



PRIORITY OF DOCUMENTS

FIDIC - 1999, Sub-Clause 1.5

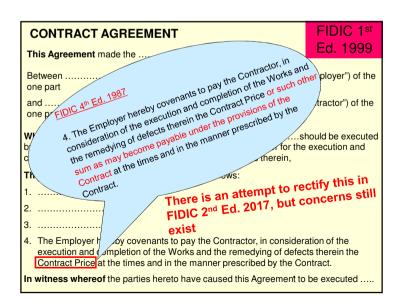
- (a) the Contract Agreement (if any),
- **(b)** the Letter of Acceptance,
- (c) the Letter of Tender,
- (d) the Particular Conditions.
- (e) these General Conditions,
- (f) the Specification,
- (g) the Drawings, and
- (h) the Schedules and any other documents forming part of the Contract.

FIDIC 4th - 1987, Sub-Clause 5.2

- (1) The Contract Agreement (if completed);
- (2) The Letter of Acceptance;
- (3) The Tender;
- (4) Part II of these Conditions;
- (5) Part I of these Conditions; and
- **(6)** Any other document forming part of the Contract.

This concern still exists in FIDIC 2nd Ed. 2017

Definitions (cont'd...) FIDIC 1st Ed. 1999 - means the amount accepted in the Letter of "Accepted Acceptance for the execution and Contract Amount" completion of the Works and the remedying of any defects. - means the price defined in Sub-Clause 14.1 and "Contract Price" includes adjustments in accordance with the Sub-Clause - (a) the Contract Price shall be agreed or determined under Sub-Clause 12.3 and be subject to 14.1 adjustments in accordance with the Contract. agree or determine the Contract Price by Sub-Clause - 12.3 evaluating each item of work, applying the measurement agreed or determined in accordance with Sub-Clauses 12.1 and 12.2 and the appropriate rate or price for the item.



Except as otherwise stated in the Contract, the Engineer shall proceed in accordance with Sub-Clause 3.5 [Determinations] to agree or determine the Contract Price by evaluating each item of work, applying the measurement agreed or determined in accordance with the above Sub-Clauses 12.1 and 12.2 and the appropriate rate or price for the item. For each item of work, the appropriate rate or price for the item shall be the rate or price specified for such item in the Contract or, if there is no such item, specified for similar work. However, a new rate or price shall be appropriate for an item of work if: (a) (i) the measured quantity of the item is changed by more than 10% from the quantity of this item in the Bill of Quantities or other Schedule, (ii) this change in quantity multiplied by such specified rate for this item exceeds 0.01% of the Accepted Contract Amount. (iii) this change in quantity directly changes the Cost per unit quantity of this item by more than 1%, and (iv) this item is not specified in the Contract as a "fixed rate item"; or (b) (i) the work is instructed under Clause 13 [Variations and Adjustments], (ii) no rate or price is specified in the Contract for this item, and (iii) no specified rate or price is appropriate because the item of work is not of similar character, or is not executed under similar conditions, as any item in the Contract.

12.1 Works to be Measured	The Works shall be measured, and valued for payment, in accordance with this Clause.and Clause 13
12.2	
Method of	Except as otherwise stated in the Contract
Measurement	and notwithstanding local practice:
	(a) measurement shall be made of the net actual quantity of each item of the Permanent Works, and
_	(b) the method of measurement shall
1st 1st 1999	be in accordance with the Bill of
<u>5</u> 6	Quantities or other applicable
Ed. 1999	Schedules.
This concern s	still exists in FIDIC 2 nd Ed. 2017

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.

The Contractor shall execute and be bound by each Variation, unless the Contractor promptly gives notice to the Engineer stating (with supporting particulars) that the Contractor cannot readily obtain the Goods required for the Variation. Upon receiving this notice, the Engineer shall cancel, confirm or vary the instruction.

Each Variation may include:

- changes to the quantities of any item of work included in the Contract (however, such changes do not necessarily constitute a Variation),
- changes to the quality and other characteristics of any item of work,
- changes to the levels, positions and/or dimensions of any part of the Works,
- omission of any work unless it is to be carried out by others.
- any additional work, Plant, Materials or services necessary for the Permanent Works, including any associated Tests on Completion, boreholes and other testing and exploratory work, or
- changes to the sequence or timing of the execution of the Works.

