

# A Review about FIDIC Contracts in Saudi Arabia

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## Abstract

**Objectives:** This research aims to clarify the role of FIDIC contracts used by the countries, especially in Saudi Arabia, in representing the global consulting engineering industry, to be global, effective and more quality and clarifying dispute resolution methods resulting from the implementation of FIDIC contracts. **Methods:** FIDIC contracts are contracts of great importance and value; most of these contracts are large contracts or technology transfer agreements and they are often parties to countries or public bodies. In the Saudi Arabian kingdom, an FIDIC contract is widely used for construction projects. However, the project performance still faces several problems, such as delays and additional costs, which are the consequences of disputes. **Findings:** FIDIC contracts are the most important and most commonly used model contracts in the construction industry around the world. They are also applicable to local and international standards. The FIDIC contract also shows all the terms related to the structural work and defines them in a simple way to make the work system clear to all without ambiguity or ambiguity. FIDIC contracts give multiple rights to the contractor and the engineer who supervises the execution of the works has wide powers, supervisory powers and a quasi-control role when issuing a decision or a judgment during the implementation of the project or when a dispute occurs.

**Keywords:** FIDIC Contract, FIDIC Contractor, FIDIC Disputes, FIDIC Employer, FIDIC Engineer

## 1. Introduction

A contract is an agreement between two or more parties and aims to set out the responsibilities, liabilities and rights between parties as well as to allocate the risk of the parties<sup>1</sup>.

FIDIC contracts are contracts of great importance and value; most of these contracts are large contracts or technology transfer agreements and they are often parties to countries or public bodies. These contracts may be for construction or building, whether in simple or complicated construction such as hotels or other civil

engineering projects such as roads, railways, bridges, real estate and airports<sup>2</sup>.

This construction works “under the umbrella of FIDIC contract”, characterized by the long time it takes for implementation, which could be more than a decade; “this may be done in separate, a series or a group of contracts” between more than one local or foreign party or a technical specialization. Moreover, this construction comes at a large cost.

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project performance still faces several problems, such as delays, and additional costs, which are the consequences of disputes.

FIDIC clauses have a significant effect on project performance characteristics, which describe the project performance “like quality, schedule, cost and safety”<sup>3</sup>.

According to<sup>4</sup>, these goals were modified and developed under the amendment of the IAF Statute in Beijing in 2005 and the General Assembly held in China on September 7, 2005. The amended Article 2 stipulates that FIDIC objectives are as follows:

- Increase the effectiveness of the engineering consulting industry to become universal.
- Represent the global engineering consulting industry.
- Improve the image of the consultant’s engineers.
- Increase quality.
- Increase commitment to sustainable development.
- Increase compliance with the Code of Ethics and Business Integrity.
- The Authority shall have jurisdiction over matters related to the relevant work.

## 2. Research Objectives

- To highlight the imbalance between the parties through the exchange of obligations between them.
- To study all the problems of the engineers that concern their protection and development without regard to political, religious or customary trends.
- To compile consultants from all languages and countries to establish associations of engineers in countries where such associations do not exist.
- To build the foundations and rules that allows consulting engineers to maintain the best performance in the practice of their profession.

## 3. Literature Survey

### 3.1 History of Construction Contracts and FIDIC Contracts

Civil engineering contracts evolved in the 19<sup>th</sup> century as a result of growth in transportation, which have essential aspects such as governing time and price for completion. At this time, building contractors appear to be under pressure to complete the project in the time with the lowest damage and price and highest specifications<sup>5</sup>.

Gradually, the contents of construction contracts have become more sophisticated and need a new provision, which is causing some professional institutions to start to upgrade the form of their construction contracts.

### 3.2 Construction Contract

According to<sup>6</sup>, construction contracts set forth the intentions and procedures to be employed in any building effort; as such a contract is an “easily understandable, mutually agreed-upon document”.

