



European Bank
for Reconstruction and Development



Local Labour

Guidance note

1 September 2026

Guidance Notes: Local Labour

© European Bank for Reconstruction and Development
Five Bank Street
London E14 4BG
United Kingdom
www.ebrd.com

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording, without the written permission of the copyright holder.

Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

CONTENTS

1.	Purpose	2
2.	Definitions	2
3.	Scope	4
3.1.	Introduction	4
3.2.	Market Analysis and Early Market Engagement	6
3.3.	Designing and Planning Local Labour Approach	8
3.4.	Assessing Local Labour approach during evaluation	11
3.5.	Contract implementation	15
	Annex 1: Example Local Labour Plan template	18
	Annex 2: Example reporting template	22
	Annex 3: Example Provisions for Procurement Documents (Local Labour)	24
	Annex 4: Example EME questions	27
	Annex 5: Assessment of LLP (minimum requirements))	28
	Annex 6: Examples of Rated Criteria	29
	Annex 7: Local Labour checklist	30
4.	Disclosure	31
5.	Effective Date	31
6.	Decision Making Framework	31
7.	Related Documents	31

1. PURPOSE

Resilience is a key component of sustainable public procurement. The PPR 2026 therefore requires resilience to be considered, where appropriate, in the design of technical requirements, evaluation criteria and contract conditions (Section III, Articles 3.41, 3.44, and 3.70 PPR).

One example of a resilience consideration is the development of local work force. This guidance supports Clients in designing and applying Local Labour requirements to not only contribute to advancing job creation and skills development but also contribute to achieving Value for Money and successful project delivery while maintaining effective competition amongst Participants.

2. DEFINITIONS

Terms used in this Guidance have the following meanings. Terms not defined in this Guidance have the same meaning as set out in the PPR.

Bank	means the European Bank for Reconstruction and Development.
Early Market Engagement or EME	means the structured, transparent, and non-binding interactions between a Client and potential Market Participants, undertaken before the formal launch of a Procurement Process with the purpose to solely gather market intelligence and test assumptions, not to negotiate or select suppliers.
EME Guidance	means the Bank's Early Market Engagement Guidance, as amended from time to time.
Full-time equivalent or FTE	means a method of measuring workforce input equivalent to one person working full time over a defined period.
Local Labour	means nationals of the Client's country engaged in performing a Works contract, whether employed directly by the Contractor or through subcontractors.
Local Labour Plan or LLP	means a plan submitted by a Participant as part of its Proposal, setting out the Participant's approach to meeting the Local Labour requirement during contract execution.
Participant	means an entity, individual or joint venture, consortium or association that has submitted, or is in the process of submitting, a Proposal.
PPR	means the Bank's Procurement Policies and Rules, as amended from time to time.
Rated Criteria	means non-price evaluation factors used to assess qualitative aspects of Proposals.

continued on next page

Table continued

Rated Criteria Guidance	means the Bank's Rated Criteria Guidance, amended from time to time.
Site	means the place where the Works are to be executed and any other places as may be specified in the contract as forming part of the Site.
SPP Guidance	means the Bank's Sustainable Public Procurement Guidance, as amended from time to time.
Total Labour	means the total workforce engaged in performing the Contract, whether employed directly by the Contractor or through subcontractors, measured using FTE, person-days, or another objectively verifiable workforce measurement methodology specified in the procurement documents
Value for Money or VFM	means the achievement of optimal outcomes over the life cycle of an investment, taking into account cost, quality, performance, risk, sustainability, and timing.
Works	means building, civil engineering, or construction works.

3. SCOPE

3.1 Introduction

3.1.1 Background

Local Labour requirements are intended to ensure that Bank-financed projects contribute to local economic participation, job creation, skills and human capital development, and broader sustainable development outcomes. When designed and implemented appropriately, they can generate employment and income, strengthen workforce capability, improve project delivery where local workforce availability is important, enhance community acceptance, and retain a greater share of project benefits within the Client's country.

Local Labour requirements form part of the Bank's approach to sustainable public procurement and Value for Money. Further guidance on sustainable public procurement is provided in the SPP Guidance.

Local Labour requirements must be proportionate and aligned with market conditions. Requirements that are unrealistic or poorly designed may reduce competition, increase costs or introduce delivery risks. These risks can be managed through robust procurement planning, Market Analysis, Early Market Engagement, clear wording in procurement documents, and effective contract management.

3.1.2 Local Labour requirements

For Works contracts exceeding €35 million, Participants in the procurement process are required to allocate not less than 50% of Total Labour under the contract to the employment of Local Labour. The minimum 50% is a threshold, not a ceiling. Participants must meet or exceed it on a pass/fail basis. This establishes the minimum acceptable Local Labour requirement for applicable procurements.

Although the requirement is to allocate not less than 50% of Total Labour to the employment of Local Labour, any proposed percentage must be agreed with the Bank. Relevant in this respect is that the Local Labour requirements shall be realistic, proportionate and informed by market evidence.

Who qualifies as Local Labour?

Local Labour comprises individuals who hold the nationality or citizenship of the Client's country. Nationality may be evidenced by a passport or another official document confirming citizenship.

Foreign nationals do not qualify as Local Labour merely because they live in the Client's country or have a legal right to work there. This includes refugees, asylum seekers, permanent residents and foreign workers holding visas or work permits, unless they also hold the nationality of the Client's country.

What labour is covered?

The Local Labour 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.

It does not require the Client or Contractor to identify, classify or monitor workers involved in the upstream manufacture or production of goods, plant, equipment or components supplied under the contract. For example, workers manufacturing a turbine off-site would not form part of Total Labour for this purpose, although personnel engaged in installing or commissioning that turbine as part of the Works would be included.

This exclusion applies whether the manufacturer or producer is the Contractor, a subcontractor or a supplier.



