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Hill International brings to Romania the global expertise of the GSI Group

Architecture & Design by Elena Icleanu 11 Apr 2023 06:25

Hill International, a company specializing in construction consulting and management, active for over 20 years in Romania, has joined the Global Infrastructure Solutions Inc. group of companies (GSI), which encompasses, worldwide, over 13,000 specialists and operates in 90 countries, offering services through three distinct platforms: Engineering and Consulting, Construction, Impact and Global Sustainability.

By joining GSI, Hill International will be able to increase its investment by accelerating development in current and future markets. The business lines that will receive substantial development support are for digitization, healthcare and energy, with objectives to grow the company's existing portfolio in Europe, Africa and the Middle East, in projects that meet the acute market requirements of data centers, hospitals and clinics, health and control programs, and infrastructure adjacent to water, gas, electricity and renewable energy utilities.

In Romania, these vital sectors for the community: water, sewerage, heating systems and renewable energy, as well as the new investments planned in the health sector, have been and remain a priority, and in the development strategy for the company, whose management emphasizes the involvement and transfer of experience from other European countries to local public and private clients.



Interview with Panagiotis Methenitis (59), Vice-President and Managing Director Balkans, Hill International, manager with over 30 years of professional experience in the consulting market.

- What projects are you currently working on in the water infrastructure segment and what kind of services do you provide?

- Currently, our teams of experts are involved in several environmental projects, such as those in Galati County in Bucharest, where we provide project and construction management services. Projects of such a large scale usually have delays for many reasons, most of the times even until the start of the works, and the legal deadlines in solving any situation also imply the respect of deadlines imposed by the authorities. However, the projects presented are at an advanced stage of execution on some ongoing works contracts, while for those to be (re)launched, the necessary procedures are being accelerated.

- How did the company's activity evolve in 2022 and what are your estimates for 2023 and beyond (2024-2025)?

- Estimates for 2022 have been confirmed, even if some projects had periods of stagnation and delays. 2023 will be a year of growth, with the overlap of large water infrastructure projects at county level in some regions of the country. Our company has seen growth in market segments of major interest, such as the Middle East and Europe, as well as in the United States. Turnover increased by 14% year-on-year to almost \$110 million and is expected to grow by almost 20% in 2023.

- How do you see investment in water infrastructure evolving in 2023 and how do you see it developing in the short to medium term?

- Water infrastructure project investment and implementation is well ahead of other sectors, with three major program periods already underway, and every county has gone through multiple improvement projects. It has helped the decentralisation to either the county municipalities or the water companies of contracting and monitoring the implementation of projects, but also the support of the Managing Authority and the banks co-financing the projects and facilitating and clarifying existing situations and using best practices between projects. Partnerships and frequent meetings in this area ensure transfer of experience and practice and many difficult situations are unblocked by transparent examples brought to the table. We will certainly continue to experience the impact of increased costs in construction both for materials and equipment and for labour, especially under the impact of the reduction in tax relief for this sector from 2022 and accentuated from January 2023. There will be many more requests for price updates, especially as projects and their budgets were prepared well in advance of the tax changes.

- What impact do you think the large funding programmes will have on utility infrastructure projects and what do you consider to be the impediments that could hinder the development of projects?

- The expected and estimated impact at project level is difficult to define in Romania, from the moment of confirmation of funding, accessing it and the necessary distribution to the contracting authorities and then with many delays in implementation. The opportune moment of overlapping of funds / investments estimated for the next 4-5 years is aware at any level, but the expectations of materialization are still quite low, because, after the experience with European funds in the past years, the hard lessons have not been taken and new ones are insisted. At the central level, the bottlenecks come from a lack of accountability, procrastination in discussions and decisions, to the point of missing great opportunities. Even though the public sector has included qualified staff in existing structures, even attracting staff from the private sector through pay rises and job security, initiatives that do not align with old systems are not taken on board. Concrete projects are also confirmed with delays at authority level.

- What are the requirements for water infrastructure projects at the moment?

