



FIDIC

Activities

[The first-ever MDB Harmonized Construction Contract Conference](#)

A unique opportunity to understand the provisions of the Multilateral Development Bank Harmonized Edition of the FIDIC Construction Contract has participation by all stakeholder organisations

[FIDIC-ASPAC 2011 Regional Conference](#)

The FIDIC ASPAC-TCDPAP Regional Conference takes place in Kuala Lumpur on 7-8 March 2011.

Business

Development

[European report identified drivers for competitiveness](#)

While inertia along national lines persists, increased diversification and specialisation offer European firms opportunities.

Practice

[Accredited adjudicator assessment workshops](#)

FIDIC can arrange accredited adjudicator assessment workshops for Member Associations aiming to establish national dispute adjudicator lists.

Contracts

[EU agency urged to adopt bank harmonised contract](#)

European associations call upon EuropeAid to consider adopting the MDB Harmonised Construction Contract.

Industry

Representation

[FIDIC to develop cooperation with Gulf Engineering Union](#)

The 2010 Gulf Engineering Forum on Intelligent Transport Systems provided an opportunity to discuss cooperation with the Gulf region.

Image

[Sweden's consulting engineers celebrated their association's 100th anniversary](#)

A roadshow and a jubilee celebration looked both forwards and backwards to a rich record of achievements.

Principles

Quality

[Quality management standard to consider incorporating risk management](#)

ISO is promoting the discussion of introducing risk management as a key feature of a revised 9001 Quality Management standard.

Ethics

[Chinese authorities applaud FIDIC policies](#)

Speaking on integrity and ethics at the CNAEC-China Member Association annual conference the FIDIC President reminded participants of the risks stemming from corruption.

[Anticorruption summit identified emerging trends](#)

The 14th IACC reported on the shift to third-generation local tools to measure corruption and the need to address climate change funding.

[Building a business case for integrity management](#)

The OECD Anti-Bribery Convention continues to help build an environment for effective integrity management.

Sustainability

[Performance Standards based sustainability assessment](#)

Updating of the IFC's Environmental and Social Review Procedure may herald a greater harmonisation of sustainability assessment between banks.

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FIDIC - Activities

The first-ever MDB Harmonized Construction Contract Conference

[full item: 119Ac]

The Multilateral Development Bank (MDB) Harmonized Edition of the *FIDIC Construction Contract*, see www.fidic.org/mdb, widely acknowledged to be one of the most successful examples of cooperation for standardised procurement procedures, is used for bank-financed projects around the world, including the USD 60 million Rijeka Port regional container port upgrade in Croatia (see photo). So that the contract continues to serve as one of the main vehicles for ensuring environmentally and socially responsible procurement, the *MDB Harmonized Major Works (Construction) Contract Conference* (Brussels; 27-28 February 2011; www.fidic.org/mdb2011) that is being organised by FIDIC, European International Contractors (EIC) and the Building and Woodworkers International will analyse the rationale behind the contract's provisions and how the provisions are implemented, user experience for the first five years, and future developments. Representatives of all stakeholder organisations have agreed to present. These organisations include the World Bank and all the MDB's that are licensees, the Confederation of International Contractors' Associations (CICA), International Labour Organisation, OECD, UNOPS, ISO, International Council for Research and Innovation in Building, and Transparency International. To encourage participation, the registration fee has been kept to the absolute minimum and a discount is available for participants coming from FIDIC and CICA/EIC member firms.



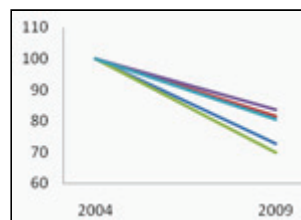
FIDIC-ASPAC 2011 Regional Conference [full item: 120Ac]

The FIDIC ASPAC Asia-Pacific regional group has reached agreement to collaborate more closely with the regional semi-governmental technical development programme TCDPAP, especially with regard to the TCDPAP annual regional conference. The next *FIDIC ASPAC-TCDPAP Regional Conference* (Kuala Lumpur; 7-8 March 2011) that is hosted by Malaysia's Professional Services Development Corp., www.mypsd.com, will focus on sustainable infrastructure, see draft brochure [PDF](#).

