



# Management of Contracts under FIDIC Red Book 2017

D1-S6

***Introduction to FIDIC Suite of Contracts***

**22-24 July 2025 | Islamabad, Pakistan**



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# Introduction to FIDIC Contract Forms

Day 1 –S6 – 22 July 2025

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# Introduction to FIDIC Contract Forms

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## 1. Background: FIDIC (International Federation of Consulting Engineers)

- FIDIC represents Consulting Engineers.
- FIDIC develops & promotes best practices in international consulting industry.
- Founded in **1913** by Belgium, French, & Swiss firms.
- Represents over **one million** engineering professionals and **40,000** firms
- A federation of **100 national engineering associations**, such as ACEP.
- Affiliated firms and individuals.
- Members must comply with statutes and by-laws.





# 1. Background: FIDIC (International Federation of Consulting Engineers)

## **FIDIC Key Priorities:**

1. Represent the consulting engineering industry globally
2. Enhance the image of consulting engineers
3. Be the authority on issues relating to business practice
4. Advocate for the viability of the global consulting engineering industry
5. Drive excellence in quality, risk and project management and leadership
6. Combat & condemn bribery & corruption & promote ethics, integrity & transparency in the industry
7. Promote safe, sustainable and resilient development
8. Promote diversity, equal opportunity and inclusiveness
9. Stimulate development of talent, skill and future leaders for the consulting engineering industry



## 2. FIDIC Contracts

- FIDIC Contracts are drafted by Consulting Engineers.
- FIDIC started drafting contracts **since 1957** in response to demands from international industry.

1957	Red Book 1st Edition	Construction
1963	Yellow Book 1st Edition	Electrical & Mechanical
1969	Red Book 2 <sup>nd</sup> Edition	Construction
1977	Red Book 3 <sup>rd</sup> Edition	Construction
1980	Yellow Book 2 <sup>nd</sup> Edition	Electrical & Mechanical
1987	Red Book 4 <sup>th</sup> Edition	Construction
1987	Yellow Book 3rd Edition	Electrical & Mechanical
1995	Orange Book	Design-Build & Turnkey



## 2. FIDIC Contracts

**In 1999, FIDIC totally redrafted all three contracts (risk-based):**

- **Red Book** – Construction of Works designed by Employer
- **Yellow Book** – Plant & Design-Build
- **Silver Book** – EPC/Turnkey

**Since then FIDIC has added:**

- **Green Book** – Short Form of Contract
- **Gold Book** – Design, Build & Operate
- **Blue Book** – Dredgers' Contract
- **Pink Book** – MDB Harmonised Edition of RB

