Contract Agreement – Works

THIS AGREEMENT *{number\_contract}* made the ***{day\_contract}*** day of ***{month\_contract}***, ***{year\_contract}***.

BETWEEN

(1) The *{name\_purchaser}*, having its principal place of business at *{adress\_purchaser}* (hereinafter called “the Employer”), of the one part, and

(2) *{name\_supplier}*, a corporation incorporated under the laws of *{supplier\_country}* and having its principal place of business at *{adress\_supplier}* (hereinafter called “the Contractor”), of the other part:

The Employer and the Contractor agree as follows:

* 1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Contract documents referred to.
  2. The following documents shall be deemed to form and be read and construed as part of this Agreement. This Agreement shall prevail over all other Contract documents.

1. the Contractor’s quotation – Attachment 1;
2. the Conditions of Contract, including any Appendices;
3. the Specifications, as applicable;
4. the Drawings, as applicable;
5. Bill of Quantities or Activity Schedule, as appropriate; and
6. any other document listed in the CC as forming part of the Contract.
   1. In consideration of the payments to be made by the Employer to the Contractor as specified in this Agreement, the Contractor hereby covenants with the Employer to execute the Works and to remedy defects therein in conformity in all respects with the provisions of the Contract.
   2. The Employer hereby covenants to pay the Contractor in consideration of the execution and completion of the Works and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the Contract at the times and in the manner prescribed by the Contract.
   3. [The electronic offer and acceptance through the Online Bidding Solution – SOL by each Party shall cause this Agreement to have](https://www.lawinsider.com/clause/legally-binding) been executed by the Parties hereto of their own free will, without any coercion or undue influence and shall be valid and legally binding on both parties from the date above written.

IN WITNESS whereof the parties hereto have caused this Agreement to be executed in accordance with the laws of *{purchaser\_country}* on the day, month and year indicated above.

**For and on behalf of the Employer:**

Accepted digitally on the Online Bidding Solution – SOL by: *{name\_legal\_representative\_purchaser}*

in the capacity of *{role\_purchaser}*

**For and on behalf of the Contractor:**

Accepted digitally on the the Online Bidding Solution – SOL by: *{name\_legal\_representative\_supplier}*

in the capacity of *{role\_supplier}*

Conditions of Contract – Works

Table of Clauses

[A. General 3](#_Toc47042312)

[1. Definitions 3](#_Toc47042313)

[2. Contract Specific Information 5](#_Toc47042314)

[3. Interpretation 7](#_Toc47042315)

[4. Project Manager’s Decisions 7](#_Toc47042316)

[5. Subcontracting 7](#_Toc47042317)

[6. Cooperation 7](#_Toc47042318)

[7. Personnel and Equipment 8](#_Toc47042319)

[8. Employer’s and Contractor’s Risks 11](#_Toc47042320)

[9. Employer’s Risks 11](#_Toc47042321)

[10. Contractor’s Risks 11](#_Toc47042322)

[11. Site Data 11](#_Toc47042323)

[12. Contractor to Construct the Works 12](#_Toc47042324)

[13. Approval by the Project Manager 12](#_Toc47042325)

[14. Health, Safety and Protection of the Environment 12](#_Toc47042326)

[15. Archaeological and Geological Findings 12](#_Toc47042327)

[16. Possession of the Site 13](#_Toc47042328)

[17. Access to the Site 13](#_Toc47042329)

[18. Instructions, Inspections and Audits 13](#_Toc47042330)

[19. Fraud and Corruption 13](#_Toc47042331)

[20. Security of the Site 14](#_Toc47042332)

[B. Time Control 14](#_Toc47042333)

[21. Program and Progress Reports 14](#_Toc47042334)

[22. Extension of the Completion Date 14](#_Toc47042335)

[23. Delays Ordered by the Project Manager 15](#_Toc47042336)

[24. Management Meetings 15](#_Toc47042337)

[25. Early Warning 15](#_Toc47042338)

[C. Quality Control 15](#_Toc47042339)

[26. Identifying Defects 15](#_Toc47042340)

[27. Tests 15](#_Toc47042341)

[28. Correction of Defects 15](#_Toc47042342)

[29. Uncorrected Defects 16](#_Toc47042343)

[D. Cost Control 16](#_Toc47042344)

[30. Contract Price 16](#_Toc47042345)

[31. Changes in the Contract Price 16](#_Toc47042346)

[32. Variations 16](#_Toc47042347)

[33. Payment Certificates 17](#_Toc47042348)

[34. Payments 18](#_Toc47042349)

[35. Compensation Events 18](#_Toc47042350)

[36. Tax 19](#_Toc47042351)

[37. Price Adjustment 19](#_Toc47042352)

[38. Liquidated Damages and Bonuses 19](#_Toc47042353)

[39. Cost of Repairs 20](#_Toc47042354)

[E. Finishing the Contract 20](#_Toc47042355)

[40. Completion 20](#_Toc47042356)

[41. Taking Over 20](#_Toc47042357)

[42. Final Account 20](#_Toc47042358)

