

SYRIAN PETROLEUM COMPANY

SECOND DOCUMENT

T / BOOK OF GENERAL CONDITION
ISSUED BY MINISTERIAL ORDER
NO. 349 DATED 24 April 1980

PART ONE

DEFINITIONS

Article no. 1:

Each of the following expressions, as incorporated in these regulations, has the meaning set beside it:

THE MINISTER:

minister of Petroleum and Mineral Resources.

CONTRACTING PARTY:

Syrian Petroleum Company.

SYSTEM OF CONTRACTS:

System of Contracts issued by legislative Decree no. 195 dated 25 July 1974.

BIDDER:

Natural or Artificial person who has submitted a duly made offer for contracting.

UNDERTAKING:

The obligation of the contractor towards the Contracting Party.

CANDIDATE CONTRACTOR:

Is the one on whom the bidding has settled, or the one whose bid is accepted through demand for Price offers, or the one who is bound with a contract with the Contracting Party which has not been ratified yet.

CONTRACTOR:

Is the natural or artificial person who has been obligated with contract towards the Contracting Party.

CONTRACT:

Set of provisions and documents (including Books of General and Special Conditions, Specifications, Plans, Designs and Tables) and all other documents of the contracts with which the Parties of the contract are bound.

PART TWO

GENERAL PROVISIONS

Article no. 2:

- a) Bidder must include in his offer his selected domicile in the **Syrian Arab Republic**.
- b) Contractor should specify his selected domicile in **Damascus** or at **Site of work**.
- c) All notifications, correspondences, Administrative and Legal notices and summons which are sent by registered mail, telegraph and telex to the Contractor or to his Agent or Legal Representative at his selected domicile or which are delivered to either one of them are considered legally correctly notified. The Contractor is considered legally notified with such correspondences Notifications and notices as follows:
 - 1- Immediately, if they are delivered to him or to his Agent or to his legal Representative.
 - 2- **Within 48 hours** from date of sending if they are sent by Cable or Fax.
 - 3- **Within 5 days** for domestic contracts and **10 days** for external contracts from date of depositing same at the Post if are sent by registered mail.If notification as mentioned above can not be made for any reason whatsoever, the contracting Party is then entitled to post one copy of said documents in its advertising board and the Contractor is thus considered notified of same. The entries of contracting

party are considered as evidence of notification without the need to obtain his signature on same.

Article no. 3:

The Bidder is held bound by his offer for the whole period specified in books of Special Conditions and Announcement.

Article no. 4:

The Contractor is considered apprised of obligations, delay penalties and fines when they fall due according to the contract or the books of Special Conditions without the need to take any legal action or proceedings.

Article no. 5:

The Contractor is liable for all taxes and fees provided for in the laws and Regulations in force including contract stamp fee and advertising charges unless otherwise agreed upon in accordance with valid laws and regulations.

Subject to the provisions of exempting certain public entities from taxes and fees, it is possible in contracts of external supplies to include Special Conditions relating to:

1- Making one of the contracting parties bear customs fees and their attachments, various harbor fees, fees on import licences and fees levied on entry of the goods into the country and their clearance.

2- Making one of the contracting parties liable for consequences of amending the fees mentioned in above item or effects of imposing new fees.

c) It is possible in external contracts to provide that the Contracting Party shall bear wholly or partly various taxes and fees which are incurred originally on the contractor.

Article no. 6:

The Contracting Party is entitled without recourse to legal proceedings to deduct all expenses and penalties incurred on the contractor by provisions of the contract from the amounts due to him or which shall become due to him, or recover or deduct same from his security deposits.

Article no. 7:

If the works are awarded to contract partners, all such contractors shall be held jointly and severally responsible towards the contracting party for all matters of contract execution and obligations and verdicts thereof.

The Contracting Party can legally deal with any one of such contractors as being representative of the other partners.

It is also entitled to consider any one of them responsible before it, to receive and execute instructions or to bear all financial and legal charges resulting from the contract.

All correspondences and other explanations of any kind issued by any one of such contractors concerning the contract's works shall obligate all other contractors.

Article no. 8:

No Contractor is entitled to surrender all or part of his contract to persons, companies, organizations or any other entity not mentioned in the contract, except by prior written approval of the Contracting Party.

In such a case, the original contractor remains liable jointly and severally with the new contractor / contractors for all obligations and guarantees assigned on his part by the contract.

If the Contractor does not abide by provisions of this article, the execution of contract is withdrawn from him and provisions of Article (50) of this book are applied on him.

Article no. 9:

If the contracting Party's Authority and functions (relating to purpose for which the contract was concluded) are transferred to any other public entity, then all rights, obligations, and mutual undertakings between the two parties are automatically transferred to the new entity and the Contracting Party shall advise the Contractor of this in writing.

Article no. 10:

The Contractor should execute all written orders and instructions notified to him by the Contracting Party of its representative. If he sees that such orders and instructions exceed limits of his contractual obligations, he must submit his objections, reservations and demands ensuing from said orders and instructions within ten days from date of their notification to him, otherwise subject to being unaccepted.

Article no. 11:

a) Contractor is not permitted to make any alteration, change, postponement, omission or amendment in the works stated in the contract except with prior written approval from the contracting party.

b) The Contracting Party is entitled during period of contract executing, to ask the contractor in writing to make certain amendments. If such changes obstruct the contractor's fulfillment of his obligations, he should inform the Contracting Party in writing which would decide whether the changes should or should not be made and notify the

contractor as such. All this during the period stated in the Book of special Conditions or the contract.

c) Differences and periods resulting from changes requested by the Contracting party shall be subject of agreement between the two parties.

Article no. 12:

The Contracting Party may approve to resort to arbitration if so provided in the contract and in accordance with procedures followed in the Syrian Administrative Courts. Arbitration Committee is constituted by decision of the Minister as follows:

Councilor from the State Council to be named by Head of this Council or a judge named by Minister of Justice (as President) and membership of an Arbitrator for each of the 2 Parties. The said decision shall specify subject of the dispute and committee's compensation within limits of legal provisions in force.

The Committee is entitled to obtain assistance from specialists and experts whose compensations shall be fixed by decision of the Minister at the suggestion of the committee.

It may be provided in external contracts to resort to arbitration on terms other than those stated in previous paragraphs (A) and (B).

The losing party shall bear that part of expenses and fees of arbitration which is equal to percentage of his loss.

