

Some Important Timelines in the FIDIC 2017 Red Book [Part I]

A SHORT SUMMARY

There are several very important timelines in the FIDIC 2017 Red Book. Compliance with many of these timelines is crucial to either maintaining rights or avoiding liabilities.

All multilateral development banks ('MDB's') have agreed to fully adopt the FIDIC 2017 suite of contracts, replacing the FIDIC 1999 version (which has been the baseline contract for many construction contracts over the last 20 years or so).

The 'Pink Book' - the MDB's version of FIDIC's 1999 'Red Book' - is being phased out. FIDIC 2017 Red Book is very different to FIDIC 1999 - it is nearly twice as long and has 28 additional defined terms, and a number of these are very important.

	<i>FIDIC 1999 Red Book</i>	<i>FIDIC 2017 Red Book</i>
<i>Number of Clauses</i>	163	168
<i>Number of Pages</i>	74	128
<i>Number of Words</i>	35,300	56,900
<i>Number of Defined Terms</i>	60	88

There are also many important differences in the drafting of many clauses and FIDIC 2017 is far more prescriptive than FIDIC 1999. This has delivered significant challenges to owners and contractors alike, but also considerable opportunities and benefits.

At the end of 2022 FIDIC published amendments to the earlier editions of FIDIC 2017, including for the Red Book and the Silver Book versions. These amendments (which are similar in both editions) have sought to clarify some of the issues in earlier versions.

The printed FIDIC conditions contain examples of only four different timelines but does not include others which are perhaps equally, or indeed far more important.

The following article addresses numerous other timelines.

Failure to comply with the requirements contained within these timelines will severely impact rights and entitlements.

Managing contracts under FIDIC 2017 will require much higher contract administration expertise (with the attendant additional costs).

COMPLIANCE WITH THE PRESENTED TIMELINES IS OFTEN A PRE-CONDITION TO ENSURING THE RIGHT TO ENTITLEMENTS TO ADDITIONAL PAYMENT AND/OR EXTENSIONS OF TIME



Timelines in the Printed FIDIC 2017 Red Book

There are four timelines included in the printed FIDIC 2017 Red Book. These appear immediately after the 'Notes' at the beginning of the document.

These four timelines relate to:

- **Typical Sequence of Principal Events During Contracts for Construction** [and encompassing some key events from the issue of tender documents through to return of the contractor's performance security]
- **Typical Sequence of Payment Events Envisaged in Clause 14** [and encompassing some key events from receipt by the engineer of the contractor's interim payment application through to payment by the employer]
- **Typical Sequence of Dispute Events Envisaged in Clause 21** [and encompassing some key events from the contractor receiving the Letter of Acceptance and the appointment of a Dispute Avoidance/Adjudication Board through to the appointment of an arbitrator]
- **Typical Sequence of Events in Agreement or Determination under Sub-Clause 3.7** [and encompassing some key events from the Engineer commencing a consultation between the employer and the contractor, through to a notice of determination by the Engineer (or a Notice of Dissatisfaction from either the employer or the contractor)]



The World Bank, AIIB, EBRD, EIB, ADB, AfDB, IsDB, IDB, and CDB, have all agreed to fully adopt the FIDIC 2017 suite of contracts. The 'Pink Book' (the multinational development banks version of the FIDIC 1999 'Red Book') is being withdrawn. Some regard FIDIC 2017 as having responded to real market requirements and created a document which provides a valuable and practical contract management tool. Other commentators view FIDIC 2017 as too lengthy and overly complex, and hence unsuitable for small or simple projects.

Whilst these are valuable timelines to highlight, they are not the only important timelines – and arguably not the most important.

Further important timelines in the FIDIC 2017 Red Book are addressed below.



FIDIC 2017 is far lengthier than FIDIC 1999 and is much more complex. It might, therefore, likely find most use on very large projects.