[43. Operating and Maintenance Manuals 20](#_Toc47042359)

[44. Termination 20](#_Toc47042360)

[45. Payment upon Termination 21](#_Toc47042361)

[46. Property 22](#_Toc47042362)

[47. Release from Performance 22](#_Toc47042363)

**Conditions of Contract – Works**

|  |  |
| --- | --- |
| A. General | |
| 1. Definitions | * 1. The following words and expressions shall have the meanings hereby assigned to them. Boldface type is used to identify defined terms.  1. The **Accepted Contract Amount** means the amount offered by the Contractor and agreed by the Employer for the execution and completion of the Works and the remedying of any defects, indicated in **CC 2.1(f)**. 2. The **Activity Schedule** is a schedule of the activities comprising the construction, installation, testing, and commissioning of the Works in a lump-sum contract. It includes a lump-sum price for each activity, which is used for valuations and for assessing the effects of Variations and Compensation Events. 3. **“Bank”** means the World Bank and refers to the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA). 4. **Bill of Quantities** means the priced and completed Bill of Quantities forming part of the Contractor’s offer. 5. **Compensation Events** are those defined in **CC 40**. 6. The **Completion Date** is the date of completion of the Works as certified by the Project Manager, in accordance with **CC 40.1**. 7. The **Contract** is the Contract between the Employer and the Contractor to execute, complete, and maintain the Works. It consists of the documents listed in **CC 3.3** below. 8. The **Contractor** is the party whose offer to carry out the Works has been accepted by the Employer. 9. The **Contract Price** is the Accepted Contract and thereafter as adjusted in accordance with the Contract. 10. **Days** are calendar days; months are calendar months. 11. A **Defect** is any part of the Works not completed in accordance with the Contract. 12. The **Defects Liability Certificate** is the certificate issued by Project Manager upon correction of defects by the Contractor. 13. The **Defects Liability Period** is the period specified in **CC 2.7** and calculated from the Completion Date. 14. **Drawings** means the drawings of the Works, as included in the Contract, and any additional and modified drawings issued by (or on behalf of) the Employer in accordance with the Contract, include calculations and other information provided or approved by the Project Manager for the execution of the Contract. 15. The **Employer** is the party who employs the Contractor to carry out the Works, **as specified in CC 2.1.** 16. **Equipment** is the Contractor’s machinery and vehicles brought temporarily to the Site to construct the Works. 17. “**In writing”** or “**written”** means hand-written, type-written, printed or electronically made, and resulting in a permanent record. 18. The **Intended Completion Date** is the date on which it is intended that the Contractor shall complete the Works as specified in **CC 2.1.** 19. **Materials** are all supplies, including consumables, used by the Contractor for incorporation in the Works. 20. The **Project Manager** is competent person appointed by the Employer and notified to the Contractor who is responsible for supervising the execution of the Works and administering the Contract. 21. The **Site** is the area defined as such in the **CC 2.1.** 22. **Site Investigation Reports** are those, if any, that were included in the request for quotation of the Works and are factual and interpretative reports about the surface and subsurface conditions at the Site. 23. **Specifications** means the Specifications of the Works included in the Contract and any modification or addition made or approved by the Project Manager. 24. The **Start Date** is defined in the CC. It is the latest date when the Contractor shall commence execution of the Works. 25. A **Subcontractor** is a person or corporate body who has a Contract with the Contractor to carry out a part of the work in the Contract, which includes work on the Site. 26. **Temporary Works** are works designed, constructed, installed, and removed by the Contractor that are needed for construction or installation of the Works. 27. A **Variation** is an instruction given by the Project Manager which varies the Works. 28. The **Works** are what the Contract requires the Contractor to construct, install, and turn over to the Employer, as defined in the **CC 2.1.** 29. “**Contractor’s Personnel**” refers to all personnel whom the Contractor utilizes on the Site or other places where the Works are carried out, including the staff, labor and other employees of each Subcontractor. 30. **“Key Personnel”** means the positions (if any) of the Contractor’s personnel that are included in the contract. 31. **“Sexual Exploitation and Abuse” “(SEA)”** means the following:   **Sexual Exploitation** is defined as any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another;  **Sexual Abuse** is defined as the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions;   1. **“Sexual Harassment” “(SH)”** is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature by the Contractor’s Personnel with other Contractor’s or Employer’s Personnel; and 2. **“Employer’s Personnel”** refers to the Project Manager and all other staff, labor and other employees (if any) of the Project Manager and of the Employer engaged in fulfilling the Employer’s obligations under the Contract; and any other personnel identified as Employer’s Personnel, by a notice from the Employer or the Project Manager to the Contractor. |
| 1. Contract Specific Information | * 1. **General**  1. The **Employer** is:***{name\_purchaser} , {purchaser\_cnpj} , {adress\_purchaser}.*** 2. The **Start Date** is 5 days from contract date. 3. The **Intended Completion Date** for the whole of the Works shall be: ***{date\_to\_delivery}*** 4. The **Site** is located at ***{website\_url}*** 5. The **Works** consist of: ***{process\_description}*.** 6. The **Accepted Contract Price** is**: *{contract\_value}.***    1. Any notice given by one Party to the other pursuant to the Contract shall be in writing to the address hereafter using the quickest available method such as electronic mail with proof of receipt.   **Address for notices to the Employer:**  *{name\_legal\_representative\_purchaser}*  *{role\_purchaser}*  *{adress\_purchaser}*  *{email\_purchaser}*  **Address for notices to the Contractor:**  *{name\_legal\_representative\_supplier}*  *{role\_supplier}*  *{adress\_supplier}*  *{supplier\_email}*   * 1. The Contract shall be governed by the **law** of **the Employer’s Country.**   2. **The contract specific information for the listed Conditions of Contract (CC) clauses follows**:   3. **CC 18**: **Site Possession Date(s)** shall be 5 days from contract date.   4. **CC 21.1**: A **Program** for the Works shall be submitted within: 5 days from the date of Contract signature.   5. **CC 21.2**:The period for submission of **progress reports** is every 30 days.   6. **CC 28** The **Defects Liability Period** shall be in accordance with the laws of the Employer’s country.   7. **CC 44.1**: The **liquidated damages** for the whole of the Works shall be: 0.1%of the final Contract Price per day.   8. **CC 44.1**: the **maximum amount of liquidated damages** for the whole of the Works is: 6%of the final Contract Price.   9. **CC 52.2**: The amount to be withheld: 1% of the Contract Price.   10. **CC 54.1**: The percentage to apply to the value of the work not completed is: 5% (five percent). |
