

Workforce Skills Series

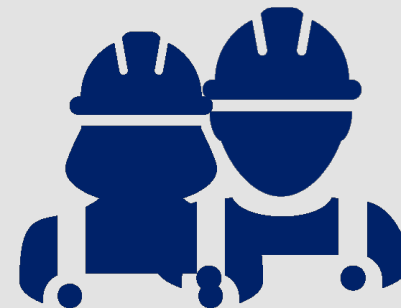


SOLOMON ISLANDS
**INFRASTRUCTURE
PROGRAM**



Local Content Presentation slides

27 April 2023



Opening Remarks

- Tony Telford, SIIP Deputy Leader (Infrastructure)
- Natalina Hong - SICCI CEO



Learning Objectives

By the end of this workshop, participants should be able to:

1. Understand how SIIP intends to apply local content in infrastructure projects
2. Understand SIIP's local content requirements and how to respond to a Local Content Industry Participation Plan (LCIPP)
3. Understand the local content implementation and reporting requirements for contractors

Agenda

Time	Action
8.30am-8.45am	Opening remarks - SICCI & Tony Telford, SIIP Deputy Leader (Infrastructure)
8.45am-9.15am	What is Local Content, Importance of Local Content - Emma Tiaree, SIIP Local Content Specialist
9.15am-9.30am	SIIP Local Content in Projects , LC Strategy, Planning and Designs, Procurement, Delivery - ET
9.30am-10am	SIIP Local Content Requirements for contractors and purpose of Local Content Industry Participation Plan (LCIPP) in project delivery - ET
10am-10.30am	Morning Tea Break
10.30am-11.15am	How to prepare a Local Content and Industry Participation Plan – Approach Group Work –Local Contract data and Local Workforce data - ET
11.15am – 12.00pm	How to prepare a Local Content and Industry Participation Plan – Skills Development - ET Group work – Skills Development in LCIPP
12pm – 1.00pm	Lunch Break
1.00pm – 1.15pm	How SIIP Local Content in SIIP Procurement Processes - Ken Munro, SIIP Procurement Specialist
1.15pm -1.30pm	Contract conditions and implication of Payment to Contractors – KM
1.30pm – 2.00pm	How LCIPP are measured and reported during contract implementation - ET
2.00pm – 2.30pm	Wrap up and Workshop Evaluation

What is local content
& why is it important?

