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CRUX Insight Seventh Annual Report

*Analysis of Claims and Dispute Causation
on Engineering and Construction Projects*

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Principal, Construction Claims & Expert Services



HKA in numbers

people



1,200+
people

including

500+

consultants and
advisors

500+

quantum, engineering,
architecture and technical,
delay, disruption,
damages and government
contract experts

reach



45+
offices

across

17

countries

experience in

100+

countries

clients



6,500+
clients worldwide

including government agencies,
local authorities, investors,
developers, owners, operators,
architects, engineers, project and
construction managers,
contractors, specialist suppliers,
manufacturers, banks and insurers

instructed by

100%

of the world's

top 20

law firms by revenue

impact



100,000+
disputes
resolved

valued in excess of

US\$250bn

2,000+

engagements per year

40+ years' experience

30+ of the world's most spoken languages

250+ first-of-a-kind global megaprojects



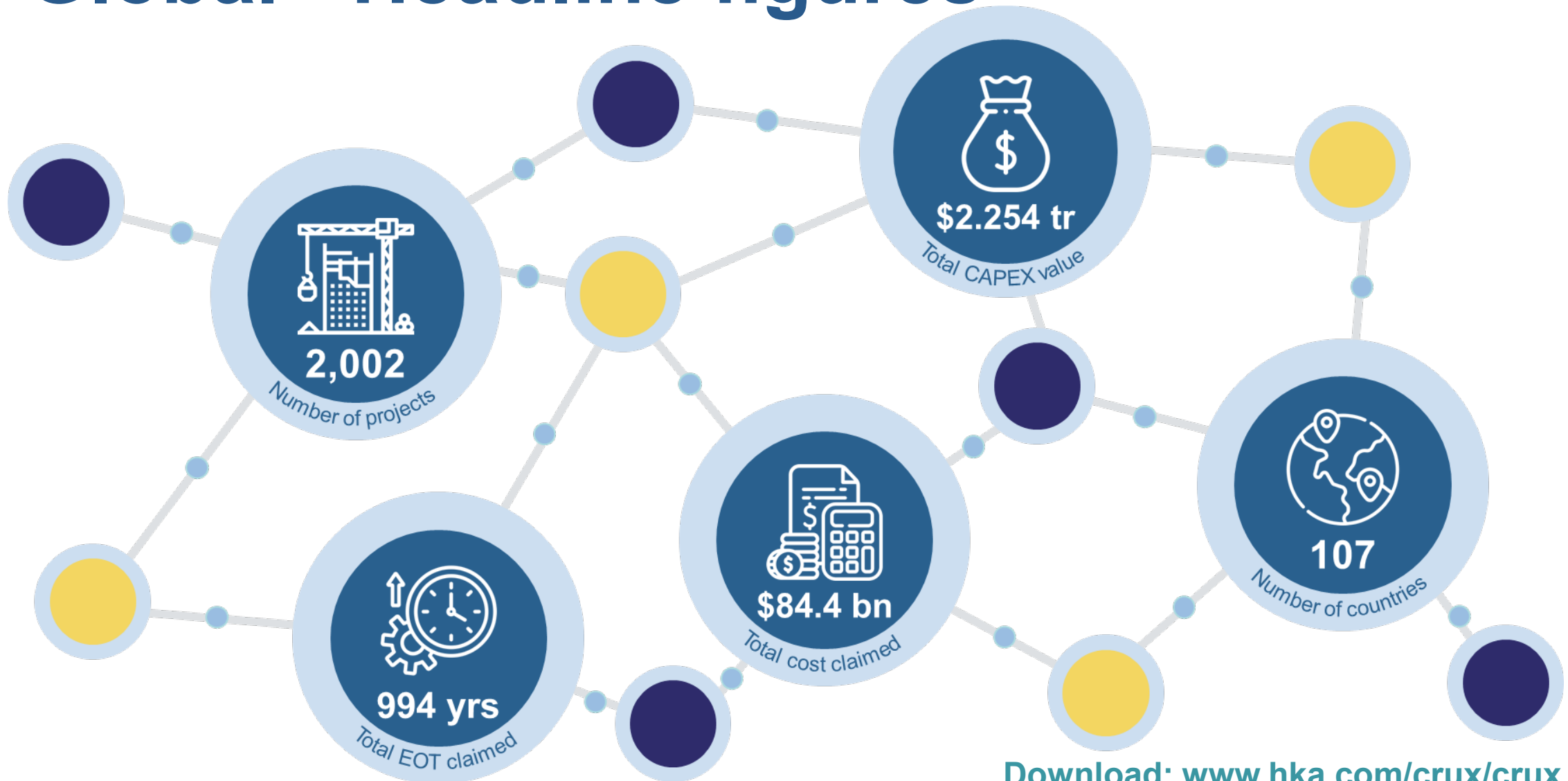
Introduction - CRUX Insight

HKA's integrated dispute causation research program

- For seven years, CRUX has been analysing data and deepening market insight into the causes of claims and disputes on major capital projects around the world.
- CRUX research team compared causation taxonomy across academic publications, industry reports, and other available sources worldwide.
- This produced a list of 1,750 causes of claims and disputes and through detailed analysis and mapping of trends and variations in terminology, we were able to condense these into 39 causes of claims and disputes.
- Thanks to HKA's extensive footprint in dispute service offerings, we have arguably the most comprehensive snapshot of disputes in the world.
- This year's report, *Changing the Narrative*, combines our latest quantitative findings from over **2,002** projects with our expert's insight across five mega-disrupters in the construction and engineering industry.



