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EGYPT INTERNATIONAL EXHIBITION CENTER
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The Use of FIDIC Standard Forms of Contracts in Egypt – Advantages and Challenges





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Standard Forms of Contracts







- Originally, the contracts in construction projects were perceived as a legal document to be only consulted when a dispute arose
- In recent years, the role of the contracts has undergone a radical change and is currently being used as a manual of good project management procedures
- This resulted in the issuance of standard forms of contracts used in construction projects



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Standard Forms of Contracts







- Fédération Internationale des Ingénieurs-Conseils (FIDIC) ✓
- Institution of Civil Engineers (ICE)
- The New Engineering Contract (NEC)
- International Chamber of Commerce (ICC)
- Joint Contracts Tribunal (JCT)
- American Institute of Architects (AIA)



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FIDIC







- The construction industry in the Middle East is witnessing continuous growth that attracts international contractors and investors to its projects
- The FIDIC contracts are becoming among the most commonly used standard conditions of contract in Egypt and the Middle East
- World Bank and the FIDIC
- FIDIC is the French acronym for the International Federation of Consulting Engineers

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The 1999 FIDIC Suite of Contracts (‘FIDIC rainbow’)







- 99 Red Book
- 99 Yellow Book
- 99 Silver Book
- 99 Green Book



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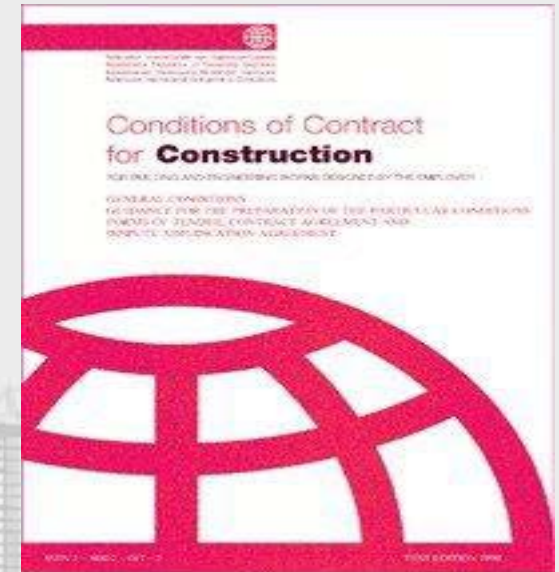
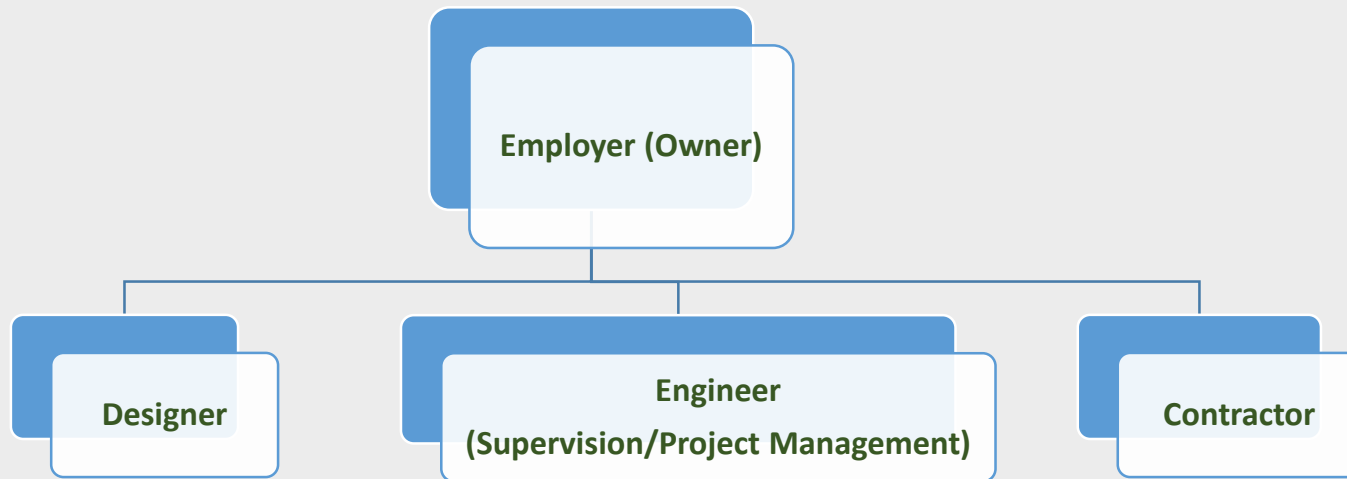
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99 Red Book



