The Road to Qatar's Construction of the 2022 FIFA World Cup Stadiums

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General Facts

- First Middle East country to host the World Cup
- First Arab country to host the World Cup
- Smallest country (by area) to host the World Cup (previously Switzerland in 1954)
- Smallest country (population of 1.7m) to host the World Cup (previously Uruguay with 1.9m in 1930)
- First World Cup not to be held in June/July (in November/December due to extreme summer temperatures in Qatar)
- 32 competing national teams
- Shorter time-frame of 28 days for the event
- Final scheduled for 18 December 2022 (also Qatar's National Day)





Selection Process

- Fédération Internationale de Football Association (FIFA) began bidding process for the 2018 and 2022 World Cup in 2009
- 11 countries initially competed for the 2022 games
- 5 gradually withdrew and 1 (Indonesia) rejected due to lack of government guarantee of support
- 4 rounds of voting by FIFA Executive Committee's (22 members) in Zurich on 02 December 2010

Bidders	Votes			
	Round 1	Round 2	Round 3	Round 4
Qatar	11	10	11	14
United States	3	5	6	8
South Korea	4	5	5	700
Japan	3	2		-
Australia	1			





Controversies

- FIFA voting and selection process
- Merits of Qatar as the venue over other competitors (higher operational risks, fewest existing facilities and infrastructure, climate)
- Qatar's football rankings (very low ranking, has not previously qualified for World Cup)
- FIFA bribery and corruption charges (general and specific to Qatar selection)
- Worker safety and welfare (forced labor, trafficking/debt, dangerous and unhealthy conditions, deaths and injuries)
- Costs to host event (estimated at USD220b vs. USD3.5b for South Africa to host 2010 World Cup)
- Changes in timing of event from summer to winter
- Political and cultural considerations
 - LGBT rights
 - Israel's ability to participate (Israel is not formally recognized by Qatar)
 - Alcohol consumption (Qatar limits alcohol consumption and sale through strict permitting requirements)





Stadiums

- Qatar formed the "Supreme Council for Delivery and Legacy" (SC) to oversee stadium construction
- 12 stadiums originally planned
- Reduced to 8 or 9 stadiums
- SC currently lists **5** stadiums
 - Al Rayyan Stadium
 - Qatar Foundation Stadium
 - Khalifa International Stadium
 - Al Bayt Stadium
 - Al Wakrah Stadium
- SC notes the following upcoming stadiums (designs still under development)
 - Lusail Stadium
 - Ras Abu Aboud Stadium
 - o Al Thumama





Al Rayyan Stadium Complex (target completion Q1 2019)

- New stadium, associated training pitches, sports club, sports medicine facilities
- **43,000** seats for World Cup (reduce to 21,000 seats after upper modular sections to be donated to under-developed countries in need of sports facilities)
- Cooling technology and renewable energy
- Main Contractors: Al Balagh Trading & Contracting (Qatar), Larsen & Toubro (India)





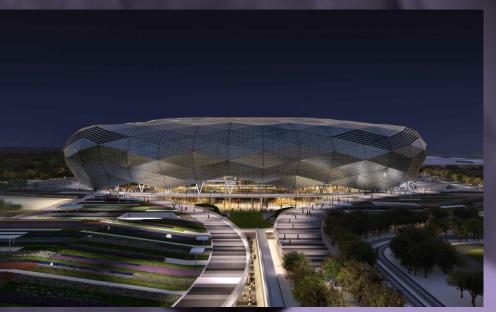




Qatar Foundation Stadium (target completion Q4 2019)

- New stadium, fitness facilities, health facilities, aquatic center, retail
- **40,000** seats for World Cup (reduce to 25,000 seats after upper modular sections to be donated to under-developed countries in need of sports facilities)
- LEED™ Gold sustainable certification
- Main Contractors: Joannou & Paraskevaides (cyprus)









Khalifa International Stadium (target completion Q4 2016)

- Major upgrade and renovation of existing stadium (originally built in 1976, prior upgrade in 1992)
- 40,000 seats for World Cup (increased from existing 20,000 seat capacity)
- Global Sustainability Assessment System (GSAS) certification
- Main Contractors: MIDMAC (Qatar), Six Construct/BESIX (Belgium)









