SAMPLE

The CESA
Form of Agreement
for Sub-Consultancy Services

September 2014



The Voice of Consulting Engineering

Form of Agreement for Sub-Consultancy Services

Fir on, M CESA ultir eer hed ιin∈ Africa D Cd ltir Soil hΗ Þ, H ton k N 20 Georgian Crescent, Bryanston, Johannesburg, South Africa

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PREFACE TO THE JULY 2013 REPRINT

Three minor cross-referencing errors have been corrected in the second print, together with one grammatical error. These were in Sub-Clauses 5.2, 7.3.2, 10.2 and 10.2.1 respectively – The editors.

AGREEMENT

Th	is AGREEMENT is made and entered into betwe	en:-				
1.	(F	legistration Number)			
2.	(Hereinafter referred to as the "Consultant") and (F	Registration Number)			
	(hereinafter referred to as the "Sub-Consultant")					
Th A. B.	The Constance with the said consultancy services this Sub-Consultancy Agreement.	Coi ant, ich pintment the S	t acms and conditions of			
C.	The following documents shall be read with and form part of this Sub-Consultancy Agreement:					
	1. The Conditions of Agreement					
	2. Schedules 1-4					
	3. The Appended clauses of the Main Agreement					
	the event of a conflict between this Agreement ar in Agreement on the other, the appended clause		ended clauses of the			
Sig	gned at on this	Signed at	on this			
	day of20	day of	20			
Fo	r the Consultant	For the Sub-Consultan	nt .			
(Di	uly Authorised)	(Duly Authorised)				
Na	me :	Name:				
De	signation :	Designation:				

CONDITIONS OF AGREEMENT

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement and the Recitals, unless clearly inconsistent with or otherwise indicated by the context:-

- **1.1.1** "Agreement" means the Form of Agreement for Sub-consultancy Services, these Conditions of Agreement, the Schedules, and the appended clauses of the Main Agreement;
- 1.1.2 "Business Days" means all days except Saturdays and Sundays and gazetted public holidays;
- **1.1.3** "Client" means the person or entity recorded as such in Schedule 1;
- **1.1.4** "Consultant" means the person or entity recorded as such in Schedule 1 and its employees and agents;
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- 1.1. ive Date ean effect do of the eme in Significant dule 1, notwith the Significant effect do of the eme in Significant effect do of the
- 1.1 "Into" ual perty Ri s" r ns igh hts, lemarks, pater se se se se se registration) recognised in any country or jurisdiction in the world;
- 1.1.8 "Main Agreement" means the agreement between the Client and the Consultant;
- **1.1.9** "Parties" means the Consultant and the Sub-consultant and "Party" shall mean either of them as the context may indicate;
- **1.1.10** "Services" means the Services pursuant to the Main Agreement between the Client and the Consultant;
- **1.1.11** "Sub-consultant" means the person or entity recorded as such in Schedule 1, including their employees and agents; and
- **1.1.12** "Sub-consultancy Services" means the services as recorded in Schedule 2.

1.2 Interpretation

- 1.2.1 In this Agreement, unless clearly inconsistent with or otherwise indicated by the context:-
 - 1.2.1.1 any reference to the singular includes the plural and vice versa, any reference to natural persons includes legal persons and vice versa and any reference to a gender includes the other genders and where appropriate, meanings ascribed to defined words and expressions shall impose substantive obligations on the Parties; and
 - 1.2.1.2 the clause headings in this Agreement have been inserted for convenience only and shall not be taken into account in its interpretation.
- 1.2.2 This Agreement shall be governed by and construed and interpreted in accordance with the laws of the country recorded in Schedule 1, or where no such country is recorded, according to the laws of the Republic of South Africa.

2. COMMENCEMENT AND PERIOD OF PERFORMANCE

- 2.1 The Sub-consultant shall:
 - 2.1.1 commence the performance of the Sub-Consultancy Services on the date recorded in Schedule1 (the "Commencement Date"):
 - 2.1.2 complete the Sub-consultancy Services within the period, or where such services comprise separate deliverables, within the periods referred to in Schedule 2 (the "**Period of Performance**"), unless the Sub-consultancy Services are varied, terminated earlier or the time for their completion has been extended in accordance with the provisions of this Agreement.