The Contractor shall not make any alteration and/or modification of the Permanent

Works, unless and until the Engineer instructs or approves a Variation.

Instructions for Variations

51.2 The Contractor shall not make any such variation without an instruction of the Engineer. Provided that no instruction shall be required for increase or decrease in the quantity of any work where such increase or decrease is not the result of an instruction given under this Clause, but is the result of the quantities exceeding or being less than those stated in the Bill of Quantities.

FIDIC 4th Ed. 1987

- 51.1 The Engineer shall make any variation of the form, quality or quantity of the Works or any part thereof that may, in his opinion, be necessary and for that purpose, or if for any other reason it shall, in his opinion, be appropriate, he shall have the authority to instruct the Contractor to do and the Contractor shall do any of the following:
 - (a) increase or decrease the quantity of any work included in the Contract,
 - (b) omit any such work (but not if the omitted work is to be carried out by the Employer or by another contractor),
 - (c) change the character or quality or kind of any such work,
 - (d) change the levels, lines, position and dimensions of any part of the Works,
 - (e) execute additional work of any kind necessary for the completion of the Works, or
 - (f) change any specified sequence or timing of construction of any part of the

No such variation shall in any way vitiate or invalidate the Contract, but the effect, if any, of all such variations shall be valued in accordance with Clause 52. Provided that where the issue of an instruction to vary the Works is necessitated by some default of or breach of contract by the Contractor or for

which he is responsible, any additional cost attributable to such default shall

44.1 In the event of:

- (a) the amount or nature of extra or additional work.
- (b) any cause of delay referred to in these Conditions,
- (c) exceptionally adverse climatic conditions,
- (d) any delay, impediment or prevention by the Employer, or
- (e) other special circumstances which may occur, other than through a default of or breach of contract by the Contractor or for which he is responsible,

being such as fairly to entitle the Contractor to an extension of the Time for Completion of the Works, or any Section or part thereof, the Engineer shall, after due consultation with the Employer and the Contractor, determine the amount of such extension and shall notify the Contractor accordingly, with a copy to the Employer.

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]) or other substantial change in the quantity of an item of work included in the Contract.
- (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.

The Contractor shall give notice to the Engineer whenever the Works are likely to be delayed or disrupted if any necessary drawing or instruction is not issued to the Contractor within a particular time, which shall be reasonable. The notice shall include details of the necessary drawing or instruction, details of why and by when it should be issued, and details of the nature and amount of the delay or disruption likely to be suffered if it is late. If the Contractor suffers delay and/or incurs Cost as a result of a failure of the Engineer Delayed Drawings

to issue the notified drawing or instruction within a time which is reasonable and is specified in the notice with supporting details, 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 plus reasonable profit, which shall be included in the

After receiving this further 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 Engineer'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.



FIDIC-4th, 1987 Sub-Clause 44.1

- a) the amount or nature of extra or additional work
- (b) any cause of delay referred to in these Conditions.
- (c) exceptionally adverse climatic conditions.
- (d) any delay, impediment or prevention by the Employer, or
- (e) other special circumstances which may occur, other than through a default of or breach of contract by the Contractor or for which he is responsible,

Delays Caused by Authorities

FIDIC 1999 Sub-Clause 8.4

- (a) a Variation (unless an adjustment to the Time for Completion has been agreed under Sub-Clause 13.3 [Variation Procedure]) or other substantial change in the quantity of an item of work included
- in the Contract, Corrected in FIDIC 2nd Ed. 2017
 (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

This concern still exists in FIDIC 2nd Ed. 2017

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 sub-paragraph (b) of Sub-Clause 8.4 [Extension of Time for Completion].

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4.12 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:

- 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 This concern still exists in FIDIC 2nd Ed. 2017

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.

