



Fédération Internationale des Ingénieurs-Conseils
International Federation of Consulting Engineers
Internationale Vereinigung Beratender Ingenieure
Federación Internacional de Ingenieros Consultores



Engineering Our Future 2004

A FIDIC Report

Image
Representation

Business practice
Industry development

Quality
Ethics and integrity
Sustainable development

OCTOBER 2004

Fédération Internationale des Ingénieurs-Conseils
International Federation of Consulting Engineers
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Engineering Our Future 2004

REPORT of the STRATEGIC REVIEW TASK FORCE
September 2004

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EXECUTIVE SUMMARY

In early 2003, and as a follow-up to the implementation plan for the FIDIC Governance Task Force (GTF) recommendations, the FIDIC Executive Committee agreed that a full review should be carried out of the Strategic Action Plan developed in 1998 by FIDIC's Task Force 21.

Review of strategic plan to assess impact of changes and trends since 1998

This review would include: changes and trends in the consulting industry's international focus; conditions and trends which affect the industry; modifications to FIDIC and FIDIC Member Association (MA) membership which could change the strategic emphasis; MAs' current attitudes, perceptions and requirements with respect to FIDIC.

The Strategic Review Task Force (SRTF) that was organised to carry out the review, concluded that the five objectives identified by Task Force 21 were still relevant, and should be maintained.

The five earlier objectives were relevant

However, owing to the serious concerns of some MAs, the GTF proposed to adopt the recommendation that "globalisation be added as an additional key objective". This would address the relationships and differences between MAs from developed and developing countries. It was also proposed to adopt the recommendation that "quality should be added as a key objective" to explicitly recognize the paramount importance of quality in all activities related to consulting.

Therefore, as a result of the strategic review, seven objectives were acknowledged as providing the foundation that supports FIDIC's strategy for the coming years. They addressed three aspects:

Two new objectives added

- *What FIDIC does*

Represent and develop the consulting engineering industry and enhance its image.

- *What FIDIC provides to members*

The best global business practices and capacity building tools to manage the impact of globalisation.

- *What are FIDIC's governing principles and philosophy*

Quality, integrity and sustainability.

The assessment of the trends that were affecting the consulting engineering industry was based on a special Strategic Review Survey, the results of two think-tank meetings, comments received from several individuals and MAs following a presentation of the first draft report to the pre-General Assembly Meeting ("pre-GAM") session held during the FIDIC 2004 Annual Conference, and feedback received from the annual survey carried out by FIDIC and the European Federation of Engineering Consultancy Associations (EFCA).

Several inputs, including a special survey

A total of 37 FIDIC Member Associations replied to the Strategic Review Survey, including 19 from developed and 18 from emerging and developing countries.

The survey results and analysis identified a wide variety of trends affecting the industry and its dynamics. Furthermore, the adequacy of infrastructure, government outsourcing and new project delivery and procurement practices

were recognised as issues that shape the services demanded from firms, in both developed and developing countries.

Partnering and joint ventures were also acknowledged as important mechanisms for change, followed by globalisation and adjustments in the size of firms.

FIDIC's mission "*To improve the business climate and promote the interests of consulting engineering firms, globally and locally, consistent with the responsibility to provide quality services for the benefit of society and the environment*" sets the path to be followed by the Federation, in support of consultants who decide to seize the opportunities and face the risks that derive from global markets.

The challenge of a global market

FIDIC should continue defining the global guidelines for the consulting industry in aiming to "*Be the authority on issues relating to business practice*" (Objective 3 of this report). Since the role of consultants keeps evolving, and since globalisation increases the demand for services of a world-class quality tailored to local conditions, the need to develop, propagate and promote acceptance, throughout the industry, of global best practice for business will increase.

Globalisation and change in the size of firms are likely to be major forces that influence the way in which consultants operate. Business opportunities, especially those for consulting firms in developing economies, reflect the challenges and demands of a "new world economy".

Small and medium-size firms are expected to increasingly develop specific market niches, and to seek strategic alliances in order to compete both globally and in their national markets. Large, multi-disciplinary, international firms will continue to grow in size, merge and expand, both geographically and in terms of capability.

Actions to maintain a viable industry must recognize the needs of less-developed countries. The implementation of capacity building initiatives and effective participation in multilateral trade negotiations will "*Promote the development of a global and viable consulting engineering industry*" (Objective 4).

The needs of less-developed countries call for capacity building and involvement in trade negotiation

The promotion of "*Quality*" (Objective 5), "*Conformance to a code of ethics and to business integrity*" (Objective 6) and "*Commitment to sustainable development*" (Objective 7) are FIDIC's fundamental principles upon which consultants need to base the delivery of services in order to maintain and grow a sustainable industry.

Quality, conformance to a code of ethics and a commitment to sustainable development are fundamental

Responses to the Strategic Review Survey also identified the industry's main threats. Price competition and low fees were unanimously recognized as the most important obstacles.

