



“ FIDIC ”

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Contents of this presentation.

1- What is FIDIC?

**2-Types of standard
forms of contracts
Issued by FIDIC &
their main features.**



HISTORY OF FIDIC

FEDERATION INTERNATIONALE DES INGENIEURS-CONSEILS

- **Initial foundation in 1913 by French, Belgium & Switzerland consultants Engineers committees.**
- **Expanded in 1945 to include 40 National Associations of Consulting Engineers.**
- **Published first Conditions of Contract in 1957**
- **In 2012 has 94 National Association Members .**



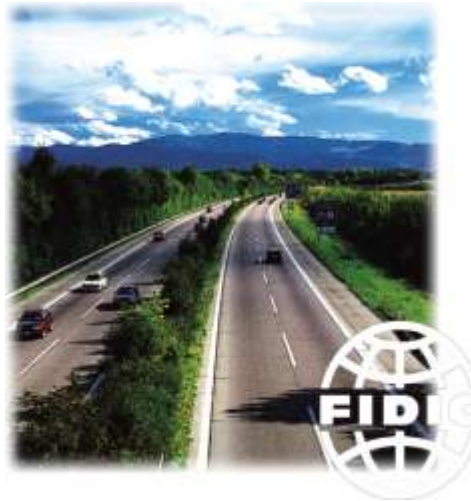
To be the
recognized
global voice for
the consulting
engineering
industry



Founded in
1913 with
headquarters
in Geneva



To promote the
business interests of
suppliers of
technology-based
intellectual services for
the built and natural
environment







Strategic Objectives

What FIDIC does

Represent globally the consulting engineering industry
Enhance the **image** of consulting engineers

What FIDIC offers the industry

Be the authority on issues relating to **business practice**
Promote the development of a **global** and viable consulting engineering industry

What are FIDIC's governing principles

Promote **quality**
Actively promote conformance to a code of **ethics** and to **integrity**
Promote commitment to **sustainable** development





Principles



Quality Services

Value for the client
Cost efficiency
Impartiality

High Standards

Performance
Know how
Integrity

Best Practice

Standard contract documents
Policies and guidelines
Fair allocation of risks and responsibilities

Selection by Ability

Quality of proposals
Skills and experience
Fair remuneration

Sustainability

Long-term perspective
Respect for the environment
Project-level focus

Capacity Building

International co-operation
Training & transfer of know-how
Manuals



Activities



Annual conferences

Provide a meeting place for clients,
contractors and consultants
involved in development

International agencies

Keep the consulting engineering
industry's concerns on the
agenda
Strategic partnerships

Liaison

Communication between
members,
committees & other
organizations

Publications

Establish best practice procedures
Publish contracts for the
infrastructure industry

Training

Capacity building for the
consulting
industry in both developed and
developing economies

www.FIDIC.org

Distribute updated information
& services to members &
society

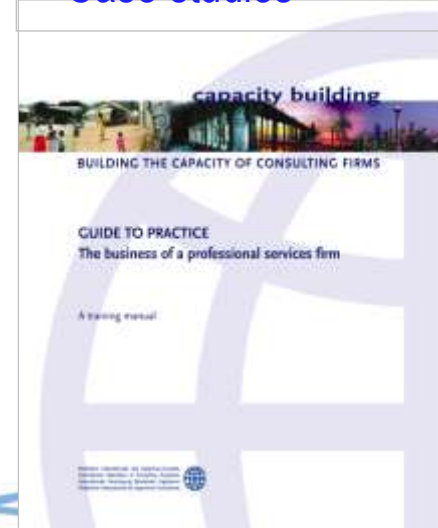


Training Modules

- The consulting industry
- Organising a consulting firm
- Administration of the firm's activities
- Business development
- Human Resources Management
- Financial Management
- Client relationships and communications
- Project execution
- Risk Management
- Quality Management
- Business Integrity Management
- Performance Management

Each module specifies:

- Content
- Resources
- Case studies





Training Modules

Works Contracts - Contracts Training Manual

- Professional Services Agreements
- Practical Use of FIDIC contracts
- Claims and Dispute Resolution
- Dispute Adjudication
- Contract Management

Recommended for
National Adjudicator
Lists

FIDIC
President's List

Each module specifies:

- Content
- Resources
- Case studies





FIDIC Services - Events

Integrated Programme



Conferences

- Formal presentations
- Flexible programme
- Many topics

Seminars

- Formal presentations
- Flexible programme
- Several topics

Workshops

- Flexible programme
- One topic
- Break-out discussion

Courses

- Highly structured
- One topic

History of FIDIC

Conditions of Contract

- **Prior to 1957, there were no internationally recognised contract conditions for construction work.**
- **1957 first edition of “Conditions of Contract for Works of Civil Engineering Construction” known as the ‘Red Book’ was published.**



History of FIDIC Conditions of Contract

- **Red Book based upon British form of contracts, used by Institution of Civil Engineers and reflects British traditions, language and legal system.**
- **FIDIC maintains committees to improve documents and to add further Contract Conditions for other types of construction.**

- FIDIC is now best known as : **the organisation which publishes standard forms of contract documents related to the procurement of engineering works.**
- These standard forms include those for use by consulting engineers, such as the “White Book” (Client / Consultant Model Services Agreement) and other forms which are suitable for the procurement of building and engineering works.



*Hereafter are
some Standard
form of contracts
issued By FIDIC.*



The White Book.

- The terms of the Client Consultant Model Services agreement (The White Book) have been prepared by FIDIC and are recommended for general use for the purposes of:
- Pre-investment and feasibility studies, designs and administration of construction and project management.
- Where proposals for such services are invited on an international basis:
They are equally adaptable for domestic agreements.





The White Book Guide.

The purpose of the White Book Guide is twofold, namely :

- a) To assist those who wish to draft Consultancy Agreements using the White Book (Client-Consultant Agreement) as published or as the main reference, and
- b) To provide some insights into the rationale for the White Book's provisions and the content of the Guide dealing with completing an Agreement based on the White Book.





Consultant Selection Guidelines.

The purpose of these guidelines is:

- 1. To present the commonly used methods of consultant selection.*
- 2. To explain the respective procedures and to combine them all in one compact document.*
- 3. As well as to emphasize and explain FIDIC's policies on the subject of selection.*





Representative Agreement.

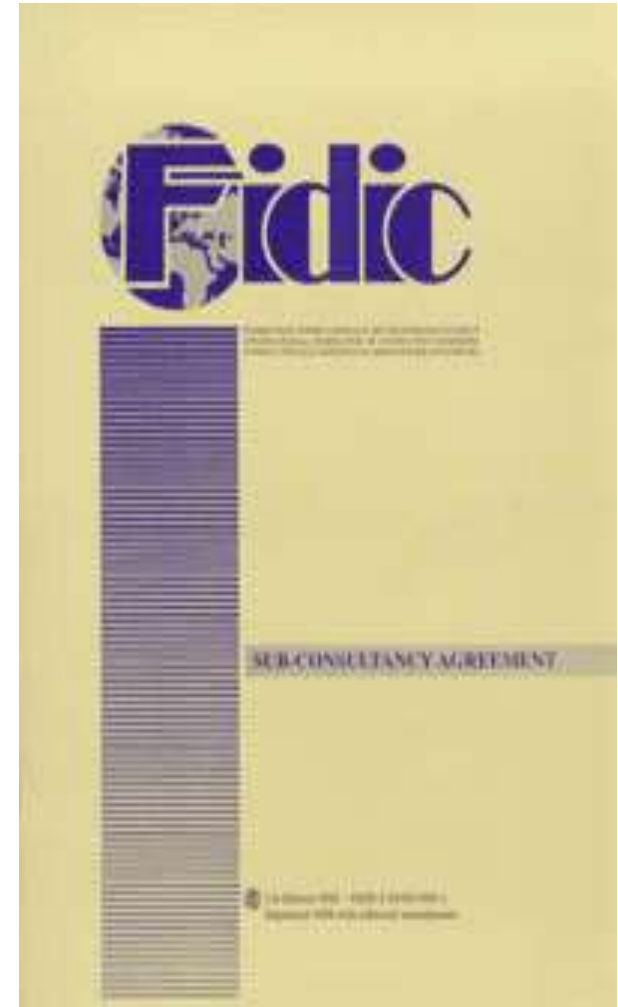
- The terms of the FIDIC Model Representative Agreement are intended for Consultants wishing to enter into a contract with a Representative for the provision of services in a foreign country.
- Following the Agreement, the clauses of general application have been grouped together in this publication and are referred to as General Conditions.
- They are intended for incorporation as printed in the documents comprising the Agreement.
- The General Conditions are linked with data given in the Particular Conditions, identified by the corresponding numbering of the sub-clauses, and Appendices, so that General Conditions and Particular Conditions (with Appendices) together comprise the conditions governing the rights and obligations of the Parties.
- Given as Appendices to the Particular Conditions are Scope of Services, Basis for Remuneration, Consultant's Code of Conduct and Consultant's Business Integrity Policy Statement.
- Guidance Notes assist in the preparation of an Agreement.





Sub-consultancy Agreement .

- ***The model Sub-Consultancy Agreement has been developed essentially with a view to its operation between an international firm and a local firm in a developing country, where:***
 - ***Either the local firm will be a Sub-Consultant providing certain specific services and inputs for the international firm;***
 - ***Or the international firm will be a Sub-Consultant providing specific specialist or general advisory services to the local firm;***
 - and
 - ***The Main Consultancy Agreement will embody FIDIC's Client/ Consultant Model Services Agreement (i.e. The White Book).***





Joint Venture (Consortium) Agreement.

- The Joint Venture (Consortium) Model Agreement was prepared essentially to be used for the association between two or more Consultants, when:
 - The association is for marketing and/or performing the Services required for a specific project, rather than for a more permanent type of arrangement; and
 - One party will be an international firm and one may well be a local firm in the country of the Project.
- It is recommended, but not essential to the wording of the Joint Venture (Consortium) Model Agreement, that FIDIC's Client/Consultant Model Services Agreement (the White Book) will be the basis of the Agreement for Professional Services with the Client .





Guide to the joint venture and sub-consultancy agreements .

- **The Joint Venture (Consortium) Model Agreement** was prepared essentially to be used for the association between two or more Consultants, when:
 - Services required for a specific project, rather than the association is for marketing and/or performing a more permanent type of arrangement ;
 - And one party will be an international firm and one may well be a local firm in the country of the Project.



Quality Based Selection.

- Quality Based Selection for the Procurement and Consulting Services.
- (QBS=Quality. Based. Selection).
- **This brochure sets out to help all those responsible for the selection of consultants.**
- **It explains how to assess the ability of consulting firms and *what method to use to select the best firm for the projects.***
- The phrase “Quality-based selection” has been chosen because it best represents the process of selection of consulting firms on the basis of qualifications, experience, ability and integrity.





Business Practice - Consultant Selection

Quality is paramount in the selection of consultants, and Quality Based Selection is the recommended method for procurement.

Best practice principles

Quality is Pre-eminent	Harmonisation
Informed Purchaser	Liability to be limited
Transparency	Insurance
Capacity building	Life-cycle costs to be considered
Integrity	Monitoring outcomes
Fair competition	Design for safety



Updated 2009



Quality Based Selection (QBS) Guidelines (2011) brochure

- This is a guidelines Brochure for the Quality Based Selection (QBS).





Business Integrity Management System (BIMS) Guidelines .

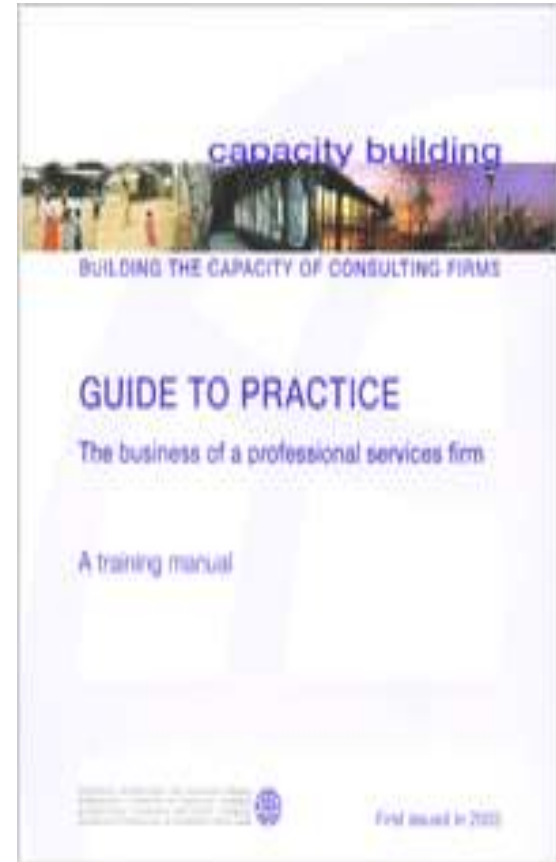
- ***The Guidelines set out:***
- 1. Why consultants should apply Business Integrity Management in all of their work.***
 - 2. And provide an introduction to initiating the business integrity management process in their firms.***





***FIDIC Guide to Practice
The business of a professional services firm.***

- ***This training manual forms part of the FIDIC Guide to Practice Collection that includes documents related to best practice that are published by FIDIC .***





Project Sustainability Management guidelines .

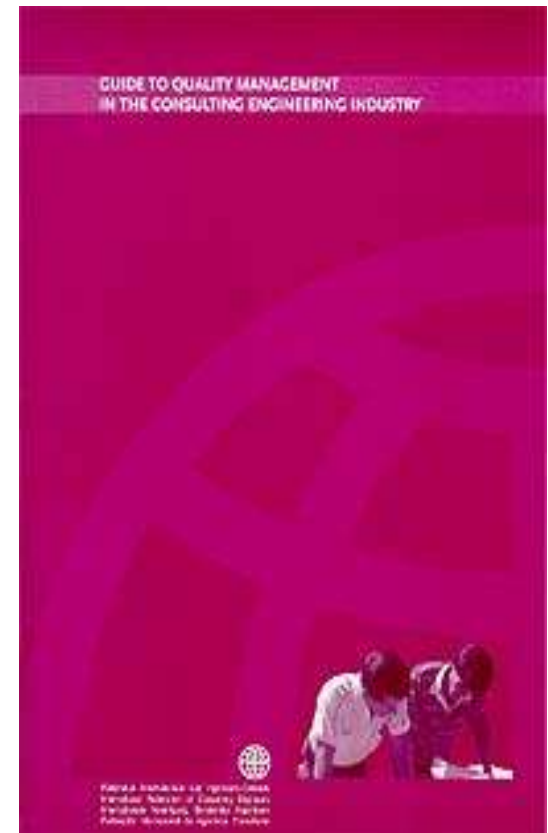
- ***This guidelines aim to commit to the principles of sustainable development by building or refurbishing facilities and infrastructure that make more efficient use of resources, protect ecological systems and account for community needs.***
- ***PSM enables project owners and consulting engineers to devise and customize indicators to meet stakeholder concerns and issues, while demonstrating a rigorous , causal link to the fundamental concerns and goals of sustainable development.***





Guide to Quality Management in the consulting engineering industry.

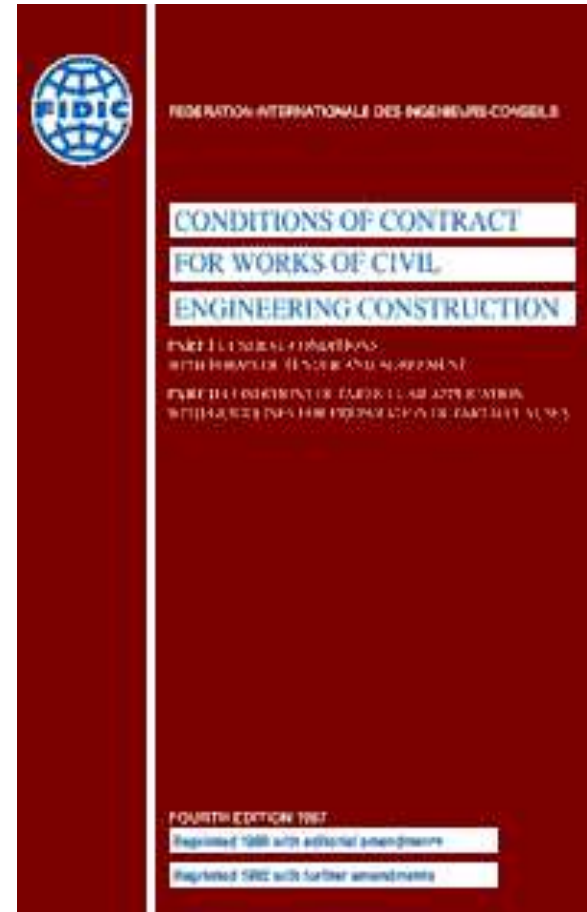
- ***The FIDIC Quality Management Guide has been developed as a living document, subject to periodic review and update in order to provide Consulting Engineers with a comprehensive document on Quality Management.***
- ***The document sets out reasons why Consulting Engineers must apply Quality Management in all their work, and provides an introduction to initiating this Quality Management process in a firm.***





The Red Book.

- The terms of the Fourth Edition of the *Conditions of Contract for Works of Civil Engineering Construction* are recommended for general use for the purpose of construction of such works where tenders are invited on an international basis.
- The Conditions , subject to minor modifications, are also suitable for use on domestic contracts.





FIDIC RED BOOK SUB-CONTRACTS.

Red Book Subcontract
(Condition of subcontract for work of
civil engineering construction).
For use in conjunction with the
Conditions of Contract for Works of
Civil Engineering Construction.
Part I: General Conditions .
Part II: Guidance for the Preparation
of the Particular Conditions .
Part III: With Forms of Tender, and
Agreement.



The Yellow book.

- **The Yellow Book,**
(condition of contract for electrical and mechanical works).