| 1. Interpretation | * 1. In interpreting these CC, words indicating one gender include all genders. Words indicating the singular also include the plural and words indicating the plural also include the singular. Headings have no significance. Words have their normal meaning under the language of the Contract unless specifically defined. The Project Manager shall provide instructions clarifying queries about these CC.   2. The documents forming the Contract shall be interpreted in the following order of priority:  1. The Contract Agreement, 2. the Contractor’s quotation – Attachment 1, 3. the Conditions of Contract, including any Appendices, 4. the Specifications, 5. the Drawings, 6. the Bill of Quantities or Activity Schedule, as appropriate, and 7. any other document defined in the additional documents informed in the RFQ**.** |
| 1. Project Manager’s Decisions | * 1. Except where otherwise specifically stated, the Project Manager shall decide contractual matters between the Employer and the Contractor in the role representing the Employer. |
| 1. Subcontracting | * 1. The Contractor may subcontract with the approval of the Project Manager but may not assign the Contract without the approval of the Employer in writing. Subcontracting shall not alter the Contractor’s obligations. |
| 1. Cooperation | * 1. The Contractor shall cooperate with and allow appropriate opportunities for other contractors, public authorities, utilities, and the Employer, to carry out on or near the Site work, if any, not included in the Contract. |
| 1. Personnel and Equipment | * 1. The Contractor shall employ the Key Personnel and use the Equipment identified in its offer, to carry out the Works or other personnel and Equipment approved by the Project Manager. The Project Manager shall approve any proposed replacement of Key Personnel and Equipment only if their relevant qualifications or characteristics are substantially equal to or better than those proposed in the offer.   2. The Project Manager may require the Contractor to remove (or cause to be removed) any person employed on the Site or Works, including the Key Personnel (if any), who:  1. persists in any misconduct or lack of care; 2. carries out duties incompetently or negligently; 3. fails to comply with any provision of the Contract; 4. persists in any conduct which is prejudicial to safety, health, or the protection of the environment; 5. engages in Sexual Harassment, Sexual Exploitation, Sexual Abuse or in any form of sexual activity with individuals under the age of 18 except in case of pre-existing marriage; 6. based on reasonable evidence, is determined to have engaged in Fraud and Corruption during the execution of the Works; or 7. has been recruited from the Employer’s Personnel.   As appropriate, the Contractor shall then promptly appoint (or cause to be appointed) a suitable replacement with equivalent skills and experience.   * 1. Labor   *8.3.1 Engagement of Staff and Labor.* The Contractor shall provide and employ on the Site for the execution of the Works such skilled, semi-skilled and unskilled labor as is necessary for the proper and timely execution of the Contract. The Contractor is encouraged, to the extent practicable and reasonable, to employ staff and labor with appropriate qualifications and experience from local sources.  *8.3.2 Labor 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.  *8.3.3 Facilities for Staff and Labor.* The Contractor shall provide and maintain all necessary accommodation and welfare facilities for the Contractor’s Personnel if required by the laws of the Employer’s country.  *8.3. 4 Supply of Foodstuff*s. The Contractor shall arrange for the provision of a sufficient supply of suitable food at reasonable prices for the Contractor’s Personnel for the purposes of or in connection with the Contract if required by the laws of the Employer’s country.  *8.3.5 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 if required by the laws of the Employer’s country.  *8.3.6* Forced *Labor.* The Contractor, including its Subcontractors, shall not employ or engage forced labor. Forced labor *consists* of any work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty, and includes any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor-contracting arrangements.  No persons shall be employed or engaged who have been subject to trafficking. Trafficking in persons is defined as the recruitment, transportation, transfer, harboring or receipt of persons by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purposes of exploitation.  *8.3.7 Child* Labor. The Contractor, including its Subcontractors, shall *not* employ or engage a child under the age of 14 unless the national law specifies a higher age (the minimum age).  The Contractor, including its Subcontractors, shall not employ or engage a child between the minimum age and the age of 18 in a manner that is likely to be hazardous, 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.  The Contractor including its Subcontractors, shall only employ or engage children between the minimum age and the age of 18 after an appropriate risk assessment has been conducted by the Contractor with the Project Manager’s approval. The Contractor shall be subject to regular monitoring by the Project Manager that includes monitoring of health, working conditions and hours of work.  