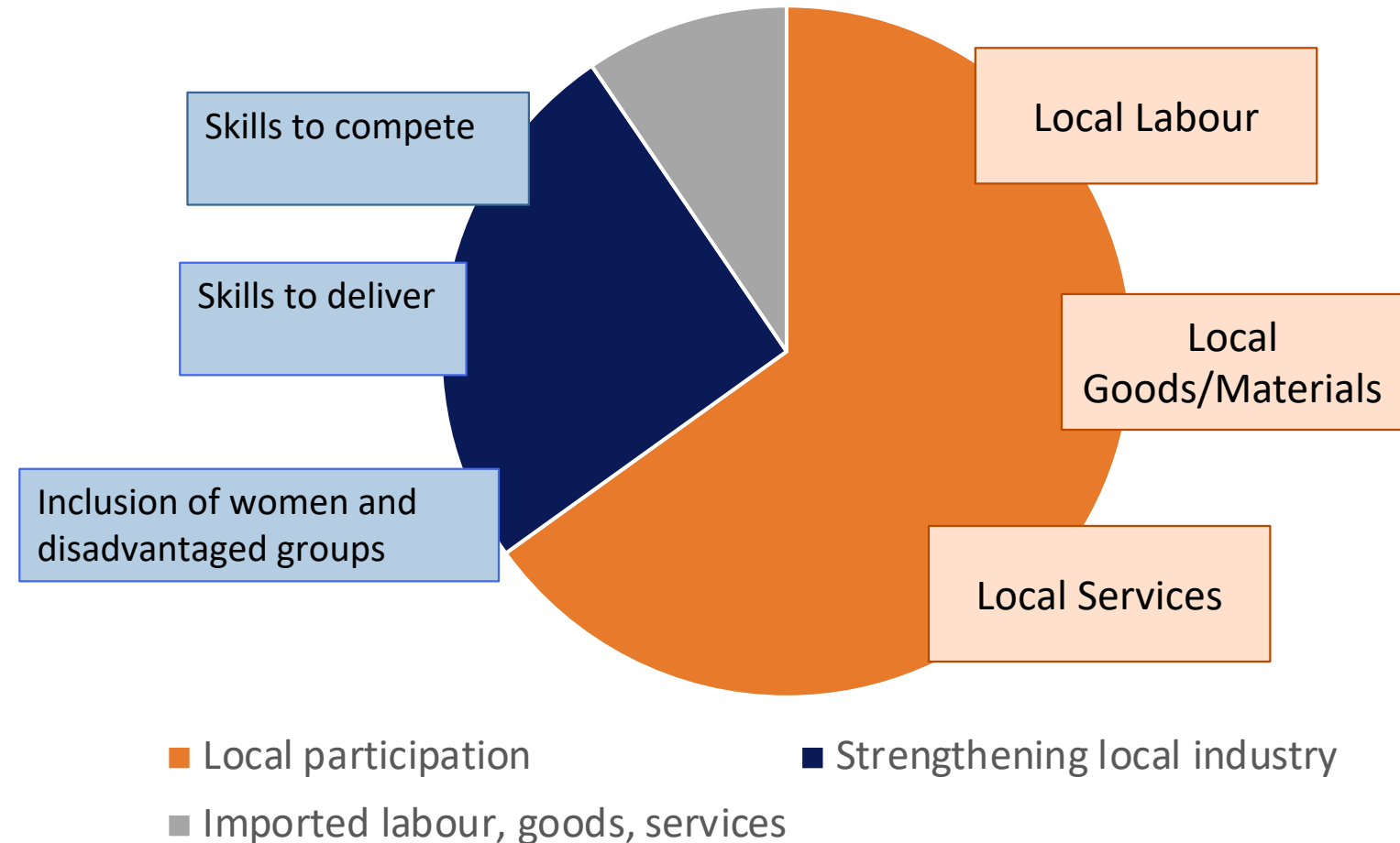


Discussion

What does local content mean to you?

What does SIIP mean by local content

Maximising expenditure and jobs that stay in the Solomon Islands economy

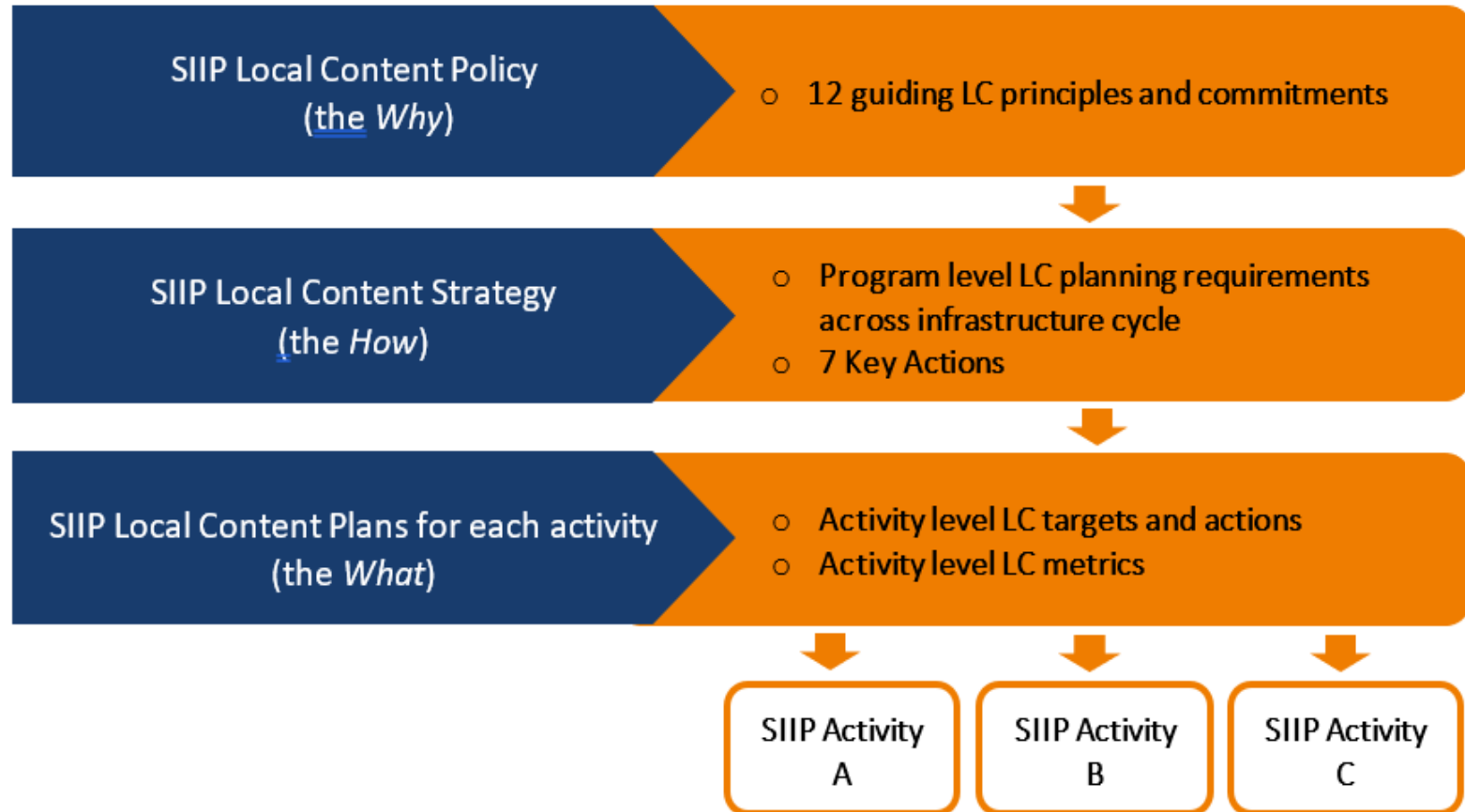


What/who is defined as “local”?