Article no. 13:

A Calculation of compensation stated in Articles: (50 and 51) of Contract's System to be made by the Arbitration Committee mentioned in Article no. (12) above. Both Parties shall submit to this committee all information required to study all circumstances and conditions of the work during its executing. Both Parties should also submit a statement of their respective losses. If it appears to this Committee that the losses and damages asked by the Contractor have resulted from his default or violation in execution of any of his obligations or from non-availability of his necessary means or from his mismanagement or delay in completing the works within the period specified in the contract for unjustified reasons, then the Committee should not award him any compensation in all cases. The Contractor is not entitled to stop execution of the works in all cases mentioned in Article no. (50) of System of Contracts; otherwise he will be held responsible for all damages and losses falling on the Contracting Party because of such stoppage and he loses the right to claim any compensation.

Article no. 14:

Syrian Legislation is the sole reference in all matters related to correctness of the contract and interpretation and application of its provisions as well as in every dispute arising from its executing.

Article no. 15:

Provisions of System of Contacts shall apply in all matters not provided for this book.

PART III SUPPLY CONTRACTS

SECTION – I– TRANSPORTATION

Article no. 16: Maritime Transportation:

Sea Transportation shall be made through the Syrian General Maritime Establishment which may grant exception to transport by other means.

If such exception is obtained transport must be made aboard ships not listed on the blacklist and according to technical terms guaranteeing safety of arrival of materials. The Contractor must observe all instructions and conditions specified by the said Establishment and the Maritime Agencies Company as follows:

a) **The goods are delivered FOB (on board the ship at port of shipment):**

The contracting Party shall bear costs of sea transport and insurance while contractor bears transport charges and risks on the goods from the exporting factory unit aboard the ship.

The Contractor must in this case notify the Contracting Party of date of arrival of each shipment of contracted materials to port of shipment one month at least prior to such date.

He should also notify the Contracting Party a statement of the goods, their weights, volumes and all other information necessary for shipment during one month maximum from date of being notified of opening the documentary letter of credit.

b) **CFR delivery of goods (on quay of port of destination):**

1- Contractor must insure the materials contracted on exclusively through the Syrian General Establishment for Maritime Transport from port of shipment to port of destination without reducing the contractor's liability towards the other party in accordance with the Contract's provisions.

Final deposits shall not be returned to the contractor until he has presented to the Contracting Party a certificate from the said Establishment confirming that shipment was made through it or with its permission or that he had paid to it all its due amounts.

2- The Contractor in external contracts should open a documentary divisible, negotiable and irrevocable L/C in favour of the Syrian General Organization for Maritime Transport to cover sea freight charges and other expenses involved thereon.

3- Contractor should notify said Organization a statement of the goods, their weights and Owners at least two months prior to date of the first shipment and the said Organization must notify him of the amount of the L/C and the currency of payment and contractor shall have to open the L/C within (15) days from date of his notification. If the contractor delays execution of his obligations mentioned in this paragraph

beyond their fixed dates, the said Maritime Organization may delay transport of the first shipment for similar period, without this affecting the contractor's commitment with date fulfilling the obligations fixed in the contract.

4- The Contractor should notify the said Maritime Organization or its nominated Agent in order to execute the shipment on the date he specifies for transport of each shipment from port of shipment at least one month prior to that date. He should also provide all necessary information for shipping which are requested by said Syrian Maritime Organization or its Agents abroad.

c) C+F Landed(on quay of port of destination).

Contractor bears costs of transport up to port of destination landed. The insurance remains liability of the Contracting Party and Maritime transport is done according to procedures stated in the previous paragraph (B).

d) **Delivery of Goods in Warehouses of Contracting Party:**

The Contractor in this case is responsible for sea and land transport and insurance up to the warehouses of the Contracting Party.

And he bears all taxes, fees and expenses involved on contracted materials up to their arrival on land of warehouses including obtaining the necessary import licences and opening the documentary credits where necessary, unless it is agreed that the Contracting Party bears the taxes and fees.

Sea Transport and insurance must be done through the Syrian General Organization for Maritime Transport and sea transport to be accomplished according to terms mentioned in paragraph (B) of this Article.

e- At any rate the Contractor should take into consideration all instructions and conditions which are specified by the Syrian General Organization for Maritime Transport or its accredited Agent to guarantee the good execution of shipment.

Article no. 17: Air Transport:

Air transport should be made on planes of the Syrian Airlines or by its permission provided these planes fulfill all the technical conditions required for safety arrival of materials, along with observing provisions of Israel Boycott office.

Article no. 18: Land Transport:

Land transport should be made by means of transport possessing all technical conditions required for safety arrival of the materials.

Article no. 19: Insurance:

Imported contracted materials must be insured against all risks, within the limits specified in Book of Special Conditions. Insurance is borne by the Contracting Party if the purchase is on FOB or C+F basis, and by the contractor in other cases.

Article no. 20: Packaging:

Method of packaging the goods and type of materials used in packing should be in accordance with the International Rules of sea or air or land distant transport. The Contractor shall be liable for every damage on the Contracted goods resulting from insufficient packing. Reels, boxes and other packing items shall be ownership of the Contracting Party unless otherwise stated in the contract.

SECTION – II – EXECUTION OF OBLIGATION

Article no. 21: Increasing Or Decreasing Of The Quantities Contracted For:

The Contracting Party is entitled to increase or decrease the quantities contracted on in accordance with the provisions of Article no. (54) of System of Contracts and within the percentage specified in the books of Special Conditions or the contract provided it does not exceed 25% of contract's value and at prices of contract itself.

Article no. 22: Control of Making and Preparation of Contracted Materials:

The Contracting Party may at its own expense appoint a natural or unnatural person as "supervisor" to represent it in supervising the manufacturing of required equipment and materials to be sure of good manufacturing, with the right to do so at places of manufacture whether they belong to Contractor or the factories accredited by him. Such supervisor may refuse what he deems to be contrary to the technical conditions, provided he notifies the contractor or manufacturers in writing of cases of rejection as well as the Contracting Party. The Contractor must replace the rejected materials with others which fulfil all technical conditions.

The supervisor or any other person representing the Contracting Party is entitled to enter freely during working hours into all places of work where the Contractor (Manufacturer) makes or stores the supplies or any part thereof.

The supervisor is not entitled to exempt the contractor from any of his contractual obligations, nor does he have the right to order execution of any work which may delay delivery of the contracted materials or lead to payment of additional sums by the Contracting Party or introduce any modifications unless such is included in the contract.