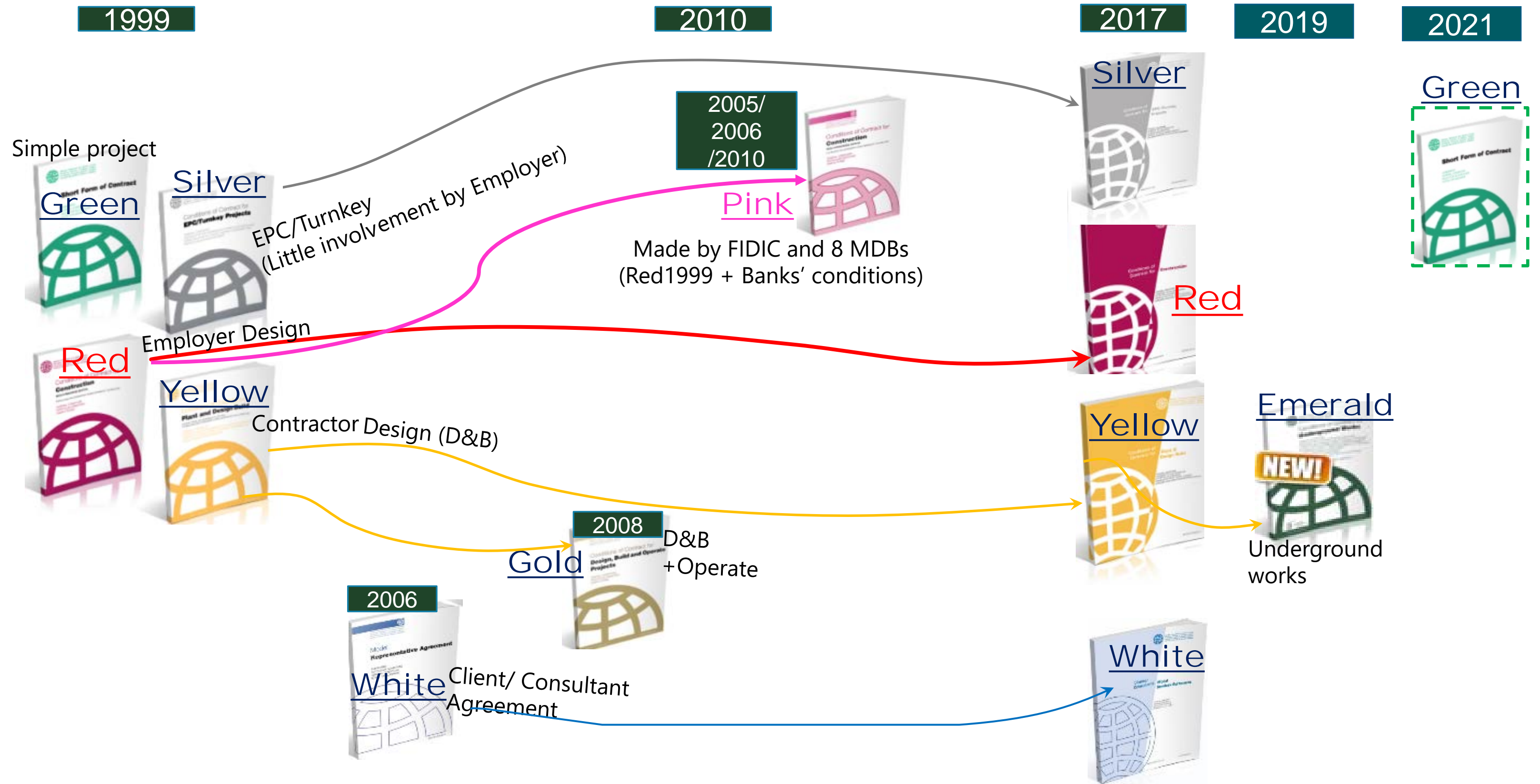
**In 2017, FIDIC published revised versions of the 1999 contracts (2<sup>nd</sup> Edition):**

- **Red Book 2<sup>nd</sup> Edition** – Construction of Works designed by Employer
- **Yellow Book 2<sup>nd</sup> Edition** – Plant & Design-Build
- **Silver Book 2<sup>nd</sup> Edition** – EPC/Turnkey.

These are often referred to as “FIDIC 2017”



## 2. FIDIC Rainbow Suite of Contracts Since 1999





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### 3. FIDIC License Agreement with ADB: Key Points

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#### **License period**

- 5 year, starting 11 Oct 2021, renewable

#### **License Type**

- Non-exclusive
- Right to refer to the FIDIC Books for ADB funded projects, where ADB SBDs are used (incorporate by reference)
- Not authorized to publish any of the FIDIC Books on ADB's website or make it public in any other way due to FIDIC's copyright
- ADB, borrowers (consultants, contractors) required to purchase original copy of the FIDIC books from FIDIC

### 3. MDBs' License Agreement on FIDIC Books


Book	WB	IDB	CDB	AfDB	AIIB	EBRD	ADB
<b>1999 Suite</b> - 1 <sup>st</sup> Ed. (Red, Yellow, Silver)					😊	😊	
<b>1999 Green</b> - 1 <sup>st</sup> Ed. (Short Form of Contracts)	😊	😊	😊	😊	😊	😐	😐
<b>Gold 2008</b> (Design Build Operate)	😊	😊	😊	😊	😐	😊	😊
<b>MDB 2010</b>							
<b>2017 Suite</b> - 2 <sup>nd</sup> Ed. (Red, Yellow, Silver)	😊	😊	😊	😊	😊	😊	😊
<b>2017 White</b> - 5 <sup>th</sup> Ed. (Consulting Model SA)	😊	😊	😊	😊	😊	😊	😊

Whilst ADB has the license agreement on the indicated FIDIC books,

this does not restrict ADB or borrowers (EA/IA) to use other FIDIC Books as well.