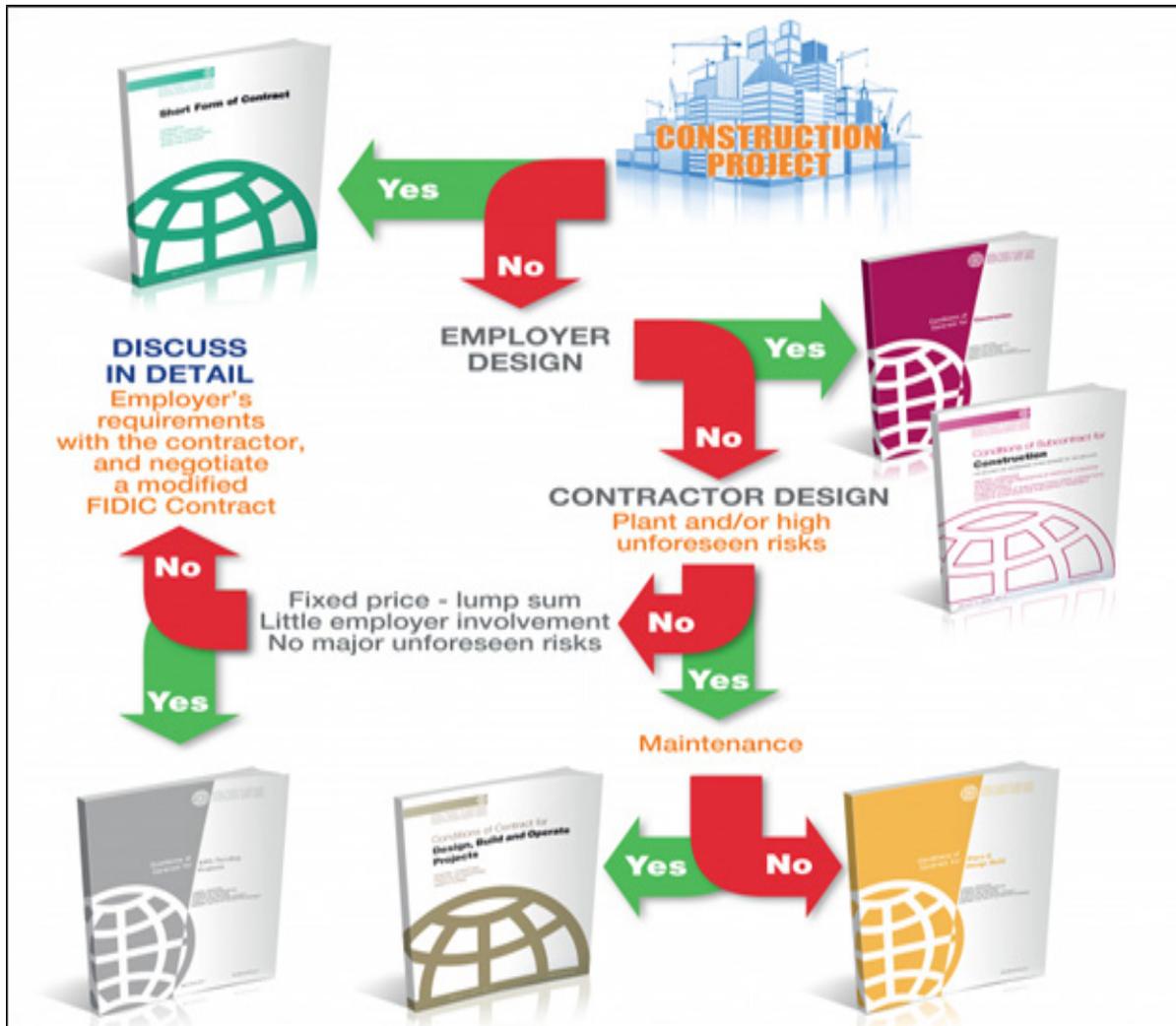
A contract is an agreement, usually between two parties, that is enforceable by law. To be valid, all contracts must meet certain criteria include an offer, acceptance, a meeting of minds, consideration, lawful subject matter and competent parties.

#### 3.2.1 Construction Contract Types

Contracts between the owner and the contractor are frequently divided into several categories: Lump sum contracts; unit price contracts; cost plus contracts; design build contracts; management-oriented contracts; two-stage selective tendering; negotiated contracting; continuity contracting; serial contracts; and turnkey contract.

### 3.3 FIDIC Contract History and Development

The FIDIC is Federation Internationale des Ingenieurs Conseils (FIDIC), are show in Figure 1 or the international federation of national associations of



**Figure 1.** Schematic diagram for choosing perfect FIDIC types.

independent consulting engineers, which was founded in<sup>7</sup> by the national associations of three European countries, now with membership from over 60 countries.