INCLUDED

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



EXCLUDED

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

3.1.3 Acknowledging Client considerations

Clients may have legitimate concerns about applying Local Labour requirements, including:

- whether sufficient local labour is available;
- whether the required skills exist locally or can be developed;
- potential impacts on cost, productivity or delivery timelines;
- the risk of reducing competition; and
- the practical burden of monitoring and reporting.

These concerns need to be managed. Local Labour requirements need to be carefully designed to ensure they do not reduce competition, increase delivery risk, or result in commitments that are not realistic or deliverable. Local Labour requirements are most effective where they are informed by Market Analysis, tested through EME, reflected clearly in procurement documents, and translated into practical contract arrangements.

3.1.4 Integration of Local Labour requirements into the Procurement Process

Local Labour should be integrated across the procurement lifecycle. Effective application of Local Labour requires Clients to:

- undertake a contract-specific assessment of the Local Labour market, taking into account the nature, complexity, magnitude and location of the contract;
- determine whether the minimum 50% Local Labour requirement is achievable or whether an alternative percentage should be justified and agreed with the Bank;
- design realistic and measurable requirements;
- assess Participant commitments clearly and consistently; and
- monitor delivery during implementation.

**PLANNING**

1. define requirements
2. assess feasibility
3. document Local Labour approach

**PROCUREMENT DOCUMENTS**

1. include requirement and definitions
2. LLP requirements

**EVALUATION**

1. assess compliance (pass / fail)
2. apply Rated Criteria where appropriate

**CONTRACT IMPLEMENTATION**

1. monitor delivery
2. enforce commitments
3. report performance

3.1.5 Flexibility and exceptions

Local Labour requirements should be applied in a way that reflect the specific context of the Bank-financed Contract. In some cases, the standard requirement may need to be reduced below 50%, removed, or otherwise adjusted, for example, where:

- the local labour market does not have sufficient capacity;
- the Works are highly specialised or capital-intensive, and there is no sufficient local capacity;
- the Bank Operation is located in a remote, conflict-affected or disrupted environment;
- the availability of local labour is constrained by competing projects (not necessarily financed by the Bank) or wider market conditions; or
- applying the standard requirement would materially reduce competition or increase delivery risk.

Any proposed percentage for the Local Labour requirement shall be supported by evidence, including Market Analysis and, where appropriate, EME, and must be agreed between the Client and the Bank.

Example – Defining Local Labour (Road Rehabilitation Project)

The Contract includes a requirement that at least 50% of Total Labour must be allocated to Local Labour.

In preparing its Local Labour Plan, the Participant presents an indicative workforce using FTE estimates across key activities, including earthworks, drainage, and paving.

The proposed workforce includes local general labourers, plant operators, and workers engaged through local subcontractors for drainage and associated civil works. It also includes supervisory personnel who are nationals of the country. These categories are considered Local Labour, as they are nationals engaged in the execution of the contract.

The LLP also identifies roles that will be filled by non-local personnel, including a specialist asphalt paving crew mobilised from abroad, expatriate engineers providing technical oversight, and specialist technicians engaged on temporary work permits. These personnel are not considered Local Labour, as they are foreign personnel or do not meet the definition of nationals, even if working in-country.

The LLP clearly distinguishes between local and non-local labour and explains how Local Labour will be applied across the works, particularly in labour-intensive activities.

3.2 Market Analysis and Early Market Engagement

Market Analysis and EME inform the design of Local Labour requirements by testing market capacity, delivery constraints, and broader market conditions.

3.2.1 Market Analysis

Clients should assess:

- availability of Local Labour;
- geographic and logistical constraints;
- competing demand for labour; and
- productivity and mobilisation risks.

This analysis should inform whether the Local Labour requirement is realistic and how it should be applied.

Where the Clients is considering measures to promote local supply chain, Market Analysis should also assess the capability of local firms to undertake meaningful portions of the contract and any barriers to participation.

3.2.2 Early Market Engagement

EME should be used to develop and refine the Local Labour approach before the procurement documents are finalised.

EME provides Clients with an opportunity to better understand the Local Labour market, identify capacity constraints and delivery risks, test assumptions, assess the likely impact of proposed requirements on competition and project delivery, and refine the Local Labour requirements to ensure they are realistic, proportionate and informed by current market conditions. Further guidance on undertaking EME is provided in the EME Guidance.

Please refer to Annex 4 for example EME questions that can be used to test the feasibility of Local Labour requirements.

3.2.3 Engaging with other stakeholders and procurers

In addition to engaging with Contractors, Clients may benefit from engaging with other stakeholders to inform Local Labour design. These may include:

- other public procurers delivering similar projects in the same market;
- government agencies or labour authorities with insight into workforce availability and policy objectives;
- industry bodies and associations representing contractors, subcontractors, or labour providers;
- development partners or financiers involved in similar projects; and
- private sector organisations, including major employers, contractors, industry associations and recruitment agencies, particularly where they have knowledge of local labour market conditions and workforce capability.

Engagement with these stakeholders can help Clients to:

- understand broader labour market conditions and constraints;
- identify competing demand for local labour from other projects;
- draw on lessons learned from similar procurements;
- align Local Labour requirements with national policies or programmes; and
- test whether proposed requirements are realistic in the current market context.

Where multiple large projects are being delivered concurrently, coordination with other procurers may be particularly important to avoid:

- overestimating available labour capacity;
- creating competing demand that affects delivery across projects; or
- introducing inconsistent requirements that increase complexity for the market.

Engagement can be costly for both Clients and external stakeholders, it should remain proportionate and focus only on relevant information to inform procurement design.

3.2.4 Outputs

Outputs should be proportionate and focused on decision-making, including:

- summary of labour market capacity;
- key risks and constraints;
- recommended Local Labour approach; and
- implications for procurement design.

