

## FORM OF CONTRACT: SHOPPING FOR WORKS

**Name of Country:** Vanuatu

**Project Title:** Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP)

**Source of Funding (loan/credit grant no.):** IDA-D1220 (50%) and IDA-58470 (50%)

**Contract Name:** TBE

**Contract Ref:** TBE

This Contract is made this \_\_\_\_\_ day of (*insert month in words*) \_\_\_\_\_ (*insert year*) between Ministry of Infrastructure and Public Utilities on the one part (hereinafter called “the Employer”) and (*insert the legal name of the bidder*) \_\_\_\_\_ (hereinafter called “the Contractor”) on the other part.

Whereas the Employer has called for quotations for TBE (“the Works”) and the Contractor has submitted a quotation for the Works and the Employer has accepted the Contractor’s Quotation dated (*Day/Month/ Year* \_\_\_\_\_) for the execution and completion of the Works and the remedying of any defects therein.

The following documents shall constitute the Contract between the Employer and the Contractor, and each shall be read and construed as an integral part of the Contract:

- A. The Form of Contract
- B. PWD Technical Specifications including Special Provisions and Supplementary Information (Annex 1)
- C. Drawings (Annex 2)
- D. **Bill of Quantities (BoQ) (Annex 3) / Activity schedule (AS) (Annex 3)**
- E. Contractor’s signed Letter of Quotation (Annex 4).

Now this Contract witnesses as follows:

1. The Contractor hereby covenants to execute the Works fully detailed in the following documents:
  - Technical Specification including Special Provisions and Supplementary Information (Annex 1)
  - Drawings (Annex 2),
  - **Bill of Quantities (BOQ) (Annex 3) / Activity Schedule (AS) (Annex 3)**, and
  - included in the Contractor’s Quotation (Annex 4)which constitute an integral part of this Contract; in a professional and workmanship like manner in accordance with the following Conditions of Contract:
  - (a) Remedy all defects within 7 working days of notification by the Construction Supervisor TBE (name), during the period of execution of the contract and thereafter for defects notified within the defect liability period.
  - (b) The Employer reserves the right to terminate the contract due to unsatisfactory performance 10 days after giving a written notice.
  - (c) All material and construction equipment on site, temporary works, and the Works shall be deemed to be the property of the Employer if the contract is terminated due to fault by the Contractor.
  - (d) The Contractor will in all cases abide by the directions of the Construction Supervisor.

- (e) The Contractor shall submit to the Construction Supervisor, a program within 7 days after signing the contract describing general methods and schedule to complete the Works.
  - (f) The Contract completion period shall be TBE days (calendar days) after signing of the Contract.
  - (g) For BOQ based contracts: In case of changes to the quantities in BOQ, the unit rates under the contract will be used to calculate the payment. For variations, the unit rates in the BOQ shall be used for similar items under variation. New items of work performed, under variation as ordered by the Construction Supervisor, will be paid at mutually agreed rate/s and, in case of any disagreement between the Contractor and the Construction Supervisor, the latter will fix the unit rates that will be binding on the Contractor.
  - (h) For AS based contracts: The Contract Price is fixed and no additional payments or deductions will be made for variations in quantities. New items of work performed under variation due to change of design as ordered by the Construction Supervisor will be paid at mutually agreed prices and, in case of any disagreement between the Contractor and the Construction Supervisor, the latter will fix the prices that will be binding on the Contractor.
  - (i) The Law governing the contract shall be the applicable laws of Vanuatu.
  - (j) The Contractor shall be responsible for the safety of all the activities on the Site.
  - (k) During execution of the Works the Construction Supervisor will carry out inspection of the Works at site to verify that the Works are executed by the Contractor in accordance with the specifications and required quality as per specifications. The Construction Supervisor will reject works not performed to the required specifications and the Contractor shall take immediate actions to rectify all defects in accordance with subparagraph (a) above.
  - (l) Either party may terminate the Contract by giving a 14 days' notice to the other for unforeseen events such as wars and acts of God such as earthquake, floods, fires etc. In such case the payments will be made for the completed works to the date of termination of contract and, if applicable, the reasonable costs of demobilisation as approved by the Construction Supervisor.
  - (m) The Contractor is responsible for all taxes, duties, levies, customs duties, etc. in accordance with the laws of Vanuatu which are already included in the unit rates or prices in the BOQ, except VAT.
  - (n) Any disputes between the Employer and the Contractor arising between them under or in connection the Contract shall be resolved amicably. In the event the dispute remains unresolved either party may refer the dispute to arbitration in accordance with Vanuatu Law at the Courts.
2. In consideration thereof, the Employer covenants to pay the Contractor the Contract Price of \_\_\_\_\_TBE\_\_\_\_\_ (in words and figures) in the following manner and instalments:
- (a) An advance payment of 15 percent of the Contract Price will be paid within 28 days of the submission of an Advance Payment Bank Guarantee in the same amount and currency. As an alternative to the Bank Guarantee the payment of 15 percent of the Contract Price will be paid upon the Contractor bringing to the work site the following items and the Construction Supervisor certifying it: 1/ at least one half of all materials to be incorporated in the Works or all materials to be consumed within three months, whichever is less, and 2/ all equipment required for the construction works.