Al Bayt Stadium (target completion Q4 2018)

- New stadium
- **60,000** seats for World Cup (reduce to 35,000 seats after upper modular sections to be donated to under-developed countries in need of sports facilities)
- Global Sustainability Assessment System (GSAS) certification
- Contractors: Salini Impregilo (Italy), Galfar (Qatar), Cimolai (Italy)









Al Wakrah Stadium (target completion Q4 2018)

- New stadium
- **40,000** seats for World Cup (reduce to 20,000 after upper modular sections to be donated to under-developed countries in need of sports facilities)
- Global Sustainability Assessment System (GSAS) certification
- Contractors: MIDMAC (Qatar), PORR (Austria)









Packaging and Procurement Strategy

- Separate Early Works (Site Preparation contracts)
- Separate Demolition Works (where required)
- Separate Enabling/Foundation Works
- Main Works

Forms of Contract

- SC has developed a suite of contracts based on FIDIC (Yellow, Silver and Red book)
- Different strategies being applied on:
 - Traditional Design-Bid-Build
 - Design-Build (D&B)
 - Public Private Partnership (PPP)





International Contractor Participation

Transactional structure

- Qatar Law No. (13) of 2000 Regulation of Foreign Capital Investment in Economic Activity
- Non-Qatari companies to for partnerships with Qatari entities to qualify to bid
- o Formation of single company (Limited Liability Company)
- Joint-Venture formed by contract

Bonds, Guarantees, Warranties and Retention

- o Qatar Law No. (26) of 2005 Public Sector Procurement/Tenders and Auctions
- Amended by Law No. (22) of 2008 and Law No. (14) of 2010
- Tender Bonds
- On-demand Performance Bonds (10% of contract price)
- On-demand Advance Payment Bonds
- Collateral Warranties in favor of SC from sub-contractors
- Retention (up to 10% of contract price)
- Parent Company Guarantees (where contractor entity is a subsidiary)





Contractor Risks

• Time

- Completion dates decreed by government committees
- o Tight durations and late green-lighting without sufficient adjustments to end date
- Extensions of time often at discretionary (significant burden on contractor to demonstrate entitlement)

Cost

- Contract provisions favorable to employer
- Vague provisions create uncertainty
- Incomplete contract documents (drawings and specifications)
- Building code revisions often without grand-fathering
- Adversarial relationship expected

Quality

- Interpretation, assumptions and varying standards for documentation (drawings and specifications)
- Employer involvement in documentation process and differing expectations
- Employer instructions that change scope or prolong works





Liabilities

Deceit and Gross Negligence

- Liabilities cannot be limited
- o Provisions to limit liabilities resulting from deceit and gross negligence unenforceable

Decennial Liability

- Consultants and contractors jointly and severally liable for 10 years
- o Due to "total or partial collapse" or "fault" that could cause a collapse
- o Includes collapses or faults due to "defect[s] in the land"
- o Cannot be precluded by contractual clauses but Qatar Civil Law provides for "reasonable" application

General Liability and Liquidated Damages

- Parties are free to agree limits but courts have discretion to adjust (higher or lower)
- Delay damages commonly capped at 10%
- o Overall liability generally capped at 100% excluding IP, serious injury/death and property damage





Dispute Resolution

General

- Early dispute avoidance and resolution measures (seem to not be included in contracts to date)
- o Dispute boards and compelling mediation (seem to not be included in contracts to date)
- Language pertaining to amicable resolution being included in recent contracts
- Escalation of unresolved matters (from engineer to CEO/Chairman level) before going to courts

Litigation (Qatar Courts)

- Qatar does not have specialized construction or commercial courts
- Construction disputes often referred to court appointed experts

Arbitration

- Increasingly replacing litigation in Qatar's construction sector
- Qatar has drafted new arbitration laws
- o Contracts include arbitration clauses (often adopting ICC rules with Qatar as seat of arbitration)
- Senior level government approval required for arbitration agreements to be binding.
- Qatari arbitration bodies: QICCA and QICDRC

Thank You



