



FIDIC Policy Statement

INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS

Informed purchasers

It is an obvious fact that in any endeavour, a well-informed team will produce results that are superior to those from a less informed or less capable team. Evidence shows that this is particularly true for engineering projects where the quality of the project team – that is, the client (or purchaser), the consulting engineer and other professionals, and the contractor – is paramount in producing the best value and most sustainable results. Each member of the team has a vital role to play, if the project is to succeed.

At a roundtable discussion at the FIDIC 2002 Annual Conference in Acapulco, Mexico, on the subject of informed purchasers, attended by consulting engineers and others from many countries, there was a clear consensus that the skill level of the purchaser of services has a direct bearing on the quality of the end product. Delegates pointed out that this relates to both public and private clients. Delegates and industry experts also identified a worrying trend towards potentially less informed purchasers, and quoted examples of resulting problems. Points made by industry experts and the FIDIC delegates included the following.

- Purchasers should maintain a stable staff and core competencies.
- Purchasers should accurately assess their ability as project managers and augment where necessary.
- Purchasers should fully understand contract conditions.

The FIDIC Policy Statement *Informed Purchasers* was approved by the FIDIC Executive Committee in September 2003. Printed copies can be obtained from the FIDIC Bookshop, either individually or as inserts in the binder *FIDIC Policy Statements*. Electronic versions are available from www.fidic.org/policies. Reproduction is permitted provided the source is acknowledged.

- Purchasers should understand the negative implications of procuring consulting services based on cost compared with the benefits of quality based selection.
- Purchasers should understand the cost to consultants of proposal preparation.
- Purchasers should understand the importance of providing complete, proper and accurate data for bidding and implementation of projects.
- Purchasers should understand and articulate what they expect from the consultant, define the scope, work within that definition, and not expect extra services without compensation.
- Purchasers should be technically competent in the subject of the project, and where lacking in-house skills, be prepared to engage skilled advisors.
- Purchasers need to understand the importance of fair and transparent processes for the selection of consultants and contractors, in achieving a best value and sustainable outcomes.

It should be noted that, even if worded with reference to a “project”, the points above and this FIDIC policy are equally relevant to larger investment programmes or other endeavours.

Background

FIDIC policy is that purchasers of consulting services should be fully informed on both the technical aspects of the specific project and on the proper processes for the procurement and management of consulting services.

Also:

FIDIC policy is that purchasers of construction services from contractors should be fully informed on both the technical aspects of the specific project and on the proper processes for the procurement of construction services or the supply of plant or equipment.

References and resources

- 1 *Guidelines for the selection of consultants*, 1st Ed 2003.
- 2 *Quality Based Selection for procurement of consulting services*, 1st Ed 1997.

- 3 *Quality of Construction - a guide for actions*, 2004.

Resources available at www.fidic.org/policies/informed

Well informed purchasers – whether government or private clients – are far more likely to undertake successful projects than purchasers who are inadequately informed or who are lacking in expertise. For a project to be successful in the best interests of the purchaser, the consultants and the end user (the public), both the purchaser and consultant must have an identical vision for the project.

FIDIC is committed to the pre-eminence of quality in the selection of the consulting engineers by purchasers, and has made a series of recommendations on best practice for selection in *Guidelines for selection of consultants*, 2003 [1]. FIDIC recommends Quality Based Selection (QBS) as the preferred selection method [2].

FIDIC is similarly committed to the principle that quality should be a factor in the pre-qualification and selection of contractors, and makes a series of recommendations to this purpose in *Quality of Construction - a guide for actions*, 2004 [3]

Characteristics of the informed purchaser

As the leader of the project team, the client or purchaser should be informed, that is, knowledgeable and competent in all aspects of the project. This knowledge and competency can be in-house or brought in for the project. A key part of the competency is the capacity to manage the project.

At the outset or conceptual stage of a project, purchasers should evaluate their in-house capabilities and assess whether they have the expertise to properly develop and manage their project or programme. Proper expertise goes beyond the need for a contract administrator who may not have the technical understanding of the details required for a successful project or programme.

With the downsizing of government departments around the world, it is particularly important that government retain staff with core

competencies. It may be necessary to retain outside expertise to perform project or programme development tasks, including the procurement of consulting services and the procurement of construction or plant or equipment. FIDIC member firms can provide suitably qualified and experienced experts to assist clients in preparing project designs, requests for proposal, terms of reference and information to consultants and in evaluating bids and negotiating agreements with consultants and contractors.

In summary, a well-informed purchaser:

- Has the technical knowledge to articulate and share the vision of the project.
- Has a clear understanding of the methodology required to execute the project.
- Can evaluate the skills of consultants for projects using a proper and transparent selection process, based on quality.
- Understands the risks associated with the project and is willing to allocate these in a fair and appropriate manner.
- Understands the adverse impact of demanding an earnest money deposit or a security deposit for consulting services.
- Knows the significance of specifying a reasonable time frame for submissions and for approval of a project, and the importance of project monitoring.
- Understands the importance of specifying unambiguous payment terms and methodology for approval of invoices.
- Knows the essential difference between a consultant and a contractor.
- Has project management and technical skills, either in-house or contracted in to support management.

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