Section 9 - Contract Forms

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# Notification of Award

*[Employer’s letterhead]*

**Letter of Acceptance**

[Date]

To: [ *Name and address of the contractor* ]

This is to notify you that your Bid dated [ *date* ] for execution of the [ *name of the contract and identification number, as given in the Bid Data Sheet* ] for the Contract Price in the aggregate of [ *amounts in numbers and words* ] [ *name of currency* ], as corrected and modified in accordance with the Instructions to Bidders is hereby accepted by our Agency.

You are requested to furnish the Performance Security within 28 days in accordance with the Conditions of Contract, using for that purpose one of the Performance Security Forms included in Section 9 (Contract Forms) of the Bidding Document.

Authorized Signature:

Name and Title of Signatory:

Name of Agency:

Attachment: Contract Agreement

# Contract Agreement

THIS AGREEMENT made on the [ *insert number* ] day of [ *insert month* ], [ *insert year* ],

BETWEEN

(1) Ministry of Environment, a corporation incorporated under the laws of Republic of Maldives and having its principal place of business at Green Building, Handhuvaree Hingun, Maafannu, 20392 Malé, Maldives (hereinafter called “the Employer”), and

(2) [ *name of contractor*], a corporation incorporated under the laws of [*country of contractor* ] and having its principal place of business at [ *address of contractor* ] (hereinafter called “the Contractor”).

WHEREAS the Employer desires to engage the Contractor to Design, Supply, Installation and Maintenance of Solar PV-Diesel Hybrid Power Generation Plant for Phase 4(a) 30 Islands (“the Facilities”) and the Contractor have agreed to such engagement upon and subject to the terms and conditions hereinafter appearing.

NOW IT IS HEREBY AGREED as follows:

|  |  |
| --- | --- |
| **Article 1**  **Contract Documents** | **1.1 Contract Documents** (Reference GCC Clause 2)  The following documents shall constitute the Contract between the Employer and the Contractor, and each shall be read and construed as an integral part of the Contract:  (a) This Contract Agreement and the Appendixes hereto  (b) Letter of Bid and Price Schedules submitted by the Contractor  (c) Special Conditions of Contract  (d) List of Eligible Countries that was specified in Section 5 of the Bidding Document  (e) General Conditions of Contract  (f) Specifications  (g) Drawings  (h) Other completed Bidding Forms submitted with the Letter of Bid  (i) Any other documents forming part of the Employer’s Requirements  (j) Any other documents shall be added here  **1.2** **Order of Precedence** (Reference GCC Clause 2)  In the event of any ambiguity or conflict between the Contract Documents listed above, the order of precedence shall be the order in which the Contract Documents are listed in Article 1.1 (Contract Documents) above.  **1.3** **Definitions** (Reference GCC Clause 1)  Capitalized words and phrases used herein shall have the same meanings as are ascribed to them in the General Conditions. |
| **Article 2**  **Contract Price and Terms of Payment** | **2.1** **Contract Price** (Reference GCC Clause 11)  The Employer hereby agrees to pay to the Contractor the Contract Price in consideration of the performance by the Contractor of its obligations hereunder. The Contract Price shall be the aggregate of [. . . *amounts of foreign currency in words* . . . ], [. . . *amounts in figures*. . . ] as specified in Price Schedule No. 5 (Grand Summary), [. . . *amounts of local currency in words* . . . ], [. . . *amounts in figures*. . . ], or such other sums as may be determined in accordance with the terms and conditions of the Contract.  **2.2** **Terms of Payment** (Reference GCC Clause 12)  The terms and procedures of payment according to which the Employer will reimburse the Contractor are given in the Appendix (Terms and Procedures of Payment) hereto.  Payments shall be made as direct payment. |
| **Article 3**  **Effective Date** | **3.1** **Effective Date** (Reference GCC Clause 1)  The Effective Date upon which the period until the Time for Completion of the Facilities shall be counted from is the date when all of the following conditions have been fulfilled:  (a) This Contract Agreement has been duly executed for and on behalf of the Employer and the Contractor.  (b) The Contractor has submitted to the Employer the performance security and the advance payment guarantee.  (c) The Employer has paid the Contractor the advance payment.  Each party shall use its best efforts to fulfill the above conditions for which it is responsible as soon as practicable.  **3.2** If the conditions listed under 3.1 are not fulfilled within 2 months from the date of this Contract notification because of reasons not attributable to the Contractor, the parties shall discuss and agree on an equitable adjustment to the Contract Price and the Time for Completion and/or other relevant conditions of the Contract. |
| **Article 4 Communications** | **4.1** The address of the Employer for notice purposes, pursuant to GCC 4.1 is: Green Building, Handhuvaree Hingun, Maafannu, 20392 Malé, Maldives.  **4.2** The address of the Contractor for notice purposes, pursuant to GCC 4.1 is: [ *Contractor's address* ]. |
| **Article 5. Appendixes** | **5.1** The Appendixes listed in the attached List of Appendixes shall be deemed to form an integral part of this Contract Agreement.  **5.2** Reference in the Contract to any Appendix shall mean the Appendixes attached hereto, and the Contract shall be read and construed accordingly. |

