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Factors influencing selection of constructio procurement strategy for water infrastructure projects in South Africa

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Summary of Results from Interview Transcripts

Annexure B1

Question 1: Range of Construction Procurement Strategies Selected by Clients

Strategy	Option	Totals	Respondent									
			R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
Packaging	Work packages grouped together under a single contract (framework agreement)	0										
	Projects grouped together under a single contract	1								1		
	Work packages from different projects grouped together according to discipline & let as single contracts	1						1				
	Work packaged according to discipline	1		1								
	Work packages grouped & let as a single contract	1									1	
	Work packages from different projects grouped together under a single contract	2					1					1
	Projects divided into work packages & let out as number of contracts	4	1		1	1			1			
Contracting	Develop & construct	0										
	Design & construct	0										
	Construction management	0										
	Management contracting	0										
	Other	0										
	Design by employer	10	1	1	1	1	1	1	1	1	1	1
Pricing	Cost-plus pricing	0										
	Target final cost pricing	0										
	Other	0										
	Prices obtained using activity schedules (lump sum)	1	1									
	Prices obtained using bills of quantities	9	0	1	1	1	1	1	1	1	1	1
Targeting	Female-owned firms &/or suppliers targeted	0										
	Youth involvement targeted	0										
	Other	0										
	Small local suppliers &/or contractors targeted	1							1			
	Experienced large contractors	1		1								
	Local suppliers &/or local contractors targeted	3					1			1		1
	No specific targeting	5	1		1	1		1			1	
Procurement Method	Negotiated with contractor	0										
	Other	0										
	Pre-selected contractors (quotations)	1					1					
	Public tender	9	1	1	1	1	0	1	1	1	1	1
Form of Contract	JBCC	0										
	NEC	0										
	COLTO	0										
	Other	0										
	FIDIC	1		1								
	GCC	10	1	1	1	1	1	1	1	1	1	1

Respondent No	**R1**	**Interview Transcript**	
Question 2: Factors influencing the selection of construction procurement strategies			
Strategy	**Content**	**Unitising**	**Coding**
Packaging	• Client wanted to build the VIPs over five-year period at a rate of 10 000 units per financial year; • Packaged 2 000 to 3 000 units per municipal ward; • Decision influenced by politics (per ward); create more work opportunities; spread risk over several contracts & client had sufficient resources internally to manage the contracts;	• Budgetary constraints; • Political influence; • Create more work opportunities; • Risk management; • Client had sufficient resources;	*Project characteristics:* • Rate of delivery; • Risk management; • Ease of management; *External factors:* • Create jobs; • Political influence;
Contracting strategy	• Designs were simple & could be done in-house; • Client wanted to be in control of design, to comply with funder (DWS) guidelines; • Contractor was given standard details/drawings & specifications to construct;	• Client in control of design; • Client had design capacity;	*Project characteristics:* • Client in control of design; • End-user satisfaction; *External factors:* • Nil
Pricing strategy	• Lump sum prices were obtained per VIP (lined or unlined pit, slab, top structure & toilet); • This was done for ease of management; client only paid for completed units; • Client did have adequate resources for contract administration; • Forced contractor to complete units & not have incomplete units for long periods of time;	• Client could achieve price certainty; • Client had resource constraints for contract admin; •	*Project characteristics:* • Ease of management; • Price certainty; *External factors:* • Nil
Targeting strategy	• Did not want to have too many contractors on site simultaneously as this would have been difficult to manage; • Local unskilled labour to be used by contractors;	• Client had resource constraints for contract admin; • Promoted the use of local unskilled labour;	*Project characteristics:* • Ease of management; *External factors:* • Create jobs;
Procurement method	• Normal client practice & in accordance with client SCM policy & rules; • Process is viewed as transparent & client will not be accused of corruption; • Will result in competitive tendering, with keener pricing by contractors;	• Competitive public bidding will lead to lower prices; • Followed client policy & rules; • Preferred an open & transparent process;	*Project characteristics:* • Competitive prices; *External factors:* • Client policy & rules; • Transparency;
Standard form of contract	• As this was a civil engineering project, GCC was used; • Client is familiar with GCC form of contract;	• Form of contract chosen on basis of project type (civil engineering project); • All parties familiar with form of contract used;	*Project characteristics:* • Project type; *External factors:* • Known by parties;