3.3 Designing and planning Local Labour approach

Local Labour requirements should be designed during procurement planning, taking account of the nature, complexity, magnitude and location of the Works contract, together with the characteristics of the local labour market. The appropriate approach may vary and shall be proportionate to the specific context of the Bank Operation.

Local Labour opportunities may arise across unskilled, semi-skilled, skilled, technical, supervisory and professional roles, depending on the specific procurement and the availability of suitably qualified local workers. The decision framework below provides illustrative examples to assist Clients in determining an appropriate Local Labour approach, and informed by the project context, the nature of the works, and the capacity of the local labour market.

3.3.1 Decision framework

Clients should use Market Analysis and, as required, EME to determine the most appropriate Local Labour approach.

Market context/finding	Suggested design implication
Strong availability of local labour	Local Labour requirement of minimum 50% likely feasible.
Skills gaps identified	Include training, upskilling, apprenticeships, or knowledge transfer measures.
Constrained local labour market	Consider adjustment, phasing, or selective application of requirements
Significant competing demand from other projects	Consider timing, sequencing, mobilisation period or contract packaging. Consider requiring Participants to demonstrate, through the LLP a credible recruitment, mobilisation and workforce development approach that reflects local market conditions, rather than requiring pre-award commitments to specific workers.
Limited competition or market appetite	Avoid over-complex requirements or excessive Rated Criteria.
Specialist or capital-intensive works	Focus requirements on activities where Local Labour can realistically contribute.
Strong opportunity for local capacity building	Consider using Rated Criteria to assess quality of training and workforce development approach.

3.3.2 Designing the requirement

Based on market understanding, Clients shall define the Local Labour requirement in relation to the Works contract in a manner that is clear, measurable, and aligned with delivery.

This shall include:

- the proposed Local Labour requirement and market evidence;
- if and how Rated Criteria will be used;
- the scope of the applicability of the requirement, for example to the whole contract or to specific work packages or phases;
- any training, skills development, or subcontracting measures needed to support delivery;
- how requirements are structured in procurement documents and contracts; and
- how performance will be monitored during contract implementation.

3.3.3 Structured response to constrained market capacity

In markets where the standard Local Labour requirement may not be achievable or may only be partially achievable, Clients shall apply a structured and proportionate approach when determining any adjustment to the requirement. The considerations set out below shall be assessed sequentially and, in the order, presented.

1. Consider whether the delivery approach can be refined

- adjust packaging, sequencing, or timelines;
- consider phased implementation of Local Labour where appropriate;
- align labour requirements more closely to specific Work packages or project phases where local capacity is the strongest.
- ensure that any refinements continue to support the primary objectives of the procurement including timely, safe and effective contract delivery.

2. Strengthen feasibility through capability measures

- incorporate training, apprenticeships, or skills development;
- support use of local subcontractors or labour providers;
- allow for mobilisation periods to build workforce capacity.

3. Agree percentage with the Bank

- where the minimum 50% requirement cannot reasonably be achieved, Clients must seek the Bank's agreement to any lower percentage, removal of the requirement or other exception, supported by clear market evidence.
- Similarly, where a higher percentage may be achievable, this shall be discussed and agreed with the Bank to ensure that the procurement process remains genuinely open for international competition.

3.3.4 Incorporating Local Labour requirements into procurement documents

Local Labour requirements shall be clearly reflected in the procurement documents and associated contract provisions. The procurement documents shall clearly specify both the information Participants are required to submit as part of their Proposal and the contractual requirements that will apply during contract implementation. As a minimum:

- the Local Labour requirement shall be clearly stated;
- Participants shall be required to confirm compliance with the minimum requirement; and
- Participants shall be requested to submit a LLP describing how the requirement will be delivered.

Participants are expected to ensure that all information submitted in relation to Local Labour requirements, including declarations, the LLP and supporting evidence, is accurate, complete and capable of verification. Any misrepresentation of compliance with Local Labour requirements may constitute a Prohibited Practice under the Bank's Enforcement Policy and Procedures and may be referred to the Bank's Office of the Chief Compliance Officer for investigation.

Please note that the Bank's standard procurement documents include the relevant provisions, which must be tailored, where applicable, to the relevant Works contract.

The use of Rated Criteria for Local Labour is optional and shall be determined having regard to the nature, complexity and delivery risks of the procurement. Where used, Rated Criteria should assess the quality and credibility of a Participant's proposed Local Labour approach beyond the minimum requirements. Please refer to section 3.4.2 for further guidance on using guidance in this respect.

Following evaluation, the successful Participant's Local Labour commitments should be incorporated into the resulting contract. This ensures that the Local Labour requirements and commitments made during the procurement process form part of the contractual obligations that will be managed throughout contract implementation.

For Local Labour requirements to be effective, they must be clearly embedded in the contract. This includes the minimum Local Labour requirement as well as any additional commitments relating to training, skills development, or local economic participation.

In practice, contracts should clearly define:

- the Local Labour requirement (e.g. % of Total Labour);
- the requirement to implement the LLP;
- reporting obligations and frequency within the monitoring framework; and
- KPIs and performance measures used to assess delivery.

The LLP submitted at Proposal stage should form part of the contract, with key elements translated into measurable obligations. This may include linking performance to interim payment certification and defining appropriate remedies in the event of non-compliance.

3.3.5 Key performance indicators (KPIs)

Local Labour commitments should be translated into a limited number of clear and measurable KPIs that reflect actual delivery.

In most cases, a small core set of indicators will be sufficient. This typically includes:

- Local Labour utilisation, measured as a percentage of Total Labour (e.g. FTE, person-days), serving as the primary compliance indicator;
- training and skills development, including the number of workers trained and type of training delivered;
- participation of target or underrepresented groups, where relevant; and
- delivery against LLP commitments, based on comparison of planned and actual outcomes.

