

# **FIDIC Red Book**

## Key Updates in the 2017 Edition

### Construction Contract-Claims & Disputes

*Prepared By*

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## **1. Introduction**

**FIDIC Red Book** is one of the main standard forms of contract published by the International Federation of Consulting Engineers (FIDIC), primarily used for construction works where the design is provided by the Employer.

## **2. FIDIC Red Book – Key Features (Construction Contract)**

### **2.1. Design Responsibility**

**Employer-designed:** The Employer is responsible for the design; the Contractor builds according to that design.

### **2.2. Contract Type**

**Measured Works:** Payment is based on the actual quantities of work done, measured and valued.

**Could be used for Lump Sum.**

### **2.3. Engineer Role**

An **independent Engineer** administers the contract, supervises the work, and acts impartially when making determinations.

### **2.4. Risk Allocation**

Risks are generally balanced, but the **Employer bears design risk**, while the Contractor bears construction risk.

### **2.5. Payment**

**Interim payments** are made based on progress, using a **Bill of Quantities**.

### **2.6. Variations**

The Engineer can order variations, and the Contractor is entitled to time and cost adjustments accordingly.

## 2.7. Extensions of Time (EoT)

Allowed for delays not caused by the Contractor (e.g., variations, unforeseeable conditions, force majeure).

## 2.8. Claims Procedure

Structured process for submission and evaluation of Contractor claims, including time limits.

## 2.9. Dispute Resolution

Disputes are first referred to a Dispute Adjudication Board (DAB), then possibly to arbitration (under ICC Rules or others).

## 2.10. Contract Documents

Includes drawings, specifications, Bill of Quantities, and Employer's Requirements.

## 2.11. Latest Edition

2017 edition is the most recent (previous: 1999), with updates to claims and dispute resolution mechanisms.

# 3. Key Updates in the 2017 Edition (FIDIC Red Book) – Claims & Disputes

The **2017 edition of the FIDIC Red Book** introduced significant updates to the claims and dispute resolution mechanisms, aiming for greater clarity, fairness, and efficiency, these updates make the 2017 Red Book more procedurally robust, transparent, and balanced, especially for international projects where claims and disputes can become complex.

## 3.1. Clearer Separation of Claims

Three distinct types of claims, each claim type has a clear procedure and timeframes:

- **Employer's Claims** (e.g. delay damages).
- **Contractor's Claims** (e.g. for time or money).
- **Claims by the Engineer** (independent findings or decisions).

## 3.2. Enhanced Time Bar Rules

Contractor must **notify a claim within 28 days** of becoming aware (or should have become aware), this makes enforcement of deadlines **stricter but fairer**, with more transparency.

If late, the claim is **time-barred**, *unless* the Engineer deems the delay **justified**.

### 3.3. Detailed Claims Procedure (Clause 20)

- a) Structured process with timelines:
  - Notice of Claim within 28 days.
  - Fully detailed claim within 84 days
  - Engineer's response within 42 days (can be extended).
- b) Emphasis on early warning and supporting documentation.

### 3.4. New Role of the Engineer (Clause 3.7)

- Engineer now has a formal duty to act neutrally in determining claims.
- Must consult both parties before making a fair determination.
- Cannot just act on Employer's behalf.

### 3.5. Rebranding and Reinforcement of the DAB → DAAB

- The **Dispute Adjudication Board (DAB)** is now called the **Dispute Avoidance/Adjudication Board (DAAB)**.
- **Standing DAAB**: Appointed at the start and active throughout the project.
- Emphasis on **dispute avoidance**, not just adjudication.
- DAAB can give **informal opinions** to help prevent disputes.

### 3.6. Final Binding Decisions and Arbitration

- If DAAB decision is not accepted, parties can issue a Notice of Dissatisfaction.
- If unresolved, dispute proceeds to arbitration (typically under ICC Rules).

### 3.7. Greater Emphasis on Records

Both parties must maintain contemporaneous records to support any future claims or dispute resolutions.

## 4. key statutory considerations.

In the context of executing a construction project under a **FIDIC Red Book** contract (or any major contract form), several **key statutory considerations** must be taken into account throughout the **workflow** to ensure legal compliance and avoid liabilities.

