



Karachi Neighborhood Improvement Project
Planning & Development Department
Government of Sindh

BIDDING DOCUMENT

FOR

**AUTOMATION OF CONSTRUCTION PERMITS BY
SBCA – REHABILITATION OF SWF**

April 2018

Project Implementation Unit
Karachi Neighborhood Improvement Project
Bungalow No. C-49, Block-2 Scheme No.5,
Clifton Karachi (Sindh) Pakistan

PART ONE (FIXED)

- Instructions to Bidders (ITB)
- Conditions of Contract

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**Part One - Section 1
Instructions to Bidders**

Notes on the Instructions to Bidders

This section of the bidding documents should provide the information necessary for bidders to prepare responsive bids, in accordance with the requirements of the Employer. It should also give information on bid submission, opening and evaluation, and on the award of Contract.

Matters governing the performance of the Contractor, payments under the Contract, or matters affecting the risks, rights, and obligations of the parties under the Contract are not normally included in this Section, but rather under Part One - Section 2, Conditions of Contract, and/or Part Two - Section 3, Contract Data. If duplication of a subject is inevitable in the different sections of the documents, care must be exercised to avoid contradiction between clauses dealing with the same matter.

These Instructions to Bidders will not be part of the Contract and will cease to have effect once the Contract is signed.

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Instructions to Bidders
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Instructions to Bidders

A. General

- 1. Scope of Bid**
 - 1.1 The Employer as defined in the Contract Data, invites bids for the construction of Works, as described in the Contract Data. The name and identification number of the Contract is provided in the Contract Data.
 - 1.2 The successful Bidder will be expected to complete the Works by the Intended Completion Date specified in the Contract Data.
- 2. Source of Funds**
 - 2.1 The Borrower, as defined in the Bidding Data, intends to apply part of the funds of a loan from the World Bank, as defined in the Bidding Data, towards the cost of the Project, as defined in the Bidding Data, to cover eligible payments under the Contract for the Works. Payments by the World Bank will be made only at the request of the Borrower and upon approval by the World Bank in accordance with the Loan Agreement and will be subject in all respects to the terms and conditions of that Agreement. Except as the World Bank may specifically otherwise agree, no party other than the Borrower shall derive any rights from the Loan Agreement or have any rights to the loan proceeds.
 - 2.2 The loan agreement prohibits a withdrawal from the loan account for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council, taken under Chapter VII of the Charter of the United Nations.
- 3. Eligible Bidders**
 - 3.1 This Invitation for Bids is open to all bidders from eligible countries as defined in the Procurement Guidelines. Any materials, equipment, and services to be used in the performance of the Contract shall have their origin in eligible source countries.
 - 3.2 All bidders shall provide in Part Two - Section 2, Forms of Bid and Qualification Information, a statement that the Bidder (including all members of a joint venture and subcontractors) is not associated, nor has been associated in the past, directly or indirectly, with the consultant or any other entity that has prepared the design, specifications, and other documents for the Project or being proposed as Project Manager for the Contract. A firm that has been engaged by the Borrower to provide

consulting services for the preparation or supervision of the Works, and any of its affiliates, shall not be eligible to bid.

- 3.3 Government-owned enterprises in the Employer's country may only participate if they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Employer.
- 3.4 Bidders shall not be under a declaration of ineligibility for corrupt and fraudulent practices issued by the Bank in accordance with sub-clause 37.1.

4. Qualification of the Bidder

- 4.1 All bidders shall provide in Part two - Section 2, Forms of Bid and Qualification Information, a preliminary description of the proposed work method and schedule, including drawings and charts, as necessary.
- 4.2 In the event that prequalification of potential bidders has been undertaken, only bids from prequalified bidders will be considered for award of Contract. These qualified bidders should submit with their bids any information updating their original prequalification applications or, alternatively, confirm in their bids that the originally-submitted prequalification information remains essentially correct as of the date of bid submission. The update or confirmation should be provided in Part two - Section 2.
- 4.3 If the Employer has not undertaken prequalification of potential bidders, all bidders shall include the following information and documents with their bids in Part two - Section 2; unless otherwise stated in the Bidding Data:
 - (a) copies of original documents defining the constitution or legal status, place of registration, and principal place of business; written power of attorney of the signatory of the Bid to commit the Bidder;
 - (b) total monetary value of construction work performed for each of the last five years;
 - (c) experience in works of a similar nature and size for each of the last ten years, and details of work under way or contractually committed; and clients who may be contacted for further information on those contracts;

- (d) major items of construction equipment proposed to carry out the Contract;
 - (e) qualifications and experience of key site management and technical personnel proposed for the Contract;
 - (f) reports on the financial standing of the Bidder, such as profit and loss statements and auditor's reports for the past five years;
 - (g) evidence of adequacy of working capital for this Contract (access to line(s) of credit and availability of other financial resources);
 - (h) authority to seek references from the Bidder's bankers;
 - (i) information regarding any litigation, current or during the last five years, in which the Bidder is involved, the parties concerned, and disputed amount; and
 - (j) proposals for subcontracting components of the Works amounting to more than 10 percent of the Contract Price.
- 4.4 Bids submitted by a joint venture of two or more firms as partners shall comply with the following requirements, unless otherwise stated in the Bidding Data:
- (a) the Bid shall include all the information listed in Sub-Clause 4.3 above for each joint venture partner;
 - (b) the Bid shall be signed so as to be legally binding on all partners;
 - (c) all partners shall be jointly and severally liable for the execution of the Contract in accordance with the Contract terms;
 - (d) one of the partners will be nominated as being in charge, authorized to incur liabilities, and receive instructions for and on behalf of any and all partners of the joint venture; and
 - (e) the execution of the entire Contract, including payment, shall be done exclusively with the partner in charge.

4.5 To qualify for award of the Contract, bidders shall meet the following minimum qualifying criteria:

- (a) annual volume of construction work of at least the amount specified in the Bidding Data;
- (b) experience as prime contractor in the construction of at least two works of a nature and complexity equivalent to the Works over the last 10 years (to comply with this requirement, works cited should be at least 70 percent complete);
- (c) proposals for the timely acquisition (own, lease, hire, etc.) of the essential equipment listed in the Bidding Data;
- (d) a Contract Manager with five years' experience in works of an equivalent nature and volume, including no less than three years as Manager; and
- (e) liquid assets and/or credit facilities, net of other contractual commitments and exclusive of any advance payments which may be made under the Contract, of no less than the amount specified in the Bidding Data.
- (f) assessed available bid capacity (as provided in Bidding Data) is more than the total bid value, to indicate the ability of the contractor to take on additional work taking into consideration the work it already has at the time of award of the proposed contract.

A consistent history of litigation or arbitration awards against the Applicant or any partner of a Joint Venture may result in disqualification.

4.6 The figures for each of the partners of a joint venture shall be added together to determine the Bidder's compliance with the minimum qualifying criteria of Sub-Clause 4.5(a) and (e); however, for a joint venture to qualify, each of its partners must meet at least 25 percent of minimum criteria 4.5(a), (b), and (e) for an individual Bidder, and the partner in charge at least 40 percent of those minimum criteria. Failure to comply with this requirement will result in rejection of the joint venture's Bid. Subcontractors' experience and resources will not be taken into account in determining the Bidder's compliance with the qualifying criteria, unless otherwise stated in the Bidding Data.

- 5. One Bid per Bidder** 5.1 Each Bidder shall submit only one Bid, either individually or as a partner in a joint venture. A Bidder who submits or participates in more than one Bid (other than as a subcontractor or in cases of alternatives that have been permitted or requested) will cause all the proposals with the Bidder's participation to be disqualified.
- 6. Cost of Bidding** 6.1 The Bidder shall bear all costs associated with the preparation and submission of his Bid, and the Employer will in no case be responsible or liable for those costs.
- 7. Site Visit** 7.1 The Bidder, at the Bidder's own responsibility and risk, is encouraged to visit and examine the Site of Works and its surroundings and obtain all information that may be necessary for preparing the Bid and entering into a contract for construction of the Works. The costs of visiting the Site shall be at the Bidder's own expense.

B. Bidding Documents

- 8. Content of Bidding Documents** 8.1 The set of bidding documents comprises the documents listed in the table below and addenda issued in accordance with Clause 10:
- Part one - Section 1 Instructions to Bidders
 - Section 2 Conditions of Contract

 - Part two - Section 1 Bidding Data
 - Section 2 Forms of Bid and Qualification Information
 - Section 3 Contract Data
 - Section 4 Specifications
 - Section 5 Drawings
 - Section 6 Bill of Quantities
 - Section 7 Forms of Securities
- 8.2 The Bidder is expected to examine all instructions, forms, terms, and specifications in the bidding documents. Failure to furnish all information required by the bidding documents or to submit a bid not substantially responsive to the bidding documents in every respect will be at the Bidder's risk and may result in the rejection of its bid.
- 9. Clarification of Bidding Documents** 9.1 A prospective Bidder requiring any clarification of the bidding documents may notify the Employer in writing or by cable ("cable" includes telex and facsimile) at the Employer's address

indicated in the invitation to bid. The Employer will respond to any request for clarification received earlier than 20 days prior to the deadline for submission of bids. Copies of the Employer's response will be forwarded to all purchasers of the bidding documents, including a description of the inquiry, but without identifying its source.

- 10. Amendment of Bidding Documents**
- 10.1 Before the deadline for submission of bids, the Employer may modify the bidding documents by issuing addenda.
- 10.2 Any addendum thus issued shall be part of the bidding documents and shall be communicated in writing or by cable to all purchasers of the bidding documents. Prospective bidders shall acknowledge receipt of each addendum by cable to the Employer.
- 10.3 To give prospective bidders reasonable time in which to take an addendum into account in preparing their bids, the Employer shall extend, as necessary, the deadline for submission of bids, in accordance with Sub-Clause 20.2 below.