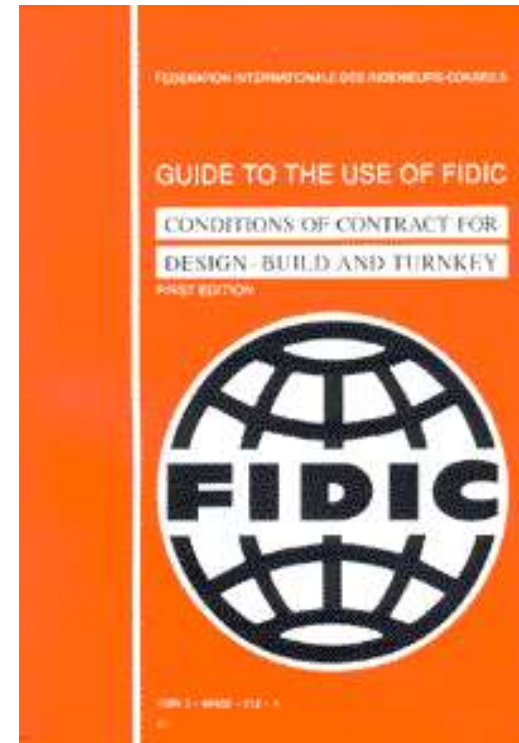
Design-Build and Turnkey (Orange Book).

- Conditions of Contract for Design-Build and Turnkey (1st Edition, 1995).
- Part 1: General Conditions; Part 2: Guidance for the Preparation of Conditions of Particular Application. With Forms of Tender and Agreement.
- The terms of the Conditions of Contract for Design - Build and Turnkey have been prepared by (FIDIC) and are recommended for general use for the purpose of the design and construction of works where tenders are invited on an international basis;



The Orange Book Guide.

- **Design-Build and Turnkey (Orange Book) Guide .**



Insurance of large civil engineering projects.

- The FIDIC Committee which reported in 1981 this paper was appointed to discuss dissatisfaction with the gaps in insurance cover for large scale engineering projects. Particular attention was focused on the position of the owner who may not always be sufficiently experienced to realise the uninsured losses he faces.
- The position was reviewed in the light of the Contract Conditions which were in general use at the time ,i.e. between owner and contractor-FIDIC Conditions of Contract(International) For Works of civil Engineering Construction, and between owners and engineer- FIDIC IGRA Agreement for design and supervision of construction of works.



Insurance of large civil engineering projects.



The 1997 edition.



The 2005 edition.



Business Practice Guides

Risk Management Manual

Risk Management Primer

Professional Indemnity

Insurance

Professional Liability Insurance

Insurance of Large Projects

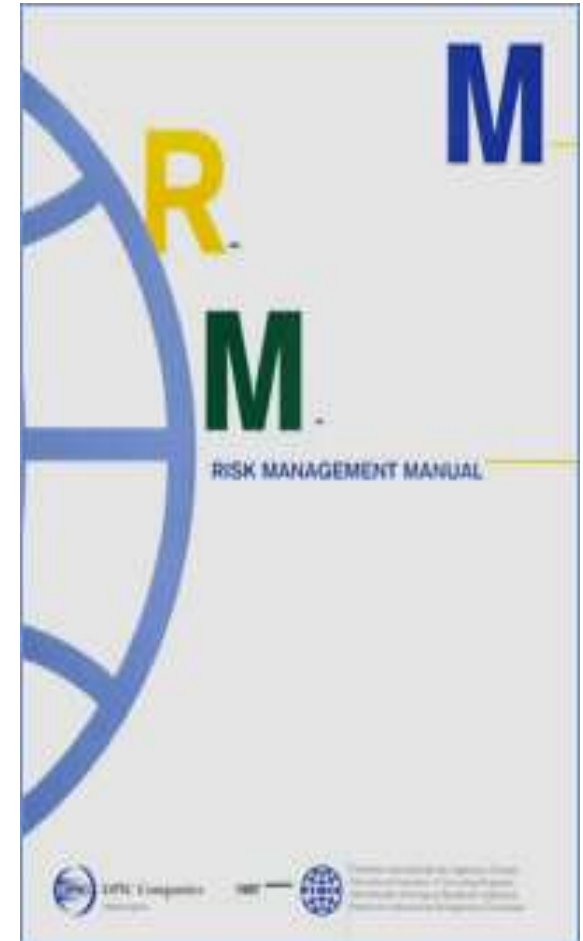
Managing Risk





Risk Management Manual

- ***This Manual discusses in detail and at length the many aspects which should be kept in mind and suggests sound management procedures which should be followed in a professional practice to minimize risk exposure.***
- ***Systematic risk management involves identification, assessment and mitigation of risk, minimization of potential damage and setting up of realistic mechanisms to finance the residual risk on project by project basis.***
- ***This Manual touches on all these issues.***



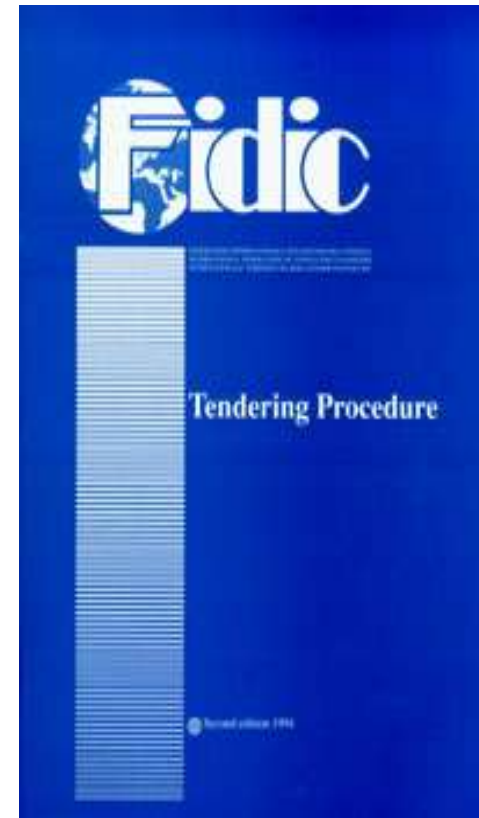


FIDIC Tendering Procedure .

This Tendering Procedure is primarily addressed procedures which FIDIC recommended for:

- 1. the selection of tenderers.***
- 2. and the preparation and evaluation of tenders for civil engineering contracts.***

"FIDIC recommends that users of the new contracts (Construction, Plant and EPC/Turnkey) refer to the FIDIC Contracts Guide for advice on tendering procedures".





FIDIC'S Reasons for Introducing New Suite of Conditions of Contract Documents

- 1. Expansion of types of projects to be covered that reflects changes within the International construction sector.**
- 2. Attempt to standardise format of main FIDIC contract documents .**

- 3. Introduction of new clauses and update of certain clauses to meet current practice within the construction industry .**
- 4. Update the role of “The Engineer” and develop use of “Disputes Adjudication Board- DAB ”.**



New FIDIC Contract Conditions **first published in September 1999**

- **Conditions of Contract for Construction (New Red Book) .**
- **Conditions of Contract for Plant and Design-Build (New Yellow Book).**
- **Conditions of Contract for EPC/ Turnkey Projects (Silver Book) .**
- **Short Form of Contract (Green Book) .**



The New Red Book.

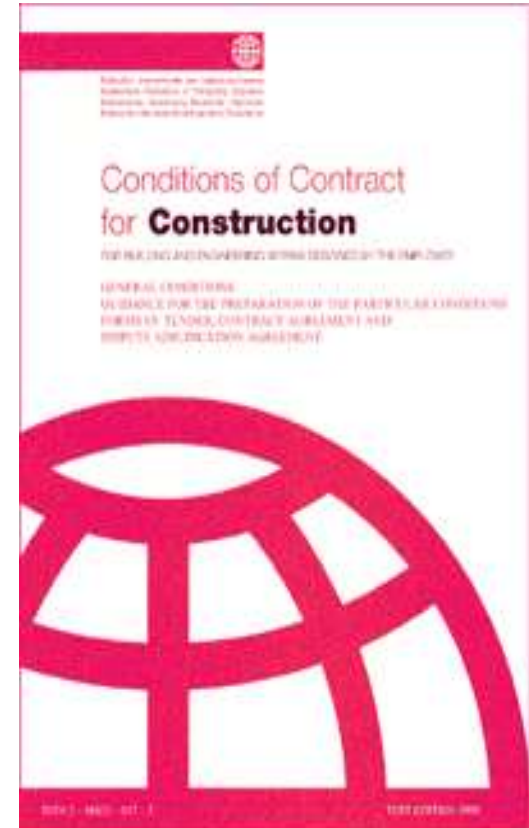
- ***Conditions of Contract for Construction.***
- ***Which are recommended for building or engineering works designed by the Employer or by his representative, the Engineer.***
- ***Under the usual arrangements for this type of contract, the Contractor constructs the works in accordance with a design 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 Construction (Multilateral Development Bank Harmonised Ed. May 2005). For Building and Engineering Works designed by the Employer

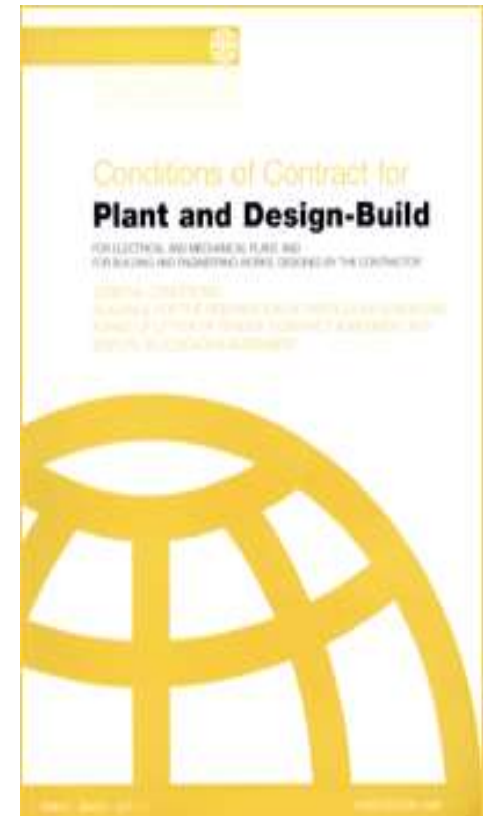
- The MDB Harmonised Conditions of Contract for Construction, are recommended for building or engineering works designed by the Employer or by his representative, the Engineer.
- *The Conditions are for use under licence for projects financed by the Multilateral Development Banks.*
- Under the usual 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.





The New Yellow Book.

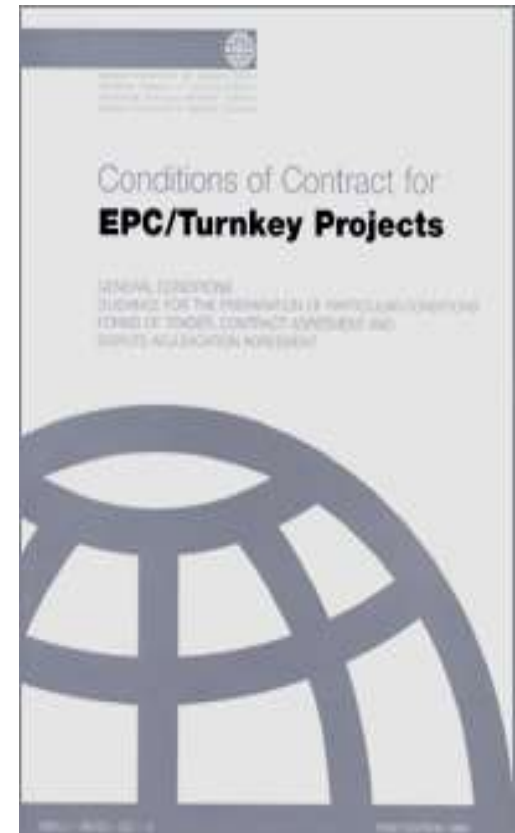
- ***Conditions of Contract for Plant and Design-Build .***
- ***which are recommended for the provision of electrical and/or mechanical plant , and for the design and execution of building or engineering works.***
- ***Under the usual arrangements for this type of contract, the Contractor designs and 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.***





The New Silver Book.

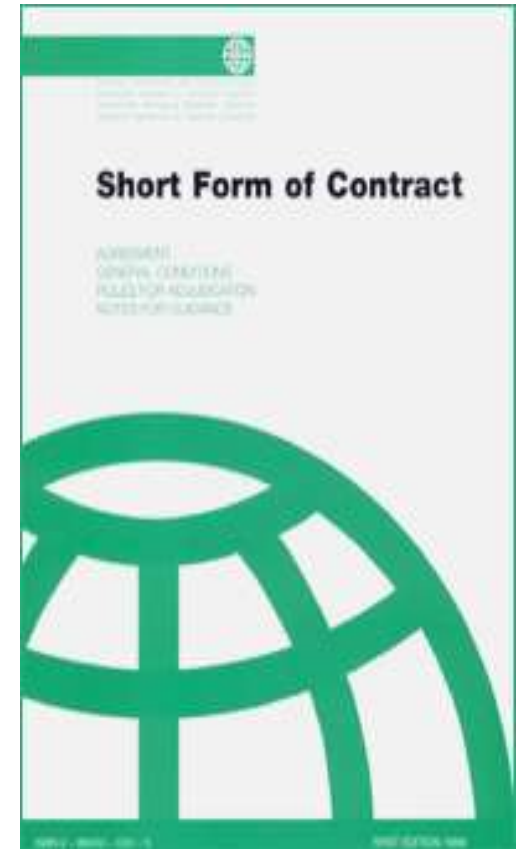
- ***Conditions of Contract for EPC Turnkey Projects .***
- ***Which are recommended where one entity takes total responsibility for the design and execution of an engineering project.***
- ***Under the usual arrangements for this type of contract , the entity carries out all the Engineering, Procurement and Construction: providing a fully-equipped facility , ready for operation (at the "turn of the key").***
- ***This type of contract is usually negotiated between the parties.***





The New green Book.

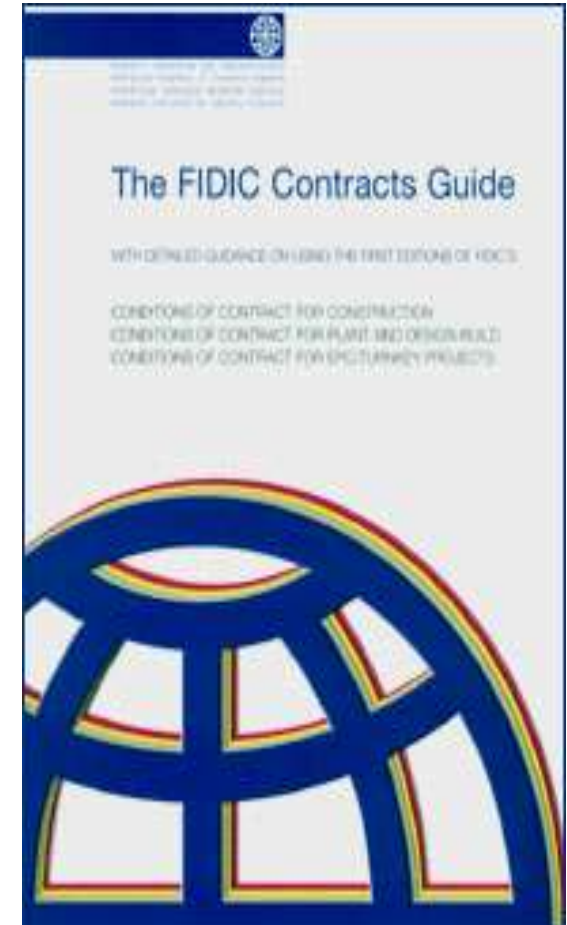
- ***These Conditions of Contract are recommended for engineering and building work of relatively small capital value(500,000\$ -1,000,000\$).***
- ***However, depending on the type of work and the circumstances, the Conditions may be suitable for contracts of considerably greater value.***
- ***They are considered most likely to be suitable for fairly simple or repetitive work or work of short duration without the need for specialist sub-contracts.***
- ***This form may also be suitable for contracts which include , or wholly comprise contractor-designed civil engineering , building, mechanical and/or electrical works.***





The FIDIC Contracts Guide.

- Each of the three new FIDIC contracts (Construction, Plant and Design-Build and EPC/Turnkey) is in three parts :
- - General Conditions , the part which is intended to be incorporated (by reference) into each contract , and whose Sub-Clauses are often referred to in this Guide without the use of the word "Sub-Clause" (for example : "CONS 1.1");
- Guidance for the Preparation of the Particular Conditions, the part which is referred to in this Guide as "GPPC", which commences by proposing suitable wording to incorporate the appropriate General Conditions into a contract , and which concludes with annexed example forms of securities;
- And - Forms of Letter of Tender, Contract Agreement and Dispute Adjudication Agreement , the part which is referred to in this Guide as "the Example Form (s)".





DBO Contract

- **FIDIC has chosen to adopt the green-field Design-Build-Operate scenario, with a 20- year operation period, and has opted for a single contract awarded to a single contracting entity (which will almost certainly be a consortium or joint venture) to optimise the coordination of innovation, quality and performance, rather than award separate contracts for design-build and for operation.**
- **The contractor has no responsibility for either financing the project or for its ultimate commercial success.**
- **This is the basis upon which this document has been prepared.**
- **The document, as written, is not suitable for contracts which are not based on the traditional Design-Build-Operate sequence, or where the Operation Period differs significantly from the 20 years adopted.**





FIDIC DBO Contract Guide

- The FIDIC DBO Contract Guide For the FIDIC Conditions of Contract for Design, Build and Operate Projects. First Edition 2011. The purpose of this guide is to provide users with some commentary by the drafting committee as to their thoughts and intentions when preparing the document.
- The DBO form of contract is based on the same structure and layout as the earlier (1999) documents published by FIDIC, with General Conditions, Particular Conditions and a variety of Sample Forms. It is based on a 20-clause layout and, where appropriate, it uses the same terminology and same definitions as are found in the 1999 documents. However, the documents contains a number of improvements and innovations not found in the earlier documents which make the document more user-friendly and more aligned to the requirements of today's construction industry.





