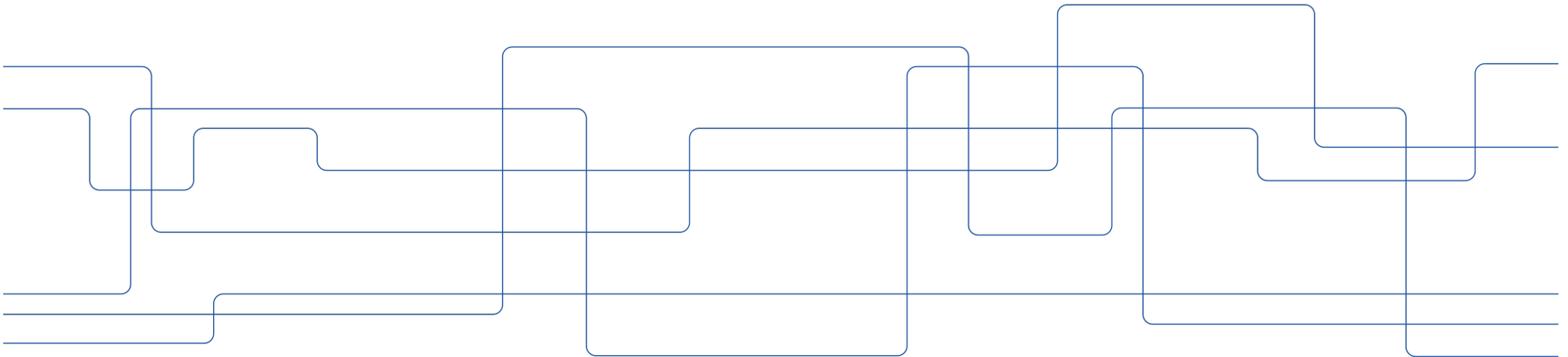


Collaborative contracts – opportunities and challenges

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Public procurement for carbon reduction – the case for sector specific and general policies

ANNA KADEFORS AND STEFAN UPPENBERG

There is growing awareness of the direct impact that public procurement practices and requirements have on the performances of important supplier markets. Consequently, procurement is increasingly seen as an important policy tool to reduce emissions. The construction sector is pinpointed due to the large volumes of public construction in combination with the substantial carbon emissions that arise from the use of fossil fuel



Accelerating the Climate Transition
Key Messages from Mistra Carbon Exit

MISTRA
CARBON
EXIT >>


Such as construction

Not only carbon requirements



Outline

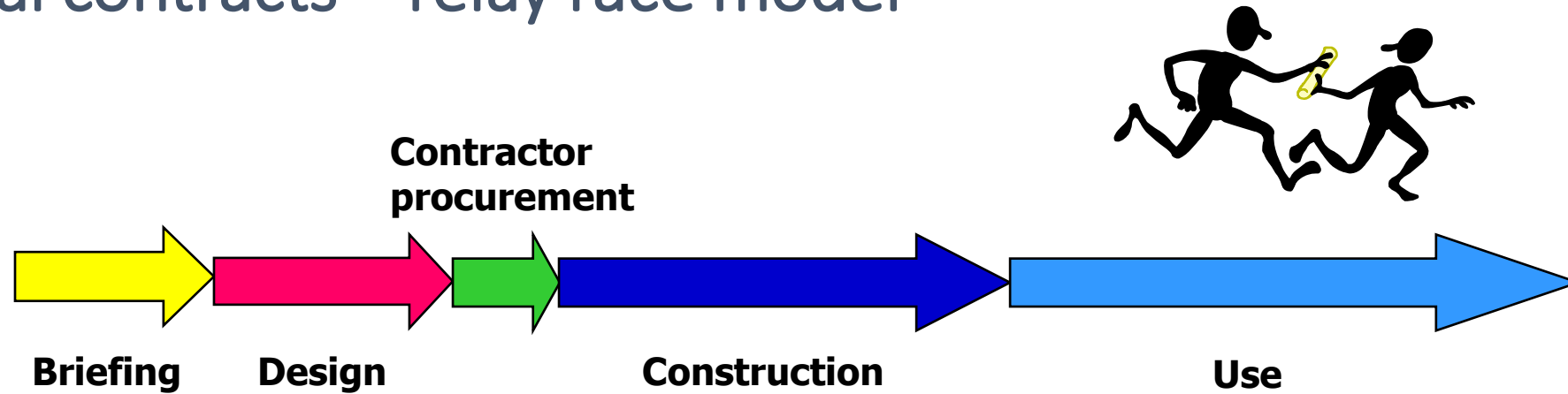
- Why collaboration?
- International developments
- Swedish timeline
- Some challenges and possible drivers