C. Preparation of Bids

- 11. Language of Bid**
- 11.1 All documents relating to the Bid shall be in the language specified in the Contract Data.
- 12. Documents Comprising the Bid**
- 12.1 The Bid submitted by the Bidder shall comprise the following:
- (a) The Bid (in the format indicated in Part two - Section 2);
 - (b) Bid Security;
 - (c) priced Bill of Quantities;
 - (d) Qualification Information Form and Documents;
 - (e) Alternative offers where invited;

and any other materials required to be completed and submitted by bidders, as specified in the Bidding Data.

- 13. Bid Prices**
- 13.1 The Contract shall be for the whole Works, as described in Sub-Clause 1.1, based on the priced Bill of Quantities submitted by the Bidder.
- 13.2 The Bidder shall fill in rates and prices for all items of the Works described in the Bill of Quantities. Items for which no rate or price is entered by the Bidder will not be paid for by the Employer when executed and shall be deemed covered by the

other rates and prices in the Bill of Quantities.

13.3 All duties, taxes, and other levies payable by the Contractor under the Contract, or for any other cause, as of the date 28 days prior to the deadline for submission of bids, shall be included in the rates, prices, and total Bid price submitted by the Bidder.

13.4 The rates and prices quoted by the Bidder shall be subject to adjustment during the performance of the Contract if provided for in the Bidding and Contract Data and the provisions of Clause 47 of the Conditions of Contract. The Bidder shall submit with the Bid all the information required under the Contract Data and Clause 47 of the Conditions of Contract.

14. Currencies of Bid and Payment

14.1 The unit rates and prices shall be quoted by the Bidder entirely in Pak. Rupees.

15. Bid Validity

15.1 Bids shall remain valid for the period specified in the Bidding Data.

15.2 In exceptional circumstances, the Employer may request that the bidders extend the period of validity for a specified additional period. The request and the bidders' responses shall be made in writing or by cable. A Bidder may refuse the request without forfeiting the Bid Security. A Bidder agreeing to the request will not be required or permitted to otherwise modify the Bid but will be required to extend the validity of Bid Security for the period of the extension, and in compliance with Clause 16 in all respects.

15.3 In the case of contracts in which the Contract Price is fixed (not subject to price adjustment), if the period of bid validity is extended beyond 60 days, the amounts payable in local currency to the Bidder selected for award, shall be increased by applying to the factor specified in the Bidding Data or in the request for extension, for the period of delay beyond 60 days after the expiry of the initial bid validity, up to the notification of award. Bid evaluation will be based on the Bid prices without taking the above correction into consideration.

16. Bid Security

16.1 The Bidder shall furnish, as part of the Bid, a Bid Security in Pak. Rupees in the amount specified in the Bidding Data.

16.2 The Bid Security shall, at the Bidder's option, be in the form of an irrevocable cashable on-demand Bank call-deposit, certified

check, bank draft, letter of credit, or a bank guarantee from a reputable bank located in the country of the Employer. The format of the Bid Security should be in accordance with the form of Bid Security included in Part two - Section 7 or another form acceptable to the Employer. Bid Security shall be valid for 28 days beyond the validity of the Bid.

16.3 Any bid not accompanied by an acceptable Bid Security shall be rejected by the Employer. The Bid Security of a joint venture must define as “bidder” all joint venture partners and list them in the following manner: a joint venture consisting of “ _____,” “ _____,” and “ _____”.

16.4 The Bid Security of unsuccessful bidders will be returned within 28 days of the end of the Bid validity period specified in Sub-Clause 15.1.

16.5 The Bid Security of the successful Bidder will be discharged when the Bidder has signed the Agreement and furnished the required Performance Security.

16.6 The Bid Security may be forfeited

- (a) if the Bidder withdraws the Bid after Bid opening during the period of Bid validity;
- (b) if the Bidder does not accept the correction of the Bid price, pursuant to Clause 27; or
- (c) in the case of a successful Bidder, if the Bidder fails within the specified time limit to
 - (i) sign the Agreement; or
 - (ii) furnish the required Performance Security.

17. Alternative Proposals by Bidders

17.1 Bidders shall submit offers that comply with the requirements of the bidding documents, including the basic technical design as indicated in the drawings and specifications. Alternatives will not be considered, unless specifically allowed in the Bidding Data. If so allowed, Sub-Clause 17.2 shall govern.

17.2 If so allowed in the Bidding Data, bidders wishing to offer technical alternatives to the requirements of the bidding documents must also submit a Bid that complies with the

requirements of the bidding documents, including the basic technical design as indicated in the drawings and specifications. In addition to submitting the basic Bid, the Bidder shall provide all information necessary for a complete evaluation of the alternative by the Employer, including design calculations, technical specifications, breakdown of prices, proposed construction methods and other relevant details. Only the technical alternatives, if any, of the lowest evaluated Bidder conforming to the basic technical requirements shall be considered by the Employer.

**18. Format and
Signing of Bid**

- 18.1 The Bidder shall prepare one original of the documents comprising the Bid as described in Clause 12 of these Instructions to Bidders, bound with the volume containing the Form of Bid, and clearly marked “ORIGINAL.” In addition, the Bidder shall submit copies of the Bid, in the number specified in the Bidding Data, and clearly marked as “COPIES.” In the event of discrepancy between them, the original shall prevail.
- 18.2 The original and all copies of the Bid shall be typed or written in indelible ink and shall be signed by a person or persons duly authorized to sign on behalf of the Bidder, pursuant to Sub-Clauses 4.3(a) or 4.4(b), as the case may be. All pages of the Bid where entries or amendments have been made shall be initialed by the person or persons signing the Bid.
- 18.3 The Bid shall contain no alterations or additions, except those to comply with instructions issued by the Employer, or as necessary to correct errors made by the Bidder, in which case such corrections shall be initialed by the person or persons signing the Bid.
- 18.4 The Bidder shall furnish information as described in the form of Bid on commissions or gratuities, if any, paid or to be paid to agents relating to this Bid, and to contract execution if the Bidder is awarded the contract.

D. Submission of Bids

**19. Sealing and
Marking of
Bids**

- 19.1 The Bidder shall seal the original and all copies of the Bid in two inner envelopes and one outer envelope, duly marking the inner envelopes as “ORIGINAL” and “COPIES”.

19.2 The inner and outer envelopes shall

- (a) be addressed to the Employer at the address provided in the Bidding Data;
- (b) bear the name and identification number of the Contract as defined in the Bidding and Contract Data; and
- (c) provide a warning not to open before the specified time and date for Bid opening as defined in the Bidding Data.

19.3 In addition to the identification required in Sub-Clause 19.2, the inner envelopes shall indicate the name and address of the Bidder to enable the Bid to be returned unopened in case it is declared late, pursuant to Clause 21.

19.4 If the outer envelope is not sealed and marked as above, the Employer will assume no responsibility for the misplacement or premature opening of the Bid.

**20. Deadline for
Sub-mission of
Bids**

20.1 Bids shall be delivered to the Employer at the address specified above no later than the time and date specified in the Bidding Data.

20.2 The Employer may extend the deadline for submission of bids by issuing an amendment in accordance with Clause 10, in which case all rights and obligations of the Employer and the bidders previously subject to the original deadline will then be subject to the new deadline.

21. Late Bids

21.1 Any Bid received by the Employer after the deadline prescribed in Clause 20 will be returned unopened to the Bidder.

**22. Modification
and
Withdrawal of
Bids**

22.1 Bidders may modify or withdraw their bids by giving notice in writing before the deadline prescribed in Clause 20.

22.2 Each Bidder's modification or withdrawal notice shall be prepared, sealed, marked, and delivered in accordance with Clauses 18 and 19, with the outer and inner envelopes additionally marked "MODIFICATION" or "WITHDRAWAL," as appropriate.

22.3 No Bid may be modified after the deadline for submission of Bids.

22.4 Withdrawal of a Bid between the deadline for submission of bids and the expiration of the period of Bid validity specified in the Bidding Data or as extended pursuant to Sub-Clause 15.2 may result in the forfeiture of the Bid Security pursuant to Clause 16.

22.5 Bidders may only offer discounts to, or otherwise modify the prices of their bids by submitting Bid modifications in accordance with this clause or included in the original Bid submission.

E. Bid Opening and Evaluation

23. Bid Opening

23.1 The Employer will open the bids, including modifications made pursuant to Clause 22, in the presence of the bidders' representatives who choose to attend at the time and in the place specified in the Bidding Data.

23.2 Envelopes marked "WITHDRAWAL" shall be opened and read out first. Bids for which an acceptable notice of withdrawal has been submitted pursuant to Clause 22 shall not be opened.

23.3 The bidders' names, the Bid prices, the total amount of each Bid and of any alternative Bid (if alternatives have been requested or permitted), any discounts, bid modifications and withdrawals, the presence or absence of Bid Security, and such other details as the Employer may consider appropriate, will be announced by the Employer at the opening.

23.4 The Employer will prepare minutes of the Bid opening, including the information disclosed to those present in accordance with Sub-Clause 23.3.

24. Process to Be Confidential

24.1 Information relating to the examination, clarification, evaluation, and comparison of bids and recommendations for the award of a contract shall not be disclosed to bidders or any other persons not officially concerned with such process until the award to the successful Bidder has been announced. Any effort by a Bidder to influence the Employer's processing of bids or award decisions may result in the rejection of his Bid.

25. Clarification of Bids and Contacting the Employer

25.1 To assist in the examination, evaluation, and comparison of bids, the Employer may, at the Employer's discretion, ask any Bidder for clarification of the Bidder's Bid, including breakdowns of unit rates. The request for clarification and the response shall be in writing or by cable, telex, or facsimile, but no change in the

price or substance of the Bid shall be sought, offered, or permitted except as required to confirm the correction of arithmetic errors discovered by the Employer in the evaluation of the bids in accordance with Clause 27.

25.2 Subject to sub-clause 25.1, no Bidder shall contact the Employer on any matter relating to its bid from the time of the bidding opening to the time the contract is awarded. If the Bidder wishes to bring additional information to the notice of the Employer, it should do so in writing.

25.3 Any effort by the Bidder to influence the Employer in the Employer's bid evaluation, bid comparison or contract award decisions may result in the rejection of the Bidders' bid.