Work considered hazardous for children is work that, by its nature or the circumstances in which it is carried out, is likely to jeopardize the health, safety, or morals of children. Such work activities prohibited for children include work:   1. with exposure to physical, psychological or sexual abuse; 2. underground, underwater, working at heights or in confined spaces; 3. with dangerous machinery, equipment or tools, or involving handling or 4. transport of heavy loads; 5. in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or 6. under difficult conditions such as work for long hours, during the night or in confinement on the premises of the employer.   *8.3.8 Employment Records of Workers.* The Contractor shall keep complete and accurate records of the employment of labor at the Site.  *8.3.9* Non*-Discrimination and Equal Opportunity.* The Contractor shall not make decisions relating to the employment or treatment of Contractor’s Personnel on the basis of personal characteristics unrelated to inherent job requirements. The Contractor shall base the employment of Contractor’s Personnel on the principle of equal opportunity and fair treatment, and shall not discriminate with respect to any aspects of the employment relationship.  8.3.10 *Contractor’s Personnel Grievance Mechanism.* The Contractor shall have a proportionate grievance mechanism for Contractor’s Personnel.  *8.3.11 Awareness of Contractor’s Personnel.* The Contractor shall provide appropriate awareness to relevant Contractor’s Personnel on any applicable environmental and social aspects of the Contract, including on health, safety and prohibition of SEA and SH. |
| 1. Employer’s and Contractor’s Risks | * 1. The Employer carries the risks which this Contract states are Employer’s risks, and the Contractor carries the risks which this Contract states are Contractor’s risks. |
| 1. Employer’s Risks | * 1. From the Start Date until the Defects Liability Certificate has been issued, the following are Employer’s risks:  1. The risk of personal injury, death, or loss of or damage to property (excluding the Works, Plant, Materials, and Equipment), which are due to    1. use or occupation of the Site by the Works or for the purpose of the Works, which is the unavoidable result of the Works or    2. negligence, breach of statutory duty, or interference with any legal right by the Employer or by any person employed by or contracted to him except the Contractor. 2. The risk of damage to the Works, Plant, Materials, and Equipment to the extent that it is due to a fault of the Employer or in the Employer’s design, or due to war or radioactive contamination directly affecting the country where the Works are to be executed.    1. From the Completion Date until the Defects Liability Certificate has been issued, the risk of loss of or damage to the Works, Plant, and Materials is an Employer’s risk except loss or damage due to 3. a Defect which existed on the Completion Date, 4. an event occurring before the Completion Date, which was not itself an Employer’s risk, or 5. the activities of the Contractor on the Site after the Completion Date. |
| 1. Contractor’s Risks | * 1. From the Starting Date until the Defects Liability Certificate has been issued, the risks of personal injury, death, and loss of or damage to property (including, without limitation, the Works, Plant, Materials, and Equipment) which are not Employer’s risks are Contractor’s risks. |
| 1. Site Data | * 1. The Contractor shall be deemed to have examined any Site Data referred made available by the Employer specifically to the Contractor. |
| 1. Contractor to Construct the Works | * 1. The Contractor shall construct and install the Works in accordance with the Specifications and Drawings. |
| 1. Approval by the Project Manager | * 1. The Contractor shall submit Specifications and Drawings showing the proposed Temporary Works to the Project Manager, for his approval.   2. The Contractor shall be responsible for design of Temporary Works.   3. The Project Manager’s approval shall not alter the Contractor’s responsibility for design of the Temporary Works.   4. The Contractor shall obtain approval of third parties to the design of the Temporary Works, where required.   5. All Drawings prepared by the Contractor for the execution of the temporary or permanent Works, are subject to prior approval by the Project Manager before this use. |
| 1. Health, Safety and Protection of the Environment | * 1. The Contractor shall be responsible for the safety of all activities on the Site, and for taking care of the health and safety of all persons entitled to be on the Site and any other place where the Works are being executed   2. The Contractor shall comply with all applicable health and safety regulations and laws.   3. Protection of the environment  1. The Contractor shall take all necessary measures to: protect the environment (both on and off the Site); and 2. limit damage and nuisance to people and property resulting from pollution, noise and other results of the Contractor’s operations and/ or activities.    1. In the event of damage to the environment, property and/or nuisance to people, on or off Site as a result of the Contractor’s operations, the Contractor shall agree with the Project Manager the appropriate actions and time scale to remedy, as practicable, the damaged environment to its former condition. The Contractor shall implement such remedies at its cost to the satisfaction of the Project Manager. |
| 1. Archaeological and Geological Findings | * 1. All fossils, coins, articles of value or antiquity, structures, groups of structures, and other remains or items of geological, archaeological, paleontological, historical, architectural or religious interest found on the Site shall be placed under the care and custody of the Employer. |
| 1. Possession of the Site | * 1. If possession of a part is not given by the date stated in **CC 2.5,** the Employer shall be deemed to have delayed the start of the relevant activities, and this shall be a Compensation Event. |
| 1. Access to the Site | * 1. The Contractor shall allow the Project Manager and any person authorized by the Project Manager access to the Site and to any place where work in connection with the Contract is being carried out or is intended to be carried out. |
| 1. Instructions, Inspections and Audits | * 1. The Contractor shall carry out all instructions of the Project Manager which comply with the applicable laws where the Site is located. |
|  | * 1. The Contractor shall keep and shall make all reasonable efforts to cause its Subcontractors and subconsultants to keep, accurate and systematic accounts and records in respect of the Works in such form and details as will clearly identify relevant time changes and costs. |
