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European Federation of Engineering Consultancy Associations

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## Lack of projects remains the top concern

Commenting on the EFCA Autumn 2020 Industry Barometer report at a time of COVID-19, EFCA President Benoît Clocheret, CEO of the Artelia group, said "COVID-19 has not only posed an immense, unprecedented threat to our way of life; it has usurped Climate Change as the most immediate emergency for the world to tackle. Just as the European Green Deal is laid out, with its considerable ambition and vast budgetary implications, the pandemic has given us other things to think about – with more immediate concerns for matters of life and death."



The COVID-19 pandemic continues to hold the European consulting engineering in its grip and affects all countries in the EU. It calls for both national economic policy responses and European support measures. EFCA therefore welcome the European Green Deal and the EU's digital strategy in recovering from the coronavirus crisis and building a more resilient, sustainable and prosperous Europe", the President added.

Twice a year, EFCA are publishing an Industry Barometer report: one in spring and one in autumn. The aim of the report is to get a pulse

## Ambitious but attainable – consulting engineers optimistic about Green Deal in light of pandemic policies



Jacolien Eijer

*The political response to covid-19 has already had a huge impact on our way of life and our national economies. For consulting engineers it has pushed sustainability to the fore and made the goals of the European Green Deal seem a whole lot more feasible. "We learned something important," says Jacolien Eijer, Managing Director of the Dutch association of consulting engineering companies, Royal NIngenieurs, and member of the board at the European Federation of Engineering Consultancy Associations (EFCA). "We can change the way our system works, overnight. And if we can do that for Covid, we are thinking, what else can we do it for?"*

The Green Deal is being put in place at the right time, demanding dramatic improvements in energy usage and infrastructure across the EU with an ultimate goal of reducing greenhouse gases by 50-55% by 2030. Roberto Carpaneto, Chair and CEO of Rina Consulting spa, one of Italy's largest consulting engineering companies, Vice-president of OICE, the Italian association of consulting engineering companies, and a fellow Board member at EFCA, agrees that far-reaching change is possible and points out that consulting engineers are best placed to guide governments into what remains an uncertain future.

The sudden plunge into uncertainty has followed two decades of intense restructuring for consulting engineers: "Because of this we were somehow ready for Covid even without really knowing it," says Mr Carpaneto. "But in parts of France and Italy, and in the south of Spain, public administrations weren't ready for lockdowns or for employees to work from home; business dropped by about 10-15%. They did recover well and have put tenders now back on track." Oil and energy distributors on the other hand, large private companies, launched more tenders in the early days of Covid, and began processing them faster. "This was good for engineers, and the massive push for renovating housing is good for our smaller companies."

As markets start up again, Mr Carpaneto notes major changes. "It's the same in the Middle East, Africa, and now also Asia, as well as Europe. For example, in Italy, Covid gave us cities with the cleanest air we'd ever had and now projects all want lower carbon emissions – this goal is much more important now. We see it in mobility projects with more electric transport for towns, but also in CO<sub>2</sub> capture and injection projects for large industrial areas – like the one commissioned for the east of Italy."

Although Covid policies prompted cleaner projects, they also pushed 'health' more centre stage, especially with the demands to keep people apart. "It is interesting to compare with 9/11," says Mr Carpaneto. "We had a lot more security following 9/11 and now we have social health following Covid. For example, we have to think now about the characteristics for rail and metro while keeping people distanced: is it best to have one carriage of 20 people or two of 10, from a Covid point of view?"



of how the engineering consultancy market has performed over the last six months and how the industry thinks it will further develop during the next six months.

"Let's take a closer look at the figures", Mr Clocheret continued. "During the summer months there were signs of improvement and economic rebound. Markets bounced back by 7.6 percentage points and order stocks per full time employee have risen by 2.7 months. Thus, the current state of the European Markets is showing improvements since the spring of 2020, with the majority of markets now being relatively stabilized."