KPIs should be clearly defined in the contract, consistently applied, and capable of objective verification.

3.3.6 Documenting the approach

Clients shall document the Local Labour approach as part of the project delivery strategy. This shall include:

- the proposed Local Labour requirement;
- the basis for the requirement, including Market Analysis and EME findings;
- key risks and assumptions;
- any proposed flexibility, adjustment, or exceptions;
- how the requirement will be reflected in procurement documents and contract conditions;
- whether Rated Criteria will be used; and
- how delivery will be monitored and managed during contract implementation.

The Bank reviews the project delivery strategy and the relevant documents in the procurement process and may advise and assist the Client in this respect. Before issuing the procurement documents, Clients shall confirm to the Bank that the proposed Local Labour requirement remains realistic, proportionate and supported by the available market evidence. Where the proposed requirement is unlikely to be achievable or is likely to restrict competition between Participants, the Bank shall require Clients to reconsider the requirement and/or procurement approach before commencing the procurement. The Bank will support Clients in assessing the most appropriate approach.

3.4 Assessing Local Labour approach during evaluation

In case it has been determined that it is appropriate to include the Local Labour requirements for a specific Works contract, Participants will be required to submit a Local Labour Plan as part of their technical Proposal. In this plan, the Participant shall set out its approach to meeting the applicable Local Labour requirement. The Local Labour Plan will provide the basis for both:

- assessment of compliance with minimum requirements; and
- where applicable, qualitative assessment under Rated Criteria.

The procurement documents shall include a Local Labour Plan template or clearly set out the required structure and content. Annex 1 provides for the LLP template that is included as part of the Bank's standard procurement documents. This can be used as a starting point and furthermore adapted to reflect contract-specific requirements.

3.4.1 Compliance assessment of minimum requirements (pass/fail)

The LLP is assessed as part of a Participant's responsiveness to the Proposal to confirm compliance with the minimum Local Labour requirement. As stated in section 3.1.2, at least 50% of Total Labour shall typically be allocated to Local Labour, unless otherwise justified and agreed with the Bank.

The purpose of the pass/fail assessment is to determine whether the LLP demonstrates a compliant, credible and deliverable approach to meeting the minimum Local Labour requirement.

At a minimum, a Participant shall set out in its LLP the following:

- a compliance statement confirming the Participant's commitment to meet the Local Labour requirement;
- an indicative workforce profile demonstrating the proposed proportion of Local Labour;
- the proposed Local Labour approach;
- confirmation of the alignment with the proposed delivery methodology;
- training and workforce readiness measures;
- key risks and proposed mitigation measures; and
- the proposed measurement and reporting approach.

The assessment shall confirm whether the Participant's LLP demonstrates that at least the required percentage (e.g. 50%) of the projected Total Labour will comprise Local Labour. Compliance may be demonstrated using the workforce measurement methodology set out in the procurement documents (e.g. Local Labour as a % of Total Labour – expressed as FTE, person-days). The purpose of this assessment is to confirm compliance, not to differentiate between Participants.

A Pass should be assigned where the LLP meets the above criteria and demonstrates a credible and deliverable approach. A Fail should be assigned where the LLP is non-compliant with the minimum requirement, materially incomplete, or not credible or deliverable in the project context.

Proposals that do not demonstrate compliance with the minimum requirement, or that contain a material omission or material deficiency such that the Participant's compliance or ability to deliver the requirement cannot be demonstrated, shall be considered non-responsive. Minor omissions or ambiguities may be clarified in accordance with the applicable procurement procedures, provided that such clarification does not permit the Participant to remedy a material omission, revise its LLP, or otherwise improve its Proposal.

A checklist of the assessment of the LLP can be found in Annex 5.

3.4.2 Use of Rated Criteria

The inclusion of Local Labour within Rated Criteria is not mandatory and shall be determined based on the nature of the Works contract, including its complexity, labour intensity, and associated delivery risks. This shall be informed by Market Analysis and EME.

Where it is appropriate to apply Rated Criteria, they shall be designed in such manner that they shall not duplicate the minimum Local Labour requirements. Rated Criteria instead shall focus on quality and value-add of the proposed approach beyond the minimum requirements, such as:

- additional Local Labour participation beyond the minimum requirement;
- enhanced training and skills development measures;
- improvements in labour mix and workforce capability; and
- integration of Local Labour into delivery and risk management.

To ensure a clear and consistent evaluation, the assessment of minimum requirements (pass/fail) shall be undertaken separately from the application of Rated Criteria. Elements assessed for compliance should not be re-evaluated or scored. Examples of Rated Criteria for Local Labour can be found in Annex 5. Further information on Rated Criteria is set out in the Rated Criteria Guidance.

Case Study – Evaluation of Local Labour Plan (Wastewater Treatment Plant Project)

The procurement includes a requirement that **at least 50% of Total Labour must be allocated to Local Labour**. Participants submit a LLP, with minimum requirements assessed on a pass/fail basis and the enhanced approach assessed using Rated Criteria.

Step 1 – pass/fail assessment

- Participant A proposes 50% Local Labour and provides a clear and coherent LLP aligned with the proposed delivery approach, including use of local labour primarily in civil works activities → **Pass**
- Participant B proposes approximately 70% Local Labour and provides a well-structured LLP demonstrating how Local Labour will be progressively integrated across civil works and elements of installation activities → **Pass**
- Participant C proposes 50% Local Labour but provides an LLP that is generic, incomplete, and not clearly aligned with the scope of works, delivery methodology, or local market capacity. The LLP also does not clearly explain how the Participant will implement the measurement, reporting and monitoring arrangements specified in the procurement → **Fail (non-responsive)**

Only Participants A and B proceed to the next stage.

