



## **2018 GAM AGENDA**

FIDIC GENERAL ASSEMBLY MEETING

**17.15 hrs, Tuesday 11th September, 2018  
InterContinental Berlin Hotel (Auditorium) Berlin, Germany**

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Only the duly appointed Delegates of FIDIC Member Associations in good standing, in accordance with articles 8.3 and 8.5 of the FIDIC Statutes and By-Laws, may vote. Individual Member Firms of FIDIC Member Associations and all registered observers and accompanying persons are welcome to attend.

***Note:** Agenda items marked by an asterisk (\*) have Attachments containing the details of motions or announcements.*

**1. Welcome by the President, Alain Bentéjac, and Recognition of Guests at the GAM**

**2. Introduction of Delegates / Apologies for Absence**

**3. Approval of the Minutes of the General Assembly Meeting 2017 in Jakarta\***

The Executive Committee moves the approval of the GAM Minutes 2017, as shown in [Attachment 1, Agenda Item 03, GAM 2018](#).

**4. Receipt of Annual Report 2017-2018\***

The Executive Committee moves the receipt of the Annual Report 2017-2018, to be circulated at the conference.

**5. Receipt of Auditors' Report and Approval of Accounts 2017\***

The Executive Committee moves the receipt of the Auditors' Report and approval of the Accounts 2017, as shown in [Attachment 2, Agenda Item 05, GAM 2018](#).

**6. Reappointment of Auditor**

In accordance with Article 16 of the FIDIC Statutes, the Executive Committee recommends the extension of the appointment of Berney & Associés SA as Auditor for one year.

**7. Election of New Member Associations (MAs)**

Applications may arrive before the 2018 GAM and, if so, will be included.

**8. Election of Associate Members (AM's)**



Applications may arrive before the 2018 GAM and, if so, will be included.

## **9. Exclusion of Members**

The Executive Committee will move the exclusion of Member Associations that are not in compliance with their subscription obligations.

## **10. Recognition of Affiliate Members**

Applications may arrive before the 2018 GAM and, if so, will be included.

## **11. Approval of Budget/Subscriptions 2019\***

The Executive Committee moves the approval of the Budget for 2019, as shown in [Attachment 3, Agenda Item 11, GAM 2018](#). The projected subscription income assumes no change to the unit rate from 2018. Also, no change is proposed to the minimum subscription rate of CHF 1'900. Subscriptions for members will be calculated at the end of the year once updated statistical data on membership numbers has been received.

## **12. Restructuring of FIDIC Operations\***

In accordance with FIDIC Statutes (Article 2) the Executive Committee represented by Mr Anthony Barry moved the adoption of a proposal to restructure the operational services of FIDIC at the last FIDIC GAM in Jakarta 2017. It was noted that legal and tax advice would be sought with input from the new FIDIC CEO. It was advised that the EC would return to the GAM in 2018 with a final recommendation.

The FIDIC CEO Dr Ogunshakin OBE to report on updates in this regard. See [Attachment 4, Agenda Item 12, GAM 2018](#)

## **13. Changes in the Statutes\***

The Executive Committee moves the approval of changes in the FIDIC Statutes reflecting the latest EC decisions on the proposed Corporate Governance Manual for FIDIC governance reform. [Attachment 5, Agenda Item 13, GAM 2018](#)

## **14. Awards and Certificates of Appreciation**

Special awards and certificates will be announced and bestowed at the gala dinner during the evening of 10<sup>th</sup> September 2018, and will be recorded at that time for the minutes of this meeting.

## **15. Election of President Elect and second Vice-President**

In accordance with FIDIC Statutes (Article 11, paragraph 6) the Executive Committee will nominate candidates for election of President Elect, and second Vice President.

## **16. Announcement of 2020 Conference Venue and Dates**



The Executive Committee has considered a number of factors in deciding to nominate the venue for October 2020. The venue will be announced during the meeting.

#### **17. Recognition of FIDIC Young Professionals**

Young Professionals who have successfully completed the FIDIC 2018 Management Training Programme, and who will receive their certificates prior to the GAM on Sunday 9<sup>th</sup> September, will be recognised.

#### **18. Announcement of the Election of one Executive Committee Member**

The following candidates have submitted their nominations for the EC election:

- Sarwono HARDJOMULJADI, Indonesia
- Edmond MIRZAKHANI, Iran
- Mark PEHLIG, Netherlands
- Ibikunle S. OGUNBAYO, Nigeria

#### **19. Certificate of Appreciation to the retiring EC Member, presented by FIDIC President Mr Alain Bentéjac**

#### **20. Any other Business**

Members wishing to introduce items for consideration by the GAM are invited to inform the FIDIC Secretariat by 20<sup>th</sup> August 2018.

#### **21. Closure**

FEDERATION INTERNATIONALE DES INGENIEURS-CONSEILS (FIDIC)  
 INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS  
 INTERNATIONALE VEREINIGUNG BERATENDER INGENIEURE  
 FEDERACIÓN INTERNACIONAL DE INGENIEROS CONSULTORES

**FIDIC Executive Committee (Board) Meeting (ECM) 199**  
**Jakarta, Indonesia**  
**28-29 September 2017**

**PRESENT**

Jae-Wan Lee (Chair)	JWL
Alain Bentéjac (President Elect)	AB
Moncef Ziani (VP)	MZ
Bernd Kordes (Treasurer)	BK
William Howard (VP nominee)	WH
Anthony Barry	TB
Reyes Juárez	RJ
Aisha Nadar	AN

**IN ATTENDANCE**

Enrico Vink (MD)	EV
Italo Goyzueta (DD)	IG
Rosa Bebout (Minutes)	RB

**ABSENCE:**

Kiran Kapila	KK
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**GUESTS:** (part Friday afternoon)

Marlene Kanga (WFEO President Elect)	MK
John Boyd (FIDIC Past President)	JB
Gregs Thomopoulos (FIDIC Past President)	GT
Tang Ping (CNAEC MD)	TP

Item		Action	When
<b>1 FORMALITIES</b>			
1.	Welcome		
	<p>JWL welcomed all to the ECM in Jakarta and informed that KK was not able to attend the meeting due to health reasons.</p> <p>EV informed the ECM attendees of the 4 guests previewed to attend part of day 2 of the meeting and stated that there were no DNS or YP representatives for this ECM.</p> <ul style="list-style-type: none"> <li>• MK is previewed to discuss collaboration with WFEO.</li> <li>• TP, GT, and JB will discuss the FCCE China programme and proposed FIDIC office in China.</li> </ul>	JWL	
1.2	Conflict of interest	JWL	
	EC members were requested to complete the forms provided.		
1.3	Review of Agenda and Logistics	JWL	
	No suggestions to amend the current version of the agenda.		
1.4	Overview of conference for EC		
	IG provided an overview and details on venues, timing, and dress codes of the social events and meetings which would take place during the Jakarta	IG	

	<p>conference. IG stated that there were 500 registered delegates to the conference despite the absence of the 150 delegates previously guaranteed by INKINDO.</p> <p>IG asked TB to give a message during the closing ceremony prior to the GAM.</p> <p>IG confirmed the meetings to take place with the new EC on Wednesday at the Fairmont. Venue TBC</p> <ul style="list-style-type: none"> <li>• 7 A.M. meeting with the 2 new EC members</li> <li>• 9 A.M. EC meeting with FIDIC staff</li> </ul>		
<b>1.5</b>	Minutes of ECM 197 in Berlin	JWL	
	<p>TB had suggested ECM 197 that chairs of the committees meet twice a year as this has been noted but not actioned. TB also suggested that this should be recorded in the minutes.</p> <p>EV stated that discussions on these minutes had been deferred until the ECM in Jakarta due to the extraordinary meeting in Geneva in July.</p> <p><u>ECM 199-D1:</u> Minutes of ECM 197 approved.</p>		
<b>1.6</b>	Minutes of ECM 198 in Geneva	JWL	
	<p><u>ECM 199-D2:</u> The Minutes of extraordinary ECM 198 in Geneva were approved by the EC.</p>		
<b>1.7</b>	<b>Matters arising</b>	EV	
	All matters arising were included in the agenda of this meeting.		
<b>1.8</b>	Annual schedule – EC reports	ALL	
	<p>WH reported about the recent (first) User Conference in Lima, attended by 88 delegates, as a successful event. BH stated that 70% of the presentations were in English and 30% were in Spanish. Strong support from the Peruvian MA and FEPAC was recognised. Also good organisational support from IBC as FIDIC partner for the organisation of the Users conferences.</p> <p>TB commented on his participation in the Users Conference in Vietnam, and how the law in Asia impacted on the use of FIDIC Contracts.</p> <p>EC members discussed the use of FIDIC contracts in the Latin American region, and how these should adapt to the needs of Latin American countries, and how the new suite of contracts should also adapt to other countries and regions (DABs, Golden principles).</p> <p>During discussions on how to certify a FIDIC contract, AN pointed out that FIDIC needed to modify its approach when procurement did not align with the FIDIC Golden principles. EV mentioned that the procurement subcommittee (PPCS) was working on guidance.</p> <p>AN mentioned that she had participated in a breakfast summit at STD in Sweden, speaking about the 1999 Suite of contracts, and she encouraged all EC members to reach out to the MAs in their region.</p> <p>TB mentioned that ACENZ had invited him to speak at their Awards Night event. The risk of NZ leaving FIDIC had now been averted.</p> <p>MZ mentioned that he would attend the COP event on Sustainability in Bonn, Germany with Mr. Jean Felix, in November.</p>		
<b>1.9</b>	<b>MD Report</b>	EV	
	EV mentioned the environment of uncertainty in the FIDIC Secretariat due to the	EV	

	<p>recent discussions regarding the relocation of the FIDIC office.</p> <p>EV mentioned the difficulties in undertaking new activities for the preparation of future FIDIC work due to the same uncertainty. FIDIC staff are concerned about their future in FIDIC. However, the secretariat continues to put programs for training on new publications, organise events, etc</p> <p>The FIDIC President thanked the Secretariat for their commitment and continuation in FIDIC despite all the uncertainty. EC joined the President in acknowledging the hard work of the Secretariat.</p> <p>TB mentioned the need to consider further the use of technology to reduce the work burden put on the Secretariat. Some administrative tasks may need to be provided using more technology.</p> <p>EV mentioned a possibility to outsource the FIDIC bookshop and supported the idea to engage a call centre which could save 30% of the time spent on inquiries. The expense is estimated at 2-2.5k CHF per month. EV will provide more details on this.</p> <p>AB appreciated the work of the Secretariat within the difficult environment. The relocation process was more difficult than expected and this was recognised from the perspective of the EC too. A visit to the FIDIC office will be made to clarify the situation as soon as possible.</p> <p>EV suggested that the EC finds the right balance between its strategic role on governance to ensure that it does not turn into a management committee.</p> <p>IG and RB confirmed the support of the secretariat for FIDIC activities, but the need of clear indications on the way forward from the EC.</p>		
<b>2</b>	<b>STRATEGIC ISSUES</b>		
2.1.	Secretariat Restructuring	AB	
	<p>AB mentioned that Cecile Tardy from Hays had been appointed to assist the EC with the relocation studies. He summarised the current status:</p> <p>AB stated that FIDIC had been advised to keep the Place of Effective Management in Switzerland where the strategic decisions of the federation would take place, as well as a part of its commercial activities for tax reasons. Exact details had still to be clarified.</p> <p>AB mentioned that Cecile had worked on Deloitte's simulations and consulted with experts to test the scenario of engaging 2/3 FTEs in Geneva to implement the board's decisions and perhaps include organisation of the conference linked with the federation's activities.</p> <p>BK advised that the EC must continue to prepare in order to make a final recommendation. The relocation process must also be harmonized with the new MD.</p> <p>AB recommended:</p> <ul style="list-style-type: none"> <li>• to take no immediate action in the 2017 GAM</li> <li>• Inform the MAs on the current relocation status</li> <li>• Strengthen the under-resourced secretariat</li> <li>• Keep the statutes and the POEM in Switzerland but reorganize the secretariat</li> <li>• Decide quickly on the location of the new office</li> </ul> <p>JWL proposed not to make a decision on item 2.1 but would explain the preferred option during the President's meeting, which is to keep a POEM in Switzerland and sub office in Berlin.</p>		

Discussions took place on whether the office in Berlin would be a service company or a branch office. EV suggested that this structure would depend on the POEM which needed to be clarified.

