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# Comparisons between FIDIC (1999) and Ethiopian PPA (2011) Conditions of Contract in terms of Time

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#### **KeyWords**

Construction contracts, conditions of contracts, delay, FIDIC, PPA 2011, public procurement, time overrun.

#### ABSTRACT

The construction industry contributes significantly to a country's social and economic development, allowing for long-term and transformative growth. Many projects completed and in progress in Ethiopia have been seen to suffer time overruns due to delays and disruptions, resulting in cost overruns and improbable outcomes. In Ethiopia, the PPA 2011 General Conditions of Construction Contracts are widely utilized, while the FIDIC Conditions of Contract for Construction are used less frequently. In this paper, the PPA 2011 GCC is compared to the FIDIC Conditions of Contract for Construction 1999 in terms of delays, to guide potential contractors.

## 1. Introduction

Except in developing nations, the construction industry is shrinking in most regions of the world. The global construction industry is predicted to increase at a compound annual growth rate of 11.8 percent from \$13.57 trillion in 2021 to \$15.17 trillion in 2022. At a rate of 10.8%, the market is estimated to reach \$22.87 trillion in 2026, with growing markets and economies playing a key part in this growth. [1].

The construction industry accounts for about a fifth of Ethiopia's GDP and has grown at an annual rate of 11% on average over the last decade. Construction companies are classified into ten categories, however, only a few contractors control the market [2]. The majority of large-scale projects are completed by a small number of grade-one contractors and international corporations, mostly Chinese-owned.

The clauses or phrases in the main body of a contract, between the recitals and the appendices, are known as contract conditions. It comprises the contract's general provisions, such as the employer's and contractor's duties, obligations, and liabilities. In addition, it outlines the procedures to be followed in contract management. Standard contract forms exist to define the roles and responsibilities of the parties and their agents, as well as to offer guidelines to protect and lead the parties if something goes wrong. Clients can choose from a variety of standard construction contracts, including those for buildings and civil engineering construction projects, which cover the majority of popular procurement systems.

Conditions of contract might be local or multinational. Public implementing offices have developed BaTCoDA, MoWUD, PPA 2006, and 2011standard conditions in the domestic scene. According to international standards, either of the following entities can issue their contract forms. For example, financial institutions such as the World Bank, Asian Development Bank, and European Investment Bank. Prepare contract forms following the guidelines for funding. Furthermore, professional organizations such as AIA, FIDIC, ICE, and JCT have their contract terms and conditions. [3]

Many public building construction projects in Ethiopia are behind schedule; just 8.25 percent of projects were completed on time, with the rest 91.75 percent taking 352 percent longer on average than expected [4].

Construction project time overruns have become one of the most typical issues in the business, resulting in a slew of negative consequences for both the project and its stakeholders. Cost overruns, lost earnings, higher overheads, stress, and disputes between partners, as well as litigation and missed chances, are all outcomes of these delays. As a result, researchers all over the world have been investigating this topic with great zeal in an attempt to pinpoint the core reasons for the delay and devise corrective methods. [5]

### 2. Concept of Time and its Management

A project is temporary since it has a known start and end date, as well as a set scope and budget. Each player in the construction process, including the lender, owner, architect engineers, contractors, and subcontractors, as well as those that provide bonding and insurance coverage, values time and its related expenses. The major goal of the project, along with cost and quality, is timely completion.

Commencement date, project duration, progress, and

completion are the primary time-related issues. There are two further aspects to consider: the contractor's ongoing obligations after completion and the extensions of time that may be available to the contractor if the job is delayed for a specific reason.

#### 2.1 Commencement Date

The date on which the contractor must begin work on the job site is specified in the contract award. A contractor must start work based on a projected start date. The date of a contract's commencement is frequently the source of contention in the construction industry, and it is advised that a commencement date be agreed upon as soon as feasible by all parties involved. This date could be crucial in determining the contract completion date, Extensions of Time, prolongation cost, maintenance period, retention release, and many other factors. If no start date is stated at the outset, the engineer is responsible for notifying the contractor of the start date [6], [7].