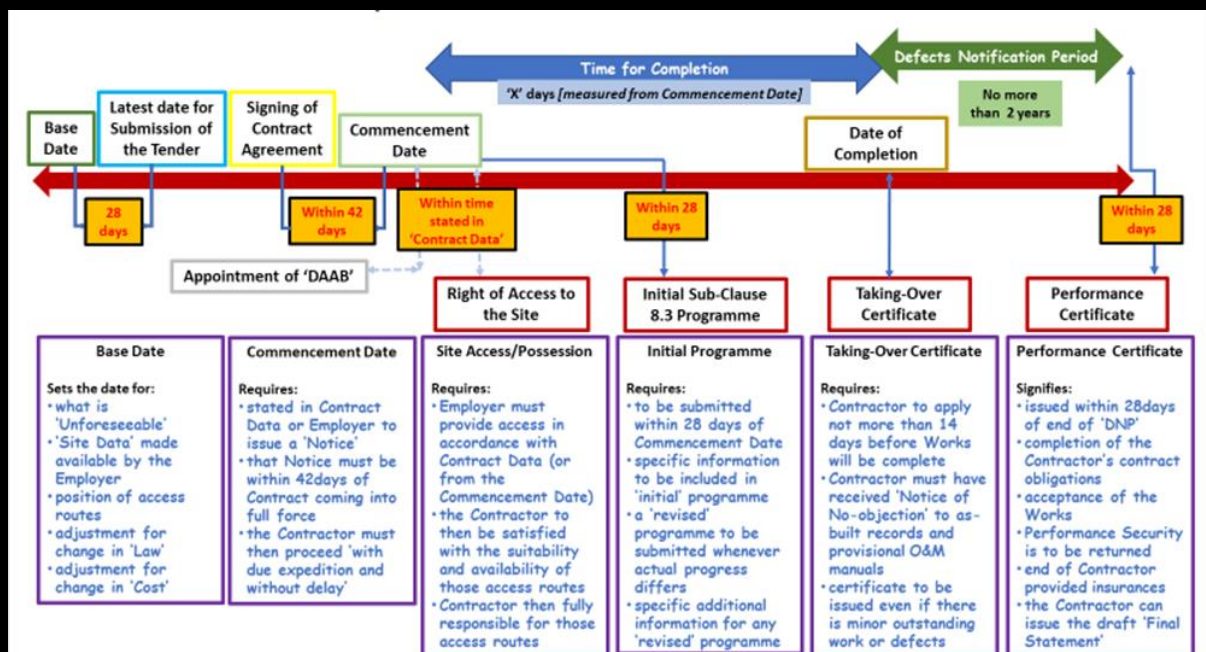
Contract administration under FIDIC 2017 will cost contractors far more than under FIDIC 1999. Requirements and processes under FIDIC 2017 are much more complex and prescriptive. This is particularly the case with the specific requirements for the initial and revised programmes, and for submission of a 'fully detailed Claim'. But there are numerous significant advantages in complying with these requirements and processes. Will contractors invest in the additional training, expertise, and technology necessary to be better prepared - or can they afford not to?

Other Important Timelines in the FIDIC 2017 Red Book

(1) A Simple General Timeline

The following chart includes a timeline from the submission of a tender and highlights some important provisions of the FIDIC 2017 Red Book including:

- key elements related to the 'Base Date';
- the requirements for the 'Commencement Date' (and the appointment of the Dispute Avoidance/Adjudication Board, the provisions for site access and possession, and the submission to the Engineer of the initial programme;
- the requirements for completion and issue of the 'Taking-Over Certificate; and
- the requirements for the 'Defects Notification Period' and the issue of the 'Performance Certificate'.



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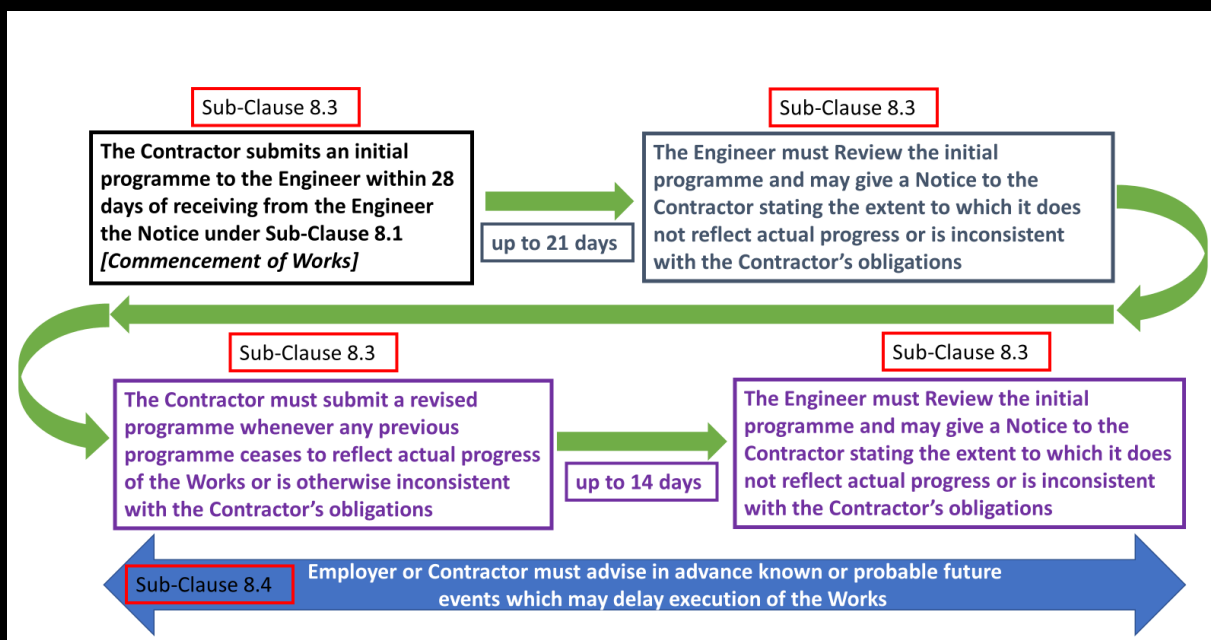


