

Nepal Electricity Authority
(A Government of Nepal Undertaking)
Transmission Directorate



Bidding Document for
Package KC-2 "Procurement of Plant Design, Supply, and
Installation, Testing and Commissioning of Koshi Corridor
(Tumlingtar, Baneshwar, Basantapur, Inaruwa) 220 KV
Substations

(Single Stage Bidding)

IFB No: KOSHI/NEA/72/73 -1

Issued to: _____

Employer: Nepal Electricity Authority

Koshi Corridor 220 KV Transmission Line Project

Part III of III: Conditions of Contract and Contract Forms

July, 2016

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Single Stage Bidding

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Section VII. General Conditions (GC)

A. Contract and Interpretation

1. Definitions

1.1 The following words and expressions shall have the meanings hereby assigned to them:

“Contract” means the Contract Agreement entered into between the Employer and the Contractor, together with the Contract Documents referred to therein; they shall constitute the Contract, and the term “the Contract” shall in all such documents be construed accordingly.

“Contract Documents” means the documents listed in Article 1.1 (Contract Documents) of the Contract Agreement (including any amendments thereto).

“GC” means the General Conditions hereof.

“PC” means the Particular Conditions.

“day” means calendar day .

“year” means 365 days.

“month” means calendar month.

“Party” means the Employer or the Contractor, as the context requires, and “Parties” means both of them.

“Employer” means the person **named as such in the PC** and includes the legal successors or permitted assigns of the Employer.

“Project Manager” means the person appointed by the Employer in the manner provided in GC Sub-Clause 17.1 (Project Manager) hereof and **named as such in the PC** to perform the duties delegated by the Employer.

“Contractor” means the person(s) whose bid to perform the Contract has been accepted by the Employer and is named as Contractor in the Contract Agreement, and includes the legal successors or permitted assigns of the Contractor.

“Contractor’s Representative” means any person nominated by the Contractor and approved by the Employer in the manner provided in GC Sub-Clause 17.2 (Contractor’s

Representative and Construction Manager) hereof to perform the duties delegated by the Contractor.

“Construction Manager” means the person appointed by the Contractor’s Representative in the manner provided in GC Sub-Clause 17.2.4.

“Subcontractor,” including manufacturers, means any person to whom execution of any part of the Facilities, including preparation of any design or supply of any Plant, is sub-contracted directly or indirectly by the Contractor, and includes its legal successors or permitted assigns.

“Dispute Board” (DB) means the person or persons named as such in the PC appointed by agreement between the Employer and the Contractor to make a decision with respect to any dispute or difference between the Employer and the Contractor referred to him or her by the Parties pursuant to GC Sub-Clause 46.1 (Dispute Board) hereof.

“The Bank” means the financing institution **named in the PC**.

“Contract Price” means the sum specified in Article 2.1 (Contract Price) of the Contract Agreement, subject to such additions and adjustments thereto or deductions there from, as may be made pursuant to the Contract.

“Facilities” means the Plant to be supplied and installed, as well as all the Installation Services to be carried out by the Contractor under the Contract.

“Plant” means permanent plant, equipment, machinery, apparatus, materials, articles and things of all kinds to be provided and incorporated in the Facilities by the Contractor under the Contract (including the spare parts to be supplied by the Contractor under GC Sub-Clause 7.3 hereof), but does not include Contractor’s Equipment.

“Installation Services” means all those services ancillary to the supply of the Plant for the Facilities, to be provided by the Contractor under the Contract, such as transportation and provision of marine or other similar insurance, inspection, expediting, site preparation works (including the provision and use of Contractor’s Equipment and the supply of all construction materials required), installation, testing, pre-commissioning, commissioning, operations, maintenance, the provision of operations and maintenance manuals, training, etc... as the case may require.

“Contractor’s Equipment” means all facilities, equipment, machinery, tools, apparatus, appliances or things of every kind required in or for installation, completion and maintenance of Facilities that are to be provided by the Contractor, but does not include Plant, or other things intended to form or forming part of the Facilities.

“Country of Origin” means the countries and territories eligible under the rules of the Bank as further **elaborated in the PC**.

“Site” means the land and other places upon which the Facilities are to be installed, and such other land or places as may be specified in the Contract as forming part of the Site.

“Effective Date” means the date of fulfilment of all conditions stated in Article 3 (Effective Date) of the Contract Agreement, from which the Time for Completion shall be counted.

“Time for Completion” means the time within which Completion of the Facilities as a whole (or of a part of the Facilities where a separate Time for Completion of such part has been prescribed) is to be attained, as referred to in GC Clause 8 and in accordance with the relevant provisions of the Contract.

“Completion” means that the Facilities (or a specific part thereof where specific parts are specified in the Contract) have been completed operationally and structurally and put in a tight and clean condition, that all work in respect of Pre-commissioning of the Facilities or such specific part thereof has been completed, and that the Facilities or specific part thereof are ready for Commissioning as provided in GC Clause 24 (Completion) hereof.

“Pre-commissioning” means the testing, checking and other requirements specified in the Employer’s Requirements that are to be carried out by the Contractor in preparation for Commissioning as provided in GC Clause 24 (Completion) hereof.

“Commissioning” means operation of the Facilities or any part thereof by the Contractor following Completion, which operation is to be carried out by the Contractor as provided in GC Sub-Clause 25.1 (Commissioning) hereof, for the purpose of carrying out Guarantee Test(s).

“Guarantee Test(s)” means the test(s) specified in the Employer’s Requirements to be carried out to ascertain whether the Facilities or a specified part thereof is able to attain the Functional Guarantees specified in the Appendix to the Contract Agreement titled Functional Guarantees, in accordance with the provisions of GC Sub-Clause 25.2 (Guarantee Test) hereof.

“Operational Acceptance” means the acceptance by the Employer of the Facilities (or any part of the Facilities where the Contract provides for acceptance of the Facilities in parts), which certifies the Contractor’s fulfillment of the Contract in respect of Functional Guarantees of the Facilities (or the relevant part thereof) in accordance with the provisions of GC Clause 28 (Functional Guarantees) hereof and shall include deemed acceptance in accordance with GC Clause 25 (Commissioning and Operational Acceptance) hereof.

“Defect Liability Period” means the period of validity of the warranties given by the Contractor commencing at Completion of the Facilities or a part thereof, during which the Contractor is responsible for defects with respect to the Facilities (or the relevant part thereof) as provided in GC Clause 27 (Defect Liability) hereof.

2. Contract Documents

2.1 Subject to Article 1.2 (Order of Precedence) of the Contract Agreement, all documents forming part of the Contract (and all parts thereof) are intended to be correlative, complementary and mutually explanatory. The Contract shall be read as a whole.

3. Interpretation

3.1 In the Contract, except where the context requires otherwise:

- (a) words indicating one gender include all genders;
- (b) words indicating the singular also include the plural and words indicating the plural also include the singular;
- (c) provisions including the word “agree,” “agreed,” or “agreement” require the agreement to be recorded in writing;

(d) the word “tender” is synonymous with “bid,” “bidder,” with “bidder,” and “tender documents” with “bidding documents,” and

(e) “Written” or “in writing” means hand-written, type-written, printed or electronically made, and resulting in a permanent record.

The marginal words and other headings shall not be taken into consideration in the interpretation of these Conditions.

3.2 Incoterms

Unless inconsistent with any provision of the Contract, the meaning of any trade term and the rights and obligations of Parties there under shall be as prescribed by *Incoterms*. *Incoterms* means international rules for interpreting trade terms published by the International Chamber of Commerce (latest edition), 38 Cours Albert 1^{er}, 75008 Paris, France.

3.3 Entire Agreement

Subject to GC Sub-Clause 16.4 hereof, the Contract constitutes the entire agreement between the Employer and Contractor with respect to the subject matter of Contract and supersedes all communications, negotiations and agreements (whether written or oral) of Parties with respect thereto made prior to the date of Contract.

3.4 Amendment

No amendment or other variation of the Contract shall be effective unless it is in writing, is dated, expressly refers to the Contract, and is signed by a duly authorized representative of each Party hereto.

3.5 Independent Contractor

The Contractor shall be an independent contractor performing the Contract. The Contract does not create any agency, partnership, joint venture or other joint relationship between the Parties hereto. Subject to the provisions of the Contract, the Contractor shall be solely responsible for the manner in which the Contract is performed. All employees, representatives or Subcontractors engaged by the Contractor in connection with the performance of the Contract shall be under the complete control of the Contractor and shall not be deemed to be employees of the Employer, and nothing contained in the

Contract or in any subcontract awarded by the Contractor shall be construed to create any contractual relationship between any such employees, representatives or Subcontractors and the Employer.

3.6 Non-Waiver

3.6.1 Subject to GC Sub-Clause 3.6.2 below, no relaxation, forbearance, delay or indulgence by either Party in enforcing any of the terms and conditions of the Contract or the granting of time by either Party to the other shall prejudice, affect or restrict the rights of that Party under the Contract, nor shall any waiver by either Party of any breach of Contract operate as waiver of any subsequent or continuing breach of Contract.

3.6.2 Any waiver of a Party's rights, powers or remedies under the Contract must be in writing, must be dated and signed by an authorized representative of the Party granting such waiver, and must specify the right and the extent to which it is being waived.

3.7 Severability

If any provision or condition of the Contract is prohibited or rendered invalid or unenforceable, such prohibition, invalidity or unenforceability shall not affect the validity or enforceability of any other provisions and conditions of the Contract.

3.8 Country of Origin

"Origin" means the place where the material, equipment of plant and component parts thereof are mined, grown, produced or manufactured, and from which the services are provided. Plant components are produced when, through manufacturing, processing, or substantial or major assembling of components, a commercially recognized product results that is substantially in its basic characteristics or in purpose or utility from its components.

4. Communications

4.1 Wherever these Conditions provide for the giving or issuing of approvals, certificates, consents, determinations, notices, requests and discharges, these communications shall be:

- (a) in writing and delivered against receipt; and
- (b) Delivered, sent or transmitted to the address for the recipient's communications as stated in the Contract Agreement.

When a certificate is issued to a Party, the certifier shall send a copy to the other Party.

When a notice is issued to a Party, by the other Party or the Project Manager, a copy shall be sent to the Project Manager or the other Party, as the case may be.

5. Law and Language

5.1 From Notice the Contract shall be governed by and interpreted in accordance with laws of the country **specified in the PC.**

5.2 The ruling language of the Contract shall be that **stated in the PC.**

The language for communications shall be the ruling language unless otherwise **stated in the PC.**

6. Fraud and Corruption

6.1 If the Employer determines that the Contractor and/or any of its personnel, or its agents, or its Subcontractors, sub-consultants, services providers, suppliers and/or their employees has engaged in corrupt, fraudulent, collusive coercive, or obstructive practices, in competing for or in executing the Contract, then the Employer may, after giving 14 days notice to the Contractor, terminate the Contractor's employment under the Contract and expel him from the Site, and the provisions of Clause 42 shall apply as if such expulsion had been made under Sub-Clause 42.2.1 (c).

For the purposes of this Sub-Clause,

- (i) "Corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (ii) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

- (iii) “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (iv) “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (v) “Obstructive practice” is
 - (aa) Deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - (bb) Acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under Sub-Clause 9.8.

B. Subject Matter of Contract

7. Scope of Facilities

7.1 Unless otherwise expressly limited in the Employer’s Requirements, the Contractor’s obligations cover the provision of all Plant and the performance of all Installation Services required for the design, and the manufacture (including procurement, quality assurance, construction, installation, associated civil works, Pre-commissioning and delivery) of the Plant, and the installation, completion and commissioning of the Facilities in accordance with the plans, procedures, specifications, drawings, codes and any other documents as specified in the Section, Employer’s Requirements. Such specifications, drawings include, but are not limited to, the provision of supervision and engineering services; the supply of labor, materials, equipment, spare parts (as specified in GC Sub-Clause 7.3 below) and accessories; Contractor’s Equipment;

construction utilities and supplies; temporary materials, structures and facilities; transportation (including, without limitation, unloading and hauling to, from and at the Site); and storage, except for those supplies, works and services that will be provided or performed by the Employer, as set forth in the Appendix to the Contract Agreement titled Scope of Works and Supply by the Employer.

7.2 The Contractor shall, unless specifically excluded in the Contract, perform all such work and/or supply all such items and materials not specifically mentioned in the Contract but that can be reasonably inferred from the Contract as being required for attaining Completion of the Facilities as if such work and/or items and materials were expressly mentioned in the Contract.

7.3 In addition to the supply of Mandatory Spare Parts included in the Contract, the Contractor agrees to supply spare parts required for the operation and maintenance of the Facilities for the period **specified in the PC** and the provisions, if any, **specified in the PC**. However, the identity, specifications and quantities of such spare parts and the terms and conditions relating to the supply thereof are to be agreed between the Employer and the Contractor, and the price of such spare parts shall be that given in Price Schedule No. 6, which shall be added to the Contract Price. The price of such spare parts shall include the purchase price therefore and other costs and expenses (including the Contractor's fees) relating to the supply of spare parts.

8. Time for Commencement and Completion

8.1 The Contractor shall commence work on the Facilities within the period **specified in the PC** and without prejudice to GC Sub-Clause 26.2 hereof, the Contractor shall thereafter proceed with the Facilities in accordance with the time schedule specified in the Appendix to the Contract Agreement titled Time Schedule.

8.2 The Contractor shall attain Completion of the Facilities or of a part where a separate time for Completion of such part is specified in the Contract, within the time **stated in**

the PC or within such extended time to which the Contractor shall be entitled under GC Clause 40 hereof.

9. Contractor's Responsibilities

9.1 The Contractor shall design, manufacture including associated purchases and/or subcontracting, install and complete the Facilities in accordance with the Contract. When completed, the Facilities should be fit for the purposes for which they are intended as defined in the Contract.

9.2 The Contractor confirms that it has entered into this Contract on the basis of a proper examination of the data relating to the Facilities including any data as to boring tests provided by the Employer, and on the basis of information that the Contractor could have obtained from a visual inspection of the Site if access thereto was available and of other data readily available to it relating to the Facilities as of the date twenty-eight (28) days prior to bid submission. The Contractor acknowledges that any failure to acquaint itself with all such data and information shall not relieve its responsibility for properly estimating the difficulty or cost of successfully performing the Facilities.

9.3 The Contractor shall acquire and pay for all permits, approvals and/or licenses from all local, state or national government authorities or public service undertakings in the country where the Site is located which such authorities or undertakings require the Contractor to obtain in its name and which are necessary for the performance of the Contract, including, without limitation, visas for the Contractor's and Subcontractor's personnel and entry permits for all imported Contractor's Equipment. The Contractor shall acquire all other permits, approvals and/or licenses that are not the responsibility of the Employer under GC Sub-Clause 10.3 hereof and that are necessary for the performance of the Contract.

9.4 The Contractor shall comply with all laws in force in the country where the Facilities are to be implemented. The laws will include all local, state, national or other laws that affect the performance of the Contract and bind upon the Contractor. The Contractor shall indemnify and hold harmless the Employer from and against any and all liabilities,

damages, claims, fines, penalties and expenses of whatever nature arising or resulting from the violation of such laws by the Contractor or its personnel, including the Subcontractors and their personnel, but without prejudice to GC Sub-Clause 10.1 hereof.

9.5 Any Plant and Installation Services that will be incorporated in or be required for the Facilities and other supplies shall have their origin as specified under GC Clause 1 (Country of Origin) should not be less than seventy five percent (75%) of the contract price unless otherwise specified in the PC. Any subcontractors retained by the Contractor shall be from a country as specified in GC Clause 1 (Country of Origin).

9.6 The Contractor shall permit the Bank to inspect the Contractor's accounts and records relating to the performance of the Contractor and to have them audited by auditors appointed by the Bank, if so required by the Bank.

9.7 If the Contractor is a joint venture, or association (JVA) of two or more persons, all such persons shall be jointly and severally bound to the Employer for the fulfilment of the provisions of the Contract, unless otherwise specified in the **PC**, and shall designate one of such persons to act as a leader with authority to bind the JVA. The composition or the constitution of the JVA shall not be altered without the prior consent of the Employer.

9.8 The Contractor shall permit, and shall cause its Subcontractors and sub-consultants to permit, the Bank and/or persons appointed by the Bank to inspect the Site and all accounts and records relating to the performance of the Contract and the submission of the Bid, and to have such accounts and records audited by auditors appointed by the Bank if requested by the Bank. The Contractor's and its Subcontractors' and sub-consultants' attention is drawn to Sub-Clause 6.1 [Fraud and Corruption] which provides, inter alia, that acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under Sub-Clause 9.8 constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank's prevailing sanctions procedures).

9.9 Water and Electricity supply shall be arranged by the contractor. However, assistance if any required shall be provided by the Employer.

10. Employer's Responsibilities

- 10.1 All information and/or data to be supplied by the Employer as described in the Appendix to the Contract Agreement titled Scope of Works and Supply by the Employer, shall be deemed to be accurate, except when the Employer expressly states otherwise.
- 10.2 The Employer shall be responsible for acquiring and providing legal and physical possession of the Site and access thereto, and for providing possession of and access to all other areas reasonably required for the proper execution of the Contract, including all requisite rights of way, as specified in the Appendix to the Contract Agreement titled Scope of Works and Supply by the Employer. The Employer shall give full possession of and accord all rights of access thereto on or before the date(s) specified in that Appendix.
- 10.3 The Employer shall acquire and pay for all permits, approvals and/or licenses from all local, state or national government authorities or public service undertakings in the country where the Site is located which (a) such authorities or undertakings require the Employer to obtain in the Employer's name, (b) are necessary for the execution of the Contract, including those required for the performance by both the Contractor and the Employer of their respective obligations under the Contract, and (c) are specified in the Appendix-6 (Scope of Works and Supply by the Employer) of the Contract Agreement.
- 10.4 If requested by the Contractor, the Employer shall use its best endeavours to assist the Contractor in obtaining in a timely and expeditious manner all permits, approvals and/or licenses necessary for the execution of the Contract from all local, state or national government authorities or public service undertakings that such authorities or undertakings require the Contractor or Subcontractors or the personnel of the Contractor or Subcontractors, as the case may be, to obtain.
- 10.5 Unless otherwise specified in the Contract or agreed upon by the Employer and the Contractor, the Employer shall provide sufficient, properly qualified operating and maintenance personnel; shall supply and make available all raw materials, utilities,

lubricants, chemicals, catalysts, other materials and facilities; and shall perform all work and services of whatsoever nature, including those required by the Contractor to properly carry out Pre-commissioning, Commissioning and Guarantee Tests, all in accordance with the provisions of the Appendix to the Contract Agreement titled Scope of Works and Supply by the Employer, at or before the time specified in the program furnished by the Contractor under GC Sub-Clause 18.2 hereof and in the manner thereupon specified or as otherwise agreed upon by the Employer and the Contractor.

- 10.6 The Employer shall be responsible for the continued operation of the Facilities after Completion, in accordance with GC Sub-Clause 24.8, and shall be responsible for facilitating the Guarantee Test(s) for the Facilities, in accordance with GC Sub-Clause 25.2.
- 10.7 All costs and expenses involved in the performance of the obligations under this GC Clause 10 shall be the responsibility of the Employer, save those to be incurred by the Contractor with respect to the performance of Guarantee Tests, in accordance with GC Sub-Clause 25.2.
- 10.8 In the event that the Employer shall be in breach of any of his obligations under this Clause, the additional cost incurred by the Contractor in consequence thereof shall be determined by the Project Manager and added to the Contract Price.

C. Payment

11. Contract Price

- 11.1 The Contract Price shall be as specified in Article 2 (Contract Price and Terms of Payment) of the Contract Agreement.
- 11.2 Unless an adjustment clause is **provided for in the PC**, the Contract Price shall be a firm lump sum not subject to any alteration, except in the event of a Change in the Facilities or as otherwise provided in the Contract.
- 11.3 Subject to GC Sub-Clauses 9.2, 10.1 and 35 hereof, the Contractor shall be deemed to have satisfied itself as to the correctness and sufficiency of the Contract Price, which

shall, except as otherwise provided for in the Contract, cover all its obligations under the Contract.

12. Terms of Payment

- 12.1 The Contract Price shall be paid as specified in Article 2 (Contract Price and Terms of Payment) of the Contract Agreement and in the Appendix to the Contract Agreement titled Terms and Procedures of Payment, which also outlines the procedures to be followed in making application for and processing payments.
- 12.2 No payment made by the Employer herein shall be deemed to constitute acceptance by the Employer of the Facilities or any part(s) thereof.
- 12.3 In the event that the Employer fails to make any payment by its respective due date or within the period set forth in the Contract, the Employer shall pay to the Contractor interest on the amount of such delayed payment at the rate(s) shown in the Appendix to the Contract Agreement titled Terms and Procedures of Payment, for the period of delay until payment has been made in full, whether before or after judgment or arbitration award.
- 12.4 The currency or currencies in which payments are made to the Contractor under this Contract shall be specified in the Appendix to the Contract Agreement titled Terms and Procedures of Payment, subject to the general principle that payments will be made in the currency or currencies in which the Contract Price has been stated in the Contractor's bid.
- 12.5 All the payments shall be made in the currency or currencies specified in the corresponding Appendix (Terms and procedures of payment) to the Contract Agreement to GC 12.4.

13. Securities

13.1 Issuance of Securities

The Contractor shall provide the securities specified below in favour of the Employer at the times, and in the amount, manner and form specified below.

13.2 Advance Payment Security

13.2.1 The Contractor shall, within twenty-eight (28) days of the notification of contract award, provide a security in an amount equal to the advance payment calculated in accordance with the Appendix to the Contract Agreement titled Terms and Procedures of Payment, and in the same currency or currencies.

13.2.2 The security shall be in the form provided in the bidding documents or in another form acceptable to the Employer. The amount of the security shall be reduced in proportion to the value of the Facilities executed by and paid to the Contractor from time to time, and shall automatically become null and void when the full amount of the advance payment has been recovered by the Employer. The security shall be returned to the Contractor immediately after its expiration.

13.3 Performance Security

13.3.1 The Contractor shall, within twenty-eight (28) days of the notification of contract award, provide a security for the due performance of the Contract in the amount **specified in the PC**.

13.3.2 The performance security shall be denominated in the currency or currencies of the Contract, or in a freely convertible currency acceptable to the Employer, and shall be in the form provided in Section IX, Contract Forms, corresponding to the type of bank guarantee stipulated by the Employer in the **PC**, or in another form acceptable to the Employer.

13.3.3 Unless otherwise specified in the **PC**, the security shall be reduced by half on the date of the Operational Acceptance. The Security shall become null and void, or shall be reduced pro rata to the Contract Price of a part of the Facilities for which a separate Time for Completion is provided, five hundred and forty (540) days after Completion of the Facilities or three hundred and sixty five (365) days after Operational Acceptance of the Facilities, whichever occurs first; provided, however, that if the Defects Liability Period has been extended on

any part of the Facilities pursuant to GC Sub-Clause 27.8 hereof, the Contractor shall issue an additional security in an amount proportionate to the Contract Price of that part. The security shall be returned to the Contractor immediately after its expiration, provided, however, that if the Contractor, pursuant to GC Sub-Clause 27.10, is liable for an extended defect liability obligation, the performance security shall be extended for the period specified in the **PC** pursuant to GC Sub-Clause 27.10 and up to the amount specified in the **PC**.

13.3.4 The Employer shall not make a claim under the Performance Security, except for amounts to which the Employer is entitled under the Contract. The Employer shall indemnify and hold the Contractor harmless against and from all damages, losses and expenses (including legal fees and expenses) resulting from a claim under the Performance Security to the extent to which the Employer was not entitled to make the claim.

14. Taxes and Duties

14.1 Except as otherwise specifically provided in the Contract, the Contractor shall bear and pay all taxes, duties, levies and charges assessed on the Contractor, its Subcontractors or their employees by all municipal, state or national government authorities in connection with the Facilities in and outside of the country where the Site is located.

14.2 Notwithstanding GC Sub-Clause 14.1 above, the Employer shall bear and promptly pay

- (a) All customs and import duties for the Plant specified in Price Schedule; and
- (b) other domestic taxes such as, sales tax and value added tax (VAT) on the Plant specified in Price Schedules and that is to be incorporated into the Facilities, and on the finished goods, imposed by the law of the country where the Site is located.

14.3 If any tax exemptions, reductions, allowances or privileges may be available to the Contractor in the country where the Site is located, the Employer shall use its best endeavours to enable the Contractor to benefit from any such tax savings to the maximum allowable extent.