IN WITNESS WHEREOF the Employer and the Contractor have caused this Agreement to be duly executed by their duly authorized representatives the day and year first above written.

Signed by, for and on behalf of the Employer

*[ Signature ]*

*[ Title ]*

in the presence of

*[ Signature ]*

*[ Title ]*

Signed by, for and on behalf of the Contractor

*[ Signature ]*

*[ Title ]*

in the presence of

*[ Signature ]*

*[ Title ]*

**APPENDIXES**

Appendix 1 -Terms and Procedures of Payment

Appendix 2 -Price Adjustment

Appendix 3 -Insurance Requirements

Appendix 4 -Time Schedule

Appendix 5 -List of Major Items of Plant and Services and List of Approved Subcontractors

Appendix 6 -Scope of Works and Supply by the Employer

Appendix 7 -List of Documents for Approval or Review

Appendix 8 -Functional Guarantees

## Appendix 1 - Terms and Procedures of Payment

In accordance with the provisions of GCC Clause 12 (Terms of Payment), the Employer shall pay the Contractor in the following manner and at the following times, based on the Price Breakdown given in the section on Price Schedules. Payments will be made in the currencies quoted by the Bidder unless otherwise agreed between the parties. Applications for payment in respect of part deliveries may be made by the Contractor as work proceeds.

**(A) Terms of Payment**

**Schedule No. 1 - Plant and Mandatory Spare Parts Supplied from Abroad**

In respect of plant and mandatory spare parts supplied from abroad, the following payments shall be made:

Ten percent (10%) of the total DAP amount as an advance payment against receipt of invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer. The advance payment security may be reduced in proportion to the value of the plant and mandatory spare parts delivered to the site, as evidenced by delivery documents.

Seventy percent (70%) of the total or pro rata DAP or amount upon Incoterm “DAP,” upon delivery to the site within 45 days after receipt of invoice.

Fiveteen percent (15%) of the total or pro rata DAP or amount upon issue of the Completion Certificate, within 45 days after receipt of invoice.

Five percent (5%) of the total or pro rata DAP or amount upon issue of the Operational Acceptance Certificate, within 45 days after receipt of invoice.

**Schedule No. 2 - Plant and Mandatory Spare Parts Supplied from Within the Employer’s Country**

In respect of plant and mandatory spare parts supplied from within the Employer’s country, the following payments shall be made:

Ten percent (10%) of the total EXW amount as an advance payment against receipt of invoice, and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer. The advance payment security may be reduced in proportion to the value of the plant and mandatory spare parts delivered to the site, as evidenced by delivery documents.

Seventy percent (70%) of the total or pro rata EXW amount upon Incoterm “Ex-Works,” upon delivery to the site within 45 days after receipt of invoice.