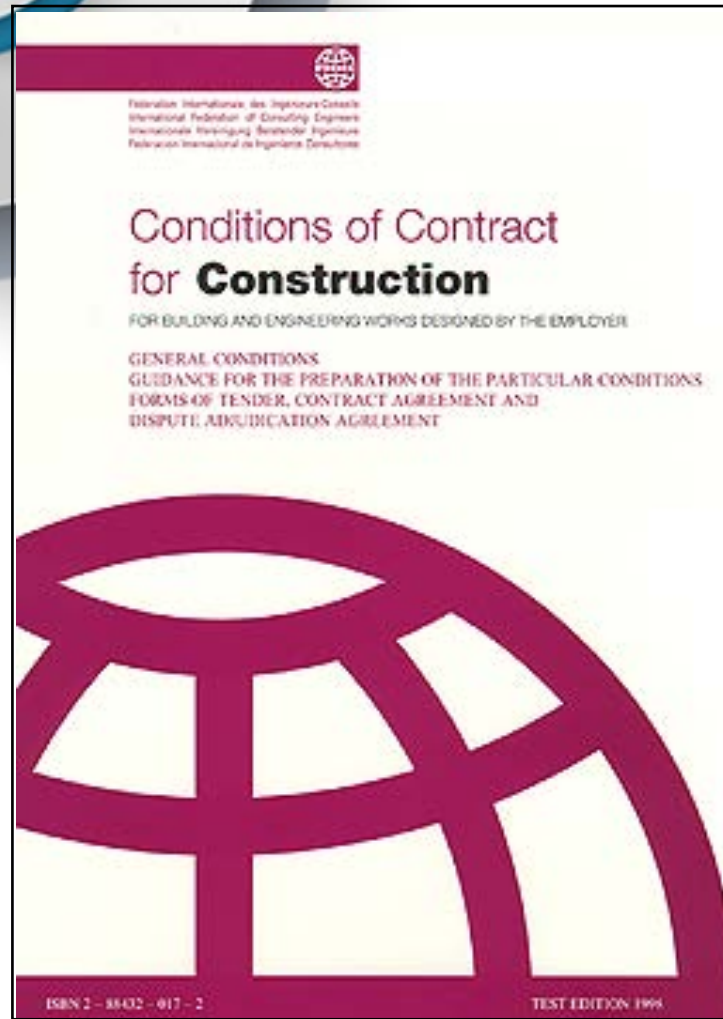
(Data Source: <https://fidic.org/multilateral-development-banks>)

### 3. FIDIC License Agreement with ADB: Licensed FIDIC Books

Short Name		Full Name	Edition
Red book 2017*		Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer	Second edition 2017
Yellow book 2017*		Conditions of Contract for Plant & Design-Build for Electrical & Mechanical Plant & for Building & Engineering Works Designed by the Contractor	Second edition 2017
Silver book 2017		Conditions of Contract for EPC Turnkey Projects	Second Edition 2017
Gold book 2008*		Conditions of Contract for Design, Build and Operate Projects,	First Edition 2008
White book 2017		Client/Consultant Model Services Agreement	Fifth Edition 2017
Green book 1999		The Short Form of Contract	First Edition 1999

