



MODEL CONTRACT FOR WORKS

Date: | | .

Ref.: | |

The United Nations Development Programme (hereinafter referred to as "UNDP"), wishes to engage your company, | |, duly incorporated under the applicable and legally binding local Laws of Palestine (hereinafter referred to as the "Contractor") in order to perform | |, hereinafter referred to as the "Works"), in accordance with the following Contract:

1. Contract Documents

- 1.1 This Contract is subject to the UNDP General Conditions for Civil Works, Revision October 2000, attached hereto as Annex I. The provisions of such Annex shall control the interpretation of this Contract and in no way shall be deemed to have been derogated by the contents of this letter and any other Annexes, unless otherwise expressly stated under section 4 of this letter, entitled "Special Conditions".
- 1.2 The Contractor and UNDP also agree to be bound by the provisions contained in the following documents, which shall take precedence over one another in case of conflict in the following order:
 - a) This letter;
 - b) The Technical Specifications and Drawings dated | |, attached hereto as Annex II
 - c) The Contractor's Tender including the Priced Bill of Quantities, dated | | not attached hereto but known to and in the possession of both parties.
- 1.3 All the above shall form the Contract between the Contractor and UNDP, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Contract.

Obligations of the Contractor

- 2.1 The Contractor shall commence work within seven (7) calendar days from the date on which he shall have been given access to the Site and received the notice to commence from the Engineer, and shall perform and substantially complete the Works within | | in accordance with the Contract. The Contractor shall provide all materials, supplies, labour and other services necessary to that end.
- 2.2 The Contractor shall submit to the Engineer the Programme of Work referred to in Clause 13 of the General Conditions within seven calendar days upon signature of the Contract by both parties.



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2.3 The Contractor represents and warrants the accuracy of any information or data provided to UNDP for the purpose of entering into this Contract, as well as the quality of the Works foreseen under this Contract in accordance with the highest industrial and professional standards.

3. Price and payment

3.1 The total estimated price of the Contract is contained in the Bill of Quantities and amounts to [] .

3.2 The final price of the Contract will be determined on the basis of the actual quantities of work and materials utilized in the complete and satisfactory performance of the Works as certified by the Engineer and the unit prices contained in the Contractor's financial proposal. Such unit prices are fixed and are not subject to any variation whatsoever.

3.3 If the Contractor foresees that the final price of the Contract may exceed the total estimated price contained in 3.1 above, he shall so inform the Engineer without delay, in order for UNDP to decide, at its discretion, to increase the estimated price of the Contract as a result of a larger quantity of work/material or to reduce the quantity of work to be performed or materials to be used. UNDP shall not be responsible for payment of any amount in excess of that stipulated in 3.1 above unless this latter amount has been increased by means of a written amendment of this Contract in accordance with its paragraph 7 below.

3.4 In case of advance payment, the Contractor shall submit an invoice for [] upon signature of this Contract by both parties, and upon submission of an **irrevocable and unconditional bank guarantee** for the same value of the advance payment. Advance payment request should be received by UNDP within one calendar month as of the date at which the contractor has received notice to commence from the Engineer.

3.5 UNDP shall effect payment of the invoices after receipt of the certificate of payment issued by the Engineer, approving the amount contained in the invoice. The Engineer may make corrections to that amount, in which case UNDP may affect payment for the amount so corrected. The Engineer may also withhold invoices if the work is not performed at any time in accordance with the terms of the Contract or if the necessary insurance policies or performance security are not valid and/or in order. The Engineer shall process the invoices submitted by the Contractor within Forty calendar days (40) of their receipt.

3.6 Payments effected by UNDP to the Contractor shall be deemed neither to relieve the Contractor of its obligations under this Contract nor as acceptance by UNDP of the Contractor's performance of the Works.

3.7 Payment of the final invoice shall be effected by UNDP after issuance of the Certificate of Substantial Completion by the Engineer.



