



REQUEST FOR PROPOSAL (RFP)

TO: Interested Organizations/Firms	Date: 24 July 2009
	REFERENCE: RFP/UNDP/EU/018/2009 “Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”

Dear Sir/Madam,

UNDP Indonesia's mission is to be an agent for change in the human and social development of Indonesia. We aim to be a bridge between Indonesia and all donors as well as a trusted partner to all stakeholders. We work in four key areas of development: Governance Reforms, Pro-Poor Policy Reforms, Conflict Prevention and Recovery, and Environment Management, with the overarching aim of reducing poverty in Indonesia. Besides the four priority areas, UNDP Indonesia is also engaged in a variety of crosscutting initiatives focused on HIV/AIDS, gender equality, and information and technology for development.

We hereby solicit your proposal for provision of services for **“Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”** as per the enclosed Terms of Reference (TOR – Annex IV).

1. To enable you to submit a proposal, attached are:

General information:

- Memo to Bidders (Annex I)
- Instructions to Bidders (Annex II)
- General Conditions of Contract (Annex III)
- Terms of Reference (TOR) (Annex IV)
- Advance Security Form (Annex V)

Forms and Formats:

- RFP Acknowledgement Form (Attachment I)
- Technical Proposal Format (Attachment II)
- Price Schedule Format (Attachment III)
- Vendor's Registration Form (Attachment IV)

3. If you request additional information, please send it to address/e-mail below **in writing**:

Contact Person: Francisca Soesanto (cc. Bakhtiyor Khamraev)
Address: UNDP, Menara Thamrin, 8th Floor,
Jl. M.H. Thamrin Kav 3, Jakarta 10250
Telephone: 62 (0) 21-314 1308 ext: 186
Fax: 62 (0) 21-314 5251
E-Mail: francisca.soesanto and cc: to bakhtiyor.khamraev@undp.org

If you request additional information, we would endeavour to provide information expeditiously, but any delay in providing such information will not be considered a reason for extending the submission date of your proposal

4. Submission of Offers

Your offer comprising a technical proposal and financial proposal, **in separate sealed envelopes**, should reach the address below via courier/hand delivery **on or before Friday, 14 August 2009 [Jakarta Local Time]**. Late offers shall be rejected. Please mark each envelope with the RFP number and project name, and send it to:

Address: UNDP, Menara Thamrin, 8th Floor
Jl. M.H. Thamrin Kav 3
Jakarta 10250
Attention: Procurement Unit

- marked with –
“RFP/UNDP/EU/018/2009 - “Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management””.

LATE OFFERS WILL BE REJECTED.

To facilitate the submission of both Technical and Financial proposals, **the submission duly stamped and signed can be done electronically in PDF format and sent to bids.id@undp.org**. Technical and Financial proposals should be sent as **separate** PDF files. If the Technical and Financial proposals are sent in the same PDF file, they will be rejected. Proposals sent by fax will not be accepted.

To secure your financial offer please set-up a **password**, which will be used at a later stage once the evaluation of the technical proposal is complete. The Companies who achieve the minimum score will be requested to provide passwords.

Please be aware that bids or proposals emailed to UNDP will be rejected if they are received after the deadline for bid submission. As an email may take some time to arrive after it is sent, especially if it contains a lot of information, we advise all bidders to send email submissions well before the deadline. Bidders can send as many emails as needed however, the size of each email should be less than 4 MB.

5. Bidder's Conference

Bidder's conference will be held on:

- Day/Date : **Monday, 03 August 2009**
- Time : **10.00 AM (Jakarta Local Time)**
- Place : **Acch Meeting Room, UNDP Office**
Menara Thamrin 7th floor, Jl. MH. Thamrin Kav. 3, Jakarta 10250
Indonesia

UNDP strongly encourage Bidders to come to the Bid Conference to obtain information and clarify questions.

Non-attendance, however, will not disqualify a bidder; the bidder may still submit a bid. Minutes of the bidder's conference will be posted at UNDP Indonesia website <http://www.undp.or.id/procurement/>

6. If you request additional information, we would endeavour to provide information expeditiously, but any delay in providing such information will not be considered a reason for extending the

submission date of your proposal. Any queries should be submitted in writing to the contact person noted in point 3 above.

7. Please note that at any time prior to the deadline for submission of Proposals, UNDP may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective Bidder, modify the Solicitation Documents by amendment, including through provision of supplementary information.

Prospective bidders are therefore advised to regularly check the UNDP Indonesia website <<http://www.undp.or.id/procurement/>> for amendments.

Sincerely,
For UNDP Indonesia


Dennis Lazarus
Deputy Resident Representative/
Operations

**ANNEX I
MEMO TO BIDDERS**

“Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”

RFP/UNDP/EU/018/2009

EXAMPLES OF BID REJECTION

Proposals have been rejected at the submission stage or found to be technically noncompliant due to errors in presentation and failure to follow bidding instructions. The Request for Proposals contains detailed instructions for preparation and submission that need to be followed carefully.

Below are some of the more common examples of why proposals are rejected by UNDP. Bidders are urged to read this before submission and to check their proposal conforms to each of these points and the instructions as noted in the bidding documents.

