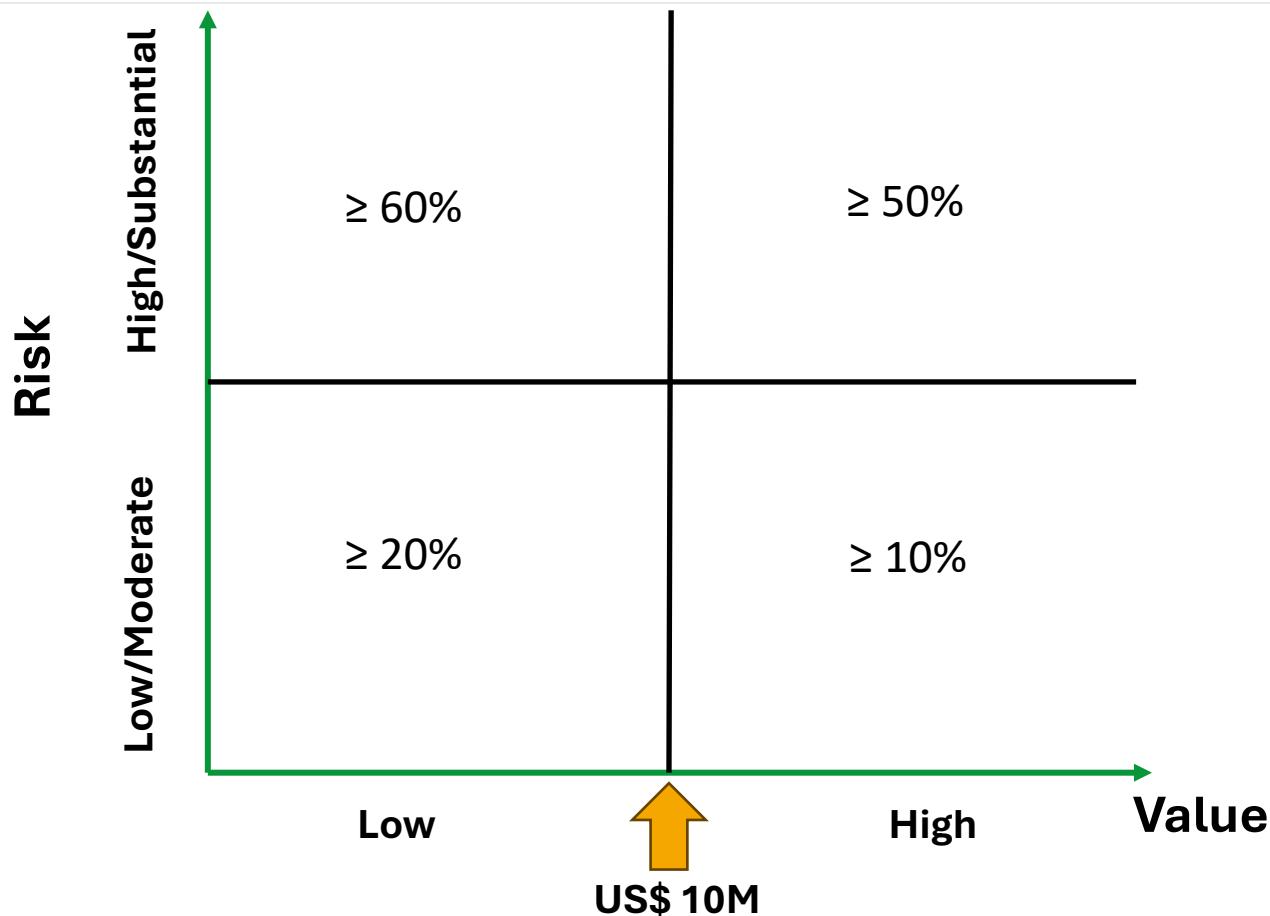


Bidder A: $95/95 \times 40\% + 39/50 \times 60\% = 87$

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

Highest scored bidder win!

Technical: Financial Ratio



Minimum Threshold is based on Procurement Risk and Value

Contract valued at \$10M and above is considered as High Value for weighting purposes

Procurement Risk is assessed based on Procurement Risk Framework.