**\*ADB's SBD available for Red book (2017), Yellow Book (2017 and Gold book (2008)**

## 4. FIDIC Contracts



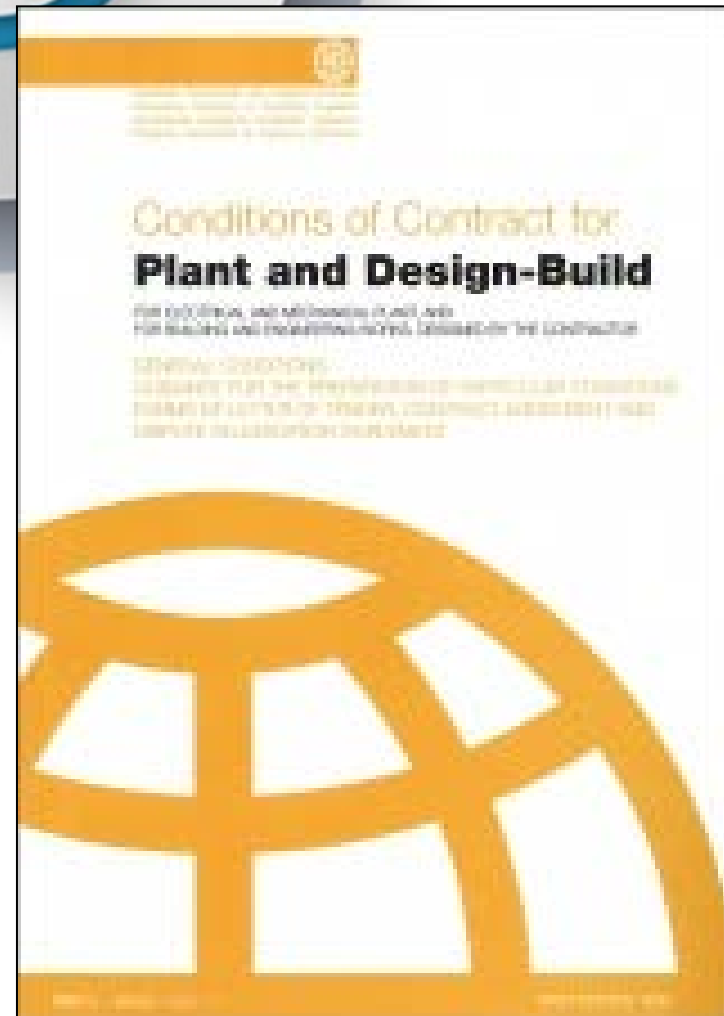
### RED BOOK

#### Conditions of Contract for Construction

- Detailed Design given to Contractor
- Payment based on re-measurement (rates and prices in BoQ applied to "actual" accepted quantities)
- Supervision & contract administration by the "Engineer"
- Balanced risk-reward allocations



## 4. FIDIC Contracts

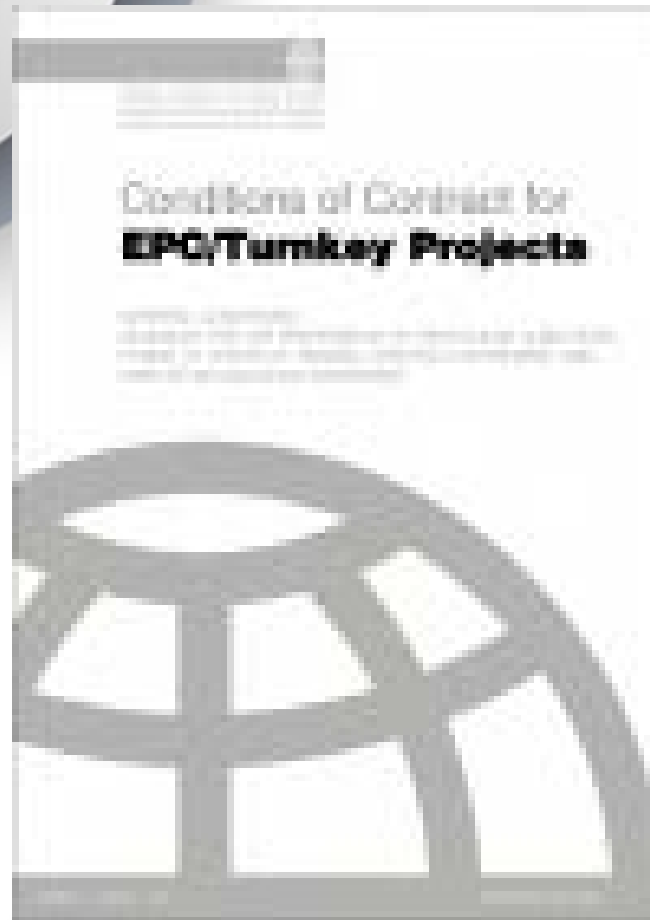


### YELLOW BOOK

#### Conditions of Contract for Plant and Design-Build

- Detailed Design to be done by Contractor
- Design to be reviewed/approved and Works supervised by the “Engineer”
- Payment to be based on lump-sum
- Balanced risk-reward allocations

## 4. FIDIC Contracts



### SILVER BOOK

#### Conditions of Contract for EPC/Turnkey Projects

- Design to be done by the Contractor
- Supervision (minimal presence ) by the "*Employer's Representative*" (if appointed), Contractor responsible for self-supervision.
- Payment to be made based on lump-sum.
- Disproportionate risks tilted to the Contractor

## 4. FIDIC Contracts



### GOLD BOOK

#### Conditions of Contract for Design, Build & Operate Projects

- Design to be done by Contractor
- Payment to be based on three lump-sums – one for Design & Build; one for Operation and one for Asset Replacement
- Supervision by Contractor – but Employer maintains presence through "*Employer's Representative*";
- Operation phase is supervised by Auditing Body.
- Balanced risk-reward allocations

