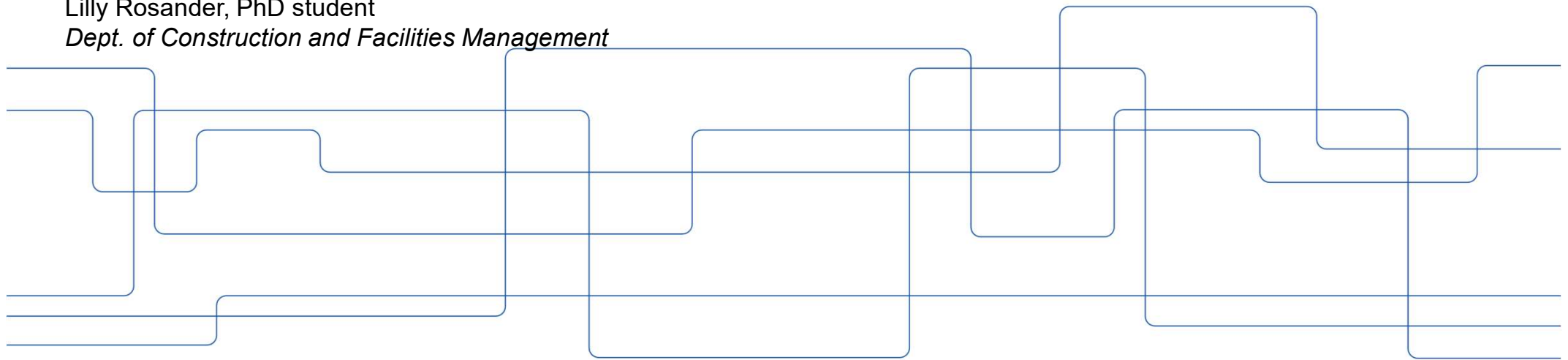




Implementing two-stage relational contracting in a public client organization

Early Contractor Involvement in the Swedish Transport Administration

Lilly Rosander, PhD student
Dept. of Construction and Facilities Management





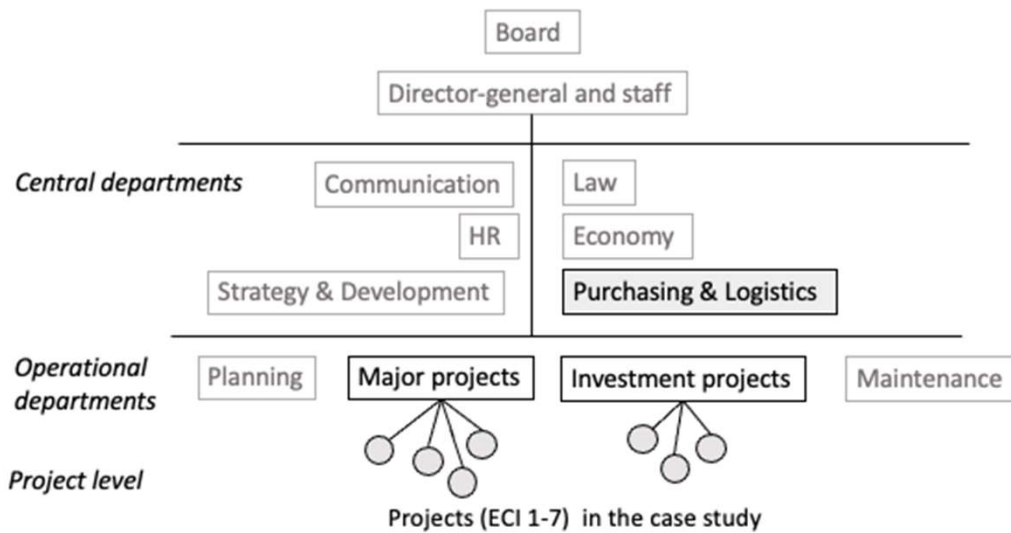
The doctoral research project

- Purpose: to follow the development of relational contracting within the Swedish Transport Administration (multi-level, policy perspective)
- Method: qualitative case study, seven projects (ECI1-7), applying early contractor involvement. Over 60 interviews with project members and other staff.
- Timeframe: 2017 – 2023

- Project team: Anna Kedefors (KTH), Per Erik Eriksson (LTU), Tina Karrbom G (KTH), Göran Domås (TrV)
- Partly financed by the Swedish Transport Administration
- Part of the Swedish national research platform ProcSIBE (Procurement for Sustainable Innovation in the Built Environment)