However, the renewed grip of the pandemic over the past two months has led to raising concerns about the continuation of the economic rebound. Employment has dropped significantly with no immediate expectations for recovery. Turnover has been reduced in a majority of countries and the current turnover per employee is €101,808, declining by 0.2 percentage points between 2018 and 2019.

"Lack of projects is still the most salient concern for the European consultancy and engineering industry. It is crucial that clients' decision making processes accelerate, especially among public entities at local, national and European levels. Late payments and political uncertainty have gained in importance compared to previous surveys. Profitability for 2019 was an average of 5.4 percent, compared to 5.6 percent in 2018. But for 2020, profitability is expected to decline in nine of 17 participating countries, and remain unchanged in the rest", concluded Mr Clocheret.

The Industry Barometer can be consulted on the EFCA website at: [EFCA Barometer autumn 2020.pdf \(efcanet.org\)](#)



[www.efcanet.org](http://www.efcanet.org)



Roberto Carpaneto

And in homes: how much space do we need for work and exercise? I expect a large discussion in the near future on new design criteria for housing and mobility, because of what is happening with health."

Elsewhere in the EU, the immediate impact of Covid policies was almost the opposite – work at Schiphol Airport in the Netherlands, for example, shut down completely. "We urgently needed public projects and contacted the Government on the Monday after lockdown," explains Ms Eijer. "We needed to keep the workflow going. We already lacked sufficient trained engineers, and had to keep people in their jobs. We didn't want to lose them because of Covid."

"We also looked at liquidity – making payments was a problem. We formed a task force and suddenly we didn't have to bring our lawyers along to fight for our side. We shared the same goals; we established an atmosphere of just 'getting on with it'. We actually looked out for each other."

The Netherlands ended up re-directing some of the investment fund set up to pay furloughed workers, directly into infrastructure and housing giving a billion euro boost for Green Deal targets. "Because the Government was now investing more in the economy, they could also set the sustainability requirements. We told them 'be bold, and be clear, on your sustainability goals'," recalled Ms Eijer. "'Challenge us, as much as you can and we will come up with innovative buildings, more sustainable and with less emissions.'"

Even the fundamental design of cities is being questioned. As Mr Carpaneto points out, the issues are complex and everything is inter-connected. "With the large use of smart working, will we live closer to the office in a more vertical town centre? Or can we live further away and have a longer commute but do it just once a week?," he asks. "These will all impact design criteria engineers will use in the future."

He warns it's an important but dangerous game we are playing. "There will be a lot of money from the State and from the European Community to invest and recover from Covid. We must choose the right projects. For example, housing is responsible for 30% of emissions but it also impacts on mobility and energy production so we need to work on them too. Food is crucial too, as we need to transform its production and distribution."

Changing mindsets in the sector must continue, however, and Ms Eijer advises consulting engineers themselves to be bold. "We don't have the knowledge or the information to know exactly what to do but we still have to make decisions, and we are the best people to advise our clients. We must be their guides in finding the right path even if we don't know where it is, we are still two steps ahead."

"We have to be above risk," agrees Mr Carpaneto, "It's time to go back to visions, objectives and then change the way we are going to achieve them. The EC has set high objectives and ambitious aims, and let the great capability of the engineering companies to do their best to achieve them. And we can do it."

Covid policies are fuelling the sense of a new and more collaborative future. Ms Eijer: "It's more accepted now to come up with unbelievable scenarios. Covid has made the unbelievable, believable."

## CONTACT

EFCA secretariat  
Avenue des Arts 3/4/5, B-1210 Brussels  
Phone: + 32 2 209 07 70 | Fax: +32 2 209 07 71  
email: [efca@efca.be](mailto:efca@efca.be) | <http://www.efcanet.org>

EFCA has member associations in 29 countries, and is the sole European federation lobbying on behalf of engineering consultancy and related services, a sector that employs around one million staff in Europe. EFCA contributes with a strong and cohesive input to legislative actions of its national associations on issues affecting market conditions. Furthermore, the organisation works as a Europe-wide platform for national associations and their member firms to gather relevant facts and discuss issues with their counterparts.