The industry's most important obstacles are price competition and low fees

Owing to the significant impact that consultants have on the quality of projects, and the usually modest remuneration for consulting services, FIDIC believes that clients should use Quality Based Selection (QBS) as the only effective method for selecting consulting firms. Economic downturn, corruption and unfair competition were also identified as important threats by MAs that responded to the survey

FIDIC appreciates that its strategic agenda needs strong support from national and regional institutions, and that its vision “*To be the recognized global voice for the consulting engineering industry*” will only be achieved by implementing actions to “*Represent and enhance image*” (Objective 1).

The strategic plan needs to support regional institutions and regional groupings

For these reasons, FIDIC is committed to the principle of supporting regional groupings of MAs, and currently acknowledges the following:

- EFCA: the European Federation of Engineering Consultancy Associations, which focuses on European Union (EU) issues. EFCA is an effective organisation with an active secretariat and significant outputs. FIDIC and EFCA have recently entered into a new agreement which has aims to strengthen co-operation and generate an efficient alliance between the two federations. FIDIC has the stated aim of achieving a closer working relationship with EFCA, in the best interests of MAs and member firms within Europe.
- GAMA: the Group of African Member Associations, and ASPAC, the Asia-Pacific group of Member Associations, are established organisations of FIDIC MAs. However, they need support to achieve an improved focus and to enhance capacity. Both cover a widely varying range of associations, both geographically and in terms of size, language and economic development, This diversity poses significant challenges which FIDIC is committed to addressing.
- FEPAC: the Pan American Federation of Consultants, represents Member Associations from South and Central America, together with Mexico and Spain. While the majority of FEPAC member associations are not members of FIDIC, they nonetheless share FIDIC principles. FIDIC is committed to establishing a productive working relationship with FEPAC, as well as with individual associations within FEPAC’s geographic scope.

It is recognised that the achievement of the strategies involved in the several key objectives identified in this review of FIDIC’s Strategic Plan will require some structural changes and upgrading of the skills and resources available within the FIDIC Secretariat.

Structural change and upgrading of the FIDIC Secretariat required

The need for changes in the Secretariat was identified in the 2002 report of the Governance Task Force, and has been confirmed by the SRTF.

Several operational changes have already been initiated. However, it will be the FIDIC Managing Director’s responsibility to propose broader structural changes, and the Executive Committee’s responsibility to review and accept the changes. From a strategic viewpoint, the changes and upgrading will need to meet the following objectives:

Improved communications, event management and committee support are among the objectives

- increased capabilities in the communication of FIDIC outputs (Objectives 1 to 7) to MAs, regional organisations, member firms and clients;
- increased specialist capability in event management (conferences and training), and the generation of revenue from these activities;
- increased capacity to build image;
- increased support of committees, task forces and forums.

It is recognised that such increases in the Secretariat capabilities and outputs will involve additional delivery costs.

*Increased delivery costs call for
a substantial increase in non-fee
income*

While the strategy will be to introduce change progressively, and then only where value can first be established, for the purpose of funding it is proposed to also introduce a substantial increase in the capability for generating and managing income other than membership subscription fees.

1 INTRODUCTION

Task Force 21 was established following the 1996 FIDIC General Assembly Meeting in Cape Town, South Africa.

A new task force to build upon the work of FIDIC's 1998 Task Force 21

The composition of the Task Force was:

- R. Wayne Bowes (Co-Chair) - *Canada*
- Renko Campen (Co-Chair) - *Netherlands*
- Steen Frederiksen - *Denmark*
- Richard A. Kell - *Australia*
- Dominique Rousseau - *France*

Feedback was obtained on several drafts of the Task Force reports, including comments at the FIDIC 1997 Annual Conference in Edinburgh. Further and thoughtful contributions were received afterwards, and FIDIC's first Strategic Plan was adopted at the 1998 General Assembly Meeting in Edmonton, Canada. It was titled *Engineering Our Future*.

During the Executive Committee Meeting held in January 2003, and as a follow-up to the FIDIC Business Plan for 2003 and the implementation plan of the Governance Task Force (GTF) recommendations, it was agreed to undertake a full review of the strategic action plan developed by FIDIC Task Force 21, and to include globalisation as an additional objective.

The Strategic Review Task Force (SRTF) was therefore established. It comprised:

Strategic Review Task Force comprised members from the Africa, the Americas, Europe and Asia

- Jorge Díaz Padilla (Chair) - *Mexico*
- Adebayo Adeola - *Nigeria*
- R. Wayne Bowes (FIDIC Past President) - *Canada*
- Lailun Ekram - *Bangladesh*
- William Howard - *USA*
- Timo Myllys - *Finland*

The SRTF's mission and terms of reference were defined as follows:

To review the Task Force 21 "Vision", "Mission" and "Objectives" for continuing relevance, and FIDIC's performance against the Federation's current strategic plan, and to recommend changes considered appropriate to best serve as a strategy for the consulting engineering industry and for FIDIC Member Associations (MAs) in the long term.