SECTION – III – ACCEPTANCE

Article no. 23: Acceptance:

a) Purpose of Acceptance:

Is to ascertain conformity of delivered supplies with those contracted on in quantity, quality and technical specifications and to make sure of good execution by the contractor of his obligations.

b) Method of Acceptance:

1- Acceptance of contracted supplies is done by an Acceptance Committee constituted by a decision of Head of the Contracting Party and should include one technical member and one from the finance department at least. If acceptance is to be out side Syrian territories, said party may form one or more acceptance committee or delegate one of the entities, individuals or companies to do so on its behalf. The contractor should be notified of this in writing.

2- Contractor must deliver the contracted supplies to the Contracting Party at the place specified for delivery in the contract, provided he notifies it in writing, prior to a period to be stated in the contract, of readiness of materials for delivery at the place so agree in the contract.

3- At the fixed time for acceptance, the Acceptance Committee examines the contract file and after knowing quantities and specifications and types of required supplies, it examines the submitted supplies checks them and ascertains their perfectness and being free from default and in conformity with conditions and specifications specified in the contract.

4- The Committee or entity charged with acceptance shall make an orderly report of minutes containing facts of process of receiving, checking and examining the supplies and results thereof as well as hour and date of acceptance, and notification to the contractor to attend acceptance process and his presence or presence of his legal representative or their absence. Finally justified recommendations of the Committee to accept submitted supplies, reject them or accept a part thereof and reject the other part, or accept the supplies with reservation on certain matters. The report of minutes shall be signed by all its members or by the entity delegated to make the acceptance as well as by the Contractor or by his legal representative if he is present. If the latter refuses to sign or in case of his absence, the report should so indicate. At any rate, a copy of acceptance report shall be sent to the contractor.

5- If the contractor signs the minute's report with reservation or he is absent, he is entitled to object to said report's contents, within maximum of ten days from date signing with reservation or from date notifying him in writing of the summary of the report.

The contracting Party shall study this objection and notify the contractor of the result. If the Contractor dose not object within the above period he is considered to have accepted the views of the Contracting Party. But if he refuses to sign the minutes he is considered accepting its contents without having any right for objection to this.

6- Value of contracted supplies shall not be paid except after making this report and having it accepted by the Disbursing Master, nor is it allowed to return final security deposits and release various guarantees except after final acceptance which must be made after expiration of period of guarantee stated in this book.

Article no. 24: Guarantee of Supplies:

The Contractor guarantees providing the supplies in accordance with specifications, properties and technical statements on the basis of which contracting was made. Such guarantee shall cover all contracted supplies against every default or deficiency in design or manufacture or supply as well as against all damages and deficiency resulting from faulty installation. It also covers good working of the equipment subject of the contract throughout the period of guarantee stipulated therein.

Article no. 25: Contractor's Responsibilities:

In addition to the aforementioned, the Contractor shall guarantee – as a result of tests and trials run during the acceptance – the exact conformity of supplies with the technical conditions and contract conditions and books of Special Conditions.

If must also guarantee that no defaults or deficiencies shall appear therefrom in spite of the fact that the Contracting Party or its representatives has prepared the specifications, plans and drawings of construction and installation of the supplies or had approved them or supervised the works at the factory and places of installation or supervised the materials and manufacturing of supplies and allowed their shipment wholly or partially.

SECTION – IV – ASSURANCES OF CONTRACT EXECUTION

Article no. 26: Delay Penalty:

If Contractor delays delivery of contract materials beyond the dates fixed or provided materials not conforming with conditions and specifications agreed upon and does not replace them before such dates, the delay penalty stated in the contract and book of Special Conditions shall be imposed on him with no need for any notice.

b) If the Contractor fails to deliver the contracted materials after expiration of 30 days from date fixed for fulfillment of obligation, the Contracting Party is entitled with no need for a notice, to purchase the contracted materials at contractor's expense considering him defaulting by any of the methods stated in the System of

Contracts, in addition to imposition of delay penalties as per paragraph (A) of this Article. The Disbursing Master is himself entitled in the cases he deems necessary at his discretion to serve notice to the defaulting contractor to fulfil his obligation within a period he fixed without abiding by the mentioned 30 days period provided it is not less than three days. After end of the notice period, the Contracting Party shall take the above mentioned proceedings.

Sums incurred on the Contractor from delay penalties, price differences of purchasing expenditures shall be collected from his earnings and final deposits and suspended sums belonging to him. If these are insufficient, he is asked to pay the balance according to legal provisions in force.

The Contractor is not entitled to ask the Contracting Party to pay price differences which may result from purchase of materials at his expense, as this price difference shall be Considered an acquired right of the Contracting Party.

Article no. 27: Rejection of Supplies:

The Contracting Party is entitled to reject all or some of the provided materials if they were wholly or partially in violation of the agreed specifications or if they had any defect or deficiency. The Contracting Party may in this case seize the rejected materials and hold them at responsibility and expense of the contractor until he replaces or completes same during the period it specifies for him. It may also deliver such materials to him against a financial guarantee.

Delay Penalties stated in the previous Article remain valid against the contract up to date of delivery of materials in accordance with the specifications agreed on in the contract.

PART IV CONTRACTS OF WORKS

SECTION – I – MANAGEMENT AND EXECUTION OF THE WORK

Article no. 28: Work Program:

The Contractor must submit to the Contracting Party within maximum of ten days from signing the contract a written program containing measures and steps he will take for executing the project and the periods during which he expects to complete each important stage comprised in the contract.

The Contracting Party shall advise the Contractor of its approval of such program within ten days from date of being notified of this program or ask the Contractor to modify it within that period, as its interest requires, within the provisions of the contract and to be appropriate with the time fixed for total works.

The Contractor shall comply with the approved program during execution and is not allowed to overstep its limits or change any part thereof except with the written consent of the Contracting Party.

If the Contractor does not submit the required program during the specified period, the Contracting Party may then obligate him with its own program, after he is so notified of same in due manner.

Article no. 29: Perfection Of Work and Execution:

Execution of all works required in the contract should conform with plans, technical specifications and Administration's instructions as far as technical perfection and good workmanship are concerned. The Contractor must remove or demolish every work rejected by the Contracting Party because of any defect or deficiency or imperfection in such work, or non-conformity with said plans, specifications or instructions of the Contracting Party.