- The proposal is handed in after the deadline for submission, either by hand or electronically. Note that there is a time gap for email submission and emailed proposals sent just before the deadline may arrive after the deadline and be rejected
- Proposals not submitted to correct physical or electronic address. Note that the address for proposal submission is different to the address for bid questions
- In a request for proposals, technical and financial information is contained in one envelope
- The proposal not signed as per the instructions in the RFP
- Not all sufficient documents have been provided
- Documents provided are not in English. Documents such as the registration of the organisation or financial information about the organisation may be submitted in Bahasa Indonesia but it is necessary that there be translations of the documents attached as well
- Documents provided do not directly address each point of the evaluation criteria.
- Proposal is more like a brochure for the firm without specifically addressing the specific evaluation criteria of the RFP and TOR
- Proposals do not offer goods or services which have been specifically requested by UNDP in the Terms of Reference
- Failure to enclose the signed acknowledgement letter
- The bidder failed to consult the UNDP website seven (7) days before the deadline for bid submission and did not see the changes to the RFP/TOR listed there which need to be incorporated in the proposal
- The bidder failed to read the minutes of the bidders conference and to include the relevant points in their proposal

The above examples illustrate some errors which may be made by bidders. This is a partial list. The bidding documents contain the full list of instructions relevant to each particular bid and should be followed carefully.

ANNEX II
INSTRUCTIONS TO BIDDERS

“Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”

RFP/UNDP/EU/018/2009

A. INTRODUCTION

1. General

Purpose of RFP: This document provides information on how to prepare proposals and apply for required services for the **“Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”**.

2. Cost of proposal

The Bidder shall bear all costs associated with the preparation and submission of the Proposal, UNDP will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the solicitation.

B. SOLICITATION DOCUMENTS

3. Contents of solicitation documents

Bids must be in lots or for the whole requirement. The Bidder is expected to examine all corresponding instructions, forms, terms and specifications contained in the Solicitation Documents. Failure to comply with these documents will be at the Bidder’s risk and may affect the evaluation of the Proposal.

4. Clarification of solicitation documents

UNDP will respond in writing to any request for clarification of the Solicitation Documents that it receives **seven (7) days** prior to the deadline for the submission of Proposals. Written copies of the organisation’s response (including an explanation of the query but without identifying the source of inquiry) will be posted on the UNDP Indonesia procurement website: www.undp.or.id/procurement.

5. Amendments of solicitation documents

At any time prior to the deadline for submission of Proposals, UNDP may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective Bidder, modify the Solicitation Documents by amendment.

Prospective bidders are therefore advised to regularly check the UNDP Indonesia website www.undp.or.id/procurement for amendments.

All prospective Bidders that have received the Solicitation Documents will be notified in writing of all amendments to the Solicitation Documents.

In order to afford prospective Bidders reasonable time in which to take the amendments into account in preparing their offers, UNDP may, at its discretion, extend the deadline for the submission of Proposals.

C. PREPARATION OF PROPOSALS

6. Language of the proposal

The Proposals prepared by the Bidder and all correspondence and documents relating to the Proposal exchanged by the Bidder and UNDP shall be written in the English language. Any printed literature furnished by the Bidder may be written in another language so long as accompanied by an English translation of its pertinent passages in which case, for purposes of interpretation of the Proposal, the English translation shall govern.

7. Documents comprising the proposal

The Proposal shall comprise the following components:

- RFP Acknowledgement Form (Attachment I)
- Technical Proposal, completed in accordance with Attachment II,
- Price Schedule, completed in accordance with Attachment III; and
- Vendor's Registration Form (Attachment IV)

8. Technical Proposal Format

The Bidder shall structure the technical part of its Proposal according to the format in Attachment I to this RFP. The Technical Proposal will be evaluated against the criteria detailed in Clause 21 of this Instruction assisted by the following information:

(a) Proposed Approach

This section should demonstrate the Bidder's responsiveness to the specification by identifying the specific components proposed, addressing the requirements, as specified, point by point; providing a detailed description of the essential performance characteristics proposed; and demonstrating how the proposed methodology meets or exceeds the specifications.

(b) Capacity and Experience of Organization / Firm

This section should describe the organizational unit(s) that will be responsible for the contract, and the general management approach towards this project. This should fully explain the Bidder's resources in terms of personnel and other resources necessary for achieving project results. This section should also provide orientation to the organisation / firm including the year and state/country of incorporation and a brief description of the Bidder's present activities (focusing on services related to the Proposal). The Bidder should describe its experience in similar projects.

(c) Personnel

CVs for key personnel should be attached.

The technical proposal should not contain any pricing information whatsoever on the services offered. Pricing information shall be separated and only contained in the appropriate Price Schedule.

It is mandatory that the Bidder's Proposal numbering system corresponds with the numbering system used in the body of this RFP. All references to descriptive material and brochures should be included in the appropriate response paragraph, though material/documents themselves may be provided as annexes to the Proposal/response.

Information that the Bidder considers proprietary, if any, should be clearly marked "proprietary" next to the relevant part of the text and it will then be treated as such accordingly.

9. Price Schedule

The Bidder shall include an appropriate Price Schedule, an example of which is contained in these Solicitation Documents (Attachment III), the prices of services it proposes to supply under the contract.

10. Proposal currencies

All prices shall be quoted in US dollars or Indonesian Rupiah. The currency should be specified.

11. Period of validity of proposals

Proposals shall remain valid for **one hundred twenty (120) days** after the date of Proposal submission prescribed by UNDP, pursuant to the deadline clause. A Proposal valid for a shorter period may be rejected by UNDP on the grounds that it is non-responsive.

In exceptional circumstances, UNDP may solicit the Bidder's consent to an extension of the period of validity. The request and the responses thereto shall be made in writing. A Bidder granting the request will not be required nor permitted to modify its Proposal.

12. Format and signing of proposals

The Bidder shall prepare **2 (two) copies** of the Proposal, clearly marking each "**Original Proposal**" and "**Copy of Proposal**" as appropriate. In the event of any discrepancy between them, the original shall govern. The two copies of the Proposal shall be typed or written in indelible ink and shall be signed by the Bidder or a person or persons duly authorized to bind the Bidder to the contract. The latter authorization shall be indicated by a written power-of-attorney accompanying the Proposal.

