Enhancing Private Sector and Local Participation in Pacific Infrastructure

Welcome Address

Sean O’Sullivan
Team Leader
PRIF Coordination Office
About PRIF

- Multi-partner coordination and technical assistance facility
- Established in 2008
- Interface between 8 development partners and 14 Pacific member countries to improve the quality and coverage of infrastructure through:
  - Development partner coordination
  - Technical assistance and knowledge production
  - Knowledge hub and events
About PRIF Week 2022

- 5-day Virtual Conference
- PRIF Week Hubs (Fiji, Samoa, Tonga, Sydney)
- Virtual Exhibition
- Opportunities for networking with 1-to-1 videoconferencing

Networking opportunities with more than 400 participants, 50 speakers, and 30 exhibitors
## What is happening during PRIF Week 2022?

<table>
<thead>
<tr>
<th>Session objective</th>
<th>Mon 17 Oct</th>
<th>Tue 18 Oct</th>
<th>Wed 19 Oct</th>
<th>Thu 20 Oct</th>
<th>Fri 21 Oct</th>
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<tbody>
<tr>
<td>Welcome and keynote speakers</td>
<td>The Pacific Private Sector – regional perspectives</td>
<td>Sector trends and plans</td>
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<td>Panel discussion and Q&amp;A: Roadmap for a Recycling Network in the Pacific</td>
<td>Access to opportunities for Pacific firms</td>
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<td>Development partner strategies to empower local participation</td>
<td>Panel discussion and Q&amp;A: Growth in local contractor participation</td>
<td>Panel discussion and Q&amp;A: Development Partner strategies and projects</td>
<td>Pacific Project Series: Maritime investment in climate resilient operations in Tuvalu¹</td>
<td>Panel discussion and Q&amp;A: Empowering GESI in infrastructure</td>
<td>Nurturing local content in the Pacific</td>
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<td>Challenges and opportunities for local participation – a government’s perspective</td>
<td>Panel discussion and Q&amp;A: Contracting challenges</td>
<td>WASH Q&amp;A: Development Partner strategies and projects</td>
<td>Panel discussion and Q&amp;A: Roadmap for a Recycling Network in the Pacific</td>
<td>Panel discussion and Q&amp;A: Procurement session for local contractors</td>
<td>Closing remarks</td>
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<td>The role of private sector in infrastructure development</td>
<td>Open 2 – 2.30 pm (AEST)</td>
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<td>Virtual exhibition</td>
<td>Launch</td>
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¹ Tuvalu: The small island nation of Tuvalu is one of the most vulnerable countries to climate change impacts. The Pacific Project Series on Maritime investment in climate resilient operations highlights efforts to build climate-resilient infrastructure to support sustainable development.
Our theme for 2022: Why is Enhancing Private Sector and Local Participation important for the infrastructure sector?
### Enhancing Private Sector and Local Participation

**Why is Enhancing Private Sector and Local Participation important for the infrastructure sector?**

| 1. Big challenges and opportunities for infrastructure in the Pacific | • Coverage and quality of infrastructure  
• Recovery from COVID-19  
• Resilience for economies, disasters and climate change |
| --- | --- |
| 2. Report: *Enhancing Procurement Practice and Local Content in Pacific Infrastructure* | • Benefits and tradeoffs of local content in meeting these challenges  
• Identifies opportunities for improving procurement practices  
• Identifies barriers to enhancing local content and private sector participation |
| 3. We all have a role to play in overcoming barriers to enhancing local content | • Actions for governments, development partners and the private sector  
• PRIF’s role in supporting progress |
## Enhancing Private Sector and Local Participation

**Big challenges and opportunities for infrastructure in the Pacific**

### Coverage and quality of infrastructure

- Progress made in many areas, but not everyone has reliable and affordable access to quality infrastructure services yet.
- More to be done on infrastructure backlog, maintenance, service quality, affordability and key reforms.

### COVID-19 recovery

- Health and economic crisis strain on government and household budgets.
- Consensus: infrastructure investment for recovery – economic stimulus and jobs.
- Sustaining investment: focus on budget repair AND alternative funding/financing.

### Complex resilience challenge

- Economic shocks – dependence on external debt, imports, and narrow productive and labour sectors.
- Natural disasters – high risk and high cost.
- Climate change – building back better and adaptation.

**Key message:** Sustaining the investment needed to meet these challenges will require new sources of capital, additional infrastructure sector capability and capacity, and new more inclusive approaches. Enhancing private sector and local participation provides a pathway progress on each of these needs.
Enhancing Private Sector and Local Participation

Report: Enhancing Procurement Practice and Local Content in Pacific Infrastructure

• Contributes to a greater understanding of the tradeoffs and benefits of local content

• Identifies opportunities for improving procurement practices to facilitate local content in the region

• Identifies barriers and actions for governments, development partners and the private sector
Enhancing Private Sector and Local Participation
Benefits and tradeoffs

Benefits

• employment
• capacity building
• economic multipliers
• appropriate technology
• technology transfer
• more effective maintenance

Tradeoffs

• project quality and complexity
• management and supervision costs
• greater use of natural resources

Key Finding: not every project or situation should try to maximize local content. Instead, consider appropriate ways to incorporate local content, that balances benefits and tradeoffs, in line with local capacity.
## Enhancing Private Sector and Local Participation

### Barriers

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<th>Demand side</th>
<th>Supply side</th>
<th>External factors</th>
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<tr>
<td>• Procurement constraints</td>
<td>• Local content often not considered in project concept and design</td>
<td>• Constraints on private sector development - geography, legal and policy settings, human and institutional capacity, and access to financial services.</td>
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<td>• Cultural complexities</td>
<td>• Visibility of local capability</td>
<td>• Compounded by exposure to economic and natural disaster vulnerabilities that result in frequent disruptions.</td>
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<td>• Focus on economy and efficiency in project delivery</td>
<td>• Capacity of professional orgs and chambers of commerce to advocate for members</td>
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#### Supply side
- Local content often not considered in project concept and design
- Visibility of local capability
- Capacity of professional orgs and chambers of commerce to advocate for members
- Financial and technical requirements of donors

#### External factors
- Constraints on private sector development - geography, legal and policy settings, human and institutional capacity, and access to financial services.
- Compounded by exposure to economic and natural disaster vulnerabilities that result in frequent disruptions.
Enhancing Private Sector and Local Participation

We all have a role to play in overcoming barriers to enhancing local content.

- **Pacific Island Country Governments**: Improved visibility and capacity of local sector.
- **Development Partners**: Improved requirements for local content in infrastructure projects.
- **Leadership on enabling environment, policy and procurement**.
- **Private Sector**: External factors.

**BARRIERS TO LOCAL CONTENT**
Introducing our speakers for Day One

**Dr. Salome Taufa**
Acting Director
Pacific Island Forum Secretariat

**Mr. Shiri Gounder**
Permanent Secretary at
Ministry of Economy in Fiji

**Mr. Paul Alexander**
New Zealand Ministry of Foreign Affairs

**Mr. Ian Clarke, OBE**
President of the Australia Pacific Islands Business Council