**OPERATION AGREEMENT**

**SINGLE STAGE-ONE ENVELOPE**

**(SSOE)BIDDING PROCEDURE**

**Firm Name:**

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Loan / Credit No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Bid Reference No.: \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Owner”) (Name of Owner)
has applied for/received a loan/credit from the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 (Name of Funding Agency/GOP/Provincial Govt/Any Other)
towards the cost of\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 (Name of Project)
and it is intended that part of the proceeds of the loan/credit will be applied to eligible payments under the Contract for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Bidding is open to all eligible Bidders.

2. The Owner invites sealed bids from eligible firms or persons licensed by the Pakistan Engineering Council in the appropriate category for the Works. A foreign bidder is entitled to bid only in a joint venture with a Pakistani constructor in accordance with the provisions of PEC bye-laws.

3. Bidders may obtain further information from, inspect at and acquire the Bidding Documents from the Office of the Owner, at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 (Mailing Address)
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. A complete set of Bidding Documents may be purchased by an interested bidder on submission of a written application to the above office and upon payment of a non-refundable fee of Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

5. All bids must be accompanied by a Bid Security in the amount of Rs. \_\_\_\_\_\_\_\_\_\_\_ (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) or an equivalent amount in a freely convertible currency, and must be delivered to\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 at or before \_\_\_\_\_ hours, on \_\_\_\_\_\_\_\_\_\_\_ (Date). Bids will be opened at \_\_\_\_\_ hours on the same day, in the presence of bidders’ representatives who choose to attend at the same address. (Indicate Address and Exact Location if it differs).

[Note: the bid shall be opened at least thirty minutes after the deadline for submission of bids]

This OPERATION AND MAINTENANCE AGREEMENT (hereinafter called the "Agreement") is made and entered into the \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(month) 20\_\_\_\_\_ by and between \_***[Legal name, form and country of Project Owner]***   (hereinafter called the "Owner"), and \_***[Legal name, form and country of O&M firm]***    (hereinafter called the "Operator").

 WHEREAS, Owner owns a \_\_***[Description of Project]***   ,   ***[Name of Project]***  (“Project”) and desires to contract for operation, maintenance and management of the Project,

WHEREAS, Operator provides operation, maintenance and management services for ***Projects*** and has agreed to provide those services for the Project on the terms and conditions set forth in this Agreement,

NOW this Agreement witnessed 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.
2. The following documents after incorporating addenda, if any except those parts relating to Instructions to Bidders shall be deemed to form and be read and construed as part of this Agreement, viz:
3. (a) The Contract Agreement;
4. (b) The Letter of Award;
5. (c) The completed Form of Bid;
6. (d) The Particular Conditions of Contract;

(e) The General Conditions of Contract;

(f) The priced Schedule of Prices;

(g) Completed Appendices to Bid;

(i) The Specifications-Technical and Special Provisions

1. (h) The Drawings;
2. any other
3. In Consideration \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Operator Covenants\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. The Owner hereby covenants \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed on the day, month and year first before written in accordance with their respective laws..

  ***[Legal Name of Owner ]***

 By: Witness:

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 Name: Name:

 Title: Address:

 Seal:

  ***[Legal Name of Operator]***

 By: Witness:

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 Name: Name:

Title: Address:

Seal:

**FORM OF PERFORMANCE SECURITY**

Guarantee No.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Executed on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Expiry date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Guarantor (Bank/Approved Insurance Company) with address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Principal (Contractor) with address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Penal Sum of Security (express in words and figures) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Letter of Acceptance No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS, that in pursuance of the terms of the Bidding Documents and above said Letter of Acceptance (hereinafter called the Documents) and at the request of the said Principal we, the Guarantor above named, are held and firmly bound unto the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called the “Owner”) in the penal sum of the amount stated above for the payment of which sum well and truly to be made to the said Owner, we find ourselves, our heirs, executors, administrators and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal has accepted the Owner's above said Letter of Acceptance for \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Name of Contract) for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Name of Project).

NOW THEREFORE, if the Principal (Contractor) shall well and truly perform and fulfill all the undertakings, covenants, terms and conditions of the said Documents during the original terms of the said Documents and any extensions thereof that may be granted by the Owner, with or without notice to the Guarantor, which notice is, hereby, waived and shall also well and truly perform and fulfill all the undertakings, covenants terms and conditions of the Contract and of any and all modifications of said Documents that may hereafter be made, notice of which modifications to the Guarantor being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue till all requirements of Sub-Clause 8.7, Project Condition at End of Term, of Conditions of Contract are fulfilled. Our total liability under this Guarantee is limited to the sum stated above and it is a condition of any liability attaching to us under this Guarantee that the claim for payment in writing shall be received by us within the validity period of this Guarantee, failing which we shall be discharged of our liability, if any, under this Guarantee.

We, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the Guarantor), waiving all objections and defenses under the Contract, do hereby irrevocably and independently guarantee to pay to the Owner without delay upon the Owner's first written demand without cavil or arguments and without requiring the Owner to prove or to show grounds or reasons for such demand any sum or sums up to the amount stated above, against the Owner's written declaration that the Principal has refused or failed to perform the obligations under the Contract which payment will be effected by the Guarantor to Owner’s designated Bank & Account Number.

PROVIDED ALSO THAT the Owner shall be the sole and final judge for deciding whether the Principal (Contractor) has duly performed his obligations under the Contract or has defaulted in fulfilling said obligations and the Guarantor shall pay without objection any sum or sums up to the amount stated above upon first written demand from the Owner forthwith and without any reference to the Principal or any other person.

IN WITNESS WHEREOF, the above-bounden Guarantor has executed this Instrument under its seal on the date indicated above, the name and corporate seal of the Guarantor being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Guarantor (Bank/Approved Insurance Co.)

 Witness:

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_       Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_       Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Corporate Secretary (Seal)

       Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name, Title & Address Corporate Guarantor (Seal)

**FORM OF BANK GUARANTEE FOR ADVANCE PAYMENT**

Guarantee No.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Executed on\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Expiry date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

WHEREAS \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called the Owner) has entered into a Contract for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Particulars of Contract), with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called the Contractor).

AND WHEREAS the Owner has agreed to give advance to the Contractor, at the Contractor’s request, an amount of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) which amount shall be advanced to the Contractor as per provisions of the Contract.

AND WHEREAS, the Owner has asked the Contractor to furnish Guarantee to secure advance payment for performance of his obligations under the said Contract.

AND WHEREAS \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Bank) (hereinafter called the Guarantor) at the request of the Contractor and in consideration of the Owner agreeing to make the above advance to the Contractor, has agreed to furnish the said Guarantee.

NOW THEREFORE the Guarantor hereby guarantees that the Contractor shall use the advance for the purpose of above-mentioned agreement and if he fails, and commits default in fulfillment of any of his obligations for which the advance payment is made, the Guarantor shall be liable to the Owner for payment not exceeding the aforementioned amount.

Notice in writing of any default, of which the Owner shall be the sole and final judge, as aforesaid, on the part of the Contractor, shall be given by the Owner to the Guarantor, and on such first written demand payment shall be made by the Guarantor of all sums then due under this Guarantee without any reference to the Contractor and without any objection.

This guarantee shall come into force as soon as the advance payment has been credited to the account of the Contractor.

This guarantee shall expire not later than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

by which date we must have received any claims by registered letter, telegram, telex or telefax.

It is understood that you will return this Guarantee to us on expiry or after settlement of the total amount to be claimed hereunder.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Guarantor (Bank)

Witness:

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_       Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_       Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Corporate Secretary (Seal)

       Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name, Title & Address Corporate Guarantor (Seal)