

Business Opportunities Seminar,
Nadi, Friday 24 May 2024

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Pacific Quality Infrastructure Principles

Principle 1 – LOCAL CONTENT

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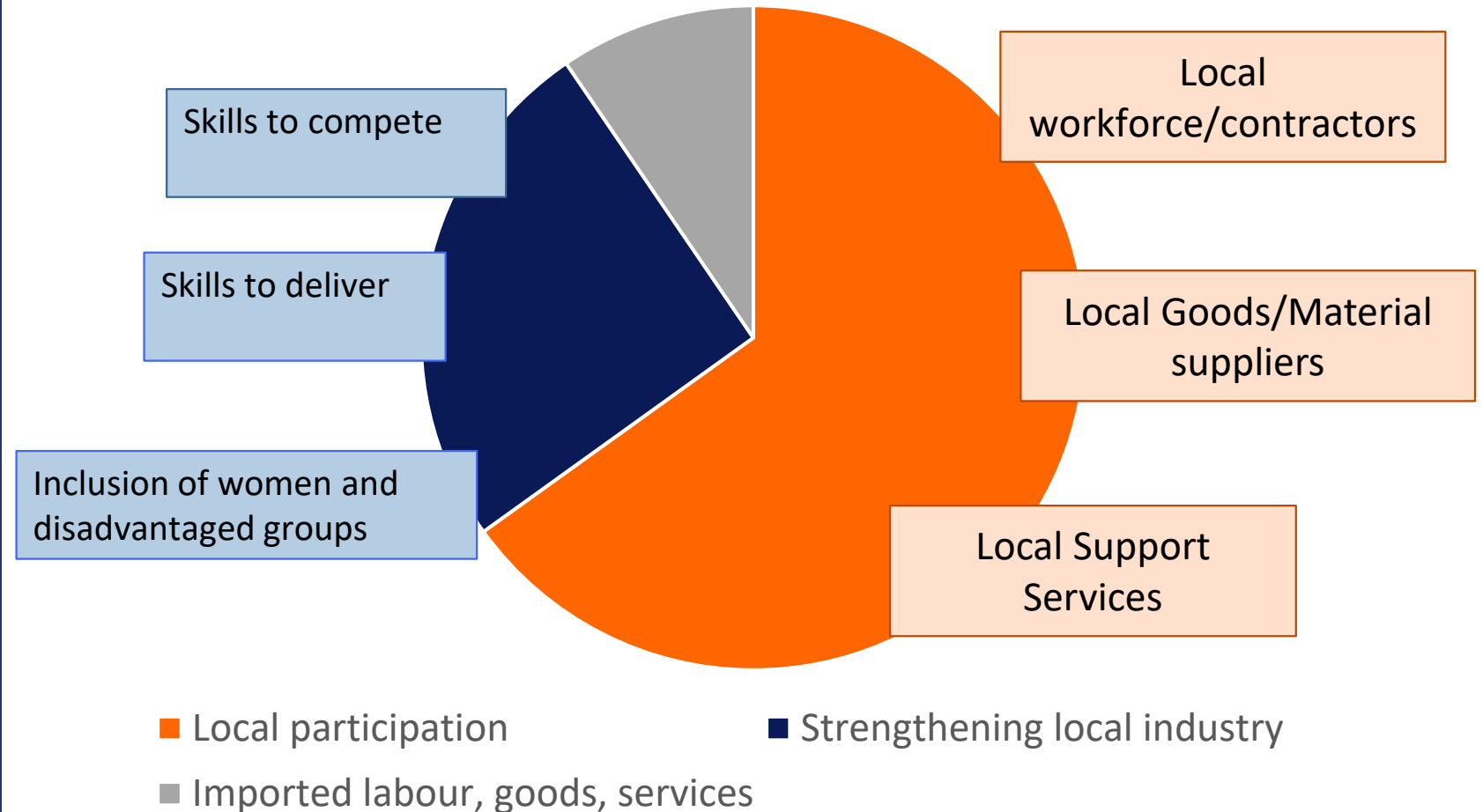


Agenda

- Defining local content
- Responding to local content requirements in bids
 - Specification
 - Evaluation criteria
 - Contract / reporting
- Feedback on industry experience in responding to local content requirements

What is local content?