Here's a breakdown of the **most important statutory frameworks** typically relevant,

#### **4.1. Contract Law**

Governs the formation, performance, breach, and remedies under the contract. Ensures enforceability and governs interpretation.

- National Contract Law / Civil Code / Common Law Principles

#### **4.2. Construction Law**

Covers compliance with structural, fire safety, electrical, plumbing, and accessibility standards.

- Local Building Regulations and Codes

#### **4.3. Health & Safety**

Statutory duties for workplace safety, protective equipment, accident reporting, and training.

- Occupational Health and Safety Acts (e.g. OSHA, EU Directives)

#### **4.4. Environmental Law**

Regulates emissions, waste disposal, noise levels, use of hazardous materials, and environmental permits.

- Environmental Protection Acts

#### **4.5. Labour Law**

Controls wages, working hours, leave, insurance, social security, union rights, and dispute resolution.

- Employment Acts / Labor Codes

#### **4.6. Taxation Law**

Affects pricing, invoicing, and contractor obligations for tax deductions or exemptions.

- VAT, Income Tax, Withholding Tax Laws

#### **4.7. Public Procurement Law**

Applies if the Employer is a public entity. Requires transparent tendering, anti-corruption compliance, and fairness.

- Public Contracting Regulations

#### **4.8. Planning and Zoning**

Ensures site usage is permitted under municipal or state land use plans.

- Planning Permission and Land Use Acts

#### 4.9. Dispute Resolution Statutes

Supports enforceability of arbitral awards and dispute board decisions.

- Arbitration Acts (e.g. UNCITRAL, ICC rules)

#### 4.10. Insurance & Bonding

Governs the types, limits, and enforcement of policies required under the contract.

- Insurance Acts / Surety Regulations

#### 4.11. Anti-Corruption & Ethics

Important for public contracts and international funding — prohibits unethical conduct.

- Anti-Bribery Laws (e.g. UK Bribery Act, FCPA)

### 5. Checklist Template for tracking statutory compliance throughout a construction project under the FIDIC Red Book.

#### How to use

##### The Statutory Compliance Checklist –

(organized by workflow phase and legal domain).

- Adapt it to your project's jurisdiction.
- Add columns for target dates and document references if needed.
- Assign the checklist to the project management team for regular reviews.

Ser.	Workflow Phase	Statutory Area	Compliance Item	Responsible Party	Checked (✓/X)	Notes
1	Pre-Construction	Contract Law	Reviewed local contract law compatibility	Legal Advisor / Employer		
2		Procurement Law	Public tender complies with local procurement rules	Employer / Legal		
3		Planning & Zoning	Site has valid construction permit / zoning approval	Employer		

4		Environmental Law	Environmental Impact Assessment (EIA) completed	Employer / Consultant		
5		Labour Law	Employment contracts comply with local Labor law	Contractor		
6		Insurance Law	All required insurances (CAR, third-party, workers) in place	Contractor		
7	<b>Construction Phase</b>	HSE Law	Safety training and PPE policies implemented	Contractor / HSE Officer		
8		Construction Law	Compliance with national building codes	Contractor / Engineer		
9		Environmental Law	Waste management and emissions in line with regulations	Contractor		
10		Tax Law	VAT and withholding tax obligations met	Contractor / Finance		
11		Employment Law	Payroll, hours, and worker welfare monitored	Contractor		
12	<b>Claims &amp; Variations</b>	Contract Law	Claim submissions follow contractual & legal norms	Contractor / Engineer		
13		Arbitration Law	Dispute boards/arbitration conform to national arbitration acts	Employer / Legal		
14	<b>Post-Construction</b>	Planning & Zoning	Occupancy permit obtained	Employer / Contractor		
15		Tax Law	Final tax reports submitted	Contractor		
16		Insurance	Release of performance bonds and insurance closures	Contractor / Employer		

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Professional Summary:

Senior Civil Engineer and Certified Arbitrator,  
B.Sc. Civil Engineering, Damascus University – Syria, 1975,  
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