European Bank
for Reconstruction and Development

PROCUREMENT QUICK GUIDE

LOCAL LABOUR

Creating local economic, employment and skills outcomes.

What is Local Labour?

Local Labour refers to workers who hold the nationality or citizenship of the Client's country and are engaged to deliver the labour component of a Bank-financed Works contract.

Local Labour requirements require Participants to allocate a defined share of Total Labour under the contract to Local Labour.

They are intended to support local economic, employment, skills development and sustainable development outcomes, while contributing to Value for Money and successful project delivery.

What does the Guidance require?

For Works contracts exceeding €35 million, Participants are required to allocate not less than 50 per cent of Total Labour under the contract to Local Labour.

The 50 per cent requirement is:

- a minimum threshold, not a ceiling;
- assessed on a pass/fail basis;
- measured by Full-Time Equivalent effort (FTE), or another effort-based method set out in the procurement documents;
- required to be realistic, proportionate and informed by market evidence; and
- subject to agreement with the Bank.

Why use Local Labour requirements?

Well-designed Local Labour requirements can support:

1 PROJECT DELIVERY	2 LOCAL JOBS	3 SKILLS DEVELOPMENT	4 WORKFORCE CAPABILITY	5 COMMUNITY ACCEPTANCE	6 SUSTAINABLE OUTCOMES
Efficient and responsible delivery of Bank-financed Works contracts.	Creates employment opportunities and supports income in the Client's country	Builds skills through training, on-the-job learning and practical experience.	Strengthens the local workforce, improving productivity, quality and safety.	Local benefits are seen and felt, building trust and stronger relationships with communities.	Supports sustainable development and long-term value for the Client's country

When does the requirement apply?

The Local Labour requirement applies to relevant Works contracts exceeding €35 million.

For these procurements, Participants must allocate not less than 50 per cent of Total Labour to Local Labour, unless a different approach is justified by market evidence and agreed with the Bank.

A different percentage may be agreed where, for example:

- local labour capacity is insufficient;
- the Works are highly specialised or capital-intensive;
- the project is remote, conflict-affected or disrupted;
- competing projects constrain labour supply; or
- the standard requirement would materially reduce competition or increase delivery risk.

Requirement at a glance

Contract type:
Works contracts

Threshold:
Exceeding €35 million (Ex VAT)

Requirement:
At least 50 per cent of Total Labour

Measurement:
FTE / labour effort, not simple headcount

Assessment:
Pass/fail

Bank role:
Any proposed percentage must be agreed with the Bank.

What labour is covered?

The requirement applies only to the labour component of the Bank-financed Works contract.

It covers workers engaged in:

- construction;
- installation;
- commissioning; and
- other contract-related Works activities performed on Site; whether employed directly by the Contractor or through subcontractors.

INCLUDED

on-site construction, installation, commissioning and contract-related Works labour.

EXCLUDED

upstream manufacturing or production labour for goods, plant, equipment or components.

Who qualifies as Local Labour?

Local Labour comprises individuals who hold the nationality or citizenship of the Client's country.

- ✓ Nationality shall be evidenced by a passport or another official document confirming citizenship.
- ✗ Foreign nationals do not qualify as Local Labour. This includes refugees, asylum seekers, permanent residents and foreign workers holding visas or work permits.

How to apply Local Labour

APPLYING LOCAL LABOUR

Local Labour requirements work best when they are planned early, tested with the market, clearly reflected in procurement documents and monitored through the contract.

1 Test feasibility

Use Market Analysis and, where appropriate, EME to test whether the 50 per cent requirement is realistic. Any adjustment must be evidence-based and agreed with the Bank.

2 Design the requirement

Define the percentage, measurement method, scope of application, support measures, monitoring approach and whether Rated Criteria will be used.

3 Require a Local Labour Plan

Require Participants to submit a Local Labour Plan that explains how they will meet the minimum requirement and, where relevant, identify enhanced commitments.

4 Assess the Proposal

Assess minimum compliance **pass/fail**. Use Rated Criteria only for enhanced value beyond the minimum and avoid double-scoring.

5 Contract and monitor

Translate key commitments into measurable contract obligations, monitor delivery, require corrective action and apply remedies where needed.

DO	DON'T
Start early, during procurement planning.	Treat Local Labour as a late add-on.
Use market evidence and EME where needed.	Use it as a domestic preference.
Define Local Labour, Total Labour and FTE/effort measurement clearly.	Set unrealistic requirements without market evidence.
Agree the proposed percentage with the Bank.	Leave measurement unclear.
Require a credible Local Labour Plan.	Accept generic or non-deliverable Local Labour Plans.
Assess minimum compliance pass/fail.	Score the same commitment twice.
Monitor delivery through the contact.	Wait until completion to address non-compliance.

After award / Monitoring delivery

The 50 per cent requirement is measured by FTE / labour effort, not simple headcount. Site access logs, timesheets, payroll records, attendance records and subcontractor labour reports can help verify compliance.

Frequently Asked Questions

1 Does Local Labour mean using local contractors?

✓ No. Local Labour relates to the labour used to deliver the Works contract. It is not a requirement to award the contract to a local contractor. International contractors can comply by employing Local Labour directly or through subcontractors.

2 What if the local labour market cannot support 50 per cent?

✓ The Client should use Market Analysis and, where appropriate, EME to test feasibility. The Client should first consider whether packaging, sequencing, training or mobilisation measures can make the requirement deliverable. If not, any lower percentage, removal or exception must be justified by market evidence and agreed with the Bank.

3 How is the Local Labour Plan assessed?

✓ The Local Labour Plan is assessed on a pass/fail basis to confirm minimum compliance. It should demonstrate a credible and deliverable approach to meeting the requirement, including how the Participant will measure, report and deliver Local Labour commitments.

4 When should Rated Criteria be used for Local Labour?

✓ Rated Criteria are optional and should be used only where enhanced Local Labour value is important to the contract. They should assess value beyond the minimum requirement, such as commitments above the minimum percentage, training and skills development, workforce-development measures, participation of underrepresented groups, or enhanced monitoring and accountability. Do not score any element already assessed pass/fail.

5 What happens after contract award?

✓ The successful Participant's Local Labour commitments should be translated into measurable contract obligations. The Client should monitor delivery through reporting and verification, require timely corrective action where performance is off track, and apply proportionate contractual remedies where necessary.

Further guidance and tools

This Quick Guide should be read together with:

- EBRD Local Labour Guidance (including relevant annexes)
- Sustainable Public Procurement Guidance
- Early Market Engagement Guidance
- Rated Criteria Guidance
- Procurement Policies and Rules

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