The model contracts issued by the International Federation of Consulting Engineers (FIDIC) “established in 1957 and updated periodically since 1999” are among the most famous and widely used contracts in the construction sector. This type of contract is internationally recognized and adopted by the International Federation of Consulting Engineers plus the World Bank authorization,

which is required for contracts to finance projects and is shared by several development banks and international financial institutions<sup>8</sup>.

### 3.3.1 Traditional FIDIC Forms of Contract.

General and special conditions of contract for works of civil engineering construction are considered fair and balanced to both parties, where the contract is able to bear and control that risk<sup>9</sup>.

According to FIDIC<sup>8</sup> organization, the FIDIC are five books as follows:

- Red Book: This is a name for the model contract issued by the FIDIC and for construction work designed by the employer, that is, the typical contract between the employer and the contractor with regard to civil engineering or known as Conditions of Contract for Construction.
- Yellow Book: This is intended to hold mechanical and electrical works contracts, including on-site installation or known as Conditions of Contract for Plant and Design Build.
- White Book: This is known as the FIDIC model for the contract between the employer and the consultant engineer, which includes the obligations of both the client or the employer and the consultant.
- Silver Book: This is known as the FIDIC model for the design, construction and turnkey contract and it is noted that this contract type must include the following clauses: Project design contract; supervising a project; contract of a white business and holding paint works.
- Green Book: This is the short form of a contract.

### 3.3.2 FIDIC 87 Contracts for Works of Civil Engineering Construction.

According to<sup>10</sup>, the general conditions of FIDIC contract, 4<sup>th</sup> edition, “released in 1987”, consist of 25 groups or articles. These articles include 72 subarticles as follows: Group One, “Definitions and Interpretation”; Group Two, “Engineer and Engineer’s Representative”; Group Three, “Assignment and Subcontracting”; Group Four, “Contract Documents”; Group Five, “General Obligations”; Group Six, “Labor”; Group Seven, “Materials, Plant and Workmanship”; Group Eight, “Suspension”; Group Nine, “Commencements and Delays”; Group Ten, “Defect Liability”; Group Eleven, “Alterations, Additions and Omissions”; Group Twelve, “Procedure for Claims”;

Group Thirteen, “Contractor’s Equipment, Temporary Works and Materials”; Group Fourteen, “Measurement”; Group Fifteen, “Provisional Sums”; Group Sixteen, “Nominated Subcontractors”; Group Seventeen, “Certificates and Payment”; Group Eighteen, “Remedies”; Group Nineteen, “Special Risks”; Group Twenty, “Release from Performance”; Group Twenty-one, “Settlement of Disputes”; Group Twenty-two, “Notices”; Group Twenty-three, “Default of Employer”; Group Twenty-four, “Changes in Cost and Legislation”; and Group Twenty-five, “Currency and Rates of Exchange”.

### 3.3.3 New Developments in FIDIC 99 Construction Contract

The general conditions FIDIC 99 consist of 20 clauses (163 sub-clauses), which is different in arrangement from the general conditions FIDIC 87, which consist of 72 clauses in 25 articles. FIDIC 99 provide new additions such as employer claims, the Disputes Adjudication Board (DAB) and force majeure. Which will be described as following?

Clause One: “General provisions”: This clause consists of 14 sub-clauses. The definitions contain new concepts such as Appendix to Tender, Base Date, Tests on Completion, Contractor Documents, Dispute Adjudication Board (DAB) and Employer Equipment.

Clause Two: “The Employer”: This clause consists of 5 sub-clauses and determines the employer’s duties and obligation in handing over the site and its consequences to the contractor, such as permits, licenses or approval. The financial arrangements guarantee the ease of payment and the employer’s claims address the extension of the defect notification period due to the contractor’s failure to remedy defects.

Clause Three: “The Engineer”: This clause consists of 5 sub-clauses and determines the engineer’s duties and obligation, delegation and the rule of engineer replacement. The engineer has the authority in issuing

instructions to the contractor if necessary, for work execution.

Clause Four: “The Contractor”: This clause consists of 24 sub-clauses and determines the contractor’s security; unforeseeable physical conditions; obligation performance; cooperation; employer’s equipment; quality assurance and free materials; progress report; assignment subcontractors and fossils.

Clause Five: “Nominated Subcontractors”: This clause consists of 4 sub-clauses with a very descriptive definition of a nominated subcontractor.

Clause Six: “Staff and Labor”: This clause consists of 11 sub-clauses and addresses health and safety issues, labor laws and working hours.