- The most up-to-date requirements and strategies for the water and wastewater sector in Romania, as well as a quantitative-qualitative analysis of Romania's progress in this area, have been successfully presented in the National Recovery and Resilience Plan, Pillar I, Component C1: Water Management.



As for measures and technologies, we can talk about digitization both at the level of water companies/contracting authorities with the provision of servers, equipment and the necessary training for their efficient use, as well as the use of drones and modern equipment for measuring and testing, monitoring losses on the network.

- How do you characterize, in short, the activity in the field of environmental permitting and the relationship with public institutions during this period?

- Thanks to more than 20 years of experience in Romania, we have not encountered any problems related to environmental approvals and authorisations. The legal deadlines are respected by all the authorities we are in contact with and, because we are active in the implementation of major infrastructure projects, they benefit from increased attention and facilitation of processes. The pandemic has created the premise for fast, online, digitised communications, it has been a lesson taken on board by all stakeholders.

- How are price increases in the construction and energy markets being felt within the company?

- All sectors of activity have suffered a major impact after the inflation recorded last year, against the unstable backdrop of an ongoing war so close to home. The construction sector has been directly impacted by an instability in the supply of prices and availability of equipment and materials, but the legislature has sought to find solutions. The adoption, with some necessary clarifications, of GEO 64 has allowed builders some facilities and decisions to reduce their financial impact. Unfortunately, the same law did not support the consultancy sector, except to a small extent. But there are sustained and joint efforts of the consulting and engineering market to make the legislator aware of the common situation of all parties involved in the sector. Unfortunately, the impact of the situation on the energy market is not yet properly addressed and the measures, some beneficial, some unclear, are not yet sufficient to solve the problems raised. Fortunately, we are not alone in our approach to complementary measures and we rely, to a large extent, on the indications and recommendations of the European Union to support national and local initiatives.

But in every difficulty an opportunity can be initiated and in many construction sites in the country renewable energy alternatives will be taken into account and the estimated consumption reduction, as well as the reduction of environmental impact, will be considered, full implementation of best practices at European level. In particular, digitalization in the construction sector will increase the level of prevention and timely action to reduce the level of difficulties that may arise in emergency implementation.

At the same time, there is an increase in the financial expectations of engineers and staff involved, which will further affect the competitiveness of international firms in local markets. Our company has the advantage of a long experience in Romania and especially of implementing company policies that ensure stability and promptness in the relationship with human resources, as well as suppliers that maintain the confidence of strategic partnerships that reduce the impact of price increases. But the problem of the low number of senior specialists and the lack of a new generation wave to replace today's specialists in the coming years will remain. Many similar companies are implementing on-the-job training programmes in the hope of developing the necessary skills and knowledge as quickly as possible and we recommend these measures in all sectors.

- How would you characterise the work in the field of construction waste collection? What are the main causes of the inconsistent management of construction waste and what do you think should be done to increase the collection and reuse rate of construction waste?

- Compliance with procedures and taking responsibility for environmental impact is still at the stage of education and awareness and only with the involvement of all actors in the process can the situation improve. It is not only the responsibility of the builders, but also the active awareness of those who supervise and monitor the correct application of the collection and management plans. As in many other issues, where plans and measures are largely drawn up on paper to meet requirements and checks, awareness is not raised at all levels through appropriate training and we believe that these are still the most important and readily available measures for improvement.

- Do you think that the waste problem will become more acute, as the PNRR will bring a huge number of construction projects to the market?

- We are in a favourable period of development by accessing both European funds as a Member State, and especially by confirming allocations through the NRDP with a reduced and therefore intense implementation period, to cover the urgent needs of alignment with European standards, especially those with climate and energy impact. It is also true that we are not among the examples of good practice in emergency implementation, especially when we are susceptible to non-compliance. But both the construction sector and civil society are putting pressure on the political and influential class in any sector to promote projects that meet several criteria stipulated in the NRPP conditions, in order to facilitate obtaining funding. The recycling issue will also become an opportunity to urgently align measures and ensure improved collection and recycling rates.

