



Fédération Internationale des Ingénieurs-Conseils  
International Federation of Consulting Engineers  
Internationale Vereinigung Beratender Ingenieure  
Federación Internacional de Ingenieros Consultores

# Conditions of Contract for **Plant and Design-Build**

FOR ELECTRICAL AND MECHANICAL PLANT, AND  
FOR BUILDING AND ENGINEERING WORKS, DESIGNED BY THE CONTRACTOR

GENERAL CONDITIONS

GUIDANCE FOR THE PREPARATION OF PARTICULAR CONDITIONS  
FORMS OF LETTER OF TENDER, CONTRACT AGREEMENT AND  
DISPUTE ADJUDICATION AGREEMENT



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GENERAL CONDITIONS

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GUIDANCE FOR THE  
PREPARATION OF  
PARTICULAR CONDITIONS

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AND FOR BUILDING AND ENGINEERING  
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TENDER, CONTRACT  
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DISPUTE ADJUDICATION  
AGREEMENT

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FEDERATION INTERNATIONALE DES INGENIEURS-CONSEILS  
INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS  
INTERNATIONALE VEREINIGUNG BERATENDER INGENIEURE  
FEDERACION INTERNACIONAL DE INGENIEROS CONSOLTORES



## **ERRATA to the First Edition, 1999**

The following significant errata are corrected in this reprinting of the First Edition of the Plant and Design-Build Contract. Several minor typographical errors and layout irregularities have also been corrected.

### **GENERAL PROVISIONS**

- Page 4      In Definition 1.1.6.3, replace “Specification” by “Employer’s Requirements”.
- Page 42     In the title of Sub-Clause 14.2, delete “Advanced” and substitute “Advance”.
- Page 61     In the sixth paragraph, delete the comma after the phrase “each of the three members”.
- Page 62     In the first line, delete “Particular Conditions” and substitute “Appendix to Tender”.  
Sub-Clause 20.4: in the fourth line, delete “Sub-Clause” and substitute “Sub-Clauses”; in the fifth line, delete each of the italicised acronyms “DAB” and substitute the italicised “Dispute Adjudication Board”; in the first sentence of the fourth paragraph, delete “advanced payment” and substitute “advance payment”, and delete the word “the” from the phrase “General Conditions of the Dispute Adjudication Agreement”.
- Page 66:    In sub-paragraph (ii): delete “day’s” and substitute “days”; at the end of the third line, delete “or the” and substitute “and/or the”.  
In the middle of the page, delete “Agreement until each member has been paid” and substitute “Agreement until each of the Members has been paid”.  
In the last sentence, delete the comma after the phrase “Any such notice”.
- Page 68     In the third line of Clause 6, delete the first two words “notice to”.

### **GUIDANCE FOR THE PREPARATION OF PARTICULAR CONDITIONS**

- Page 17    Under Sub-Clause 14.9, delete “EXEMPTION” and substitute “RETENTION”.
- Annexes   Delete “© FIDIC”.



## ACKNOWLEDGEMENTS

Fédération Internationale des Ingénieurs-Conseils (FIDIC) extends special thanks to the following members of its Update Task Group: Christopher Wade (Group Leader), SWECO-VBB, Sweden; Peter L Booën (Principal Drafter), GIBB Ltd, UK; Hermann Bayerlein, Fichtner, Germany; Christopher R Seppala (Legal Adviser), White & Case, France; and José F Speziale, IATASA, Argentina.

The preparation was carried out under the general direction of the FIDIC Contracts Committee which comprised John B Bowcock, Consulting Engineer, UK (Chairman); Michael Mortimer-Hawkins, SwedPower, Sweden; and Axel-Volkmar Jaeger, Schmidt Reuter Partner, Germany; together with K B (Tony) Norris as Special Adviser.

Drafts were reviewed by many persons and organisations, including those listed below. Their comments were duly studied by the Update Task Group and, where considered appropriate, have influenced the wording of the clauses. Mushtaq Ahmad, NESPAK, Pakistan; Peter Batty, Post Buckley International, USA; Roeland Bertrams, Clifford Chance, Netherlands; Charles G Borthwick, SwedPower, Sweden; Manfred Breege, Lahmeyer International, Germany; Pablo Bueno, TYPUSA, Spain; Nael G Bunni, Consulting Engineer, Ireland; Ian Fraser, Beca Carter Hollings & Ferner, New Zealand; Roy Goode, Oxford University, UK; Dan W Graham, Bristows Cooke & Carpmael, UK; Mark Griffiths, Griffiths & Armour, UK; Geoffrey F Hawker, Consulting Engineer, UK; Hesse & Steinberger, VDMA, Germany; Poul E Hvilsted, Elsamprojekt, Denmark; Gordon L Jaynes, Whitman Breed Abbott & Morgan, UK; Tonny Jensen (Chairman of FIDIC Quality Management Committee), COWI, Denmark; Philip Loots & Associates, South Africa; Neil McCole, Merz and McLellan, UK; Tim Reynolds, Constant & Constant, UK; Matthew Needham-Laing, Victoria Russell & Paul J Taylor, Berrymans Lace Mawer, UK; David R Wightman & Gerlando Butera, Nabarro Nathanson, UK; the Association of Japanese Consulting Engineers; the Construction Industry Authority of the Philippines; European International Contractors; ORGANISME de Liaison Industries Métalliques Européennes ("ORGALIME"); the International Association of Dredging Contractors; the International Bar Association; the Asian Development Bank; and the World Bank. Acknowledgement of reviewers does not mean that such persons or organizations approve the wording of all clauses.

FIDIC wishes to record its appreciation of the time and effort devoted by all the above.

The ultimate decision on the form and content of the document rests with FIDIC



## FOREWORD

The Fédération Internationale des Ingénieurs-Conseils (FIDIC) published, in 1999, First Editions of four new standard forms of contract:

Conditions of Contract for Construction,

which are recommended for building or engineering works designed by the Employer or by his representative, the Engineer. Under the usual arrangements for this type of contract, the Contractor constructs the works in accordance with a design provided by the Employer. However, the works may include some elements of Contractor-designed civil, mechanical, electrical and/or construction works.

Conditions of Contract for Plant and Design-Build,

which are recommended for the provision of electrical and/or mechanical plant, and for the design and execution of building or engineering works. Under the usual arrangements for this type of contract, the Contractor designs and provides, in accordance with the Employer's requirements, plant and/or other works; which may include any combination of civil, mechanical, electrical and/or construction works.

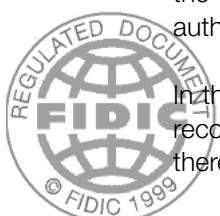
Conditions of Contract for EPC/Turnkey Projects,

which may be suitable for the provision on a turnkey basis of a process or power plant, of a factory or similar facility, or of an infrastructure project or other type of development, where (i) a higher degree of certainty of final price and time is required, and (ii) the Contractor takes total responsibility for the design and execution of the project, with little involvement of the Employer. Under the usual arrangements for turnkey projects, the Contractor carries out all the Engineering, Procurement and Construction (EPC); providing a fully-equipped facility, ready for operation (at the "turn of the key").

Short Form of Contract,

which is recommended for building or engineering works of relatively small capital value. Depending on the type of work and the circumstances, this form may also be suitable for contracts of greater value, particularly for relatively simple or repetitive work or work of short duration. Under the usual arrangements for this type of contract, the Contractor constructs the works in accordance with a design provided by the Employer or by his representative (if any), but this form may also be suitable for a contract which includes, or wholly comprises, Contractor-designed civil, mechanical, electrical and/or construction works.

The forms are recommended for general use where tenders are invited on an international basis. Modifications may be required in some jurisdictions, particularly if the Conditions are to be used on domestic contracts. FIDIC considers the official and authentic texts to be the versions in the English language.



In the preparation of these Conditions of Contract for Plant and Design-Build, it was recognised that, while there are many sub-clauses which will be generally applicable, there are some sub-clauses which must necessarily vary to take account of the

circumstances relevant to the particular contract. The sub-clauses which were considered to be applicable to many (but not all) contracts have been included in the General Conditions, in order to facilitate their incorporation into each contract.

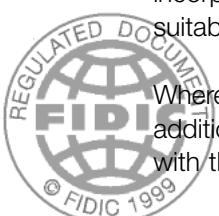
The General Conditions and the Particular Conditions will together comprise the Conditions of Contract governing the rights and obligations of the parties. It will be necessary to prepare the Particular Conditions for each individual contract, and to take account of those sub-clauses in the General Conditions which mention the Particular Conditions.

For this publication, the General Conditions were prepared on the following basis:

- (i) interim payments, in respect of the lump sum Contract Price, will be made as work proceeds, and will typically be based on instalments specified in a schedule;
- (ii) if the wording in the General Conditions necessitates further data, then (unless it is so descriptive that it would have to be detailed in the Employer's Requirements) the sub-clause makes reference to this data being contained in the Appendix to Tender, the data either being prescribed by the Employer or being inserted by the Tenderer;
- (iii) where a sub-clause in the General Conditions deals with a matter on which different contract terms are likely to be applicable for different contracts, the principles applied in writing the sub-clause were:
  - (a) users would find it more convenient if any provisions which they did not wish to apply could simply be deleted or not invoked, than if additional text had to be written (in the Particular Conditions) because the General Conditions did not cover their requirements; or
  - (b) in other cases, where the application of (a) was thought to be inappropriate, the sub-clause contains the provisions which were considered applicable to most contracts.

For example, Sub-Clause 14.2 [*Advance Payment*] is included for convenience, not because of any FIDIC policy in respect of advance payments. This Sub-Clause becomes inapplicable (even if it is not deleted) if it is disregarded by not specifying the amount of the advance. It should therefore be noted that some of the provisions contained in the General Conditions may not be appropriate for an apparently-typical contract.

Further information on these aspects, example wording for other arrangements, and other explanatory material and example wording to assist in the preparation of the Particular Conditions and the other tender documents, are included within this publication as Guidance for the Preparation of the Particular Conditions. Before incorporating any example wording, it must be checked to ensure that it is wholly suitable for the particular circumstances; if not, it must be amended.



Where example wording is amended, and in all cases where other amendments or additions are made, care must be taken to ensure that no ambiguity is created, either with the General Conditions or between the clauses in the Particular Conditions. It is

essential that all these drafting tasks, and the entire preparation of the tender documents, are entrusted to personnel with the relevant expertise, including the contractual, technical and procurement aspects.

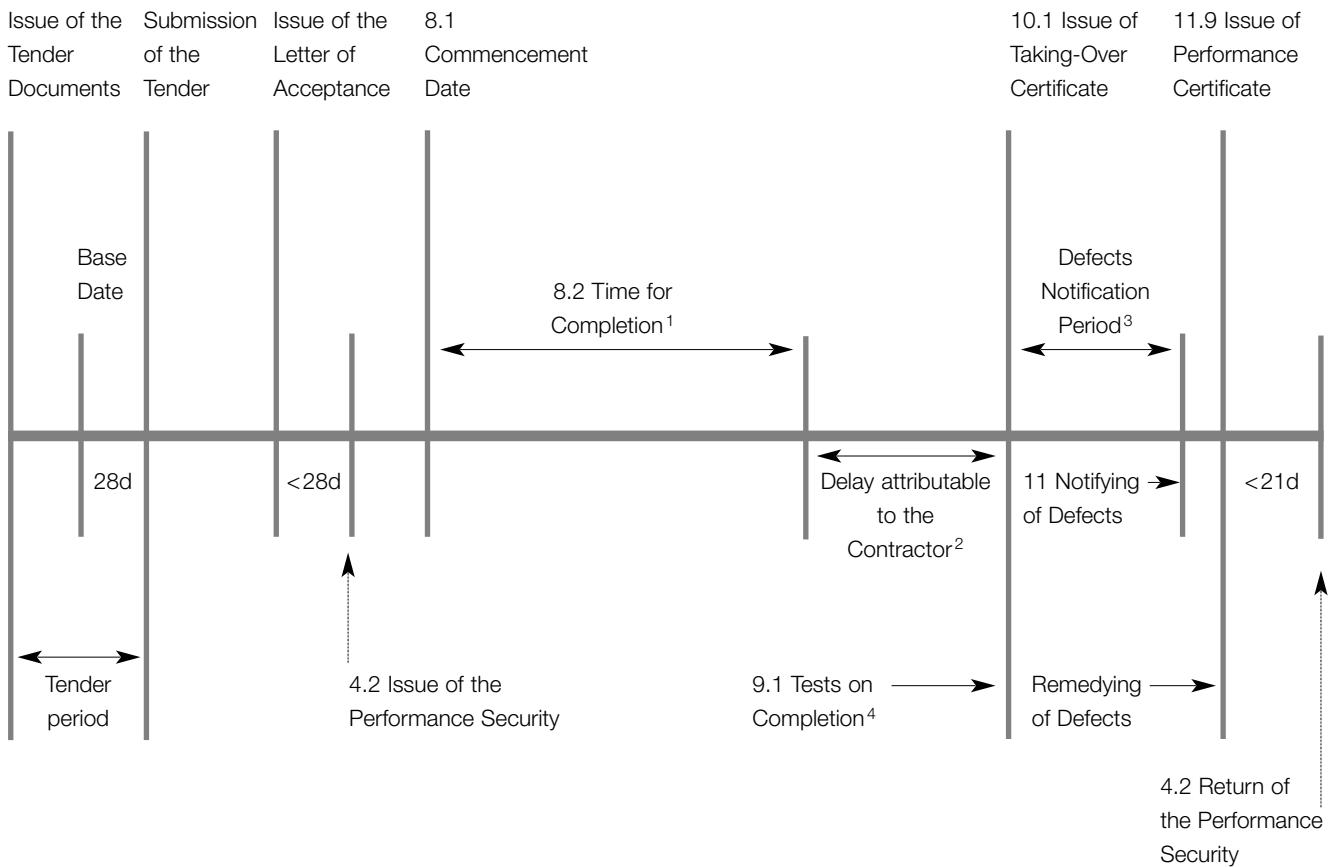
This publication concludes with example forms for the Letter of Tender, the Appendix to Tender (providing a checklist of the sub-clauses which refer to it), the Contract Agreement, and alternatives for the Dispute Adjudication Agreement. This Dispute Adjudication Agreement provides text for the agreement between the Employer, the Contractor and the person appointed to act either as sole adjudicator or as a member of a three-person dispute adjudication board; and incorporates (by reference) the terms in the Appendix to the General Conditions.

FIDIC intends to publish a guide to the use of its Conditions of Contract for Construction, for Plant and Design-Build, and for EPC/Turnkey Projects. Another relevant FIDIC publication is "Tendering Procedure", which presents a systematic approach to the selection of tenderers and the obtaining and evaluation of tenders.

In order to clarify the sequence of Contract activities, reference may be made to the charts on the next two pages and to the Sub-Clauses listed below (some Sub-Clause numbers are also stated in the charts). The charts are illustrative and must not be taken into consideration in the interpretation of the Conditions of Contract.

1.1.3.1 &	13.7	Base Date
1.1.3.2 &	8.1	Commencement Date
1.1.6.6 &	4.2	Performance Security
1.1.4.7 &	14.3	Interim Payment Certificate
1.1.3.3 &	8.2	Time for Completion (as extended under 8.4)
1.1.3.4 &	9.1	Tests on Completion
1.1.3.5 &	10.1	Taking-Over Certificate
1.1.3.6 &	12.1	Tests after Completion (if any)
1.1.3.7 &	11.1	Defects Notification Period (as extended under 11.3)
1.1.3.8 &	11.9	Performance Certificate
1.1.4.4 &	14.13	Final Payment Certificate

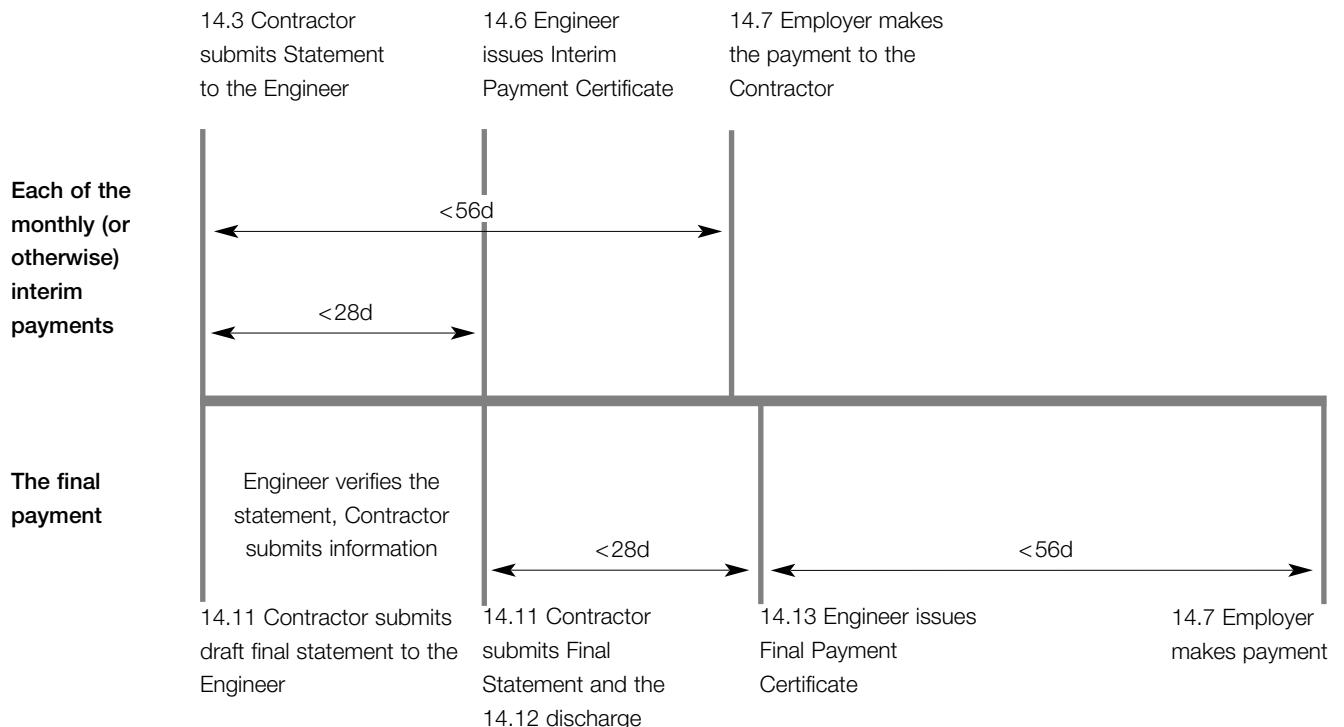




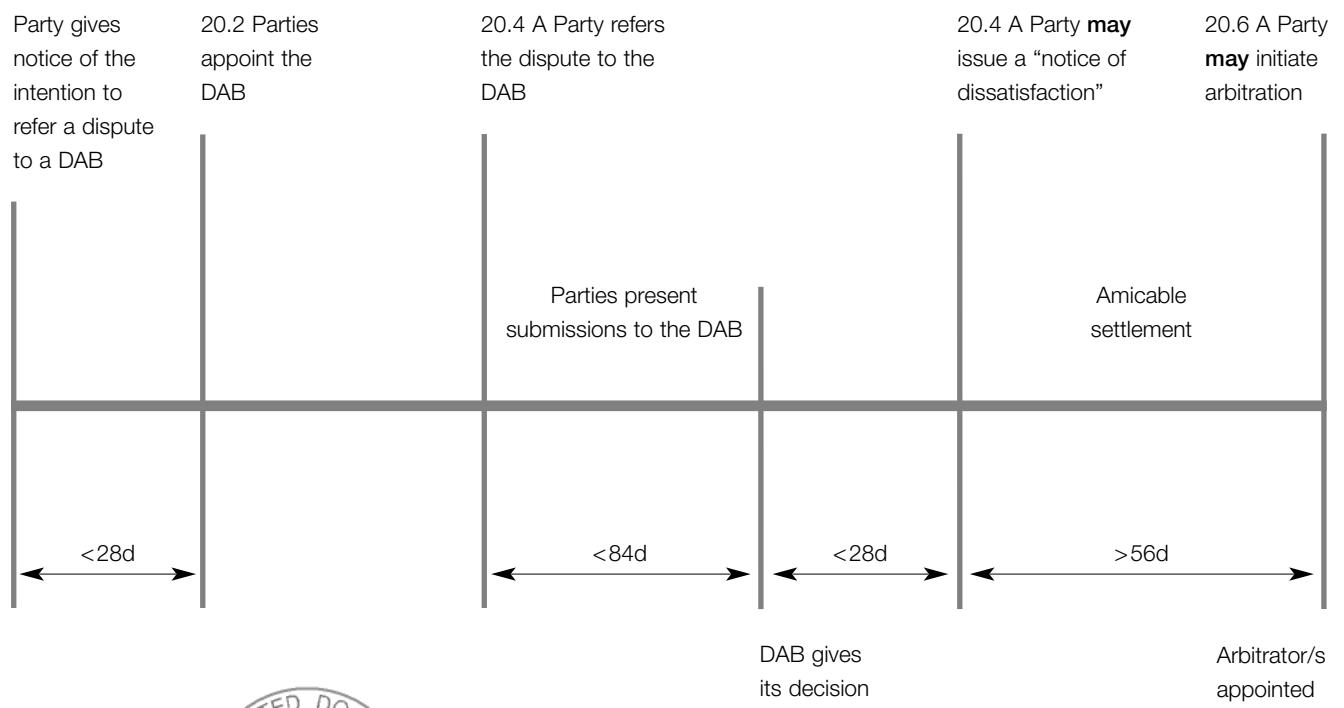
#### Typical sequence of Principal Events during Contracts for Plant and Design-Build

1. The Time for Completion is to be stated (in the Appendix to Tender) as a number of days, to which is added any extensions of time under Sub-Clause 8.4.
2. In order to indicate the sequence of events, the above diagram is based upon the example of the Contractor failing to comply with Sub-Clause 8.2.
3. The Defects Notification Period is to be stated (in the Appendix to Tender) as a number of days, to which is added any extensions under Sub-Clause 11.3.
4. Depending on the type of Works, Test after Completion may also be required.





#### Typical sequence of Payment Events envisaged in Clause 14



#### Typical sequence of Dispute Events envisaged in Clause 20



Conditions of Contract  
for **PLANT and Design-Build**

FOR ELECTRICAL AND MECHANICAL WORKS  
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WORKS DESIGNED BY THE CONTRACTOR

General Conditions

1st Edition 1999

FEDERATION INTERNATIONALE DES INGENIEURS-CONSEILS  
INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS  
INTERNATIONALE VEREINIGUNG BERATENDER INGENIEURE  
FEDERACION INTERNACIONAL DE INGENIEROS CONSOLTORES



## General Conditions

### CONTENTS

1	GENERAL PROVISIONS .....	1
1.1	Definitions	
1.2	Interpretation	
1.3	Communications	
1.4	Law and Language	
1.5	Priority of Documents	
1.6	Contract Agreement	
1.7	Assignment	
1.8	Care and Supply of Documents	
1.9	Errors in the Employer's Requirements	
1.10	Employer's Use of Contractor's Documents	
1.11	Contractor's Use of Employer's Documents	
1.12	Confidential Details	
1.13	Compliance with Laws	
1.14	Joint and Several Liability	
2	THE EMPLOYER .....	8
2.1	Right of Access to the Site	
2.2	Permits, Licences or Approvals	
2.3	Employer's Personnel	
2.4	Employer's Financial Arrangements	
2.5	Employer's Claims	
3	THE ENGINEER .....	10
3.1	Engineer's Duties and Authority	
3.2	Delegation by the Engineer	
3.3	Instructions of the Engineer	
3.4	Replacement of the Engineer	
3.5	Determinations	
4	THE CONTRACTOR .....	11
4.1	Contractor's General Obligations	
4.2	Performance Security	
4.3	Contractor's Representative	
4.4	Subcontractors	

4.5	Nominated Subcontractors	
4.6	Co-operation	
4.7	Setting Out	
4.8	Safety Procedures	
4.9	Quality Assurance	
4.10	Site Data	
4.11	Sufficiency of the Accepted Contract Amount	
4.12	Unforeseeable Physical Conditions	
4.13	Rights of Way and Facilities	
4.14	Avoidance of Interference	
4.15	Access Route	
4.16	Transport of Goods	
4.17	Contractor's Equipment	
4.18	Protection of the Environment	
4.19	Electricity, Water and Gas	
4.20	Employer's Equipment and Free-Issue Material	
4.21	Progress Reports	
4.22	Security of the Site	
4.23	Contractor's Operations on Site	
4.24	Fossils	
<b>5</b>	<b>DESIGN .....</b>	<b>20</b>
5.1	General Design Obligations	
5.2	Contractor's Documents	
5.3	Contractor's Undertaking	
5.4	Technical Standards and Regulations	
5.5	Training	
5.6	As-Built Documents	
5.7	Operation and Maintenance Manuals	
5.8	Design Error	
<b>6</b>	<b>STAFF AND LABOUR .....</b>	<b>23</b>
6.1	Engagement of Staff and Labour	
6.2	Rates of Wages and Conditions of Labour	
6.3	Persons in the Service of Employer	
6.4	Labour Laws	
6.5	Working Hours	
6.6	Facilities for Staff and Labour	
6.7	Health and Safety	
6.8	Contractor's Superintendence	
6.9	Contractor's Personnel	
6.10	Records of Contractor's Personnel and Equipment	
6.11	Disorderly Conduct	
<b>7</b>	<b>PLANT, MATERIALS AND WORKMANSHIP .....</b>	<b>25</b>
7.1	Manner of Execution	
7.2	Samples	
7.3	Inspection	
7.4	Testing	
7.5	Rejection	
7.6	Remedial Work	
7.7	Ownership of Plant and Materials	
7.8	Royalties	

8	COMMENCEMENT, DELAYS AND SUSPENSION .....	27
8.1	Commencement of Works	
8.2	Time for Completion	
8.3	Programme	
8.4	Extension of Time for Completion	
8.5	Delays Caused by Authorities	
8.6	Rate of Progress	
8.7	Delay Damages	
8.8	Suspension of Work	
8.9	Consequences of Suspension	
8.10	Payment for Plant and Materials in Event of Suspension	
8.11	Prolonged Suspension	
8.12	Resumption of Work	
9	TESTS ON COMPLETION .....	31
9.1	Contractor's Obligations	
9.2	Delayed Tests	
9.3	Retesting	
9.4	Failure to Pass Tests on Completion	
10	EMPLOYER'S TAKING OVER .....	32
10.1	Taking Over of the Works and Sections	
10.2	Taking Over of Parts of the Works	
10.3	Interference with Tests on Completion	
10.4	Surfaces Requiring Reinstatement	
11	DEFECTS LIABILITY .....	34
11.1	Completion of Outstanding Work and Remedyng Defects	
11.2	Cost of Remedyng Defects	
11.3	Extension of Defects Notification Period	
11.4	Failure to Remedy Defects	
11.5	Removal of Defective Work	
11.6	Further Tests	
11.7	Right of Access	
11.8	Contractor to Search	
11.9	Performance Certificate	
11.10	Unfulfilled Obligations	
11.11	Clearance of Site	
12	TESTS AFTER COMPLETION .....	37
12.1	Procedure for Tests after Completion	
12.2	Delayed Tests	
12.3	Retesting	
12.4	Failure to Pass Tests after Completion	
13	VARIATIONS AND ADJUSTMENTS .....	38
13.1	Right to Vary	
13.2	Value Engineering	
13.3	Variation Procedure	

13.4	Payment in Applicable Currencies	
13.5	Provisional Sums	
13.6	Daywork	
13.7	Adjustments for Changes in Legislation	
13.8	Adjustments for Changes in Cost	
<b>14</b>	<b>CONTRACT PRICE AND PAYMENT</b>	<b>42</b>
14.1	The Contract Price	
14.2	Advance Payment	
14.3	Application for Interim Payment Certificates	
14.4	Schedule of Payments	
14.5	<del>Plant and Materials intended for the Works</del>	
14.6	Issue of Interim Payment Certificates	
14.7	Payment	
14.8	Delayed Payment	
14.9	Payment of Retention Money	
14.10	Statement at Completion	
14.11	Application for Final Payment Certificate	
14.12	Discharge	
14.13	Issue of Final Payment Certificate	
14.14	Cessation of Employer's Liability	
14.15	Currencies of Payment	
<b>15</b>	<b>TERMINATION BY EMPLOYER</b>	<b>48</b>
15.1	Notice to Correct	
15.2	Termination by Employer	
15.3	Valuation at Date of Termination	
15.4	Payment after Termination	
15.5	Employer's Entitlement to Termination	
<b>16</b>	<b>SUSPENSION AND TERMINATION BY CONTRACTOR</b>	<b>50</b>
16.1	Contractor's Entitlement to Suspend Work	
16.2	Termination by Contractor	
16.3	Cessation of Work and Removal of Contractor's Equipment	
16.4	Payment on Termination	
<b>17</b>	<b>RISK AND RESPONSIBILITY</b>	<b>52</b>
17.1	Indemnities	
17.2	Contractor's Care of the Works	
17.3	Employer's Risks	
17.4	Consequences of Employer's Risks	
17.5	Intellectual and Industrial Property Rights	
17.6	Limitation of Liability	
<b>18</b>	<b>INSURANCE</b>	<b>54</b>
18.1	General Requirements for Insurances	
18.2	Insurance for Works and Contractor's Equipment	
18.3	Insurance against Injury to Persons and Damage to Property	
18.4	Insurance for Contractor's Personnel	

19	FORCE MAJEURE .....	57
19.1	Definition of Force Majeure	
19.2	Notice of Force Majeure	
19.3	Duty to Minimise Delay	
19.4	Consequences of Force Majeure	
19.5	Force Majeure Affecting Subcontractor	
19.6	Optional Termination, Payment and Release	
19.7	Release from Performance under the Law	
20	CLAIMS, DISPUTES AND ARBITRATION .....	59
20.1	Contractor's Claims	
20.2	Appointment of the Dispute Adjudication Board	
20.3	Failure to Agree Dispute Adjudication Board	
20.4	Obtaining Dispute Adjudication Board's Decision	
20.5	Amicable Settlement	
20.6	Arbitration	
20.7	Failure to Comply with Dispute Adjudication Board's Decision	
20.8	Expiry of Dispute Adjudication Board's Appointment	
APPENDIX		
	GENERAL CONDITIONS OF DISPUTE ADJUDICATION AGREEMENT .....	64
	INDEX OF SUB-CLAUSES .....	i

## Definitions listed alphabetically

1.1.4.1	Accepted Contract Amount	1.1.6.5	Laws
1.1.1.9	Appendix to Tender	1.1.1.3	Letter of Acceptance
1.1.3.1	Base Date	1.1.1.4	Letter of Tender
1.1.3.2	Commencement Date	1.1.4.8	Local Currency
1.1.1.1	Contract	1.1.5.3	Materials
1.1.1.2	Contract Agreement	1.1.2.1	Party
1.1.4.2	Contract Price	1.1.4.9	Payment Certificate
1.1.2.3	Contractor	1.1.3.8	Performance Certificate
1.1.6.1	Contractor's Documents	1.1.6.6	Performance Security
1.1.5.1	Contractor's Equipment	1.1.5.4	Permanent Works
1.1.2.7	Contractor's Personnel	1.1.5.5	Plant
1.1.1.7	Contractor's Proposal	1.1.4.10	Provisional Sum
1.1.2.5	Contractor's Representative	1.1.4.11	Retention Money
1.1.4.3	Cost	1.1.1.6	Schedules
1.1.6.2	Country	1.1.1.10	Schedule of Guarantees
1.1.2.9	DAB	1.1.1.10	Schedule of Payments
1.1.3.9	day	1.1.5.6	Section
1.1.3.7	Defects Notification Period	1.1.6.7	Site
1.1.2.2	Employer	1.1.4.12	Statement
1.1.6.3	Employer's Equipment	1.1.2.8	Subcontractor
1.1.2.6	Employer's Personnel	1.1.3.5	Taking-Over Certificate
1.1.1.5	Employer's Requirements	1.1.5.7	Temporary Works
1.1.2.4	Engineer	1.1.1.8	Tender
1.1.2.10	FIDIC	1.1.3.6	Tests after Completion
1.1.4.4	Final Payment Certificate	1.1.3.4	Tests on Completion
1.1.4.5	Final Statement	1.1.3.3	Time for Completion
1.1.6.4	Force Majeure	1.1.6.8	Unforeseeable
1.1.4.6	Foreign Currency	1.1.6.9	Variation
1.1.5.2	Goods	1.1.5.8	Works
1.1.4.7	Interim Payment Certificate	1.1.3.9	year

## General Conditions

### 1 General Provisions

#### 1.1

##### Definitions

In the Conditions of Contract ("these Conditions"), which include Particular Conditions and these General Conditions, the following words and expressions shall have the meanings stated. Words indicating persons or parties include corporations and other legal entities, except where the context requires otherwise.