FIDIC DBO Contract Guide (Cont)

- These can be briefly identified as follows:
 - up-graded visual timelines showing key activities;
 - definitions listed alphabetically;
 - risk and insurance provisions restructured and up-dated;
 - claims procedures up-dated with emphasis on dispute avoidance;
 - Particular Conditions containing two Parts;
- Part A - Contract Data
- Part B - Special Provisions
Additional sample forms provided.
- Each of these aspects, and much more, is covered in this guide

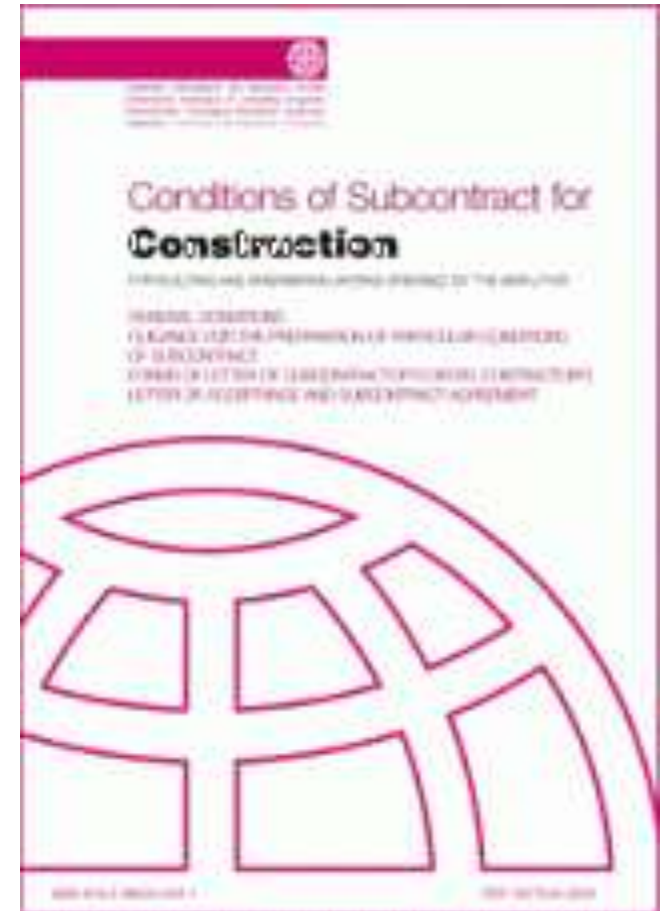




Condition of Subcontract for Construction

(1st Edition 2011)

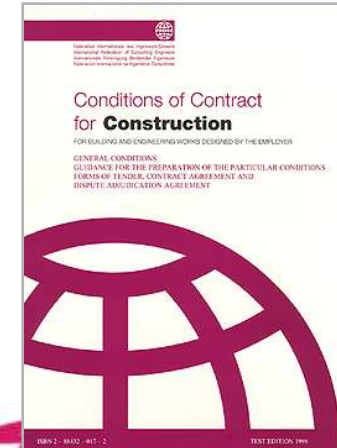
- For use in conjunction with the FIDIC Conditions of Contract for Construction, 1st Edition 1999. General Conditions
- Guidance for the Preparation of the Particular Conditions
- Forms of Letter of Subcontractor's Offer, Contractor's Letter of Acceptance and Subcontract Agreement
- Foreword The terms of the Conditions of Subcontract for Construction have been prepared by the Fédération Internationale des Ingénieurs-Conseils (FIDIC) and are recommended for use in conjunction with the FIDIC Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer, 1st Edition 1999, and with the Multilateral Development Bank Harmonised Edition of the FIDIC Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer



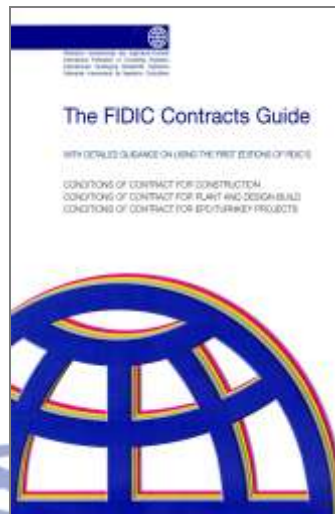


CONDITIONS OF CONTRACT

published 1999



Guide
published
2001





CONTRACT CONTINUITY

Employer /
consultant
design



Contractor
design



Various
formats

Uniform format and
contents



WHICH BOOK TO USE?

STRAIGHTFORWARD
PROJECT

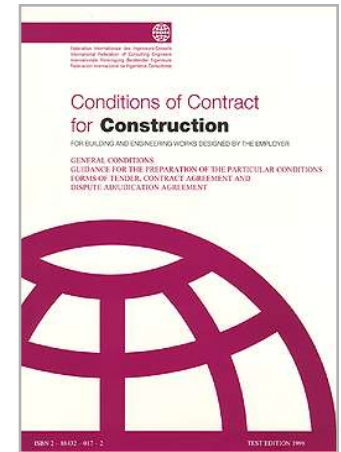


yes

no

EMPLOYER
DESIGN

yes



no

CONTRACTOR DESIGN

Plant and/or high
unforeseen risks

no

Fixed price - lump sum
Little employer involvement
No major unforeseen risks

no

yes

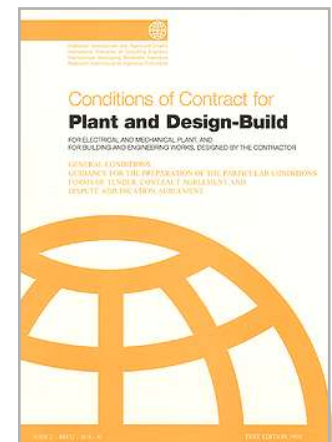
Maintenance

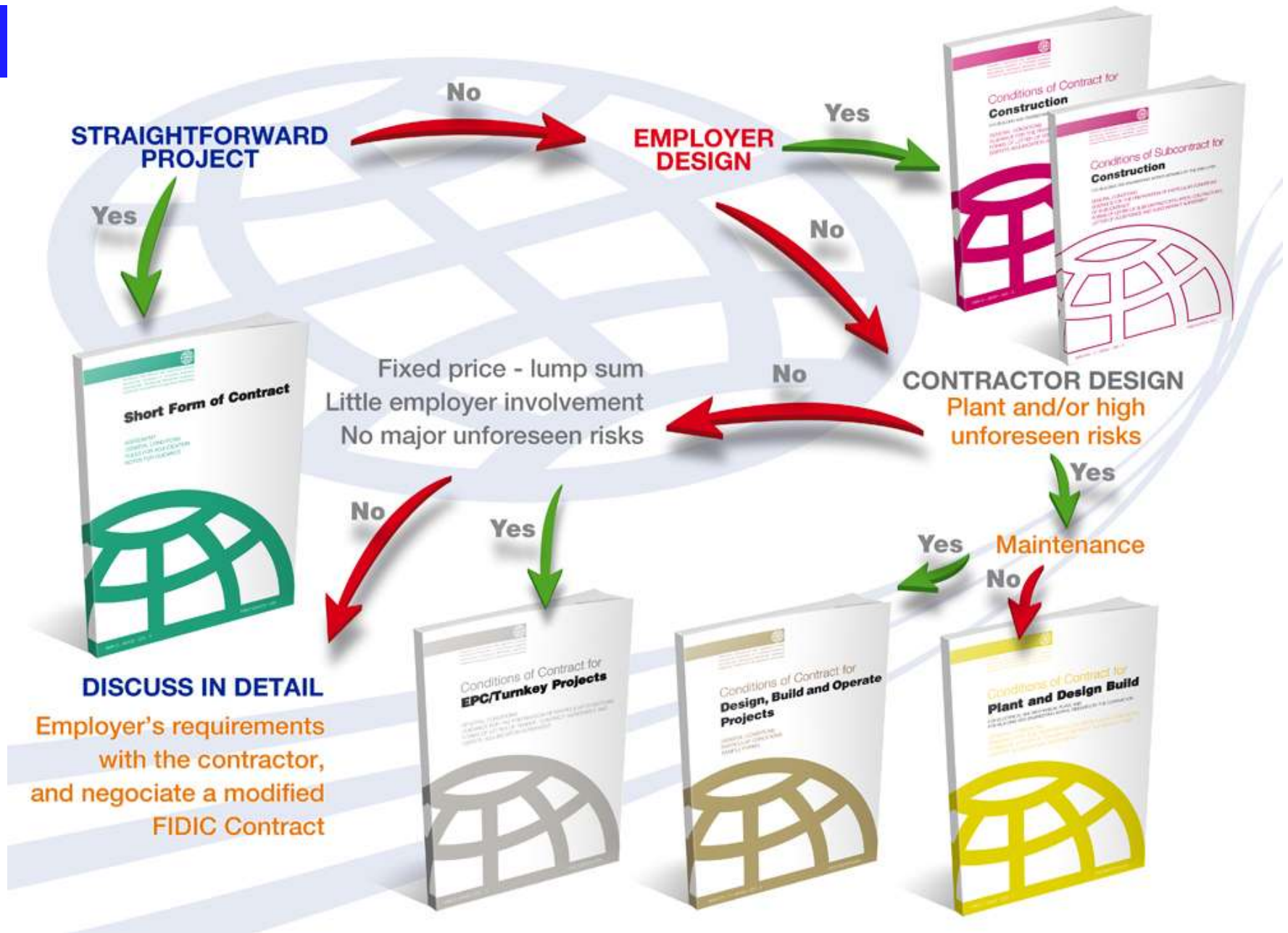


DISCUSS IN DETAIL



Employer's
requirements with the
Contractor, and
negotiate a modified
FIDIC contract







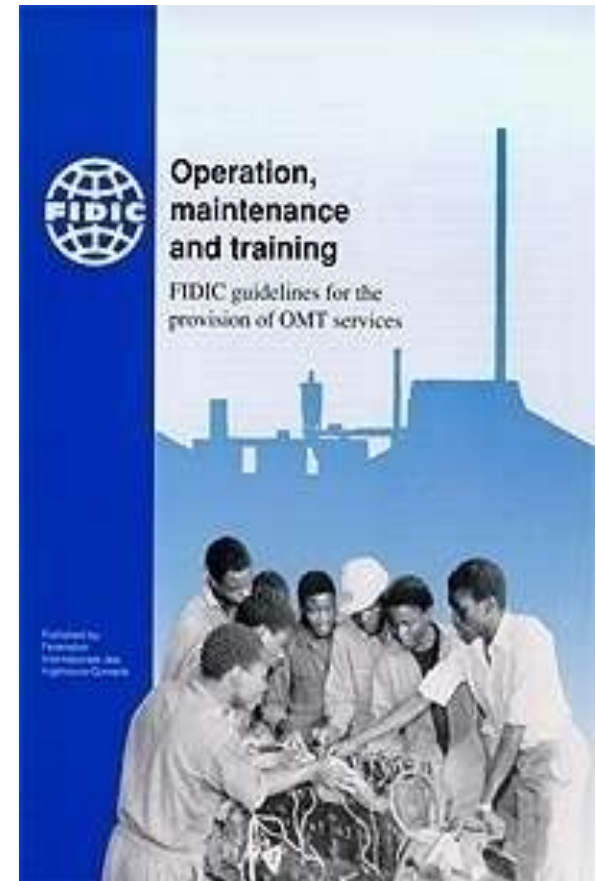
Contract for Dredging and Reclamation Works.

- *Form of Contract for Dredging and Reclamation Works .*
- *It contain:*
 1. *Agreement.*
 2. *General Conditions.*
 3. *Rules for Adjudication .*
 4. *and Notes for Guidance.*
- *It has been issued With collaboration of The International Association of Dredging Companies (IADC), and for dredging and reclamation work.*
- *The aim has been to produce a straightforward document which includes all essential commercial provisions, and which may be used for all types of dredging and reclamation work and ancillary construction with a variety of administrative arrangements.*
- *Under the usual arrangements for this type of contract, the Contractor constructs the Works in accordance with design provided by the Employer or by his Engineer.*
- *However, this form may also be suitable for contracts that include, or wholly comprise, contractor-designed works. In addition, the Employer has a choice of valuation methods,*



Operation, maintenance and training.

- **Operation, Maintenance and Training (OMT) guidelines for the provision of OMT services.**
- **This guidelines set out proper planning to ensure:**
 - 1. Successful project commissioning.**
 - 2. Planning for training for operation and maintenance .**
 - 3. The training of personnel must be accomplished prior to project start-up and testing.**





Quality of Construction.

- *A best-practice approach to help solve a worldwide lack of Quality of Construction.*

Contents:

- 1. Introduction*
- 2. FIDIC Quality of Construction Survey*
- 3. Policy and strategy*
- 4. Approach to Quality*
- 5. Recommended actions*
- 6. Appendices*





Work in Progress

Contracts & Agreements

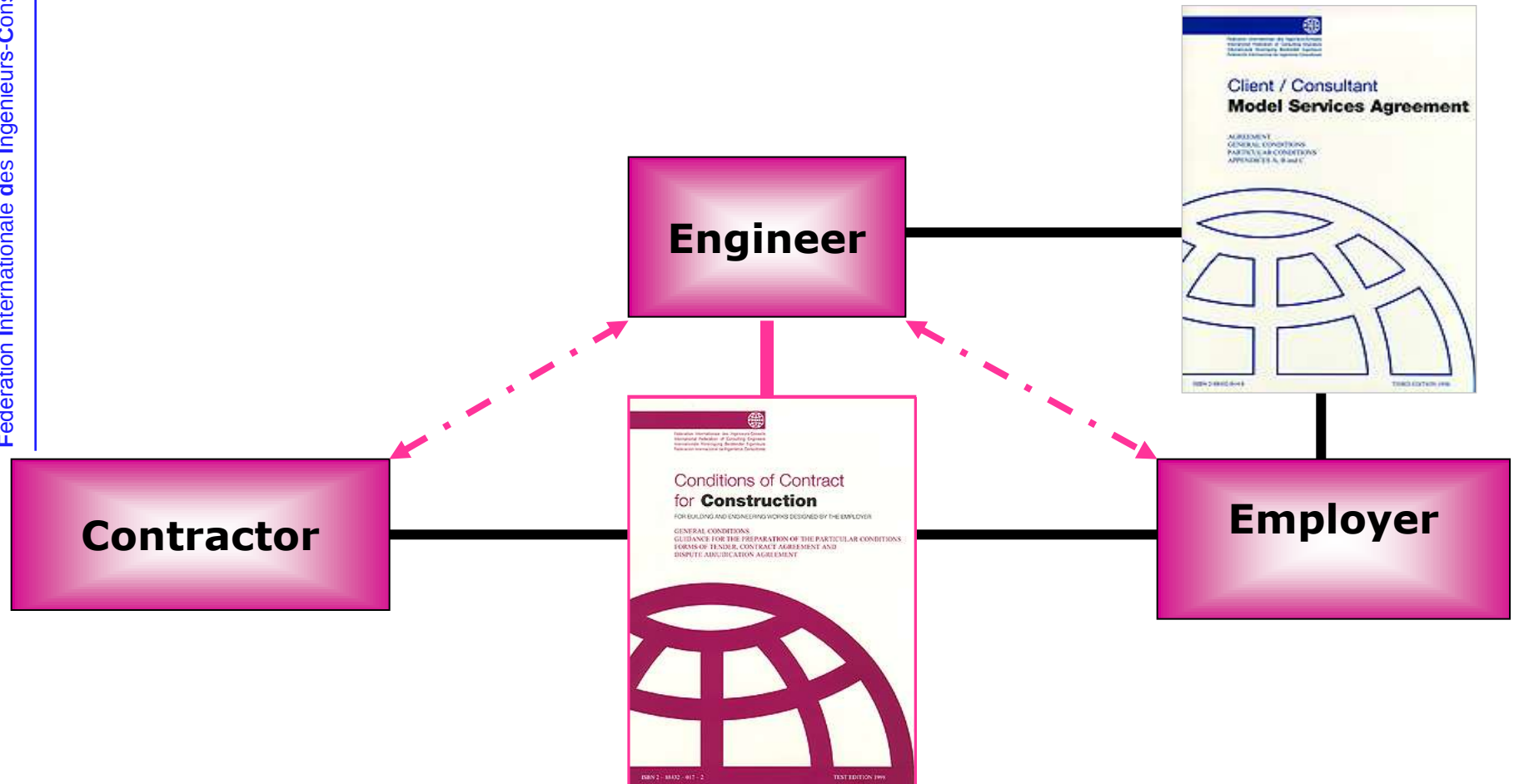
- Construction and Plant Sub-contracts (new)
- Client - Architect (new)
- Joint venture (update)
- Sub-consultant (update)
- Project Procurement (replaces Tendering Procedure)

Business Practice

- Quality Based Selection guide (update)
- Risk Management guide (update)
- Definitions of Scope guidelines (new)
- Design for Safety guidelines (new)



FIDIC Contracts



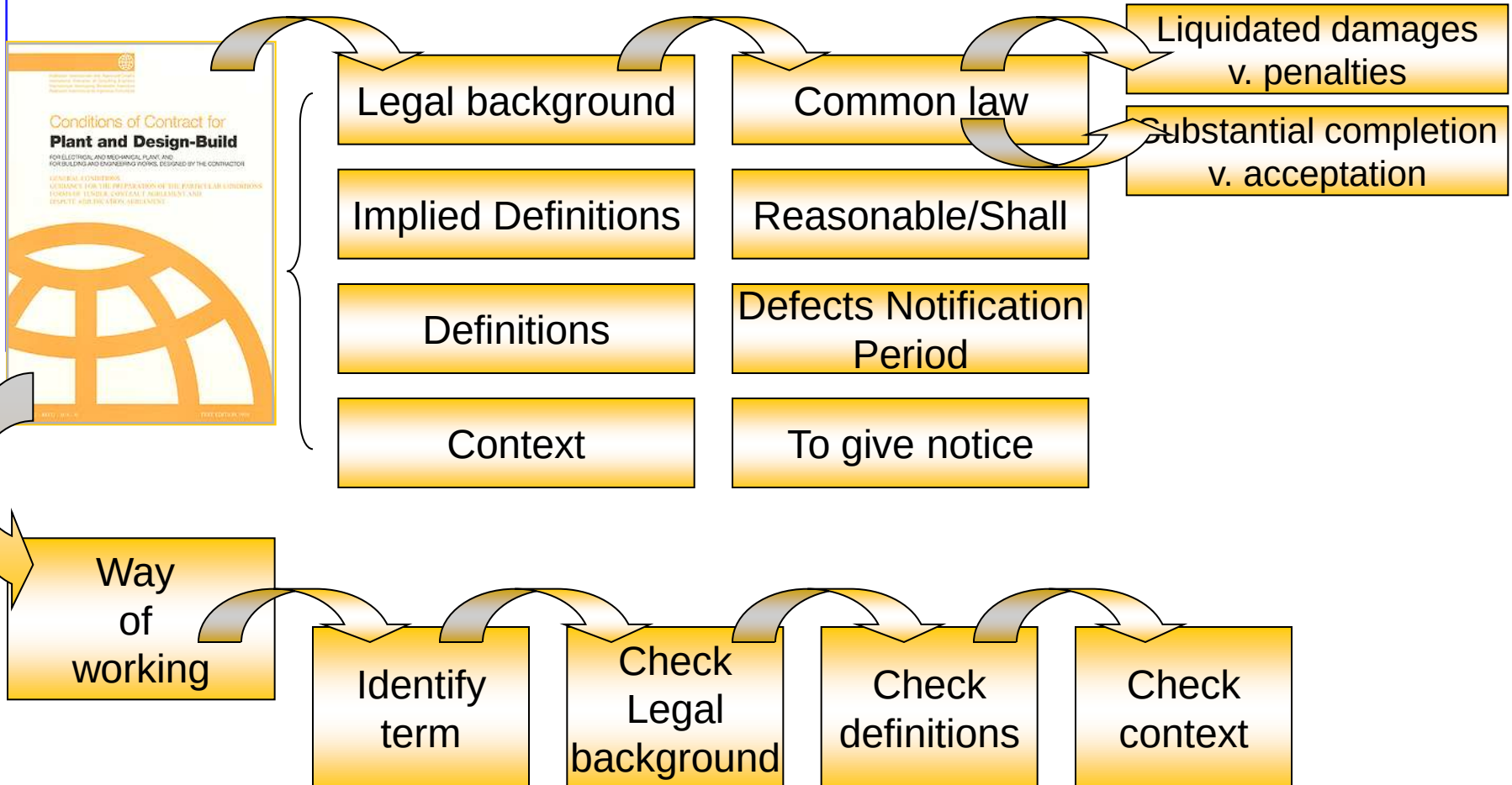
— Powers of Engineer

— Contractual Relations

- Common Law v. Civil Law
 - FIDIC Conditions of Contracts have their roots in the common law.
 - Lots of concepts are not understood without référence to common law.
 - Most of the notions are issued from the anglo-saxon legal vocabularies .