Clause Seven: “Plant, Materials and Workmanship”: This clause consists of 8 sub-clauses. Those sub-clauses concern sampling, inspection and testing including “tests on completion” and it is not concerned with “tests after completion”.

Clause Eight: “Commencement, Delays and Suspension”: This clause consists of 12 sub-clauses which are important to determine a commencement day delay and suspension of work.

Clause Nine: “Tests on Completion”: This clause consists of 4 sub-clauses which concern the failure to pass tests on completion; delaying tests and retesting “clauses 7 and 4”.

Clause Ten: “Employer’s Taking Over”: This clause consists of 4 sub-clauses and deal with the engineer’s authority to judging the work and for taking over or receiving it.

Clause Eleven: “Defect Liability”: This clause consists of 11 sub-clauses that concern the completion of outstanding work and remedying defects, cost of remedy,

failure to remedy defects and how to remove the defected work.

Clause Twelve: “Measurement and Evaluation”: This clause consists of 4 sub-clauses, which describe works to be measured and the method of measure and evaluation “for payment”.

Clause Thirteen: “Variations and Adjustments”: This clause consists of 8 sub-clauses and covers the variation that may be initiated by the engineer at any time prior to issuing the taking-over certificate for the work. The contractor must execute each variation. The contractor must prove his claim. The value engineering sub-clause permits a contractor at any time to submit a written proposal to the engineer to accelerate completion, reduce the cost and improve the efficiency or value of the completed work.

Clause Fourteen: “Contract Price and Payments”: This clause consists of 15 sub-clauses and concerns price agreement; application for interim payment certificate; schedule of payment; issue of interim payment certificate; delay of payment and statement at completion, which is the primary hand over, distinguished from the “Application for Final Payment Certificate”, which is the final hand over.

Clause Fifteen: “Termination by Employer”: This clause consists of 5 sub-clauses and states that the employer shall be entitled to terminate the contract within 14 days of the notice if the contractor fails to submit performance security according to sub-clause 4.2.

Clause Sixteen: “Suspension and Termination by Contractor”: This clause consists of 4 sub-clauses and concerns the contractor rights of suspension and termination, which come into play if the engineer fails to issue interim payment certificates, after giving not less than 21 days’ notice to the employer, suspend work or reduce the rate unless and until the contractor has

received the payment certificate, reasonable evidence or payment.

Clause Seventeen: “Risks and Responsibility”: This clause consists of 6 sub-clauses and in this clause; the contractor shall indemnify and hold harmless the employer, employer’s personnel and their respective agents against and from all claims, damages, losses and expenses “including legal fees and expenses”.

Clause Eighteen: “Insurance”: This clause consists of 4 sub-clauses and is paraphrased with respect to insurance methodology. The expression insuring party means the party responsible for affecting and maintaining the insurance specified in the relevant sub-clause. The insurance covers the contractor’s equipment, insurance against injury to persons and damage to property and insurance for contractor personnel.

Clause Nineteen: “Force Majeure”: This clause consists of 7 sub-clauses which defined any exceptional event or circumstance, which is beyond a party’s control, such war, military coup, riots, nuclear radiations and natural catastrophes.”

Clause Twenty: “Claims, Disputes and Arbitration”: This clause consists of 8 sub-clauses and addresses the contract claims; Appointment of the Dispute Adjudication Board (DAB); and arbitration.

## 4. FIDIC Contract in the Kingdom of Saudi Arabia

According to<sup>11</sup>, the FIDIC contract is one of the most important sectors in the Saudi Arabian economy. It is a key pillar on which many economic activities depend and an important sector that contributes to raising income levels and increasing growth. It also plays a major role in increasing work opportunities, solving many social and environmental issues resulting from rapid population growth and increasing urbanization. Saudi Arabia suffers from multiple problems that impede and limit its

development to play an effective role. In addition, it is central to the overall development process.

In the period 2002-2010, the Saudi Stock Exchange impacted the circulation of 57 companies’ shares in the financial market, where most of these companies utilize various investment projects, including the granting of privilege contracts for many companies implemented in service projects and infrastructure.

The results of these projects are reflected in the improvement in the level of projects carried out on their behalf by companies that have obtained concession contracts from any basic main companies. The financial system of companies in Saudi Arabia is also linked to the structure of the Ministry of Finance’s “Zakat system”, which is considered, according to the global concept, a tax, indicating the importance of enhancing mutual trust between the basic main companies and traders of their shares in the money market based on the role of companies in maintaining their market reputation<sup>12-14</sup>.