##### 1.1.1

###### The Contract

- 1.1.1.1 "**Contract**" means the Contract Agreement, the Letter of Acceptance, the Letter of Tender, these Conditions, the Employer's Requirements, the Schedules, the Contractor's Proposal, and the further documents (if any) which are listed in the Contract Agreement or in the Letter of Acceptance.
- 1.1.1.2 "**Contract Agreement**" means the contract agreement (if any) referred to in Sub-Clause 1.6 [Contract Agreement].
- 1.1.1.3 "**Letter of Acceptance**" means the letter of formal acceptance, signed by the Employer, of the Letter of Tender, including any annexed memoranda comprising agreements between and signed by both Parties. If there is no such letter of acceptance, the expression "Letter of Acceptance" means the Contract Agreement and the date of issuing or receiving the Letter of Acceptance means the date of signing the Contract Agreement.
- 1.1.1.4 "**Letter of Tender**" means the document entitled letter of tender, which was completed by the Contractor and includes the signed offer to the Employer for the Works.
- 1.1.1.5 "**Employer's Requirements**" means the document entitled employer's requirements, as included in the Contract, and any additions and modifications to such document in accordance with the Contract. Such document specifies the purpose, scope, and/or design and/or other technical criteria, for the Works.
- 1.1.1.6 "**Schedules**" means the document(s) entitled schedules, completed by the Contractor and submitted with the Letter of Tender, as included in the Contract. Such document may include data, lists and schedules of payments and/or prices.
- 1.1.1.7 "**Contractor's Proposal**" means the document entitled proposal, which the Contractor submitted with the Letter of Tender, as included in the Contract. Such document may include the Contractor's preliminary design.
- 1.1.1.8 "**Tender**" means the Letter of Tender and all other documents which the Contractor submitted with the Letter of Tender, as included in the Contract
- 1.1.1.9 "**Appendix to Tender**" means the completed pages entitled appendix to tender which are appended to and form part of the Letter of Tender.

- 1.1.2 Parties and Persons
- 1.1.1.10 "Schedule of Guarantees" and "Schedule of Payments" mean the documents so named (if any) which are comprised in the Schedules.
- 1.1.2.1 "Party" means the Employer or the Contractor, as the context requires.
- 1.1.2.2 "Employer" means the person named as employer in the Appendix to Tender and the legal successors in title to this person.
- 1.1.2.3 "Contractor" means the person(s) named as contractor in the Letter of Tender accepted by the Employer and the legal successors in title to this person(s).
- 1.1.2.4 "Engineer" means the person appointed by the Employer to act as the Engineer for the purposes of the Contract and named in the Appendix to Tender, or other person appointed from time to time by the Employer and notified to the Contractor under Sub-Clause 3.4 [Replacement of the Engineer].
- 1.1.2.5 "Contractor's Representative" means the person named by the Contractor in the Contract or appointed from time to time by the Contractor under Sub-Clause 4.3 [Contractor's Representative], who acts on behalf of the Contractor.
- 1.1.2.6 "Employer's Personnel" means the Engineer, the assistants referred to in Sub-Clause 3.2 [Delegation by the Engineer] and all other staff, labour and other employees of the Engineer and of the Employer; and any other personnel notified to the Contractor, by the Employer or the Engineer, as Employer's Personnel.
- 1.1.2.7 "Contractor's Personnel" means the Contractor's Representative and all personnel whom the Contractor utilises on Site, who may include the staff, labour and other employees of the Contractor and of each Subcontractor; and any other personnel assisting the Contractor in the execution of the Works.
- 1.1.2.8 "Subcontractor" means any person named in the Contract as a subcontractor, or any person appointed as a subcontractor, for a part of the Works; and the legal successors in title to each of these persons.
- 1.1.2.9 "DAB" means the person or three persons so named in the Contract, or other person(s) appointed under Sub-Clause 20.2 [Appointment of the Dispute Adjudication Board] or Sub-Clause 20.3 [Failure to Agree Dispute Adjudication Board].
- 1.1.2.10 "FIDIC" means the Fédération Internationale des Ingénieurs-Conseils, the international federation of consulting engineers.
- 1.1.3 Dates, Tests, Periods and Completion
- 1.1.3.1 "Base Date" means the date 28 days prior to the latest date for submission of the Tender.
- 1.1.3.2 "Commencement Date" means the date notified under Sub-Clause 8.1 [Commencement of Works].
- 1.1.3.3 "Time for Completion" means the time for completing the Works or a Section (as the case may be) under Sub-Clause 8.2 [Time for Completion], as stated in the Appendix to Tender (with any extension under Sub-Clause

- 8.4 [Extension of Time for Completion]), calculated from the Commencement Date.
- 1.1.3.4 "**Tests on Completion**" means the tests which are specified in the Contract or agreed by both Parties or instructed as a Variation, and which are carried out under Clause 9 [Tests on Completion] before the Works or a Section (as the case may be) are taken over by the Employer.
- 1.1.3.5 "**Taking-Over Certificate**" means a certificate issued under Clause 10 [Employer's Taking Over].
- 1.1.3.6 "**Tests after Completion**" means the tests (if any) which are specified in the Contract and which are carried out under Clause 12 [Tests after Completion] after the Works or a Section (as the case may be) are taken over by the Employer.
- 1.1.3.7 "**Defects Notification Period**" means the period for notifying defects in the Works or a Section (as the case may be) under Sub-Clause 11.1 [Completion of Outstanding Work and Remedy Defects], as stated in the Appendix to Tender (with any extension under Sub-Clause 11.3 [Extension of Defects Notification Period]), calculated from the date on which the Works or Section is completed as certified under Sub-Clause 10.1 [Taking Over of the Works and Sections].
- 1.1.3.8 "**Performance Certificate**" means the certificate issued under Sub-Clause 11.9 [Performance Certificate].
- 1.1.3.9 "day" means a calendar day and "year" means 365 days.
- 1.1.4 Money and Payments
- 1.1.4.1 "**Accepted Contract Amount**" means the amount accepted in the Letter of Acceptance for the execution and completion of the Works and the remedying of any defects.
- 1.1.4.2 "**Contract Price**" means the price defined in Sub-Clause 14.1 [The Contract Price], and includes adjustments in accordance with the Contract.
- 1.1.4.3 "**Cost**" means all expenditure reasonably incurred (or to be incurred) by the Contractor, whether on or off the Site, including overhead and similar charges, but does not include profit.
- 1.1.4.4 "**Final Payment Certificate**" means the payment certificate issued under Sub-Clause 14.13 [Issue of Final Payment Certificate].
- 1.1.4.5 "**Final Statement**" means the statement defined in Sub-Clause 14.11 [Application for Final Payment Certificate].
- 1.1.4.6 "**Foreign Currency**" means a currency in which part (or all) of the Contract Price is payable, but not the Local Currency.
- 1.1.4.7 "**Interim Payment Certificate**" means a payment certificate issued under Clause 14 [Contract Price and Payment], other than the Final Payment Certificate.
- 1.1.4.8 "**Local Currency**" means the currency of the Country.
- 1.1.4.9 "**Payment Certificate**" means a payment certificate issued under Clause 14 [Contract Price and Payment].

1.1.4.10 "**Provisional Sum**" means a sum (if any) which is specified in the Contract as a provisional sum, for the execution of any part of the Works or for the supply of Plant, Materials or services under Sub-Clause 13.5 [*Provisional Sums*].

1.1.4.11 "**Retention Money**" means the accumulated retention moneys which the Employer retains under Sub-Clause 14.3 [*Application for Interim Payment Certificates*] and pays under Sub-Clause 14.9 [*Payment of Retention Money*].

1.1.4.12 "**Statement**" means a statement submitted by the Contractor as part of an application, under Clause 14 [*Contract Price and Payment*], for a payment certificate.

#### 1.1.5

##### Works and Goods

1.1.5.1 "**Contractor's Equipment**" means all apparatus, machinery, vehicles and other things required for the execution and completion of the Works and the remedying of any defects. However, Contractor's Equipment excludes Temporary Works, Employer's Equipment (if any), Plant, Materials and any other things intended to form or forming part of the Permanent Works.

1.1.5.2 "**Goods**" means Contractor's Equipment, Materials, Plant and Temporary Works, or any of them as appropriate.

1.1.5.3 "**Materials**" means things of all kinds (other than Plant) intended to form or forming part of the Permanent Works, including the supply-only materials (if any) to be supplied by the Contractor under the Contract.

1.1.5.4 "**Permanent Works**" means the permanent works to be executed by the Contractor under the Contract.

1.1.5.5 "**Plant**" means the apparatus, machinery and vehicles intended to form or forming part of the Permanent Works.

1.1.5.6 "**Section**" means a part of the Works specified in the Appendix to Tender as a Section (if any).

1.1.5.7 "**Temporary Works**" means all temporary works of every kind (other than Contractor's Equipment) required on Site for the execution and completion of the Permanent Works and the remedying of any defects.

1.1.5.8 "**Works**" mean the Permanent Works and the Temporary Works, or either of them as appropriate.

#### 1.1.6

##### Other Definitions

1.1.6.1 "**Contractor's Documents**" means the calculations, computer programs and other software, drawings, manuals, models and other documents of a technical nature (if any) supplied by the Contractor under the Contract; as described in Sub-Clause 5.2 [*Contractor's Documents*].

1.1.6.2 "**Country**" means the country in which the Site (or most of it) is located, where the Permanent Works are to be executed.

1.1.6.3 "**Employer's Equipment**" means the apparatus, machinery and vehicles (if any) made available by the Employer for the use of the Contractor in the execution of the Works, as stated in the Employer's Requirements; but does not include Plant which has not been taken over by the Employer.

1.1.6.4 "**Force Majeure**" is defined in Clause 19 [*Force Majeure*].

- 1.1.6.5 "**Laws**" means all national (or state) legislation, statutes, ordinances and other laws, and regulations and by-laws of any legally constituted public authority.
- 1.1.6.6 "**Performance Security**" means the security (or securities, if any) under Sub-Clause 4.2 [*Performance Security*].
- 1.1.6.7 "**Site**" means the places where the Permanent Works are to be executed and to which Plant and Materials are to be delivered, and any other places as may be specified in the Contract as forming part of the Site.
- 1.1.6.8 "**Unforeseeable**" means not reasonably foreseeable by an experienced contractor by the date for submission of the Tender.
- 1.1.6.9 "**Variation**" means any change to the Employer's Requirements or the Works, which is instructed or approved as a variation under Clause 13 [*Variations and Adjustments*].

## 1.2

### Interpretation

In the Contract, except where the context requires otherwise:

- (a) words indicating one gender include all genders;
- (b) words indicating the singular also include the plural and words indicating the plural also include the singular;
- (c) provisions including the word "agree", "agreed" or "agreement" require the agreement to be recorded in writing, and
- (d) "written" or "in writing" means hand-written, type-written, printed or electronically made, and resulting in a permanent record.

The marginal words and other headings shall not be taken into consideration in the interpretation of these Conditions.

## 1.3

### Communications

Wherever these Conditions provide for the giving or issuing of approvals, certificates, consents, determinations, notices and requests, these communications shall be:

- (a) in writing and delivered by hand (against receipt), sent by mail or courier, or transmitted using any of the agreed systems of electronic transmission as stated in the Appendix to Tender; and
- (b) delivered, sent or transmitted to the address for the recipient's communications as stated in the Appendix to Tender. However:
  - (i) if the recipient gives notice of another address, communications shall thereafter be delivered accordingly; and
  - (ii) if the recipient has not stated otherwise when requesting an approval or consent, it may be sent to the address from which the request was issued.

Approvals, certificates, consents and determinations shall not be unreasonably withheld or delayed. When a certificate is issued to a Party, the certifier shall send a copy to the other Party. When a notice is issued to a Party, by the other Party or the Engineer, a copy shall be sent to the Engineer or the other Party, as the case may be.

## 1.4

### Law and Language

The Contract shall be governed by the law of the country (or other jurisdiction) stated in the Appendix to Tender.

If there are versions of any part of the Contract which are written in more than one language, the version which is in the ruling language stated in the Appendix to Tender shall prevail.

The language for communications shall be that stated in the Appendix to Tender. If no language is stated there, the language for communications shall be the language in which the Contract (or most of it) is written.

1.5

**Priority of Documents**

The documents forming the Contract are to be taken as mutually explanatory of one another. For the purposes of interpretation, the priority of the documents shall be in accordance with the following sequence:

- (a) the Contract Agreement (if any),
- (b) the Letter of Acceptance,
- (c) the Letter of Tender,
- (d) the Particular Conditions,
- (e) these General Conditions,
- (f) the Employer's Requirements,
- (g) the Schedules, and
- (h) the Contractor's Proposal and any other documents forming part of the Contract.

If an ambiguity or discrepancy is found in the documents, the Engineer shall issue any necessary clarification or instruction.

1.6

**Contract Agreement**

The Parties shall enter into a Contract Agreement within 28 days after the Contractor receives the Letter of Acceptance, unless they agree otherwise. The Contract Agreement shall be based upon the form annexed to the Particular Conditions. The costs of stamp duties and similar charges (if any) imposed by law in connection with entry into the Contract Agreement shall be borne by the Employer.

1.7

**Assignment**

Neither Party shall assign the whole or any part of the Contract or any benefit or interest in or under the Contract. However, either Party:

- (a) may assign the whole or any part with the prior agreement of the other Party, at the sole discretion of such other Party, and
- (b) may, as security in favour of a bank or financial institution, assign its right to any moneys due, or to become due, under the Contract.

1.8

**Care and Supply of Documents**

Each of the Contractor's Documents shall be in the custody and care of the Contractor, unless and until taken over by the Employer. Unless otherwise stated in the Contract, the Contractor shall supply to the Engineer six copies of each of the Contractor's Documents.

The Contractor shall keep, on the Site, a copy of the Contract, publications named in the Employer's Requirements, the Contractor's Documents, and Variations and other communications given under the Contract. The Employer's Personnel shall have the right of access to all these documents at all reasonable times.

1.9

If a Party becomes aware of an error or defect of a technical nature in a document which was prepared for use in executing the Works, the Party shall promptly give notice to the other Party of such error or defect.

Errors in the Employer's Requirements	If the Contractor suffers delay and/or incurs Cost as a result of an error in the Employer's Requirements, and an experienced contractor exercising due care would not have discovered the error when scrutinising the Employer's Requirements under Sub-Clause 5.1 [General Design Obligations], the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:
	(a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
	(b) payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine (i) whether and (if so) to what extent the error could not reasonably have been so discovered, and (ii) the matters described in sub-paragraphs (a) and (b) above related to this extent.

1.10

Employer's Use of Contractor's Documents	As between the Parties, the Contractor shall retain the copyright and other intellectual property rights in the Contractor's Documents and other design documents made by (or on behalf of) the Contractor.  The Contractor shall be deemed (by signing the Contract) to give to the Employer a non-terminable transferable non-exclusive royalty-free licence to copy, use and communicate the Contractor's Documents, including making and using modifications of them. This licence shall:
	(a) apply throughout the actual or intended working life (whichever is longer) of the relevant parts of the Works, (b) entitle any person in proper possession of the relevant part of the Works to copy, use and communicate the Contractor's Documents for the purposes of completing, operating, maintaining, altering, adjusting, repairing and demolishing the Works, and (c) in the case of Contractor's Documents which are in the form of computer programs and other software, permit their use on any computer on the Site and other places as envisaged by the Contract, including replacements of any computers supplied by the Contractor.

The Contractor's Documents and other design documents made by (or on behalf of) the Contractor shall not, without the Contractor's consent, be used, copied or communicated to a third party by (or on behalf of) the Employer for purposes other than those permitted under this Sub-Clause.

1.11

Contractor's Use of Employer's Documents	As between the Parties, the Employer shall retain the copyright and other intellectual property rights in the Employer's Requirements and other documents made by (or on behalf of) the Employer. The Contractor may, at his cost, copy, use, and obtain communication of these documents for the purposes of the Contract. They shall not, without the Employer's consent, be copied, used or communicated to a third party by the Contractor, except as necessary for the purposes of the Contract.
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1.12

Confidential Details	The Contractor shall disclose all such confidential and other information as the Engineer may reasonably require in order to verify the Contractor's compliance with the Contract.
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**1.13  
Compliance with Laws**

The Contractor shall, in performing the Contract, comply with applicable Laws. Unless otherwise stated in the Particular Conditions:

- (a) the Employer shall have obtained (or shall obtain) the planning, zoning or similar permission for the Permanent Works, and any other permissions described in the Employer's Requirements as having been (or being) obtained by the Employer; and the Employer shall indemnify and hold the Contractor harmless against and from the consequences of any failure to do so; and
- (b) the Contractor shall give all notices, pay all taxes, duties and fees, and obtain all permits, licences and approvals, as required by the Laws in relation to the design, execution and completion of the Works and the remedying of any defects; and the Contractor shall indemnify and hold the Employer harmless against and from the consequences of any failure to do so.

**1.14**

**Joint Several Liability**

If the Contractor constitutes (under applicable Laws) a joint venture, consortium or other unincorporated grouping of two or more persons:

- (a) these persons shall be deemed to be jointly and severally liable to the Employer for the performance of the Contract;
- (b) these persons shall notify the Employer of their leader who shall have authority to bind the Contractor and each of these persons; and
- (c) the Contractor shall not alter its composition or legal status without the prior consent of the Employer.

## **2 The Employer**

**2.1**

**Right of Access to the Site**

The Employer shall give the Contractor right of access to, and possession of, all parts of the Site within the time (or times) stated in the Appendix to Tender. The right and possession may not be exclusive to the Contractor. If, under the Contract, the Employer is required to give (to the Contractor) possession of any foundation, structure, plant or means of access, the Employer shall do so in the time and manner stated in the Employer's Requirements. However, the Employer may withhold any such right or possession until the Performance Security has been received.

If no such time is stated in the Appendix to Tender, the Employer shall give the Contractor right of access to, and possession of, the Site within such times as may be required to enable the Contractor to proceed in accordance with the programme submitted under Sub-Clause 8.3 [Programme].

If the Contractor suffers delay and/or incurs Cost as a result of a failure by the Employer to give any such right or possession within such time, the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
- (b) payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine these matters.

However, if and to the extent that the Employer's failure was caused by any error or delay by the Contractor, including an error in, or delay in the submission of, any of the Contractor's Documents, the Contractor shall not be entitled to such extension of time, Cost or profit.

2.2

Permits, Licences or Approvals

The Employer shall (where he is in a position to do so) provide reasonable assistance to the Contractor at the request of the Contractor:

- (a) by obtaining copies of the Laws of the Country which are relevant to the Contract but are not readily available, and
- (b) for the Contractor's applications for any permits, licences or approvals required by the Laws of the Country:
  - (i) which the Contractor is required to obtain under Sub-Clause 1.13 [*Compliance with Laws*],
  - (ii) for the delivery of Goods, including clearance through customs, and
  - (iii) for the export of Contractor's Equipment when it is removed from the Site.

2.3

Employer's Personnel

The Employer shall be responsible for ensuring that the Employer's Personnel and the Employer's other contractors on the Site:

- (a) co-operate with the Contractor's efforts under Sub-Clause 4.6 [*Co-operation*], and
- (b) take actions similar to those which the Contractor is required to take under sub-paragraphs (a), (b) and (c) of Sub-Clause 4.8 [*Safety Procedures*] and under Sub-Clause 4.18 [*Protection of the Environment*].

2.4

Employer's Financial Arrangements

The Employer shall submit, within 28 days after receiving any request from the Contractor, reasonable evidence that financial arrangements have been made and are being maintained which will enable the Employer to pay the Contract Price (as estimated at that time) in accordance with Clause 14 [*Contract Price and Payment*]. If the Employer intends to make any material change to his financial arrangements, the Employer shall give notice to the Contractor with detailed particulars.

2.5

Employer's Claims

If the Employer considers himself to be entitled to any payment under any Clause of these Conditions or otherwise in connection with the Contract, and/or to any extension of the Defects Notification Period, the Employer or the Engineer shall give notice and particulars to the Contractor. However, notice is not required for payments due under Sub-Clause 4.19 [*Electricity, Water and Gas*], under Sub-Clause 4.20 [*Employer's Equipment and Free-Issue Material*], or for other services requested by the Contractor.

The notice shall be given as soon as practicable after the Employer became aware of the event or circumstances giving rise to the claim. A notice relating to any extension of the Defects Notification Period shall be given before the expiry of such period.

The particulars shall specify the Clause or other basis of the claim, and shall include substantiation of the amount and/or extension to which the Employer considers himself to be entitled in connection with the Contract. The Engineer shall then proceed in accordance with Sub-Clause 3.5 [*Determinations*] to agree or determine (i) the amount (if any) which the Employer is entitled to be paid by the Contractor,

and/or (ii) the extension (if any) of the Defects Notification Period in accordance with Sub-Clause 11.3 [*Extension of Defects Notification Period*].

This amount may be included as a deduction in the Contract Price and Payment Certificates. The Employer shall only be entitled to set off against or make any deduction from an amount certified in a Payment Certificate, or to otherwise claim against the Contractor, in accordance with this Sub-Clause.

## 3 The Engineer

### 3.1

#### Engineer's Duties and Authority

The Employer shall appoint the Engineer who shall carry out the duties assigned to him in the Contract. The Engineer's staff shall include suitably qualified engineers and other professionals who are competent to carry out these duties.

The Engineer shall have no authority to amend the Contract.

The Engineer may exercise the authority attributable to the Engineer as specified in or necessarily to be implied from the Contract. If the Engineer is required to obtain the approval of the Employer before exercising a specified authority, the requirements shall be as stated in the Particular Conditions. The Employer undertakes not to impose further constraints on the Engineer's authority, except as agreed with the Contractor.

However, whenever the Engineer exercises a specified authority for which the Employer's approval is required, then (for the purposes of the Contract) the Employer shall be deemed to have given approval.

Except as otherwise stated in these Conditions:

- (a) whenever carrying out duties or exercising authority, specified in or implied by the Contract, the Engineer shall be deemed to act for the Employer;
- (b) the Engineer has no authority to relieve either Party of any duties, obligations or responsibilities under the Contract; and
- (c) any approval, check, certificate, consent, examination, inspection, instruction, notice, proposal, request, test, or similar act by the Engineer (including absence of disapproval) shall not relieve the Contractor from any responsibility he has under the Contract, including responsibility for errors, omissions, discrepancies and non-compliances.

### 3.2

#### Delegation by the Engineer

The Engineer may from time to time assign duties and delegate authority to assistants, and may also revoke such assignment or delegation. These assistants may include a resident engineer, and/or independent inspectors appointed to inspect and/or test items of Plant and/or Materials. The assignment, delegation or revocation shall be in writing and shall not take effect until copies have been received by both Parties. However, unless otherwise agreed by both Parties, the Engineer shall not delegate the authority to determine any matter in accordance with Sub-Clause 3.5 [*Determinations*].

Assistants shall be suitably qualified persons, who are competent to carry out these duties and exercise this authority, and who are fluent in the language for communications defined in Sub-Clause 1.4 [*Law and Language*].

Each assistant, to whom duties have been assigned or authority has been delegated, shall only be authorised to issue instructions to the Contractor to the extent defined

by the delegation. Any approval, check, certificate, consent, examination, inspection, instruction, notice, proposal, request, test, or similar act by an assistant, in accordance with the delegation, shall have the same effect as though the act had been an act of the Engineer. However:

- (a) any failure to disapprove any work, Plant or Materials shall not constitute approval, and shall therefore not prejudice the right of the Engineer to reject the work, Plant or Materials;
- (b) if the Contractor questions any determination or instruction of an assistant, the Contractor may refer the matter to the Engineer, who shall promptly confirm, reverse or vary the determination or instruction.

3.3

Instructions of the Engineer

The Engineer may issue to the Contractor (at any time) instructions which may be necessary for the execution of the Works and the remedying of any defects, all in accordance with the Contract. The Contractor shall only take instructions from the Engineer, or from an assistant to whom the appropriate authority has been delegated under this Clause. If an instruction constitutes a Variation, Clause 13 [*Variations and Adjustments*] shall apply.

The Contractor shall comply with the instructions given by the Engineer or delegated assistant, on any matter related to the Contract. These instructions shall be given in writing.

3.4

Replacement of the Engineer

If the Employer intends to replace the Engineer, the Employer shall, not less than 42 days before the intended date of replacement, give notice to the Contractor of the name, address and relevant experience of the intended replacement Engineer. The Employer shall not replace the Engineer with a person against whom the Contractor raises reasonable objection by notice to the Employer, with supporting particulars.

3.5

Determinations

Whenever these Conditions provide that the Engineer shall proceed in accordance with this Sub-Clause 3.5 to agree or determine any matter, the Engineer shall consult with each Party in an endeavour to reach agreement. If agreement is not achieved, the Engineer shall make a fair determination in accordance with the Contract, taking due regard of all relevant circumstances.

The Engineer shall give notice to both Parties of each agreement or determination, with supporting particulars. Each Party shall give effect to each agreement or determination unless and until revised under Clause 20 [*Claims, Disputes and Arbitration*].

## 4 The Contractor

4.1

Contractor's General Obligations

The Contractor shall design, execute and complete the Works in accordance with the Contract, and shall remedy any defects in the Works. When completed, the Works shall be fit for the purposes for which the Works are intended as defined in the Contract.

The Contractor shall provide the Plant and Contractor's Documents specified in the Contract, and all Contractor's Personnel, Goods, consumables and other things and services, whether of a temporary or permanent nature, required in and for this design, execution, completion and remedying of defects.

The Works shall include any work which is necessary to satisfy the Employer's Requirements, Contractor's Proposal and Schedules, or is implied by the Contract, and all works which (although not mentioned in the Contract) are necessary for stability or for the completion, or safe and proper operation, of the Works.

The Contractor shall be responsible for the adequacy, stability and safety of all Site operations, of all methods of construction and of all the Works.

The Contractor shall, whenever required by the Engineer, submit details of the arrangements and methods which the Contractor proposes to adopt for the execution of the Works. No significant alteration to these arrangements and methods shall be made without this having previously been notified to the Engineer

#### 4.2

##### Performance Security

The Contractor shall obtain (at his cost) a Performance Security for proper performance, in the amount and currencies stated in the Appendix to Tender. If an amount is not stated in the Appendix to Tender, this Sub-Clause shall not apply.

The Contractor shall deliver the Performance Security to the Employer within 28 days after receiving the Letter of Acceptance, and shall send a copy to the Engineer. The Performance Security shall be issued by an entity and from within a country (or other jurisdiction) approved by the Employer, and shall be in the form annexed to the Particular Conditions or in another form approved by the Employer.

The Contractor shall ensure that the Performance Security is valid and enforceable until the Contractor has executed and completed the Works and remedied any defects. If the terms of the Performance Security specify its expiry date, and the Contractor has not become entitled to receive the Performance Certificate by the date 28 days prior to the expiry date, the Contractor shall extend the validity of the Performance Security until the Works have been completed and any defects have been remedied.