- Review achievements (past and continuing) against Task Force 21 recommendations.
- Identify changes since 1998 in international focus and conditions and in influences which impact on the industry, including predicted trends.
- Identify changes in FIDIC and MA memberships which could change the strategic emphasis.
- Establish current attitudes, perceptions, requirements, etc. of MAs in relation to FIDIC.
- Surveying and interviewing MAs was probably necessary in order to identify the foregoing.

- Globalisation issues to be considered within the context of the GTF recommendations.
- Consideration of the focus (emphasis) of FIDIC.

The Task Force conducted several meetings, received input from a wide range of sources, analysed similar work undertaken by the MAs, obtained feedback on several drafts of the task force's report, including comments made at the FIDIC 2003 Annual Conference in Paris, and carried out a Strategic Review Survey of MAs in 2004.

*Inputs received from a wide
variety of sources*

2 FORCES AND THREATS INFLUENCING THE INDUSTRY

The assessment of the conditions that are affecting the consulting engineering industry was based on the Strategic Review Survey of FIDIC Member Associations (MAs) undertaken during early-2004, the results of two think tanks of the Strategic Review Task Force (SRTF) in 2003 and 2004, comments received from a number of individuals and MAs following a presentation of the draft report at the pre-General Assembly Meeting ("pre-GAM") session held during the FIDIC 2004 Annual Conference in Paris in September 2004, and feedback received from the FIDIC-EFCA 2003 Annual Survey.

Strategic Review Survey supplemented by review meetings, comments and annual survey results

Some 56% of FIDIC MAs responded to the strategic survey, with the following distribution amongst developed, emerging and developing countries:

Associations representing some 86% of the population of countries represented by FIDIC Member Associations responded to the strategic survey

	FIDIC MAs	Survey responses
Developed countries	27	19
Emerging countries	16	8
Developing countries	21	10
TOTAL	64	37

Although the survey results reflected feedback from slightly more than one-half of FIDIC MAs, those that responded were located in countries that represented about 84% of the population and 86% of the GNP of the total FIDIC membership. It should also be highlighted that the 2004 survey corresponded to a slightly larger participation of MAs than in the 1998 survey (37 MAs as opposed to 34 for the 1998 survey), with a much wider participation of MAs in emerging and developing countries (18 MAs versus 11 for the 1998 survey).

A Summary

A summary of the results which are of most value for identifying the principal industry trends.

What are the main forces that influence the consulting industry in your country?

Infrastructure deficits and government outsourcing seen as the main forces

	Developed countries	Developing & emerging countries	All countries
Infrastructure deficits	2nd	1st	1st
Government outsourcing	2nd	2nd	1st
New tendering practices (in project delivery)	1st	3rd	1st
Partnering and joint ventures	4th	4th	2nd
Globalisation	-	2nd	2nd
Changes in firm size	3rd	5th	3rd
Design-Build	3rd	-	4th
New approaches to project financing	4th	-	4th
Risk management	4th	-	4th
Sustainable development	5th	-	4th
New market niches	-	4th	5th
Privatisation	-	-	5th
Demand for world class quality services	-	5th	-
Changes in type of services	-	-	5th
BOT/Turnkey construction	-	-	5th

What are the main threats that consulting firms are facing in your country?

	Developed countries	Developing & emerging countries	All countries
Price competition	1st	1st	1st
Low fees	2nd	1st	1st
Economic downturn	3rd	2nd	2nd
Corruption	-	2nd	3th
Unfair competition from government agencies	5th	3th	3th
Erratic work loads	-	4th	4th
High insurance costs	4th	-	4th
Low image	5th	-	4th
Inadequate legislation	-	3th	5th
Difficulties in attracting young professionals to the industry	5th	-	5th
Unfair competition from universities and/or research centres	5th	5th	5th

Price competition and low fees are the main threats

B Discussion

What are the main forces that influence the consulting industry?

The MAs' responses to the survey allowed the identification of a wide range of forces that a) are affecting the industry today; and b) will influence its evolution during the coming years. However, opportunities derived from infrastructure deficits, government outsourcing and new project delivery and procurement practices were singled out as the main factors that are shaping the services demanded from firms, not only in developed economies but also in emerging and developing countries.

Partnering and joint ventures were also recognized as important forces by all the MAs that answered the survey, followed by globalisation (MAs in emerging and developing countries) and changes in firm size (developed countries).

- Deficits in infrastructure have been acknowledged as a major stumbling block for development and enhancing competitiveness. In developing countries, a significant advance towards sustainable development and poverty alleviation can be accomplished by addressing road maintenance and sanitation and water supply projects. In emerging and developed economies, infrastructure deficits have been recognised as among the major factors that inhibit global competitiveness.
- As a result of downsizing, many government agencies and departments are outsourcing consulting services that were previously provided in-house. This trend should be encouraged: it has provided significant opportunities for consulting firms, not only in developed and emerging economies but also in developing countries. FIDIC firms can also provide essential services wherever outsourcing has affected the technical and managerial abilities of well-informed purchasers.