Respondent	**R2**	**Interview Transcript**	
Question 2: Factors influencing the selection of construction procurement strategies			
Strategy	**Content**	**Unitising**	**Coding**
Packaging	• Project packaged by discipline: ➢ Bulk earthworks; ➢ Civil works & buildings; & ➢ Mechanical, electrical & instrumentation; • Client wanted to manage the price risk by not, for instance, asking civil engineering contractors to price for mechanical, electrical & instrumentation works;	• Packaged according to discipline; • Price risk management;	*Project characteristics:* • Packaged by discipline; • Level of specialisation required of contractors; • Risk management; *External factors:* • Nil;
Contracting strategy	• Client wanted to be in control of design; has preferences what is built into the works & for ease of operation & maintenance (staff familiar with certain products); • Could have selected design & construct but was not sure of end-product;	• Client in control of design;	*Project characteristics:* • Client in control of design; • End-user satisfaction; *External factors:* • Nil
Pricing strategy	• Easy to compare financial offers as all contractors will price on (exactly) same scope; • Easy to manage changes in quantities & scope; • Only pay for what is built into the works;	• Ease of financial management; • Value for money;	*Project characteristics:* • Ease of management; • Value for money; *External factors:* • Nil
Targeting strategy	• Targeted large contractors (9CE & (9ME) because project technically complex; • Local unskilled labour to be used by contractors;	• Technically complex; • Promoted the use of local unskilled labour;	*Project characteristics:* • Technical complexity; *External factors:* • Create jobs;
Procurement method	• Public entity; required by law to go out to public tender; • Hoped to attract competent contractors; • Obtain value in terms of financial offers & technology;	• Competitive public bidding will lead to lower prices; • More technology options may be received;	*Project characteristics:* • Competitive prices; • Technical offers; *External factors:* • Nil;
Standard form of contract	• For civil works GCC was used; SA contract for SA context; • For M&E FIDIC Yellow Book used; wanted an internationally used contract for M&E plant & equipment; deals well with commissioning of the works;	• Form of contract chosen on basis of project type;	*Project characteristics:* • Project type; *External factors:* • Nil;

Respondent	**R3**	**Interview Transcript**

Question 2: Factors influencing the selection of construction procurement strategies

Strategy	Content	Unitising	Coding
Packaging	• Multi-year phased project to suit budget; • Mixed packaging strategy: ➢ Major bulk pipelines let as 2No large contracts; ➢ Secondary bulks, reservoirs & reticulation let as smaller contracts; • Smaller contracts for enable smaller black contractors to participate in the project;	• Packaged to suit budget; • Packaged according to size; • Packaged according to technical complexity; • More technically complex work let to big contractors; • Smaller value contracts to enable small contractors to participate;	*Project characteristics:* • Rate of delivery; • Technical complexity; • Level of specialisation required of contractors; • Size; • Risk management; *External factors:* • Create jobs;
Contracting strategy	• Selection dictated by client policy & rules; • That's how it's always done; not familiar with other strategies; • Standard practice in consulting practice; • Tested strategy; worked before;	• Client in control of design;	*Project characteristics:* • Nil; *External factors:* • Client policy; • Always done in this way; • Worked before; • No knowledge of other strategies;
Pricing strategy	• Followed CIDB guidelines; • Simple way of doing this kind of work; • The strategy was a given;	• CIDB guidelines;	*Project characteristics:* • Nil; *External factors:* • Always done this way;
Targeting strategy	• Targeted local suppliers & contractors; • No real policy or targeting;	• Local suppliers & local contactors targeted;	*Project characteristics:* • Nil; *External factors:* • Create jobs;
Procurement method	• Dictated by client policy; • Followed CIDB guidelines; • Process is viewed as transparent & client cannot be accused of corruption;	• CIDB guidelines;	*Project factors:* • Nil; *External factors:* • Client policy & rules; • Transparency;
Standard form of contract	• Chosen because all parties familiar with the form of contact; • Established form of contract;	• Form of contract chosen on basis of familiarity;	*Project characteristics:* • Nil; *External factors:* • Default option; • Known by parties;