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 Solomon Islands
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 Solomon Islands citizens Majority of senior management and/or board of directors are Solomon Islands citizens (% women) Majority employees are Solomon Islands citizens
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 <u>employment</u> Prioritises local workforce development pathways and engaging local training system

“Local” includes SI citizens who are resident in SI and SI majority owned firms with majority SI employees

Local Content Policy Framework



> SIIP's Local Content Policy and Local Content Strategy is available on SIIP's website: siip.com.sb/publications

SIIP's Local Content Policy (Why)

SIIP has 4 **local content objectives** that will guide SIIP's approach in all projects:

- ✓ create local **jobs**
- ✓ promote local **enterprise development**
- ✓ accelerate the transfer of **skills** and technologies; and
- ✓ meet Solomon Islands' **national development** aspirations.

Other related **Policy Commitments**:

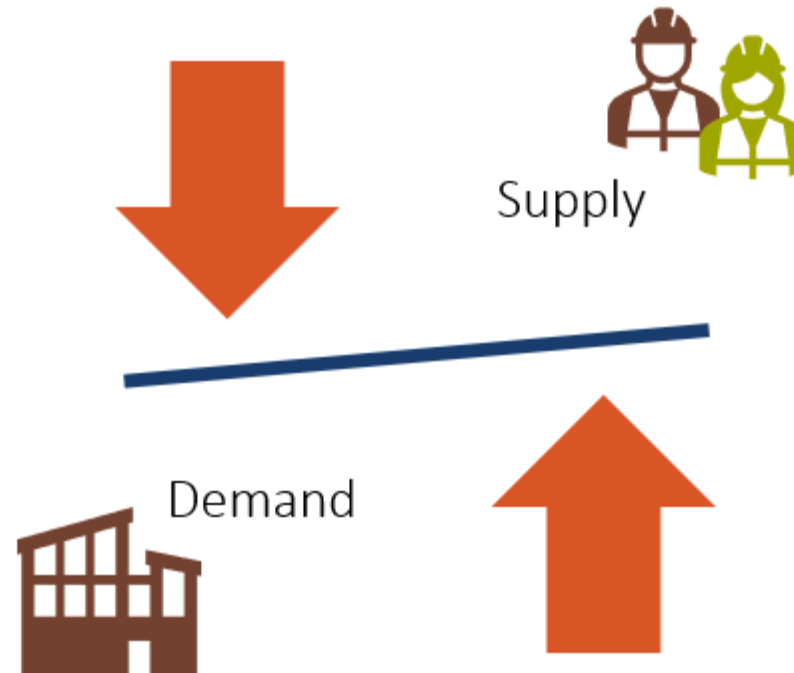
- ✓ Ensure local content initiatives reflect international good practice and do not compromise project **quality** or **value for money**
- ✓ Provide opportunities for **social inclusion** of women, people with disabilities and other marginalised people
- ✓ **Measure and report** progress against local content targets and metrics transparently.

How will SIIP ensure local content is considered in all projects?



SIIP's Local Content Strategy (How)

Upskill local workers and
contractors to meet quality
construction standards



Design SIIP projects and
procurement to maximise local
jobs and business opportunities

Planning and Design

Key Action 1 – Local Content is considered in **every SIIP project**



Key Action 2 – A **Local Content Plan** is developed covering the full project cycle



Key Action 3 – **Local Market Analysis** will inform SIIP Project Designs

Actions for SIIP project team & design consultants before a project goes to market