Step 2 – Rated Criteria

For Participants A and B, the evaluation assesses the enhanced Local Labour approach beyond the minimum requirements.

- **Participant B achieves a higher score**, as it demonstrates:
 - » a credible increase in Local Labour participation (approximately 70%), linked to how labour is deployed across different phases of the works;
 - » a structured approach to training and skills development, with measurable outcomes;
 - » a workforce strategy that supports development of local skilled labour;
 - » targeted measures to support participation of underrepresented groups; and
 - » clear KPIs and reporting arrangements to support implementation.
- **Participant A receives a lower score**, as its approach is largely limited to meeting the minimum requirement (i.e. 50%), with less emphasis on training, skills development, and enhanced outcomes.

This case study illustrates that:

- a proposal may fail at the pass/fail stage even where the minimum percentage is met, if the LLP is not credible or deliverable; and
- higher scores are achieved where Participants demonstrate a credible, measurable, and well-structured enhanced approach beyond the minimum requirement

3.5 Contract implementation

Local Labour commitments are delivered through the specific Works contract and must be actively managed throughout contract implementation. This requires clear ownership, structured reporting, and ongoing verification to ensure that commitments set out in the LLP translate into actual outcomes on the ground.

These commitments shall be included in contract conditions, so that they are binding contractual obligations, which shall be supported by monitoring and reporting, defined performance indicators, and appropriate contractual mechanisms for enforcement. The objective is to ensure that Local Labour commitments are delivered in practice, not just set out at Proposal stage.

3.5.1 Roles and responsibilities of relevant parties

Delivery of Local Labour commitments is a shared responsibility across relevant stakeholders in relation to the Works contract once awarded. Each stakeholder has a relevant role and responsibility.

The winning Contractor:

- implements the LLP in practice, including recruitment, workforce management, and training;
- maintains accurate and auditable records; and
- demonstrates progress towards compliance through regular reporting, with final compliance assessed on a cumulative basis at contract completion.

The supervision engineer or project manager:

- reviews the Contractor's Local Labour reports and supporting evidence;
- monitors compliance with the contractual Local Labour requirements and the LLP;
- identifies actual or potential non-compliance and notifying the Client;
- works with the Contractor to address implementation issues and monitor corrective actions; and
- reports significant Local Labour issues and risks to the Client.

The Client:

- oversees performance as part of contract management;
- reviews certified reports;
- ensures Local Labour commitments are enforced; and
- applies contractual remedies where required.

The Bank:

- provides advice and assistance to Clients on the application of this Guidance;
- reviews and provide no-objections to procurement documents and key steps in the procurement process, in accordance with the PPR;
- oversees compliance with the relevant legal agreements between the Bank and the Client; and
- provides implementation support, where appropriate, through the Bank's normal project supervision arrangements.

3.5.2 Reporting and monitoring

Reporting and monitoring begins at mobilisation and continues throughout the contract lifecycle. At mobilisation, the Contractor shall confirm or update the LLP, establishing the baseline, targets, and methodology for tracking Local Labour. During implementation, performance shall be reported as part of regular progress reporting, typically monthly, using a consistent format that allows performance to be tracked over time. Where appropriate, a mid-term review may be used to assess performance and identify any required adjustments. At completion, the Contractor shall provide to the Client a final account of Local Labour outcomes, confirming overall compliance.

Reporting shall be:

- integrated into existing contract management processes;
- proportionate to the size and complexity of the specific Works contract;
- based on clear, verifiable data; and
- structured to enable comparison between planned and actual performance.

Reporting outputs shall also support the Bank's supervision, providing a reliable basis for independent review and validation. In practice, this includes:

- workforce composition, including local and non-local labour;
- performance against targets, including planned versus actual Local Labour;
- training and skills development, including number of workers trained and activities delivered;
- local economic participation, where relevant (e.g. subcontractors, suppliers), and
- issues and mitigation measures, including constraints and actions taken.

The Client, engineer or project manager (as applicable) should review Contractor reports and undertake proportionate monitoring throughout contract implementation to verify reported performance. Monitoring may include reviewing supporting evidence, site inspections, interviews with workers where appropriate, and verification of performance against the contractual Local Labour requirements.

Standardised reporting templates should be used where appropriate. Illustrative templates for Local Labour reporting are provided in Annex 2. These shall be adapted to reflect the size, complexity, and specific requirements of the contract.

3.5.3 Consequences of non-compliance, corrective measures and remedies

The Contractor shall remain responsible for delivering all Local Labour commitments incorporated into the Contract throughout contract implementation.

These commitments relate to both:

- compliance with the minimum Local Labour requirement specified in the Contract; and
- delivery of the commitments contained in the approved LLP including any enhanced commitments that formed part of the successful Proposal and influenced the contract award, such as commitments evaluated through Rated Criteria.

Where monitoring identifies that the Contractor is not making sufficient progress towards delivering the contractual Local Labour commitments, the Client shall require timely corrective measures to be taken rather than wait until contract completion. Therefore, it is relevant that the Contract shall include from the start a proportionate escalation process. Corrective contractual measures may include:

- requiring the Contractor to submit and implement a corrective action plan within a specified period;
- requiring the Contractor to update the LLP, including revised recruitment, mobilisation, training or workforce development measures;
- requiring the Contractor to implement additional recruitment, training, apprenticeship or workforce development initiatives at its own cost;
- increasing reporting frequency, verification activities or progress meetings; and
- requiring senior management engagement where implementation issues persist.

The Contract shall provide for contractual remedies proportionate to the nature and extent of the non-compliance in cases where corrective measures fail to restore compliance. Examples of contractual remedies are:

- withholding or adjustment of interim payments;
- performance deductions or liquidated damages;
- treating persistent or material non-compliance as a contractual default, where appropriate under the conditions of contract; or
- other contractual remedies specified in the Contract.

