



Business Integrity Management Seminar  
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## **FIDIC Initiatives on Integrity Management**

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# The Founding of FIDIC

FIDIC was founded in July 1913 as the result of an invitation by Belgian and French engineers to attend “*le Premier Congress International des Ingénieurs-conseils et Ingénieurs-experts*”.



*The first FIDIC logo  
“With Objectivity and  
Integrity”*



# The FIDIC Vision

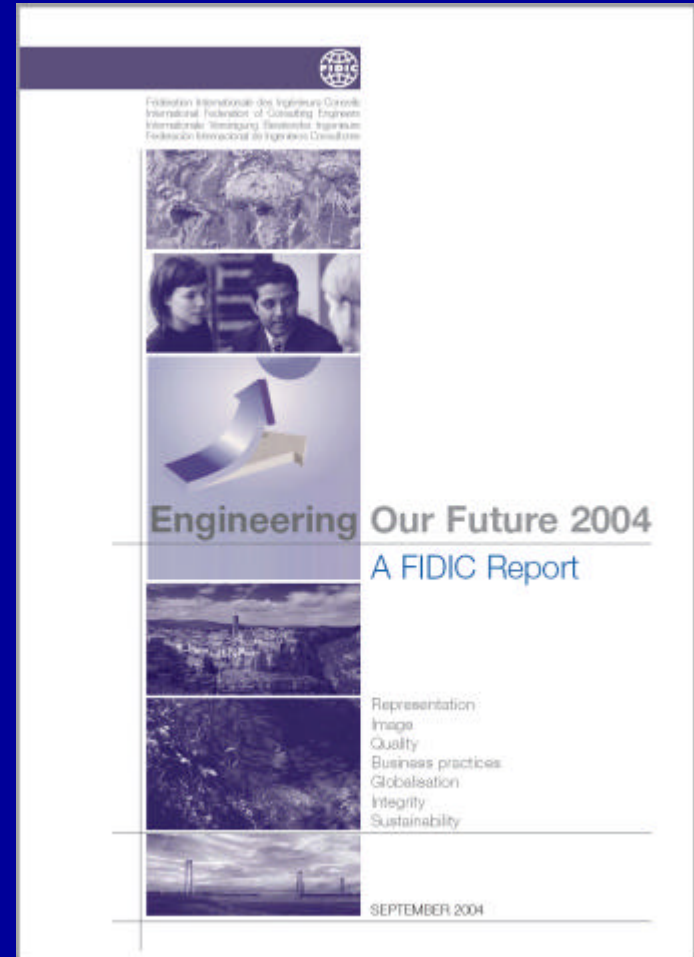
“To be the recognized global voice for the consulting engineering industry”.





# The FIDIC Mission

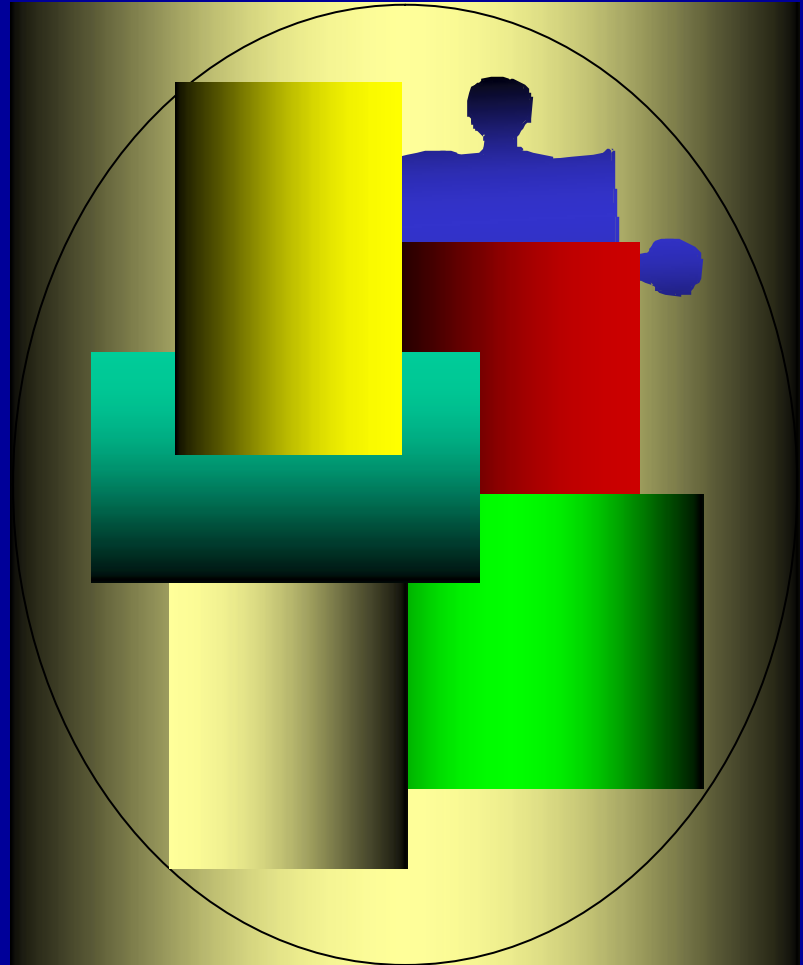
“To improve the business climate and promote the interests of consulting engineering firms, globally and locally, consistent with the responsibility to provide quality services for the benefit of society and the environment”.