AB summarised

- Keep the place of Effective Management functions in Geneva (Federation activities).
- Also keep some commercial activities in Geneva for tax reasons
- Therefore go forward with the recommendation made to test an ultralight scenario in Geneva, and keep certain operations with 2-3 staff members in Geneva, and have other staff members in Berlin or Amsterdam. Staff in Geneva would support EC activities related to membership, subscriptions, federation matters, and the FIDIC international conference.
- Wait for input from the new MD to assess the Geneva operations and the way FIDIC should work in the future.
- It was agreed that FIDIC should still provide funds to keep operations in Geneva. And assist to organise the transition for new and enhanced commercial operations outside Switzerland.

AN mentioned a previous idea proposed by MZ to consider the support of branch offices for the reduced office for Effective Management in Switzerland. She argued that, if the relocation study, which aimed to change the location of the Secretariat, comes to the conclusion to keep a reduced office in Geneva, the recommendation to relocate should no longer be considered as a viable solution for FIDIC. AN suggested further that the assumptions of the original pre-study should also be revalidated, given that a complete relocation was not viable.

BK said the new MD should be the person to start the new process and review the initiative to reduce costs and increase staff.

AB mentioned that the new MD would not necessarily need to be based in Geneva. However, the EC considered that, legally speaking, the MD may need to be based in Geneva.

EV mentioned the need to review the options outlined in the relocation study bearing in mind the EC responsibility towards the FIDIC membership. Clarity would be required on how the relocation of operations would be beneficial to members.

BK said there was a clear understanding about the division of operations among the EC members participating in the relocation task group. The main purpose of the study recommendations were to be able to increase the number of staff members in a new cost-effective location.

AB mentioned that the discussion was of course still open to review all options, especially considering that new EC members would be joining the FIDIC Board soon. This would include the option of waiting for the new MD to assist the EC with a final decision.

JWL suggested that the EC would present the EC's preferred options to the DNS

- Keep POEM in Geneva
- Open an operations/services office (GmbH) in Berlin or Amsterdam; or a FIDIC branch office in one of those locations.

EC discussed the slides that would be presented to FIDIC Members during the DNS and Presidents meeting and GAM in Jakarta 2017.

AB mentioned that the EC should decide between the following options:

	<ul style="list-style-type: none"> <li>- Wait for a decision from the new MD</li> <li>- Continue with the plan in the meantime until the new MD is hired. This was the preference of AB.</li> </ul> <p>The EC was favorable to continue with the plan presented by AB to have two separate locations for FIDIC, the POEM in Geneva, and GmbH in Berlin.</p> <p>The EC would introduce the above mentioned plan as the "preferred EC proposal" to the FIDIC membership during the DNS and Presidents meeting. During the GAM this option would only be commented on for information, and no discussion would be expected during that meeting.</p> <p>AN advised of her disagreement with the creation of a GmbH. She also stated that accreditation must be under taken in Geneva, separate from training.</p> <p>The preferred EC proposal was subject to validation for legal and tax purposes, and further EC approval.</p> <p>AB stated that the recommended option to continue with the relocation project on a slower pace until the new MD was engaged.</p> <p>Deadline for the EC decision in this respect would be the next EC meeting in February 2018.</p>		
2.2	Governance reform	TB	
	<p>TB mentioned that he had prepared presentations for the DNS and Presidents meeting for their information on the status of the Governance Reform and DNS Advisory Council.</p> <p>EC reviewed the proposal presented by TB to create an Advisory Council Charter which would report to the FIDIC Board.</p> <p>TB stated that candidates would be identified immediately and that the selected DNS chair would attend the 3 annual EC meetings and 2 advisory committee meetings.</p> <p>It was also mentioned that FIDIC would cover the travel costs for all in person meetings of the DNS chair.</p> <p><u>ECM 199-D3:</u> It was decided that this recommendation would be presented during the DNS meeting and endorsed at the President's meeting.</p>		
2.2.1	EC Elections	JWL	
	<p>It was reported that 6 candidates would be participating in the FIDIC EC elections in Jakarta 2017.</p> <p>EV mentioned that he would need to identify tellers to assist with the counting of votes.</p> <p>EC discussed the need of having or not a Nominating Committee to appoint candidates for EC elections. This subject matter would be discussed further and decided upon during the next ECM.</p>		
2.2.2	DNS Representation	JWL	
	EV mentioned that there would be recognition at the GAM of DNS representatives retiring.		
2.3	GAM Issues	JWL	



	Point 13 of the GAM agenda (Report on Proposed Restructuring of FIDIC Operations) needed to be modified to remove “moves the adoption of” regarding the proposal to restructure the operational services of FIDIC. EV to update accordingly, for “noting” only.	EV	
2.4	Statute changes	JWL/TB	
	By laws on voting were discussed and it was suggested that the statutes need to be in line with the MAs weighted voting practice.  <u>ECM 199-D4</u> EC agreed to include this matter in future discussions.		
2.5	Strategic Plan	AB/EV	
	EC agreed to keep the Strategic Plan presentation that was sent for further comments during the GAM, if any.  AN mentioned that the EC might consider how to engage the type of companies which are no longer purely consulting engineering firms.  JWL suggested to invite those companies to be affiliate members of FIDIC.  BK suggested that the Strategic Plan provide more support on membership and be more involved with large firms.  <u>ECM 199-D5</u> The EC agreed to keep the SP presentation that was sent for further comments, during the GAM.		
2.6	Awards	IG	
	IG informed the EC about the 3 Award categories to be recognised. Two of these, the Outstanding projects of the year, and the Awards of Special Merit, would be recognised during the Gala dinner, while the Awards of Merit (15 trophies) would be delivered during the closing ceremony. It was announced that P Kapila would receive the YP Award in 2017.		
2.7	Copyright & Licensing	EV	
	EV mentioned the matter of protecting the FIDIC brand from the illegal use of FIDIC materials and how the EC might tackle this issue effectively. He invited EC members to review the material sent for ratification.  <u>ECM 199-D6</u> EC decided to discuss this matter with the new MD for action as a priority activity at the beginning of his/her appointment. The appointment of a part time legal advisor was envisaged.		
2.8	FCCE, China		
	The EC agreed to move forward with the opening of a “FIDIC Representative office” in China to promote the business of FIDIC (but not a business of its own). The investment of FIDIC for this purpose should be as low as possible. Some concern was expressed that the awarding of points by MDBs might be creating a monopoly. This point to be clarified.  JWL said that training in China should be provided only inside China and in the Chinese language.  EC discussed the consequences of the opening of a FIDIC rep office in China. It was reported that other MAs might like to request FIDIC the same.		

	<p>JWL said that it was the role of the EC to ensure that all members should have equal treatment and opportunities within FIDIC.</p> <p>EC agreed to ask Gregs and John for clarification on the nature and purposes of the representation office in China vs the Chinese Pilot Training Programme.</p> <p>See also 4.2.3</p>		
<b>3</b>	<b>FINANCE</b>	BK	
3.1	<i>Results 2017 interim</i>		
	<p>BK presented the 2016 financial report which had been preliminarily discussed during the ECM in Berlin.</p> <p>BK reported a surplus of around 295K which was mainly driven by the payment of CNAEC for the Pilot Training programme.</p> <p>TB pointed out that FIDIC should also clarify the accounting treatment of CNAEC payments to FIDIC and moneys held in the FCCE account with Gregs and John.</p>		
3.2	<i>Budget 2017 revised</i>	BK	
	BK presented the revised budget to the EC. EC agreed with the accounts presented, which took into account additional consultant fees, and possible loss on the Jakarta conference.		
3.3	<i>Budget 2018</i>	BK	
	Presented to EC members for information. Noted this had been circulated for GAM approval.		
3.4	<i>Licences</i>		
	<p>EV reported for information on new licence agreements being discussed between FIDIC and the New Development Bank. He stated that the royalty agreement was the basis of negotiation for FIDIC to get royalties from the banks and that the same approach would be negotiated with other banks.</p> <p>EV mentioned that an extension for the pink book only had been agreed with MDBs, All other contract use would require a licence.</p>		
<b>4</b>	<b>OPERATIONAL REPORTS – Day Two</b>		
4.1	<i>Business Practice</i>	TB	
	<p>TB reported on the latest activities and publications prepared by the committee and its task groups.</p> <p>BIM guideline prepared by Risk Committee has had legal review. A proposal from Business Technology TG submitted for consideration. This would require support from firms.</p> <p>TB reported on Rome BIM conference: still seems to be confusion in the industry. Governments are ill prepared for BIM requirements. Large firms seem to be coping, but not smaller ones. Limited contractual protection available.</p> <p>The BIM (internal) report prepared by the YPF Task Group (Jomanah Albtoush) was shown to the EC. EC discussed the use of BIM and regulations that are being produced in certain countries for the use of this system.</p> <p>TB mentioned that the issue for the consultant is that the technology is going very fast and that governments are producing 'Requirement documents' needed for firms to operate which is adopted by large firms but a challenge for smaller companies or consultants. Therefore, He advised that the task group approaches</p>		