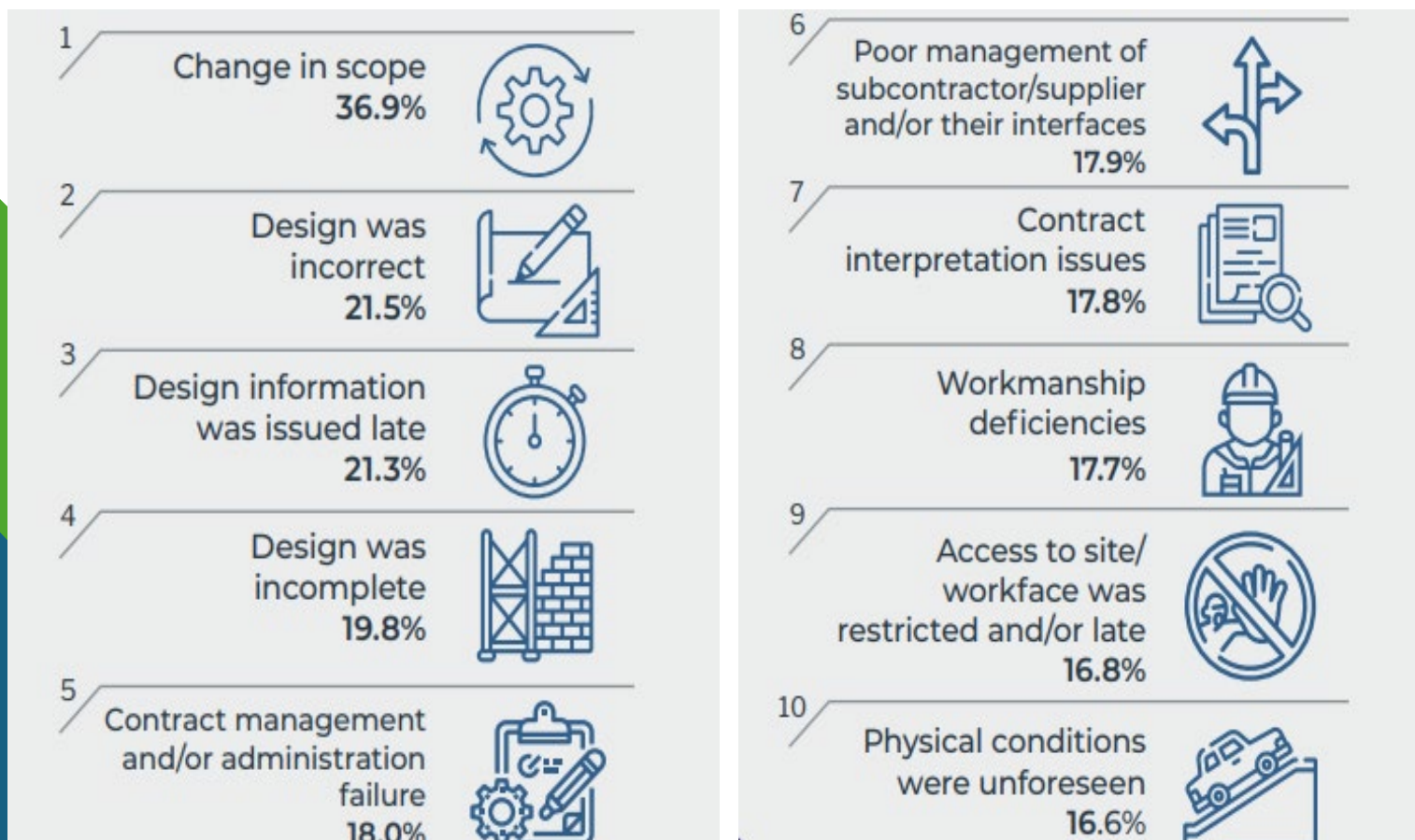
Global - Headline figures



Download: www.hka.com/crux/crux

Claims and Disputes – Globally

Global top causes of claim or dispute