3. OBLIGATIONS OF THE SUB-CONSULTANT

- 3.1 The Sub-consultant shall:-
 - 3.1.1 exercise reasonable professional skill, care and diligence in carrying out its obligations in terms of this Agreement and the Services;
 - 3. provide pon requirements a provide reference of the constant approved a provide reference of the constant approved a provide reference of the constant approved ap
 - 3.1.3 prov. taff ar Inv of requirer of st and sary fine proper per nance of the cor ces;
 - 3.1. with a gal require nts plica to it platic the performar -co Services;
 - 3.1.5 comply with all reasonable instructions issued by the Consultant's Representative in respect of the Services and this Agreement;
 - 3.1.6 not sub-contract any of the Sub-consultancy Services without the Consultant's prior written consent
 - 3.1.7 appoint a Representative (the "Sub-consultant's Representative") whose name shall be recorded in Schedule 1. Such Representative shall be responsible for the administration of this Agreement and shall have full authority to bind and act on behalf of the Sub-consultant in all matters connected with this Agreement. Should the Sub-Consultant's Representative be replaced, the Sub-consultant shall prior to such replacement notify the Consultant in writing; and
 - 3.1.8 familiarise itself with the appended clauses of the Main Agreement. The Sub-consultant shall be deemed to have knowledge of the content and obligations contained in such clauses and accepts these as being binding on it where applicable.
- 3.2 Unless otherwise agreed and recorded in Schedule 1 the Sub-consultant shall not carry out any direct instructions from the Client. If such a direct instruction is received the Sub-consultant undertakes to inform the Consultant in writing immediately upon receiving any such direct instruction and to obtain its written consent before proceeding with the work. The Consultant assumes no liability whatsoever for any unauthorised services carried out by the Sub-consultant without the aforementioned prior written consent ("Unauthorised Services").
- 3.3 The Sub-consultant indemnifies the Consultant in full against all and any loss or damage it may suffer as a result of the performance of any Unauthorised Services performed without the requisite consent and the limitations described in clause 6 shall not be applicable to such indemnity.

4. OBLIGATIONS OF THE CONSULTANT

- 4.1 The Consultant shall:-
 - 4.1.1 provide the Sub-consultant with assistance and all relevant information available to it within a reasonable time.
 - 4.1.2 appoint a Representative (the "Consultant's Representative") whose name shall be recorded in Schedule 1. Such Representative shall be responsible for the administration of this Agreement and shall have full authority to bind and act on behalf of the Consultant in all matters connected with this Agreement. Should the Consultant's Representative be replaced, the Consultant shall prior to such replacement notify the Sub-Consultant in writing.
 - 4.1.3 pay the Sub-consultant in consideration of the proper provision of the Subconsultancy Services upon the terms recorded in Schedule 4, provided that the Consultant shall agree with the Sub-consultant in writing the adjustment of the amount payable to the Sub-consultant in proportion to any variation to the Services under the Main Agreement resulting in an increase or decrease to the Sub-consultancy Services. Should the Parties fail to agree on the adjusted amount, then the matter shall be referred to ident for th being o who s 'iustm to the amour eteri p-consult to the such d ation e bil g upor Pa : and
 - corde the Subciliti le 3 for use by sul with th Sch mer S COnsc for th erfor ce of bol μlt v Se ub-cر ıltant shall m aın an invento of all ∕ tr or I aht with funds i ided by the C ultant pplie su and. su guipmei h (fa ear and tear e a s act ond mory to me Consultant upon completion or termination of the Services. The Sub-consultant sname be responsible for insuring any equipment bought by the Sub-consultant with funds provided by the Consultant.

5. INSURANCE

- 5.1 The Sub-consultant shall maintain the insurances with the corresponding limits of indemnity as recorded in Schedule 1.
- 5.2 The insurances shall be maintained for as long as may be necessary to cover the Sub-consultants obligations and liabilities in terms of this Agreement, which shall at least be for a period up until the expiry date of the duration of liability as referred to in clause 6.3.
- 5.3 The Sub-consultant shall upon request furnish proof to the Consultant that the insurances are being maintained.

