



ISSUE NO. 1/2019
LOCAL BUSINESS DEVELOPMENT CIRCULAR
MINISTRY OF DEVELOPMENT

1. Pursuant to efforts by the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam in ensuring the sustainable development of capacities, capabilities, competencies and competitiveness of local companies and in alignment to the construction industry-wide practices and in pursuit of Local Business Development (LBD) initiatives, this is a circular issued to all Departments/Divisions/Units under the Ministry of Development.
2. In reference to Thrust 4 of the Construction Industry in the Policy Framework 2018 – 2023 – *promoting and supporting LBD*, the three (3) focus areas identified are;
 - 2.1. Supporting the participation of locally-owned companies
 - 2.2. Prioritising the use of local goods and services
 - 2.3. Creating and sustaining employment opportunities for local Bruneians.

The Ministry of Development hereby adopts and commits to undertake the above, which is targeted to be progressively achieved by **December 2023**.

3. TARGETS

In ensuring that all Departments/Divisions/Units achieves similar objectives in support of the three (3) focus areas, the following targets have been set for all companies that wish to embark in Government procurement in construction under the Ministry of Development, as key measure for easy monitoring and evaluation.

3.1. For contracting companies:

ITEMS	CLASS I	CLASS II	CLASS III	CLASS IV	CLASS V	CLASS VI
Project Limits / Project Amount	Until \$50,000.00	From \$50,000.00 until \$250,000.00	From \$250,000.00 until \$500,000.00	From \$500,000.00 until \$1,500,000.00	From \$1,500,000.00 until \$5,000,000.00	From \$5,000,000.00 and above
Types of company registration	Sole Proprietor, Partnership, Private Limited	Sole Proprietor, Partnership, Private Limited	Private Limited	Private Limited	Private Limited	Private Limited
Minimum shares hold by Rakyat Melayu Brunei (RMB)	100%	100%	80%	50%	30%	10%
Local Employment Target	<i>Policy imposed by other relevant Government agency</i>					
Local Content Target	> 70%	> 70%	> 60%	> 60%	> 50%	> 50%
Management	100%	100%	80%	50%	50%	50%



- 3.2 Other than contracting companies, Departments/Divisions/Units are encouraged to achieve the targets set in accordance to Paragraph 2.

4. SCOPE

- 4.1. All Departments/Divisions/Units comprising Project Owners executing their respective work and services on every Government tenders and contracts are required to comply to this Circular.
- 4.2. Project Owners shall also ensure that Companies participating in Government projects shall comply to this Circular and endeavor to reach all LBD requirements as specified in the contract.

5. EVALUATION REPORT

All Departments/Divisions/Units are required to submit a Contractor Scoring Assessment Report which assesses the individual contractor's performance in support of LBD. The report must be submitted to the **Authority Building Control and Construction Industry (ABCi), Ministry of Development** in accordance to the **project period** as follows:

- 5.1. Project periods exceeding 12 months are required to submit the report every 6 months and at the project's completion date.
- 5.2. Project periods not exceeding 12 months are required to submit the report at the project's completion date.

6. SPECIFIC DIRECTIVES

All Departments/Divisions/Units are required to identify and implement LBD initiatives throughout the project implementation stages i.e. Inception/Pre-Design Stage, Design, Tender, Construction and Completion stages:

6.1. INCEPTION/PRE-DESIGN STAGE

Project Owners are required to identify the nature and scope of the project with a view in incorporating the involvement of local companies and promote local employment, products and services.

6.1.1. OWNERSHIP

NON-SPECIALISED WORK

Project Owners shall prioritise awarding the project to local companies.

SPECIALISED WORK

Project Owners shall consider awarding the project to local companies.



In the event where foreign expertise is required, Project Owners must ensure the foreign company has a partnership or joint venture with a local company/companies registered with the Ministry of Development

6.1.2. **MATERIALS**

Project Owners shall prioritize the use of locally-produced materials, where available and of the required standard. For materials that cannot be obtained locally and/or do not meet specified standards in the contract, Project Owners shall procure from outside Brunei Darussalam through local suppliers registered with the Ministry of Development.

6.1.3. **LOCAL EMPLOYMENT**

Project Owners shall endeavor to achieve the targets set in accordance to Paragraph 3 and/or any related policy imposed by other Government agencies.

Project Owners shall design projects with the objective of attracting local employment.

6.2. **DESIGN STAGE**

Project Owners shall design and specify in the tender document to prioritise the involvement of local companies and promote local employment, products and services.

For materials that cannot be obtained locally and/or do not meet specified standards in the contract, Project Owners shall purchase from outside Brunei Darussalam via the Ministry of Development's registered suppliers.

6.3. **TENDER**

Project Owners are required to:

6.3.1. Ensure that all participating companies comply with the targets set in Paragraph 3.

6.3.2. Prioritise local companies when recommending tenders.

6.3.3. Ensure active participation of local company owners, including in the preparation and submission of tenders, tender interviews and signing of the contract.

6.4. **CONSTRUCTION**

Project Owners shall ensure the construction progress complies with the LBD requirements as follows:

A handwritten signature in blue ink, consisting of a vertical line with a horizontal crossbar and a small flourish at the end.



6.4.1. Ensuring that targets set are achieved by the contractors.

6.4.2. As mentioned in Paragraph 5, Project Owners are required to submit the project's Contractor Scoring Assessment Report.

6.5. COMPLETION

To compile all the interim progress reports including the LBD performance and the final report for submission to the **Authority Building Control and Construction Industry (ABCi), Ministry of Development**.

7. CONTRACTS ROLLOVER POLICY

Towards encouraging the development of local companies and employment in the construction industry, every Department/Division/Unit, where possible and appropriate, are required to design contracts in support of LBD objectives, such as carrying out longer term contracts and specifying employment requirements as follows:

7.1. Open tenders shall be carried out towards sustaining competitive pricing and exemplary performing companies shall be given due consideration to continue Government contracts.

7.2. For operational term contracts, where deemed appropriate, a new company taking over a term contract shall consider hiring local employees from the previous contract i.e. rollover from the previous contractor. This requirement can be included in the tender specifications and considered for tender recommendation and the terms of employment shall be the same or better than the previous contract.

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