

Section 9 - Contract Forms

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Notification of Award

[*Employer's letter head*]

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

WHEREAS the Employer desires to engage the Contractor to design, manufacture, test, deliver, install, complete and commission certain Facilities, viz. [*list of facilities*] (“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 here¹

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.

¹ Tables of Adjustment Data may be added if the contract provides for price adjustment (see GCC 11).

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 Project Manager will reimburse the Contractor are given in the Appendix (Terms and Procedures of Payment) hereto.

The Project Manager shall instruct its bank to issue an irrevocable confirmed documentary credit made available to the Contractor in a bank in the country of the Contractor. The credit shall be for an amount of [. . . amount equal to the total named in Schedule 1 less the advance payment to be made for plant and mandatory spare parts supplied from abroad. . .]; and shall be subject to the Uniform Customs and Practice for Documentary Credits 1993 Revision, ICC Publication No. 500.²

In the event that the amount payable under Schedule No. 1 is adjusted in accordance with GCC 11.2 or with any of the other terms of the Contract, the Project Manager shall arrange for the documentary credit to be amended accordingly.

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 Project Manager has paid the Contractor the advance payment.
- (d) The Contractor has been advised that the documentary credit referred to in Article 2.2 above has been issued in its favor.

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.

² Or Uniform Customs and Practice for Documentary Credits 2007 Revision, ICC Publication No. 600 (or the latest version).

**Article 4
Communications**

- 4.1 The address of the Project Manager for notice purposes, pursuant to GCC 4.1 is: [*Executive Engineer, TWAD Board, Sewerage Division, Rajapalayam*].
- 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 - Insurance Requirements

Appendix 3 - List of Major Items of Plant and Services and List of Approved Subcontractors

Appendix 4 - Scope of Works and Supply by the Employer

Appendix 5 - List of Documents for Approval or Review

Appendix 6 - Functional Guarantees

Appendix 1 - Terms and Procedures of Payment

In accordance with the provisions of GCC Clause 12 (Terms of Payment), the Project Manager 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 CIP amount as an advance payment upon completion of Design services against receipt of invoice and an irrevocable advance payment security for the equivalent amount made out in favor of the Project Manager. 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 CIP amount upon Incoterm "CIP," upon delivery to the site within 45 days after receipt of invoice.

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

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

Subject to the Appendix 8 (Functional Guarantee) of the Contract Agreement, pro rata value of Operation and Maintenance services performed by the Contractor as evidenced by the Project Manager's authorization of the Contractor's monthly applications, upon issue of the successful Operation and Maintenance 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 upon completion of Design services against receipt of invoice, and an irrevocable advance payment security for the equivalent amount made out in favor of the Project Manager. 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.

Fifteen 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.

Subject to the Appendix 8 (Functional Guarantee) of the Contract Agreement, pro rata value of Operation and Maintenance services performed by the Contractor as evidenced by the Project Manager's authorization of the Contractor's monthly applications, upon issue of the successful Operation and Maintenance 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 favour of the Project Manager.

Ninety percent (90%) of the total 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 Project Manager. 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 Project Manager'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 Project Manager'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 Project Manager's authorization of the Contractor's monthly applications, upon issue of the Operational Acceptance Certificate, within 45 days after receipt of invoice.

Subject to the Appendix 8 (Functional Guarantee) of the Contract Agreement, pro rata value of Operation and Maintenance services performed by the Contractor as evidenced by the Project Manager's authorization of the Contractor's monthly applications, upon issue of the successful Operation and Maintenance Certificate, within 45 days after receipt of invoice.

In the event that the Project Manager fails to make any payment on its respective due date, the Project Manager shall pay to the Contractor interest on the amount of such delayed payment at the rate of Eight percent (8.0%) per Annum for period of delay until payment has been made in full.

Schedule No. 5 - operation and maintenance services

The Operation and maintenance charges will be paid on a prorata basis on a monthly basis based on the yearly operation and maintenance charges quoted by the bidder. Monthly charges will be paid to the bidder subject to the condition that the plant performance meets the functional guarantee i.e., the agreed discharge standards for the treated sewage. In case the discharge standards are not met by the bidder, only half of the monthly maintenance charges will be paid by the Project Manager for the period during which the bidder has not met the discharge standards. This amount has to be forfeited by the bidder forever. However, the monthly operation and maintenance charges will be restored to full as soon as the bidder rectifies the plant and meets the functional guarantee. However, this period of non- compliance of functional guarantee should not exceed two months at any time.

(B) Payment Procedures

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

The contractor shall submit the invoice with supporting papers and documents in triplicate to the Project Manager' representative . The Project Manager' representative will scrutiny and certify the claims, and will recommend for payment to the Project Manager.

Value of invoice shall not be less than 2.0 % (Two Percent) of the contract price (excluding cost of Operation and Maintenance). However, this limitation shall not be applicable for first three invoices.

Appendix 2 - 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 Project Manager, 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 Sub contractors.

Amount [in currency(ies)]	Deductible limits [in currency(ies)]	Parties insured [names]	From [place]	To [place]
Indian National Rupee (INR) Equivalent to the 110% of the cost of Equipment or Supply	100%	Contractor and the Project Manager	Cargo Port	Work Site

(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 [in currency(ies)]	Deductible limits [in currency(ies)]	Parties insured [names]	From [place]	To [place]
Indian National Rupee (INR) Equivalent to the 110% of the cost of Equipment	100%	Contractor and the Project Manager	Not Applicable	Work Site

(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 Project Manager) occurring in connection with the supply and installation of the Facilities.