The Employer shall not make a claim under the Performance Security, except for amounts to which the Employer is entitled under the Contract in the event of:

- (a) failure by the Contractor to extend the validity of the Performance Security as described in the preceding paragraph, in which event the Employer may claim the full amount of the Performance Security,
- (b) failure by the Contractor to pay the Employer an amount due, as either agreed by the Contractor or determined under Sub-Clause 2.5 [*Employer's Claims*] or Clause 20 [*Claims, Disputes and Arbitration*], within 42 days after this agreement or determination,
- (c) failure by the Contractor to remedy a default within 42 days after receiving the Employer's notice requiring the default to be remedied, or
- (d) circumstances which entitle the Employer to termination under Sub-Clause 15.2 [*Termination by Employer*], irrespective of whether notice of termination has been given.

The Employer shall indemnify and hold the Contractor harmless against and from all damages, losses and expenses (including legal fees and expenses) resulting from a claim under the Performance Security to the extent to which the Employer was not entitled to make the claim.

The Employer shall return the Performance Security to the Contractor within 21 days after receiving a copy of the Performance Certificate.

**4.3 Contractor's Representative**

The Contractor shall appoint the Contractor's Representative and shall give him all authority necessary to act on the Contractor's behalf under the Contract.

Unless the Contractor's Representative is named in the Contract, the Contractor shall, prior to the Commencement Date, submit to the Engineer for consent the name and particulars of the person the Contractor proposes to appoint as Contractor's Representative. If consent is withheld or subsequently revoked, or if the appointed person fails to act as Contractor's Representative, the Contractor shall similarly submit the name and particulars of another suitable person for such appointment.

The Contractor shall not, without the prior consent of the Engineer, revoke the appointment of the Contractor's Representative or appoint a replacement.

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The whole time of the Contractor's Representative shall be given to directing the Contractor's performance of the Contract. If the Contractor's Representative is to be temporarily absent from the Site during the execution of the Works, a suitable replacement person shall be appointed, subject to the Engineer's prior consent, and the Engineer shall be notified accordingly.

The Contractor's Representative shall, on behalf of the Contractor, receive instructions under Sub-Clause 3.3 [*Instructions of the Engineer*].

The Contractor's Representative may delegate any powers, functions and authority to any competent person, and may at any time revoke the delegation. Any delegation or revocation shall not take effect until the Engineer has received prior notice signed by the Contractor's Representative, naming the person and specifying the powers, functions and authority being delegated or revoked.

The Contractor's Representative and all these persons shall be fluent in the language for communications defined in Sub-Clause 1.4 [*Law and Language*].

**4.4**

**Subcontractors**

The Contractor shall not subcontract the whole of the Works.

The Contractor shall be responsible for the acts or defaults of any Subcontractor, his agents or employees, as if they were the acts or defaults of the Contractor. Unless otherwise stated in the Particular Conditions:

- (a) the Contractor shall not be required to obtain consent to suppliers of Materials, or to a subcontract for which the Subcontractor is named in the Contract;
- (b) the prior consent of the Engineer shall be obtained to other proposed Subcontractors; and
- (c) the Contractor shall give the Engineer not less than 28 days' notice of the intended date of the commencement of each Subcontractor's work, and of the commencement of such work on the Site.

**4.5**

**Nominated Subcontractors**

In this Sub-Clause, "nominated Subcontractor" means a Subcontractor whom the Engineer, under Clause 13 [*Variations and Adjustments*], instructs the Contractor to employ as a Subcontractor. The Contractor shall not be under any obligation to employ a nominated Subcontractor against whom the Contractor raises reasonable objection by notice to the Engineer as soon as practicable, with supporting particulars.

**4.6**

**Co-operation**

The Contractor shall, as specified in the Contract or as instructed by the Engineer, allow appropriate opportunities for carrying out work to:

- (a) the Employer's Personnel,
- (b) any other contractors employed by the Employer, and
- (c) the personnel of any legally constituted public authorities,

who may be employed in the execution on or near the Site of any work not included in the Contract.

Any such instruction shall constitute a Variation if and to the extent that it causes the Contractor to incur Unforeseeable Cost. Services for these personnel and other contractors may include the use of Contractor's Equipment, Temporary Works or access arrangements which are the responsibility of the Contractor.

The Contractor shall be responsible for his construction activities on the Site, and shall co-ordinate his own activities with those of other contractors to the extent (if any) specified in the Employer's Requirements.

If, under the Contract, the Employer is required to give to the Contractor possession of any foundation, structure, plant or means of access in accordance with Contractor's Documents, the Contractor shall submit such documents to the Engineer in the time and manner stated in the Employer's Requirements.

#### 4.7

##### Setting Out

The Contractor shall set out the Works in relation to original points, lines and levels of reference specified in the Contract or notified by the Engineer. The Contractor shall be responsible for the correct positioning of all parts of the Works, and shall rectify any error in the positions, levels, dimensions or alignment of the Works.

The Employer shall be responsible for any errors in these specified or notified items of reference, but the Contractor shall use reasonable efforts to verify their accuracy before they are used.

If the Contractor suffers delay and/or incurs Cost from executing work which was necessitated by an error in these items of reference, and an experienced contractor could not reasonably have discovered such error and avoided this delay and/or Cost, the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
- (b) payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine (i) whether and (if so) to what extent the error could not reasonably have been discovered, and (ii) the matters described in sub-paragraphs (a) and (b) above related to this extent.

#### 4.8

##### Safety Procedures

The Contractor shall:

- (a) comply with all applicable safety regulations,
- (b) take care for the safety of all persons entitled to be on the Site,
- (c) use reasonable efforts to keep the Site and Works clear of unnecessary obstruction so as to avoid danger to these persons,
- (d) provide fencing, lighting, guarding and watching of the Works until completion and taking over under Clause 10 [Employer's Taking Over], and

- (e) provide any Temporary Works (including roadways, footways, guards and fences) which may be necessary, because of the execution of the Works, for the use and protection of the public and of owners and occupiers of adjacent land.

4.9

**Quality Assurance**

The Contractor shall institute a quality assurance system to demonstrate compliance with the requirements of the Contract. The system shall be in accordance with the details stated in the Contract. The Engineer shall be entitled to audit any aspect of the system.

Details of all procedures and compliance documents shall be submitted to the Engineer for information before each design and execution stage is commenced. When any document of a technical nature is issued to the Engineer, evidence of the prior approval by the Contractor himself shall be apparent on the document itself.

Compliance with the quality assurance system shall not relieve the Contractor of any of his duties, obligations or responsibilities under the Contract.

4.10

**Site Data**

The Employer shall have made available to the Contractor for his information, prior to the Base Date, all relevant data in the Employer's possession on sub-surface and hydrological conditions at the Site, including environmental aspects. The Employer shall similarly make available to the Contractor all such data which come into the Employer's possession after the Base Date. The Contractor shall be responsible for interpreting all such data.

To the extent which was practicable (taking account of cost and time), the Contractor shall be deemed to have obtained all necessary information as to risks, contingencies and other circumstances which may influence or affect the Tender or Works. To the same extent, the Contractor shall be deemed to have inspected and examined the Site, its surroundings, the above data and other available information, and to have been satisfied before submitting the Tender as to all relevant matters, including (without limitation):

- (a) the form and nature of the Site, including sub-surface conditions,
- (b) the hydrological and climatic conditions,
- (c) the extent and nature of the work and Goods necessary for the execution and completion of the Works and the remedying of any defects,
- (d) the Laws, procedures and labour practices of the Country, and
- (e) the Contractor's requirements for access, accommodation, facilities, personnel, power, transport, water and other services.

4.11

**Sufficiency of the Accepted Contract Amount**

The Contractor shall be deemed to:

- (a) have satisfied himself as to the correctness and sufficiency of the Accepted Contract Amount, and
- (b) have based the Accepted Contract Amount on the data, interpretations, necessary information, inspections, examinations and satisfaction as to all relevant matters referred to in Sub-Clause 4.10 [Site Data] and any further data relevant to the Contractor's design.

Unless otherwise stated in the Contract, the Accepted Contract Amount covers all the Contractor's obligations under the Contract (including those under Provisional Sums, if any) and all things necessary for the proper design, execution and completion of the Works and the remedying of any defects.

**4.12**  
**Unforeseeable Physical Conditions**

In this Sub-Clause, "physical conditions" means natural physical conditions and man-made and other physical obstructions and pollutants, which the Contractor encounters at the Site when executing the Works, including sub-surface and hydrological conditions but excluding climatic conditions.

If the Contractor encounters adverse physical conditions which he considers to have been Unforeseeable, the Contractor shall give notice to the Engineer as soon as practicable.

This notice shall describe the physical conditions, so that they can be inspected by the Engineer, and shall set out the reasons why the Contractor considers them to be Unforeseeable. The Contractor shall continue executing the Works, using such proper and reasonable measures as are appropriate for the physical conditions, and shall comply with any instructions which the Engineer may give. If an instruction constitutes a Variation, Clause 13 [Variations and Adjustments] shall apply.

If and to the extent that the Contractor encounters physical conditions which are Unforeseeable, gives such a notice, and suffers delay and/or incurs Cost due to these conditions, the Contractor shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
- (b) payment of any such Cost, which shall be included in the Contract Price.

After receiving such notice and inspecting and/or investigating these physical conditions, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine (i) whether and (if so) to what extent these physical conditions were Unforeseeable, and (ii) the matters described in sub-paragraphs (a) and (b) above related to this extent.

However, before additional Cost is finally agreed or determined under sub-paragraph (ii), the Engineer may also review whether other physical conditions in similar parts of the Works (if any) were more favourable than could reasonably have been foreseen when the Contractor submitted the Tender. If and to the extent that these more favourable conditions were encountered, the Engineer may proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine the reductions in Cost which were due to these conditions, which may be included (as deductions) in the Contract Price and Payment Certificates. However, the net effect of all adjustments under sub-paragraph (b) and all these reductions, for all the physical conditions encountered in similar parts of the Works, shall not result in a net reduction in the Contract Price.

The Engineer may take account of any evidence of the physical conditions foreseen by the Contractor when submitting the Tender, which may be made available by the Contractor, but shall not be bound by any such evidence.

**4.13**  
**Rights of Way and Facilities**

The Contractor shall bear all costs and charges for special and/or temporary rights-of-way which he may require, including those for access to the Site. The Contractor shall also obtain, at his risk and cost, any additional facilities outside the Site which he may require for the purposes of the Works.

**4.14**  
**Avoidance of Interference**

The Contractor shall not interfere unnecessarily or improperly with:

- (a) the convenience of the public, or

- (b) the access to and use and occupation of all roads and footpaths, irrespective of whether they are public or in the possession of the Employer or of others.

The Contractor shall indemnify and hold the Employer harmless against and from all damages, losses and expenses (including legal fees and expenses) resulting from any such unnecessary or improper interference.

4.15

Access Route

The Contractor shall be deemed to have been satisfied as to the suitability and availability of access routes to the Site. The Contractor shall use reasonable efforts to prevent any road or bridge from being damaged by the Contractor's traffic or by the Contractor's Personnel. These efforts shall include the proper use of appropriate vehicles and routes.

Except as otherwise stated in these Conditions:

- (a) the Contractor shall (as between the Parties) be responsible for any maintenance which may be required for his use of access routes;
- (b) the Contractor shall provide all necessary signs or directions along access routes, and shall obtain any permission which may be required from the relevant authorities for his use of routes, signs and directions;
- (c) the Employer shall not be responsible for any claims which may arise from the use or otherwise of any access route,
- (d) the Employer does not guarantee the suitability or availability of particular access routes, and
- (e) Costs due to non-suitability or non-availability, for the use required by the Contractor, of access routes shall be borne by the Contractor.

4.16

Transport of Goods

Unless otherwise stated in the Particular Conditions:

- (a) the Contractor shall give the Engineer not less than 21 days' notice of the date on which any Plant or a major item of other Goods will be delivered to the Site;
- (b) the Contractor shall be responsible for packing, loading, transporting, receiving, unloading, storing and protecting all Goods and other things required for the Works; and
- (c) the Contractor shall indemnify and hold the Employer harmless against and from all damages, losses and expenses (including legal fees and expenses) resulting from the transport of Goods, and shall negotiate and pay all claims arising from their transport.

4.17

Contractor's Equipment

The Contractor shall be responsible for all Contractor's Equipment. When brought on to the Site, Contractor's Equipment shall be deemed to be exclusively intended for the execution of the Works. The Contractor shall not remove from the Site any major items of Contractor's Equipment without the consent of the Engineer. However, consent shall not be required for vehicles transporting Goods or Contractor's Personnel off Site.

4.18

Protection of the Environment

The Contractor shall take all reasonable steps to protect the environment (both on and off the Site) and to limit damage and nuisance to people and property resulting from pollution, noise and other results of his operations.

The Contractor shall ensure that emissions, surface discharges and effluent from the Contractor's activities shall not exceed the values indicated in the Employer's Requirements, and shall not exceed the values prescribed by applicable Laws.

**4.19 Electricity, Water and Gas**  
The Contractor shall, except as stated below, be responsible for the provision of all power, water and other services he may require.

The Contractor shall be entitled to use for the purposes of the Works such supplies of electricity, water, gas and other services as may be available on the Site and of which details and prices are given in the Employer's Requirements. The Contractor shall, at his risk and cost, provide any apparatus necessary for his use of these services and for measuring the quantities consumed.

The quantities consumed and the amounts due (at these prices) for such services shall be agreed or determined by the Engineer in accordance with Sub-Clause 2.5 [Employer's Claims] and Sub-Clause 3.5 [Determinations]. The Contractor shall pay these amounts to the Employer.

**4.20 Employer's Equipment and Free-Issue Material**  
The Employer shall make the Employer's Equipment (if any) available for the use of the Contractor in the execution of the Works in accordance with the details, arrangements and prices stated in the Employer's Requirements. Unless otherwise stated in the Employer's Requirements:

- (a) the Employer shall be responsible for the Employer's Equipment, except that
- (b) the Contractor shall be responsible for each item of Employer's Equipment whilst any of the Contractor's Personnel is operating it, driving it, directing it or in possession or control of it.

The appropriate quantities and the amounts due (at such stated prices) for the use of Employer's Equipment shall be agreed or determined by the Engineer in accordance with Sub-Clause 2.5 [Employer's Claims] and Sub-Clause 3.5 [Determinations]. The Contractor shall pay these amounts to the Employer.

The Employer shall supply, free of charge, the "free-issue materials" (if any) in accordance with the details stated in the Employer's Requirements. The Employer shall, at his risk and cost, provide these materials at the time and place specified in the Contract. The Contractor shall then visually inspect them, and shall promptly give notice to the Engineer of any shortage, defect or default in these materials. Unless otherwise agreed by both Parties, the Employer shall immediately rectify the notified shortage, defect or default.

After this visual inspection, the free-issue materials shall come under the care, custody and control of the Contractor. The Contractor's obligations of inspection, care, custody and control shall not relieve the Employer of liability for any shortage, defect or default not apparent from a visual inspection.

**4.21 Progress Reports**  
Unless otherwise stated in the Particular Conditions, monthly progress reports shall be prepared by the Contractor and submitted to the Engineer in six copies. The first report shall cover the period up to the end of the first calendar month following the Commencement Date. Reports shall be submitted monthly thereafter, each within 7 days after the last day of the period to which it relates.

Reporting shall continue until the Contractor has completed all work which is known to be outstanding at the completion date stated in the Taking-Over Certificate for the Works.

Each report shall include:

- (a) charts and detailed descriptions of progress, including each stage of design, Contractor's Documents, procurement, manufacture, delivery to Site, construction, erection, testing, commissioning and trial operation;
- (b) photographs showing the status of manufacture and of progress on the Site;
- (c) for the manufacture of each main item of Plant and Materials, the name of the manufacturer, manufacture location, percentage progress, and the actual or expected dates of:
  - (i) commencement of manufacture,
  - (ii) Contractor's inspections,
  - (iii) tests, and
  - (iv) shipment and arrival at the Site;
- (d) the details described in Sub-Clause 6.10 [*Records of Contractor's Personnel and Equipment*];
- (e) copies of quality assurance documents, test results and certificates of Materials;
- (f) list of Variations, notices given under Sub-Clause 2.5 [*Employer's Claims*] and notices given under Sub-Clause 20.1 [*Contractor's Claims*];
- (g) safety statistics, including details of any hazardous incidents and activities relating to environmental aspects and public relations; and
- (h) comparisons of actual and planned progress, with details of any events or circumstances which may jeopardise the completion in accordance with the Contract, and the measures being (or to be) adopted to overcome delays.

#### 4.22

##### Security of the Site

Unless otherwise stated in the Particular Conditions:

- (a) the Contractor shall be responsible for keeping unauthorised persons off the Site, and
- (b) authorised persons shall be limited to the Contractor's Personnel and the Employer's Personnel; and to any other personnel notified to the Contractor, by the Employer or the Engineer, as authorised personnel of the Employer's other contractors on the Site.

#### 4.23

##### Contractor's Operations on Site

The Contractor shall confine his operations to the Site, and to any additional areas which may be obtained by the Contractor and agreed by the Engineer as working areas. The Contractor shall take all necessary precautions to keep Contractor's Equipment and Contractor's Personnel within the Site and these additional areas, and to keep them off adjacent land.

During the execution of the Works, the Contractor shall keep the Site free from all unnecessary obstruction, and shall store or dispose of any Contractor's Equipment or surplus materials. The Contractor shall clear away and remove from the Site any wreckage, rubbish and Temporary Works which are no longer required.

Upon the issue of a Taking-Over Certificate, the Contractor shall clear away and remove, from that part of the Site and Works to which the Taking-Over Certificate refers, all Contractor's Equipment, surplus material, wreckage, rubbish and Temporary Works. The Contractor shall leave that part of the Site and the Works in a clean and safe condition. However, the Contractor may retain on Site, during the Defects Notification Period, such Goods as are required for the Contractor to fulfil obligations under the Contract.

4.24  
Fossils

All fossils, coins, articles of value or antiquity, and structures and other remains or items of geological or archaeological interest found on the Site shall be placed under the care and authority of the Employer. The Contractor shall take reasonable precautions to prevent Contractor's Personnel or other persons from removing or damaging any of these findings.

The Contractor shall, upon discovery of any such finding, promptly give notice to the Engineer, who shall issue instructions for dealing with it. If the Contractor suffers delay and/or incurs Cost from complying with the instructions, the Contractor shall give a further notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
- (b) payment of any such Cost, which shall be included in the Contract Price.

After receiving this further notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine these matters.

## 5 Design

5.1  
General Design  
Obligations

The Contractor shall carry out, and be responsible for, the design of the Works. Design shall be prepared by qualified designers who are engineers or other professionals who comply with the criteria (if any) stated in the Employer's Requirements. Unless otherwise stated in the Contract, the Contractor shall submit to the Engineer for consent the name and particulars of each proposed designer and design Subcontractor.

The Contractor warrants that he, his designers and design Subcontractors have the experience and capability necessary for the design. The Contractor undertakes that the designers shall be available to attend discussions with the Engineer at all reasonable times, until the expiry date of the relevant Defects Notification Period.

Upon receiving notice under Sub-Clause 8.1 [Commencement of Works], the Contractor shall scrutinise the Employer's Requirements (including design criteria and calculations, if any) and the items of reference mentioned in Sub-Clause 4.7 [Setting Out]. Within the period stated in the Appendix to Tender, calculated from the Commencement Date, the Contractor shall give notice to the Engineer of any error, fault or other defect found in the Employer's Requirements or these items of reference.

After receiving this notice, the Engineer shall determine whether Clause 13 [Variations and Adjustments] shall be applied, and shall give notice to the Contractor accordingly. If and to the extent that (taking account of cost and time) an experienced contractor exercising due care would have discovered the error, fault or other defect when examining the Site and the Employer's Requirements before submitting the Tender, the Time for Completion shall not be extended and the Contract Price shall not be adjusted.

5.2

Contractor's Documents

The Contractor's Documents shall comprise the technical documents specified in the Employer's Requirements, documents required to satisfy all regulatory approvals, and the documents described in Sub-Clause 5.6 [As-Built Documents] and Sub-Clause 5.7 [Operation and Maintenance Manuals]. Unless otherwise stated in the Employer's Requirements, the Contractor's Documents shall be written in the language for communications defined in Sub-Clause 1.4 [Law and Language].

The Contractor shall prepare all Contractor's Documents, and shall also prepare any other documents necessary to instruct the Contractor's Personnel. The Employer's Personnel shall have the right to inspect the preparation of all these documents, wherever they are being prepared.

If the Employer's Requirements describe the Contractor's Documents which are to be submitted to the Engineer for review and/or for approval, they shall be submitted accordingly, together with a notice as described below. In the following provisions of this Sub-Clause, (i) "review period" means the period required by the Engineer for review and (if so specified) for approval, and (ii) "Contractor's Documents" exclude any documents which are not specified as being required to be submitted for review and/or for approval.

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Unless otherwise stated in the Employer's Requirements, each review period shall not exceed 21 days, calculated from the date on which the Engineer receives a Contractor's Document and the Contractor's notice. This notice shall state that the Contractor's Document is considered ready, both for review (and approval, if so specified) in accordance with this Sub-Clause and for use. The notice shall also state that the Contractor's Document complies with the Contract, or the extent to which it does not comply.

The Engineer may, within the review period, give notice to the Contractor that a Contractor's Document fails (to the extent stated) to comply with the Contract. If a Contractor's Document so fails to comply, it shall be rectified, resubmitted and reviewed (and, if specified, approved) in accordance with this Sub-Clause, at the Contractor's cost.

For each part of the Works, and except to the extent that the prior approval or consent of the Engineer shall have been obtained:

- (a) in the case of a Contractor's Document which has (as specified) been submitted for the Engineer's approval:
  - (i) the Engineer shall give notice to the Contractor that the Contractor's Document is approved, with or without comments, or that it fails (to the extent stated) to comply with the Contract;
  - (ii) execution of such part of the Works shall not commence until the Engineer has approved the Contractor's Document; and
  - (iii) the Engineer shall be deemed to have approved the Contractor's Document upon the expiry of the review periods for all the Contractor's Documents which are relevant to the design and execution of such part, unless the Engineer has previously notified otherwise in accordance with sub-paragraph (i);
- (b) execution of such part of the Works shall not commence prior to the expiry of the review periods for all the Contractor's Documents which are relevant to its design and execution;
- (c) execution of such part of the Works shall be in accordance with these reviewed (and, if specified, approved) Contractor's Documents; and
- (d) if the Contractor wishes to modify any design or document which has previously been submitted for review (and, if specified, approval), the Contractor shall immediately give notice to the Engineer. Thereafter, the Contractor shall submit revised documents to the Engineer in accordance with the above procedure.

If the Engineer instructs that further Contractor's Documents are required, the Contractor shall prepare them promptly.

Any such approval or consent, or any review (under this Sub-Clause or otherwise), shall not relieve the Contractor from any obligation or responsibility

5.3

Contractor's Undertaking

The Contractor undertakes that the design, the Contractor's Documents, the execution and the completed Works will be in accordance with:

- (a) the Laws in the Country, and
- (b) the documents forming the Contract, as altered or modified by Variations.

5.4

Technical Standards and Regulations

The design, the Contractor's Documents, the execution and the completed Works shall comply with the Country's technical standards, building, construction and environmental Laws, Laws applicable to the product being produced from the Works, and other standards specified in the Employer's Requirements, applicable to the Works, or defined by the applicable Laws.

All these Laws shall, in respect of the Works and each Section, be those prevailing when the Works or Section are taken over by the Employer under Clause 10 [*Employer's Taking Over*]. References in the Contract to published standards shall be understood to be references to the edition applicable on the Base Date, unless stated otherwise.

If changed or new applicable standards come into force in the Country after the Base Date, the Contractor shall give notice to the Engineer and (if appropriate) submit proposals for compliance. In the event that:

- (a) the Engineer determines that compliance is required, and
- (b) the proposals for compliance constitute a variation,

then the Engineer shall initiate a Variation in accordance with Clause 13 [*Variations and Adjustments*].

5.5

Training

The Contractor shall carry out the training of Employer's Personnel in the operation and maintenance of the Works to the extent specified in the Employer's Requirements. If the Contract specifies training which is to be carried out before taking-over, the Works shall not be considered to be completed for the purposes of taking-over under Sub-Clause 10.1 [*Taking Over of the Works and Sections*] until this training has been completed.

5.6

As-Built Documents

The Contractor shall prepare, and keep up-to-date, a complete set of "as-built" records of the execution of the Works, showing the exact as-built locations, sizes and details of the work as executed. These records shall be kept on the Site and shall be used exclusively for the purposes of this Sub-Clause. Two copies shall be supplied to the Engineer prior to the commencement of the Tests on Completion.

In addition, the Contractor shall supply to the Engineer as-built drawings of the Works, showing all Works as executed, and submit them to the Engineer for review under Sub-Clause 5.2 [*Contractor's Documents*]. The Contractor shall obtain the consent of the Engineer as to their size, the referencing system, and other relevant details.

Prior to the issue of any Taking-Over Certificate, the Contractor shall supply to the Engineer the specified numbers and types of copies of the relevant as-built drawings, in accordance with the Employer's Requirements. The Works shall not be considered

to be completed for the purposes of taking-over under Sub-Clause 10.1 [*Taking Over of the Works and Sections*] until the Engineer has received these documents.

5.7

**Operation and Maintenance Manuals**

Prior to commencement of the Tests on Completion, the Contractor shall supply to the Engineer provisional operation and maintenance manuals in sufficient detail for the Employer to operate, maintain, dismantle, reassemble, adjust and repair the Plant.

The Works shall not be considered to be completed for the purposes of taking-over under Sub-Clause 10.1 [*Taking Over of the Works and Sections*] until the Engineer has received final operation and maintenance manuals in such detail, and any other manuals specified in the Employer's Requirements for these purposes.

5.8

**Design Error**

If errors, omissions, ambiguities, inconsistencies, inadequacies or other defects are found in the Contractor's Documents, they and the Works shall be corrected at the Contractor's cost, notwithstanding any consent or approval under this Clause.

## 6 Staff and Labour

6.1

**Engagement of Staff and Labour**

Except as otherwise stated in the Employer's Requirements, the Contractor shall make arrangements for the engagement of all staff and labour, local or otherwise, and for their payment, housing, feeding and transport.

6.2

**Rates of Wages and Conditions of Labour**

The Contractor shall pay rates of wages, and observe conditions of labour, which are not lower than those established for the trade or industry where the work is carried out. If no established rates or conditions are applicable, the Contractor shall pay rates of wages and observe conditions which are not lower than the general level of wages and conditions observed locally by employers whose trade or industry is similar to that of the Contractor.

6.3

**Persons in the Service of Employer**

The Contractor shall not recruit, or attempt to recruit, staff and labour from amongst the Employer's Personnel.

6.4

**Labour Laws**

The Contractor shall comply with all the relevant labour Laws applicable to the Contractor's Personnel, including Laws relating to their employment, health, safety, welfare, immigration and emigration, and shall allow them all their legal rights.

The Contractor shall require his employees to obey all applicable Laws, including those concerning safety at work.

6.5

**Working Hours**

No work shall be carried out on the Site on locally recognised days of rest, or outside the normal working hours stated in the Appendix to Tender, unless:

- (a) otherwise stated in the Contract,
- (b) the Engineer gives consent, or
- (c) the work is unavoidable, or necessary for the protection of life or property or for the safety of the Works, in which case the Contractor shall immediately advise the Engineer.

6.6	Facilities for Staff and Labour	Except as otherwise stated in the Employer's Requirements, the Contractor shall provide and maintain all necessary accommodation and welfare facilities for the Contractor's Personnel. The Contractor shall also provide facilities for the Employer's Personnel as stated in the Employer's Requirements.
6.7	Health and Safety	<p>The Contractor shall not permit any of the Contractor's Personnel to maintain any temporary or permanent living quarters within the structures forming part of the Permanent Works.</p> <p>The Contractor shall at all times take all reasonable precautions to maintain the health and safety of the Contractor's Personnel. In collaboration with local health authorities, the Contractor shall ensure that medical staff, first aid facilities, sick bay and ambulance service are available at all times at the Site and at any accommodation for Contractor's and Employer's Personnel, and that suitable arrangements are made for all necessary welfare and hygiene requirements and for the prevention of epidemics.</p> <p>The Contractor shall appoint an accident prevention officer at the Site, responsible for maintaining safety and protection against accidents. This person shall be qualified for this responsibility, and shall have the authority to issue instructions and take protective measures to prevent accidents. Throughout the execution of the Works, the Contractor shall provide whatever is required by this person to exercise this responsibility and authority.</p> <p>The Contractor shall send, to the Engineer, details of any accident as soon as practicable after its occurrence. The Contractor shall maintain records and make reports concerning health, safety and welfare of persons, and damage to property, as the Engineer may reasonably require.</p>
6.8	Contractor's Superintendence	<p>Throughout the design and execution of the Works, and as long thereafter as is necessary to fulfil the Contractor's obligations, the Contractor shall provide all necessary superintendence to plan, arrange, direct, manage, inspect and test the work.</p> <p>Superintendence shall be given by a sufficient number of persons having adequate knowledge of the language for communications (defined in Sub-Clause 1.4 [Law and Language]) and of the operations to be carried out (including the methods and techniques required, the hazards likely to be encountered and methods of preventing accidents), for the satisfactory and safe execution of the Works.</p>
6.9	Contractor's Personnel	<p>The Contractor's Personnel shall be appropriately qualified, skilled and experienced in their respective trades or occupations. The Engineer may require the Contractor to remove (or cause to be removed) any person employed on the Site or Works, including the Contractor's Representative if applicable, who:</p> <ul style="list-style-type: none"><li>(a) persists in any misconduct or lack of care,</li><li>(b) carries out duties incompetently or negligently,</li><li>(c) fails to conform with any provisions of the Contract, or</li><li>(d) persists in any conduct which is prejudicial to safety, health, or the protection of the environment.</li></ul>

If appropriate, the Contractor shall then appoint (or cause to be appointed) a suitable replacement person.

6.10

Records of Contractor's Personnel and Equipment

The Contractor shall submit, to the Engineer, details showing the number of each class of Contractor's Personnel and of each type of Contractor's Equipment on the Site. Details shall be submitted each calendar month, in a form approved by the Engineer, until the Contractor has completed all work which is known to be outstanding at the completion date stated in the Taking-Over Certificate for the Works.