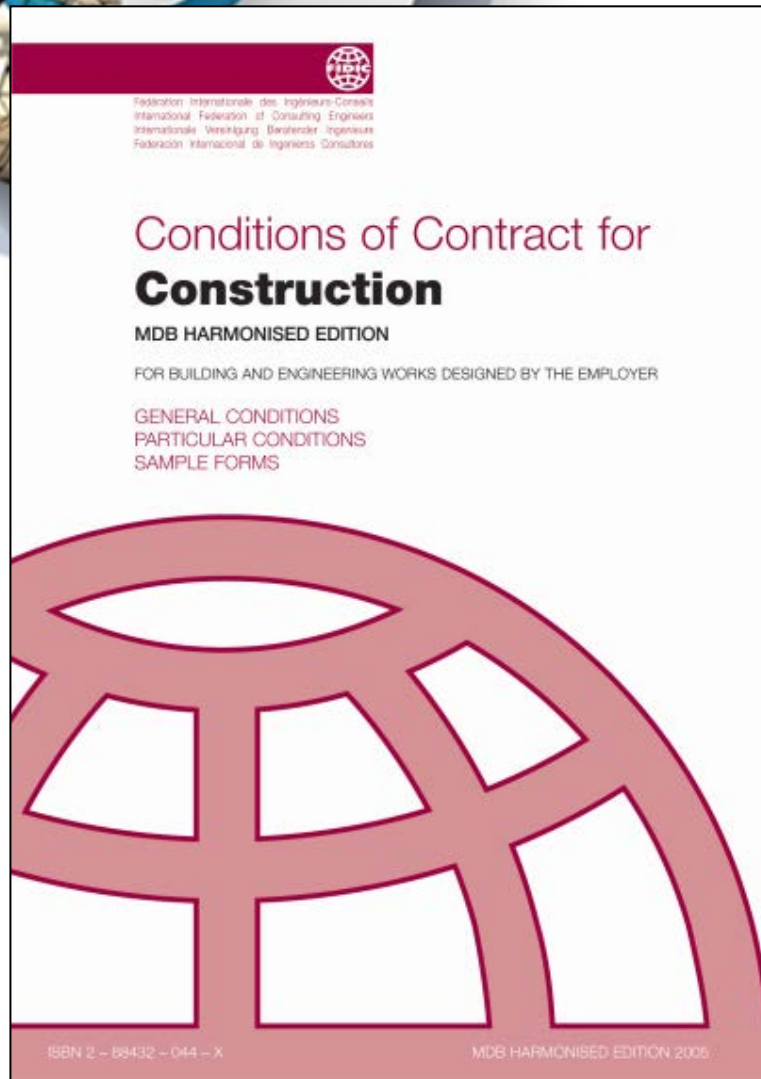


## 4. FIDIC Contracts

### PINK BOOK

#### MDB Harmonised Edition of the FIDIC Construction Contract

- Since 2005, Multilateral Development Banks had given a licence to use own version of Red Book. (2<sup>nd</sup> Edition 2006, 3rd Edition 2010)
- Derived from Red Book (design by the Employer; Re-Measurement; supervision by Engineer).
- FIDIC has now stopped the license to MDBs.
- The main difference with Red Book:
  - Pink Book is more balanced with respect to periods for taking action
  - Pink Book includes a role for the Bank
  - Pink Book has a much greater emphasis on “social issues”
  - Pink Book has a much greater emphasis on anti-corruption measures
- The Pink Book has been replaced with the 2017 Red Book with ADB/WB COPA







## 5. Fundamental principles and risk allocations

The fundamental principles which underlie all FIDIC contracts are:

1. FIDIC contracts are drafted by **engineers experienced** in design and construction,
2. FIDIC contracts embody a **balanced risk/reward allocation** between the Parties, and
3. the role of '**the Engineer**' under **Red Book** and **Yellow Book** forms of contract, and the role of the Employer's Representative under Silver Book form of contract, are **critical**.



## 5. Risk Allocation under the FIDIC Contracts

<u>Risk Item</u>	<u>Red/Pink</u>	<u>Yellow</u>	<u>Gold</u>	<u>Silver</u>
Employer's Requirements	Employer	Employer	Employer	Contractor
Detailed Design	Employer	Contractor	Contractor	Contractor
Quantities	Employer	Contractor	Contractor	Contractor
Ground Conditions	Employer	Employer	Employer	Contractor
Delay by Authorities	Employer	Employer	Employer	Employer
Exceptional Climatic Conditions	Employer	Employer	Employer	Contractor
Damage by natural events	Employer	Employer	Employer	Contractor

- In addition, the Red, Pink, Yellow & Gold books allow the Contractor to claim extensions of time and/or additional payment in relation to about 20 other circumstances.