# The 7 Key Focus Areas

- Representivity
- Image
- Business Practices
- Globalisation
- ***Integrity***
- Sustainability
- Quality





The global market is about:

change!



What is the global market looking for?

quality

*integrity*

responsiveness

innovation



# Corruption

..... is defined by  
Transparency International as:

“The abuse of entrusted power for private gain”.







# Change in World Attitude

A dramatic attitude change has occurred since the early 1990s when it became evident that corruption is extremely harmful to development. A global consensus has steadily developed that corruption is not only wrong, but also that it makes economic sense to curb corruption, since it is a zero-sum game, with the cost paid for by society.



# Integrity

“To operate successfully in an increasingly global world, while subjected to the competitive pressures of a free market, a firm’s procedures will have to conform to generally accepted best practices. In particular, ethical behaviour toward all the firm’s stakeholders – clients, suppliers, owners, employees and society in general – must be key and visible”.

*\* FIDIC Integrity Management Task Force*



# FIDIC Tools

- ✓ Code of Ethics
- ✓ Policy on Business Integrity
- ✓ Policy on Conflict of Interest
- ✓ Business Integrity Management System
- ✓ Representative's Agreement





# Policy on Integrity

Member Associations and their members (firms and individuals) should internally develop and maintain systems to protect their high ethical standards and codes of conduct. They should co-operate candidly with other organizations which seek to reduce corruption. Member firms should associate themselves only with other firms who share similar high ethical standards.



# Policy on Integrity

Member firms must have a commitment to integrity through the implementation of a “*Business Integrity Management System*” (*BIMS*) involving all levels of management and every employee, focusing on corruption prevention.



# Integrity Management

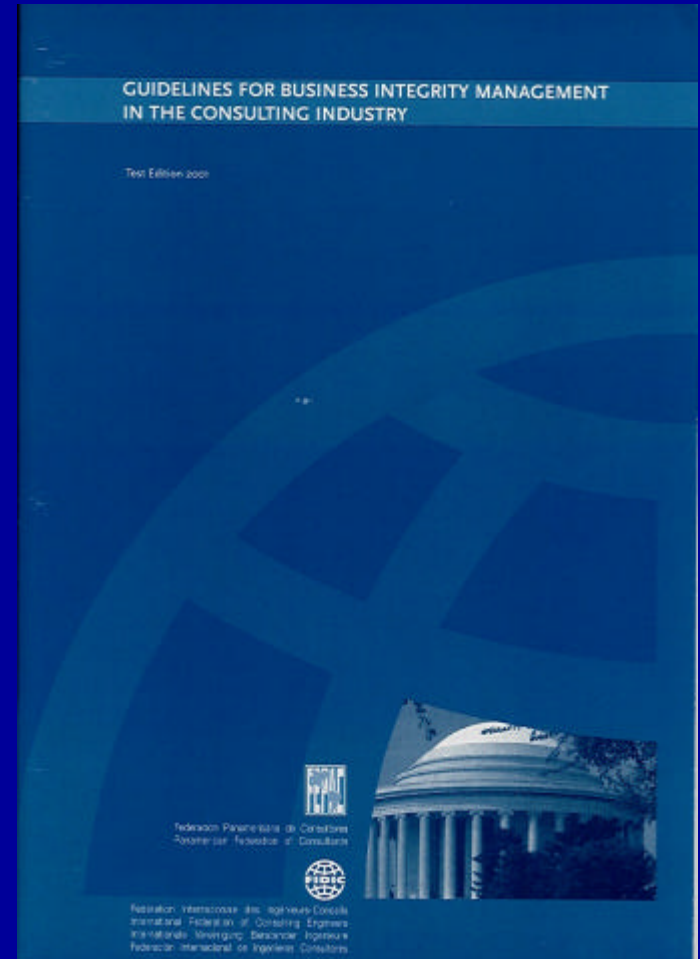
Most firms are “doing their best” to define and implement anti-corruption policies. But while firms establish their own procedures to assure integrity and fight corruption, many lack consistency in the day-to-day business transactions and fail to obtain systematic feedback which may improve the process.

