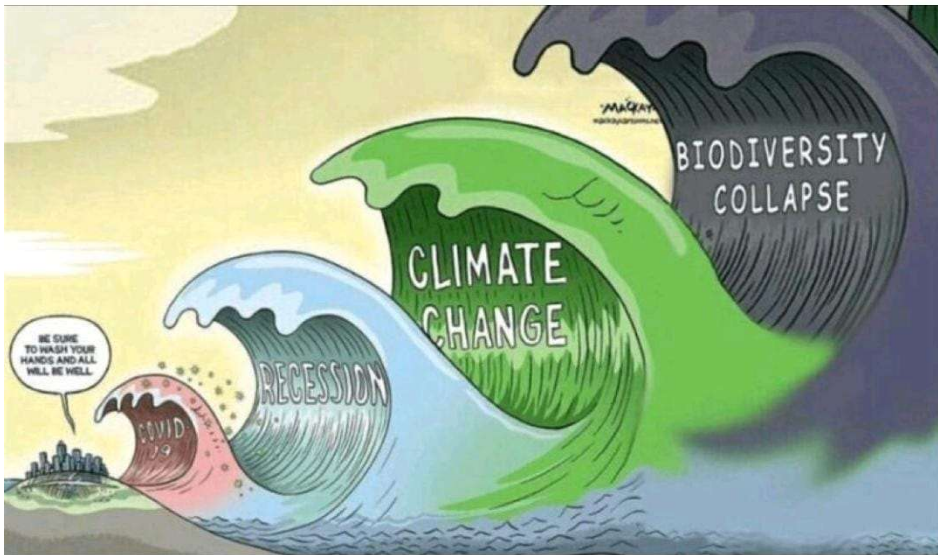


Collaborative procurement as a key for the race to net zero



Source: Internet.



Source: The Economist.

Infrastructure Gap?

Peru

10 years gap: USD 108 B.

Latam

USD 150 B per year.

World

USD 15 T (2040).

Sources: PNIC, BID, GIH.

Infrastructure Gap?

- Energy consumption will grow steadily until 2050, and may even have doubled by that date. This is mainly due to six factors: (1) population growth, (2) economic growth, (3) urbanization, (4) industrialization, (5) electrification and (6) motorization. Michael Webber, Power Trip: The Story of Energy
- **Annual** average of investment required to reach the Paris Agreement target: **USD 3.2 T** would be needed until 2040. IEA, World Energy Outlook 2019
- In Latin America, implementing NDCs as they stand and correcting course in 2030 to reach carbon neutrality before 2050 would create **USD 90 B** worth of stranded assets in the power sector. IDB, Deep Decarbonization Pathways for Latin America and the Caribbean, IRENA.

Is it achievable?

AÑO	PBI TOTAL	PIM FBK	GASTO EN FBK	% DEL PBI DESTINADO AL GASTO EN FBK	% DEL PBI DESTINADO AL PRESUPUESTO EN FBK
2014	467,308.0	32,687.0	25,005.0	5.4	7.0
2015	482,506.0	28,559.3	21,720.1	4.5	5.9
2016	501,581.0	30,341.4	20,711.5	4.1	6.0
2017	514,215.0	31,159.1	20,760.0	4.0	6.1
2018	534,665.0	35,051.9	22,676.0	4.2	6.6
2019	546,161.0	33,740.5	21,657.6	4.0	6.2
2020	486,058.8	31,970.5	19,732.6	4.1	6.6
2021 ²	534,277.0	35,974.4	14,097.4	2.6	6.7

PIM: Presupuesto Institucional Modificado.

¹ No considera ni el presupuesto ni el gasto de los Juegos Panamericanos, ni de los sectores de interior y defensa.