|  | * 1. Inspections & Audit by the Bank   Pursuant to paragraph 2.2 e. of Appendix A to the CC- Fraud and Corruption, the Contractor shall permit and shall cause its agents (where declared or not), subcontractors, subconsultants, service providers, suppliers, and personnel, to permit, the Bank and/or persons appointed by the Bank to inspect the site and/or the accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have such accounts, records and other documents audited by auditors appointed by the Bank. The Contractor’s and its Subcontractors’ and subconsultants’ attention is drawn to **CC 19.1** (Fraud and Corruption) which provides, inter alia, that acts intended to materially impede the exercise of the Bank’s inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank’s prevailing sanctions procedures). |
| 1. Fraud and Corruption | * 1. The Bank requires compliance with the Bank’s Anti-Corruption Guidelines and its prevailing sanctions policies and procedures as set forth in the WBG’s Sanctions Framework, as set forth in Appendix A to the CC.   2. The Employer requires the Contractor to disclose any commissions or fees that may have been paid or are to be paid to agents or any other party with respect to the to the direct contracting process or execution of the Contract. The information disclosed must include at least the name and address of the agent or other party, the amount and currency, and the purpose of the commission, gratuity or fee. |
| 1. Security of the Site | * 1. The Contractor shall be responsible for the security of the Site, and:  1. for keeping unauthorized persons off the Site; 2. authorized persons shall be limited to the Contractor’s Personnel, the Employer’s Personnel, and to any other personnel identified as authorized personnel (including the Employer’s other contractors on the Site), by a notice from the Employer or the Project Manager to the Contractor.   The Contractor shall require the security personnel to act within the applicable Laws. |
| B. Time Control | |
| 1. Program and Progress Reports | * 1. The Contractor shall submit for approval a Program for the Works, within the period stated in **CC 2.5**. The Contractor may revise the Program and submit it to the Project Manager again at any time. A revised Program shall show any effect of Variations and Compensation Events.   2. The Contractor shall monitor progress of the Works and submit progress reports to the Project manager at intervals no longer than the period stated in **CC 2.6**.   3. In addition to the progress reports stated in **CC 2.6**, the Contractor shall inform the Project Manager immediately of any allegation, incident or accident in the Site, which has or is likely to have a significant adverse effect including, but is not limited to, any incident or accident causing fatality or serious injury; significant adverse effects or damage to private property; or any allegation of SEA and/or SH.   The Contractor shall provide full details of such incidents or accidents to the Project Manager within the timeframe agreed with the Project Manager. |
| 1. Extension of the Completion Date | * 1. The Project Manager shall extend the Intended Completion Date if a Compensation Event occurs or a Variation is issued which makes it impossible for Completion to be achieved by the Intended Completion Date without the Contractor taking steps to accelerate the remaining work, which would cause the Contractor to incur additional cost.   2. If the Contractor has failed to give early warning of a delay or has failed to cooperate in dealing with a delay, the delay by this failure shall not be considered in assessing the new Intended Completion Date. |
| 1. Delays Ordered by the Project Manager | * 1. The Project Manager may instruct the Contractor to delay the start or progress of any activity within the Works. |
| 1. Management Meetings | * 1. Either the Project Manager or the Contractor may require the other to attend a management meeting. The business of a management meeting shall be to review the plans for remaining work and to deal with matters raised in accordance with the early warning procedure. |
| 1. Early Warning | * 1. The Contractor shall warn the Project Manager at the earliest opportunity of specific likely future events or circumstances that may adversely affect the quality of the work, increase the Contract Price, or delay the execution of the Works.   2. The Contractor shall cooperate with the Project Manager in making and considering proposals for how the effect of such an event or circumstance can be avoided or reduced by anyone involved in the work and in carrying out any resulting instruction of the Project Manager. |
| C. Quality Control | |
| 1. Identifying Defects | * 1. The Project Manager shall check the Contractor’s work and notify the Contractor of any Defects that are found. Such checking shall not affect the Contractor’s responsibilities. The Project Manager may instruct the Contractor to search for a Defect and to uncover and test any work that the Project Manager considers may have a Defect. |
| 1. Tests | * 1. If the Project Manager instructs the Contractor to carry out a test not specified in the Specifications to check whether any work has a Defect and the test shows that it does, the Contractor shall pay for the test and any samples. If there is no Defect, the test shall be a Compensation Event. |
| 1. Correction of Defects | * 1. The Project Manager shall give notice to the Contractor of any Defects before the end of the Defects Liability specified in **CC 2.7**. The Defects Liability Period shall be extended for as long as Defects remain to be corrected.   2. Every time notice of a Defect is given, the Contractor shall correct the notified Defect within the length of time specified by the Project Manager’s notice. |
| 1. Uncorrected Defects | * 1. If the Contractor has not corrected a Defect within the time specified in the Project Manager’s notice, the Project Manager shall assess the cost of having the Defect corrected, and the Contractor shall pay this amount. |
| D. Cost Control | |
| 1. Contract Price[[1]](#footnote-1) | * 1. The Bill of Quantities shall contain priced items for the Works to be performed by the Contractor. The Bill of Quantities is used to calculate the Contract Price. The Contractor will be paid for the quantity of the work accomplished at the rate in the Bill of Quantities for each item. |
