Advance Payment Security

[Bank's name, and address of issuing branch or office]

Beneficiary: ..... [Name and address of the Employer].....
Date:.....
Advance Payment Guarantee No.: .....

We have been informed that [name of the contractor] (hereinafter called "the Contractor") has entered into Contract No. [reference number of the contract] dated [date]with you, for the execution of [name of contract and brief description of plant and services] (hereinafter called "the Contract").

Furthermore, we understand that, according to the Conditions of the Contract, an advance payment in the sum [name of the currency and amount in words]11[amount in figures] is to be made against an advance payment guarantee.

At the request of the Contractor, we [name of the bank]hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [name of the currency and amount in words]12[amount in figures] upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation under the Contract because the Contractor:

(a) used the advance payment for purposes other than the costs of mobilization and cash flow support in respect of the Works; or
(b) has failed to repay the advance payment when it has become due and payable in accordance with the conditions of the Contract, specifying the amount payable by the Contractor.

It is a condition for any claim and payment under this guarantee to be made that the advance payment referred to above must have been received by the Contractor on its account number **[contractor's account number]** at **[name and address of the bank]**.

The maximum amount of this guarantee shall be progressively reduced by the amount of the advance payment repaid by the Contractor as indicated in copies of interim statements or payment certificates, which shall be presented to us. This guarantee shall expire, at the latest, upon our receipt of a copy of the interim payment certificate, indicating that 80% of the Contract Price has been certified for payment, or on the [date] day of [month], [year],13 whichever is earlier. Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458 [or ICC Publication No. 758 as applicable].

. . . . . .

[Signature(s) and seal of bank (where appropriate)]

-- Note to Tenderer –

11 The guarantor shall insert an amount representing the amount of the advance payment denominated either in the currency(ies) of the advance payment as specified in the contract, or in a freely convertible currency acceptable to the Employer.

12 Footnote 1.

13 Insert the expected expiration date of the time for completion. The Employer should note that in the event of an extension of the time for completion of the contract, the Employer would need to request an extension of

this guarantee from the guarantor. Such request must be in writing and must be made prior to the expiration date established in the guarantee. In preparing this guarantee, the Employer might consider adding the following text to the form, at the end of the penultimate paragraph: "The Guarantor agrees to a one-time extension of this guarantee for a period not to exceed [6 months][1 year], in response to the Employer's written request for such extension, such request to be presented to the Guarantor before the expiry of the guarantee."

If the institution issuing the advance payment security is located outside the country of the Employer, it Shall have a correspondent financial institution located in the country of the employer to make it enforceable.