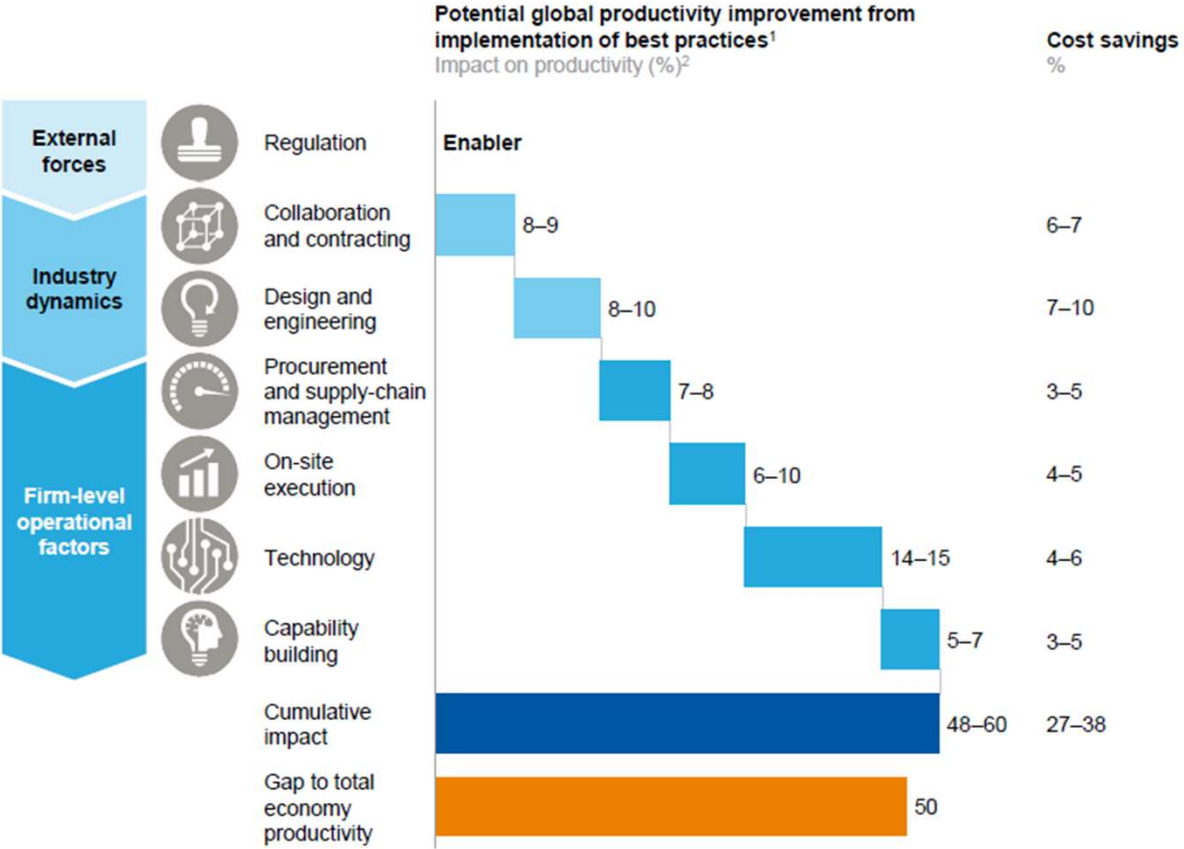
² Con información al 27 de agosto del 2021. PBI es una proyección realizada en agosto del 2021.

FUENTE: BCR, SIAF-MEF, APOYO Consultoría

Example: Peru

- Correct budget: over 6% of GDP.
- Low execution: 66% (2019), 63% (2020).
- Amount required to close the gap: 5.2% of GDP (IDB) / 6.2% (CEPAL).
- Fear of civil servants to make decisions.

Is it achievable?