| 1. Changes in the Contract Price[[2]](#footnote-2) | * 1. If the final quantity of the work done differs from the quantity in the Bill of Quantities for the particular item by more than 25 percent, provided the change exceeds 1 percent of the Accepted Contract Amount, the Project Manager shall adjust the rate to allow for the change. The Project Manager shall not adjust rates from changes in quantities if thereby the Accepted Contract Amount is exceeded by more than 15 percent, except with the prior approval of the Employer.   2. If requested by the Project Manager, the Contractor shall provide the Project Manager with a detailed cost breakdown of any rate in the Bill of Quantities. |
| 1. Variations | * 1. All Variations shall be included in updated Programs[[3]](#footnote-3) produced by the Contractor.   2. The Contractor shall provide the Project Manager with a quotation for carrying out the Variation when requested to do so by the Project Manager. The Project Manager shall assess the quotation, which shall be given within 7 (seven) days of the request or within any longer period stated by the Project Manager and before the Variation is ordered.   3. If the Contractor’s quotation is unreasonable, the Project Manager may order the Variation and make a change to the Contract Price, which shall be based on the Project Manager’s own forecast of the effects of the Variation on the Contractor’s costs.   4. If the Project Manager decides that the urgency of varying the work would prevent a quotation being given and considered without delaying the work, no quotation shall be given and the Variation shall be treated as a Compensation Event.   5. The Contractor shall not be entitled to additional payment for costs that could have been avoided by giving early warning.   6. For admeasurement contracts, if the work in the Variation corresponds to an item description in the Bill of Quantities and if, in the opinion of the Project Manager, the quantity of work above the limit stated in **CC 31.1** or the timing of its execution do not cause the cost per unit of quantity to change, the rate in the Bill of Quantities shall be used to calculate the value of the Variation. If the cost per unit of quantity changes, or if the nature or timing of the work in the Variation does not correspond with items in the Bill of Quantities, the quotation by the Contractor shall be in the form of new rates for the relevant items of work. |
| 1. Payment Certificates | * 1. The Contractor shall submit to the Project Manager monthly statements of the estimated value of the work executed less the cumulative amount certified previously.   2. The Project Manager shall check the Contractor’s monthly statement and certify the amount to be paid to the Contractor.   3. The value of work executed shall be determined by the Project Manager.   4. The value of work executed shall comprise the value of the quantities of work in the Bill of Quantities that have been completed.[[4]](#footnote-4)   5. The value of work executed shall include the valuation of Variations and Compensation Events.   6. The Project Manager may exclude any item certified in a previous certificate or reduce the proportion of any item previously certified in any certificate in the light of later information. |
| 1. Payments | * 1. The Employer shall pay the Contractor the amounts certified by the Project Manager within 28 (twenty-eight) days of the date of each certificate. If the Employer makes a late payment, the Contractor shall be paid interest on the late payment in the next payment. The interest rate shall be at the prevailing rate of interest for inflation.   2. Items of the Works for which no rate or price has been entered in shall not be paid for by the Employer and shall be deemed covered by other rates and prices in the Contract. |
| 1. Compensation Events | * 1. The following shall be Compensation Events:  1. The Employer does not give access to a part of the Site by the Site Possession Date pursuant to **CC 2.4**. 2. The Project Manager orders a delay or does not issue Drawings, Specifications, or instructions required for execution of the Works on time. 3. The Project Manager instructs the Contractor to uncover or to carry out additional tests upon work, which is then found to have no Defects. 4. The Project Manager unreasonably does not approve a subcontract to be let. 5. Ground conditions are substantially more adverse than could reasonably have been assumed before contract signature from the information issued to the Contractor (including the Site Investigation Reports), from information available publicly and from a visual inspection of the Site. 6. The Project Manager gives an instruction for dealing with an unforeseen condition, caused by the Employer, or additional work required for safety or other reasons. 7. Other contractors, public authorities, utilities, or the Employer does not work within the dates and other constraints stated in the Contract, and they cause delay or extra cost to the Contractor. 8. The advance payment is delayed. 9. The effects on the Contractor of any of the Employer’s Risks. 10. The Project Manager unreasonably delays issuing a Certificate of Completion.     1. If a Compensation Event would cause additional cost or would prevent the work being completed before the Intended Completion Date, the Contract Price shall be increased and/or the Intended Completion Date shall be extended. The Project Manager shall decide whether and by how much the Contract Price shall be increased and whether and by how much the Intended Completion Date shall be extended.     2. As soon as information demonstrating the effect of each Compensation Event upon the Contractor’s forecast cost has been provided by the Contractor, it shall be assessed by the Project Manager, and the Contract Price shall be adjusted accordingly. If the Contractor’s forecast is deemed unreasonable, the Project Manager shall adjust the Contract Price based on the Project Manager’s own forecast. The Project Manager shall assume that the Contractor shall react competently and promptly to the event.     3. The Contractor shall not be entitled to compensation to the extent that the Employer’s interests are adversely affected by the Contractor’s not having given early warning or not having cooperated with the Project Manager. |
| 1. Tax | * 1. The Project Manager shall adjust the Contract Price if taxes, duties, and other levies are changed between the date 7 (seven) days before the submission of quotation for the Contract and the date of the last Completion certificate. The adjustment shall be the change in the amount of tax payable by the Contractor. |
| 1. Price Adjustment | * 1. **Prices shall not be adjusted for any fluctuations in the cost of inputs.** |