	<p>firms and get individuals who can contribute fully on this. The focus of EFCA was on standards. FIDIC firms need more general guidance.</p> <p>EV mentioned that it was worth exploring Autodesk for collaboration.</p>		
4.1.1	Procurement Policy	AN	
	<p>AN advised that main focus of Sub-Committee was IFIs and alternative procurement methods.</p> <p>MDBs now focussing on new FIDIC contracts, and preparation of Particular Conditions for use with FIDIC contracts.</p> <p>It was mentioned that a meeting with the IFI's (EV and AN) occurred in September and that a "Pay for use" type of arrangement with FIDIC is being looked into. AN suggested consideration of a cost-effective delivery to attract the banks as they are cost sensitive and consider FIDIC's current pricing as expensive and not sustainable. Contract management of interest to IFIs. AN had presented a contract management to the World Bank in May. She also mentioned other initiatives in which FIDIC was involved eg the Global Infrastructure Fund, and the Bank guidelines being prepared on PPPs.</p> <p>EV stated that a challenge for FIDIC is how to engage the MAs to put forward the issues they wish FIDIC will present to the banks for discussion.</p>		
4.1.2	Contractor Selection	KK	
	Guideline has been published.		
4.1.3	BIM	TB	
	FIDIC currently does not have a good expert on BIM, therefore it is advisable to come up with a strategy to attract MAs in order to get volunteers.		
4.2	Capacity Building		
	<p>AN recommended to the EC that FIDIC should separate accreditation and delivery of courses in order to avoid conflict of interest. She suggested that FIDIC should identify a credentialing expert that is not a volunteer nor a trainer but a professional paid for the services provided.</p> <p>It was also recommended to reinforce an advisory CB committee to advise FIDIC regarding the content of courses. AN suggested that FIDIC also consider inviting FIDIC legal advisers to become accredited trainers.</p> <p>The credentialing expert would work on the pricing model for training and help develop a new framework for FIDIC's capacity building needs</p> <p>AN mentioned that the training of Adjudicators would also fall under the responsibility of the credentialing expert.</p> <p>AN pointed out that there was no price control on modules and that different prices on training are displayed on the FIDIC website. To be reviewed.</p> <p>TB suggested to tweak the pricing regime and come up with different options which consider the GDP of countries. He suggested also that FIDIC might consider establishing an online library that could charge user access to documents on per hour basis.</p> <p>EV suggested that FIDIC collaborates with banks on Capacity Building and review the annual conference's component in order to accommodate the banks.</p> <p><u>ECM 199-D7:</u> EC agreed to review a list of new potential accredited trainers. AN to prepare criteria for the selection of FIDIC accredited trainers, and a ToR for the</p>	AN	

	credentiaing experts as soon as possible. This would help to define the way forward for the accreditation of trainers. It was agreed to invest in a credentialing expert to help develop the new framework for FIDIC's Body of Trainers and Adjudicators. In addition, it was agreed to set out core criteria for trainers, and prepare a list of potential trainers for interim accreditation.		
4.2.1	Trainers/Adjudicators	AN	
	AN stated that training of adjudicators will be part of the credentialing expert's TOR.  EV stated that there is currently no facility to assess adjudicators who want to be on the President's list and that there are currently 6 potential/interested applicants.		
4.2.2	CBC composition and actions	AN	
	The decision taken was to hire a credentialing expert to assist in developing a suitable structure and programmes for FIDIC trainers, adjudicators and certified CEs. A list of trainers to be compiled for interim accreditation.		
4.2.3	FCCE, China	JWL	
	<p>TP stated that the FCCE program is the first and only international certification approved by the Chinese government. She mentioned that FIDIC is very famous in China and that the CCTV news channel featuring EV had broadcast the FIDIC awards and FCCE. FIDIC's support to CNAEC is highly appreciated.</p> <p>TP also mentioned that the AIIB had approved Ms. Yang Dang as chair of the International Committee for the pilot program. TP advised FIDIC to set up an office due to the new law, otherwise CNAEC could not continue using the FIDIC logo and name in training programs because doing so would be considered breaking the law. The relationship between NDRC and CNAEC had also changed, providing the latter with more independence.</p> <p>MZ expressed concern that the FCCE could create unfair competition between Chinese and other firms whose professionals don't have that certification. TP mentioned that the MDBs would not be able to require that knowing that the FCCE is only being delivered in China. EC discussed this matter, and the fear that other MAs may express to FIDIC when this model progresses. FIDIC to prepare guidelines for MDBs regarding the FCCE and how best to apply this to projects (in procurement strategies).</p> <p>JB mentioned that the FCCE certification is only valid for 3 years and requires recertification. After that period engineers need to prove that they have been in continuous training which can be considered by FIDIC as an opportunity and a source of income.</p> <p>FIDIC will monitor the students' satisfaction with the courses.</p> <p>GT mentioned that it is expected that the FIDIC office rep or branch office in China would be administered by Chinese. It was not considered that this should be an office led by an expat.</p> <p>BK suggested that MAs should be informed that a FIDIC branch office would need to be opened because it is required by the project.</p> <p>GT suggested that FIDIC should take the Chinese Pilot programme to test how the results of the programme are being applied and, after having this experience, be able to apply it in other MA countries.</p>		

	<p>TP told the EC that the CNAEC chairman assured FIDIC that financial support would be delivered from his side.</p> <p>TB proposed that a new agreement be created regarding the revenue from the FCCE program. It was noted that all FCCE revenues would go to the new branch. In addition, some RMB 3.2 million remaining in the current budget would also go to the new branch.</p> <p>TB mentioned that the office would not be a representative office of FIDIC, but a branch office that is taxable. Boya, which has a 5 year contract for services, would continue to receive revenues from fees. However, exam fees would go to the branch.</p> <p>GT assured the EC that he and JB would continue to provide their assistance and support to FIDIC.</p> <p><u>ECM 199-D8:</u> The EC agreed to move forward with the opening of a "FIDIC office" in China to promote and support the FIDIC training programme under the condition that all details would be subject to agreements and negotiations with CNAEC. It was also agreed that TB would be the EC member responsible to oversee the project and also join the FCCE steering committee.</p> <p>AN advised that FIDIC must be guaranteed full ownership of the training programme. WH noted that FIDIC should explore the potential to implement similar programs with other MAs. EV confirmed that a number of MAs had expressed interest in principle.</p>		
4.2.4	YPMTP		
	<p>Michele Kruger has joined the training programme as YPMTP mentor.</p> <p>IG reported that YPMTP participants would be sharing lunch breaks with the EC. This was considered as an opportunity for the EC to discuss the development of the training programme with Steen Frederiksen and other mentors.</p> <p>It was reported that about 40 people had registered for the programme.</p>		
4.3	Contracts Committee		
	<p>WH reported on the latest activities of the committee. He provided a brief history of the 7year development of the updates to the Red, Yellow and Silver conditions of contract, including some of the challenges faced.</p> <p>He mentioned some concerns and complaints received about the length (General Conditions 50% larger) of the documents, and issues regarding the content. He said that the new contracts are somewhat complex and a bit tedious to read but are also quite acceptable considering the high risk of engineering and construction projects that practitioners face globally. For example, the updates contain detailed guidance and clarification on many issues.</p> <p>WH expressed concerns about the implication of some elements of the workbook. He suggested these be removed.</p> <p>EC agreed to go forward with the production of documents and wait for formal reactions from the market. The aim is to announce the launch of the documents in Jakarta 2017, and publish in November, and present the new documents at the next FIDIC Users Conference in London in December 2017.</p> <p>AN pointed out the importance of engaging a technical editor for the books. It was agreed to engage an editor.</p>		

	<p>EV mentioned that, if the EC decision is to publish the rainbow suite as soon as possible, it would be important to prepare a process to share these documents with the FIDIC community of trainers and adjudicators.</p> <p>WH mentioned that the TG would require 20K Euros to fund the activities of the TG16. This would be reviewed by the EC in due time and was put on hold.</p>		
4.3.1	Rainbow Suite		
	See above. Final editing now underway. WH and AN liaising with CC. Secretariat preparing layout and editing process. Programme for London agreed with IBC – KNECT365. AB to provide opening address.		
4.3.2	Policies & Procedures		
	EV reported that these are to be reviewed as part of a general upgrade to committee and volunteer management.		
4.3.3	Work Programme		
	As noted in CC minutes. Several projects underway, with completion expected over 2018 and 2019.		
4.4	Integrity	BK	
	<p>BK reported on the latest activities of the committee based on the report of Jorge Diaz Padilla.</p> <p>It was mentioned that the IMC Chair would need to confirm his intentions to continue or not in the committee.</p> <p>EV informed the EC about the history of FIDIC and WFEO, and mentioned that the 2 key topics of the proposed collaboration is Integrity and Sustainability. His opinion on the reason behind the unsuccessful collaboration was linked to WFEO being understaffed in Paris and an internal conflict preventing agreement between public and private sector engineering interests.</p> <p>EV to further explore with MK possible solutions on the 2 issues</p>		
4.4.1	Guidelines		
	No news at this time.		
4.4.2	Collaboration		
	Ongoing, as noted.		
4.5	Membership	KK	
4.5.1	Applications		
	<p>EV informed the EC about the Georgian (ACEG) and Egyptian associations (ECEA, replacing ESCONE) applying as new MAs and recommended that the EC approve the 2 associations before the GAM.</p> <p>EV also provided information on NACEC, the Russian associate member applying as full MA, following the dissolution of RAEC. He also mentioned that representatives of NACEC would be present at the GAM.</p> <p>IG stated that Membership Committee chair, Dr Hoig Kang was expected to give his comments on the applications asap.</p> <p>EV stated that, in the past, NACEC had focused primarily on the nuclear sector and that it was unclear if they would expand to the consulting engineering sector. It appears this is now the case.</p> <p>EV stated that SOE-UAE has been an AM for almost 3 years but does not appear to have done anything for the consulting engineering industry except for providing some FIDIC training without accredited FIDIC trainers.</p>		

	<p>MZ mentioned that SOE gathers individuals as members but not firms. The association is more of a professional society of engineers.</p> <p>2 affiliate member applicants had been presented to the EC: Mr. Amro Omara (Saudi Arabia) and Mr. Emad Mekhaeil (Qatar).</p> <p><u>ECM 199-D9:</u> The EC approved ACEG and ECEA as new MAs to be ratified at the GAM, conditionally approved NACEC pending confirmation from the membership committee, and approved the professionals from Qatar and Saudi Arabia as affiliate members.</p>		
4.5.2	Best practices		
	No news at this time.		
4.5.3	Future plans (Value Proposition)		
	EV advised of a proposal that the Membership Committee address not only growth of membership, but also retention, through further guidance on the value of membership.		
4.6	Risk/Liability/Quality Management		
	EV mentioned the production of the new ISO 9000 document which was reviewed by a FIDIC task group.		
	EC discussed the need to revamp the role of the risk and liability committee as this was an area of great interest for members. To review if this committee also be merged into BPC.		
4.6.1	BIM Protocols		
	See earlier comments.		
4.7	Sustainability/Innovation		
	<p>MZ reported on the activities of the committee regarding relations with the COP and participation in international events like the Business Climate Summit in New Delhi. KK to represent FIDIC in this event. An extensive report was tabled by SDC chair J Felix, setting out the various activities being undertaken on Climate Change, Sustainable Cities, new standards for urban environment, and other related activities. See also below.</p> <p>The succession of the Committee Chair will be discussed in Jakarta 2017.</p>		
4.7.1	Climate Change		
	FIDIC involvement in the COP programme in Bonn in November noted.		
4.7.2	UN Agencies		
	See above		
4.7.3	Sustainable Cities		
	<p>MZ stated that the SDC was working on 3 subjects.</p> <ol style="list-style-type: none"> <li>1. Task force for achieving COP21 objectives</li> <li>2. SDC will take part in the Business Climate Summit in New Delhi.</li> <li>3. SDC has been in communication with ACEC for the BCS 2018 in California</li> </ol> <p>MZ also mentioned other actions such as the free webinar on ISO tools for Climate Change and the Climate Change Summit in Morocco where he represented FIDIC.</p> <p>MZ also reminded the EC that a succession plan for the new SD chair will need to be discussed soon as Mr. Jean Felix expressed his intention to retire.</p>		