14.4 For the purpose of the Contract, it is agreed that the Contract Price specified in Article 2 (Contract Price and Terms of Payment) of the Contract Agreement is based on the taxes, duties, levies and charges prevailing at the date twenty-eight (28) days prior to the date of bid submission in the country where the Site is located (hereinafter called "Tax" in this GC Sub-Clause 14.4). If any rates of Tax are increased or decreased, a new Tax is introduced, an existing Tax is abolished, or any change in interpretation or application of any Tax occurs in the course of the performance of Contract, which was or will be assessed on the Contractor, Subcontractors or their employees in connection with performance of the Contract, an equitable adjustment of the Contract Price shall be made to fully take into account any such change by addition to the Contract Price or deduction there from, as the case may be, in accordance with GC Clause 36 hereof.

D. Intellectual Property

15. License/Use of Technical Information

15.1 For the operation and maintenance of the Plant, the Contractor hereby grants a non-exclusive and non-transferable license (without the right to sub-license) to the Employer under the patents, utility models or other industrial property rights owned by the Contractor or by a third Party from whom the Contractor has received the right to grant licenses there under, and shall also grant to the Employer a non-exclusive and non-transferable right (without the right to sub-license) to use the know-how and other technical information disclosed to the Employer under the Contract. Nothing contained herein shall be construed as transferring ownership of any patent, utility model, trademark, design, copyright, know-how or other intellectual property right from the Contractor or any third Party to the Employer.

15.2 The copyright in all drawings, documents and other materials containing data and information furnished to the Employer by the Contractor herein shall remain vested in the Contractor or, if they are furnished to the Employer directly or through the Contractor by any third Party, including suppliers of materials, the copyright in such materials shall remain vested in such third Party.

16. Confidential Information

16.1 The Employer and the Contractor shall keep confidential and shall not, without the written consent of the other Party hereto, divulge to any third Party any documents, data or other information furnished directly or indirectly by the other Party hereto in connection with the Contract, whether such information has been furnished prior to, during or following termination of the Contract. Notwithstanding the above, the Contractor may furnish to its Subcontractor(s) such documents, data and other information it receives from the Employer to the extent required for the Subcontractor(s) to perform its work under the Contract, in which event the Contractor shall obtain from such Subcontractor(s) an undertaking of confidentiality similar to that imposed on the Contractor under this GC Clause 16.

16.2 The Employer shall not use such documents, data and other information received from the Contractor for any purpose other than the operation and maintenance of the Facilities. Similarly, the Contractor shall not use such documents, data and other information received from the Employer for any purpose other than the design, procurement of Plant, construction or such other work and services as are required for the performance of the Contract.

16.3 The obligation of a Party under GC Sub-Clauses 16.1 and 16.2 above, however, shall not apply to that information which

- (a) Now or hereafter enters the public domain through no fault of that Party
- (b) Can be proven to have been possessed by that Party at the time of disclosure and which was not previously obtained, directly or indirectly, from the other Party hereto
- (c) Otherwise lawfully becomes available to that Party from a third Party that has no obligation of confidentiality.

16.4 The above provisions of this GC Clause 16 shall not in any way modify any undertaking of confidentiality given by either of the Parties hereto prior to the date of the Contract in respect of the Facilities or any part thereof.

16.5 The provisions of this GC Clause 16 shall survive termination, for whatever reason, of the Contract.

E. Execution of the Facilities

17. Representatives

17.1 Project Manager

If the Project Manager is not named in the Contract, then within fourteen (14) days of the Effective Date, the Employer shall appoint and notify the Contractor in writing of the name of the Project Manager. The Employer may from time to time appoint some other person as the Project Manager in place of the person previously so appointed, and shall give a notice of the name of such other person to the Contractor without delay. No such appointment shall be made at such a time or in such a manner as to impede the progress of work on the Facilities. Such appointment shall only take effect upon receipt of such notice by the Contractor. The Project Manager shall represent and act for the Employer at all times during the performance of the Contract. All notices, instructions, orders, certificates, approvals and all other communications under the Contract shall be given by the Project Manager, except as herein otherwise provided. All notices, instructions, information and other communications given by the Contractor to the Employer under the Contract shall be given to the Project Manager, except as herein otherwise provided.

17.2 Contractor's Representative & Construction Manager

17.2.1 If the Contractor's Representative is not named in the Contract, then within fourteen (14) days of the Effective Date, the Contractor shall appoint the Contractor's Representative and shall request the Employer in writing to approve the person so appointed. If the Employer makes no objection to the appointment within fourteen (14) days, the Contractor's Representative shall be deemed to have been approved. If the Employer objects to the appointment within fourteen (14) days giving the reason there for, then the

Contractor shall appoint a replacement within fourteen (14) days of such objection, and the foregoing provisions of this GC Sub-Clause 17.2.1 shall apply thereto.

17.2.2 The Contractor's Representative shall represent and act for the Contractor at all times during the performance of the Contract and shall give to the Project Manager all the Contractor's notices, instructions, information and all other communications under the Contract.

All notices, instructions, information and all other communications given by the Employer or the Project Manager to the Contractor under the Contract shall be given to the Contractor's Representative or, in its absence, its deputy, except as herein otherwise provided.

The Contractor shall not revoke the appointment of the Contractor's Representative without the Employer's prior written consent, which shall not be unreasonably withheld. If the Employer consents thereto, the Contractor shall appoint some other person as the Contractor's Representative, pursuant to the procedure set out in GC Sub-Clause 17.2.1.

17.2.3 The Contractor's Representative may, subject to the approval of the Employer which shall not be unreasonably withheld, at any time delegate to any person any of the powers, functions and authorities vested in him or her. Any such delegation may be revoked at any time. Any such delegation or revocation shall be subject to a prior notice signed by the Contractor's Representative, and shall specify the powers, functions and authorities thereby delegated or revoked. No such delegation or revocation shall take effect unless and until a copy thereof has been delivered to the Employer and the Project Manager.

Any act or exercise by any person of powers, functions and authorities so delegated to him or her in accordance with this GC Sub-Clause 17.2.3 shall be deemed to be an act or exercise by the Contractor's Representative.

17.2.4 From the commencement of installation of the Facilities at the Site until Completion, the Contractor's Representative shall appoint a suitable person as

the Construction Manager. The Construction Manager shall supervise all work done at the Site by the Contractor and shall be present at the Site throughout normal working hours except when on leave, sick or absent for reasons connected with the proper performance of the Contract. Whenever the Construction Manager is absent from the Site, a suitable person shall be appointed to act as the Construction Manager's deputy.

17.2.5 The Employer may by notice to the Contractor object to any representative or person employed by the Contractor in the execution of the Contract who, in the reasonable opinion of the Employer, may behave inappropriately, may be incompetent or negligent, or may commit a serious breach of the Site regulations provided under GC Sub-Clause 22.3. The Employer shall provide evidence of the same, whereupon the Contractor shall remove such person from the Facilities.

17.2.6 If any representative or person employed by the Contractor is removed in accordance with GC Sub-Clause 17.2.5, the Contractor shall, where required, promptly appoint a replacement.

18. Work Program

18.1 Contractor's Organization

The Contractor shall supply to the Employer and the Project Manager a chart showing the proposed organization to be established by the Contractor for carrying out work on the Facilities within twenty-one (21) days of the Effective Date. The chart shall include the identities of the key personnel and the curricula vitae of such key personnel to be employed shall be supplied together with the chart. The Contractor shall promptly inform the Employer and the Project Manager in writing of any revision or alteration of such an organization chart.

18.2 Program of Performance

Within twenty-eight (28) days after the Effective Date, the Contractor shall submit to the Project Manager a detailed program of performance of the Contract, made in a

form acceptable to the Project Manager and showing the sequence in which it proposes to design, manufacture, transport, assemble, install and precommission the Facilities, as well as the date by which the Contractor reasonably requires that the Employer shall have fulfilled its obligations under the Contract so as to enable the Contractor to execute the Contract in accordance with the program and to achieve Completion, Commissioning and Acceptance of the Facilities in accordance with the Contract. The program so submitted by the Contractor shall accord with the Time Schedule included in the Appendix to the Contract Agreement titled Time Schedule, and any other dates and periods specified in the Contract. The Contractor shall update and revise the program as and when appropriate or when required by the Project Manager, but without modification in the Times for Completion specified in the **PC** pursuant to Sub-Clause 8.2 and any extension granted in accordance with GC Clause 40, and shall submit all such revisions to the Project Manager.

18.3 Progress Report

The Contractor shall monitor progress of all the activities specified in the program referred to in GC Sub-Clause 18.2 above, and supply a progress report to the Project Manager every month.

The progress report shall be in a form acceptable to the Project Manager and shall indicate: (a) percentage completion achieved compared with the planned percentage completion for each activity; and (b) where any activity is behind the program, giving comments and likely consequences and stating the corrective action being taken.

18.4 Progress of Performance

If at any time the Contractor's actual progress falls behind the program referred to in GC Sub-Clause 18.2, or it becomes apparent that it will so fall behind, the Contractor shall, at the request of the Employer or the Project Manager, prepare and submit to the Project Manager a revised program, taking into account the prevailing circumstances, and shall notify the Project Manager of the steps being taken to

expedite progress so as to attain Completion of the Facilities within the Time for Completion under GC Sub-Clause 8.2, any extension thereof entitled under GC Sub-Clause 40.1, or any extended period as may otherwise be agreed upon between the Employer and the Contractor.

18.5 Procedures

The Contract shall be executed in accordance with the Contract Documents including the procedures given in the Forms and Procedures of the Employer's Requirements of the Contract document.

The Contractor may execute the Contract in accordance with its own standard project execution plans and procedures to the extent that they do not conflict with the provisions contained in the Contract.

19. Subcontracting

19.1 The Appendix to the Contract Agreement titled List of Major Items of Plant and Installation Services and List of Approved Subcontractors, specifies major items of supply or services and a list of approved Subcontractors against each item, including manufacturers. Insofar as no Subcontractors are listed against any such item, the Contractor shall prepare a list of Subcontractors for such item for inclusion in such list. The Contractor may from time to time propose any addition to or deletion from any such list. The Contractor shall submit any such list or any modification thereto to the Employer for its approval in sufficient time so as not to impede the progress of work on the Facilities. Such approval by the Employer for any of the Subcontractors shall not relieve the Contractor from any of its obligations, duties or responsibilities under the Contract.

19.2 The Contractor shall select and employ its Subcontractors for such major items from those listed in the lists referred to in GC Sub-Clause 19.1.

For items or parts of the Facilities not specified in the Appendix to the Contract Agreement titled List of Major Items of Plant and Installation Services and List of

Approved Subcontractors, the Contractor may employ such Subcontractors as it may select, at its discretion.

Each sub-contract shall include provisions which would entitle the Employer to require the sub-contract to be assigned to the Employer under GC 19.5 (if and when applicable), or in event of termination by the Employer under GC 42.2.

If a sub-contractor's obligations extend beyond the expiry date of the relevant Defects Liability Period and the Project Manager, prior to that date, instructs the Contractor to assign the benefits of such obligations to the Employer, then the Contractor shall do so.

20. Design and Engineering

20.1 Specifications and Drawings

20.1.1 The Contractor shall execute the basic and detailed design and the engineering work in compliance with the provisions of the Contract, or where not so specified, in accordance with good engineering practice.

The Contractor shall be responsible for any discrepancies, errors or omissions in the specifications, drawings and other technical documents that it has prepared, whether such specifications, drawings and other documents have been approved by the Project Manager or not, provided that such discrepancies, errors or omissions are not because of inaccurate information furnished in writing to the Contractor by or on behalf of the Employer.

20.1.2 The Contractor shall be entitled to disclaim responsibility for any design, data, drawing, specification or other document, or any modification thereof provided or designated by or on behalf of the Employer, by giving a notice of such disclaimer to the Project Manager.

20.2 Codes and Standards

Wherever references are made in the Contract to codes and standards in accordance with which the Contract shall be executed, the edition or the revised version of such

codes and standards current at the date twenty-eight (28) days prior to date of bid submission shall apply unless otherwise specified. During Contract execution, any changes in such codes and standards shall be applied subject to approval by the Employer and shall be treated in accordance with GC Clause 39.

20.3 Approval/Review of Technical Documents by Project Manager

20.3.1 The Contractor shall prepare or cause its Subcontractors to prepare, and furnish to the Project Manager the documents listed in the Appendix to the Contract Agreement titled List of Documents for Approval or Review, for its approval or review as specified and in accordance with the requirements of GC Sub-Clause 18.2 (Program of Performance).

Any part of the Facilities covered by or related to the documents to be approved by the Project Manager shall be executed only after the Project Manager's approval thereof.

GC Sub-Clauses 20.3.2 through 20.3.7 shall apply to those documents requiring the Project Manager's approval, but not to those furnished to the Project Manager for its review only.

20.3.2 Within fourteen (14) days after receipt by the Project Manager of any document requiring the Project Manager's approval in accordance with GC Sub-Clause 20.3.1, the Project Manager shall either return one copy thereof to the Contractor with its approval endorsed thereon or shall notify the Contractor in writing of its disapproval thereof and the reasons there for and the modifications that the Project Manager proposes.

If the Project Manager fails to take such action within the said fourteen (14) days, then the said document shall be deemed to have been approved by the Project Manager.

20.3.3 The Project Manager shall not disapprove any document, except on the grounds that the document does not comply with the Contract or that it is contrary to good engineering practice.

- 20.3.4 If the Project Manager disapproves the document, the Contractor shall modify the document and resubmit it for the Project Manager's approval in accordance with GC Sub-Clause 20.3.2. If the Project Manager approves the document subject to modification(s), the Contractor shall make the required modification(s), whereupon the document shall be deemed to have been approved.
- 20.3.5 If any dispute or difference occurs between the Employer and the Contractor in connection with or arising out of the disapproval by the Project Manager of any document and/or any modification(s) thereto that cannot be settled between the Parties within a reasonable period, then such dispute or difference may be referred to a Dispute Board for determination in accordance with GC Sub-Clause 46.1 hereof. If such dispute or difference is referred to a Dispute Board, the Project Manager shall give instructions as to whether and if so, how, performance of the Contract is to proceed. The Contractor shall proceed with the Contract in accordance with the Project Manager's instructions, provided that if the Dispute Board upholds the Contractor's view on the dispute and if the Employer has not given notice under GC Sub-Clause 46.3 hereof, then the Contractor shall be reimbursed by the Employer for any additional costs incurred by reason of such instructions and shall be relieved of such responsibility or liability in connection with the dispute and the execution of the instructions as the Dispute Board shall decide, and the Time for Completion shall be extended accordingly.
- 20.3.6 The Project Manager's approval, with or without modification of the document furnished by the Contractor, shall not relieve the Contractor of any responsibility or liability imposed upon it by any provisions of the Contract except to the extent that any subsequent failure results from modifications required by the Project Manager.
- 20.3.7 The Contractor shall not depart from any approved document unless the Contractor has first submitted to the Project Manager an amended document

and obtained the Project Manager's approval thereof, pursuant to the provisions of this GC Sub-Clause 20.3.

If the Project Manager requests any change in any already approved document and/or in any document based thereon, the provisions of GC Clause 39 shall apply to such request.

21. Procurement

21.1 Plant

Subject to GC Sub-Clause 14.2, the Contractor shall procure and transport all Plant in an expeditious and orderly manner to the Site.

21.2 Employer-Supplied Plant

If the Appendix to the Contract Agreement titled Scope of Works and Supply by the Employer provides that the Employer shall furnish any specific items to the Contractor, the following provisions shall apply:

21.2.1 The Employer shall, at its own risk and expense, transport each item to the place on or near the Site as agreed upon by the Parties and make such item available to the Contractor at the time specified in the program furnished by the Contractor, pursuant to GC Sub-Clause 18.2, unless otherwise mutually agreed.

21.2.2 Upon receipt of such item, the Contractor shall inspect the same visually and notify the Project Manager of any detected shortage, defect or default. The Employer shall immediately remedy any shortage, defect or default, or the Contractor shall, if practicable and possible, at the request of the Employer, remedy such shortage, defect or default at the Employer's cost and expense. After inspection, such item shall fall under the care, custody and control of the Contractor. The provision of this GC Sub-Clause 21.2.2 shall apply to any item supplied to remedy any such shortage or default or to substitute for any defective item, or shall apply to defective items that have been repaired.

21.2.3 The foregoing responsibilities of the Contractor and its obligations of care, custody and control shall not relieve the Employer of liability for any undetected shortage, defect or default, nor place the Contractor under any liability for any such shortage, defect or default whether under GC Clause 27 or under any other provision of Contract.

21.3 Transportation

21.3.1 The Contractor shall at its own risk and expense transport all the materials and the Contractor's Equipment to the Site by the mode of transport that the Contractor judges most suitable under all the circumstances.

21.3.2 Unless otherwise provided in the Contract, the Contractor shall be entitled to select any safe mode of transport operated by any person to carry the materials and the Contractor's Equipment.

21.3.3 Upon dispatch of each shipment of materials and the Contractor's Equipment, the Contractor shall notify the Employer by telex, cable, facsimile or electronic means, of the description of the materials and of the Contractor's Equipment, the point and means of dispatch, and the estimated time and point of arrival in the country where the Site is located, if applicable, and at the Site. The Contractor shall furnish the Employer with relevant shipping documents to be agreed upon between the Parties.

21.3.4 The Contractor shall be responsible for obtaining, if necessary, approvals from the authorities for transportation of the materials and the Contractor's Equipment to the Site. The Employer shall use its best endeavours in a timely and expeditious manner to assist the Contractor in obtaining such approvals, if requested by the Contractor. The Contractor shall indemnify and hold harmless the Employer from and against any claim for damage to roads, bridges or any other traffic facilities that may be caused by the transport of the materials and the Contractor's Equipment to the Site.

21.4 Customs Clearance

The Contractor shall, at its own expense, handle all imported materials and Contractor's Equipment at the point(s) of import and shall handle any formalities for customs clearance, subject to the Employer's obligations under GC Sub-Clause 14.2, provided that if applicable laws or regulations require any application or act to be made by or in the name of the Employer, the Employer shall take all necessary steps to comply with such laws or regulations. In the event of delays in customs clearance that are not the fault of the Contractor, the Contractor shall be entitled to an extension in the Time for Completion, pursuant to GC Clause 40.

22. Installation

22.1 Setting Out/Supervision

22.1.1 Bench Mark: The Contractor shall be responsible for the true and proper setting-out of the Facilities in relation to bench marks, reference marks and lines provided to it in writing by or on behalf of the Employer.

If, at any time during the progress of installation of the Facilities, any error shall appear in the position, level or alignment of the Facilities, the Contractor shall forthwith notify the Project Manager of such error and, at its own expense, immediately rectify such error to the reasonable satisfaction of the Project Manager. If such error is based on incorrect data provided in writing by or on behalf of the Employer, the expense of rectifying the same shall be borne by the Employer.

22.1.2 Contractor's Supervision: The Contractor shall give or provide all necessary superintendence during the installation of the Facilities, and the Construction Manager or its deputy shall be constantly on the Site to provide full-time superintendence of the installation. The Contractor shall provide and employ only technical personnel who are skilled and experienced in their respective callings and supervisory staff who are competent to adequately supervise the work at hand.

22.2 Labour

22.2.1 Engagement of Staff and Labour

Except as otherwise stated in the Specification, the Contractor shall make arrangements for the engagement of all staff and labour, local or otherwise, and for their payment, housing, feeding and transport.

The Contractor shall provide and employ on the Site in the installation of the Facilities such skilled, semi-skilled and unskilled labour as is necessary for the proper and timely execution of the Contract. The Contractor is encouraged to use local labour that has the necessary skills.

The Contractor shall be responsible for obtaining all necessary permit(s) and/or visa(s) from the appropriate authorities for the entry of all labour and personnel to be employed on the Site into the country where the Site is located. The Employer will, if requested by the Contractor, use his best endeavours in a timely and expeditious manner to assist the Contractor in obtaining any local, state, national or government permission required for bringing in the Contractor's personnel.

The Contractor shall at its own expense provide the means of repatriation to all of its and its Subcontractor's personnel employed on the Contract at the Site to the place where they were recruited or to their domicile. It shall also provide suitable temporary maintenance of all such persons from the cessation of their employment on the Contract to the date programmed for their departure. In the event that the Contractor defaults in providing such means of transportation and temporary maintenance, the Employer may provide the same to such personnel and recover the cost of doing so from the Contractor.

22.2.2 Persons in the Service of Employer

The Contractor shall not recruit, or attempt to recruit, staff and labor from amongst the Employer's Personnel.

22.2.3 Labour Laws

The Contractor shall comply with all the relevant labor Laws applicable to the Contractor's Personnel, including Laws relating to their employment, health,

safety, welfare, immigration and emigration, and shall allow them all their legal rights.

The Contractor shall at all times during the progress of the Contract use its best endeavours to prevent any unlawful, riotous or disorderly conduct or behaviour by or amongst its employees and the labour of its Subcontractors.

The Contractor shall, in all dealings with its labour and the labour of its Subcontractors currently employed on or connected with the Contract, pay due regard to all recognized festivals, official holidays, religious or other customs and all local laws and regulations pertaining to the employment of labour.

22.2.4 Rates of Wages and Conditions of Labour

The Contractor shall pay rates of wages, and observe conditions of labor, which are not lower than those established for the trade or industry where the work is carried out. If no established rates or conditions are applicable, the Contractor shall pay rates of wages and observe conditions which are not lower than the general level of wages and conditions observed locally by employers whose trade or industry is similar to that of the Contractor.

The Contractor shall inform the Contractor's Personnel about their liability to pay personal income taxes in the Country in respect of such of their salaries, wages and allowances as are chargeable under the Laws for the time being in force, and the Contractor shall perform such duties in regard to such deductions thereof as may be imposed on him by such Laws.

22.2.5 Working Hours

No work shall be carried out on the Site on locally recognized days of rest, or outside the normal working hours **stated in the PC**, unless:

- (a) Otherwise stated in the Contract,
- (b) The Project Manager gives consent, or
- (c) The work is unavoidable, or necessary for the protection of life or property or for the safety of the Works, in which case the Contractor shall immediately advise the Project Manager.

If and when the Contractor considers it necessary to carry out work at night or on public holidays so as to meet the Time for Completion and requests the Project Manager's consent thereto, the Project Manager shall not unreasonably withhold such consent.

This Sub-Clause shall not apply to any work which is customarily carried out by rotary or double-shifts.

22.2.6 Facilities for Staff and Labour

Except as otherwise stated in the Specification, the Contractor shall provide and maintain all necessary accommodation and welfare facilities for the Contractor's Personnel. The Contractor shall also provide facilities for the Employer's Personnel as stated in the Specification.

The Contractor shall not permit any of the Contractor's Personnel to maintain any temporary or permanent living quarters within the structures forming part of the Permanent Works.

22.2.7 Health and Safety

The Contractor shall at all times take all reasonable precautions to maintain the health and safety of the Contractor's Personnel. In collaboration with local health authorities, the Contractor shall ensure that medical staff, first aid facilities, sick bay and ambulance service are available at all times at the Site and at any accommodation for Contractor's and Employer's Personnel, and that suitable arrangements are made for all necessary welfare and hygiene requirements and for the prevention of epidemics.

The Contractor shall appoint an accident prevention officer at the Site, responsible for maintaining safety and protection against accidents. This person shall be qualified for this responsibility, and shall have the authority to issue instructions and take protective measures to prevent accidents. Throughout the performance of the Contract, the Contractor shall provide whatever is required by this person to exercise this responsibility and authority.

The Contractor shall send to the Project Manager, details of any accident as soon as practicable after its occurrence. The Contractor shall maintain records and make reports concerning health, safety and welfare of persons, and damage to property, as the Engineer may reasonably require.

The Contractor shall throughout the contract (including the Defects Notification Period): (i) conduct Information, Education and Consultation Communication (IEC) campaigns, at least every other month, addressed to all the Site staff and labour (including all the Contractor's employees, all Sub-Contractors and Employer's and Project Manager's employees, and all truck drivers and crew making deliveries to Site for construction activities) and to the immediate local communities, concerning the risks, dangers and impact, and appropriate avoidance behaviour with respect to of Sexually Transmitted Diseases (STD)—or Sexually Transmitted Infections (STI) in general and HIV/AIDS in particular; (ii) provide male or female condoms for all Site staff and labour as appropriate; and (iii) provide for STI and HIV/AIDS screening, diagnosis, counselling and referral to a dedicated national STI and HIV/AIDS program, (unless otherwise agreed) of all Site staff and labour.