The Contractor must reinstate it to its required condition and according to the specifications at his own expense. It is up to the Contracting Party to accept such work in its present condition after deducting a sum from its value equal to the defect, damage or deficiency provided they are not enormous or do not infringe on safety of the plants from the technical and investment points of view.

If the Contractor or his Agent fails to remove or repair the rejected works which the Contracting Party has refused to accept as aforementioned and if the Contractor fails to do so within the period specified for him in writing for this purpose. The Contracting Party is then entitled to repair, remove or renew the works in the manner it deems and to deduct all expenses it has incurred therefrom from the Contractor's credits and frozen funds.

Article no. 30: Materials, Accessories, Equipment Required From the Contractor:

The Contractor is responsible for providing at his own expense all materials, accessories, equipment, tools and various other technical apparatuses necessary for completion of all required works as stated in the contract. All such materials, accessories, equipment and apparatuses prepared for the work site should be of the best types and should fulfil all the technical conditions and specifications as required by the Contract.

All materials, accessories, equipment and instruments prepared by the contractor shall be considered, when they arrive at the work site, reserved for the interest of the project and cannot be used except for the works and jobs required in the contract.

The Contractor does not have the right to transfer or dispose of same or part thereof outside the workshop except with a written approval of the Contracting Party.

The Contractor should take all necessary measures to insure continuity of providing the materials and accessories required at all stages of the Project in the manner and quantities which guarantee orderly progress of work as per program ratified by the Contracting Party without interruption or delay. In certain special cases the Contracting Party may obligate the contractor to provide the materials and accessories during a period specified in book of Special Conditions.

If the Contracting Party finds the above mentioned materials, accessories equipment and instruments for use in the project not suitable for the work or not in conformity with books of Special Conditions or the contract, it is entitled to refuse acceptance of same and asks for their replacement and the contractor must in this case remove them immediately from the work site and replace them at his own expense with other suitable types acceptable to the Contracting Party.

If the contractor fails or delays transfer or replacement of rejected items within the period fixed for him, the Contracting Party may then do so at his expense no whatever the costs are, and the contractor is not entitled to claim any damages or losses or compensation or extension of the contract period because of the measures taken by Contracting Party in accordance with provisions of this paragraph.

The Contracting Party is entitled to examine at the contractor's expense, any materials prepared for use in the works and jobs contained in the contract by any technical laboratory in Syria or in one of the other countries whenever it sees necessity for this.

The Contracting Party shall give the contractor those documents which enable him to buy and receive those materials and requirements which are subject to System of Controlled Distribution or which are available exclusively at the State; all within limits of quantities required by stages of the execution.

Article no. 31: Materials, Accessories and Tools Submitted by the Contracted Party:

In case there is any provision in the contractor or in the book of Special Conditions which obligates the Contracting Party to submit any materials, accessories and tools required for completing any part of the contract, the contracting Party shall deliver such item to the Contractor gradually and systematically to requirements of Progress of work. Delivery shall be at the site explicitly fixed in the said provisions.

If no specific site is mentioned for delivery, the delivery shall be made at Contracting Party's warehouses in the province where the contract's works are carried out or its nearest warehouse from the center of the work.

Contractor should safeguard the materials, accessories and tools he receives from the Contracting Party and care for them also during their transport and their protection and use them with diligence and care in the execution of the contract's work. He should keep a special record which states manner, quantities and place of use of each part thereof in the works gradually and systematically.

In case shortage, defect or damage in these above items after their receiving because of the contractor's negligence, mismanagement or violation of the plans and technical conditions or instructions given to him by the Contracting Party, he is obligated to replenish the occurring shortage or replace the defective or damaged quantity at his own expense no matter what they amount to.

The Contractor shall submit written requests to the Contracting Party in which he states from time to time the requirements of current works for materials and accessories which the Contracting Party was obligated to provide and specified dates of this providing. This should be done at least 15 days before such dates.

The Contracting Party may in certain cases include in books of Special conditions an obligation by the contractor to insure the materials, accessories, tools and equipment which are provided by the Contracting party in the Contract – with the Syrian Insurance Company during the period from their delivery to the Contractor and their final use in contract's works and jobs.

Article no. 32: Disparity and Errors in Instructions and Plans:

Before starting the execution of any part of the contract, the contractor should check and make sure of the correctness of the plans and their conformity with each other as well as required by book of technical conditions and table of quantities and prices and other provisions. He should ask the Contracting Party to correct any disparity, contradiction, deficiency or error he may find in these plans or technical conditions or statements or instruction given to him whether written, drawn and whether attached with the contract or given to the contractor later during execution. In such cases, contractor should work as per final written instructions which the Contracting Party asks him to follow in this regard during execution.

If the Contractor does not communicate with Contracting Party in writing concerning any disparity, contradiction or deficiency in the plans and technical conditions and an error appears which cannot be accepted or corrected in any of the works of the contract in whole or in part, the contractor will be held responsible to correct, demolish, complete or reconstruct that part affected with the defect and he must remove that defect at his own expense no matter what the costs are.

Article no. 33: Working Hours:

Execution of contract's work is done in one shift during the day on all week days except weekly holidays and official holidays stipulated by regulations in force in the Syrian Arab Republic, except in the Special cases required or approved by the Contracting Party in writing and provided provisions of the Labour Law are observed. If the Contractor wished to work overtime or during weekly and official holidays, he should submit a written request to the Contracting Party which is entitled to accept or reject such request without need to show causes.

If approved, the Contracting Party can obligate the contractor to pay compensation for the staff and employees and workers to secure reasonable control of work in the workshop during overtime hours provided that payment of overtime compensation by the contractor is done through the Contracting Party's Accountant according to legitimate procedure.

The Contractor is also required to provide the necessary lighting to guarantee good working in accordance with the terms required or approved by the Contracting Party.

Article no. 34: Protection Measures for People, Funds, Works and Plants:

Contractor is responsible for taking all necessary and sufficient measures to prevent occurrence of any damage or loss on any part of current works, materials, accessories and equipment during execution of the contract and generally in all movable and immovable properties at site of work, whether such works or properties belong to the contractor or the Contracting Party or others, or subcontractors working at the site. The Contractor shall be responsible for losses and damages arising from his failing to take the measures mentioned above or from his negligence whether such damages has resulted from direct deterioration, collapse, theft, fire or weather and natural conditions and the like.