26. Examination of Bids and Determination of Responsiveness

26.1 Prior to the detailed evaluation of bids, the Employer will determine whether each Bid (a) meets the eligibility criteria defined in Clause 3; (b) has been properly signed; (c) is accompanied by the required securities; and (d) is substantially responsive to the requirements of the bidding documents.

26.2 A substantially responsive Bid is one which conforms to all the terms, conditions, and specifications of the bidding documents, without material deviation or reservation. A material deviation or reservation is one (a) which affects in any substantial way the scope, quality, or performance of the Works; (b) which limits in any substantial way, inconsistent with the bidding documents, the Employer's rights or the Bidder's obligations under the Contract; or (c) whose rectification would affect unfairly the competitive position of other bidders presenting substantially responsive bids.

26.3 If a Bid is not substantially responsive, it will be rejected by the Employer, and may not subsequently be made responsive by correction or withdrawal of the nonconforming deviation or reservation.

27. Correction of Errors

27.1 Bids determined to be substantially responsive will be checked by the Employer for any arithmetic errors. Errors will be corrected by the Employer as follows:

- (a) where there is a discrepancy between the amounts in figures and in words, the amount in words will govern; and
- (b) where there is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by

the quantity, the unit rate as quoted will govern, unless in the opinion of the Employer there is an obviously gross misplacement of the decimal point in the unit rate, in which case the line item total as quoted will govern, and the unit rate will be corrected.

27.2 The amount stated in the Bid will be adjusted by the Employer in accordance with the above procedure for the correction of errors and, with the concurrence of the Bidder, shall be considered as binding upon the Bidder. If the Bidder does not accept the corrected amount, the Bid will be rejected, and the Bid Security may be forfeited in accordance with Sub-Clause 16.6(b).

28. Currency for Bid Evaluation

28.1 Bids will be evaluated as quoted in Pak Rupees in accordance with Sub-Clause 14.1.

29. Evaluation and Comparison of Bids

29.1 The Employer will evaluate and compare only the bids determined to be substantially responsive in accordance with Clause 26.

29.2 In evaluating the bids, the Employer will determine for each Bid the evaluated Bid price by adjusting the Bid price as follows:

- (a) making any correction for errors pursuant to Clause 27;
- (b) excluding provisional sums and the provision, if any, for contingencies in the Bill of Quantities, but including Daywork, where priced competitively;
- (c) making an appropriate adjustment for any other acceptable variations, deviations, or alternative offers submitted in accordance with Clause 17; and
- (d) making appropriate adjustments to reflect discounts or other price modifications offered in accordance with Sub-Clause 22.5.

29.3 The Employer reserves the right to accept or reject any variation, deviation, or alternative offer. Variations, deviations, and alternative offers and other factors which are in excess of the requirements of the bidding documents or otherwise result in unsolicited benefits for the Employer will not be taken into account in Bid evaluation.

29.4 The estimated effect of any price adjustment conditions under

Clause 47 of the Conditions of Contract, during the period of implementation of the Contract, will not be taken into account in Bid evaluation.

29.5 In the case of several lots, pursuant to Clause 29.2(d), the Employer will determine the application of discounts so as to minimize the combined cost of all the lots

30. Preference for Domestic Bidders 30.1 NOT APPLICABLE

F. Award of Contract

31. Award Criteria 31.1 Subject to Clause 32, the Employer will award the Contract to the Bidder whose Bid has been determined to be substantially responsive to the bidding documents and who has offered the lowest evaluated Bid price, provided that such Bidder has been determined to be (a) eligible in accordance with the provisions of Clause 3, and (b) qualified in accordance with the provisions of Clause 4.

32. Employer's Right to Accept any Bid and to Reject any or all Bids 32.1 Notwithstanding Clause 31, the Employer reserves the right to accept or reject any Bid, and to cancel the bidding process and reject all bids, at any time prior to the award of Contract, without thereby incurring any liability to the affected Bidder or bidders or any obligation to inform the affected Bidder or bidders of the grounds for the Employer's action.

33. Notification of Award and Signing of Agreement 33.1 The Bidder whose Bid has been accepted will be notified of the award by the Employer prior to expiration of the Bid validity period by cable, telex, or facsimile confirmed by registered letter. This letter (hereinafter and in the Conditions of Contract called the "Letter of Acceptance") will state the sum that the Employer will pay the Contractor in consideration of the execution and completion of the Works and the remedying of any defects therein by the Contractor as prescribed by the Contract (hereinafter and in the Contract called the "Contract Price").

33.2 The notification of award will constitute the formation of the Contract.

33.3 At the same time that the Employer notifies the successful bidder that its bid has been accepted, the Employer will send the bidder the Agreement in the form provided in the bidding documents,

incorporating all agreements between the Parties. Within 21 days of receipt of the agreement, the successful Bidder shall sign the Agreement and deliver it to the Employer, together with the required performance security.

33.4 Upon fulfillment of Sub-Clause 33.3, the Employer will promptly notify the other bidders that their bids have been unsuccessful and their bid security will be returned as promptly as possible, in accordance with Clause 16.4

34. Performance Security

34.1 Within 21 days after receipt of the Letter of Acceptance, the successful Bidder shall deliver to the Employer a Performance Security in the amount stipulated in the Contract Data and in the form (Bank Guarantee Unconditional) stipulated in the Bidding Data, denominated in Pak. Rupees and in Accordance with the Conditions of Contract.

34.2 The Performance Security provided by the successful Bidder in the form of an Unconditional Bank Guarantee, shall be issued by a bank located in Pakistan.

34.3 Failure of the successful Bidder to comply with the requirements of Sub-Clause 34.1 shall constitute sufficient grounds for cancellation of the award and forfeiture of the Bid Security.

35. Advance Payment and Security

35.1 The Employer will provide an Advance Payment on the Contract Price as stipulated in the Conditions of Contract, subject to a maximum amount, as stated in the Bidding Data.

36. Adjudicator

36.1 The Employer proposes the person named in the Bidding Data to be appointed as Adjudicator under the Contract, at an hourly fee specified in the Bidding Data, plus reimbursable expenses. If the Bidder disagrees with this proposal, the Bidder should so state in the Bid. If, in the Letter of Acceptance, the Employer has not agreed on the appointment of the Adjudicator, the Adjudicator shall be appointed by the Appointing Authority designated in the Contract Data at the request of either party.

37. Corrupt or Fraudulent Practices

37.1 The Bank requires that Borrowers (including beneficiaries of Bank loans), as well as Bidders/Suppliers/Contractors under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank:

(a) defines, for the purposes of this provision, the terms set

forth below as follows:

- (i) “corrupt practice” means the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution; and
 - (ii) “fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Borrower, and includes collusive practice among Bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the Borrower of the benefits of free and open competition;
- (b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;
 - (c) will declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing, a Bank-financed contract.

37.2 Furthermore, Bidders shall be aware of the provision stated in sub-clause 23.3 and sub-clause 59.2 of the General Conditions of Contract.

37.3 In further pursuance of this policy, Bidders shall permit and shall cause its agents (whether declared or not), sub-contractors, sub-consultants, service providers, or suppliers and any personnel thereof, to permit the Bank to inspect all accounts, records and other documents relating to any prequalification process, bid submission, and contract performance (in the case of award), and to have them audited by auditors appointed by the Bank.

Part One - Section 2
Conditions of Contract

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Conditions of Contract
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Conditions of Contract

A. General

1. Definitions

1.1 Boldface type is used to identify defined terms.

The **Adjudicator** is the person appointed jointly by the Employer and the Contractor to resolve disputes in the first instance, as provided for in Clauses 24 and 25 hereunder.

Bill of Quantities means the priced and completed Bill of Quantities forming part of the Bid.

Compensation Events are those defined in Clause 44 hereunder.

The **Completion Date** is the date of completion of the Works as certified by the Project Manager, in accordance with Sub-Clause 55.1.

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 Clause 2.3 below.

The **Contractor** is a person or corporate body whose Bid to carry out the Works has been accepted by the Employer.

The **Contractor's Bid** is the completed bidding document submitted by the Contractor to the Employer.

The **Contract Price** is the price stated in the Letter of Acceptance and thereafter as adjusted in accordance with the provisions of the Contract.

Days are calendar days; months are calendar months.

Dayworks are varied work inputs subject to payment on a time basis for the Contractor's employees and Equipment, in addition to payments for associated Materials and Plant.

A **Defect** is any part of the Works not completed in accordance with the Contract.

The **Defects Liability Certificate** is the certificate issued by Project Manager upon correction of defects by the Contractor.

The **Defects Liability Period** is the period named in the Contract Data and calculated from the Completion Date.

Drawings include calculations and other information provided or approved by the Project Manager for the execution of the Contract.

The **Employer** is the party who employs the Contractor to carry out the Works.

Equipment is the Contractor's machinery and vehicles brought temporarily to the Site to construct the Works.

The **Initial Contract Price** is the Contract Price listed in the Employer's Letter of Acceptance.

The **Intended Completion Date** is the date on which it is intended that the Contractor shall complete the Works. The Intended Completion Date is specified in the Contract Data. The Intended Completion Date may be revised only by the Project Manager by issuing an extension of time or an acceleration order.

Materials are all supplies, including consumables, used by the Contractor for incorporation in the Works.

Plant is any integral part of the Works that shall have a mechanical, electrical, chemical, or biological function.

The **Project Manager** is the person named in the Contract Data (or any other competent person appointed by the Employer and notified to the Contractor, to act in replacement of the Project Manager) who is responsible for supervising the execution of the Works and administering the Contract.

The **Site** is the area defined as such in the Contract Data.

Site Investigation Reports are those that were included in the bidding documents and are factual and interpretative reports about the surface and subsurface conditions at the Site.

Specification means the Specification of the Works included in the Contract and any modification or addition made or approved by the Project Manager.

The **Start Date** is given in the Contract Data. It is the latest date when the Contractor shall commence execution of the Works. It does not necessarily coincide with any of the Site Possession Dates.

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.

Temporary Works are works designed, constructed, installed, and removed by the Contractor that are needed for construction or installation of the Works.

A **Variation** is an instruction given by the Project Manager which varies the Works.