The Contractor shall include in the program to be submitted for the execution of the Facilities under Sub-Clause 18.2 an alleviation program for Site staff and labour and their families in respect of Sexually Transmitted Infections (STI) and Sexually Transmitted Diseases (STD) including HIV/AIDS. The STI, STD and HIV/AIDS alleviation program shall indicate when, how and at what cost the Contractor plans to satisfy the requirements of this Sub-Clause and the related specification. For each component, the program shall detail the resources to be provided or utilized and any related sub-contracting proposed. The program shall also include provision of a detailed cost estimate with supporting documentation. Payment to the Contractor for preparation and implementation this program shall not exceed the Provisional Sum dedicated for this purpose.

22.2.8 Funeral Arrangements

In the event of the death of any of the Contractor's personnel or accompanying members of their families, the Contractor shall be responsible for making the appropriate arrangements for their return or burial, unless otherwise **specified in the PC.**

22.2.9 Records of Contractor's Personnel

The Contractor shall keep accurate records of the Contractor's personnel, including the number of each class of Contractor's Personnel on the Site and the names, ages, genders, hours worked and wages paid to all workers. These records shall be summarized on a monthly basis in a form approved by the Project Manager and shall be available for inspection by the Project Manager until the Contractor has completed all work.

22.2.10 Supply of Foodstuffs

The Contractor shall arrange for the provision of a sufficient supply of suitable food as may be stated in the Specification at reasonable prices for the Contractor's Personnel for the purposes of or in connection with the Contract.

22.2.11 Supply of Water

The Contractor shall, having regard to local conditions, provide on the Site an adequate supply of drinking and other water for the use of the Contractor's Personnel.

22.2.12 Measures against Insect and Pest Nuisance

The Contractor shall at all times take the necessary precautions to protect the Contractor's Personnel employed on the Site from insect and pest nuisance, and to reduce their danger to health. The Contractor shall comply with all the regulations of the local health authorities, including use of appropriate insecticide.

22.2.13 Alcoholic Liquor or Drugs

The Contractor shall not, otherwise than in accordance with the Laws of the Country, import, sell, give barter or otherwise dispose of any alcoholic liquor or

drugs, or permit or allow importation, sale, gift barter or disposal by Contractor's Personnel.

22.2.14 Arms and Ammunition

The Contractor shall not give, barter, or otherwise dispose of, to any person, any arms or ammunition of any kind, or allow Contractor's Personnel to do so.

22.2.15 Prohibition of All Forms of Forced or Compulsory Labour

The contractor shall not employ "forced or compulsory labor" in any form. "Forced or compulsory labor" consists of all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

22.2.16 Prohibition of Harmful Child Labour

The Contractor shall not employ any child to perform any work that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development.

22.3 Contractor's Equipment

22.3.1 All Contractor's Equipment brought by the Contractor onto the Site shall be deemed to be intended to be used exclusively for the execution of the Contract. The Contractor shall not remove the same from the Site without the Project Manager's consent that such Contractor's Equipment is no longer required for the execution of the Contract.

22.3.2 Unless otherwise specified in the Contract, upon completion of the Facilities, the Contractor shall remove from the Site all Equipment brought by the Contractor onto the Site and any surplus materials remaining thereon.

22.3.3 The Employer will, if requested, use its best endeavours to assist the Contractor in obtaining any local, state or national government permission required by the Contractor for the export of the Contractor's Equipment

imported by the Contractor for use in the execution of the Contract that is no longer required for the execution of the Contract.

22.4 Site Regulations and Safety

The Employer and the Contractor shall establish Site regulations setting out the rules to be observed in the execution of the Contract at the Site and shall comply therewith. The Contractor shall prepare and submit to the Employer, with a copy to the Project Manager, proposed Site regulations for the Employer's approval, which approval shall not be unreasonably withheld.

Such Site regulations shall include, but shall not be limited to, rules in respect of security, safety of the Facilities, gate control, sanitation, medical care, and fire prevention.

22.5 Opportunities for Other Contractors

22.5.1 The Contractor shall, upon written request from the Employer or the Project Manager, give all reasonable opportunities for carrying out the work to any other contractors employed by the Employer on or near the Site.

22.5.2 If the Contractor, upon written request from the Employer or the Project Manager, makes available to other contractors any roads or ways the maintenance for which the Contractor is responsible, permits the use by such other contractors of the Contractor's Equipment, or provides any other service of whatsoever nature for such other contractors, the Employer shall fully compensate the Contractor for any loss or damage caused or occasioned by such other contractors in respect of any such use or service, and shall pay to the Contractor reasonable remuneration for the use of such equipment or the provision of such services.

22.5.3 The Contractor shall also so arrange to perform its work as to minimize, to the extent possible, interference with the work of other contractors. The Project Manager shall determine the resolution of any difference or conflict that may arise between the Contractor and other contractors and the workers of the Employer in regard to their work.

22.5.4 The Contractor shall notify the Project Manager promptly of any defects in the other contractors' work that come to its notice, and that could affect the Contractor's work. The Project Manager shall determine the corrective measures, if any, required to rectify the situation after inspection of the Facilities. Decisions made by the Project Manager shall be binding on the Contractor.

22.6 Emergency Work

If, by reason of an emergency arising in connection with and during the execution of the Contract, any protective or remedial work is necessary as a matter of urgency to prevent damage to the Facilities, the Contractor shall immediately carry out such work.

If the Contractor is unable or unwilling to do such work immediately, the Employer may do or cause such work to be done as the Employer may determine is necessary in order to prevent damage to the Facilities. In such event the Employer shall, as soon as practicable after the occurrence of any such emergency, notify the Contractor in writing of such emergency, the work done and the reasons therefore. If the work done or caused to be done by the Employer is work that the Contractor was liable to do at its own expense under the Contract, the reasonable costs incurred by the Employer in connection therewith shall be paid by the Contractor to the Employer. Otherwise, the cost of such remedial work shall be borne by the Employer.

22.7 Site Clearance

22.7.1 Site Clearance in Course of Performance: In the course of carrying out the Contract, the Contractor shall keep the Site reasonably free from all unnecessary obstruction, store or remove any surplus materials, clear away any wreckage, rubbish or temporary works from the Site, and remove any Contractor's Equipment no longer required for execution of the Contract.

22.7.2 Clearance of Site after Completion: After Completion of all parts of the Facilities, the Contractor shall clear away and remove all wreckage, rubbish and

debris of any kind from the Site, and shall leave the Site and Facilities in a clean and safe condition.

22.8 Watching and Lighting

The Contractor shall provide and maintain at its own expense all lighting, fencing, and watching when and where necessary for the proper execution and the protection of the Facilities, or for the safety of the owners and occupiers of adjacent property and for the safety of the public.

23. Test and Inspection

23.1 The Contractor shall at its own expense carry out at the place of manufacture and/or on the Site all such tests and/or inspections of the Plant and any part of the Facilities as are specified in the Contract.

23.2 The Employer and the Project Manager or their designated representatives shall be entitled to attend the aforesaid test and/or inspection, provided that the Employer shall bear all costs and expenses incurred in connection with such attendance including, but not limited to, all travelling and board and lodging expenses.

23.3 Whenever the Contractor is ready to carry out any such test and/or inspection, the Contractor shall give a reasonable advance notice of such test and/or inspection and of the place and time thereof to the Project Manager. The Contractor shall obtain from any relevant third Party or manufacturer any necessary permission or consent to enable the Employer and the Project Manager or their designated representatives to attend the test and/or inspection.

23.4 The Contractor shall provide the Project Manager with a certified report of the results of any such test and/or inspection.

If the Employer or Project Manager or their designated representatives fails to attend the test and/or inspection, or if it is agreed between the Parties that such persons shall not do so, then the Contractor may proceed with the test and/or inspection in the absence of such persons, and may provide the Project Manager with a certified report of the results thereof.

- 23.5 The Project Manager may require the Contractor to carry out any test and/or inspection not required by the Contract, provided that the Contractor's reasonable costs and expenses incurred in the carrying out of such test and/or inspection shall be added to the Contract Price. Further, if such test and/or inspection impede the progress of work on the Facilities and/or the Contractor's performance of its other obligations under the Contract, due allowance will be made in respect of the Time for Completion and the other obligations so affected.
- 23.6 If any Plant or any part of the Facilities fails to pass any test and/or inspection, the Contractor shall either rectify or replace such Plant or part of the Facilities and shall repeat the test and/or inspection upon giving a notice under GC Sub-Clause 23.3.
- 23.7 If any dispute or difference of opinion shall arise between the Parties in connection with or arising out of the test and/or inspection of the Plant or part of the Facilities that cannot be settled between the Parties within a reasonable period of time, it may be referred to an Dispute Board for determination in accordance with GC Sub-Clause 46.1.
- 23.8 The Contractor shall afford the Employer and the Project Manager, at the Employer's expense, access at any reasonable time to any place where the Plant are being manufactured or the Facilities are being installed, in order to inspect the progress and the manner of manufacture or installation, provided that the Project Manager shall give the Contractor a reasonable prior notice.
- 23.9 The Contractor agrees that neither the execution of a test and/or inspection of Plant or any part of the Facilities, nor the attendance by the Employer or the Project Manager, nor the issue of any test certificate pursuant to GC Sub-Clause 23.4, shall release the Contractor from any other responsibilities under the Contract.
- 23.10 No part of the Facilities or foundations shall be covered up on the Site without the Contractor carrying out any test and/or inspection required under the Contract. The Contractor shall give a reasonable notice to the Project Manager whenever any such parts of the Facilities or foundations are ready or about to be ready for test and/or

inspection; such test and/or inspection and notice thereof shall be subject to the requirements of the Contract.

23.11 The Contractor shall uncover any part of the Facilities or foundations, or shall make openings in or through the same as the Project Manager may from time to time require at the Site, and shall reinstate and make good such part or parts.

If any parts of the Facilities or foundations have been covered up at the Site after compliance with the requirement of GC Sub-Clause 23.10 and are found to be executed in accordance with the Contract, the expenses of uncovering, making openings in or through, reinstating, and making good the same shall be borne by the Employer, and the Time for Completion shall be reasonably adjusted to the extent that the Contractor has thereby been delayed or impeded in the performance of any of its obligations under the Contract.

24. Completion of the Facilities

24.1 As soon as the Facilities or any part thereof has, in the opinion of the Contractor, been completed operationally and structurally and put in a tight and clean condition as specified in the Employer's Requirements, excluding minor items not materially affecting the operation or safety of the Facilities, the Contractor shall so notify the Employer in writing.

24.2 Within seven (7) days after receipt of the notice from the Contractor under GC Sub-Clause 24.1, the Employer shall supply the operating and maintenance personnel specified in the Appendix to the Contract Agreement titled Scope of Works and Supply by the Employer for Precommissioning of the Facilities or any part thereof.

Pursuant to the Appendix to the Contract Agreement titled Scope of Works and Supply by the Employer, the Employer shall also provide, within the said seven (7) day period, the raw materials, utilities, lubricants, chemicals, catalysts, facilities, services and other matters required for Precommissioning of the Facilities or any part thereof.

24.3 As soon as reasonably practicable after the operating and maintenance personnel have been supplied by the Employer and the raw materials, utilities, lubricants,

chemicals, catalysts, facilities, services and other matters have been provided by the Employer in accordance with GC Sub-Clause 24.2, the Contractor shall commence Precommissioning of the Facilities or the relevant part thereof in preparation for Commissioning, subject to GC Sub-Clause 25.5.

24.4 As soon as all works in respect of Precommissioning are completed and, in the opinion of the Contractor, the Facilities or any part thereof is ready for Commissioning, the Contractor shall so notify the Project Manager in writing.

24.5 The Project Manager shall, within fourteen (14) days after receipt of the Contractor's notice under GC Sub-Clause 24.4, either issue a Completion Certificate in the form specified in the Employer's Requirements (Forms and Procedures), stating that the Facilities or that part thereof have reached Completion as of the date of the Contractor's notice under GC Sub-Clause 24.4, or notify the Contractor in writing of any defects and/or deficiencies.

If the Project Manager notifies the Contractor of any defects and/or deficiencies, the Contractor shall then correct such defects and/or deficiencies, and shall repeat the procedure described in GC Sub-Clause 24.4.

If the Project Manager is satisfied that the Facilities or that part thereof have reached Completion, the Project Manager shall, within seven (7) days after receipt of the Contractor's repeated notice, issue a Completion Certificate stating that the Facilities or that part thereof have reached Completion as of the date of the Contractor's repeated notice.

If the Project Manager is not so satisfied, then it shall notify the Contractor in writing of any defects and/or deficiencies within seven (7) days after receipt of the Contractor's repeated notice, and the above procedure shall be repeated.

24.6 If the Project Manager fails to issue the Completion Certificate and fails to inform the Contractor of any defects and/or deficiencies within fourteen (14) days after receipt of the Contractor's notice under GC Sub-Clause 24.4 or within seven (7) days after receipt of the Contractor's repeated notice under GC Sub-Clause 24.5, or if the Employer makes use of the Facilities or part thereof, then the Facilities or that part

thereof shall be deemed to have reached Completion as of the date of the Contractor's notice or repeated notice, or as of the Employer's use of the Facilities, as the case may be.

24.7 As soon as possible after Completion, the Contractor shall complete all outstanding minor items so that the Facilities are fully in accordance with the requirements of the Contract, failing which the Employer will undertake such completion and deduct the costs thereof from any monies owing to the Contractor.

24.8 Upon Completion, the Employer shall be responsible for the care and custody of the Facilities or the relevant part thereof, together with the risk of loss or damage thereto, and shall thereafter take over the Facilities or the relevant part thereof.

25. Commissioning and Operational Acceptance

25.1 Commissioning

25.1.1 Commissioning of the Facilities or any part thereof shall be commenced by the Contractor immediately after issue of the Completion Certificate by the Project Manager, pursuant to GC Sub-Clause 24.5, or immediately after the date of the deemed Completion, under GC Sub-Clause 24.6.

25.1.2 The Employer shall supply the operating and maintenance personnel and all raw materials, utilities, lubricants, chemicals, catalysts, facilities, services and other matters required for Commissioning.

25.1.3 In accordance with the requirements of the Contract, the Contractor's and Project Manager's advisory personnel shall attend the Commissioning, including the Guarantee Test, and shall advise and assist the Employer.

25.2 Guarantee Test

25.2.1 Subject to GC Sub-Clause 25.5, the Guarantee Test and repeats thereof shall be conducted by the Contractor during Commissioning of the Facilities or the relevant part thereof to ascertain whether the Facilities or the relevant part can attain the Functional Guarantees specified in the Appendix to the Contract Agreement titled Functional Guarantees. The Employer shall promptly provide

the Contractor with such information as the Contractor may reasonably require in relation to the conduct and results of the Guarantee Test and any repeats thereof.

25.2.2 If for reasons not attributable to the Contractor, the Guarantee Test of the Facilities or the relevant part thereof cannot be successfully completed within the period from the date of Completion **specified in the PC** or any other period agreed upon by the Employer and the Contractor, the Contractor shall be deemed to have fulfilled its obligations with respect to the Functional Guarantees, and GC Sub-Clauses 28.2 and 28.3 shall not apply.

25.3 Operational Acceptance

25.3.1 Subject to GC Sub-Clause 25.4 below, Operational Acceptance shall occur in respect of the Facilities or any part thereof when

- (a) The Guarantee Test has been successfully completed and the Functional Guarantees are met; or
- (b) The Guarantee Test has not been successfully completed or has not been carried out for reasons not attributable to the Contractor within the period from the date of Completion specified in the **PC** pursuant to GC Sub-Clause 25.2.2 above or any other period agreed upon by the Employer and the Contractor; or
- (c) The Contractor has paid the liquidated damages specified in GC Sub-Clause 28.3 hereof; and
- (d) Any minor items mentioned in GC Sub-Clause 24.7 hereof relevant to the Facilities or that part thereof has been completed.

25.3.2 At any time after any of the events set out in GC Sub-Clause 25.3.1 have occurred, the Contractor may give a notice to the Project Manager requesting the issue of an Operational Acceptance Certificate in the form provided in the Employer's Requirements (Forms and Procedures) in respect of the Facilities or the part thereof specified in such notice as of the date of such notice.

25.3.3 The Project Manager shall, after consultation with the Employer, and within seven (7) days after receipt of the Contractor's notice, issue an Operational Acceptance Certificate.

25.3.4 If within seven (7) days after receipt of the Contractor's notice, the Project Manager fails to issue the Operational Acceptance Certificate or fails to inform the Contractor in writing of the justifiable reasons why the Project Manager has not issued the Operational Acceptance Certificate, the Facilities or the relevant part thereof shall be deemed to have been accepted as of the date of the Contractor's said notice.

25.4 Partial Acceptance

25.4.1 If the Contract specifies that Completion and Commissioning shall be carried out in respect of parts of the Facilities, the provisions relating to Completion and Commissioning including the Guarantee Test shall apply to each such part of the Facilities individually, and the Operational Acceptance Certificate shall be issued accordingly for each such part of the Facilities.

25.4.2 If a part of the Facilities comprises facilities such as buildings, for which no Commissioning or Guarantee Test is required, then the Project Manager shall issue the Operational Acceptance Certificate for such facility when it attains Completion, provided that the Contractor shall thereafter complete any outstanding minor items that are listed in the Operational Acceptance Certificate.

25.5 Delayed Precommissioning and/or Guarantee Test

25.5.1 In the event that the Contractor is unable to proceed with the Precommissioning of the Facilities pursuant to Sub-Clause 24.3, or with the Guarantee Test pursuant to Sub-Clause 25.2, for reasons attributable to the Employer either on account of non availability of other facilities under the responsibilities of other contractor(s), or for reasons beyond the Contractor's control, the provisions leading to "deemed" completion of activities such as

Completion, pursuant to GC Sub-Clause 24.6, and Operational Acceptance, pursuant to GC Sub-Clause 25.3.4, and Contractor's obligations regarding Defect Liability Period, pursuant to GC Sub-Clause 27.2, Functional Guarantee, pursuant to GC Clause 28, and Care of Facilities, pursuant to GC Clause 32, and GC Clause 41.1, Suspension, shall not apply. In this case, the following provisions shall apply.

25.5.2 When the Contractor is notified by the Project Manager that he will be unable to proceed with the activities and obligations pursuant to above Sub-Clause 13.1, the Contractor shall be entitled to the following:

- (a) The Time of Completion shall be extended for the period of suspension without imposition of liquidated damages pursuant to GC Sub-Clause 26.2;
- (b) Payments due to the Contractor in accordance with the provision specified in the Appendix to the Contract Agreement titled Terms and Procedures of Payment, which would not have been payable in normal circumstances due to non-completion of the subject activities, shall be released to the Contractor against submission of a security in the form of a bank guarantee of equivalent amount acceptable to the Employer, and which shall become null and void when the Contractor will have complied with its obligations regarding those payments, subject to the provision of Sub-Clause 25.5.3 below;
- (c) The expenses towards the above security and extension of other securities under the contract, of which validity needs to be extended, shall be reimbursed to the Contractor by the Employer;
- (d) The additional charges towards the care of the Facilities pursuant to GC Sub-Clause 32.1 shall be reimbursed to the Contractor by the Employer for the period between the notification mentioned above and the

notification mentioned in Sub-Clause 25.5.4 below. The provision of GC Sub-Clause 33.2 shall apply to the Facilities during the same period.

25.5.3 In the event that the period of suspension under above Sub-Clause 25.5.1 actually exceeds one hundred eighty (180) days, the Employer and Contractor shall mutually agree to any additional compensation payable to the Contractor.

25.5.4 When the Contractor is notified by the Project Manager that the plant is ready for Precommissioning, the Contractor shall proceed without delay in performing Precommissioning in accordance with Clause 24.

F. Guarantees and Liabilities

26. Completion Time Guarantee

26.1 The Contractor guarantees that it shall attain Completion of the Facilities (or a part for which a separate time for completion is specified) within the Time for Completion specified in the **PC** pursuant to GC Sub-Clause 8.2, or within such extended time to which the Contractor shall be entitled under GC Clause 40 hereof.

26.2 If the Contractor fails to attain Completion of the Facilities or any part thereof within the Time for Completion or any extension thereof under GC Clause 40, the Contractor shall pay to the Employer liquidated damages in the amount **specified in the PC** as a percentage rate of the Contract Price or the relevant part thereof. The aggregate amount of such liquidated damages shall in no event exceed the amount **specified as "Maximum" in the PC** as a percentage rate of the Contract Price. Once the "Maximum" is reached, the Employer may consider termination of the Contract, pursuant to GC Sub-Clause 42.2.2.

Such payment shall completely satisfy the Contractor's obligation to attain Completion of the Facilities or the relevant part thereof within the Time for Completion or any extension thereof under GC Clause 40. The Contractor shall have no further liability whatsoever to the Employer in respect thereof.

However, the payment of liquidated damages shall not in any way relieve the Contractor from any of its obligations to complete the Facilities or from any other obligations and liabilities of the Contractor under the Contract.

Save for liquidated damages payable under this GC Sub-Clause 26.2, the failure by the Contractor to attain any milestone or other act, matter or thing by any date specified in the Appendix to the Contract Agreement titled Time Schedule, and/or other program of work prepared pursuant to GC Sub-Clause 18.2 shall not render the Contractor liable for any loss or damage thereby suffered by the Employer.

- 26.3 If the Contractor attains Completion of the Facilities or any part thereof before the Time for Completion or any extension thereof under GC Clause 40, the Employer shall pay to the Contractor a bonus in the amount **specified in the PC**. The aggregate amount of such bonus shall in no event exceed the amount **specified as "Maximum" in the PC**.

27. Defect Liability

- 27.1 The Contractor warrants that the Facilities or any part thereof shall be free from defects in the design, engineering, materials and workmanship of the Plant supplied and of the work executed.

- 27.2 The Defect Liability Period shall be five hundred and forty (540) days from the date of Completion of the Facilities (or any part thereof) or one year from the date of Operational Acceptance of the Facilities (or any part thereof), whichever first occurs, unless specified otherwise in the **PC** pursuant to GC Sub-Clause 27.10.

If during the Defect Liability Period any defect should be found in the design, engineering, materials and workmanship of the Plant supplied or of the work executed by the Contractor, the Contractor shall promptly, in consultation and agreement with the Employer regarding appropriate remedying of the defects, and at its cost, repair, replace or otherwise make good as the Contractor shall determine at its discretion, such defect as well as any damage to the Facilities caused by such defect. The Contractor shall not be responsible for the repair, replacement or making good of any

defect or of any damage to the Facilities arising out of or resulting from any of the following causes:

- (a) Improper operation or maintenance of the Facilities by the Employer;
- (b) Operation of the Facilities outside specifications provided in the Contract; or
- (c) Normal wear and tear.

27.3 The Contractor's obligations under this GC Clause 27 shall not apply to:

- (a) Any materials that are supplied by the Employer under GC Sub-Clause 21.2, are normally consumed in operation, or have a normal life shorter than the Defect Liability Period stated herein;
- (b) Any designs, specifications or other data designed, supplied or specified by or on behalf of the Employer or any matters for which the Contractor has disclaimed responsibility herein; or
- (c) Any other materials supplied or any other work executed by or on behalf of the Employer, except for the work executed by the Employer under GC Sub-Clause 27.7.

27.4 The Employer shall give the Contractor a notice stating the nature of any such defect together with all available evidence thereof, promptly following the discovery thereof. The Employer shall afford all reasonable opportunity for the Contractor to inspect any such defect.

27.5 The Employer shall afford the Contractor all necessary access to the Facilities and the Site to enable the Contractor to perform its obligations under this GC Clause 27.

The Contractor may, with the consent of the Employer, remove from the Site any Plant or any part of the Facilities that are defective if the nature of the defect, and/or any damage to the Facilities caused by the defect, is such that repairs cannot be expeditiously carried out at the Site.

27.6 If the repair, replacement or making good is of such a character that it may affect the efficiency of the Facilities or any part thereof, the Employer may give to the Contractor a notice requiring that tests of the defective part of the Facilities shall be made by the

Contractor immediately upon completion of such remedial work, whereupon the Contractor shall carry out such tests.

If such part fails the tests, the Contractor shall carry out further repair, replacement or making good, as the case may be, until that part of the Facilities passes such tests. The tests shall be agreed upon by the Employer and the Contractor.