Fiveteen percent (15%) of the total or pro rata EXW amount upon issue of the Completion Certificate, within 45 days after receipt of invoice.

Five percent (5%) of the total or pro rata EXW amount upon issue of the Operational Acceptance Certificate, within 45 days after receipt of invoice.

**Schedule No. 3 - Design Services**

In respect of design services for both the foreign currency and the local currency portions, the following payments shall be made:

Ten percent (10%) of the total design services amount as an advance payment against receipt of invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer.

Ninety percent (90%) of the total or pro rata design services amount upon acceptance of design by the Project Manager within 45 days after receipt of invoice.

**Schedule No. 4 - Installation and Other Services**

In respect of installation services for both the foreign and local currency portions, the following payments shall be made:

Ten percent (10%) of the total installation and other services amount as an advance payment against receipt of invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer. The advance payment security may be reduced in proportion to the value of work performed by the Contractor as evidenced by the invoices for installation services.

Eighty percent (80%) of the measured value of work performed by the Contractor, as identified in the said Program of Performance, during the preceding month, as evidenced by the Employer’s authorization of the Contractor’s application, will be made monthly within 45 days after receipt of invoice.

Five percent (5%) of the total or pro rata value of installation services performed by the Contractor as evidenced by the Employer’s authorization of the Contractor’s monthly applications, upon issue of the Completion Certificate, within 45 days after receipt of invoice.

Five percent (5%) of the total or pro rata value of installation services performed by the Contractor as evidenced by the Employer’s authorization of the Contractor’s monthly applications, upon issue of the Operational Acceptance Certificate, within 45 days after receipt of invoice.

In the event that the Employer fails to make any payment on its respective due date, the Employer shall pay to the Contractor interest on the amount of such delayed payment at the rate of LIBOR plus 0.1 % per month for period of delay until payment has been made in full.

**(B) Payment Procedures**

When applying for certification and making payments, the procedures shall be as follows:

Payments shall be made as direct payment.

All documents and packages have to be marked as follows:

***Preparing Outer Islands for Sustainable Energy Development Project (POISED), Ministry of Environment, Republic of Maldives***

**Schedule No. 1 - Plant and Mandatory Spare Parts Supplied from Abroad**

In respect of plant and mandatory spare parts supplied from abroad, the following documents shall be provided to the Employer:

For clearance of goods: three (3) original sets of the following documents shall be provided, latest fifteen (15) prior to arrival of the goods at the point of clearance (seaport of entrance):

* Invoice
* Bill of lading
* Packing list
* Insurance certificate

The Contractor is free to choose the seaport of entrance. There are three of these seaports. Upon arrival at one of these ports the Employer will take care of clearance. After clearance it is the Contractor’s obligation to continue delivery up to the final destination at the respective islands. The seaports have limited availability to rearrange the supply into smaller consignments suitable for the islands. Some islands have limited lifting facilities.

For advance payment: invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer.

On DAP delivery: the following documents shall be submitted in one (1) original and two (2) copies:

* Invoice
* Bill of lading
* Packing list
* Insurance certificate
* Certificate of origin of each item
* Third party conformity certificate \*
* Manufacturer’s guarantee certificate

\* It is the Contractor’s responsibility to have all goods inspected for quality and quantity prior to transport by an independent third party acceptable to the Employer.

On Completion per island: invoice and completion certificate issued by the Employer.

On Operational Acceptance per island: invoice and operational acceptance certificate issued by the Employer.

**Schedule No. 2 - Plant and Mandatory Spare Parts Supplied from Within the Employer’s Country**

In respect of plant and mandatory spare parts supplied from within the Employer’s country, the following documents shall be provided to the Employer:

For advance payment: invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer.

On EXW delivery: the following documents shall be submitted in one (1) original and two (2) copies:

* Invoice
* Transportation document
* Packing list
* Insurance certificate
* Third party conformity certificate \*
* Manufacturer’s guarantee certificate

\* It is the Contractor’s responsibility to have all goods inspected for quality and quantity prior to transport by an independent third party acceptable to the Employer.