- Common Law v. Civil Law (mots clé)
 - *Taking over certificate* v. réception
 - *Defects Notification Period* v. responsabilité pour non conformité et garantie de parfait achèvement
 - *Delay Damages* v. Pénalités
 - *Time for Completion* v. Délai d'achèvement
 - *Engineer* v. Maître d'oeuvre
 - *Claim* v. Avenant

• Understanding FIDIC

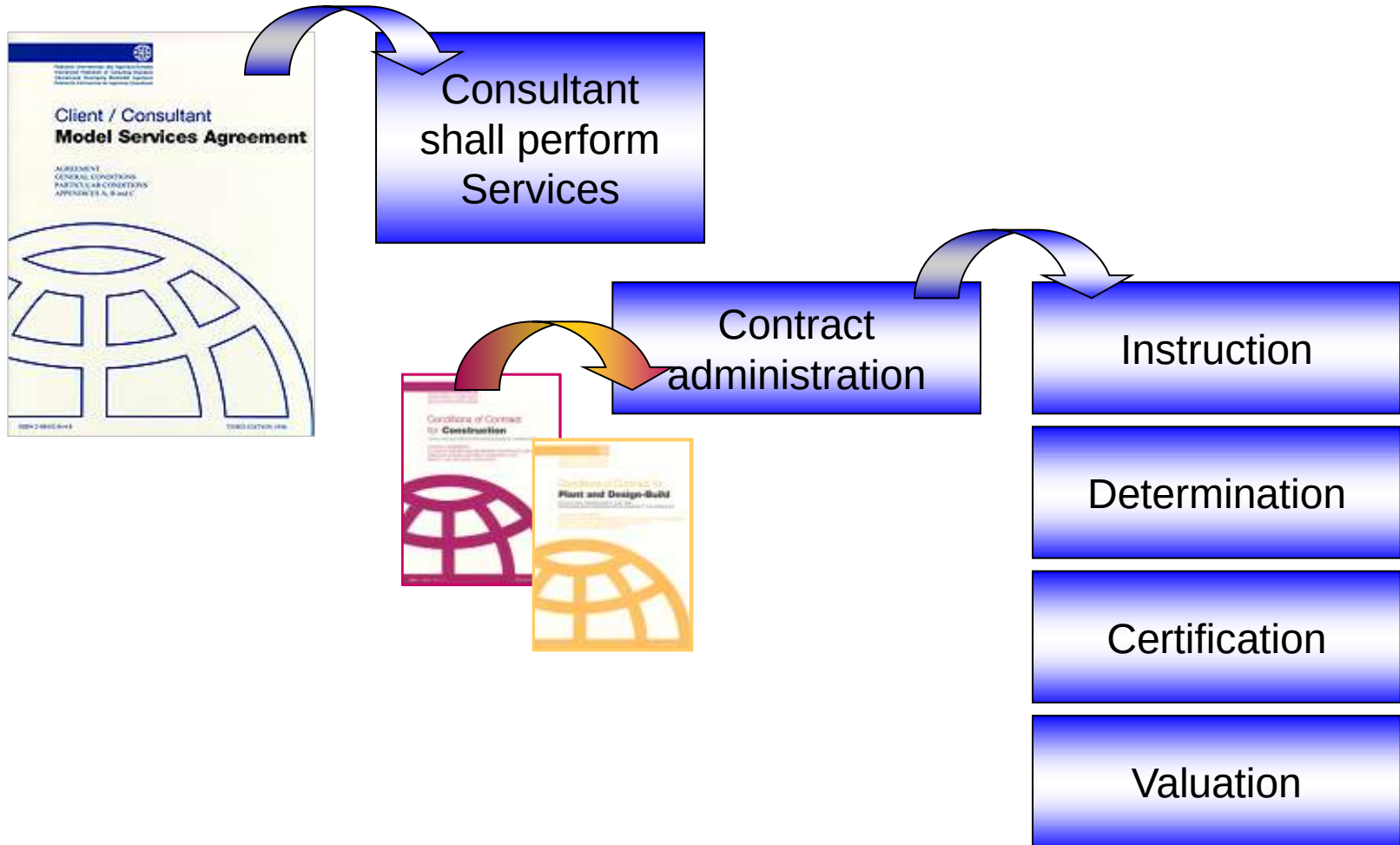




FIDIC Contracts

White Book

- Contract Administration

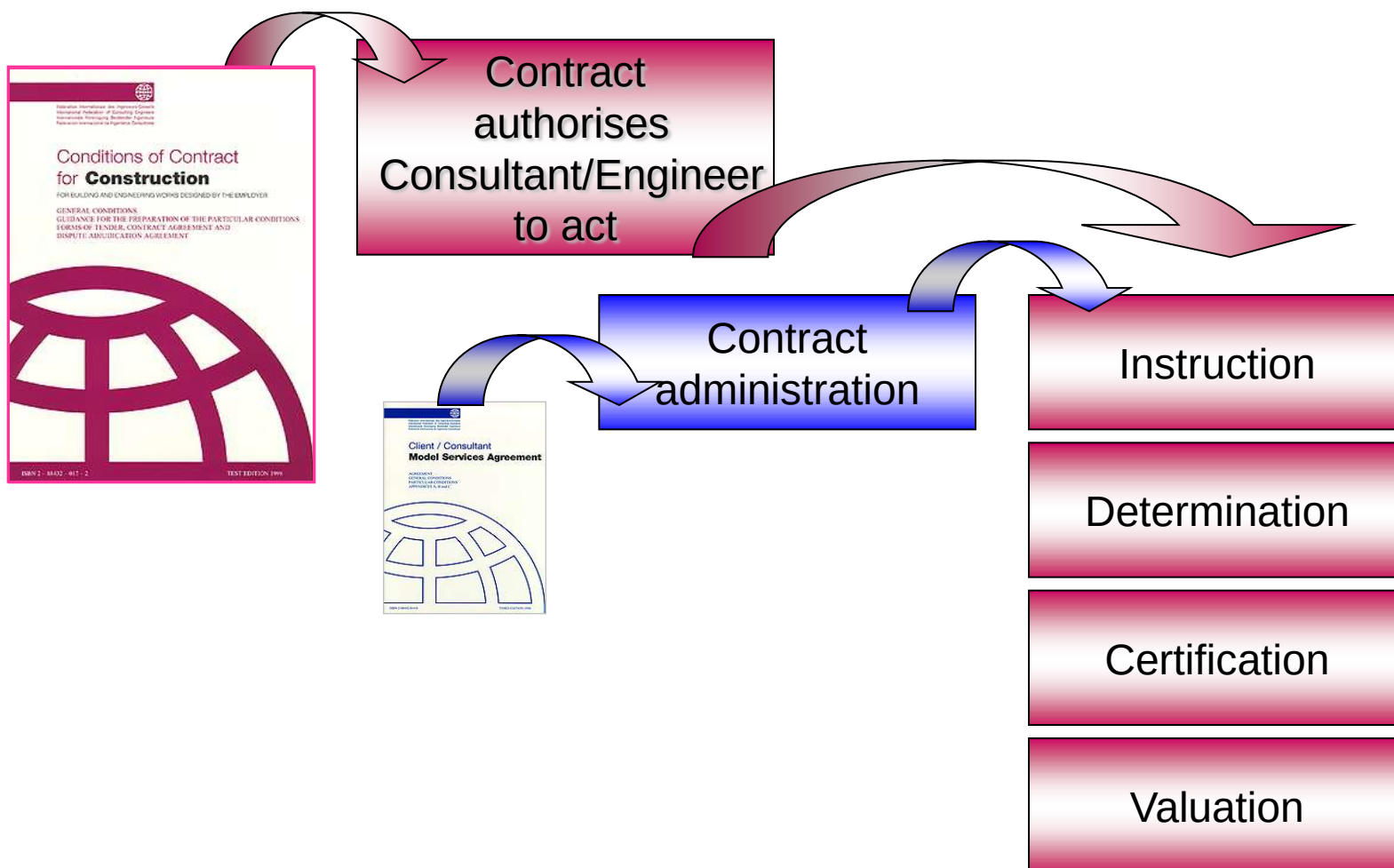




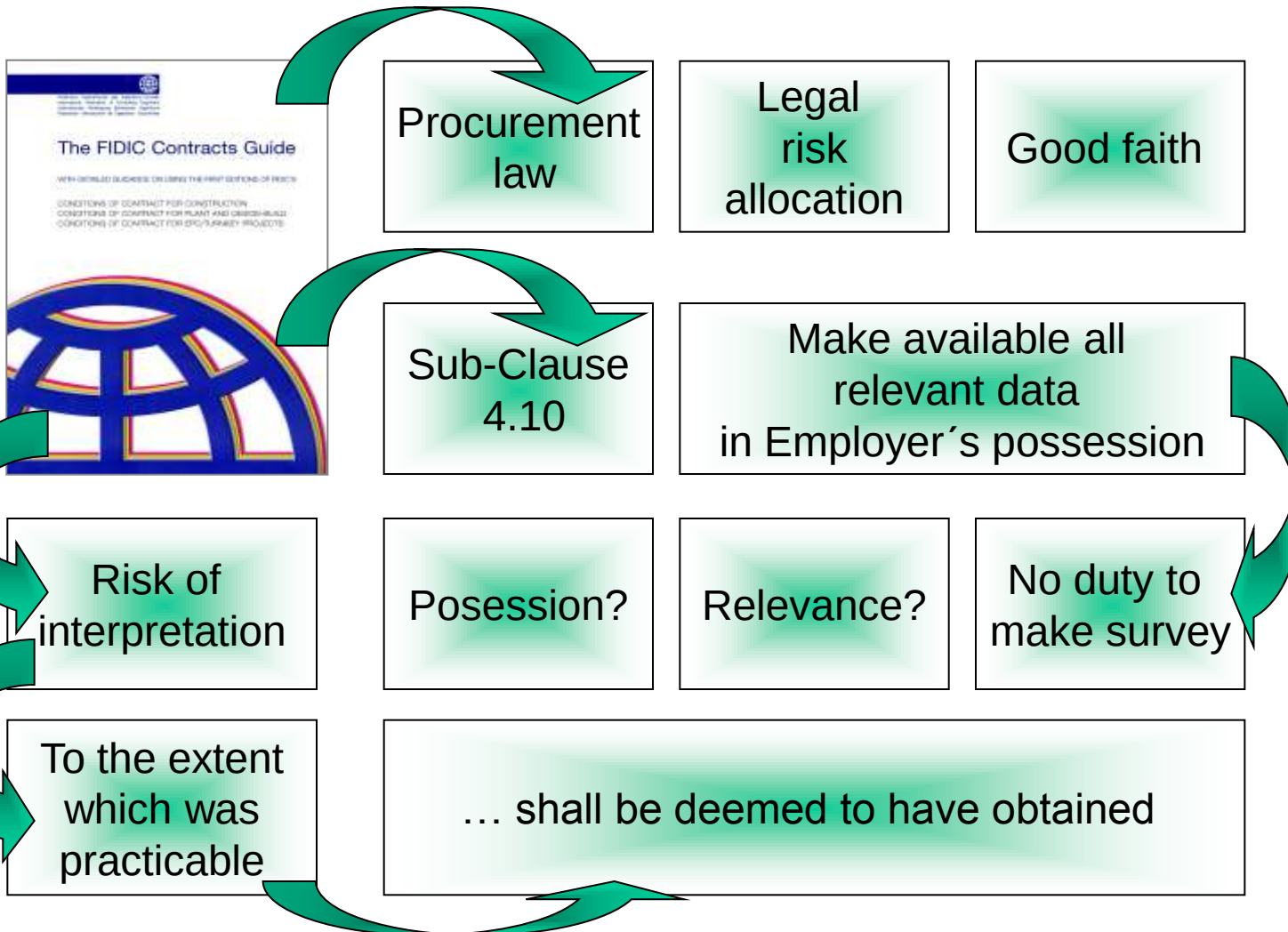
FIDIC Contracts

White Book

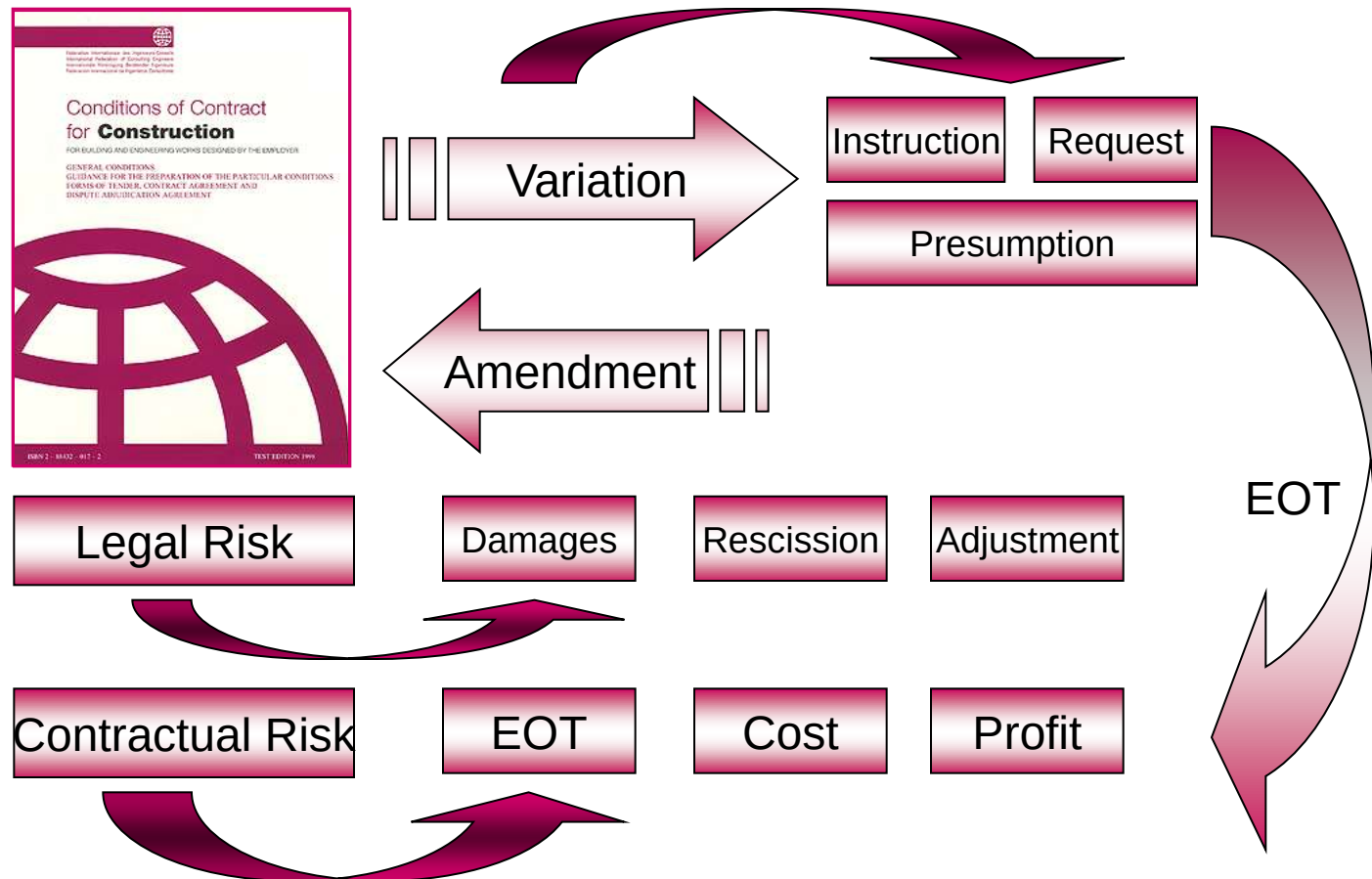
- Contract Administration



FIDIC Contracts



Claims and Risques Valuation



- Claims
 - Claim Management





FIDIC Contracts and Dispute Resolution

Chart: **Contractor's Claims**

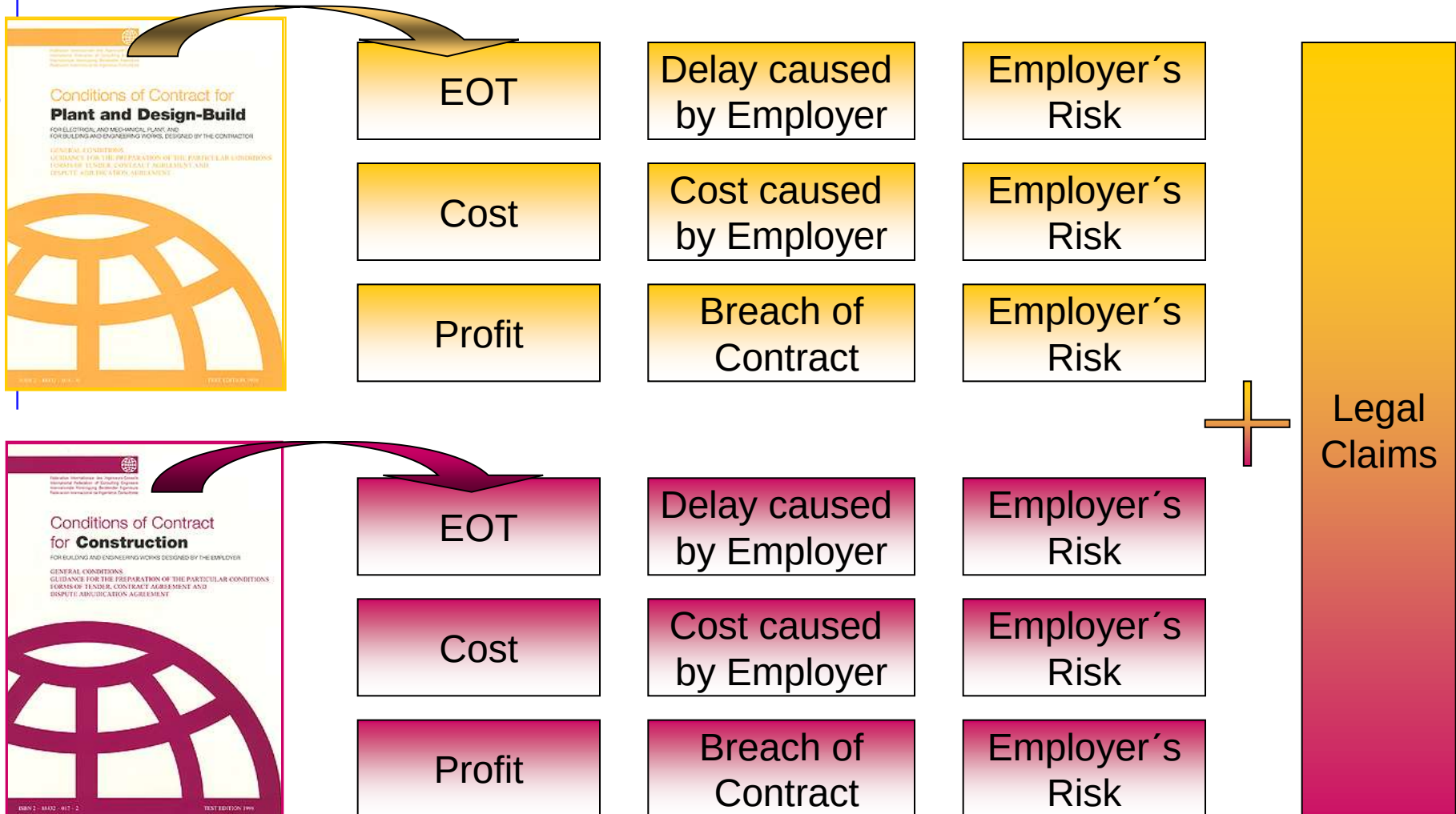
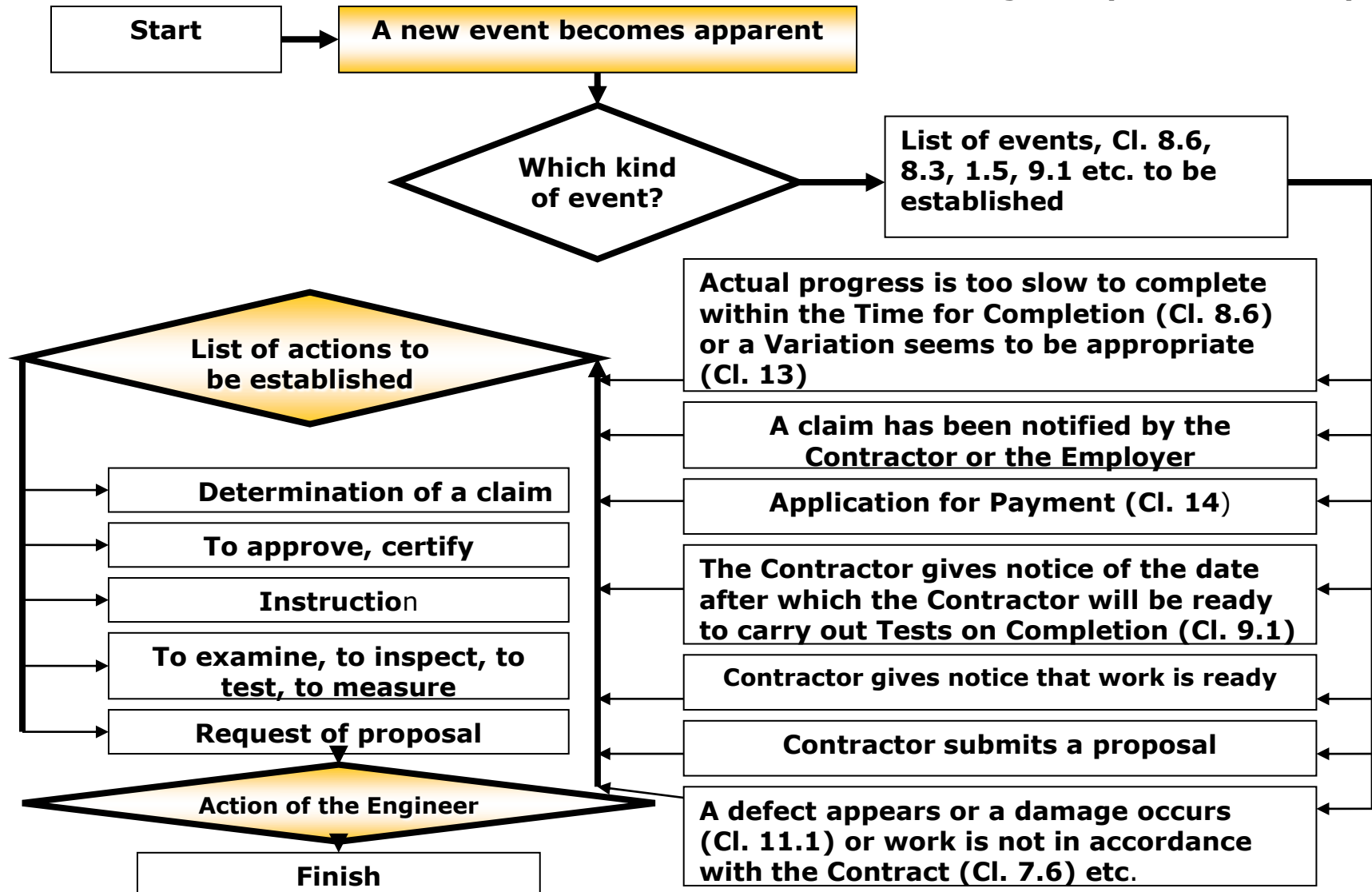
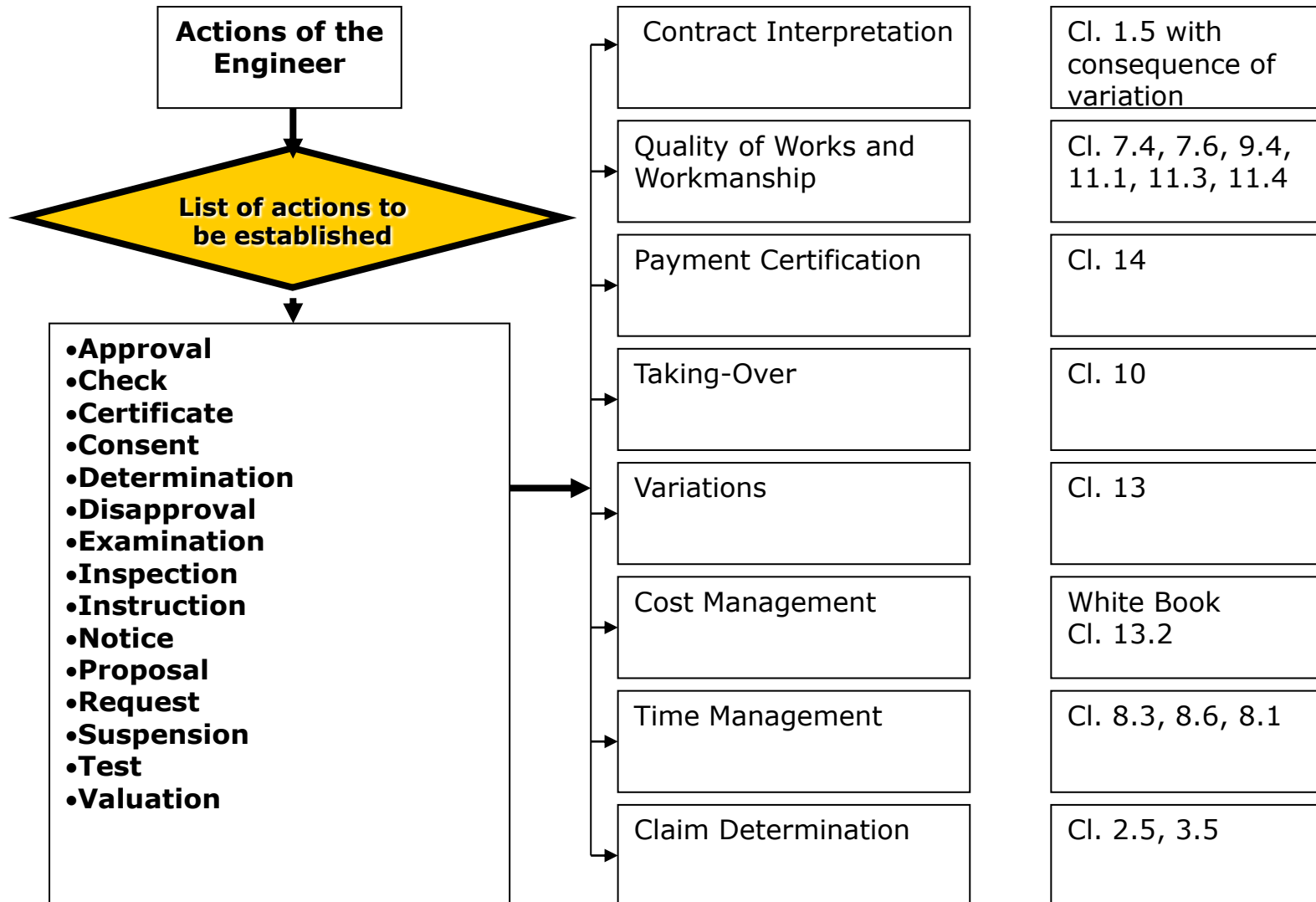