6.11

Disorderly Conduct

The Contractor shall at all times take all reasonable precautions to prevent any unlawful, riotous or disorderly conduct by or amongst the Contractor's Personnel, and to preserve peace and protection of persons and property on and near the Site.

## 7 Plant, Materials and Workmanship

7.1

Manner of Execution

The Contractor shall carry out the manufacture of Plant, the production and manufacture of Materials, and all other execution of the Works:

- (a) in the manner (if any) specified in the Contract,
- (b) in a proper workmanlike and careful manner, in accordance with recognised good practice, and
- (c) with properly equipped facilities and non-hazardous Materials, except as otherwise specified in the Contract.

7.2

Samples

The Contractor shall submit the following samples of Materials, and relevant information, to the Engineer for review in accordance with the procedures for Contractor's Documents described in Sub-Clause 5.2 [Contractor's Documents]:

- (a) manufacturer's standard samples of Materials and samples specified in the Contract, all at the Contractor's cost, and
- (b) additional samples instructed by the Engineer as a Variation.

Each sample shall be labelled as to origin and intended use in the Works.

7.3

Inspection

The Employer's Personnel shall at all reasonable times:

- (a) have full access to all parts of the Site and to all places from which natural Materials are being obtained, and
- (b) during production, manufacture and construction (at the Site and elsewhere), be entitled to examine, inspect, measure and test the materials and workmanship, and to check the progress of manufacture of Plant and production and manufacture of Materials.

The Contractor shall give the Employer's Personnel full opportunity to carry out these activities, including providing access, facilities, permissions and safety equipment. No such activity shall relieve the Contractor from any obligation or responsibility.

The Contractor shall give notice to the Engineer whenever any work is ready and before it is covered up, put out of sight, or packaged for storage or transport. The

Engineer shall then either carry out the examination, inspection, measurement or testing without unreasonable delay, or promptly give notice to the Contractor that the Engineer does not require to do so. If the Contractor fails to give the notice, he shall, if and when required by the Engineer, uncover the work and thereafter reinstate and make good, all at the Contractor's cost.

7.4

Testing

This Sub-Clause shall apply to all tests specified in the Contract, other than the Tests after Completion (if any).

The Contractor shall provide all apparatus, assistance, documents and other information, electricity, equipment, fuel, consumables, instruments, labour, materials, and ~~suitably qualified and experienced staff, as are necessary to carry out the~~ specified tests efficiently. The Contractor shall agree, with the Engineer, the time and place for the specified testing of any Plant, Materials and other parts of the Works.

The Engineer may, under Clause 13 [Variations and Adjustments], vary the location or details of specified tests, or instruct the Contractor to carry out additional tests. If these varied or additional tests show that the tested Plant, Materials or workmanship is not in accordance with the Contract, the cost of carrying out this Variation shall be borne by the Contractor, notwithstanding other provisions of the Contract.

The Engineer shall give the Contractor not less than 24 hours' notice of the Engineer's intention to attend the tests. If the Engineer does not attend at the time and place agreed, the Contractor may proceed with the tests, unless otherwise instructed by the Engineer, and the tests shall then be deemed to have been made in the Engineer's presence.

If the Contractor suffers delay and/or incurs Cost from complying with these instructions or as a result of a delay for which the Employer is responsible, the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
- (b) payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine these matters.

The Contractor shall promptly forward to the Engineer duly certified reports of the tests. When the specified tests have been passed, the Engineer shall endorse the Contractor's test certificate, or issue a certificate to him, to that effect. If the Engineer has not attended the tests, he shall be deemed to have accepted the readings as accurate.

7.5

Rejection

If, as a result of an examination, inspection, measurement or testing, any Plant, Materials, design or workmanship is found to be defective or otherwise not in accordance with the Contract, the Engineer may reject the Plant, Materials, design or workmanship by giving notice to the Contractor, with reasons. The Contractor shall then promptly make good the defect and ensure that the rejected item complies with the Contract.

If the Engineer requires this Plant, Materials, design or workmanship to be retested, the tests shall be repeated under the same terms and conditions. If the rejection and

retesting cause the Employer to incur additional costs, the Contractor shall subject to Sub-Clause 2.5 [Employer's Claims] pay these costs to the Employer.

7.6

Remedial Work

Notwithstanding any previous test or certification, the Engineer may instruct the Contractor to:

- (a) remove from the Site and replace any Plant or Materials which is not in accordance with the Contract,
- (b) remove and re-execute any other work which is not in accordance with the Contract, and
- (c) execute any work which is urgently required for the safety of the Works, whether because of an accident, unforeseeable event or otherwise.

The Contractor shall comply with the instruction within a reasonable time, which shall be the time (if any) specified in the instruction, or immediately if urgency is specified under sub-paragraph (c).

If the Contractor fails to comply with the instruction, the Employer shall be entitled to employ and pay other persons to carry out the work. Except to the extent that the Contractor would have been entitled to payment for the work, the Contractor shall subject to Sub-Clause 2.5 [Employer's Claims] pay to the Employer all costs arising from this failure.

7.7

Ownership of Plant and Materials

Each item of Plant and Materials shall, to the extent consistent with the Laws of the Country, become the property of the Employer at whichever is the earlier of the following times, free from liens and other encumbrances:

- (a) when it is delivered to the Site;
- (b) when the Contractor is entitled to payment of the value of the Plant and Materials under Sub-Clause 8.10 [Payment for Plant and Materials in Event of Suspension].

7.8

Royalties

Unless otherwise stated in the Employer's Requirements, the Contractor shall pay all royalties, rents and other payments for:

- (a) natural Materials obtained from outside the Site, and
- (b) the disposal of material from demolitions and excavations and of other surplus material (whether natural or man-made), except to the extent that disposal areas within the Site are specified in the Contract.

## 8 Commencement, Delays and Suspension

8.1

Commencement of Work

The Engineer shall give the Contractor not less than 7 days' notice of the Commencement Date. Unless otherwise stated in the Particular Conditions, the Commencement Date shall be within 42 days after the Contractor receives the Letter of Acceptance.

The Contractor shall commence the design and execution of the Works as soon as is reasonably practicable after the Commencement Date, and shall then proceed with the Works with due expedition and without delay.

**8.2  
Time for Completion**

The Contractor shall complete the whole of the Works, and each Section (if any), within the Time for Completion for the Works or Section (as the case may be), including:

- (a) achieving the passing of the Tests on Completion, and
- (b) completing all work which is stated in the Contract as being required for the Works or Section to be considered to be completed for the purposes of taking-over under Sub-Clause 10.1 [*Taking Over of the Works and Sections*].

**8.3**

**Programme**

The Contractor shall submit a detailed time programme to the Engineer within 28 days after receiving the notice under Sub-Clause 8.1 [*Commencement of Works*]. The Contractor shall also submit a revised programme whenever the previous programme is inconsistent with actual progress or with the Contractor's obligations. Each programme shall include:

- (a) the order in which the Contractor intends to carry out the Works, including the anticipated timing of each stage of design, Contractor's Documents, procurement, manufacture, inspection, delivery to Site, construction, erection, testing, commissioning and trial operation,
- (b) the periods for reviews under Sub-Clause 5.2 [*Contractor's Documents*] and for any other submissions, approvals and consents specified in the Employer's Requirements,
- (c) the sequence and timing of inspections and tests specified in the Contract, and
- (d) a supporting report which includes:
  - (i) a general description of the methods which the Contractor intends to adopt, and of the major stages, in the execution of the Works, and
  - (ii) details showing the Contractor's reasonable estimate of the number of each class of Contractor's Personnel and of each type of Contractor's Equipment, required on the Site for each major stage.

Unless the Engineer, within 21 days after receiving a programme, gives notice to the Contractor stating the extent to which it does not comply with the Contract, the Contractor shall proceed in accordance with the programme, subject to his other obligations under the Contract. The Employer's Personnel shall be entitled to rely upon the programme when planning their activities.

The Contractor shall promptly give notice to the Engineer of specific probable future events or circumstances which may adversely affect the work, increase the Contract Price or delay the execution of the Works. The Engineer may require the Contractor to submit an estimate of the anticipated effect of the future event or circumstances, and/or a proposal under Sub-Clause 13.3 [*Variation Procedure*].

If, at any time, the Engineer gives notice to the Contractor that a programme fails (to the extent stated) to comply with the Contract or to be consistent with actual progress and the Contractor's stated intentions, the Contractor shall submit a revised programme to the Engineer in accordance with this Sub-Clause

**8.4**

**Extension of Time for Completion**

The Contractor shall be entitled subject to Sub-Clause 20.1 [*Contractor's Claims*] to an extension of the Time for Completion if and to the extent that completion for the

purposes of Sub-Clause 10.1 [*Taking Over of the Works and Sections*] is or will be delayed by any of the following causes:

- (a) a Variation (unless an adjustment to the Time for Completion has been agreed under Sub-Clause 13.3 [*Variation Procedure*] ),
- (b) a cause of delay giving an entitlement to extension of time under a Sub-Clause of these Conditions,
- (c) exceptionally adverse climatic conditions,
- (d) Unforeseeable shortages in the availability of personnel or Goods caused by epidemic or governmental actions, or
- (e) any delay, impediment or prevention caused by or attributable to the Employer, the Employer's Personnel, or the Employer's other contractors on the Site.

If the Contractor considers himself to be entitled to an extension of the Time for Completion, the Contractor shall give notice to the Engineer in accordance with Sub-Clause 20.1 [*Contractor's Claims*]. When determining each extension of time under Sub-Clause 20.1, the Engineer shall review previous determinations and may increase, but shall not decrease, the total extension of time.

#### 8.5

##### Delays Caused by Authorities

If the following conditions apply, namely:

- (a) the Contractor has diligently followed the procedures laid down by the relevant legally constituted public authorities in the Country,
- (b) these authorities delay or disrupt the Contractor's work, and
- (c) the delay or disruption was Unforeseeable,

then this delay or disruption will be considered as a cause of delay under subparagraph (b) of Sub-Clause 8.4 [*Extension of Time for Completion*].

#### 8.6

##### Rate of Progress

If, at any time:

- (a) actual progress is too slow to complete within the Time for Completion, and/or
- (b) progress has fallen (or will fall) behind the current programme under Sub-Clause 8.3 [*Programme*],

other than as a result of a cause listed in Sub-Clause 8.4 [*Extension of Time for Completion*], then the Engineer may instruct the Contractor to submit, under Sub-Clause 8.3 [*Programme*], a revised programme and supporting report describing the revised methods which the Contractor proposes to adopt in order to expedite progress and complete within the Time for Completion.

Unless the Engineer notifies otherwise, the Contractor shall adopt these revised methods, which may require increases in the working hours and/or in the numbers of Contractor's Personnel and/or Goods, at the risk and cost of the Contractor. If these revised methods cause the Employer to incur additional costs, the Contractor shall subject to Sub-Clause 2.5 [*Employer's Claims*] pay these costs to the Employer, in addition to delay damages (if any) under Sub-Clause 8.7 below.

#### 8.7

##### Delay Damages

If the Contractor fails to comply with Sub-Clause 8.2 [*Time for Completion*], the Contractor shall subject to Sub-Clause 2.5 [*Employer's Claims*] pay delay damages to the Employer for this default. These delay damages shall be the sum stated in the Appendix to Tender, which shall be paid for every day which shall elapse between the

relevant Time for Completion and the date stated in the Taking-Over Certificate. However, the total amount due under this Sub-Clause shall not exceed the maximum amount of delay damages (if any) stated in the Appendix to Tender.

These delay damages shall be the only damages due from the Contractor for such default, other than in the event of termination under Sub-Clause 15.2 [*Termination by Employer*] prior to completion of the Works. These damages shall not relieve the Contractor from his obligation to complete the Works, or from any other duties, obligations or responsibilities which he may have under the Contract.

## 8.8

**Suspension of Work**

The Engineer may at any time instruct the Contractor to suspend progress of part or all of the Works. During such suspension, the Contractor shall protect, store and secure such part or the Works against any deterioration, loss or damage.

The Engineer may also notify the cause for the suspension. If and to the extent that the cause is notified and is the responsibility of the Contractor, the following Sub-Clauses 8.9, 8.10 and 8.11 shall not apply.

## 8.9

**Consequences of Suspension**

If the Contractor suffers delay and/or incurs Cost from complying with the Engineer's instructions under Sub-Clause 8.8 [*Suspension of Work*] and/or from resuming the work, the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [*Contractor's Claims*] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [*Extension of Time for Completion*], and
- (b) payment of any such Cost, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [*Determinations*] to agree or determine these matters.

The Contractor shall not be entitled to an extension of time for, or to payment of the Cost incurred in, making good the consequences of the Contractor's faulty design, workmanship or materials, or of the Contractor's failure to protect, store or secure in accordance with Sub-Clause 8.8 [*Suspension of Work*].

## 8.10

**Payment for Plant and Materials in Event of Suspension**

The Contractor shall be entitled to payment of the value (as at the date of suspension) of Plant and/or Materials which have not been delivered to Site, if:

- (a) the work on Plant or delivery of Plant and/or Materials has been suspended for more than 28 days, and
- (b) the Contractor has marked the Plant and/or Materials as the Employer's property in accordance with the Engineer's instructions.

## 8.11

**Prolonged Suspension**

If the suspension under Sub-Clause 8.8 [*Suspension of Work*] has continued for more than 84 days, the Contractor may request the Engineer's permission to proceed. If the Engineer does not give permission within 28 days after being requested to do so, the Contractor may, by giving notice to the Engineer, treat the suspension as an omission under Clause 13 [*Variations and Adjustments*] of the affected part of the Works. If the suspension affects the whole of the Works, the Contractor may give notice of termination under Sub-Clause 16.2 [*Termination by Contractor*].

8.12  
Resumption of Work

After the permission or instruction to proceed is given, the Contractor and the Engineer shall jointly examine the Works and the Plant and Materials affected by the suspension. The Contractor shall make good any deterioration or defect in or loss of the Works or Plant or Materials, which has occurred during the suspension.

## 9 Tests on Completion

9.1  
Contractor's Obligations

The Contractor shall carry out the Tests on Completion in accordance with this Clause and Sub-Clause 7.4 [*Testing*], after providing the documents in accordance with Sub-Clause 5.6 [*As-Built Documents*] and Sub-Clause 5.7 [*Operation and Maintenance Manuals*].

The Contractor shall give to the Engineer not less than 21 days' notice of the date after which the Contractor will be ready to carry out each of the Tests on Completion. Unless otherwise agreed, Tests on Completion shall be carried out within 14 days after this date, on such day or days as the Engineer shall instruct.

Unless otherwise stated in the Particular Conditions, the Tests on Completion shall be carried out in the following sequence:

- (a) pre-commissioning tests, which shall include the appropriate inspections and ("dry" or "cold") functional tests to demonstrate that each item of Plant can safely undertake the next stage, (b);
- (b) commissioning tests, which shall include the specified operational tests to demonstrate that the Works or Section can be operated safely and as specified, under all available operating conditions; and
- (c) trial operation, which shall demonstrate that the Works or Section perform reliably and in accordance with the Contract.

During trial operation, when the Works are operating under stable conditions, the Contractor shall give notice to the Engineer that the Works are ready for any other Tests on Completion, including performance tests to demonstrate whether the Works conform with criteria specified in the Employer's Requirements and with the Schedule of Guarantees.

Trial operation shall not constitute a taking-over under Clause 10 [*Employer's Taking Over*]. Unless otherwise stated in the Particular Conditions, any product produced by the Works during trial operation shall be the property of the Employer.

In considering the results of the Tests on Completion, the Engineer shall make allowances for the effect of any use of the Works by the Employer on the performance or other characteristics of the Works. As soon as the Works, or a Section, have passed each of the Tests on Completion described in sub-paragraph (a), (b) or (c), the Contractor shall submit a certified report of the results of these Tests to the Engineer.

9.2

Delayed Tests

If the Tests on Completion are being unduly delayed by the Employer, Sub-Clause 7.4 [*Testing*] (fifth paragraph) and/or Sub-Clause 10.3 [*Interference with Tests on Completion*] shall be applicable.

If the Tests on Completion are being unduly delayed by the Contractor, the Engineer may by notice require the Contractor to carry out the Tests within 21 days after receiving the notice. The Contractor shall carry out the Tests on such day or days

within that period as the Contractor may fix and of which he shall give notice to the Engineer.

If the Contractor fails to carry out the Tests on Completion within the period of 21 days, the Employer's Personnel may proceed with the Tests at the risk and cost of the Contractor. The Tests on Completion shall then be deemed to have been carried out in the presence of the Contractor and the results of the Tests shall be accepted as accurate.

9.3

Retesting

If the Works, or a Section, fail to pass the Tests on Completion, Sub-Clause 7.5 [Rejection] shall apply, and the Engineer or the Contractor may require the failed Tests, and Tests on Completion on any related work, to be repeated under the same terms and conditions.

9.4

Failure to Pass Tests on Completion

If the Works, or a Section, fail to pass the Tests on Completion repeated under Sub-Clause 9.3 [Retesting], the Engineer shall be entitled to:

- (a) order further repetition of Tests on Completion under Sub-Clause 9.3;
- (b) if the failure deprives the Employer of substantially the whole benefit of the Works or Section, reject the Works or Section (as the case may be), in which event the Employer shall have the same remedies as are provided in sub-paragraph (c) of Sub-Clause 11.4 [Failure to Remedy Defects]; or
- (c) issue a Taking-Over Certificate, if the Employer so requests.

In the event of sub-paragraph (c), the Contractor shall then proceed in accordance with all other obligations under the Contract, and the Contract Price shall be reduced by such amount as shall be appropriate to cover the reduced value to the Employer as a result of this failure. Unless the relevant reduction for this failure is stated (or its method of calculation is defined) in the Contract, the Employer may require the reduction to be (i) agreed by both Parties (in full satisfaction of this failure only) and paid before this Taking-Over Certificate is issued, or (ii) determined and paid under Sub-Clause 2.5 [Employer's Claims] and Sub-Clause 3.5 [Determinations].

## 10 Employer's Taking Over

10.1

Taking Over of the Works and Sections

Except as stated in Sub-Clause 9.4 [Failure to Pass Tests on Completion], the Works shall be taken over by the Employer when (i) the Works have been completed in accordance with the Contract, including the matters described in Sub-Clause 8.2 [Time for Completion] and except as allowed in sub-paragraph (a) below, and (ii) a Taking-Over Certificate for the Works has been issued, or is deemed to have been issued in accordance with this Sub-Clause.

The Contractor may apply by notice to the Engineer for a Taking-Over Certificate not earlier than 14 days before the Works will, in the Contractor's opinion, be complete and ready for taking over. If the Works are divided into Sections, the Contractor may similarly apply for a Taking-Over Certificate for each Section.

The Engineer shall, within 28 days after receiving the Contractor's application:

- (a) issue the Taking-Over Certificate to the Contractor, stating the date on which the Works or Section were completed in accordance with the Contract, except

- for any minor outstanding work and defects which will not substantially affect the use of the Works or Section for their intended purpose (either until or whilst this work is completed and these defects are remedied); or
- (b) reject the application, giving reasons and specifying the work required to be done by the Contractor to enable the Taking-Over Certificate to be issued. The Contractor shall then complete this work before issuing a further notice under this Sub-Clause.

If the Engineer fails either to issue the Taking-Over Certificate or to reject the Contractor's application with the period of 28 days, and if the Works or Section (as the case may be) are substantially in accordance with the Contract, the Taking-Over Certificate shall be deemed to have been issued on the last day of that period.

## 10.2

### Taking Over of Parts of the Works

The Engineer may, at the sole discretion of the Employer, issue a Taking-Over Certificate for any part of the Permanent Works.

The Employer shall not use any part of the Works (other than as a temporary measure which is either specified in the Contract or agreed by both Parties) unless and until the Engineer has issued a Taking-Over Certificate for this part. However, if the Employer does use any part of the Works before the Taking-Over Certificate is issued:

- (a) the part which is used shall be deemed to have been taken over as from the date on which it is used,
- (b) the Contractor shall cease to be liable for the care of such part as from this date, when responsibility shall pass to the Employer, and
- (c) if requested by the Contractor, the Engineer shall issue a Taking-Over Certificate for this part.

After the Engineer has issued a Taking-Over Certificate for a part of the Works, the Contractor shall be given the earliest opportunity to take such steps as may be necessary to carry out any outstanding Tests on Completion. The Contractor shall carry out these Tests on Completion as soon as practicable before the expiry date of the relevant Defects Notification Period.

If the Contractor incurs Cost as a result of the Employer taking over and/or using a part of the Works, other than such use as is specified in the Contract or agreed by the Contractor, the Contractor shall (i) give notice to the Engineer and (ii) be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to payment of any such Cost plus reasonable profit, which shall be included in the Contract Price. After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine this Cost and profit.

If a Taking-Over Certificate has been issued for a part of the Works (other than a Section), the delay damages thereafter for completion of the remainder of the Works shall be reduced. Similarly, the delay damages for the remainder of the Section (if any) in which this part is included shall also be reduced. For any period of delay after the date stated in this Taking-Over Certificate, the proportional reduction in these delay damages shall be calculated as the proportion which the value of the part so certified bears to the value of the Works or Section (as the case may be) as a whole. The Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine these proportions. The provisions of this paragraph shall only apply to the daily rate of delay damages under Sub-Clause 8.7 [Delay Damages], and shall not affect the maximum amount of these damages.

**10.3  
Interference with Tests  
on Completion**

If the Contractor is prevented, for more than 14 days, from carrying out the Tests on Completion by a cause for which the Employer is responsible, the Employer shall be deemed to have taken over the Works or Section (as the case may be) on the date when the Tests on Completion would otherwise have been completed.

The Engineer shall then issue a Taking-Over Certificate accordingly, and the Contractor shall carry out the Tests on Completion as soon as practicable, before the expiry date of the Defects Notification Period. The Engineer shall require the Tests on Completion to be carried out by giving 14 days' notice and in accordance with the relevant provisions of the Contract.

If the Contractor suffers delay and/or incurs Cost as a result of this delay in carrying out the Tests on Completion, the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
- (b) payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine these matters.

**10.4**

**Surfaces Requiring  
Reinstatement**

Except as otherwise stated in a Taking-Over Certificate, a certificate for a Section or part of the Works shall not be deemed to certify completion of any ground or other surfaces requiring reinstatement.

## **11 Defects Liability**

**11.1**

**Completion of  
Outstanding Work and  
Remedying Defects**

In order that the Works and Contractor's Documents, and each Section, shall be in the condition required by the Contract (fair wear and tear excepted) by the expiry date of the relevant Defects Notification Period or as soon as practicable thereafter, the Contractor shall:

- (a) complete any work which is outstanding on the date stated in a Taking-Over Certificate, within such reasonable time as is instructed by the Engineer, and
- (b) execute all work required to remedy defects or damage, as may be notified by (or on behalf of) the Employer on or before the expiry date of the Defects Notification Period for the Works or Section (as the case may be).

If a defect appears or damage occurs, the Contractor shall be notified accordingly, by (or on behalf of) the Employer.

**11.2**

**Cost of Remedy  
Defects**

All work referred to in sub-paragraph (b) of Sub-Clause 11.1 [Completion of Outstanding Work and Remedy Defects] shall be executed at the risk and cost of the Contractor, if and to the extent that the work is attributable to:

- (a) the design of the Works, other than a part of the design for which the Employer is responsible (if any),
- (b) Plant, Materials or workmanship not being in accordance with the Contract,

- (c) improper operation or maintenance which was attributable to matters for which the Contractor is responsible (under Sub-Clauses 5.5 to 5.7 or otherwise), or
- (d) failure by the Contractor to comply with any other obligation.

If and to the extent that such work is attributable to any other cause, the Contractor shall be notified promptly by (or on behalf of) the Employer, and Sub-Clause 13.3 [Variation Procedure] shall apply.

#### 11.3

##### Extension of Defects Notification Period

The Employer shall be entitled subject to Sub-Clause 2.5 [*Employer's Claims*] to an extension of the Defects Notification Period for the Works or a Section if and to the extent that the Works, Section or a major item of Plant (as the case may be, and after taking over) cannot be used for the purposes for which they are intended by reason of a defect or damage. However, a Defects Notification Period shall not be extended by more than two years.

If delivery and/or erection of Plant and/or Materials was suspended under Sub-Clause 8.8 [*Suspension of Work*] or Sub-Clause 16.1 [*Contractor's Entitlement to Suspend Work*], the Contractor's obligations under this Clause shall not apply to any defects or damage occurring more than two years after the Defects Notification Period for the Plant and/or Materials would otherwise have expired.

#### 11.4

##### Failure to Remedy Defects

If the Contractor fails to remedy any defect or damage within a reasonable time, a date may be fixed by (or on behalf of) the Employer, on or by which the defect or damage is to be remedied. The Contractor shall be given reasonable notice of this date.

If the Contractor fails to remedy the defect or damage by this notified date and this remedial work was to be executed at the cost of the Contractor under Sub-Clause 11.2 [*Cost of Remediying Defects*], the Employer may (at his option):

- (a) carry out the work himself or by others, in a reasonable manner and at the Contractor's cost, but the Contractor shall have no responsibility for this work; and the Contractor shall subject to Sub-Clause 2.5 [*Employer's Claims*] pay to the Employer the costs reasonably incurred by the Employer in remedying the defect or damage;
- (b) require the Engineer to agree or determine a reasonable reduction in the Contract Price in accordance with Sub-Clause 3.5 [*Determinations*]; or
- (c) if the defect or damage deprives the Employer of substantially the whole benefit of the Works or any major part of the Works, terminate the Contract as a whole, or in respect of such major part which cannot be put to the intended use. Without prejudice to any other rights, under the Contract or otherwise, the Employer shall then be entitled to recover all sums paid for the Works or for such part (as the case may be), plus financing costs and the cost of dismantling the same, clearing the Site and returning Plant and Materials to the Contractor.

#### 11.5

##### Removal of Defective Work

If the defect or damage cannot be remedied expeditiously on the Site and the Employer gives consent, the Contractor may remove from the Site for the purposes of repair such items of Plant as are defective or damaged. This consent may require the Contractor to increase the amount of the Performance Security by the full replacement cost of these items, or to provide other appropriate security.

#### 11.6

##### Further Tests

If the work of remedying of any defect or damage may affect the performance of the Works, the Engineer may require the repetition of any of the tests described in the

Contract, including Tests on Completion and/or Tests after Completion. The requirement shall be made by notice within 28 days after the defect or damage is remedied.

These tests shall be carried out in accordance with the terms applicable to the previous tests, except that they shall be carried out at the risk and cost of the Party liable, under Sub-Clause 11.2 [Cost of Remediying Defects], for the cost of the remedial work.

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11.7

## Right of Access

Until the Performance Certificate has been issued, the Contractor shall have the right of access to all parts of the Works and to records of the operation and performance of the Works, except as may be inconsistent with the Employer's reasonable security restrictions.

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11.8

## Contractor to Search

The Contractor shall, if required by the Engineer, search for the cause of any defect, under the direction of the Engineer. Unless the defect is to be remedied at the cost of the Contractor under Sub-Clause 11.2 [Cost of Remediying Defects], the Cost of the search plus reasonable profit shall be agreed or determined by the Engineer in accordance with Sub-Clause 3.5 [Determinations] and shall be included in the Contract Price.

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11.9

## Performance Certificate

Performance of the Contractor's obligations shall not be considered to have been completed until the Engineer has issued the Performance Certificate to the Contractor, stating the date on which the Contractor completed his obligations under the Contract.

The Engineer shall issue the Performance Certificate within 28 days after the latest of the expiry dates of the Defects Notification Periods, or as soon thereafter as the Contractor has supplied all the Contractor's Documents and completed and tested all the Works, including remedying any defects. A copy of the Performance Certificate shall be issued to the Employer.

Only the Performance Certificate shall be deemed to constitute acceptance of the Works.

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11.10

## Unfulfilled Obligations

After the Performance Certificate has been issued, each Party shall remain liable for the fulfilment of any obligation which remains unperformed at that time. For the purposes of determining the nature and extent of unperformed obligations, the Contract shall be deemed to remain in force.

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11.11

## Clearance of Site

Upon receiving the Performance Certificate, the Contractor shall remove any remaining Contractor's Equipment, surplus material, wreckage, rubbish and Temporary Works from the Site.

If all these items have not been removed within 28 days after the Employer receives a copy of the Performance Certificate, the Employer may sell or otherwise dispose of any remaining items. The Employer shall be entitled to be paid the costs incurred in connection with, or attributable to, such sale or disposal and restoring the Site.

Any balance of the moneys from the sale shall be paid to the Contractor. If these moneys are less than the Employer's costs, the Contractor shall pay the outstanding balance to the Employer.

# 12 Test after Completion

## 12.1

### Procedure for Tests after Completion

If Tests after Completion are specified in the Contract, this Clause shall apply. Unless otherwise stated in the Particular Conditions, the Employer shall:

- (a) provide all electricity, equipment, fuel, instruments, labour, materials, and suitably qualified and experienced staff, as are necessary to carry out the Tests after Completion efficiently, and
- (b) carry out the Tests after Completion in accordance with the manuals supplied by the Contractor under Sub-Clause 5.7 [Operation and Maintenance Manuals] and such guidance as the Contractor may be required to give during the course of these Tests; and in the presence of such Contractor's Personnel as either Party may reasonably request.

The Tests after Completion shall be carried out as soon as is reasonably practicable after the Works or Section have been taken over by the Employer. The Employer shall give to the Contractor 21 days' notice of the date after which the Tests after Completion will be carried out. Unless otherwise agreed, these Tests shall be carried out within 14 days after this date, on the day or days determined by the Employer.

If the Contractor does not attend at the time and place agreed, the Employer may proceed with the Tests after Completion, which shall be deemed to have been made in the Contractor's presence, and the Contractor shall accept the readings as accurate.

The results of the Tests after Completion shall be compiled and evaluated by both Parties. Appropriate account shall be taken of the effect of the Employer's prior use of the Works.

## 12.2

### Delayed Tests

If the Contractor incurs Cost as a result of any unreasonable delay by the Employer to the Tests after Completion, the Contractor shall (i) give notice to the Engineer and (ii) be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine this Cost and profit.