4.8	YPF		
	<p>TB reported on the great work being done by the YPF under the leadership of Jomanah Albtoush, Chair of the Forum. The 1st YP Symposium will take place on Sunday in Jakarta. He mentioned that there was a lot of interest from people who wish to join the group.</p> <p>IG reported that this year the YPF Technical Tour would not take place. A presentation would be provided from a representative of MRT on Sunday at 10am.</p> <p>JWL informed the EC that he would make an announcement during the forum that he would make a personal contribution of 18'000 USD to the YPF.</p>		
<b>5</b>	<b>FIDIC COLLABORATION WITH OTHER INSTITUTIONS</b>		
5.1	MDBs & IFIs		
	Reported as in the workbook and in item 4.1.1 above.		
5.2	Other International Organisations- ICC, OECD, TI, CICA/EIC, IRF, GIF, FCIC		
5.2.1	ICC		
	<p>AN mentioned that the ICC-FIDIC conference structure had not changed since 2003 in the sense that, it is chaired by Mr. Chris Seppälä and there was a conference every other year. However, the event served a useful purpose for FIDIC in the international business world, and also brought financial benefits.</p> <p>Several items noted for information</p>		
5.2.10	CICA/EIC		
	AB confirmed his participation in the next EIC conference in October.		
5.2.5	IRF		
	<p>AN announced she would be attending the IRF Conference in New Delhi in November 2017. The theme is mobility and using renewable energy technology in constructing roads.</p> <p>AB &amp; JWL both agreed that Aisha should represent FIDIC at the conference.</p>		
5.2.7	FCIC		
	<p>MZ will represent FIDIC at the regional conference in South Africa.????? To check</p> <p>He said the seminar organised in Jakarta on the PPP project was cancelled due to INKINDO not sponsoring</p>		
5.2.8	GIF		
	See IFI item above.		
5.2.9	FCIC		
	EV mentioned that FIDIC has only been an observer for now		
5.2.8	WFEO – Dr. Marlene Kanga		
	<p>The EC welcomed MK to the ECM. MK provided some stats on WFEO and its membership. She informed the EC that, as president of the WFEO, her goal would be to advance issues relating to the engineering industry. She saw FIDIC as an important partner to WFEO</p> <p>MK presented her strategic approach as WFEO president and hoped that FIDIC would join the WFEO event in Paris celebrating its 50<sup>th</sup> anniversary on the 7<sup>th</sup> of March 2018. She mentioned that this event would provide enormous access to</p>		



	<p>UN agencies.</p> <p>TB mentioned that it was indeed important to look for partnerships to achieve the goal of persuading governments to adopt engineering standards to mitigate damage caused by natural disasters.</p> <p>TB pointed to the opportunity for FIDIC and WFEO to work together on standards such as in Health &amp; Safety and Disaster Risk Management to prevent damage from non-resilient infrastructure.</p> <p>MK thinks the approach must be strategic and present this to the UN. She believes that collaboration of FIDIC and WFEO will be more influential.</p> <p>UN SDG's are a priority for WFEO and WFEO is looking for support from FIDIC for the engineering sector (all engineering sectors).</p> <p>MK proposed informing the members together and to do side events. She mentioned that WFEO members' fee relate to the subscription allocated by the UN which is category-based (1 national member per country, other category is associate member)</p> <p>MK suggested that the next step of the FIDIC-WFEO collaboration is the signing of the MOU during the WFEO's 50<sup>th</sup> anniversary event in Paris on the 7<sup>th</sup> of March 2018. She mentioned that the MOU would have a separate page stating the project outline as a supplement.</p> <p>The first project identified is the Anti-Corruption project presented and discussed in Lima Peru with IG.</p> <p>Possible synergies identified:</p> <ul style="list-style-type: none"> <li>- Integrity / Anti-Corruption, with focus on clients</li> <li>- Young Professionals' professional development</li> <li>- Professional Engineering Institutions</li> <li>- Diversity</li> <li>- Disaster &amp; urban development – how to adopt standards to mitigate risk</li> <li>- National &amp; International registration of Engineers, and mobility</li> </ul> <p>ECM 199 D10: Agreed that key focus on an MOU for collaboration would be YPs, and Integrity.</p> <p>BK to participate in the next meeting of the anti-corruption committee scheduled for Rome in November 2017.</p>		
5.2.3	WEF		
	EV reported on the invitation for FIDIC to be observer for the World Economic Forum TG on the Future of Construction. Time constraints have prevented further involvement, but liaison continues.		
<b>6</b>	<b>REGIONAL REPORTS</b>		
6.1	Africa & GAMA		
	MZ stated that there was no news. EV mentioned FIDIC still has an office in Tanzania, but that the GAMA office was moving to Kenya.		
6.2	Asia and ASPAC		
	<p>TB stated that the biggest issue was to engage the members. Eg) Singapore He mentioned that the MAS struggle to influence governments in Asia on policies in the consulting engineering industry.</p> <p>JWL mentioned that ASPAC chair, Mr. Liu Luobing will retire this year with no</p>		

	replacement selected as yet.		
6.3	Latin America and FEPAC		
	IG mentioned that the User's Conference in Lima was attended by 88 participants.  FEPAC to organise a regional symposium before or after the EC meeting in Lima. The concept of a regional conference was not agreed.  IG mentioned that FEPAC had no objections organising the regional conference.		
6.4	Europe and EFCA		
	Several items reported in the workbook for information. TG consisting of TB and BK appointed to review EFCA-FIDIC MOU.		
6.5	<i>Mediterranean Group MEG and Other Groups e.g. Middle East</i>		
	AN mentioned the Egyptian association was coming back.		
7	<b>Conference Committee</b>		
7.1	Policy and Procedures		
7.2	Berlin 2018		
	IG mentioned that Karine Leverger had expressed interest in joining the Conference Advisory Committee. The EC agreed to invite her to participate in the committee.		
7.3	Rivera Maya, (Cancun) Mexico 2019		
	Site visits to be organised before the end of the year. 2 <sup>nd</sup> week of September 2018 proposed, not 1 <sup>st</sup> week of October. IG and RJ to check convenient dates. This change in time will increase hurricane risks and this to be taken into account with venue selection.		
7.4	FIDIC 2020		
	South Africa, Iran and Russia have all expressed interest in hosting the conference. However, the EC decided that this would be the subject of new conference criteria requirements being discussed by the FIDIC Advisory Committee. Recommendations to be submitted in February 2018.		
8.0	<b>Next EC Meeting Venues</b>		
8.1	New Delhi 2018 15-16 February 2018. BK will not be able to participate. He will join partially by telephone conference.		
8.2	Lima 2018 10-11 May 2018		
8.3	Berlin 2018 6-7 September 2018		
9.0	<b>ANY OTHER BUSINESS</b>		

Signed:

Date: 16/02/18

President, A. Bentéjac 

Date: 16 / 2 / 18

Managing Director, E. Vink



[Handwritten Signature]

**INTERNATIONAL FEDERATION OF  
CONSULTING ENGINEERS (FIDIC)**  
Meyrin (Geneva / Switzerland)

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report of the statutory auditor on the limited  
statutory examination for the year ended  
December 31, 2017 to the general meeting

Geneva, August 14, 2018

**REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION  
ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017  
TO THE GENERAL MEETING OF INTERNATIONAL FEDERATION OF  
CONSULTING ENGINEERS (FIDIC), MEYRIN (GENEVA/SWITZERLAND)**

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As statutory auditor, we have examined the financial statements (balance sheet, statement of financial performance and notes) of the INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC) for the year ended December 31, 2017.

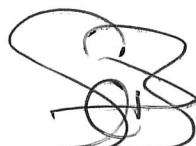
These financial statements are the responsibility of the executive committee. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements, disclosing a capital account of CHF 2'071'791, do not comply with Swiss law and the company's articles of incorporation.

Berney Associés Audit SA

Ivan SIERRO  
Manager



Sébastien BRON  
Licensed Audit Expert  
Auditor in charge

Enclosures : - financial statements (balance sheet, statement of financial performance, notes)

**INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC)**  
**Meyrin (Geneva/Switzerland)**

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**BALANCE SHEET AS AT 31 DECEMBER, 2017**

	<u>Notes</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
		CHF	CHF
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Petty cash		11'689	3'563
Postal cheque account		16'682	112'177
Swiss Credit Bank, current account		74'255	195'479
Union Bank of Switzerland, current account		94'121	496'454
Stanbic Bank, current account		0	1'168
		<u>196'747</u>	<u>808'842</u>
Members subscriptions	7.1	250'590	137'972
Publications and seminars		422'274	546'395
		<u>672'864</u>	<u>684'367</u>
Provisions for bad debts		(322'118)	(334'247)
		<u>350'745</u>	<u>350'120</u>
Other debtors		125'548	33'468
Advance costs and prepaid expenses	7.2	544'181	287'475
		<u>1'020'474</u>	<u>671'063</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>1'217'221</u></b>	<b><u>1'479'905</u></b>
<b><u>NON CURRENT ASSETS</u></b>			
Financial assets		<u>2'107'159</u>	<u>2'054'760</u>
Guarantee deposit		26'558	26'555
Furniture, other assets and documents		2	2
<b>TOTAL NON CURRENT ASSETS</b>		<b><u>26'560</u></b>	<b><u>26'557</u></b>
<b>TOTAL ASSETS</b>		<b><u>3'350'940</u></b>	<b><u>3'561'222</u></b>

**INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC)  
Meyrin (Geneva/Switzerland)**

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**BALANCE SHEET AS AT 31 DECEMBER, 2017**

	Notes	31.12.2017 CHF	31.12.2016 CHF
<b><u>LIABILITIES AND CAPITAL ACCOUNT</u></b>			
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Creditors and payments received on account	7.3	441'686	458'837
Accrued expenses	7.4	299'423	324'947
<b>TOTAL CURRENT LIABILITIES</b>		<b>741'109</b>	<b>783'784</b>
<b>LONG-TERM LIABILITIES</b>			
Deferred income	7.5	538'041	532'291
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>538'041</b>	<b>532'291</b>
<b>TOTAL LIABILITIES</b>		<b>1'279'150</b>	<b>1'316'076</b>
 <b><u>CAPITAL ACCOUNT</u></b>			
<b><u>RESERVE FUND</u></b>			
Balance at the beginning of the year		2'245'146	1'860'307
(Deficit) profit of the year		(173'355)	384'840
<b>TOTAL CAPITAL ACCOUNT</b>		<b>2'071'791</b>	<b>2'245'147</b>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNT</b>		<b>3'350'940</b>	<b>3'561'222</b>

**INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC)**  
**Meyrin (Geneva/Switzerland)**

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**STATEMENT OF FINANCIAL PERFORMANCE OF THE YEAR 2017**

	2017 Budget	2017 Actual	2016
	CHF	CHF	CHF
<b><u>I N C O M E</u></b>			
<b>Subscriptions</b>			
MA Subscriptions	970'000	992'429	984'166
Affiliate members	75'000	104'500	96'000
Associate members	5'000	3'800	11'400
	<u>1'050'000</u>	<u>1'100'729</u>	<u>1'091'566</u>
<b>Publications</b>			
Documents sales	1'200'000	1'050'031	1'080'986
Licences	120'000	97'177	85'916
Postage and handling	70'000	98'759	84'273
	<u>1'390'000</u>	<u>1'245'967</u>	<u>1'251'176</u>
<b>Events</b>			
Training / Seminars	1'500'000	1'396'158	1'695'239
Sponsorship	200'000	100'032	106'029
Conference	750'000	510'544	633'688
	<u>2'450'000</u>	<u>2'006'734</u>	<u>2'434'955</u>
<b>Other income</b>			
Sundries income and interests	5'000	788	2'566
	<u>5'000</u>	<u>788</u>	<u>2'566</u>
<b>Total income</b>	<b><u>4'895'000</u></b>	<b><u>4'354'218</u></b>	<b><u>4'780'264</u></b>
<b><u>E X P E N D I T U R E</u></b>			
<b>Secretariat</b>			
Salaries and social charges	(1'550'000)	(1'472'260)	(1'437'993)
Staff travel	(150'000)	(131'027)	(145'355)
Office rent and expenses	(165'000)	(157'269)	(159'615)
Operational expenses	(80'000)	(87'155)	(81'525)
External services	(175'000)	(179'545)	(174'881)
	<u>(2'120'000)</u>	<u>(2'027'256)</u>	<u>(1'999'369)</u>
<b>Committee</b>			
Committee expenses	(300'000)	(429'502)	(319'725)
	<u>(300'000)</u>	<u>(429'502)</u>	<u>(319'725)</u>
<b>To carry forward</b>	<b><u>(2'420'000)</u></b>	<b><u>(2'456'758)</u></b>	<b><u>(2'319'094)</u></b>



**INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC)**  
**Meyrin (Geneva/Switzerland)**

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**STATEMENT OF FINANCIAL PERFORMANCE OF THE YEAR 2017**

	2017 Budget	2017 Actual	2016
	CHF	CHF	CHF
<b><u>EXPENDITURE (continued)</u></b>			
Carried forward	(2'420'000)	(2'456'758)	(2'319'094)
<b>Publications</b>			
Cost of documents	(250'000)	(159'365)	(60'471)
Postage	(75'000)	(102'836)	(84'364)
Professional / External services	(75'000)	(191'712)	(192'568)
	<u>(400'000)</u>	<u>(453'912)</u>	<u>(337'404)</u>
<b>Events</b>			
Trainings / Seminars	(1'100'000)	(619'672)	(813'135)
Conference	(650'000)	(568'250)	(508'479)
	<u>(1'750'000)</u>	<u>(1'187'922)</u>	<u>(1'321'614)</u>
<b>Other expenses</b>			
<b>Financial costs, auditing and other fees</b>			
Financial costs including auditors	(50'000)	(27'432)	(91'865)
Miscellaneous expenses	(45'000)	0	(1'882)
Special projects and extraordinary charges	(50'000)	(151'812)	(52'443)
Provision for taxes	(10'000)	(1'819)	(67'480)
Adjustment loss on debtors		(1'495)	(211'271)
Adjustment prior year		1'350	7'632
Transition costs		(247'773)	0
	<u>(155'000)</u>	<u>(428'981)</u>	<u>(417'312)</u>
<b>Total expenditure</b>	<b><u>(4'725'000)</u></b>	<b><u>(4'527'573)</u></b>	<b><u>(4'395'424)</u></b>
<b>(Deficit) profit of the year</b>	<b><u>170'000</u></b>	<b><u>(173'355)</u></b>	<b><u>384'840</u></b>

**INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC)**  
**Meyrin (Geneva/Switzerland)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2017**

**1. General**

The federation was incorporated in Geneva on April 21st, 2006.

The federation is generally involved in representing the consulting engineering industry globally ; enhancing the image of consulting engineers ; being the authority on issues relating to business practice ; promoting the development of a global and viable consulting engineering industry ; promoting quality ; actively promoting conformance to a code of ethics and to business integrity ; promoting commitment to sustainable development.

The capital account property of the federation shall be applied solely towards the promotion of the objectives of the federation.

The financial statements have been prepared in accordance with Swiss legal accounting policies applicable in Switzerland and under the historical cost convention (articles 957 to 960 of the Swiss Code of Obligations). Revenues and expenses are recorded on an accrual basis.

**2. Number of full-time positions**

The number of full-time equivalents on a yearly average during the year 2017 did not exceed 10 employees (2016 : 10).

**3. Lease commitment**

	<u>31.12.2017</u>	<u>31.12.2016</u>
	CHF	CHF
Rent (term of the lease February 28, 2019)	<u>169'666</u>	<u>85'800</u>

**4. Collateral for third-party liabilities**

At december 31, 2017, the section "Guarantee deposit" includes a savings account, of a nominal value of CHF 26'558, which was pledged to guarantee the rent (2016 : 26'555).

**INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC)**  
**Meyrin (Geneva/Switzerland)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2017**

**5. Significant events occurring after the balance sheet date**

After the closing date and the adoption of the financial statements by the executive committee, no important event that could change the validity of the annual accounts of 2017 significantly happened.

**6. Claims and litigation in progress**

A service provider claims an amount of USD 235'062 regarding services supplied during the year 2017. The management considers that the requested amount is excessive.

So far, negotiations are still ongoing.

As things stand, the management booked a provision of CHF 90'000 in order to cover the estimated amount to pay.

**7. Information and explanations relating to items on the balance sheet**

	<u>31.12.2017</u>	<u>31.12.2016</u>
	CHF	CHF
<b>7.1 <u>Members subscription</u></b>		
Members Association	160'886	94'751
Affiliate members	76'404	31'821
Associate members	13'300	11'400
<b>Total</b>	<b><u>250'590</u></b>	<b><u>137'972</u></b>
<b>7.2 <u>Advance costs and prepaid expenses</u></b>		
Prepaid expenses and to be invoiced	177'090	55'501
Accrual income events	367'091	231'974
<b>Total</b>	<b><u>544'181</u></b>	<b><u>287'475</u></b>
<b>7.3 <u>Creditors and payments received on account</u></b>		
Third parties trade creditors	392'130	346'944
Other current liabilities	49'556	111'893
<b>Total</b>	<b><u>441'686</u></b>	<b><u>458'837</u></b>

**INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS (FIDIC)**  
**Meyrin (Geneva/Switzerland)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2017**

	<u>31.12.2017</u>	<u>31.12.2016</u>
	CHF	CHF
7.4 <u>Accrued expenses</u>		
Accrual expenses	254'113	219'280
Deferred income	45'310	105'667
<b>Total</b>	<b><u>299'423</u></b>	<b><u>324'947</u></b>

7.5 Deferred income

The International Federation of Consulting Engineers (FIDIC) received the sum of CHF 102'929 during the year 2017. When added to the previous balance, and subtracting utilised licence fees, the total net value is to CHF 538'041. This amount largely represents the royalty fees due to FIDIC in compensation for licensing agreements signed with eight Multi-lateral Development Banks, and a number of other bi-lateral agencies and other organisations. The terms of the Agreements differ widely, and are for the use of the FIDIC construction contract or FIDIC/MDB Harmonised Contract in bidding documents.

	<u>31.12.2017</u>	<u>31.12.2016</u>
	CHF	CHF
The net value of the deferred income amounts to	<u>538'041</u>	<u>532'291</u>

**FIDIC BUDGET & ACCOUNTS**

			2017	2017	2017	2018	2018	2019
			Budget GAM	Revised	Final	Budget GAM	Revised	Budget Draft
<b>Income</b>	<b>Subscriptions</b>	MAs	970,000	970,000	992,429	970,000	990,000	990,000
		Affiliate Members	75,000	80,000	104,500	80,000	100,000	100,000
		Associate Members	5,000	5,000	3,800	5,000	5,000	5,000
		Sub-Total	1,050,000	1,055,000	1,100,729	1,055,000	1,095,000	1,095,000
	<b>Publications</b>	Documents	1,200,000	1,100,000	1,050,031	1,300,000	1,300,000	1,400,000
		Licence fees (>1 year)	120,000	100,000	97,177	150,000	200,000	200,000
		Postage & Handling	70,000	70,000	98,759	90,000	90,000	100,000
		Sub-Total	1,390,000	1,270,000	1,245,967	1,540,000	1,590,000	1,700,000
	<b>Events</b>	Training/Seminars	1,500,000	1,400,000	1,396,158	1,600,000	1,400,000	1,500,000
		Sponsorship	200,000	150,000	100,032	200,000	100,000	150,000
		Conference	750,000	750,000	510,544	750,000	700,000	700,000
		Sub-Total	2,450,000	2,300,000	2,006,734	2,550,000	2,200,000	2,350,000
	<b>Other</b>	Misc income	5,000	5,000	788	5,000	5,000	5,000
	<b>TOTAL INCOME</b>			<b>4,895,000</b>	<b>4,630,000</b>	<b>4,354,218</b>	<b>5,150,000</b>	<b>4,890,000</b>
<b>Expenditure</b>	<b>Secretariat</b>	Salaries and Social Charges	1,550,000	1,550,000	1,472,260	2,100,000	1,650,000	2,100,000
		Staff travel	150,000	160,000	131,027	150,000	150,000	150,000
		Office rent & expenses	165,000	180,000	157,269	120,000	160,000	180,000
		Operational expenses	80,000	80,000	87,155	100,000	100,000	120,000
		Professional/External Services	175,000	175,000	179,545	100,000	175,000	175,000
		Sub-Total	2,120,000	2,145,000	2,027,256	2,570,000	2,235,000	2,725,000
	<b>Committees</b>	Travel & Meeting Expenses	300,000	300,000	429,502	325,000	400,000	400,000
	<b>Publications</b>	Publications	250,000	120,000	159,365	250,000	300,000	300,000
		Postage	75,000	75,000	102,836	90,000	90,000	100,000
		Professional/External Services	75,000	175,000	191,712	75,000	75,000	75,000
		Sub-Total	400,000	370,000	453,913	415,000	465,000	475,000
	<b>Events</b>	Training/Seminars	1,100,000	900,000	619,672	1,300,000	800,000	800,000
		Conference	650,000	750,000	568,250	700,000	700,000	700,000
		Sub-Total	1,750,000	1,650,000	1,187,922	2,000,000	1,500,000	1,500,000
	<b>Other</b>	Financial costs including auditors	50,000	50,000	27,432	50,000	50,000	50,000
		Miscellaneous	45,000	45,000	0	45,000	45,000	45,000
		Special Projects & Agreements	50,000	50,000	151,812	25,000	25,000	25,000
		Transition Costs		150,000	247,773	50,000	50,000	150,000
		Adjustment & loss on debtors			1,495			
		Adjustment prior			-1,350			
Provision for Taxes		10,000	0	1,819	0	10,000	0	
Sub-Total		155,000	295,000	428,981	170,000	180,000	270,000	
<b>TOTAL EXPENSES</b>			<b>4,725,000</b>	<b>4,760,000</b>	<b>4,527,574</b>	<b>5,480,000</b>	<b>4,780,000</b>	<b>5,370,000</b>
<b>PROJECTED SURPLUS</b>			<b>170,000</b>	<b>-130,000</b>	<b>-173,356</b>	<b>-330,000</b>	<b>110,000</b>	<b>-220,000</b>
			2017	2017	2017	2018	2018	2019

# **FIDIC Organisation Restructure Final Paper 2018**

## ***Background***

FIDIC is an organisation which has built a substantial global reputation for integrity and for whom maintenance of that reputation is an essential part of its social licence to operate. The substantive nature of its membership, its role and the exercise of its influence requires that policy and communications be well researched, soundly developed and influentially communicated across a range of stakeholder audiences.