#### 2.2 Possession of Site

If an employer fails to give the contractor possession of the site, he or she may be responsible for breach of contract damages. Despite a contract provision allowing the contract administrator to postpone all or any part of the work, it appears that this provision cannot be used to postpone the entire project. The employer, on the other hand, is not deemed to guarantee ownership and will thus be held harmless if the contractor is blocked from getting entry by a third party, such as illegal pickets, over whose actions the employer has no influence. Most construction contracts specify a date on which the contractor must be handed control of the site before beginning work. In the event of late completion, the employer will lose the ability to seek liquidated damages from the contractor if ownership is not granted on the stated date [6], [7].

#### 2.3 Completion Date

Most contracts specify a deadline by which the contract's work must be completed. This is not the day by which all contract duties must be fulfilled, but rather the date by which substantial practical completion must be certified. That is the date by which the work will be finished and the client will be able to take possession of the property. Certifying substantial completion on some contracts gives the client possession of the site, releases half of the retention, terminates the contractor's liability for damages, and starts the defects liability period. The defects liability period, also known as the rectification term, usually lasts six to twelve months and allows the client to occupy the premises during that time and any flaws that are discovered must be corrected by the contractor. The date may be changed during the contract, for example, if the contractor's date of taking control of the site to begin construction is delayed, or if a time extension is allowed owing to work delays that are not the contractor's fault [6], [7].

#### 2.4 Time at Large

Contracts typically specify a deadline for completing the work outlined in the contract. The term 'time at large' refers to a scenario in which there is no deadline for completion or where the deadline has become invalid. The contractors are no longer obligated to execute the work by a specified deadline. The term "Time at Large" is not a legal term; it refers to a scenario in which no specific completion date has been established, either due to a lack of contract conditions or as a result of events and the operation of law. Because the time or date for completion is not specified before the task is done, but is established after the work is done, time is said to be at large. When liquidated damages are a concern, the term "Time at Large" is sometimes used in construction contracts. When time is at large, it is asserted that liquidated damages cannot be imposed because there is no fixed date from which they may be calculated. In some cases, the completion date may be significant to termination and the question of whether or not the failure to complete was a violation of the contract [8].

#### 2.5 No Time

Many construction contracts and Standard Forms of Contract require the contractor to execute the job by a specific completion date or within a certain time frame. If the contract does not specify a date or duration, the objective intention of the parties must be determined. A term that the contractor must complete within a reasonable period will be implied in the case of a contract when the date is not established by a course of dealing between the parties [8].

#### 2.6 Extension of Time

When there are delays that are not the contractor's fault, many contracts allow for the construction term to be extended. This is referred to as a time extension (EOT). When it becomes reasonably obvious that there is a delay, or that one is likely to occur, the contractor notifies the administrator in writing, identifying the circumstance that has caused the delay. If the administrator agrees that a relevant event caused the delay, they may grant a time extension and change the dates [9].

## 3. Causes of Delay in Construction Projects

In Construction projects, various modifications occur at the construction stage. Design failures, omissions, unforeseen conditions or new needs, and change requests from the owner or other stakeholders are all examples of these changes, which are frequently tied to design concerns. Changes may result in changes to the project's duration, budget, and/or quality, as well as disagreements between the parties, which may result in compensation payments.

Construction projects are distinguished by fixed start and finish dates. These dates are indicated in the contractor's or project manager's schedule, which has been approved by the employer. Delays are defined as deviations from the start and finish dates of the activities stated in the schedule.