6. LIABILITY AND INDEMNITY

Except in the case of deliberate misconduct by either Party as well as the exclusions recorded in sub-clauses 3.3 and 7.5:-

- 6.1 the maximum amount of compensation payable by either Party to the other in respect of liability is limited in aggregate to an amount recorded in Schedule 1 (the "Limit of Compensation"). If no amount is recorded in Schedule 1, then the Limit of Compensation shall be twice the fees payable to the Sub-consultant. Each Party agrees to waive the amount of any claim against the other Party to the extent that such claim amount exceeds the Limit of Compensation;
- 6.2 unless otherwise recorded in Schedule 1, neither Party shall be liable to the other Party for indirect, incidental, special, punitive, consequential or exemplary loss or damages, suffered and/or incurred by the other Party pursuant to this Agreement;
- 6.3 notwithstanding the terms of the Prescription Act No 68 of 1969 (as amended) or any other applicable statute of limitation neither Party shall be held liable for any loss or damage resulting from any occurrence unless a claim is made and formal legal proceedings instituted against the defendant within a period of 5 (five) years from the date of termination or completion of the Sub-consultancy Services;

7. CONFIDENTIALITY

- 7.1 For the purposes of this Agreement confidential information shall include:-
 - 7.1.1 any information and documents of a proprietary and/or confidential nature which relate to the business of a Party and in respect of which such information is not readily available in the ordinary course of such business to a Party's competitors;
 - 7.1.2 any information or documents of a proprietary and/or confidential nature belonging to the Client (or in respect of the Client) which the Client has an interest in keeping confidential and which the Subconsultant has become privy to pursuant to this Agreement.
 - 7.1.3 any relevant Intellectual Property Rights in any of the information or documents referred to above.

(the "Confidential Information")

- 7.2 By virtue of the Parties' association with each other in the performance of this Agreement they will have become possessed of each other's Confidential Information and the Sub-consultant will have become possessed of Confidential Information belonging to the Client.
- 7.3 Ha eiving the Co the abor ?arties a sofar arty v be th ential a regard arty P Inf tion (the "Receiv ") fron rty ("Discl v"):g it hg I
 - hlish lit 7.3.1 whatso r use the Co not to close ise, lo n ai ential eх Inform h in⊿ pι se v soever withou prior writter nsent pr a eal sclo Party, w C nt be hhel the sole and reti ייסויסוים Party:
 - 7.3.2 that the written consent referred to in 7.3.1 shall not be construed as the Disclosing Party granting the Receiving Party any right or licence to any of the Intellectual Property Rights in the Confidential Information owned by the Disclosing Party.
- 7.4 Any Documents produced by the Sub-consultant, as well as any notes, minutes of meetings, correspondence or any other documents or communications exchanged between the Parties pursuant to this Agreement shall also be treated as confidential and shall not be disclosed to any third parties, exploited or utilised in any manner whatsoever by the Sub-consultant beyond the parameters of this Agreement without the prior written consent of the Consultant.
- 7.5 The limitations referred to in clause 6 shall not apply to any breach by either Party of any of the terms of this clause.

8. OWNERSHIP OF THE DOCUMENTS

- 8.1 In the event that the Main Agreement provides that the Client shall retain ownership of the documents produced pursuant to the Main Agreement, then this stipulation shall apply mutatis mutandis to this Agreement. Ownership of the Documents shall therefore for the purposes of this Agreement vest in the Consultant and thereupon ultimately vest in the Client pursuant to the Main Agreement after the Consultant and Sub Consultant have each been duly paid. Otherwise the remaining provisions of this clause shall apply.
- 8.2 In the event that the Main Agreement does not provide that ownership of documents vests in the Client, then the Party entitled to claim ownership of the Documents, is the Party recorded as such in Schedule 1.
- 8.3 Ownership of any Documents for the purposes of this Agreement includes ownership of all Intellectual Property Rights in such Documents.
- 8.4 If the Sub-consultant retains ownership of the Documents, it shall grant the Consultant and the Client a royalty free licence to use or copy the Documents, after receiving full payment, for purposes of the Project only and permission for such use shall not be required. Irrespective of which Party retains the ownership of the Documents in terms of clause 8.1 or clause 8.2, if any of the Documents are altered in any way by the Consultant, the Client or any third party after they have been delivered to the Consultant or Client,

- the Sub-consultant shall not be liable in any way for any consequences arising from such alterations. The Subconsultant's liability in respect of the Documents is limited to the content of the Documents as delivered.
- 8.5 The Consultant hereby indemnifies the Sub-consultant against any claims arising from the use of such Documents other than for the purposes of the Project, or arising from the alteration of such Documents by the Consultant, the Client or any third party.
- 8.6 The Sub-consultant shall at all times, whether during or after termination of this Agreement, indemnify and keep the Consultant and the Client indemnified against all losses, claims, damages and expenses (including reasonable legal costs) in relation to any infringement or alleged infringement by the Subconsultant of any Intellectual Property Rights belonging to any third parties which form part or are incorporated into the Documents.