As infrastructure projects have regained priority, consulting services have expanded accordingly

Government outsourcing has provided a wide range of opportunities for consulting firms

- Driven by the requirements of global markets, a diminishing pool of resources, and the need to transfer risk and to reduce time delays and costs, clients are developing and implementing alternative ways to deliver projects, such as design/build, turnkey, build-operate-transfer (BOT) and public-private-partnerships (PPPs). These new project models demand that consultants supply new services and assume additional risk.
- For many projects and markets, the requirements of new project delivery mechanisms and the pressure to provide world-class, multidisciplinary services on an ever-reducing time-scale are being addressed by organising strategic alliances among consulting firms. Achieving this networking on a global scale is essential, and FIDIC can be the main catalyst.
- Globalisation has been singled out as a major force that is influencing the way in which firms do business nowadays. Consultants in the developing world are pressured by the global nature of the industry and the demands of the “new economy”. Small and medium-size firms must build up an active participation in selected market niches. Through alliances they can achieve a significant involvement in global and local markets. Large, multi-disciplinary, international firms are growing in size and expanding both geographically and in terms of capability.

Consulting firms have found new opportunities in innovative project delivery systems

Partnering and joint ventures have been increasingly the industry's response to meet the many demands of clients

Globalisation and changes in firm size are major issues for MAs and firms in all countries

What are the main threats that consulting firms are facing?

The survey responses identified the main threats to the consulting industry which may hinder the industry's continuing development. Price competition and low fees were unanimously recognized by all survey participants as the main threats to the industry.

Economic downturn, corruption (developing countries) and unfair competition from government (developed countries) were also recognized as important threats.

- During all phases of the project life-cycle, the overriding concern should be the quality of the services provided, to ensure that the reasonable expectations of the client are met. Competition on price can drive down fees to the extent that poor quality work often results, leaving little room for innovation. Owing to the large impact consultants have on the quality of project activities, and the modest remuneration for consulting services (usually less than 1% of the life-cycle cost of a project), FIDIC believes that clients should use Quality Based Selection (QBS) as the only method for selecting consulting firms for assignments.
- For a firm to continue operating successfully in a globalized world, and given the competitive pressures of a free market, the consulting engineering industry's procedures will have to conform to accepted best practice. In particular, ethical behaviour towards all stakeholders – clients, suppliers, owners, employees and society in general – must be foremost and capable of being demonstrated. FIDIC recommends that member firms commit to integrity through the implementation of a Business Integrity Management System (BIMS) involving all levels of management and every employee, and focusing on corruption prevention.

Price competition continues to be the industry's main threat. Low fees, as a consequence of selection based on price, together with economic downturn form a vicious circle that drives down consulting fees and the quality of services

A global consensus has steadily developed over recent years that corruption is not only wrong, but also destructive to development and to free market systems in the era of globalisation

- Many government agencies that were delivering in-house services have become corporatised or privatized, entering consulting markets with little knowledge of commercial realities. They take advantage of their privileged position by means that include favoured access to work and concealed overheads. Likewise, a number of universities and research centres are delivering services on a non-commercial basis. Meanwhile, some non-government organizations (NGOs) are allowed to compete for consulting work, and use their non-profit status to their competitive advantage.

Unfair competition from government agencies, universities and NGOs has been, and continues to be, an important threat to the development of a strong, independent, consulting industry

FIDIC is convinced that the presence of a strong consulting engineering industry comprising independent, private sector firms is essential for every economy, and for this reason believes in a level field for consulting services. The procurement of quality services with integrity will suffer from unfair competition.

3 FIDIC VISION, MISSION AND OBJECTIVES

The review of FIDIC achievements and the analysis of its strengths, weaknesses, opportunities and threats led to the following proposals for FIDIC's Vision and Mission statements.

Vision

"To be the recognized global voice for the consulting engineering industry."

The recognized global voice

Mission

"To improve the business climate and promote the interests of consulting engineering firms, globally and locally, consistent with the responsibility to provide quality services for the benefit of society and the environment."

Improve the business climate

To place this mission statement in its proper perspective, the Strategic Review Task Force (SRTF) agreed that the definition of "consulting engineering" should encompass all professional services – generally knowledge driven – required for project delivery, namely: planning, financing, design, construction inspection, management, operations, and maintenance. These services are often referred to as technology-based intellectual services for the built and natural environment.

Objectives

The SRTF decided that the five objectives identified by FIDIC's Task Force 21 were still relevant, and should be maintained. However, the Governance Task Force (GTF) had identified strong concerns amongst some Member Associations (MAs) regarding a number of "global" issues and recommended that *"Globalisation be added as an additional key objective of FIDIC Task Force 21"* to address the relationships and differences between FIDIC MAs from developed, emerging and developing countries.

Seven key objectives

Furthermore, the SRTF identified as an objective the need to explicitly recognize that quality, in its broadest context, was of paramount importance in satisfying clients' needs and expectations. It recommended that *"Quality be added as an additional key objective of FIDIC Task Force 21"*.

A total of seven key objectives were identified, corresponding to the following three categories:

What FIDIC does

What FIDIC provides to members

What are FIDIC's governing principles and philosophy

The seven key objectives embrace:

A set of seven key objectives to support the three elements of FIDIC's strategy

What FIDIC does

- Represent and develop the consulting engineering industry, and enhance its image.

