



**International Federation of Consulting Engineers**  
The Global Voice of Consulting Engineers

# The Consulting Engineer in Turnkey Projects

FIDIC Briefing Note

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## Background

The international engineering federation FIDIC (the International Federation of Consulting Engineers) believes that its member associations and their members should strive to achieve the highest degree of quality and standards.

FIDIC has always had policy statements that it expects its members to follow to ensure high standards of service in the infrastructure industry. These standards are reflected in FIDICs contracts, policy work, events and committees.

## The Consulting Engineer in Turnkey Projects

### Traditional construction execution

The most common procedure for the construction of Works involves the appointment of a Consulting Engineer who, acting for the Owner, undertakes preliminary investigation, designs the Works, arranges for a contract to construct the Works, provides services during construction and for acceptance of Works, ensures commissioning of systems and certifies completion. Quite separately, a Contractor undertakes construction of the Works in accordance with a construction contract.

### Turnkey execution

An alternative to this procedure is a Turnkey Project, in which a Contractor undertakes all things necessary for the design and construction of Works, from inception to completion, ready for the use of the Owner.

### Claimed advantages

Proponents of the conventional procedure refer to savings in costs or time or both, to the adaptability of conventional procedure to suit different needs, and to the advantages of independent professional services committed to the interest of the Owner. These independent services concern design suitability, cost planning and control, optimisation of life-cycle costs, forms of contract tailored to the project, appropriate services during construction, quality control, and thorough acceptance and commissioning procedures.

Advocates of Turnkey procedures for a particular project may claim potential advantages such as savings in costs or time or both, access to proprietary systems not otherwise available, special expertise for construction methods, simpler contractual arrangements, and allocation of entire responsibility to the Contractor.

### Responsibilities and control

Conventional procedure locates design initiative and control with the Owner, exercised on his behalf through the Consulting Engineer, whose duties also include advising on forms of contract best suited to the Owner's requirements. Under the conventional procedure, responsibility for design lies with the Consulting Engineer, and responsibility for construction lies with the Contractor.

On the other hand, responsibilities for design and construction under a Turnkey procedure reside with the Contractor, except for those reserved to the Owner under the contract between them. This effectively locates design initiative and control with the Contractor.

### Roles of consulting engineer

Notwithstanding this, a Consulting Engineer may render services in connection with a Turnkey Project either to the Owner, (for example, preliminary investigations, pre-investment studies, terms of reference for inviting or assessing tenders, checking designs submitted by the Contractor, specialised investigations and reports) or to the Contractor, (for example, pre-tender investigations, preliminary designs, detail designs, specialised investigations, technical and financial submissions).

### Avoiding conflicts of interest

A Consulting Engineer should not provide service to both the Owner and the Contractor on the same project unless both parties agree to this. The essential point is that a Consulting Engineer must act solely in the legitimate interest of his Client, whether his Client is the Owner or the Contractor. A Consulting Engineer retained by the Owner serves the legitimate interests of the Owner, and no-one

else. A Consulting Engineer retained by the Contractor serves the legitimate interests of the Contractor, and no-one else.

### Turnkey contractor's rights

When a Consulting Engineer acts for a Contractor, an Owner should expect that the Consulting Engineer will act with competence and integrity, but he should also appreciate that the Consulting Engineer's involvement will not affect the Contractor's entitlement, within the terms of the construction contract, to determine design standards, construction methods, acceptability of materials, and methods of saving costs, to suit his own interests, not those of the Owner. It is the Contractor who is responsible to the Owner for the performance of a Turnkey Contract, not the Contractor's Consulting Engineer.

#### FIDIC recommends:

- Member associations and their members engage with the owner or Promoter who is evaluating whether to use conventional or Turnkey procedures to implement a particular project to consider which method is likely to provide the most satisfactory result.
- When engaged with the client or supply chain members should analyse and agree with the party, before commencing his services:
  - o The scope of services he is to undertake.
  - o The extent of the powers, if any, which he is to exercise under the construction contract.
  - o Ensure that the contract reflects these practices
  - o Ensure it is clear that they acts solely in the legitimate interests of his Client
  - o Adheres to his professional standards.
  - o Have a clear understanding of remuneration and the separation from project finance

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**Endnotes**