- 27.7 If the Contractor fails to commence the work necessary to remedy such defect or any damage to the Facilities caused by such defect within a reasonable time (which shall in no event be considered to be less than fifteen (15) days), the Employer may, following notice to the Contractor, proceed to do such work, and the reasonable costs incurred by the Employer in connection therewith shall be paid to the Employer by the Contractor or may be deducted by the Employer from any monies due the Contractor or claimed under the Performance Security.
- 27.8 If the Facilities or any part thereof cannot be used by reason of such defect and/or making good of such defect, the Defect Liability Period of the Facilities or such part, as the case may be, shall be extended by a period equal to the period during which the Facilities or such part cannot be used by the Employer because of any of the aforesaid reasons.
- 27.9 Except as provided in GC Clauses 27 and 33, the Contractor shall be under no liability whatsoever and howsoever arising, and whether under the Contract or at law, in respect of defects in the Facilities or any part thereof, the Plant, design or engineering or work executed that appear after Completion of the Facilities or any part thereof, except where such defects are the result of the gross negligence, fraud, or criminal or wilful action of the Contractor.
- 27.10 In addition, any such component of the Facilities, and during the period of time as may be **specified in the PC**, shall be subject to an extended defect liability period. Such obligation of the Contractor shall be in addition to the defect liability period specified under GC Sub-Clause 27.2.

28. Functional Guarantees

- 28.1 The Contractor guarantees that during the Guarantee Test, the Facilities and all parts thereof shall attain the Functional Guarantees specified in the Appendix to the Contract Agreement titled Functional Guarantees, subject to and upon the conditions therein specified.
- 28.2 If, for reasons attributable to the Contractor, the minimum level of the Functional Guarantees specified in the Appendix to the Contract Agreement titled Functional Guarantees, are not met either in whole or in part, the Contractor shall at its cost and expense make such changes, modifications and/or additions to the Plant or any part thereof as may be necessary to meet at least the minimum level of such Guarantees. The Contractor shall notify the Employer upon completion of the necessary changes, modifications and/or additions, and shall request the Employer to repeat the Guarantee Test until the minimum level of the Guarantees has been met. If the Contractor eventually fails to meet the minimum level of Functional Guarantees, the Employer may consider termination of the Contract, pursuant to GC Sub-Clause 42.2.2.
- 28.3 If, for reasons attributable to the Contractor, the Functional Guarantees specified in the Appendix to the Contract Agreement titled Functional Guarantees, are not attained either in whole or in part, but the minimum level of the Functional Guarantees specified in the said Appendix to the Contract Agreement is met, the Contractor shall, at the Contractor's option, either
- (a) make such changes, modifications and/or additions to the Facilities or any part thereof that are necessary to attain the Functional Guarantees at its cost and expense, and shall request the Employer to repeat the Guarantee Test or
 - (b) pay liquidated damages to the Employer in respect of the failure to meet the Functional Guarantees in accordance with the provisions in the Appendix to the Contract Agreement titled Functional Guarantees.
- 28.4 The payment of liquidated damages under GC Sub-Clause 28.3, up to the limitation of liability specified in the Appendix to the Contract Agreement titled Functional Guarantees, shall completely satisfy the Contractor's guarantees under GC Sub-Clause

28.3, and the Contractor shall have no further liability whatsoever to the Employer in respect thereof. Upon the payment of such liquidated damages by the Contractor, the Project Manager shall issue the Operational Acceptance Certificate for the Facilities or any part thereof in respect of which the liquidated damages have been so paid.

29. Patent Indemnity

29.1 The Contractor shall, subject to the Employer's compliance with GC Sub-Clause 29.2, indemnify and hold harmless the Employer and its employees and officers from and against any and all suits, actions or administrative proceedings, claims, demands, losses, damages, costs, and expenses of whatsoever nature, including attorney's fees and expenses, which the Employer may suffer as a result of any infringement or alleged infringement of any patent, utility model, registered design, trademark, copyright or other intellectual property right registered or otherwise existing at the date of the Contract by reason of: (a) the installation of the Facilities by the Contractor or the use of the Facilities in the country where the Site is located; and (b) the sale of the products produced by the Facilities in any country.

Such indemnity shall not cover any use of the Facilities or any part thereof other than for the purpose indicated by or to be reasonably inferred from the Contract, any infringement resulting from the use of the Facilities or any part thereof, or any products produced thereby in association or combination with any other equipment, plant or materials not supplied by the Contractor, pursuant to the Contract Agreement.

29.2 If any proceedings are brought or any claim is made against the Employer arising out of the matters referred to in GC Sub-Clause 29.1, the Employer shall promptly give the Contractor a notice thereof, and the Contractor may at its own expense and in the Employer's name conduct such proceedings or claim and any negotiations for the settlement of any such proceedings or claim.

If the Contractor fails to notify the Employer within twenty-eight (28) days after receipt of such notice that it intends to conduct any such proceedings or claim, then the Employer shall be free to conduct the same on its own behalf. Unless the Contractor has so failed to notify the Employer within the twenty-eight (28) day period, the Employer shall make no admission that may be prejudicial to the defence of any such proceedings or claim.

The Employer shall, at the Contractor's request, afford all available assistance to the Contractor in conducting such proceedings or claim, and shall be reimbursed by the Contractor for all reasonable expenses incurred in so doing.

- 29.3 The Employer shall indemnify and hold harmless the Contractor and its employees, officers and Subcontractors from and against any and all suits, actions or administrative proceedings, claims, demands, losses, damages, costs, and expenses of whatsoever nature, including attorney's fees and expenses, which the Contractor may suffer as a result of any infringement or alleged infringement of any patent, utility model, registered design, trademark, copyright or other intellectual property right registered or otherwise existing at the date of the Contract arising out of or in connection with any design, data, drawing, specification, or other documents or materials provided or designed by or on behalf of the Employer.

30. Limitation of Liability

- 30.1 Except in cases of criminal negligence or wilful misconduct,

- (a) Neither Party shall be liable to the other Party, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, which may be suffered by the other Party in connection with the Contract, other than specifically provided as any obligation of the Party in the Contract, and
- (b) The aggregate liability of the Contractor to the Employer, whether under the Contract, in tort or otherwise, shall not exceed the amount resulting from the application of the multiplier specified in the **PC**, to the Contract Price or, if a

multiplier is not so specified, the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment, or to any obligation of the Contractor to indemnify the Employer with respect to patent infringement.

G. Risk Distribution

31. Transfer of Ownership

- 31.1 Ownership of the Plant (including spare parts) to be imported into the country where the Site is located shall be transferred to the Employer upon loading on to the mode of transport to be used to convey the Plant from the country of origin to that country.
- 31.2 Ownership of the Plant (including spare parts) procured in the country where the Site is located shall be transferred to the Employer when the Plant are brought on to the Site.
- 31.3 Ownership of the Contractor's Equipment used by the Contractor and its Subcontractors in connection with the Contract shall remain with the Contractor or its Subcontractors.
- 31.4 Ownership of any Plant in excess of the requirements for the Facilities shall revert to the Contractor upon Completion of the Facilities or at such earlier time when the Employer and the Contractor agree that the Plant in question are no longer required for the Facilities.
- 31.5 Notwithstanding the transfer of ownership of the Plant, the responsibility for care and custody thereof together with the risk of loss or damage thereto shall remain with the Contractor pursuant to GC Clause 32 (Care of Facilities) hereof until Completion of the Facilities or the part thereof in which such Plant are incorporated.

32. Care of Facilities

- 32.1 The Contractor shall be responsible for the care and custody of the Facilities or any part thereof until the date of Completion of the Facilities pursuant to GC Clause 24 or, where the Contract provides for Completion of the Facilities in parts, until the date of Completion of the relevant part, and shall make good at its own cost any loss or damage that may

occur to the Facilities or the relevant part thereof from any cause whatsoever during such period. The Contractor shall also be responsible for any loss or damage to the Facilities caused by the Contractor or its Subcontractors in the course of any work carried out, pursuant to GC Clause 27. Notwithstanding the foregoing, the Contractor shall not be liable for any loss or damage to the Facilities or that part thereof caused by reason of any of the matters specified or referred to in paragraphs (a), (b) and (c) of GC Sub-Clauses 32.2 and 38.1.

32.2 If any loss or damage occurs to the Facilities or any part thereof or to the Contractor's temporary facilities by reason of

- (a) Insofar as they relate to the country where the Site is located, nuclear reaction, nuclear radiation, radioactive contamination, pressure wave caused by aircraft or other aerial objects, or any other occurrences that an experienced contractor could not reasonably foresee, or if reasonably foreseeable could not reasonably make provision for or insure against, insofar as such risks are not normally insurable on the insurance market and are mentioned in the general exclusions of the policy of insurance, including War Risks and Political Risks, taken out under GC Clause 34 hereof; or
 - (b) Any use or occupation by the Employer or any third Party other than a Subcontractor, authorized by the Employer of any part of the Facilities; or
 - (c) Any use of or reliance upon any design, data or specification provided or designated by or on behalf of the Employer, or any such matter for which the Contractor has disclaimed responsibility herein,
- the Employer shall pay to the Contractor all sums payable in respect of the Facilities executed, notwithstanding that the same be lost, destroyed or damaged, and will pay to the Contractor the replacement value of all temporary facilities and all parts thereof lost, destroyed or damaged. If the Employer requests the Contractor in writing to make good any loss or damage to the Facilities thereby occasioned, the Contractor shall make good the same at the cost of the Employer in accordance with GC Clause 39. If the Employer does not

request the Contractor in writing to make good any loss or damage to the Facilities thereby occasioned, the Employer shall either request a change in accordance with GC Clause 39, excluding the performance of that part of the Facilities thereby lost, destroyed or damaged, or, where the loss or damage affects a substantial part of the Facilities, the Employer shall terminate the Contract pursuant to GC Sub-Clause 42.1 hereof.

32.3 The Contractor shall be liable for any loss of or damage to any Contractor's Equipment, or any other property of the Contractor used or intended to be used for purposes of the Facilities, except (i) as mentioned in GC Sub-Clause 32.2 with respect to the Contractor's temporary facilities, and (ii) where such loss or damage arises by reason of any of the matters specified in GC Sub-Clauses 32.2 (b) and (c) and 38.1.

32.4 With respect to any loss or damage caused to the Facilities or any part thereof or to the Contractor's Equipment by reason of any of the matters specified in GC Sub-Clause 38.1, the provisions of GC Sub-Clause 38.3 shall apply.

33. Loss of or Damage to Property; Accident or Injury to Workers; Indemnification

33.1 Subject to GC Sub-Clause 33.3, the Contractor shall indemnify and hold harmless the Employer and its employees and officers from and against any and all suits, actions or administrative proceedings, claims, demands, losses, damages, costs, and expenses of whatsoever nature, including attorney's fees and expenses, in respect of the death or injury of any person or loss of or damage to any property other than the Facilities whether accepted or not, arising in connection with the supply and installation of the Facilities and by reason of the negligence of the Contractor or its Subcontractors, or their employees, officers or agents, except any injury, death or property damage caused by the negligence of the Employer, its contractors, employees, officers or agents.

33.2 If any proceedings are brought or any claim is made against the Employer that might subject the Contractor to liability under GC Sub-Clause 33.1, the Employer shall promptly give the Contractor a notice thereof and the Contractor may at its own

expense and in the Employer's name conduct such proceedings or claim and any negotiations for the settlement of any such proceedings or claim.

If the Contractor fails to notify the Employer within twenty-eight (28) days after receipt of such notice that it intends to conduct any such proceedings or claim, then the Employer shall be free to conduct the same on its own behalf. Unless the Contractor has so failed to notify the Employer within the twenty-eight (28) day period, the Employer shall make no admission that may be prejudicial to the defense of any such proceedings or claim.

The Employer shall, at the Contractor's request, afford all available assistance to the Contractor in conducting such proceedings or claim, and shall be reimbursed by the Contractor for all reasonable expenses incurred in so doing.

33.3 The Employer shall indemnify and hold harmless the Contractor and its employees, officers and Subcontractors from any liability for loss of or damage to property of the Employer, other than the Facilities not yet taken over, that is caused by fire, explosion or any other perils, in excess of the amount recoverable from insurances procured under GC Clause 34, provided that such fire, explosion or other perils were not caused by any act or failure of the Contractor.

33.4 The Party entitled to the benefit of an indemnity under this GC Clause 33 shall take all reasonable measures to mitigate any loss or damage which has occurred. If the Party fails to take such measures, the other Party's liabilities shall be correspondingly reduced.

34. Insurance

34.1 To the extent specified in the Appendix to the Contract Agreement titled Insurance Requirements, 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 insurances set forth below in the sums and with the deductibles and other conditions specified in the said Appendix. The identity of the insurers and the

form of the policies shall be subject to the approval of the Employer, who should not unreasonably withhold such approval.

(a) Cargo Insurance During Transport

Covering loss or damage occurring while in transit from the Contractor's or Subcontractor's works or stores until arrival at the Site, to the Plant (including spare parts therefore) and to the Contractor's Equipment.

(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.

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

(d) Automobile Liability Insurance

Covering use of all vehicles used by the Contractor or its Subcontractors, whether or not owned by them, in connection with the execution of the Contract.

(e) Workers' Compensation

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

(f) Employer's Liability

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

(g) Other Insurances

Such other insurances as may be specifically agreed upon by the Parties hereto as listed in the Appendix to the Contract Agreement titled Insurance Requirements.

- 34.2 The Employer shall be named as co-insured under all insurance policies taken out by the Contractor pursuant to GC Sub-Clause 34.1, except for the Third Party Liability, Workers' Compensation and Employer's Liability Insurances, and the Contractor's Subcontractors shall be named as co-insureds under all insurance policies taken out by the Contractor pursuant to GC Sub-Clause 34.1 except for the Cargo Insurance During Transport, Workers' Compensation and Employer's Liability Insurances. 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.
- 34.3 The Contractor shall, in accordance with the provisions of the Appendix to the Contract Agreement titled Insurance Requirements, deliver to the Employer certificates of insurance or copies of the insurance policies as evidence that the required policies are in full force and effect. The certificates shall provide that no less than twenty-one (21) days' notice shall be given to the Employer by insurers prior to cancellation or material modification of a policy.
- 34.4 The Contractor shall ensure that, where applicable, its Subcontractor(s) shall take out and maintain in effect adequate insurance policies for their personnel and vehicles and for work executed by them under the Contract, unless such Subcontractors are covered by the policies taken out by the Contractor.
- 34.5 The Employer shall at its expense take out and maintain in effect during the performance of the Contract those insurances specified in the Appendix to the Contract Agreement titled Insurance Requirements, in the sums and with the deductibles and other conditions specified in the said Appendix. The Contractor and the Contractor's Subcontractors shall be named as co-insureds under all such policies. All insurers' 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. The Employer shall deliver to the Contractor satisfactory evidence that the required insurances are in full force and effect. The policies shall provide that not less than twenty-one (21) days' notice shall be given to the Contractor by all insurers prior to any cancellation or material modification of the policies. If so requested by the

Contractor, the Employer shall provide copies of the policies taken out by the Employer under this GC Sub-Clause 34.5.

- 34.6 If the Contractor fails to take out and/or maintain in effect the insurances referred to in GC Sub-Clause 34.1, the Employer may take out and maintain in effect any such insurances and may from time to time deduct from any amount due the Contractor under the Contract any premium that the Employer shall have paid to the insurer, or may otherwise recover such amount as a debt due from the Contractor. If the Employer fails to take out and/or maintain in effect the insurances referred to in GC 34.5, the Contractor may take out and maintain in effect any such insurances and may from time to time deduct from any amount due the Employer under the Contract any premium that the Contractor shall have paid to the insurer, or may otherwise recover such amount as a debt due from the Employer. If the Contractor fails to or is unable to take out and maintain in effect any such insurances, the Contractor shall nevertheless have no liability or responsibility towards the Employer, and the Contractor shall have full recourse against the Employer for any and all liabilities of the Employer herein.
- 34.7 Unless otherwise provided in the Contract, the Contractor shall prepare and conduct all and any claims made under the policies effected by it pursuant to this GC Clause 34, and all monies payable by any insurers shall be paid to the Contractor. The Employer shall give to the Contractor all such reasonable assistance as may be required by the Contractor. With respect to insurance claims in which the Employer's interest is involved, the Contractor shall not give any release or make any compromise with the insurer without the prior written consent of the Employer. With respect to insurance claims in which the Contractor's interest is involved, the Employer shall not give any release or make any compromise with the insurer without the prior written consent of the Contractor.

35. Unforeseen Conditions

35.1 If, during the execution of the Contract, the Contractor shall encounter on the Site any physical conditions other than climatic conditions, or artificial obstructions that could not have been reasonably foreseen prior to the date of the Contract Agreement by an experienced contractor on the basis of reasonable examination of the data relating to the Facilities including any data as to boring tests, provided by the Employer, and on the basis of information that it could have obtained from a visual inspection of the Site if access thereto was available, or other data readily available to it relating to the Facilities, and if the Contractor determines that it will in consequence of such conditions or obstructions incur additional cost and expense or require additional time to perform its obligations under the Contract that would not have been required if such physical conditions or artificial obstructions had not been encountered, the Contractor shall promptly, and before performing additional work or using additional Plant or Contractor's Equipment, notify the Project Manager in writing of

- (a) The physical conditions or artificial obstructions on the Site that could not have been reasonably foreseen;
- (b) The additional work and/or Plant and/or Contractor's Equipment required, including the steps which the Contractor will or proposes to take to overcome such conditions or obstructions;
- (c) The extent of the anticipated delay; and
- (d) The additional cost and expense that the Contractor is likely to incur.

On receiving any notice from the Contractor under this GC Sub-Clause 35.1, the Project Manager shall promptly consult with the Employer and Contractor and decide upon the actions to be taken to overcome the physical conditions or artificial obstructions encountered. Following such consultations, the Project Manager shall instruct the Contractor, with a copy to the Employer, of the actions to be taken.

35.2 Any reasonable additional cost and expense incurred by the Contractor in following the instructions from the Project Manager to overcome such physical conditions or

artificial obstructions referred to in GC Sub-Clause 35.1 shall be paid by the Employer to the Contractor as an addition to the Contract Price.

If the Contractor is delayed or impeded in the performance of the Contract because of any such physical conditions or artificial obstructions referred to in GC Sub-Clause 35.1, the Time for Completion shall be extended in accordance with GC Clause 40.

36. Change in Laws and Regulations

36.1 If, after the date twenty-eight (28) days prior to the date of Bid submission, in the country where the Site is located, any law, regulation, ordinance, order or by-law having the force of law is enacted, promulgated, abrogated or changed which shall be deemed to include any change in interpretation or application by the competent authorities, that subsequently affects the costs and expenses of the Contractor and/or the Time for Completion, the Contract Price shall be correspondingly increased or decreased, and/or the Time for Completion shall be reasonably adjusted to the extent that the Contractor has thereby been affected in the performance of any of its obligations under the Contract. Notwithstanding the foregoing, such additional or reduced costs shall not be separately paid or credited if the same has already been accounted for in the price adjustment provisions where applicable, in accordance with the **PC** pursuant to GC Sub-Clause 11.2.

37. Force Majeure

37.1 "Force Majeure" shall mean any event beyond the reasonable control of the Employer or of the Contractor, as the case may be, and which is unavoidable notwithstanding the reasonable care of the Party affected, and shall include, without limitation, the following:

- (a) War, hostilities or warlike operations whether a state of war be declared or not, invasion, act of foreign enemy and civil war

- (b) Rebellion, revolution, insurrection, mutiny, usurpation of civil or military government, conspiracy, riot, civil commotion and terrorist acts
- (c) Confiscation, nationalization, mobilization, commandeering or requisition by or under the order of any government or de jure or de facto authority or ruler or any other act or failure to act of any local state or national government authority
- (d) Strike, sabotage, lockout, embargo, import restriction, port congestion, lack of usual means of public transportation and communication, industrial dispute, shipwreck, shortage or restriction of power supply, epidemics, quarantine and plague
- (e) Earthquake, landslide, volcanic activity, fire, flood or inundation, tidal wave, typhoon or cyclone, hurricane, storm, lightning, or other inclement weather condition, nuclear and pressure waves or other natural or physical disaster
- (f) Shortage of labour, materials or utilities where caused by circumstances that are themselves Force Majeure.

37.2 If either Party is prevented, hindered or delayed from or in performing any of its obligations under the Contract by an event of Force Majeure, then it shall notify the other in writing of the occurrence of such event and the circumstances thereof within fourteen (14) days after the occurrence of such event.

37.3 The Party who has given such notice shall be excused from the performance or punctual performance of its obligations under the Contract for so long as the relevant event of Force Majeure continues and to the extent that such Party's performance is prevented, hindered or delayed. The Time for Completion shall be extended in accordance with GC Clause 40.

37.4 The Party or Parties affected by the event of Force Majeure shall use reasonable efforts to mitigate the effect thereof upon its or their performance of the Contract and to fulfil its or their obligations under the Contract, but without prejudice to either Party's right to terminate the Contract under GC Sub-Clauses 37.6 and 38.5.

37.5 No delay or non-performance by either Party hereto caused by the occurrence of any event of Force Majeure shall

- (a) Constitute a default or breach of the Contract, or
- (b) Give rise to any claim for damages or additional cost or expense occasioned thereby, subject to GC Sub-Clauses 32.2, 38.3 and 38.4

If and to the extent that such delay or non-performance is caused by the occurrence of an event of Force Majeure.

37.6 If the performance of the Contract is substantially prevented, hindered or delayed for a single period of more than sixty (60) days or an aggregate period of more than one hundred and twenty (120) days on account of one or more events of Force Majeure during the currency of the Contract, the Parties will attempt to develop a mutually satisfactory solution, failing which either Party may terminate the Contract by giving a notice to the other, but without prejudice to either Party's right to terminate the Contract under GC Sub-Clause 38.5.

37.7 In the event of termination pursuant to GC Sub-Clause 37.6, the rights and obligations of the Employer and the Contractor shall be as specified in GC Sub-Clauses 42.1.2 and 42.1.3.

37.8 Notwithstanding GC Sub-Clause 37.5, Force Majeure shall not apply to any obligation of the Employer to make payments to the Contractor herein.

38. War Risks

38.1 "War Risks" shall mean any event specified in paragraphs (a) and (b) of GC Sub-Clause 37.1 and any explosion or impact of any mine, bomb, shell, grenade or other projectile, missile, munitions or explosive of war, occurring or existing in or near the country (or countries) where the Site is located.

38.2 Notwithstanding anything contained in the Contract, the Contractor shall have no liability whatsoever for or with respect to

- (a) Destruction of or damage to Facilities, Plant, or any part thereof;
- (b) Destruction of or damage to property of the Employer or any third Party; or
- (c) Injury or loss of life

if such destruction, damage, injury or loss of life is caused by any War Risks, and the Employer shall indemnify and hold the Contractor harmless from and against any and all claims, liabilities, actions, lawsuits, damages, costs, charges or expenses arising in consequence of or in connection with the same.

38.3 If the Facilities or any Plant or Contractor's Equipment or any other property of the Contractor used or intended to be used for the purposes of the Facilities shall sustain destruction or damage by reason of any War Risks, the Employer shall pay the Contractor for

(a) Any part of the Facilities or the Plant so destroyed or damaged to the extent not already paid for by the Employer

And so far as may be required by the Employer, and as may be necessary for completion of the Facilities

(b) Replacing or making good any Contractor's Equipment or other property of the Contractor so destroyed or damaged

(c) Replacing or making good any such destruction or damage to the Facilities or the Plant or any part thereof.

If the Employer does not require the Contractor to replace or make good any such destruction or damage to the Facilities, the Employer shall either request a change in accordance with GC Clause 39, excluding the performance of that part of the Facilities thereby destroyed or damaged or, where the loss, destruction or damage affects a substantial part of the Facilities, shall terminate the Contract, pursuant to GC Sub-Clause 42.1.

If the Employer requires the Contractor to replace or make good on any such destruction or damage to the Facilities, the Time for Completion shall be extended in accordance with GC 40.

38.4 Notwithstanding anything contained in the Contract, the Employer shall pay the Contractor for any increased costs or incidentals to the execution of the Contract that are in any way attributable to, consequent on, resulting from, or in any way connected

with any War Risks, provided that the Contractor shall as soon as practicable notify the Employer in writing of any such increased cost.

- 38.5 If during the performance of the Contract any War Risks shall occur that financially or otherwise materially affect the execution of the Contract by the Contractor, the Contractor shall use its reasonable efforts to execute the Contract with due and proper consideration given to the safety of its and its Subcontractors' personnel engaged in the work on the Facilities, provided, however, that if the execution of the work on the Facilities becomes impossible or is substantially prevented for a single period of more than sixty (60) days or an aggregate period of more than one hundred and twenty (120) days on account of any War Risks, the Parties will attempt to develop a mutually satisfactory solution, failing which either Party may terminate the Contract by giving a notice to the other.
- 38.6 In the event of termination pursuant to GC Sub-Clauses 38.3 or 38.5, the rights and obligations of the Employer and the Contractor shall be specified in GC Sub-Clauses 42.1.2 and 42.1.3.