Procurement

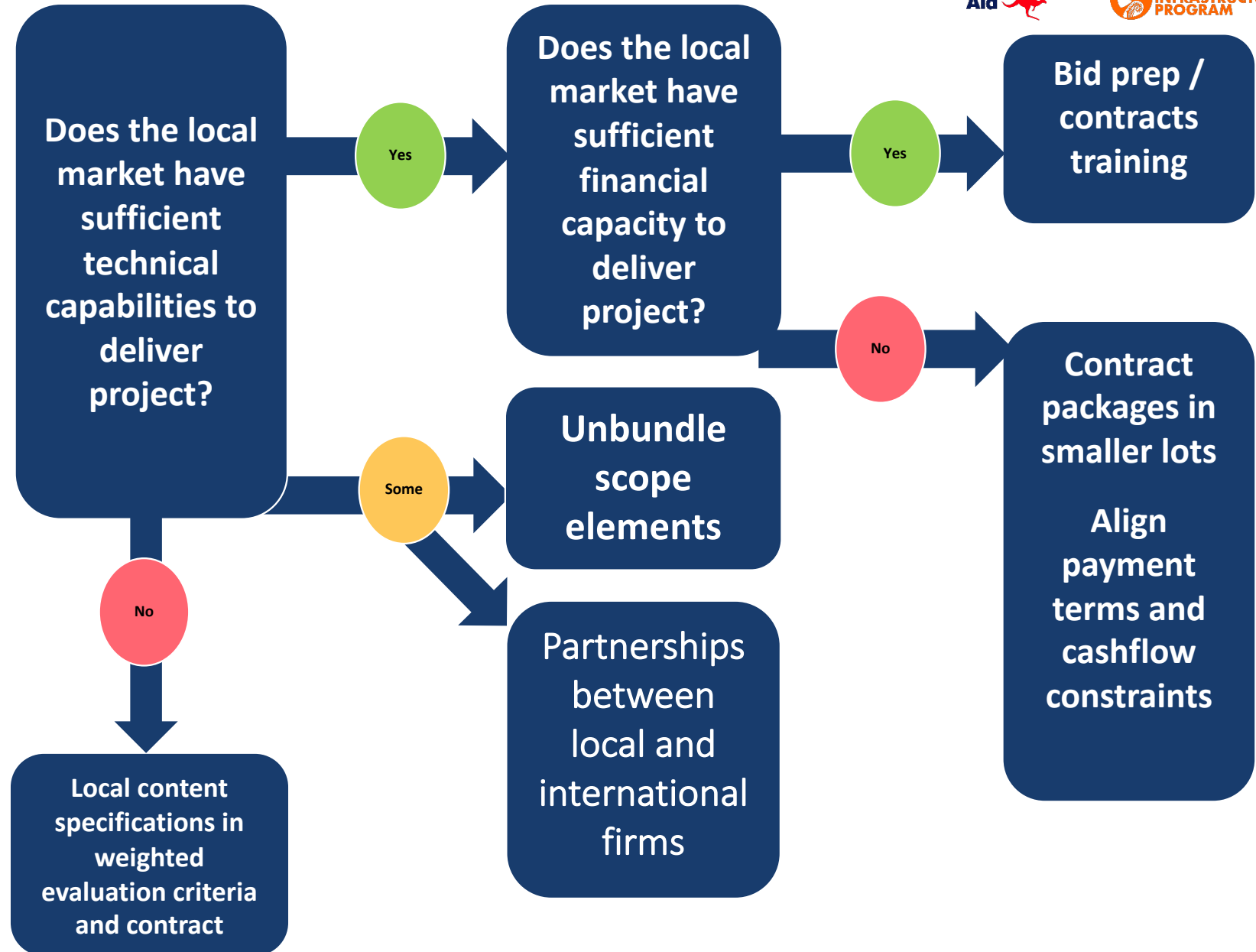
Key Action 4 – Procurement Strategy is informed by capabilities and training needs of local industry



Key Action 5 – Bid documentation is customised to provide incentives for local participation

Actions by SIIP
procurement
team

Local Content informed Procurement Strategy



Delivery

Key Action 6 – SIIP will identify and implement activities to build the capacity and skills of local industry



Key Action 7 – SIIP projects will measure and report Local Content Performance

Actions that
SIIP will
undertake,
including via
contractor
delivery
requirements

What are SIIP's local content requirements for contractors?



Who is responsible for local content during project delivery?

- **Lead Contractor (international or local)** – contractually accountable for all aspects of local content delivery
- **Local Subcontractor** – sharing local workforce data with lead contractors and reporting any local content non-compliance (e.g. non-payment or non-delivery of training) to SIIP Superintendent
- **SIIP Superintendent / Construction Supervision Consultant** – ensures lead contractor has met its local content obligations
- **SIIP Project Manager** – reviews lead contractor and Superintendent's report and approves contract disbursements based on compliance

Typical Local Content Requirements for Lead Contractors

1. Lead Contractor prepares a **Local Content and Industry Participation Plan (LCIPP)** as part of tender submission
2. LCIPP forms a **Contract document** once approved and is enforced through payment provisions in the Contract
3. **Monthly progress reporting** against LCIPP includes provision of data and evidence of payment to local subcontractors (and of training where required)

The Lead Contractor needs to work with the local supply chain to prepare the LCIPP

What is the purpose of the LCIPP?

The aim of the LCIPP is to ensure:

- the Lead Contractor will successfully implement measures to **maximise jobs** to Solomon Islanders and **subcontracts** to local enterprises
- as well as **enable** training to **upgrade skills** of Solomon Islanders throughout the contract delivery period, where required.

