

EFCA Position Paper on Business Integrity

Subject	Business integrity
Category	Policy issues
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Background

Corruption and political instability remain serious obstacles not only for efficient project delivery but also for the planning and implementation of sustainable projects that address the needs of all stakeholders.

Corruption, definable as the “abuse of public or private office for personal gain” is morally and economically damaging. Thus it is more than stealing funds, it is stealing trust.

FIDIC, the International Federation of Consulting Engineers, has taken a proactive role in a worldwide effort to combat corruption by supporting international anti-corruption initiatives, promoting high ethical standards, introducing procedures for the implementation of Business Integrity management within the consulting industry and by cooperating with agencies investigating corruption. EFCA is fully supportive of these initiatives and is committed to raising awareness at European level of the importance of this issue and also to continue an ongoing dialogue with all the stakeholders involved.

The consulting engineering industry, which has historically been, as it should be, motivated by concern for the needs of society, must seek both to prevent and to react to the scourge of corruption.

Corrupt practices can occur at all stages of the procurement process; in the promotion of engineering services; during the design; in preparing tender documents (including specifications); in pre-qualifying tenderers; in evaluating tenders; in supervising the performance of those carrying out the construction; issuing of payment certificates to contractors; making decisions on contractors’ claims etc.

EFCA promotes amongst its members adherence to a Code of Conduct which provides a self-regulating framework for ensuring compliance with the ethical principles of business integrity. (See Appendix 1).

EFCA believes that:

- best Project results are achieved when there is a true professional relationship of absolute trust between the client and the consultant;
 - selecting a consulting engineering firm is therefore a most important task, as it forms the basis for the essential and mutual trust between the client and the consultant.
- Thus the various selection criteria set down for the purpose of judging a firm’s suitability to

carry out a project, are completely undermined if the selection process is tainted by corruption; and

- more importantly, a tendering and evaluation process conducted with transparency and expedition will more likely result in a contract award predicated upon proper factors, ultimately leading to a successful project and value for money for the client.

To avoid corruption within the procurement process we recommend that:

Clients should:

- reduce the opportunities for corruption by the use of transparent procurement procedures, based upon objective criteria, open pre-qualification for tenderers, and the selection of up to a maximum of eight bidders;
- clearly set out in the instructions to the tenderers all the key factors relating to the procedures and method of evaluation used in the procurement process, in order that the subsequent evaluation will be objective and fair to all tenderers; and
- in relation to the procurement of large design build type projects – endeavour to protect the integrity of the tendering process and safeguard against corrupt practices, by having written into the contract compulsory conditions concerning the role of the consortia design partners in the execution of the project.

Consulting engineering companies (firms & individuals) should:

- endeavour to develop and maintain internal management procedures within their organisations as a means of protecting their high ethical standards and codes of conduct;
- only associate or align themselves in their business partnerships and associations with other companies who share similar high ethical standards;
- have a commitment to integrity and endeavour to ensure that the issue of Business Integrity is reflected in the company's mission statement, business policies etc.;
- in particular, ensure that a Business Integrity ethos is developed within the company and integrated into the management and staff training programmes;
- keep up-to-date with local laws and regulations aimed at tackling corrupt practices and report any breaches of the law to the proper law enforcement authorities; and
- in relation to projects which are funded by the EU or other international funding agencies, notify such bodies of any irregularities that may arise on the project, in order that cancellation or other remedies may be exercised, in accordance with the loan agreement or the terms set down for the allocation of grants etc..

Member Associations should:

- take prompt disciplinary action against any member company found to have violated the EFCA Code of Conduct;
- ensure that the procedures established by their Association for deciding whether the expulsion of a member company is warranted, are fair and equitable, and that these are conducted in a confidential but expeditious manner and in accordance with the due process of law; and
- actively support the enactment of legislation in their own countries, which is aimed at curbing or penalising corrupt practices within the procurement process.

Appendix 1 – EFCA Code of Conduct

Reference Documents:

- ▼ 'Project Financing – Sustainable Solutions' published by EFCA
- ▼ 'Guidelines for Business Integrity Management in the Consulting Industry: published by FIDIC 2001

- ▼ Training Manual for Business Integrity Management – published by FIDIC 2002
- ▼ Business Integrity Management – published by ONRI 2003