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FIDIC-SIDiR-EFCA Regional Infrastructure Conference

**Krakow
7 & 8 March 2016**

**Pawel Zejer
AECOM**



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Engineer in FIDIC Conditions of Contracts a good practice in engineering consulting




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Money is not the problem

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Engineer under FIDIC – current situation

- Employer's point of view
 - Flood of new claims
 - Underperformance of services
 - Problems with the selection of professional Engineers
 - a need of higher efforts to control Engineers
 - the need to develop more and more precise scope of work / services
 - decreasing customer satisfaction

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Engineer under FIDIC – current situation

- Contractor's point of view
 - Decisions take too long to be made
 - Underperformance of services by Engineer (the engineer has limited authorities)
 - Transferring the risk onto the contractors, over which they have no control
 - The prevailing number of lump sum contracts, design and build, with a limited possibility of solution optimisation (lack of cooperation between the engineer and the Employer)
 - A much shorter time of completion for the contract and for preparing an offer alongside much higher costs of execution



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Engineer under FIDIC – current situation

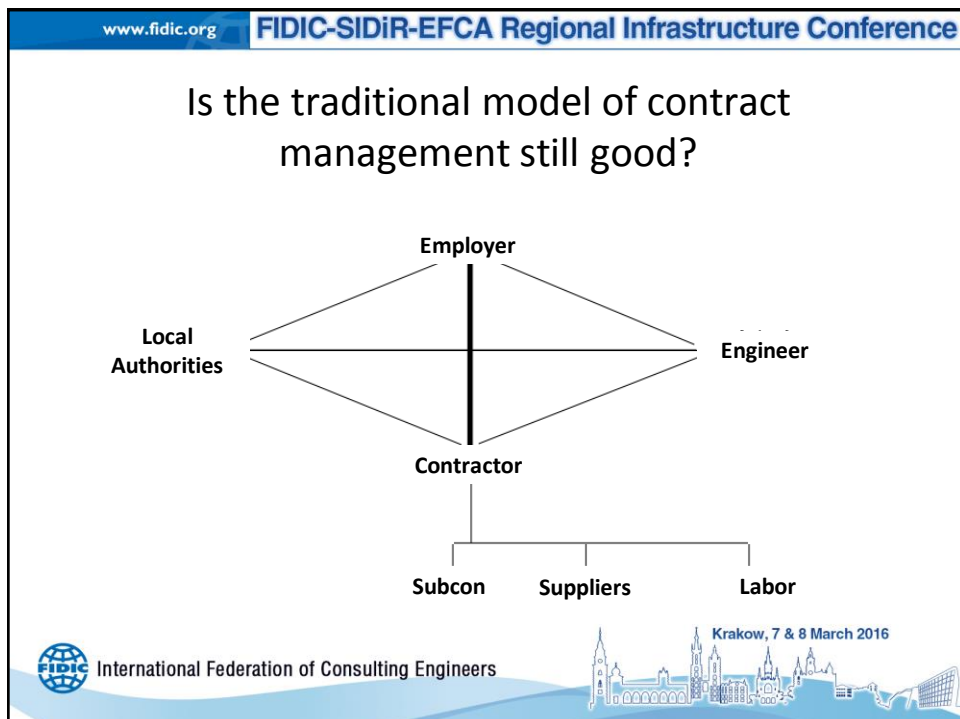
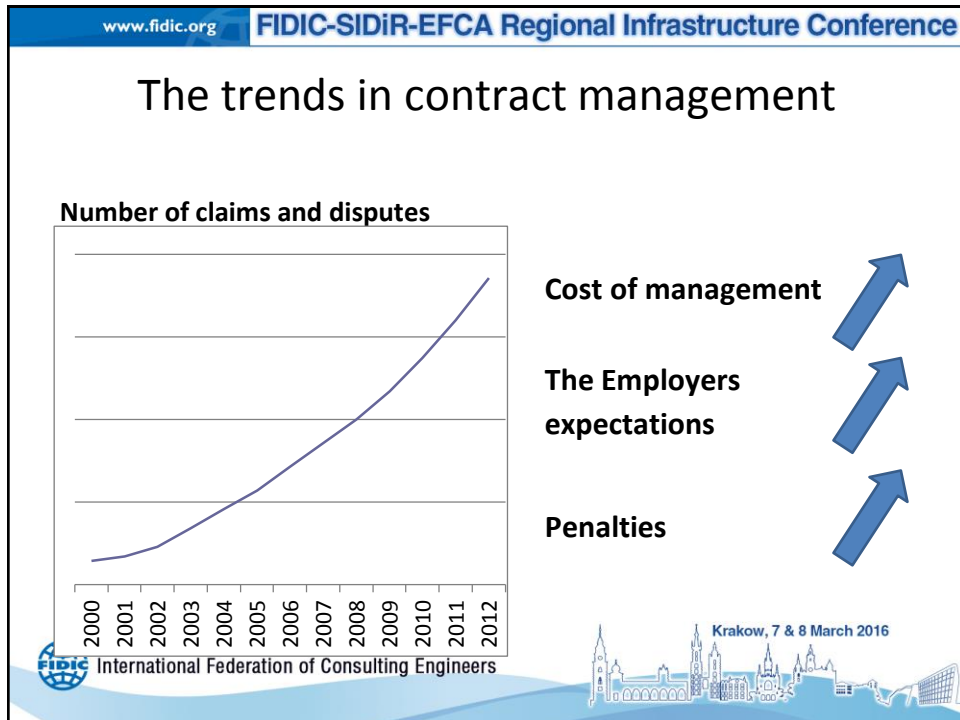
- Engineer's point of view
 - Competing over the price
 - MDC – a lot more requirements, a procedure description, restrictions, increased controlling of supervision
 - an increasing number of set penalties in contracts (over 30 types of penalties)
 - Contracts longer than 5 years – how to estimate costs?
 - Increasing demands for the Engineer's team members experience