## 5. Risks and Bid Price From the Contractor's perspective



## 6. Choice of suitable contract for your Project: Red, Yellow or Silver?

	RED	YELLOW	SILVER
Recommend use	<p>For projects where</p> <ul style="list-style-type: none"><li>• all, or most, of the <b>design</b> is carried out by, or on behalf of, the <b>Employer</b>, and</li><li>• those designed works are <b>constructed</b> by the <b>Contractor</b>.</li></ul> <p>The works may include some elements of Contractor-designed works.</p>	<p>For projects where</p> <ul style="list-style-type: none"><li>• all, or most, of the <b>design</b> is carried out by the <b>Contractor</b>,</li><li>• who then <b>constructs</b> those designed works (and/or electrical and/or mechanical plant).</li></ul> <p>The Contractor designs and constructs in accordance with <b>requirements provided by the Employer</b>.</p>	<p>For projects</p> <ul style="list-style-type: none"><li>• which involve little or <b>no underground</b> work,</li><li>• where the <b>Contractor takes total responsibility</b> for the design and construction of the works, with <b>little involvement of the Employer</b>, and</li><li>• where:<ul style="list-style-type: none"><li>(i) a higher degree of <b>certainty</b> of the <b>final price</b> and <b>time</b> is required, and</li><li>(ii) the Contractor takes total responsibility for the design and construction of the works.</li></ul></li></ul>



## 6. Which Book is Suitable for your Project: Red, Yellow or Silver?

	RED	YELLOW	SILVER
Risk Allocation	<p>The GCCs allocate the <b>risks</b> between the parties on a <b>fair</b> and <b>balanced</b> basis,</p> <ul style="list-style-type: none"><li>• taking into account matters such as <b>insurability</b>,</li><li>• sound <b>principles of project management</b>, and</li><li>• each <b>party's ability</b> to foresee, and mitigate the effect of, the circumstances relevant to each risk.</li></ul>		<ul style="list-style-type: none"><li>• The GCCs allocate <b>disproportionately more risks to the Contractor</b> in order to achieve a higher degree of <b>certainty</b> of the <b>final price</b>, and <b>time</b>.</li><li>• For this certainty, the Employer should expect to pay a <b>higher price</b> for the Works to achieve balanced risk/reward allocation for the Contractor.</li></ul> <p>Bidders will, during the bidding stage, require</p> <ul style="list-style-type: none"><li>• <b>more data</b> on hydrological, sub-surface and other conditions on the site, to the extent that this data is relevant to the particular type of works, and</li><li>• <b>more time</b> to review the data and evaluate such risks.</li></ul>

## 6. Choice of Contract Form: Design Responsibility

	RED	YELLOW/ GOLD	SILVER
Before Contract Award	Employer responsible for design (Specification & Tender Drawings)	Employer produces Employer's Requirements (incl. Concept Design)	Employer produces Employer's Requirements (Performance Criteria); Bidders produce Concept Design
After Contract Award	Employer produces construction drawings (detailed design)	Contractor checks Employer's Requirements: <b>any mistakes = Variation</b>	Contractor checks Employer's Requirements: <b>any mistakes = his problem</b>
		Contractor produces detailed design	Contractor produces detailed design
		Engineer reviews/approves detailed design	Employer reviews <u>some</u> drawings & plant details

## 6. Choice of Contract Form: Roles of Engineer & Employer During Implementation

	RED	YELLOW/ GOLD	SILVER
ENGINEER	<p>Engineer is the interface with the Contractor</p> <p>Heavily involved in design issues and QA/QC</p> <p>Decides on defects and taking over</p> <p>Fair determinations (binding) acting neutrally. If no NOD within 28 days, <b>final and binding.</b></p>	<p>Engineer is the interface with the Contractor</p> <p>Less involvement in design issues and QA/QC</p> <p>Decides on defects and taking over</p> <p>Fair determinations (binding) acting neutrally. If no NOD within 28 days, <b>final and binding.</b></p>	<p>No Engineer</p>
EMPLOYER	<p>Only has key decisions such as termination and calling of Performance security</p>	<p>Only has key decisions such as termination and calling of Performance security</p>	<p>Engineer's role performed by Employer's Representative</p> <p>BUT much less involvement in design and QA/QC</p> <p>(2017) Fair determinations (binding) acting neutrally. If no NOD within 28 days, <b>final and binding.</b></p>