Business - Development

European report identified drivers for competitiveness [full item: 71De]

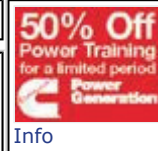
A very comprehensive 200-page European Commission *Sector Competitiveness Studies* draft report [PDF](#) to understand the drivers for industrial competitiveness in the construction sector, the European Union's largest single economic activity and its biggest industrial employer, has been released. Prepared in collaboration with the European federation EFCA, it used NACE statistical data for onsite construction and wherever possible the manufacture of building materials and professional services within the construction sector. Other professional services such as legal services, accounting and information technology were seen as having a minor role in driving competitiveness. A number of general trends in the European Union (EU) engineering services market were highlighted, notably an emphasis on eco-efficiency, risk management and reducing project life-cycle costs, an increasing role for the private sector in building control, with mergers and acquisitions among larger firms. The chart shows that the percentage of turnover in the EU has been decreasing for the top five European engineering firms owing to increased activity elsewhere. The report concluded that the professional services sector was currently not in a position to take full advantage of changes in markets and client demands owing to high fragmentation along national borders with each country having its own customs, regulations and culture. Nevertheless, in spite of this inertia in existing practices, innovation and the increased use of digital techniques would play an increasing role along with diversification into new services and specialisation in high value-added services.



Business - Practice

Accredited adjudicator assessment workshops [full item: 87Pr]

Ensuring that the parties to a FIDIC contract appoint a Dispute Adjudication Board (DAB) when called upon to do so sometimes remains a challenge because experienced dispute adjudicators having sufficient local knowledge, including language skills, are unavailable. In parallel with the *FIDIC President's List of Approved Dispute Adjudicators*, see www.fidic.org/dab, FIDIC encourages Member Associations to establish national lists according to FIDIC guidelines and to take advantage of accredited training suppliers to organise accredited training courses. To expand the training available for potential adjudicators, FIDIC recently reached agreement with the Dispute Resolution Board Foundation to offer, for invited participants, an advanced Contracts Module 3A training module to supplement the existing DAB Module 3 which, like all FIDIC training modules, can be organised as a seminar, course or workshop. To address a bottleneck that still remained, namely resources to establish a national list by organising assessment and maintaining a list, FIDIC has arranged for an accredited supplier to offer Adjudicator Assessment Workshops (AAW) modelled on the FIDIC assessment workshop that is organised every two years by the FIDIC Assessment Panel for Adjudicators. The first accredited AAW was supplied by Nestor for AJCE-Japan; it was sponsored the Japanese development agency JICA. FIDIC organised the supply of Module 3 and 3A courses immediately prior to the AAW, which led to some 16 candidates qualifying for participation in the assessment workshop. Other Member Associations needing to engage an accredited supplier for an adjudicator assessment workshop should contact FIDIC.



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Business - Contracts

EU agency urged to adopt bank harmonised contract [full item: 90Co]


Following a roundtable in March 2010, the European federation EFCA entered into a technical dialogue with the European Union's EuropeAid Co-operation Office (AIDCO) to exchange information on the conditions of contract for contained in the *Practical Guide* used for EU external aid contracts (on 1 January 2011 AIDCO merges with the EC Directorate-General for Development and Cooperation - EuropeAid). In view of the call for harmonisation of donors' procedures made in the 2005 *Paris Declaration on Aid Effectiveness*, the November 2010 updating of the *Practical Guide* (in which EFCA has collaborated for more than a decade) and the release of a new version the Multilateral Development Bank (MDB) Harmonised Edition of the *FIDIC Construction Contract*, see www.fidic.org/mdb, the Presidents of EFCA and the European International Contractors have called upon AIDCO to review progress. The Presidents noted that the MDB Harmonised Contract should be adopted by EuropeAid as it is "indispensable that the standard form of contract used by a given recipient country ... should, as a minimum standard, be the one with the largest coverage and support in the international context". A conference to be held in Brussels on 27-28 January 2011, see www.fidic.org/mdb2011, aims to make EuropeAid aware of the advantages of using the MDB harmonised contract.