What FIDIC provides to members

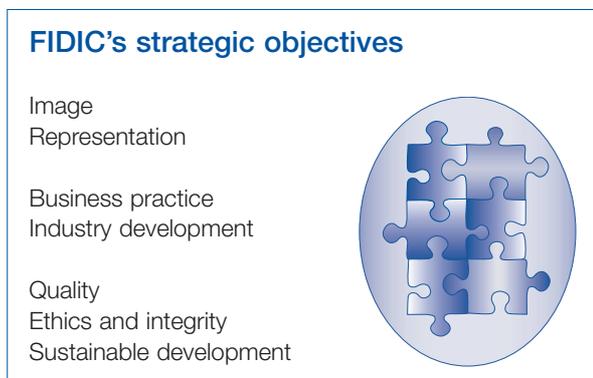
- The best global business practices and capacity building tools to manage the impact of globalisation.

What are FIDIC's governing principles and philosophy

- Quality, integrity and sustainability.

The set of key objectives that supports FIDIC's strategy is:

- 1 Represent globally the consulting engineering industry.
- 2 Enhance the image of consulting engineers.
- 3 Be the authority on issues relating to business practice.
- 4 Promote the development of a global and viable consulting engineering industry.
- 5 Promote quality.
- 6 Actively promote conformance to a code of ethics and to business integrity.
- 7 Promote commitment to sustainable development.



4 STRATEGIC PLAN

To achieve the objectives outlined above, FIDIC has developed a strategic plan to be used as a framework for its annual business plans and as a guide for the Federation over the next five years.

A What FIDIC does

OBJECTIVE 1 *Represent globally the consulting engineering industry.*

To ensure an appropriate representation of the consulting engineering industry and to be a recognised speaker on its behalf, FIDIC will admit all relevant and qualified associations and affiliates conforming to and complying with its *Statutes* and *By-laws*.

Representation is essential to achieve FIDIC's mission

Actions

To provide leadership, deliver credible opinions, strengthen the profile of the consulting industry and reinforce its commitments to quality, integrity and sustainable development, FIDIC must continue growing its world-wide representation.

For FIDIC to become a strong global player it must represent solid MAs with a broad geographical coverage and whose member firms offer a wide range of services

- Aim to have a Member Association (MA) in every country that conforms to FIDIC *Statutes* and represents at least 50% of the national consulting industry.
- Prepare and keep current a FIDIC information package (*What FIDIC does*) that can be used to inform members and to attract new members.
- Review periodically FIDIC's definition and scope of consulting services and implement a public relations campaign for communication purposes.
- Develop a strategy and a programme for bringing potential Member Associations into FIDIC in those countries where consulting industry associations exist but are not FIDIC members.
- In coordination with MAs, design and implement plans to promote the membership of the largest firms in each country in the national association.
- Prepare and implement a pro-active campaign to recover former members which have withdrawn from FIDIC membership.
- Actively promote and facilitate the formation of new MAs in countries where none exist.
- Encourage current MAs to "link" or merge with related professional organizations, in order to be more representative of a broad-based consulting industry.

OBJECTIVE 2 *Enhance the image of consulting engineering.*

Consulting firms must proactively seek opportunities to raise their public profile and the image of FIDIC and of their MAs. They must be identified as providers of value-added services to their clients, while producing wealth and well-being in society at large.

*Member firms provide
Fvalue-added services to their
clients, and generate wealth and
well-being in society*

Actions

FIDIC must support its image building among MAs, member firms, allied professionals, client bodies and the industry in general, by communicating the value of FIDIC membership while supporting programmes aimed at enhancing the value of MAs in their own countries.

*FIDIC's communication with
Member Associations and firms*

- Promote communication and knowledge sharing among FIDIC and its MAs and member firms, and in so doing endorse the value of membership of FIDIC in enhancing the MAs' effectiveness and image.
- Promote communication to and among FIDIC MAs by supporting the organisation of seminars and workshops.
- Facilitate interaction between MAs and their regional groupings.
- Make extensive use of information technology tools for communication, including websites, electronic newsletters and electronic bulletins, in particular the monthly *FIDIC News*.

To project its image, FIDIC needs to communicate with all participants in the consulting industry. Networking will include a continuous dialogue with relevant clients, international development agencies, International Financial Institutions, upstream and downstream industries, and other sectors related to the industry.

FIDIC's external networking

- Publicise FIDIC achievements and events and project outputs to relevant industry stakeholders.
- Put in place and maintain an effective electronic-based communications strategy to conduct FIDIC affairs and to distribute FIDIC documents electronically.
- Partner with major development agencies and financial institutions to organize joint events, both globally and at the local MA level.
- Organize FIDIC's library and archives and disseminate its documents and research output, including conference papers. The FIDIC website should be used to announce electronic and hard copies of publications for sale.

Actively promote FIDIC's media image so that clients and society at large are aware of FIDIC's activities.