Examples of the applications of the FIDIC contract in Saudi Arabia are as follows: 1.. Public transport project in Makkah city, 2. Large construction projects placed into in international bidding and 3. Projects of power stations, stations and networks of drinking water and seaports.

### 4.1 Multiple Official Bodies Associated with the Construction Sector in the Saudi Arabian Kingdom

#### 4.1.1 Official Bodies Associated with the Sector

According to<sup>15</sup>, the construction sector is linked to many official bodies that are interested in organizing, monitoring and developing the sector according to their orientation. These bodies operate internationally under the supervision and umbrella of one entity and a structural infrastructure supervised by ministries or higher bodies and building councils.

Within this general structure of the sector, there is a wide range of axes that these bodies are

working on integrating and linking to each other. It is possible to summarize these matters in four points as follows:

- The basic structural aspects of the sector, strategy and operational policies, such as building councils, supreme bodies or property, building codes and municipalities.
- Human resources and employment sector industry, such as the Ministry of Labor and the Department of Human Resources and Migration, in addition to the role of training and rehabilitation, universities and institutes.
- Industrial bodies such as universities, research institutes, information, specifications and standards.
- Funding and support bodies such as housing agencies and mortgage systems.

#### ***4.1.2 The Official Bodies Associated with the Construction Sector in the Kingdom of Saudi Arabia***

Due to the absence of a single official authority supervising the sector in the Kingdom, each subsector related to the sector is acting individually. The current situation of the sector is that the owner of the project submits its offer to its requirements. The request is then submitted to the Ministry of Finance to approve the project. General competition consists of two stages, the first of which is the design and the second of which is the implementation and supervision and at each stage, the analysis of the offers and the selection of the appropriate offer are performed and then the contract is signed with the designer and then the contractor and under the supervision of the owner's engineer or by contracting with the engineering office to supervise the project<sup>16</sup>. Saudi Arabia has recently witnessed the phenomenon of some direct baptism by the Ministry of Finance or Aramco for the direct contracting of the design and implementation of some major projects, such as the Ministry of Finance in the construction of Prince Nora University in Riyadh and the construction of King Abdullah University of Science and Technology.

According to legal guide to doing business in Saudi Arabia<sup>17</sup>, The process of permission for construction is subject to many entities whose roles and powers are intertwined from one side to another, and they reach up to 19 sides, which are as follows: 1. The funds and contracts are drawn up by the Ministry of Finance, 2. Licensed contractors and suppliers of building materials and machinery from the Ministry of Commerce, 3. Licensing of Engineering Offices from the Saudi Organization for Engineers, 4. Classification of contractors from the Ministry of Municipal and Rural Affairs, 5. Employment license from the Ministry of Labor and the Ministry of Foreign Affairs, 6. All licenses are bound by certified certificates of social insurance, retirement and work office, 7. Building permits in civil security and defense, 8. Finance and bank guarantees from banks, 9. Supervising, approving and managing the projects by the government agency that owns the project, 10. Exchange from the Ministry of Finance, 11. Investigation and control from the General Audit Bureau, 12. Disputes and contractual disputes from the Board of Grievances, Shari'a Courts and Chamber of Commerce, 13. Monitoring to prevent administrative corruption from the National Anti-Corruption Authority, 14. Some projects handled by the Royal Court, 15. Tests of materials and equipment from the Saudi Organization for Standardization and Metrology, 16. Delivery of services from the electricity company and water, sanitation and communications companies, 17. Monitoring of administrative investigations, 18. Ministry of Housing and Real Estate Development Fund and 19. Higher bodies for the development of regions and cities (Riyadh, Makkah, Medina, etc).

Thus, the construction sector enters into the structure of many other sectors directly and indirectly and each has a strong link with the operations and management of other sectors. The engineering professions, which direct the construction sector, suppliers and manufacturers of building materials, have no mechanism for linking and coordinating with the other sectors. The engineers identify and formulate competition documents, drawings, type of building materials, specifications and measurements that

will be used in construction but without consultation. With the Saudi Organization for Standardization, Metrology, and Customs, the modern requirements of green buildings have become a professional and international necessity that must be restricted. Those sectors and activities cannot work and coordinate among them to exit the products' and buildings' full specifications without the presence of a body that supervises, monitors and regulates the process of coordination and imposes sanctions.

