



INTERNATIONAL  
TRAINING PROGRAMME

**TWO DAYS TRAINING** 5-6 NOVEMBER 2014 THE RITZ-CARLTON JAKARTA, MEGA KUNINGAN - INDONESIA

# Conditions of Contract for EPC/Turnkey Projects

SUPPORTED BY



Fédération Internationale  
Des Ingénieurs-Consuls

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INKINDO

GENERAL CONDITIONS

GUIDANCE FOR THE  
PREPARATION OF THE  
PARTICULAR CONDITIONS

FORMS OF LETTER OF  
TENDER, CONTRACT  
AGREEMENT AND  
DISPUTE ADJUDICATION  
AGREEMENT

LOCAL ORGANIZER

Antatour Building 2<sup>nd</sup> Floor Jl. Hayam Wuruk No.88 Jakarta 11160, Indonesia

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## INTERNATIONAL TRAINING PROGRAMME

**The Silver Book** is suitable for use on process, power and private-infrastructure projects where a Contractor will take on full responsibility for the design and execution of a project. Risks for completion to time, cost and quality are transferred to the Contractor and so the Silver Book is only suitable for use with experienced Contractors with the ability to manage risk. As with many large projects construction is only one part of a wider complicated commercial venture and financial or other failure of the construction project can put the whole venture at risk.

The Silver Book transfers the risk of ground conditions to the Contractor. Similarly the Contractor also assumes responsibility, subject to some exceptions, for the accuracy of the Employers Requirements which is a major difference to usual design and build contracts.



Due to the high level of risk transfer the Employer must allow time sufficient time in its procurement programme for the Contractor to obtain and consider all relevant information before executing the contract. The Employer still retains risks for war, terrorism and Force Majeure.

The Contractor will be given freedom to carry out the work in his chosen manner, provided the end result meets the performance criteria specified by the Employer. Consequently, the Employer may only exercise limited control over the Contractors work. There is no reference to an Engineer in the standard form with the checking of engineering more concentrated on validating the end-performance and validating the potential ease of operation, maintenance and spares.

PARTICIPANT FEE : **\$ 995**

**Participant Fee Includes:**  
1<sup>st</sup> Ed (1999 Silver Book), Certificate, Lunch & Coffee Break  
Price exclude PPH 23 (withholding tax)

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# Conditions of Contract for EPC/Turnkey Projects

**DAY-1 Wednesday, 5 November 2014**

## PROGRAMME

**08.30 - 09.00 Registration**

**09.00 - 10.00**

**1. GENERAL PROVISIONS**

- 1.1 Definitions
- 1.2 Interpretation
- 1.3 Communications
- 1.4 Law and Language
- 1.5 Priority of Documents
- 1.6 Contract Agreement
- 1.7 Assignment
- 1.8 Care and Supply of Documents
- 1.9 Confidentiality
- 1.10 Employer's Use of Contractor's Documents
- 1.11 Contractor's Use of Employer's Documents
- 1.12 Confidential Details
- 1.13 Compliance with Laws
- 1.14 Joint and Several Liability

**2. THE EMPLOYER**

- 2.1 Right of Access to the Site
- 2.2 Permits, Licences or Approvals
- 2.3 Employer's Personnel
- 2.4 Employer's Financial Arrangements
- 2.5 Employer's Claims

**10.00 - 10.30 Coffee Break**

**10.30 - 12.30**

**3. THE EMPLOYER'S ADMINISTRATION**

- 3.1 The Employer's Representative
- 3.2 Other Employer's Personnel
- 3.3 Delegated Persons
- 3.4 Instructions
- 3.5 Determinations

**4. THE CONTRACTOR**

- 4.1 Contractor's General Obligations
- 4.2 Performance Security
- 4.3 Contractor's Representative
- 4.4 Subcontractors
- 4.5 Nominated Subcontractors
- 4.6 Co-operation
- 4.7 Setting Out
- 4.8 Safety Procedures
- 4.9 Quality Assurance
- 4.10 Site Data
- 4.11 Sufficiency of the Contract Price
- 4.12 Unforeseeable Difficulties
- 4.13 Rights of Way and Facilities
- 4.14 Avoidance of Interference
- 4.15 Access Route
- 4.16 Transport of Goods
- 4.17 Contractor's Equipment
- 4.18 Protection of the Environment
- 4.19 Electricity, Water and Gas
- 4.20 Employer's Equipment and Free-Issue Material
- 4.21 Progress Reports
- 4.22 Security of the Site
- 4.23 Contractor's Operations on Site
- 4.24 Fossils

