



Australian Government  
Department of Foreign Affairs and Trade



Australian  
Infrastructure  
Financing Facility  
for the Pacific

# AIFFP Sustainable Procurement Policy

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# 1 Introduction

The stability and economic development of Pacific island countries and Timor-Leste is fundamental to Australia. The Pacific region faces a massive and wide-ranging infrastructure shortfall and Australia has an abiding interest in supporting Pacific island governments meet their infrastructure needs. Infrastructure is a critical driver of economic growth and stability in the region, increasing productivity and access to essential services. The procurement of infrastructure in the Pacific also has the potential to drive economic and social outcomes by creating economic opportunities for local businesses and workers and build relevant skills and capacity.

The Australian Infrastructure Financing Facility for the Pacific (AIFFP) was established in 2019 to provide loans and grants to sovereign, state-owned enterprises and private sector partners for transformative infrastructure investments in Pacific island countries and Timor-Leste. The \$3 billion infrastructure initiative significantly boosts Australia's support for infrastructure development in the Pacific region.

The AIFFP is committed to financing high quality, sustainable infrastructure, which maximises local participation and generates inclusive economic opportunities for Pacific island communities by ensuring sustainable procurement outcomes – procurement outcomes that generate social value above and beyond the value of the construction being procured – are central to this commitment. Across its investments, the AIFFP will use its buying power to increase opportunities for local businesses and workers, alongside the delivery of competitively priced, high quality infrastructure assets.

The AIFFP's Sustainable Procurement Policy reflects a growing recognition, both in Australia and internationally, of the use of procurement as a tool to achieve social and economic development objectives. The policy sets out the principles guiding AIFFP's approach to sustainable procurement and provides guidance to suppliers seeking to incorporate sustainable procurement principles when competing for AIFFP procurement opportunities. The AIFFP will apply this policy to all procurements managed by AIFFP, tailored for the specific needs of individual projects and partners. AIFFP requires partner governments to apply the sustainable procurement principles, in-line with the AIFFP Financing Recipient Guidance Notes, when managing procurements for AIFFP financed projects.

The AIFFP will continually revise and review this Policy to ensure it remains fit for purpose.

## 2 Sustainable Procurement Principles

**Value for money** is the core principle underpinning all AIFFP procurement processes. Value for money considerations are broader than achieving lowest price and seek to balance cost alongside ensuring quality outcomes and generating social and economic opportunities. The AIFFP considers a range of financial and non-financial factors to determine the benefits of the procurement to the partner government, and Pacific island countries more broadly.

### Quality Infrastructure

Ensuring high quality construction of all infrastructure investments is central to the AIFFP's assessment of value for money. The AIFFP prioritises the procurement of qualified suppliers with demonstrated

experience and track record in delivering high quality infrastructure. AIFFP infrastructure assets are built in-line with relevant Australian and international building standards, and national building codes. The AIFFP is committed to incorporating international best practice in project design and construction.

As part of its focus on quality infrastructure, the AIFFP is committed to ensuring AIFFP infrastructure adheres to international standards on environmental and social safeguards, climate and disaster risk resilience and Gender Equality, Disability and Social Inclusion (GEDSI). Suppliers must demonstrate they understand and can meet these standards when procuring for AIFFP infrastructure.

The AIFFP requires suppliers to meet relevant standards on Workplace, Health and Safety, Modern Slavery and Anti-Bribery and Corruption.

## Local Participation and Capacity Building

In assessing value for money, the AIFFP considers the contribution of the procurement to strengthening the local labour market and creating economic opportunities for local workers and enterprises. The AIFFP strongly supports local participation in the design, construction and ongoing operation of AIFFP financed assets. The AIFFP is committed to maximising the involvement of local firms and workers, including through sub-contracting of local businesses and the provision of training and certification opportunities. The AIFFP is particularly focused on the generation of inclusive jobs and will prioritise procurement outcomes that maximise the creation of economic opportunities for disadvantaged groups, such as women and young people, in the Pacific.

## Sustainability

The AIFFP is focused on ensuring infrastructure adheres to high standards of environmental sustainability. As part of its value for money assessment, the AIFFP will consider the environmental sustainability of procurement outcomes including energy efficiency, environmental impact and the use of recycled products where possible. Suppliers must ensure they can meet AIFFP safeguards requirements on environmental protection and mitigate risks to the environment. This includes ensuring climate and disaster risk resilience aspects are considered and integrated across the design, construction and ongoing operation of AIFFP financed infrastructure.

Sustainability also includes a detailed assessment of whole of life costs for infrastructure assets. The AIFFP is committed to ensuring AIFFP infrastructure investments are functional and operational across the asset's usual lifecycle. AIFFP's value for money considerations include an assessment of the ongoing cost to operate and maintain assets over their life. Whole of life costs could include the cost of construction, the maintenance and operating costs, transition out costs, licensing costs and decommissioning, remediation and disposal costs.

## 3 Sustainable Procurement Objectives

The AIFFP will seek to maximise sustainable procurement outcomes for every AIFFP project. Specific performance targets and indicators will be developed for each AIFFP-financed project as part of a

tailored procurement plan and procurement documents. The table below provides high-level, indicative outcomes that correspond to sustainable procurement objectives.

Sustainable Procurement Objectives	Outcomes
<b>Job Creation in Pacific island countries</b>	Contracting and sub-contracting Pacific island workers
<b>Creating contracting opportunities for businesses in the Pacific</b>	Procuring from Pacific island businesses and suppliers
<b>Building local skills and capacity in the Pacific</b>	Supporting skills development and training programs for construction and related skills in the Pacific. Increased job readiness and employment for people in Pacific island communities
<b>Ensuring safe and fair workplaces</b>	AIFFP suppliers comply with workplace health and safety requirements and promote safe workplaces
<b>Creating opportunities for women in Pacific island countries</b>	Gender equality policies and practices for all suppliers to AIFFP financed infrastructure
<b>Adhering to environmental and social safeguards</b>	All AIFFP investments deliver on high standards on safeguards for environmental protection; children, vulnerable and disadvantaged groups; displacement and resettlement; Indigenous peoples and Health and safety
<b>Strict anti-bribery and corruption measures</b>	Suppliers implement clear anti-bribery, anti-fraud and corruption policies and practices
<b>Promoting climate and disaster resilience</b>	AIFFP infrastructure delivers climate and disaster resilience principles through design and implementation
<b>Modern Slavery Practices</b>	Suppliers ensure their supply chains and businesses are free from modern slavery practices