The Contractor must also take all required measures to protect lives of workers, employees, residents and animals whether or not directly related to works of the contract from any damage or injury falling on any of them during the execution by the contractor of such works. In case of occurrence of such damages, the contractor shall be responsible for removing them and renovating or repairing the damaged part at his own expense as well as for payment of all incurred material compensation resulting from such damages, losses or injuries to the injured party, whether the direct cause of such damages was his negligence or that of his agents or that of those working at sites of his work.

The Contractor must conclude an insurance contract with the Syrian Insurance Company covering his civil liability towards other parties from execution of the works.

Article no. 35: Sanitary Measures, Keeping Order, and Observance of Municipal Codes:

In the execution of the work required from him in the contract, the Contractor shall take all sanitary measures required by the Contracting Party or imposed by the Sanitary Regulations of municipal Codes for keeping the works Site clean throughout execution period. He must erect temporary toilets sufficient for all working at the site as well as have them maintained and kept in clean hygienic condition throughout period of work and removing them after its completion.

Contractor shall keep order at the work site, the duration of contract execution, in cooperation with the Security Authorities and shall advise concerned department if any incident occurs, in order to take the required proceedings. He shall observe all Regulations imposed by the concerned municipality or any other competent official authority regarding any of his works included in the contract and concerning disposal of remains of demolishing and digging operations and shall ensure continued utilization of all neighboring roads and passages during execution. The Contractor shall be responsible for paying every compensation resulting from his violation of these regulations.

Article no. 36: Ownership of Antiquities and Materials Found at the Site of Work:

All archaeological pieces of materials of economic value extracted at the work site shall be ownership of the State.

The Contractor must take all measures to preserve these relics and materials for preventing any breakage, deformity, damage or diminishing on them until they are delivered to the competent official authority, or receiving its instructions on method of using or disposing of them.

When finding such pieces of historic or economic value, the contractor must inform the Contracting Party and the General Directorate of Antiquities and should discontinue the work in the area until receiving necessary instruction about them.

The Contractor shall use in the works related to the contract all materials and debris found or extracted at the work site which the Contracting Party decided its suitability for use.

Value of such materials shall be estimated on basis of table of price analysis submitted by the Contractor and shall be deducted from amounts due to him unless the contract clearly stipulates otherwise.

Article no. 37: Supervision of Works and Inspection of Materials:

a) Engineers and Supervisors charged by the Contracting Party with responsibility for contract and supervision of works executing as well as accredited engineering offices shall be considered as its representatives in supervision of the true application of contract's provisions

and executing plans technical specifications and the instructions it issues to the contractor during the work. To achieve this purpose the contractor shall provide those engineers and supervisors appointed by the Contracting Party all necessary facilities to enable them discharge their duties in the best way and he shall work according to instructions and observations which they issue in accordance with the provisions of the contract, provided that such oral instructions are documented in writing from the Contracting Party during one week at most.

The contractor is responsible for providing temporary offices at the work site which are suitable and sufficient for the discharge of the engineers and supervisors of all official duties up to end of the works.

The Contracting Party or its delegates and those concerned officials have the right to enter the work site at all times to supervise the execution process as well as enter into factories, workshops and commercial shops which prepare or manufacture any equipment, accessories or materials related to any part of the contract's works. The contractor shall provide all necessary facilities and assistance to enable them to examine, check and test as they see necessary.

The Contractor shall not cover any part of the works except with permission from the Contracting Party or its supervising representative after having them examined. The Contractor must at any time fixed by the Contracting Party or any concerned official uncover any part of the works which was covered to enable them examine and check its sound execution.

If it appears as a result of examination that the examined works were correctly executed according to contract's provisions and that their covering was made with approval of the Contracting Party, the latter shall pay costs of examination and recovering.

But if it appears as a result of the examination that the work is not conforming with the plans and technical specifications and the supervising engineer's instructions, or if it is confirmed that the examined part, although correctly executed, was covered before obtaining permission of the Contracting Party, then the costs of examination and recovering are borne by the Contractor in addition to his responsibilities for violation of the works to the required conditions. If the Contractor refuses and fails to make the required inspection during the period stipulated for him by the Contracting Party, the Contracting Party may in this case make such inspection in due manner and deduct all costs thereof from account of the Contractor regardless of result of inspection.

The Contracting Party or its representatives shall visit the work site over reasonable periods to inspect progress of work as it deems compatible with the interest of the project.

The Contracting Party shall bear costs of such visits, however for visits and inspections which it is compelled to make at request of the contractor, to inspect works which has previously been inspected, the Contracting Party is entitled to have them borne by the Contractor and deduct them from his account.

Article no. 38: Contractor's Agents During Execution:

When absent from the work site the Contractor must appoint a responsible Agent to follow-up execution of contract provisions and to act according to instructions of the Contracting Party or any of its representatives during the work to achieve its requirements.

The said agent should stay at the work site throughout hours of continuity of executing and should be delegated with full authority by the Contractor in his absence concerning all that is related to the contract execution.

In project of special technical nature, the Contracting Party may at its discretion require the Contractor to have one of his delegated supervisors to be an Engineer for supervising the organization and execution of the contract's provisions.

The agent and Supervisors appointed by the Contractor to supervise the work execution on his behalf must be always of good reputation and sufficient experience and technically qualified in the type of works of the contract.

Before appointing such Agent or Supervisors at site of work the Contractor shall advise the Contracting party in writing of their names and their technical qualifications to obtain its approval on their appointment.

The Contracting Party has the right to accept or reject this appointment without having to show reasons, and the appointed agent and supervisors cannot be changed except with written approval of the Contracting Party.

The authorized Agent shall remain at the work site during working hours of execution to receive instruction of the Contracting Party or its representatives when they make visits to the work site.

Absence of the contractor's Agent from the work site during normal working hours without advance approval of the Contracting Party, shall be considered a violation for which the Contracting Party may deduct a specified sum to be fixed in the book of special conditions for each day in which the said Agent is absent.

Article no. 39: Employees, Workers, Professionals and Specialists:

In carrying out the contract's works, the Contractor shall only employ those workers, labourers, employees, professionals and specialists who satisfy efficiency and good conduct requirements.

The Contracting Party may ask the Contractor to remove any of above personnel including the Supervisor and Agent from the work site if it found them unfit for work in its discretion.

In such a case, the Contractor may not reinstate those rejected except with a written approval from the Contracting Party.