The **Works** are what the Contract requires the Contractor to construct, install, and turn over to the Employer, as defined in the Contract Data.

- 2. Interpretation**
- 2.1 In interpreting these Conditions of Contract, singular also means plural, male also means female or neuter, and the other way around. Headings have no significance. Words have their normal meaning under the language of the Contract unless specifically defined. The Project Manager will provide instructions clarifying queries about these Conditions of Contract.
- 2.2 If sectional completion is specified in the Contract Data, references in the Conditions of Contract to the Works, the Completion Date, and the Intended Completion Date apply to any Section of the Works (other than references to the Completion Date and Intended Completion Date for the whole of the Works).
- 2.3 The documents forming the Contract shall be interpreted in the following order of priority:
- (1) Agreement,
 - (2) Letter of Acceptance,
 - (3) Contractor's Bid,
 - (4) Contract Data,
 - (5) Conditions of Contract,
 - (6) Specifications,
 - (7) Drawings,
 - (8) Bill of Quantities, and

-
- (9) any other document listed in the Contract Data as forming part of the Contract.
- 3. Language and Law** 3.1 The language of the Contract and the law governing the Contract are stated in the Contract Data.
- 4. Project Manager's Decisions** 4.1 Except where otherwise specifically stated, the Project Manager will decide contractual matters between the Employer and the Contractor in the role representing the Employer.
- 5. Delegation** 5.1 The Project Manager may delegate any of his duties and responsibilities to other people, except to the Adjudicator, after notifying the Contractor, and may cancel any delegation after notifying the Contractor.
- 6. Communications** 6.1 Communications between parties that are referred to in the Conditions shall be effective only when in writing. A notice shall be effective only when it is delivered.
- 7. Subcontracting** 7.1 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.
- 8. Other Contractors** 8.1 The Contractor shall cooperate and share the Site with other contractors, public authorities, utilities, and the Employer between the dates given in the Schedule of Other Contractors, as referred to in the Contract Data. The Contractor shall also provide facilities and services for them as described in the Schedule. The Employer may modify the Schedule of Other Contractors and shall notify the Contractor of any such modification.
- 9. Personnel** 9.1 The Contractor shall employ the key personnel named in the Schedule of Key Personnel, as referred to in the Contract Data, to carry out the functions stated in the Schedule or other personnel approved by the Project Manager. The Project Manager will approve any proposed replacement of key personnel only if their relevant qualifications and abilities are substantially equal to or better than those of the personnel listed in the Schedule.
- 9.2 If the Project Manager asks the Contractor to remove a person who is a member of the Contractor's staff or work force, stating

the reasons, the Contractor shall ensure that the person leaves the Site within seven days and has no further connection with the work in the Contract.

**10. Employer's
and
Contractor's
Risks**

10.1 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.

**11. Employer's
Risks**

11.1 From the Start Date until the Defects Liability Certificate has been issued, the following are Employer's risks:

(a) The risk of personal injury, death, or loss of or damage to property (excluding the Works, Plant, Materials, and Equipment), which are due to

(i) 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

(ii) 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.

(b) 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.

11.2 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

(a) a Defect which existed on the Completion Date,

(b) an event occurring before the Completion Date, which was not itself an Employer's risk, or

(c) the activities of the Contractor on the Site after the Completion Date.

12. Contractor's

12.1 From the Starting Date until the Defects Liability Certificate has

**the Contract
Data**

- 16. Contractor to Construct the Works** 16.1 The Contractor shall construct and install the Works in accordance with the Specifications and Drawings.
- 17. The Works to Be Completed by the Intended Completion Date** 17.1 The Contractor may commence execution of the Works on the Start Date and shall carry out the Works in accordance with the Program submitted by the Contractor, as updated with the approval of the Project Manager, and complete them by the Intended Completion Date.
- 18. Approval by the Project Manager** 18.1 The Contractor shall submit Specifications and Drawings showing the proposed Temporary Works to the Project Manager, who is to approve them if they comply with the Specifications and Drawings.
- 18.2 The Contractor shall be responsible for design of Temporary Works.
- 18.3 The Project Manager's approval shall not alter the Contractor's responsibility for design of the Temporary Works.
- 18.4 The Contractor shall obtain approval of third parties to the design of the Temporary Works, where required.
- 18.5 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.
- 19. Safety** 19.1 The Contractor shall be responsible for the safety of all activities on the Site.
- 20. Discoveries** 20.1 Anything of historical or other interest or of significant value unexpectedly discovered on the Site shall be the property of the Employer. The Contractor shall notify the Project Manager of such discoveries and carry out the Project Manager's instructions for dealing with them.
- 21. Possession of the Site** 21.1 The Employer shall give possession of all parts of the Site to the Contractor. If possession of a part is not given by the date stated in the Contract Data, the Employer will be deemed to have delayed the start of the relevant activities, and this will be a

Compensation Event.

- 22. Access to the Site** 22.1 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.
- 23. Instructions, Inspections and Audits** 23.1 The Contractor shall carry out all instructions of the Project Manager which comply with the applicable laws where the Site is located.
- 23.2 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.
- 24. Disputes** 24.1 If the Contractor believes that a decision taken by the Project Manager was either outside the authority given to the Project Manager by the Contract or that the decision was wrongly taken, the decision shall be referred to the Adjudicator within 14 days of the notification of the Project Manager's decision.
- 25. Procedure for Disputes** 25.1 The Adjudicator shall give a decision in writing within 28 days of receipt of a notification of a dispute.
- 25.2 The Adjudicator shall be paid by the hour at the rate specified in the Bidding Data and Contract Data, together with reimbursable expenses of the types specified in the Contract Data, and the cost shall be divided equally between the Employer and the Contractor, whatever decision is reached by the Adjudicator. Either party may refer a decision of the Adjudicator to an Arbitrator within 28 days of the Adjudicator's written decision. If neither party refers the dispute to arbitration within the above 28 days, the Adjudicator's decision will be final and binding.
- 25.3 The arbitration shall be conducted in accordance with the arbitration procedure published by the institution named and, in the place, shown in the Contract Data.
- 26. Replacement of Adjudicator** 26.1 Should the Adjudicator resign or die or should the Employer and the Contractor agree that the Adjudicator is not functioning in accordance with the provisions of the Contract, a new Adjudicator will be jointly appointed by the Employer and the Contractor. In case of disagreement between the Employer and the Contractor, within 30 days, the Adjudicator shall be

designated by the Appointing Authority designated in the Contract Data at the request of either party, within 14 days of receipt of such request.

B. Time Control

27. Program

27.1 Within the time stated in the Contract Data, the Contractor shall submit to the Project Manager for approval a Program showing the general methods, arrangements, order, and timing for all the activities in the Works.

27.2 An update of the Program shall be a program showing the actual progress achieved on each activity and the effect of the progress achieved on the timing of the remaining work, including any changes to the sequence of the activities.

27.3 The Contractor shall submit to the Project Manager for approval an updated Program at intervals no longer than the period stated in the Contract Data. If the Contractor does not submit an updated Program within this period, the Project Manager may withhold the amount stated in the Contract Data from the next payment certificate and continue to withhold this amount until the next payment after the date on which the overdue Program has been submitted.

27.4 The Project Manager's approval of the Program shall not alter the Contractor's obligations. The Contractor may revise the Program and submit it to the Project Manager again at any time. A revised Program shall show the effect of Variations and Compensation Events.

28. Extension of the Intended Completion Date

28.1 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.

28.2 The Project Manager shall decide whether and by how much to extend the Intended Completion Date within 21 days of the Contractor asking the Project Manager for a decision upon the effect of a Compensation Event or Variation and submitting full supporting information. 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.

- 29. Acceleration**
- 29.1 When the Employer wants the Contractor to finish before the Intended Completion Date, the Project Manager will obtain priced proposals for achieving the necessary acceleration from the Contractor. If the Employer accepts these proposals, the Intended Completion Date will be adjusted accordingly and confirmed by both the Employer and the Contractor.
- 29.2 If the Contractor's priced proposals for an acceleration are accepted by the Employer, they are incorporated in the Contract Price and treated as a Variation.
- 30. Delays Ordered by the Project Manager**
- 30.1 The Project Manager may instruct the Contractor to delay the start or progress of any activity within the Works.
- 31. Management Meetings**
- 31.1 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.
- 31.2 The Project Manager shall record the business of management meetings and provide copies of the record to those attending the meeting and to the Employer. The responsibility of the parties for actions to be taken shall be decided by the Project Manager either at the management meeting or after the management meeting and stated in writing to all who attended the meeting.
- 32. Early Warning**
- 32.1 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. The Project Manager may require the Contractor to provide an estimate of the expected effect of the future event or circumstance on the Contract Price and Completion Date. The estimate shall be provided by the Contractor as soon as reasonably possible.
- 32.2 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

- 33. Identifying Defects** 33.1 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.
- 34. Tests** 34.1 If the Project Manager instructs the Contractor to carry out a test not specified in the Specification 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.
- 35. Correction of Defects** 35.1 The Project Manager shall give notice to the Contractor of any Defects before the end of the Defects Liability Period, which begins at Completion, and is defined in the Contract Data. The Defects Liability Period shall be extended for as long as Defects remain to be corrected.
- 35.2 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.
- 36. Uncorrected Defects** 36.1 If the Contractor has not corrected a Defect within the time specified in the Project Manager's notice, the Project Manager will assess the cost of having the Defect corrected, and the Contractor will pay this amount.

D. Cost Control

- 37. Bill of Quantities** 37.1 The Bill of Quantities shall contain items for the construction, installation, testing, and commissioning work to be done by the Contractor.
- 37.2 The Bill of Quantities is used to calculate the Contract Price. The Contractor is paid for the quantity of the work done at the rate in the Bill of Quantities for each item.
- 38. Changes in the Quantities** 38.1 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 Initial

Contract Price, the Project Manager shall adjust the rate to allow for the change.

38.2 The Project Manager shall not adjust rates from changes in quantities if thereby the Initial Contract Price is exceeded by more than 15 percent, except with the prior approval of the Employer.

38.3 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.