9. TERMINATION AND SUSPENSION

9.1 Termination

- 9.1.1 nsultant ma ınt terminate any time prior v not bcon greeu consu cy Servi vhole or Unle erwi ritin he effective d or the termination shall ultant. Upon rty) dav rece ich i ıb-dı e by th eipt of tice the ne to b -consultancy -co ltant sl all able the to a c and t duce nendit to ly ch is n the ımstances. ht
- im llede taetl In the ht th ne Main the ent, then the Co em s te ate er be itled to te ate .s A ...mei.. bon ten notice to the otherwise agreed in writing the effective date of the termination shall correspond with that imposed under the Main Agreement and the Sub-consultant shall similarly implement immediate measures to discontinue the Services and reduce expenditure to only that which is necessary in the circumstances.
- 9.1.3 In the event of termination in accordance with either sub-clauses 9.1.1 or 9.1.2 above, the Sub-consultant shall be paid for the Sub-consultancy Services satisfactorily performed until the date of termination.
- 9.1.4 In the event that either Party (the "**Defaulting Party**") breaches any of its obligations in terms of this agreement and fails to remedy such breach within 7 (seven) Business Days of a notice by the other Party (the "**Aggrieved Party**") to remedy such breach, then without prejudice to any other remedies the Aggrieved Party may have in law or in terms of this Agreement, the Aggrieved Party shall be entitled to cancel this Agreement immediately upon written notice to the Defaulting Party.

9.2 Suspension

- 9.2.1 The Consultant may suspend the Sub-consultancy Services in whole or in part by giving the Sub-consultant 14 (fourteen) calendar days written notice to suspend. Upon receipt of such notice the Sub-consultant shall take all reasonable steps to stop the progress of the Sub-consultancy Services and to reduce expenditure to only that which is necessary in the circumstances. The Sub-consultant shall be paid for the Sub-consultancy Services satisfactorily carried out until the date of suspension as well as any reasonable costs incidental to the suspension of the Sub-consultancy Services. The Sub-consultant shall be entitled, upon 30 (thirty) calendar days notice to the Consultant, to cancel the Agreement if the period of suspension exceeds 4 (four) months.
- 9.2.2 Without prejudice to its right to cancel in terms of sub-clause 9.1.4, the Sub-Consultant may suspend the whole or part of the Sub-consultancy Services if the Consultant has failed to pay any invoice within the period recorded in sub-clause 4.1.3 or has failed to remedy a breach within the time required in sub-clause 9.1.3.

10. ADJUSTMENT TO THE PERIOD OF PERFORMANCE

- 10.1 If circumstances arise which the Sub-consultant did not foresee and for which it is not responsible and which make it impractical or impossible for the Subconsultant to perform the Sub-consultancy Services as agreed (in whole or in part), then the Sub-consultant undertakes to notify the Consultant of the circumstances, in a time as may be reasonable and necessary in the circumstances, so that the Consultant may where necessary promptly notify the Client of the circumstances and the effects thereof, and together with the Subconsultant, where appropriate, plan and implement timely measures to mitigate the effects of the circumstances.
- 10.2 Provided the Sub-consultant has notified the Consultant as contemplated in subclause 10.1, then:-
 - 10.2.1 if as a result of those circumstances the Sub-consultancy Services have to be suspended (in whole or in part), then the Period of Performance shall be extended by the extent of the delay as may be reasonable and necessary in the circumstances. Alternatively, if the speed of performing the Subconsultancy Services (in whole or in part) has to be reduced, the Period of Performance shall be extended as may be reasonable and necessary in the circumstances;
 - 10.2.2 the Sub-consultant shall be paid any reasonable additional costs associated with extending the Period rmance.