FIDIC's media image

- Focus public relations and marketing of FIDIC on the role of consulting engineering as wealth creator for society, and how the quality of life for society is enhanced by the work of consultants.

- Develop a set of public statements on key issues reflecting FIDIC policies and be always alert at all levels – FIDIC, regional groupings and MAs – for opportunities to promulgate these.
- Organise and administer a FIDIC Award for Sustainable Development.
- Encourage young professionals to enter the industry.
- Hold press conferences with international and local media before and after the FIDIC Annual Conference.
- Create a panel of “professional FIDIC ambassadors /advisors” that includes the President, Executive Committee members and Past-Presidents to disseminate the value and achievements of FIDIC; provide the panel with high quality “tools”.
- Encourage the involvement of consultants in local affairs and communicate their participation.
- Encourage MAs in individual countries to promote FIDIC’s image during workshops and seminars.

FIDIC and its MAs must use their logos jointly to promote the importance of global-local partnerships.

- Outline criteria for use of the FIDIC logo, since using the logo must be controlled to ensure value.

FIDIC and MA logo protection

B What FIDIC provides members

Objective 3 *Be the authority on issues relating to business practice.*

As the role of consultants keeps evolving and globalisation increases its demand for world-class quality services tailored to local conditions, the need to develop, propagate and promote acceptance of global best business practices for the industry becomes essential.

FIDIC’s policies, principles and recommended best business practices should become the global guidelines for the consulting industry

Actions

FIDIC should address the business interests of consulting firms belonging to its MAs by preparing and promoting the acceptance of the industry’s best global practices. FIDIC must be proactive and representative on a broad range of services, and provide value-added knowledge to members in response to their identified needs.

- Continue formulating and reviewing policies and best-practice guides regarding critical issues that affect the consulting industry.
- Prepare and update guidelines for the selection of consultants endorsing Quality Based Selection (QBS) as the only effective method for the procurement of consulting services. When Quality and Cost Based Selection (QCBS) is being mandated by purchasers, provide advice on how to apply this procedure.

FIDIC’s recommended best practices and guides

- Encourage the use of QBS in projects financed by the International Financing Institutions, and assist national MAs in their efforts to promote the best procurement practices with local government.
- Prepare guidelines for purchasers of consulting services to develop the necessary skills and procurement procedures to support quality.
- Wherever practical, identify business best-practice guides or similar publications available within FIDIC's Member Associations or other sources, and endorse and promulgate these for the benefit of members.
- Continue developing internationally recommended standard contracts and other documents for the procurement of consulting services, construction and partnerships; promote the acceptance of standard documents by clients, in particular the Multilateral Development Banks.
- Increase the profile and credibility of FIDIC with international agencies through more frequent and higher level contacts on sensitive industry issues.
- Promote and strengthen the role of consultants in multidisciplinary projects.
- Encourage firms to partner with other speciality firms in order to more closely meet client expectations and to deliver a more complete range of services.
- Develop guides for best practice in risk management, insurance and quality management, and help member firms apply guidelines.
- Support the actions taken by national MAs in the organisation of training seminars, workshops and conferences to promote and disseminate the consulting industry's best practices.

Objective 4

Promote the development of a global and viable consulting engineering industry.

To manage the impacts of globalisation on the consulting engineering industry, firms must expand their scope and extend their business and technical skills and management capacity into a broad range of areas that must meet world class standards.

Business opportunities, especially for consulting firms in the developing world, may follow from the global nature of the industry and the demands of a "new world economy". Small and medium-size firms must build up an active participation in specific market niches; through alliances they may achieve a significant involvement in global and local markets

Actions to achieve a viable industry must include recognition of the needs of less-developed countries, implementation of capacity building initiatives and effective participation in multilateral trade negotiations.

A viable consulting industry addresses the capabilities of firms from developing and developed countries as well as the aptitudes of small and medium-size companies

Actions

Government actions may represent major contributions to the promotion of a less-developed country's consulting industry. FIDIC recommends government initiatives that create a favourable business environment in which the industry can flourish – providing a valued and responsible service for a fair price, with incentives to invest in a growing and viable sector.

- Develop policy initiatives that may be used by MAs to support the creation of local regulatory and operating environments in which responsible, financially stable and competent consulting firms can flourish.

The procurement policies of International Financial Institutions (IFIs) may be used to promote the development and use of local consultants in borrower countries.

- Actively participate with the IFIs in the development of procurement policies, guidelines and procedures that take into account measures to minimize contractual bias, encourage participation of firms from developing countries, promote the creation of partnerships and strategic alliances and increase transparency in the selection of consultants, whilst maintaining quality in the broadest sense.

FIDIC, in cooperation with its MAs, aims to promote the independent consulting industry through the further development of high standards for quality of service, professional conduct and business integrity.

- Develop a capacity benchmarking system that may be used to measure the performance of individual firms and MAs against their peers.
- Provide support to MAs to strengthen their operations and to enable them to help member firms become more effectively managed and increasingly more viable components of the consulting industry.
- Support the enterprise building of member firms within MAs, and oppose the hiring of individual consultants by public agencies, financial institutions and international organisations.
- Prepare promotional materials suitable for use in less-developed countries that demonstrate the importance of a strong, private, independent consulting industry for stimulating the growth of a developing economy.