**5. DESIGN**

- 5.1 General Design Obligations
- 5.2 Contractor's Documents
- 5.3 Contractor's Undertaking

- 5.4 Technical Standards and Regulations
- 5.5 Training
- 5.6 As-Built Documents
- 5.7 Operation and Maintenance Manuals
- 5.8 Design Error

**12.30 - 14.00 Lunch**

**14.00 - 16.00**

**6. STAFF AND LABOUR**

- 6.1 Engagement of Staff and Labour
- 6.2 Rates of Wages and Conditions of Labour
- 6.3 Persons in the Service of Others
- 6.4 Labour Laws
- 6.5 Working Hours
- 6.6 Facilities for Staff and Labour
- 6.7 Health and Safety
- 6.8 Contractor's Superintendence
- 6.9 Contractor's Personnel
- 6.10 Records of Contractor's Personnel and Equipment
- 6.11 Disorderly Conduct

**7. PLANT, MATERIALS AND WORKMANSHIP**

- 7.1 Manner of Execution
- 7.2 Samples
- 7.3 Inspection
- 7.4 Testing
- 7.5 Rejection
- 7.6 Remedial Work
- 7.7 Ownership of Plant and Materials
- 7.8 Royalties

**16.00 - 16.30 Coffee Break**

**16.30 - 17.30**

**8. COMMENCEMENT, DELAYS AND SUSPENSION**

- 8.1 Commencement of Works
- 8.2 Time for Completion
- 8.3 Programme
- 8.4 Extension of Time for Completion
- 8.5 Delays Caused by Authorities
- 8.6 Rate of Progress
- 8.7 Delay Damages
- 8.8 Suspension of Work
- 8.9 Consequences of Suspension
- 8.10 Payment for Plant and Materials in Event of Suspension
- 8.11 Prolonged Suspension
- 8.12 Resumption of Work

**9. TESTS ON COMPLETION**

- 9.1 Contractor's Obligations
- 9.2 Delayed Tests
- 9.3 Retesting
- 9.4 Failure to Pass Tests on Completion

**10. EMPLOYER'S TAKING OVER**

- 10.1 Taking Over of the Works and Sections
- 10.2 Taking Over of Parts of the Works
- 10.3 Interference with Tests on Completion

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# Conditions of Contract for EPC/Turnkey Projects

**DAY-2 Thursday, 6 November 2014**

## PROGRAMME

**09.00 - 10.30**

### **11. DEFECTS LIABILITY**

- 11.1 Completion of Outstanding Work and Remedying Defects
- 11.2 Cost of Remedying Defects
- 11.3 Extension of Defects Notification Period
- 11.4 Failure to Remedy Defects
- 11.5 Removal of Defective Work
- 11.6 Further Tests
- 11.7 Right of Access
- 11.8 Contractor to Search
- 11.9 Performance Certificate
- 11.10 Unfulfilled Obligations
- 11.11 Clearance of Site

### **12. TESTS AFTER COMPLETION**

- 12.1 Procedure for Tests after Completion
- 12.2 Delayed Tests
- 12.3 Retesting
- 12.4 Failure to Pass Tests after Completion

**10.30 - 11.00 Coffee Break**

**11.00 - 12.00**

### **13. VARIATIONS AND ADJUSTMENTS**

- 13.1 Right to Vary
- 13.2 Value Engineering
- 13.3 Variation Procedure
- 13.4 Payment in Applicable Currencies
- 13.5 Provisional Sums
- 13.6 Daywork
- 13.7 Adjustments for Changes in Legislation
- 13.8 Adjustments for Changes in Costs

### **14. CONTRACT PRICE AND PAYMENT**

- 14.1 The Contract Price
- 14.2 Advance Payment
- 14.3 Application for Interim Payments
- 14.4 Schedule of Payments
- 14.5 Plant and Materials intended for the Works
- 14.6 Interim Payments
- 14.7 Timing of Payments
- 14.8 Delayed Payment
- 14.9 Payment of Retention Money
- 14.10 Statement at Completion
- 14.11 Application for Final Payment
- 14.12 Discharge
- 14.13 Final Payment
- 14.14 Cessation of Employer's Liability
- 14.15 Currencies of Payment

