

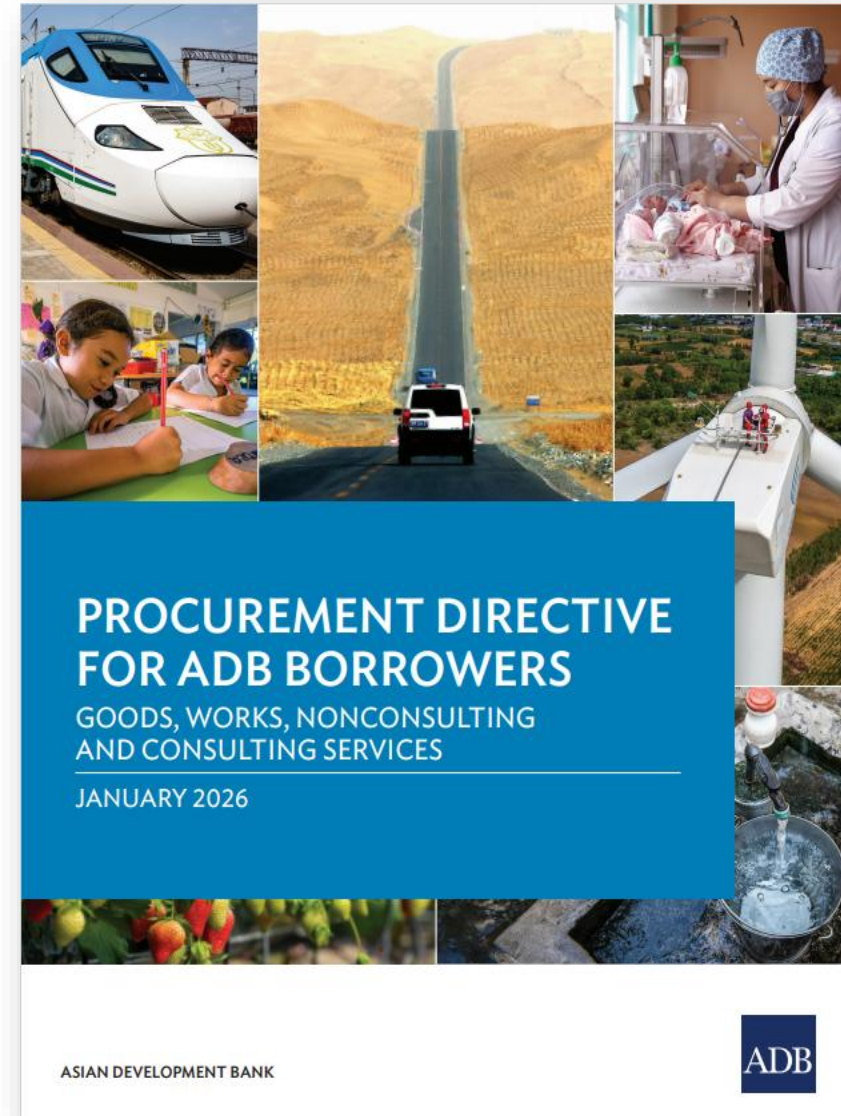
ADB's 2026 Procurement Reform

Improving Quality and Enhancing Value for Money Outcomes

UK-ADB Business Connect

Procurement, Portfolio and Financial
Management Department

13 January 2026



Key Procurement Roles

- Responsible for project implementation.
- Accountable for carrying out all procurement activities per ADB rules.
- Contracting with all contractors, suppliers & consultants.

Borrower



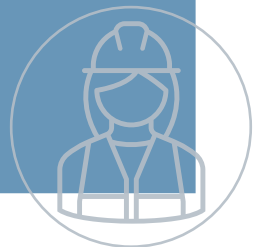
- Assist borrowers in designing projects.
- Ensuring funds are used for the purpose intended through monitoring and oversight activities
- Provide implementation support, where needed.

ADB



- Express interest in working with borrowers.
- Comply with requirements in bidding documents and contracts with Borrowers.
- Deliver the infrastructure that changes lives across the region

**Providers of
Goods, Works
& Services**



Objectives of the 2026 reform

Promote Innovation and Enhance Supplier Base

- Early market engagement, collaborative forms of contracting.

Improve Quality and Value for Money

- Merit point criteria on internationally advertised goods¹, works and nonconsulting services contracts.

Reward Sustainable Procurement

- Focus on environmental, social, economic & institutional considerations.