WTO's agreements – known as the multilateral trading system – are the legal ground rules for international commerce that guarantee the member countries' trade rights. Consulting engineering, being a service industry, must focus on the challenge to satisfy clients' needs while relating global standards to local conditions.

- Be recognized by the World Trade Organisation (WTO) as the voice of the consulting industry and an important representative of the services sector during trade negotiations.
- Participate in negotiations on the General Agreement on Trades in Services (GATS) to influence the development of its regulatory structure and the removal of trade restrictions that may impede a viable consulting industry.

Government support is required to minimize the obstacles that do not allow a country to develop and maintain a strong, local, private sector consulting industry

Actions taken by international agencies can support the capacity building of the consulting industry

The private consulting industry can make substantial contributions to capacity building by increasing the firms' maturity and effectiveness as businesses

The WTO is the only international organisation dealing with the global rules for trade between nations

C What are FIDICs governing principles and philosophy

Objective 5 *Promote quality.*

Quality is the paramount aspect that should be maintained by consulting firms when delivering services to clients. Consultants should provide professional competence and experience, training and experience of designated staff, quality management systems, managerial ability, financial capability, availability of resources, professional independence, fairness of fee structure and professional integrity.

During all phases of the project life-cycle, the overriding concern should be the quality of the services provided

Actions

During the process of procuring engineering services, quality refers to those factors which will enable the consultant to produce the best value in response to a client's Request for Proposals (RFP), Terms of Reference (TOR) and budget based upon a demonstrated understanding of the project and the client's brief.

FIDIC stresses the pre-eminence of quality in the process of selecting consultants

- Convince clients to use Quality Based Selection (QBS) as the only effective method for selecting consulting firms.
- Advise clients on the paramount importance of the proper selection of consultants (especially the need for transparency and the use of the *FIDIC Guidelines for the Selection of Consultants*) owing to the large impact consultants have on the quality of projects and the modest remuneration for consulting services (usually less than 1% of the life-cycle cost of a project).
- Advise clients on the benefits of retaining a consulting firm in the role of "Trusted Advisor" owing to its unique features (professionals whose primary responsibilities are the public welfare and the best interests of the client), including participation in Private Finance Initiatives (PFIs) and other types of concession/privatisation projects.

A well-informed purchaser has the technical knowledge to articulate and share the vision of a project, has a clear understanding of the methodology required for its execution and for a fair selection process, knows the significance of specifying a time-frame for the submission and approval of a project, understands the importance of specifying unambiguous payment terms and the methodology for their approval, and knows the essential difference between a consultant and a contractor.

Well-informed purchasers should have the necessary skills and procedures for procurement to support quality

- Offer assistance by way of workshops and publications to owners who could benefit from the expertise of member firms and from FIDIC staff in RFP/TOR development, the selection process (review of submissions, interviews, etc.) and in the negotiation of an agreement with the selected firm.
- Encourage clients to use fair, reasonable and insurable language in documents, particularly in the areas of limitation of liability, indemnification and operational requirements. Guarantees and unreasonable warranties should be discouraged, as they tend to reduce the amount of competition from the best firms and are often uninsurable and accordingly not in the client's interest.

- Encourage the use of the *FIDIC Client Consultant Model Services Agreement*.
- Maintain a zero tolerance policy on corruption.
- Encourage all member firms to establish and maintain a documented quality management system and a culture of continuous improvement, and advise clients on the benefits of requiring this type of system as a prerequisite for firms seeking appointment. Encourage firms to request from the client timely and accurate feedback, together with assessments of the performance and quality of their services.

The overriding concern should be to maintain an appropriate quality of the professional services provided by consulting firms, with due attention to suitability of purpose, economy and value, sustainability, efficiency, integrity, management of risks, public welfare and fair and transparent processes.

During project execution, quality depends on the engagement of quality contractors, and is supported by open communication among project parties and the rapid resolution of disagreements

- Advocate the selection of construction contractors of proven good quality appropriate for each specific project as espoused in the FIDIC publication *Quality of Construction*, including the inclusion of quality as a criterion in the selection of contractors.
- Support the use of project management procedures and formal communication programmes, as proven techniques to enhance the quality of projects.
- Support the commitment of all stakeholders to a clear definition of desired outcomes and quality, and to a prompt decision making process (to minimize delays) which is consistent with the project objectives and previous applicable decisions (to minimize unnecessary scope changes or adjustments).
- Advocate the continuing engagement of the independent consultants for the supervision of construction and administration of contracts on the employer's behalf.
- Promote the widest possible use of FIDIC's standard contracts for construction works.
- Support the use of appropriate health and safety procedures throughout all project phases.
- Support the use of appropriate tools (scheduling techniques, cost monitoring systems, progress reports, etc.) that have been demonstrated as being useful in keeping projects on track.
- Support the use of value engineering, constructability reviews and other types of project oversight techniques which have been shown to improve the quality of projects.
- Encourage member firms to implement a workload management system that increases the firm's ability to a) assign appropriate qualified staff (in particular those committed to the project in the agreement for services) in a timely manner; and b) minimize delays while improving overall project quality.