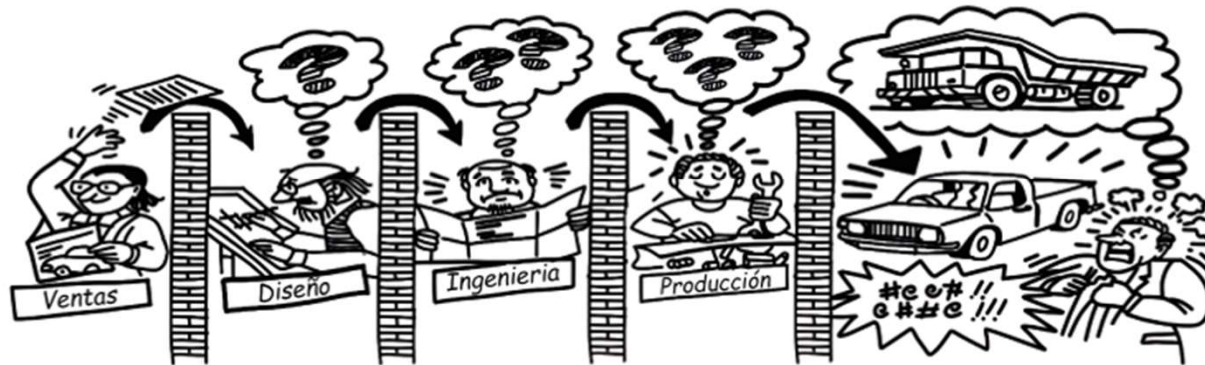
1 The impact numbers have been scaled down from a best case project number to reflect current levels of adoption and applicability across projects, based on respondents to the MGI Construction Productivity Survey who responded "agree" or "strongly agree" to the questions around implementation of the solutions.
 2 Range reflects expected difference in impact between emerging and developed markets.

SOURCE: McKinsey Global Institute analysis



Fragmentation

- Within an organization.
- Between designer and contractor.
- Between private / public client and supplier / contractor.
- Within the contractor's supply chain.
- Among all project participants.



Source: Internet.

Benefits of Trust and Teamwork

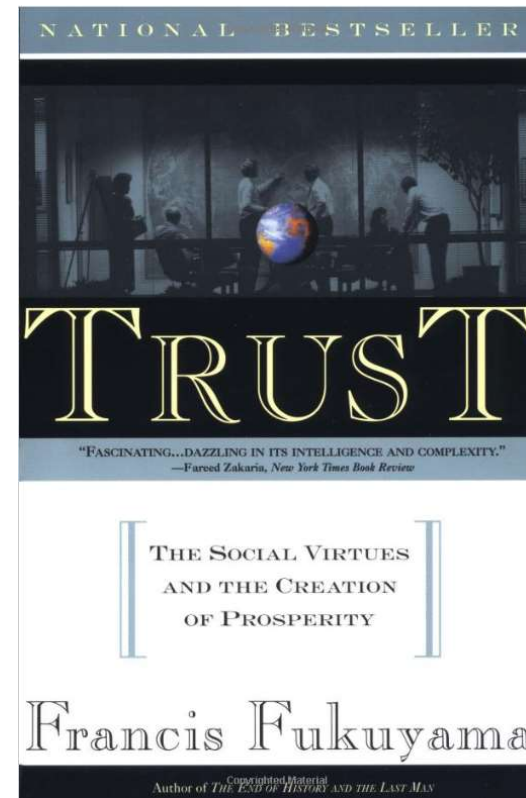
Economists relate the level of *trust* in a society with economic development.

Trust and teamwork increase the competitiveness of an organization. Well known for centuries.

Trust and teamwork reduce **transaction costs** and **allow unlocking hidden value**.

Example: Electronic signatures.

Example: Available warehouse.



Collaboration as Teamwork

- Teamwork principles applicable to a single organization are also applicable to the various teams/organizations within the project.
- Teams should trust one another, engage in unfiltered conflict around ideas, commit to decisions and plans of action, hold one another accountable for delivering against those plans and focus on the achievement of collective results.
- Although apparently simple, it is extremely difficult because it requires levels of discipline and persistence that few teams can reach.