Foster Economic Growth and Local Development

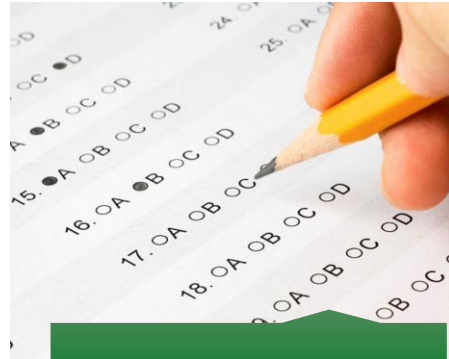
- Local labor requirement on internationally advertised works contracts.

¹ Some limited exceptions apply

What's Changing?



Early market engagement



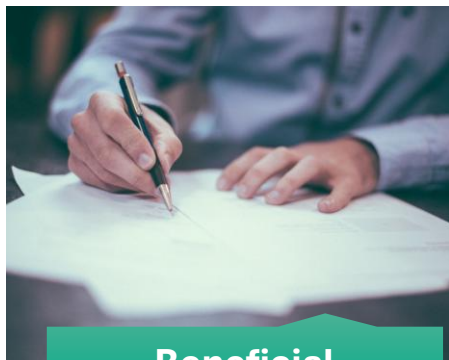
Merit point criteria



Local participation



Contract management



Beneficial ownership



Sustainable procurement



Collaborative contracting



Prequalification

Early Market Engagement

Required for internationally advertised contracts to advance market readiness, competition and transparency



Engaging with the market before bidding

- Refines technical specifications, budgets, and timelines, ensuring project expectations align with what the market can deliver.
- Alerts potential bidders, leading to more competitive and inclusive procurement.
- Allows suppliers to share emerging technologies and practices that improve sustainability and enhance development outcomes.

Types of Early Market Engagement



Market Dialogues

- Market sounding sessions
- Feedback on specifications
- Workshops and roundtables



Information Tools

- Advance contracting notices
- Request for information
- Q&A portal



Collaborative Platforms

- Project roadshows
- Webinars and virtual briefings
- Innovation calls and challenge

Early Market Engagement - Knowledge Materials



ADB

EARLY MARKET ENGAGEMENT

Advancing market readiness, competition, and transparency in ADB-financed projects

What is Early Market Engagement?

Early Market Engagement (EME) is a transparent and structured way to engage with suppliers before bidding. It allows borrowers to assess capacity, refine requirements, and identify risks and opportunities so projects are feasible, competitive, and aligned with market conditions.

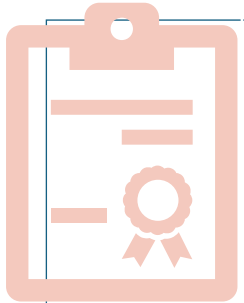
Why EME?

- Improves Accuracy:** Refines technical specifications, budgets, and timeline, ensuring project expectations align with what the market can deliver
- Enhances Competition:** Alerts potential bidders, leading to more competitive and inclusive procurement
- Stimulates Innovation:** Allows suppliers to share emerging technologies and practices that improve sustainability and enhance development outcomes
- Identifies Risks and Opportunities:** Helps anticipate potential delivery challenges, supply chain constraints, and opportunities before procurement begins
- Strengthens Transparency and Trust:** Open and well-documented engagement fosters confidence among stakeholders, reinforcing transparency, and fairness in procurement

Common EME Approaches

Market Dialogues	Information Tools	Collaborative Platforms
Market sounding sessions	Advance contracting notice	Project roadshows
Feedback on specifications	Request for information	Webinars and virtual briefings
Workshops and roundtables	Q&A portal	Innovation calls and challenges

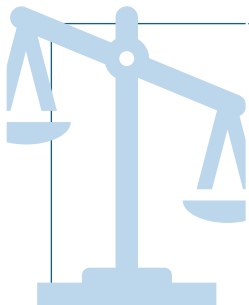
What is Merit Point Criteria Evaluation?



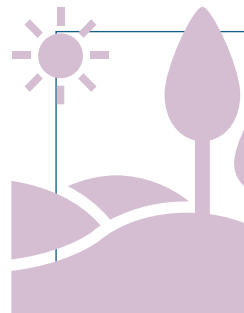
Evaluation method emphasizing technical quality through a weighted scoring system.



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



Weighting between technical and financial factors is determined by the borrower (e.g., 50:50, 60:40).