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4. Special conditions

- 4.1 The advance payment to be made upon signature of the contract by both parties is contingent upon receipt and acceptance by UNDP the Performance Guarantee mentioned under 4.3 and another bank guarantee for the full amount of the advance payment issued by a Bank and in a form acceptable to UNDP. The said bank guarantee for the advance payment shall be valid for a period of 28 days after the intended completion date.
- 4.2 The amount of the advance payment referred to under section 3.4 above will be deducted from due payments to Contractor for executed works, at an equal rate, such that the whole sum of the advance payment will be recovered when 80% of the work has been completed.
- 4.3 The Performance Guarantee referred to in Clause 10 of the General Conditions shall be submitted by the Contractor for an amount of 10% (ten percent) of the total price of the Contract. The Performance Guarantee shall be valid for a period of **twelve months** after the intended completion date
- 4.4 On each payment, UNDP shall withhold a per centum of the invoice amount, up to a maximum of (10%) of the total price of the Contract for due performance of execution. Half of this amount (5%) shall be returned to the Contractor within Forty (40) days upon the substantial completion and taking-over of the Works, and the remaining (5%), will be retained as maintenance guarantee until the end of the one year defects liability period. The retained 5% maintenance guarantee can be replaced with maintenance bank guarantee for the same value and until the end of the defects liability period.
- 4.5 The Contractor shall be responsible for the maintenance of the said works for a period of One Year effective from the day of issuance of the Certificate of Substantial Completion of the Works.
- 4.6 The liability insurance referred to in Clause 23 of the General Conditions shall be taken out by the Contractor for an amount of 15% (fifteen percent) of the price of the Contract per occurrence, with number of occurrences unlimited.
- 4.7 According to Clause 45 of the General Conditions, the liquidated damages for delay shall a sum equal to USD *** per calendar day, up to a maximum of 10% of the final price of the Contract. If the liquidation damages payable reaches 10% of contract value, UNDP has the right to terminate the contract.
- 4.9 This contract is exempted from Value Added Tax (VAT) and accordingly no Value Added Tax will be paid under this contract. In the event that the Contractor fails to acquire the necessary tax clearances from the Tax Department, UNDP retains the right to en-cash the full amount of the Contractor's advance payment guarantee without prior notice, and if necessary terminate the Contract.
- 4.10 In the event of approved by the Engineer variations in the quantities specified in the "Bill of Quantities", the readjustment in the price will be calculated based on the unit price of the bid



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and no other adjustment is permitted even if variations exceed twenty five percent (25%) of the originally estimated quantities.

- 4.11 Any damage by the Contractor on the executed works during the defects liability period should be repaired by the contractor and at his own expense and during a week after receiving a notice in writing from the UNDP; and if the contractor does not repair these damages during the above specified period, then UNDP does these repairs at the expense of the contractor, which shall be deducted from due sums against the Maintenance Guarantee.

5. Submission of invoices

- 5.1 One original and one copy of every invoice shall be submitted by mail by the Contractor for each payment under the Contract to the Engineer's address specified in clause 8.2.
5.2 Invoices submitted by fax shall not be accepted by UNDP.

6. Time and manner of payment

- 6.1 Invoices shall be paid within Forty (40) days of the date of their receipt and acceptance by UNDP.
6.2 All payments shall be made by UNDP to the following Bank account of the Contractor:

Name of the Bank:
Bank Account No.:
Branch:

7. Modifications

- 7.1 Any modification to this Contract shall require an amendment in writing between both parties duly signed by the authorized representatives of the Contractor and UNDP.

8. Notifications

- 8.1 For the purpose of notifications under the Contract, the addresses of UNDP and the Contractor are as follows:

For the UNDP:

Mr. Frode Mauring

Special Representative of the Administrator
Programme of Assistance to the Palestinian People
United Nations Development Programme
Tel: (972 2) 626 8200 Fax: (972 2) 6268222
4A Ya'kubi Street PO Box 51359
Jerusalem



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Ref. & CoA:

For the Contractor:

8.2 UNDP shall communicate as soon as possible to the Contractor after the signature of the Contract, the address of the Engineer for the purposes of communication with the Engineer under the Contract.

If the above terms and conditions meet with your agreement as typed in this letter and in the Contract Documents, please initial every page of this letter and its attachments and return to this office one original of this Contract, duly signed and dated.

Yours sincerely,

Mr. Frode Mauring
Special Representative of the Administrator
UNDP/PAPP

For:

Agreed and Accepted:

Signature _____

Name _____

Title _____

Date _____