Respondent	**R4**	**Interview Transcript**	
Question 2: Factors influencing the selection of construction procurement strategies			
Strategy	**Content**	**Unitising**	**Coding**
Packaging	• Phased project to suit budget; • Client only wanted a single contractor on site at a times; • Create jobs through the project; • Political pressure to create jobs through the project;	• Packaged to suit budget; • Create jobs;	*Project characteristics:* • Rate of delivery; *External factors:* • Create jobs; • Political influence;
Contracting strategy	• Client wanted to be in control of design; • That's how it's always done; • Standard practice in consulting practice; • Strategy worked before;	• Client in control of design; • Done this way before & it worked;	*Project characteristics:* • Client in control of design; *External factors:* • Always done in this way; • Worked before;
Pricing strategy	• Easy to compare financial offers as all contractors priced on (exactly) same scope; • Standard way of working; all parties (client, consultant & contractor) are familiar with the strategy; • Easy to manage/control changes in quantities & scope; • Only pay for what is built into the works (value for money);	• Historical way of working; • Familiar with strategy; • Ease of management; • Value for money;	*Project characteristics:* • Ease of management; • Value for money; *External factors:* • Always done this way; • All parties familiar with strategy;
Targeting strategy	• Civil works set aside for local contractors; • Local economic development; • Tanks & M&E procured in open market (not available within district);	• Nature of work; specialised works separated from general civil works; • Local economic development;	*Project characteristics:* • Discipline; • Type of project; *External factors:* • Create jobs;
Procurement method	• Public sector therefore no other option is available; • Dictated by client policy; • This is the accepted norm;	• Client policy;	*Project factors:* • Nil; *External factors:* • Client policy & rules; • Standard practice;
Standard form of contract	• Chosen because all parties familiar with the form of contact; • Form of contract generally used for civil works; • Consultant never used any other form of contract;	• Type of project; • Form of contract chosen on basis of familiarity;	*Project characteristics:* • Type of project; *External factors:* • Default option; • Known by parties;

Respondent	**R5**	**Interview Transcript**
Question 2: Factors influencing the selection of construction procurement strategies		

Strategy	Content	Unitising	Coding
Packaging	• Civil works packaged as small contracts to create work opportunities; • Packaged for ease of management; specialist work (elevated tanks) was let as a single contract; • Also, tanks package ensured value for money;	• Value for money; • Infrastructure component type; • Create jobs;	*Project characteristics:* • Type of project; • Value for money; *External factors:* • Create jobs;
Contracting strategy	• Client wanted to be in control of design; • That's how it's always done; • Adherence to client standards;	• Client in control of design; • Done this way before & it worked;	*Project characteristics:* • Client in control of design; • End user satisfaction; *External factors:* • Always done in this way;
Pricing strategy	• Easy to compare financial offers as all contractors priced on (exactly) same scope; • All parties (client, consultant & contractor) are familiar with the strategy; • Normal way of working for consultant; • Avoid legal claims as the basis for payment is clear; easy to manage changes in quantities & scope;	• Historical way of working; • Familiar with strategy; • Ease of management;	*Project characteristics:* • Ease of management; *External factors:* • Always done this way; • All parties familiar with strategy;
Targeting strategy	• No specific targeting; contractor to only use local unskilled labour; • Dictated by client policy; • Political pressure to create local jobs;	• Client policy; • Local unskilled labour targeted;	*Project characteristics:* • Nil; *External factors:* • Client policy & rules; • Create jobs;
Procurement method	• Public sector therefore no other option is available; • Dictated by client policy; • Process is viewed as transparent & client cannot be accused of corruption; • Will get value for money through competitive bidding;	• Client policy;	*Project factors:* • Value for money; *External factors:* • Client policy & rules; • Transparency;
Standard form of contract	• Chosen because all parties familiar with the form of contact; • Form of contract covered all aspects of project; • Followed CIDB guidelines; • Chosen because it is a local form of contract; • Consultant always used GCC; do not understand FIDCI & NEC forms of contracts;	• Type of project; • Form of contract chosen on basis of familiarity;	*Project characteristics:* • Type of project; *External factors:* • Default option; • Known by parties;

Respondent	**R6**	**Interview Transcript**
Question 2: Factors influencing the selection of construction procurement strategies		