Chart 2: Actions of the Engineer (FIDIC Red Book)



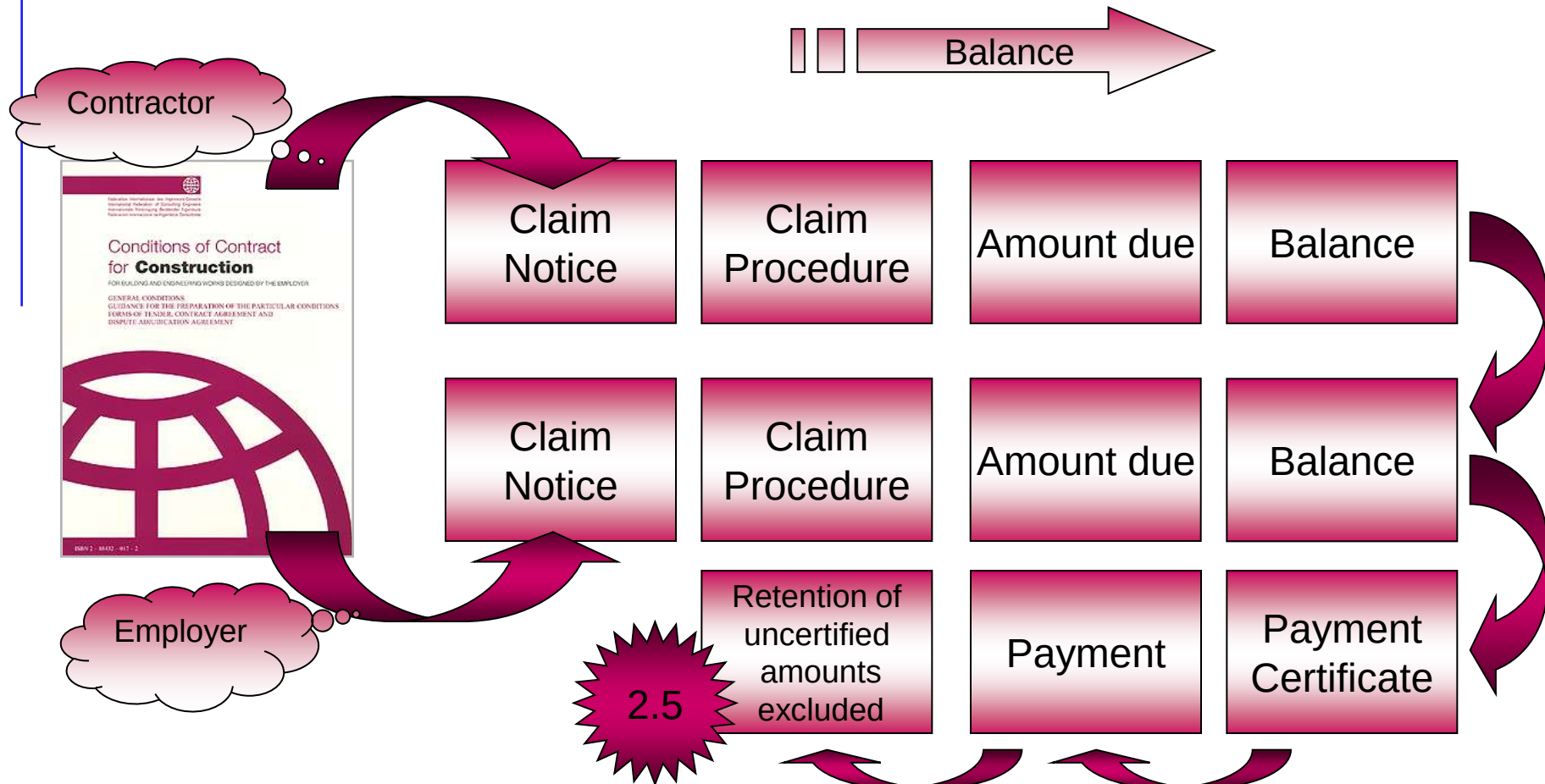
FIDIC Contracts and Dispute Resolution



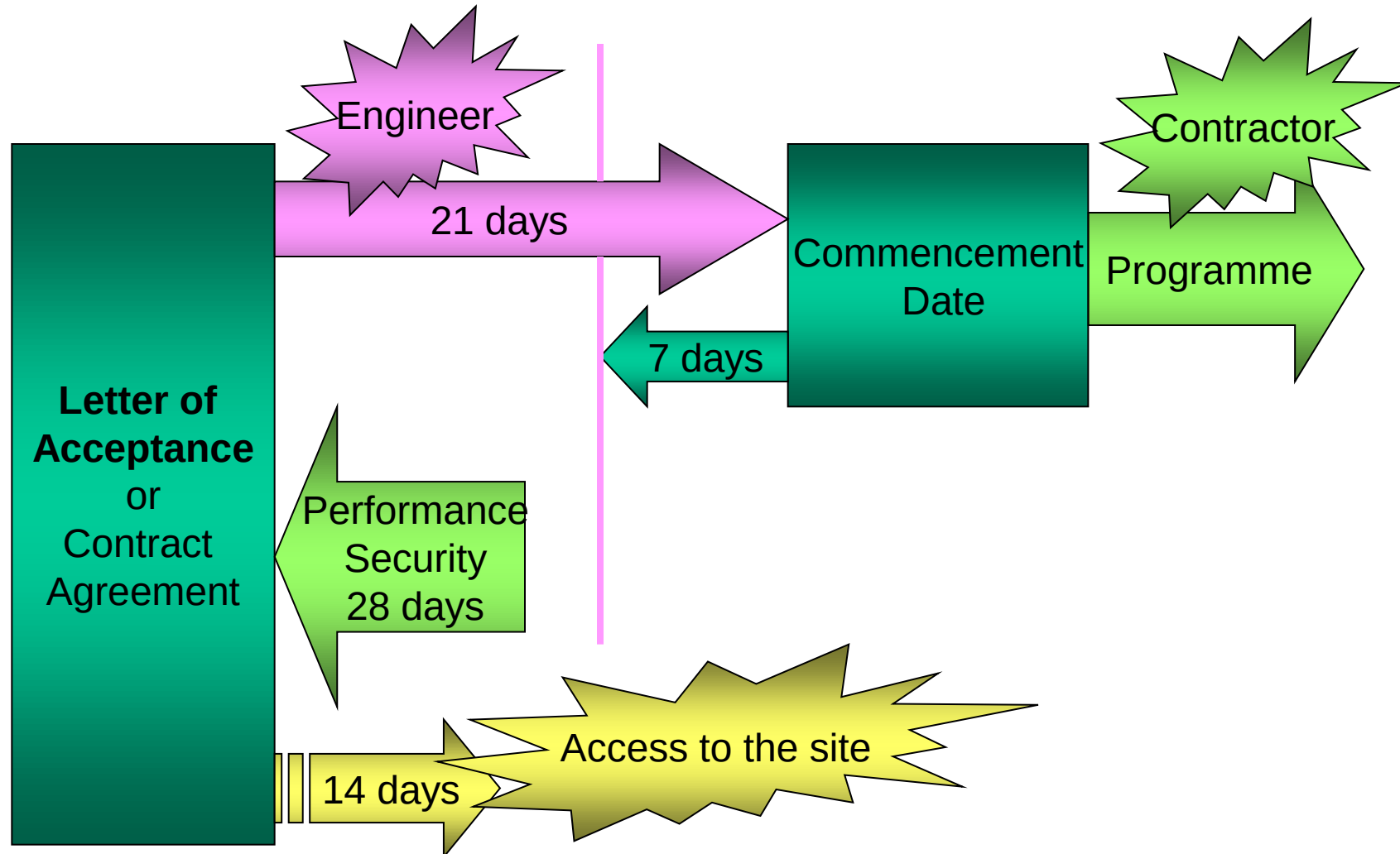


FIDIC Contracts and Dispute Resolution

- All the claims should be settled by Binding agreement or by dispute resolution decision.
- Every solved Claim should be included in the contractual price
 - Ajustement or deduction



- Commencement Date**





FIDIC CONTRACTS

CONSTRUCTION

PLANT AND DESIGN-BUILD

EPC/TURNKEY PROJECTS

SHORT FORM OF CONTRACT

CLIENT/CONSULTANT MODEL SERVICES AGREEMENT



FEATURES AND ADVANTAGES

BALANCED

fair apportioning of risks, rights and obligations between the parties

WELL TRIED

long case history for earlier contracts

ACCEPTED

known and recognised; in **wide use** for international contracts

SUPPORTED

recommended or required by development banks, ISPA, etc.