39. Variations

39.1 All Variations shall be included in updated Programs produced by the Contractor.

40. Payments for Variations

40.1 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 seven days of the request or within any longer period stated by the Project Manager and before the Variation is ordered.

40.2 If the work in the Variation corresponds with 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 Sub-Clause 38.1 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.

40.3 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.

40.4 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.

40.5 The Contractor shall not be entitled to additional payment for

costs that could have been avoided by giving early warning.

41. Cash Flow Forecasts

41.1 When the Program is updated, the Contractor shall provide the Project Manager with an updated cash flow forecast.

42. Payment Certificates

42.1 The Contractor shall submit to the Project Manager monthly statements of the estimated value of the work executed less the cumulative amount certified previously.

42.2 The Project Manager shall check the Contractor's monthly statement and certify the amount to be paid to the Contractor within 14 days of receipt of such statement.

42.3 The value of work executed shall be determined by the Project Manager.

42.4 The value of work executed shall comprise the value of the quantities of the items in the Bill of Quantities completed.

42.5 The value of work executed shall include the valuation of Variations and Compensation Events.

42.6 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.

43. Payments

43.1 Payments shall be adjusted for deductions for advance payments and retention. The Employer shall pay the Contractor the amounts certified by the Project Manager within 28 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. Interest shall be calculated from the date by which the payment should have been made up to the date when the late payment is made at the prevailing rate of interest for commercial borrowing.

43.2 If an amount certified is increased in a later certificate or as a result of an award by the Adjudicator or an Arbitrator, the Contractor shall be paid interest upon the delayed payment as set out in this clause. Interest shall be calculated from the date upon which the increased amount would have been certified in the absence of dispute.

43.3 All payments and deductions will be paid or charged in Pakistani

Rupees comprising the Contract Price.

43.4 Items of the Works for which no rate or price has been entered in will not be paid for by the Employer and shall be deemed covered by other rates and prices in the Contract.

44. Compensation Events

44.1 The following shall be Compensation Events:

- (a) The Employer does not give access to a part of the Site by the Site Possession Date stated in the Contract Data.
- (b) The Employer modifies the Schedule of Other Contractors in a way that affects the work of the Contractor under the Contract.
- (c) The Project Manager orders a delay or does not issue Drawings, Specifications, or instructions required for execution of the Works on time.
- (d) The Project Manager instructs the Contractor to uncover or to carry out additional tests upon work, which is then found to have no Defects.
- (e) The Project Manager unreasonably does not approve a subcontract to be let.
- (f) Ground conditions are substantially more adverse than could reasonably have been assumed before issuance of the Letter of Acceptance from the information issued to bidders (including the Site Investigation Reports), from information available publicly and from a visual inspection of the Site.
- (g) 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.
- (h) 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.
- (i) The advance payment is delayed.
- (j) The effects on the Contractor of any of the Employer's Risks.

(k) The Project Manager unreasonably delays issuing a Certificate of Completion.

(l) Other Compensation Events described in the Contract or determined by the Project Manager shall apply.

44.2 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.

44.3 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 will assume that the Contractor will react competently and promptly to the event.

44.4 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.

45. Tax

45.1 The Project Manager shall adjust the Contract Price if taxes, duties, and other levies are changed between the date 28 days before the submission of bids 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, provided such changes are not already reflected in the Contract Price or are a result of Clause 47.

46. Currencies

46.1 Payments will be made in Pakistani Rupees.

47. Price Adjustment

47.1 Prices shall be adjusted for fluctuations in the cost of inputs only if provided for in the Contract Data. If so provided, the amounts certified in each payment certificate, before deducting for Advance Payment, shall be adjusted by applying the respective

price adjustment factor to the payment amounts due. A formula of the type indicated below applies:

$$P = A + B \frac{I_m}{I_o}$$

where:

P is the adjustment factor for the portion of the Contract Price payable.

A and B are coefficients specified in the Contract Data, representing the nonadjustable and adjustable portions, respectively, of the Contract Price payable, and

I_m is the index prevailing at the end of the month being invoiced and I_o is the index prevailing 28 days before Bid opening for inputs payable;

47.2 If the value of the index is changed after it has been used in a calculation, the calculation shall be corrected and an adjustment made in the next payment certificate. The index value shall be deemed to take account of all changes in cost due to fluctuations in costs.

48. Retention

48.1 The Employer shall retain from each payment due to the Contractor the proportion stated in the Contract Data until Completion of the whole of the Works.

48.2 On completion of the whole of the Works, half the total amount retained shall be repaid to the Contractor and half when the Defects Liability Period has passed and the Project Manager has certified that all Defects notified by the Project Manager to the Contractor before the end of this period have been corrected.

48.3 On completion of the whole Works, the Contractor may substitute retention money with an “on demand” Bank guarantee.

49. Liquidated Damages

49.1 The Contractor shall pay liquidated damages to the Employer at the rate per day stated in the Contract Data 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 the Contract Data. The Employer may deduct liquidated damages from payments due to the Contractor. Payment of liquidated damages shall not affect the Contractor’s liabilities.

49.2 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 Sub-Clause 43.1.

50. Bonus

50.1 The Contractor shall be paid a Bonus calculated at the rate per calendar day stated in the Contract Data for each day (less any days for which the Contractor is paid for acceleration) that the Completion is earlier than the Intended Completion Date. The Project Manager shall certify that the Works are complete, although they may not be due to be complete.

51. Advance Payment

51.1 The Employer shall make advance payment to the Contractor of the amount stated in the Contract Data by the date stated in the Contract Data, against provision by the Contractor of an Unconditional Bank Guarantee in a form and by a bank acceptable to the Employer in the amount equal to the advance payment. The Guarantee shall remain effective until the advance payment has been repaid, but the amount of the Guarantee shall be progressively reduced by the amount repaid by the Contractor. Interest will not be charged on the advance payment.

51.2 The Contractor is to use the advance payment only to pay for Equipment, Plant, Materials, and mobilization expenses required specifically for execution of the Contract. The Contractor shall demonstrate that advance payment has been used in this way by supplying copies of invoices or other documents to the Project Manager.

51.3 The advance payment shall be repaid by deducting proportionate amounts from payments otherwise due to the Contractor, following the schedule of completed percentages of the Works on a payment basis. No account shall be taken of the advance payment or its repayment in assessing valuations of work done, Variations, price adjustments, Compensation Events, Bonuses, or Liquidated Damages.

52. Securities

52.1 The Performance Security shall be provided to the Employer no later than the date specified in the Letter of Acceptance and shall be issued in an amount and form and by a bank acceptable to the Employer and denominated in Pak. Rupees in which the Contract

Price is payable. The Performance Security in the form of an Unconditional Bank Guarantee shall be valid until a date 28 day from the date of issue of the Certificate of Completion.

53. Dayworks

53.1 If applicable, the Day works rates in the Contractor's Bid shall be used for small additional amounts of work only when the Project Manager has given written instructions in advance for additional work to be paid for in that way.

53.2 All work to be paid for as Day works shall be recorded by the Contractor on forms approved by the Project Manager. Each completed form shall be verified and signed by the Project Manager within two days of the work being done.

53.3 The Contractor shall be paid for Day works subject to obtaining signed Day works forms.

54. Cost of Repairs

54.1 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

55. Completion

55.1 The Contractor shall request the Project Manager to issue a certificate of Completion of the Works, and the Project Manager will do so upon deciding that the work is completed.

56. Taking Over

56.1 The Employer shall take over the Site and the Works within seven days of the Project Manager's issuing a certificate of Completion.

57. Final Account

57.1 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 days of receiving the Contractor's account if it is correct and complete. If it is not, the Project Manager shall issue within 56 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.

58. Operating and Maintenance Manuals

58.1 If “as built” Drawings and/or operating and maintenance manuals are required, the Contractor shall supply them by the dates stated in the Contract Data.

58.2 If the Contractor does not supply the Drawings and/or manuals by the dates stated in the Contract Data, or they do not receive the Project Manager’s approval, the Project Manager shall withhold the amount stated in the Contract Data from payments due to the Contractor.

59. Termination

59.1 The Employer or the Contractor may terminate the Contract if the other party causes a fundamental breach of the Contract.

59.2 Fundamental breaches of Contract shall include, but shall not be limited to, the following:

- (a) the Contractor stops work for 28 days when no stoppage of work is shown on the current Program and the stoppage has not been authorized by the Project Manager;
- (b) the Project Manager instructs the Contractor to delay the progress of the Works, and the instruction is not withdrawn within 28 days;
- (c) the Employer or the Contractor is made bankrupt or goes into liquidation other than for a reconstruction or amalgamation;
- (d) a payment certified by the Project Manager is not paid by the Employer to the Contractor within 84 days of the date of the Project Manager’s certificate;
- (e) 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;
- (f) the Contractor does not maintain a Security, which is required; and
- (g) the Contractor has delayed the completion of the Works by the number of days for which the maximum amount of liquidated damages can be paid, as defined in the Contract Data.
- (h) if the Contractor, in the judgment of the Employer has

engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

For the purpose of this paragraph:

“corrupt practice” means the offering, giving, receiving or soliciting of any thing of value to influence the action of a public official in the procurement process or in contract execution.

“fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Borrower and includes collusive practice among Bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the Borrower of the benefits of free and open competition.

59.3 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 Sub-Clause 59.2 above, the Project Manager shall decide whether the breach is fundamental or not.

59.4 Notwithstanding the above, the Employer may terminate the Contract for convenience.

59.5 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.

60. Payment upon Termination

60.1 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 to apply to the value of the work not completed, as indicated in the Contract Data. 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.

60.2 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.

- 61. Property** 61.1 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.
- 62. Release from Performance** 62.1 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.
- 63. Suspension of World Bank Loan or Credit** 63.1 In the event that the World Bank suspends the Loan or Credit to the Employer, from which part of the payments to the Contractor are being made:
- (a) The Employer is obligated to notify the Contractor of such suspension within 7 days of having received the World Bank's suspension notice.
 - (b) If the Contractor has not received sums due it within the 28 days for payment provided for in Sub-Clause 43.1, the Contractor may immediately issue a 14-day termination notice.