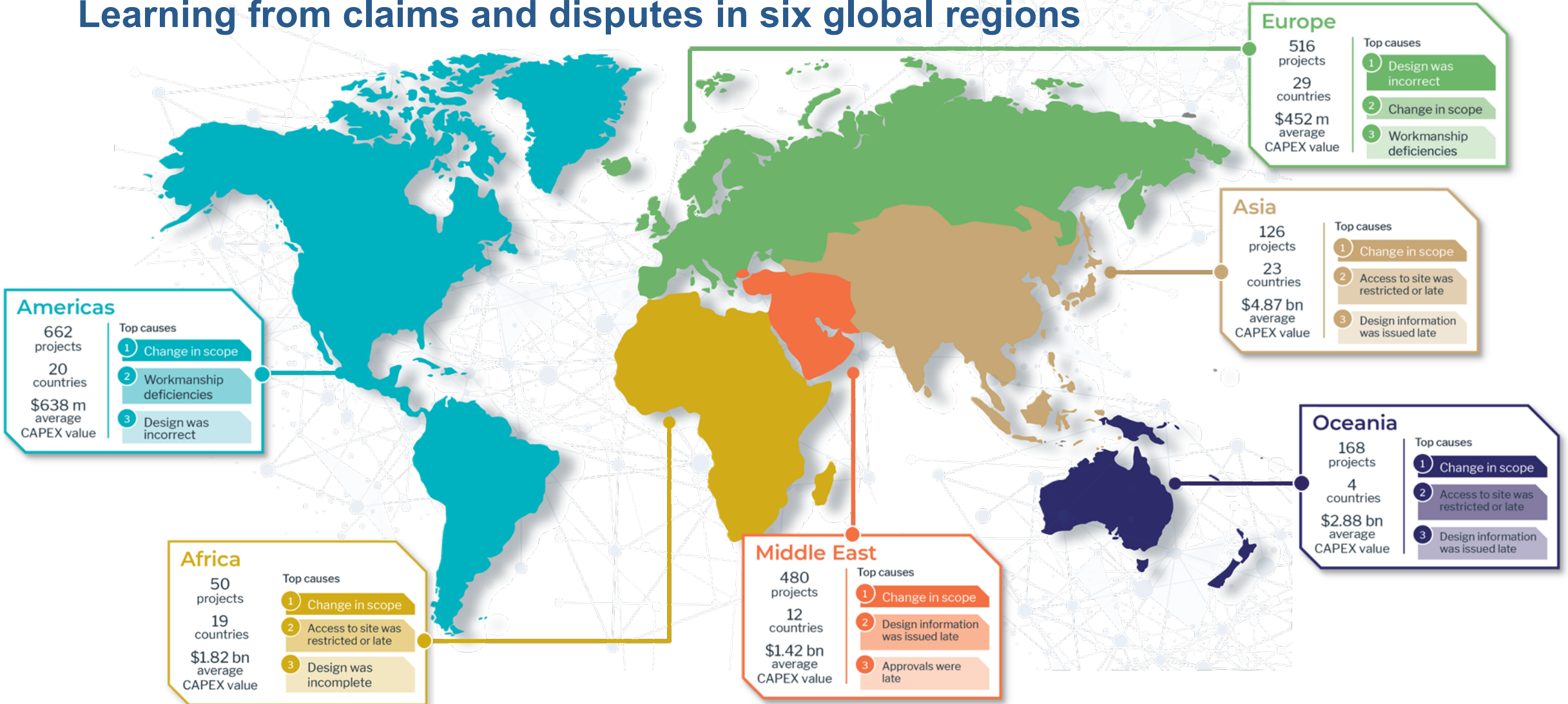
The common factor in many disrupted projects is the desire to **speed** the build and reduce up-front costs.

