



Municipal Infrastructure Support Programme
An EU-funded project

MUNICIPAL INFRASTRUCTURE SUPPORT PROGRAMME

●●● Building together for the future

PROGRAM PODRŠKE RAZVOJU INFRASTRUKTURE LOKALNE SAMOUPRAVE

●●● Gradimo zajedno za budućnost

FIDIC – CONTRACT RULES

Yellow and Grey books

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For contracting in civil engineering 4 basic forms of contract exist:

- **Green book** – Short Form of Contract
- **Red book** – Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer
- **Yellow book** – Conditions of Contract for Plant and Design-Build for Electrical and Mechanical Plant and for Building and Engineering Works Designed by the Contractor
- **Grey book** – Conditions of Contract for EPC/Turnkey Projects



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FIDIC has long been renowned for its standard forms of contract for use between employers and contractors on international construction projects, in particular:

Conditions of Contract for Electrical and Mechanical Works including Erection on Site: The Yellow book (1987)

Conditions of Contract for Design-Build and Turnkey: The Grey book (1995)



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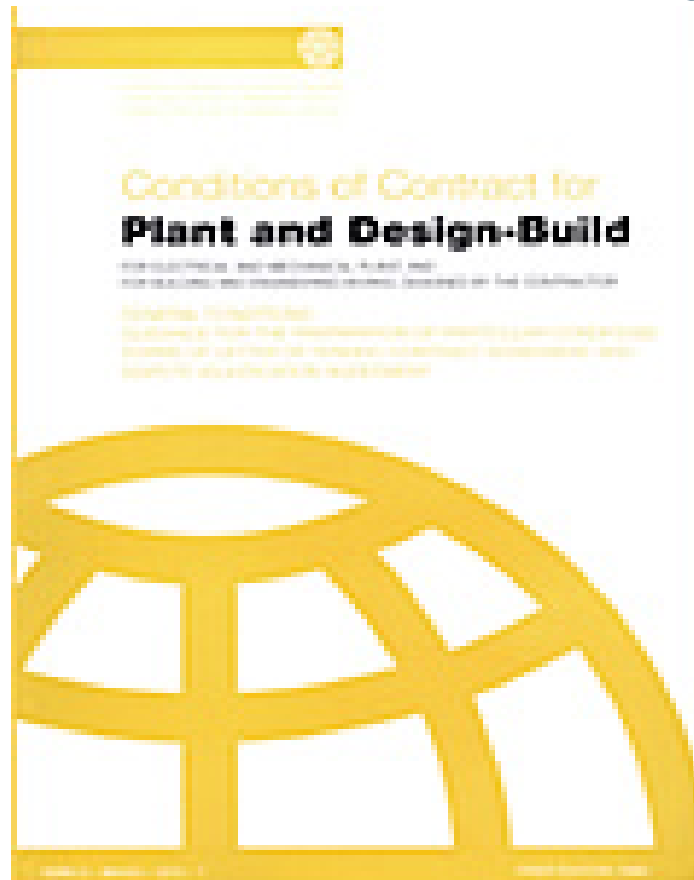
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➤ The Yellow book (*Plant and Design-Build Contract*)





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➤ When we use the Yellow book?

As in traditional projects, e.g., electrical and mechanical works, including erection on site, the Contractor (or Supplier) did the majority of the design and the project was required to fulfill the “Employer’s Requirements”,

when the Engineer administered the Contract, monitored the manufacture and erection on site or construction work and certified payment,

and with payment according to achieved milestones generally on a lump sum basis.



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➤ The Yellow book: General conditions (20 articles)

- ☐ Article 1. - GENERAL PROVISIONS
- ☐ Article 2. - THE EMPLOYER
- ☐ Article 3. - THE ENGINEER
- ☐ Article 4. - THE CONTRACTOR
- ☐ Article 5. - DESIGN
- ☐ Article 6. - STAFF AND LABOUR
- ☐ Article 7. - PLANT, MATERIALS AND WORKMANSHIP
- ☐ Article 8. - COMMENCEMENT, DELAYS AND SUSPENSION
- ☐ Article 9. - TESTS ON COMPLETION
- ☐ Article 10. - EMPLOYER'S TAKING OVER



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- ☐ Article 11. - DEFECTS LIABILITY
- ☐ Article 12. - TESTS AFTER COMPLETION
- ☐ Article 13. - VARIATIONS AND ADJUSTMENTS
- ☐ Article 14. - CONTRACT PRICE AND PAYMENT
- ☐ Article 15. - TERMINATION BY EMPLOYER
- ☐ Article 16. - SUSPENSION AND TERMINATION BY CONTRACTOR
- ☐ Article 17. - RISK AND RESPONSIBILITY
- ☐ Article 18. - INSURANCE
- ☐ Article 19. - FORCE MAJEURE
- ☐ Article 20. - CLAIMS, DISPUTES AND ARBITRATION



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➤ Article 5. - DESIGN

1. General Design Obligations
2. Contractor's Documents
3. Contractor's Undertaking
4. Technical Standards and Regulations
5. Training
6. As-Built Documents
7. Operation and Maintenance Manuals
8. Design Error



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➤ Article 12. – TESTS AFTER COMPLETION

1. Procedures for Tests after Completion
2. Delayed Tests
3. Retesting
4. Failure to Pass Tests After Completion



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➤ The Grey book (*EPC/Turnkey Contract*)





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- In the relatively more recent design-build and turnkey type projects the Contractor also did the majority of the design, not only of plant projects but also of various infrastructure and other types of projects, and the project was required to fulfill the “Employer’s Requirements”, i.e., an outline or performance specification prepared by the Employer



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➤ When we use the Grey book?

- When the Concessionaire takes total responsibility for the financing, construction and operation of the Project, and Contractor takes total responsibility for the design and construction of the infrastructure or other facility,
- when there is a higher degree of certainty that the agreed contract price and time will not be exceeded,
- when the Employer does not wish to be involved in the day-to-day progress of the work,



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- when parties concerned are willing to see the Contractor paid more for the construction of the Project in return for the Contractor bearing the extra risks associated with enhanced certainty of final price and time,
- when the Employer wishes the Contractor to take total responsibility for the design and construction of the process or power facility and hand it over ready to operate “at the turn of a key”,
- and the Employer wishes the Project being organized on a strictly two party approach, i.e. without an “Engineer” being involved.