Total expenditure on jobs, goods and services that stay in and add value to the national economy



Who or what is 'local'?

Elements of local content	Criteria	Characteristics
Geography	<ul style="list-style-type: none"> Proximity of eligible businesses / workers to project site Businesses' registered centre of operations – provincial or national 	<ul style="list-style-type: none"> Prioritises benefits for affected communities adjacent to project site Businesses based in the province or anywhere in the country Businesses based anywhere in Pacific region
Ownership or participation	<ul style="list-style-type: none"> Ownership of the company's equity Participation in company's management Participation of employees 	<ul style="list-style-type: none"> Majority of share equity held by citizens of the country Majority of senior management and/or board of directors are citizens of country (% women) Majority employees are citizens of country
Value Addition	<ul style="list-style-type: none"> Expenditure on goods produced/manufactured in country rather than imported Expenditure on skills training and apprenticeships 	<ul style="list-style-type: none"> Aimed at maximising economic diversification, local manufacturing and employment Prioritises local workforce development pathways and engaging local training system

Definition of “Local” in AIFFP contracts

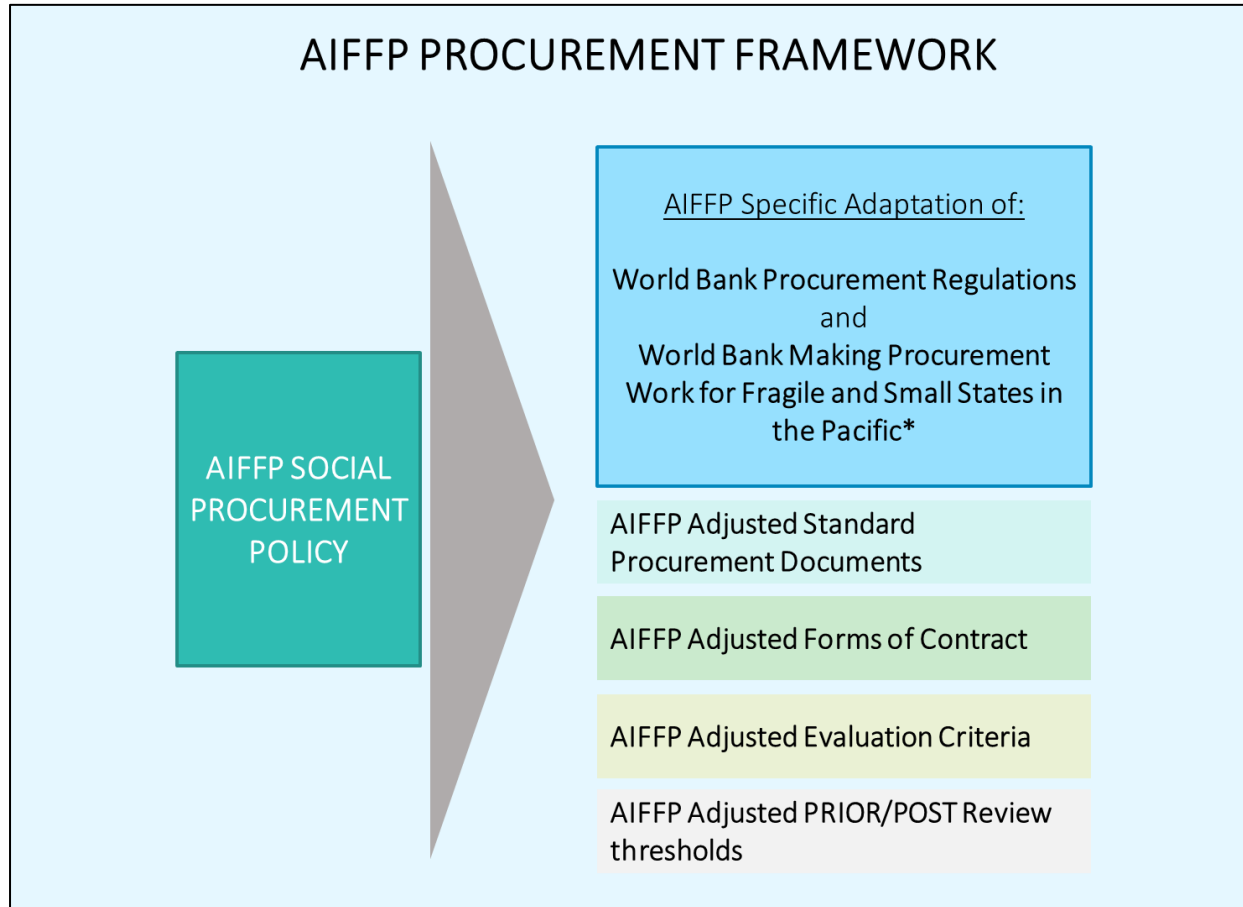
“Local” means:

- (a) in relation to a natural person, a citizen of the Country or domiciled or permanently resident in the country; and
- (b) in relation to a legal person, a person registered pursuant to the relevant corporations or companies law in the Country, [and with a majority shareholding held by citizens of the Country].

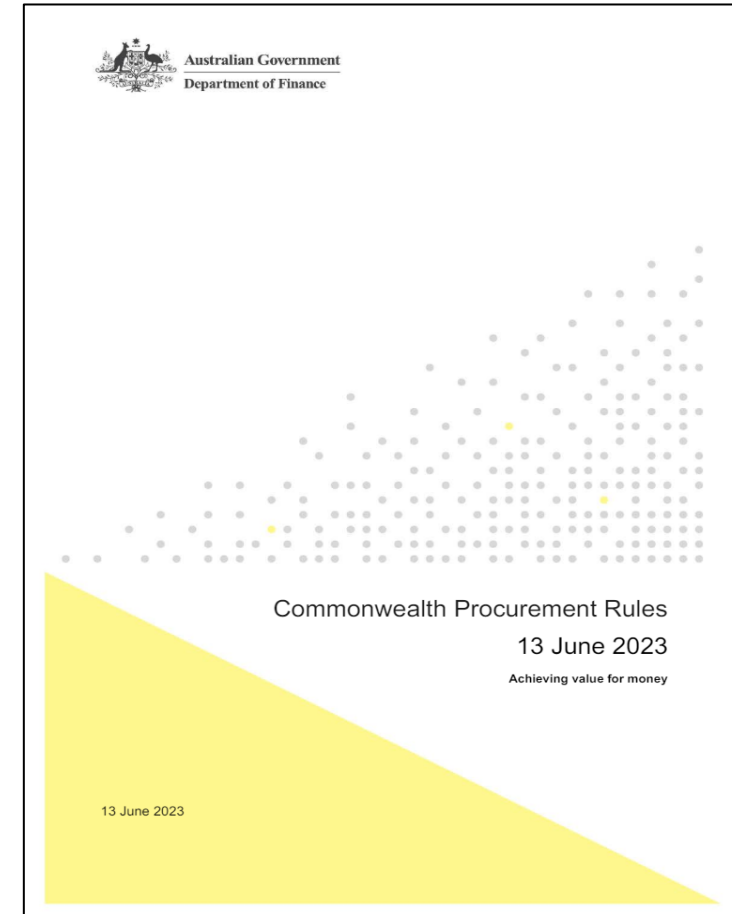
Where sufficient resources (labour, goods and services) are not available from within the Country to perform the Contract, the Contractor shall use its best endeavours to prioritise employment of citizens of Pacific Island countries and purchase of goods and services from suppliers or enterprises registered in Pacific Island countries with majority ownership by Pacific Island citizens.