“The consequences of the **haste** to start and press on with works play out in various ways across sectors (and regions) but are commonly negative.”

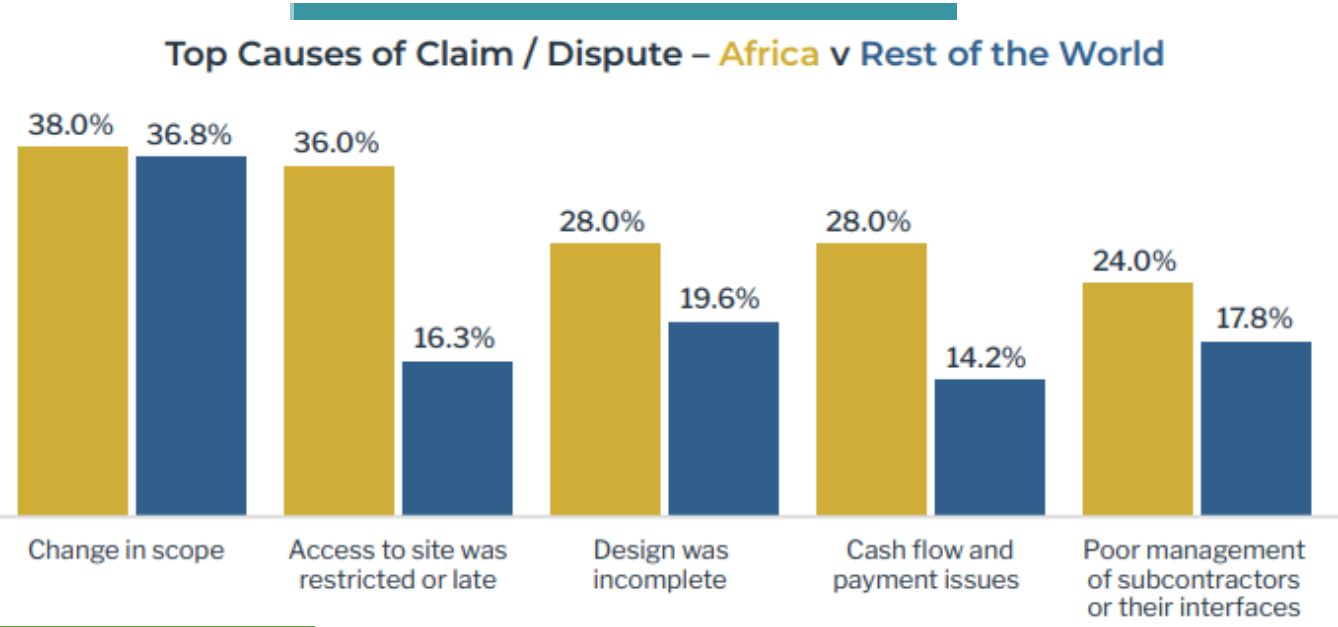
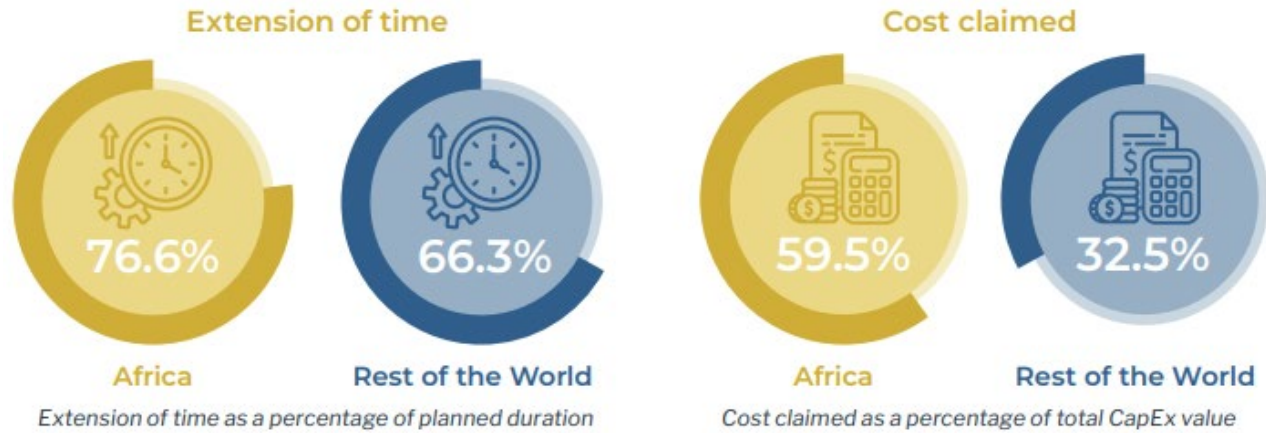
“We see disputes and damages claims rising across a broad **environmental** front.”

