

## Hill Reinforces Claims And Advisory Services

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Supply chain disruptions, continued inflationary pressure and an increase in energy costs are significantly increasing the potential for construction disputes in the global construction sector, even as industry players do their best to complete projects on time and with minimum cost overruns all while avoiding claims/disputes.

Yet the dice continue- to be heavily loaded against smooth project progress, with one major industry headwind in a post-Covid scenario being the steep increase in energy costs (gas, diesel and fuel oil), that have, on average, more than doubled in the global market, though to a lesser extent in the Middle East. The impact of this cost increase is seen particularly in major horizontal construction projects like highways, roads and rail that tend to run for hundreds of kilometers and require extensive use of construction equipment relying primarily on fossil fuel.

Along with higher energy costs, the price of raw materials and shipping and labor have increased, leading contractors operating on fixed price or lump sum long term contracts to be negatively impacted and thus fueling the risks of claims and disputes. This scenario has led manufacturers, suppliers, vendors and contractors to seek alternative procurement routes in order to limit their exposure to inflationary trends.

### **Hill International expertise, Middle East scenario**

Hill International has a diverse set of proven capabilities and resources in the construction industry globally (and specifically in the Middle East) and considering the anticipated increase in claims assignments, Hill has decided to grow the claims business line, to support its existing clients and the construction industry at large.

The company has appointed John Gibson out of New York as Hill's new head of the claims and advisory services business and plans to augment its professional claims resources across the various geographies served by the firm.

Globally, Hill has an impressive depth of experience in delivering dispute resolution services covering various sectors of the construction industry. This includes oil and gas, aviation, rail, marine works, healthcare and cultural projects, to name a few.

Hill International also has expertise in supporting clients in their litigation and arbitration cases in addition to supporting mediation and alternative dispute resolution methods.

In the Middle East, with oil prices remaining in the US\$90/bbl range and the GCC national oil companies rolling out upgrade and expansion projects put on the back burner during Covid, the overall industry expectation is an increase in related construction disputes.

Typically, the oil and gas sector has accounted for nearly 50% of Hill's overall claims business.

With the expected increase in capital expenditure in the Middle East's energy sector, Hill is preparing to support various clients and help them establish claims avoidance regimes to deliver their mega projects with reduced construction risk.

A 'proportionate' increase in claims cases is also expected in the non-oil and gas sector where higher investments are due as financial coffers will likely lead to increased project activity.

With an archive of 45 years of claims experience, and with offices and expertise in 40 countries, Hill International is uniquely positioned to support clients as they navigate today's complex and challenging claims and disputes environment.

### **Advisory services**

In addition to the potential growth in claims services, Hill International is also responding to significant demand for 'technical' advisory services in the Middle East.

Hill International draws from the vast experience accumulated from construction projects and offers a full spectrum of construction advisory services to assist clients in successfully implementing major investment programs, from initial feasibility studies into implementation and through contract closeout. Hill International also offers a combination of services to help clients deliver and

operate their business services and assets in an efficient and cost-effective manner.

The company's major advisory offerings include strategic planning; technical due diligence; project and business audits; business, organization and operating model reviews; development of standard operating procedures (SOPs); and commercial management and risk mitigation. In the Middle East, these services are led by Dr. Panagiotis Kefalas, Vice President in Hill's Dubai Regional Office.

Construction is synonymous with risk, and with risk solutions in its toolbox, Hill International has the expertise to manage and mitigate construction risks. Inherent to ground-up development are numerous area/site specific risks and constraints that can drastically affect a project's outcome. Further, contractual arrangements with various stakeholders (such as design teams, contractors/vendors) can severely and adversely impact the project in terms of scope, time and budget. To ensure timely deliverability of a project within budget, development risks and constraints must be clearly foreseen and identified, proactively managed, carefully monitored and effectively mitigated.

As detailed above, Hill International has the experience and expertise to help your project avoid and resolve claims, and to help your next project succeed.

*By Abdo Kardous, President (Middle East) Hill International.*