A Proposal shall contain no interlineations, erasures, or overwriting except, as necessary to correct errors made by the Bidder, in which case such corrections shall be initialled by the person or persons signing the Proposal.

13. Payment

Payments will be made directly by UNDP to the selected Firm(s) after acceptance of the invoices submitted by the Firm, based on benchmarks and agreed deliverables in the contract and technical/price proposal submitted by the organization.

D. SUBMISSION OF PROPOSALS

14. Sealing and marking of proposals

The Bidder shall seal the Proposal in one outer and two inner envelopes, as detailed below.

(a) The outer envelope shall be:

- addressed to –

UNDP, Menara Thamrin, 8th Floor
Jl. M.H. Thamrin Kav 3

- marked with –

RFP No. : RFP /UNDP/EU/018/2009
Subject : Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management

(b) Both inner envelopes shall indicate the name and address of the proposer, and clearly marked:

- **"Technical Proposal"** and shall contain the documents with the information stipulated in paragraph 8 above. The technical proposal shall not contain any pricing information.
- **"Financial Proposal"** and shall contain the total fixed-price quotation with the information stipulated in paragraph 9 above.

If the two inner envelopes are not sealed and marked as per the instructions in this clause, UNDP will not assume responsibility for the proposal's misplacement or premature opening.

15. Deadline for submission of proposals

Proposals must be received by UNDP at the address specified in Para 4 of the cover letter.

UNDP may, at its own discretion extend this deadline for the submission of Proposals by amending the solicitation documents, in which case all rights and obligations of UNDP and Bidders previously subject to the deadline will thereafter be subject to the deadline as extended.

16. Late Proposals

Any Proposal received by UNDP after the deadline for submission of proposals, will be rejected

17. Modification and withdrawal of Proposals

The Bidder may withdraw its Proposal after the Proposal's submission, provided that written notice of the withdrawal is received by UNDP prior to the deadline prescribed for submission of Proposals.

The Bidder's withdrawal notice shall be prepared, sealed, marked, and dispatched in accordance with the provisions of clause Deadline for Submission of Proposals. The withdrawal notice may also be sent by fax but followed by a signed confirmation copy.

No Proposal may be modified subsequent to the deadline for submission of proposals.

No Proposal may be withdrawn in the Interval between the deadline for submission of proposals and the expiration of the period of proposal validity specified by the Bidder on the Proposal Submission Form.

E. OPENING AND EVALUATION OF PROPOSALS

18. Opening of proposals

UNDP will open the Proposals in the presence of a Committee formed by the Head of the UNDP Procurement Unit.

19. Clarification of proposals

To assist in the examination, evaluation and comparison of Proposals, UNDP may at its discretion, ask the Bidder for clarification of its Proposal. The request for clarification and the response shall be in writing and no change in price or substance of the Proposal shall be sought, offered or permitted.

20. Preliminary examination

UNDP will examine the Proposals to determine whether they are complete, whether any computational errors have been made, whether the documents have been properly signed, and whether the Proposals are generally in order.

Prior to the detailed evaluation, UNDP will determine the substantial responsiveness of each Proposal to the Request for Proposals (RFP). For purposes of these Clauses, a substantially responsive Proposal is one, which conforms to all the terms and conditions of the RFP without material deviations. UNDP's determination of a Proposal's responsiveness is based on the contents of the Proposal itself without recourse to extrinsic evidence.

A Proposal determined as not substantially responsive will be rejected by UNDP and may not subsequently be made responsive by the Bidder by correction of the non-conformity.

21. Evaluation and comparison of proposals

A two-stage procedure is utilised in evaluating the proposals, with evaluation of the technical proposal being completed prior to any price proposal being opened and compared. Only proposal which reach a **minimum 70 points** (70 % x 100 technical evaluation score) will be reviewed for price.

Technical Evaluation

The technical proposal is evaluated on the basis of its responsiveness to the Terms of Reference (TOR) as per the evaluation criteria below. The obtainable number of points specified for each evaluation criterion indicates the relative significance or weight of the item in the overall evaluation process.

Bidders may additionally be requested to provide a presentation to UNDP on the proposed services.

Technical Evaluation Criteria

Technical Proposal Evaluation Form		Max. Points	Organization / Company				
			A	B	C	D	E
1.	Proposed Approach & Work Plan						
1.1	<u>Approach:</u> 16 - Is the proposal based on activities specified in TOR? - Does the team composition and time allocation reflect a good understanding of the TOR? - Does the approach reflect the objective of the project?	(4) (4) (8)					

1.2	Implementation Plan: 16 • Is the work plan clear? (4) • Is the work plan efficient? (4) • Are the different components in the work plan adequately weighted relative to one another? (4) • Does the workplan reflect a good strategy to actively involve households, communities, SME and dairy cooperatives? (4)					
1.3	Sub-Total	32				
2	Capacity & Experience of Organization/Firm					
2.1	Management Plan: 14 • Appropriateness of project management plan (4) • Contribution of Organization/Firm to Project. (3) • Quality assurance / warranty procedures (4) • Litigation and arbitration history of the proposing firm (3)					
2.2	Experience of Organization: 22 • Demonstrate experience in projects in the areas specified in TOR (10) • Demonstrate experience in working with local communities, private sector and government officials in Indonesia (8) • Demonstrate relevant experience in East Java (4)					
2.3	Sub-Total	36				
3	Personnel	32				
3.1	Are the key personnel suitable for the activities as indicated in TOR? including: • Educational qualifications in relevant subject (6) • Relevant working experience in the area of specialization (10) • Team well-balanced in terms of experience and expertise (8) • Immediate availability of proposed project personnel (8)					
3.2	Sub-Total	32				
	Total	100				

Price Evaluation

Price proposals of technically responsive proposals will be reviewed. Arithmetical errors will be rectified on the following basis: If there is a discrepancy between the unit price and the total price, the lower price shall prevail and the higher price shall be corrected. If the Bidder does not accept the correction of errors, its Proposal will be rejected. If there is a discrepancy between words and figures the amount in words will prevail.