PART TWO (PROCUREMENT SPECIFIC PROVISIONS)

- Invitation for Bids
- Bidding Data
- Forms of Bid, Qualification Information
- Letter of Acceptance, and Agreement
- Contract Data
- Specifications
- Drawings
- Bill of Quantities
- Security Forms

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Part Two
Invitation for Bids

Invitation for Bids (IFB)

Date: **April 2018**

Contract Identification N^o:**PK-KNIP-52168-CW-RFB**

World Bank Loan/Credit N^o: **P-161980**

1. *The Government of Sindh* (herein after called Borrower) has received financing from the International Development Association (IDA) (the Bank) in the form of a credit (hereinafter called credit) towards the cost of **Karachi Neighborhood Improvement Project (KNIP)**. The Project Director, Project Implementation Unit, KNIP, Karachi an implementing agency of the Client, intends to apply a portion of the proceeds of this credit to eligible payments under the contract for which this Invitation for Bids is issued. Bidding is open to all bidders from eligible source countries as defined in the World Bank Procurement Regulations for IPF Borrowers dated July 2016 available on www.worldbank.org
2. The Project Director, Project Implementation Unit (KNIP) now invites sealed bids from eligible bidders for “*Automation of Construction Permits by SBCA - Rehabilitation of SWF*” (hereinafter called “works”). The works include Civil Works, Electrical works. Plumbing works and fixture of furniture / Air Conditioner/ fire Extinguisher etc. **The works are to be completed in 180 days.**
3. Bidding documents (and additional copies) may be purchased from the following address for a non-refundable fee of PKR. 10,000 (Pakistan Rupees Ten Thousand only) payable through pay order in favour of Karachi Neighborhood Improvement Project for each set. Additional sets of documents may be purchased at same price:

**Project Director, Project Implementation Unit
Karachi Neighborhood Improvement Project (KNIP)
Bungalow No. C-49, Block-2 Scheme No.5, Clifton Karachi (Sindh)
Pakistan**

Interested bidders may obtain further information from the same address.

Additional charges of PKR. 1,000 (Pakistan Rupees One Thousand only) shall be payable if the document is required through courier.

4. Bids shall be valid for a period of 90 Days after Bid opening and must be accompanied by security of 2% of bidding amount and shall be delivered to the above-mentioned address on or before **10th May 2018 11:00 AM** at which time they will be opened in the presence of the bidders who wish to attend.

5. A pre-bid conference will be held at 11:00 AM on 26th April 2018 at the above-mentioned address. The purpose of the conference will be to clarify issues and to answer questions on any matter that may be raised at that stage. All potential Bidders, those have obtained the Bidding Documents, are invited to attend.
6. Interested bidders may also download the Bidding Documents from project website www.knip.gos.pk.
7. Those bidders who download the Bidding Documents from project website shall attach Documents fee with Bidding Documents.
8. No alteration / modification is allowed in Bidding Documents, any alteration, modification found in the Bidding Documents will lead to disqualification of bidder.
9. Bidding procedure used is **Single Stage One-Envelope**.
10. All bidders shall be required to submit with their bids, qualification information specified in the bidding documents. This information shall be used to establish through post-qualification whether the bidder is qualified to perform the work.
11. Bids are required to be submitted on item rate basis (not on the basis of Composite Schedule of Rates with percentage premium) and the rates and amounts (in Rupees) must be filled by the bidder for each item in the Bill of Quantities and provide a total price. Non-compliance may result in rejection of bid.
12. Bidders should give their best and final price in their bids as no negotiations are expected.
13. As provided in the bidding documents, bidders engaged in corrupt or fraudulent practices (including collusion/pooling) will be declared ineligible, either indefinitely or for a stated period of time, to be awarded a contract financed by the World Bank.

**Project Director
Project Implementation Unit
Karachi Neighborhood Improvement Project
(KNIP)
Bungalow No. C-49, Block-2 Scheme No.5, Clifton
Karachi (Sindh) Pakistan**

Part Two
Section 1. Bidding Data

Bidding Data

Clause Reference	Instructions to Bidders
1.1	Name of Work: - Automation of Construction Permits by SBCA – Rehabilitation Of SWF.
1.1	Name & Address of Employer.: Project Director, Project Implementation Unit Karachi Neighborhood Improvement Project, Planning & Development Department Government of Sindh Bungalow C-49, Block-2 Scheme No.5, Clifton Karachi (Sindh) Pakistan. Tele: 92-021-35173006-8 Fax: 92-021-35173009 e-mail: pdknip@knip.gos.pk www.knip.gos.pk
1.2	Period of Completion.: 06 (Six) Months
2.1	Name of the Borrower: Government of Sindh.
2.1	Name and description of the Project and type of the Bank financing. Automation of Construction Permits by SBCA – Rehabilitation Of SWF. <i>The” World Bank “means “International Development Association IDA and the Loan refers to an “IDA credit”, which as of the date of issue of the bidding documents has been approved by the World Bank</i>
4.4	The qualification data required from Joint Venture bidders in Sub-Clause 4.4 are modified as follows: No modifications
4.5	Qualification Criteria:
4.5 (a)	Minimum volume of Const. work in any of the five years: PKR 100 Million
4.5 (b)	The minimum value of at least 3similar works completed during last 05 years: PKR 50 Million
4.5 (c)	The essential Equipment Required for the Contract: <i>All Materials / Machines for Fixing & Installions Polish Cutters Generators 10 KVA Survey Equipment’s. Utility Installation Equipment</i> The successful bidder must have atleast the following professional staff: <i>1. Project Engineer/Manager 2. Planning Engineer</i>

4.5 (d)	<p>3. <i>Plumbing Engineer</i> 4. <i>Civil Engineer</i> 5. <i>Architect</i> 6. <i>Electrical Engineer</i></p> <p><i>The Project Engineer/Manager must have relevant qualification /degree and ten (10) years post qualification experience of working in managerial capacity in similar projects in terms of their nature and volume.</i></p> <p><i>The other professional staff must have the relevant degree and practical post qualification experience of working in similar projects for atleast five (5) years.</i></p> <p><i>The bidder shall confirm in the bid that the staff with above mentioned qualification and experience is available presently, the CVs of the staff shall also be attached.</i></p>
4.5 (e)	<p>Minimum Amount of Liquid Assets and /or Credit Facilities: PKR 20 Million</p>
4.5 (f)	<p>Minimum Assessed Bid Capacity: More than total Bid Value <i>The Assessed Bid Capacity = A*N*1.5-B, where:</i></p> <ul style="list-style-type: none"> - <i>A = Maximum value of works executed in any one year during the last five years (updated to the current price level)</i> - <i>B = Value at current price level of the existing commitments and ongoing works to be completed by the Bidder during the next N years, and</i> - <i>N = Number of years prescribed for completion of the works for which the bid is invited.</i>
7.1	<p>Insert following as Sub-Clause 7.2: <i>'A pre-bid conference will be held at 11:00 AM on [date] at following Venue, time and date:</i></p> <p>Venue: <i>Project Director Project Implementation Unit (PIU) Karachi Neighborhood Improvement Project Bungalow C-49, Block-2 Scheme No.5, Clifton Karachi (Sindh) Pakistan. Tele: 92-021-35173006-8 Fax: 92-021-35173009 e-mail: pdknip@knip.gods.pk web: www.knip.gos.pk</i></p> <p>Time: 11:00 am Date: 26th April 2018</p> <p><i>The purpose of the meeting will be to clarify issues and to answer questions on any matter that may be raised at that stage. All potential Bidders that have obtained the Bidding Documents are invited to attend.</i></p>
13.4	<p><i>The Contract is not subject to price adjustment.</i></p>
15.1	<p><i>The period of Bid validity shall be 90 days after the deadline for Bid submission specified in the Bidding Data.</i></p>
15.3	<p><i>The adjustment of Bid price in accordance with Clause 15.3 shall be calculated as 5</i></p>

	<i>percent per annum applied to all items other than Provisional Sums</i>
16.1/ 16.2	<i>Amount of bid security shall be 2% of Bid Amount in shape of Pay order issued from a schedule bank of Pakistan in favour of Project Director Project Implement Unit PIU or Irrevocable Bank Guarantee equivalent to the bid security amount in PKR.</i>
18.1	The number of copies of the Bid to be completed and returned shall be: one (1) ORIGINAL and two (2) COPIES
19.2	Employer's address for the purpose of bid submission <i>Project Director Project Implementation Unit (PIU) Karachi Neighborhood Improvement Project Bungalow C-49, Block-2 Scheme No.5, Clifton Karachi (Sindh) Pakistan. Tele: 92-021-35173006-8 Fax: 92-021-35173009 e-mail: pdknip@knip.gods.pk web: www.knip.gos.pk</i>
20.1	Deadline for submission of bids. <i>Time: 11:00 am Date: 10th May 2018</i>
29.6	Insert following as Sub-Clause 29.6: <i>'If a bid is seriously unbalanced or front loaded in relation to Employer's estimate of the price of items of work to be performed under the contract, the Employer may require the bidder to produce detailed price analysis for any or all items of the Bill of Quantities to demonstrate the internal consistency of those prices with his proposed construction methods and programme. After the evaluation of the price analysis the Employer may require the amount of the Performance Security stated in Clause 34 to be increased at the expense of the bidder to a level sufficient to protect the Employer against financial loss in the event of default of the bidder under the contract.'</i>
34	<i>The Standard Form of Performance Security acceptable to the Employer shall be Bank Guarantee (Unconditional) from a Schedule Bank of Pakistan.</i>
35.1	<i>The Advance Payment shall be limited to 10 (ten) percent of the Contract Price.</i>
36.1	<i>Mr. Nasim Malik is proposed to be the adjudicator. He is a civil engineer and got over 25 years of experience in contract management. Presently he is working as Contact Manager in IBA, Karachi. The hourly fee for the proposed adjudicator would be Rs. 5,000 (Rupees Five Thousand) per hour.</i>

Section 2. Forms of Bid, Qualification Information, Letter of Acceptance, and Agreement

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Standard Form: Contractor's Bid

Notes on Form of Contractor's Bid

The Bidder shall fill in and submit this Bid form with the Bid. If the Bidder objects to the Adjudicator proposed by the Employer in the bidding documents, he should so state in his Bid, and present an alternative candidate, together with the candidate's daily fees and biographical data, in accordance with Clause 36 of the Instructions to Bidders.