EFFECTIVE

clear and complete **conditions**; **time limits**; provisions for **adjudication**



Key points: CONSTRUCTION

- **Employer designs.**
- **Engineer, working for the Employer.**
- **Bill of Quantities.**
- **Payments based upon measurements.**
- **Certification of payments by Engineer.**



Key points: PLANT & DESIGN-BUILD

- **Contractor designs.**
- **Engineer, working for the Employer.**
- **Lump sum pricing.**
- **Payments according to progress.**
- **Certification of payments by Engineer.**



Key points: EPC/TURNKEY PROJECTS

- Contractor designs and takes full responsibility.
- Employer *may* appoint a Representative.
- Fixed price, to cover risks taken on by Contractor.
- Payments according to progress.
- No certification of payments.



Key points: SHORT FORM

- **Simple projects.**
- **Design by either party.**
- **Employer *may* appoint a Representative.**
- **Valuation as appropriate; to be agreed.**
- **Payments according to value of Works executed and Materials and Plant delivered to site.**
- **No certification of payments.**



Key points: CLIENT/CONSULTANT

- **Agreed Scope of Services: Appendix A.**
- **Normal, Additional and Exceptional Services.**
- **Normal Services priced as agreed.**
- **Additional and Exceptional Services at rates agreed.**
- **Payment schedule as agreed.**



FIDIC GUIDES

- **The FIDIC Contracts Guide.**
- **The White Book Guide.**
- **Guide for the preparation of particular conditions (in the major contracts).**
- **Notes for Guidance (in the Short Form of Contract).**
- **Tendering Procedure and Pre-qualification forms.**
- **Quality Based Selection.**



USE OF FIDIC CONTRACTS

- **Match contract and project.**
- **Decide early.**
- **Appoint DAB early.**
- **Draft by professionals.**
- **Do not touch the General Conditions.**
- **Buy originals.**



PRINCIPLES OF PROCUREMENT

- **Effectiveness.**
- **Economy.**
- **Efficiency.**
- **Accountability.**
- **Transparency / confidentiality.**
- **Strong competition.**
- **Publicity, wide participation.**
- **Fair and equal conditions.**
- **Standard procedures.**
- **Standard documentation.**



PROCUREMENT CATEGORIES

- **Goods.**
- **Works.**
- **Consultant services.**
- **Other services.**



TENDERING PROCEDURES

- **Development bank / public procurement procedures.**
- **Open tendering / International Competitive Bidding.**
- **Local tendering / National Competitive Bidding.**
- **Restricted tendering / Limited Bidding.**
- **Shopping.**
- **Single source.**
- **Two stage tendering.**



SELECTION PROCEDURES/CRITERIA

- **Criteria defined and published in advance.**
- **Economically most advantageous offer.**
- **Quality based selection.**
- **Quality and cost based selection.**



PROCUREMENT STEPS.

- **Preparation.**
- **Publication.**
- **Pre-qualification / short-listing.**
- **Invitation.**
- **(Submission).**
- **Evaluation.**
- **Award, contracting.**
- **Supervision, contract administration.**
- **Lessons learned.**



PREPARATION OF PROCUREMENT

- **Determination of needs and objectives.**
- **Determination of constraints.**
- **Identification of parties.**
- **Planning, budgeting, financing.**
- **Contract type.**
- **Selection procedure.**
- **Requirements / Specifications / Bills of Quantities / Terms of Reference.**
- **Pre-qualification and evaluation criteria.**
- **Particular conditions.**
- **Publicity.**
- **Tender documents.**



CONTRACT ADMINISTRATION

- **Supervision.**
- **Enforcement.**
- **Quality and quantity.**
- **Invoice verification.**
- **Payments.**
- **Extensions, variation orders, amendments.**
- **Termination.**
- **Disputes and their resolution.**



RISKS IN PROCUREMENT

- **Wrong goods, works, services.**
- **Bad value for money.**
- **Not available, productive, reliable, maintainable.**
- **Not used (!)**
- **Fraud.**
- **Corruption.**

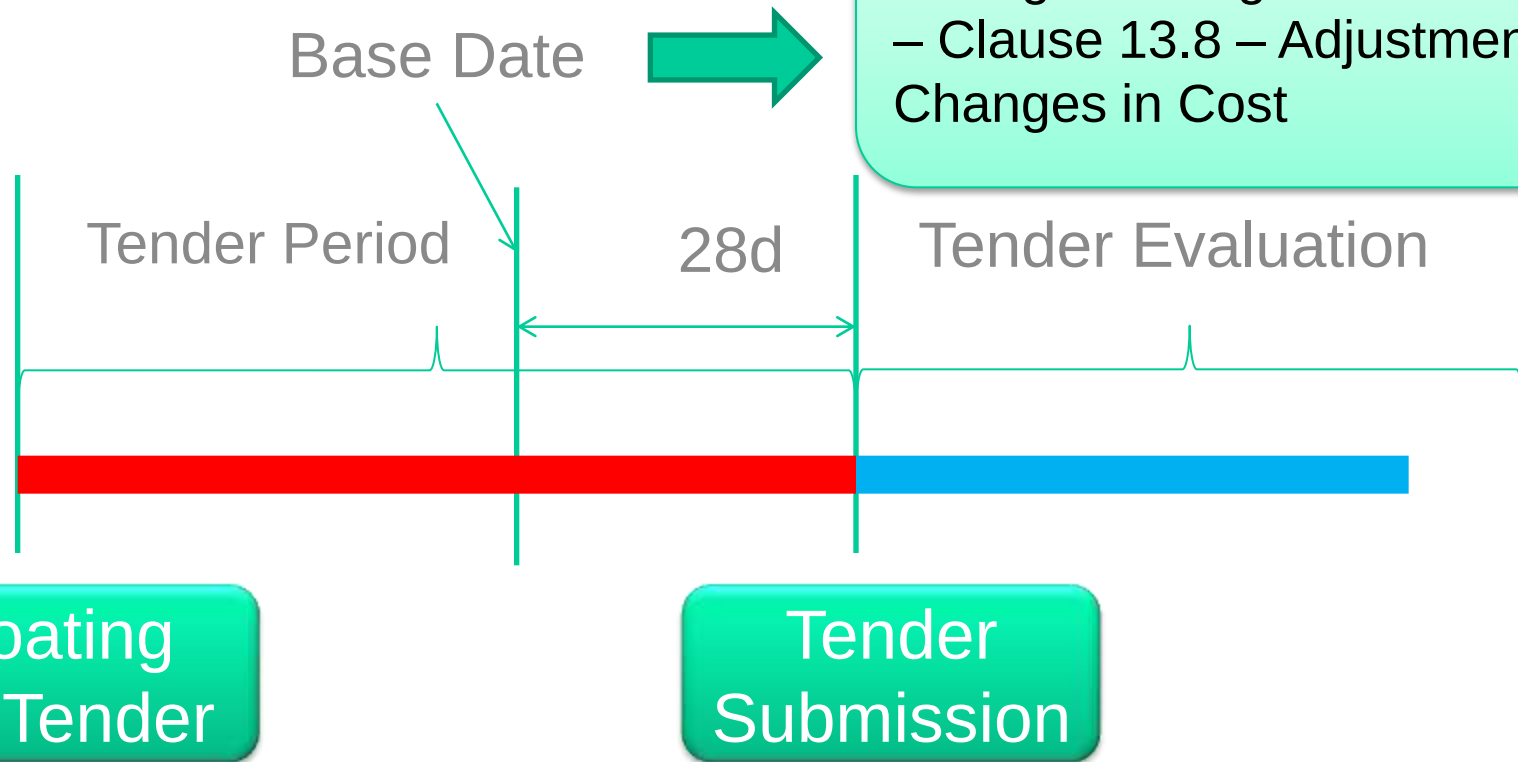
- 1 - General Provisions احكام عامة.
- 2 - The Employer صاحب العمل.
- 3 - The Engineer المهندس.
- 4 - The Contractor المقاول.
- 5 - Nominated Subcontractors . المقاولون الفرعيون المسمون .
- 6 - Staff and Labour. المستخدمين و العمال
- 7 - Plant, Materials and Workmanship . التجهيزات الآلية و المواد المصنعية
- 8 - Commencement, Delays and Suspension. المباشرة، تأخر الإنجاز و تعليق العمل.
- 9 - Tests on Completion الإختبارات عند الإنجاز.
- 10 - Employer's Taking Over تسلم الأشغال من قبل صاحب العمل.
- 11 - Defects Liability المسؤولية عن العيوب.
- 12 - Measurement and Evaluation. كيل الأشغال و تقدير القيمة
- 13 - Variations and Adjustments . التغيرات و تعديل الأسعار
- 14 - Contract Price and Payment. قيمة العقد و الدفعات
- 15 - Termination by Employer. إنهاء العقد من قبل صاحب العمل
- 16 - Suspension and Termination by Contractor. تعليق العمل و إنهاء العقد من قبل المقاول
- 17 - Risk and Responsibility. المخاطر و المسؤولية
- 18 - Insurance . التأمين
- 19 - Force Majeure . القوة القاهرة
- 20 - Claims, Disputes and Arbitration . المطالبات ، الخلافات و التحكيم

Major steps under FIDIC Explaining the timeline



Construction Contract – 1999 – Red Book

Tender Stage



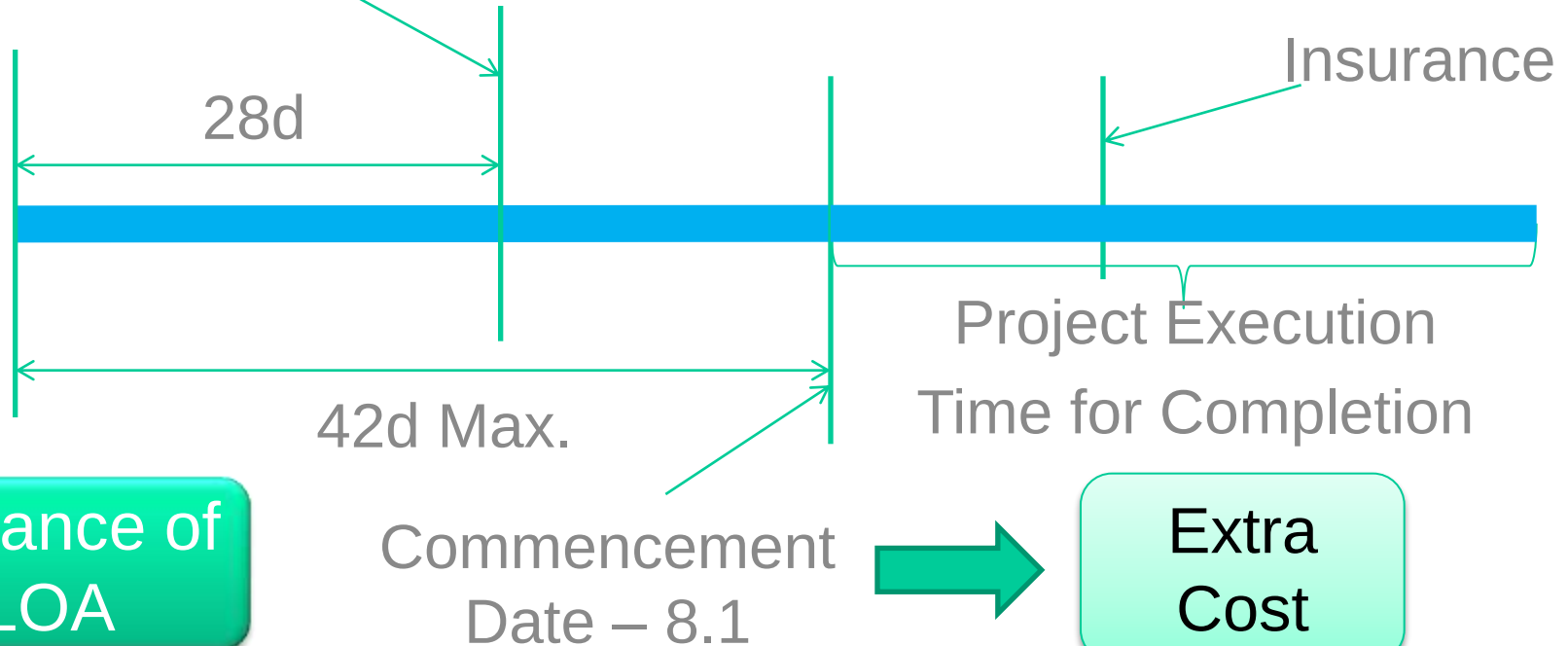
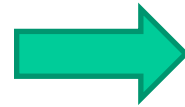
Major steps under FIDIC Explaining the timeline



Project Starting

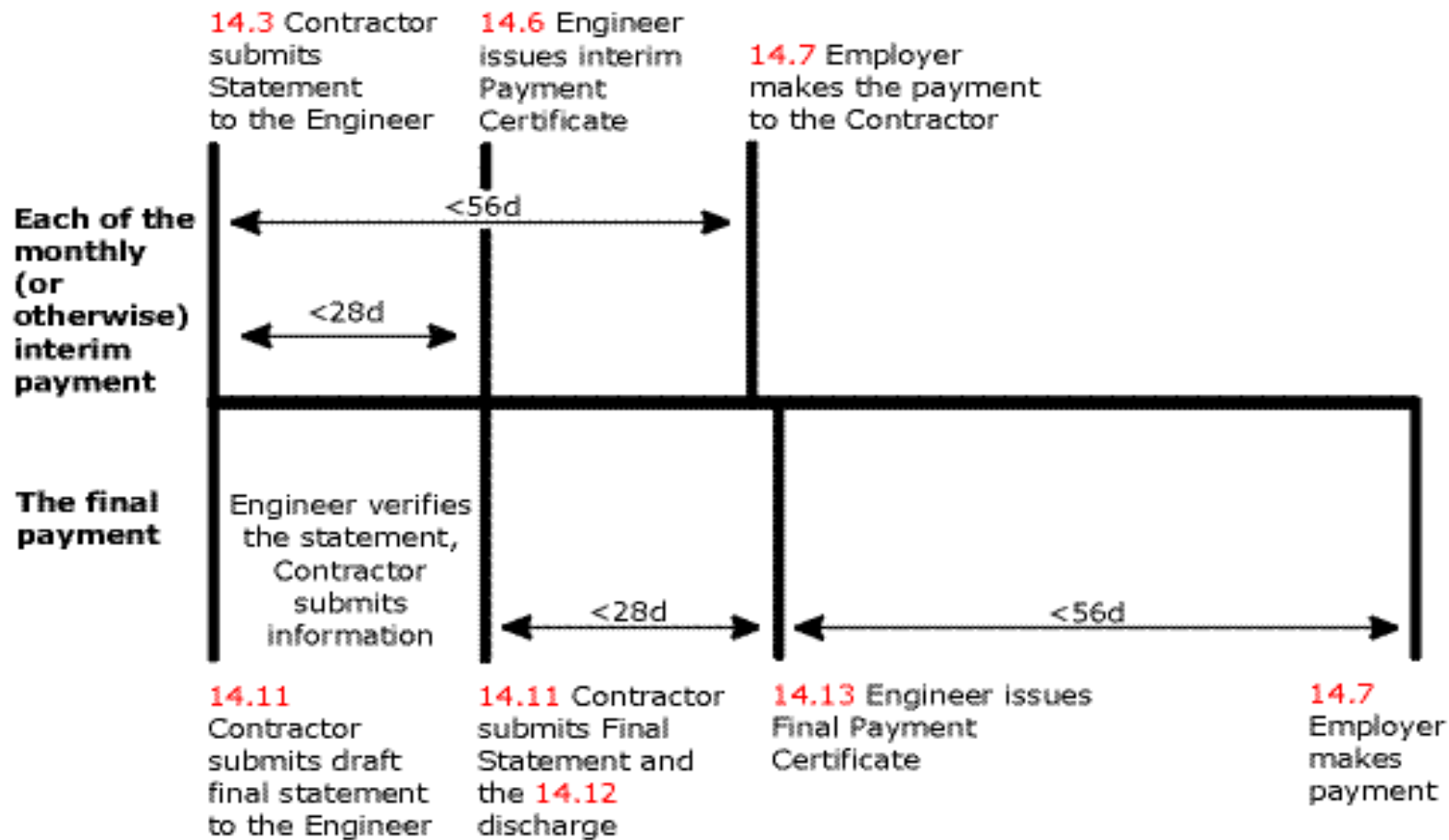
- Payments will not be certified – 14.6
- Contract Termination – 15.2
- Employer may withhold the site access – 2.1