H. Change in Contract Elements

39. Change in the Facilities

39.1 Introducing a Change

39.1.1 Subject to GC Sub-Clauses 39.2.5 and 39.2.7, the Employer shall have the right to propose, and subsequently require, that the Project Manager order the Contractor from time to time during the performance of the Contract to make any change, modification, addition or deletion to, in or from the Facilities hereinafter called "Change", provided that such Change falls within the general scope of the Facilities and does not constitute unrelated work and that it is technically practicable, taking into account both the state of advancement of the Facilities and the technical compatibility of the Change envisaged with the nature of the Facilities as specified in the Contract.

39.1.2 The Contractor may from time to time during its performance of the Contract propose to the Employer with a copy to the Project Manager, any Change that the Contractor considers necessary or desirable to improve the quality, efficiency or safety of the Facilities. The Employer may at its discretion approve or reject any Change proposed by the Contractor, provided that the Employer shall approve any Change proposed by the Contractor to ensure the safety of the Facilities.

39.1.3 Notwithstanding GC Sub-Clauses 39.1.1 and 39.1.2, no change made necessary because of any default of the Contractor in the performance of its obligations under the Contract shall be deemed to be a Change, and such change shall not result in any adjustment of the Contract Price or the Time for Completion.

39.1.4 The procedure on how to proceed with and execute Changes is specified in GC Sub-Clauses 39.2 and 39.3, and further details and forms are provided in the Employer's Requirements (Forms and Procedures).

39.2 Changes Originating from Employer

39.2.1 If the Employer proposes a Change pursuant to GC Sub-Clause 39.1.1, it shall send to the Contractor a "Request for Change Proposal," requiring the Contractor to prepare and furnish to the Project Manager as soon as reasonably practicable a "Change Proposal," which shall include the following:

- (a) Brief description of the Change
- (b) Effect on the Time for Completion
- (c) Estimated cost of the Change
- (d) Effect on Functional Guarantees (if any)
- (e) Effect on the Facilities
- (f) Effect on any other provisions of the Contract.

39.2.2 Prior to preparing and submitting the "Change Proposal," the Contractor shall submit to the Project Manager an "Estimate for Change Proposal," which shall be an estimate of the cost of preparing and submitting the Change Proposal.

Upon receipt of the Contractor's Estimate for Change Proposal, the Employer shall do one of the following:

- (a) Accept the Contractor's estimate with instructions to the Contractor to proceed with the preparation of the Change Proposal
- (b) Advise the Contractor of any part of its Estimate for Change Proposal that is unacceptable and request the Contractor to review its estimate
- (c) Advise the Contractor that the Employer does not intend to proceed with the Change.

39.2.3 Upon receipt of the Employer's instruction to proceed under GC Sub-Clause 39.2.2 (a), the Contractor shall, with proper expedition, proceed with the preparation of the Change Proposal, in accordance with GC Sub-Clause 39.2.1.

39.2.4 The pricing of any Change shall, as far as practicable, be calculated in accordance with the rates and prices included in the Contract. If such rates and prices are inequitable, the Parties thereto shall agree on specific rates for the valuation of the Change.

39.2.5 If before or during the preparation of the Change Proposal it becomes apparent that the aggregate effect of compliance therewith and with all other Change Orders that have already become binding upon the Contractor under this GC Clause 39 would be to increase or decrease the Contract Price as originally set forth in Article 2 (Contract Price) of the Contract Agreement by more than fifteen percent (15%), the Contractor may give a written notice of objection thereto prior to furnishing the Change Proposal as aforesaid. If the Employer accepts the Contractor's objection, the Employer shall withdraw the proposed Change and shall notify the Contractor in writing thereof.

The Contractor's failure to so object shall neither affect its right to object to any subsequent requested Changes or Change Orders herein, nor affect its right to take into account, when making such subsequent objection, the percentage increase or decrease in the Contract Price that any Change not objected to by the Contractor represents.

39.2.6 Upon receipt of the Change Proposal, the Employer and the Contractor shall mutually agree upon all matters therein contained. Within fourteen (14) days after such agreement, the Employer shall, if it intends to proceed with the Change, issue the Contractor with a Change Order.

If the Employer is unable to reach a decision within fourteen (14) days, it shall notify the Contractor with details of when the Contractor can expect a decision.

If the Employer decides not to proceed with the Change for whatever reason, it shall, within the said period of fourteen (14) days, notify the Contractor accordingly. Under such circumstances, the Contractor shall be entitled to reimbursement of all costs reasonably incurred by it in the preparation of the Change Proposal, provided that these do not exceed the amount given by the Contractor in its Estimate for Change Proposal submitted in accordance with GC Sub-Clause 39.2.2.

39.2.7 If the Employer and the Contractor cannot reach agreement on the price for the Change, an equitable adjustment to the Time for Completion, or any other matters identified in the Change Proposal, the Employer may nevertheless instruct the Contractor to proceed with the Change by issue of a "Pending Agreement Change Order."

Upon receipt of a Pending Agreement Change Order, the Contractor shall immediately proceed with effecting the Changes covered by such Order. The Parties shall thereafter attempt to reach agreement on the outstanding issues under the Change Proposal.

If the Parties cannot reach agreement within sixty (60) days from the date of issue of the Pending Agreement Change Order, then the matter may be referred to the Dispute Board in accordance with the provisions of GC Sub-Clause 46.1.

39.3 Changes Originating from Contractor

39.3.1 If the Contractor proposes a Change pursuant to GC Sub-Clause 39.1.2, the Contractor shall submit to the Project Manager a written “Application for Change Proposal,” giving reasons for the proposed Change and including the information specified in GC Sub-Clause 39.2.1.

Upon receipt of the Application for Change Proposal, the Parties shall follow the procedures outlined in GC Sub-Clauses 39.2.6 and 39.2.7. However, should the Employer choose not to proceed, the Contractor shall not be entitled to recover the costs of preparing the Application for Change Proposal.

40. Extension of Time for Completion

40.1 The Time(s) for Completion specified in the **PC** pursuant to GC Sub-Clause 8.2 shall be extended if the Contractor is delayed or impeded in the performance of any of its obligations under the Contract by reason of any of the following:

- (a) Any Change in the Facilities as provided in GC Clause 39
- (b) Any occurrence of Force Majeure as provided in GC Clause 37, unforeseen conditions as provided in GC Clause 35, or other occurrence of any of the matters specified or referred to in paragraphs (a), (b) and (c) of GC Sub-Clause 32.2
- (c) Any suspension order given by the Employer under GC Clause 41 hereof or reduction in the rate of progress pursuant to GC Sub-Clause 41.2 or
- (d) Any changes in laws and regulations as provided in GC Clause 36 or
- (e) Any default or breach of the Contract by the Employer, Appendix to the Contract Agreement titled ,or any activity, act or omission of the Employer, or the Project Manager, or any other contractors employed by the Employer, or
- (f) Any delay on the part of a sub-contractor, provided such delay is due to a cause for which the Contractor himself would have been entitled to an extension of time under this sub-clause, or
- (g) Delays attributable to the Employer or caused by customs, or
- (h) Any other matter specifically mentioned in the Contract

By such period as shall be fair and reasonable in all the circumstances and as shall fairly reflect the delay or impediment sustained by the Contractor.

- 40.2 Except where otherwise specifically provided in the Contract, the Contractor shall submit to the Project Manager a notice of a claim for an extension of the Time for Completion, together with particulars of the event or circumstance justifying such extension as soon as reasonably practicable after the commencement of such event or circumstance. As soon as reasonably practicable after receipt of such notice and supporting particulars of the claim, the Employer and the Contractor shall agree upon the period of such extension. In the event that the Contractor does not accept the Employer's estimate of a fair and reasonable time extension, the Contractor shall be entitled to refer the matter to a Dispute Board, pursuant to GC Sub-Clause 46.1.

The Contractor shall at all times use its reasonable efforts to minimize any delay in the performance of its obligations under the Contract.

In all cases where the Contractor has given a notice of a claim for an extension of time under GC 40.2, the Contractor shall consult with the Project Manager in order to determine the steps (if any) which can be taken to overcome or minimize the actual or anticipated delay. The Contractor shall there after comply with all reasonable instructions which the Project Manager shall give in order to minimize such delay. If compliance with such instructions shall cause the Contractor to incur extra costs and the Contractor is entitled to an extension of time under GC 40.1, the amount of such extra costs shall be added to the Contract Price.

41. Suspension

- 41.1 The Employer may request the Project Manager, by notice to the Contractor, to order the Contractor to suspend performance of any or all of its obligations under the Contract. Such notice shall specify the obligation of which performance is to be suspended, the effective date of the suspension and the reasons therefore. The Contractor shall thereupon suspend performance of such obligation, except those

obligations necessary for the care or preservation of the Facilities, until ordered in writing to resume such performance by the Project Manager.

If, by virtue of a suspension order given by the Project Manager, other than by reason of the Contractor's default or breach of the Contract, the Contractor's performance of any of its obligations is suspended for an aggregate period of more than ninety (90) days, then at any time thereafter and provided that at that time such performance is still suspended, the Contractor may give a notice to the Project Manager requiring that the Employer shall, within twenty-eight (28) days of receipt of the notice, order the resumption of such performance or request and subsequently order a change in accordance with GC Clause 39, excluding the performance of the suspended obligations from the Contract.

If the Employer fails to do so within such period, the Contractor may, by a further notice to the Project Manager, elect to treat the suspension, where it affects a part only of the Facilities, as a deletion of such part in accordance with GC Clause 39 or, where it affects the whole of the Facilities, as termination of the Contract under GC Sub-Clause 42.1.

41.2

- (a) **If** the Employer has failed to pay the Contractor any sum due under the Contract within the specified period, has failed to approve any invoice or supporting documents without just cause pursuant to the Appendix to the Contract Agreement titled Terms and Procedures of Payment, or commits a substantial breach of the Contract, the Contractor may give a notice to the Employer that requires payment of such sum, with interest thereon as stipulated in GC Sub-Clause 12.3, requires approval of such invoice or supporting documents, or specifies the breach and requires the Employer to remedy the same, as the case may be. If the Employer fails to pay such sum together with such interest, fails to approve such invoice or supporting documents or give its reasons for withholding such approval, or fails to remedy the breach or take

steps to remedy the breach within fourteen (14) days after receipt of the Contractor's notice or

41.2 (b) If the Contractor is unable to carry out any of its obligations under the Contract for any reason attributable to the Employer, including but not limited to the Employer's failure to provide possession of or access to the Site or other areas in accordance with GC Sub-Clause 10.2, or failure to obtain any governmental permit necessary for the execution and/or completion of the Facilities, then the Contractor may by fourteen (14) days' notice to the Employer suspend performance of all or any of its obligations under the Contract, or reduce the rate of progress.

41.3 If the Contractor's performance of its obligations is suspended or the rate of progress is reduced pursuant to this GC Clause 41, then the Time for Completion shall be extended in accordance with GC Sub-Clause 40.1, and any and all additional costs or expenses incurred by the Contractor as a result of such suspension or reduction shall be paid by the Employer to the Contractor in addition to the Contract Price, except in the case of suspension order or reduction in the rate of progress by reason of the Contractor's default or breach of the Contract.

41.4 During the period of suspension, the Contractor shall not remove from the Site any Plant, any part of the Facilities or any Contractor's Equipment, without the prior written consent of the Employer.

42. Termination

42.1 Termination for Employer's Convenience

42.1.1 The Employer may at any time terminate the Contract for any reason by giving the Contractor a notice of termination that refers to this GC Sub-Clause 42.1.

42.1.2 Upon receipt of the notice of termination under GC Sub-Clause 42.1.1, the Contractor shall either immediately or upon the date specified in the notice of termination

- (a) Cease all further work, except for such work as the Employer may specify in the notice of termination for the sole purpose of protecting that part of the Facilities already executed, or any work required to leave the Site in a clean and safe condition
- (b) Terminate all subcontracts, except those to be assigned to the Employer pursuant to paragraph (d) (ii) below
- (c) Remove all Contractor's Equipment from the Site, repatriate the Contractor's and its Subcontractors' personnel from the Site, remove from the Site any wreckage, rubbish and debris of any kind, and leave the whole of the Site in a clean and safe condition, and
- (d) Subject to the payment specified in GC Sub-Clause 42.1.3,
 - (i) Deliver to the Employer the parts of the Facilities executed by the Contractor up to the date of termination
 - (ii) To the extent legally possible, assign to the Employer all right, title and benefit of the Contractor to the Facilities and to the Plant as of the date of termination, and, as may be required by the Employer, in any subcontracts concluded between the Contractor and its Subcontractors; and
 - (iii) Deliver to the Employer all non-proprietary drawings, specifications and other documents prepared by the Contractor or its Subcontractors as at the date of termination in connection with the Facilities.

42.1.3 In the event of termination of the Contract under GC Sub-Clause 42.1.1, the Employer shall pay to the Contractor the following amounts:

- (a) The Contract Price, properly attributable to the parts of the Facilities executed by the Contractor as of the date of termination
- (b) The costs reasonably incurred by the Contractor in the removal of the Contractor's Equipment from the Site and in the repatriation of the Contractor's and its Subcontractors' personnel

- (c) Any amounts to be paid by the Contractor to its Subcontractors in connection with the termination of any subcontracts, including any cancellation charges
- (d) Costs incurred by the Contractor in protecting the Facilities and leaving the Site in a clean and safe condition pursuant to paragraph (a) of GC Sub-Clause 42.1.2
- (e) The cost of satisfying all other obligations, commitments and claims that the Contractor may in good faith have undertaken with third Parties in connection with the Contract and that are not covered by paragraphs (a) through (d) above.

42.2 Termination for Contractor's Default

42.2.1 The Employer, without prejudice to any other rights or remedies it may possess, may terminate the Contract forthwith in the following circumstances by giving a notice of termination and its reasons therefore to the Contractor, referring to this GC Sub-Clause 42.2:

- (a) If the Contractor becomes bankrupt or insolvent, has a receiving order issued against it, compounds with its creditors, or, if the Contractor is a corporation, a resolution is passed or order is made for its winding up, other than a voluntary liquidation for the purposes of amalgamation or reconstruction, a receiver is appointed over any part of its undertaking or assets, or if the Contractor takes or suffers any other analogous action in consequence of debt
- (b) If the Contractor assigns or transfers the Contract or any right or interest therein in violation of the provision of GC Clause 43.
- (c) If the Contractor, in the judgment of the Employer has engaged in corrupt, collusive, coercive, or fraudulent practices, as defined in GC Clause 6, in competing for or in executing the Contract.

42.2.2 If the Contractor

- (a) Has abandoned or repudiated the Contract

- (b) Has without valid reason failed to commence work on the Facilities promptly or has suspended, other than pursuant to GC Sub-Clause 41.2, the progress of Contract performance for more than twenty-eight (28) days after receiving a written instruction from the Employer to proceed
- (c) Persistently fails to execute the Contract in accordance with the Contract or persistently neglects to carry out its obligations under the Contract without just cause
- (d) refuses or is unable to provide sufficient materials, services or labour to execute and complete the Facilities in the manner specified in the program furnished under GC Sub-Clause 18.2 at rates of progress that give reasonable assurance to the Employer that the Contractor can attain Completion of the Facilities by the Time for Completion as extended, then the Employer may, without prejudice to any other rights it may possess under the Contract, give a notice to the Contractor stating the nature of the default and requiring the Contractor to remedy the same. If the Contractor fails to remedy or to take steps to remedy the same within fourteen (14) days of its receipt of such notice, then the Employer may terminate the Contract forthwith by giving a notice of termination to the Contractor that refers to this GC Sub-Clause 42.2.

42.2.3 Upon receipt of the notice of termination under GC Sub-Clauses 42.2.1 or 42.2.2, the Contractor shall, either immediately or upon such date as is specified in the notice of termination,

- (a) Cease all further work, except for such work as the Employer may specify in the notice of termination for the sole purpose of protecting that part of the Facilities already executed, or any work required to leave the Site in a clean and safe condition
- (b) Terminate all subcontracts, except those to be assigned to the Employer pursuant to paragraph (d) below

- (c) Deliver to the Employer the parts of the Facilities executed by the Contractor up to the date of termination
- (d) To the extent legally possible, assign to the Employer all right, title and benefit of the Contractor to the Facilities and to the Plant as of the date of termination, and, as may be required by the Employer, in any subcontracts concluded between the Contractor and its Subcontractors
- (e) Deliver to the Employer all drawings, specifications and other documents prepared by the Contractor or its Subcontractors as of the date of termination in connection with the Facilities.

42.2.4 The Employer may enter upon the Site, expel the Contractor, and complete the Facilities itself or by employing any third Party. The Employer may, to the exclusion of any right of the Contractor over the same, take over and use with the payment of a fair rental rate to the Contractor, with all the maintenance costs to the account of the Employer and with an indemnification by the Employer for all liability including damage or injury to persons arising out of the Employer's use of such equipment, any Contractor's Equipment owned by the Contractor and on the Site in connection with the Facilities for such reasonable period as the Employer considers expedient for the supply and installation of the Facilities.

Upon completion of the Facilities or at such earlier date as the Employer thinks appropriate, the Employer shall give notice to the Contractor that such Contractor's Equipment will be returned to the Contractor at or near the Site and shall return such Contractor's Equipment to the Contractor in accordance with such notice. The Contractor shall thereafter without delay and at its cost remove or arrange removal of the same from the Site.

42.2.5 Subject to GC Sub-Clause 42.2.6, the Contractor shall be entitled to be paid the Contract Price attributable to the Facilities executed as of the date of termination, the value of any unused or partially used Plant on the Site, and the costs, if any, incurred in protecting the Facilities and in leaving the Site in

a clean and safe condition pursuant to paragraph (a) of GC Sub-Clause 42.2.3.

Any sums due the Employer from the Contractor accruing prior to the date of termination shall be deducted from the amount to be paid to the Contractor under this Contract.

42.2.6 If the Employer completes the Facilities, the cost of completing the Facilities by the Employer shall be determined.

If the sum that the Contractor is entitled to be paid, pursuant to GC Sub-Clause 42.2.5, plus the reasonable costs incurred by the Employer in completing the Facilities, exceeds the Contract Price, the Contractor shall be liable for such excess.

If such excess is greater than the sums due the Contractor under GC Sub-Clause 42.2.5, the Contractor shall pay the balance to the Employer, and if such excess is less than the sums due the Contractor under GC Sub-Clause 42.2.5, the Employer shall pay the balance to the Contractor.

The Employer and the Contractor shall agree, in writing, on the computation described above and the manner in which any sums shall be paid.

42.3 Termination by the Contractor

42.3.1 (a) If The Employer has failed to pay the Contractor any sum due under the Contract within the specified period, has failed to approve any invoice or supporting documents without just cause pursuant to the Appendix to the Contract Agreement titled Terms and Procedures of Payment, or commits a substantial breach of the Contract, the Contractor may give a notice to the Employer that requires payment of such sum, with interest thereon as stipulated in GC Sub-Clause 12.3, requires approval of such invoice or supporting documents, or specifies the breach and requires the Employer to remedy the same, as the case may be. If the Employer fails to pay such sum together with such interest, fails to approve such invoice or supporting documents or give its reasons for withholding such approval, fails to remedy the

breach or take steps to remedy the breach within fourteen (14) days after receipt of the Contractor's notice, or

- (b) The Contractor is unable to carry out any of its obligations under the Contract for any reason attributable to the Employer, including but not limited to the Employer's failure to provide possession of or access to the Site or other areas or failure to obtain any governmental permit necessary for the execution and/or completion of the Facilities, then the Contractor may give a notice to the Employer thereof, and if the Employer has failed to pay the outstanding sum, to approve the invoice or supporting documents, to give its reasons for withholding such approval, or to remedy the breach within twenty-eight (28) days of such notice, or if the Contractor is still unable to carry out any of its obligations under the Contract for any reason attributable to the Employer within twenty-eight (28) days of the said notice, the Contractor may by a further notice to the Employer referring to this GC Sub-Clause 42.3.1, forthwith terminate the Contract.

42.3.2 The Contractor may terminate the Contract forthwith by giving a notice to the Employer to that effect, referring to this GC Sub-Clause 42.3.2, if the Employer becomes bankrupt or insolvent, has a receiving order issued against it, compounds with its creditors, or, being a corporation, if a resolution is passed or order is made for its winding up (other than a voluntary liquidation for the purposes of amalgamation or reconstruction), a receiver is appointed over any part of its undertaking or assets, or if the Employer takes or suffers any other analogous action in consequence of debt.

42.3.3 If the Contract is terminated under GC Sub-Clauses 42.3.1 or 42.3.2, then the Contractor shall immediately

- (a) Cease all further work, except for such work as may be necessary for the purpose of protecting that part of the Facilities already executed, or any work required to leave the Site in a clean and safe condition

- (b) Terminate all subcontracts, except those to be assigned to the Employer pursuant to paragraph (d) (ii)
- (c) Remove all Contractor's Equipment from the Site and repatriate the Contractor's and its Subcontractors' personnel from the Site, and
- (d) Subject to the payment specified in GC Sub-Clause 42.3.4,
 - (i) Deliver to the Employer the parts of the Facilities executed by the Contractor up to the date of termination
 - (ii) To the extent legally possible, assign to the Employer all right, title and benefit of the Contractor to the Facilities and to the Plant as of the date of termination, and, as may be required by the Employer, in any subcontracts concluded between the Contractor and its Subcontractors, and
 - (iii) Deliver to the Employer all drawings, specifications and other documents prepared by the Contractor or its Subcontractors as of the date of termination in connection with the Facilities.

42.3.4 If the Contract is terminated under GC Sub-Clauses 42.3.1 or 42.3.2, the Employer shall pay to the Contractor all payments specified in GC Sub-Clause 42.1.3, and reasonable compensation for all loss, except for loss of profit, or damage sustained by the Contractor arising out of, in connection with or in consequence of such termination.

42.3.5 Termination by the Contractor pursuant to this GC Sub-Clause 42.3 is without prejudice to any other rights or remedies of the Contractor that may be exercised in lieu of or in addition to rights conferred by GC Sub-Clause 42.3.

42.4 In this GC Clause 42, the expression "Facilities executed" shall include all work executed, Installation Services provided, and all Plant acquired, or subject to a legally binding obligation to purchase, by the Contractor and used or intended to be used for the purpose of the Facilities, up to and including the date of termination.

42.5 In this GC Clause 42, in calculating any monies due from the Employer to the Contractor, account shall be taken of any sum previously paid by the Employer to the Contractor

under the Contract, including any advance payment paid pursuant to the Appendix to the Contract Agreement titled Terms and Procedures of Payment.

43. Assignment

43.1 Neither the Employer nor the Contractor shall, without the express prior written consent of the other Party, which consent shall not be unreasonably withheld, assign to any third Party the Contract or any part thereof, or any right, benefit, obligation or interest therein or there under, except that the Contractor shall be entitled to assign either absolutely or by way of charge any monies due and payable to it or that may become due and payable to it under the Contract.

44. Export Restrictions

44.1 Notwithstanding any obligation under the Contract to complete all export formalities, any export restrictions attributable to the Employer, to the country of the Employer or to the use of the Plant and Installation Services to be supplied which arise from trade regulations from a country supplying those Plant and Installation Services, and which substantially impede the Contractor from meeting its obligations under the Contract, shall release the Contractor from the obligation to provide deliveries or services, always provided, however, that the Contractor can demonstrate to the satisfaction of the Employer and of the Bank that it has completed all formalities in a timely manner, including applying for permits, authorizations and licenses necessary for the export of the Plant and Installation Services under the terms of the Contract. Termination of the Contract on this basis shall be for the Employer's convenience pursuant to Sub-Clause 42.1.

I. Claims, Disputes and Arbitration

45. Contractor's Claims

45.1 If the Contractor considers himself to be entitled to any extension of the Time for Completion and/or any additional payment, under any Clause of these Conditions or

otherwise in connection with the Contract, the Contractor shall submit a notice to the Project Manager, describing the event or circumstance giving rise to the claim. The notice shall be given as soon as practicable, and not later than 28 days after the Contractor became aware, or should have become aware, of the event or circumstance.

If the Contractor fails to give notice of a claim within such period of 28 days, the Time for Completion shall not be extended, the Contractor shall not be entitled to additional payment, and the Employer shall be discharged from all liability in connection with the claim. Otherwise, the following provisions of this Sub-Clause shall apply.

The Contractor shall also submit any other notices which are required by the Contract, and supporting particulars for the claim, all as relevant to such event or circumstance.

The Contractor shall keep such contemporary records as may be necessary to substantiate any claim, either on the Site or at another location acceptable to the Project Manager. Without admitting the Employer's liability, the Project Manager may, after receiving any notice under this Sub-Clause, monitor the record-keeping and/or instruct the Contractor to keep further contemporary records. The Contractor shall permit the Project Manager to inspect all these records, and shall (if instructed) submit copies to the Project Manager.