The price schedule will be scored on the basis of overall costs for the delivery of the services. The lowest price proposal will be awarded points in accordance with the following formula: $F_s = 100 \times$

F1/Fc, in which Fs is the financial score, F1 is the lowest price, and Fc is the price of the proposal under consideration.

F. AWARD OF CONTRACT

22. Award criteria, award of contract

UNDP reserves the right to accept or reject any Proposal, and to annul the solicitation process and reject all Proposals at any time prior to award of contract, without thereby incurring any liability to the affected Bidder or any obligation to inform the affected Bidder or Bidders of the grounds for UNDP's action.

UNDP reserves the right to enter into negotiation with respect to one or more proposals prior to the award of a contract, split an award/awards and to consider localized award/awards between any Bidders in any combination, as it may deem appropriate without prior written acceptance of the Bidders.

Prior to expiration of the period of proposal validity, UNDP will award the contract to the qualified Bidder whose Proposal after being evaluated achieved the highest combined score of technical and price as per below:

The weights given to the technical and financial proposals are: T= 0.7, F= 0.3

The highest score will be calculated by formula: $HS = Ts \times 0.7 + Fs \times 0.3$

(HS= Highest Score, Ts= Technical Score, Fs = Financial Score)

As part of transparency in procurement process, UNDP posts all contract awards on its website. The bidders who participated in the bid are therefore encouraged to visit <http://www.undp.or.id/procurement> to seek information on contract award for this tender.

23. UNDP's right to vary requirements at time of award

UNDP reserves the right at the time of award of contract to vary the quantity of services and goods specified in the RFP without any change in unit prices or other terms and conditions up to 25% of proposed cost.

24. Signing of the contract

Within 7 days of receipt of the contract the successful Bidder shall sign and date the contract and return it to UNDP.

25. Advance Payment:

In case if the successful Bidder requests an advance payment, the successful Bidder will be requested to provide a Bank Guarantee for an advance payment as per attached **Annex V** (Advance Security Form).

26. Pre-financing of Activities:

In the absence of a bank guarantee, the successful Bidder may be requested to pre-finance activities for the period until UNDP confirms acceptance of agreed milestones and pays as per contract.

27. Audits and investigations:

Each invoice paid by UNDP shall be subject to a post-payment audit by auditors, whether internal or external, of UNDP or the authorized agents of the UNDP at any time during the term of the Contract and for a period of three (3) years following the expiration or prior termination of the Contract. The UNDP shall be entitled to a refund from the Contractor for any amounts shown by such audits to have been paid by the UNDP other than in accordance with the terms and conditions of the Contract. Should the audit determine that any funds paid by UNDP have not been used as per contract clauses; the company shall reimburse such funds forthwith. Where the company fails to reimburse such funds, UNDP reserves the right to seek recovery and/or to take any other action as it deems necessary.

The Contractor acknowledges and agrees that, at anytime, UNDP may conduct investigations relating to any aspect of the Contract, the obligations performed under the Contract, and the operations of the Contractor generally. The right of UNDP to conduct an investigation and the Contractor's obligation to comply with such an investigation shall not lapse upon expiration or prior termination of the Contract. The Contractor shall provide its full and timely cooperation with any such inspections, post-payment audits or investigations. Such cooperation shall include, but shall not be limited to, the Contractor's obligation to make available its personnel and any documentation for such purposes and to grant to UNDP access to the Contractor's premises. The Contractor shall require its agents, including, but not limited to, the Contractor's attorneys, accountants or other advisers, to reasonably cooperate with any inspections, post-payment audits or investigations carried out by UNDP hereunder.

28. Anti-terrorism:

The Contractor agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received under this Contract are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Contract.

29. Security:

The responsibility for the safety and security of the Contractor and its personnel and property, and of UNDP's property in the Contractor's custody, rests with the Contractor.

The Contractor shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the services are being provided;
- b) assume all risks and liabilities related to the Contractor's security, and the full implementation of the security plan.
- c) UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this contract. Notwithstanding the foregoing, the Contractor shall remain solely responsible for the security of its personnel and for UNDP's property in its custody as set forth in paragraph a) above.

ANNEX III
GENERAL CONDITIONS OF CONTRACT

“Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”

RFP/UNDP/EU018/2009

1. LEGAL STATUS

The Contractor shall be considered as having the legal status of an independent contractor vis-à-vis UNDP. The Contractor's personnel and sub-contractors shall not be considered in any respect as being the employees or agents of UNDP or the United Nations.

2. SOURCE OF INSTRUCTIONS

The Contractor shall neither seek nor accept instructions from any authority external to UNDP in connection with the performance of its services under this Contract. The Contractor shall refrain from any action which may adversely affect UNDP or the United Nations and shall fulfil its commitments with the fullest regard to the interests of UNDP.

3. CONTRACTOR'S RESPONSIBILITY FOR EMPLOYEES

The Contractor shall be responsible for the professional and technical competence of its employees and will select, for work under this Contract, reliable individuals who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct.

4. ASSIGNMENT

The Contractor shall not assign, transfer, pledge or make other disposition of this Contract or any part thereof, or any of the Contractor's rights, claims or obligations under this Contract except with the prior written consent of UNDP.