For BOQ based contracts:

- (b) Subsequent payments will be made based on monthly statements submitted by the Contractor, of the estimated value of the work executed less the cumulative amount certified previously. The value of work executed shall be based on the unit rates specified in the BOQ and the actual quantity completed for each item of BOQ, and shall include the valuation of Variations if any. The Construction Supervisor 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. For each payment, 20% of the value of payment will be deducted for repayment of any advance payment until the total of advance payment is paid off, and 10% of the value will be retained as retention money until the total of retention money reaches 5% of the accepted contract price. Each interim payment will be due for payment within 28 days of submission of a correctly rendered invoice and supporting documents for the completed quantities, if the quantities are correct as verified by the Construction Supervisor.
- (c) One-half of the 5% retention money will be paid to the Contractor on certification by the Construction Supervisor of substantial completion of the Works, and the balance half of the retention money will be paid at the end of the defects liability period. The Advance Payment Bank Guarantee shall be released when the advance payment is paid back in total.
- (d) Final contract value will be based on the actual quantities completed.

For AS based contracts:

- (e) Subsequent payments will be made for each activity completed based on the quoted price for the respective activity. For each payment, 20% of the value of payment will be deducted for repayment of any advance payment until the total of advance payment is paid off, and 10% of the value will be retained as retention money until the total of retention money reaches 5% of the accepted contract price. Each interim payment will be due for payment within 21 days of submission of a correctly rendered invoice and supporting documents for the completed quantities.
- (f) The defects liability period will be 12 months after taking over of completed works by the Employer.

### **3. Inspections and Audits**

- (a) The Contractor shall carry out all instructions of the Construction Supervisor which comply with the applicable laws where the Site is located.
- (b) The Contractor shall permit, and shall cause its Sub-Contractors to permit, the World Bank (“the Bank”) and/or persons or auditors appointed by the Bank to inspect and/or audit its accounts and records and other documents relating to the submission of the Quotation to carry out the Works and performance of the Contract. Any failure to comply with this obligation may constitute a prohibited practice subject to contract termination and/or the imposition of sanctions by the Bank (including without limitations determination of ineligibility) in accordance with prevailing Bank’s sanctions procedures.

### **4. Termination.**

The Employer may terminate this Contract with at least ten (10) working days prior written notice to the Contractor after the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause:

- (a) If the Contractor does not remedy a failure in the performance of its obligations under the Contract within seven (7) working days after being notified, or within any further period as the Construction Supervisor may have subsequently approved in writing;
- (b) If the Contractor becomes insolvent or bankrupt;
- (c) If the Contractor, in the judgment of the Employer or the Bank, has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices (as defined in the prevailing Bank's sanctions procedures) in competing for or in performing the Contract.
- (d) If the Employer, in its sole discretion and for any reason whatsoever, decides to terminate this Contract.

The Contractor is entitled to be paid for the total amount of completed works up to the date of termination, which shall be verified by the Construction Supervisor.

**5. Fraud and Corruption**

If the Employer determines that the Contractor and/or any of its personnel, or its agents, or its Subcontractors, consultants, service providers, suppliers and/or their employees has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices (as defined in the prevailing Bank's sanctions procedures), in competing for or in executing the Contract, then the Employer may, after giving 10 working days' notice to the Contractor, terminate the Contractor's employment under the Contract and cancel the contract, and the provisions of Clause 4 shall apply.

**6. Insurances**

The Contractor shall provide, in the joint names of the Employer and the Contractor, such insurances as are necessary to cover the liability of the Contractor and subcontractor(s) in respect of (a) personal injuries or deaths and damage to real or personal property arising out of or in the course of the carryout of the Works; (b) all unfixed materials and goods intended for the Works, delivered to, or placed on or adjacent to the Works and intended for the Works, and for an amount not less than the full Contract value and against all risks or physical loss or damage.

The Contractor shall not cancel, cause to be cancelled, or alter the terms and conditions of any insurance policy covering this Contract without the express permission of the Employer.

Such indemnification and insurances shall be in the type and amounts specified in the table below, shall cover the period from the Date for Commencement to the end of the Defects Liability Period and shall be effected within fourteen (14) days of the date of contract signature, and in terms approved by the Employer.

Insurances	The minimum insurance covers shall be:  a) loss of or damage to the Works and Materials equivalent to the Contract Price b) personnel: as per Government legislation
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Prior to commencement of the Works, the Contractor, and any subcontractor, shall produce such evidence as the Construction Supervisor may reasonably require that the indemnification and insurances referred to in this Clause have been taken out and are in force for the duration required under the Contract.

If the Contractor does not provide any of the policies and certificates required, the Employer may affect the insurance which the Contractor should have provided and recover the premiums the Employer has paid from payments otherwise due to the Contractor or, if no payment is due, the payment of the premiums shall be a debt due.