Within 42 days after the Contractor became aware (or should have become aware) of the event or circumstance giving rise to the claim, or within such other period as may be proposed by the Contractor and approved by the Project Manager, the Contractor shall send to the Project Manager a fully detailed claim which includes full supporting particulars of the basis of the claim and of the extension of time and/or additional payment claimed. If the event or circumstance giving rise to the claim has a continuing effect:

- (a) This fully detailed claim shall be considered as interim;

- (b) The Contractor shall send further interim claims at monthly intervals, giving the accumulated delay and/or amount claimed, and such further particulars as the Project Manager may reasonably require; and
- (c) The Contractor shall send a final claim within 28 days after the end of the effects resulting from the event or circumstance, or within such other period as may be proposed by the Contractor and approved by the Project Manager.

Within 42 days after receiving a claim or any further particulars supporting a previous claim, or within such other period as may be proposed by the Project Manager and approved by the Contractor, the Project Manager shall respond with approval, or with disapproval and detailed comments. He may also request any necessary further particulars, but shall nevertheless give his response on the principles of the claim within such time.

Each Payment Certificate shall include such amounts for any claim as have been reasonably substantiated as due under the relevant provision of the Contract. Unless and until the particulars supplied are sufficient to substantiate the whole of the claim, the Contractor shall only be entitled to payment for such part of the claim as he has been able to substantiate.

The Project Manager shall agree with the Contractor or estimate: (i) the extension (if any) of the Time for Completion (before or after its expiry) in accordance with GC Clause 40, and/or (ii) the additional payment (if any) to which the Contractor is entitled under the Contract.

The requirements of this Sub-Clause are in addition to those of any other Sub-Clause which may apply to a claim. If the Contractor fails to comply with this or another Sub-Clause in relation to any claim, any extension of time and/or additional payment shall take account of the extent (if any) to which the failure has prevented or prejudiced proper investigation of the claim, unless the claim is excluded under the second paragraph of this Sub-Clause.

In the event that the Contractor and the Employer cannot agree on any matter relating to a claim, either Party may refer the matter to the Dispute Board pursuant to GC 46 hereof.

46. Disputes and Arbitration

46.1 Appointment of the Dispute Board

Disputes shall be referred to a DB for decision in accordance with GC Sub-Clause 46.3.

The Parties shall appoint a DB by the date stated in the **PC**.

The DB shall comprise, as stated in the **PC**, either one or three suitably qualified persons ("the members"), each of whom shall be fluent in the language for communication defined in the Contract and shall be a professional experienced in the type of activities involved in the performance of the Contract and with the interpretation of contractual documents. If the number is not so stated and the Parties do not agree otherwise, the DB shall comprise three persons, one of whom shall serve as chairman.

If the Parties have not jointly appointed the DB 21 days before the date stated in the **PC** and the DB is to comprise three persons, each Party shall nominate one member for the approval of the other Party. The first two members shall recommend and the Parties shall agree upon the third member, who shall act as chairman.

However, if a list of potential members is included in the **PC**, the members shall be selected from those on the list, other than anyone who is unable or unwilling to accept appointment to the DB.

The agreement between the Parties and either the sole member or each of the three members shall incorporate by reference the General Conditions of Dispute Board Agreement contained in the Appendix to these General Conditions, with such amendments as are agreed between them.

The terms of the remuneration of either the sole member or each of the three members, including the remuneration of any expert whom the DB consults, shall be mutually agreed upon by the Parties when agreeing the terms of appointment of the

member or such expert (as the case may be). Each Party shall be responsible for paying one-half of this remuneration.

If a member declines to act or is unable to act as a result of death, disability, resignation or termination of appointment, a replacement shall be appointed in the same manner as the replaced person was required to have been nominated or agreed upon, as described in this Sub-Clause.

The appointment of any member may be terminated by mutual agreement of both Parties, but not by the Employer or the Contractor acting alone. Unless otherwise agreed by both Parties, the appointment of the DB (including each member) shall expire when the Operational Acceptance Certificate has been issued in accordance with GC Sub-Clause 25.3.

46.2 Failure to Agree on the Composition of the Dispute Board

If any of the following conditions apply, namely:

the Parties fail to agree upon the appointment of the sole member of the DB by the date stated in the first paragraph of GC Sub-Clause 46.1, either Party fails to nominate a member (for approval by the other Party) of a DB of three persons by such date, the Parties fail to agree upon the appointment of the third member (to act as chairman) of the DB by such date, or the Parties fail to agree upon the appointment of a replacement person within 42 days after the date on which the sole member or one of the three members declines to act or is unable to act as a result of death, disability, resignation or termination of appointment, then the appointing entity or official **named in the PC** shall, upon the request of either or both of the Parties and after due consultation with both Parties, appoint this member of the DB. This appointment shall be final and conclusive. Each Party shall be responsible for paying one-half of the remuneration of the appointing entity or official.

46.3 Obtaining Dispute Board's Decision

If a dispute (of any kind whatsoever) arises between the Parties in connection with the performance of the Contract, including any dispute as to any certificate, determination, instruction, opinion or valuation of the Project Manager, either Party

may refer the dispute in writing to the DB for its decision, with copies to the other Party and the Project Manager. Such reference shall state that it is given under this Sub-Clause.

For a DB of three persons, the DB shall be deemed to have received such reference on the date when it is received by the chairman of the DB.

Both Parties shall promptly make available to the DB all such additional information, further access to the Site, and appropriate facilities, as the DB may require for the purposes of making a decision on such dispute. The DB shall be deemed to be not acting as arbitrator(s).

Within 84 days after receiving such reference, or within such other period as may be proposed by the DB and approved by both Parties, the DB shall give its decision, which shall be reasoned and shall state that it is given under this Sub-Clause. The decision shall be binding on both Parties, who shall promptly give effect to it unless and until it shall be revised in an amicable settlement or an arbitral award as described below. Unless the Contract has already been abandoned, repudiated or terminated, the Contractor shall continue with the performance of the Facilities in accordance with the Contract.

If either Party is dissatisfied with the DB's decision, then either Party may, within 28 days after receiving the decision, give notice to the other Party of its dissatisfaction and intention to commence arbitration. If the DB fails to give its decision within the period of 84 days (or as otherwise approved) after receiving such reference, then either Party may, within 28 days after this period has expired, give notice to the other Party of its dissatisfaction and intention to commence arbitration.

In either event, this notice of dissatisfaction shall state that it is given under this Sub-Clause, and shall set out the matter in dispute and the reason(s) for dissatisfaction. Except as stated in GC Sub-Clauses 46.6 and 46.7, neither Party shall be entitled to commence arbitration of a dispute unless a notice of dissatisfaction has been given in accordance with this Sub-Clause.

If the DB has given its decision as to a matter in dispute to both Parties, and no notice of dissatisfaction has been given by either Party within 28 days after it received the DB's decision, then the decision shall become final and binding upon both Parties.

46.4 Amicable Settlement

Where notice of dissatisfaction has been given under GC Sub-Clause 46.3 above, both Parties shall attempt to settle the dispute amicably before the commencement of arbitration. However, unless both Parties agree otherwise, arbitration may be commenced on or after the fifty-sixth day after the day on which notice of dissatisfaction and intention to commence arbitration was given, even if no attempt at amicable settlement has been made.

46.5 Arbitration

Unless **indicated otherwise in the PC**, any dispute not settled amicably and in respect of which the DB's decision (if any) has not become final and binding shall be finally settled by arbitration. Unless otherwise agreed by both Parties, arbitration shall be conducted as follows:

- (a) For contracts with foreign contractors:
 - (i) International arbitration with proceedings administered by the international arbitration institution **appointed in the GC**, in accordance with the rules of arbitration of the appointed institution;;
 - (ii) The place of arbitration shall be the city where the headquarters of the appointed arbitration institution is located or such other place selected in accordance with the applicable arbitration rules; and
 - (iii) The arbitration shall be conducted in the language for communications defined in Sub-Clause 5.3; and
- (b) For contracts with domestic contractors, arbitration with proceedings conducted in accordance with the laws of the Employer's country.

The arbitrator(s) shall have full power to open up, review and revise any certificate, determination, instruction, opinion or valuation of the Project Manager, and any decision of the DB, relevant to the dispute. Nothing shall disqualify the Project

Manager from being called as a witness and giving evidence before the arbitrator(s) on any matter whatsoever relevant to the dispute.

Neither Party shall be limited in the proceedings before the arbitrator(s) to the evidence nor arguments previously put before the DB to obtain its decision, or to the reasons for dissatisfaction given in its notice of dissatisfaction. Any decision of the DB shall be admissible in evidence in the arbitration.

Arbitration may be commenced prior to or after completion of the Works. The obligations of the Parties, the Project Manager and the DB shall not be altered by reason of any arbitration being conducted during the progress of the Works.

46.6 Failure to Comply with Dispute Board's Decision

In the event that a Party fails to comply with a DB decision which has become final and binding, then the other Party may, without prejudice to any other rights it may have, refer the failure itself to arbitration under GC Sub-Clause 46.5. GC Sub-Clauses 46.3 and 46.4 shall not apply to this reference.

46.7 Expiry of Dispute Board's Appointment

If a dispute arises between the Parties in connection with the performance of the Contract, and there is no DB in place, whether by reason of the expiry of the DB's appointment or otherwise:

- (a) GC Sub-Clauses 46.3 and 46.4 shall not apply, and
- (b) The dispute may be referred directly to arbitration under GC Sub-Clause 46.5

Section VIII. Particular Conditions

The following Particular Conditions shall supplement the General Conditions in Section VII. Whenever there is a conflict, the provisions herein shall prevail over those in the General Conditions.

Table of Clauses

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VIII. Particular Conditions

The following Particular Conditions (PC) shall supplement the General Conditions (GC). Whenever there is a conflict, the provisions herein shall prevail over those in the GC. The clause number of the GC is the corresponding clause number of the GC.

GC1 Definitions

The Employer is: Nepal Electricity Authority
Koshi Corridor 220 kV Transmission Line Project
NEA Training Centre Building, Kharipati, Bhaktapur, Nepal
Tel: 977 1 6616891, Fax: 977 1 6616891
Email: kc220kvtp@yahoo.com

The Project Manager is: Mr. Rajan Dhakal
Koshi Corridor 220 kV Transmission line Project
Transmission Directorate,
Nepal Electricity Authority
NEA Training Centre Building, Kharipati, Bhaktapur
Tel.: 977 1 6616865, Fax: 977 1 6616891
Email: kc220kvtp@yahoo.com

"Final Acceptance"

Add this new definition as follows:

"Final Acceptance" means the acceptance by the Owner of the Facilities, which certifies the Contractor's fulfilment of the entire Contract. The "Final Acceptance Certificate" shall be issued to the Contractor after the expiry of the last Defect Liability Period provided the Contractor has also fulfilled all its obligations towards the Income Tax Department and the Customs Department of Government of Nepal.

"Project Management Consultant (PMC)" and "Name and Address of the PMC"

Add these new definitions as follows:

"Project Management Consultant (PMC)" means an agency appointed by the Employer for assisting the Employer in the execution of the Koshi Corridor Transmission Line and Substations under Koshi Corridor Transmission Line Project, NEA. The responsibilities of Project Management Consultant include interalia to review and recommend for approval of detail design, drawings and other technical documents submitted by the Contractor, supervision during construction, quality assurance, assist in Factory acceptance testing of major materials, supervision of testing and commissioning of the substations and various contract/project management activities and any other duties assigned by the Employer.

The Name and address of the PMC is:

WAPCOS Ltd, India

Kind Attn: Mr DVSJN Raju, Sr. General Manager (Power)

Flat 903, 9th Floor 'Kailash', 26 Kasturba Gandhi Marg, New Delhi-110 001, India

Tel: +91-11-23326647

Fax: +91-11-23324561

The Bank is : The EXIM Bank of India

Country of Origin : all countries and territories as indicated in Section V of
The bidding documents, Eligible Countries.

GC 2.1-- Add the following second paragraph:

"Anything mentioned in the Specifications and not shown on the drawings or shown on the drawings and not mentioned in the Specifications shall have the effect as if shown or mentioned in both. In case of difference between drawings and Specifications, the Specifications shall prevail. In case of difference between scaled dimensions and figures on drawings, the figures shall prevail.

GC5 Law and Language

GC 5.1 The Contract shall be interpreted in accordance with the laws of Nepal

GC 5.2 The ruling language shall be **English**

GC 5.3 The language for communications shall be **English**

GC7 Scope of Facilities

GC 7.3 The Contractor shall ensure the availability of spare parts for the supplied items for a minimum period of five (05) years from the operational acceptance by the Employer.

Add GC 7.4 Sub Clause as follows:

The Contractor shall carry sufficient inventories to ensure an ex-stock supply of consumable spares for the Plant. Other spare parts and components shall be supplied as promptly as possible, but at the most within six (6) months of placing the order and opening the letter of credit. In addition, in the event of termination of the production of spare parts, advance notification will be made to the Employer of the pending termination, with sufficient time to permit the Employer to procure the needed requirement. Following such termination, the Contractor will furnish to the extent possible and at no cost to the Employer the blueprints, drawings and specifications of the spare parts, if requested.

GC8 Time for Commencement and Completion

GC 8.1 The Contractor shall commence work on the Facilities within Seven (7) days from the Effective Date for determining Time of Completion as specified in the Contract Agreement.

GC 8.2 The Time for Completion of the whole of the Facilities shall be thirty four (34) months from the Effective Date as described in the Contract Agreement.

GC 9 Contractor's Responsibilities

Add the following new Sub-Clauses:

GC 9.10-- Existing Fences

Where it is necessary to operate equipment through existing fences, the Contractor shall install suitable temporary gates. The temporary gates shall be constructed of materials and to standards equal to those of the existing fence. Before cutting the fences for the installation of temporary gates, the Contractor shall install adequate braces and additional posts, if necessary, on each side of the opening and shall fully anchor the fence so that all wires will maintain their original tension after opening is cut. Except when equipment is passing, such gates shall be kept closed. After completion of the work, the fence shall be restored as nearly as practicable to its original condition. Deviation from the above requirement will be permitted only where the Contractor furnishes advanced written approval from the landowner or landowners for a different method of operation.

Where it is necessary for the Contractor to remove or to alter portions of existing fences to permit construction, temporary fence protection shall be provided at all times during construction and upon completion of the construction, the fence shall be rebuilt in its original or relocated position.

The cost of all work herein described shall be borne by the Contractor. Should the contractor refuse or neglect to perform any work required by the above provisions within twenty-four hours after notification by the Employer to do so, the Employer reserves the right to perform the work and the cost thereof will be deducted from payment due to the Contractor.

GC9.11-- Transmission, Telegraph and Telephone Lines:

The Contractor shall make all necessary or required provisions concerning any interference with the operation or maintenance of traffic or service of any transmission, telegraph or telephone lines existing on the date of receiving bids, caused by the work of the Contractor under this Contract, all in a manner satisfactory to the owners or operators and to the Employer.

The Contractor shall notify the Employers of such facilities of any damage, which is his responsibility and shall promptly settle proper claims. Pending settlement of such claims by

the Contractor, an appropriate sum as determined by the Employer may be withheld from payments due to the Contractor until the matter is settled.

The cost of providing and maintaining all necessary or required watchmen, signals, guards and temporary structures, of making any necessary repairs, replacements, or similar operations and all or any other costs required by this Sub-Clause shall be borne by the Contractor.

GC 9.12-- The Contractor shall be responsible for selecting and constructing appropriate communication means necessary for the executing of the project at his own expense. If required, the Employer will assist the Contractor in obtaining licences/permits from the concerned government agencies.

GC 9.13 -- Gasoline, oil and lubricants for construction equipment and vehicles are available in Nepal and the Contractor will not be permitted to import such products for use on the work.

GC 9.14-- The Contractor shall be responsible for the arrangement of water supply for drinking and construction purposes at his own cost.

GC 9.15 --The Contractor shall be responsible for the arrangement of electricity supply for construction and any other purposes at his own cost.

GC 9.16-- Operation and maintenance

The Contractor shall provide at least one operating and maintenance expert at the site for a continuous period of three (3) months or any extension required thereof because of serious breakdown or any extensions of warranty period, from the commencement of the Defect Liability Period to train the local staff on the operation of various equipment.

GC 9.17-- Commissioning and pre-commissioning

The Contractor shall provide sufficient, properly qualified personnel; shall supply and make available all raw materials, utilities, lubricants, chemicals, catalysts, other materials and facilities; and shall perform all work and services of whatsoever nature required to properly

carry out Pre-commissioning, Commissioning and Guarantee Test all in accordance with the provisions of the Contract Agreement.

GC 10 Employer's Responsibilities

GC 10.1-- Add the following at the end of the paragraph:

The Employer warrants that neither the data nor the information supplied in the Bidding Document regarding the soil and general conditions on the Site show the complete range of conditions which may be encountered on the Site.

The Contractor shall be deemed to have inspected and examined the Site and made such investigation as he considered necessary before submitting his bid.

GC 10.3-- Replace "....Site is located. Such authorities..." in line 4 by "....Site is located which such authorities...." in this Sub-Clause.

GC 10.6-- Replace "after Completion... in accordance with Sub-Clause 25.2." in line 2-5 by "after Operational Acceptance, in accordance with GC 25.3.".

GC11 Contract Price

GC 11.1 Supplementing the Clause: The Contract Price is provisional. After the award of the Contract, the Contractor shall carry out the detail survey of the Substation and assess and submit for approval the actual final quantities for the supply and erection and final revised contract price thereof.

GC 11.2 The Contract Price shall be fixed and shall not be adjusted.

GC13 Securities

GC 13.2.1 Add the following at the end of the paragraph

Such security shall be valid up to ninety (90) days beyond the date of Operational Acceptance Certificate in accordance with the GC Clause 25. In case of award of the Contract to a Joint Venture, the advance payment security shall be submitted

in the name of the Joint Venture and not in the name of the Lead Partner or any Partner(s) of the Joint Venture alone.

GC 13.3.1 The amount of performance security, as a percentage of the Contract Price for the Facility or for the part of the Facility for which a separate Time for Completion is provided, shall be: Ten (10) Percent with a validity up to Ninety (90) days beyond the Defect Liability Period.

GC 13.3.2 The performance security shall be in the form of the Bank Guarantee (Unconditional) attached hereto in Section IX, Contract Forms. The Performance Security shall be issued by any registered bank in Nepal, or a foreign bank counter guaranteed by correspondent local commercial bank, in complete accordance with the specimen provided herein.

GC 13.3.3 The performance security shall be reduced to five (5) percent from the date of the Operational Acceptance until expiry of Defect Liability Period.

GC 13.3.4 Add the following new Sub-Clause:

“In case of award of the Contract to a Joint Venture, the performance security shall be submitted in the name of the Joint Venture and not in the name of the Lead Partner or any Partner(s) of the Joint Venture alone”.

GC 14 Taxes and Duties

Delete this Clause in its entirety and replace it with the following

1. In the country of Origin

The prices bid by the Contractor shall include all taxes, duties and other charges imposed outside the Employer's country on the production, manufacture, sale and transport of the Contractor's Equipment, Plant, Materials and Supplies to be used on or furnished under the Contract, and on the services performed under the Contract.

2. In Nepal

2.1 Unless otherwise specifically declared in the contract documents, the prices bid by the Contractor and its suppliers and subcontractors shall include

business taxes and other taxes except VAT and Custom duty that may be levied in accordance with the laws and regulations in force or in effect in Nepal as of 28 days prior to the closing date for submission of tenders in the Employer's country on the Equipment, Plant, Materials and Supplies (permanent, temporary and consumables) acquired for the purpose of the Contract and on the services performed under the Contract. Whatsoever provisions made in the Contract document shall not relieve the Contractor, its suppliers and subcontractors from their responsibility to pay income tax that may be levied in the Employer's country on profits made by the Contractor, its suppliers and subcontractors in respect of the Contract.

2.2 The Project is entitled for concessional 1% custom duty and VAT exemption for the import of Plant & Mandatory Spare Parts to be supplied from abroad in Price Schedule No. 1. The Contractor has to follow all the procedures to import Plant & Mandatory Spare Parts to be supplied from abroad in Price Schedule No. 1. The Contractor shall pay all the taxes and duties applicable at the point of entry (custom). Employer will refund such amount to the Contractor upon submission of the related original documents. However, Employer will not be responsible for any demurrage charges applicable due to delay in custom clearance.

2.3 The unit bid price quoted in the Price Schedule Nos. 2 & 4 are exclusive of VAT. VAT in each supply/progress bill shall be paid to the Contractor and as per law of Nepal he will be responsible for depositing the same to the concerned Revenue office in Nepal.

2.4 Tax Deduction at Source (TDS)

As per the law of Nepal the Employer will deduct TDS at the rate as applicable at the time of execution of the contract from each payment to the Contractor and deposit to the Revenue office. The Contractor shall be provided with all details in this regard promptly. The Contractor shall be responsible for obtaining tax clearance before issuance of Final Acceptance Certificate or

before releasing the final 5% retention amount. All firms carrying out works in Nepal are required to be registered at Inland Revenue office. If registered in Nepal, TDS at the rate of 1.5% is applicable at present.

2.5 Staff income tax

The Contractor's staff, personnel and labourers, and those of its subcontractors, will be liable to pay personal income taxes in the Employer's country irrespective of local or foreign nationals on income earned including salaries and wages as applicable under the laws and regulations of Nepal. The Contractor shall perform such duties in regard to Tax Deduction at Source (TDS) thereof as may be applicable by such laws and regulations.

2.6 Contractor's Plant, Equipment, Materials and Supplies

Notwithstanding the provision of this document, Contractor's Plant and Equipment, including essential tools and spare parts thereof, imported by the contractor for the sole purpose of executing the Contract, and taken out of Nepal upon completion of the Works shall, except for Plant and Mandatory Spare Parts to be supplied from abroad in Price Schedule No.1, be exempt from payment of customs duties and taxes levied in Nepal. However, the Contractor shall deposit the amount or provide a Bank Guarantee to the GoN, Customs Department equal to the amount of customs duties at the prevailing laws, rules and regulations of Nepal for those imported equipment, plant, materials and supplies at the time of import. The amount of the deposit so provided will be refunded in Nepalese Rupees, or the Bank guarantee cancelled by the Employer, after the submission to the Employer of the re-export certificate issued by the Customs Department.

If the Contractor disposes of any Contract's Equipment, spare parts, materials or supplies in Nepal, it shall pay all customs duties and taxes applicable on such

Items under the laws and regulations of Nepal in force at the time and shall repay to the Employer the amount of any customs duties and taxes which

may have been reimbursed to the Contractor by the Employer in connection with importation of such items.

Contractor shall re-export all the equipment, plant, materials, and supplies within 90(Ninety) days after completion of the project.

2.7 The Contractor shall maintain records satisfactory to the Employer documenting use of all Plant, materials and supplies imported into and/or procured for the performance of the Works. If any of such plant, materials and/or supplies, imported into Nepal or otherwise supplied to the Project at a special or preferential rate of Customs Duties or taxes, are misused or found to be used or appropriated for any purpose other than the Project, the Contractor shall be held fully responsible, and liable to pay customs duties, VAT and other taxes and/or any penalties as may be imposed in accordance with the prevailing laws and regulations of Nepal.

GC 15 Licenses / Use of Technical Information

Add the following second paragraph: Under Sub-clause 15.2.

The Employer shall however shall have the right to reproduce any or all drawings, documents and other materials furnished to the Employer for the purpose of the Contract and in addition, if required, for operation and maintenance.

GC 19 Subcontracting

Add the following paragraph at the end of this sub Clause

“The Contactor is not encouraged to add or the delete the list finalized during the contract signing unless special circumstance which is not in the control of the contractor is evidenced. If such situation arise, the qualification requirement of the manufacturer of the major items and sub-contractor of the major civil work, shall be as that stipulated in “Part I, “Evaluation and Qualification Requirement” of the bidding document.

GC 20.3.2 Change “fourteen (14) days to “twenty-one (21) days in both paragraphs of this Sub-Clause

GC21 Procurement

GC 21.3.2 Add the following at the end of this Sub-Clause:

The Employer shall in no way be responsible for the condition of road and access.

GC 21.3.4 Add the following at the end of this Sub-Clause:

"The Contractor shall restore all such facilities, as far as possible, to its original condition at its own expense and to the satisfaction of the Owner of the Facilities." In case of any damage, the Contractor shall restore all such facilities, as far as possible, to its original condition at its own expense and to the satisfaction of the Employer."