5. SUB-CONTRACTING

In the event the Contractor requires the services of sub-contractors, the Contractor shall obtain the prior written approval and clearance of UNDP for all sub-contractors. The approval of UNDP of a sub-contractor shall not relieve the Contractor of any of its obligations under this Contract. The terms of any sub-contract shall be subject to and conform with the provisions of this Contract.

6. OFFICIALS NOT TO BENEFIT

The Contractor warrants that no official of UNDP or the United Nations has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.

7. INDEMNIFICATION

The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, UNDP, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor's employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Contract.

8. INSURANCE AND LIABILITIES TO THIRD PARTIES

- 8.1 The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.
- 8.2 The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or its equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.
- 8.3 The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury, or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.
- 8.4 Except for the workmen's compensation insurance, the insurance policies under this Article shall:
 - (i) Name UNDP as additional insured;
 - (ii) Include a waiver of subrogation of the Contractor's rights to the insurance carrier against UNDP;
 - (iii) Provide that UNDP shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.
- 8.5 The Contractor shall, upon request, provide UNDP with satisfactory evidence of the insurance required under this Article.

9. ENCUMBRANCES/LIENS

The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with UNDP against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Contractor.

10. TITLE TO EQUIPMENT

Title to any equipment and supplies that may be furnished by UNDP shall rest with UNDP and any such equipment shall be returned to UNDP at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate UNDP for equipment determined to be damaged or degraded beyond normal wear and tear.

11. COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS

UNDP shall be entitled to all intellectual property and other proprietary rights including but not limited to patents, copyrights, and trademarks, with regard to products, or documents and other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the execution of this Contract. At the UNDP's request, the Contractor shall take

all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring them to UNDP in compliance with the requirements of the applicable law.

12. USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNDP OR THE UNITED NATIONS

The Contractor shall not advertise or otherwise make public the fact that it is a Contractor with UNDP, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of UNDP or the United Nations, or any abbreviation of the name of UNDP or the United Nations in connection with its business or otherwise.

13. CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION

13.1 All maps, drawings, photographs, mosaics, plans, reports, recommendations, estimates, documents and all other data compiled by or received by the Contractor under this Contract shall be the property of UNDP, shall be treated as confidential and shall be delivered only to UNDP authorized officials on completion of work under this Contract.

13.2 The Contractor may not communicate at any time to any other person, Government or authority external to UNDP, any information known to it by reason of its association with UNDP which has not been made public except with the authorization of UNDP; nor shall the Contractor at any time use such information to private advantage. These obligations do not lapse upon termination of this Contract.

14. FORCE MAJEURE; OTHER CHANGES IN CONDITIONS

14.1 Force majeure, as used in this Article, means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force which are beyond the control of the Parties.

14.2 In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to UNDP, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify UNDP of any other changes in conditions or the occurrence of any event which interferes or threatens to interfere with its performance of this Contract. The notice shall include steps proposed by the Contractor to be taken including any reasonable alternative means for performance that is not prevented by force majeure. On receipt of the notice required under this Article, UNDP shall take such action as, in its sole discretion, it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.

14.3 If the Contractor is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Contract, UNDP shall have the right to suspend or terminate this Contract on the same terms and conditions as are provided for in Article 15, "Termination", except that the period of notice shall be seven (7) days instead of thirty (30) days.

15. TERMINATION

15.1 Either party may terminate this Contract for cause, in whole or in part, upon thirty days notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16 "Settlement of Disputes" below shall not be deemed a termination of this Contract.

15.2 UNDP reserves the right to terminate without cause this Contract at any time upon 15 days prior written notice to the Contractor, in which case UNDP shall reimburse the Contractor for all reasonable costs incurred by the Contractor prior to receipt of the notice of termination.

15.3 In the event of any termination by UNDP under this Article, no payment shall be due from UNDP to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract. The Contractor shall take immediate steps to terminate the work and services in a prompt and orderly manner and to minimize losses and further expenditures.

- 15.4 Should the Contractor be adjudged bankrupt, or be liquidated or become insolvent, or should the Contractor make an assignment for the benefit of its creditors, or should a Receiver be appointed on account of the insolvency of the Contractor, UNDP may, without prejudice to any other right or remedy it may have, terminate this Contract forthwith. The Contractor shall immediately inform UNDP of the occurrence of any of the above events.

16. SETTLEMENT OF DISPUTES

16.1. Amicable Settlement

The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.

16.2. Arbitration

Unless, any such dispute, controversy or claim between the Parties arising out of or relating to this Contract or the breach, termination or invalidity thereof is settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

17. PRIVILEGES AND IMMUNITIES

Nothing in or relating to this Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

18. TAX EXEMPTION

- 18.1 Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter-alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the United Nations exemption from such taxes, duties or charges, the Contractor shall immediately consult with UNDP to determine a mutually acceptable procedure.
- 18.2 Accordingly, the Contractor authorizes UNDP to deduct from the Contractor's invoice any amount representing such taxes, duties or charges, unless the Contractor has consulted with UNDP before the payment thereof and UNDP has, in each instance, specifically authorized the Contractor to pay such taxes, duties or charges under protest. In that event, the Contractor shall provide UNDP with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

19 CHILD LABOUR

- 19.1 The Contractor represents and warrants that neither it, nor any of its suppliers is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical mental, spiritual, moral or social development.
- 19.2 Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, at no cost to UNDP.

20 MINES

20.1 The Contractor represents and warrants that neither it nor any of its suppliers is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilized in the manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980.

20.2 Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind of UNDP.

21. OBSERVANCE OF THE LAW

The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Contract.

