

# JAMAICA INSTITUTION OF ENGINEERS



## “LOCAL DEVELOPMENT IN GLOBAL PERSPECTIVE”

**FRIDAY, SEPTEMBER 23, 2011**

***PRESENTER: WAYNE G. REID, F.J.I.E.***

# INTRODUCTION TO FIDIC

- (1) FIDIC - *THE ORGANIZATION*
- (2) FIDIC CONTRACT
- (3) FIDIC'S IMPACT ON INFRASTRUCTURE DEVELOPMENT IN JAMAICA & THE CARIBBEAN
- (4) FIDIC BOOKS / CONTRACTS
- (5) MULTI-LATERAL ORGANIZATIONS / FIDIC
- (6) CONSULTANT / FIDIC
- (7) EXAMPLES OF FIDIC USE

# LOCAL DEVELOPMENT IN GLOBAL PERSPECTIVE

- **GLOBAL PERSPECTIVES:**

- (a) Standards

- (b) Codes

- (c) Finance

- (d) Legal

- Embodied in Contracts

# FIDIC – THE ORGANIZATION

## **Federation Internationale Des Ingenieurs – Conseils International Federation of Consulting Engineers**

- Founded in 1913 – Head Office in Geneva, Switzerland.
- Represents globally the Consulting Engineering Industry.
- Associates in 86 countries not including Jamaica.
- Best known for its range of General Conditions of Contract.

# CONTRACTS – RISK ALLOCATION

- Construction - For Building & Engineering Works designed by the Employer  
RED BOOK 1999 Edition
- Plant & Design Build - For Electrical and Mechanical Plant and for Building & Engineering Works designed by the Contractor  
YELLOW BOOK 1999 Edition
- Design – Build & Turnkey – ORANGE BOOK 1995 Edition
- EPC Turnkey – Design & Build  
SILVER BOOK 1999 Edition

# CONTRACTS – RISK ALLOCATION

- Short Form –  
GREEN BOOK 1999 Edition
- DBO – Design Build and Operate  
GOLD BOOK 2007 Edition
- MDB – Construction Contract amended for  
Multi-Lateral Development Banks  
RED BOOK MDB 2005 Edition

# CONTRACTS – RISK ALLOCATION

## Other Contracts Include:

- Dredging & Reclamation Works  
TURQUOISE BOOK 2006 Edition
- SERVICES AGREEMENT ( Consultant / Employer )  
WHITE BOOK 2006 Edition



# BASIS FOR CONTRACTS



- Method of Procurement not the nature of the Construction Works
- Responsibilities / Risks assumed by Employer and the Contractor



# STANDARDISED CONTRACTS

- Applicable to wide range of Building, Engineering and Construction Works.
- Same words and definitions used in different contracts.
- Core of common conditions.
- Amendments allowed in incorporation of PARTICULAR CONDITIONS (PART II). (Ensure that no conflict emerges between General & Particular and between new clauses in Particular).
- **BE WARY OF NEW CONTRACTS FORMULATED FROM SCRATCH or by HYBRIDIZATION.**

# STANDARDISED CONTRACTS

- Attractive for Global utilisation:
  - (a) Experience gathered in court cases, arbitrations over the years. The First Edition of the RED BOOK was in 1957.
  - (b) Updating of contracts based on ongoing seminars, discussions etc., between FIDIC, Banks, Governments, Contractors, etc.
  - (c) Clarity of clauses – Number of clauses reduced in RED BOOK, now only 20 versus original 70+.

# UTILISATION OF CONTRACTS

- **GREEN BOOK – SHORT FORM OF CONTRACT**
  - Short Form
  - Simple Works
  - Short Durations
  - No Specialist Sub-contractors
  - Employer's Design or Contractor's Design or Mix
  - Employer acts as Engineer
  - Rules for Adjudication

# UTILISATION OF CONTRACTS

- **RED BOOK – WORKS DESIGNED BY EMPLOYER**
  - Employer's Design
  - Allows for Contractor's Design
  - Value Engineering
  - Engineer employed by Employer
  - DAB – Dispute Adjudication Board
  - Arbitration

# UTILISATION OF CONTRACTS

- **RED BOOK MDB – MODIFICATION FOR BANKS**
  - Participating Banks in Contract Preparation include:
    - *African Development Bank*
    - *Asian Development Bank*
    - *Caribbean Development Bank*
    - *European Bank for Reconstruction & Development*
    - *Inter-American Development Bank*
    - *The World Bank*
  - Reduces amendments in Part II

# UTILISATION OF CONTRACTS

- YELLOW BOOK – WORKS DESIGNED BY CONTRACTOR
  - Design by Contractor
  - Employer's Requirements are part of the Contract Documents
  - Engineer employed by the Employer
  - DAB
  - Arbitration

# UTILISATION OF CONTRACTS

- **ORANGE BOOK – DESIGN & BUILD**
  - Contractor Design
  - Utilized in Turnkey Contracts
  - Employer's Requirements
  - Operation by Contractor for limited time as in BOT.

# UTILISATION OF CONTRACTS

- **SILVER BOOK –  
ENGINEERING PROCUREMENT & CONSTRUCTION**
  - EPC / Turnkey Projects.
  - All risks for time, cost, ground conditions, accuracy of Employer's Requirements and quality transferred to the Contractor.
  - Employer retains risk for war, social conditions and Force Majeure
  - NO ENGINEER



# UTILISATION OF CONTRACTS

- **GOLD BOOK – DESIGN, BUILD & OPERATE**
  - DBO
  - Similar to SILVER BOOK
  - Long Term Operations
  - Contractor has no responsibility for financing or commercial

# CONSULTANT'S REQUIREMENTS REGARDING APPLICATION OF FIDIC

- Understand Scope of Works
- Allocate Risks / Responsibilities
- Recommend appropriate Form of Contract
- Know the different Forms of Contract
- Administer the works in accordance with the Contract.
- Aid not Substitute for good Contract Administration.

**\*\*\* END OF PRESENTATION \*\*\***