Performance
Security – 4.2





Typical Sequence of Payment Events Envisaged in Clause 14

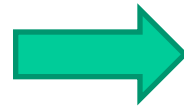


Major steps under FIDIC Explaining the timeline



Interim Payments

Engineer to
Certify



- Contractor to suspend or reduce the rate of progress – 16.1
- Contract Termination – 16.2

<28d

<56d

21d notice

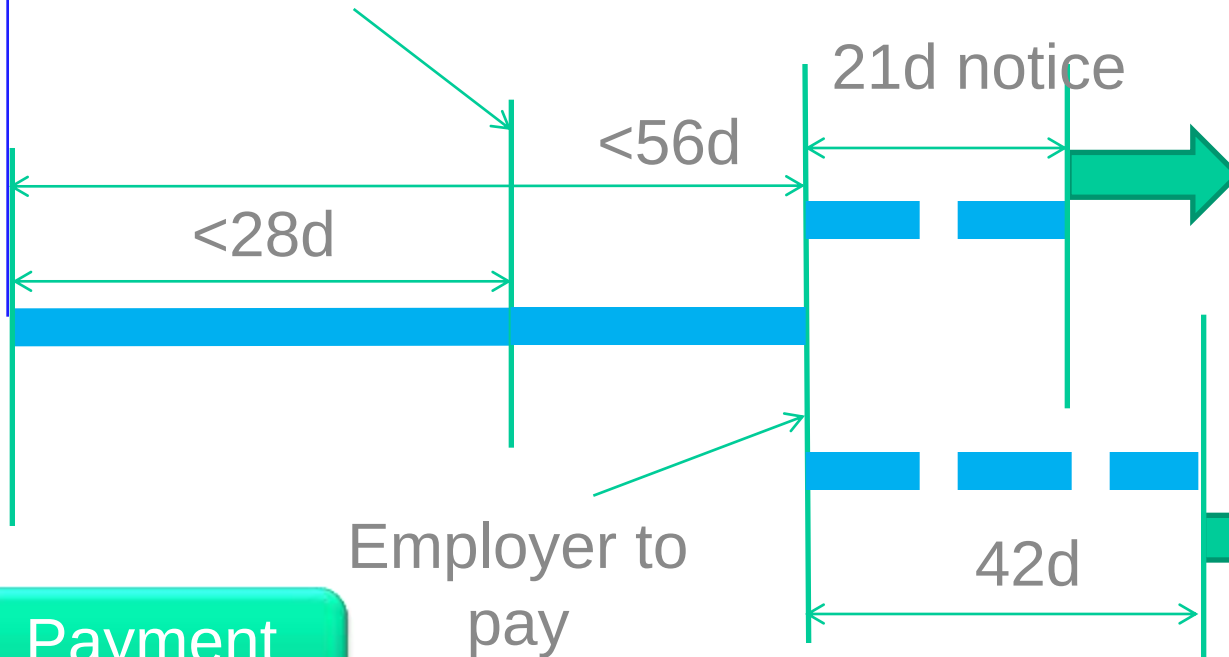
Contractor to
suspend or reduce
the rate of progress
– 16.1

Employer to
pay

42d

Contract
Termination
after 14 days
notice – 16.2

Payment
Application



Major steps under FIDIC Explaining the timeline



Fédération Internationale des Ingénieurs-Conseils

Statement at Completion

Engineer to
Certify



- Contractor to suspend or reduce the rate of progress – 16.1
- Contract Termination – 16.2

<84d

<28d

<56d

21d notice

Contractor to
suspend or reduce
the rate of progress
– 16.1

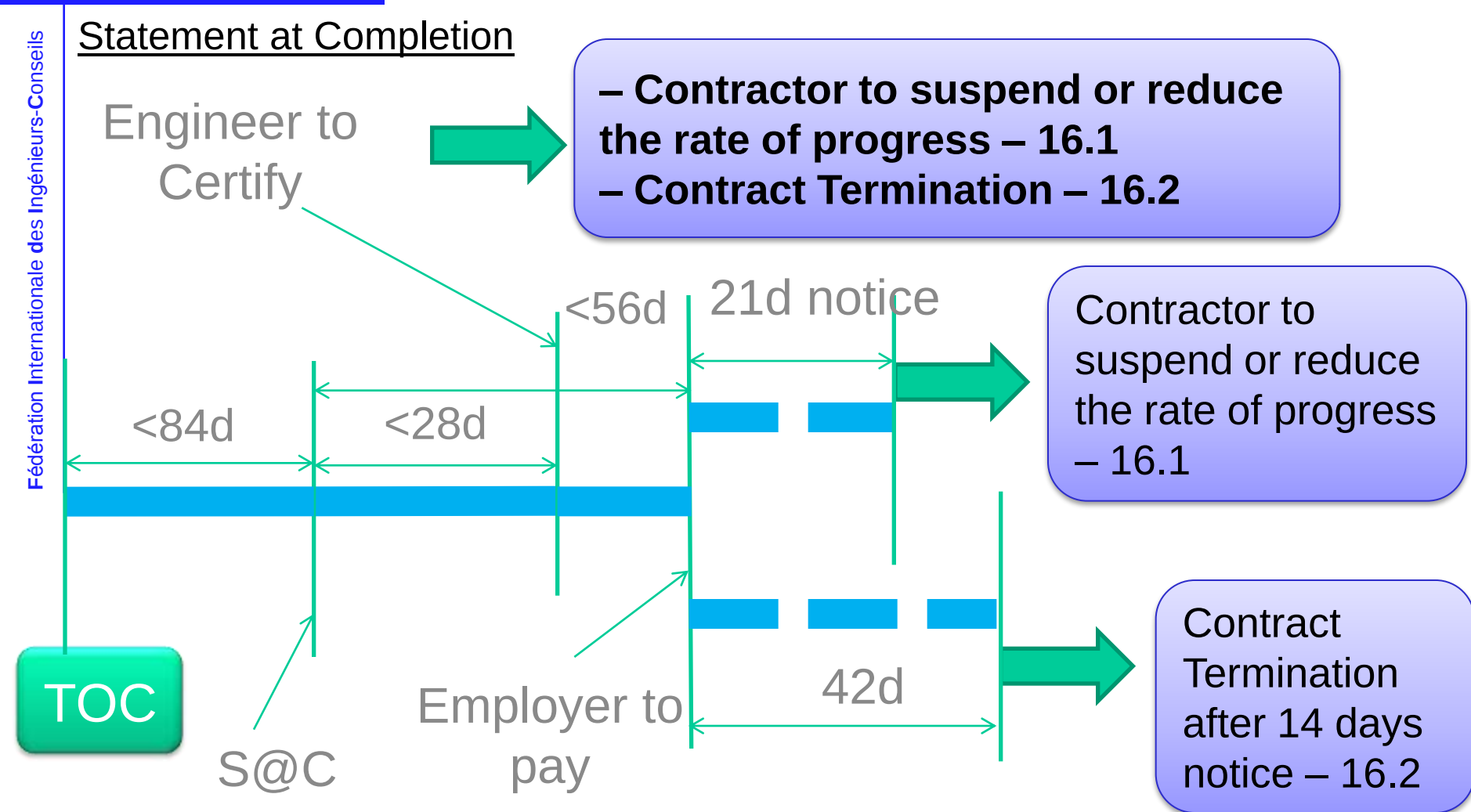
TOC

S@C

Employer to
pay

42d

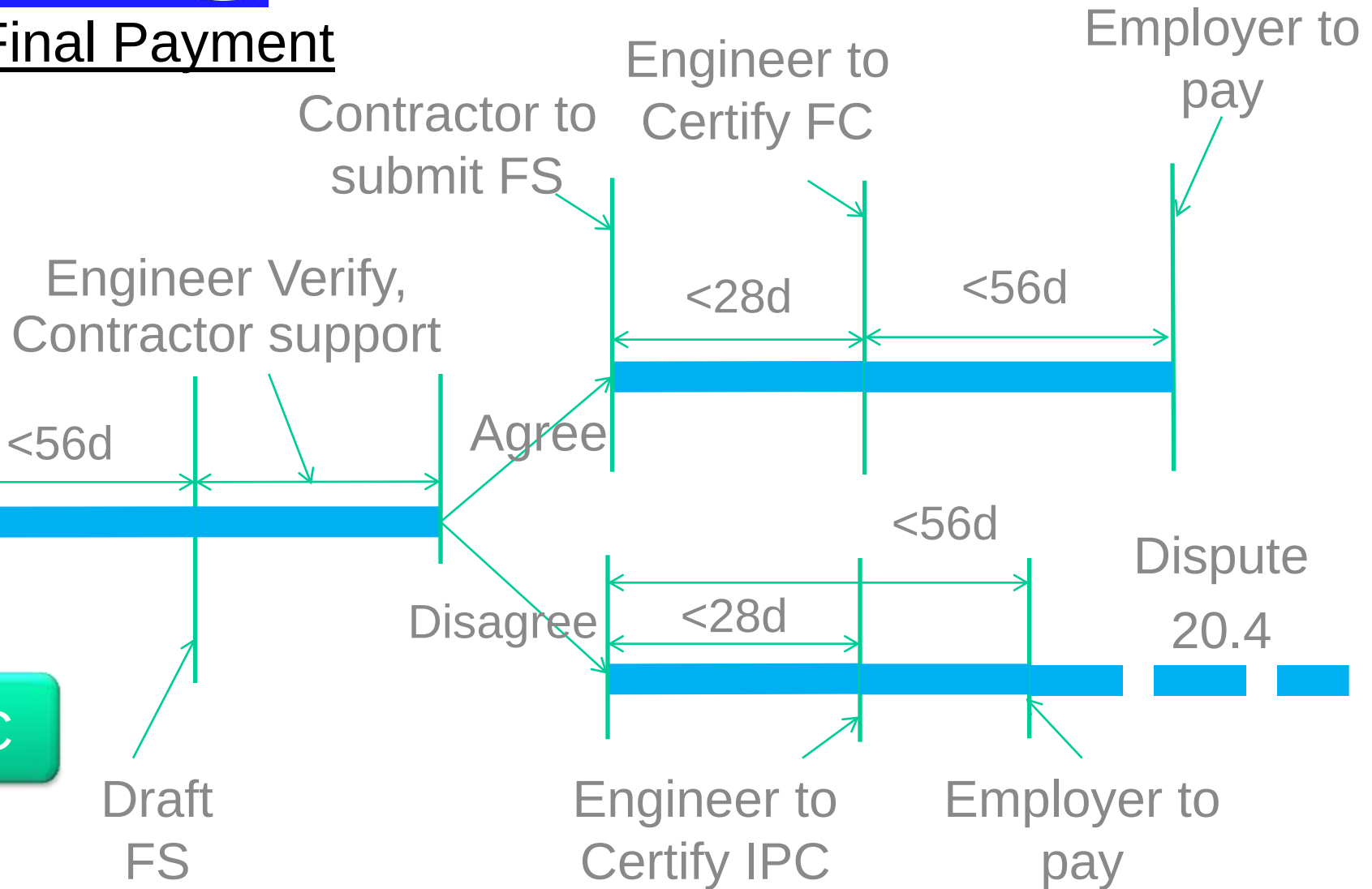
Contract
Termination
after 14 days
notice – 16.2



Major steps under FIDIC Explaining the timeline



Final Payment



Major steps under FIDIC Explaining the timeline



Claim Procedure

- No EoT
- No additional payment

Notification of Claim

Engineer to respond

Approve

Disapprove

Further particulars

Claim Principals

<28d

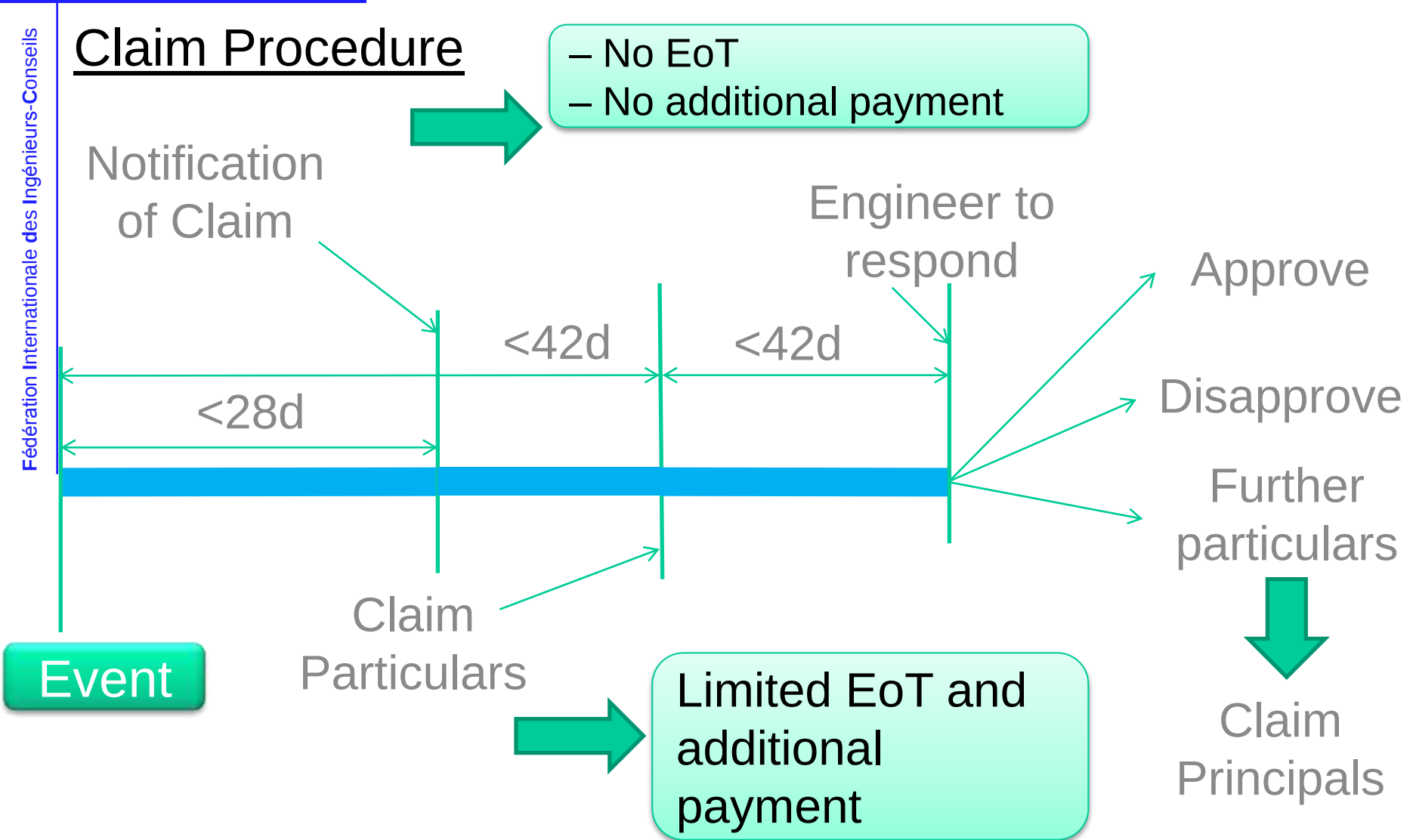
<42d

<42d

Claim Particulars

Limited EoT and additional payment

Event



Major steps under FIDIC Explaining the timeline



Project Closure

Test on
Completion

Performance
Certificate

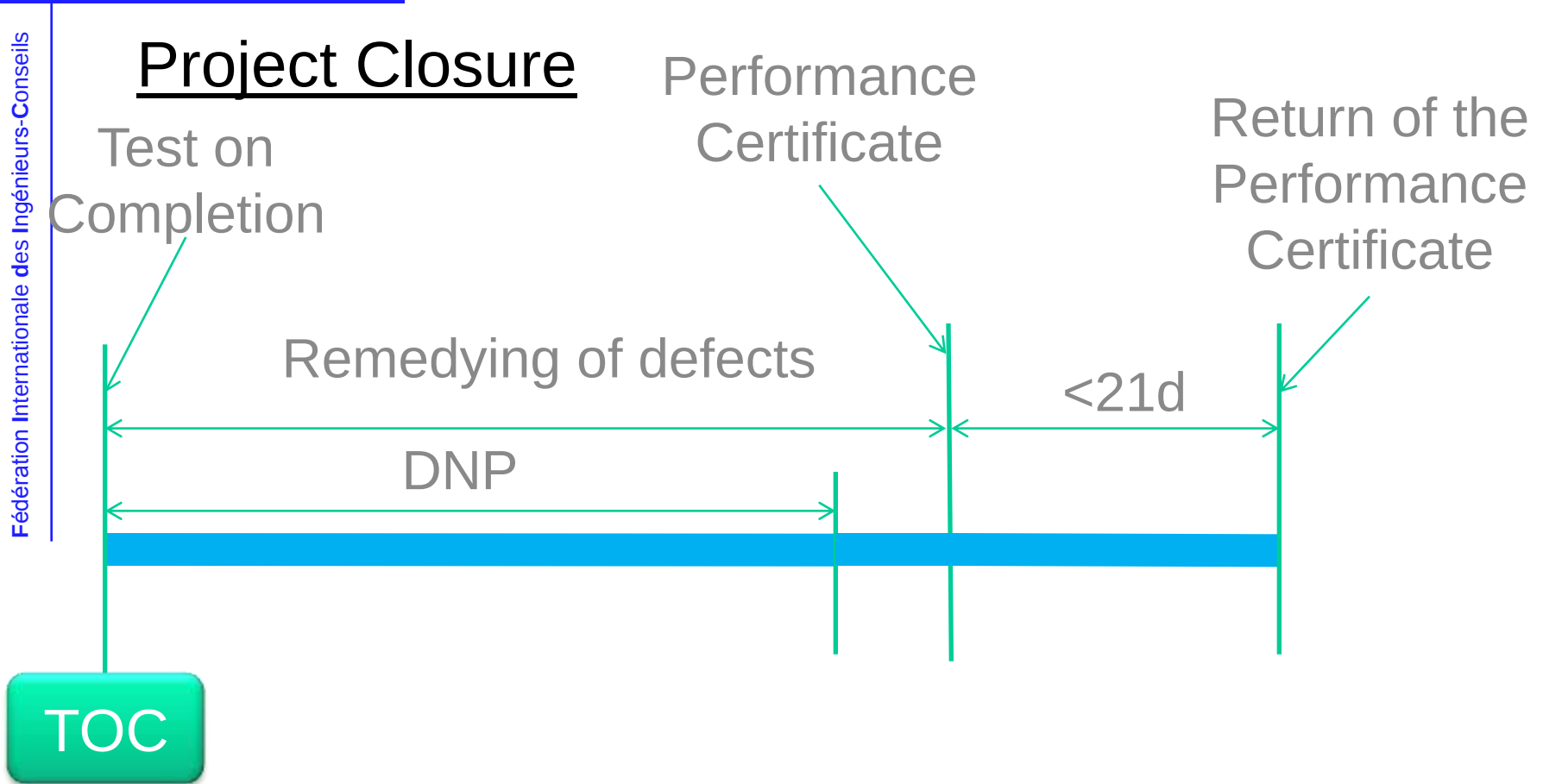
Return of the
Performance
Certificate

Remedying of defects

<21d

DNP

TOC





Stages of disputes resolution

Dispute

Clause 20.4

DAB Procedure

Clause 20.2, 20.4

Decision

Clause 20.4

Amicable Settlement

Clause 20.5

Arbitration

Clause 20.6, 20.7

• DAB :How This procedure work?