22. AUTHORITY TO MODIFY

No modification or change in this Contract, no waiver of any of its provisions or any additional contractual relationship of any kind with the Contractor shall be valid and enforceable against UNDP unless provided by an amendment to this Contract signed by the authorized official of UNDP.

ANNEX-IV
TERMS OF REFERENCE

“Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”

RFP/UNDP/EU018/2009

Duration: **6 months**
Location: **East Java** (Districts of Lumajang, Malang and Probolinggo)

1. Background

For many smallholders and landless farmers, dairy farming provided a perfect vehicle to lift out of poverty and develop a strong asset base and it has led to significant social change in rural societies in East Java. However, dairy cattle are a significant source of methane emissions that contribute to climate change. Significant reductions are possible by using the methane as biogas, which in itself generates affordable renewable energy.

While dairy farming has attracted substantial interest on East Java and has proven to enable many to be lifted out of poverty it is causing significant negative environmental impact when not properly managed at the farm level. Besides greenhouse gas (GHG) emissions, this is mainly due to extremely poor manure management resulting in approximately 80% of the manure discharged into the environment causing in water pollution, poor hygiene, and increasing risks of disease outbreaks.

With growing attention to climate change and environmental awareness, interest for renewable energy has increased. Dairy farming which creates a significant amount of manure with relatively low dry matter content is one of the most potential sectors for biogas development. On East Java, the average small scale farmer has two cows, a heifer, a calf and some small livestock (4 Tropical Livestock Units; TLU). This can generate sufficient manure to meet energy needs for cooking and water heating for two families.

On East Java, households are already investing in fixed dome biogas units (BGU). An initiative spontaneously emerged through a local knowledge network built around a cooperative and university led to the construction of 59 BGU. The increasing needs for energy and the rising costs of conventional energy sources have accelerated the demand for biogas technology. Owners of BGU express great satisfaction with using biogas for cooking as there is no need anymore to purchase kerosene and/or collect fire wood, saving income and time.

However, various shortcomings remain. Capacity to build proper and high quality BGU based on standardized designs is not present and Quality Control mechanisms are not in place. Various agencies, universities and companies have their own design but most of these have not been thoroughly tested at the field level in terms of safety, robustness, user-appreciation, size, marketing, environmental impacts, and cost-benefits. Furthermore, a sustainable supply chain for construction and servicing BGU does not exist. A recent visit to East Java showed a few of the BGU with major technical shortcomings. Also, in various cases it was observed that the input of manure exceeded the capacity of the BGU, resulting in an output of sludge still actively producing methane.

To date, biogas units in Indonesia are still limited in number and demand is little. A likely reason for this is the fact that many of those units were given for free. As a result, a commercially viable supply chain has not developed, many potential consumers are not yet interested to invest, and specific financial products to support consumers with making such investments do not exist. Particularly for small dairy farmers, biogas technology could substantially contribute to improving their livelihoods, but purchasing it is a significant investment for which they do not have the capital at hand.

Manure and sludge disposal is perhaps the largest challenge for dairy farmers. Most dairy farmers have little or no land themselves and livestock is kept in the backyard. As a result, most manure and sludge is dumped in the environment. This is causing significant pressure on water resources particularly because of potential nitrate contamination. Some farmers dry the sludge next to the farm but the rainy season limits the number of months that sludge can be dried. Currently, manure and sludge have almost no value even though sludge it can be used as a high quality fertilizer with a better Carbon/Nitrogen (C/N) ratio compared to untreated manure.

2. Objective

In collaboration with the Ministry of Energy and Mineral Resources and the Ministry of Agriculture, UNDP embarks on a new approach which aims at enhancing the role of consumers and private sector to develop a commercially viable supply chain for both pro-poor biogas technology and sludge management that is environmentally sound and sustainable.

The project is financially supported by the Republic of Korea through the Korea Energy Management Corporation (KEMCO) and UNDP.

UNDP is planning to hire a contractor to develop the pilot project for a commercially viable supply chain and market, providing an integrated demand driven solution for pro-poor biogas technology, financing, and manure/sludge management.

The project will focus on Lumajang District, with some activities in Malang and Probolinggo districts.

Interested parties can form a consortium that will jointly submit a bid to supply the works/services requested.

3. Scope of works/services and expected outputs

Output 1. Biogas technology developed together with dairy farmers

In Lumajang, Malang and Probolinggo:

1. Survey and review of locally available /installed BGU, costs, financing, and providers
 - a. Assess quality, user satisfaction, costs/benefits, environmental impacts
 - b. Assess consumers' interest and preference
 - c. Provide an overview of other BGU models used elsewhere in Indonesia and abroad
 - d. Comparative analysis of models and recommendations

In Lumajang, undertake the following activities:

2. Develop a tool to determine appropriate size of BGU and amount of methane produced taking into account projected farm growth
 - a. Assess historical farm growth (number of cattle), including data from small, medium and large farms
 - b. Develop an equation to assess projected farm growth for households
 - c. Determine projected methane production over time and possible use
3. Assess current household energy use & costs for 50 poor farmers' households (selection criteria to be defined in consultation with stakeholders), divided over 5 villages

In Lumajang:

4. Design one improved BGU in a participatory manner and ensure reduced leakage, durability (earthquakes), and safety. Final design needs to be approved by UNDP in consultation with relevant ministries prior to construction.
5. Construct 15 test units divided over 5 villages
 - a. Select 15 households (small/poor; aiming at a minimum of 5 female headed households through organizing & facilitating a community-based selection process. The households will receive the units on a loan basis and will recover the cost of BGU through in-kind contribution of monitoring the performance of the BGU.
 - b. Design the cost recovery mechanism and scheme for the BGUs through the in-kind contribution.