Strategy	Content	Unitising	Coding
Packaging	• Work packaged per discipline (civils & M&E); • One contract each for civils & M&E works; • Ease of management; client deals with few contractors; • Packaged for cost effectiveness; contractors' establishment costs not unnecessarily duplicated;	• Type of project; • Value for money; • Ease of management;	*Project characteristics:* • Type of project; • Value for money; • Ease of management; *External factors:* • Nil;
Contracting strategy	• Client wanted to be in control of design; • That's how it's always done; • Client did not want/prefer other contracting arrangements (turnkey);	• Client in control of design; • Historically done this way;	*Project characteristics:* • Client in control of design; *External factors:* • Always done in this way;
Pricing strategy	• Only pay for what is built into the works (value for money); • Normal way of working for client; • Client does not understand other ways of pricing;	• Historical way of working; • Familiar with strategy; • Value for money; • Not familiar with other ways;	*Project characteristics:* • Value for money; *External factors:* • Always done this way;
Targeting strategy	• No specific targeting other than price & B-BBEE in terms of PPPFA; • Contractor to only use local unskilled labour;	• Legislation; • Local unskilled labour targeted;	*Project characteristics:* • Nil; *External factors:* • Legislation; • Create jobs;
Procurement method	• Dictated by client policy; • Dictated by MFMA; • This is a standard practice for local government;	• Client policy;	*Project factors:* • Nil; *External factors:* • Client policy & rules; • Standard practice;
Standard form of contract	• Chosen because all parties (client, consultant & contractor) familiar with the form of contact; • Client standard;	• Form of contract chosen on basis of familiarity;	*Project characteristics:* • Nil; *External factors:* • Client standard; • Known by parties;

Respondent	**R7**	**Interview Transcript**
Question 2: Factors influencing the selection of construction procurement strategies		

Strategy	Content	Unitising	Coding
Packaging	• Client required that project be packaged into 8No contracts to create work opportunities; • Consultant (& client) did not have capacity to manage contracts;	• Client requirement;	*Project characteristics:* • Nil; *External factors:* • Client requirement;
Contracting strategy	• Client wanted to be in control of design & flexibility to make design & scope changes; • Client wanted to control type of materials built into works;	• Client in control of design; • Historically done this way;	*Project characteristics:* • In control of design; • End-user satisfaction; *External factors:* • Always done in this way;
Pricing strategy	• Ease of financial control; can control expenditure • Client happy to take financial risk & price uncertainty; • This is what the client & consultant always do;	• In control of finances; • Client takes price risk; • Historical way of working;	*Project characteristics:* • Financial control & flexibility; • Risk management; *External factors:* • Always done this way;
Targeting strategy	• Targeted contractors from region; • Following client policy; • Contractor to only use local unskilled labour;	• Dictated by client policy; • Local contractors targeted; • Local unskilled labour targeted;	*Project characteristics:* • Nil; *External factors:* • Client policy & rules; • Create local jobs;
Procurement method	• Dictated by client policy; • This is a standard practice for local government; • Process is considered transparent; • Able to reach contractors throughout region;	• Client policy; • Reach larger number contractors; • Value for money; • Standard practice;	*Project factors:* • Value for money; *External factors:* • Client policy & rules; • Transparency; • Competitive bidding; • Standard practice;
Standard form of contract	• Consultant familiar with form of contract & easy to use; • Only form of contract used by consultant;	• Form of contract chosen on basis of familiarity;	*Project characteristics:* • Nil; *External factors:* • Consultant standard;

Respondent	**R8**	**Interview Transcript**

Question 2: Factors influencing the selection of construction procurement strategies