Borrower-led



AIFFP-led



Local content provisions in AIFFP adapted Standard Procurement Documents (Works)

1. Employer requirements:

- Contractors must develop and implement a **Local Content and Industry Participation Plan (LCIPP)** – standard contract condition in SPD (Works)

2. Bid evaluation criteria and methodology:

- LCIPP is scored as part of the **weighted criteria** for the technical evaluation
- Must achieve a **technical pass** during bid evaluation

3. Contract management: LCIPP becomes a Contract document with reporting obligations

- LCIPP contractual **obligations** (sub-cl 4.27, RFP / RFB SPD)
- Progress Reports / Local Content **Metrics** (sub-cl 4.20 / Part E)
- LCIPP **compliance** linked to withholding amounts (Sub-cl 14.6.2)



What is included in a Local Content and Industry Participation Plan?

Approach

- Local workforce recruitment strategy
- Local procurement strategy
- Strategy to encourage participation of women and other marginalised groups
- Local skills training strategy

Commitments

- Number of local jobs for men and women (% total project workforce / labour hours)
- Value of local subcontracts / expenditure (% total project price)
- Number of training hours and number of local male and female workforce trained (including number of apprentices)
- Any formal recognition / certification of skills attained by local male and female workforce

Implementation arrangements

- Staffing responsible for implementation
- Systems/Policies for maintain records and reporting

Commitments – local jobs and subcontracts/suppliers

Skill/job type	Male - foreign	Female -foreign	Male - local	Female - local	Total	% Local workforce
Managers						
Professionals						
Specialist Trades						
General Trades						
Technicians/machinery operators						
Casual <u>labour</u> / low skilled						
Recent graduates, trainees, work placements						

List the local subcontracts / suppliers you will engage and the contract value for each relevant Works item in accordance with the BOQ and detail your understanding of their relevant capability, expertise and experience:

[INSERT DETAILS]

[COMPLETE CELLS IN BELOW TABLE]

Works Item (Material or Trade Type)	Local subcontractor/ supplier	Local ownership details	Capabilities, expertise, experience	Contract (currency)	Value

Commitments – skills outcomes

Identify the works packages, trade types, industry sectors and/or other skills gaps that will be prioritised for skills transfer activities, types of activities (e.g. formal training, on the job training, work placement) and number of local participants:

[INSERT DETAILS]

[COMPLETE CELLS IN BELOW TABLE]

Works / <u>trade type</u>	Skills Transfer activity	Skill/competency to be supported	Number of local participants

Planning tool – identifying training opportunities

Project requirement – Concrete Deck	Job roles / trades needed	Number of available workers (M/F)	Skill level	Training needs or opportunities (Y/N)	Training type
Site prep	Labourers	3 M / 3 F	Unskilled	Y	WHS white card (offsite)
Concrete Formwork	Carpenters	2 M	Skilled	N	Nil
Concrete reinforcement	Welders (AS/NZS 1554)	Nil	Nil	Y	OTJ training from o/s structural welder
	Steel fixers	3 M / 1 F	Semi-skilled		Work placement
Concrete pour	Machinery operators	1 M	Semi-skilled	N	Nil
Quality control	Site Supervisor	1 M	Skilled	Y	Project mgmt short course (online)

Pacific Skills Mapping

Area of work	Limited Local Supply	Emerging Local Supply	Mature Local Supply
Professionals	Geotechnical engineers Quantity surveyors Project management Site supervisors		Civil/Structural engineers
Trades	Structural welders Boiler makers Piling/Drilling Heavy machinery mechanics Scaffolders A-grade electricians Solar installers	Pre-cast manufacturers Sheet metal pressing Steel frame assembly	Concreting Steel-fixing Carpentry Earthworks /demolition Linesworkers
Machinery operators	High risk machinery operators (cranes, forklifts etc)		General heavy machinery (trucks, graders, excavators)
Project Support	Contract management Bid/tender preparation Financial management	Procurement managers Social safeguards specialists Environmental specialists WHS managers	Community liaison Low skilled (security, traffic control, fencing, scrub clearing)

What does LCIPP mean for local subcontractors / suppliers?