Construction delays can be categorized as follows, depending on how they operate contractually:

a) Excusable compensable delays - These are delays induced primarily by the actions or inactions of the owner. These delays are caused by factors beyond the contractor's control, such as changes in the scope of work, work suspension, approval delays, and site conditions. This type of delay usually results in a time extension, as well as higher overhead costs and maybe profit and bond charges. The contractor receives both a time extension and additional remuneration in this situation.

b) Excusable non-compensable delays - These are delays

that neither the owner nor the contractor can control. Strikes, riots, unusually bad weather, and Force Majeure are just a few examples. This type of delay usually results in a time extension with no increase in overhead costs.

c) Non-excusable delays, also known as culpable delays, are caused by the contractor's exclusive conduct or inaction. Mismanagement of projects, insufficient personnel, and plants, delays in engineering shop drawing creation, and inability to produce submitters on time are only a few examples. These types of delays usually do not result in a time extension or an increase in overhead costs. The contractor is responsible for any damages incurred as a result of late completion as specified in the contract, or he must pay acceleration damages to compensate for the lost time.

d) Concurrent delays - occurs when two or three of the stated delays occur at the same time. The typical outcome of deferring is determined by the type of delay [10].

Based on the impact on project completion delay can also be classified as critical and non-critical. Critical delays induce a delay in the total project completion date, whereas non-critical delays affect progress but not necessarily the project completion date [11], [12].

According to a study on Ethiopian public construction project delays, the top ten influencing factors are contractor financial difficulties, escalation of material prices, infective project planning, and scheduling, delay in progress payments for completed works, lack of skilled professionals in contractor organizations, fluctuating labor availability, late delivery of materials, low labor productivity, unqualified/inadequate experienced labor, and insufficient data. [5].

#### 4. Importance of Construction Contracts

To ensure the project's success, an effective contract needs undoubtedly be created and well administered. The following comprehensive information must be included for the contract to be sufficient in terms of scope: The scope of the employer's, supervising authority's, contractor's, and subcontractors' responsibilities, the project's start, and end dates, other important project-related dates, the responsible party, and the drawing submission date, conditions for time extensions, sanctions, legal responsibilities, details about how the supervision and approval mechanisms will work, description of the construction site, state of plants operating on the site (if any), additional work may be done under certain conditions, as well as the delivery of project-related documentation (such as design documents, protocols, test results, and so on) and the resolution of disputes. In the case of contracts with insufficient scope, the parties are free to act as they like in the fulfillment of their tasks, which leads to substantial conflicts, delays, or even stoppage of activity, and, as a result, significant economic losses [13].

In the construction industry, improved systems for managing project and contract administration processes have become a need. Standard contracts have been developed in the construction industry as a result of this demand. Standard forms have the advantage of having a track record of being both equitable and workable, and many of the provisions have been put to the test in court. The removal of areas of conflict between owners, architects-engineers, and contractors has been substantially aided by the standardization of contract formats. Furthermore, they have weathered the test of time and experience, and have GSJ: Volume 10, Issue 5, May 2022 ISSN 2320-9186

become a well-known tool among architects, engineers, and contractors who are familiar with their meaning and consequences. Contractors prefer contract agreements that are familiar to them in terms of layout, form, and content [11], [12]. Standard contract types avoid conceptual ambiguity caused by contract formatting liberties and ensure equal and fair risk allocation to the parties based on the contract type. Standard contracts also reduce the likelihood of problems, give a foundation for dispute resolution, and permit the production of common contract literature [11], [13]. Construction contracts must not only be compliant with domestic legislation, but also with ratified international agreements or international rules set by a country in the case of international procurement [11], [13].

## 5. Ethiopian General Conditions of Contract

To establish or consolidate a fair and just contract, independent professional groups, rather than one of the contracting parties, have drafted standard forms of contract for construction activities. However, in Ethiopia, the only authority for drawing and issuing standard forms of building contracts has remained with public bodies, ministries, and agencies.

The evolution of contract conditions in Ethiopia began in 1959. 'General Conditions of Construction Contracts' was the title of the first contract conditions prepared by MoUDH in July 1959. BaTCoDA accepted the Standard Conditions of Contract for Construction of Civil Works Projects in December 1987, three decades after the first one went into effect.