The use of the Contracting Party of this right does not entitle the Contractor to shrink from his responsibilities in the contract or to claim any compensation or loss or damage which may occur as a result of that.

The Contractor shall not employ or provide work to any of the Contracting Party's workers in any capacity whatsoever; if he does not abide by this clause, the execution of the contract is withdrawn from him and provisions of Article no. (50) of this book shall be applied against him in addition to depriving him of contracting with the Contracting Party for one year at least.

Terms of employment of workers with the Contractor in the contract's works should be in agreement with the provision of the labour law and the International Labour Agreement no. 94 valid in the Syrian Arab Republic. The Contractor must work in accordance with said law and Agreement and apply law of Special Securities in all cases.

SECTION – II–

EMERGENCY CONDITIONS DURING EXECUTION

Article no. 40: Quantities and Prices:

Quantities stated in "Tables of Quantities" and in the "Estimated Statements" for various works required by the contract shall be only on approximate basis subject to increase or decrease in accordance with the related provisions of Article no. (54) of the System of Contracts and in books of Special Conditions, as per work requirements during execution. Accounting with the Contractor shall be on basis of actually achieved quantities, which were measured at work site for each of the works required of him by the contract.

Prices stated in the price list at which it was contracted shall be fixed and include and cover all wages, labour force expenses and values of all materials required for finishing the works as well as their fees, taxes, costs of transport, keeping, protection, depreciation, profits and all liabilities which may be incurred on the Contractor; also his requirements for tools, instruments, equipment, temporary plants and all which is required to deliver the works in a satisfactory and acceptable manner; whether this was clarified in the plans or technical specifications and price – list or implicit understood therefrom. All this unless the book of special conditions and the contract provide otherwise.

Article no. 41:

The Contracting Party has the right to ask for making any modification correction, omission or addition to any of the works required by the contract whether this leads to decrease or increase in the quantities of these estimated works. In all cases, the Contractor shall be obligated to carry out without delay all modifications or changes demanded of him by written orders during the work progress. If the Contractor delays the execution of such modifications or alteration during the specified period, the Contracting Party may do so at his expense and deduct the costs incurred no matter what they are from his account subject to provisions of Article no. (21) of this book.

No modification or change shall be made in any part of the contract's works required in the plans, technical Specifications and table of Quantities unless they are done on the basis of a written request or approval by the Contracting Party. Every change which the contractor makes in any part of the contract's works without obtaining the Contracting Party's approval shall give it

the right to reject same or demand its correctness in required manner at the expense of the Contractor whatever the costs are. If the Contracting Party finds it possible to keep such change as it is without correction, it is entitled to consider it as a contribution for which it shall pay nothing to the contractor when making the accounting.

- c) If modifications asked by the contracting Party during the work require demolishing, removing or modifying a work which was completed according to contract's provisions, then the Contracting Party should reimburse the Contractor value of the demolished part or cost of modification required.

Article no. 42: Extra Works not Mentioned in The Contract:

- a) If execution of works requires performing additional jobs not mentioned in the contract or changing sources and types of certain materials mentioned therein, the Contracting Party may ask the Contractor to do such works and he should immediately embark on execution and specify prices of such materials by agreement between the tow parties. If, however, execution of these additional works does not require full urgency, the Contracting Party does not give order for their execution except after reaching an agreement on their prices with the Contractor, and every work performed by the latter before obtaining a written order from the Contracting Party shall be considered as his own contribution.
- a) If the Contracting Party does not commission the Contractor to do the extra work as stated in the previous paragraph, it may itself execute such works directly through the "Trust Way" or ask the Contractor to do these works for its account in return for a commission of no more than 10% of total actual costs which the execution of works requires, or still charge a third party to do these works. The Contactor should then offer all necessary facilities and assistance to the third party during his execution of the additional works.
- b) When prices of the additional materials agreed upon are different from the prices stated in the contract, the contracting Party shall make a stocktaking of the works of the original contract which were completed by the Contractor. This shall be made in accordance with provisions of paragraph (A) of Article no. (40) of this book.

SECTION – III–

DISBURSEMENT OF VALUE OF THE WORKS

Article no. 43: Measurement of Work Execution:

- a) Execution works shall be measured and calculated gradually during execution in accordance with provisions of the contract, namely at the end of each specific stage of the project and before covering any part of the works which cannot be inspected, measured and calculated once it is covered. The two parties shall agree on the dates on which measurement and calculation of the works shall take place in their presence or presence of their accredited representatives and shall be signed by them. The Contractor shall provide at his expense all works and facilities required for this purpose.
- b) The Contracting Party is entitled, when necessary, to ask the Contractor or his authorized agent to come to the work site on the date it fixed in order to measure and calculate the finished works. If the Contractor or his agent fails to be at the work site on the date fixed the Contracting Party may do the measurements and calculation by itself and the Contractor does not have the right of objection to the correctness of these measurements and calculations.
- c) All works finished according to the contract shall be measured and calculated on the basis of the recorded units including Table of Quantities and surveys by engineering measurement in accordance with the technical methods followed at Ministry of public Works and Water Resources, so that all opening shall be deducted from volumes and areas, and damaged pieces shall be disregarded unless the contract provides explicitly to the contrary. Every increase in Quantities and dimensions made by the contractor without a written request from the contracting party or with its approval shall be disregarded.
- d) Every dispute arising between the Contractor and representatives of the Contracting Party concerning current measurements and calculations shall be decided by the Contracting Party within no more than one week from the following day on which the dispute arose. No part of the disputed works shall be covered until after the Contracting Party had issued its

final decision on the subject of dispute or its approval, and its decision in this regard shall be final and binding.

- e) Works executed contrary to the contract's provisions shall not be included in the calculation and measurement and their value shall not be disbursed unless an agreement on them is reached between the two parties.

Article no. 44: Monthly Payments:

- a) The Contracting Party shall prepare for the Contractor monthly statements of the works and preparations finished by him, which include the following:
 1. Completely finished works which value is to be estimated as per the prices stated for them in the contract.
 2. Works not finally finished which value shall be estimated as per the prices for them in the contract along with taking into account degree of their completion.
 3. Preparations made ready at the work site, their quantities are calculated at 80% of their total actually made ready, provided they conform to the terms of the contract.
Value of these preparations shall be estimated on basis of their current price at time of making the inspection and the price assigned to them in the price Analysis Table, whichever is less, not taking into account the preparations in excess of those required.