Financial remedies shall support, rather than replace, the Contractor's obligation to deliver the agreed Local Labour outcomes. Contracts should avoid creating incentives for Contractors to treat financial penalties as an acceptable alternative to complying with their Local Labour obligations.

Annex 1: Example Local Labour Plan template

Instructions to Participants

Participants shall submit a Local Labour Plan (LLP) demonstrating how the Local Labour requirement will be delivered.

The LLP shall be structured as:

- **Part 1:** Minimum requirements (pass/fail)
- **Part 2:** Enhanced approach (Rated Criteria, where applicable)

The Local Labour requirement is defined as a minimum of 50% of the Total Labour engaged in delivering the Contract. Compliance will be verified during contract implementation using the workforce measurement methodology specified in the procurement documents (e.g. FTE, person-days). Participants are not required to provide a fully detailed workforce plan. Information should be indicative but sufficient to demonstrate deliverability.

PART 1: MINIMUM REQUIREMENTS (PASS/FAIL)

1A- Compliance Statement

Requirement	Participant Response
The Participant confirms that: • it has understood the Local Labour requirement, defined as a minimum of [X]% of Total Labour to be allocated to Local Labour¹; • it commits to meeting this requirement during contract execution; and • it acknowledges that this requirement will form part of the contractual obligations and will be monitored and enforced during implementation.	Yes/No

1B- Local Labour Approach

Requirement	Response
Describe: • the estimated percentage of Total Labour that will comprise Local Labour, expressed using the workforce measurement methodology specified in the procurement documents (e.g. FTE, person-days) • where Local Labour will be utilised across the works • where specialist or non-Local Labour is required • role of subcontractors and local firms • recruitment channels and any proposed labour intermediaries	

¹ This should be demonstrated in Workforce Table 1B

1C- Alignment with Delivery

Requirement	Response
Explain how the Local Labour approach aligns with: • construction methodology • sequencing of the works • labour requirements across key phases	

1D- Training and Workforce Readiness

Requirement	Response
Describe: • basic training or induction • knowledge transfer measures • approach to workforce readiness	

1E- Risks and Mitigation

Requirement	Response
Describe the key risks in achieving the Local Labour requirement and the measures proposed to mitigate these risks	

1F- Measurement and Reporting

Requirement	Response
Describe: • how labour will be measured (e.g. FTE, person-days) • how compliance with the Local Labour requirement will be demonstrated during execution • monitoring and reporting approach	

PART 2: ENHANCED LOCAL LABOUR APPROACH (RATED CRITERIA)

Instructions to Participants

Part 2 sets out the Participant's enhanced Local Labour approach beyond the minimum requirements.

This section will be evaluated and scored. Responses should be:

- project-specific
- realistic and deliverable
- clearly linked to contract execution

Elements assessed under Part 2 shall not be repeated or re-scored.

2A- Local Labour Approach and Additional Participation

Criteria	Response
Describe the overall Local Labour approach, including any participation beyond the minimum requirement. Include: • whether any increase above the minimum is proposed and justification • how the approach reflects local market capacity • how recruitment and mobilisation will be delivered • how key risks are identified and mitigated • relevant past experience delivering similar Local Labour outcomes (where applicable), including evidence of delivery	

2B- Training and Skills Developments

Criteria	Response
Describe the proposed training and workforce development measures. Include: • type of training (on-the-job, structured programmes, apprenticeships) • target groups (including, where relevant, underrepresented groups) • expected outputs (e.g. number trained, skills developed) • how training supports delivery of the works	

2C- Labour Mix and Workforce Capability

Criteria	Response
Describe how the proposed labour mix enhances workforce capability. Include: • approach to increasing local skilled labour • supervision and knowledge transfer arrangements • consideration of productivity and delivery efficiency	

2D- Delivery and Implementation Strategy

Criteria	Response
Describe how Local Labour commitments will be managed and monitored. Include: • how enhanced Local Labour commitments are integrated into the overall delivery strategy; • management arrangements and responsibilities for implementation; • coordination with subcontractors and other delivery partners; • measures to maintain delivery where labour market conditions change or unforeseen challenges arise; and • any innovative approaches that improve the sustainability or long-term benefits of Local Labour outcomes.	

2E- Monitoring, Reporting and Accountability

Criteria	Response
Describe how Local Labour commitments will be managed and monitored. Include: • proposed KPIs or performance indicators • measurement approach (e.g. FTE, person-days) • reporting arrangements • responsibility for delivery and oversight • how commitments will be tracked and enforced	

Annex 2: Example reporting template

Instructions

This template shall be used by the Contractor to report Local Labour performance during implementation.

Reporting shall:

- be submitted monthly (or as specified in contract)
- be based on verifiable records (payroll, timesheets, site logs)
- compare planned vs actual performance
- support monitoring against contractual KPIs

This report may form part of the Contractor's regular progress reporting.

1. Project Details

Item	Details
Project Name	
Contract Number	
Contractor	
Reporting Period	
Report Number	

2. KPI Summary (Contractual Performance)

KPI	Target	Actual	Status (Achieved/Not Achieved)	Comments
Local Labour % (% of Total Labour that is Local Labour), using FTE				
Training Delivered (No. of workers, FTE)				
Training Sessions Conducted (No. of sessions)				
<Other>				

3. Local Labour Summary

Item	Planned	Actual	Variance	Comments
Total Labour				
Local Labour				
Local Labour (%)				

4. Training and Skills Development

Activity	Delivered	Comment
On-the-job training		
Formal training		
Apprenticeships		
Other		

5. Issues and Actions

Issue/Risk	Action Taken

Annex 3: Example Provisions for Procurement Documents (Local Labour)

Purpose

This Annex provides illustrative provisions to support Clients in embedding Local Labour requirements into procurement documents and contracts for Works. It is intended to ensure that Local Labour requirements are clearly defined, consistently applied, and effectively enforced throughout the procurement and contract lifecycle.