If, for reasons not attributable to the Contractor, a Test after Completion on the Works or any Section cannot be completed during the Defects Notification Period (or any other period agreed upon by both Parties), then the Works or Section shall be deemed to have passed this Test after Completion.

## 12.3

### Retesting

If the Works, or a Section, fail to pass the Tests after Completion:

- (a) sub-paragraph (b) of Sub-Clause 11.1 [Completion of Outstanding Work and Remedy Defects] shall apply, and
- (b) either Party may then require the failed Tests, and the Tests after Completion on any related work, to be repeated under the same terms and conditions.

If and to the extent that this failure and retesting are attributable to any of the matters listed in sub-paragraphs (a) to (d) of Sub-Clause 11.2 [Cost of Remedy Defects]

and cause the Employer to incur additional costs, the Contractor shall subject to Sub-Clause 2.5 [*Employer's Claims*] pay these costs to the Employer.

12.4

Failure to Pass Tests  
after Completion

If the following conditions apply, namely:

- (a) the Works, or a Section, fail to pass any or all of the Tests after Completion,
- (b) the relevant sum payable as non-performance damages for this failure is stated (or its method of calculation is defined) in the Contract, and
- (c) the Contractor pays this relevant sum to the Employer during the Defects Notification Period,

~~then the Works or Section shall be deemed to have passed these Tests after Completion.~~

If the Works, or a Section, fail to pass a Test after Completion and the Contractor proposes to make adjustments or modifications to the Works or such Section, the Contractor may be instructed by (or on behalf of) the Employer that right of access to the Works or Section cannot be given until a time that is convenient to the Employer. The Contractor shall then remain liable to carry out the adjustments or modifications and to satisfy this Test, within a reasonable period of receiving notice by (or on behalf of) the Employer of the time that is convenient to the Employer. However, if the Contractor does not receive this notice during the relevant Defects Notification Period, the Contractor shall be relieved of this obligation and the Works or Section (as the case may be) shall be deemed to have passed this Test after Completion.

If the Contractor incurs additional Cost as a result of any unreasonable delay by the Employer in permitting access to the Works or Plant by the Contractor, either to investigate the causes of a failure to pass a Test after Completion or to carry out any adjustments or modifications, the Contractor shall (i) give notice to the Engineer and (ii) be entitled subject to Sub-Clause 20.1 [*Contractor's Claims*] to payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [*Determinations*] to agree or determine this Cost and profit.

## 13 Variations and Adjustments

13.1

Right to Vary

Variations may be initiated by the Engineer at any time prior to issuing the Taking-Over Certificate for the Works, either by an instruction or by a request for the Contractor to submit a proposal. A Variation shall not comprise the omission of any work which is to be carried out by others.

The Contractor shall execute and be bound by each Variation, unless the Contractor promptly gives notice to the Engineer stating (with supporting particulars) that (i) the Contractor cannot readily obtain the Goods required for the Variation, (ii) it will reduce the safety or suitability of the Works, or (iii) it will have an adverse impact on the achievement of the Schedule of Guarantees. Upon receiving this notice, the Engineer shall cancel, confirm or vary the instruction.

13.2

Value Engineering

The Contractor may, at any time, submit to the Engineer a written proposal which (in the Contractor's opinion) will, if adopted, (i) accelerate completion, (ii) reduce the cost

to the Employer of executing, maintaining or operating the Works, (iii) improve the efficiency or value to the Employer of the completed Works, or (iv) otherwise be of benefit to the Employer.

The proposal shall be prepared at the cost of the Contractor and shall include the items listed in Sub-Clause 13.3 [Variation Procedure].

### 13.3

#### Variation Procedure

If the Engineer requests a proposal, prior to instructing a Variation, the Contractor shall respond in writing as soon as practicable, either by giving reasons why he cannot comply (if this is the case) or by submitting:

- (a) a description of the proposed design and/or work to be performed and a programme for its execution,
- (b) the Contractor's proposal for any necessary modifications to the programme according to Sub-Clause 8.3 [Programme] and to the Time for Completion, and
- (c) the Contractor's proposal for adjustment to the Contract Price.

The Engineer shall, as soon as practicable after receiving such proposal (under Sub-Clause 13.2 [Value Engineering] or otherwise), respond with approval, disapproval or comments. The Contractor shall not delay any work whilst awaiting a response.

Each instruction to execute a Variation, with any requirements for the recording of Costs, shall be issued by the Engineer to the Contractor, who shall acknowledge receipt.

Upon instructing or approving a Variation, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine adjustments to the Contract Price and the Schedule of Payments. These adjustments shall include reasonable profit, and shall take account of the Contractor's submissions under Sub-Clause 13.2 [Value Engineering] if applicable.

### 13.4

#### Payment in Applicable Currencies

If the Contract provides for payment of the Contract Price in more than one currency, then whenever an adjustment is agreed, approved or determined as stated above, the amount payable in each of the applicable currencies shall be specified. For this purpose, reference shall be made to the actual or expected currency proportions of the Cost of the varied work, and to the proportions of various currencies specified for payment of the Contract Price.

### 13.5

#### Provisional Sums

Each Provisional Sum shall only be used, in whole or in part, in accordance with the Engineer's instructions, and the Contract Price shall be adjusted accordingly. The total sum paid to the Contractor shall include only such amounts, for the work, supplies or services to which the Provisional Sum relates, as the Engineer shall have instructed. For each Provisional Sum, the Engineer may instruct:

- (a) work to be executed (including Plant, Materials or services to be supplied) by the Contractor and valued under Sub-Clause 13.3 [Variation Procedure]; and/or
- (b) Plant, Materials or services to be purchased by the Contractor, for which there shall be included in the Contract Price:
  - (i) the actual amounts paid (or due to be paid) by the Contractor, and
  - (ii) a sum for overhead charges and profit, calculated as a percentage of these actual amounts by applying the relevant percentage rate (if any) stated in the appropriate Schedule. If there is no such rate, the percentage rate stated in the Appendix to Tender shall be applied.

The Contractor shall, when required by the Engineer, produce quotations, invoices, vouchers and accounts or receipts in substantiation.

13.6

Daywork

For work of a minor or incidental nature, the Engineer may instruct that a Variation shall be executed on a daywork basis. The work shall then be valued in accordance with the daywork schedule included in the Contract, and the following procedure shall apply. If a daywork schedule is not included in the Contract, this Sub-Clause shall not apply.

Before ordering Goods for the work, the Contractor shall submit quotations to the Engineer. When applying for payment, the Contractor shall submit invoices, vouchers and accounts or receipts for any Goods.

Except for any items for which the daywork schedule specifies that payment is not due, the Contractor shall deliver each day to the Engineer accurate statements in duplicate which shall include the following details of the resources used in executing the previous day's work:

- (a) the names, occupations and time of Contractor's Personnel,
- (b) the identification, type and time of Contractor's Equipment and Temporary Works, and
- (c) the quantities and types of Plant and Materials used.

One copy of each statement will, if correct, or when agreed, be signed by the Engineer and returned to the Contractor. The Contractor shall then submit priced statements of these resources to the Engineer, prior to their inclusion in the next Statement under Sub-Clause 14.3 [Application for Interim Payment Certificates].

13.7

Adjustments for Changes in Legislation

The Contract Price shall be adjusted to take account of any increase or decrease in Cost resulting from a change in the Laws of the Country (including the introduction of new Laws and the repeal or modification of existing Laws) or in the judicial or official governmental interpretation of such Laws, made after the Base Date, which affect the Contractor in the performance of obligations under the Contract.

If the Contractor suffers (or will suffer) delay and/or incurs (or will incur) additional Cost as a result of these changes in the Laws or in such interpretations, made after the Base Date, the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [Contractor's Claims] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [Extension of Time for Completion], and
- (b) payment of any such Cost, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine these matters.

13.8

Adjustments for Changes in Cost

In this Sub-Clause, "table of adjustment data" means the completed table of adjustment data included in the Appendix to Tender. If there is no such table of adjustment data, this Sub-Clause shall not apply.

If this Sub-Clause applies, the amounts payable to the Contractor shall be adjusted for rises or falls in the cost of labour, Goods and other inputs to the Works, by the addition or deduction of the amounts determined by the formulae prescribed in this Sub-Clause. To the extent that full compensation for any rise or fall in Costs is not

covered by the provisions of this or other Clauses, the Accepted Contract Amount shall be deemed to have included amounts to cover the contingency of other rises and falls in costs.

The adjustment to be applied to the amount otherwise payable to the Contractor, as valued in accordance with the appropriate Schedule and certified in Payment Certificates, shall be determined from formulae for each of the currencies in which the Contract Price is payable. No adjustment is to be applied to work valued on the basis of Cost or current prices. The formulae shall be of the following general type:

$$Pn = a + b \frac{Ln}{Lo} + c \frac{En}{Eo} + d \frac{Mn}{Mo} + \dots$$

where:

"Pn" is the adjustment multiplier to be applied to the estimated contract value in the relevant currency of the work carried out in period "n", this period being a month unless otherwise stated in the Appendix to Tender;

"a" is a fixed coefficient, stated in the relevant table of adjustment data, representing the non-adjustable portion in contractual payments;

"b", "c", "d", ... are coefficients representing the estimated proportion of each cost element related to the execution of the Works, as stated in the relevant table of adjustment data; such tabulated cost elements may be indicative of resources such as labour, equipment and materials;

"Ln", "En", "Mn", ... are the current cost indices or reference prices for period "n", expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the date 49 days prior to the last day of the period (to which the particular Payment Certificate relates); and

"Lo", "Eo", "Mo", ... are the base cost indices or reference prices, expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the Base Date.

The cost indices or reference prices stated in the table of adjustment data shall be used. If their source is in doubt, it shall be determined by the Engineer. For this purpose, reference shall be made to the values of the indices at stated dates (quoted in the fourth and fifth columns respectively of the table) for the purposes of clarification of the source; although these dates (and thus these values) may not correspond to the base cost indices.

In cases where the "currency of index" (stated in the table) is not the relevant currency of payment, each index shall be converted into the relevant currency of payment at the selling rate, established by the central bank of the Country, of this relevant currency on the above date for which the index is required to be applicable.

Until such time as each current cost index is available, the Engineer shall determine a provisional index for the issue of Interim Payment Certificates. When a current cost index is available, the adjustment shall be recalculated accordingly.

If the Contractor fails to complete the Works within the Time for Completion, adjustment of prices thereafter shall be made using either (i) each index or price applicable on the date 49 days prior to the expiry of the Time for Completion of the Works, or (ii) the current index or price: whichever is more favourable to the Employer.

The weightings (coefficients) for each of the factors of cost stated in the table(s) of adjustment data shall only be adjusted if they have been rendered unreasonable, unbalanced or inapplicable, as a result of Variations.

# 14 Contract Price and Payment

## 14.1

### The Contract Price

Unless otherwise stated in the Particular Conditions:

- (a) the Contract Price shall be the lump sum Accepted Contract Amount and be subject to adjustments in accordance with the Contract;
- (b) the Contractor shall pay all taxes, duties and fees required to be paid by him under the Contract, and the Contract Price shall not be adjusted for any of these costs, except as stated in Sub-Clause 13.7 [*Adjustments for Changes in Legislation*];
- (c) any quantities which may be set out in a Schedule are estimated quantities and are not to be taken as the actual and correct quantities of the Works which the Contractor is required to execute; and
- (d) any quantities or price data which may be set out in a Schedule shall be used for the purposes stated in the Schedule and may be inapplicable for other purposes.

However, if any part of the Works is to be paid according to quantity supplied or work done, the provisions for measurement and evaluation shall be as stated in the Particular Conditions. The Contract Price shall be determined accordingly, subject to adjustments in accordance with the Contract.

## 14.2

### Advance Payment

The Employer shall make an advance payment, as an interest-free loan for mobilisation and design, when the Contractor submits a guarantee in accordance with this Sub-Clause. The total advance payment, the number and timing of instalments (if more than one), and the applicable currencies and proportions, shall be as stated in the Appendix to Tender.

Unless and until the Employer receives this guarantee, or if the total advance payment is not stated in the Appendix to Tender, this Sub-Clause shall not apply.

The Engineer shall issue an Interim Payment Certificate for the first instalment after receiving a Statement (under Sub-Clause 14.3 [*Application for Interim Payment Certificates*]) and after the Employer receives (i) the Performance Security in accordance with Sub-Clause 4.2 [*Performance Security*] and (ii) a guarantee in amounts and currencies equal to the advance payment. This guarantee shall be issued by an entity and from within a country (or other jurisdiction) approved by the Employer, and shall be in the form annexed to the Particular Conditions or in another form approved by the Employer.

The Contractor shall ensure that the guarantee is valid and enforceable until the advance payment has been repaid, but its amount may be progressively reduced by the amount repaid by the Contractor as indicated in the Payment Certificates. If the terms of the guarantee specify its expiry date, and the advance payment has not been repaid by the date 28 days prior to the expiry date, the Contractor shall extend the validity of the guarantee until the advance payment has been repaid.

The advance payment shall be repaid through percentage deductions in Payment Certificates. Unless other percentages are stated in the Appendix to Tender:

- (a) deductions shall commence in the Payment Certificate in which the total of all certified interim payments (excluding the advance payment and deductions and

- repayments of retention) exceeds ten per cent (10%) of the Accepted Contract Amount less Provisional Sums; and
- (b) deductions shall be made at the amortisation rate of one quarter (25%) of the amount of each Payment Certificate (excluding the advance payment and deductions and repayments of retention) in the currencies and proportions of the advance payment, until such time as the advance payment has been repaid.

If the advance payment has not been repaid prior to the issue of the Taking-Over Certificate for the Works or prior to termination under Clause 15 [*Termination by Employer*], Clause 16 [*Suspension and Termination by Contractor*] or Clause 19 [*Force Majeure*] (as the case may be), the whole of the balance then outstanding shall immediately become due and payable by the Contractor to the Employer.

#### 14.3

##### Application for Interim Payment Certificates

The Contractor shall submit a Statement in six copies to the Engineer after the end of the period of payment stated in the Contract (if not stated, after the end of each month), in a form approved by the Engineer, showing in detail the amounts to which the Contractor considers himself to be entitled, together with supporting documents which shall include the relevant report on progress in accordance with Sub-Clause 4.21 [*Progress Reports*].

The Statement shall include the following items, as applicable, which shall be expressed in the various currencies in which the Contract Price is payable, in the sequence listed:

- (a) the estimated contract value of the Works executed and the Contractor's Documents produced up to the end of the month (including Variations but excluding items described in sub-paragraphs (b) to (g) below);
- (b) any amounts to be added and deducted for changes in legislation and changes in cost, in accordance with Sub-Clause 13.7 [*Adjustments for Changes in Legislation*] and Sub-Clause 13.8 [*Adjustments for Changes in Cost*];
- (c) any amount to be deducted for retention, calculated by applying the percentage of retention stated in the Appendix to Tender to the total of the above amounts, until the amount so retained by the Employer reaches the limit of Retention Money (if any) stated in the Appendix to Tender;
- (d) any amounts to be added and deducted for the advance payment and repayments in accordance with Sub-Clause 14.2 [*Advance Payment*];
- (e) any amounts to be added and deducted for Plant and Materials in accordance with Sub-Clause 14.5 [*Plant and Materials intended for the Works*];
- (f) any other additions or deductions which may have become due under the Contract or otherwise, including those under Clause 20 [*Claims, Disputes and Arbitration*]; and
- (g) the deduction of amounts certified in all previous Payment Certificates.

#### 14.4

##### Schedule of Payments

If the Contract includes a Schedule of Payments specifying the instalments in which the Contract Price will be paid, then, unless otherwise stated in this Schedule:

- (a) the instalments quoted in the Schedule of Payments shall be the estimated contract values for the purposes of sub-paragraph (a) of Sub-Clause 14.3 [*Application for Interim Payment Certificates*];
- (b) Sub-Clause 14.5 [*Plant and Materials intended for the Works*] shall not apply; and
- (c) if these instalments are not defined by reference to the actual progress achieved in executing the Works, and if actual progress is found to be less than

that on which the Schedule of Payments was based, then the Engineer may proceed in accordance with Sub-Clause 3.5 [*Determinations*] to agree or determine revised instalments, which shall take account of the extent to which progress is less than that on which the instalments were previously based.

If the Contract does not include a Schedule of Payments, the Contractor shall submit non-binding estimates of the payments which he expects to become due during each quarterly period. The first estimate shall be submitted within 42 days after the Commencement Date. Revised estimates shall be submitted at quarterly intervals, until the Taking-Over Certificate has been issued for the Works.

#### 14.5

##### **Plant and Materials intended for the Works**

If this Sub-Clause applies, Interim Payment Certificates shall include, under sub-paragraph (e) of Sub-Clause 14.3, (i) an amount for Plant and Materials which have been sent to the Site for incorporation in the Permanent Works, and (ii) a reduction when the contract value of such Plant and Materials is included as part of the Permanent Works under sub-paragraph (a) of Sub-Clause 14.3 [*Application for Interim Payment Certificates*].

If the lists referred to in sub-paragraphs (b)(i) or (c)(i) below are not included in the Appendix to Tender, this Sub-Clause shall not apply.

The Engineer shall determine and certify each addition if the following conditions are satisfied:

(a) the Contractor has:

- (i) kept satisfactory records (including the orders, receipts, Costs and use of Plant and Materials) which are available for inspection, and
  - (ii) submitted a statement of the Cost of acquiring and delivering the Plant and Materials to the Site, supported by satisfactory evidence;
- and either:

(b) the relevant Plant and Materials:

- (i) are those listed in the Appendix to Tender for payment when shipped,
- (ii) have been shipped to the Country, en route to the Site, in accordance with the Contract; and
- (iii) are described in a clean shipped bill of lading or other evidence of shipment, which has been submitted to the Engineer together with evidence of payment of freight and insurance, any other documents reasonably required, and a bank guarantee in a form and issued by an entity approved by the Employer in amounts and currencies equal to the amount due under this Sub-Clause: this guarantee may be in a similar form to the form referred to in Sub-Clause 14.2 [*Advance Payment*] and shall be valid until the Plant and Materials are properly stored on Site and protected against loss, damage or deterioration;

or

(c) the relevant Plant and Materials:

- (i) are those listed in the Appendix to Tender for payment when delivered to the Site, and
- (ii) have been delivered to and are properly stored on the Site, are protected against loss, damage or deterioration, and appear to be in accordance with the Contract.

The additional amount to be certified shall be the equivalent of eighty percent of the Engineer's determination of the cost of the Plant and Materials (including delivery to Site), taking account of the documents mentioned in this Sub-Clause and of the contract value of the Plant and Materials.

The currencies for this additional amount shall be the same as those in which payment will become due when the contract value is included under sub-paragraph (a) of Sub-Clause 14.3 [*Application for Interim Payment Certificates*]. At that time, the Payment Certificate shall include the applicable reduction which shall be equivalent to, and in the same currencies and proportions as, this additional amount for the relevant Plant and Materials.

#### 14.6

##### Issue of Interim Payment Certificates

No amount will be certified or paid until the Employer has received and approved the Performance Security. Thereafter, the Engineer shall, within 28 days after receiving a Statement and supporting documents, issue to the Employer an Interim Payment Certificate which shall state the amount which the Engineer fairly determines to be due, with supporting particulars.

However, prior to issuing the Taking-Over Certificate for the Works, the Engineer shall not be bound to issue an Interim Payment Certificate in an amount which would (after retention and other deductions) be less than the minimum amount of Interim Payment Certificates (if any) stated in the Appendix to Tender. In this event, the Engineer shall give notice to the Contractor accordingly.

An Interim Payment Certificate shall not be withheld for any other reason, although:

- (a) if any thing supplied or work done by the Contractor is not in accordance with the Contract, the cost of rectification or replacement may be withheld until rectification or replacement has been completed; and/or
- (b) if the Contractor was or is failing to perform any work or obligation in accordance with the Contract, and had been so notified by the Engineer, the value of this work or obligation may be withheld until the work or obligation has been performed.

The Engineer may in any Payment Certificate make any correction or modification that should properly be made to any previous Payment Certificate. A Payment Certificate shall not be deemed to indicate the Engineer's acceptance, approval, consent or satisfaction.

#### 14.7

##### Payment

The Employer shall pay to the Contractor:

- (a) the first instalment of the advance payment within 42 days after issuing the Letter of Acceptance or within 21 days after receiving the documents in accordance with Sub-Clause 4.2 [*Performance Security*] and Sub-Clause 14.2 [*Advance Payment*], whichever is later;
- (b) the amount certified in each Interim Payment Certificate within 56 days after the Engineer receives the Statement and supporting documents; and
- (c) the amount certified in the Final Payment Certificate within 56 days after the Employer receives this Payment Certificate.

Payment of the amount due in each currency shall be made into the bank account, nominated by the Contractor, in the payment country (for this currency) specified in the Contract.

**14.8 Delayed Payment**

If the Contractor does not receive payment in accordance with Sub-Clause 14.7 [Payment], the Contractor shall be entitled to receive financing charges compounded monthly on the amount unpaid during the period of delay. This period shall be deemed to commence on the date for payment specified in Sub-Clause 14.7 [Payment], irrespective (in the case of its sub-paragraph (b)) of the date on which any Interim Payment Certificate is issued.

Unless otherwise stated in the Particular Conditions, these financing charges shall be calculated at the annual rate of three percentage points above the discount rate of the central bank in the country of the currency of payment, and shall be paid in such currency.

The Contractor shall be entitled to this payment without formal notice or certification, and without prejudice to any other right or remedy.

**14.9 Payment of Retention Money**

When the Taking-Over Certificate has been issued for the Works, and the Works have passed all specified tests (including the Tests after Completion, if any), the first half of the Retention Money shall be certified by the Engineer for payment to the Contractor. If a Taking-Over Certificate is issued for a Section, the relevant percentage of the first half of the Retention Money shall be certified and paid when the Section passes all tests.

Promptly after the latest of the expiry dates of the Defects Notification Periods, the outstanding balance of the Retention Money shall be certified by the Engineer for payment to the Contractor. If a Taking-Over Certificate was issued for a Section, the relevant percentage of the second half of the Retention Money shall be certified and paid promptly after the expiry date of the Defects Notification Period for the Section.

However, if any work remains to be executed under Clause 11 [Defects Liability] or Clause 12 [Tests after Completion], the Engineer shall be entitled to withhold certification of the estimated cost of this work until it has been executed.

The relevant percentage for each Section shall be the percentage value of the Section as stated in the Appendix to Tender. If the percentage value of a Section is not stated in the Appendix to Tender, no percentage of either half of the Retention Money shall be released under this Sub-Clause in respect of such Section.

**14.10 Statement at Completion**

Within 84 days after receiving the Taking-Over Certificate for the Works, the Contractor shall submit to the Engineer six copies of a Statement at completion with supporting documents, in accordance with Sub-Clause 14.3 [Application for Interim Payment Certificates], showing:

- (a) the value of all work done in accordance with the Contract up to the date stated in the Taking-Over Certificate for the Works,
- (b) any further sums which the Contractor considers to be due, and
- (c) an estimate of any other amounts which the Contractor considers will become due to him under the Contract. Estimated amounts shall be shown separately in this Statement at completion.

The Engineer shall then certify in accordance with Sub-Clause 14.6 [Issue of Interim Payment Certificates].

**14.11 Application for Final Payment Certificate**

Within 56 days after receiving the Performance Certificate, the Contractor shall submit, to the Engineer, six copies of a draft final statement with supporting documents showing in detail in a form approved by the Engineer:

- (a) the value of all work done in accordance with the Contract, and
- (b) any further sums which the Contractor considers to be due to him under the Contract or otherwise.

If the Engineer disagrees with or cannot verify any part of the draft final statement, the Contractor shall submit such further information as the Engineer may reasonably require and shall make such changes in the draft as may be agreed between them. The Contractor shall then prepare and submit to the Engineer the final statement as agreed. This agreed statement is referred to in these Conditions as the "Final Statement".

However if, following discussions between the Engineer and the Contractor and any changes to the draft final statement which are agreed, it becomes evident that a dispute exists, the Engineer shall deliver to the Employer (with a copy to the Contractor) an Interim Payment Certificate for the agreed parts of the draft final statement. Thereafter, if the dispute is finally resolved under Sub-Clause 20.4 [*Obtaining Dispute Adjudication Board's Decision*] or Sub-Clause 20.5 [*Amicable Settlement*], the Contractor shall then prepare and submit to the Employer (with a copy to the Engineer) a Final Statement.

**14.12**

**Discharge**

When submitting the Final Statement, the Contractor shall submit a written discharge which confirms that the total of the Final Statement represents full and final settlement of all moneys due to the Contractor under or in connection with the Contract. This discharge may state that it becomes effective when the Contractor has received the Performance Security and the out-standing balance of this total in which event the discharge will be effective on such date.

**14.13**

**Issue of Final Payment Certificate**

Within 28 days after receiving the Final Statement and written discharge in accordance with Sub-Clause 14.11 [*Application for Final Payment Certificate*] and Sub-Clause 14.12 [*Discharge*], the Engineer shall issue, to the Employer, the Final Payment Certificate which shall state:

- (a) the amount which is finally due, and
- (b) after giving credit to the Employer for all amounts previously paid by the Employer and for all sums to which the Employer is entitled, the balance (if any) due from the Employer to the Contractor or from the Contractor to the Employer, as the case may be.

If the Contractor has not applied for a Final Payment Certificate in accordance with Sub-Clause 14.11 [*Application for Final Payment Certificate*] and Sub-Clause 14.12 [*Discharge*], the Engineer shall request the Contractor to do so. If the Contractor fails to submit an application within a period of 28 days, the Engineer shall issue the Final Payment Certificate for such amount as he fairly determines to be due.

**14.14**

**Cessation of Employer's Liability**

The Employer shall not be liable to the Contractor for any matter or thing under or in connection with the Contract or execution of the Works, except to the extent that the Contractor shall have included an amount expressly for it:

- (a) in the Final Statement and also
- (b) (except for matters or things arising after the issue of the Taking-Over Certificate for the Works) in the Statement at completion described in Sub-Clause 14.10 [*Statement at Completion*].

However, this Sub-Clause shall not limit the Employer's liability under his indemnification obligations, or the Employer's liability in any case of fraud, deliberate default or reckless misconduct by the Employer.

#### 14.15

##### Currencies of Payment

The Contract Price shall be paid in the currency or currencies named in the Appendix to Tender. Unless otherwise stated in the Particular Conditions, if more than one currency is so named, payments shall be made as follows:

- (a) if the Accepted Contract Amount was expressed in Local Currency only:
  - (i) the proportions or amounts of the Local and Foreign Currencies, and the fixed rates of exchange to be used for calculating the payments, shall be as stated in the Appendix to Tender, except as otherwise agreed by both Parties;
  - (ii) payments and deductions under Sub-Clause 13.5 [Provisional Sums] and Sub-Clause 13.7 [Adjustments for Changes in Legislation] shall be made in the applicable currencies and proportions; and
  - (iii) other payments and deductions under sub-paragaphs (a) to (d) of Sub-Clause 14.3 [Application for Interim Payment Certificates] shall be made in the currencies and proportions specified in sub-paragraph (a)(i) above;
- (b) payment of the damages specified in the Appendix to Tender shall be made in the currencies and proportions specified in the Appendix to Tender;
- (c) other payments to the Employer by the Contractor shall be made in the currency in which the sum was expended by the Employer, or in such currency as may be agreed by both Parties;
- (d) if any amount payable by the Contractor to the Employer in a particular currency exceeds the sum payable by the Employer to the Contractor in that currency, the Employer may recover the balance of this amount from the sums otherwise payable to the Contractor in other currencies; and
- (e) if no rates of exchange are stated in the Appendix to Tender, they shall be those prevailing on the Base Date and determined by the central bank of the Country.

## 15 Termination by Employer

#### 15.1

##### Notice to Correct

If the Contractor fails to carry out any obligation under the Contract, the Engineer may by notice require the Contractor to make good the failure and to remedy it within a specified reasonable time.

#### 15.2

##### Termination by Employer

The Employer shall be entitled to terminate the Contract if the Contractor:

- (a) fails to comply with Sub-Clause 4.2 [Performance Security] or with a notice under Sub-Clause 15.1 [Notice to Correct],
- (b) abandons the Works or otherwise plainly demonstrates the intention not to continue performance of his obligations under the Contract,
- (c) without reasonable excuse fails:
  - (i) to proceed with the Works in accordance with Clause 8 [Commencement, Delays and Suspension], or
  - (ii) to comply with a notice issued under Sub-Clause 7.5 [Rejection] or Sub-Clause 7.6 [Remedial Work], within 28 days after receiving it,

- (d) subcontracts the whole of the Works or assigns the Contract without the required agreement,
- (e) becomes bankrupt or insolvent, goes into liquidation, has a receiving or administration order made against him, compounds with his creditors, or carries on business under a receiver, trustee or manager for the benefit of his creditors, or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events, or
- (f) gives or offers to give (directly or indirectly) to any person any bribe, gift, gratuity, commission or other thing of value, as an inducement or reward:
  - (i) for doing or forbearing to do any action in relation to the Contract, or
  - (ii) for showing or forbearing to show favour or disfavour to any person in relation to the Contract,

or if any of the Contractor's Personnel, agents or Subcontractors gives or offers to give (directly or indirectly) to any person any such inducement or reward as is described in this sub-paragraph (f). However, lawful inducements and rewards to Contractor's Personnel shall not entitle termination.

In any of these events or circumstances, the Employer may, upon giving 14 days' notice to the Contractor, terminate the Contract and expel the Contractor from the Site. However, in the case of sub-paragraph (e) or (f), the Employer may by notice terminate the Contract immediately.

The Employer's election to terminate the Contract shall not prejudice any other rights of the Employer, under the Contract or otherwise.

The Contractor shall then leave the Site and deliver any required Goods, all Contractor's Documents, and other design documents made by or for him, to the Engineer. However, the Contractor shall use his best efforts to comply immediately with any reasonable instructions included in the notice (i) for the assignment of any subcontract, and (ii) for the protection of life or property or for the safety of the Works.