What is included in an comprehensive LCIPP?

The LCIPP outlines how the **Lead Contractor** will deliver the local content requirements of the project. This includes:

- **Approach:** demonstrating how they will maximise opportunities and jobs for local firms and individuals and improve skills outcomes
- Commitments to **Local Participation:** defining the extent of locally procurement and employment
- Commitments to **Upskilling:** provide Training and Capacity Development through the project for employees and sub-contracting entities and suppliers.
- **GEDSI:** actions to maximise opportunities to encourage female participation in the site works or project support activities.
- **Implementation:** resourcing and risk management plan

What does the LCIPP mean for prospective subcontractors?

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)

Remember: “Local” includes SI citizens who are resident in SI and SI majority owned firms with majority SI employees

How do I get involved in a SIIP project as a local company?

1. **Register** on the SIIP Local Company Register if interested in being involved in SIIP
2. When SIIP project tender documents are released, register to download the tender document.
3. Identify which parts of the scope you have **interest in and capacity to deliver**
4. Attend **pre-bid meeting** organised by SIIP. An attendance sheet will be added to the tender documents on the SIIP website
5. To access subcontracting opportunities, approach prospective bidders from the pre-bid meeting attendance sheet to **pitch your capabilities** and communicate what **skills or systems you want to enhance** through the project
6. Consider ways to encourage more **women, youth and people with disability** into your operations or the wider project supply chain

Recap and Q&A

Do you feel you have a good understand of SIIP's local content requirements for lead contractors (international and local) and what this mean for local subcontractors / suppliers?

Do you have any questions or feedback on SIIP's approach to local content?

Morning Tea Break
(20mins)

How to prepare a Local Content and Industry Participation Plan for SIIP projects



What lead contractors need to demonstrate in an LCIPP

- Approach
 - Local workforce recruitment strategy
 - Local procurement strategy
 - Strategy to encourage participation of women and other marginalised groups
 - Local skills training strategy (where specified)
- Commitments
 - Number of local jobs for men and women (% total project workforce)
 - Value of local subcontracts (% total project price)
 - Number of training hours and number of local male and female workforce trained (including number of apprentices)
 - Any formal recognition of skills attained by local male and female workforce
- Implementation resourcing
 - Staffing responsible for implementation
 - Systems/Policies for maintain records and reporting
 - Risk management plan

Bid documents may ask for lead contractor's local content experience on past projects

Identifying opportunities for local suppliers

To complete the **local procurement strategy and commitments**, lead contractors will need an understanding of local supplier/contractor capabilities:

1. Technical Expertise

- architectural
- engineering
- civil
- building

4. Ownership and location

- local/foreign
- mobility

2. Goods, services, facilities, equipment

- fabricator
- plant hire
- equipment inventory

5. Industry compliance and systems

- licences
- insurance
- product lab test
- OHS/QMS/EMP

3. Business size / maturity

- no. years of operation
- no. staff
- ann. turnover

6. Past Projects / Clients / Forward workload

- project size
- prime or sub
- govt/private

Identifying training needs for local project workforce

To complete the **training strategy and commitments**, lead contractors will need an understanding of:

- project demand: the occupations, number of roles and certifications needed to deliver the project (skilled and unskilled)
- training needs: any gaps that exist between the project requirements and the skills /certifications in their project workforce
- mapping the identified training needs against types of training relevant to the project (e.g. on the job, apprentice, offsite short course etc)
- identification of suitable participants in your project workforce for training and effective use of apprentices / interns / recent graduates

EXAMPLE

Identifying training opportunities for each level of skills in project workforce

Project requirement – Concrete Slab	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	OHS short course (offsite)
Concrete Formwork	Carpenters	2 M	Skilled	N	Nil
Concrete reinforcement	Welders (structural, requiring AS/NZ cert)	Nil 3 M / 1 F (non-structural)	Semi-skilled	Y	On the job mentoring from o/s structural welder & 1 apprentice (onsite and offsite)
Concrete pour	Machinery operators	1 M	Semi-skilled	N	Nil
Quality control	Site Supervisor	1 M	Skilled	Y	Project mgmt short course (online)

Activity

Small group discussion:

- Read the fictitious scenario of a SIIP construction project on Bravo Island
- Refer to handout - consider which part of the project you could deliver based on your business'
 - technical capabilities
 - financial position
 - past experience on projects with similar compliance standards
- In your table groups, discuss your allocated questions in relation to preparing the LCIPP

Scenario for activity - context

A new market is planned in the township of Malo, located on the island of Bravo, around 300km from Honiara. It will replace a smaller, dilapidated structure located adjacent to the proposed new site.

Malo's population is around 4,000 people. Malo serves as a small service centre for neighbouring villages, and some extractive industries operating on the island.