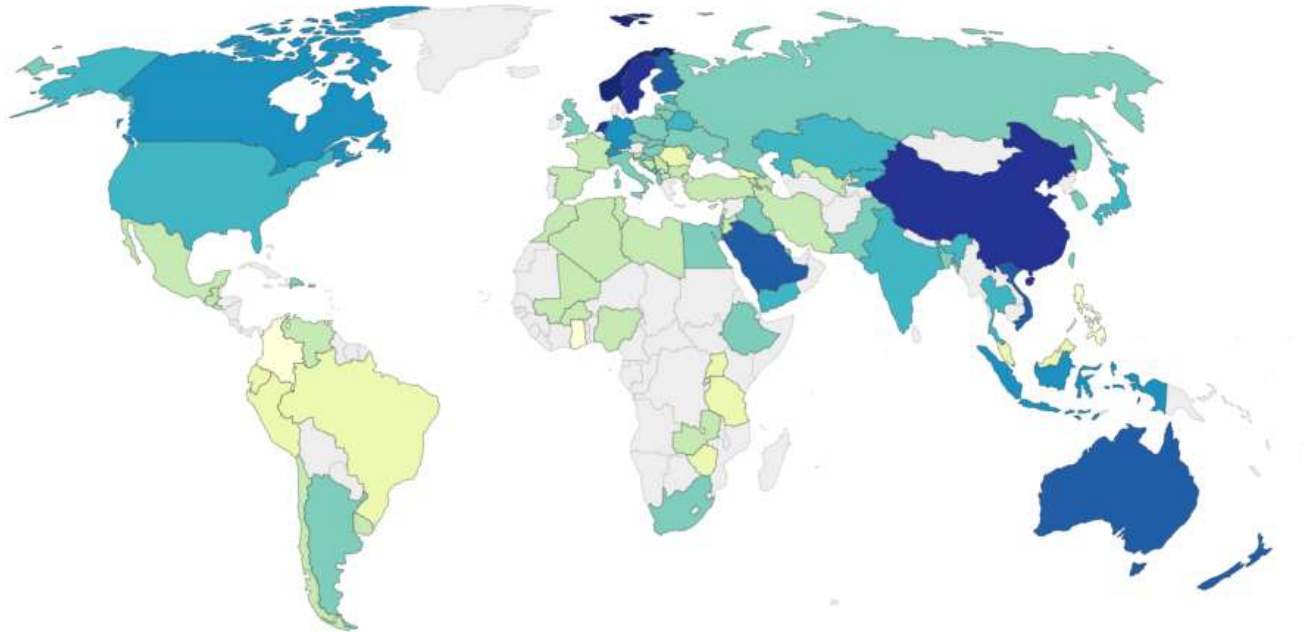
Trust around the World

Share of people agreeing with the statement "most people can be trusted", 2014

The survey question was "Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?" Possible answers were "Most people can be trusted", "Don't know" and "Can't be too careful".

Our World
in Data

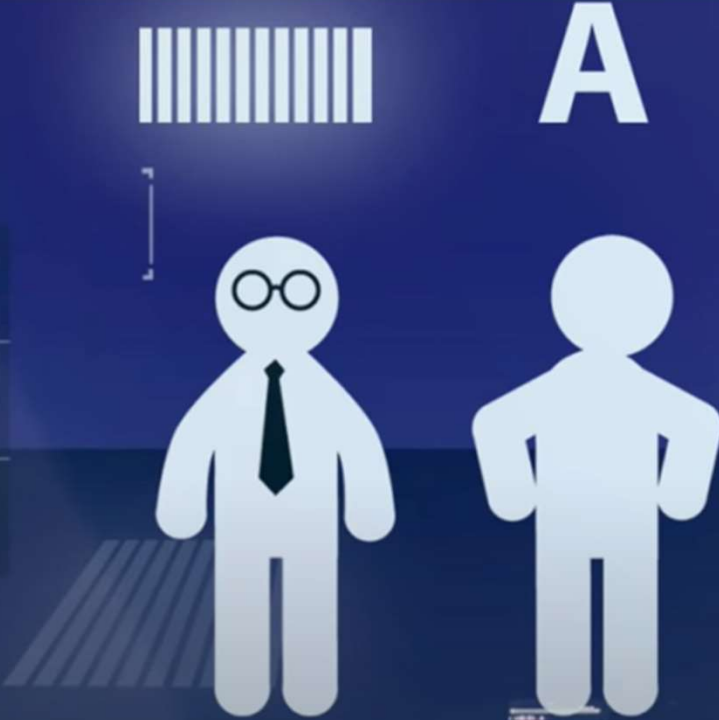
World



Who trusts first? Prisoner's Dilemma's two assumptions

DILEMA

	B CALLA	B CONFIESA
A CONFIESA	A LIBRE B 10 AÑOS	5 AÑOS AMBOS
A CALLA	1 AÑO AMBOS	A 10 AÑOS B LIBRE



A

Common sense?

