



CLAIMS CLASS

MODULE 3

General Provisions of the FIDIC Forms of Contract

VIDEO 1

General Provisions

Clause 1 – General Provisions

1.1 Definitions

- Lists words and phrases used in the Contract and defines their meaning

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1.2 Interpretation

- Clarifies the meaning and definition of certain words used in the Contract, for example:
 - Agreements to be in writing
 - “‘Written’ or ‘in writing’ means hand-written, type-written, printed or electronically made, and resulting in a permanent record.”

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1.3 Communications

- Provides that formal and important communication shall be in writing
- The method and place of delivery of communications shall be stated in the Appendix to Tender
- Approvals, certificates, consents and determinations shall not be unreasonably withheld
- Notices and certificates shall be copied to both Parties

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1.4 Law and Language

- The Contract shall be governed by the law of the country stated in the Appendix to Tender
- In case that more than one language is used, the language stated in the Appendix to Tender shall prevail
- The language for communications shall be that stated in the Appendix to Tender

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1.5 Priority of Documents

- Documents are mutually explanatory
- Provides a list of documents in order of priority
- In the case of ambiguity or discrepancy, the Engineer shall issue clarifications

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1.6 Contract Agreement

- Obliges the Parties to enter into a Contract Agreement within 28-days of the Letter of Acceptance unless agreed otherwise
- Contract Agreement shall be based on the form annexed to the particular Conditions

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1.7 Assignment

- Neither party is permitted to assign the whole or any part of the Contract except with the agreement of the other Party

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1.8 Care and Supply of Documents

- Specification and Drawings shall be in the custody and care of the Employer (Red Book)
- Contractor's Documents shall be in the custody and care of the Contractor until taken over
- Includes provisions for the copying of documents to the other Party
- Contractor to keep a copy of the Contract, other documents named in the Specification and communications given under the Contract on the Site. The Employer's personnel shall have access to the documents
- The Parties are obliged to give notice upon discovering an error or defect in the documents

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1.9 Delayed Drawings or Instructions (Red Book)

- The Contractor shall give notice when the Works are likely to be delayed if necessary drawings or instructions are not issued within a particular time
- If the Contractor suffers delay or incurs Cost he shall give a further notice and be entitled to an extension of time and the payment of Cost plus reasonable profit
- Engineer required to agree or determine the matters

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1.9 Errors in the Employer's Requirements (Yellow Book)

- If the Contractor suffers delay or incurs Cost as a result of an error in the Employer's Requirements, he shall give notice and be entitled to an extension of time and the payment of Cost plus reasonable profit
- The test for entitlement is *'that 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 Requirements)'*
- Engineer required to agree or determine the matters

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1.13 Compliance with Laws

- The Contractor shall comply with applicable Laws
- Employer shall obtain the planning, zoning or similar permission for the Works, and any other permissions described in the Specification
- Contractor shall give all notices, pay all taxes, duties and fees, and obtain all permits, licences and approvals required by the Laws

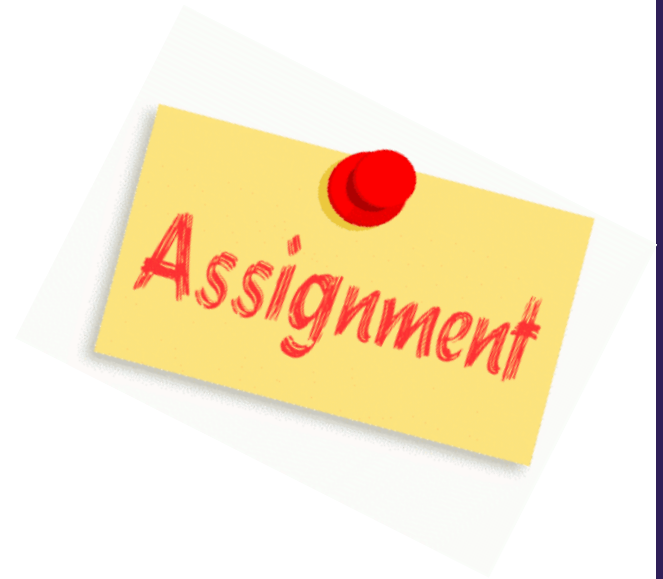
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1.14 Joint and Several Liability

- If the Contractor is a joint venture or consortium they shall:
 - Be jointly and severally liable to the Employer
 - Notify the Employer of the leader
 - Not alter the composition or legal status without the prior consent of the Employer

Assignment 1

Which Form of Contract?



1. Refer to the case studies for this module
2. What would be the most suitable form of contract to use for the case studies?
3. Give the reasons for your choice
4. You may consider that more than one form of contract may be suitable. In such a case, give the advantages and disadvantages for those considered