The MoWUD established the Standard Conditions of Contract for Construction of Civil Works Projects in December 1994. Another contract condition, titled 'General Conditions of Contract and Tender Procedure Document,' was drafted by MoWUD in 1995 but was never implemented. The PPA General Conditions of Contract for the Procurement of Works is Ethiopia's first attempt to systematically control the construction industry, which was released in January 2006 as part of the SDB for international and national competitive bidding. The issuing authority is a legally distinct public entity (created for this purpose by Proc. No. 430/2005 (known as PPA) and later by Proc. No. 649/2009 (currently known as Public Property Procurement and Administration Agency (PPPAA)) that entered into force on the date of publication in the Federal Negarit Gazeta No. 60 on the 9th day of September 2009 [15], [16], [17].

After the enactment of the latter proclamation, Proc. No. 430/2005 was repealed. Not only for works, but also consultancy services, goods, and non-consultancy services, the PPA 2006 contract conditions have been provided. Other supporting documents, such as the User's Guide, are also included with the terms of the contract for works. [15]

The currently applicable standard conditions of contract for works shall be the PPA 2011. It has been well prepared compared to its 2006 equivalent. PPA issued two sets of SBD for the Procurement of Works for NCB and ICB. The General Conditions of Contract are covered under section 7 which has 89 clauses with seven parts: General Provisions (Clause 1-6), The Contract (Clause 7-29), Obligation of the Public Body (Clause 30-33), Obligation of the Contractor (Clause 34-58), Payment to the Contractor, (Clause 59-69), Performance of the Contract (Clause 70-83), Acceptance & Defects Liability (Clause 84-89) [6]

## 6. Fidic Conditions of Contract

The International Federation of Consulting Engineers - FIDIC (Fédération Internationale des Ingénieurs-Consults) was founded in 1913 in Lausanne, Switzerland, and is responsible for promoting and implementing the consulting engineer industry's strategic goals on behalf of Member Associations. International standard forms of contracts for works and agreements, as well as related items such as standard pre-qualification forms, are published by FIDIC. This federation, which now has members from 90 countries and so has the features of an international professional organization [7], allows only one association from any country to join. FIDIC contracts were created by examining existing recognized practices in construction contracts and attempting to structure the parties' rights and obligations along these lines.

FIDIC standard contracts are so precise that they guide the parties through their provisions in the event of unanticipated occurrences or conditions in the parties' relations, which gives a significant convenience and aid to the parties, particularly in major projects. In international commercial procedures, construction contracts are governed by several conventional principles. The provisions of FIDIC standard contracts, which can be considered an example of these rules, are the rules that parties in international construction activities prefer and, as a result, are used the most frequently. The fact that FIDIC rules are commonly used in international building projects should not be overlooked. Persons interested in international business activity favor FIDIC standard contracts to a considerable extent, although these are not only preferred by the parties

Many multinational lending agencies and the World Bank have also embraced FIDIC standard contracts. When credit lines are provided by relevant agencies, the parties must utilize the FIDIC standard contracts in the projects financed or tenders performed by these institutions. This has contributed significantly to the increase in the usage of FIDIC standard contracts [13].

FIDIC has developed several standard forms of a contract between various parties throughout the years, taking into consideration variances in project delivery techniques, responsibilities, and design. There are five types of forms of contracts in the FIDIC family; these are the red, yellow, silver, green, and white Books. From the five types of forms of contract in the FIDIC family, our concern for this paper is the Red Book. The Red Book was intended for Civil Engineering construction works.

FIDIC Conditions of Contract for Construction First Edition 1999 comprise the following parts:

- General Conditions
- Guidance for the Preparation of Particular Conditions

- Forms of Letter of Tender, Contract Agreement, and Dispute Adjudication Agreement

General Conditions consist of six parts, namely the con-tents, definitions, clauses, appendix (General Conditions of Dispute Adjudication Agreement), annex (procedural rules), and an index of sub-clauses. General Conditions contain 20 clauses, each of them having clearly defined and de-tailed sub-headings. [7]