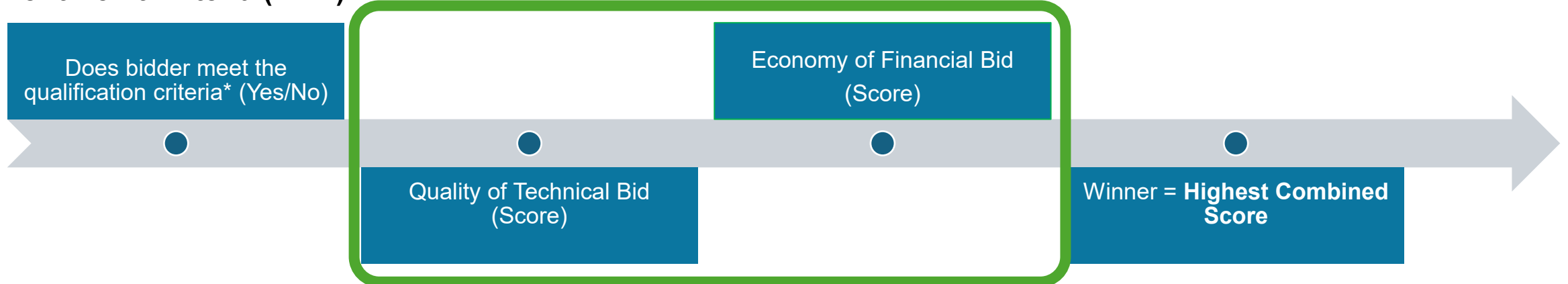
Enables consideration of other objectives (job creation, sustainability, innovation, health and safety, and environmental performance).

ADB's Evaluation Methods

Lowest Evaluated Substantially Responsive Bid (LESRB)



Merit Point Criteria (MPC)



**Includes eligibility, historical contract nonperformance, financial situation, bidder's experience, organizational environmental, health and safety system and subcontractors.*

Where will MPC be used?

Required for internationally advertised goods*, works and nonconsulting services to advance quality, sustainability and value for money



**Excludes pharmaceuticals, vaccines, commodities, and low-value off-the-shelf goods.*

- Focuses on value for money and fit for purpose procurement by evaluating bids on technical merit as well as cost.
- Rewards quality and innovation, encouraging stronger, more competitive bids.
- Establishes well-defined and consistent quality standards that level the playing field.

How are the parameters assessed?

MPC will be utilized on internationally advertised contracts

How is the advertising method determined?

International Advertising

- Used when participation by foreign firms will increase competition and help achieve VfM.

National advertising,

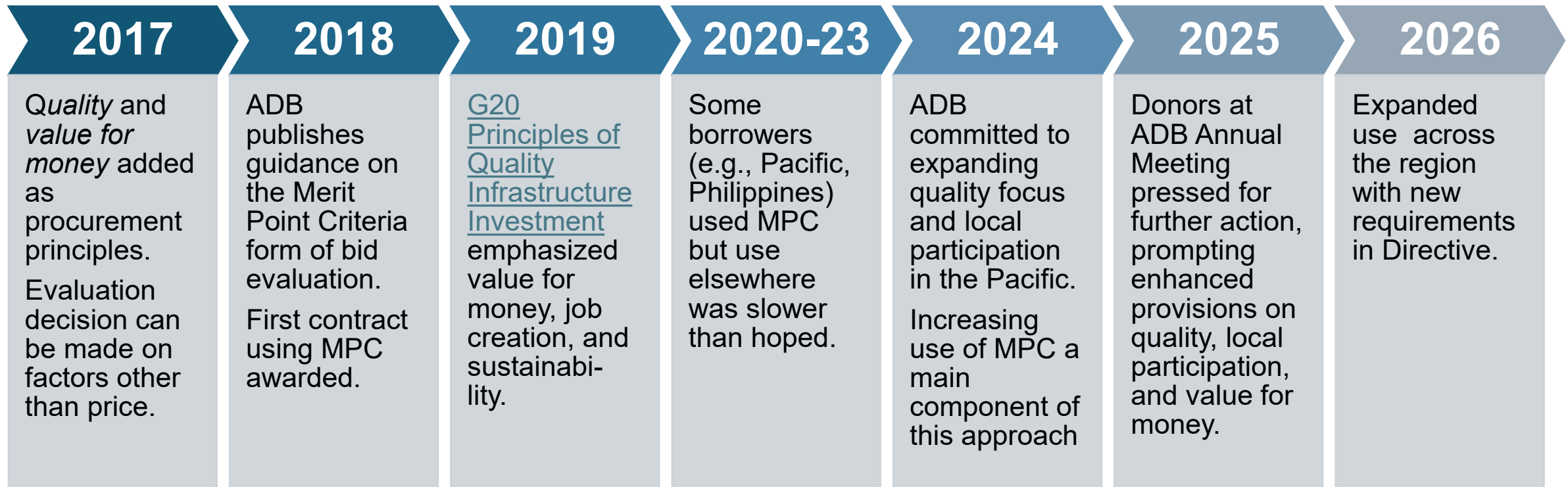
- May be used if procurement is unlikely to attract international competition.
- Decision informed by supply market, procurement risk, contract complexity & value.
- Subject to ADB approval.

