

# FIDIC Latin America Contract Users' Conference



**Panama City, 2-3 October 2018**

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International Federation of Consulting Engineers  
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## Looking at the Relationship Between FIDIC and the Multilateral Development Banks (MDBs)





## Enhancing Nation-Building Using FIDIC Construction Contracts

- FIDIC's cooperation with the Multilateral Development Banks (MDBs)
  - Background: The Pink book
- MDB Procurement reform
- Using the FIDIC Red book: The Millennium Challenge Corporation (MCC) experience
  - Maria Margarita Zelaya, PhD, Director Transport and Vertical Structures. Department of Compact Operations



## Development Banks

- The World Bank
- African Development Bank
- Asian Development Bank
- Black Sea Trade and Development Bank
- Caribbean Development Bank
- European Bank for Reconstruction and Development
- Council of Europe Development Bank
- Inter-American Development Bank





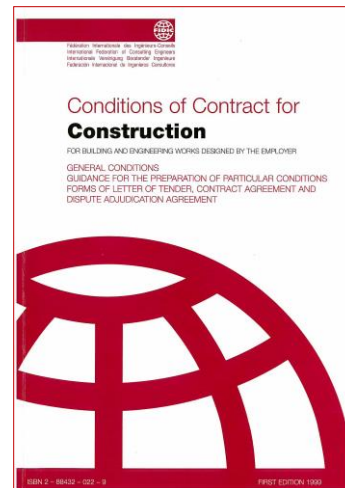
## Developing A Procurement Strategy: MDB Best Practices

- MDB Procurement
  - Procurement should achieve the ***value-for-money*** objective....
  - while also...
    - Furthering ***economic development***, and
    - Enhancing local governance and the capacity of local communities
- Harmonization of Procurement
  - Harmonization of MDBs' procurement guidelines
  - Standardization of bidding documents



## Harmonizing the Conditions of Contract

- Same structure as FIDIC 1999 Red Book, FIDIC General Conditions of Contract for works designed by the Employer
  - FIDIC principles of balanced risk allocation
- Tailored for Bank specific needs
- First edition May 2005, updated March 2006
  - Latest update 2010
- Management and copyright retained by FIDIC,  
licensed to MDBs







## Harmonizing the Conditions of Contract

- Pink Book



- FIDIC 1999 Red Book, tailored for Multilateral Development Bank requirements
- Included in standard bidding documents



## Highlights of Bank Specific Tailoring

- Definitions
- **Role of Engineer**
- **Financial requirements**
- Performance Security
- **Corruption and Fraudulent Practices**
- **Staff and Labour/Health and Safety**
- Arbitration
- Commencement of Works
- Employer's Claims
- Nominated Subcontractors







## Highlights of Achievements

- Master Procurement Documents
  - Joint financing
- Empowerment of Employers through balanced risk allocation
- Clauses on social rights and environmental protection furthered development objectives
- FIDIC Pink book free available
  - Under license to MDBs
- Reduced transaction costs for bidders
  - All stakeholders are familiar with the FIDIC conditions





## MDB's Procurement Reform

- FIDIC consulting with MDBs during reform process
- Main highlights:
  - Dynamic, risk-based approach to procurement
    - Fitness for purpose
  - Front end-procurement strategy development
    - Selecting the appropriate procurement delivery method
  - Use of country procurement systems
  - Capacity building



## Continued Cooperation The Path Forward

- FIDIC to work with MDBs to develop
  - Particular conditions for FIDIC Standard Conditions of Contract
- Using the FIDIC Red book