## 7. Comparison of FIDIC (1999) and PPA (2011) Conditions of Contract in Terms of Delay

A desk analysis of the FIDIC 1999 and PPA 2011 contract conditions was done to determine the significant differences between clauses related to time. The FIDIC Conditions of Contract for Construction Works contain a unique classification system that spells out in great detail the stakeholders' mutual responsibilities and the construction process. Conditions of Use; Clause 8: "Commencement, Delays, and Suspension" delves into the details of the program, its delays, and its implications. Clause 8 categorizes concerns such as the start of work, the completion date, the program, an extension of the completion date, delays induced by authorities, rate of progress, delay damages, work suspension, and work suspension consequences. [7]

#### 7.1 Commencement

A hard and fast definition of the start date cannot be found in any normal construction contract form. It is possible, however, to simply declare that the commencement date is any specific date within a certain period. The commencement date must be established within 42 days after the contractor is granted the contract and the employer issues a letter of acceptance, according to the FIDIC standard contract condition Clause.8.1 [7]. The commencement date is explained in standard contract conditions by referring to several facts, the fulfillment of which is a precondition for the contractor to begin work. Commencement necessitates, among other things, the owner of the work properly handing over the construction site to the contractor as stated in FIDIC Red Book Clause 2.1 and PPA Clause 31. If the employer fails to transfer possession of the site to the contractor within the prescribed period, allowing the latter to begin work and complete it within the prescribed work plan, this is considered a breach of contract, which may result in the contract being extended and the con-tractor being compensated if the latter suffers a loss. The terms of this harmonized standard condition of contract also require the engineer to deliver such instruction within 180 days of the date on which the letter of acceptance is granted, failing to do so may result in the contractor terminating the contract Clause 8.1 [18].

In Ethiopia, the period of work execution begins on the "Start Date," as defined by clause 71.1 of the Public Procurement Agency general conditions of contract, which states that the "start date" shall be fixed by the client's public organ and stated in the special conditions of the contract, or shall be administratively determined by the engineer's issuance of an order to that effect. The "start date" shall be set within 120 days of the commencement period, unless the contracting parties agree otherwise as per PPA 2011, clause 71.2. The idea is that the owner will complete any administrative procedures during this time [6], [19].

#### 7.2 Progress of work

After commencement of work, the contractor must execute it as quickly as possible and without delay as stated in FIDIC clause 8.1. The contractor is required to provide a thorough work program to the engineer, who will analyze it and either approve it or ask the contractor to make revisions to the program and continue working in both FIDIC Clause. 8.3 and PPA Clause. 72.2. This work program specifies the order in which the contractor expects to complete the work, as well as the expected completion dates for each stage of design and work in PPA 2011, Clause. 41 [6], [7].

The engineer shall require the contractor to submit a revised work program and expedite the progress of the work if the actual progress of the work is too slow or progress has fallen (or will fall) behind schedule to complete within the contract period and/or progress has fallen (or will fall) be-hind the submitted program for a reason that does not warrant an extension of time, according to the FIDIC standard form of contract clause 8.6. In addition, if the employer incurs expenditures as a result of the contractor's execution of the altered work schedule, he is entitled to compensation from the contractor [7].

The contractor shall adhere to the work schedule, according to a general understanding of the PPA contract requirements. The contractor must complete the "program of implementation" of activities that will be part of the bid document, according to Clause 41. Furthermore, according to the combined reading of clauses 41.3 and 41.4, the contractor must present to the engineer for approval an updated program that indicates the actual progress made on each activity at the intervals specified in the contract's special circumstances, which normally is done every month. The engineer may withhold the sum mentioned in the special terms of the contract from the next installment if the contractor fails to produce progress reports as per the program of implantation as per the PPA Clause. 59 [6], [19].

#### 7.3 Completion

Generally, the contractor is said to have completed the project when all of the project's components have been fully completed and are free of flaws. However, in reality, it is often hard to complete a construction job as cleanly as the de-signs and requirements suggest. As a result, rather than offering a firm and fast definition of "completion," typical contract conditions prefer to use phrases like "substantial completion."While 'minor outstanding works' and flaws remain to be rectified within the defect liability period. "Minor outstanding works and defects," according to the FIDIC contract forms clause 10.1, are those that will not have a significant impact on the utilization of the works or section for their intended purpose [7].