Strategy	Content	Unitising	Coding
Packaging	• Client requirement to let project as single contract; • Ease of management (client & consultant), dealing with a single contractor;	• Ease of management; • Client requirement;	*Project characteristics:* • Ease of management; *External factors:* • Client requirement;
Contracting strategy	• Believed that design risk can be managed better if client did designs; • The client usually does the design; this is how it's usually done;	• Client in control of design; • Historically done this way;	*Project characteristics:* • Client in control of design; *External factors:* • Always done in this way;
Pricing strategy	• Client is in control of budget; has flexibility to adjust scope; • Conventional work involved; • Only pay for what is constructed; • Client happy to take financial risk & price uncertainty; • This is what the client & consultant always do;	• In control of finances & flexibility to make changes; • Client takes price risk; • Historical way of working;	*Project characteristics:* • Financial control & flexibility; • Risk management; *External factors:* • Always done this way;
Targeting strategy	• Targeted contractors (CPG Partners) through principal contractors; • Following client policy;	• Dictated by client policy; • Targeted CPG contractors;	*Project characteristics:* • Nil; *External factors:* • Client policy & rules; • Create local jobs;
Procurement method	• Process is considered transparent; no room for objections & disputes;	• Transparency;	*Project factors:* • Nil; *External factors:* • Transparency;
Standard form of contract	• All parties (client, consultant & contractor) familiar with form of contract; • Consultant familiar with form of contract & always uses it;	• Form of contract chosen on basis of familiarity;	*Project characteristics:* • Nil; *External factors:* • Known by parties; • Consultant standard;

Respondent	**R9**	**Interview Transcript**
Question 2: Factors influencing the selection of construction procurement strategies		

Strategy	Content	Unitising	Coding
Packaging	• Small project allowed for a single contract; • Packages were near each other; • Ease of management (client & consultant), dealing with a single contractor; • Technically simple project;	• Project size; • Work package proximity to each other;	*Project characteristics:* • Size; • Locality; • Ease of management; • Complexity; *External factors:* • Nil;
Contracting strategy	• Historically this is how the client & consultant deal with this aspect; • Client & consultant do not do this any other way;	• Client in control of design; • Historically done this way;	*Project characteristics:* • Client in control of design; *External factors:* • Always done in this way;
Pricing strategy	• Historically this is how the client & consultant deal with this aspect; • Client & consultant do not do this any other way; • It worked successfully before;	• Historical way of working;	*Project characteristics:* • Nil; *External factors:* • Always done this way;
Targeting strategy	• No specific targeting except for price & preferences in terms of PPPFA (client policy); • No other targeting considered;	• Dictated by client policy;	*Project characteristics:* • Nil; *External factors:* • Client policy & rules;
Procurement method	• Consultant & client did not discuss this; • This is how it's usually done; consultant knew this having worked with the client previously; • Dictated by client policy;	• Historically done this way; • Dictated by client policy;	*Project factors:* • Nil; *External factors:* • Client policy & rules; • Always done this way;
Standard form of contract	• Historically done this way; no reasons considered; • Did not discuss with client; no requirement for discussion having worked with the client previously;	• Historically done this way; • No other options considered;	*Project characteristics:* • Nil; *External factors:* • Default option; • Always done this way;

Respondent	**R10**	**Interview Transcript**	
Question 2: Factors influencing the selection of construction procurement strategies			
Strategy	**Content**	**Unitising**	**Coding**
Packaging	• Packaged according to regions; • One principal contractor appointed per region; • PC to appoint several contractors from client contractor development programme; • Ease of management (client & consultant), dealing with a single contractor;	• Packaged according to locality; • Ease of management; • Create work opportunities;	*Project characteristics:* • Locality; • Ease of management; *External factors:* • Create jobs;
Contracting strategy	• Retain control of design to ensure requirements considered in design (including materials, master planning); • Historically this is how the client & consultant deal with this aspect; • Do not want to change from what they've been always doing;	• Client in control of design; • Historically done this way;	*Project characteristics:* • Client in control of design; • End-user satisfaction; *External factors:* • Always done in this way;
Pricing strategy	• Historically this is how the client & consultant deal with this aspect; conventional way; • Client & consultant understand how to manage this strategy;	• Historical way of working;	*Project characteristics:* • Nil; *External factors:* • Always done this way; • Understand this way;
Targeting strategy	• Dictated by client policy; • Cerate local jobs through appointment of contractors from client contractor development programme;	• Dictated by client policy; • Create local jobs;	*Project characteristics:* • Nil; *External factors:* • Client policy & rules; • Create jobs;
Procurement method	• Dictated by client policy; • Process is considered transparent; avoiding conflict; (no comebacks);	• Dictated by client policy; • Transparent process;	*Project factors:* • Nil; *External factors:* • Client policy & rules; • Transparency;
Standard form of contract	• Client always uses selected form of contract; • Client familiar with form of contract;	• Historically done this way; • Familiar with form of contract;	*Project characteristics:* • Nil; *External factors:* • Client standard; • Known by parties;