On Completion per island: invoice and completion certificate issued by the Employer.

On Operational Acceptance per island: invoice and operational acceptance certificate issued by the Employer.

**Schedule No. 3 - Design Services**

For advance payment: invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer.

Upon acceptance of design per island: invoice and statement of acceptance of design issued by the Employer.

**Schedule No. 4 - Installation and Other Services**

For advance payment: invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Employer.

For progress payment (80% of the measured value of services): invoice and approved Contractor’s application.

Upon completion per island: invoice and completion certificate issued by the Employer.

Upon operation acceptance per island: invoice and operational acceptance certificate issued by the Employer.

## Appendix 2 - Price Adjustment

Not Applicable

## Appendix 3 - Insurance Requirements

**(A) Types of Insurance to Be Taken Out by the Contractor**

In accordance with the provisions of GCC Clause 34, the Contractor shall at its expense take out and maintain in effect, or cause to be taken out and maintained in effect, during the performance of the Contract, the types of insurance set forth below in the sums and with the deductibles and other conditions specified. The identity of the insurers and the form of the policies shall be subject to the approval of the Employer, such approval not to be unreasonably withheld.

**(a) Cargo Insurance**

Covering loss or damage occurring, while in transit from the supplier’s or manufacturer’s works or stores until arrival at the Site, to the Facilities (including spare parts therefore) and to the construction equipment to be provided by the Contractor or its Subcontractors.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Amount** | **Deductible limits** | **Parties insured** | **From** | **To** |
| **[in currency(ies)]** | **[in currency(ies)]** | **[names]** | **[place]** | **[place]** |
| United States Dollars 110% of the cost of goods / equipment to be supplied | United States Dollars (not to exceed 10,000 for each and every loss) | [Employer and Name of Contractor] | Supplier’s or Manufacturer’s store/warehouse | [destination] |

**(b) Installation All Risks Insurance**

Covering physical loss or damage to the Facilities at the Site, occurring prior to completion of the Facilities, with an extended maintenance coverage for the Contractor’s liability in respect of any loss or damage occurring during the defect liability period while the Contractor is on the Site for the purpose of performing its obligations during the defect liability period.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Amount** | **Deductible limits** | **Parties insured** | **From** | **To** |
| **[in currency(ies)]** | **[in currency(ies)]** | **[names]** | **[place]** | **[place]** |
| United States Dollars (total contract value) | United States Dollars 50,000 each and every occurrence caused by a defect in design, plan, specification, materials or workmanship prior to Completion, during Pre-commissioning and Commissioning and during the Defect Liability Period  United States Dollars 50,000 each and every loss in respect of cyclone, storm, flood or earthquake.  United States Dollars 50,000 each and every occurrence caused by a defect in the design, plan, specification, materials or workmanship prior to Completion and during Pre-commissioning and Commissioning and during the Defect Liability Period in connection with all other property insured  United States Dollars 10,000 in respect of all other losses. | [Employer, Name of Contractor and Name of Subcontractors] |  | [destination] |

**(c) Third Party Liability Insurance**

Covering bodily injury or death suffered by third parties (including the Employer’s personnel) and loss of or damage to property (including the Employer’s property and any parts of the Facilities that have been accepted by the Employer) occurring in connection with the supply and installation of the Facilities.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Amount** | **Deductible limits** | **Parties insured** | **From** | **To** |
| **[in currency(ies)]** | **[in currency(ies)]** | **[names]** | **[place]** | **[place]** |
| United States Dollars 100,000,000 any one occurrence and unlimited in the aggregate during the period of insurance | Unites States Dollars 80,000 (costs inclusive) any one occurrence in respect of personal injury  United States Dollars 15,000 (costs inclusive) of any one occurrence in respect of damage to property surrounding the works site.  United States Dollars 15,000 (cost inclusive) any one occurrence in respect of all other losses. | [Name of Contractor, Employer, island inhabitants were panels will be installed and Name of Subcontractors] |  |  |

**(d) Automobile Liability Insurance**

Covering use of all vehicles used by the Contractor or its Subcontractors (whether owned by them or not) in connection with the supply and installation of the Facilities. Comprehensive insurance in accordance with statutory requirements.