What is missing is a framework which may be used to connect and transform isolated acts of integrity assurance into a complete management system.



# Integrity Management

The integrity management concept calls for an internal system within the consulting firm that is designed as an effective tool to prevent corrupt behaviour, and to encourage integrity.





# BIMS Principles

The adoption of the following set of principles is a precondition for achieving business integrity within a firm:

- ✓ Leadership
- ✓ Involvement of staff
- ✓ A process approach
- ✓ A systems approach
- ✓ A document process





# Developing a BIMS

1. Formulation of a “Code of Conduct” (Appendix D\*)
  2. Formulation of a “Business Integrity Policy” (Appendix C\*)
  3. Appointment of a BIMS representative
- \* *Guidelines for Business Integrity Management in the Consulting Industry, FIDIC, 2001*



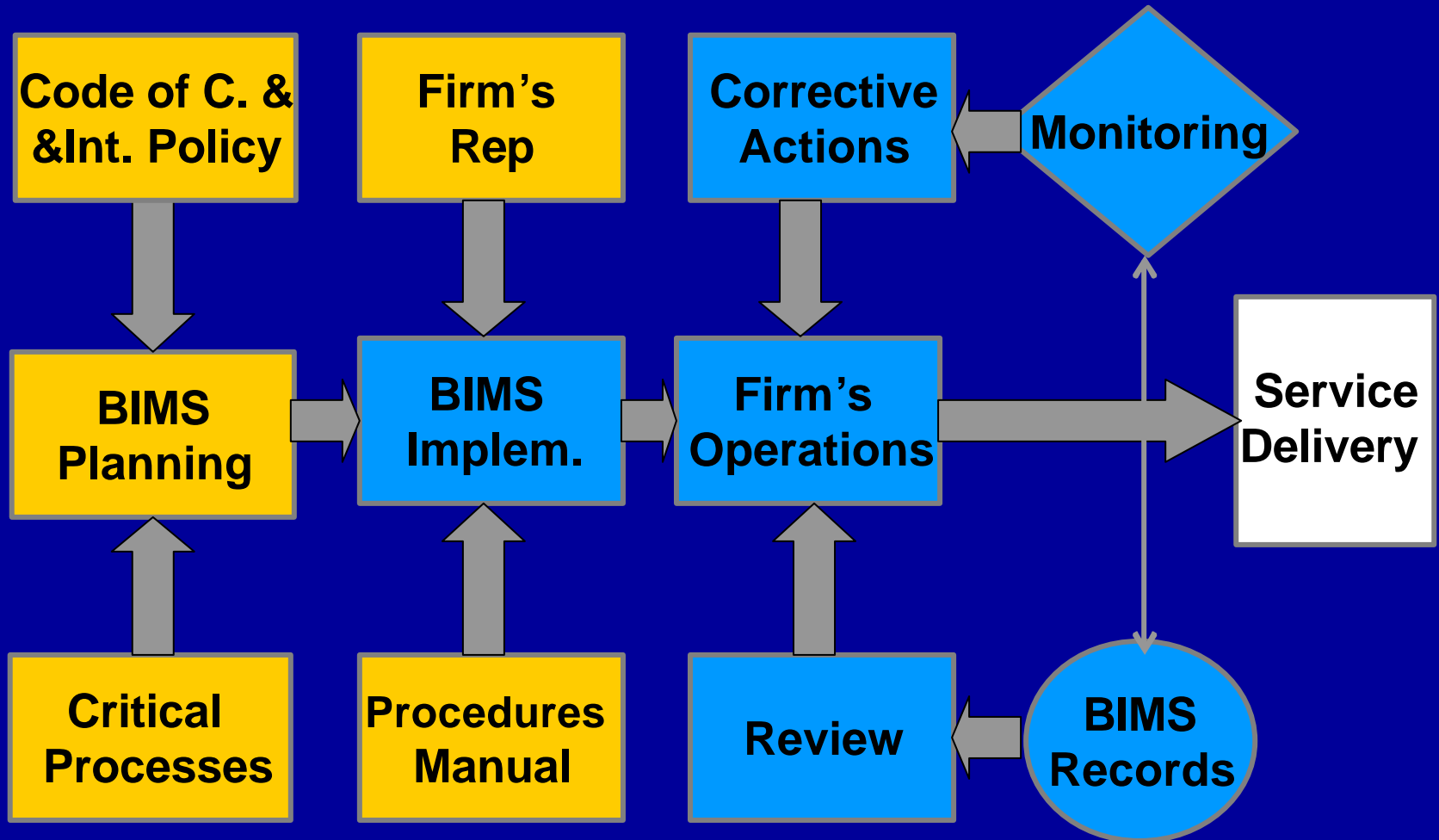
4. Identification of critical processes for integrity compliance
  - size and structure of the firm
  - type of client
  - new or repeat client
  - type of contract
  - nature of consulting services