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Industry - Representation

FIDIC to develop cooperation with Gulf Engineering Union [full item: 71Re]

Opportunities for further collaboration with the Gulf Engineering Union (GEU) that represents Gulf Cooperation Council societies of engineers were discussed with Dr. Khaleel E. Al-Hosani, GEU General Secretary, at the union's annual *Gulf Engineering Forum* in December 2010 in Dubai. FIDIC will explore with the GEU the possibility of organising a regional conference while continuing discussion on an overall approach for each of the GEU members to become FIDIC members.

The conference provided a platform for the region's top engineers to exchange ideas and critical insights on developing intelligent and sustainable transportation systems. FIDIC was represented by Dr Peter Boswell, General Manager, who made a presentation on the use of FIDIC contracts in Intelligent Transport Systems (ITS) for roads. He described how these complex, integrated systems are increasingly privately financed, with concessions and long-term service contracts being subdivided into several works packages that often use FIDIC contracts. For instance, the ITS for the new [Forth Replacement Crossing](#) in the UK involved two amended versions of the FIDIC EPC/Turnkey Contract, where amendment was licensed by FIDIC to "create a contract with an equivalent rigour to those of the current Transport Scotland model, but which will be both familiar to domestic contractors and more familiar to international bidders".



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Industry - Image

Sweden's consulting engineers celebrated their association's 100th anniversary [\[full item: 53Im\]](#)

A special focus on the significant contributions made by consulting engineers over 100 years highlighted the celebrations in Sweden of the FIDIC Member Association STD in October 2010. In the lead up to the anniversary celebration, a travelling road show organised by STD depicted the evolution of the industry and Sweden's remarkable growth and development. There were highly visual, decade-by-decade snapshots that looked at significant projects during each of the ten-year periods and how the projects related to world events of the time. The best known recent civil engineering achievement is the 16-km long Oresund Bridge linking Sweden to Denmark. The celebration itself focussed on the future for infrastructure and the urban environment. A [video](#) of a group of children giving their thoughts was produced, and young professionals, government agencies and leading consulting engineering firms shared their visions and ideas. Examples of consulting engineers acting as trusted advisors augured well for the future of the industry.

STD, with 740 member firms employing some 25,000 staff, represents Sweden's architects and building and engineering consultancies. It is organised within a service organisation called Almega Business Service Associations. The association published recently its [Sector Review 2010](#) focussing on industry developments in the Nordic countries but having useful statistical and business information for the entire consulting engineering industry.



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Principles - Quality

Quality management standard to consider incorporating risk management [\[full item: 6Qu\]](#)

The International Standards Organization (ISO) has released *Quality Management Concepts: An Analysis of Concepts for Consideration in Future SC2 Work* (available from FIDIC upon request) to promote the discussion of concepts that would form the basis for designing the future revision of the ISO 9001 Quality Management standard for publication before 2015. Possibly the most important new feature being considered was the need to integrate risk management. Building upon Quality Risk Management as used in the pharmaceutical industry, it was necessary to clarify that risk-based thinking, specifically the control of the possibilities of not meeting quality characteristics, was a basic aspect of an organisation's various management systems, including quality management. It had become evident to consulting engineers that providing quality services in a market that expected innovation to meet global challenges such as climate change implied an increased risk (see FIDIC 2010 New Delhi Conference presentation [PDF](#)). The FIDIC Quality Management Committee will be working to ensure that the incorporation of risk in the ISO standard will benefit the industry by increasing the confidence of clients, and by improving the management of sub-consultants and organisational processes.



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Principles - Ethics

Chinese authorities applaud FIDIC policies [\[full item: 55Et\]](#)

Gregs Thomopulos, FIDIC President, for his opening address "Integrity and Ethics in Global Infrastructure" at the CNAEC-China annual conference in Guangzhou in early-December 2010 reminded the some 700 participants that corruption had a significant impact on all aspects of infrastructure investment. Moreover, no company was immune to the risks stemming from the corrupt practices that hampered the ability of consulting engineers to offer sustainable, quality advice to clients (see [PDF](#)). He argued that the more widespread implementation of the *FIDIC Integrity Management System* by FIDIC member firms would go a long way to preventing corruption in global infrastructure development. Mr Mu Hong, Vice-Chair of China's powerful National Development and Reform Commission, praised FIDIC for speaking openly about such issues. He acknowledged that consulting engineers played a vital role in economic development, and outlined the country's next five-year plan, which again envisaged significant investment in infrastructure and support for the engineering sector. The average urban disposable income and the per-capita net income of rural residents were set to increase at 7% each year and sustainable development will be enhanced, notably resource utilisation (for instance, energy consumption per unit of GDP unit will decrease by 20%).