While representing the industry in various global fora and relationships is fundamental to its mission, FIDIC also has a responsibility to develop the industry globally in terms of capability and capacity. It achieves this through its conferences, collaboration among its members, policy development, best practice publications and training.

It has also developed a substantial body of knowledge which it shares across its membership and other stakeholders, which address infrastructure development, integrity, procurement, contracts and sustainability.

## ***Federation Matters***

Its capacity building function also requires substantial resources, technology and networks which are able to reach across its membership and stakeholders to effectively achieve industry wide implementation of its initiatives.

Downward pressures on membership subscriptions and conference fees, caused the FIDIC Board to consider relocating FIDIC to an alternative location in 2016. Relocating FIDIC as an organisation out of Switzerland is decided as unviable by the FIDIC Board as it would entail the dissolution of the Federation and establish a new organisation in another country.

The investigation as to how to address the challenges facing FIDIC has been ongoing since.

As global businesses have developed their own international networks and capabilities, with the increasing intensity of global competition, it would appear that some have reduced participation by their executives in FIDIC committees. In some cases, it has fallen to executives from many smaller practices to pick up these responsibilities at significant cost and strain on their businesses.

In developing its 2017 strategic priorities, the FIDIC Board sought to refocus the organization to address industry leadership, involvement in the construction sector, membership and stakeholder engagement, governance and the efficiency and effectiveness of the Secretariat. The Board recognized that to achieve its vision, FIDIC needs a level of resource and expertise in the Secretariat which far exceeds that which is available in the organization in 2017 (7.5 FTEs).

This proposition is challenged by downward pressures on membership subscriptions, disproportionately high costs (relative to members capacity to pay) of operating in Geneva and generally in Switzerland, competition for and access to appropriate skills in Geneva (demographics) and limited capacity to pay for benefits enjoyed by expatriate staff in other global organizations resident in Geneva.

## ***Proposal***

Recognizing these challenges, the FIDIC Board further reinvigorated its investigation as to how it might organize FIDIC in a way in which enables much of the work to be done in a place, where the business fundamentals better support FIDIC's ambition.

It is intended that FIDIC remain a not-for-profit association and that funds generated by commercial activities be re-invested in industry leadership, membership services, capacity building and focused on achieving FIDIC's non-financial purposes.

## ***Constraints***

There are a number of fairly fundamental constraints on what can be achieved. These arise from both corporate and tax law perspective in Switzerland, in a possible new location and between the two locations. Primarily, investigations have indicated that to retain FIDIC as member organization in Switzerland, it will have to:

- retain its Place of Effective Management in Switzerland; and
- put in place arrangements which allow it to retain its status as a VAT Entrepreneur.

## ***Design Principles***

The design principle on which this proposal has been further developed is to retain in Geneva only those functions which are:

- required by statute
- essential to the definition of Place of Effective Management
- essential to maintaining FIDIC's status as a VAT entrepreneur
- vital to maintaining FIDIC's integrity and effective governance
- cost effectively delivered from Geneva.

In considering this principle, the FIDIC Board has taken the view that services which support a function but that may not be core to its primary objectives may be sourced at a location other than Geneva.

In considering these functions (the Functions), the following proposals are made as to which Functions remain in Geneva:

- office of the Chief Executive or Managing Director of FIDIC
- support for the FIDIC Board
- official communication by FIDIC
- finance and accounting function
- legal representation function
- lobbying
- stakeholder relationships
- administration and maintenance of membership registers and collection of membership fees
- accreditation and certification functions
- licensing of IP and publications
- sponsorship and supplier contracts
- policy oversight and committee support
- oversight of the annual conference and collection of fees.

Consequently, the services (the Services) which FIDIC may then procure include:

- technical committee support services
- administrative support services
- conference management
- event management
- policy research and development
- training organisation, arrangement, procurement and delivery
- document development, design and preparation
- publication and document sales
- marketing and communications services
- website and social media platforms
- information technology
- data collection, industry surveys and analytics

## ***Commercial Arrangements***

In considering this proposal, FIDIC has considered the risks which may be entailed in undertaking the Services outside Switzerland and identified the following as important:

- quarantining the Secretariat from the liabilities incurred by the Entity
- maintaining control of FIDIC's IP
- limiting the scope of the Entity to serve FIDIC
- establishing an appropriate transfer pricing mechanism between the Entity and the Secretariat
- eliminating or managing any exposure to double taxation

FIDIC proposes to maintain its Secretariat in Geneva as a small and effective team to undertake the Functions and establish a wholly owned entity (the Entity) outside of Switzerland which can deliver the Services.

The proposed operation would require consideration of several commercial aspects:

- membership fees collected in Switzerland are used to fund the Secretariat in Geneva
- the FIDIC Secretariat engages the Entity to provide Services to the Secretariat on a commercially appropriate basis, recognising appropriate transfer pricing requirements
- the FIDIC Secretariat engages and licences the Entity to deliver Services on its behalf to members, organisations or persons on a fee for service basis
- the FIDIC Secretariat engages the Entity to undertake Services directly for the Secretariat on a commercial basis agreed by the Secretariat.

Nothing in this proposal is intended to curtail the Secretariat's ability to source services directly from any supplier, as it may decide.

Where the Services are provided by the Entity, it is likely that only a very small proportion of the revenue would be sourced in the country in which the Entity is located. The vast majority of revenue earned from the delivery of the Services will be paid to the Entity by international clients.

FIDIC is a VAT Entrepreneur in Switzerland and as such is able to offset VAT paid to suppliers against VAT collected from customers. This is at this time a net benefit to FIDIC. It is understood that an input tax is payable of goods and services provided to FIDIC from outside Switzerland and that tax may be varied depending on relevant tax agreements and the level of VAT or similar tax levied on the Services by the country in which the Entity is domiciled.



On review, given the approach being taken, there is unlikely any need to obtain a statutory tax ruling, albeit appropriate pricing and tax advice will be needed to establish appropriate procedures.

## ***Secretariat***

There would not be expected to be any change in the nature of the Secretariat as a statutory entity as it is established under the FIDIC Statutes and By Laws.

The FIDIC Chief Executive is expected to be empowered by the Board to develop an appropriate staffing model for the Secretariat. It is likely that as a minimum staffing of the Secretariat would comprise:

- Chief Executive
- Federation or Membership Director
- Legal & Compliance Director
- Accountant & HR
- Communications Manager
- Commercial Manager
- Stakeholder & Committee Executive – YP, Regions, working committee & Interest Group
- Executive Assistant.

It is possible that with increasing financial capacity additional staff could be incorporated in the Secretariat to provide a deeper capability and capacity. In particular, additional roles may include a Chief Operating Officer, an Accreditation Manager, a Policy Manager and greater Secretariat support for FIDIC Working Committees.

## ***Service Entity***

### **Structure**

FIDIC is an association under Swiss Law, established in 1913. It is domiciled in Meyrin, in the Canton of Geneva, Switzerland. FIDIC is registered with the commercial register of the Canton of Geneva under number CHE-106.032.602.

The preferred structure of the Entity is that it be a wholly FIDIC owned limited liability company.

It will be governed by a Board of Directors consistent with local law and good governance practice.

Consistent with corporate governance practice for subsidiaries, the Board would appoint a General Manager or Operations Director, who would work under the day to day direction of and in agreement the FIDIC Chief Executive.

### **Capitalisation and Funding**

In establishing the Entity, FIDIC will contribute share capital initially to the Entity. Working capital needs will be met by way of loans from FIDIC or local commercial banking arrangements.

## **Dividends and Returns of Capital**

It is envisaged that, as may be appropriate to the circumstances and activities of the Entity, dividends may be paid to FIDIC from time to time. Any such dividends shall be used to achieve the objectives of FIDIC and are not intended to be distributed to Member Associations.

Should there be a return of capital by the Entity to FIDIC, these funds shall be used to achieve the objectives of FIDIC and are not intended to be distributed to Member Associations.

## **Staffing**

The Entity will have a legal personality and capacity in the jurisdiction of its domicile.

As such the Board of the Entity will appoint a General Manager to lead the Entity and will authorise the Manager to employ staff, engage consultants as may be required to supply the Services.

It is too early to postulate about specific staff numbers as it is possible that the Services could be delivered through a variety and combination of methods, such as direct employment, out-sourcing, out-working and collaborative working among MA's.

It is envisaged that if the strategy is successful staffing in the Service Entity may be as follows:

<b>Marketing &amp; Communications</b>	<b>Events</b>	<b>Training</b>	<b>Contracts</b>	<b>Administration</b>
<ul style="list-style-type: none"><li>• Marketing</li><li>• Communications</li><li>• Website</li><li>• Social media</li><li>• Graphics</li></ul>	<ul style="list-style-type: none"><li>• Conference</li><li>• Users</li><li>• Conferences</li><li>• Regional</li><li>• Conferences</li></ul>	<ul style="list-style-type: none"><li>• Online</li><li>• Trainers List</li><li>• Schedule</li><li>• Regional</li><li>• National</li></ul>	<ul style="list-style-type: none"><li>• Development</li><li>• Reporting</li><li>• List</li><li>• administration</li></ul>	<ul style="list-style-type: none"><li>• Secretarial</li><li>• Finance</li><li>• Technology</li></ul>
<b>Policy</b>	<b>Advisory</b>	<b>Publications</b>		
<ul style="list-style-type: none"><li>• Development</li><li>• Approval</li><li>• Advocacy</li><li>• Standards</li><li>• contributions</li></ul>	<ul style="list-style-type: none"><li>• Surveys</li><li>• Analytics</li><li>• Rapporteur</li><li>• Reporting</li><li>• Industry</li><li>• comments</li></ul>	<ul style="list-style-type: none"><li>• Licensing</li><li>• Production</li><li>• Online Shop</li><li>• Sales</li><li>• Use Metrics</li></ul>		

## ***Re-structuring Task Force Discussion Points***

This paper was presented to the FIDIC Re-structuring Task Group (TG) for comments and incorporating the following points:

- Suggested amendment and confirmation of the document content;
- Identified and take on board any additional risks in the approach adopted;
- Concluded no changes warranted to the strategy proposed by the Task Group;
- Revised functions allocated to the Secretariat and Service entity based on the feedback from the new Chief executive;
- Chief Executive recommendations, based on the outcome of his visits to both Amsterdam and Berlin in July, to adopt a two stages approach to execution of the strategy;

- (1) initially outsource more non-federation or Services entity's activities over the next six to nine months, whilst investigating the most cost-effective location for the delivery of Services entity's activities;
- (2) consider the most cost-effective operations location for the Services entity, negotiate and close the deal for office space for the new operations.