**(e) Workers’ Compensation**

In accordance with the statutory requirements applicable in any country where the Facilities or any part thereof is executed.

**(f) Employer’s Liability**

In accordance with the statutory requirements applicable in any country where the Facilities or any part thereof is executed.

**(g) Other Insurance**

The Contractor is also required to take out and maintain at its own cost the following types of insurance:

Details:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Amount** | **Deductible limits** | **Parties insured** | **From** | **To** |
| **[in currency(ies)]** | **[in currency(ies)]** | **[names]** | **[place]** | **[place]** |
| None |  |  |  |  |
|  |  |  |  |  |

The Employer shall be named as co-insured under all insurance policies taken out by the Contractor pursuant to GCC Subclause 34.1, except for the Third Party Liability, Workers’ Compensation, and Employer’s Liability Insurance, and the Contractor’s Subcontractors shall be named as co-insureds under all insurance policies taken out by the Contractor pursuant to GCC Subclause 34.1, except for the Cargo, Workers’ Compensation and Employer’s Liability Insurance. All insurer’s rights of subrogation against such co-insureds for losses or claims arising out of the performance of the Contract shall be waived under such policies.

**(B) Types of Insurance to Be Taken Out by the Employer**

The Employer shall at its expense take out and maintain in effect during the performance of the Contract the following insurance policies.

Details:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Amount** | **Deductible limits** | **Parties insured** | **From** | **To** |
| **[in currency(ies)]** | **[in currency(ies)]** | **[names]** | **[place]** | **[place]** |
| None |  |  |  |  |
|  |  |  |  |  |

## Appendix 4 - Time Schedule

*[Will be included after negotiations]*

## Appendix 5 - List of Major Items of Plant and Services and List of Approved Subcontractors

*[ will be completed after negotiations ]*

A list of major items of plant and services is provided below.

The following Subcontractors and Manufacturers are approved for carrying out the item of the facilities indicated. Where more than one Subcontractor is listed, the Contractor is free to choose between them, but it must notify the Employer of its choice in good time prior to appointing any selected Subcontractor. In accordance with GCC Subclause 19.1, the Contractor is free to submit proposals for Subcontractors for additional items from time to time. No Subcontracts shall be placed with any such Subcontractors for additional items until the Subcontractors have been approved in writing by the Employer and their names have been added to this list of Approved Subcontractors.

|  |  |  |
| --- | --- | --- |
| **Major Items of Plant and Services** | **Approved Subcontractors and Manufacturers** | **Nationality** |
|  |  |  |
|  |  |  |
|  |  |  |

## Appendix 6 - Scope of Works and Supply by the Employer

*[ will be completed after negotiations ]*

The following personnel, facilities, works, and supplies will be provided or supplied by the Employer, and the provisions of GCC Clauses 10, 21, and 24 shall apply as appropriate.

All personnel, facilities, works, and supplies will be provided by the Employer in good time so as not to delay the performance of the Contractor, in accordance with the approved Time Schedule and Program of Performance pursuant to GCC Subclause 18.2.

Unless otherwise indicated, all personnel, facilities, works, and supplies will be provided free of charge to the Contractor.

|  |  |
| --- | --- |
| **Personnel** | **Charge to Contractor (if any)** |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **Facilities** | **Charge to Contractor (if any)** |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **Works** | **Charge to Contractor (if any)** |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **Supplies** | **Charge to Contractor (if any)** |
|  |  |
|  |  |

## Appendix 7 - List of Documents for Approval or Review

*[ will be completed after negotiations ]*

Pursuant to GCC Subclause 20.3.1, the Contractor shall prepare, or cause its Subcontractor to prepare, and present to the Project Manager in accordance with the requirements of GCC Subclause 18.2 (Program of Performance), the following documents for

**(A) Approval**

1.