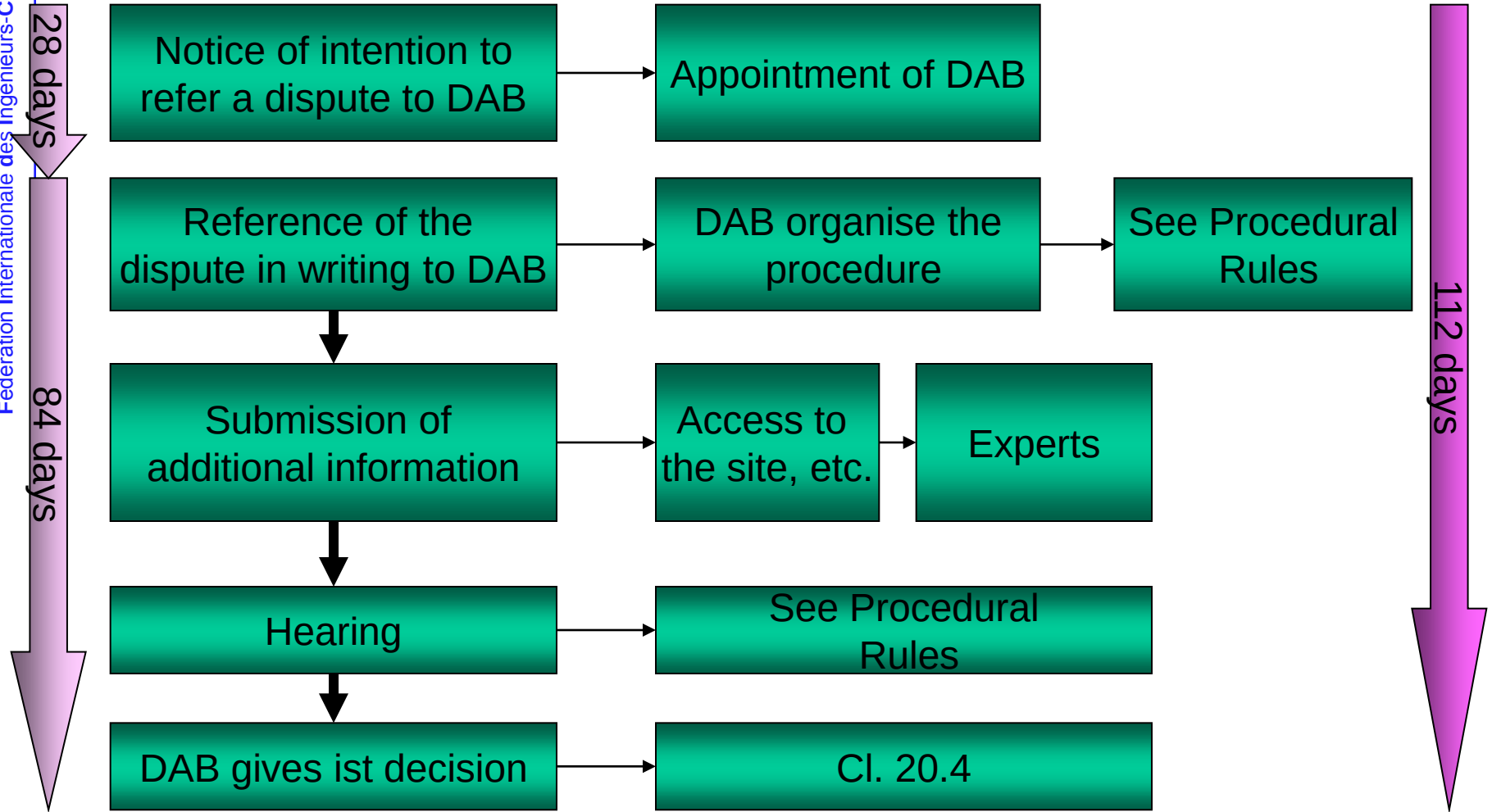
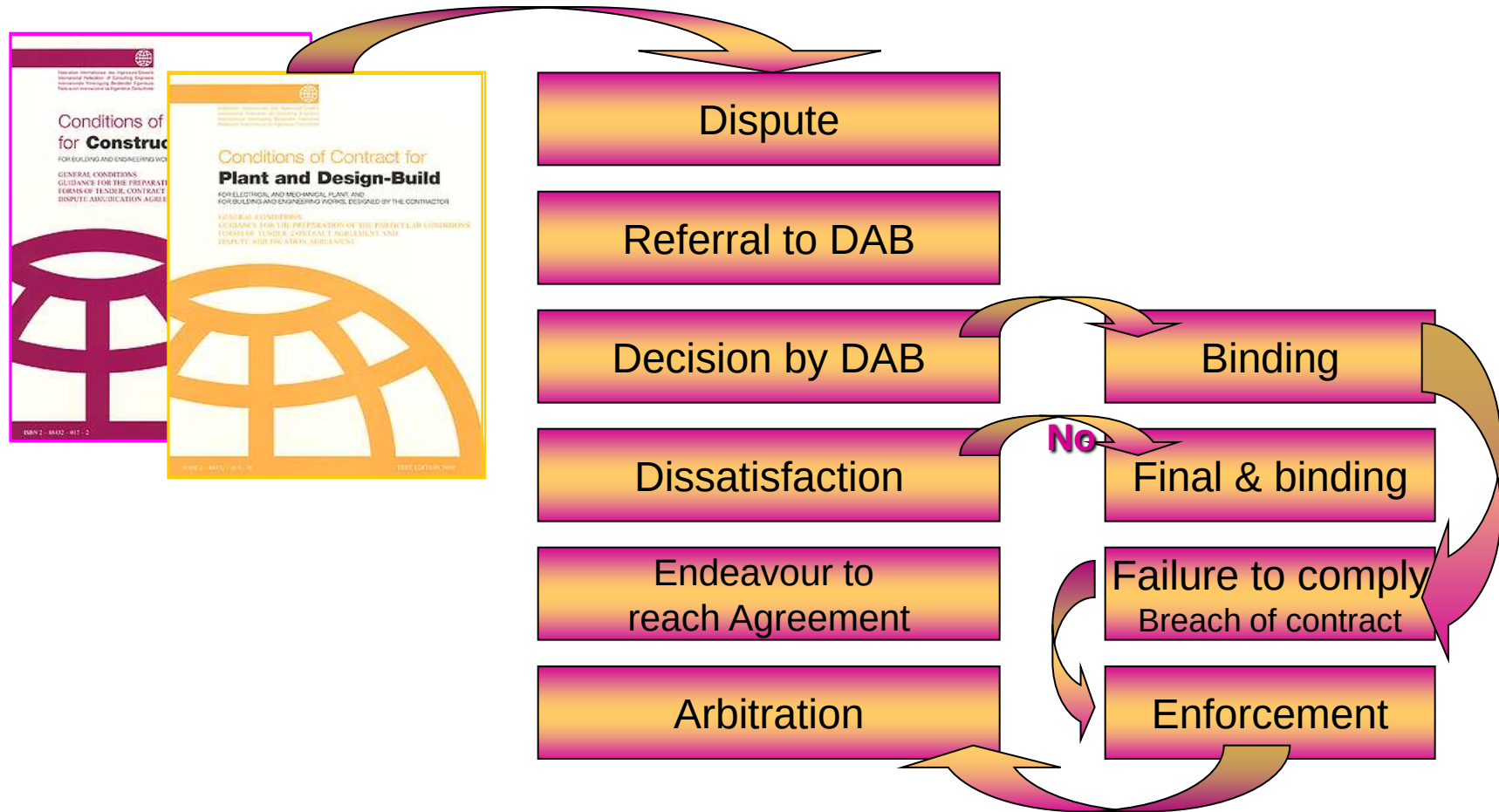
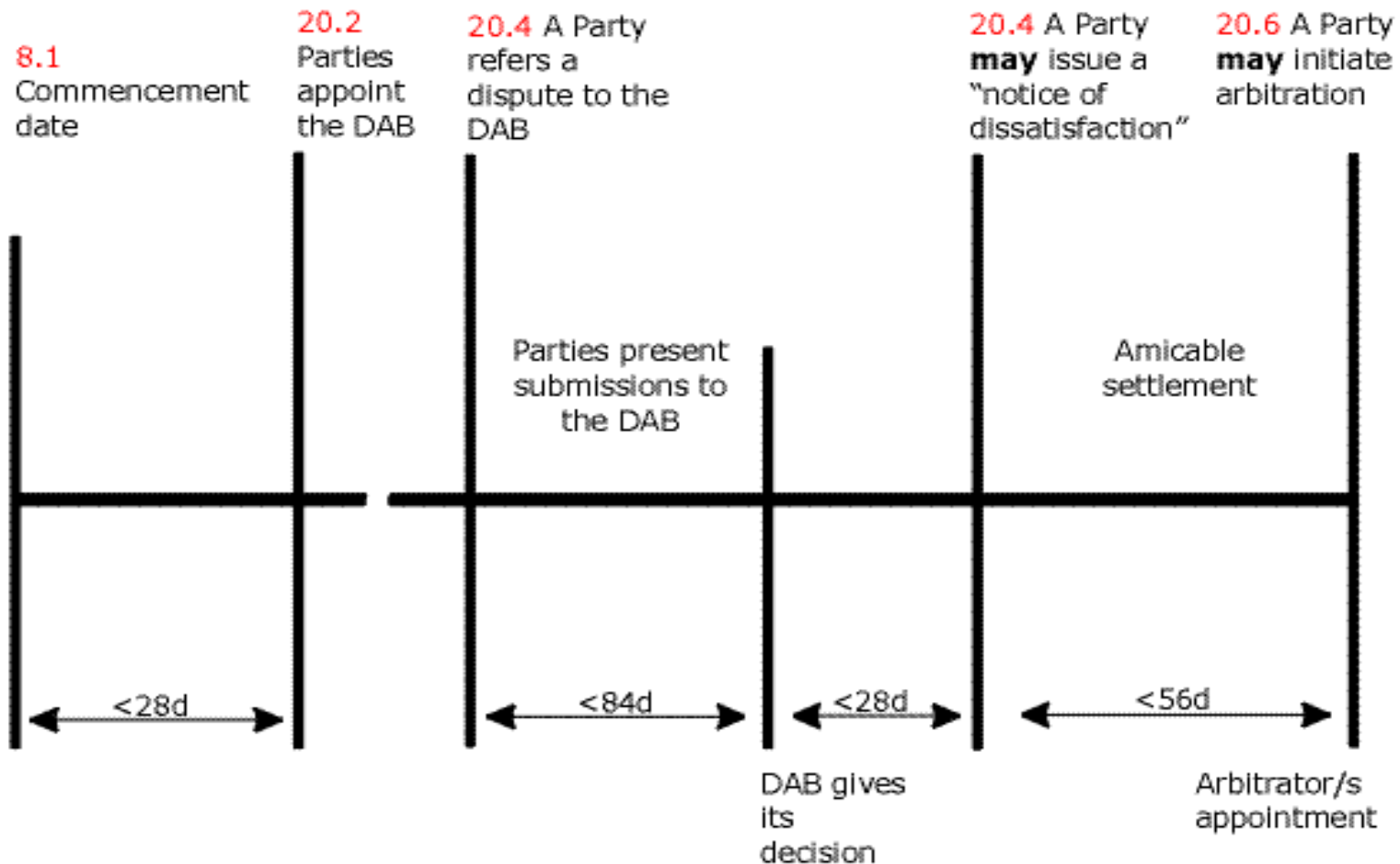


Chart: FIDIC système of Disputes resolution





Typical Sequence of Dispute Events Envisaged in Clause 20



Major steps under FIDIC Explaining the timeline



Dispute

- No EoT
- No additional payment

Event

<28d

Notification of Claim

Y

<42d

Claim Particulars

<42d

Engineer to respond

N

DAB

<84d

DAB Decision 20.4

N

Notification 20.4

N

<28d

Amicable Settlement 20.5

56d

Succeeded

Y

Arbitration 20.6

N

N

Parties Accepted

Y

Dispute Resolved

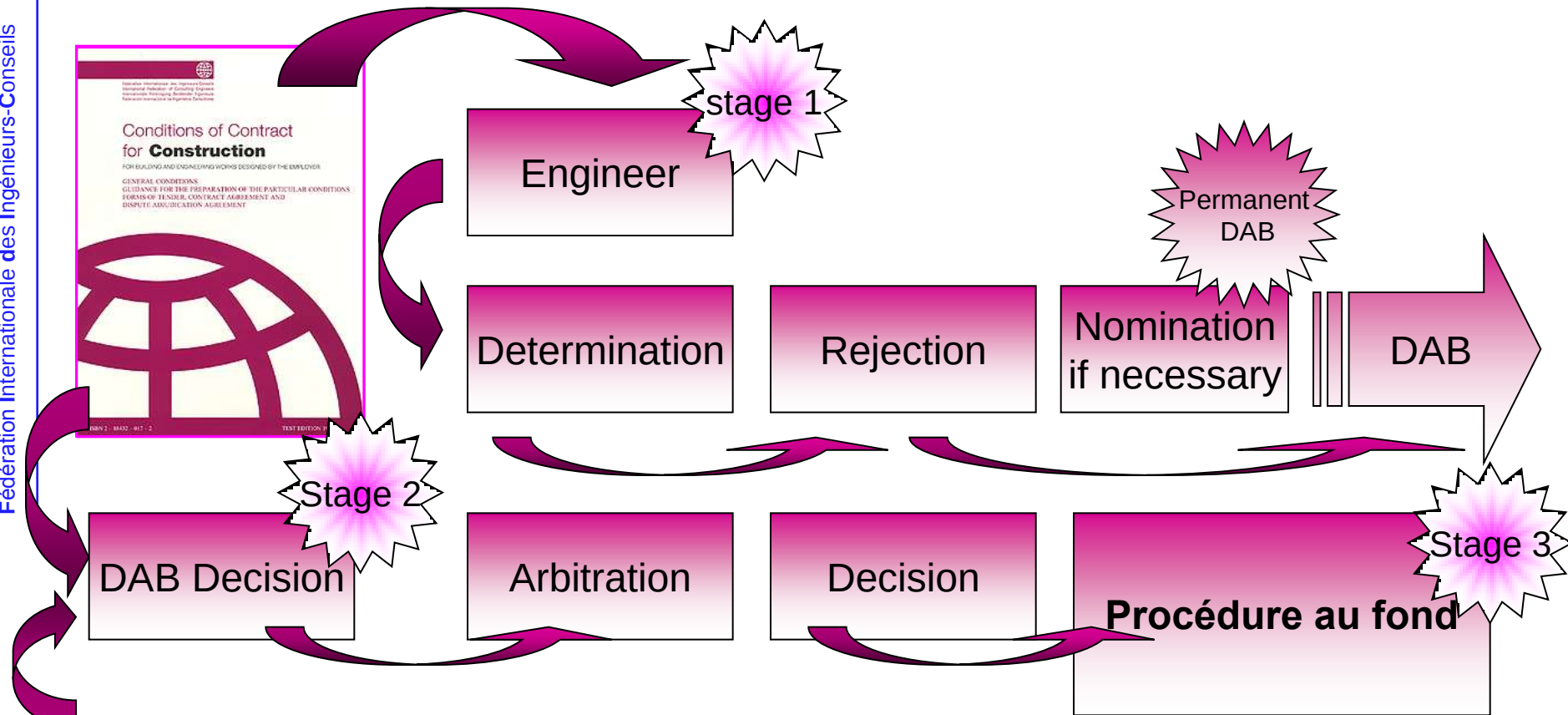


- FIDIC Books recommande the ICC procedure of Arbitration (Clause 20.6).



Unless otherwise agree ...
the dispute shall be settled
under the Rules of Arbitration of the ICC

- The ICC is not a permanent tribunal, but it is an organisation:
 - Who recommends rules of procedures.
 - Who nominates Arbitrators.
 - Who is charged of quality control.



Red Book

– General Conditions, Cl. 20.6:

- The arbitrator(s) shall have full power to „open up, review and revise any certificate, determination, instruction, opinion or valuation of the Engineer, and any decision of the DAB, relevant to the dispute“.
- Neither Party shall be limited in the proceedings ... to the evidence or arguments previously put before the DAB ...



Thanks