Objective 6

Actively promote conformance to FIDIC's Code of Ethics and to business integrity.

Consulting firms are at the forefront in the fight against corruption

FIDIC must represent and promote ethical business practices throughout the industry, and work with others to achieve this objective. FIDIC must encourage consultants to fight corruption and cooperate with other involved parties in this effort.

Actions

The Business Integrity Management concept calls for an internal system within a consulting firm that is designed to be an effective tool to prevent corrupt behaviour and to encourage integrity. FIDIC recommends that member firms commit to integrity through the implementation of a Business Integrity Management System (BIMS) involving all levels of management and every employee, and focusing on preventing corruption.

FIDIC firmly believes that the implementation of an integrity management system is essential for successful consulting firms

- Support vigorously the conformance to the FIDIC *Code of Ethics*.
- Actively encourage all MAs and their member firms to adopt the *FIDIC Policy Statement on Business Integrity*.
- Promote within all MAs and their members (firms and individuals) the development and maintenance of procedures to ensure that ethical standards and codes of conduct are being followed.
- Encourage a commitment by MAs and member firms to integrity and corruption prevention through the development and implementation of Business Integrity Management Systems.
- Where appropriate, form alliances with agencies and organisations seeking to oppose corruption.
- Prepare and communicate inside and outside the consulting industry the *FIDIC Policy Statement on Conflict of Interest*.
- Produce other appropriate tools to assist MAs and consultants in the fight against corruption.

Objective 7

Promote commitment to sustainable development.

Sustainability will become the most important criteria for project acceptability

FIDIC will identify ways in which sensitivity to environmental, socio-economic and risk issues can be incorporated into projects and consulting practice, leading to better solutions. Consulting engineers accept the challenge of the endangered environment. Owing to their professional training and background they have a particular role and obligations towards the protection of the environment.

Consultants should provide leadership in achieving sustainable development - development that will meet the long term needs of future generations without causing major modification to the Earth's ecosystems. Some firms

build on traditional engineering skills to develop multidisciplinary approaches to sustainability; others have successfully enhanced their capacity to deliver high-value added, innovative services by harnessing specialised skills in multidisciplinary teams.

Actions

The provision of infrastructure, especially in water supply and sanitation, energy, transportation and housing, is the preserve of the engineering industry. FIDIC aims to make the international community aware that many developing countries are located in arid or semi-arid regions, where key issues include water supply on demand, water quantity and quality protection, the impact of development on the water sector and aspects regarding risk, vulnerability and sustainability.

- Seek opportunities to play a major role in planning, designing, managing and executing systems and infrastructure projects in the priority sectors of sustainable development (energy, water, health, urban environment and agriculture).
- Actively participate in the formulation of sustainable and creative projects that may have the associated benefit of job creation.

The social and environmental dimensions of sustainable development must be assimilated into the well-established methods of business practice. The aim should be to create methods for integrated project delivery that make use of a coherent set of integrated management tools and business practices.

- Counsel clients on how trends and market drivers associated with sustainability may affect their operations and provide them with alternatives on ways to respond that are appropriate for different situations.
- Advise clients of the need for all projects to pass through a sustainability screening at a very early phase of a project, and that detailed environmental investigations should be developed as part of feasibility studies.
- Take a proactive role in the development and application of sustainable procurement practices where factors other than price (quality, performance, time, ingenuity and environmental effects) are included in the award criteria.
- Promote the utilization of environmental management best practices during construction and encourage contracting organisations to offer sustainable building and construction techniques.
- Advise clients on the benefits of monitoring the contractor's environmental obligations as detailed in the project specifications or in the so-called quality management provisions.

Projects generate sustainability impacts in their environmental, economic and social dimensions. Firms should therefore incorporate the full scope of sustainability in their business practices and at different stages in the project cycle, from initial screening to project planning, evaluation, design, implementation, delivery, operation and decommissioning.

A significant advance towards sustainable development can be accomplished by addressing poverty

Integrated project delivery involves sustainable procurement, environmental monitoring and quality-based selection

Integrated management tools will allow the assessment of project impacts across the various dimensions of sustainability

- Take a proactive role in the development and application of multidimensional tools that reinforce links between two or more dimensions of sustainable development. Such tools should have a commercial application for FIDIC member firms.
- Promote the development of business practices that enhance the quality of environmental impact assessments and environmental due diligence studies.

FIDIC must demonstrate leadership in the global agenda, not only by supporting sustainable development principles but also by promoting the increased participation of all stakeholders in every phase of project delivery, and by building a shared long-term vision for development.

- Foster the relationships with agencies involved in the promotion of sustainable development.
 - Actively participate in global summits and conferences to promote the consulting industry's actions on sustainability.
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*Partnerships and collaboration
with government or multinational
agencies are fundamental to
manage globalisation*