For contracts with substantial/high procurement risk, minimum technical weighting is 50%

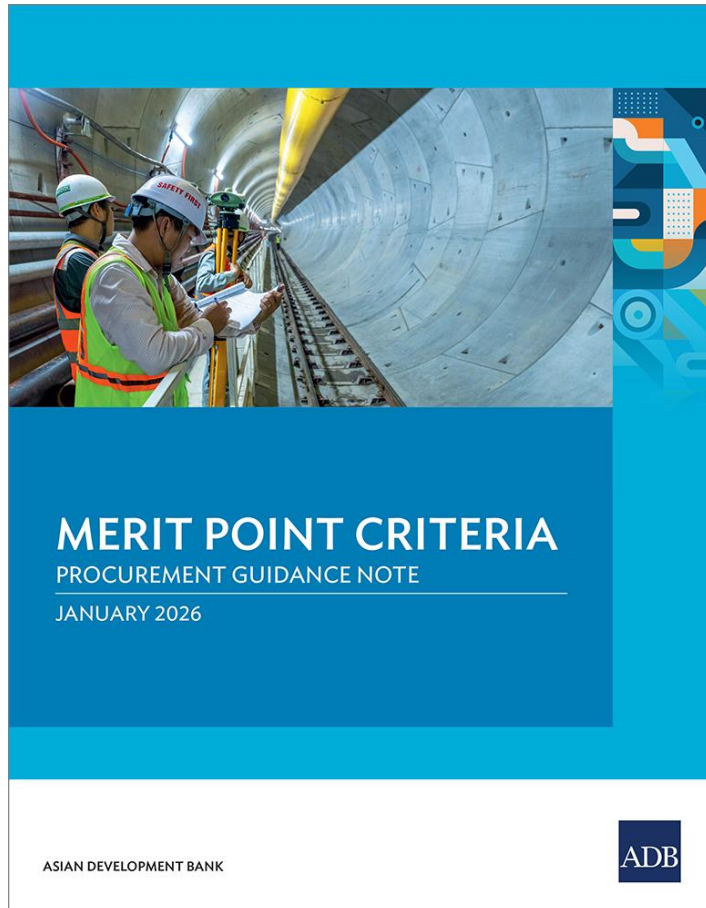
How is Procurement risk determined?

- **Procurement risk** is based on procurement capacity, market conditions, contract complexity, contract size and implementation environment.
- Borrower presents the assessed procurement risk in the **strategic procurement planning report** for ADB endorsement.

Evolution of the use of MPC on ADB contracts



Merit Point Criteria – Knowledge Materials



MERIT POINT CRITERIA

Advancing quality, sustainability, and value for money in ADB-financed projects



What is Merit Point Criteria

Merit Point Criteria (MPC) is a structured approach to bid evaluation used to compare and rank bids. It assigns weights and scores to criteria that are important to the borrower and rewards bidders with approaches that deliver value for money.

Why MPC

- Emphasizes Quality:** Focuses on value for money and fit for purpose procurement by evaluating bids on technical merit as well as cost.
- Spotlights Solutions:** Rewards quality and innovation, encouraging stronger, more competitive bids.
- Supports Fair Competition:** Establishes well-defined and consistent quality standards that level the playing field.
- Enhances Transparency:** Provides clarity in evaluations, strengthening trust among stakeholders.
- Aligns with ADB Priorities:** Advances climate resilience, sustainability, gender inclusion, and innovation.

How MPC Works

MPC uses both technical and financial weightings to provide a balanced and transparent evaluation process. These weightings are published in the bidding documents. How evaluation criteria and their weightings are applied depends on procurement risk and contract value.

Procurement risk is assessed across five dimensions: **borrower's procurement capacity, market conditions, contract complexity, contract size, and implementation environment.** In high risk, high value contracts, technical criteria carry a greater weighting in the evaluation. A high value contract is defined as one exceeding \$10 million.