There is a Rural Training Centre in Malo, and a small number of private companies servicing small scale local building and roads construction and maintenance activities.

Larger activities, such as the recent construction of a new medical facility, required some contractors from Honiara.

Scenario for activity – project details

Project value – SBD 10,000,000

Project duration – 12 months

Construction method - concrete slab and columns with timber frame roof, steel roofing, bitumen sealed access road

Compliance Standards – Solomon Islands National Building Code, plus additional DFAT requirements: Quality Management Plan, Environmental Management Plan, OHS Plan, Traffic Mgt Plan (in line with AS/NZ standards), Child Protection and Prevention of Sexual Exploitation, Abuse and Harassment Policy

Requirements / scope elements –

- Preliminaries – business licences, security, fencing
- Mobilisation & de-mobilisation
- Community Liaison
- Safeguards, Management Plans
- Site Clearing
- Excavation, backfilling
- Slab
- Columns
- Walls, blockwork (storerooms, toilets etc)
- Roof structure and cladding
- Fit-out – electrical, plumbing, septic, water tanks, solar panels, storage etc
- Painting
- Upgrade access road, including stormwater drainage and embankment stabilisation
- Training – at least 2 apprenticeships or student work placements (1 female, 1 male)

Assessing local supply chain opportunities

	Tick which elements you would want to deliver (either as lead of sub)	Tick if you need to engage additional workers	Tick if you need additional goods/materials and services (including subcontractors)
Preliminaries – business licences, security, fencing			
Mobilisation & de-mobilisation			
Community Liaison			
Safeguards, Management Plans			
Site Clearing			
Excavation, backfilling			
Slab			

Questions

1. How would you identify and engage **additional workforce and goods and services suppliers** to fill gaps in Bravo and Honiara?

If Yes, answer the following questions:

1. Which additional occupations/skillsets would you need?
2. What specific measures would you have to **engage women and manage risks** to women on-site in Bravo and Honiara?

(i) from the Island of Bravo

3. What **type of training** would be required and what is your **capacity to take on apprentices**?

EXAMPLE – scope element “painting”

	Tick which elements you would want to deliver (either as lead of sub)	Tick if you need to engage additional workers	Tick if you need additional goods/materials and services (including subcontractors)
Painting	✓	✓	✓

1. How would you identify and engage **additional workforce and goods and services suppliers** to fill gaps in Bravo and Honiara?

*Need two additional painters. Can recruit from local RTC, or locally employed from Bravo. May need skilling on-the-job.
Need paint and spray guns. Can source from hardware retailer in Honiara*

2. What specific measures would you have to **engage women and manage risks** to women on-site in Bravo and Honiara?

Additional painters could be women, from RTC if available (semi-skilled) or employed from project area (unskilled).

3. What **type of training** would be required and what is your **capacity to take on apprentices**?

Need to train new painters on using spray gun – do this on-the-job supervised by master painter (company employee). Capacity to take on graduates, but not apprentices.

Question 2

What additional **goods or services** would you need to purchase or hire that cannot be provided by your company? (plant/equipment, logistics, security, manufactured inputs)

1. List the key goods and services; and
2. How you would identify suppliers to engage?
 - (i) from the Island of Bravo
 - (ii) from Honiara

Sharing and Feedback

How did you go about answering the questions?

What challenges did you find in responding to the questions and implications for delivering local content?

How Local Content is applied to SIIP tenders and contracting



Scoring of local content in SIIP tender evaluations

- When an LCIPP is required it will be evaluated as part of the technical evaluation.
- It will have a weighting assigned to it.
- Tender documents will indicate specific criteria for the LCIPP, data and evidence requirements as well as measures for scoring highly.

Example Technical Evaluation Criteria & Scoring – Naha BUHC

- Experience (15 points)
- Workplace Health & Safety – specific to the Naha BUHC site (5 points)
- Environmental Management Plan – specific to the Naha BUHC site (10 points)
- Site Management Plan (5 points)
- Project Plan/Program (10 points)
- Methodology (10 Points)
- **Local Content Industry Participation Plan (25 points)**
- Quality Management Plan (10 points)
- Personnel and Equipment (10 points)

To calculate the technical score (Ts), the 70 points available will be weighted for each evaluation criteria. They will then be scored as follows:

Score	0	0-49%	50-69%	70-79%	80-89%	90-100%
Meaning	No information	Poor	Satisfactory	Good	Very good	Excellent

SIIP contract conditions relating to local content

- LCIPP is a mandatory condition of contract outlined in the Works Specification (AS 4000 series).
- Contractor must provide details of the key contact for responsibility, management, and implementation of the LCIPP.
- Contractor confirms formal commitment to LCIPP at contract signing – e.g. proportion of local procurement of goods and services
- Conditions of contract allows for payments to be withheld from lead contractor if the information is deemed non-compliant or missing (e.g. non-payment of subcontractors)

Payment clauses relating to local content

- Conditions of Contract (AS4000) will include the requirement for the Lead Contractor to provide evidence of payments to their local sub-contractors/suppliers before approval of the Lead Contractor's monthly progress payments.
- Amounts paid the local sub-contractors/suppliers must reconcile with the dollar value in the LCIPP.
- Where training commitments are required by the project, evidence of co-investment in training may be required e.g. training course details and cost, student names, certificates of completion/ results.