Hence, there is a need for a specific body or bodies to adopt these policies and to oversee their achievement. Although the construction sector suffers from multiple problems, most of which are known and exposed to the facilities in most countries of the world, the current problems in the sector in Saudi Arabia are relatively more severe than those of many countries in the world<sup>18</sup>.

#### 4.1.3 *Ambient Dispute Settlement of FIDIC Contracts*

FIDIC contract disputes consist of arguments between the owner and the contractor. The dispute shall be related to or arising out of the execution of the works, whether provided for in the original contract or not. Hence, alternative methods of settling FIDIC disputes, without resorting to the judiciary, have many advantages, such as low cost compared to the national judiciary, quick access to resolve the dispute in the shortest possible time and confidentiality in the settlement of the conflict<sup>19</sup>.

In addition to these advantages, these alternative methods give the contract's parties full freedom to choose the ways that they believe are the most appropriate means of resolving the dispute and gives the parties the freedom to choose their representative in resolving the dispute. The desire to emphasize the concern for justice is one of the reasons or advantages that justify resorting to non-judicial alternatives to the judiciary to resolve disputes. If justice is taken into consideration by the judge, it is primarily concerned with the application of the law. Additionally, the practical application of the provisions of the judiciary may result in the failure to achieve justice, whether due

to the failure of the solution to the rules of justice or to the inclusion of financial consequences that is extremely difficult. Hence, it is important to find other methods such as mediation, for example, where the mediator is concerned primarily with the search for a legal solution that is not contrary to justice. If he proves that the legal solution is a violation of the rules of justice, he neglects the latter and seeks a solution consistent with justice and this role cannot be performed by the judiciary<sup>20</sup>.

Perhaps the most important reason is the recent developments in some disputes of a contractual nature, whether as a result of private law contracts concluded by the administration or public works contracts, contracts mainly concerned with the development of international trade related to the business sector. In such cases, recourse to the judge may interfere with achieving the desired development due to the slow separation of disputes. In addition; there is suspicion about the part of the profiteers towards the country judges and their fear of bias in the defense of the national interest, regardless of whether these change the status of the contract with the administration.

Based on the above points, <sup>21</sup>show the applications of alternative methods to resolve disputes, including the following:

- Negotiation: This is a process in which a party or parties to the conflict try to reach an agreement to settle their differences and when an agreement is reached, all parties concerned are prepared to accept it and abide by it.
- Conciliation: This is the agreement of the parties of dispute to refer it to a third party who agrees to reconcile them in an attempt to resolve the dispute amicably before resorting to judicial intervention or arbitration. In view of the importance of conciliation at the present time and the many applications in working life, many institutions have issued special conciliation rules, such as the appointment of conciliators and proceedings before them and the effects of the compromise process.

- Mini Trial: This is the agreement of the parties to refer their dispute to a committee, usually numbering three people, one of whom was selected and appointed as the leader of the committee.

The Committee shall hear the statements and requests of both parties in a concise and expeditious manner, after which the Committee shall prepare a draft settlement agreement for submission to the Parties. If the Committee does not agree on such a draft, the leader shall prepare it separately. He notes that he has no power to issue a binding final judgment to the parties.

This method is characterized by decreasing expenses and time compared to arbitration. The current proceedings take only two days. The mini trial is confidential. The mini trial aims to strengthen long-term contractual relations, as in the case of international construction contracts.

#### 4.1.4 *The Arbitration Mechanism to Settle the Disputes of FIDIC Contracts*

In light of the privileges that arbitration enjoyed from the simplicity, speed and appropriate cost, which leads them to abandon the national judicial courts, all contracts first require the neutral parties as mediators to resolve the dispute before resorting to the means of arbitration disputes, including mediation, conciliation and the aforementioned mini courts. According to the FIDIC system, the engineer was entrusted with a peaceful settlement of the dispute. However, it replaced the traditional rule, which relied primarily on the presence and representation of the engineer in making a decision, by resorting to the Independent Disputes Settlement Board before referring the dispute to arbitration<sup>22</sup>.

The council shall consist of one member to be determined by the employer in the tender documents or by three members in accordance with the provisions of Article 12 of the Royal Decree No. M/34 dated 24/5/1433 AH. Each party shall appoint a member to be presented to the other party for acceptance.