2.

3.

**(B) Review**

1.

2.

3.

## Appendix 8 - Functional Guarantees

**1. General**

This Appendix sets out

(a) the functional guarantees referred to in GCC Clause 28 (Functional Guarantees)

(b) the preconditions to the validity of the functional guarantees, either in production and/or consumption, set forth below

(c) the minimum level of the functional guarantees

(d) the formula for calculating liquidated damages for failure to attain the functional guarantees.

**2. Preconditions**

The Contractor gives the functional guarantees (specified herein) for the facilities, subject to the following preconditions being fully satisfied:

**3. Functional Guarantees**

Subject to compliance with the foregoing preconditions, the Contractor guarantees as follows:

**3.1 Production Capacity**

Not applicable

**3.2 Raw Materials and Utilities Consumption**

The Diesel consumption of the Diesel generators shall be specified using the appropriate Datasheet in Section 4 and must meet the minimum requirements specified in the Section 6 §3.4.5 of the tender.

**4. Failure in Guarantees and Liquidated Damages**

**4.1 Failure to Attain Guaranteed Production Capacity**

Not applicable

**4.2 Raw Materials and Utilities Consumption in Excess of Guaranteed Level**

If the actual measured figure of specified raw materials and utilities consumed per unit (or their average total cost of consumption) exceeds the guaranteed figure specified in para. 3.2 above (or their specified average total cost of consumption), but the actual consumption attained in the guarantee test, pursuant to GCC Subclause 25.2, is not more than the maximum level specified in para. 4.3 below, and the Contractor elects to pay liquidated damages to the Employer in lieu of making changes, modifications and/or additions to the Facilities pursuant to GCC Subclause 28.3, then the Contractor shall pay liquidated damages according to the following formula:

where:

Pgenset [kW] Generator power rating (PRP @25°C)

Nb Number of generator of the same type in the offer

Lhour [hr] Lifetime (in hour of operation) = 15.000h

Cons [L/kWh] Average specific consumption of generator as per

manufacturer datasheet in EPC offer

OC % Average over-consumption compared to

maximum requirements

Pdiesel [$/L] Price of Diesel = 1$/L

K % Liquidated damage factor = 300%

The Client reserves the right to test all generators provided by the Contractor. Costs of these tests shall be carried by the Contractor.

**4.3 Minimum Levels**

Notwithstanding the provisions of this paragraph, if as a result of the guarantee test(s), the following minimum levels of performance guarantees (and consumption guarantees) are not attained by the Contractor, the Contractor shall at its own cost make good any deficiencies until the Facilities reach any of such minimum performance levels, pursuant to GCC Subclause 28.2:

(a) production capacity of the Facilities attained in the guarantee test: Not applicable

and/or

(b) average total cost of consumption of all the raw materials and utilities of the Facilities: 105% of the guaranteed figures.

**4.4 Limitation of Liability**

Subject to para. 4.3 above, the Contractor’s aggregate liability to pay liquidated damages for failure to attain the functional guarantees shall not exceed twenty percent (20 %) of the Contract price

# Performance Security

*Bankʼs name, and address of issuing branch or office***[[1]](#footnote-1)**

**Beneficiary:** *Name and address of employer*

**Date:**

**Performance Guarantee No.:**

We have been informed that . . . . . *name of the contractor. . . . .* (hereinafter called “the Contractor”) has entered into Contract No. . . . . . *reference number of the contract. . . . .* dated . . . . . . . .with you, for the execution of . . . . . . *name of contract and brief description of plant and services. . . . .* (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, a performance guarantee is required.

At the request of the Contractor, we . . . . . *name of the bank*. . . . . hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of . . . . . *name of the currency and amount in figures***[[2]](#footnote-2)**. . . . . . (. . . . . *amount in words*. . . . . ) such sum being payable in the types and proportions of currencies in which the Contract Price is payable, upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation(s) under the Contract, without your needing to prove or to show grounds for your demand or the sum specified therein.

