

## 5.10 Contract Variations

Variations in contract price may occur in both fixed and variable price contracts if the scope of work is changed. Such changes must be properly agreed between all parties through a formal procedure as defined in the "conditions of contract."

Usually the conditions of contract define the formal procedures to follow between the EA and contractor (or consultant or supplier) when processing contract variations. The following questions should be considered when processing these variations:

- Is the variation necessary for the success of the project?
- Is it the most cost-effective solution?
- What are the implications for the project budget?
- What effect does it have on the project's critical path?
- What are the technical implications?
- Are there any consequential impacts on other project components?
- Are the project's benefits improved?

Variations should be processed and approved (or declined) in the quickest possible time; failure to make a timely decision could alter the overall project duration (and be a reason for a further claim!). When a proposed contract variation involves a substantial modification to the project or if the value exceeds the agreed contract contingency amount, then the variation will also require ADB approval.