In the case of disagreement about the person of the president of the council, the parties must identify another

party that has the power to appoint on the basis that the president of the council ex officio technical rig must have the legal, scientific and technical tools to implement contracts and interpret them in a way that suits the interests of the parties. The provisions and resolutions of the council issued at maximum of 24 days from the date of notification of the dispute referred to him are suspended and causable, and the parties to the dispute and the consultant engineer shall be notified.

The means of arbitration for the settlement of Saudi FIDIC disputes are as follows:

- The rules provide for a 45-day period for the parties to agree on the appointment of arbitrators or their appointment procedures. In practice, the appointment of arbitrators may take a longer or shorter period depending on the cooperation of the parties; although the center is in constant consultation with the parties with a view to expedite the appointment of arbitrators.
- To bring the dispute to arbitration, the parties shall submit an official request to settle the dispute.
- The arbitral tribunal shall have full power to review and amend any decision of the Dispute Settlement Board.
- According to Article 40 of Royal Decree No. M/34 dated 24/5/1433 AH, the arbitral tribunal shall render the final judgment of the entire dispute within the time agreed upon by the parties to the arbitration. If there is no agreement, the judgment shall be rendered within twelve months from the date of the commencement of arbitration proceedings. The arbitral tribunal may decide to extend the duration of the arbitration, provided that such an increase does not exceed six liens unless the parties to the arbitration agree to a period exceeding that period.
- In fact, despite the abovementioned issues, the judicial system in Saudi Arabia began in 1350 AH under royal decrees, but it is still not suitable for resolving the contractual disputes that have taken place in the field of construction and disputes

remain unresolved for long periods of time. The Chamber of Commerce was the arbitrator for resolving disputes and the last serious regulations were the Saudi Arbitration System issued approximately 34 years ago by Royal Decree No. M/46 in 1405 AH, a system that suffered a lot and did not fulfill the requirements; a number of jurisdictions resolved disputes until the issuance of the system according to Royal Decree No. M/34 on 24/5/1433 AH and its executive decree Royal Decree No. 541 dated 26/08/1438 AH. Currently, the Board of Grievances and committees at the Ministry of Commerce resolve disputes.

The adoption of the unified contract (FIDIC) is one of the factors that will help resolve many disputes that the current system cannot solve and decide.

## 5. Results and Discussion

The study reached the following conclusions:

- FIDIC contracts are the most important and most commonly used model contracts in the construction industry around the world. They are also applicable to local and international standards. They have the flexibility to allow all parties to agree to modify their terms by deleting or adding them.
- There are obstacles facing the application of the contract on the ground in the Kingdom of Saudi Arabia because the government authorities do not accept the idea of the Dispute Settlement Council in addition to the non-acceptance of arbitration in settlement disputes with others and these parties resort resolving disputes at the present time to the Board of Grievances, which is in contradiction with the provisions of the FIDIC contract.
- There are no exact statistics for FIDIC projects and their application in the Kingdom of Saudi Arabia because there are many obstacles related to the legal aspects that prevent implementation.

## 6. Research Limitations

This research has the limitations that are inherent in studies using published data about the condition state of FIDIC contract in Saudi Arabia and past researches, as a future research prospect, researchers may explore the differences among subcultures formed under the general construction culture within the same context of construction organization field including variety of industries, manufacturing and mining. This review will highlight the positive and negative characteristics of FIDIC contract in such a way that elaborates and develops the current knowledge<sup>23-28</sup>.

## 7. Conclusion

According to, it is clear that obey standard form of construction contracts is very important for the upgrade and progress of the construction industry everywhere, regardless of the location or the country of the site.

The following clauses in an FIDIC contract have an impact on project performance: 1. General Obligations; 2. Alterations, Additions and Omissions; 3. Commencements and Delays; 4. Suspension; 5. Contract Documents; 6. Engineer and Engineer's Representative; 7. Procedure for Claims; 8. Certificates and Payment; 9. Special Risks; 10. Release from Performance; and 11. Settlement of Disputes.

The practical importance of the FIDIC's terms of construction contracts is that they are characterized by a number of characteristics that have given them the confidence of workers in this field. 1. They shall be formed in an integrated and consistent set of rules applicable to international industrial contracts. 2. Its existence and sources derive from Anglo-Saxon law. 3. The consultant engineer shall be given a vital role in concluding and executing contracts.

Based on the above information, the FIDIC contracts give multiple rights to the contractor and the engineer who supervises the execution of the works has wide powers, supervisory powers and a quasi-control role when issuing

a decision or a judgment during the implementation of the project or when a dispute occurs.

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