Applying predefined, technical scoring to bid evaluation ensures consistent and transparent assessments and strengthens the integrity and credibility of the procurement process.

Notes: In this publication, "\$" refers to United States dollars.

Local Participation

Required for internationally advertised works contracts to advance job creation, skills development and economic growth

Investing in local labor



- Strengthens community ownership and support, empowering people to lead and sustain development efforts beyond the project.
- Reduces poverty and improves local livelihoods by fostering inclusive, resilient, and sustainable economic opportunities.
- Builds local capacity and partnerships by developing community skills and promoting inclusive collaboration.

How to incorporate Local Participation requirements



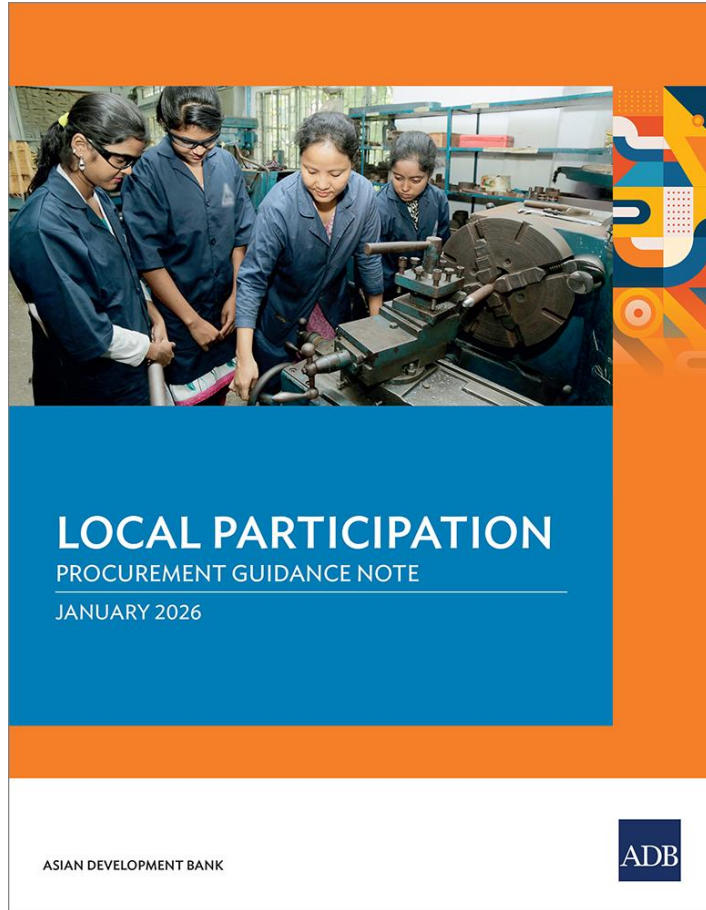
Qualification Criteria

- Half of the workforce shall be local labor.
- Lower threshold permitted in certain situations, if justified in SPP.
- Calculation by person-days of inputs under the contract.

Evaluation Criteria

- Borrowers may give MPC scoring benefits to contractors exceeding the minimum local participation requirement.
- MPC can also support other local participation objectives.

Local Participation - Knowledge Materials



LOCAL PARTICIPATION

Advancing job creation, skills development, and economic growth in ADB-financed projects

What is Local Participation?

Local Participation refers to the meaningful, inclusive, and sustained engagement of local labor in project implementation. This approach rewards contractors that create local jobs and invest in skills development, fostering sustainable livelihoods and strengthening long-term development outcomes.

Why Local Participation?

- Community Ownership:** Strengthens community ownership and support for the project
- Economic Empowerment:** Reduces poverty and enhances local livelihoods
- Capacity Building:** Develops local skills so communities can manage and sustain development outcomes beyond the project completion
- Sustainable Growth:** Fosters inclusive, resilient, and sustainable economic growth
- Partnerships:** Promotes inclusive participation and partnerships among communities, government, and contractors

Local Labor

- Unskilled:** No formal qualifications or trade experience
- Semi-skilled:** Vocational training or on-the-job experience
- Skilled:** Certified professionals