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Anticorruption summit identified emerging trends [\[full item: 56Et\]](#)

The International Anti-Corruption Conference (IACC) aims to be the premier forum for identifying strategies to tackle the increasingly sophisticated challenges posed by corruption in all areas of business. With the aftermath of the global financial crisis seeing efforts to reduce poverty and to deliver sustainable development and climate control fading, the 14th IACC (Bangkok; 10-13 November 2010) highlighted the urgent need to restore trust and to rebuild the credibility of institutions, with anticorruption initiatives playing a key role. Enrico Vink, FIDIC Managing Director, presented FIDIC's anticorruption initiatives at a special session on construction sector transparency. The issue of agents for firms working overseas arose (see [workshop report](#)), with FIDIC able to demonstrate the benefits of its *Model Representative Agreement* which, together with the robust *FIDIC Integrity Management System (FIMS)*, represented one of the very few business practice tools for curbing corruption.

In an alternative approach the 14th IACC [declaration](#) called upon firms to disclose how they managed corruption risk using the *UN Global Compact* reporting corruption [guide](#). The declaration went on to welcome the [G20 Corruption Action Plan](#) to increase integrity in global financial markets and the [UN Convention against Corruption](#), which remained the only global instrument to address corruption, albeit weakened by the fact that it has yet to be implemented or ratified by many countries and a robust self-reporting was still lacking (see [News item](#)). The declaration noted that first-generation composite measurement tools such as the [World Bank Governance Indicators](#) and Transparency International's [Corruption Perceptions Index](#) and second-generation actionable tools such as the [Global Integrity Index](#) and the [National Integrity System](#) had brought corruption to the global agenda. But there has been a shift to third-generation local measurement tools such as the [Local Governance Barometer](#) that addressed specific problems by measuring the capacity to act with integrity instead of focussing on corruption. This more constructive approach, which lies at the heart of the FIDIC's FIMS for government procurement agencies (the so-called GPIMS, see [News item](#)), is an important evolution since it is better able to monitor corruption that constantly changes form (see [workshop report](#)). New tools are also emerging to ensure accountability in the complex, multi-billion USD world of financing adaptation to climate change, where current governance structures are unclear, driven by the prospect of funding rather than needs, and have low levels of investment in capacity development (see [workshop report](#)).

Building a business case for integrity management [\[full item: 57Et\]](#)

The OECD released in 2009 good practice guidance on internal controls, ethics and compliance as an annexe [PDF](#) to its *Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions* to help firms implement the landmark *OECD Anti-Bribery Convention*. A working group [met](#) in December 2010 to review how firms can develop and implement anti-bribery compliance measures. There was considerable interest in FIDIC's collective action in the area of integrity management, as opposed to individual actions by large firms. In recognising the time and cost required to implement integrity management, as in most standard's based management systems, implementation needed to scale according to the size of the firm. FIDIC's Managing Director, Enrico Vink, noted that most professional services firms do indeed act with integrity but many have declined to operate in certain countries because of the risks, thereby reducing the availability of quality professional advice. It was therefore not sufficient to merely sanction firms caught up in corrupt activities, but to acknowledge the efforts being made to mitigate the risks of corruption, and thus build the business case for integrity management.

Principles - Sustainability

Performance Standards based sustainability assessment [\[full item: 12Su\]](#)

A new World Bank environmental strategy, due in 2011 (see concept note [PDF](#)), will aim to improve the sustainability of the bank's entire project portfolio. During a visit by a FIDIC delegation in November 2010 the World Bank indicated that it was seeking help to update the International Finance Corporation (IFC) *Environmental and Social Review Procedure* (ESRP) that guides the actions needed to meet the requirements of the eight IFC *Performance Standards* (see report [PDF](#)). The IFC envisaged strengthening some measures such as those for climate change, biodiversity offsets and stakeholder engagement. IFC *Performance Standards* based assessment is used by several bilateral agencies for international projects and in the banking sector's *Equator Principles* for non-OECD countries (see presentation [PDF](#)). It is unclear if more multilateral development banks would also adopt the IFC approach for assessing project sustainability.