From account of the above mentioned Statements (5%) shall be deducted as "frozen sums" as per Article no. (46) of this book.

If the Contracting Party resorts to spend any sum from those suspended or frozen amounts at the expense of the contractor the latter must replenish it until it reaches (5%) of total disbursed to him, namely by way of deducting from his credits, if has such, or by calling on him to pay in accordance with legal procedures in force.

- b) If the contractor is lagging in conducting his work with the speed and diligence estimated in the agreed program, or in those cases where executed works do not agree with the accuracy and conformity with plans and specifications as required by the contract, the Contracting Party is then entitled to deduct a sum from his monthly statements which is commensurate with the delay penalty or with degree of defect which occurred in the works.
- c) Inscription of the works and preparations on the monthly statements and payment of their value does not in any case mean their final acceptance by the Contracting Party or waiving any of its rights stated in this book or in the contract concerning the works and the preparations. The Contracting Party is entitled through out validity of the contract and period of guarantee to review account of payments and adjust any error or mission which may appear therein.
- d) The Contractor's signature on the monthly statement without reservation means his approval of all its contents.
Every objection in this regard should be made in writing within ten days from date of his signing on the statement with reservation. His reservation is not considered if he does not submit his objection during the mentioned period.
- e) Disbursement of statements submitted from the Technical Department is made within (15) days from date of their presentation to the competent financial directorate, provided they are fully documented and satisfy their legal requirements.

Every delay in disbursing after expiration of said period not caused by the Contractor shall be automatically added to the period of contract.

Article no. 45: Final Settlement:

- a) Final statement should be prepared within six months from date of temporary acceptance. The contractor is invited by a letter from the Contracting Party to sign with or without reservation within ten days from his invitation date. If he signs without reservation he is considered as having accepted the contents of the final statement and by receiving value of such statement he shall be considered as having received all amounts due to him with no further claims on the Contracting Party concerning the contract except for the suspended amounts discussed in Article no. (46) of this book. But if signed with reservation, he should state his reservation in one time in a clear detailed memorandum containing the clauses of reservation together with all documentation papers during twenty days from date of his signature, otherwise his reservation is considered null and void; after submitting

this memorandum no reservation is accepted from the Contractor. However, if the contractor is absent from attendance in spite of his notification duly to sign the statement, then the proceedings made in his absence shall be considered correct and he is considered as accepting the contents of the statement and no objection from him is heard.

The Contractor who refuses to sign shall be treated as having signed without reservation.

- b) If in accordance with the provisions of the contract a sum or debt or an obligation is owed by the Contractor to the Contracting Party and the contractor does not pay the same on demand, then the Contracting Party is entitled to deduct same from the credits of the Contractor or from the same sums which will be owed to him or to directly deduct from the statements and remitted in favour of the Contracting Party, whether this is in connection with the present contract or with any other contract or from the securities or suspended sums belonging to the Contractor. If all this is not sufficient, it may collect the balance in accordance with valid legal procedures.

Article no. 46: Frozen Sums (Suspended Amounts):

- a) Sums deducted by the Contracting Party in accordance with Article No. (44) of this book from value of all payments owed to the Contractor for completed works and supplied preparations shall be considered as suspended amounts kept in cash until the final delivery of the works required by the contract in a satisfactory manner.
- b) Suspended sums are returned to the Contractor after he had made final delivery of the project and confirmation that the completed works in the project conform with the required conditions and that no defect or deficiency appears in these works up to the final acceptance.
- c) The Contracting Party is entitled to deduct from the suspended amounts those sums it spends on making up any deficiencies or for completion of any works on behalf of the Contractor by virtue of the powers authorized to it by this book. Before returning these sums to the Contractor, the Contracting Party is entitled also to deduct delay penalties or fines of compensations imposed on the Contractor in accordance with the provisions of the contract and this book.
- d) If at provisional acceptance the Contracting Party finds that the works completed by the Contractor were satisfactorily finished and fulfil the required descriptions, then it can return at liquidation of accounts a sum not exceeding half the suspended sums in addition to the returned securities subject to paragraph (B) of Article No. (41) of System of Contracts and accept to retain a sum not exceeding 50% (fifty percent) of the suspended sums as reserve amount which can be disposed of on date of final acceptance of the project.

SECTION – IV– ACCEPTANCE

Article no. 47: Provisional and Final Acceptance:

- a) The Contractor should advise the Contracting Party, by a letter to be registered in its chancery of the date on which the works required of him in the contract were finished and the date when he is ready to deliver the project to the Contracting Party on a provisional basis. The Contracting Party should forward this letter within one week maximum from its registration date to the Executive Supervisory unit in order to see if the works were actually finished on the date specified by the Contractor or on another date. The Contracting Party is entitled to refuse acceptance of the works or requirements being delivered if it finds in them any shortage, defect or violation of contract conditions and to ask the Contractor to make up these shortages and repair the defects and remove the violations before considering the provisional acceptance as possible. If the shortages, deficiencies, defects and violations are found by the Contracting Party to be a specific type or can easily be repaired with possibility of utilizing the project, it may accept the works completed in accordance with contract's provisions and register a special reservation on the observed shortages, defects, violations so that they are either completed and corrected by the contractor during a period fixed for him by the Contracting Party or have a sum deducted from his credits which is equal, in Contracting Party's estimation to the value of these defects and shortages, which it would then complete by itself at the time it sees fit.

- b) If the Contracting Party decided to accept the works with or without reservation, the acceptance shall be considered valid from the date fixed by the Contractor for such acceptance as per a letter registered duly with the Contracting Party unless it appears that the works were not actually ready for acceptance on that date.
- c) Before delivering the completed works on a provisional basis, the Contractor must remove all debris, remnants and unwanted soil and take away all spots and dirt at his own expense in the way considered satisfactory by the Contracting Party.
- d) If the provisional acceptance reports contain observations of repairs or defects, the contractor is charged to complete same within period of guarantee or during a period fixed by the acceptance Committee, and he shall have to bear, in such cases, wages of Supervisors who supervise the above mentioned repairs throughout period of repair.
- e) The project shall be delivered on a final basis after one full year from date of the provisional acceptance, if no other period was agreed upon.
 The Contractor shall remain responsible towards the Contracting Party throughout this period for any defect or new deficiency which may appear in the completed works which have been provisionally accepted during that period.
 He shall have to pay for all requirements of repair and removal of these defects, completion of the new shortages and project's maintenance whatever they amount to at his own expense.
 Repair of damages arising from the Contracting Party's misuse of the completed works during that period shall be outside the above maintained maintenance responsibility.
- f) Suspended amounts or their Balance shall be returned to the Contractor upon final acceptance, after completion of settlement of all accounts of the project, it will be considered as finished.
- g) In addition to Contractor's responsibility during the guarantee period stated in paragraph (E) above he shall remain responsible for (10) years for any basic subsequent defect which may affect their safety having been the result of the Contractor's fraud or their bad execution.
- h) The Acceptance Committee shall be constituted by the Disbursing Master provided it includes amongst the members at least one technical and one member from the finance department.