After termination, the Employer may complete the Works and/or arrange for any other entities to do so. The Employer and these entities may then use any Goods, Contractor's Documents and other design documents made by or on behalf of the Contractor.

The Employer shall then give notice that the Contractor's Equipment and Temporary Works will be released to the Contractor at or near the Site. The Contractor shall promptly arrange their removal, at the risk and cost of the Contractor. However, if by this time the Contractor has failed to make a payment due to the Employer, these items may be sold by the Employer in order to recover this payment. Any balance of the proceeds shall then be paid to the Contractor.

#### 15.3

##### Valuation at Date of Termination

As soon as practicable after a notice of termination under Sub-Clause 15.2 [*Termination by Employer*] has taken effect, the Engineer shall proceed in accordance with Sub-Clause 3.5 [*Determinations*] to agree or determine the value of the Works, Goods and Contractor's Documents, and any other sums due to the Contractor for work executed in accordance with the Contract.

#### 15.4

##### Payment after Termination

After a notice of termination under Sub-Clause 15.2 [*Termination by Employer*] has taken effect, the Employer may:

- (a) proceed in accordance with Sub-Clause 2.5 [*Employer's Claims*],
- (b) withhold further payments to the Contractor until the costs of design, execution, completion and remedying of any defects, damages for delay in completion (if any), and all other costs incurred by the Employer, have been established, and/or
- (c) recover from the Contractor any losses and damages incurred by the Employer and any extra costs of completing the Works, after allowing for any sum due to the Contractor under Sub-Clause 15.3 [*Valuation at Date of Termination*]. After recovering any such losses, damages and extra costs, the Employer shall pay any balance to the Contractor.

#### 15.5

##### Employer's Entitlement to Termination

The Employer shall be entitled to terminate the Contract, at any time for the Employer's convenience, by giving notice of such termination to the Contractor. The termination shall take effect 28 days after the later of the dates on which the Contractor receives this notice or the Employer returns the Performance Security. The Employer shall not terminate the Contract under this Sub-Clause in order to execute the Works himself or to arrange for the Works to be executed by another contractor.

After this termination, the Contractor shall proceed in accordance with Sub-Clause 16.3 [*Cessation of Work and Removal of Contractor's Equipment*] and shall be paid in accordance with Sub-Clause 19.6 [*Optional Termination, Payment and Release*].

## **16** Suspension and Termination by Contractor

#### 16.1

##### Contractor's Entitlement to Suspend Work

If the Engineer fails to certify in accordance with Sub-Clause 14.6 [*Issue of Interim Payment Certificates*] or the Employer fails to comply with Sub-Clause 2.4 [*Employer's Financial Arrangements*] or Sub-Clause 14.7 [*Payment*], the Contractor may, after giving not less than 21 days' notice to the Employer, suspend work (or reduce the rate of work) unless and until the Contractor has received the Payment Certificate, reasonable evidence or payment, as the case may be and as described in the notice.

The Contractor's action shall not prejudice his entitlements to financing charges under Sub-Clause 14.8 [*Delayed Payment*] and to termination under Sub-Clause 16.2 [*Termination by Contractor*].

If the Contractor subsequently receives such Payment Certificate, evidence or payment (as described in the relevant Sub-Clause and in the above notice) before giving a notice of termination, the Contractor shall resume normal working as soon as is reasonably practicable.

If the Contractor suffers delay and/or incurs Cost as a result of suspending work (or reducing the rate of work) in accordance with this Sub-Clause, the Contractor shall give notice to the Engineer and shall be entitled subject to Sub-Clause 20.1 [*Contractor's Claims*] to:

- (a) an extension of time for any such delay, if completion is or will be delayed, under Sub-Clause 8.4 [*Extension of Time for Completion*], and
- (b) payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

After receiving this notice, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine these matters.

## 16.2

## Termination by Contractor

The Contractor shall be entitled to terminate the Contract if:

- (a) the Contractor does not receive the reasonable evidence within 42 days after giving notice under Sub-Clause 16.1 [Contractor's Entitlement to Suspend Work] in respect of a failure to comply with Sub-Clause 2.4 [Employer's Financial Arrangements],
- (b) the Engineer fails, within 56 days after receiving a Statement and supporting documents, to issue the relevant Payment Certificate,
- (c) the Contractor does not receive the amount due under an Interim Payment Certificate within 42 days after the expiry of the time stated in Sub-Clause 14.7 [Payment] within which payment is to be made (except for deductions in accordance with Sub-Clause 2.5 [Employer's Claims]),
- (d) the Employer substantially fails to perform his obligations under the Contract,
- (e) the Employer fails to comply with Sub-Clause 1.6 [Contract Agreement] or Sub-Clause 1.7 [Assignment],
- (f) a prolonged suspension affects the whole of the Works as described in Sub-Clause 8.11 [Prolonged Suspension], or
- (g) the Employer becomes bankrupt or insolvent, goes into liquidation, has a receiving or administration order made against him, compounds with his creditors, or carries on business under a receiver, trustee or manager for the benefit of his creditors, or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events.

In any of these events or circumstances, the Contractor may, upon giving 14 days' notice to the Employer, terminate the Contract. However, in the case of sub-paragraph (f) or (g), the Contractor may by notice terminate the Contract immediately.

The Contractor's election to terminate the Contract shall not prejudice any other rights of the Contractor, under the Contract or otherwise.

## 16.3

## Cessation of Work and Removal of Contractor's Equipment

After a notice of termination under Sub-Clause 15.5 [Employer's Entitlement to Termination], Sub-Clause 16.2 [Termination by Contractor] or Sub-Clause 19.6 [Optional Termination, Payment and Release] has taken effect, the Contractor shall promptly:

- (a) cease all further work, except for such work as may have been instructed by the Engineer for the protection of life or property or for the safety of the Works,
- (b) hand over Contractor's Documents, Plant, Materials and other work, for which the Contractor has received payment, and
- (c) remove all other Goods from the Site, except as necessary for safety, and leave the Site.

## 16.4

## Payment on Termination

After a notice of termination under Sub-Clause 16.2 [Termination by Contractor] has taken effect, the Employer shall promptly:

- (a) return the Performance Security to the Contractor,
- (b) pay the Contractor in accordance with Sub-Clause 19.6 [Optional Termination, Payment and Release], and
- (c) pay to the Contractor the amount of any loss of profit or other loss or damage sustained by the Contractor as a result of this termination.

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GENERAL CONDITIONS

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GUIDANCE FOR THE  
PREPARATION OF  
PARTICULAR CONDITIONS

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Conditions of Contract  
for **PLANT and Design-Build**

FOR ELECTRICAL AND MECHANICAL WORKS  
AND FOR BUILDING AND ENGINEERING  
WORKS DESIGNED BY THE CONTRACTOR

FORMS OF LETTER OF  
TENDER, CONTRACT  
AGREEMENT AND  
DISPUTE ADJUDICATION  
AGREEMENT

---

Guidance for the Preparation of Particular  
Conditions

FEDERATION INTERNATIONALE DES INGENIEURS-CONSEILS  
INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS  
INTERNATIONALE VEREINIGUNG BERATENDER INGENIEURE  
FEDERACION INTERNACIONAL DE INGENIEROS CONSOLTORES



# Guidance for the Preparation of Particular Conditions

## CONTENTS

INTRODUCTION .....	2
NOTES ON THE PREPARATION OF TENDER DOCUMENTS .....	3
1 General Provisions .....	5
2 The Employer .....	6
3 The Engineer .....	6
4 The Contractor .....	7
5 Design .....	9
6 Staff and Labour .....	10
7 Plant, Materials and Workmanship .....	10
8 Commencement, Delays and Suspension .....	11
9 Tests on Completion .....	11
10 Employer's Taking Over .....	12
11 Defects Liability .....	12
12 Tests after Completion .....	12
12 Variations and Adjustments .....	12
14 Contract Price and Payment .....	13
15 Termination by Employer .....	19
16 Suspension and Termination by Contractor .....	19
17 Risk and Responsibility .....	19
18 Insurance .....	20
19 Force Majeure .....	20
20 Claims, Disputes and Arbitration .....	20
ANNEXES .....	23
FORMS OF SECURITY .....	23



# Guidance for the Preparation of Particular Conditions

## INTRODUCTION

The terms of the Conditions of Contract for Plant and Design-Build have been prepared by the Fédération Internationale des Ingénieurs-Conseils (FIDIC) and are recommended for general use for the procurement (including design, manufacture, delivery and installation) of plant, and for the design and execution of building or engineering works, where tenders are invited on an international basis. Modifications to the Conditions may be required in some legal jurisdictions, particularly if they are to be used on domestic contracts.

Under the usual arrangements for these types of contract, the Contractor is responsible for the design and provision, in accordance with the Employer's requirements, of plant and/or building and/or engineering works.

The guidance hereafter is intended to assist writers of the Particular Conditions by giving options for various sub-clauses where appropriate. As far as possible, example wording is included, between lines. In some cases, however, only an aide-memoire is given.

Before incorporating any example wording, it must be checked to ensure that it is wholly suitable for the particular circumstances. Unless it is considered suitable, example wording should be amended before use.

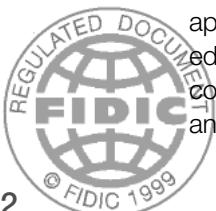
Where example wording is amended, and in all cases where other amendments or additions are made, care must be taken to ensure that no ambiguity is created, either with the General Conditions or between the clauses in the Particular Conditions.

In the preparation of the Conditions of Contract to be included in the tender documents for a contract, the following text can be used:

The Conditions of Contract comprise the "General Conditions", which form part of the "Conditions of Contract for Plant and Design-Build" First Edition 1999 published by the Fédération Internationale des Ingénieurs-Conseils (FIDIC), and the following "Particular Conditions", which include amendments and additions to such General Conditions.

There are no Sub-Clauses in the General Conditions which require data to be included in the Particular Conditions. As noted in sub-paragraph (ii) of the Foreword, the General Conditions refer to any necessary data being contained in the Appendix to Tender or (for technical matters) in the Employer's Requirements.

FIDIC has published a document entitled "Tendering Procedure" which presents a systematic approach to the selection of tenderers and the obtaining and evaluation of tenders; the second edition was published in 1994. The document is intended to assist the Employer to receive sound competitive tenders with a minimum of qualifications. FIDIC intends to update Tendering Procedure and to publish a guide to the use of these Conditions of Contract for Plant and Design-Build.



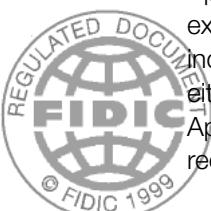
## Notes on the Preparation of Tender Documents

The tender documents should be prepared by suitably-qualified engineers who are familiar with the technical aspects of the required works, and a review by suitably-qualified lawyers may be advisable. The tender documents issued to tenderers will consist of the Conditions of Contract, the Employer's Requirements, and the Letter of Tender and Schedules for completion by the Tenderer. In addition, each of the Tenderers should receive the data referred to in Sub-Clause 4.10, and the Instructions to Tenderers to advise them of any matters which the Employer wishes them to include in their Proposal but which do not form part of the Employer's Requirements for the Works. When the Employer accepts the Letter of Tender, the Contract (which then comes into full force and effect) includes the accepted Proposal and completed Schedules.

The Employer's Requirements should specify the particular requirements for the completed Works, including functional requirements, quality and scope, and may require the Contractor to supply certain items, such as consumables which could be listed in a Schedule. The matters referred to in some or all of the following Sub-Clauses might be included:

- 1.8 Number of copies of Contractor's Documents
- 1.13 Permissions being obtained by the Employer
- 2.1 Phased possession of foundations, structures, plant or means of access
- 4.1 Intended purposes for which the Works are required
- 4.6 Other contractors (and others) on the Site
- 4.7 Setting-out points, lines and levels of reference
- 4.14 Third parties
- 4.18 Environmental constraints
- 4.19 Electricity, water, gas and other services available on the Site
- 4.20 Employer's Equipment and free-issue material
- 5.1 Criteria for design personnel
- 5.2 Contractor's Documents required, and whether for approval
- 5.4 Technical standards and building regulations
- 5.5 Operational training for the Employer's Personnel
- 5.6 As-built drawings and other records of the Works
- 5.7 Operation and maintenance manuals
- 6.6 Facilities for Personnel
- 7.2 Samples
- 7.4 Testing during manufacture and/or construction
- 9.1 Tests on Completion
- 9.4 Damages for failure to pass Tests on Completion
- 12.1 Tests after Completion
- 12.4 Damages for failure to pass Tests after Completion
- 13.5 Provisional Sums

Many Sub-Clauses in the General Conditions make reference to data being contained in the Appendix to Tender, providing a convenient location for the data which is usually required. The example form in this publication thus provides a check-list of the data required; but there is no indication, either in the General Conditions or in the example Appendix to Tender, that this data is either prescribed by the Employer or inserted by the Tenderer. The Employer should prepare the Appendix to Tender, based on this example form, with the elements completed to the extent of his requirements.



The Employer may also require other data from Tenderers, and include a questionnaire in the Schedules.

The Instructions to Tenderers may need to specify any constraints on the completion of the Appendix to Tender and/or Schedules, and/or specify the extent of other information which each Tenderer is to include with his Tender. If each Tenderer is to produce a parent company guarantee and/or a tender security, these requirements (which apply prior to the Contract becoming effective) should be included in the Instructions to Tenderers: example forms are annexed to this document as Annexes A and B. The Instructions may include matters referred to in some or all of the following Sub-Clauses:

- 4.3 Contractor's Representative (name and curriculum vitae)
- 4.9 Quality Assurance system
- 9.1 Tests on Completion
- 12.1 Tests after Completion
- 18 Insurances
- 20 Resolution of disputes

A design-build contract may constitute a turnkey contract and include design, construction, fixtures, fittings and equipment (f.f.e.), the scope of which should be defined in the Employer's Requirements. Full consideration should be given to detailed requirements, such as the extent to which the Works are to be fully equipped, ready for operation, with spare parts and consumables provided for operation (for a specified period), typically by the Employer. In addition, the Contractor may be required to operate the Works, either for a few months' trial operation under Sub-Clause 9.1(c), or for some years' operation.

Understandably, tenderers are often reluctant, in the face of intense competition, to incur great expense in the preparation of tender designs. When preparing the Instructions to Tenderers, thought should be given as to the extent of detail which tenderers can realistically be expected to prepare and include in their Proposals. The extent of detail required should be described in the Instructions to Tenderers. Note that there can be no description in the documents which will constitute the Contract, which only comes into full force and effect when a tenderer's Proposal is accepted.

Consideration may be given to offering some remuneration to tenderers if, in order to provide a responsive Tender, they have to undertake studies or carry out design work of a conceptual nature.



## **Clause 1**

## **General Provisions**

### **Sub-Clause 1.1**

#### **Definitions**

It may be necessary to amend some of the definitions. For example:

- 1.1.3.1 the Base Date could be defined as a particular calendar date
- 1.1.4.6 one particular Foreign Currency may be required
- 1.1.4.8 a different currency may be required to be the contract Local Currency
- 1.1.6.2 the references to "Country" may be inappropriate for a cross-border Site

### **Sub-Clause 1.2**

#### **Interpretation**

If the references to "profit" are to be more precisely specified, this Sub-Clause may be varied:

---

#### **EXAMPLE**

At the end of Sub-Clause 1.2, insert:

In these Conditions, provisions including the expression "Cost plus reasonable profit" require this profit to be one-twentieth (5%) of this Cost.

---

### **Sub-Clause 1.5**

#### **Priority of Documents**

An order of precedence is usually necessary, in case a conflict is subsequently found among the contract documents. If no order of precedence is to be prescribed, this Sub-Clause may be varied:

---

#### **EXAMPLE**

Delete Sub-Clause 1.5 and substitute:

The documents forming the Contract are to be taken as mutually explanatory of one another. If an ambiguity or discrepancy is found, the priority shall be such as may be accorded by the governing law. The Engineer has authority to issue any instruction which he considers necessary to resolve an ambiguity or discrepancy.

---

### **Sub-Clause 1.6**

#### **Contract Agreement**

The form of Agreement should be included in the tender documents as an annex to the Particular Conditions: an example form is included at the end of this publication. If lengthy tender negotiations were necessary, it may be considered advisable for the Contract Agreement to record the Accepted Contract Amount, Base Date and/or Commencement Date. Entry into an Agreement may be necessary under applicable law.

### **Sub-Clause 1.10**

#### **Employer's Use of Contractor's Documents**

Additional provisions may be required, if all rights to particular items of computer software (for example) are to be assigned to the Employer. The provisions should take account of the applicable Laws.

### **Sub-Clause 1.13**

#### **Compliance with Laws**

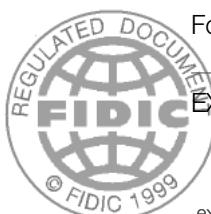
For a plant contract, alternative arrangements may be appropriate:

---

#### **EXAMPLE SUB-CLAUSE FOR A PLANT CONTRACT**

Insert at the end of Sub-Clause 1.13:

except: example text between lines may be copied



However, the Contractor shall submit, in good time, the details of Goods to the Employer, who shall then promptly obtain all import permits or licences required for these Goods.

The Employer shall also obtain or grant all consents including permits-to-work, rights-of-way and approvals required for the Works.

#### **Sub-Clause 1.14**

#### **Joint and Several Liability**

For a major contract, detailed requirements for the joint venture may need to be specified. For example, it may be desirable for each member to produce a parent company guarantee: an example form is annexed to this document as Annex A.

These requirements, which apply prior to the Contract becoming effective, should be included in the Instructions to Tenderers. The Employer will wish the leader of the joint venture to be appointed at an early stage, providing a single point of contact thereafter, and will not wish to be involved in a dispute between the members of a joint venture. The Employer should scrutinise the joint venture agreement carefully, and it may have to be approved by the project's financing institutions.

#### **Additional Sub-Clause Details to be Confidential**

If confidentiality is required, an additional sub-clause may be added:

#### **EXAMPLE SUB-CLAUSE**

The Contractor shall treat the details of the Contract as private and confidential, except to the extent necessary to carry out obligations under it or to comply with applicable Laws. The Contractor shall not publish, permit to be published, or disclose any particulars of the Works in any trade or technical paper or elsewhere without the previous agreement of the Employer.

## **Clause 2**

## **The Employer**

#### **Sub-Clause 2.1**

#### **Right of Access to the Site**

It may be essential for the Contractor to have early access to the Site for the purposes of survey and sub-surface investigations. If right of access cannot be granted, both early and thereafter exclusively, details should be given in the Employer's Requirements.

#### **Sub-Clause 2.3**

#### **Employer's Personnel**

These provisions should be reflected in the Employer's contracts with any other contractors on the Site.

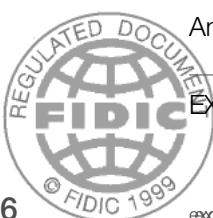
## **Clause 3**

## **The Engineer**

#### **Sub-Clause 3.1**

#### **Engineer's Duties and Authority**

Any requirements for Employer's approval should be set out in the Particular Conditions:



#### **EXAMPLE**

The Engineer shall obtain the specific approval of the Employer before taking action under the following Sub-Clauses of these Conditions:

(a) Sub-Clause \_\_\_\_\_ \*\*

(b) Sub-Clause \_\_\_\_\_ \*\*

\*\* (insert number; describe action, unless all require approval)

This list should be extended or reduced as necessary. If the obligation to obtain the approval of the Employer only applies beyond certain limits, financial or otherwise, the example wording should be varied.

#### **Additional Sub-Clause Management Meetings**

##### **EXAMPLE SUB-CLAUSE**

The Engineer or the Contractor's Representative may require the other to attend a management meeting in order to review the arrangements for future work. The Engineer shall record the business of management meetings and supply copies of the record to those attending the meeting and to the Employer. In the record, responsibilities for any actions to be taken shall be in accordance with the Contract.

## **Clause 4**

## **The Contractor**

### **Sub-Clause 4.2**

### **Performance Security**

The acceptable form(s) of Performance Security should be included in the tender documents, annexed to the Particular Conditions. Example forms are annexed to this document as Annex C and Annex D. They incorporate two sets of Uniform Rules published by the International Chamber of Commerce (the "ICC", which is based at 38 Cours Albert 1er, 75008 Paris, France), which also publishes guides to these Uniform Rules. These example forms and the wording of the Sub-Clause may have to be amended to comply with applicable law.

##### **EXAMPLE**

At the end of the second paragraph of Sub-Clause 4.2, insert:

If the Performance Security is in the form of a bank guarantee, it shall be issued either (a) by a bank located in the Country, or (b) directly by a foreign bank acceptable to the Employer. If the Performance Security is not in the form of a bank guarantee, it shall be furnished by a financial entity registered, or licensed to do business, in the Country.

### **Sub-Clause 4.3**

### **Contractor's Representative**

If the Representative is known at the time of submission of the Tender, the Tenderer may propose the Representative. The Tenderer may wish to propose alternatives, especially if the contract award seems likely to be delayed. If the ruling language is not the same as the language for day to day communications (under Sub-Clause 1.4), or if for any other reason it is necessary to stipulate that the Contractor's Representative shall be fluent in a particular language, one of the following sentences may be added.

##### **EXAMPLE**

At the end of Sub-Clause 4.3, add:

The Contractor's Representative and all these persons shall also be fluent in \_\_\_\_\_ (*insert name of language*)

##### **EXAMPLE**

At the end of Sub-Clause 4.3, add:

except: example text between lines may be copied



If the Contractor's Representative, or these persons, is not fluent in \_\_\_\_\_ (insert name of language), the Contractor shall make a competent interpreter available during all working hours.

---

**Sub-Clause 4.4****Subcontractors**

The wording in the General Conditions includes the conditions which will usually be applicable. If less (or no) consent is required, some (or all) of sub-paragraphs (a) to (c) may be deleted, or qualified in the Particular Conditions:

---

**EXAMPLE**

Prior consent shall not be required if the value of the subcontract is less than one percent (1%) of the Accepted Contract Amount.

---

**Sub-Clause 4.8****Safety Procedures**

If the Contractor is sharing occupation of the Site with others, it may not be appropriate for him to provide some of the listed items. In these circumstances, the Employer's obligations should be specified.

**Sub-Clause 4.12****Unforeseeable Physical Conditions**

In the case of major sub-surface works, the allocation of the risk of sub-surface conditions is an aspect which should be considered when tender documents are being prepared. If this risk is to be shared between the parties, the Sub-Clause may be amended:

**EXAMPLE**

Delete sub-paragraph (b) of Sub-Clause 4.12 and substitute:

(b) payment for any such Cost, \_\_\_\_\_ per cent ( \_\_\_\_\_ %) of which shall be included in the Contract Price (the balance \_\_\_\_\_ percent of the Cost shall be borne by the Contractor).

---

**Sub-Clause 4.16****Transport of Goods**

For a plant contract, alternative arrangements may be appropriate:

---

**EXAMPLE**

Insert at the end of Sub-Clause 4.16:

The Contractor shall request the Engineer's permission to deliver any item of Goods to the Site. No Goods shall be delivered without this permission, which shall not relieve the Contractor from any obligation.

---

**Sub-Clause 4.17****Contractor's Equipment**

If the Contractor is not to provide all the Contractor's Equipment necessary to complete the Works, the Employer's obligations should be specified: see Sub-Clause 4.20. If vesting of Contractor's Equipment is required, further paragraphs may be added, subject to their being consistent with applicable laws:

---

**EXAMPLE**

At the end of Sub-Clause 4.17, add the following paragraphs:

Contractor's Equipment which is owned by the Contractor (either directly or indirectly) shall be deemed to be the property of the Employer with effect from its arrival on the Site. This vesting of property shall not:



- (a) affect the responsibility or liability of the Employer,
- (b) prejudice the right of the Contractor to the sole use of the vested Contractor's Equipment for the purpose of the Works, or
- (c) affect the Contractor's responsibility to operate and maintain Contractor's Equipment.

The property in each item shall be deemed to revert in the Contractor when he is entitled either to remove it from the Site or to receive the Taking-Over Certificate for the Works, whichever occurs first.

---

**Sub-Clause 4.19****Electricity, Water and Gas**

If services are to be available for the Contractor to use, the Specification should give details, including locations and prices.

**Sub-Clause 4.20****Employer's Equipment and Free-Issue Material**

For this Sub-Clause to apply, the Specification should describe each item which the Employer will provide and/or operate and should specify all necessary details. With some types of facilities, further provisions may be necessary, in order to clarify aspects such as liability and insurance.

**Sub-Clause 4.22****Security of the Site**

If the Contractor is sharing occupation of the Site with others, it may not be appropriate for him to be responsible for its security. In these circumstances, the Employer's obligations should be specified.

## Clause 5

## Design

**Sub-Clause 5.1****General Design Obligations**

The Contractor commences by scrutinising the Employer's Requirements, which may include an outline design. Such a design might have been necessary to establish the feasibility of the project. Tenderers should be advised of the extent to which the Employer's outline design is a suggestion or a requirement.

**Sub-Clause 5.2****Contractor's Documents**

The "Contractor's Documents" are defined as the documents which the Contractor must submit to the Engineer, as specified elsewhere in the Contract, which will not necessarily include (for example) all the technical documents which the Contractor's Personnel will need in order to execute the Works.

The Employer's Requirements should specify the extent to which Contractor's Documents are required, which of them are required for approval (not just review), and the submission procedures. For example, it may be appropriate for the Employer's Requirements for a plant contract to specify that the Contractor's Documents shall include drawings showing how the Plant is to be affixed and any other information required for:

- (a) preparing suitable foundations or other means of support,
- (b) providing suitable access on the Site, for the Plant and any necessary equipment, to the place where the Plant is to be erected, and/or
- (c) making necessary connections to the Plant.



Different "review periods" may be specified, taking account of the time necessary to review the different types of drawing, and/or of the possibility of substantial submissions at particular stages of the design-build process.

## Clause 6

### Staff and Labour

#### Sub-Clause 6.5

#### Working Hours

If the Employer does not wish to specify working hours in the Appendix to Tender, or to restrict them to the times specified by the Tenderer (in order to plan the Engineer's supervision, for example), this Sub-Clause may be deleted.

#### Sub-Clause 6.6

#### Facilities for Staff and Labour

If the Employer will make some accommodation available, his obligations to do so should be specified.

#### Sub-Clause 6.8

#### Contractor's Superintendence

If the ruling language is not the same as the language for day to day communications (under Sub-Clause 1.4), or if for any other reason it is necessary to stipulate that the Contractor's superintending staff shall be fluent in a particular language, the following sentence may be added.

---

#### EXAMPLE

Insert at the end of Sub-Clause 6.8:

A reasonable proportion of the Contractor's superintending staff shall have a working knowledge of

(insert name of language),

or the Contractor shall have a sufficient number of competent interpreters available on Site during all working hours.

---

#### Additional Sub-Clauses

Examples for possible provisions which could be added, in order to take account of the circumstances and locality of the Site, are included in FIDIC's Conditions of Contract for Construction.

## Clause 7

### Plant, Materials and Workmanship

#### Additional Sub-Clause

If the Contract is being financed by an institution whose rules or policies require a restriction on the use of its funds, a further sub-clause may be added:

---

#### EXAMPLE SUB-CLAUSE

All Goods shall have their origin in eligible source countries as defined in  
(insert name of published guidelines for procurement).

Goods shall be transported by carriers from these eligible source countries, unless exempted by the Employer in writing on the basis of



potential excessive costs or delays. Surety, insurance and banking services shall be provided by insurers and bankers from the eligible source countries.

---

## Clause 8

### Commencement, Delays and Suspension

#### Sub-Clause 8.2

#### Time for Completion

If the Works are to be taken-over in stages, these stages should be defined as Sections, in the Appendix to Tender.

#### Sub-Clause 8.7

#### Delay Damages

Under many legal systems, the amount of these pre-defined damages must represent a reasonable pre-estimate of the Employer's probable loss in the event of delay. If the Accepted Contract Amount is to be quoted as the sum of figures in more than one currency, it may be preferable to define these damages (per day) as the percentage reduction which would be applied to each of these figures. If the Accepted Contract Amount is expressed in the Local Currency, the damages per day may either be defined as a percentage or be defined as a figure in Local Currency: see Sub-Clause 14.15(b).

#### Additional Sub-Clause

Incentives for early completion may be included in the tender documents (although Sub-Clause 13.2 refers to accelerated completion):

---

#### EXAMPLE SUB-CLAUSE

Sections are required to be completed by the dates given in the Appendix to Tender in order that these Sections may be occupied and used by the Employer in advance of the completion of the whole of the Works. Details of the work required to be executed to entitle the Contractor to bonus payments and the amount of the bonuses are stated in the Employer's Requirements.

For the purposes of calculating bonus payments, the dates given in the Appendix to Tender for completion of Sections are fixed. No adjustments of the dates by reason of granting an extension of the Time for Completion will be allowed.

---

## Clause 9

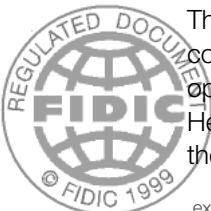
### Tests on Completion

#### Sub-Clause 9.1

#### Contractor's Obligations

The Employer's Requirements should describe the tests which the Contractor is to carry out before being entitled to a Taking-Over Certificate. It may also be appropriate for the Contractor's Proposal to include detailed arrangements, instrumentation, etc. If the Works are to be tested and taken-over in stages, the tests requirements may have to take account of the effect of some parts of the Works being incomplete.

The wording in the sub-paragraphs includes the conditions which are typically applicable for a plant contract, but otherwise may require amendment. In particular, sub-paragraph (c) refers to trial operation, during which any product produced by the Works becomes the property of the Employer. He thus becomes responsible for disposing of it, and entitled to retain the proceeds from selling it. If the product is to be retained by the Contractor, the Sub-Clause should be amended accordingly.



**Sub-Clause 9.4****Failure to Pass Tests on Completion**

If the reduction referred to in the final paragraph, based on the extent of the failure, is to be defined in the Particular Conditions or in the Employer's Requirements, minimum acceptable performance criteria should also be specified.