In witness where of the parties thereto have caused this Contract to be executed the day and year first before written.

<p>Name of the Employer;</p> <p>_____</p> <p>Signature (on behalf of the Employer)          Title: Minister of Infrastructure and Public Utilities</p> <p>In the presence of:</p> <p>_____</p> <p>(Signature of Witness)</p> <p>Name and designation of Witness:</p>	<p>Name of the Contractor;</p> <p>_____</p> <p>_____</p> <p>Signature (on behalf of the Contractor)</p> <p>In the presence of:</p> <p>_____</p> <p>(Signature of Witness)</p> <p>Name and Address of Witness:</p>
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## **ANNEX 1: TECHNICAL SPECIFICATIONS**

(Technical specifications should be incorporated in this annex)

**Project Title:** Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP)

**Contract Name:** TBE

**Contract Reference Number:** TBE

1. Brief Background
2. Description and location of the Works
3. Standards and Specifications

## **ANNEX 2: DRAWINGS**

**Project Title:** Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP)

**Contract Name:** [TBE](#)

**Contract Reference Number:** [TBE](#)

The Works are to be performed in accordance with the following Drawings:

**ANNEX 3: BILL OF QUANTITIES / PRICED ACTIVITY SCHEDULE**

*[To be completed, signed and submitted by the Bidder as an attachment to the signed Form of Quotation]*

**Project Title:** Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP)  
**Contract Name:** TBE  
**Contract Reference Number:** TBE

<b>BILL OF QUANTITIES</b>					
<b>Spec No.</b>	<b>Description of Works items</b>	<b>Unit (m2,m3,kg, ton, piece, etc</b>	<b>Quantity</b>	<b>Unit Price (To be filled by Bidder)</b>	<b>Total Price (To be filled by Bidder)</b>
<i>(to be completed by the Employer in ITQ)</i>				<i>(to be completed by the Bidder)</i>	
01					
02					
03					
<b>Total Price</b>					

<b>No.</b>	<b>Activity</b>	<b>Amount (currency)</b>
<i>(to be filled in by Employer in ITQ)</i>		<i>(to be filled in by Bidder)</i>
<b>1</b>		
<b>2</b>		
<b>3</b>		
<b>.....</b>		
<b>Total Price</b>		

Authorized Signature: \_\_\_\_\_

Name and Title of Signatory \_\_\_\_\_  
 \_\_\_\_\_



Name of Bidder: \_\_\_\_\_

**ANNEX 4: FORM OF QUOTATION-SHOPPING FOR WORKS**

*[To be completed, signed and submitted on Letterhead of Bidder]*

**Project Title:** Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP)

**Contract Name:** TBE

**Contract Reference Number:** TBE

\_\_\_\_\_ (Date)

To: Ministry of Infrastructure and Public Utilities  
Public Works Department  
Nasituan Building, PMB 9044,  
Port Vila, Vanuatu – Quotation Box  
Email: Procurement@virip.org

We offer to execute the TBE [Works Description] (Contract Reference: TBE) in accordance with the Form of Contract and Specifications accompanying your Invitation to Quote for the Contract Price of \_\_\_\_\_ (amount in words and numbers) (\_\_\_\_\_ ) (name of currency)\_\_\_\_\_ excluding VAT. We propose to complete the Works described in the Contract within a period of TBE calendar days from the Date of Signing of the Contract.

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

We hereby confirm that this Quotation complies with the Validity of the Quotation required by the Invitation to Quote.

Authorized Signature: \_\_\_\_\_

Name and Title of Signatory: \_\_\_\_\_

\_\_\_\_\_

Name of Bidder: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone Number: \_\_\_\_\_

Email address: \_\_\_\_\_

**ATTACHMENT TO FORM OF QUOTATION (*delete if not applicable*)**

**DETAILS OF BIDDER'S QUALIFICATIONS TO PERFORM THE CONTRACT**

**(refer paragraph 4 of the Invitation to Quote)**

*[To be completed, signed and submitted by the Bidder as an attachment to the signed Form of Quotation]*

1. Experience as a works contractor (over the last three years):

Contract No. 1

Contract title:

Description of the Works (include the description, nature and complexity similar to the works of this ITQ):

Contract period:

Final Contract Value:

Any other details:

Contract No. 2

Contract title:

Description of the Works:

Contract period:

Final Contract Value:

Any other details:

Contract No. 3

Contract title:

Description of the Works:

Contract period:

Final Contract Value:

Any other details:

Contract No. ....

2. Availability of Financial Resources:

The winning bidder should have adequate sources of finance to meet the cash flow requirements for at least 30% of the value of the works, in addition to requirements for works currently in progress.

Source of financing	Currency and Amount
1.	
2.	
3.	
4.	

Authorized Signature: \_\_\_\_\_

Name and Title of Signatory: \_\_\_\_\_

\_\_\_\_\_

Name of Bidder: \_\_\_\_\_