GC 21.4 Custom Clearances;

Add the following paragraph at the beginning of this Sub-Clause:

The Contractor shall familiarize himself with the rules and regulations of Nepal with regard to customs, duties, taxes, importation and clearing of goods and equipment and the like and the Contractor shall follow the required procedures regardless of the relief provided by the Employer. The Employer will provide assistance whenever possible.

GC 22 Installations

GC 22.1.1 Add the following at the end of the second paragraph:

The checking of any setting-out by the Employer shall not relieve the Contractor of his responsibility for the accuracy thereof.

GC 22.1.3 Add the following SubClause:

Expatriate personnel engaged for work in Nepal may require work permit issued by the Nepalese Authorities. The Contractor shall be responsible for applying and obtaining such permits. Such applications shall be made in good time so as to enable the completion of the work in accordance with the approved Work Program. The Employer will assist the Contractor to obtain the permit.

GC 22.2.5 Working Hours

Normal working hours are: The Contractor shall be responsible for following the normal working hours to specific location and rules.

GC 22.3.4 Add the Sub-Clause GC 22.3.4 "Duties on Contractor's Equipment, Plant, Materials and Supplies"

Notwithstanding the provision of this document, Contractor's Plant and Equipment, including essential tools and spare parts thereof, imported by the contractor for the sole purpose of executing the Contract, and taken out of Nepal upon completion of the Works shall, except for Plant and Mandatory Spare Parts to be supplied from abroad in Price Schedule No.1, be exempt from payment of customs duties and taxes levied in Nepal. However, the Contractor shall deposit the amount or provide a Bank Guarantee to the GoN, Customs Department equal to the amount of customs duties at the prevailing laws, rules and regulations of Nepal for those imported equipment, plant, materials and supplies at the time of import. The amount of the deposit so provided will be refunded in Nepalese Rupees, or the Bank guarantee cancelled by the Employer, after the submission to the Employer of the re-export certificate issued by the Customs Department.

If the Contractor disposes of any Contract's Equipment, spare parts, materials or supplies in Nepal, it shall pay all customs duties and taxes applicable on such items under the laws and regulations of Nepal in force at the time and shall repay to the Employer the amount of any customs duties and taxes which may have been reimbursed to the Contractor by the Employer in connection with importation of such items.

Contractor shall re-export all the equipment, plant, materials, and supplies within 90(Ninety) days after completion of the project.

GC 22.4 .1 Add the following Sub-Clause

Site Regulations and Safety

The Contractor shall comply with all the National Legislatures, Environmental Acts, proposed Environmental legislatures and the proposed mitigation measures in preparing proposed site regulations and plan for approval.

The Contractor shall take all reasonable steps to protect the environment on and off the Site and avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes as a consequence of his method of operation.

During the progress of the Contract, the Contractor and his Sub-contractors shall abide at all times by all existing Acts on environmental protection and rules made there under, regulations, notifications bye-laws of the His Majesty's Government of Nepal, and any other law, bye-law, regulations that may be passed or notifications that may be issued in this respect in future.

The mitigation measures to be undertaken by the Contractor for the adverse environmental impacts have been detailed in Technical Specifications (Volume II).

GC 22.4.2 Add the following Sub - Clause

Use of Explosives;

No blasting or work involving the use of explosives will be permitted along the overhead line routes and substation area or adjacent areas under this Contract.

GC 22.6 Add the following at the end of first paragraph:

The materials to be removed shall be incinerated or disposed off at places which will not be unsightly or objectionable to the inhabitants of the area following all environmental requirements.

GC 23 Tests and Inspection

GC 23.2 Add the following at the end of this Sub-Clause:

The Employer and the Project Manager or their designated representatives shall be entitled to attend at his own cost to witness the tests of the following equipment at Manufacturer's/Contractor's

- Power Transformers
- Circuit breakers
- Isolators with and without Earth Switch
- CTs/PTs/CVTs

- Surge Arrestor
- SAS (Control & Protection Panel)
- Optical fibre Communication,
- Terminal equipment
- DC Battery & Battery Charger
- Insulators and Hardware fittings
- ACDB/ DCDB
- OLTC
- Power and Control cables

.....

.....

(any other to be added during the post bid discussion)

GC 23.3 Supplementing Sub Clause GC 23.3

Contractor shall give a three (3) weeks' advance notice of such test and/or inspection and of the place and time thereof to the Project Manager.

GC 23.4 Supplementing Sub-Clause GC 23.4

The Contractor shall provide the Project Manager with a certified report of the results of any such test and/or inspection within fifteen (15) days after completion of tests"

GC 23.6 Add the following at the end of this Sub-Clause:

All costs incurred by the Employer including all travelling and board and lodging expenses by the repetition of the tests or false call for tests shall be borne by the Contractor pursuant to GC Sub-Clause 23.2. Any delay in delivery due to retest or false call shall not constitute a release of the Contractor from his responsibilities for delay.

Add the following Sub Clauses:

GC 23.12 Type Test

The **Successful** Bidders shall have to furnish copies of type test certificate of all the equipment/Material namely Transformer , Circuit Breaker , Isolator with earth and without

earth switch, Surge Arrestor, SAS(Control & Protection Panel), Optical fibre Communication , Terminal Equipment , DC Battery & Battery Charger , ACDB / DCDB , Insulators , Insulator's Hardwares, Power and Control cables etc. supplied against this specification for the tests carried out during last ten years. If the successful bidder fails to submit the type test reports or type test reports are not complying with the technical specifications, type test would be conducted by the contractor in the presence of authorized representative of the Employer at no additional cost implications to the Employer. The type tests conducted earlier should have either been conducted in accredited laboratory (accredited by the national accreditation body of the country where laboratory is located) or any government approved laboratory.

GC 23.13 Routine Tests

These tests would be conducted on raw materials and other finished materials in accordance with provisions of Indian or other internationally accepted Standards. Proper record of all Routine tests has to be maintained and made available to the Employer on demand.

GC 23.14 Acceptance Tests

These tests would be conducted as per Quality Assurance Programme approved by the Employer on each and every lot of finished material, which is ready for dispatch. The tests shall be conducted in the presence of Employer authorized representative(s).

Note: For all type, routine and acceptance test, the acceptance values shall be the values guaranteed by the bidder in the guaranteed technical particulars of his proposal or the acceptance test value specified in this specification, whichever is more stringent for that particular test.

Correct grade and quality of all the materials including steel and zinc shall be used by the Contractor. Employer reserves the right of carrying out any inspection or test of reasonable nature at Contractor's/Manufacturer's works, or at site, or at any approved laboratory in addition to the tests as specified above to satisfy himself that the materials comply with the specifications without any extra cost.

GC 23.15 Material Dispatch Clearances

After the materials have been found acceptable a Material Dispatch Clearance (MDC) shall be issued in writing by the Owner representative without which no materials should be dispatched.

Necessary procedure for packing shall be followed before dispatch of material as given in Technical Specifications.

GC 24 Completions of Facilities

GC 24.2 Add the following paragraph at the end of this clause:

If Appendix to the Contract Agreement titled "Scope of Works and Supply by the Employer " does not specify the personnel and other necessary materials required for the Pre-commissioning the facilities , the supply and management of same shall be the responsibility of the Contractor. The Contractor is responsible for providing the Pre-commissioning training to the NEA staffs if so requested by NEA and the cost for the same shall be deemed to have been included in the Price Schedule. The maximum number of NEA, Staffs to receive the pre-commissioning training from the contractor shall be 10 (ten).

GC 24.8—Delete this Sub-Clause in its entirety and replace by the following:

The issue of the completion certificate does not relieve the Contractor from his responsibilities for the care and custody of the Facilities or the relevant parts thereof together with the risk of loss or damage thereto.

GC 25 Commissioning and Operational Acceptance

GC 25.1.2 Add "if so specified in corresponding Appendix (Scope of Works and Supply by the Employer)" at the end of the paragraph.

GC 25.2.2 The Guarantee Test of the Facilities shall be successfully completed within one week from the date of Completion.

Supplementing sub-clause GC 25.2.2

(I) In the event that the Contractor is unable to proceed with the Pre commissioning of the Facilities, for reasons attributable to the Employer either on account of non-availability of

other facilities under the responsibilities of other contractor(s), or for reasons beyond the Employer's control, the Contractor obligation which shall otherwise be deemed to have fulfilled, shall be considered not fulfilled and the following shall apply.

- (a) The Time of Completion shall be extended for the period of suspension without imposition of liquidated damages pursuant to GC Sub- Clause 26.2.
- (b) Payments due to the Contractor in accordance with the provision specified in Appendix 1 (Terms and Procedures of Payment) to the Contract Agreement, which would not have been payable in normal circumstances due to non-completion of the Project activities, shall be released to the Contractor against submission of a security in the form of a bank guarantee of equivalent amount acceptable to the Employer, and which shall become null and void when the Contractor will have complied with its obligations regarding those payments, subject to the provision of Sub-Clause (III) below;
- (c) When the Project Manager notifies the Contractor that other facilities are ready and subsequently the plant is ready for Pre commissioning the Contractor shall proceed without delay in performing all the specified activities and obligations under the contract.

GC 25.3.1(e) Add the following new Sub-Clause:

Six (6) sets of as built drawings, operating and maintenance manuals and CD's, etc. as per Technical Specifications of the Bidding Documents are furnished.

GC 25.3.3 Change "seven (7) days" to "twenty one (21) days"

GC 25.3.4 Change "seven (7) days" to "twenty one (21) days"

GC 26 Completion Time Guarantee

GC 26.2 Applicable rate for liquidated damages: 0.05 % of the Contract price per each day per delay.

The above rate applies to the price of the part of the Facilities, as quoted in the Price Schedule, for that part for which the Contractor fails to achieve Completion within the particular Time for Completion.

Maximum deduction for liquidated damages: ten percent (10%) of the Contract Price.

Also add the following at the end of this Sub-Clause:

“For the application of liquidated damages, the schedule date for Operational Acceptance of the entire system shall be the basis and not intermediate schedule milestone”.

GC 26.3: No bonus will be given for earlier Completion of the Facilities or part thereof.

GC 27 Defect Liability

GC 27.2 “Defect Liability Period”

Replace “Completion of the Facilities (or any part thereof)” in the second line by “the date of issuance of Operational Acceptance Certificate”

GC 27.6 Replace "The tests shall be agreed upon by the Employer and the Contractor." at the end of this Sub-Clause by the following:

“The tests in character shall in any case be not less than what has already been agreed by the Employer and the Contractor for the original equipment/part of the Facilities”.

GC 27.8.1 Add the following new Sub-Clause:

At the end of the Defect Liability Period, the Contractor's liability ceases except for latent defects. The Contractor's liability for latent defects warranty shall be limited to period of five (5) years from the end of Defect Liability Period. For the purpose of this Sub-Clause, the latent defects shall be the defects inherently lying within the material or arising out of design deficiency, which do not manifest themselves during the Defect Liability Period defined in this GC Clause 27, but later.

GC 27.9 Replace "Completion" in line 5 by "Operational Acceptance" in this Sub-Clause.

GC 27.10 Time Period shall be 18 Months

GC 27.11 Add this new Sub-Clause as follows:

When the Defect Liability Period for the Facilities or any part thereof has expired and the Contractor has fulfilled all his obligations under the Contract for defects in the Facilities, the Employer shall issue within thirty (30) days from the date of expiration to the Contractor a Certificate to that effect.

GC 31 Transfer of Ownership

GC 31.1 Add "and upon endorsement of the dispatch documents in favour of the Employer." at the end of this Sub-Clause.

GC 31.4 Add the following at the end of this Sub-Clause:

"provided quantity of any Plant and Equipment specially stipulated in the Contract shall be the property of the Employer whether or not incorporated in the Facilities."

GC 33 Loss of Damage

GC 33.1 Add "and defective design, material or workmanship of the Contractor" after "the supply and installation of the Facilities".

GC34 Insurance

GC 34.1 (c) Add "including property of the Employer" after the word "property".

GC36 Change in Laws and Regulations

GC 36.1 Add the following after "Contract." in line 12 in this Sub-Clause:

However, these adjustments would be restricted to direct transactions between the Employer and the Contractor and not on procurement of raw materials, intermediary components, etc. by the Contractor.

GC37 Force Majeure

GC 37.6-- Replace "either party may terminate." in line 7-9 by "the dispute will be resolved in accordance with GC Clause 6." in this Sub-Clause.

GC 37.7-- Delete this Sub-Clause in its entirety.

GC 39 Change in the Facilities

GC 39.1.2-- Interchange the words "Employer" and "Project Manager" in lines 2 and 3 in this Sub-Clause.

GC39.2.2-- Delete this Sub-Clause in its entirety and replace with the following:

“Upon instruction from the Project Manager, the Contractor shall prepare the ‘Change Proposal’ without any cost to the Employer”.

GC 39.2.5-- Replace "shall withdraw the proposed Change and shall notify the Contractor in writing thereof." at the end of the first paragraph by "and the Contractor shall agree on specific rates for valuation of the Change." in this Sub-Clause.

GC 39.4-- Add this new Sub-Clause as follows:

The scope of work under the package shall be as per the “Employer’s Requirement. “ Vol.-II of Bidding Documents. The quantity variation applicable for the existing scope shall be generally as per the following.

- a) The Employer reserves the right to increase or decrease the quantity of different items of the specified goods and services to the extent of fifteen percent (15%) of the revised contract price pursuant to the GC Clause 11.1 , by way of suitable amendment to the Contract, without any change in unit rate/price and/or other terms and conditions of the Contract. However, the quantities of individual items of goods and services may vary up to any extent.
- b) The Employer may get the work done of one number 220kV Bay instead of two number 220kV Bay AT Inaruwa Substation depending upon its requirement during the execution of the contract

GC 40 Extension of Time for Completion

GC 40.2 Delete “as soon as reasonably practicable circumstance.” And replace within 21 days of the identification of the event of such change known to the Contractor.

GC 41 Suspensions

GC 41.1-- Replace “request” by “instruct” in the line 1 of the first paragraph.

GC 41.5-- Add this new Sub-Clause as follows:

If the Contractor chooses not to treat prolonged suspension as an omission or termination, the Employer shall, upon request of the Contractor, take over the responsibility for

protection, storage, security and insurance of the suspended work and of the plant which has been delivered to the Site and which is affected by suspension and the risk of loss or damage thereto shall thereupon pass to the Employer. After receipt of permission or an order to proceed, the Contractor shall after due notice to the Project Manager examine the works and the Plant affected by the suspension. The Contractor shall make good any deterioration or defect in or loss of the Facilities that may have occurred during the suspension. Cost properly incurred by the Contractor, which would not have incurred but for the suspension shall be added to the Contract Price together with profit. The Contractor shall not be entitled for costs incurred in making good any deterioration, defect, or loss caused by faulty workmanship or materials or by the Contractor's failure to take the measures such as protect and secure and insure against any deterioration, loss or damage during suspension.

If the Employer has taken over risk and responsibility for the suspended works under this Sub-Clause, risk and responsibility shall revert to the Contractor fifteen (15) days after receipt of the permission or order to proceed.

GC 46 Disputes and Arbitration

GC 46.1 The DB shall be appointed within 30 days of dispute raised.

The DB shall be formed with three members.

List of potential DB members is: None

GC 46.2 Appointment (if not agreed) to be made by:

The appointing authority would be Nepal Council of Arbitration (NEPCA)

GC 46.5 Procedure to settle disputes in respect of DB's decisions:

(a) (i) Appointed Arbitration Institution: NEPCA

(a) (ii) Supplementing this sub clause as " Place of arbitration shall be Kathmandu, Nepal

Add 46.5 (a) (iv)

Any dispute, controversy or claim arising out of or relating to this Contract, or breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Arbitration Act 2055 (1999) of Nepal

Delete 46.5 (b) in its entirety

Add this new Clause GC 47 (Supplementing to GC)

Construction of the Contract Document

1. The Contract will be signed in two (2) originals and the Contractor shall be provided with one signed original and the other will be retained by the Employer.
2. The Contractor shall provide free of cost to the Employer all the engineering data, drawing and descriptive materials submitted with the bid, in at least three (3) copies to form a part of the Contract immediately after Notification of Award.
3. Subsequent to signing of the Contract, the Contractor at his own cost shall provide the Employer with at least ten (10) true copies of Contract Agreement within thirty (30) days after signing of the Contract.

Section IX. Contract Forms

Table of Forms

1. (a). Letter of Intent (LOI) to award the contract
1. (b). Notification of Award - Letter of Acceptance
2. **Contract Agreement**
 - 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 Installation Services and List of Approved Subcontractors
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3. **Performance Security Forms – Bank Guarantee**
4. **Bank Guarantee –Form for Advance Payment**
5. **Form of taking Over certificate/Completion Certificate**
6. **Form of extension of bank guarantee by the bank**
7. **Form of Operational Acceptance Certificate**

1. (a) Letter of Intent (LOI) to award the contract

To

M/s

.....

.....

Kind Attⁿ:

Subject: Issuance of letter of intent to award the contract

Ref: Package KC2: Procurement of plant design, supply and Installation, testing & commissioning of Koshi Corridor 220 kV substations (IFB No: KOSHI/NEA/72/73-1)

Dear Sir,

This is to notify you that, it is our intention to award the contract for the execution of “Package KC-2: Procurement of plant design, supply and Installation, testing & commissioning of Koshi Corridor 220 kV substations (IFB No: KOSHI/NEA/72/73-1)” to you as your bid price US\$

..... (In words.....) which is

exclusive of VAT and Custom Duty as corrected and modified in accordance with the Instructions to Bidders is hereby selected as substantially responsive lowest evaluated bid.

Authorized Signature:

CC to: all the bidders

1. (b) .Notification of Award - Letter of Acceptance

Ref: Our Invitation for Bids (IFB) dated

To: _____

This is to notify you that your Bid dated _____ for execution of the _____ for the Contract Price in the aggregate of _____, 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 for an amount of (specify the value)i.e. equal to 10% (Ten Percent) of the Contract Price within 28 days in accordance with the Conditions of Contract, using for that purpose the Performance Security Forms included in Section IX, - Contract Forms, of the Bidding Document . You shall enter into a Contract Agreement with us within twenty-eight (28) days from the date of this Notification of Award.

This Notification of Award constitutes formation of the Contract and comes into force with effect from the date of issuance of this Notification of Award.

This Notification of Award is being issued to you in duplicate. We request you to return its duplicate copy duly signed and stamped on each page.

Authorized Signature: _____

Name and Title of Signatory: _____

Name of Agency: _____

PART III Section IX Contract Forms

2. Contract Agreement

THIS CONTRACT AGREEMENT is made the _____ day of _____,
_____,
BETWEEN

- (1) Nepal Electricity Authority (NEA), a corporation incorporated under the laws of Government of Nepal and having its principal place of business at Dubarmarg, Kathmandu, Nepal (hereinafter called “the Employer”), and (2) [name of Contractor], a corporation incorporated under laws of [country of Contractor] and having its principal place of business at [address of Contractor] (hereinafter called “the Contractor”).

WHEREAS the Employer desire to engage the Contractor to design, supply, test, deliver, install, test and commission certain Facilities as covered in Contract No. KOSHi/NEA/72/73-1; “”and the Contractor has agreed to such engagement upon and subject to the trms and conditions hereinafter appearing. ,

NOW IT IS HEREBY AGREED as follows:

Article 1. Contract 1.1 Contract Documents (Reference GC Clause 2)

Documents

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 Appendices hereto
- (b) Notification of Award
- (c) Letter of Bid Submitted by the Contractor and corrected Price Schedules

- (d) Particular Conditions
- (e) General Conditions
- (f) Employer's Requirement
- (g) Drawings
- (h) Any other documents forming part of the Employer's Requirements
- (h) Bid Submitted by the Contractor- only the relevant extracts (Should the circumstances warrant, the original Bid along with the enclosures thereof, shall be referred to.
- (i) Any other documents shall be added here

1.2 Order of Precedence (Reference GC 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 GC Clause 1)

Capitalized words and phrases used herein shall have the same meanings as are ascribed to them in the General/Particular Conditions.

Article 2. Contract Price and Terms of Payment

2.1 Contract Price (Reference GC 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: _____, _____ as specified in Price Schedule No. 5 (Grand Summary), and _____, _____, or such other sums as may be determined in accordance with the terms

and conditions of the Contract. The break-up of Contract price is as under:

.....

.....

2.2 Terms of Payment (Reference GC 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.

The Employer may 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 _____; and shall be subject to the Uniform Customs and Practice for Documentary Credits 1993 Revision, ICC Publication No. 600.

Article 3. Effective Date

3.1 Effective Date (Reference GC Clause 1)

The Effective Date from which the Time for Completion of the Facilities shall be counted 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 three (3) months from the date of this Contract notification because of reasons not attributable to the Contractor, the Parties shall discuss and agree on and the Time for Completion and/or other relevant conditions of the Contract. The Contractor shall not however, benefit (in reckoning the Time for Completion) on account of its delay in providing the Performance Security or the Bank Guarantee for advance payment beyond the period provided in the Contract.

The day on which the Employer sends payment recommendation to the Exim Bank of India shall be considered as the date of payment.

Article 4.
Communications

- 4.1 The address of the Employer for notice purposes, pursuant to GC 4.1 is:

Project Manager
Koshi Corridor Transmission Line Project
Transmission Directorate,
Nepal Electricity Authority
NEA Training Centre Building, Kharipati, Bhaktapur
Tel: 977 1 6616865, 6616893
Fax: 977 1 6616891
Email: kc220kvtp@yahoo.com

- 4.2 The address of the Contractor for notice purposes, pursuant to GC 4.1 is: _____.

Article 5.
Appendices

- 5.1 The Appendices listed in the attached List of Appendices shall be deemed to form an integral part of this Contract Agreement.
- 5.2 Reference in the Contract to any Appendix shall mean the

Appendices attached hereto, and the Contract shall be read and construed accordingly.

Article 6.

Appendices

The Lead Partner of the JV, along with M/s., the Other Partner of JV, shall be liable jointly and severally for the execution of the Contract in accordance with Contract Documents. As per the Power of Attorney furnished in favour of the Lead Partner by the Joint Venture, as enclosed with Bid Proposal of the JV, the Lead Partner shall act as the Partner In-charge (Lead Partner) of the Joint Venture for execution of the Contract. *(This Article shall be included only in case the Bidder is a Joint Venture)*

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 _____

Signed by, for and on behalf of the Contractor

[Signature]

[Title]

in the presence of _____

APPENDICES

- 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 Installation 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 GC Clause 12 (Terms of Payment), the Employer shall pay the Contractor in the following manner and at the following times, on the basis of 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.

TERMS OF PAYMENT

Schedule No. 1. Plant (including Mandatory Spare Parts) Supplied from Abroad

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

Ten percent (10%) of the total CIP 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 BG for advance payment in the form of Bank Guarantee (BG) may be reduced in proportion to the value of the plant and equipment delivered to the site, as evidenced by shipping and delivery documents.

Eighty Percent (80%) of the total or pro rata CIP amount upon Incoterm "CIP", upon delivery to the carrier within forty-five (45) days after receipt of following invoice and documents through irrevocable letter of credit opened in favour of Contractor's bank:

- i) 6 copies of contractor's invoice certified by the Employer showing contract no. goods description, quantity, unit price and total amount.
- ii) Payment Authorization as per the specified format duly signed by the authorized official (s), designated by the government of Nepal to operate the Line of Credit.
- iii) Original and 6 copies of negotiable, clean, on-board bill of lading marked freight prepaid and 6 copies of non-negotiable bill of lading.
- iv) 6 copies of Detailed Packing list identify contents of each package.
- v) Insurance Policy/Certificate.
- vi) Manufacturer's / supplier's warranty certificate.

vii) Dispatch authorization issued by the employer with the factory inspection report.

viii) Certificate of origin.

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

Schedule No. 2. Plant (including Mandatory Spare Parts) Supplied from within the Employer's Country

In respect of plant and equipment 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 favour of the Employer. The BG for advance payment in the form of Bank Guarantee (BG) may be reduced in proportion to the value of the plant and equipment delivered to the site, as evidenced by shipping and delivery documents.

Eighty percent (80%) of the total or pro rata EXW amount upon Incoterm "Ex-Works," upon delivery of goods at site within forty-five (45) days after receipt of following invoice and documents through irrevocable letter of credit opened in favour of supplier bank: -

- i) 6 copies of contractor's invoice certified by the Employer showing contract no. goods description, quantity, unit price and total amount.
- ii) Payment Authorization as per the specified format duly signed by the authorized official (s), designated by the government of Nepal to operate the Line of Credit
- iii) Original and 6 copies of negotiable, clean, on-board bill of lading marked freight prepaid and 6 copies of non-negotiable bill of lading.
- iv) 6 copies of Detailed Packing list identify contents of each package.
- v) Insurance Policy/Certificate.
- vi) Manufacturer's / supplier's warranty certificate.
- vii) Dispatch authorization issued by the employer with the factory inspection report.
- viii) Delivery certificate issued by Employer.