_____ [date]

To: _____
[name of Employer]

Address _____
[Insert address]

We offer to execute the _____
[name and identification number of Contract] in accordance with the Conditions of Contract accompanying this Bid for the Contract Price of _____
[amount in numbers] (_____)
[amount in words] _____ [in Pak. Rupees.]

The Contract shall be paid in Pakistani Rupees.

The advance payment required is:

Amount	Currency
	Pakistani Rupees

We accept the appointment of _____
[name proposed in Bidding Data] as the Adjudicator.

[or]

We do not accept the appointment of _____
[name proposed in Bidding Data] as the Adjudicator and propose instead that _____
[name] be appointed as Adjudicator, whose daily fees and biographical data are attached.

This Bid and your written acceptance of it shall constitute a binding Contract between us. We understand that you are not bound to accept the lowest or any Bid you receive.

Commissions or gratuities, if any, paid or to be paid by us to agents relating to this Bid, and to contract execution if we are awarded the contract, are listed below:

Name and address of agent	Amount and Currency	Purpose of Commission or gratuity

(if none, state "none")

We hereby confirm that this Bid complies with the Bid validity and Bid Security required by the bidding documents and specified in the Bidding Data.

Authorized Signature: _____
Name and Title of Signatory: _____
Name of Bidder: _____
Address: _____

Standard Form: Qualification Information

Notes on Form of Qualification Information

The information to be filled in by bidders in the following pages will be used for purposes of post qualification or for verification of prequalification as provided for in Clause 4 of the Instructions to Bidders. This information will not be incorporated in the Contract. Attach additional pages as necessary. Pertinent sections of attached documents should be translated into English. If used for prequalification verification, the Bidder should fill in updated information only.

1. Individual Bidders or Individual Members of Joint Ventures

1.1 Constitution or legal status of Bidder: *[attach copy]*

Place of registration: *[insert]*

Principal place of business: *[insert]*

Power of attorney of signatory of Bid: *[attach]*

1.2 Total annual	19	
volume of	19	
construction work	19	
performed in last five	19	
years in Pak. Rupees	19	

1.3 Work performed as prime Contractor on works of a similar nature and volume over the last five years. The values should be indicated in Pak. Rupees. Also list details of work under way or committed, including expected completion date.

Project name	Name of client and contact person	Type of work performed and year of completion	Value of contract
[etc.]			

1.4 Major items of Contractor's Equipment proposed for carrying out

the Works. List all information requested below. Refer also to Sub-Clause 4.3(c) of the Instructions to Bidders.

Item of equipment	Description, make, and age (years)	Condition (new, good, poor) and number available	Owned, leased (from whom?), or to be purchased (from whom?)
[etc.]			

1.5 Qualifications and experience of key personnel proposed for administration and execution of the Contract. Attach biographical data. Refer also to Sub-Clause 4.3(e) of the Instructions to Bidders and Sub-Clause 9.1 of the Conditions of Contract.

Position	Name	Years of experience (general)	Years of experience in proposed position
Project Manager			
[etc.]			

1.6 Proposed subcontracts and firms involved. Refer to Clause 7 of Conditions of Contract.

Sections of the Works	Value of subcontract	Subcontractor (name and address)	Experience in similar work
[etc.]			

1.7 Financial reports for the last five years: balance sheets, profit and loss statements, auditors' reports, etc. List below and attach copies.

1.8 Evidence of access to financial resources to meet the qualification requirements: cash in hand, lines of credit, etc. List below and attach copies of support documents.

1.9 Name, address, and telephone, telex, and facsimile numbers of banks that may provide references if contacted by the Employer.

1.10 Information on current litigation in which the Bidder is involved.

Other party(ies)	Cause of dispute	Amount involved

1.11 Statement of compliance with the requirements of Sub-Clause 3.2 of the Instructions to Bidders.

1.12 Proposed Program (work method and schedule). Descriptions, drawings, and charts, as necessary, to comply with the requirements of the bidding documents.

2. Joint Ventures

2.1 The information listed in 1.1 - 1.11 above shall be provided for each partner of the joint venture.

2.2 The information in 1.12 above shall be provided for the joint venture.

2.3 Attach the power of attorney of the signatory(ies) of the Bid authorizing signature of the Bid on behalf of the joint venture.

2.4 Attach the Agreement among all partners of the joint venture (and which is legally binding on all partners), which shows that

- (a) all partners shall be jointly and severally liable for the execution of the Contract in accordance with the Contract terms;
- (b) one of the partners will be nominated as being in charge, authorized to incur liabilities, and receive instructions for and on behalf of any and all partners of the joint venture; and
- (c) the execution of the entire Contract, including payment, shall be done exclusively with the partner in charge.

3. Additional Requirements

3.1 Bidders should provide any additional information required in the Bidding Data or to fulfill the requirements of Sub-Clause 4.1 and Clause 30 of the Instructions to Bidders, if applicable.

Standard Form: Letter of Acceptance

[Letterhead paper of the Employer]

Notes on Standard Form of Letter of Acceptance

The Letter of Acceptance will be the basis for formation of the Contract as described in Clauses 33 and 34 of the Instructions to Bidders. This Standard Form of Letter of Acceptance should be filled in and sent to the successful Bidder only after evaluation of bids has been completed, subject to any review by the World Bank required under the Loan Agreement.

[date]

To: *[name and address of the Contractor]*

This is to notify you that your Bid dated *[date]* for execution of the *[name of the Contract and identification number, as given in the Contract Data]* for the Contract Price of *[amount in Pak. Rupees numbers and words]* (as corrected and modified in accordance with the Instructions to Bidders)¹ is hereby accepted by our Agency.

- (a) We accept that *[name proposed by bidder]* be appointed as the Adjudicator.
- (b) We do not accept that *[name proposed by bidder]* be appointed as adjudicator, and by sending a copy of this letter of acceptance to *[insert the name of the Appointing Authority]*, we are hereby requesting *[name]*, the Appointing Authority, to appoint the Adjudicator in accordance with Clause 36.1 of the Instructions to Bidders.

You are hereby instructed to proceed with the execution of the said Works in accordance with the Contract documents.

Authorized Signature: _____
Name and Title of Signatory: _____
Name of Agency: _____

Attachment: Agreement

Notes on Standard Form of Agreement

The Agreement should incorporate any corrections or modifications to the Bid resulting from corrections of errors (Instructions to Bidders, Clause 27), price adjustment during the evaluation process (Instructions to Bidders Sub-Clause 15.3 or Clause 47 of the Conditions of Contract), selection of an alternative offer (Invitation for Bids Sub-Clause 17.2), acceptable deviations (Invitation for Bids Clause 26), or any other mutually-agreeable changes allowed for in the Conditions of Contract, such as changes in key personnel, subcontractors, scheduling, and the like.

Standard Form: Agreement

AGREEMENT

This Agreement, made the *[day]* day of *[month]*, *[year]* between *[name and address of Employer]* (hereinafter called “the Employer”) and *[name and address of Contractor]* (hereinafter called “the Contractor”) of the other part.

Whereas the Employer is desirous that the Contractor execute *[name and identification number of Contract]* (hereinafter called “the Works”) and the Employer has accepted the Bid by the Contractor for the execution and completion of such Works and the remedying of any defects therein.

Now this Agreement witness as follows:

1. In this Agreement, words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to, and they shall be deemed to form and be read and construed as part of this Agreement.
2. In consideration of the payments to be made by the Employer to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Employer to execute and complete the Works and remedy any defects therein in conformity in all respects with the provisions of the Contract.
3. The Employer hereby covenants to pay the Contractor in consideration of the execution and completion of the Works and the remedying of defects wherein 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.

In Witness whereof the parties thereto have caused this Agreement to be executed the day and year first before written.

The Common Seal of _____
was hereunto affixed in the presence of: _____

Signed, Sealed, and Delivered by the said _____
in the presence of: _____

Binding Signature of Employer _____

Binding Signature of Contractor _____

Part Two
Section 3. Contract Data

Contract Data

The following documents are also part of the Contract:

1.1	<p>The Borrower is Government of Sindh</p> <p>The “World Bank” means “International Development Association (IDA),” and loan refers to an “IDA credit,”</p> <p>The Employer is Project Implementation Unit, Karachi Neighborhood Improvement Project, Planning & Development Department Government of Sindh.</p> <p>The name and other particulars of the Project Manager will be intimates to the Contractor at the time issuing Letter of Acceptance</p> <p>The name and identification number of the Contract is Re-development of Culture and Education Area in Saddar Downtown. The Contract Identification Number is PK-KNIP-52168-CW-RFB</p> <p>The Works consist of Package 1, Automation of Construction Permits by SBCA-Rehabilitation of SWF.</p> <p>The Start Date shall be 30 days or earlier after the date of issuance of the Letter of Acceptance.</p> <p>The Intended Completion Date for the whole of the Works shall be 180 days after the Start Date.</p> <p>The Site is location is defined in the attached drawings.</p>
3.1	<p>The language of the Contract documents is English</p> <p>The law that applies to the Contract is the law of Islamic Republic of Pakistan which includes the following legislation:</p> <ul style="list-style-type: none"> - The Employment of Children (ECA) Act 1991 - The Bonded Labour System (Abolition) Act of 1992 - The Factories Act 1934. - Latest legislation of the Acts shall be applicable.
13.1	<p>The minimum insurance covers shall be:</p> <p>(a) The minimum cover for insurance of the Works and of Plant and Materials is 110% of the Contract Price</p> <p>(b) The maximum deductible for insurance of the Works and of Plant and Materials is 10% of the Contract Price</p>

