Objectives

1. Contribute to greater understanding of social & economic costs / benefits of local content in delivery of infrastructure in the region

2. Identify opportunities for improving procurement practices to facilitate local content
Problem analysis

Sub-optimal levels of local content in infrastructure delivery result in:

• Higher capital costs
• Longer delivery timeframes
• Missed capacity development opportunities for local industries & workforce
• Technically & financially burdensome maintenance regimes
• Frustrations in the community
Final Report includes:

- Procurement Initiatives, Case-Studies & Examples
- Summaries of Countries’ Procurement Legislation & Rules
- Review of the Procurement Processes of the Partners
- Analysis of Infrastructure Pipelines in Solomon Islands & Tonga and local content potential
- Detailed recommendations & preliminary implementation plan to optimize local content for Countries, Partners, Private Sector
- Checklist for incorporation of local content into Infrastructure Projects
- Summary of training providers by countries
Domestic Preferencing – Fiji Roads Authority

The operations manual describes the desired outcomes of its Sustainable Procurement Policy:

i. to have range of sustainable road consulting & contracting businesses;

ii. to have sufficient number of sufficiently skilled local people employed in the sector;

iii. to have firms with capability of providing required results to standard required & within time required;

iv. to have firms constantly bidding for FRA work at competitive prices; and

v. to have enough capable firms from which FRA can choose at least one that would be able to satisfactorily perform.

Non-price criteria

- Youth Engagement on Solomon Islands Multi-Purpose Hall

MFAT specifications req'd the contractor to engage a min 12 youth from local technical colleges. The youth sourced from local training providers and be at least 25% female.

Although minor, costs from bidders were included as a separate line item.

Early Contractor Involvement (ECI)

- Tonga Parliament House Reconstruction

MFAT are applying the ECI methodology in the Tonga Parliament House Reconstruction Project.

A local contractor has been engaged to provide design and construction advice to ensure maintainable local technologies are utilised, and local content harnessed.

Project-specific local content plans

- AIFFP core principles

AIFFP has core principles that guide their work including local content – is the project maximising the use & skilling of local labour and the private sector?

This requires an overt consideration of each project including an analysis of the local labour market & private sector.

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Benefits v’s Costs

Benefits and costs to the domestic economy vary depending on nature of the project and capacity of the local market.

Benefits can include:
- employment
- capacity building
- economic multipliers
- appropriate technology
- technology transfer
- more effective maintenance

Costs can include:
- an adverse impact on project quality
- additional management & supervision costs
- greater use of natural resources

Key Finding: OPTIMIZATION (rather than maximization) of local content should be the objective, in accordance with local capacity.
Recommendations at a Glance

i. Developing local content policies and/or enabling environments;

ii. Incorporating local content as early as possible into projects;

iii. Strengthening promotion and awareness of infrastructure pipelines;

iv. Embedding local content indicators into infrastructure project monitoring and evaluation requirements and post-project reviews;

v. Using procurement mechanisms that facilitate local content;

vi. Establishing procurement competency frameworks and related training programs;

vii. Creating pathways for skills development and recognition for local workers within infrastructure programs;

viii. Researching the quantifiable costs and benefits of local content to facilitate objective project decision-making;

ix. Establishing a local content infrastructure development fund; and

x. Strengthening the capacity of professional associations and chambers of commerce to provide representation for local content providers.
Next steps for PRIF

- Looking to research the quantifiable costs and benefits of LC to facilitate objective project decision making
- Build capacity within Implementing Agencies to plan procurement approaches that remove barriers for local suppliers

PRIF Week 2022:

- Strengthening advertising of procurement pipelines
- Support Pacific Islands’ chambers of commerce to establish and maintain register of members / suppliers – assist local contractors (through Chamber) prepare exhibits/presentation/etc to then conduct event during PRIF week: Pacific Contractors Fair/Expo/Market Place