Regional overview

Learning from claims and disputes in six global regions



Claims and Disputes - Africa




50
projects


19
countries


US\$ 1.82 bn
average CAPEX


59.5 %
average cost claimed


76.6 %
average EOT claimed

Changing the Narrative

Seventh Annual CRUX Report

This year's analysis shows recurring problems across years, sectors, and borders.

The seventh annual report clusters of inter-related clauses are linked to major challenges in infrastructure and capital projects.

These mega-disrupters affect **40%** to **50%** of projects globally, with higher impacts in some regions.

This year's report examines these risks and offers mitigation strategies on how to **Change the Narrative** in five chapters:

- *contract-related conflicts*
- *speed to build*
- *behavioural factors*
- *skill gaps*
- *environmental risks*



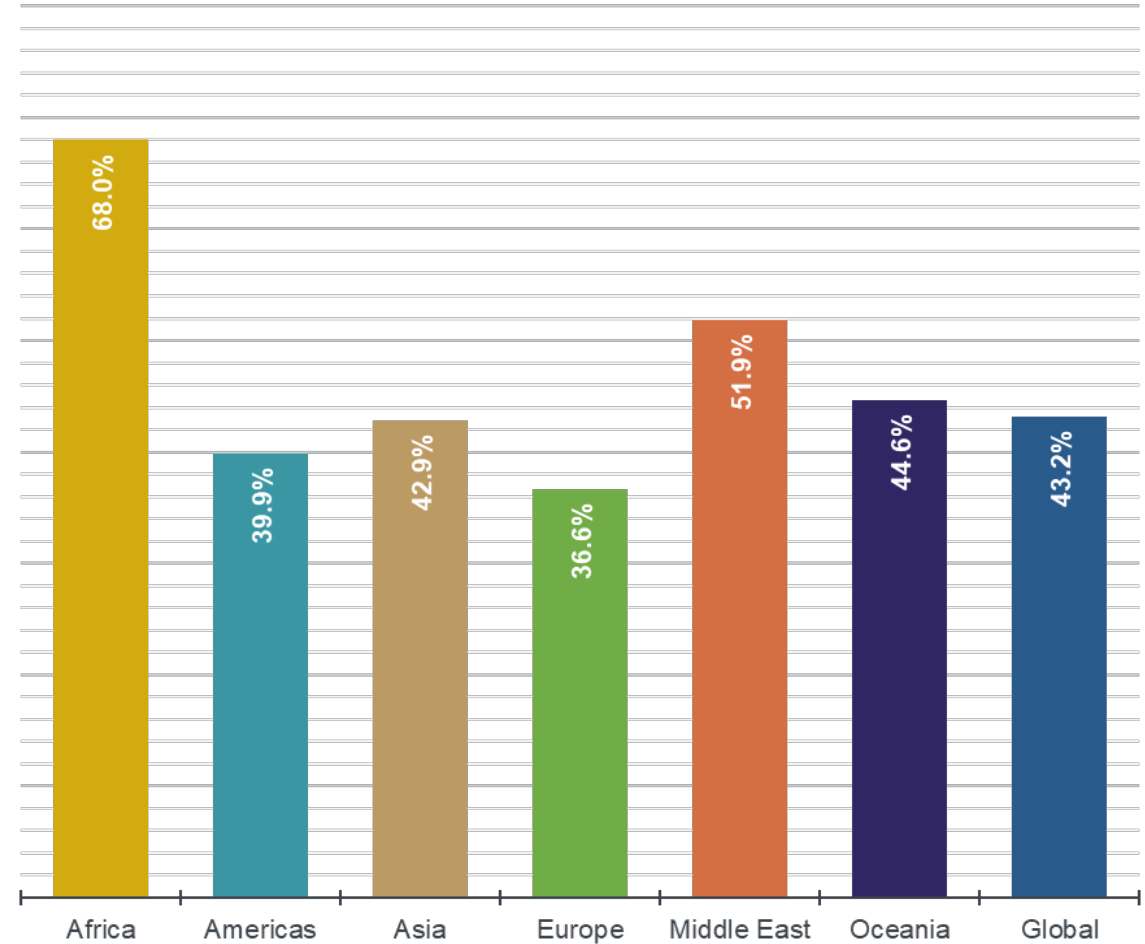
Mega disrupters - Contracts



Headlines

- Proactive employers' war-game risks, or at least plan for claims management and resolution
- Project scale and complexity demand a more collaborative approach
- Pragmatism can pave the way for mitigation measures to minimise delays

