

<p style="text-align: center;">PROCUREMENT GUIDELINE REFERENCE: 5.4.4</p> <p style="text-align: center;">ADVANCE PAYMENT FOR WORKS AND GOODS</p> <p style="text-align: center;">CONTRACTS</p> <p>Advance payment for any contract for Works shall be as follows:</p> <ul style="list-style-type: none"> (i) a maximum of twenty percent (20%) of the contract sum (less any provisional sums and contingencies) against the submission of an acceptable advance payment guarantee; ; and (ii) the advance payment shall be fully recovered before ninety percent (90%) of the payments are made to the contractor. <p>Advance payment for goods contract shall be as follows:</p> <p>When the bidding documents require opening of letters of credit (LC) in favour of the PE, the cost of which shall be borne by the supplier, an advance payment not exceeding the SLR equivalent of thirty percent thirty percent (30%) of the value of LC may be paid, on the submission of a guarantee acceptable to the PE.</p> <p>Advance payment guarantee issued in the format given below by the following agencies are acceptable:</p> <p>The advance payment guarantees issued by the following agencies are acceptable provided the guarantee is furnished without a critical departure to the format given in this manual with respect to the amount validity and payment of guaranteed amount upon receipt of first demand in writing.</p> <ul style="list-style-type: none"> ▪ A commercial bank operating in Sri Lanka; ▪ A bank based in another country but the guarantee "confirmed" by a bank operating in Sri Lanka; ▪ Construction Guarantee Fund; ▪ Insurance Agencies; <p>The PE should note that in the event of an extension of the Time For Completion of the Contract, the PE would need to request an extension of this guarantee from the Guarantor. Such request must be in writing and must be made prior to the expiration date established in the guarantee.</p>
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ACCEPTABLE FORMAT FOR ADVANCE PAYMENT GUARANTEE

Advance payment securities issued in the format given below is acceptable:

----- [Name and address of Agency, and Address of Issuing Branch or Office] -----

Beneficiary: ----- [Name and Address of Employer]

Date: -----

ADVANCE PAYMENT GUARANTEE No.: -----

We have been informed that ----- [name of Contractor/supplier] (hereinafter called "the Contractor") has entered into Contract No. ----- [reference number of the contract] dated ----- with you, for the ----- (insert "construction" or "supply") of ----- [name of contract and brief description] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, an advance payment in the sum ----- [amount in figures] (----- [amount in words]) is to be made against an advance payment guarantee.

At the request of the Contractor, we ----- [name of issuing agency] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of ----- [amount in figures] (----- [amount in words]) upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation under the Contract.

The maximum amount of this guarantee shall be progressively reduced by the amount of the advance payment repaid by the Contractor.

This guarantee shall expire, Insert the date, 28 days beyond the expected expiration date of the Contract

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

[Signature(s)]

¹ The Guarantor shall insert an amount representing the amount of the advance payment and denominated either in the currency(ies) of the advance payment as specified in the Contract