These provisions are indicative and should be adapted to reflect the specific project context, market conditions, and procurement approach.

Instructions to Participants

The Contract includes a Local Labour requirement of [X]% of Total Labour.

Participants shall submit a Local Labour Plan (LLP) as part of the Technical Proposal, demonstrating a clear, credible, and deliverable approach to meeting this requirement.

The LLP shall include, as a minimum:

- indicative workforce composition (local and non-local labour);
- approach to recruitment and mobilisation;
- approach to training and skills development; and
- approach to measurement and reporting.

Failure to (i) demonstrate compliance with the minimum requirement; or (ii) provide a complete and credible LLP may result in the Proposal being considered non-responsive.

Evaluation and Qualification Criteria

Assessment of Minimum Requirements (Pass/Fail)

The Local Labour Plan shall be assessed on a pass/fail basis to confirm that the Participant has proposed a clear, credible, and deliverable approach to meeting the minimum Local Labour requirement.

This assessment is not intended to differentiate between Participants.

A Proposal shall be considered non-responsive where:

- the minimum Local Labour requirement is not met; or
- the LLP is materially incomplete; or
- the proposed approach is not credible or deliverable in the project context.

Use of Rated Criteria (where applicable)

Where Rated Criteria are applied, they shall assess only the quality and added value of the Local Labour approach beyond the minimum requirement.

Elements assessed for compliance shall not be re-scored.

Employer's Requirements / Technical Specifications

The Contractor shall:

- implement the Local Labour Plan submitted with the Proposal;
- ensure that not less than [X]% of Total Labour is allocated to Local Labour;
- implement training and workforce development measures as set out in the LLP; and
- maintain records sufficient to demonstrate compliance with Local Labour requirements.

Local Labour requirements shall be aligned with the construction methodology, programme, and sequencing of the works.

Conditions of Contract

Definitions

Local Labour means nationals of the Client's country engaged in performing a Works contract, whether employed directly by the Contractor or through subcontractors. For avoidance of doubt, Local Labour excludes, among others, a Contractor's foreign personnel.

Local Labour Plan (LLP) means the plan submitted by the Contractor as part of its Proposal, setting out its approach to meeting Local Labour requirements.

Contractor's Obligations

The Contractor shall:

- comply with the Local Labour requirement; and
- implement the Local Labour Plan as part of the Contract.

Measurement

Local Labour shall be measured as a percentage of Total Labour. The method of measurement shall be clearly defined and consistently applied throughout the Contract.

Reporting

The Contractor shall submit periodic reports (typically monthly) demonstrating compliance with Local Labour requirements, including:

- total labour and Local Labour utilisation;
- workforce composition by skill level;
- training and skills development activities; and
- performance against Local Labour targets.

Verification

The Engineer/Project Manager may verify compliance through:

- review of records and supporting documentation;
- site inspections; and
- audits or other reasonable checks.

Illustrative Special Conditions of Contract – Corrective Measures and Remedies

Where the Engineer or Project Manager determines that the Contractor is not making sufficient progress towards achieving the Local Labour requirements or implementing the commitments contained in the approved Local Labour Plan (LLP), the Engineer or Project Manager may instruct the Contractor to submit, within fourteen (14) days, a corrective action plan.

The corrective action plan shall identify the reasons for the shortfall and the measures the Contractor will implement to restore compliance, including, where appropriate, revisions to recruitment, mobilisation, training, monitoring or reporting arrangements.

The Contractor shall implement the approved corrective action plan at its own cost and within the timeframe specified by the Engineer or Project Manager.

The Engineer or Project Manager shall review implementation of the corrective action plan and determine whether the Contractor has restored compliance with the Local Labour requirements and the commitments contained in the approved LLP.

Where the Contractor fails to implement the approved corrective action plan, or where material or persistent non-compliance with the Local Labour requirements or the approved LLP continues, the Employer may apply the contractual remedies specified in the Contract, which may include:

- withholding or adjustment of final payment certificate
- invoking performance security or liquidated damages;
- treating the non-compliance as a contractual default in accordance with the Conditions of Contract; or
- any other contractual remedies available under the Contract.

The application of any contractual remedy shall not relieve the Contractor of its obligation to comply with the Local Labour requirements or implement the commitments contained in the approved LLP.

Integration of the Local Labour Plan

The Local Labour Plan submitted at proposal stage shall not form part of the Contract, but key elements of the LLP shall be translated into measurable obligations, including:

- minimum Local Labour requirement;
- workforce composition assumptions; and
- training commitments.

Annex 4: Example EME questions

Questions should be structured and focused on areas of risk, or uncertainty, that will directly inform procurement design. This may include:

Market capacity and availability	☐ Is sufficient Local Labour available to meet the proposed requirement? ☐ How does availability vary by skill level (e.g. skilled, semi-skilled, unskilled, technical)? ☐ Are there geographic or seasonal constraints affecting labour supply?
Delivery feasibility	☐ Is the proposed Local Labour requirement achievable within the planned programme? ☐ What mobilisation challenges may arise in sourcing Local Labour?
Skills and capability	☐ What skills gaps exist in the local labour market? ☐ What level of supervision or specialist input is required? ☐ What forms of training or upskilling would be needed to support delivery? ☐ Are there local technical and vocational education and training providers, universities or other education institutions capable of supporting the skills development required to deliver the contract? ☐ Are there government employment services, such as the relevant national employment agency, or other organisations that could assist in recruiting suitably qualified local workers?
Commercial and competition impacts	☐ Would the Local Labour requirement affect contractor participation or pricing? ☐ Are there risks that the requirement may discourage capable contractors or contractors from overseas participating? ☐ How do contractors typically structure labour for similar projects?
Implementation and monitoring	☐ How should Local Labour be measured (e.g. person-days, FTE)? ☐ What reporting approaches are practical and proportionate? ☐ What challenges may arise in verifying compliance?