Percentage of projects affected by region



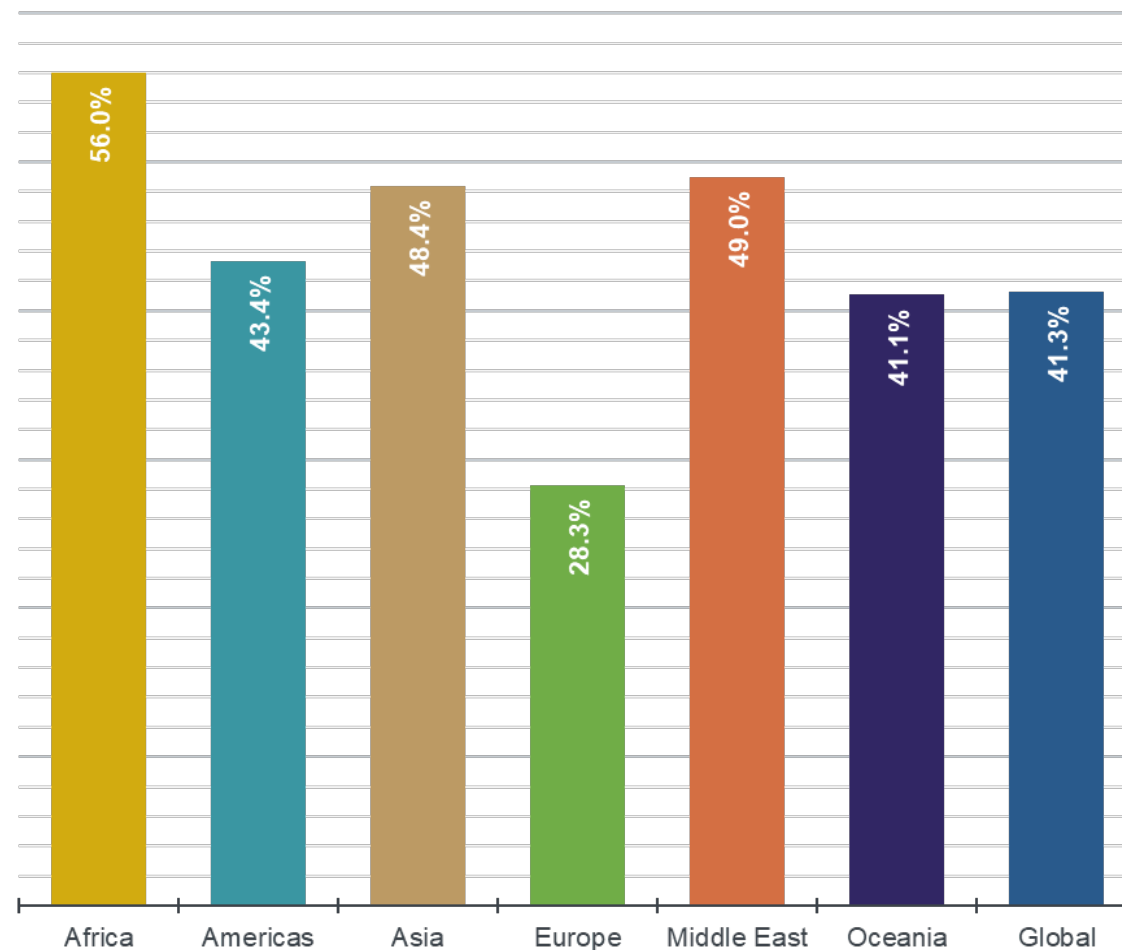
Mega disrupters - Environment



Headlines

- Construction sector must prepare for greater scrutiny, regulation and litigation
- Comprehensive approaches are required to assess damages from unforeseen contamination
- Risks to be mitigated include climate-related design failure, 'forever chemicals', biodiversity, and greenwashing as well as weather extremes

Percentage of projects affected by region



Download Seventh Annual CRUX report

We propose actions that parties can take to mitigate risk or pre-empt the most persistent sources of projects' distress.



NEW CRUX Insight Seventh Annual Report:
Changing the Narrative - HKA