The recommendations and the discussion items above was presented at FIDIC Extra Ordinary Board meeting of 20<sup>th</sup> July 2018 for further consideration. The EC/Board subsequently fully agreed with the recommendations and endorsed the implementation strategy.

### ***The Way Forward***

It was concluded that the Chief Executive will continue to work with the Task Group to affect the following actions:

- Communicate EC /Board's decision to retain federation activities in Switzerland to FIDIC staff and set out a road map for the next 12 months;
- Appoint external services providers (Communications and Legal etc) and full time in-house Legal and compliance Director to strengthening the Federation activities;
- Prepare and present the Restructuring decision process and implementation strategy to the 2018 GAM in Berlin;
- Communicate the outcome of GAM 2018 to FIDIC staff and wider industry stakeholders;
- Progress and conclude negotiations with current FIDIC HQ Landlord or investigate and secure alternative office location for FIDIC Federation activities in Geneva, if necessary;
- Consider the most cost effective operating locations (including Amsterdam, Berlin, Lyon and others) for FIDIC Commercial Activities and present business case rational and recommendations to the Operations Oversight Committee (OOC) for endorsement;
- Consult with FIDIC HQ staff on the overall restructuring programme, addresses any issues and concerns raised, and take on board feedback; and
- Progress with the implementation of the FIDIC Operations restructuring plans and provide EC/Board with update on regular basis.

**By: Tony Barry** (update provided by Nelson Ogunshakin)

**Chair - Restructuring Task Group**

13/08/2018

## **GENERAL ASSEMBLY MEETING PAPER**

### **FINAL**

27 July 2018

## **Proposed changes to FIDIC Statutes and By-Laws**

### **Introduction**

Over the last two years, a number of changes to the FIDIC Statutes and By-Laws have been discussed by the Board of FIDIC, arising out of legal developments in Swiss law, corporate governance changes and the Board's wish to align the operations of FIDIC to the Strategic Plan.

These changes are described as follows:

- Changes required to comply with Swiss law and legal developments
- Changes required to improve and modernise FIDIC's corporate governance, improve transparency, decision making and implementation

Under Art. 9 (12) of the Statutes, it is incumbent on the General Assembly to modify the Statutes and to ratify changes in the By-Laws formulated by the Board. Under Art. 20 of the Statutes, any modification to the Statutes requires affirmative votes of two-thirds of the votes cast by Member Associations represented at the meeting of the General Assembly and entitled to vote.

The various papers prepared by the Board's Governance Committee were provided to FIDIC's legal advisers in Switzerland, Eversheds Sutherland, for their review and comment. Their advice has been accepted in nearly all aspects.

### **The proposed resolutions**

The proposed resolutions modifying the Statutes and ratifying changes to the By-Laws formulated by the Board are recommended to the General Assembly Meeting for approval as follows:

1. To remove the provision in the Statutes Art. 8.13 which enables the President to decide resolutions in the event of an equality of votes at the General Assembly, as described in Appendix A, item A1.
2. To remove the provision in the By-Law III (13) which entitles the "Chairman of the Meeting" to a casting vote, replacing it with one in which, where there are a tied number of votes, a motion or resolution shall not be considered carried, as described in Appendix A, item A2.
3. To amend By-Law V (5) to issue the GAM minutes within 90 days following the GAM to facilitate approval by correspondence, as described in Appendix A, item A3.
4. To replace the term "Executive Committee" with the term "Board" in the Statutes and By-Laws and to delete the reference to the alternative wording contained in Art. 11 (1) as described in Appendix B, item B1
5. To replace the term "Managing Director" with the term "Chief Executive Officer" (CEO) throughout the Statutes, as described in Appendix B, item B2

6. To change the role of the Treasurer as described in By-Law V (2), such that the Treasurer's duties move in the direction of oversight and control and establish a Board Audit & Risk Committee, as described in Appendix B, item B3
7. To modify Art. 11 (10) of the Statutes to require the Board to put in place a corporate governance framework, to review it, at least biennially, and to make it available to Member Associations and other stakeholders as may be approved from time to time, as described in item B4.
8. To modify Art. 12 (5) and By-Law VI to clarify various provisions in respect of Board Committees and Working Committees of FIDIC, as described in Appendix B, item B5.

### **Swiss law compliance**

The statutory requirements applicable to an association, such as FIDIC, are defined in descending order by:

- Articles 60 ss. Swiss Civil Code ("CC"), limited to its mandatory provisions;
- The Statutes of the association;
- The by-laws and internal rules;
- Articles 60 ss. Swiss Civil Code ("CC"), for non-mandatory provisions;
- Zewo dispositions (formerly Swiss NPO-Code, recommendations for non-profit organizations, soft law);
- Swiss Foundation Code (recommendations for foundations, soft law);
- Swiss Code of Best Practice for Corporate Governance (intended for Swiss public limited companies, soft law).

### **Legal developments**

Under Swiss law and recent legal developments, the following changes to the Statutes are recommended:

- In a recent case, the Swiss Supreme Court cancelled a decision made by a casting vote of the president. Based on legal advice, to avoid a similar situation in FIDIC, it is proposed to delete provision for a casting vote from Art 8.13.
- FIDIC is required to lodge an annual return, which includes minutes of its most recent General Assembly Meeting (GAM). To comply with this requirement, the minutes of the GAM need to be approved much more quickly than the GAM in the year following. It is also inappropriate to wait one year to formally authorise the Board of FIDIC to undertake decisions taken by the GAM.

It is proposed to amend By-Law V (5) to facilitate approval of the GAM minutes by correspondence within a specified period following the GAM. This does increase the burden for approval, in the sense that a majority of members are required to approve the minutes, as opposed to the majority of those members attending the next GAM.

These changes are included in Appendix A.

## **Changes required to modernise FIDIC's corporate governance**

The Board of FIDIC is seeking to both modernise its corporate governance and to provide greater clarity around a number of aspects of its operations. These changes require some changes in substance and some in terminology.

The changes in substance are to address the following:

- Replace the terms "Executive Committee" and "Board of Directors" with "Board"
- Adopt the title "Chief Executive Officer" in lieu of "Managing Director"
- Redefine the role of the Treasurer
- The duty of the Board to define its governance framework, update it regularly and make it available to Member Associations and other stakeholders.
- Establishment of the Operations Oversight Committee (OOC)
- Establishment of Board Committees and their membership.

### ***Executive Committee***

The change to the Executive Committee is proposed for the following reasons:

- The term Executive applies to persons who are employees of an organisation
- An Executive Committee would normally be the committee, comprising senior managers, appointed by the Chief Executive Officer to support him or her in the role
- Under Art. 11 (1) all members of the Executive Committee are required to act in an honorary capacity and hence are not employees of FIDIC.
- The use of the title "the Board" is more consistent with modern corporate governance practice and is consistent with terminology and roles described in corporate governance documentation, more generally.

It is very much appreciated that there is considerable history behind and attachment to the long-standing use of the term "Executive Committee". However, the Board believes the change proposed will improve alignment with corporate governance practice, our Member Associations and their corporate members.

It is proposed to replace the term "Executive Committee" with the term "Board" throughout the Statutes and By-Laws.

The proposed changes to the Statutes and By-Laws are included in Appendix B (1).

### ***Chief Executive Officer (CEO)***

The Statutes use the term "Managing Director", in particular referencing the Secretariat.

Article 15 of the Statutes states that:

*"1. The Executive Committee shall appoint one or more Managing Director(s).  
2. The duties and responsibilities of the Managing Director(s) shall be defined by the Executive Committee. The Managing Director(s) shall be wholly responsible to the Executive Committee and shall be authorized to sign on behalf of the Federation within the limits of the Executive Committee's instructions."*

The term Managing Director is no longer considered well aligned with the Board's approach to corporate governance in the sense that the Managing Director is not a full voting

member of the Board. The term Managing Director may be considered by some to imply otherwise.

The term Chief Executive Officer (CEO) is seen as more appropriate and better highlights the separation in authority and accountability between the Board and management.

It is proposed to replace the words “Managing Director” with the words “Chief Executive Officer”.

Further, the concept of appointing more than one Managing Director is also not viewed by the Board as consistent with good corporate governance and it is proposed to remove this provision.

The proposed changes to the Statutes are included in Appendix B (2).

### ***Treasurer***

The Statutes Art. 11 (11) require the Board to appoint a Treasurer from among its number who under the By-Law V (2) is responsible for the administration of the finances and property of the Federation.

There is a lack of clarity and specificity as to the split of responsibilities between the Board, the Treasurer and the Managing Director (or Chief Executive Officer). Clarity around the separation of duties is a fundamental component of effective governance.

It is also impractical for the Treasurer, who is in an honorary position, to devote the time required to exercise the administration function with the degree of diligence required and expected by law. It may be considered inappropriate for FIDIC to expect this commitment from a person in an honorary position.

The Board considered three options:

- Remove the role of the Treasurer and establish a Board Audit & Risk Committee
- Change the role of the Treasurer such that the Treasurer’s duties move in the direction of oversight and control
- Change the role of the Treasurer such that the Treasurer’s duties move in the direction of oversight and control and establish a Board Audit & Risk Committee

Under any option, Swiss Law requires that the Board collectively retains responsibility for the finances of the Federation. Under all options, the Managing Director (or Chief Executive Officer) would be made responsible for the management, administration and reporting of the finances.

Legal advice has indicated that all options are feasible, but that the third is preferred.

The Board has a preference for the third option, regarding it as more closely aligned with modern governance practice as well as providing the Board with a sound approach to addressing enterprise risk and effective transition from the current statute requirement. The proposed changes to the By-Laws are included in Appendix B (3).

### ***Governance framework***

The Statutes and By-Laws address some aspects of governance, some quite specifically, and others not at all. There have been numerous developments in governance best practice over the last 20 years and it is expected that there will be more developments in the years to come.

The Board is of the view that implementing and updating a sound governance framework is a primary responsibility of the Board. This could be accommodated primarily in two ways:

- Specific and explicit provisions in the By-Laws for all of the elements of governance
- General provision in the By-Laws for the Board to implement and update a FIDIC governance framework.