Procurement Risk Classification

Risk Rating	Procurement Capacity	Market Condition	Contract Complexity	Contract Size	Implementation Environment
	Implementation Environment				
Low	<ul style="list-style-type: none"> Borrower has experienced staff with recent track record in contracts of similar scale or complexity Stable resources and staffing levels (minimal turnover) Well-established procurement systems (policies, processes and procedures, structures or tools and technology) Consistent, timely, and compliant performance on past contracts, demonstrating the ability to deliver without additional support 	<ul style="list-style-type: none"> Broad, competitive market with multiple capable bidders available Price stability observed against established estimates Stable and reliable supply chains Minimal market volatility or risk of external disruptions 	<ul style="list-style-type: none"> Use of bidding documents involving straightforward procurement methods Minimal customization to existing ADB standard bid documents Low transaction costs (time, effort, resources), easy coordination, and minimal governance risks 	<ul style="list-style-type: none"> Contract value is less than 5% of the total project cost, or below \$20 million, whichever is lower 	<ul style="list-style-type: none"> Stable, predictable implementation conditions (no major uncertainties) Straightforward coordination with minimal environmental constraints or stakeholders involved (e.g. government agencies, local authorities, providers, donors) No major external dependencies or site constraints affecting execution All necessary permits, utilities, and logistic arrangements are in place before contract award
Moderate	<ul style="list-style-type: none"> Generally adequate capacity, with some experience gaps in contracts of similar scale or complexity Some staff turnover or limited exposure in specific areas Functional procurement systems with occasional inefficiencies or process gaps May require limited, targeted support to maintain compliance with ADB procedures 	<ul style="list-style-type: none"> Competitive market with several capable bidders, though the supplier base is somewhat concentrated Occasional fluctuations in prices or demand (some market volatility) Supply chains are mostly reliable, subject only to minor disruptions or delays Moderate overall volatility (shows some sensitivity to external changes, but it remains manageable) 	<ul style="list-style-type: none"> Bidding documents involving procurement methods with some customization or additional coordination needs¹ May require extra steps such as supplier prequalification or multi-envelope bid procedure Slightly higher transaction and governance burden than low risk (more steps, but still routine) 	<ul style="list-style-type: none"> Contract represents 5-10% of total project cost or \$20-40 million, whichever is lower 	<ul style="list-style-type: none"> Some external dependencies exist (e.g. few third-party stakeholders or minor site relocations required) Limited site access issues or environmental constraints that are routine and manageable (standard site conditions) A generally conventional implementation environment with no unusual challenges Potential schedule impacts can be mitigated through proper planning and engagement of stakeholders
Substantial	<ul style="list-style-type: none"> Limited exposure to contracts of similar scale or complexity Staffing constraints or insufficient experience in key functions Notable weaknesses or lack of integration in procurement systems Requires structured technical and/or oversight support for 	<ul style="list-style-type: none"> Limited competition, with only a few capable bidders available Price volatility makes it difficult to generate accurate cost estimates. Supply chains are prone to disruption or price volatility due to external dependencies Noticeable risk of cost escalation or 	<ul style="list-style-type: none"> Complex or specialized bidding documents involving procurement methods requiring adaptation of technical requirements or procedures May involve multiple procurement stages, customized documents, or advanced contract forms 	<ul style="list-style-type: none"> Contract represents 10-25% of total project cost or \$40-80 million, whichever is lower 	<ul style="list-style-type: none"> Multiple stakeholders or agencies require coordinated approvals and ongoing alignment Complex permitting requirements or environmental constraints (traffic management, limited work hours, etc.) Use of specialized methods or significant geotechnical challenges, with some

Local Participation

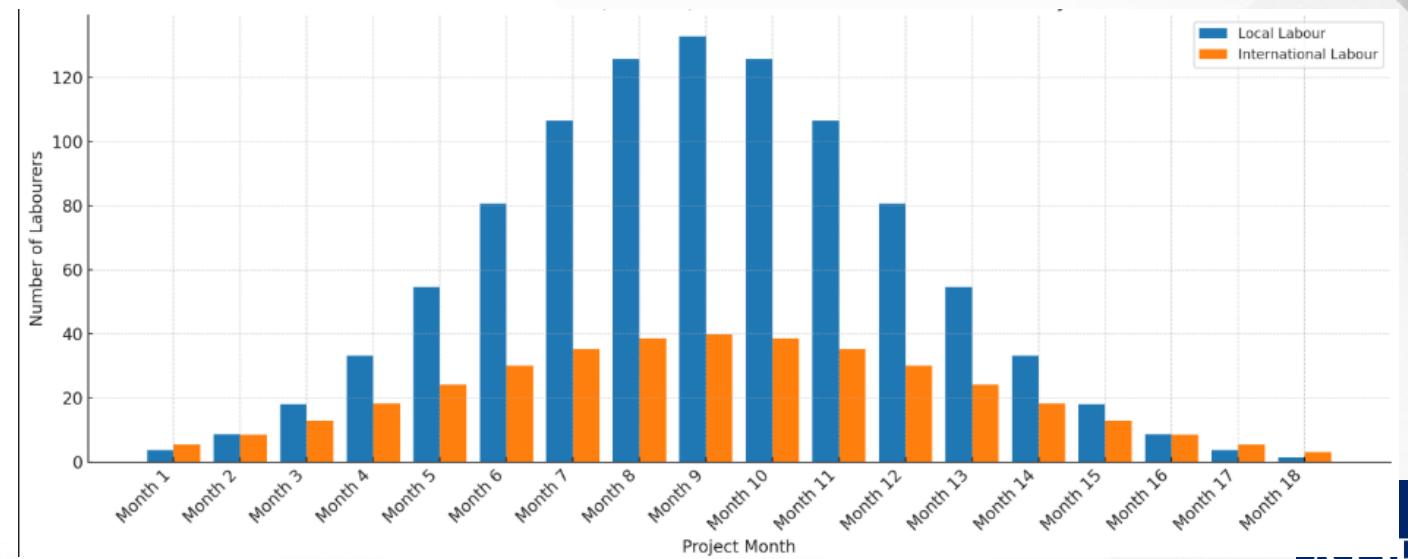


**Required on internationally
advertised contracts,
recommended elsewhere**



Qualification Criteria

- As a minimum, half of the workforce shall be local labor
- Lower threshold permitted in certain situations if justified in procurement strategy.
- Borrowers may give scoring benefits to contractors exceeding the minimum in MPC evaluations.
- **Calculation by person-days of inputs under the contract**



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.

Other Changes

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.

Q&A