In order to meet LCIPP requirements, lead contactors will need to identify local subcontractors, suppliers and workers to support delivery of the project.

Subcontractors should be prepared to provide the following information:

- **Company profile / capabilities:** ownership structure, contract history, financial position, evidence of technical capabilities, licences
- **Workforce data:** number of workers contributing to project , including number of women, as well as qualifications and skills of workforce
- **Systems and policies:** details of OHS, EMP, QMS and/or workplace policies (e.g. gender and PSEAH)

Local content in bid evaluation criteria



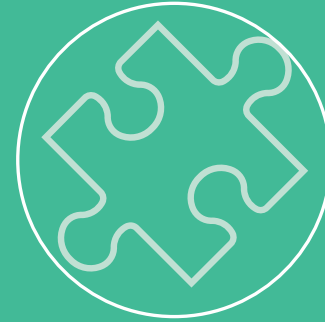
Qualification Criteria

- Pass/Fail – baseline capability
- Relevant past experience managing local content
- Financial capability / thresholds
- Local partnering requirements



Rated/Weighted Criteria

- Evaluates quality of the bid
- Local Content and Industry Participation
- Relevant past experience local content
- Baseline commitments / opportunities for added value



Other Considerations

- Quantitative or qualitative (valuing approach or volume)
- Must 'pass' all rated evaluation criteria
- Target setting
- Technical / Price ratio



How Local Content Criteria might appear in Bids for Services

Non-prescriptive approach to specifying local content requirements

The Consultant will submit a **local resourcing plan** as part of the tender, including the following information:

- Organisation chart for the services identifying key and non-key roles to be performed by the local workforce and subcontractors, disaggregated by gender
- Approach to engaging and managing local resources, including local personnel, consultants and recent graduates, in the delivery of the services (e.g. recruitment channels, supervision arrangements etc)
- Number of person weeks to be performed by the local workforce, including % to total workforce performing the services

How Local Content Criteria might appear in Bids for Services

Prescriptive Approaches to specifying local content requirements

Key positions to be performed by nationals:

- Nominated positions to be performed by nationals among proposed Key Experts (or evaluation criteria to favour higher proportion)

Work experience opportunities for young graduates:

- The proposal will include the mandatory engagement of a graduate engineer or near graduate engineer (in a study related engineering discipline) who is a national of the Country.
- The Consultant shall prepare and report against a structured graduate training program that seeks to ensure that the selected Cadet receives on-the-job training, support and mentoring over the term of the assignment.

Local Partnerships:

- The project owner encourages partnership with local consultancies from the Country (linked to weighted evaluation criteria) - register of consultancies provided with bid documents

COMPARING EVALUATION CRITERIA

- A. Promoting **local** construction industry participating – target 10% of all person days. This requirement will be evaluated on a pass/fail (compliance basis). The Bidder is required to details how it plans to achieve this target in its Technical Proposal.
- B. Promoting equal opportunity for women to take up unskilled labour as employment (no. of person-days) –target 10% of all person-days. This requirement will be evaluated on a pass/fail (compliance basis). The Bidder is required to details how it plans to achieve this target in its Technical Proposal.

Training

- a. The Supplier shall conduct training and certification for installing and maintenance for **local** installers. The installation team should comprise of 50% **local** residents who have been trained by the Supplier. The supplier's trainer(s) will observe and oversee installations of a minimum 25% of total installations.
- b. It is expected that the scope of works for the training program will be finalised with the winning bidder, but will broadly as follows:

Due to the nature of the SHS works it is expected that training will be undertaken in phases.