This guarantee shall expire no later than the earlier of

(a) 18 months after our receipt of

(i) a copy of the Completion Certificate; or

(ii) a registered letter from the Contractor, attaching a copy of the notice to the project manager that the Facilities are ready for commissioning, and stating that 14 days have elapsed from receipt of such notice (or 7 days have elapsed if the notice was a repeated notice) and the project manager has failed to issue a Completion Certificate or inform the Contractor in writing of any defects or deficiencies; or

(iii) a registered letter from the Contractor stating that no Completion Certificate has been issued but the Employer is making use of the Facilities; or

(b) the \_\_\_\_ day of \_\_\_\_\_, 2\_\_\_.

Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458 (*or ICC Publication No. 758 as applicable*), except that subparagraph (ii) of Sub-Article 20(a) is hereby excluded.**[[3]](#footnote-3)**

. . . . . . . . . . . . . . . . . . . . . . . . . . . .   
*Seal of bank and signature(s)*

-- Note to Bidder --

*If the institution issuing the performance security is located outside the country of the employer, it shall have a correspondent financial institution located in the country of the employer to make it enforceable.*

# Advance Payment Security

*Bankʼs name, and address of issuing branch or office***[[4]](#footnote-4)**

**Beneficiary:** *Name and address of employer*

**Date:**

**Advance Payment Guarantee No.:**

We have been informed that . . . . . *name of the contractor. . . . .* (hereinafter called "the Contractor") has entered into Contract No. . . . . . *reference number of the contract. . . . .* dated . . . . . . . .with you, for the execution of . . . . . . *name of contract and brief description of works. . . . .* (hereinafter called "the Contract").

Furthermore, we understand that, according to the Conditions of the Contract, an advance payment in the sum . . . . . *name of the currency and amount in figures***[[5]](#footnote-5)***. . . . . .* (. . . . . *amount in words. . . . .* ) is to be made against an advance payment guarantee.

At the request of the Contractor, we . . . . . *name of the bank. . . . .* hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of . . . . . *name of the currency and amount in figures***[[6]](#footnote-6)***. . . . . .* (. . . . . *amount in words. . . . .* ) upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation under the Contract because the Contractor used the advance payment for purposes other than the costs of mobilization in respect of the Works.

It is a condition for any claim and payment under this guarantee to be made that the advance payment referred to above must have been received by the Contractor on its account number . . . . . *contractorʼs account number. . . . .* at . . . . . *name and address of the bank. . . . .* .

The maximum amount of this guarantee shall be progressively reduced by the amount of the advance payment repaid by the Contractor as indicated in copies of interim statements or payment certificates, which shall be presented to us. This guarantee shall expire, at the latest, upon recovery of 100% of Advance Payment. Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458 (*or ICC Publication No. 758 as applicable*).

. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .   
*Seal of bank and signature(s)*

-- Note to Bidder --

*If the institution issuing the advance payment security is located outside the country of the employer, it shall have a correspondent financial institution located in the country of the employer to make it enforceable.*

1. All italicized text is for guidance on how to prepare this demand guarantee and shall be deleted from the final document. [↑](#footnote-ref-1)
2. The guarantor shall insert an amount representing the percentage of the contract price specified in the contract and denominated either in the currency(ies) of the contract or a freely convertible currency acceptable to the employer. [↑](#footnote-ref-2)
3. Or the same or similar to this clause specified in the Uniform Rules for Demand Guarantees, ICC Publication No. 758, where applicable. [↑](#footnote-ref-3)
4. All italicized text serves as a guide for preparing this demand guarantee and shall be deleted from the final document. [↑](#footnote-ref-4)
5. The guarantor shall insert an amount representing the amount of the advance payment denominated either in the currency(ies) of the advance payment as specified in the contract, or in a freely convertible currency acceptable to the employer. [↑](#footnote-ref-5)
6. Footnote 2. [↑](#footnote-ref-6)