Amount [in currency(ies)]	Deductible limits [in currency(ies)]	Parties insured [names]	From [place]	To [place]
Indian National Rupee (INR) 20,000,000 with unlimited number of occurrences.	100%	Contractor, Sub Contractor	Not Applicable	Work Site

(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 [in currency(ies)]	Deductible limits [in currency(ies)]	Parties insured [names]	From [place]	To [place]
Not Applicable				

The Project Manager 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 Project Manager

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

Details:

Amount [in currency(ies)]	Deductible limits [in currency(ies)]	Parties insured [names]	From [place]	To [place]
Nil	Nil	Nil	Not Applicable	Not Applicable

Appendix 3 - List of Major Items of Plant and Services and List of Approved Subcontractors

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 Project Manager 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 Project Manager and their names have been added to this list of Approved Subcontractors.

Major Items of Plant and Services	Approved Subcontractors and Manufacturers	Nationality

Appendix 4 - Scope of Works and Supply by the Project Manager

The following personnel, facilities, works, and supplies will be provided or supplied by the Project Manager, 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 Project Manager 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)
Nil	

Facilities	Charge to Contractor (if any)
Nil	

Works	Charge to Contractor (if any)
Power connection up to the site for Operation and Maintenance Period.	Nil

Supplies	Charge to Contractor (if any)
Until the achievement of successful Operational Acceptance of the Plant and Facility	Nil
During the Operation and Maintenance period of 10 years: Electricity.	Nil, subject to Appendix 8 (Functional Guarantee) of the Contract.

Appendix 5 - List of Documents for Approval or Review

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 6 - 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 test for the purpose of Operational acceptance and during the Operation and Maintenance period under the Contract.

2. Preconditions

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

- i) Input parameters (Quantitative) as per Section 6 – Employer's Requirements
- ii) Input parameters (Qualitative) as per Section 6 – Employer's Requirements

3. Functional Guarantees

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

3.1 Production Capacity

- i) Out-put parameters (Quantitative) as per Section 6 – Employer's Requirements
- ii) Out-put parameters (Qualitative) as per Section 6 – Employer's Requirements

3.2 Electricity Consumption

_____, As per Form – (Functional Guarantee of the Proposed Facilities) submitted by the Bidder as a part of its bid.

3.3 Raw Materials and Utilities Consumption

Not Applicable

4. Failure in Guarantees and Liquidated Damages

4.1 Failure to Attain Guaranteed Production Capacity

If the production capacity of the facilities attained in the guarantee test, pursuant to GCC Subclause 25.2, is less than the guaranteed figure specified in para. 3.1 above, but the actual production capacity attained in the guarantee test is not less than the minimum level specified in para. 4.3 below, and the Contractor elects to pay liquidated damages to the Project Manager 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 at the rate of 5.0% for every complete 1% of the deficiency in the production capacity of the Facilities, or at a proportionately reduced rate for any deficiency, or part thereof, of less than a complete 1%.

4.2 Electricity Consumption in Excess of Guaranteed Level

If the actual measured figure of Electricity consumed per unit exceeds the guaranteed figure specified in para. 3.2 above, 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 Project Manager 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 at the rate of 4 % of the quoted capital Cost for every complete 1% of the excess consumption of the Electricity, or part thereof, of less than a complete 1%.

During the Operation and Maintenance Period stated in Appendix 4 of the Contract, the Contractor shall pay an amount equivalent to 2.5 times the actual cost of electricity (on monthly basis) that exceeds the Guaranteed value committed by the Contractor in Bidding form-Section 4.

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: Out-put parameters (Quantitative) attained in the guarantee test: 98% of the guaranteed production capacity.
- (b) Production capacity: Out-put parameters (Qualitative) attained in the guarantee test: 100% of the guaranteed production capacity.
- (c) Average total cost of consumption of Electricity: 102% 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 ten percent (10 %) of the Contract price

Performance Security

..... Bank's name, and address of issuing branch or office¹

Beneficiary: *The Executive Engineer, TWAD Board, Sewerage Division, Rajapalayam*

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 words*². (*amount in figures*.) 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

¹ All italicized text is for guidance on how to prepare this demand guarantee and shall be deleted from the final document.

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.

³ Or the same or similar to this clause specified in the Uniform Rules for Demand Guarantees, ICC Publication No. 758, where applicable.

.....
Signature(s) and seal of bank (where appropriate)

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

..... *Bank's name, and address of issuing branch or office*¹

Beneficiary: *The Executive Engineer, TWAD Board, Sewerage Division, Rajapalayam*

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 plant and services*. (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 words*². (*amount in figures*.) 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 words*³. (*amount in figures*.) 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 *contractor's 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 our receipt of a copy of the interim payment certificate, indicating that 80% of the Contract Price has been certified for payment, or on the . . . day of , ,⁴ whichever is earlier. 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*).

¹ All italicized text serves as a guide for preparing this demand guarantee and shall be deleted from the final document.

² 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.

³ Foot note 2.

⁴ Insert the expected expiration date of the time for completion. The employer should note that in the event of an extension of the time for completion of the contract, the employer would need to request an extension of this guarantee from the guarantor. Such request must be in writing and must be made prior to the expiration date established in the guarantee. In preparing this guarantee, the employer might consider adding the following text to the form, at the end of the penultimate paragraph: "The Guarantor agrees to a one-time extension of this guarantee for a period not to exceed [6 months] [1 year], in response to the Employer's written request for such extension, such request to be presented to the Guarantor before the expiry of the guarantee."

.....
Signature(s) and seal of bank (where appropriate)

-- 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.