(2) Submission of the Initial Programme and a Revised Programme

The following chart addresses the requirements for the submission to the Engineer of the initial programme and revised programmes under Sub-Clause 8.3. the following are highlighted:

- *the submission of an initial programme within 28 days of receipt from the Engineer of a Notice stating the 'Commencement Date' of the Works;*
- *the obligation of the Engineer to (within 21 days) review that initial programme;*
- *the submission of a revised programme whenever any previous programme ceases to reflect the actual progress being made by the Contractor, or whenever the previous programme is inconsistent with the Contractor's obligations;*
- *the obligation of the Engineer to (within 14 days) review that revised programme;*
- *and*
- *the requirement upon both the Employer and the Contractor to advise of any future events which may delay the progress or completion of the Works.*

These are, perhaps, the most important requirements for contractors.



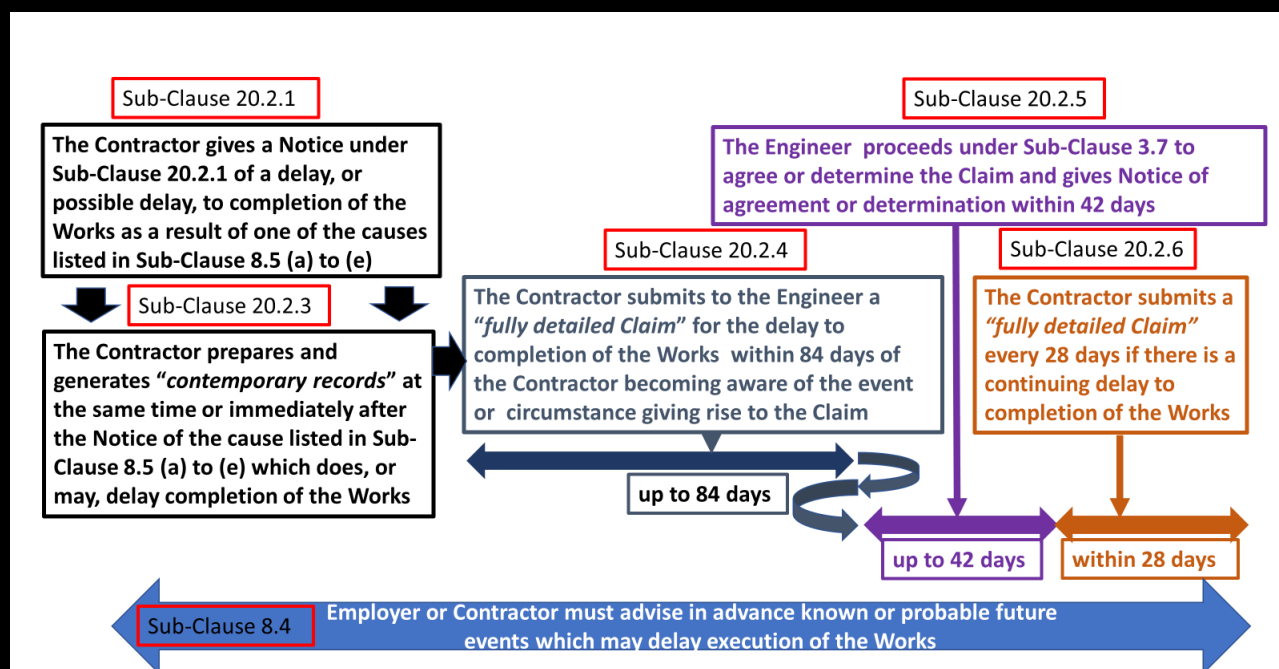
Under FIDIC 2017 has a clear difference between a 'Claim' and a 'Dispute'. For contractors there is a very precise process to be followed for:

- the giving of a Notice of Claim;
- the collection and submission of contemporary records; and
- the submission of a 'fully detailed Claim'.