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

Schedule No. 3. Design Services

The amount of Design Services should be built in the quoted price for Supply and Services.

Schedule No. 4. Installation Services

In respect of installation services, the following payments shall be made:

Ten percent (10%) of the total installation services amount as an advance payment against receipt of invoice, and an irrevocable advance payment in the form of Bank Guarantee security for the equivalent amount made out in favour of the Employer. The BG for advance payment 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 forty-five (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 forty-five (45) days after receipt of invoice.

For the release of final five percent (5%) retention amount in respect of all the Schedules; the Contractor shall submit evidence of compliance with the taxation requirements of the Government of Nepal.

Payment Procedures: -

The procedures to be followed in applying for certification and making payments shall be as follows:

The procedures to be followed in applying for certification and making payments are as explained in above respective paras. The Employer shall make payments promptly within forty five (45) days of submission of an invoice by the Contractor. The day on which the Employer sends payment recommendation to the Exim Bank of India shall be considered as the date of payment. The payments shall be released by EXIM Bank based on payment authorization/ Letter of Credit, for which necessary details shall be tied up during execution of the contract.

To facilitate release of Advance payment /retention money/services rendered on site, the following documents are required to be submitted to EXIM Bank, apart from the documents/certificates indicated for respective payments:

[a] Payment authorization letter duly signed by authorized official(s), designated by the Government of Nepal to operate the LOC; and [c] Commercial invoice apportionable to relevant advance payment / retention money /services raised by the Indian supplier/ contractor and certified by Employer/PMC/Bank Guarantee.

Payment of Taxes & duties:

The payments of taxes & duties etc shall be made as follows:

Taxes & duties:

Provisions in PC 14 shall apply in respect to Taxes & Duties.

Additional Sub-Clause for Submission of Bills for Payment:

- i. All Payments for the works in part or full shall be based upon measurements or otherwise as per the Contract. Immediately after execution of foundation of any structure or otherwise, but before filling the trench or foundation, the Contractor shall take and record measurements in presence of the authorized representatives of the Employer.
- ii. All Measurements recorded in a Measurement Book (MB) issued by the Employer should be signed with date by the Contractor and the Employer.

- iii. The Value of work executed shall be determined by the Employer. The Value of work "executed shall comprise the value of the quantities of the items in the Price Bid completed in terms of GOI guidelines.
- iv. The Contractor seeking any payment shall submit the bills with the relevant MBs and other requisite documents, duly signed by the site representatives of the Employer, to the Employer. The Employer will then verify the bills and approve for release of payment

Note: No interest shall be paid on delayed payment **in terms** of GC sub-clause 12.3

Appendix-2-Price Adjustment (Not Applicable)

Appendix-3-Insurance Requirements

Insurances to be Taken out by the Contractor

In accordance with the provisions of GC 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 insurances 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. The inability of the insurers to provide insurance cover in the sums and with the deductibles and other conditions as set forth below, shall not absolve the Contractor of his risks and liabilities under the provisions of GC Clause 34. However, in such a case the Contractor shall be required to furnish to the Employer documentary evidence from the insurer in support of the insurer's inability as aforesaid. Further, in cases where the Contractor intends to provide the requisite insurance coverage under policy(ies) which are in the nature of or similar to 'Open Insurance Policy' and/or such other policies which serve the purpose set forth for insurance required, taken and maintained in effect by the Contractor in the course of its operations as going concern, the same shall be acceptable provided it meets the requirements specified herein to the satisfaction of the Employer.

(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 therefor) and to the construction equipment to be provided by the Contractor or its Subcontractors.

(b) Installation All Risks Insurance

Covering physical loss or damage to the Facilities at the Site, occurring prior to completion of the Facilities, with 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
110% of the (Contract Price)	NIL	Contractor/ Sub-contractor & Employer	Receipt at site	Upto Defect Liability period

(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

Amount	Deductible limits	Parties Insured	From	To
110% of the total CIP Cost	NIL	Contractor & Employer	Dispatch	Delivery at Site

NRs. 0.5 million per person per occasion	NIL	Contractor/ Sub-contractor	Commencement of work	Upto Defect Liability period
NRs 1 million	NIL	Third party Personnel	Commencement of work	Upto Defect Liability period
NRS 4 million	NIL	Employer's Property	Commencement of work	Upto Defect Liability period

(d) Automobile Liability Insurance

Covering use of all vehicles used by the Contractor or its Subcontractors (whether or not owned by them) 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 Insurances

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

Amount	Deductible limits	Parties Insured	From	To
To be indicated by the	NIL	Contractor/	Receipt at	Upto Defect

Contractor		Sub-contractor & Employer	site	Liability period
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The Employer shall be named as co-insured under all insurance policies taken out by the Contractor pursuant to GC Sub-Clause 34.1, except for the Third Party Liability, Workers' Compensation and Employer's Liability Insurances, and the Contractor's Subcontractors shall be named as co-insureds under all insurance policies taken out by the Contractor pursuant to GC Sub-Clause 34.1, except for the Cargo, Workers' Compensation and Employer's Liability Insurances. 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.

Insurances to Be Taken Out By the Employer

(Not Applicable)

Appendix-4-Time Schedule

1. Description of Facilities: Design, Supply, Construction, Installation, Testing and Commissioning of Koshi Corridor 220 kV Substations

Name of Facilities	Completion Time required by the Employer from the Effective Date:	Completion date guaranteed by the bidder from the Effective Date
220 KV Substations Tumlingtar, Baneshwar & Basantapur and supply and installation of equipments for 2 nos 220 kV Bay at Inaruwa	Thirty (30) Months	

- 1.1 The activity (ies) under the Contractor's programme for Project Completion shall be in the form of a master network (MNW) and shall identify the various activities like design, engineering, manufacturing, supply, installation, factory testing, transportation to site, site testing and commissioning, trial operation and Taking Over etc. of the Facilities or specific part thereof (where specific parts are specified in PC). The network shall conform to the above Project Completion Schedule.

This master network will be discussed and agreed before Award in line with above, engineering drawing and data submission schedule shall also be discussed and finalised before Award. Liquidated damages for delay in successful completion of the Facilities or specific part thereof (where specific parts are specified in PC) and Operational Acceptance at rates specified in PC GC Clause 26 shall be applicable beyond the date specified above.

- 1.2 The Employer reserves the right to request minor changes in the work schedule at the time of Award of Contract to the successful Bidder.

- 1.3 The successful Bidder shall be required to prepare detailed Network(s) and project implementation plans & programmes and finalise the same with the Employer as per the requirement specified in Technical Specifications, which shall form a part of the Contract. The detailed Network(s) and project implementation plans & programmes

shall preferably be preferably prepared in Primavera or in MS Project or in the latest Project Management tool as convenient to Employer.

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

A list of major items of Plant and Installation Services is provided below.

The following Subcontractors and/or manufacturers are approved for carrying out the items of the Facilities indicated below. 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 GC Sub-Clause 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 Installation Services	Approved Subcontractors/Manufacturers	Nationality
Power Transformer		
Circuit Breaker		
Isolator with without earth switch		
CTs/PTs/CVTs		
Surge Arrestor		
SAS(Control & Protection PANEL) & 33 KV Switch gear Panel		
OPGW and Optical Fibre Communication Terminal Equipment		
DC Battery and Battery chargers		
ACDB /DCDB		
Insulator , Hard ware fittings & any other accessories		
Control cable / Power cable		
Steel Structures		
Substation designer firm		
Erection and Installation		
.....		
.....		

.....		
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Note: the above list is indicative and can be extended as convenient.

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

The following personnel, facilities, works and supplies will be provided/supplied by the Employer, and the provisions of GC 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 GC Sub-Clause 18.2.

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

Personnel

None

Charge to Contractor (if any)

None

Facilities

i) Arrangement of Power Interruption of Transmission Line, Distribution Lines and / or Substations.

ii) The employer shall assist the contractor to obtain all permits, approval and/or Licenses from all Local, State or National government authorities or public service undertaking in the country where site is located.

Charge to Contractor (if any)

as per the rules of NEA

The expenses to obtain all permits, approval and /or service licenses mentioned shall be borne by Contractor.

Works

None

Supplies

None

Electricity and Water: The Contractor shall be entitled to use for the purpose of the Facilities such supplies of electricity and water as may be available on the site and shall provide any apparatus necessary for such use. The Contractor shall pay the Employer at the applicable tariff plus Employer's overheads, if any, for such use. Where such supplies are not available, the Contractor shall make his own arrangement for provision of any supplies he may require.

Appendix-7-List of Documents for Approval or Review

Pursuant to GC Sub-Clause 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 GC Sub-Clause 18.2 (Program of Performance), the following documents for

A. Approval

As mentioned in the relevant chapter/Section of the Technical Specifications of the Bidding documents and the following

- a. Names of manufacturers
- b. Location of factory of manufacture of principal items of equipments
- c. Names of subcontractors
- d. List of drawings to be submitted for approval
- e. Temporary connections and safety
- f. Programme of Manufacturer quality plan and inspection, testing procedures and testing methods
- g. All kinds of test reports includes Type Test Report and
- h. Geographic location of routine Tests
- i. Corrosion protection and painting
- j. Aggregate and grading of aggregates
- k. Use of admixtures, concrete mixing, steel reinforcement and formwork
- l. Marking and labelling of equipment
- m. Guaranteed Technical, particular of equipment
- n. Any other documents as desired by the Employer

B. Review:

As mentioned in the relevant chapter/Section of the Technical Specifications of the Bidding documents and the following

- a. Designed and calculation procedures for each component forming part of the Plant
- b. All drawings prepared by the Contractor

- c. Operations and maintenance instructions
- d. Procedure for Test on Completion
- e. Protection calculation / recalculation and setting.`
- f. Any other documents as desired by the Employer

Note:

Bidder shall furnish the exhaustive list, which shall be discussed and finalised for incorporation into the Contract Agreement.

Appendix-8-Functional Guarantees

Loss capitalization

The guaranteed transformer losses will be capitalized as follows for evaluation purpose:

- a) No load losses: US\$ 4684 per kW
- b) Load losses: US\$ 1180 per kW
- c) Losses associated cooling fan load: US\$ 393 per kW

The Guaranteed values of transformer loss are as follows

Required Functional Guarantee	Value of Functional Guarantee of the Proposed Plant and Equipment		
	No Load Loss (KW)	Load Loss (KW) at 75 Deg C	Cooling Fan Loss (KW) at 75 Deg C
(1). 220/132 kV, 33.33 MVA Single phase auto transformer	3 * (Single Unit)	3 * (Single Unit)	3 * (Single Unit)
(2). 220/33 kV, 25/30 MVA, Three Phase Power Transformer			
(3). 132/33 kV, 25/30 MVA, Three Phase Power Transformer			
(4) 33/0.4 kV, 400 KVA Station Transformer			

Guaranteed values not reached.

If the individual losses of a power transformer as measured during test exceeds the values Guaranteed in the Bid, then for each kilowatt of losses in excess of the losses guaranteed, an

amount at the rates of twice the rates specified above for no-load losses and load-losses shall be deducted from the Contract Price of the successful Bidder.

PERFORMANCE GUARANTEE

The performance figures quoted on Technical Data Sheet shall be guaranteed within the tolerances permitted by relevant standards listed under Volume II–Employer’s Requirements, and shall become a part of the successful Bidder's Contract. In case of loss capitalization, no tolerance shall be permitted for the guaranteed value. The transformer will be rejected if the measured no load and load losses (excluding fan loss) exceed the guaranteed value by over 15% provided that the total losses do not exceed 10% as specified.

3. PERFORMANCE SECURITY FORM**Bank Guarantee - Unconditional**

Date.....

Contract No.....

[Name of Contract]

ToNepal Electricity Authority

Koshi Corridor 220 kV Transmission Line Project

NEA Training Centre Building, Kharipati

Bhaktapur, Nepal

Dear Ladies and/or Gentlemen,

We refer to the Contract ("the Contract") vide Notification of Award Ref. No.....(*insert reference no.*)..... dated(*insert date*)..... between you and M/s (*Name of Contractor*), having its Principal place of business at(*Address of Contractor*) and Registered Office at(*Registered address of Contractor*) ("the Contractor") concerning (*Indicate brief scope of work*) for the complete execution of the (*insert name of Package alongwith name of the Project*)..... [*Applicable for Bank Guarantees issued by Contractor/Associate for those Contracts awarded to them*]

Or

We refer to the Contract vide Notification of Award Ref. No.....(*insert reference no.*)..... dated(*insert date*)..... between you and M/s (*Name of Contractor*), having its Principal place of business at(*Address of Contractor*) and Registered Office at

.....(*Registered address of Contractor*)
 ("the Contractor") and the
 Contract ("the Contract") signed on(*insert date of the Contract*).....
 between you and M/s (*Name of Associate*), having its
 Principal place of business at(*Address of Associate*)
 and Registered Office at(*Registered address of Associate*)
, the Associate of the
 Contractor for executing the Facilities concerning (*Indicate brief
 scope of work*) for the complete execution of the (*insert
 name of Package along with name of the Project*)..... [Applicable for Bank
 Guarantees to be issued by Contractor against those Contracts awarded to their
 Associate]

By this letter we, the undersigned,(*insert name & address of the issuing
 bank*), a Bank (which expression shall include its successors, administrators,
 executors and assigns) organized under the laws of and
 having its Registered/Head Office at(*insert address of registered office of
 the bank*)..... do hereby irrevocably guarantee payment to you up to
 i.e., ten percent (10%) of the Contract Price until Ninety (90)
 days beyond the Defect Liability Period i.e., upto and inclusive of
 (dd/mm/yy).

We undertake to make payment under this Letter of Guarantee upon receipt by us of
 your first written demand signed by your duly authorized officer declaring the
 Contractor to be in default under the Contract and without cavil or argument any sum
 or sums within the above named limits, without your need to prove or show grounds
 or reasons for your demand and without the right of the Contractor to dispute or
 question such demand.

Our liability under this Letter of Guarantee shall be to pay to you whichever is the
 lesser of the sum so requested or the amount then guaranteed hereunder in respect

of any demand duly made hereunder prior to expiry of the Letter of Guarantee, without being entitled to inquire whether or not this payment is lawfully demanded.

This letter of Guarantee shall remain in full force and shall be valid from the date of issue until sixty (60) days beyond the Defect Liability Period of the Facilities i.e. upto and inclusive of (dd/mm/yy) and shall be extended from time to time for such period (not exceeding one year), as may be desired by M/s. on whose behalf this Letter of Guarantee has been given.

Except for the documents herein specified, no other documents or other action shall be required, notwithstanding any applicable law or regulation.

Our liability under this Letter of Guarantee shall become null and void immediately upon its expiry, whether it is returned or not, and no claim may be made hereunder after such expiry or after the aggregate of the sums paid by us to you shall equal the sums guaranteed hereunder, whichever is the earlier.

We hereby agree that any part of the Contract may be amended, renewed, extended, modified, compromised, released or discharged by mutual agreement between you and the Contractor, and this security may be exchanged or surrendered without in any way impairing or affecting our liabilities hereunder without notices to us and without the necessity for any additional endorsement, consent or guarantee by us, provided, however, that the sum guaranteed shall not be increased or decreased.

No action, event or condition which by any applicable law should operate to discharge us from liability hereunder shall have any effect and we hereby waive any right we may have to apply such law so that in all respects our liability hereunder shall be irrevocable and, except as stated herein, unconditional in all respects.

This Guarantee is subject to Uniform Rules for Demand Guarantees, ICC Publication No. 758, except that sub-paragraph (ii) of Sub-article 15(a) is hereby excluded.

Yours truly,

Name of the Bank

.....

Authorized Signature

Signature of Witness.....

Name.....

Address.....

Note :

1. The non-judicial stamp papers of appropriate value, if required as per laws of the country of the bidder, shall be purchased in the name of Bank who issues the 'Bank.

2. The Bank Guarantee shall be signed on all the pages by the Bank Authorities indicating their POA nos. and should invariably be witnessed.

3. Performance Security is to be provided by the successful bidder in the form of a bank guarantee which should be issued either:

(a) by a reputed bank located in the country of Employer and acceptable to the Employer, or

(b) by a foreign bank confirmed by either its correspondent bank located in the country of Employer which should be reputed and acceptable to the Employer, or

(c) by a Public Sector Bank in the country of Employer.

All banks except Public Sector Banks of the Employer's country shall have with overall international corporate rating or rating of long term debt not less than A- (A minus) or equivalent by a reputed rating agency.

4. The Bank Guarantee should be in accordance with the proforma as provided. However, in case the issuing bank insists for additional paragraph for limitation of liability, the following may be added at the end of the proforma of the bank guarantee:

“Notwithstanding anything contained herein:

- (i) Our liability under this Bank Guarantee shall not exceed _____(*Value in figures*)_____ (..... *Value in words*.....).
- (ii) This Bank Guarantee shall be valid upto(*validity date*).....
- (iii) We are liable to pay the guaranteed amount or any part thereof under this bank guarantee only & only if we receive a written claim or demand on or before(*validity date*)..... ..”

4. BANK GUARANTEE FORM FOR ADVANCE PAYMENT

Date.....

Contract No.....

*[Name of Contract]*To: *[Name and address of the Employer]*

Dear Ladies and/or Gentlemen,

We refer to the Contract ("the Contract") vide Notification of Award Ref. No.....(*insert reference no.*)..... dated(*insert date*)..... between you and M/s (*Name of Contractor*), having its Principal place of business at(*Address of Contractor*) and Registered Office at(*Registered address of Contractor*) ("the Contractor") concerning (*Indicate brief scope of work*) for the complete execution of the (*insert name of Package alongwith name of the Project*).....

Whereas, in accordance with the terms of the said Contract, the Employer has agreed to pay or cause to be paid to the Contractor an Advance Payment in the amount of (*Amount of foreign currency in words*) (*Amount in figures*) and (*Amount of local currency in words*) (*Amount in figures*).

By this letter we, the undersigned,(*insert name & address of the issuing bank*), a Bank (which expression shall include its successors, administrators, executors and assigns) organized under the laws of and

having its Registered/Head Office at(*insert address of registered office of the bank*)..... do hereby irrevocably guarantee repayment of the said amounts upon the first demand of the Employer without cavil or argument in the event that the Contractor fails to commence or fulfill its obligations under the terms of the said Contract, and in the event of such failure, refuses to repay all or part (as the case may be) of the said advance payment to the Employer.

Provided always that the Bank's obligation shall be limited to an amount equal to the outstanding balance of the advance payment, taking into account such amounts, which have been repaid by the Contractor from time to time in accordance with the terms of payment of the said Contract as evidenced by appropriate payment certificates by Nepal Electricity Authority.

This Guarantee shall remain in full force from the date upon which the said advance payment is received by the Contractor upto ninety (90) days beyond the date on which the entire advance so advanced along with the interest (if any) due thereon has been fully adjusted in terms of the Contract i.e., upto of ninety (90) days beyond the date of Completion of the Facilities under the Contract. This Guarantee may be extended from time to time, as may be desired by M/s. on whose behalf this Guarantee has been issued.

Any claims to be made under this Guarantee must be received by the Bank during its period of validity, i.e. upto ninety (90) days beyond the date of Completion of the Facilities by the Employer i.e. upto and inclusive of (*dd/mm/yy*).

This Guarantee is subject to Uniform Rules for Demand Guarantees, ICC Publication No. 458.

Yours truly,
Name of the Bank

Authorized Signature

Signature of Witness.....

Name.....

Address.....

Note :

1. The non-judicial stamp papers of appropriate value, if required as per laws of the country of the bidder, shall be purchased in the name of Bank who issues the 'Bank Guarantee'.

2. The Bank Guarantee shall be signed on all the pages by the Bank Authorities indicating their POA nos. and should invariably be witnessed.

3. Advance Bank Guarantee is to be provided by the successful bidder in the form of a bank guarantee which should be issued either:

(a) by a reputed bank located in the country of Employer and acceptable to the Employer, or

(b) by a foreign bank confirmed by either its correspondent bank located in the country of Employer which should be reputed and acceptable to the Employer, or

(c) by a Public Sector Bank in the country of Employer.

All banks except Public Sector Banks of the Employer's country shall have with overall international corporate rating or rating of long term debt not less than A- (A minus) or equivalent by a reputed rating agency.

4. The Bank Guarantee should be in accordance with the proforma as provided. However, in case the issuing bank insists for additional paragraph for limitation of liability, the following may be added at the end of the proforma of the bank guarantee:

“Notwithstanding anything contained herein:

- (i) Our liability under this Bank Guarantee shall not exceed _____(*Value in figures*)_____ (..... *Value in words*.....).
- (ii) This Bank Guarantee shall be valid upto(*validity date*).....
- (iii) We are liable to pay the guaranteed amount or any part thereof under this bank guarantee only & only if we receive a written claim or demand on or before(*validity date*)..... .”

5. FORM OF TAKING OVER CERTIFICATE / COMPLETION CERTIFICATE

Date.....

Name of Contract.....

Contract No.....

To :

(Name and address of the Contractor)

Dear Ladies and/or Gentlemen,

Pursuant to GC 24 (Completion of the Facilities) of the General Conditions entered into between yourselves and the Employer dated relating to the (*insert brief description of the Facilities*)..... we hereby notify you that the following part(s) of the Facilities was (were) completed on the date specified below, and that, in accordance with the terms of the Contract, the Employer hereby takes over the said part(s) of the Facilities, together with the responsibility for care and custody and the risk of loss thereof on the date mentioned below :

1. Description of the Facilities or part thereof.....

.....

2. Date of Completion:.....

However, you are required to complete the outstanding items listed in the attachment hereto as soon as practicable.

This letter does not relieve you of your obligation to complete the execution of the Facilities in accordance with the Contract nor of your obligations during the Defects Liability Period.

Very truly yours,

Title

6. FORM OF EXTENSION OF BANK GUARANTEE BY THE BANK

Ref. No..... Dated:.....

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

Dear Sirs,

Sub.: Extension of Bank Guarantee No. dated for
, issued to you on behalf of M/s. *(insert name of the Contractor)* in respect of Contract No. dated
 for *(insert name of the Package alongwith the Project name)*
 (hereinafter called original Bank Guarantee).

At the request of M/s..... *(insert name of the Contractor)*, We
 *(insert name & address of the issuing bank)*, a Bank organized
 under the laws of and having its Registered/Head Office at
 *(insert address of registered office of the bank)* do hereby
 extend our liability under the above-mentioned Guarantee No.
 Dated for a further period of
 Years/Months from to expire on Except as provided
 above, all other terms and conditions of the original Bank Guarantee No.
 dated shall remain unaltered and binding.

Please treat this as an integral part of the original Guarantee to which it would be
 attached.

Yours Faithfully,

For

Manager/Agent/Accountant

Power of Attorney No.....

Dated.....

SEAL OF BANK

Note:

1. The non-judicial stamp papers of appropriate value, if required as per laws of the country of the bidder, shall be purchased in the name of Bank who issues the 'Bank Guarantee'.
2. The Bank Guarantee shall be signed on all the pages by the Bank Authorities indicating their POA nos. and should invariably be witnessed.

7. FORM OF OPERATIONAL ACCEPTANCE CERTIFICATE

Date.....

Name of Contract.....

Contract No.....

To :

(Name and address of the Contractor)

Dear Ladies and/or Gentlemen,

Pursuant to GC 25.3 (Operational Acceptance) of the General Conditions of the Contract entered into between yourselves and the Employer dated relating to the (insert brief description of the Facilities)..... we hereby notify you that the conditions for Operational Acceptance in respect of the Facilities or the following part(s) of the Facilities as mentioned below have been fulfilled by you in accordance with PC GC Sub-clause 25.3.1 of the Contract :

a)[specify description of Facilities or part(s) of the Facilities].....
have been commissioned and Taking-over Certificate has been issued by us on
.....[specify date].....;

b) Functional Guarantees are met*/liquidated damages have been paid by you as per
Appendix – 8 of the Contract Agreement* (in case Functional Guarantees are
applicable); and

[* delete whichever is not applicable]

c) any minor items pursuant to PC GC Sub-Clause 24.9 of Contract relevant to
.....[specify description of Facilities or part(s) of the Facilities].....
have been completed by you on[specify date].....as per agreed
schedule.

Accordingly, the date of Operational Acceptance of[specify description of
Facilities or part(s) of the Facilities].....is:.....[specify date].....

This Operational Acceptance Certificate does not relieve you of your obligation during the
Defects Liability Period and Latent Defect warranty.

Very truly yours,

Title

(Project Manager)