5. Design of integrity assurance procedures
  - marketing of services
  - bidding processes
  - Representatives' engagement
  - project execution
  - collection of fees



# BIMS Components





# The Integrity 'Check List'

1. Management responsibility
2. Organizational responsibility and authority
3. Resources and personnel
4. Integrity management processes
5. Integrity records
6. Feedback



# Policy on Conflict of Interest

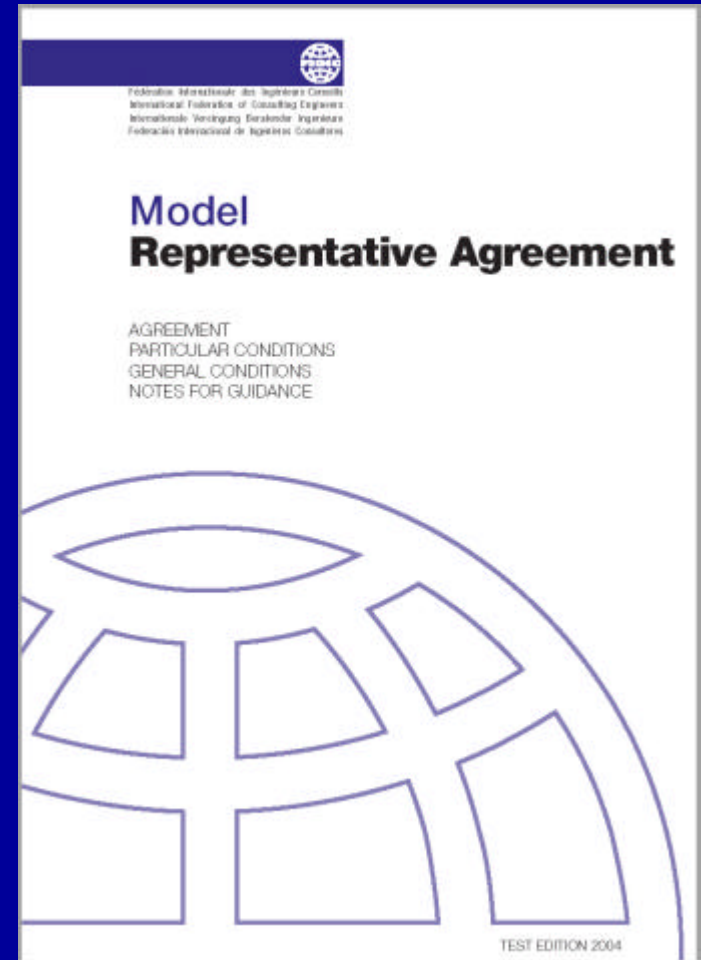
Consultants shall not be selected for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out the assignment in the best interest of the Client. Consultants shall not be engaged under the following circumstances:

- ✓ Conflict between consulting activities and procurement of goods, works or services;
- ✓ Conflict among consulting assignments;
- ✓ Relationship with Client's staff.



# The FIDIC Rep Agreement

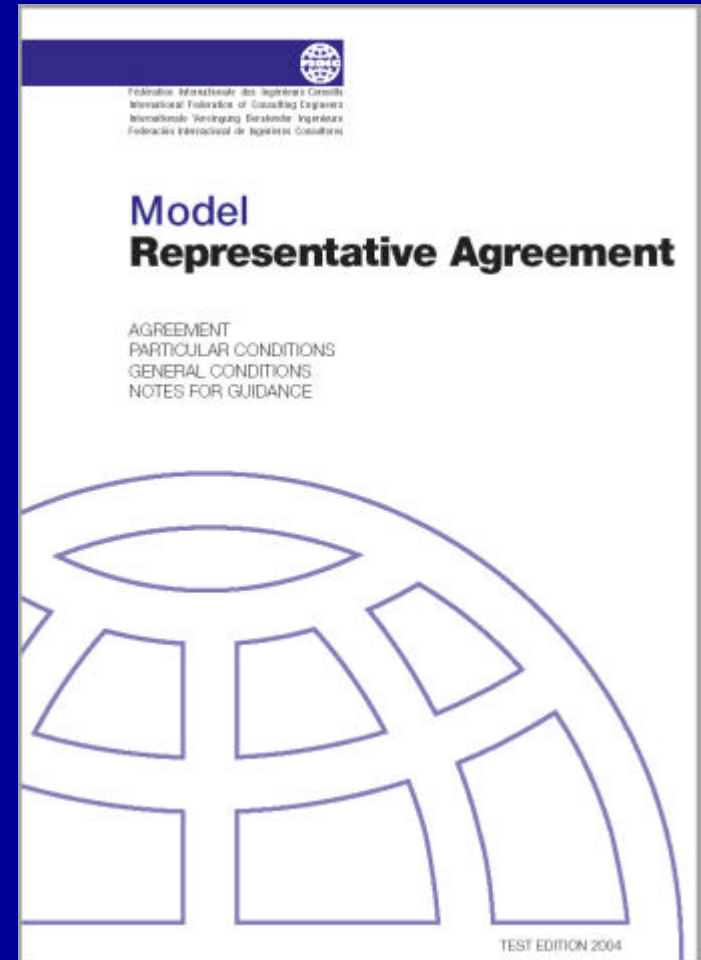
Recognizing that the Consultant can be held liable for actions by Representatives who have dealings with foreign officials, a contractual relationship should be formalized prior to commencement of the Rep's services.





# The FIDIC Rep Agreement

FIDIC has drafted a “Model Agreement” to engage a Representative (sub-consultant or joint venture) to develop business, to assist in obtaining and executing contracts, and to undertake or monitor project activities in a foreign country.