- c. Build and make fully operational 15 test units involving the community, selected households, local SME and/or dairy cooperatives. This will include provision and installation of e.g. gas fittings, desulfurizers, and appliances such as cooking stoves based on the needs of the selected households. Construction supervision and quality assurance will rest with the selected vendor.
 - d. Train the selected 15 farmers to integrate BGU in dairy farming and household practices
- 6. Develop and initiate a one-year monitoring system for the 15 BGU in partnership with the selected 15 farmers and local stakeholders. An important criterion will be the proposed approach to ensure the sustainability of the monitoring system beyond the project duration.
- 7. Assess consumer satisfaction
- 8. Organize workshops to raise awareness, disseminate and discuss results
 - a. At least 2 workshops with local stakeholders involving the selected villages
 - b. At least 1 workshop with local government and private sector

Output 2. Options for commercially viable and environmentally responsible management of biogas sludge developed

- 1. To establish the baseline situation:
 - a. In Lumajang, Malang and Probolinggo, assess production volumes of manure and biogas sludge
 - b. In Lumajang, Malang and Probolinggo, assess current management (disposal) practices including environmental impacts
 - i. At least 2 focus group discussions with farmers and cooperatives per district
 - ii. Interviews with local government
 - iii. Develop and conduct a baseline questionnaire and a statistically sound field survey in 3 districts stratified according to wealth and agro-ecosystem
- 2. Identification and piloting of potential sludge management technology, markets & demand of the end product of biogas sludge in Lumajang, Malang and Probolinggo:
 - a. Identify consumers of inorganic and organic fertilizers, and their current use and needs
 - b. Identify producers and suppliers of fertilizers (e.g. farmers groups, cooperatives / private sector)
 - i. Discuss opportunities & barriers for biogas sludge utilization (econ, tech, policy, etc.) with relevant stakeholders through workshops
 - ii. Develop and pilot at least 3 commercially viable options for sludge management in at least one district (Lumajang)
 - c. Develop cost/benefit analysis for the supply chains, and compare with current manure/biogas sludge management practices.
 - d. Disseminate and discuss results through organizing seminars and workshops

Output 3: A pro-poor sustainable microloan system to enhance access to biogas designed

- 1. Assess investment capacity of 50 poor households over 5 villages in Lumajang (refer to activity 1.3)
- 2. Assess BGU investment and benefits for those households
- 3. Assess currently available microloan financing schemes provided by e.g. local banks, Ministry of Environment, Ministry of Agriculture, and dairy cooperatives.
- 4. Describe dairy cooperatives and how they are managed in connection to dairy companies and the member-farmers. Of particular interest are payment systems and contractual arrangements (milk payments)
- 5. Review if any existing scheme is potentially suitable for pro-poor biogas
- 6. Propose modifications to existing schemes if possible, or develop an alternative microloan scheme for pro-poor biogas. This will include but not be limited to:
 - a. identification of potential capital providers / guarantors
 - b. development of selection criteria for beneficiaries of the microloan scheme
 - c. Initiate the establishment of a dedicated pro-poor biogas microloan programme in at least one district (organize & facilitate one workshop with interested stakeholders)
 - d. Propose policy and institutional support for a pro-poor biogas microloan scheme

Output 4: General support activities

1. Setup and manage a project office in Lumajang
2. Develop and disseminate Information, Education, and Communication materials for identified target groups
3. Organize and facilitate a national workshop in Jakarta to communicate project results. This will include arranging travel and accommodation of selected local stakeholders participating in the event.

Throughout the proposal, a key-criterion will be the strategy to engage with communities, individual households, local SME, and dairy cooperatives. The approach should reflect a consumer and private sector driven approach towards developing a commercially viable supply chain for both pro-poor biogas technology and sludge management, that is environmentally sound and sustainable.

4. Period of Performance

The duration of the assignment is **6 months** with estimated start second half of August 2009.

5. Project deliverables

The selected contractor will be responsible for delivering the outputs and activities as described under section 3 in this TOR. Reports and/or working papers are expected for all activities. Major achievements (milestones) will form the basis for disbursement of payments and are indicated in section 7 in this TOR.

6. Key-personnel requirements

The contractor will provide a team of national personnel composed as follows:

- Team Leader (dairy specialist)
- Biogas technology expert
- Agribusiness / marketing expert
- Microloan expert with community development experience
- Finance / administration officer

The proposed team composition is indicative. An alternative team composition in terms of number and specialization can be proposed by the vendor to assure successful implementation of the project. .

A total of 30 person-months are foreseen with most of the key-staff positions expected to be full-time. The Key-staff is expected to work for at least 90% of the assignment in the field.

Minimum qualifications of key personnel:**Team Leader (National):**

- MSc in animal husbandry or farming systems / MBA with undergraduate degree in agricultural sciences, or related field with at least 7 years of relevant work experience in one or more of the required fields mentioned above
- Substantial experience in working with local stakeholders (farmers, private sector, SME, local government)
- Strong project management skills with track record of results-based approach
- Experienced in managing similar projects with communities and private sector
- Hands on & innovative

- Excellent communication skills in Bahasa Indonesia and English (written and verbally)
- Specific expertise and experience on dairy farming desirable

National Experts:

- MSc in relevant field with at least 5 years of relevant work experience or S1 with 10 years work experience
- Substantial experience in working with local stakeholders (farmers, private sector, SME, local government)
- Skilled in developing and implementing participatory approaches
- Strong analytical skills
- Hands on & innovative
- Results focused
- Excellent communication skills in Bahasa Indonesia
- Working knowledge of English desirable

Finance / administration officer

- S1 in relevant field
- At least 7 years of relevant work experience
- Excellent in preparing financial reports
- Excellent in financial monitoring and auditing
- Excellent communication skills in Bahasa Indonesia and English (written and verbally)
- Experience with UNDP desirable

All key personnel engaged to conduct the activities required shall have received UNDP's approval prior the commencement of the works.