Why collaboration trend?

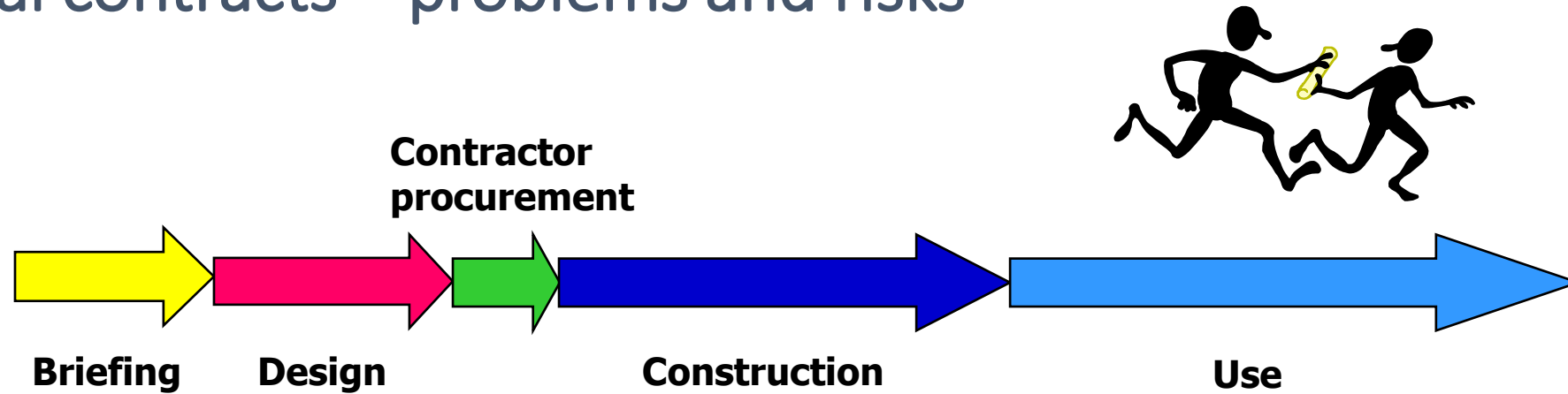
- Larger, complex projects (urban infrastructure, hospitals)
- Contractors become more risk conscious or go bankrupt – harder to find bidders for traditional contracts
- High costs for litigation
- Developments in IT/BIM
- Carbon reduction, sustainability and innovation require flexibility and knowledge integration
- Industry attractiveness and recruitment

Traditional contracts – relay race model



- Detailed specifications, lump sum/fixed price contracts and lowest bid selection
- Separated design and construction
- Design-build: similar but more risk on contractors
- Good for projects with **low uncertainty** and **low time pressure, or where contractors can control risks.**

Traditional contracts – problems and risks



- Competitive tendering for basic contract, but changes/variations priced in monopoly (claims, ÄTA)
- Contractor strategy: bid low – claim high, winner's curse
- Poor collaboration - focus on attributing responsibility rather than solving problems
- Costs and conflicts increase when uncertainty is high
- Less suitable for uncertain and complex projects



Advantages with collaborative contracts

- Enable knowledge integration between users, design and construction
- Flexibility to adapt to changing circumstances
- More efficient use of resources
- Problem solving without tactical considerations
- Lower risk premiums/allowances
- Reduced costs for litigation
- Better work environment mental and physical