| 1. Liquidated Damages and Bonuses | * 1. The Contractor shall pay liquidated damages to the Employer at the rate per day statedin **CC** **2.8** for each day that the Completion Date is later than the Intended Completion Date. The total amount of liquidated damages shall not exceed the amount defined in **CC 2.9.** The Employer may deduct liquidated damages from payments due to the Contractor. Payment of liquidated damages shall not affect the Contractor’s liabilities.   2. If the Intended Completion Date is extended after liquidated damages have been paid, the Project Manager shall correct any overpayment of liquidated damages by the Contractor by adjusting the next payment certificate. The Contractor shall be paid interest on the overpayment, calculated from the date of payment to the date of repayment, at the rates specified in **CC 34.1**. |
| 1. Cost of Repairs | * 1. Loss or damage to the Works or Materials to be incorporated in the Works between the Start Date and the end of the Defects Correction periods shall be remedied by the Contractor at the Contractor’s cost if the loss or damage arises from the Contractor’s acts or omissions. |
| E. Finishing the Contract | |
| 1. Completion | * 1. The Contractor shall request the Project Manager to issue a Certificate of Completion of the Works, and the Project Manager shall do so upon deciding that the whole of the Works is completed. |
| 1. Taking Over | * 1. The Employer shall take over the Site and the Works within 7 (seven) days of the Project Manager’s issuing a Certificate of Completion. |
| 1. Final Account | * 1. The Contractor shall supply the Project Manager with a detailed account of the total amount that the Contractor considers payable under the Contract before the end of the Defects Liability Period. The Project Manager shall issue a Defects Liability Certificate and certify any final payment that is due to the Contractor within 56 (fifty-six) days of receiving the Contractor’s account if it is correct and complete. If it is not, the Project Manager shall issue within 56 (fifty six) days a schedule that states the scope of the corrections or additions that are necessary. If the Final Account is still unsatisfactory after it has been resubmitted, the Project Manager shall decide on the amount payable to the Contractor and issue a payment certificate. |
| 1. Operating and Maintenance Manuals | * 1. If “as built” Drawings and/or operating and maintenance manuals are required, the Contractor shall supply them by the Intended Completion Date.   2. If the Contractor does not supply the Drawings and/or manuals by the deadline above**,** or they do not receive the Project Manager’s approval, the Project Manager shall withhold the amount stated in **CC 2.10** from payments due to the Contractor. |
| 1. Termination | * 1. The Employer or the Contractor may terminate the Contract if the other party causes a fundamental breach of the Contract.   2. Fundamental breaches of Contract shall include, but shall not be limited to, the following: |
|  | 1. the Contractor stops work for 28 (twenty eight) days when no stoppage of work is shown on the current Program and the stoppage has not been authorized by the Project Manager; 2. the Project Manager instructs the Contractor to delay the progress of the Works, and the instruction is not withdrawn within 28 (twenty eight) days; 3. the Employer or the Contractor is made bankrupt or goes into liquidation other than for a reconstruction or amalgamation; 4. a payment certified by the Project Manager is not paid by the Employer to the Contractor within 84 (eighty four) days of the date of the Project Manager’s certificate; 5. the Project Manager gives Notice that failure to correct a particular Defect is a fundamental breach of Contract and the Contractor fails to correct it within a reasonable period of time determined by the Project Manager; 6. the Contractor has delayed the completion of the Works for which the maximum amount of liquidated damages can be paid, as specified in **CC 2.9**; or 7. if the Contractor, in the judgment of the Employer has engaged in Fraud and Corruption, as defined in paragraph 2.2 a of the Appendix A to the CC, in competing for or in executing the Contract, then the Employer may, after giving 14 (fourteen) days written notice to the Contractor, terminate the Contract and expel him from the Site.    1. Notwithstanding the above, the Employer may terminate the Contract for convenience. |
|  | * 1. If the Contract is terminated, the Contractor shall stop work immediately, make the Site safe and secure, and leave the Site as soon as reasonably possible. |
|  | * 1. When either party to the Contract gives notice of a breach of Contract to the Project Manager for a cause other than those listed under **CC 43.2** above, the Project Manager shall decide whether the breach is fundamental or not. |
| 1. Payment upon Termination | * 1. If the Contract is terminated because of a fundamental breach of Contract by the Contractor, the Project Manager shall issue a certificate for the value of the work done and Materials ordered less advance payments received up to the date of the issue of the certificate and less the percentage specified in **CC 2.11** to apply to the value of the work not completed**.** Additional Liquidated Damages shall not apply. If the total amount due to the Employer exceeds any payment due to the Contractor, the difference shall be a debt payable to the Employer.   2. If the Contract is terminated for the Employer’s convenience or because of a fundamental breach of Contract by the Employer, the Project Manager shall issue a certificate for the value of the work done, Materials ordered, the reasonable cost of removal of Equipment, repatriation of the Contractor’s personnel employed solely on the Works, and the Contractor’s costs of protecting and securing the Works, and less advance payments received up to the date of the certificate. |
| 1. Property | * 1. All Materials on the Site, Plant, Equipment, Temporary Works, and Works shall be deemed to be the property of the Employer if the Contract is terminated because of the Contractor’s default. |
| 1. Release from Performance | * 1. If the Contract is frustrated by the outbreak of war or by any other event entirely outside the control of either the Employer or the Contractor, the Project Manager shall certify that the Contract has been frustrated. The Contractor shall make the Site safe and stop work as quickly as possible after receiving this certificate and shall be paid for all work carried out before receiving it and for any work carried out afterwards to which a commitment was made. |