Community

Empowerment

Partnership

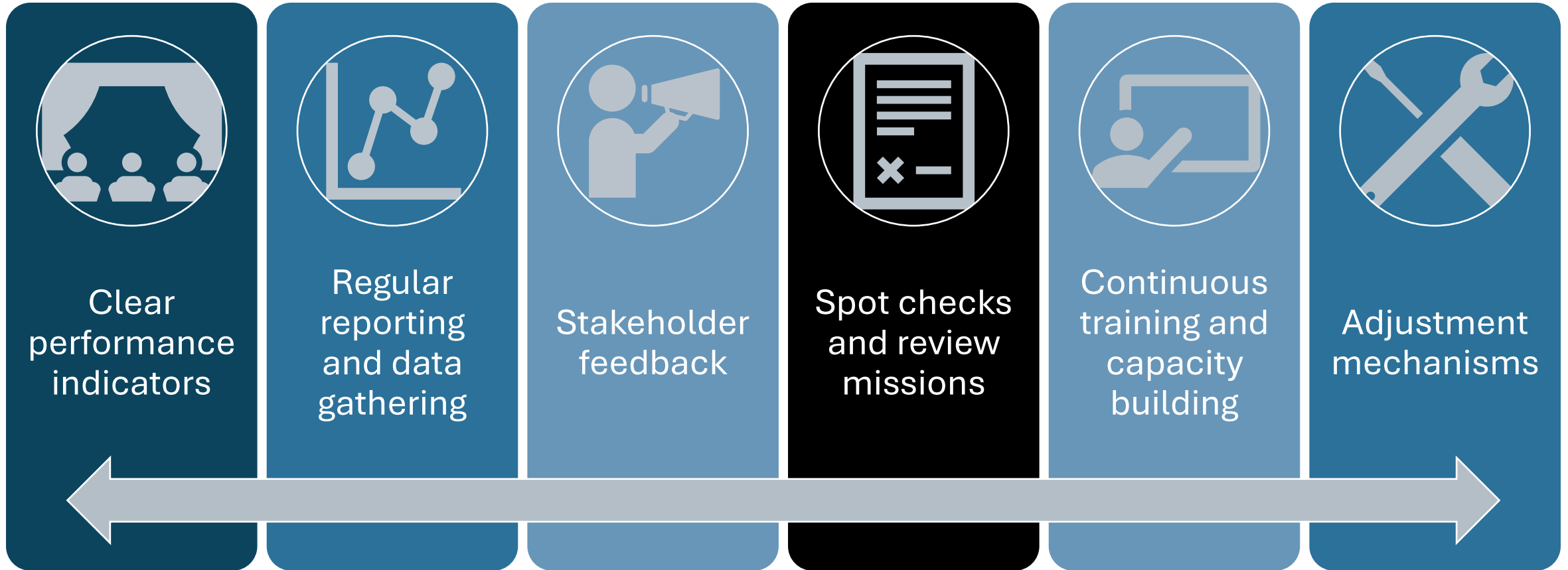
Capacity

Sustainability

Local Job Creation

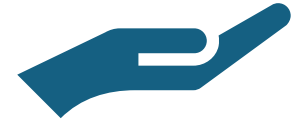
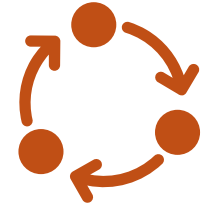
Skills Development

Monitoring and Evaluation Program



Borrower Assistance

- Phase Implementation to increase rate of adoption
- Deploying procurement experts with MPC expertise
- Knowledge Dissemination, tools, guidance, templates
- Continued capacity development by ADB staff



Guidance & Support

Guidance on MPC, LP, EME and Bid Evaluation

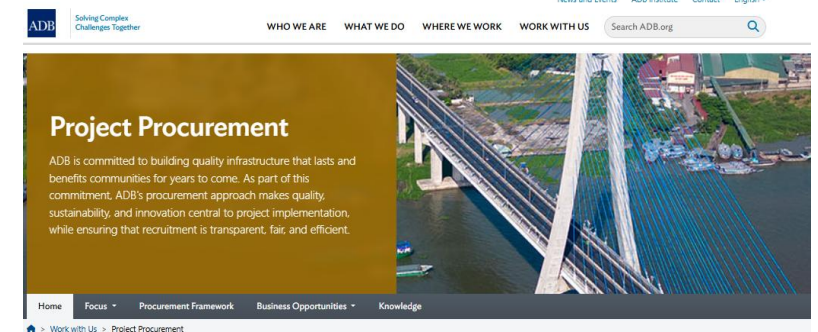
Updated Standard Bidding Documents

Revamped ADB Project Procurement Webpage

Hands-on support to Borrowers

Comprehensive training rollout

<https://www.adb.org/business/project-procurement>





Q&A