International trend: inspiration, imitation and translation between contexts

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Lahdenperä

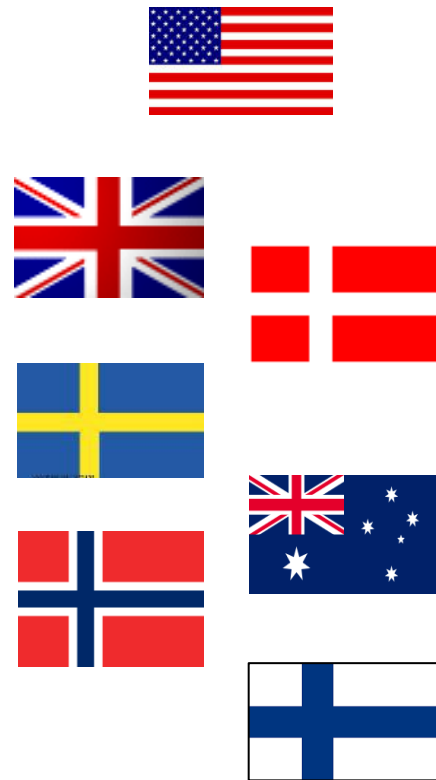


Figure 1 Emergence, dissemination and interaction of different RPDAs
Note: Non-construction applications in italics.



Many concepts
with differing and
overlapping
meanings

- **Partnering**
- **Relational contracting**
- **Utökad samverkan**
- **Early Contractor Involvement**
- **Two-stage open-book contracting**
- **Alliancing**
- **IPD Integrated Project Delivery**
- **Strategic partnering**

1990s UK Construction Industry Reports

Sir Michael Latham



Sir John Egan

The collaboration agenda continues...



Swedish timeline 1:



1998- 2000s

- Late 1990s: First projects in the building sector.
- 2003: Initiative in infra (FIA) non-contractual collaboration, NCC starts to promote partnering based on Danish/UK experiences.
- From 2004: increase in public building. Partnering courses emerge. Swedish Construction Clients promotes. Contractors specialize in partnering and partnering consultants are established.

2010s

- 2010: Backlash in Trafikverket due to marketization trend.
- Strategic partnering emerges in building. Partnering fashion.
- ISO 44001: Collaborative business relationship management systems
- 2015-2018: A few ECI contracts in Trafikverket, but no support resources. Foreign contractors enter the market.
- 2015-: Hospital boom with ECI contracts



Swedish timeline



Affärer i byggsektorn

Branschen om behovet av ett nytt FIA: "Problemen har blivit fler – och större"

Publicerat: 28 oktober 2021, 15:54
★ För dig som prenumerant



2020s

- Stable share of the market in building
- New concept integrated Project Delivery (IT/US)
- Cost increases in some hospital projects - backlash
- 2021: ECI paused in Trafikverket due to some negative experiences, but two collaborative road maintenance contracts procured
- Conflicts in traditional Trafikverket contracts. Swedish contractors complain and stop bidding.
- **Yesterday:** Trafikverket decides on new policy for collaboration, with resources attached

In sum:

- Patchy and volatile development – many good projects but slow industry level learning
- Exaggerated expectations are hard to meet
- Failures lead to legitimacy problems



Why this volatility?

- No government construction strategy but often high pressure to keep costs down: fixed prices, lowest bid competition
- Contractual complexity and need for knowledge development and cultural change underestimated
- Small organizational resources and industry level guidance to support collaborative contracts
- Fragmented client functions (regions, municipalities, government building clients)
- Top client management functions have little knowledge of construction procurement
- Project managers are only responsible for their projects
- High project autonomy – approaches vary between individual project managers
- Generation shift in project managers
- We need long-term strategies and resources on both organizational and industry levels
- Promising development in Trafikverket, but will need sustained support
- Carbon reduction as driver of collaboration?

STHLM

Ny prognos: Förbifart Stockholm fyra år försenad

UPPDATERAD 08:51 PUBLICERAD 06:00

”Västlänken i akut situation” – NCC-chefen varnar för mångmiljardsmäll

UPPDATERAD 2022-05-23 PUBLICERAD 2022-05-23