**Clause 10****Employer's Taking Over****Sub-Clause 10.1****Taking-Over Certificate**

If the Works are to be taken-over in stages, these stages should be defined as Sections, in the Appendix to Tender. Precise geographical definitions are advisable, and the Appendix should include a table, so as to define the aspects relating to the Retention Money releases, Time for Completion and delay damages: the table is shown in the example Appendix.

**Clause 11****Defects Liability****Sub-Clause 11.10****Unfulfilled Obligations**

It may be necessary to review the effect of this Sub-Clause in relation to the period of liability imposed by the applicable law.

**Clause 12****Tests after Completion****Sub-Clause 12.1****Procedure for Tests after Completion**

The Employer's Requirements should describe the tests he requires, after taking-over, to verify that the Works fulfil his performance requirements. For some types of Works, these Tests may be the most difficult to specify well, although they are critical to a successful outcome. It may be appropriate for the Contractor's Proposal to include detailed arrangements, and/or to define any instrumentation required, in addition to that included in the Plant.

With many types of Works, it may be essential to define the physical inputs, and/or for tenderers to prescribe (in a Schedule of Guarantees, probably) the performance criteria which their Plant will achieve.

The provisions in the General Conditions are based upon the Tests after Completion being carried out by the Employer and his operating personnel, with guidance from the Contractor's staff. If other arrangements are envisaged, they should be specified in the Employer's Requirements, and the Sub-Clause should be amended accordingly. For example, the provisions in FIDIC's Conditions of Contract for EPC/Turnkey Projects are based upon these Tests being carried out by the Contractor, with the Employer providing consumables, personnel and power.

**Sub-Clause 12.4****Failure to Pass Tests after Completion**

If the first part of this Sub-Clause is to apply, the method of calculating the non-performance damages (based on the extent of the failure) should be defined in the Particular Conditions or in the Employer's Requirements, and the minimum acceptable performance criteria should also be specified.

**Clause 13****Variations and Adjustments**

Variations can be initiated by any of three ways:

except: example text between lines may be copied

- (a) the Engineer may instruct the variation under Sub-Clause 13.1, without prior agreement as to feasibility or price;
- (b) the Contractor may initiate his own proposals under Sub-Clause 13.2, which are intended to benefit both Parties; or
- (c) the Engineer may request a proposal under Sub-Clause 13.3, seeking prior agreement so as to minimise dispute.

#### **Sub-Clause 13.5                  Provisional Sums**

Although generally inappropriate for this type of contract, a Provisional Sum may be required for parts of the Works which are not required to be priced at the risk of the Contractor. For example, a Provisional Sum may be necessary to cover goods which the Employer wants to select, or to deal with a major uncertainty regarding sub-surface conditions. It is essential to define the scope of each Provisional Sum (in a Schedule, probably), since the defined scope will then be excluded from the other elements of the Accepted Contract Amount. If a Provisional Sum is likely to be valued under Sub-Clause 13.5(b), the percentage should be quoted by tenderers in the Appendix to Tender.

#### **Sub-Clause 13.8                  Adjustments for Changes in Cost**

These provisions for adjustments may be required if it would be unreasonable for the Contractor to bear the risk of escalating costs due to inflation. Unless this Sub-Clause is not to apply, the Appendix to Tender should include a table for each of the currencies of payment: the appropriate table is shown in the example Appendix. Particular care should be taken in the calculation of the weightings/coefficients ("a", "b", "c", ..., the total of which must not exceed unity), and in the selection and verification of cost indices. Expert advice may be appropriate. For a plant contract, it may be preferable to adopt formulae which are more directly related to the timing of the costs incurred by manufacturers.

### **Clause 14**

### **Contract Price and Payment**

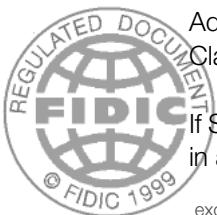
#### **Sub-Clause 14.1                  The Contract Price**

When writing the Particular Conditions, consideration should be given to the amount and timing of payment(s) to the Contractor. A positive cash flow is clearly of benefit to the Contractor, and tenderers will take account of the interim payment procedures when preparing their tenders.

Normally, this type of contract is based on a lump sum price, with little or no remeasurement. The Contractor thus takes the risk of changes in cost arising from his design. The lump sum price may consist of two or more amounts, quoted in the currencies of payment (which may, but need not, include the Local Currency).

In order to value Variations, Tenders may be required to be accompanied by detailed price breakdowns, including quantities, unit rates and other pricing information. This information can also be useful for the assessment of interim payments. However, the information may not have been priced competitively. When the tender documents are being prepared, the Employer must therefore decide whether he will accept being bound by the tenderer's breakdowns. If not, he should have ensured that the Engineer has the necessary expertise to value any Variations which may be required.

Additional Sub-Clauses may be required to cover any exceptions to the options set out in Sub-Clause 14.1, and any other matters relating to payment.



If Sub-Clause 14.1(a) is not to apply, the method of determining the Contract Price should be defined in additional Sub-Clauses, as envisaged in the last sentence of Sub-Clause 14.1. If payment for any

part of the Works is to be made on the basis of measurement, the part must be defined in the Contract, and the following wording might be appropriate for one of the additional Sub-Clauses:

---

#### EXAMPLE SUB-CLAUSE FOR MEASUREMENT

The Engineer shall agree or determine the value of those parts of the Works which are to be measured, in accordance with Sub-Clause 3.5. Measurement shall be made of the net actual quantities of those parts, notwithstanding local practice.

Whenever the Engineer requires any part of the Works to be measured, reasonable notice shall be given to the Contractor's Representative, who shall:

- (a) promptly either attend or send another qualified representative to assist the Engineer in making the measurement, and
- (b) supply any particulars requested by the Engineer.

If the Contractor fails to attend or send a representative, the measurement made by (or on behalf of) the Engineer shall be accepted as accurate.

Except as otherwise stated in the Contract, wherever any Permanent Works are to be measured by records, they shall be prepared by the Engineer. The Contractor shall, as and when requested, attend to examine and agree the records with the Engineer, and shall sign the same when agreed. If the Contractor does not attend to examine and agree these records, they shall be accepted as accurate.

If the Contractor examines and disagrees the records, and/or does not sign them as agreed, then the Contractor shall notify the Engineer of the respects in which the records are asserted to be inaccurate. After receiving this notice, the Engineer shall review the records and either confirm or vary them. If the Contractor does not so notify the Engineer within 14 days after being requested to examine the records, they shall be accepted as accurate.

---

If Sub-Clause 14.1(b) is not to apply, additional Sub-Clause(s) should be added.

---

#### EXAMPLE SUB-CLAUSE ON EXEMPTION FROM DUTIES

All Goods imported by the Contractor into the Country shall be exempt from customs and other import duties, if the Employer's prior written approval is obtained for import. The Employer shall endorse the necessary exemption documents prepared by the Contractor for presentation in order to clear the Goods through Customs, and shall also provide the following exemption documents:

(describe the necessary documents, which the Contractor will be unable to prepare)

If exemption is not then granted, the customs duties payable and paid shall be reimbursed by the Employer.

All imported Goods, which are not incorporated in or expended in connection with the Works, shall be exported on completion of the Contract.



If not exported, the Goods will be assessed for duties as applicable to the Goods involved in accordance with the Laws of the Country.

However, exemption may not available for:

- (a) Goods which are similar to those locally produced, unless they are not available in sufficient quantities or are of a different standard to that which is necessary for the Works; and
- (b) any element of duty or tax inherent in the price of goods or services procured in the Country, which shall be deemed to be included in the Accepted Contract Amount.

Port dues, quay dues and, except as set out above, any element of tax or duty inherent in the price of goods or services shall be deemed to be included in the Accepted Contract Amount.

#### EXAMPLE SUB-CLAUSE ON EXEMPTION FROM TAXES

Expatriate (foreign) personnel shall not be liable for income tax levied in the Country on earnings paid in any foreign currency, or for income tax levied on subsistence, rentals and similar services directly furnished by the Contractor to Contractor's Personnel, or for allowances in lieu. If any Contractor's Personnel have part of their earnings paid in the Country in a foreign currency, they may export (after the conclusion of their term of service on the Works) any balance remaining of their earnings paid in foreign currencies.

The Employer shall seek exemption for the purposes of this Sub-Clause. If it is not granted, the relevant taxes paid shall be reimbursed by the Employer.

---

#### **Sub-Clause 14.2      Advance Payment**

When writing the Particular Conditions, consideration should be given to the benefits of advance payment(s). Unless this Sub-Clause is not to apply, the total advance payment (and the number of instalments if more than one) must be specified in the Appendix to Tender. The rate of deduction for the repayments should be checked to ensure that repayment is achieved before completion. The typical figures in sub-paragraphs (a) and (b) of the General Conditions Sub-Clause are based on the assumption that the total advance payment is less than 22% of the Accepted Contract Amount.

The acceptable form(s) of guarantee should be included in the tender documents, annexed to the Particular Conditions: an example form is annexed to this document, as Annex E.

If the Contractor is to provide major items of Plant, consideration should be given to the benefits of stage payments during manufacture. The Employer may consider it advisable to have some form of security, since these payments would not relate to anything in his possession. If the Contractor is to be entitled to stage payments prior to shipment, the tender documents may include:

- (a) provisions in the Appendix to Tender linking the timing of advance payment (under this Sub-Clause) to the stages of manufacture;
- (b) in the Schedule of Payments or other document to be used to determine the contract value under Sub-Clause 14.3(a), a price for each of these stages (this would require the addition of provisions for securities); or
- (c) detailed amendments to Sub-Clause 14.5.



## **Sub-Clause 14.4**

## **Schedule of Payments**

The General Conditions contain provisions for interim payments to the Contractor, which may be based on a Schedule of Payments. If another basis is to be used for determining interim valuations, details should be added in the Particular Conditions. If payments are to be specified in a Schedule of Payments, the "minimum amount of interim certificates" could be omitted from the Appendix to Tender, and the Schedule of Payments could be in one of the following forms:

- (a) an amount (or percentage of the estimated final Contract Price) could be entered for each month (or other period) during the Time for Completion, which can prove unreasonable if the Contractor's progress differs significantly from the expectation on which the Schedule was based; or
- (b) the Schedule could be based on actual progress achieved in executing the Works, which necessitates careful definition of the payment milestones. Disagreements may arise when the work required for a payment milestone is nearly achieved but the balance cannot be completed until some months later.

The figures inserted by the Tenderer in the Schedule of Payments may be compared with his tender programme (if any), in order to assess whether they are reasonably consistent with each other.

Alternatively, if the Works consist of only a few different types of operations, a simple measurement approach for interim valuations may be appropriate.

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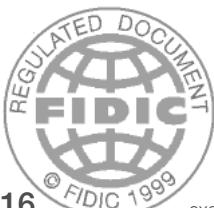
### **EXAMPLE SUB-CLAUSE FOR INTERIM VALUATION PROCEDURE**

Prior to commencing construction of the Permanent Works, the Contractor shall submit a bill of principal quantities of the Permanent Works (the "BPQPW"), together with any supporting information and calculations reasonably required by the Engineer. The BPQPW shall include the anticipated final quantities of the principal items of Permanent Works, which shall have been priced using all-in rates such that the total amount equals the estimated final Contract Price. The BPQPW shall not contain priced items for design or for Temporary Works. The value of each element of this work, and of any other work elements not described in the BPQPW, shall each be included in the rates for Permanent Works which are to be constructed after the element is carried out.

The BPQPW shall be subject to the approval of the Engineer, which may at any time be withdrawn, and shall be without prejudice to the final amount due under the Contract. The BPQPW shall be revised and reissued if it appears at any time before Taking-Over that it will not fully represent the Permanent Works when complete.

During the Time for Completion, the contract value for the purposes of sub-paragraph (a) of Sub-Clause 14.3 shall not exceed the amount calculated from the current BPQPW, based on the quantities of Permanent Works which have been constructed in accordance with the Contract. Each Statement shall:

- (a) be in the same form as that of the current BPQPW,
- (b) include a signed statement that its current BPQPW (including anticipated final quantities) and the as-constructed quantities are all correct, and



- 
- (c) be accompanied by a certificate signed by the Contractor's Representative, certifying that the part of the Works constructed to date complies with the Contract.
- 

**Sub-Clause 14.7      Payment**

If a different period for payment is to apply, the Sub-Clause may be amended:

---

**EXAMPLE**                  In sub-paragraph (b) of Sub-Clause 14.7, delete "56" and substitute "42"

---

If the country/countries of payment need to be specified, details may be included in a Schedule.

**Sub-Clause 14.8      Delayed Payment**

If the discount rate of the central bank in the country of the currency of payment is not a reasonable basis for assessing the Contractor's financing costs, a new rate may have to be defined. Alternatively, the actual financing Costs could be paid, taking account of local financing arrangements.

**Sub-Clause 14.9      Payment of Retention Money**

If part of the Retention Money is to be released and substituted by an appropriate guarantee, an additional Sub-Clause may be added. The acceptable form(s) of guarantee should be included in the tender documents, annexed to the Particular Conditions: an example form is annexed to this document, as Annex F.

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**EXAMPLE SUB-CLAUSE FOR RELEASE OF RETENTION**

When the Retention Money has reached three-fifths (60%) of the limit of Retention Money stated in the Appendix to Tender, the Engineer shall certify and the Employer shall make payment of half (50%) of the limit of Retention Money to the Contractor if he obtains a guarantee, in a form and provided by an entity approved by the Employer, in amounts and currencies equal to the payment.

The Contractor shall ensure that the guarantee is valid and enforceable until the Contractor has executed and completed the Works and remedied any defects, as specified for the Performance Security in Sub-Clause 4.2, and shall be returned to the Contractor accordingly. This release of retention shall be in lieu of the release of the second half of the Retention Money under the second paragraph of Sub-Clause 14.9.

---

**Sub-Clause 14.15      Currencies of Payment**

If all payments are to be made in Local Currency, it must be named in the Letter of Tender, and only the first sentence of this Sub-Clause will apply. Alternatively, the Sub-Clause may then be replaced:

---

**EXAMPLE SUB-CLAUSE FOR A SINGLE CURRENCY CONTRACT**

The currency of account shall be the Local Currency and all payments made in accordance with the Contract shall be in Local Currency. The Local Currency payments shall be fully convertible, except those for local costs. The percentage attributed to local costs shall be as stated in the Appendix to Tender.

---



## Financing Arrangements

For major contracts in some markets, there may be a need to secure finance from entities such as aid agencies, development banks, export credit agencies, or other international financing institutions. If financing is to be procured from any of these sources, the Particular Conditions may need to incorporate its special requirements. The exact wording will depend on the relevant institution, so reference will need to be made to them to ascertain their requirements, and to seek approval of the draft tender documents.

The financing institution or bank may wish the Contract to include references to the financing arrangements, especially if funding from more than one source is to be arranged to finance different elements of supply. It is not unusual for the Particular Conditions to include special provisions identifying different categories of Plant and specifying the documents to be presented to the relevant financing institution to obtain payment. If the financing institution's requirements are not met, it may be difficult (or even impossible) to secure suitable financing for the project, and/or the institution may decline to provide finance for part or all of the Contract.

However, where the financing is not tied to the export of goods and services from any particular country but is simply provided by commercial banks lending to the Employer, those banks may be concerned to ensure that the Contractor's rights are very restricted. These banks may prefer the Contract to be based upon FIDIC's Conditions of Contract for EPC/Turnkey Projects.

Alternatively, the Contractor may be prepared to initiate financing arrangements and retain responsibility for them, although he would probably be unable or unwilling to provide finance from his own resources. His financing bank's requirements would then affect his attitude in contract negotiations. They might well require the Employer to make interim payments, although a large proportion of the Contract Price might be withheld until the Works are complete. Since the Contractor would then have to arrange his own financing to cover the shortfall between the payments and his outgoings, he (and his financing bank) would probably require some form of security, guaranteeing payment when due.

It may be appropriate for the Employer, when preparing the tender documents, to anticipate the latter requirement by undertaking to provide a guarantee for the element of payment which the Contractor is to receive when the Works are complete. The acceptable form(s) of guarantee should be included in the tender documents, annexed to the Particular Conditions: an example form is annexed to this document, as Annex G. The following Sub-Clause may be added.

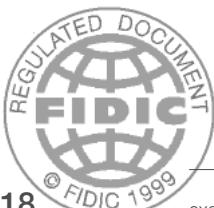
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### EXAMPLE PROVISIONS FOR CONTRACTOR FINANCE

The Employer shall obtain (at his cost) a payment guarantee in the amount and currencies, and provided by an entity, as stated in the Appendix to Tender. The Employer shall deliver the guarantee to the Contractor within 28 days after both Parties have entered into the Contract Agreement. The guarantee shall be in the form annexed to these Particular Conditions, or in another form acceptable to the Contractor. Unless and until the Contractor receives the guarantee, the Engineer shall not give the notice under Sub-Clause 8.1.

The guarantee shall be returned to the Employer at the earliest of the following dates:

- (a) when the Contractor has been paid the Accepted Contract Amount;
- (b) when obligations under the guarantee expire or have been discharged; or
- (c) when the Employer has performed all obligations under the Contract.



## Clause 15

### Termination by Employer

#### Sub-Clause 15.2

#### Termination by Employer

Before inviting tenders, the Employer should verify that the wording of this Sub-Clause, and each anticipated ground for termination, is consistent with the law governing the Contract

#### Sub-Clause 15.5

#### Employer's Entitlement to Termination

Unless inconsistent with the requirements of the Employer and/or financing institutions, a further sentence may be added.

---

#### EXAMPLE

Insert at the end of Sub-Clause 15.5:

The Employer shall also pay to the Contractor the amount of any other loss or damage resulting from this termination.

---

## Clause 16

### Suspension and Termination by Contractor

#### Sub-Clause 16.2

#### Termination by Contractor

Before inviting tenders, the Employer should verify that the wording of this Sub-Clause is consistent with the law governing the Contract. The Contractor should verify that each anticipated ground for termination is consistent with such law.

## Clause 17

### Risk and Responsibility

#### Sub-Clause 17.6

#### Limitation of Liability

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#### EXAMPLE

In Sub-Clause 17.6, the sum referred to in the penultimate sentence shall be \_\_\_\_\_

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#### Additional Sub-Clause Use of Employer's Accommodation/Facilities

If the Contractor is to occupy the Employer's facilities temporarily, an additional sub-clause may be added:

---

#### EXAMPLE SUB-CLAUSE

The Contractor shall take full responsibility for the care of the items detailed below, from the respective dates of use or occupation by the Contractor, up to the respective dates of hand-over or cessation of occupation (where hand-over or cessation of occupation may take place after the date stated in the Taking-Over Certificate for the Works):

(insert details)

If any loss or damage happens to any of the above items while the Contractor is responsible for their care, arising from any cause whatsoever other than those for which the Employer is liable, the Contractor shall, at his own cost, rectify the loss or damage to the satisfaction of the Engineer.



## Clause 18

## Insurance

The wording in the General Conditions describes the insurances which are to be arranged by the "insuring Party", who is to be the Contractor unless otherwise stated in the Particular Conditions. Insurances so provided by the Contractor are to be consistent with the general terms agreed with the Employer. The Instructions to Tenderers may therefore require tenderers to provide details of the proposed terms.

If the Employer is to arrange any of the insurances under this Clause, the tender documents should include details as an annex to the Particular Conditions (so that tenderers can estimate what other insurances they wish to have for their own protection), including the conditions, limits, exceptions and deductibles; preferably in the form of a copy of each policy. The Employer may find it difficult to effect the insurances described in the third paragraph of Sub-Clause 18.2 (for Contractor's Equipment, which includes Subcontractor's equipment), because the Employer may not know the amount or value of these items of equipment. The following sentence may be included in the Particular Conditions:

---

### EXAMPLE

Delete the final paragraph of Sub-Clause 18.2 and substitute:

However, the insurances described in the first two paragraphs of Sub-Clause 18.2 shall be effected and maintained by the Employer as insuring Party, and not by the Contractor.

---

### Additional Sub-Clause Insurance for Design

If the Employer requires the additional protection of design insurance, an additional sub-clause may be added:

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### EXAMPLE SUB-CLAUSE

The Contractor shall effect professional indemnity insurance, which shall cover the risk of professional negligence in the design of the Works. This insurance shall be for a limit of not less than \_\_\_\_\_. The Contractor shall use his best endeavours to maintain the professional indemnity insurance in full force and effect until \_\_\_\_\_. The Contractor undertakes to notify the Employer promptly of any difficulty in extending, renewing or reinstating this insurance.

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## Clause 19

## Force Majeure

Before inviting tenders, the Employer should verify that the wording of this Clause is compatible with the law governing the Contract.

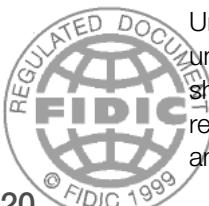
## Clause 20

## Claims, Disputes and Arbitration

### Sub-Clause 20.2

### Appointment of the Dispute Adjudication Board

Unless the Engineer (although appointed by the Employer) is to make the pre-arbitral decisions under this Clause 20, in accordance with the alternative option described below, the Contract should include the provisions under Clause 20 which, whilst not discouraging the Parties from reaching agreement on disputes as the works proceed, allow them to refer contentious matters to an impartial dispute adjudication board ("DAB").



The adjudication procedure depends for its success on, amongst other things, the Parties' confidence in the agreed individual(s) who will serve on the DAB. Therefore, it is essential that candidates for this position are not imposed by either Party on the other Party; and that, if the individual is selected under Sub-Clause 20.3, the selection is made by a wholly impartial entity. FIDIC is prepared to perform this role, if this authority has been delegated in accordance with the example wording in the Appendix to Tender.

Sub-Clause 20.2 envisages appointment of the DAB after a Party gives notice of its intention to refer a dispute to a DAB. However, for certain types of project, particularly those involving extensive work on Site, where it would be appropriate for the DAB to visit the Site on a regular basis, it may be decided to retain the services of a permanent DAB. In this case Sub-Clause 20.2 and 20.4 together with the Appendix and Annex to the General Conditions, and the Dispute Adjudication Agreement, should be amended to comply with corresponding wording contained in the FIDIC Conditions of Contract for Construction.

Sub-Clause 20.2 provides for two alternative arrangements for the DAB:

- (a) one person, who acts as the sole member of the DAB, having entered into a tripartite agreement with both Parties; or
- (b) a DAB of three persons, each of whom has entered into a tripartite agreement with both Parties.

The form of this tripartite agreement could be one of the two alternatives shown at the end of this publication, as appropriate to the arrangement adopted. Both of these forms incorporate (by reference) the General Conditions of Dispute Adjudication Agreement, which are included as the Appendix to the General Conditions because they are also referred to in Sub-Clause 20.2. Under either of these alternative forms of Dispute Adjudication Agreement, each individual person is referred to as a Member.

Before the Contract is entered into, consideration should be given as to whether a one-person or three-person DAB is preferable for a particular project, taking account of its size, duration and the fields of expertise which will be involved.

The appointment of the DAB may be facilitated by including an agreed list of potential members in the Contract: in a Schedule.

Alternatively, the Engineer may make these pre-arbitral decisions. This alternative, which has been the Engineer's traditional role in common law countries, may be appropriate if the Engineer is an independent professional consulting engineer with the experience and resources required for the administration of all aspects of the contract. The Employer should recognise that, although the Engineer generally acts for the Employer as specified in Sub-Clause 3.1(a), the Engineer will make these pre-arbitral decisions impartially and the Employer must not prejudice this impartiality. If this alternative is considered appropriate, the Sub-Clause may be varied:

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#### EXAMPLE SUB-CLAUSE FOR PRE-ARBITRAL DECISIONS BY THE ENGINEER

Delete Sub-Clauses 20.2 and 20.3.

Delete Sub-Clause 20.4 and substitute the Sub-Clause 20.4 published in FIDIC'S "Conditions of Contract for Construction" First Edition 1999, and then delete the second paragraph of such substituted Sub-Clause 20.4 and insert the following paragraph:

The Engineer shall act as the DAB in accordance with this Sub-Clause 20.4, acting fairly, impartially and at the cost of the Employer. In the event



that the Employer intends to replace the Engineer, the Employer's notice under Sub-Clause 3.4 shall include detailed proposals for the appointment of a replacement DAB.

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#### **Sub-Clause 20.5**

#### **Amicable Settlement**

The provisions of this Sub-Clause are intended to encourage the parties to settle a dispute amicably, without the need for arbitration: for example, by direct negotiation, conciliation, mediation, or other forms of alternative dispute resolution. Amicable settlement procedures often depend, for their success, on confidentiality and on both Parties' acceptance of the procedure. Therefore, neither Party should seek to impose the procedure on the other Party.

#### **Sub-Clause 20.6**

#### **Arbitration**

The Contract should include provisions for the resolution by international arbitration of any disputes which are not resolved amicably. In international construction contracts, international commercial arbitration has numerous advantages over litigation in national courts, and may be more acceptable to the Parties.

Careful consideration should be given to ensuring that the international arbitration rules chosen are compatible with the provisions of Clause 20 and with the other elements to be set out in the Appendix to Tender. The Rules of Arbitration of the International Chamber of Commerce (the "ICC", which is based at 38 Cours Albert 1er, 75008 Paris, France) are frequently included in international contracts. In the absence of specific stipulations as to the number of arbitrators and the place of arbitration, the International Court of Arbitration of the ICC will decide on the number of arbitrators (typically three in any substantial construction dispute) and on the place of arbitration.

If the UNCITRAL (or other non-ICC) arbitration rules are preferred, it may be necessary to designate, in the Appendix to Tender, an institution to appoint the arbitrators or to administer the arbitration, unless the institution is named (and their role specified) in the arbitration rules. It may also be necessary to ensure, before so designating an institution in the Appendix to Tender, that it is prepared to appoint or administer.

For major projects tendered internationally, it is desirable that the place of arbitration be situated in a country other than that of the Employer or Contractor. This country should have a modern and liberal arbitration law and should have ratified a bilateral or multilateral convention (such as the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards), or both, that would facilitate the enforcement of an arbitral award in the states of the Parties.

It may be considered desirable in some cases for other Parties to be joined into any arbitration between the Parties, thereby creating a multi-party arbitration. While this may be feasible, multi-party arbitration clauses require skilful drafting, and usually need to be prepared on a case-by-case basis. No satisfactory standard form of multi-party arbitration clause for international use has yet been developed.



## Annexes      FORMS OF SECURITIES

Acceptable form(s) of security should be included in the tender documents: for Annex A and/or B, in the Instructions to Tenderers; and for Annexes C to G, annexed to the Particular Conditions. The following example forms, which (except for Annex A) incorporate Uniform Rules published by the International Chamber of Commerce (the "ICC", which is based at 38 Cours Albert 1er, 75008 Paris, France), may have to be amended to comply with the applicable law. Although the ICC publishes guides to these Uniform Rules, legal advice should be taken before the securities are written. Note that the guaranteed amounts should be quoted in all the currencies, as specified in the Contract, in which the guarantor pays the beneficiary.



**Annex A****EXAMPLE FORM OF PARENT COMPANY  
GUARANTEE**

[See page 4, and the comments on Sub-Clause 1.14]

Brief description of Contract \_\_\_\_\_

Name and address of Employer \_\_\_\_\_

\_\_\_\_\_  
(together with successors and assigns).

We have been informed that \_\_\_\_\_ (hereinafter called the "Contractor") is submitting an offer for such Contract in response to your invitation, and that the conditions of your invitation require his offer to be supported by a parent company guarantee.

In consideration of you, the Employer, awarding the Contract to the Contractor, we (name of parent company) \_\_\_\_\_ irrevocably and unconditionally guarantee to you, as a primary obligation, the due performance of all the Contractor's obligations and liabilities under the Contract, including the Contractor's compliance with all its terms and conditions according to their true intent and meaning.

If the Contractor fails to so perform his obligations and liabilities and comply with the Contract, we will indemnify the Employer against and from all damages, losses and expenses (including legal fees and expenses) which arise from any such failure for which the Contractor is liable to the Employer under the Contract.

This guarantee shall come into full force and effect when the Contract comes into full force and effect. If the Contract does not come into full force and effect within a year of the date of this guarantee, or if you demonstrate that you do not intend to enter into the Contract with the Contractor, this guarantee shall be void and ineffective. This guarantee shall continue in full force and effect until all the Contractor's obligations and liabilities under the Contract have been discharged, when this guarantee shall expire and shall be returned to us, and our liability hereunder shall be discharged absolutely.

This guarantee shall apply and be supplemental to the Contract as amended or varied by the Employer and the Contractor from time to time. We hereby authorise them to agree any such amendment or variation, the due performance of which and compliance with which by the Contractor are likewise guaranteed hereunder. Our obligations and liabilities under this guarantee shall not be discharged by any allowance of time or other indulgence whatsoever by the Employer to the Contractor, or by any variation or suspension of the works to be executed under the Contract, or by any amendments to the Contract or to the constitution of the Contractor or the Employer, or by any other matters, whether with or without our knowledge or consent.

This guarantee shall be governed by the law of the same country (or other jurisdiction) as that which governs the Contract and any dispute under this guarantee shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with such Rules. We confirm that the benefit of this guarantee may be assigned subject only to the provisions for assignment of the Contract.



Date \_\_\_\_\_

Signature(s) \_\_\_\_\_

## Annex B      EXAMPLE FORM OF TENDER SECURITY

[See page 4]

Brief description of Contract \_\_\_\_\_

Name and address of Beneficiary \_\_\_\_\_

\_\_\_\_\_ (whom the tender documents define as the Employer).

We have been informed that \_\_\_\_\_ (hereinafter called the "Principal") is submitting an offer for such Contract in response to your invitation, and that the conditions of your invitation (the "conditions of invitation", which are set out in a document entitled Instructions to Tenderers) require his offer to be supported by a tender security.

