**ECV’s CHALLENGING QUESTIONS REGARDING FIDIC 2017 CONTRACTS (RED & YELLOW)**

**ENIGMA NO 2: EMPLOYER’S FINANCIAL ARRANGEMENTS SUB-CLAUSE 2.4 - PRACTICAL USE WHEN EXECUTING CONTRACT**

Under Sub-Clause 2.4 (a) the Contractor may request whether the Employer has made the financial arrangements to meet the remaining Contract Price as estimated by the Engineer if a single Variation exceeds 10% of the Accepted Contract Amount or if accumulated Variations exceed 30% of the ACA

ECV’s Enigma No 2 Questions

1. Why are there two thresholds in respect of Variations? Surely there should only be one. A single Variation of 9.99% of ACA will require Contractor to accumulate Variations totally another 20.01% ACA whereas as that of 10.0% would trigger the use of Sub-Clause
2. Why are following not covered by same Sub-Clause if they cause an increase to the ACA by more than 10%

S.C 12.3 Measured work under Red Book?

S.C 3.7 Agreements or Determinations?

S.C 21.4 DAAB decisions?

S.C 21.6 Arbitrator decisions?

Under 2022 amended version if the Contractor disagrees with Engineer’s estimate of outstanding amount due, then why is he not entitled to take the issue to the DAAB?

David Heslett, Managing Director, ECV Consultancy Ltd – wwwecvglobal.com

More Enigmas to follow!!