SECTION – V– PENALTY CLAUSES

Article no. 48: Proceedings in Case of Violation or Default in Executing the Contract:

- a) If the Contractor stopped the works without a reasonable cause accepted by the Contracting Party, or if the latter finds that the Contractor had slowed, neglected, defaulted or been unable in executing any of the works required of him by the Contractor, or if he had, during execution of the work, violated any of the contractor's provisions, it may notify him of necessity to multiply his interest and activity and to abide by the provisions and conditions required of him.
 The Contractor must make up for this during a maximum period of five days from notifying him, except for urgent situations in which the Contracting Party may specify a shorter period for this make up, and the Contracting Party should state in the warning notice the type of negligence or default or violations which occurred.
- b) The notice served by the Contracting Party shall be considered a document confirming occurrence of the default, negligence or violation unless the contractor submits, within three days from date of notification, sufficient proofs to the satisfaction of the Contracting Party that default or negligence was caused by a justified excuse.
- c) If the period of notice expires before the Contractor's fulfillment of the Contracting Party's demands for expediting the work and abiding by the terms of the contract, the Contracting Party is then entitled to take the following proceedings:
 1. Performing the following on behalf and at the expense of the Contractor: increasing the number of workers and employees of whatever specialty and occupation; purchasing materials, accessories and requirements: and taking all measures it deems necessary to insure the accuracy, conditions and descriptions of the work process as required by the

contract. The Contractor is obligated to pay all costs and expenses incurred by the Contracting Party in this regard and shall have no right of objection to any of the measures, prices or wages on the basis of which the Contracting Party executes the works.

If the Contractor fails to pay these costs and expenses, the Contracting Party shall be entitled to pay them to these concerned on his behalf, without delay and shall have them deducted from his earnings, suspended sums and securities. If the latter are not sufficient, the amounts shall be collected in accordance with laws and regulations in force.

2. The Contracting Party is entitled to order suspension of work in any part in which observed violation occurs and not to allow the Contractor to continue the work in that part except after removing or correcting that violation and abiding again by all provisions of the contract. The Contractor may not in such a case make any claim for material compensation or for extension of contract duration because of suspension of work in such manner.

Article no. 49: Delay Penalties:

In case the Contractor is late in completing all the works required of him by the contract beyond the fixed date, a delay penalty shall be imposed on him as provided in contract, and in addition to the proceedings mentioned in the previous Article, without need for any notice or notification since the delay is by itself considered as standing in its stead.

Article no. 50: Withdrawing the Contract Execution and its Provisions:

Withdrawing the contract execution from the Contractor means execution at his expense of all or part of the works directly by the Contracting Party by the "Trust Method" or through another Contractor considering that this shall not set a limit on the responsibilities and obligations imposed on the Contractor by provisions of the contract.

- a) When the Contracting Party decides to withdraw execution of all or part of the works according to provisions of System of contracts, it invites the Contractor to attend a meeting on a date it fixes in order to participate in measurement of all the works completed up to date of withdrawal and for making a complete stocktaking of all machines, equipment, instruments, accessories, materials, and apparatuses which the Contractor had brought to the work site as well as all temporary plants which he had installed there.

If the Contractor refuses to attend or to delegate an agent on his behalf or if he declines to sign the statement (manifest) after its preparation, the Contracting Party is then entitled to do the job by itself and shall send a copy of the prepared stocktaking and list of measurements to the Contractor by registered mail in order to make his objections within (ten) days from date of his notification. After expiry of this period, the Contracting Party shall not accept any objection in this regard.

- b) Upon withdrawing execution of the works, the Contracting Party may stop disbursement of any sum owed or shall be owed to the Contractor for works which he had completed or accessories he had brought to the work site and to prevent returning of securities and suspended money to him and to dispose with some or all the instruments, machines, equipment, accessories, temporary plants brought to the work site or installed there or to test and utilize them in the way it sees fit to the interest of the project without being responsible for any losses of damages which may be caused to the Contractor as a result of this seizure, use or disposal.

The contracting Party may continue seizure of all these items after completion of the works, if it finds in this a guarantee for its rights incurred on the Contractor.

But if another person proves his ownership of any of the seized items with documents bearing a fixed date preceding that of the contract, the Contracting Party may pay him their rents from the date on which the withdrawal of the works took place in accordance with the terms previously agreed on with the Contractor and at the current prices if no such previous agreement existed with the Contractor.

- c) Contractor shall bear all costs and expenses sustained by the Contracting Party for completion of the withdrawn works as well as all losses and damages which it suffers as a result of its performance of these works.

All the statements submitted by the Contracting Party concerning these expenditures shall be considered correct and the Contractor has no right to make objection on these expenditures or on any of the prices, wages and miscellaneous expenses disbursed to complete the

works, purchase of materials and accessories and carrying out of all other obligations imposed by the contract no

matter how much they amount to. In addition to the above mentioned, the Contracting Party may penalize the Contractor with some or all of his securities or suspended sums as a sort of penalty against the loss and damage it has suffered because of withdrawing the execution of works.

- d) If as a result of the final accounting it appears that the total of costs of works done by the Contracting Party at the expense of the Contractor, including the Administration expenses, is less than that sum which the Contractor would have been entitled to, had he himself performed them at the prices stated in the contract, then the saving realized shall belong to the Contracting Party and the contractor shall not be entitled to claim it, knowing that in such a case the Contracting party pays to Contractor "like rent" for the instruments, machines, equipment and temporary plants which belong to him for the period of the use by the Contracting Party within the limits of the realized saving.
- e) During execution of the withdrawn works, the Contracting Party is entitled to return all or some of the remaining parts to contractor's charge, if it is convinced of removal of the causes which led to such withdrawal of the works.