**Appendix A to the Conditions of Contract**

**Fraud and Corruption**

1. **Purpose**
   1. The Bank’s Anti-Corruption Guidelines and this appendix apply with respect to procurement under Bank Investment Project Financing operations.
2. **Requirements**
3. The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders (applicants/proposers), consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.
4. To this end, the Bank:
5. Defines, for the purposes of this provision, the terms set forth below as follows:
6. “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
7. “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
8. “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;
9. “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;
10. “obstructive practice” is:
11. 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
12. acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under paragraph 2.2 e. below.
13. Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/ or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
14. In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
15. Pursuant to the Bank’s Anti- Corruption Guidelines and in accordance with the Bank’s prevailing sanctions policies and procedures, may sanction a firm or individual, either indefinitely or for a stated period of time, including by publicly declaring such firm or individual ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;[[5]](#footnote-5) (ii) to be a nominated[[6]](#footnote-6) sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project;
16. Requires that a clause be included in bidding/request for proposals documents and in contracts financed by a Bank loan, requiring (i) bidders (applicants/proposers), consultants, contractors, and suppliers, and their sub-contractors, sub-consultants, service providers, suppliers, agents personnel, permit the Bank to inspect[[7]](#footnote-7) all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank.

1. In lump-sum contracts, CC 30.1 reads as follows:

   30.1 The Contractor shall provide updated Activity Schedules within 7 (seven) days of being instructed to by the Project Manager. The Activity Schedule shall contain the priced activities for the Works to be performed by the Contractor. The Activity Schedule is used to monitor and control the performance of activities on which basis the Contractor will be paid. If payment for materials on site shall be made separately, the Contractor shall show delivery of Materials to the Site separately on the Activity Schedule. [↑](#footnote-ref-1)
2. In lump-sum contracts, entire CC 31 is replaced with new CC 31.1, as follows:

   31.1 The Activity Schedule shall be amended by the Contractor to accommodate changes of Program or method of working made at the Contractor’s own discretion. Prices in the Activity Schedule shall not be altered when the Contractor makes such changes to the Activity Schedule. [↑](#footnote-ref-2)
3. In lump-sum contracts, “and Activity Schedules” is added after “Programs.” [↑](#footnote-ref-3)
4. In lump-sum contracts, this paragraph is replaced with the following: “The value of work executed shall comprise the value of completed activities in the Activity Schedule.” [↑](#footnote-ref-4)
5. For the avoidance of doubt, a sanctioned party’s ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification, expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract. [↑](#footnote-ref-5)
6. A nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the particular bidding document) is one which has been: (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower. [↑](#footnote-ref-6)
7. Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact-finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information. [↑](#footnote-ref-7)