In the context of Ethiopian public work contracts, the concept of completion is hazily stated. However, a deeper examination of the PPA general conditions of contract rules reveals that a task must be substantially completed before it may be provisionally accepted. "The works shall be taken over by the public body after they have satisfactorily passed the tests on completion and a certificate of provisional acceptance has been given or is believed to have been granted," according to the text in PPA, 2011, clause 87.1. The start of the defect liability period is signaled by the issuance of the certificate of provisional acceptance, which is not to be construed as an acknowledgment that the works have been completed in all respects [6].

If the defects, damages, or unfinished works that must be repaired by the contractor within the defect liability period are of a nature that prevents the public body from using the works in any way, the public body shall be entitled to recover all sums paid in respect of the parts of the works in question, as GSJ: Volume 10, Issue 5, May 2022 ISSN 2320-9186

well as the cost of dismantling such parts and clearing the Site, without prejudice to any other remedy as per PPA 2011, clause 88.4. On the other hand, this paragraph can be interpreted to suggest that flaws and omissions that do not prevent a public body from using the works are deemed minor issues that the contractor must fix within the defect responsibility period [6].

#### 7.4 Termination against Time Overrun

The cumulative reading of articles 8.2 and 8.7 in the FIDIC conditions of the contract makes it evident that if the contract tor fails to meet his commitment to complete the work on time, he will be liable to the employers' notice (claim for damages) and pay delay damages. Furthermore, time over-run/delay is not listed as one of the causes of construction contract termination in the FIDIC contracts Clause 15.2. This shows that the contractor's commitment to finish the work within the contract period is not a fundamental requirement that determines the contract's essence in FIDIC [7].

The public body, in its sole discretion and for any cause whatever, can pass a decision to terminate the Contract, according to the PPA standard contract condition Clause 21.2(O). For a stronger cause, the PPA general conditions of the contract state that the contractor's failure to complete some or all of the works within the contract time, or within any extension granted by the public body, shall constitute a ground for contract termination [6].

#### 7.5 Damage

The PPA standard conditions of the contract state that "If the contractor fails to complete the work within the time specified in the contract, the public body shall be entitled to liquidated damages without formal notice and without prejudice to its other remedies under the contract and if the public body has become entitled to the maximum liquidated dam-ages which is 10 percent of the contract price as per PPA clause 27, it may sue the contractor according to PPA Clause 78 and Clause 27. Furthermore, if the public body's activities are harmed by the delay in completing the contract, the public body may terminate the contract by giving the contractor advance notice.

The public body shall submit a prior written notice of 30 days that indicates the reason for termination and the date on which

such termination becomes effective, according to PPA conditions of contract Clause 21.2. The notice period shall be 60 days if the contract is terminated according to Clause 21.2(O) (at the sole discretion of the public body). The imposition of liquidated damages, on the other hand, does not necessitate a formal notice from the employer's public body [6].

#### 7.6 Time-Related Cost (Prolongation Cost)

According to PPA 2011Form of Contract, the Engineer, following consultation with the Public Body and the Contractor, shall determine such extra payment and/or extension of the period of performance to be made to the Contractor in respect of such claim as shall, in the Engineer's judgment, be fair and reasonable.

If the Contractor encounters problems during the execution of the works and the Contractor thinks that additional expenses will be incurred and/or an extension of the term of implementation of the tasks will be necessary, as stated in Clause 44, Exceptional Risks, Sub-clause 44.1.

If the Contractor encounters artificial obstructions or physical conditions that could not reasonably have been foreseen by an experienced Contractor during the execution of the works, and if the Contractor believes that additional costs will be incurred and/or an extension of the period of implementation of the tasks will be necessary as a result of this, he shall give notice to the Engineer following GCC Clauses 73 and 74. The Contractor shall describe the artificial impediments and/or physical conditions in such notice, including the anticipated impacts, the steps he is doing or intends to take, and the anticipated delay or interference with the execution[6]. The following table1 and table 2 show the contract clause related to the time extension and time-related costs in FIDIC 1999 and PPA 2011 respectively [8].