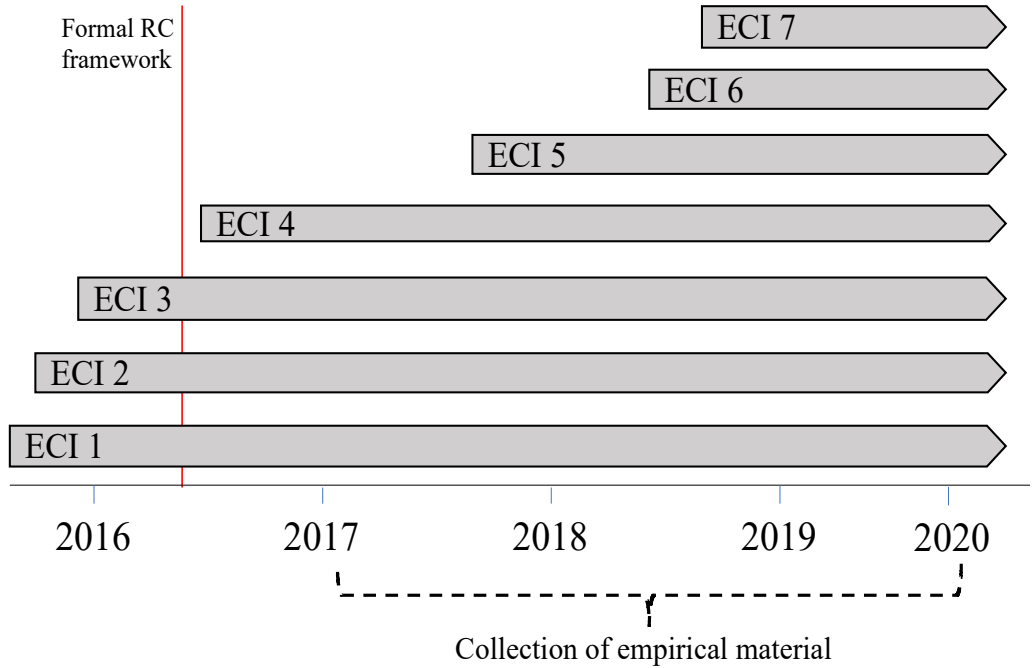


The Swedish Transport Administration

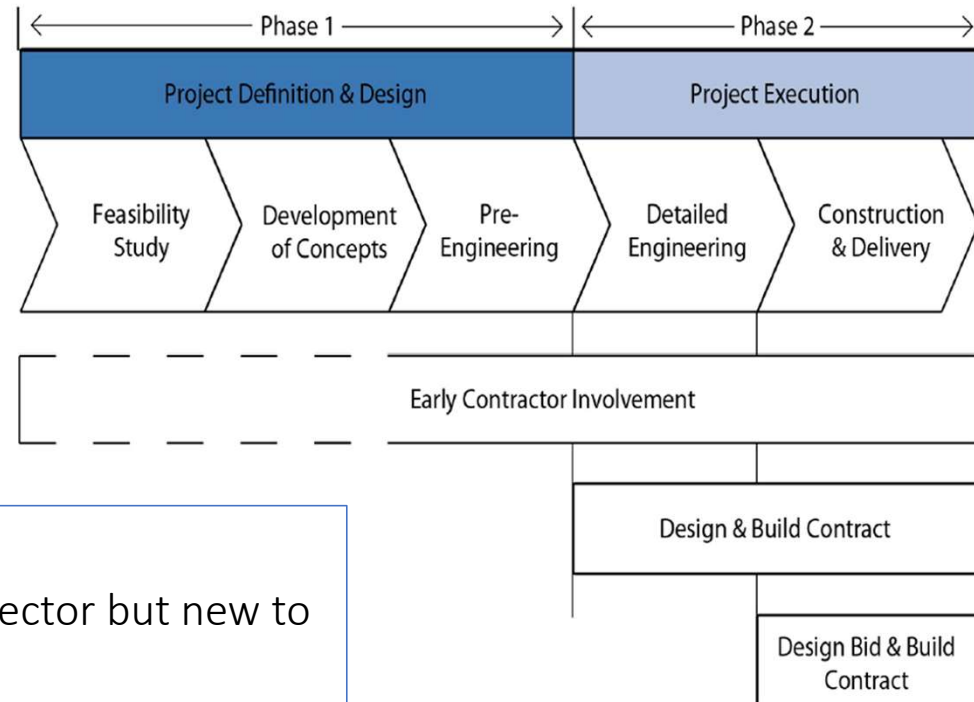


ECI 6 and 3: Road construction
 ECI 1,2,4,5,7: Railroad construction

Project timeframe: 5-10 years
 Budget: Approx. 20M Euros – 500M Euros



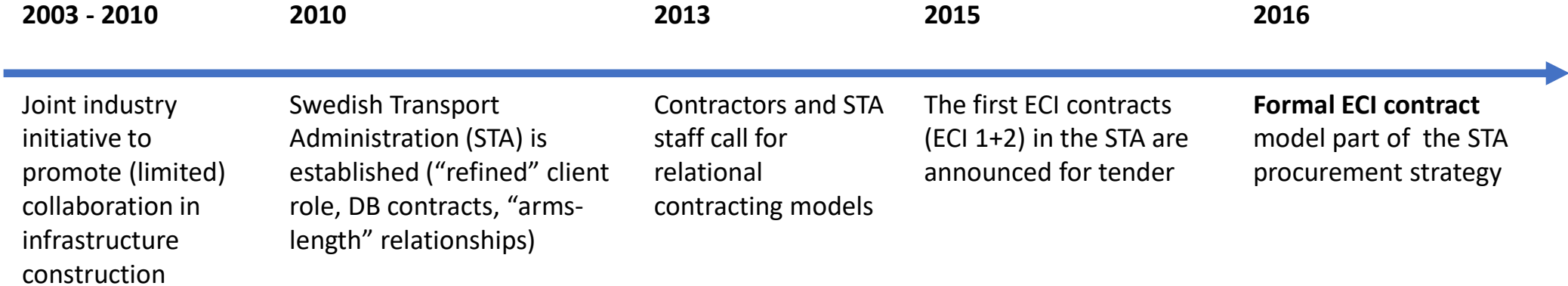
Early Contractor Involvement



Some notes on the Swedish context:

- ECI/two stage contracting used in the building sector but new to infra
- No government support or procurement strategy for construction
- No standard contracts for collaborative contracting (only DBB and DB)
- High project autonomy and decentralized decision-making

The Swedish Transport Administration and ECI



ECI in the STA



**PROCUREMENT
PROCEDURE AND
CRITERIA**



**EARLY INVOLVEMENT
OF CONTRACTOR**



REWARD SYSTEM



**PARTNERING
APPROACH**

2017-18

More projects are procured applying the ECI model

Some negative experiences from The West Link begin to spread.

2018

Conflicting views on the benefits of the ECI-model

Learning is happening between projects but not in a systematic manner

2019-2020

ECI model is re-launched for Maintenance projects

2022-2023

New initiative from the General Director to investigate how new contracting arrangement (f ex Alliance) may be applied in the STA.

ECI1-7 are proceeding, much of the projects issues in the beginning has been resolved and many are happy with the contract model.

Ostlänken pursue a procurement strategy in which they apply an altered form of the ECI-model

Expectations

- Seen as industry "game changer" – strong support
- Contractors expected high client involvement
- **High project level freedom** - different interpretations of ECI model depending on project manager → different project-specific procurement models. i.e., different conditions for all projects
- Improved design, economic benefits and time savings
- High expectation → risk to be disappointed

Expectations

- Seen as industry "game changer" – strong support
- Contractors expected high client involvement
- **High project level freedom** - different interpretations of ECI model depending on project manager → different project-specific procurement models. i.e., different conditions for all projects
- Improved design, economic benefits and time savings
- High expectation → risk to be disappointed