Measuring and Reporting on Local Content

- The final LCIPP will be agreed prior to contract.
- Once approved by SIIP, the LCIPP will form the basis of compliance reporting.
- Contractor LCIPP Reports will be submitted monthly as part of contractor monthly reporting requirements, with contract payments contingent upon submission of the contractor's LCIPP Report.

Measuring and Reporting on Local Content during Project Delivery



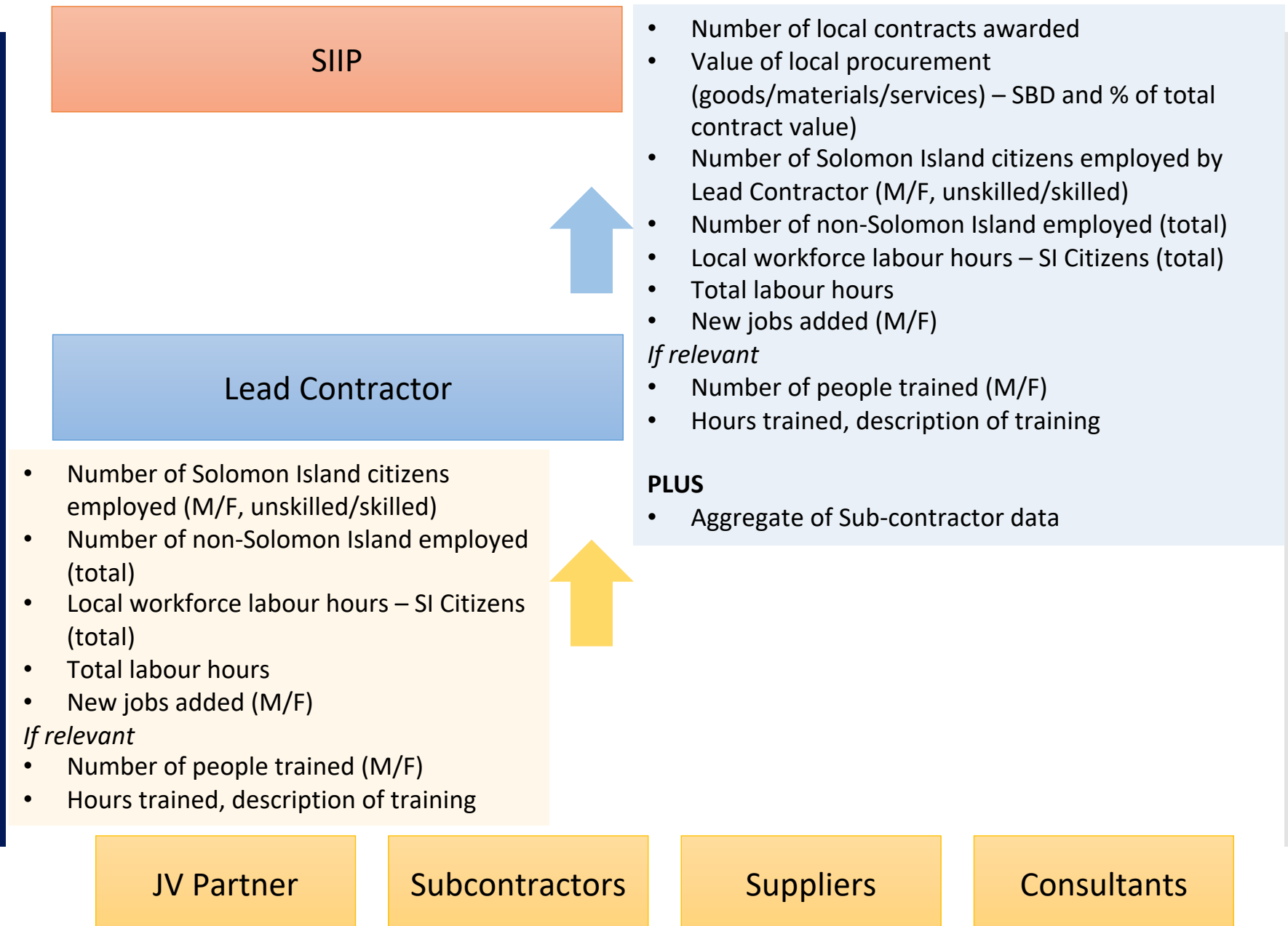
Measures that contractors will report monthly which will inform program-level reporting to DFAT