At the request of the Principal, we (*name of bank*) \_\_\_\_\_ hereby irrevocably undertake to pay you, the Beneficiary/Employer, any sum or sums not exceeding in total the amount of \_\_\_\_\_ (say: \_\_\_\_\_) upon receipt by us of your demand in writing and your written statement (in the demand) stating that:

- (a) the Principal has, without your agreement, withdrawn his offer after the latest time specified for its submission and before the expiry of its period of validity, or
- (b) the Principal has refused to accept the correction of errors in his offer in accordance with such conditions of invitation, or
- (c) you awarded the Contract to the Principal and he has failed to comply with sub-clause 1.6 of the conditions of the Contract, or
- (d) you awarded the Contract to the Principal and he has failed to comply with sub-clause 4.2 of the conditions of the Contract.

Any demand for payment must contain your signature(s) which must be authenticated by your bankers or by a notary public. The authenticated demand and statement must be received by us at this office on or before (*the date 35 days after the expiry of the validity of the Letter of Tender*) \_\_\_\_\_, when this guarantee shall expire and shall be returned to us.

This guarantee is subject to the Uniform Rules for Demand Guarantees, published as number 458 by the International Chamber of Commerce, except as stated above.

Date \_\_\_\_\_ Signature(s) \_\_\_\_\_



## Annex C      EXAMPLE FORM OF PERFORMANCE SECURITY - DEMAND GUARANTEE

[See comments on Sub-Clause 4.2]

Brief description of Contract \_\_\_\_\_

Name and address of Beneficiary \_\_\_\_\_  
\_\_\_\_\_  
(whom the Contract defines as the Employer).

We have been informed that \_\_\_\_\_ (hereinafter called the "Principal") is your contractor under such Contract, which requires him to obtain a performance security.

At the request of the Principal, we (*name of bank*) \_\_\_\_\_ hereby irrevocably undertake to pay you, the Beneficiary/Employer, any sum or sums not exceeding in total the amount of \_\_\_\_\_ (the "guaranteed amount", say: \_\_\_\_\_) upon receipt by us of your demand in writing and your written statement stating:

- (a) that the Principal is in breach of his obligation(s) under the Contract, and
- (b) the respect in which the Principal is in breach.

[Following the receipt by us of an authenticated copy of the taking-over certificate for the whole of the works under clause 10 of the conditions of the Contract, such guaranteed amount shall be reduced by \_\_\_\_ % and we shall promptly notify you that we have received such certificate and have reduced the guaranteed amount accordingly.] <sup>(1)</sup>

Any demand for payment must contain your [minister's/directors'] <sup>(1)</sup> signature(s) which must be authenticated by your bankers or by a notary public. The authenticated demand and statement must be received by us at this office on or before (*the date 70 days after the expected expiry of the Defects Notification Period for the Works*) \_\_\_\_\_ (the "expiry date"), when this guarantee shall expire and shall be returned to us.

We have been informed that the Beneficiary may require the Principal to extend this guarantee if the performance certificate under the Contract has not been issued by the date 28 days prior to such expiry date. We undertake to pay you such guaranteed amount upon receipt by us, within such period of 28 days, of your demand in writing and your written statement that the performance certificate has not been issued, for reasons attributable to the Principal, and that this guarantee has not been extended.

This guarantee shall be governed by the laws of \_\_\_\_\_ and shall be subject to the Uniform Rules for Demand Guarantees, published as number 458 by the International Chamber of Commerce, except as stated above.

Date \_\_\_\_\_ Signature(s) \_\_\_\_\_



<sup>(1)</sup> When writing the tender documents, the writer should ascertain whether to include the optional text, shown in parentheses [ ]

## Annex D      EXAMPLE FORM OF PERFORMANCE SECURITY - SURETY BOND

[See comments on Sub-Clause 4.2]

Brief description of Contract \_\_\_\_\_

Name and address of Beneficiary \_\_\_\_\_

\_\_\_\_\_ (together with successors and assigns, all as defined in the Contract as the Employer).

By this Bond, (*name and address of contractor*) \_\_\_\_\_  
(who is the contractor under such Contract) as Principal and (*name and address of guarantor*) \_\_\_\_\_ as Guarantor are irrevocably held and firmly bound  
to the Beneficiary in the total amount of \_\_\_\_\_ (the "Bond Amount", say:  
\_\_\_\_\_) for the due performance of all such Principal's obligations and liabilities  
under the Contract. [Such Bond Amount shall be reduced by \_\_\_\_ % upon the issue of the taking-over  
certificate for the whole of the works under clause 10 of the conditions of the Contract.]<sup>(1)</sup>

This Bond shall become effective on the Commencement Date defined in the Contract.

Upon Default by the Principal to perform any Contractual Obligation, or upon the occurrence of any of the events and circumstances listed in sub-clause 15.2 of the conditions of the Contract, the Guarantor shall satisfy and discharge the damages sustained by the Beneficiary due to such Default, event or circumstances.<sup>(2)</sup> However, the total liability of the Guarantor shall not exceed the Bond Amount.

The obligations and liabilities of the Guarantor shall not be discharged by any allowance of time or other indulgence whatsoever by the Beneficiary to the Principal, or by any variation or suspension of the works to be executed under the Contract, or by any amendments to the Contract or to the constitution of the Principal or the Beneficiary, or by any other matters, whether with or without the knowledge or consent of the Guarantor.

Any claim under this Bond must be received by the Guarantor on or before (*the date six months after the expected expiry of the Defects Notification Period for the Works*) \_\_\_\_\_ (the "Expiry Date"), when this Bond shall expire and shall be returned to the Guarantor.

The benefit of this Bond may be assigned subject to the provisions for assignment of the Contract, and subject to the receipt by the Guarantor of evidence of full compliance with such provisions.

This Bond shall be governed by the law of the same country (or other jurisdiction) as that which governs the Contract. This Bond incorporates and shall be subject to the Uniform Rules for Contract Bonds, published as number 524 by the International Chamber of Commerce, and words used in this Bond shall bear the meanings set out in such Rules.

Wherefore this Bond has been issued by the Principal and the Guarantor on (*date*) \_\_\_\_\_

Signature(s) for and on behalf of the Principal \_\_\_\_\_

Signature(s) for and on behalf of the Guarantor \_\_\_\_\_



<sup>(1)</sup> When writing the tender documents, the writer should ascertain whether to include the optional text, shown in parentheses [ ]

Insert: [and shall not be entitled to perform the Principal's obligations under the Contract.]

Or: [or at the option of the Guarantor (to be exercised in writing within 42 days of receiving the claim specifying such Default) perform the Principal's obligations under the Contract.]

## Annex E      EXAMPLE FORM OF ADVANCE PAYMENT GUARANTEE

[See comments on Sub-Clause 14.2]

Brief description of Contract \_\_\_\_\_

Name and address of Beneficiary \_\_\_\_\_  
\_\_\_\_\_  
(whom the Contract defines as the Employer).

We have been informed that \_\_\_\_\_ (hereinafter called the "Principal") is your contractor under such Contract and wishes to receive an advance payment, for which the Contract requires him to obtain a guarantee.

At the request of the Principal, we (*name of bank*) \_\_\_\_\_ hereby irrevocably undertake to pay you, the Beneficiary/Employer, any sum or sums not exceeding in total the amount of \_\_\_\_\_ (the "guaranteed amount", say: \_\_\_\_\_) upon receipt by us of your demand in writing and your written statement stating:

- (a) that the Principal has failed to repay the advance payment in accordance with the conditions of the Contract, and
- (b) the amount which the Principal has failed to repay.

This guarantee shall become effective upon receipt [of the first instalment] of the advance payment by the Principal. Such guaranteed amount shall be reduced by the amounts of the advance payment repaid to you, as evidenced by your notices issued under sub-clause 14.6 of the conditions of the Contract. Following receipt (from the Principal) of a copy of each purported notice, we shall promptly notify you of the revised guaranteed amount accordingly.

Any demand for payment must contain your signature(s) which must be authenticated by your bankers or by a notary public. The authenticated demand and statement must be received by us at this office on or before (*the date 70 days after the expected expiry of the Time for Completion*) \_\_\_\_\_ (the "expiry date"), when this guarantee shall expire and shall be returned to us.

We have been informed that the Beneficiary may require the Principal to extend this guarantee if the advance payment has not been repaid by the date 28 days prior to such expiry date. We undertake to pay you such guaranteed amount upon receipt by us, within such period of 28 days, of your demand in writing and your written statement that the advance payment has not been repaid and that this guarantee has not been extended.

This guarantee shall be governed by the laws of \_\_\_\_\_ and shall be subject to the Uniform Rules for Demand Guarantees, published as number 458 by the International Chamber of Commerce, except as stated above.

Date \_\_\_\_\_ Signature(s) \_\_\_\_\_



## Annex F      EXAMPLE FORM OF RETENTION MONEY GUARANTEE

[See comments on Sub-Clause 14.9]

Brief description of Contract \_\_\_\_\_

Name and address of Beneficiary \_\_\_\_\_  
\_\_\_\_\_  
(whom the Contract defines as the Employer).

We have been informed that \_\_\_\_\_ (hereinafter called the "Principal") is your contractor under such Contract and wishes to receive early payment of [part of] the retention money, for which the Contract requires him to obtain a guarantee.

At the request of the Principal, we (*name of bank*) \_\_\_\_\_ hereby irrevocably undertake to pay you, the Beneficiary/Employer, any sum or sums not exceeding in total the amount of \_\_\_\_\_ (the "guaranteed amount", say: \_\_\_\_\_) upon receipt by us of your demand in writing and your written statement stating:

- (a) that the Principal has failed to carry out his obligation(s) to rectify certain defect(s) for which he is responsible under the Contract, and
- (b) the nature of such defect(s).

At any time, our liability under this guarantee shall not exceed the total amount of retention money released to the Principal by you, as evidenced by your notices issued under sub-clause 14.6 of the conditions of the Contract with a copy being passed to us.

Any demand for payment must contain your signature(s) which must be authenticated by your bankers or by a notary public. The authenticated demand and statement must be received by us at this office on or before (*the date 70 days after the expected expiry of the Defects Notification Period for the Works*) \_\_\_\_\_, (the "expiry date"), when this guarantee shall expire and shall be returned to us.

We have been informed that the Beneficiary may require the Principal to extend this guarantee if the performance certificate under the Contract has not been issued by the date 28 days prior to such expiry date. We undertake to pay you such guaranteed amount upon receipt by us, within such period of 28 days, of your demand in writing and your written statement that the performance certificate has not been issued, for reasons attributable to the Principal, and that this guarantee has not been extended.

This guarantee shall be governed by the laws of \_\_\_\_\_ and shall be subject to the Uniform Rules for Demand Guarantees, published as number 458 by the International Chamber of Commerce, except as stated above.

Date \_\_\_\_\_ Signature(s) \_\_\_\_\_



## Annex G      EXAMPLE FORM OF PAYMENT GUARANTEE BY EMPLOYER

[See page 17: Contractor Finance]

Brief description of Contract \_\_\_\_\_

Name and address of Beneficiary \_\_\_\_\_

\_\_\_\_\_  
(whom the Contract defines as the Contractor).

We have been informed that \_\_\_\_\_ (whom the Contract defines as the Employer and who is hereinafter called the "Principal") is required to obtain a bank guarantee.

At the request of the Principal, we (*name of bank*) \_\_\_\_\_ hereby irrevocably undertake to pay you, the Beneficiary/Contractor, any sum or sums not exceeding in total the amount of \_\_\_\_\_ (say: \_\_\_\_\_) upon receipt by us of your demand in writing and your written statement stating:

- (a) that, in respect of a payment due under the Contract, the Principal has failed to make payment in full by the date fourteen days after the expiry of the period specified in the Contract as that within which such payment should have been made, and
- (b) the amount(s) which the Principal has failed to pay.

Any demand for payment must be accompanied by a copy of [list of documents evidencing entitlement to payment] \_\_\_\_\_, in respect of which the Principal has failed to make payment in full.

Any demand for payment must contain your signature(s) which must be authenticated by your bankers or by a notary public. The authenticated demand and statement must be received by us at this office on or before (*the date six months after the expected expiry of the Defects Notification Period for the Works*) \_\_\_\_\_, when this guarantee shall expire and shall be returned to us.

This guarantee shall be governed by the laws of \_\_\_\_\_ and shall be subject to the Uniform Rules for Demand Guarantees, published as number 458 by the International Chamber of Commerce, except as stated above.

Date \_\_\_\_\_ Signature(s) \_\_\_\_\_



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GENERAL CONDITIONS

---

GUIDANCE FOR THE  
PREPARATION OF  
PARTICULAR CONDITIONS

---

## Conditions of Contract for **PLANT and Design-Build**

FOR ELECTRICAL AND MECHANICAL WORKS  
AND FOR BUILDING AND ENGINEERING WORKS  
DESIGNED BY THE CONTRACTOR

---

FORMS OF LETTER OF  
TENDER, CONTRACT  
AGREEMENT AND  
DISPUTE ADJUDICATION  
AGREEMENT

---

Forms of Letter of Tender, Contract Agreement and  
Dispute Adjudication Agreement

FEDERATION INTERNATIONALE DES INGENIEURS-CONSEILS  
INTERNATIONAL FEDERATION OF CONSULTING ENGINEERS  
INTERNATIONALE VEREINIGUNG BERATENDER INGENIEURE  
FEDERACION INTERNACIONAL DE INGENIEROS CONSOLTORES



# LETTER OF TENDER

NAME OF CONTRACT:

TO:

We have examined the Conditions of Contract, Employer's Requirements, Schedules, the attached Appendix and Addenda Nos \_\_\_\_\_ or the above-named Works. We have examined, understood and checked these documents and have ascertained that they contain no errors or other defects. We accordingly offer to design, execute and complete the Works and remedy any defects therein, in conformity with this Tender which includes all these documents and the enclosed Proposal, for the lump sum of

(in currencies of payment) \_\_\_\_\_

We accept your suggestions for the appointment of the DAB, as set out in Schedule \_\_\_\_\_

*[We have completed the Schedule by adding our suggestions for the other Member of the DAB, but these suggestions are not conditions of this offer]. \**

We agree to abide by this Tender until \_\_\_\_\_ and it shall remain binding upon us and may be accepted at any time before that date. We acknowledge that the Appendix forms part of this Letter of Tender.

If this offer is accepted, we will provide the specified Performance Security, commence the Works as soon as is reasonably practicable after the Commencement Date, and complete the Works in accordance with the above-named documents within the Time for Completion. We guarantee that the Works will then conform with the Schedule of Guarantees.

Unless and until a formal Agreement is prepared and executed this Letter of Tender, together with your written acceptance thereof, shall constitute a binding contract between us.

We understand that you are not bound to accept the lowest or any tender you may receive.

Signature \_\_\_\_\_ in the capacity of \_\_\_\_\_

duly authorised to sign tenders for and on behalf of \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

\* If the Tenderer does not accept, this paragraph may be deleted and replaced by:



We do not accept your suggestions for the appointment of the DAB. We have included our suggestions in the Schedule, but these suggestions are not conditions of this offer. If these suggestions are not acceptable to you, we propose that the DAB be jointly appointed in accordance with Sub-Clause 20.2 of the Conditions of Contract

## Appendix to Tender

[ Note: with the exception of the items for which the Employer's requirements have been inserted, the following information must be completed before the Tender is submitted ]

Item	Sub-Clause	Entry
Employer's name and address .....	1.1.2.2 & 1.3	_____ _____ _____
Contractor's name and address .....	1.1.2.3 & 1.3	_____ _____ _____
Engineer's name and address .....	1.1.2.4 & 1.3	_____ _____
Time for Completion of the Works .....	1.1.3.3 .....	___ days
Defects Notification Period .....	1.1.3.7 .....	365 days
Electronic transmission systems .....	1.3 .....	_____
Governing Law .....	1.4 .....	_____
Ruling language .....	1.4 .....	_____
Language for communications .....	1.4 .....	_____
Time for access to the Site .....	2.1 .....	___ days after Commencement Date
Amount of Performance Security .....	4.2 .....	___ % of the Accepted Contract Amount, in the currencies and proportions in which the Contract Price is payable
Period for notifying unforeseeable errors, faults and defects in the Employer's Requirements .....	5.1 .....	___ days
Normal working hours .....	6.5 .....	_____
Delay damages for the Works .....	8.7 & 14.15(b)	___ % of the final Contract Price per day, in the currencies and proportions in which the Contract Price is payable
Maximum amount of Delay damages ..	8.7 .....	___ % of the final Contract Price
<i>If there are Provisional Sums:</i>		
Percentage for adjustment of Provisional Sums .....	13.5(b) .....	___ %



Initials of signatory of Tender \_\_\_\_\_

*If Sub-Clause 13.8 applies:*

Adjustments for Changes in Cost;

Table(s) of adjustment data ..... 13.8 ..... for payments each  
month/[ YEAR ] in \_\_\_\_\_ (currency)

Coefficient; scope of index	Country of origin; currency of index	Source of index; Title/definition	Value on stated date(s)*
		Value	Date
a= 0.10 Fixed			
b= _____ Labour			
c= _____			
d= _____			
e= _____			

\* These values and dates confirm the definition of each index, but do not define Base Date indices

Total advance payment ..... 14.2 ..... \_\_\_\_ % of the Accepted Contract Amount

Number and timing of instalments ..... 14.2 ..... \_\_\_\_\_

Currencies and proportions ..... 14.2 ..... \_\_\_\_ % in \_\_\_\_\_  
\_\_\_\_ % in \_\_\_\_\_

Start repayment of advance payment . 14.2(a) ..... when payments are \_\_\_\_\_ %  
of the Accepted Contract Amount  
less Provisional Sums

Repayment amortisation of advance  
payment ..... 14.2(b) ..... \_\_\_\_ %

Percentage of retention ..... 14.3 ..... \_\_\_\_ %

Limit of Retention Money ..... 14.3 ..... \_\_\_\_ % of the Accepted Contract Amount

*If Sub-Clause 14.5 applies:*

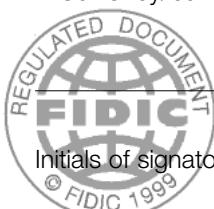
Plant and Materials for payment  
when shipped en route to the Site .. 14.5(b) ..... \_\_\_\_\_ [list]  
\_\_\_\_\_ [list]

Plant and Materials for payment  
when delivered to the Site ..... 14.5(c) ..... \_\_\_\_\_ [list]  
\_\_\_\_\_ [list]

Minimum amount of Interim Payment  
Certificates ..... 14.6 ..... \_\_\_\_ % of the Accepted Contract Amount

*If payments are only to be made in a currency/currencies named on the first page of the Letter of Tender:*

Currency/currencies of payment ..... 14.15 ..... \_\_\_\_\_ as named in the Letter of Tender



Initials of signatory of Tender \_\_\_\_\_

*If some payments are to be made in a currency/currencies not named on the first page of the Letter of Tender:*

Currencies of payment	14.15	
Currency Unit	Percentage payable in the Currency	Rate of exchange: number of Local per unit of Foreign
Local: _____ [name]	_____	1.000
Foreign: _____ [name] _____ [name]	_____	_____

Periods for submission of insurance:

(a) evidence of insurance .....	18.1 .....	____ days
(b) relevant policies .....	18.1 .....	____ days

Maximum amount of deductibles for  
insurance of the Employer's risks .... 18.2(d) .....

Minimum amount of third party  
insurance ..... 18.3 .....

The DAB shall be ..... 20.2 .....

*Either:*

One sole Member/adjudicator  
*Or:*  
 A DAB of three Members

Appointment (if not agreed) to be  
made by ..... 20.3 .....

The President of FIDIC or a person  
appointed by the President

*If there are Sections:*

Definition of Sections:

Description (Sub-Clause 1.1.5.6)	Value: percentage* of Accepted Contract Amount	Time for Completion (Sub-Clause 1.1.3.3)	Delay Damages (Sub-Clause 8.7)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

\* These percentages shall also be applied to each half of the Retention Money under Sub-Clause 14.9

[ In the above Appendix, the text shown in italics is intended to assist the drafter of a particular contract by providing guidance on which provisions are relevant to the particular contract. This italicised text should not be included in the tender documents, as it will generally appear inappropriate to tenderers.]



Initials of signatory of Tender

# CONTRACT AGREEMENT

This Agreement made the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

Between \_\_\_\_\_ of \_\_\_\_\_ (hereinafter called "the Employer") of the one part,  
and \_\_\_\_\_ of \_\_\_\_\_ (hereinafter called "the Contractor") of the other  
part

**Whereas** the Employer desires that the Works known as \_\_\_\_\_ should be executed by  
the Contractor, and has accepted a Tender by the Contractor for the execution and completion of  
these Works and the remedying of any defects therein,

**The Employer and the Contractor agree** as follows:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to.
2. The following documents shall be deemed to form and be read and construed as part of this Agreement:
  - (a) The Letter of Acceptance dated \_\_\_\_\_
  - (b) The Letter of Tender dated \_\_\_\_\_
  - (c) The Addenda nos. \_\_\_\_\_
  - (d) The Conditions of Contract
  - (e) The Employer's Requirements
  - (f) The completed Schedules, and
  - (g) The Contractor's Proposal.
3. In consideration of the payments to be made by the Employer to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Employer to design, execute and complete the Works and remedy any defects therein, in conformity with the provisions of the Contract.
4. The Employer hereby covenants to pay the Contractor, in consideration of the execution and completion of the Works and the remedying of defects therein, the Contract Price at the times and in the manner prescribed by the Contract.

**In Witness** whereof the parties hereto have caused this Agreement to be executed the day and year first before written in accordance with their respective laws.

SIGNED by: \_\_\_\_\_ SIGNED by: \_\_\_\_\_

for and on behalf of the Employer in the presence  
of \_\_\_\_\_ for and on behalf of the Contractor in the presence  
of \_\_\_\_\_



Witness: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_

Witness: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_

# DISPUTE ADJUDICATION AGREEMENT

[for a one-person DAB]

Name and details of Contract \_\_\_\_\_

Name and address of Employer \_\_\_\_\_

Name and address of Contractor \_\_\_\_\_

Name and address of Member \_\_\_\_\_

**Whereas** the Employer and the Contractor have entered into the Contract and desire jointly to appoint the Member to act as sole adjudicator who is also called the "DAB" to adjudicate a dispute which has arisen in relation to \_\_\_\_\_ \*

**The Employer, Contractor and Member jointly agree** as follows:

1. The conditions of this Dispute Adjudication Agreement comprise the "General Conditions of Dispute Adjudication Agreement", which is appended to the General Conditions of the "Conditions of Contract for Plant and Design-Build" First Edition 1999 published by the Fédération Internationale des Ingénieurs-Conseils (FIDIC), and the following provisions. In these provisions, which include amendments and additions to the General Conditions of Dispute Adjudication Agreement, words and expressions shall have the same meanings as are assigned to them in the General Conditions of Dispute Adjudication Agreement.
2. [ Details of amendments to the General Conditions of Dispute Adjudication Agreement, if any.]
3. In accordance with Clause 6 of the General Conditions of Dispute Adjudication Agreement, the Member shall be paid a daily fee of \_\_\_\_\_ per day.
4. In consideration of these fees and other payments to be made by the Employer and the Contractor in accordance with Clause 6 of the General Conditions of Dispute Adjudication Agreement, the Member undertakes to act as the DAB (as adjudicator) in accordance with this Dispute Adjudication Agreement.
5. The Employer and the Contractor jointly and severally undertake to pay the Member, in consideration of the carrying out of these services, in accordance with Clause 6 of the General Conditions of Dispute Adjudication Agreement.
6. This Dispute Adjudication Agreement shall be governed by the law of \_\_\_\_\_

SIGNED by: \_\_\_\_\_

SIGNED by: \_\_\_\_\_

SIGNED by: \_\_\_\_\_

for and on behalf of the Employer  
in the presence of \_\_\_\_\_

for and on behalf of the Contractor  
in the presence of \_\_\_\_\_

the Member in the presence of \_\_\_\_\_

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

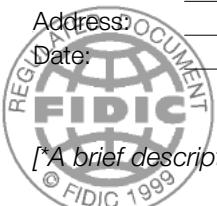
Address: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



[\*A brief description or name of dispute to be added.]

# DISPUTE ADJUDICATION BOARD AGREEMENT

[for each member of a three-person DAB]

Name and details of Contract \_\_\_\_\_

Name and address of Employer \_\_\_\_\_

Name and address of Contractor \_\_\_\_\_

Name and address of Member \_\_\_\_\_

**Whereas** the Employer and the Contractor have entered into the Contract and desire jointly to appoint the Member to act as one of the three persons who are jointly called the "DAB" [and desire the Member to act as chairman of the DAB] to adjudicate a dispute which has arisen in relation to \_\_\_\_\_ \*

**The Employer, Contractor and Member jointly agree** as follows:

1. The conditions of this Dispute Adjudication Agreement comprise the "General Conditions of Dispute Adjudication Agreement", which is appended to the General Conditions of the "Conditions of Contract for Plant and Design-Build" First Edition 1999 published by the Fédération Internationale des Ingénieurs-Conseils (FIDIC), and the following provisions. In these provisions, which include amendments and additions to the General Conditions of Dispute Adjudication Agreement, words and expressions shall have the same meanings as are assigned to them in the General Conditions of Dispute Adjudication Agreement.
2. [Details of amendments to the General Conditions of Dispute Adjudication Agreement, if any]
3. In accordance with Clause 6 of the General Conditions of Dispute Adjudication Agreement, the Member shall be paid a daily fee of \_\_\_\_\_ per day.
4. In consideration of these fees and other payments to be made by the Employer and the Contractor in accordance with Clause 6 of the General Conditions of Dispute Adjudication Agreement, the Member undertakes to serve, as described in this Dispute Adjudication Agreement, as one of the three persons who are jointly to act as the DAB.
5. The Employer and the Contractor jointly and severally undertake to pay the Member, in consideration of the carrying out of these services, in accordance with Clause 6 of the General Conditions of Dispute Adjudication Agreement.
6. This Dispute Adjudication Agreement shall be governed by the law of \_\_\_\_\_

SIGNED by: \_\_\_\_\_

SIGNED by: \_\_\_\_\_

SIGNED by: \_\_\_\_\_

for and on behalf of the Employer  
in the presence of \_\_\_\_\_

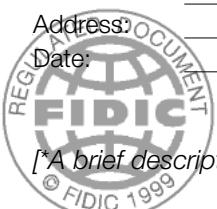
for and on behalf of the Contractor  
in the presence of \_\_\_\_\_

the Member in the presence of \_\_\_\_\_

Witness: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_

Witness: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_

Witness: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_



[\*A brief description or name of dispute to be added.]

## **FIDIC Guidance Memorandum to Users of the 1999 Conditions of Contract dated 1st April 2013**

### **Purpose:**

This Guidance Memorandum is designed to make explicit the intentions of FIDIC in relation to the enforcement of the DAB decisions that are binding and not yet final, which is that in the case of failure to comply with these decisions, the failure itself should be capable of being referred to arbitration under Sub-Clause 20.6 [*Arbitration*], without Sub-Clause 20.4 [*Obtaining Dispute Adjudication Board's Decision*] and Sub-Clause 20.5 [*Amicable Settlement*] being applicable to the reference. This intention has been made manifest in the FIDIC Conditions of Contract for Design, Build and Operate Projects, 2008 ('Gold Book') by the equivalent Sub-Clause 20.9.

To make FIDIC's intention explicit this Guidance Memorandum provides changes to be made to the FIDIC dispute resolution Clause 20 and in particular to Sub-Clause 20.7 and, as a consequence, to 14.6 and 14.8 of the FIDIC Conditions of Contract for Construction, 1999 (the 'Red Book'), the FIDIC Conditions of Contract for Plant and Design-Build, 1999 ('Yellow Book'), and the EPC/Turnkey Projects, 1999 ('Silver Book'). Compliance with the guidance provided in this Memorandum is highly recommended when using the 1999 FIDIC Red, Yellow or Silver books.

### **Background:**

A substantial number of arbitral tribunals have found Clause 20 to be unclear on the issue of whether a party may refer the failure of the other Party to comply with a DAB decision that is 'binding' but not 'final' to arbitration as is explicitly the case of a 'final and binding' decision under Sub-Clause 20.7. A DAB decision is 'binding' and not 'final' when either Party, within 28 days after receiving the DAB decision, gives notice to the other party of its dissatisfaction with the DAB decision.

International arbitral tribunals have been divided over whether, in the event of a failure to comply with a DAB decision issued under Clause 20 of the Red Book, which is 'binding' but not 'final', the failure itself may be referred to arbitration, without Sub-clause 20.4 [*Obtaining Dispute Adjudication Board's Decision*] and Sub-Clause 20.5 [*Amicable Settlement*] being applicable to the reference. This issue was also the subject of the judgment of the Singapore High Court in *PT Perusahaan Gas Negara (Persero) TBK v CRW Joint Operation* [2010] SGHC 202 and the judgment of the Court of Appeal of Singapore dismissing an appeal from that judgment [2011] SGCA 33 ('Singapore Case'), which set aside an ICC award directing enforcement of a DAB decision.

The same concern applies to Clause 20 of the Yellow Book, and the Silver Book, as that Clause is worded in substantially identical terms in them.



## FIDIC's Recommendation:

### Clause 20:

- a. Sub-Clause 20.4 - Insert the following as a new penultimate paragraph:

*'If the decision of the DAB requires a payment by one Party to the other Party, the DAB may require the payee to provide an appropriate security in respect of such payment'*

- b. Replace Sub-Clause 20.7 in its entirety with:

*'In the event that a Party fails to comply with any decision of the DAB, whether binding or final and binding, then the other Party may, without prejudice to any other rights it may have, refer the failure itself to arbitration under Sub-Clause 20.6 [Arbitration] for summary or other expedited relief, as may be appropriate. Sub-Clause 20.4 [Obtaining Dispute Adjudication Board's Decision] and Sub-Clause 20.5 [Amicable Settlement] shall not apply to this reference.'*

### Clause 14

- a. Sub-Clause 14.6 – Insert the following at the end of the last sentence of the first paragraph:

*', and shall include any amounts due to or from the Contractor in accordance with a decision by the DAB made under Sub-Clause 20.4 [Obtaining Dispute Adjudication Board's Decision]'*

- b. Sub-Clause 14.7, paragraph b – insert the following before ‘; and’:

*'including any amounts due in accordance with a decision by the DAB which have been included in the Interim Payment Certificate'*