(3) Process for Delay Claim Submission

The following chart addresses the requirements for the submission of a claim for extension of time when there has been an excusable delay to completion of the Works. The following are highlighted:

- the obligation to give a 'Notice' under Sub-Clause 20.1 (including the cause of the delay giving the Contractor the right to an extension of time);
- the requirement for the Contractor to have "contemporary records" of the delay and the effects of the delay;
- the obligation upon the Contractor to submit a "fully detailed Claim" within 84 days of becoming aware of the right to claim;
- the requirement for the Engineer to agree or determine the 'Claim' within 42 days of receipt of the "fully detailed Claim"; and
- the potential importance of the notification (under Sub-Clause 8.4) of known or probable future events which may delay the progress or completion of the Works.

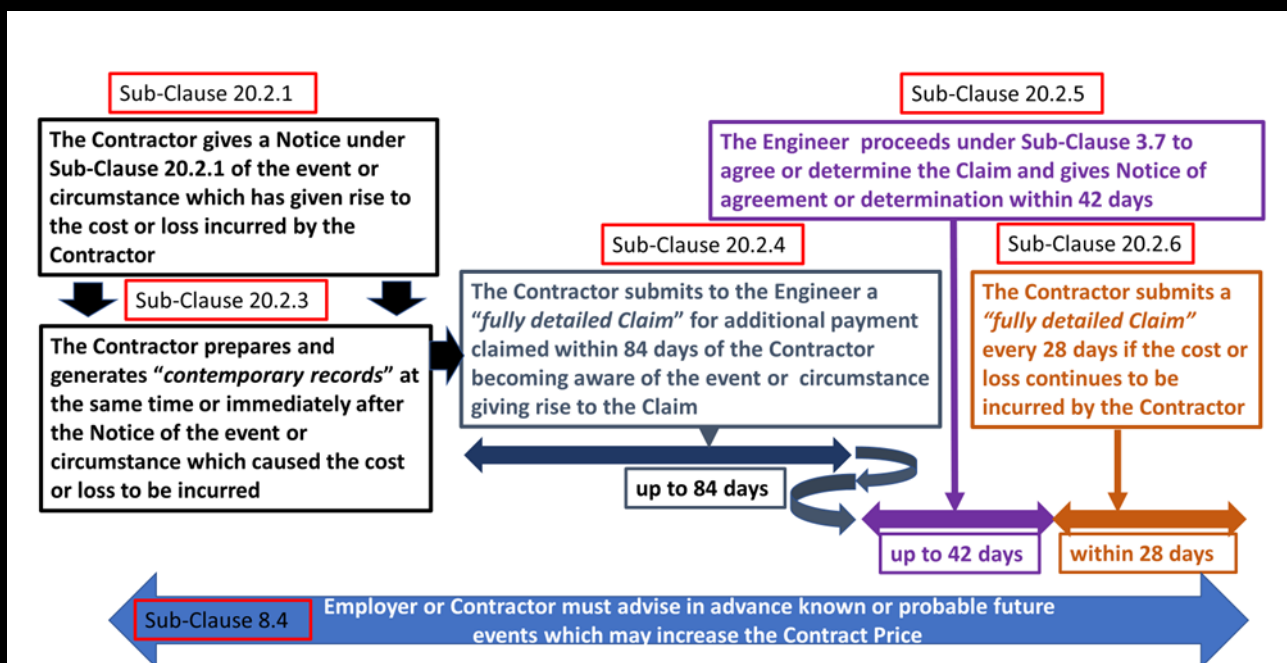


Further major differences in FIDIC 2017 affecting obligations for protecting rights and entitlements and for which particular attention must be given are new requirements for the submission of an initial programme and a revised Programme, obtaining a 'Taking-Over Certificate', for the 'Tests on Completion' and 'Tests after Completion', and for the rectifying of defects.