19.6 Optional Termination, Payment and Release

If the execution of substantially all the Works in progress is prevented for a continuous period of 84 days by reason of Force Maieure of which notice has been given under Sub-Clause 19.2 [Notice of Force Majeure], or for multiple periods which total more than 140 days due to the same notified Force Majeure, then either Party may give to the other Party a notice of termination of the Contract. In this event, the termination shall take effect 7 days after the notice is given, and the Contractor shall proceed in accordance with Sub-Clause 16.3 [Cessation of Work and Removal of Contractor's Equipment].

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FIDIC 1st Ed. 1999

65.6 Outbreak of War

If, during the currency of the Contract, there is an outbreak of war, whether war is declared or not, in any part of the world which, whether financially or otherwise, materially affects the execution of the Works, the Contractor shall, unless and until the Contract is terminated under the provisions of this Clause. continue to use his best endeavours to complete the execution of the Works. Provided that the Employer shall be entitled, at any time after such outbreak of war, to terminate the Contract by giving notice to the Contractor and, upon such notice being given, the Contract shall, except as to the rights of the parties under this Clause and Clause 67, terminate, but without prejudice to the rights of either party in respect of any antecedent breach thereof.

> FIDIC 4th Ed. 1987

16.3 Cessation of Work and Removal of **Contractor's Equipment**

FIDIC 1st Ed. 1999

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:

- 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,
- hand over Contractor's Documents, Plant, Materials and other work, for which the Contractor has received payment, and
- remove all other Goods from the Site, except as necessary for safety, and leave the Site.

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

19.6 Optional Termination, Payment and Release

Upon such termination, the Engineer shall determine the value of the work done and issue a Payment Certificate which shall include:

- the amounts payable for any work carried out for which a price is stated in the Contract:
- (b) the Cost of Plant and Materials ordered for the Works which have been delivered to the Contractor, or of which the Contractor is liable to accept delivery: this Plant and Materials shall become the property of (and be at the risk of) the Employer when paid for by the Employer, and the Contractor shall place the same at the Employer's disposal;

This concern still exists in FIDIC 2nd Ed. 2017

FIDIC 1st
Ed. 1999

15.2 Termination by Employer

FIDIC 1st Ed. 1999

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.

In FIDIC 2nd Ed. 2017 additional words "(to the extent permitted by applicable Laws)" have been introduced.

Civil Transactions Law – KSA – June 18, 2023

Part 3: Rights in Rem

Chapter 1: Original Rights in Rem - Section 1: Right of Ownership

Sub-section 1: General Provisions- First: Scope of Right

Article 610

A person shall not be deprived of his property, nor shall his property be expropriated, except in cases provided for in legal provisions.

Civil Transactions Law - KSA - June 18, 2023

Part 1: Obligations (Personal Rights)

Chapter 1: Sources of Obligation - Section 1: Contract

Sub-section 6: Contract Termination - Third: Breach of Obligation

Article 107

If a contracting party in a bilateral contract fails to perform his obligation, the other contracting party may, after notifying the breaching party, demand implementation or termination of the contract, and may claim compensation in either case, if applicable. The court may dismiss the petition for termination if the unperformed part is insignificant compared to the obligation.

Article 108

A creditor may, by agreement, have the right to terminate a contract upon the debtor's breach of his obligations without a judicial ruling. The creditor shall, despite the agreement, notify the debtor of his intention to terminate the contract, unless the contracting parties explicitly agree otherwise the petition for termination if the unperformed part is insignificant compared to the obligation.

Civil Transactions Law - KSA - June 18, 2023

Concluding Provisions

Section 1: General Rules

Article 720

Without prejudice to the provisions of Article 1 of this Law, the rules set forth in this Article shall be applied in a manner not inconsistent with legal provisions, subject to their respective nature, conditions, and exceptions. Said rules shall comprise the following:

Rule 23

Necessity shall not invalidate the rights of others

Section 2: Entry into Force

Article 721

This Law shall enter into force 180 days following the date of its publication in the Official Gazette and shall repeal all provisions conflicting therewith.

15.5 Employer's Entitlement to Terminate

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].