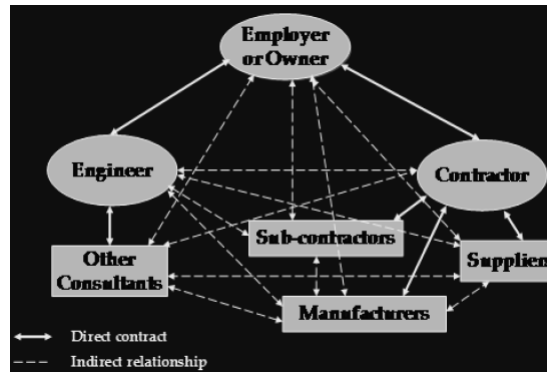
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Who knows best how to execute a contract?



Source: FIDIC policy statements. The role of Project Manager, Construction Managers and Technical Supervisors



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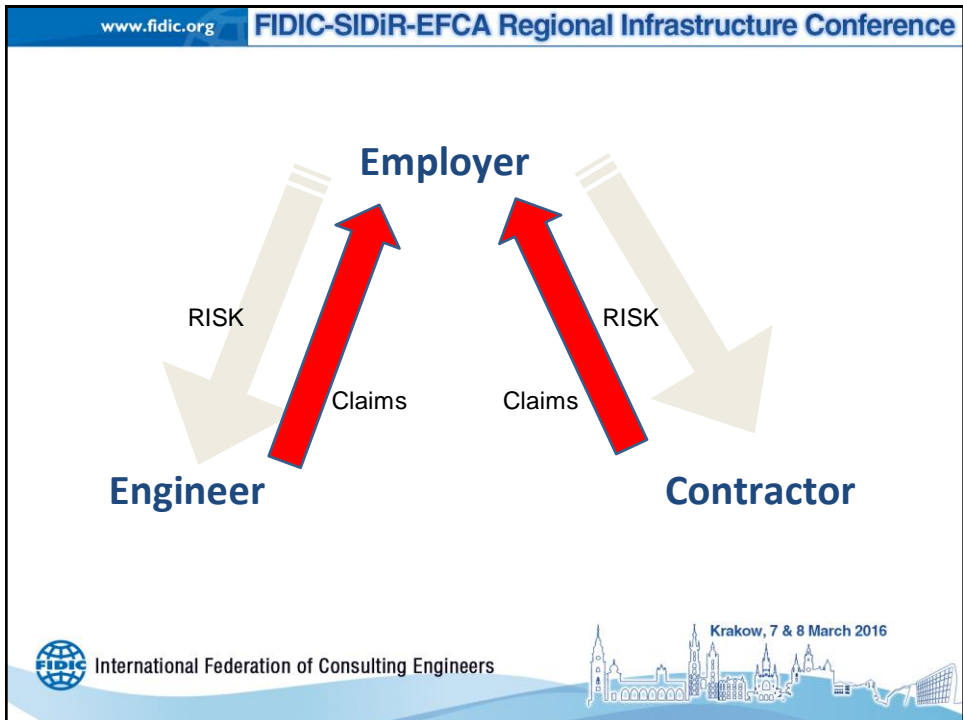
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A new models of risk management has to be implemented!

Current approach

M-D-C

Table 1. Standish Group's Result: Performance Report (Chaos Report, 1995)

	Performance Metrics	%
1	Incomplete Requirements	13.10%
2	Lack of User Involvement	12.40%
3	Lack of Resources	10.60%
4	Unrealistic Expectations	9.90%
5	Lack of Executive Support	9.30%
6	Changing Requirements & Specifications	8.70%
7	Lack of Planning	8.10%
8	Didn't Need It Any Longer	7.50%
9	Lack of IT Management	6.20%
10	Technology Illiteracy	4.30%
11	Other	9.90%

Source: a new risk management model. Dean Kashiwagi and Jacob Kashiwagi
Journal of risk Analysis and Crisis Response, 2012

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The new concept...

- The Employer's control will be reduced by the alignment of expertise.
- The expert will prove that they can do the project
- Competition on expertise
- The contactor will plan out the project from beginning to end
- The contractor will control the project
- The contractor has no risk in the their defined scope
- The contractor will mitigate the risk

Expected result...