(4) Process for Additional Payment Claim Submission

The following chart addresses the requirements for the submission of a claim for additional payment. The following are highlighted:

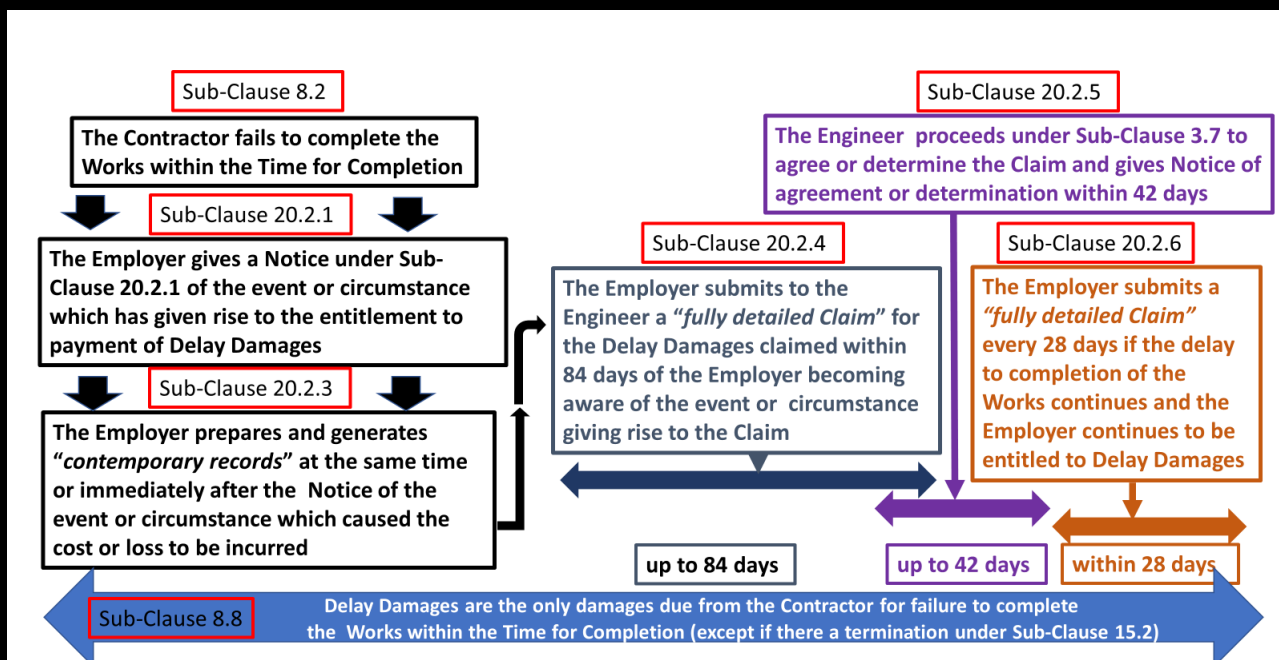
- *the obligation to give a 'Notice' under Sub-Clause 20.1 (including the cause of the additional cost or losses giving the Contractor the right to claim additional payment);*
- *the requirement for the Contractor to have "contemporary records" of the costs and/or losses incurred;*
- *the obligation upon the Contractor to submit a "fully detailed Claim" within 84 days of becoming aware of the right to claim;*
- *the requirement for the Engineer to agree or determine the 'Claim' within 42 days of receipt of the "fully detailed Claim"; and*
- *the potential importance of the notification (under Sub-Clause 8.4) of known or probable future events which may delay the progress or completion of the Works.*



(5) Process for Delay Damages Recovery

The following chart addresses where the Contractor fails to complete the Works within the Time for Completion and becomes liable for 'Delay Damages'. The following are highlighted:

- *the obligation upon the Employer to give a 'Notice' under Sub-Clause 20.1 of the reasons giving the Employer the right to impose 'Delay Damages';*
- *the requirement for the Employer to have "contemporary records" of the delay to the Time for Completion;*
- *the obligation upon the Employer to submit a "fully detailed Claim" within 84 days of becoming aware of the right to claim recovery of 'Delay Damages';*
- *the requirement for the Engineer to agree or determine the 'Claim' within 42 days of receipt of the "fully detailed Claim"; and*
- *any 'Delay Damages' imposed by the Employer are the only damages for delay payable by the Contractor (except where there is a termination of the Contract because of default by the Contractor).*



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PROCUREMENT TYPE

PPP, PFI, IPP, IWPP and PROJECT PARTNERING, EPC, EPCM, DESIGN AND BUILD, DESIGN, BUILD and OPERATE, EARLY CONTRACTOR INVOLVEMENT and many HYBRID FORMS

TYPICAL CLIENTS

INSTITUTIONAL and PRIVATE FUNDERS, GOVERNMENT AGENCIES, PRIVATE SPONSORS, INVESTORS and DEVELOPERS, INSURERS, MAJOR INTERNATIONAL CONTRACTORS, EQUIPMENT VENDORS/SUPPLIERS and OPERATORS

If you require any further discussion or explanation of the matters described above, then please let us know.

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