- Number of local contractors/sub-contractors and suppliers awarded
- Value of local procurement (goods/materials) – SBD and % of total contract value
- Number of Solomon Islands Citizens employed: – Unskilled, Skilled– Male, Female
- Number of Non-Solomon Islands Citizens employed - Total
- Local Workforce (SI Citizens) Labour Hours
- Total Labour Hours
- New Jobs added – Male, Female
- Number of people trained - Male, Female,
- Hours trained (monthly, cumulative) – description/type of training

New jobs refers to first jobs (e.g. new graduates) or a person out of formal employment for 4 consecutive weeks

More detailed training data will be collected periodically using separate collection form

Reporting flow - monthly



Example of Contractor Reporting

NAHA BUHC - Local Content and Industry Participation Plan - Project Details									
Project Title	Naha Birthing and Urban Health Centre								
Contract Sum - SBD	\$	88,000,000.00							
Contract Number	SIIP ?????								
Client(s)	MHMS + DFAT								
Principal	Solomon Island Infrastructure Program (SIIP)								
Lead Contractor	ABC Company								
Lead Contractor Business Registration Number	xxxxxxxxxx								
Name of Person Completing this Form	John Smith								
Position of Person	Project Manager - ABC Company								
Date of LAST Report	Jan-23								
THIS Report Date Range	Report Date From	1/02/2023					Report Date To		
INSTRUCTIONS: Complete the three tabs and this will autofill this front sheet									
Total Number of Local Contracts Awarded		3							
Total Value Local Procurement (SBD)	\$	43,200,000.00							
% of total contract value - local procurement		49%							
Monthly value local procurement (SBD)	\$	780,000.00							
Total Male Solomon Island Citizen - unskilled		29							
Total Male Solomon Island Citizen - skilled		22							
Total Female Solomon Island Citizen - unskilled		8							

LCIPP Outcome Report

Local Procurement

Project Worforce

Local Training

Description of G&S (Bo ...

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Example of Contractor Reporting - workforce

Lead, JV and Subcontractors Names	Business Name	Number of Solomon Island Male Citizen Employees - unskilled	Number of Solomon Island Male Citizen Employees - skilled	Number of Female Solomon Island Citizen employees - unskilled	Number of Female Solomon Island Citizen employees - skilled	Total Number of Employees Solomon Island Citizens (C+D)	Number of NON Solomon Island Citizen Employees	TOTAL NUMBER OF EMPLOYEES (E+F)	Percentage of Solomon Island Employees (E/G)	New SI jobs added - Male	New SI jobs added - Female	Labour Hours Local Workforce	Labour Hours Totals
Lead Contractor	ABC Company	0	8	0	4	12	6	18	67%	1	1	290	450
JV Partner 1	ZXC Company	23	6	8	2	39		39	100%			245	245
Subcontractor A	Demo Company	6	2	0	1	9		9	100%		1	210	210
Subcontractor B	Banjo Company	0	6	0	3	9	2	11	82%			165	210
Subcontractor C						0		0					
Subcontractor D						0		0					
						0		0					
						0		0					
						0		0					

29	22	8	10	69	8	77	90%	1	2	910	1115
Total Male SI - unskilled	Total Male SI - skilled	Total Female SI - unskilled	Total Female SI - skilled	Total SI employed	Total Non-SI	Total Workers	% SI Workers	New Male Jobs	New Female Jobs	Labour Hours - SI	Labour Hours - TOTAL
										82%	% Labour Hours SI Citizens

Project Workforce refers to workers engaged on tasks related to the specific project, and not the overall number of employees working for a contractor

4	1	5	30: 4 x OHS Short Course; 1xProcurement Short H
		0	

Periodic (e.g. 6-monthly) Training Data - example

Business Name			ABC Company				
Date of report			XX/YY/ZZ				
Trainee	M/F	Training Description	Total Training Hours Received	Hours remaining	Commencing skill level	Skill level at completion	Completion date (passed)
John	M	Machine operation	60	0	Unskilled	Skilled	23/06/23
Mary	F	Project mgmt short course (online)	120	100	Skilled	Skilled	

Each business delivering training as part of the LCIPP will periodically complete a template such as this, and the Lead Contractor will compile and forward these to SIIP

Discussion and Q&A

What data can you currently collect and report?

Would your current systems need to be adapted?

What feedback do you have on the data collection requirements?

Recap of Learning Objectives

By the end of this workshop, participants should be able to:

1. Understand how SIIP intends to apply local content in infrastructure projects
2. Understand local content requirements and how to respond to a Local Content Industry Participation Plan (LCIPP)
3. Understand the local content implementation and reporting requirements for contractors

Questions

Feedback form



Thank you