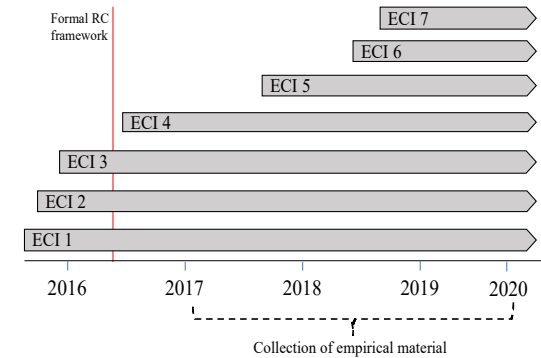
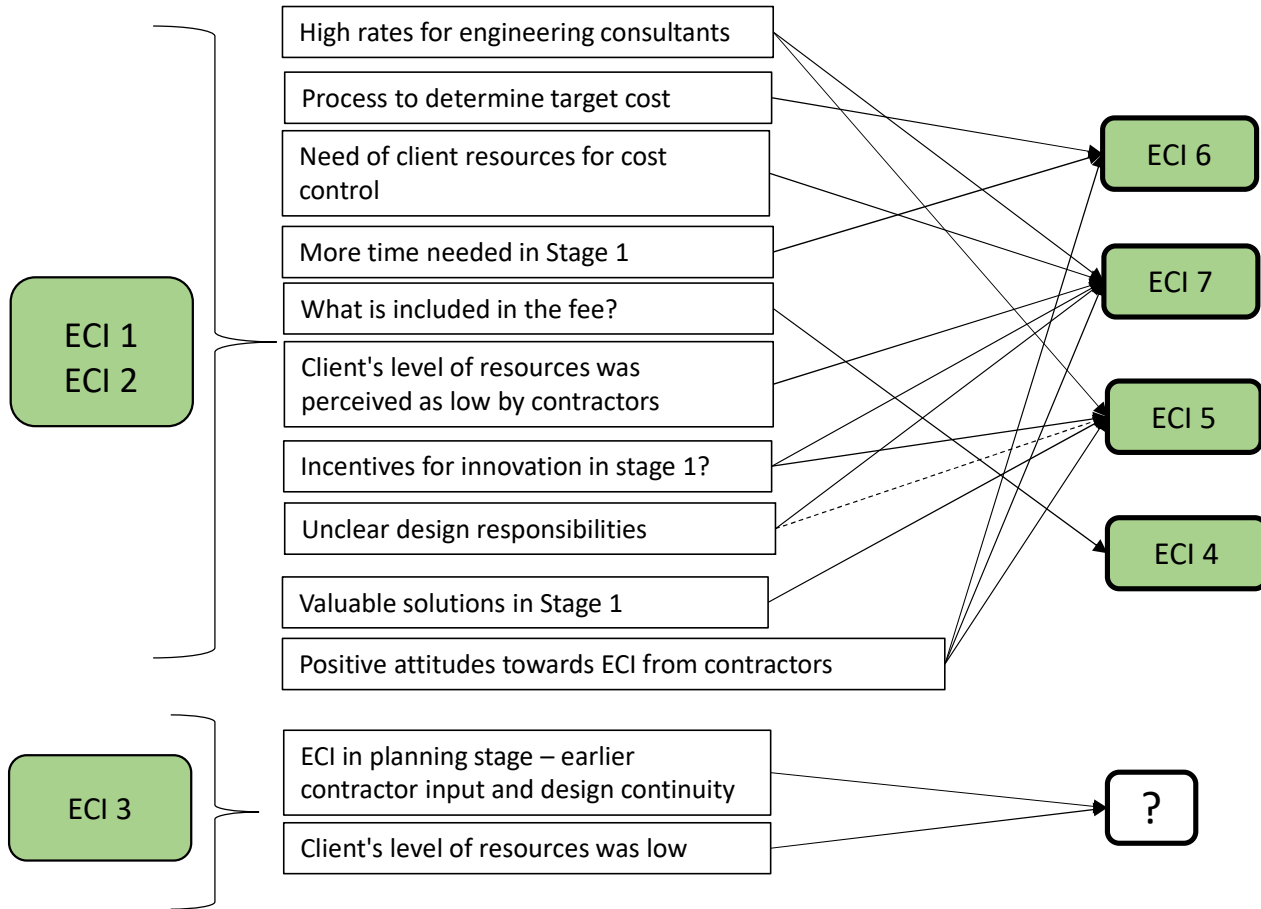
Experiences

- Clashing with existing policy context:
 - Clashes with previous "refined client" policy (affected resources)
 - The projects still needed to adapt to existing organizational and contractual systems (DB contracts)
- Hard to foresee how new aspects of the ECI model would play out in practice. F ex time consuming to develop joint processes, f ex to agree on the target cost
- Traditional **roles and responsibilities** were challenged (design responsibility in DB contract)
- **Learning project to project → diversifying the model**
- Still many benefits (and opportunities)!
 - Good collaboration in design activities - co-location important
 - Many examples of improved design

Pilot projects

Experiences/lessons

Subsequent projects



Expectations

- Seen as industry “game changer” – strong support
- Contractors expected high client involvement
- **High project level freedom** - different interpretations of ECI model depending on project manager → different project-specific procurement models. i.e., different conditions for all projects
- Improved design, economic benefits and time savings
- High expectation → risk to be disappointed

Experiences

- Clashing with existing policy context:
 - Clashes with previous “refined client” policy (affected resources)
 - The projects still needed to adapt to existing organizational and contractual systems (DB contracts)
- Hard to foresee how new aspects of the ECI model would play out in practice. For example time consuming to develop joint processes, for example to agree on the target cost
- Traditional **roles and responsibilities** were challenged (design responsibility in DB contract)
- **Learning project to project → diversifying the model**
- Still many benefits (and opportunities)!

Evolving

- Need to standardize some of the new processes and routes (for example for open-book accounting)
- Organic learning over time → A need for structures that support learning and developments over time
- As individual projects progressed practical issues were resolved and today (2023) most projects are positive to the ECI model → change take time and resources (at central level)
- This is a sector-issue: Need to develop long-term trust for the market – making relational contracting in the STA predictable for contractors.

Conclusions

- Need for supporting structures
- Need to adapt routines, standardization of processes – in order to enhance predictability for contractors
- Change takes time: Long-term implementation as it is important to be predictable for the market (important to consider as new initiatives are starting)
- Other than models can be learnt from other contexts (for example how the client has worked with preparation, training, dialogue with other market actors etc)