Clause	Clause Description	EOT		Prologation Cost	
No.	Clause Description	Entitle	Under Clause	Entitle	Under Clause
1.9	Delayed Drawings or Instructions	Yes	8.4	Yes	20.1
2.1	Right of Access to the Site	Yes	8.4	Yes	20.1
4.7	Setting Out	Yes	8.4	Yes	20.1
4.12	Unforeseeable Physical Conditions	Yes	8.4	Yes	20.1
4.24	Fossils	Yes	8.4	Yes	20.1
7.4	Testing	Yes	8.4	Yes	20.1
8.4	Extension of Time for Completion	Yes	8.4	Yes	20.1
8.5	Delays Caused by Authorities	Yes	8.4	Yes	20.1
8.9	Consequences of Suspension	Yes	8.4	Yes	20.1
10.2	Taking Over of Parts of the Works	No	-	Yes	20.1
10.3	Interference with Tests on Com- pletion	Yes	8.4	Yes	20.1
13.7	Adjustments for Changes in Leg- islation	Yes	8.4	Yes	20.1
14.8	Delayed Payment	No	-	Yes	14.8
16.1	Contractor's Entitlement to Suspend Work	Yes	8.4	Yes	20.1
17.4	Consequences of Employer's Risks	Yes	8.4	Yes	20.1
19.4	Consequences of Force Majeure	Yes	8.4	Yes	20.1
20.1	Contractor's Claims	Yes	8.4	Yes	20.1

Table 1. Contract Clauses related to Extension of Time and Prolongation cost in FIDIC conditions of contract

Table 2. Contract Clauses related to Extension of Time and Prolongation cost in PPA 2011 conditions of contract

Clause No.	Clause Description	EOT		Prolongation Cost	
		Entitle	Under Clause	Entitle	Under Clause
31	Access to the Site	Yes	74	No	-
18	Force Majeure	Yes	73	Yes	18
44	Exceptional Risks	Yes	73	Yes	69
49	Setting-out of the Works	Yes	73	Yes	49
67	Delayed Payments	No	-	Yes	67
73	Extension of Intended Completion Date	Yes	73	No	-
74	Compensation Events for Allowing Time Extension	Yes	74	No	-
75	Acceleration	No	-	Yes	75
81	Inspection and Testing	Yes	73	Yes	81

# 8. Conclusion

Construction contracts serve as guidelines for the employer, contractor, any subcontractors, and other authorized parties. Using complete, detailed, and fair contract documents, many potential conflicts or disputes can be minimized or avoided. Contract documents must be directed and maintained correctly in the event of any defaults, conflicts, or unanticipated occurrences that may occur during the process. Contract administration deals with a variety of topics, including delays and compensation for delays. One of the biggest grounds for disagreements between the parties is the question of determining the causes of the delay and selecting which party should compensate for the delay. With the application of the provisions about delays and compensation for delays in a correct and comprehensive contract, this issue can be resolved.

When the PPA 2011 is compared to the FIDIC Conditions of Contract for Construction, which is commonly used in international construction projects, it is clear that the two contract documents contain many comparable aspects, while there are some variances. The strength of PPA-2011 is that it is more elaborate each clause so that it is not confusing in interpretation, and it is better by reforming the clauses when compared to previous local contract conditions. FIDIC 1999 provides international meaningful clauses, and its clarity and ease of adoption make it preferable.

The public body, in its sole discretion and for any reason, can terminate the contract under PPA 2011, however, a time issue will not directly lead to a contract breach under the FIDIC requirements of the contract. This is one of the unilateral features of such contracts allocating a high level of risk to the contractor. Risk is typically apportioned proportionally to the amount of money invested and to which side is best equipped to handle it. PPA 2011 is primarily concerned with the protection of public employers. The contract's terms and conditions must be fair and balanced for all parties concerned.

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