11. DISPUTE have 'ON

- ing of thi a Party notifies of the 11.1 А١ ute cond are e wh other in writ olv requires be ide cla nat ute
- 11.2 Unless otherwise agreed in writing, the Parties must refer any dispute to be resolved by:-
 - 11.2.1 negotiation; failing which
 - 11.2.2 mediation; failing which
 - 11.2.3 arbitration.
- 11.3 Within 10 (ten) business days of notification, the Parties must seek an amicable resolution to the dispute by referring it to a designated and authorised representative of each of the Parties who shall for up to a period of 15 (fifteen) Business Days negotiate and attempt resolve the dispute. If the Parties resolve the dispute through negotiation, the Parties shall sign an agreement setting out the terms under which the dispute has been settled and such agreement shall be binding on the Parties.
- 11.4 If negotiation fails, the Parties must within 10 (ten) Business Days refer the dispute for resolution by mediation by one mediator appointed by agreement between the Parties, or failing agreement as nominated by CESA. The mediator shall have the absolute discretion in the manner in which the mediation proceedings shall be conducted. The mediator shall deliver a copy of his reasoned opinion to each party within 15 (fifteen) Business Days of his appointment. If the Parties resolve the dispute through mediation, the Parties shall sign an agreement setting out the terms under which the dispute has been settled and such agreement shall be binding on the Parties. The costs of the mediation shall be shared equally between the Parties.
- 11.5 If mediation fails, the Parties must refer the dispute within 15 (fifteen) Business Days for resolution by arbitration by one arbitrator, appointed by agreement between the Parties, or failing which nominated by the Association of Arbitrators of South Africa. The arbitration shall be according to the Arbitration Act 42 of 1965. The decision of the arbitrator shall be final and binding upon the Parties.
- 11.6 Notwithstanding anything contained in this clause the Parties shall at all times be entitled to seek urgent interim relief from the appropriate court of law.
- 11.7 This clause is a separate, divisible agreement from the rest of this Agreement and must remain in effect even if this Agreement terminates or is cancelled for any reason whatsoever.

12. MISCELLANEOUS

- 12.1 This Agreement is personal to the Parties and neither Party shall be entitled to transfer any of its rights or obligations in terms of this Agreement to another Party without the prior written consent of the other Party.
- 12.2 The Agreement constitutes the whole Agreement between the Parties as to the subject matter hereof and no agreement, representations or warranties between the Parties other than those set out herein are binding on the Parties.
- 12.3 No addition to or variation, consensual cancellation or novation of this Agreement and no waiver of any right arising from the Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by all the Parties or their duly authorised representatives.

13. NOTICES AND DOMICILIA

- 13.1 Each Party chooses as its domicilia citandi et executandi its address set out in Schedule 1 for all purposes arising out of or in connection with this Agreement, at which address all the processes and notices arising out of or in action with this Agreement, it is ach or action with this Agreement, it is ach or at a single state of the second action with this Agreement, it is ach or action with this Agreement, it is action to action with this Agreement, it is action to action with the actio
- 13.2 An iso given in term the greement be a grar hall:-
 - 13.2.1 if den d by sail a simil e e d lave subscrived 1 e) Business rafter dispate
 - 13.2.2vered by nand, be deemed to have been duly received by the addressee on the date of delivery if that date is a Business Day, otherwise on the first Business Day thereafter; and
 - 13.2.3 if delivered by recognised courier service be deemed to have been received by the addressee on the first Business Day following the date of such delivery by the courier service concerned.

SCHEDULE 1: AGREEMENT PARTICULARS

Clause	Description	Agreement Particulars	
1.1.3	The Client		
1.1.6	Effective Date of the Agreement		
1.1.4	The Consultant		
1.1.11	The Sub-Consultant		
2.1.1	Comment Date		
2.1.2	Date Date		
3.1.7	cons it's resentati	Contact Number:	
		Email Address:	
3.2	The Sub-Consultant may accept direct instructions from the Client	Yes (tick appropriate box)	No
4.1.2	Consultant's Representative	Name:	
		Contact Number:	
		Email Address:	
5.1	Insurances	Туре	Limit of Indemnity
		1.	
		2.	
		3.	
		1	<u>. </u>

Clause	Description	Agreement Particulars	
6.1	Financial limit of liability		
6.3	Duration of liability		
8.2	The ownership of the Documents and intellectual property rights in the Documents shall vest in:	The Consultant (tick appropriate box)	The Sub-Consultant (tick appropriate box)
13	Domicilia	The Consultant	
		Physical Address: Email Address: x umb urke the entiof:	
	SA		
		The Sub-Consultant	
		Physical Address:	
		Email Address:	
		Fax Number: Marked for the attention of:	

SCHEDULE 2: THE SCOPE OF SUB-CONSULTANCY SERVICES AND PROGRAMME

SCHEDULE 3: FACILITIES / EQUIPMENT PROVIDED BY THE CONSULTANT

SCHEDULE 4: PAYMENT TERMS

APPENDED CLAUSES OF THE MAIN AGREEMENT

NOTES



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