	<p>(c) The minimum cover for loss or damage to Equipment is the replacement cost of the Equipment</p> <p>(d) The maximum deductible for insurance of Equipment is 5% of the replacement cost of the Equipment</p> <p>(e) The minimum for insurance of other property is Rs 300,000.</p> <p>(f) The maximum deductible for insurance of other property is Rs 30,000.</p> <p>(g) The minimum cover for personal injury or death insurance</p> <p style="padding-left: 40px;">(i) for the Contractor’s employees is as required by the law of Pakistan including, for example, the Workmen’s Compensation Act</p> <p style="padding-left: 40px;">(ii) and for other people is Rs. 300,000 per event.</p> <p>with reputed insurer and in terms approved by the Project Manager</p> <p>In respect of item (c) the Contractor shall submit a schedule listing each item of his proposed equipment that shall include the age, number of hours worked if applicable and current value.</p>
<p>21.0</p>	<p>The Site Possession Date shall be 15 days or earlier after signing the Agreement by both Parties.</p>
<p>27.0</p>	<p>The Contractor shall submit a revised Program for the Works within 15 days of delivery of the Letter of Acceptance.</p>
<p>27.0</p>	<p>The period between Program updates is 30 days.</p> <p>The amount to be withheld for late submission of an updated Program is 1%</p>
<p>26.0</p>	<p>Appointing Authority for the Adjudicator: Pakistan Engineering Council</p>
<p>25.0</p>	<p>Arbitration will take place in accordance with the Arbitration Act under the law of Islamic Republic of Pakistan.</p>
<p>35.0</p>	<p>The Defects Liability Period is 365 days.</p>
<p>38.0</p>	<p>Clause 38.4 added as under:</p> <p style="padding-left: 40px;">a. Contractor shall bring to the notice of the Project Manager any discrepancy between the BoQ, specifications and drawings and seek the decision of the Project Manager on any such ambiguity before proceeding with execution of such works.</p> <p style="padding-left: 40px;">b. The Contractor shall immediately bring to the notice of the</p>

	<p>Project Manager any items missed out in the BoQ and the specifications but required for satisfactory completion of the works. The Project Manager shall review the justification for the additional item and grant approval for execution based on rates in the latest schedule of rates or as per market rates (based on minimum of 3 quotations) as the case may be.</p>
39.1	<p>Clause 39.2 added as under: All the variations recommended by the Project Manager shall be implemented after the approval by the Employer</p>
43.1	<p>Delete the words “Prevailing rate of interest for commercial borrowing” in the fourth sentence of this sub-clause. and replace with: “rate of 7%” per annum.</p>
47.0	<p>The Contract is not subject to price adjustment in accordance with Clause 47 of the Conditions of Contract.</p>
48.1	<p>The proportion of payments retained is 10% percent upto a maximum of 5% of the contract price as stated in Letter of Acceptance</p>
49.1	<p>The liquidated damages for the whole of the Works are 0.1% per day of the contract price as stated in Letter of Acceptance.</p> <p>The maximum amount of liquidated damages for the whole of the Works is 10% of the final Contract Price.</p>
50.1	<p>The Bonus for the whole of the Works is NIL per day. The maximum amount of Bonus for the whole of the Works is NIL percent of the final Contract Price.</p>
51.1	<p>The Advance Payment will be 10% of contract price and will be paid to the Contractor no later than 30 days after fulfillment of the requirements of Clause 51.0.</p> <p>The Performance Security shall be for the minimum amount equivalent to the following percentage of the Contract Price:</p> <p style="text-align: center;">Bank Guarantee (Unconditional) 10 percent of the Contract Price.</p> <p>The standard form(s) of Performance Security acceptable to the Employer shall be Unconditional Bank Guarantee of the type presented in Section 7 of the Bidding Documents.</p>
58.1	<p>The date by which operating and maintenance manuals are required is 45 days after issuance of the Certificate of Completion of the Works.</p>

58.2	<p>The date by which “as built” drawings are required is 30 days after issuance of the Certificate of Completion of the Works.</p> <p>In addition, contractor should provide shop drawing before execution of each element of the project as per design document</p> <p>The amount to be withheld for failing to produce “as built” drawings and/or operating and maintenance manuals by the date required is 5 percent of contract price.</p>
60.1	<p>The percentage to apply to the value of the work not completed, representing the Employer’s additional cost for completing the Works, is 20 percent.</p>

**Part Two
Specifications
(Attached)**

**Part Two
Section 5. Drawings
(Attached)**

Part Two
Section 6. Bill of Quantities

Part Two

Section 7. Security Forms

Notes on Forms of Securities

Samples of acceptable forms of Bid, Performance, and Advance Payment Securities are annexed. Bidders should not complete the Performance and Advance Payment Security forms at this time. Only the successful Bidder will be required to provide Performance and Advance Payment Securities in accordance with one of the forms or in a similar form acceptable to the Employer.

Table of Forms

Annex A Form: Bid Security (Bank Guarantee), 27

Annex B Form: Performance Bank Guarantee (Unconditional), 29

Annex C Form: Bank Guarantee for Advance Payment, 30

Annex A Form: Bid Security (Bank Guarantee)

Whereas, *[name of Bidder]* (hereinafter called “the Bidder”) has submitted his Bid dated *[date]* for the construction of *[name of Contract]* (hereinafter called “the Bid”).

Know all people by these presents that We *[name of Bank]* having our registered office at *[address]* (hereinafter called “the Bank”) are bound unto name of Employer] (hereinafter called “the Employer”) in the sum of *[amount in words and figures denominated in Pak. Rupees. This figure should be the same as shown in Clause 16.1 of the Instructions to Bidders.]* for which payment well and truly to be made to the said Employer, the Bank binds itself, its successors, and assigns by these presents.

Sealed with the Common Seal of the said Bank this *[day]* day of *[month]*, *[year]*.

The conditions of this obligation are:

- (1) If, after Bid opening, the Bidder withdraws his Bid during the period of Bid validity specified in the Form of Bid; or
- (2) If the Bidder having been notified of the acceptance of his Bid by the Employer during the period of Bid validity:
 - (a) fails or refuses to execute the Form of Agreement in accordance with the Instructions to Bidders, if required; or
 - (b) fails or refuses to furnish the Performance Security, in accordance with the Instruction to Bidders; or
 - (c) does not accept the correction of the Bid Price pursuant to Clause 27,

we undertake to pay to the Employer up to the above amount upon receipt of his first written demand, without the Employer’s having to substantiate his demand, provided that in his demand the Employer will note that the amount claimed by him is due to him owing to the occurrence of one or any of the three conditions, specifying the occurred condition or conditions.

This Guarantee will remain in force up to and including the date *[number]* days¹ after the deadline for submission of bids as such deadline is stated in the Instructions to Bidders or as it may be extended by the Employer, notice of which extension(s) to the Bank is hereby waived. Any demand in respect of this Guarantee should reach the Bank not later than the above date.

¹ Usually 28 days after the end of the validity period of the Bid provided in the Invitation for Bids and Clause 15.1 of the Instruction to Bidders. The date should be inserted by the Employer before the bidding documents are issued.

Date _____ Signature of the Bank _____

Witness _____ Seal _____

[signature, name, and address]

Annex B Form: Performance Bank Guarantee (Unconditional)

To: *[name and address of Employer]*

Whereas *[name and address of Contractor]* (hereinafter called “the Contractor”) has undertaken, in pursuance of Contract No. *[number]* dated *[date]* to execute *[name of Contract and brief description of Works]* (hereinafter called “the Contract”);

And whereas it has been stipulated by you in the said Contract that the Contractor shall furnish you with a Bank Guarantee by a recognized bank for the sum specified therein as security for compliance with his obligations in accordance with the Contract;

And whereas we have agreed to give the Contractor such a Bank Guarantee;

Now therefore we hereby affirm that we are the Guarantor and responsible to you, on behalf of the Contractor, up to a total of *[amount of Guarantee in words and figures denominated in Pak. Rupees, representing the percentage of the Contract Price specified in the Contract]* such sum being payable in Pak. Rupees in which the Contract Price is payable, and we undertake to pay you, upon your first written demand and without cavil or argument, any sum or sums within the limits of *[amount of Guarantee in words and figures denominated in Pak. Rupees, representing the percentage of the Contract Price specified in the Contract]* as aforesaid without your needing to prove or to show grounds or reasons for your demand for the sum specified therein.

We hereby waive the necessity of your demanding the said debt from the Contractor before presenting us with the demand.

We further agree that no change or addition to or other modification of the terms of the Contract or of the Works to be performed thereunder or of any of the Contract documents which may be made between you and the Contractor shall in any way release us from any liability under this Guarantee, and we hereby waive notice of any such change, addition, or modification.

This Guarantee shall be valid until a date 28 day from the date of issue of the Certificate of Completion.

Signature and seal of the Guarantor _____

Name of Bank _____

Address _____

Date _____

Annex C Form: Bank Guarantee for Advance Payment

To: *[name and address of Employer]*

[name of Contract]

Gentlemen:

In accordance with the provisions of the Conditions of Contract, Clause 51 (“Advance Payment”) of the above-mentioned Contract, *[name and address of Contractor]* (hereinafter called “the Contractor”) shall deposit with *[name of Employer]* a Bank Guarantee to guarantee his proper and faithful performance under the said Clause of the Contract in an amount of *[amount of Guarantee in words and figures denominated in Pak. Rupees, representing the amount of the Advance Payment]*.

We, the *[Bank or Financial Institution]*, as instructed by the Contractor, agree unconditionally and irrevocably to guarantee as primary obligator and not as Surety merely, the payment to *[name of Employer]* on his first demand without whatsoever right of objection on our part and without his first claim to the Contractor, in the amount not exceeding *[amount of Guarantee in words and figures denominated in Pak. Rupees, representing the amount of the Advance Payment]*.

We further agree that no change or addition to or other modification of the terms of the Contract or of Works to be performed thereunder or of any of the Contract documents which may be made between *[name of Employer]* and the Contractor, shall in any way release us from any liability under this Guarantee, and we hereby waive notice of any such change, addition, or modification.

This Guarantee shall remain valid and in full effect from the date of the advance payment under the Contract until *[name of Employer]* receives full repayment of the same amount from the Contractor.

Yours truly,

Signature and seal: _____

Name of Bank/Financial Institution: _____

Address: _____

Date: _____