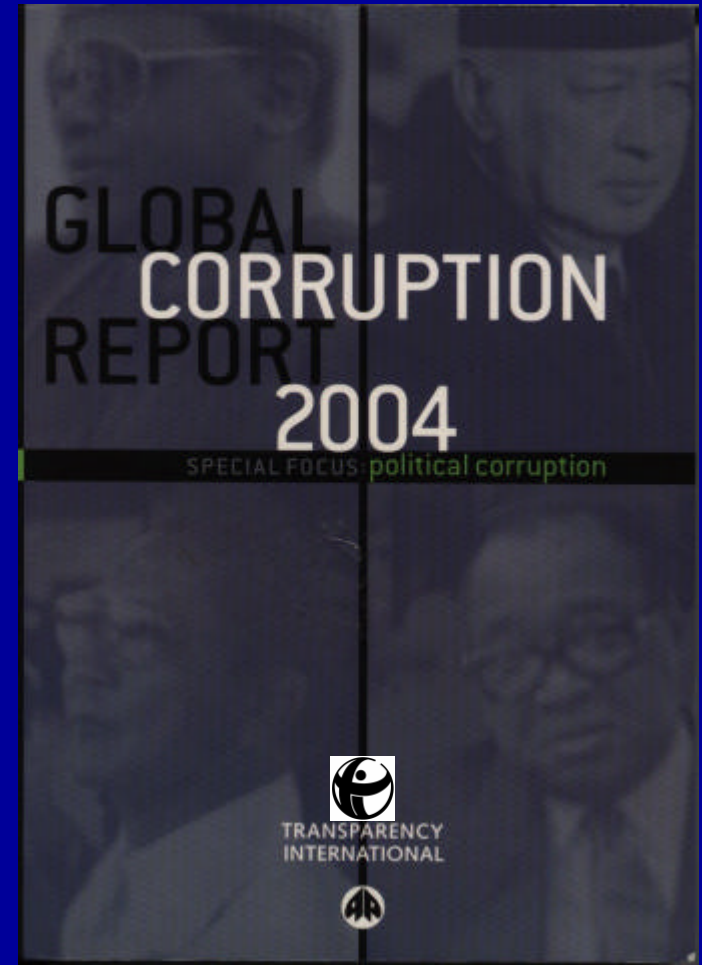
# Collaborating with Others

FIDIC promotes ethical business practices throughout the industry and, for this purpose, works and cooperates with other organisations in the development and implementation of various initiatives to combat corruption.



# The TI Corruption Report

Transparency International invited FIDIC as a member of the Editorial Advisory Panel of the GCR 2005 that will focus on:  
"Corruption in Public Works and Post-war Reconstruction."





# Anti-Corruption Initiatives



FIDIC participates with several organisations to develop, align and synergize initiatives to combat corruption





# Anti-Corruption Initiatives



In addition to promoting integrity business practices on the “supply side” of corruption, FIDIC collaborates closely with the multilateral development banks (MDBs) in the implementation of initiatives to combat corruption.



# In Summary (I)



During the last ten years a dramatic change of attitude towards corruption has taken place, and recently several initiatives have been proposed to move from corruption awareness to specific anti-corruption programs.

The roll out of TI's "Business Principles for Countering Bribery" (June 2003), the launching of the initiative against corruption in engineering and construction presented by the WEF during the 2003 Meeting in Davos, and the addition of the 10th principle (Anti-Corruption) in the UN's Global Compact (June 2004) illustrate this approach.



# In Summary (II)



The challenge is now the development and implementation of practical mechanisms that can be used by firms to track the application of “anticorruption principles” during their day-to-day business operations.

FIDIC has led the way in this arena with the so-called “Business Integrity Management System” (BIMS). The BIMS Guidelines were published during the FIDIC 2001 Annual Conference, at the same time when the first BIMS implementations by consulting firms were being reported.



# The Road Ahead (I)



FIDIC chose the term “Business Integrity Management” on purpose. Integrity Management, as opposed to corruption control, accurately reflects the all-encompassing approach of the BIMS process.

FIDIC promotes best practices in consulting and believes that quality and integrity management are intimately interrelated. For that reason, the Federation advocates that member firms engage in integrity management as an extension of their quality processes.



# The Road Ahead (II)



As mentioned before, it is vital to align and synergize the initiatives developed by various organizations. The adoption of TI's business principles, of the WEF support statement and/or of the Global Compact Principles are steps in the right direction.

The utilization of tools developed by TI such as integrity pacts at the sector, tender or execution level and/or due diligence reviews of agents and other business partners have also demonstrated value.





# The Road Ahead (III)



However, FIDIC believes that mechanisms are needed to connect and transform isolated acts of integrity assurance into complete management systems. BIMS may be an alternative to this end.

To move ahead, support is needed from the IFIs. A message that a tool such as the FIDIC BIMS be either made mandatory to bid for IFIs financed work, or be granted a score during the evaluation of tenders would be extremely valuable to speed up this process.



Thank you very much