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Announcements - Events

FIDIC Conferences and Events [full item: 63Ev]

FIDIC-CRCICA-ESCON Regional FIDIC Contracts [Conference](#), Cairo, 9-10 Jan 11
Saudi Construction Contracts Conference, Riyadh, 19-21 Feb 11
FIDIC Young Professionals Management Training [Programme](#), mid-Jan 11
FIDIC-ECV Contracts [Course](#) (Contracts), Paris, 26-27 Jan 11
The FIDIC MDB Harmonized Contract [Conference](#), Brussels, 27-28 Jan 11
FDIC-Cornerstone Contracts [Workshop](#), (Contracts), Bahrain, 8-9 Feb 11
FIDIC-Nestor Contracts [Seminar](#) (Contracts), Copenhagen, 21-22 Feb 11
Mid-East Contracts Users [Conference](#), Abu Dhabi, 23-24 Feb 11
FIDIC-UQPM Contracts [Course](#) (Contracts), Doha, 1-3 Mar 11
FIDIC-DBT DAB Intensive [Course](#) Dubai, 28-29 Mar 11
FIDIC TCDPAP - ASPAC Asia-Pacific 2011 Conference, Kuala Lumpur, 7-8 Mar 11
ICC-FIDIC Contracts & Dispute Resolution Conference, Sao Paolo, 12-13 Apr 11



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Announcements - Notices

Consolidating regional activities [full item: 22No]

The FIDIC ASPAC Asia-Pacific regional group has reached agreement for the ASPAC-TCDPAP annual regional conference (Kuala Lumpur; 7-8 March 2011), see [News item](#). For the GAMA-Africa Group of Member Associations, new options are being explored to support regional activities with a outsourced secretariat (members have been canvassed for their support). GAMA has agreed to forgo its 2011 annual conference in order to strengthen Africa's input to the FIDIC 2011 Hammamet (Tunisia) [Conference](#).

Further discussion with senior officials of the European federation EFCA has confirmed the enhanced collaboration through joint participation in committee activities. FIDIC representatives have been appointed for all EFCA working committees, and visa versa, to ensure that all activities are complementary. Also planned are some specific issues to be addressed by EFCA and FIDIC, such as engaging with the European Commission in enhanced discussions on procurement policies and procedures, as well as on the use of FIDIC contracts for European Union funded projects. EFCA is participating in, and hosting, the *MDB Harmonized Major Works (Construction) Contract Conference* that takes place in Brussels on 27-28 January 2011 (see www.fidic.org/mdb2011). Longer term it is aimed to promote vigorously the benefits of using internationally accepted standards for both the selection of consultants and the implementation of projects.

In the case of the South American federation FEPAC, with the readmission of ABCE-Brazil as a FIDIC member and visits by Enrico Vink, FIDIC Managing Director, to Argentina and Chile in October 2010, the growing interest in FIDIC and the benefits of international best practice have been confirmed. There was a sense of urgency owing to the significant infrastructure development in the region which called for greater international collaboration. Although regional development funding was limited mainly to the less-developed countries, the use of FIDIC contracts was expanding as a result of internationally focused investments and projects. The *FIDIC MDB Harmonized Construction Contract* was used by the Inter-American Development Bank and Spanish and Portuguese/Brazilian translations of the other FIDIC works contracts are available. FIDIC envisaged closer collaboration with a number of South American countries, and with FEPAC. For instance, FIDIC accredited training courses and workshops now took place in several countries and a regional FIDIC-FEPAC contracts conference is being considered. In the meantime, the *FIDIC-ICC 2011 International Contracts Conference* will be held in Sao Paolo on 12-13 April 2011.

Members' announcements [full item: 5No]

Executive Committee Meeting; Hawaii, 17-19 Jan 2011
Contracts Committee Meeting; Brussels, 26 Jan 2011

YPMTP 2011 Management Training Registration [Brochure](#)
MDB Harmonized Contract Conference, Brussels, 27-28 Jan 2011 [Brochure](#)

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