The Board prefers the latter option, being more flexible to accommodate governance developments and giving the Board the opportunity to make these changes without requiring changes to the By-Laws. The idea of including a documented governance framework and making this transparent to stakeholders is more mature and one we would expect from an organisation living in a sophisticated environment.

The proposed changes to the Statutes are included in Appendix B (4).

### ***Operations Oversight, Board and Working Committees***

The Statutes, in Art. 11 (10) indicate that *“The Executive Committee shall appoint from among its own number someone directly responsible for the operations of the Secretariat.”*

This is not considered any longer relevant or appropriate to the governance regime adopted by FIDIC and it is proposed that this article be changed to reflect the new Operations Oversight Committee and Risk and Audit Committee. While these articles may not be necessary, given the Committees’ inclusion in the governance framework, the Board thought it to be a prudent transitional arrangement.

Modern governance practice requires that the Board establish various committees to carry out in depth analysis of specific business-related matters to assist the Board to facilitate the Board’s exercise of its functions effectively and efficiently. The Board takes the view that the Operations Oversight Committee and Risk and Audit Committee are fundamental Board requirements and that other Board Committees including governance, nominations and remuneration may be established at the Board’s discretion.

With regard to the membership of Board Committees, it is proposed that membership of Board Committees being restricted to Board Members, while not precluding attendance by invited participants.

There are a number of changes to the Statutes and By-Laws required to properly describe the responsibilities and duties of the Board and to align the language in the Statutes and By-Laws to provide clarity on:

- Board Committees, Task Groups and other FIDIC Committees
- Separation of the duties of the Board and the Chief Executive Officer
- Working Committees and the introduction of time limits on terms.



The proposed changes to the Statutes and By-Laws are detailed in Appendix B (5).  
This paper is recommended to the General Assembly Meeting for consideration.

On behalf of the FIDIC Board

FIDIC Board Member  
Tony Barry

## **Appendix A**

### **Statute and By-Law Changes required to comply with Swiss law and recent legal developments**

#### **Proposal A1**

Art. 8.13 reads:

*“Subject to the exceptions provided by law or specified in these Statutes, the General Assembly shall pass its resolutions by a majority of votes. In the event of an equality of votes the decision shall rest with the President.”*

New proposed text for Art 8.13. would read:

*“Subject to the exceptions provided by law or specified in these Statutes, the General Assembly shall pass its resolutions by a majority of votes.”*

#### **Proposal A2**

By-Law III (13) reads:

*“In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting shall be entitled to a casting vote.”*

New proposed text for By-Law III (13) would read:

*“In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting shall not be entitled to a casting vote and the motion or resolution put to the General Assembly Meeting shall not be considered carried.”*

#### **Proposal A3**

By-Law V (5) reads:

*“The Executive Committee shall cause Minutes to be made of the proceedings of the ordinary and extraordinary meetings of the General Assembly. These Minutes shall be submitted for approval to the next succeeding meeting of the General Assembly and, when approved, shall be signed by the Chairman of that meeting. \_ \_ \_”*

New proposed text for By-Law V (5) would read:

*“The Executive Committee shall cause Minutes to be made of the proceedings of the ordinary and extraordinary meetings of the General Assembly. These Minutes shall be submitted for approval by correspondence to the members within 90 days and, when approved, shall be signed by the Chairman of that meeting. \_ \_ \_”*

## Appendix B

### Changes required to modernise FIDIC's corporate governance

#### Proposal B1: Executive Committee

The term Executive Committee is used extensively throughout the Statutes and the By-Laws.

Art 7 (2) reads *"the Executive Committee"* and it is proposed that it would read *"the Board of Directors"* (*"Board"*).

In the Statutes, it is proposed to replace the term *"Executive Committee"* with the term *"Board"* throughout the Statutes including but not limited to: Art. 4 (2), Art. 4 (5), Art. 4 (6) twice, Art. 4 (7), Art. 6 (6), Art. 6 (7), Art. 8 (2), Art. 8 (9) twice, Art. 8 (10), Art. 8 (11), Art. 9 (1), Art. 9 (8), Art. 9 (13), Art. 9 (14), Art. 10 (1) twice, Art. 11 title, Art. 11 (1) three times, Art. 11 (2) three times, Art. 11 (3) four times, Art. 11 (4) twice, Art. 11 (5), Art. 11 (6), Art. 11 (7) twice, Art. 11 (9) twice, Art. 11 (10), Art. 11 (11), Art. 12 title, Art. 12 (1), Art. 12 (2) twice, Art. 12 (4), Art. 12 (5) twice, Art. 12 (6), Art. 13 title, Art. 13 (1) twice, Art. 13 (2), Art. 14, Art. 15 (1), Art. 15 (2) three times, Art. 18 (5), Art. 21 (1) and Art. 21 (3).

In Art. 11 (1), the sentence *"The Executive Committee may also be referred to as the "Board of Directors" and Executive Committee Members may also be referred to as "Board Directors of FIDIC" shall be deleted.*

In the By-Laws, it is proposed to replace the term *"Executive Committee"* with the term *"Board"* throughout the By-Laws including but not limited to: BL I (2), BL I (3), BL II (1) twice, BL II (2), BL III (6), BL III (7) twice, BL III (8), BL IV title, BL IV (1) three times, BL IV (3), BL V title, BL V (1) twice, BL V (2), BL V (3) twice, BL V (4) twice, BL V (5) three times, BL VI (2), BL VI (3) three times, BL VI (5), BL VI (6), BL VI (7), BL VI (8), BL VI (9), BL VII (1), BL VII (4) three times, BL VIII, BL VIII (1) four times, BL VIII (2) three times.

In the By-Laws, it is proposed to replace the term *"Committee"* with the term *"Board"* where appropriate in the By-Laws including but not limited to: BL VI (7).

#### Proposal B2: Chief Executive Officer

In the Statutes, it is proposed to replace the term *"Managing Director"* with the term *"Chief Executive Officer"* throughout the Statutes including but not limited to: Art. 15 (1), Art. 15 (2) twice.

Art. 15 of the Statutes reads:

*"1. The Executive Committee shall appoint one or more Managing Director(s).  
2. The duties and responsibilities of the Managing Director(s) shall be defined by the Executive Committee. The Managing Director(s) shall be wholly responsible to the Executive Committee and shall be authorized to sign on behalf of the Federation within the limits of the Executive Committee's instructions."*

New proposed text for Art. 15 would read:

*"1. The Board shall appoint a Chief Executive Officer.*

*2. The duties and responsibilities of the Chief Executive Officer shall be defined by the Board. The Chief Executive Officer shall be wholly responsible to the Board and shall be authorized to sign on behalf of the Federation within the limits of the Board's instructions."*

**Proposal B3:**

It is proposed to change the role of the Treasurer such that the Treasurer's duties move in the direction of oversight and control and establish a Board Audit & Risk Committee

By-Law V (2) reads:

*"The Treasurer shall be responsible to the Executive Committee for the administration of the Finances and the property of the Federation."*

New proposed text for By-Law V (2) would read:

*"The Board is responsible for the overall supervision of the persons entrusted with managing the Federation, in particular with regard to compliance with the law, Statutes and By-Laws, operational regulations and directives.*

*The Board shall appoint a Risk and Audit Committee to advise the Board on the adequacy and integrity of risk, the effectiveness of the internal control system and the audit of the Federation's accounts.*

*The Treasurer shall be responsible on behalf of the Board for the oversight and control of the finances and the property of the Federation.*

*The Chief Executive Officer shall be responsible for the management, administration and reporting of the finances and property of the Federation."*

**Proposal B4:**

Art. 11 (10) reads: *"The Executive Committee shall appoint from among its own number someone directly responsible for the operations of the Secretariat."*

It is proposed that the text in this Art. 11 (10) be deleted and replaced with the following:

*"The Board shall define and establish a corporate governance framework to support it in the execution of its duties and responsibilities, to promote the development of the Federation and to protect the Federation from undue risk.*

*The framework shall include a code of conduct for Board members, definition of matters reserved for the Board, the delegation of authority to the Chief Executive, the use of Board Committees and their terms of reference. The corporate governance framework shall be reviewed and updated by the Board, at least biennially. To achieve transparency and accountability to Member Associations, the Board shall publish its corporate governance framework annually to Member Associations and make it available to stakeholders as may be agreed by the Board or the GAM."*

**Proposal B5:**

Art. 12 (5) reads: *"The Executive Committee shall appoint at its discretion Standing or Task Committees to assist in the execution of its tasks. These Committees shall be responsible to the Executive Committee."*

New proposed text for Art. 12 (5) would read:

*“The Board shall appoint Board Committees, from amongst its members, to advise the Board on specific matters including operations oversight, risk and audit. The Board, at its discretion, may also appoint Board Committees, from amongst its members, to advise the Board on matters including, but not limited to, governance, nominations and remuneration. These committees shall report to the Board on their activities at each Board meeting. Terms of reference shall be determined by the Board.*”

*The Board shall appoint at its discretion Working Committees to assist in the achievement of the Federation’s objectives. These Committees shall be responsible to the Board. Working Committees shall be chaired by persons other than Board members and, through the Secretariat, report to the Board on their activities at each Board meeting. Terms of reference shall be determined by the Board.”*

Various clauses of By-Law VI “Working Committees” read:

*“ 1. Working Committees shall be distinguished as follows:*

*(i) Standing or Liaisons Committees*

*These Committees shall apply themselves to certain tasks for an extended and unspecified period of time.*

*(ii) Task Committees*

*These Committees shall be appointed to achieve specific assignment of limited scope before a set date.”*

*“2. The Chairmen of the Working Committees shall be appointed and relieved of their duties by the Executive Committee.”*

*“3. The Executive Committee, after consultation with the Chairman of a Working Committee, shall appoint the members of such Working Committee. For a Standing or Liaison Committee the Executive Committee may establish a system of rotation for the members of such a committee. The term appointment shall be fixed by the Executive Committee.”*

*“8. Working Committees shall not enter into commitments of any kind on behalf of the Federation, unless authorised by the Executive Committee in writing.”*

Proposed text for By-Law VI would read:

*“ 1. Working Committees shall include and be distinguished as follows:*

*(i) Standing or Liaisons Committees*

*These Committees shall apply themselves to certain tasks for an extended and specified period of time.*

*(ii) Task Committees*

*These Committees shall be appointed to achieve specific assignment of limited scope before a set date.”*

*“2. The Chairmen of the Working Committees shall be appointed and relieved of their duties by the Board. The term appointment shall be for a fixed period of four years and may be extended by one year by the Board.”*

*“3. The Board, after consultation with the Chairman of a Working Committee and seeking nominations from all Member Associations, shall appoint the members of such Working Committee. For a Standing or Liaison Committee the Board shall establish a system of rotation for the members of such a committee. The term appointment shall be for a fixed period of three years and may be extended by one year by the Board.”*

*“8. Working Committees shall not enter into commitments of any kind on behalf of the Federation.”*

*“10. Any member of a Working Committee may be relieved of their duties by the Board Committee before the expiration of their term of service.”*