- Expectations vs reality.
- Collaborating requires more attention, more hours of work, more proactivity, more engagement.

Demystifying Spontaneity

- Collaboration as concrete processes.

INTERNATIONAL
STANDARD

ISO
44001

First edition
2017-03

**Collaborative business relationship
management systems —
Requirements and framework**

*Systemes de management collaboratif d'une relation d'affaire —
Exigences et cadre de travail*

The collaborative process menu

- Design / BIM.
- Early Contractor Involvement.
- *Value* Engineering.
- Project control: Schedule and cost.
- Joint *risk management*.
- Quality Assurance.
- HSE.
- Dispute resolution.
- Etc.

Is it necessary / advisable to contractualize collaboration?

La incorporación de procesos colaborativos en el contrato para lograr proyectos de construcción de alto desempeño

The inclusion of collaborative processes in the contract to achieve high performance construction projects

Eric Franco Regjo*
Investigador independiente

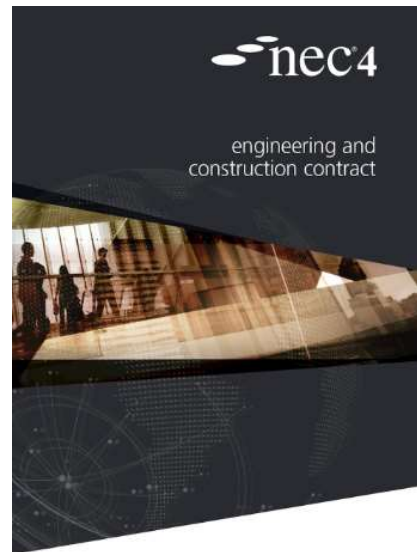
Resumen:

En los últimos años se viene haciendo referencia a los contratos "colaborativos" en América Latina. Sin embargo, no existe un entendimiento común sobre qué significa dicho término, la discusión y desarrollo internacional que hay detrás. En tal sentido, en el presente artículo se busca plantear el marco de la discusión sobre las alternativas disponibles para incrementar la productividad en la industria de la construcción y cómo ello ha llevado a ver el contrato como una herramienta útil para favorecer dicho proceso.

Abstract:

In recent years, in Latin America, reference has been frequently made to "collaborative"

FIDIC 2017 / NEC 4 / FAC1 / Alliance - IPD



June 2017



Collaboration

- Not about waving rights / working for free.
- Not about allocating all risks to one party.
- It is about improving communication and setting processes.
- Acting fairly with clients and suppliers / contractors as a **sustainability principle**. Interdependency for success.

CHAPTER 18

Achieving Latin America's Energy Transition: Looking into the Roles of International Arbitration and Dispute Avoidance

Eric Franco & Alejandra Verdera

On the basis that 'climate change is a reality', this chapter focuses on disputes that may arise in relation to energy transition in Latin America. It addresses the tools, techniques, and mechanisms to avoid and handle disputes before they escalate to a dispute board, expert, mediator, arbitration, or court.

This chapter identifies these disputes and groups them into four categories, based on the subject matters in dispute: (1) those related to investments required to make the world more sustainable; (2) those related to adaptation and mitigation measures; (3) those related to new voluntary social responsibility standards applicable to funders, investors, insurance companies and credit rating agencies; and (4) those arising due to changes in circumstances. Focusing on the subject matter in dispute helps understand the type of disputes and anticipate better how to address these areas of risk when developing a project.

Thanks!

eric.franco@legaldelta.com

