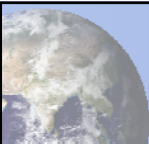




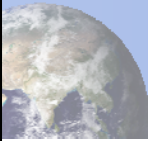
Contracting in the Middle East

Paul Aird



Understanding the Business Culture

- Primacy of long term relationships
- Continuous competitive negotiation
- Effective business is done in Arabic
- Connected intermediaries are essential



How important is the contract?

- Contract signing is NOT the end of negotiations
- Client expectations are quite significant
 - may be quite different from defined scope of work
- Contract can be a Shield, perhaps not a Sword
 - i.e. Local vs international Arbitration
- Value of Relationship/Reputation vs value of the contract
 - small number of clients, many are interconnected
- Payment terms and procedures
 - for this area, contract terms are very important

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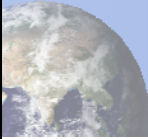


General Views on Contracting in the Middle East

- Avoid the urge to mobilize staff before the contract (or change order) is signed
- Lack of insurance expertise
 - aversion to use of insurance brokers
 - local insurance companies tend to compete on price as opposed to coverage terms
- Is government backing express or implied?
- Tenders often state that no contract exceptions are permitted or else the bid will not be opened

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Factors For Project Success

- ✓Patience
- ✓Build personal relationships
- ✓Define payment requirements
- ✓Early establishment of governance mechanisms
- ✓Operate the contract diligently and with discipline
- ✓Face to face resolution of issues
- ✓Be visible
- ✓Listen, probe, repeat to ensure understanding
- ✓Cultural training for expats