7. Terms of payment

Payment	Date (indicative)	Deliverables (all reports should be bi-lingual, English and Bahasa Indonesia, unless mentioned otherwise)
<u>1. (10%)</u>	<u>30 August</u>	Upon signature (advance payment)
<u>2. (15%)</u>	<u>15 October</u>	Output 1. Biogas technology developed together with dairy farmers: 1.1. Survey and review of locally available /installed BGU, costs, financing, and providers completed 1.2. A tool to determine appropriate size of BGU and amount of methane produced developed 1.3. Current household energy use & costs for 50 poor farmers' households assessed Output 1. Biogas technology developed together with dairy farmers: 1.5.a. Selection of 15 households completed 1.5.b. Cost recovery mechanism and scheme for the BGUs designed Output 2. Options for commercially viable and environmentally responsible management of biogas sludge

		developed: 2.1. Baseline established Output 3: A pro-poor sustainable microloan system to enhance access to biogas designed: 3.1. Investment capacity of 50 poor households established 3.2. BGU investment and benefits for those households established 3.3. Currently available microloan financing schemes assessed 3.4. Description of dairy cooperatives prepared 3.5. Existing microloan systems reviewed Output 4: General support activities: 4.1. Project office established
<u>3. (50%)</u>	<u>15 December</u>	Output 1. Biogas technology developed together with dairy farmers: 1.4. One improved BGU model designed 1.5.c. Fifteen test units built and fully operational Output 2. Options for commercially viable and environmentally responsible management of biogas sludge developed: 2.2. Potential sludge management technology, markets & demand identified and piloted Output 3: A pro-poor sustainable microloan system to enhance access to biogas designed: 3.6.a. Potential capital providers / guarantors identified 3.6.b. Selection criteria for beneficiaries of the microloan scheme developed Output 4: General support activities: 4.2. Information, Education, and Communication (IEC) materials developed and disseminated (IEC materials in Bahasa Indonesia) Mid-term Report reviewed and accepted by UNDP (Report in English).
<u>4. (25%)</u>	<u>15 February</u>	Output 1. Biogas technology developed together with dairy farmers: 1.5.d. The 15 farmers trained to integrate BGU in dairy farming and household practices 1.6. A 1-year monitoring system for the 15 BGU developed and initiated 1.7. Consumer satisfaction assessed 1.8. Workshops organized to raise awareness, disseminate and discuss results (workshop proceedings in Bahasa Indonesia with summary in English) Output 2. Options for commercially viable and environmentally responsible management of biogas sludge developed: 2.2.d. Results disseminated and discussed

Output 3: A pro-poor sustainable microloan system to enhance access to biogas designed:

3.6.c. The establishment of a dedicated pro-poor biogas microloan programme initiated

3.6.d. Policy and institutional support for a pro-poor biogas microloan scheme proposed

Output 4: General support activities:

4.3. A national workshop in Jakarta organized

Final Report reviewed and approved by UNDP (report in English)

8. REPORTING AND MONITORING

As a minimum, the selected contractor will submit the following reports to UNDP:

- **On a monthly basis**, a progress report (in English) which will include: i) an overview of progress made on activities, ii) activities planned for the coming month, iii) issues that need to be resolved, iv) risks caused by internal and external factors that may affect the project implementation.
- A detailed **Mid Term Progress Report** (in English) which will include i) major progress and achievements of the project, ii) provisional financial statements, iii) risks and issues, and how these are being managed
- A **Final Report** (in English) which will include i) narrative and overview of final achievements of the project, ii) financial statements, iii) project lessons learned

The selected contractor is expected to propose a detailed monitoring framework and mechanism as part of the bid.

ANNEX V
BANK GUARANTEE FOR ADVANCE PAYMENT

“Developing a pro-poor biogas model for dairy farmers in East Java: technology, microloan system, and sludge management”

RFP/UNDP/EU018/2009

We [Bank name] have been informed that the United Nations Development Programme (hereinafter called “the UNDP”) concluded on date _____ a contract [*contract title and No.*] with [*Name of the company*] hereinafter referred to as “the Contractor” whom has its headquarter in _____ at a total price of _____ US dollars (\$ _____), to execute [*Insert title of contract and brief description of works*].

Whereas it has been stipulated in the Contract that the Contractor shall furnish the UNDP with a Bank guarantee by a recognized Bank for the sum specified thereafter as security for compliance with his obligations in accordance with the Contract,

Whereas we have agreed to give the UNDP such a Bank Guarantee

And according to this contract, UNDP is required to make an advance payment to the Contractor of _____ US\$, being ____ % of the total price.

Now therefore, this being stated, we, [BANK NAME] [BANK BRANCH], irrespective of the validity and the legal effect of the above mentioned contract and waiving all rights of objection and defense arising therefrom, hereby irrevocably affirm we are the Guarantor and responsible to you, and on behalf of the Contractor undertake to pay you, upon your first written demand and without cavil or argument any sum or sums within the limits of [INSERT AMOUNT OF GUARANTEE IN FIGURES AND IN WORDS] as aforesaid without your needing to prove or to show grounds or reasons for your demand for the sum specified therein.

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 remain in full effect from the date of the advance payment under the Contract until UNDP recovers full payment of the same amount from the Contractor.

This guarantee is revocable only with the written consent of the UNDP.

Parties hereby agree on the terms of this bank’s guarantee letter.

SIGNATURE AND SEAL: _____

Name of Bank/ Financial

Institution: _____

Addressee: _____