**12.00 - 13.30 Lunch**

**13.30 - 15.30**

### **15. TERMINATION BY EMPLOYER**

- 15.1 Notice to Correct
- 15.2 Termination by Employer
- 15.3 Valuation at Date of Termination
- 15.4 Payment after Termination
- 15.5 Employer's Entitlement to Termination

### **16. SUSPENSION AND TERMINATION BY CONTRACTOR**

- 16.1 Contractor's Entitlement to Suspend Work
- 16.2 Termination by Contractor
- 16.3 Cessation of Work and Removal of Contractor's Equipment
- 16.4 Payment on Termination

### **17. RISK AND RESPONSIBILITY**

- 17.1 Indemnities
- 17.2 Contractor's Care of the Works
- 17.3 Employer's Risks
- 17.4 Consequences of Employer's Risks
- 17.5 Intellectual and Industrial Property Rights
- 17.6 Limitation of Liability

**15.30 - 17.30 Coffee Break**

### **18. INSURANCE**

- 18.1 General Requirements for Insurance
- 18.2 Insurance for Works and Contractor's Equipment
- 18.3 Insurance against Injury to Persons and Damage to Property
- 18.4 Insurance for Contractor's Personnel

### **19. FORCE MAJEURE**

- 19.1 Definition of Force Majeure
- 19.2 Notice of Force Majeure
- 19.3 Duty to Minimise Delay
- 19.4 Consequences of Force Majeure
- 19.5 Force Majeure Affecting Subcontractor
- 19.6 Optional Termination, Payment and Release
- 19.7 Release from Performance under the Law

### **20. CLAIMS, DISPUTES AND ARBITRATION**

- 20.1 Contractor's Claims
- 20.2 Appointment of the Dispute Adjudication Board
- 20.3 Failure to Agree Dispute Adjudication Board
- 20.4 Obtaining Dispute Adjudication Board's Decision
- 20.5 Amicable Settlement
- 20.6 Arbitration
- 20.7 Failure to Comply with Dispute Adjudication Board's Decision
- 20.8 Expiry of Dispute Adjudication Board's Appointment

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## COURSE INSTRUCTOR



### Dr. Götz-Sebastian Hök

Dr. Götz-Sebastian Hök, Berlin is a lawyer, arbitrator, adjudicator, lecturer at the University of Applied Science in Berlin and a senior and partner at the law office, Dr. Hok, Stieglmeier & Kollegen, which has its seat in Berlin. His area of practise includes international construction contract law, international public procurement and trans-border real estate law. He has specialised in these areas of law since becoming a lawyer in 1991.

As such, he has a great deal of experience in advising developers, contractors, employers, consulting engineers and architects. He also acts as a mediator, adjudicator and arbitrator at the international level. He is the author of a considerable number of papers and articles on topics in the field of contract administration and has also published several books in the fields of international contract law and international dispute resolution. His work, the Handbuch des internationalen und ausländischen Baurechts is widely considered the leading book in international construction in German. He has also translated the FIDIC Red, Yellow and Silver Books into German and French. He has been an accredited FIDIC trainer since 2007, and was a friendly reviewer of the FIDIC Gold Book. Dipl.-Ing., Dipl.-Wirt.- Ing. Axel - Volkmar Jaeger, Cologne is a consulting engineer for mechanical services and former partner at Schmidt Reuter Partner, Cologne.

His area of practise includes the design, procurement and administration of inter-national construction projects worldwide. He has specialised in these areas of practise since becoming a consulting engineer in 1970. Accordingly, he has considerable experience in the management of major international construction projects. He is also the current chairman of the FIDIC Contracts Committee and past Executive Committee Member. He served as member of various FIDIC task groups for the drafts of the FIDIC Yellow and Orange Books, the 1999 FIDIC Rainbow Edition, the White Book and the FIDIC Gold Book. He has been a certified FIDIC trainer since 2001, and received the Louis Prangey Award in 2007.

Both authors are responsible for the German FIDIC training at VBI (German Association of Consulting Engineers) and are members of the board for the assessment of German speaking adjudicators. International construction is an increasingly crucial factor in international business. For over 50 years the International Federation of Consulting Engineers (FIDIC), founded in 1913, has acted to support the international construction business. FIDIC contracts are used worldwide and recommended by international organisations such as the World Bank group and the International Financing Institutes, they are equally widely used by civil law and by common law practitioners. Against this background the book provides detailed advice and explanations with regard to the use of FIDIC contracts, especially outside of common law countries and finding a balance between both legal systems, and promotes a better understanding of the issues at stake.

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