



# Pacific Region Infrastructure Facility

*Enhancing Procurement  
Practice and Local  
Content in Pacific  
Infrastructure*



# 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

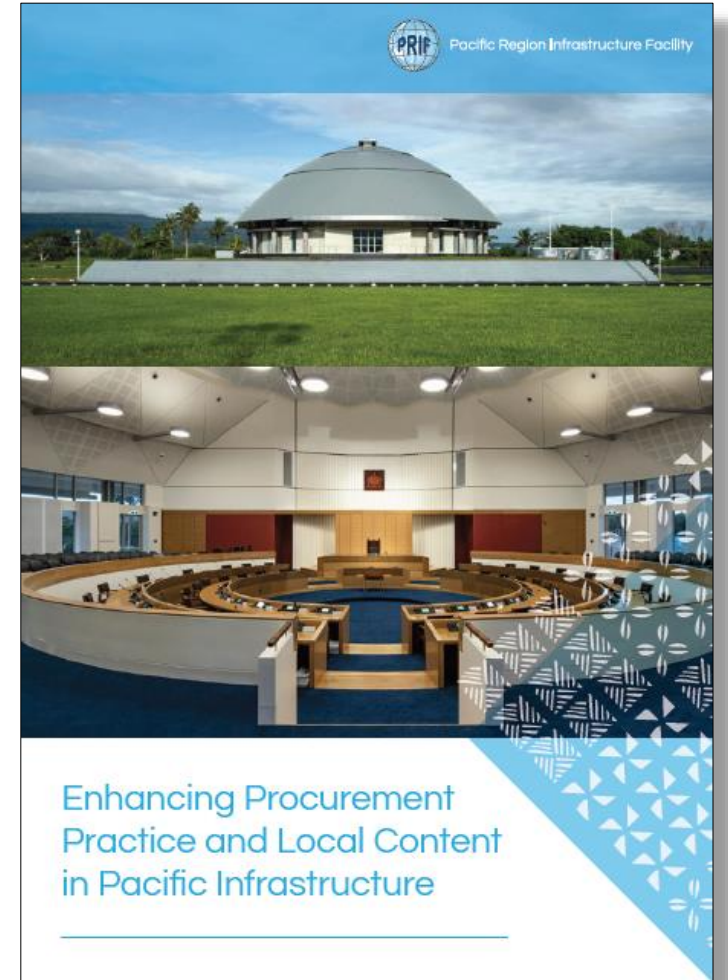
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# Report

## 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





# Best practices - examples

## 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

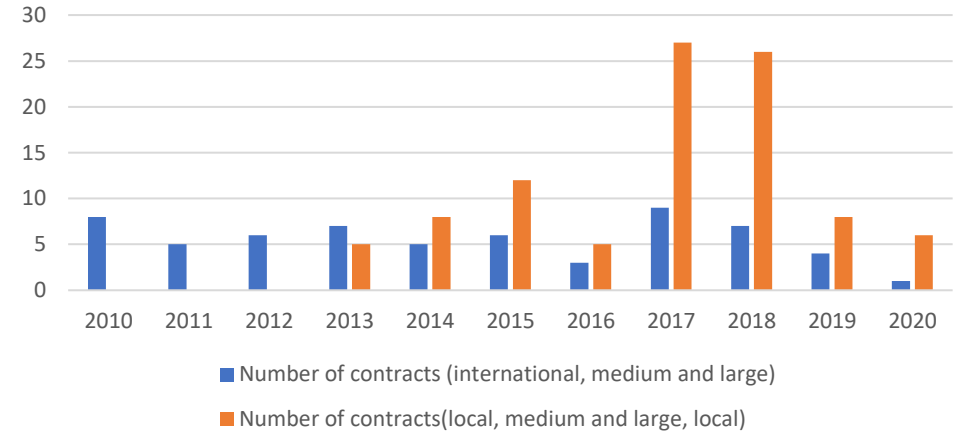
- *AIFFP core principles*



*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.*

## Domestic Preferencing – Fiji Roads Authority



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

- to have range of sustainable road consulting & contracting businesses;*
- to have sufficient number of sufficiently skilled local people employed in the sector;*
- to have firms with capability of providing required results to standard required & within time required;*
- to have firms constantly bidding for FRA work at competitive prices; and*
- to have enough capable firms from which FRA can choose at least one that would be able to satisfactorily perform.*



# 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