- 1) Phase 1 – Selection – 4 to 8 weeks
- Place **local** adverts with Colleges, Universities, and social media
 - Ideal mix of 50% Men and 50% Women
 - Mix of applicants with existing electrical, building, roofing, administration and management skills will be identified.
 - Max team of 12
 - 4 x Electrical – Basic electrical knowledge
 - 4 x Building/Roofing – Experience of building methods and structures
 - 2 x Supervision :-
 - 1 X Electrical - Applicant with min 5 years' experience
 - 1 x Building/Roofing with min 5 years' experience
 - 1 x Administration
 - 1 x Project Management
- 2) Phase 2 – Classroom – 4 to 6 weeks
- All applicants will undergo General SHS Awareness training

Eligibility and Qualification Criteria

Subject	Requirement
Specific Experience in Managing Local Content	<p>For the contracts in 4.2 (a) above and/or any other contracts [substantially completed and under implementation] as prime contractor, joint venture member, or Subcontractor in the past 10 years, experience in implementing and delivering local content outcomes, including managing related risks, in at least 2 of the following aspects:</p> <ul style="list-style-type: none"> • Identification of local skills and industry capabilities • Employment and supervision of local men and women • Local procurement and subcontractor management • Training and capacity development of local workforce

The technical factors (sub-factors) and the corresponding weight out of 100% are:

Technical Factor	Weight (%)
A. Proposed Works	35%
1. Engineering concept design proposals, room data sheets and product information sheets submitted as part of the Design and Build Tender including; Structural/civil engineering, mechanical engineering, electrical engineering, data/communications/security, fire engineering, plumbing & drainage, BHS and jet blast protection.	20%
2. Engage and manage suitably skilled/experienced local subcontractors & tradespeople as well as unskilled tradespeople who shall receive skills/trade training during the project. Confirm as a dollar cost percentage of total allocation for 'subcontractors & tradespeople'.	10%
3. Procure local Solomon Islands, sustainably sourced materials to be used in the terminal. Confirm as a dollar cost percentage of total construction value for materials procurement.	5%

Technical Factor	Weight in Percentage [%]
1. Overall Project Management	10
2. Value Addition	5
3. Approach & Methodology	40
4. Quality and Safety Management	10
5. Environmental and Social Safeguard Management Strategies and Approaches	10
6. Local Content	20
7. Previous Experience	5

Bid docs may ask for bidder's local content experience on past projects

Specific Experience in Managing Local Content

[The following table shall be filled in for contracts performed by the Bidder, and each member of a Joint Venture]

Bidder's Name: _____
 Date: _____
 Bidder's JV Member Name: _____
 RFB No. and title: _____
 Page _____ of _____ pages

Contract Identification				
Award date				
Completion date				
Role in Contract	Prime Contractor <input type="checkbox"/>	Member in JV <input type="checkbox"/>	Management Contractor <input type="checkbox"/>	Subcontractor <input type="checkbox"/>
Total Contract Amount				US\$
Value and percentage of local expenditure as a proportion of total contract amount	US\$ %			
Number of local jobs supported and proportion of total project workforce	# %			
Details of other local content successes (including local skills investments / outcomes)				
Details of risks and challenges to local content and how this was handled/overcome				

Who is responsible for local content delivery?

- **Parties to the finance agreement** – jointly responsible for ensuring Local Content Plan for the project is implemented
- **Lead Contractor** – contractually accountable for delivery of all aspects of Local Content and Industry Participation Plan (LCIPP) for the works, including reporting
- **Subcontractor** – provides local workforce data to lead contractors and reports any local content non-compliance (e.g. non-payment or non-delivery of training) to Construction Supervision Consultant
- **Construction Supervision Consultant** - independently certifies that lead contractor has met its local content obligations
- **Project Management Unit** – reviews both lead contractor and Construction Supervision Consultant’s reports and approves contract disbursements based on compliance

INDICATIVE PMU STRUCTURE



Group discussion and feedback

- **What experiences have you had in addressing local content specifications and evaluation criteria in tenders?**
- **What has been positive and what can be improved in the way local content is specified in tenders?**

Thank you!

- Questions