This concern still exists in FIDIC 2nd Ed. 2017

FIDIC 1st Ed. 1999

Other provisions to ponder

- 1.3 Notices (State in App. Mode of delivery No copy to Employer!)
- 1.6 Sign Contract within 28 days of LOA (Otherwise Contractor can terminate)
- 1.8 Both Parties shall notify errors (only C shall, according to FIDIC-4th, 1987)
- 1.12 Contractor shall disclose confidential information
- 2.1 Possession of foundations etc. to be stated in Specification Timing in App.
- 2.4 Employer shall prove availability of financing Otherwise C can susp/terminate
- 2.5 Employer's Claims (Emp or Eng to notify Cannot deduct without a claim)
- 3.3 CVI 2+2 days (7+7 days in FIDIC-4th, 1987)
- 3.4 Replacement of the Engineer
- 3.5 The Engineer shall provide supporting particulars for his determinations
- 4.1c Fit-for-purpose requirement
- 4.2a Employer can call the Performance Security, if not extended by Contractor
- 4.2 Employer is liable if Performance Security is called (en-cashed) unjustly
- 4.9 Quality Assurance System
- 4.20 Free-Issue Material
- 4.21 Progress Reports (6.10 staff/labour/equip returns 35.1 of FIDIC-4th, 1987)
- 6.9 Engineer can remove Contractor's Personnel only for specific reasons.
- 7.2 Engineer can ask for additional samples as Variations
- 8.1 7 days notice of Commencement Date However within 42 days of LOA
- 8.3 Programme more detailed 21 days consent Cash-Flow requirement?

Other provisions to ponder

- 8.4 EOT Shortages due to Epidemics/Govt. Action Special Circumstances?
- 8.5 Delays Caused by Authorities
- 8.10 Payment for Material off Site, if affected by suspension
- 10.1 If TOC is delayed/not issued, but work is complete, then it is deemed issued.
- 10.2 Contractor is entitled to Cost+profit caused by partial Taking-Over
- 10.3 Contractor is entitled to EOT+Cost+profit if Tests on Compl. are delayed by E.
- 11.4 Employer can terminate if defects deprive him of the benefit of the Works.
- 11.5 Plant/Materials to be removed for repair. Contractor should provide security.
- 12.3 Re-rating if quantities vary and as a result the price/unit cost vary.
- 12.4 Restoration of under-recovery (FIDIC-4th, has over-recov. too, 52.3). "cont. value"?
- 13.1 Variations should be initiated prior to issuing the TOC.
- 13.2 Value Engineering sharing savings
- 14.2 Advance Payment
- 14.5 80% Materials on Site Materials Shipped (List in Appendix to Tender)
- 14.7 Interim payments within 56 days of Engineer receiving the Statement
- 14.8 Interest compounded monthly
- 14.9 First moiety of retention release for partial/Sectional Taking-Over = 40%
- 14.13- If C does not apply for FPC in timely manner, then Engineer shall issue FPC
- 15.1 Notice to Correct
- 20.1 Contractor's Claims (EOT as well) Notice condition precedent mitigation?
- 20.2 Dispute Adjudication Board

Getting Paid!

- In Modern Engineering (Bristol) Ltd v Gilbert-Ash (Northern) Ltd (1973)
 71 LGR 162, Lord Justice Denning said "......cashflow is the very lifeblood of the construction industry"
- 2 decades later Sir Michael Latham was entrusted with the task of finding a solution Latham Report, 1994.
- Housing Grants, Regeneration and Construction Act 1996.
- Adjudication before Arbitration / Litigation.
- A Quick Fix Pay now, fight later.
- Scheme for Construction Contracts (England and Wales) Regulations 1998.
- In 1999 FIDIC introduced the DAB (Dispute Adjudication Board) provision into the Red Book.
- In the Middle East we had been using FIDIC 1999 for the past 2 decades.
- Has the Contractor's cash-flow been restored?

Engineer's Impartiality

FIDIC 1st Ed. '99 - 3.1 (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.

FIDIC 4th Ed. '87 - 2.6 – Engineer to Act Impartially:

Wherever, under the Contract, the
Engineer is required to exercise his
discretion by giving decision
........ determining value he shall
exercise such discretion impartially within
the terms of the Contract

The Contractor can rely on the Payment Certificate of the Engineer/Consultant to prove the certified amount as a debt due from the Employer (Dubai Cassation Court Case No.167/1998 dated 6 June 1998)