- Projects tendered twice as fast
- Cost for both contractors and Employers reduced by 50%
- Projects finished ahead of initial schedule completion dates

Of course....

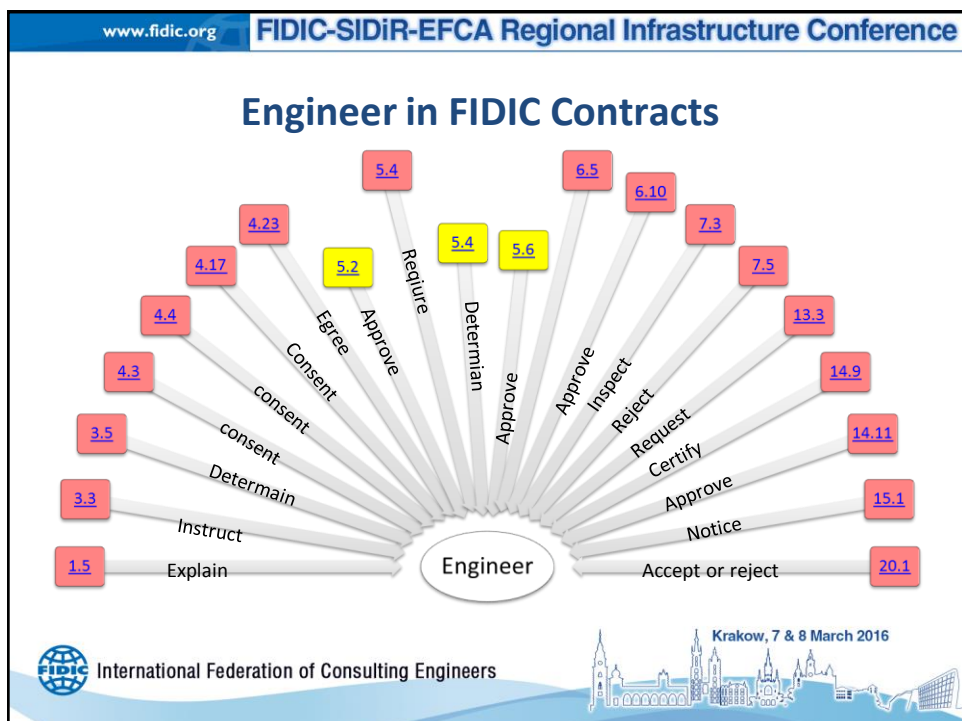
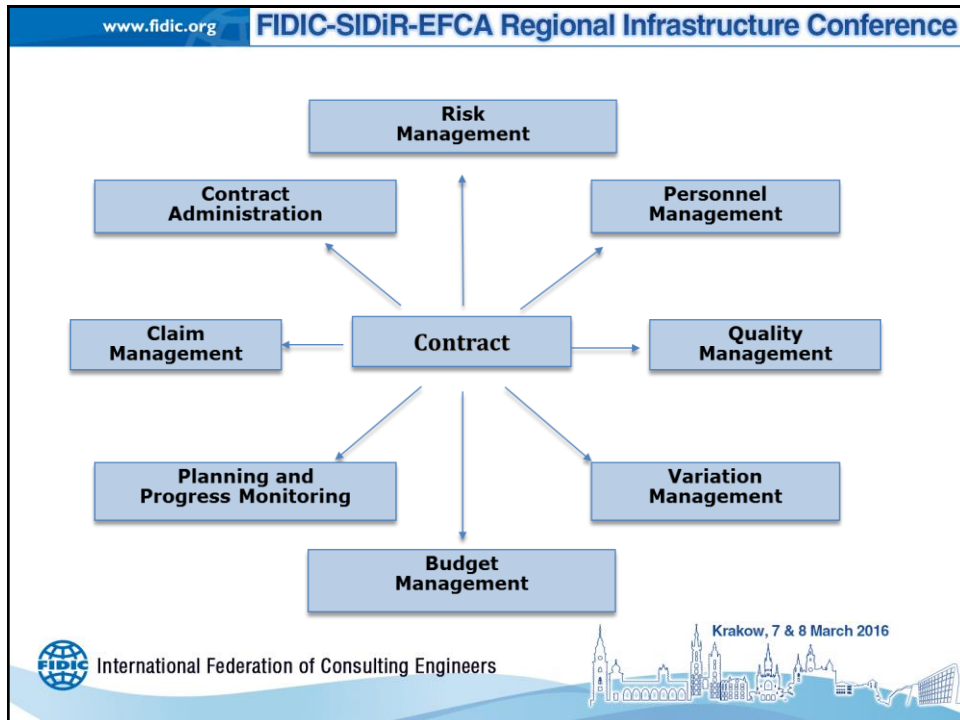
- Reduced effort on management – directing and controlling



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Looking for a good practise.

- Let the Contractor to manage risk
- Select knowledge /expertise
- Let the Engineer to fulfil all legal requirements
- When the Engineer and the Contractor is selected on the basis on QBS / BVP significant reduction of costs of the Engineer is anticipated
- Satisfaction will increase.



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