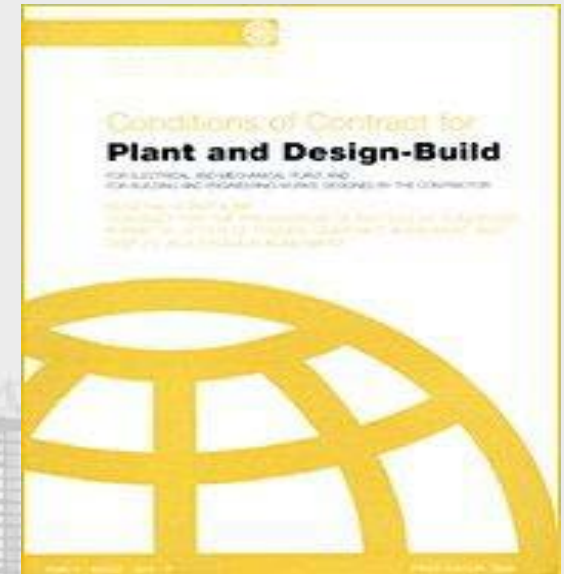
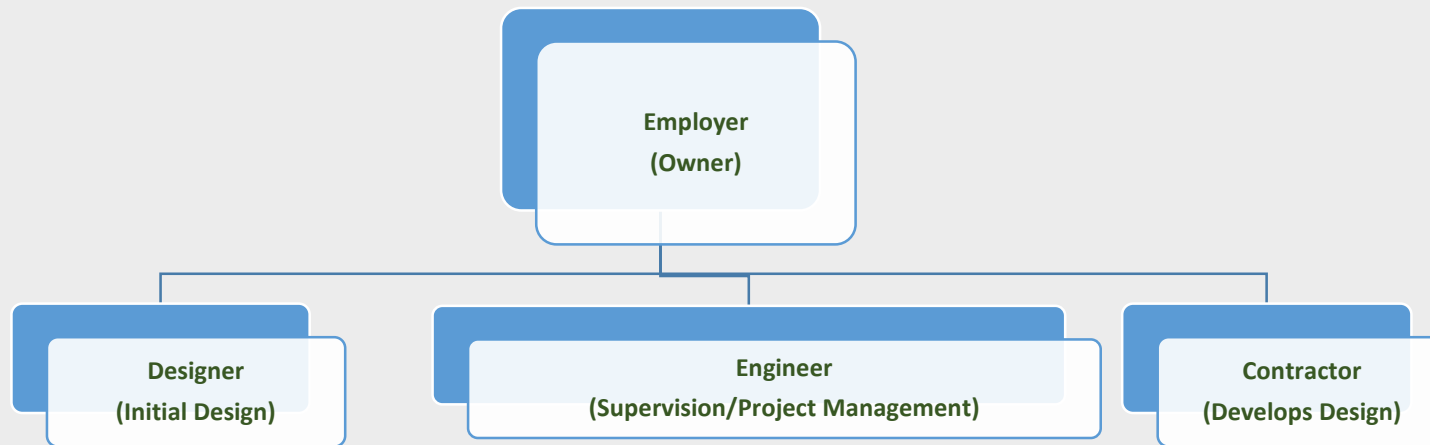
- Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer
- Traditional method of construction



99 Yellow Book







- Conditions of Contract for Electrical and Mechanical Plant and for Building and Engineering Works Designed by the Contractor
- Design-Build



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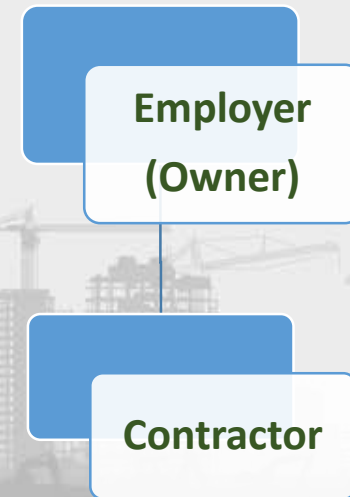
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99 Silver Book





- Conditions of Contract for EPC/Turnkey Projects
- EPC (Engineering, Procurement and Construction)
- Design by the contractor
- Most of the risks are allocated to the Contractor, so Employer pays more



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99 Green Book







- Short form of Contract
- Recommended for building or engineering works of small value
- May be suitable for contracts of greater value: simple work, repetitive work or work of short duration
- Language is simple



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Use of FIDIC – Advantages







- Familiarity
- Efficiency
- Response to the need of the parties and filling the gaps
- Suitable for use in domestic and international contracts
- Established form in the region



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Use of FIDIC – Challenges







- The FIDIC contracts are based largely on Common Law principles
- However, Egypt's legal doctrine is founded upon civil law principles
- Most of the Arab countries are heavily influenced by the Egyptian Civil Law
- The wording of some clauses of the FIDIC, when read in the context of the Civil Law, would not have the effect suggested by the FIDIC
- Employers (owners), contractors, international financing organizations, consultants and lawyers, using FIDIC in Civil Law jurisdictions, need to understand the interpretation of the FIDIC against a Civil Law background

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Use of FIDIC – Recommendations







- Awareness of the local laws is a must for contractors and employers operating with FIDIC contracts in Egypt and the Arab Middle East countries
- Engaging efficient contract engineers/lawyers, as part of a proper risk management
- Amendments need to be made to the FIDIC conditions of contracts to be used in Egypt and the Arab Middle East countries



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