Annex 5: Assessment of LLP (minimum requirements)

The LLP should be assessed against the following minimum criteria to determine whether it demonstrates a clear, credible, and deliverable approach to meeting the Local Labour requirement:

- ☐ The proposed level of Local Labour meets or exceeds the specified minimum threshold.
- ☐ All required elements of the LLP are provided and described in sufficient detail to enable assessment.
- ☐ The approach to Local Labour is clearly described, structured, and specific to the project, rather than generic.
- ☐ The estimated Local Labour percentage meets or exceeds the specified minimum threshold, and the proposed Local Labour approach demonstrates a realistic, credible and deliverable means of achieving that commitment, taking into account the scope of the Works and the local market context.
- ☐ The LLP is consistent with the proposed construction methodology, programme, and sequencing.
- ☐ The proposed training and workforce arrangements are sufficient to support delivery of the works.
- ☐ Key labour-related risks are identified, and proposed mitigation measures are credible and proportionate.

Annex 6: Examples of Rated Criteria

Rated Criteria	What is Assesses	Issues to consider in Proposal Evaluation
Local Labour Approach and Additional Participation	The credibility and deliverability of the Participant's overall approach to Local Labour, including any participation beyond the minimum requirements	• Is any increase above the minimum realistic and justified by market capacity? • Is the labour mix appropriate to the scope of works? • Is the approach clearly defined and specific to the project (not generic)? • Is the mobilisation and sourcing strategy feasible and aligned with the programme? • Are key risks identified and mitigated? • Is there demonstrated relevant experience delivering similar outcomes?
Training and Skills Development	The quality and relevance of training and workforce development measures, including opportunities for disadvantaged or underrepresented groups	• Are training programmes clearly defined and targeted? • Do they go beyond basic induction or compliance? • Are opportunities provided for disadvantaged or underrepresented groups (e.g. women, youth, persons with disabilities, local or project-affected communities)? • Are outcomes measurable (e.g. number trained, skills achieved)? • Are delivery arrangements credible? • Is there a clear link to project delivery needs?
Labour Mix and Workforce Capability	The extent to which the proposal enhances workforce capability and inclusion while maintaining productivity and delivery efficiency.	• Is there a credible approach to increasing skilled local labour? • Does the proposal support participation of disadvantaged or underrepresented groups (e.g. women, youth, persons with disabilities, local or project-affected communities)? • Is the balance between localisation, inclusion, and productivity appropriate? • Are supervision and knowledge transfer arrangements adequate? • Are productivity implications considered and addressed?
Integration into Delivery and Programme	How effectively Local Labour is integrated into the delivery strategy, programme, and subcontracting approach.	• Is Local Labour aligned with the construction methodology and sequencing? • Are labour requirements matched to work packages and timelines? • Is there alignment with subcontracting strategy? • Are key delivery or interface risks identified and addressed?
Monitoring, Reporting and Accountability	The strength of arrangements to measure, manage, and report Local Labour commitments during implementation.	• Are clear KPIs or indicators defined (including, where relevant, participation of disadvantaged groups)? • Is the measurement approach (e.g. person-days, FTE) clearly set out? • Are reporting arrangements practical and aligned with contract requirements? • Is accountability for delivery clearly assigned? • Can commitments be effectively monitored and enforced?

Annex 7: Local Labour checklist

This checklist supports the design and implementation of Local Labour requirements that are realistic, deliverable, and effectively integrated across the procurement cycle.

Market Understanding

- ☐ Has the availability of local labour been assessed
- ☐ Have key risks (capacity, productivity, competition) been identified?
- ☐ Has EME been used where appropriate?

Design of Requirement

- ☐ Is the Local Labour requirement clearly defined (e.g. % of Total Labour)?
- ☐ Is the requirement realistic given market capacity?
- ☐ Is it aligned with the nature of the works and delivery approach?

Procurement Documents

- ☐ Is the Local Labour requirement clearly reflected in the procurement documents?
- ☐ Are Participants required to submit a Local Labour Plan (LLP)?
- ☐ Are requirements clear, proportionate, and consistent across documents?

Evaluation Approach

- ☐ Is the LLP assessed on a pass/fail basis?
- ☐ Is the assessment focused on credibility and deliverability?
- ☐ Are non-compliant or non-deliverable Proposals rejected?

Where **Rated Criteria** are used:

- ☐ Do they assess only additional value beyond minimum requirements?
- ☐ Is duplication with pass/fail avoided?

Contract Integration

- ☐ Is the LLP incorporated into the Contract?
- ☐ Are measurement and reporting requirements clearly specified?

Roles & Responsibilities

- ☐ Are responsibilities clearly defined between Contractor, Engineer and Client?
- ☐ Is accountability for monitoring and reporting clearly aligned?
- ☐ Are responsibilities aligned within contract management arrangements?

4. DISCLOSURE

This Guidance will be disclosed on Bank's website.

5. EFFECTIVE DATE

This Guidance is effective from 1 September 2026.

6. DECISION MAKING FRAMEWORK

Director, Project Procurement Department is accountable for this Guidance.

Associate Director, Procurement Policy Adviser, Operations, Project Procurement Department is responsible for this Guidance.

7. RELATED DOCUMENTS

Procurement Policies and Rules, 1 September 2026.

Enforcement Policy and Procedures, 4 October 2017.

Early Market Engagement Guidance, 1 September 2026.

Rated Criteria Guidance, 1 September 2026.

Sustainable Public Procurement Guidance, 1 September 2026.

Value for Money in Public Procurement Guidance, 1 September 2026.

