
Contract for the Supply of Goods

Ref No: Ertunc Ozcan-001

Project: P173911

Purchaser: Ministry of IDP from the Occupied Territories, Labour, Health and Social Affairs

Supplier: ERTUNC OZCAN SAGLIK TESİSLERİ VE TIBBİ CİHAZLAR INSAAT AS.

Country: Georgia

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Contract Agreement¹

THIS AGREEMENT made 02th the day of October 2020.

BETWEEN

(1) **Minister of IDPs from the Occupied Territories, Labour, Health and Social Affairs of Georgia**, a and having its principal place of business at Tsereteli Ave. 144, 0159 Tbilisi, Georgia (hereinafter called "the Purchaser"), of the one part, and

(2) **ERTUNC OZCAN SAGLIK TESİSLERİ VE TIBBİ CİHAZLAR INSAAT AS.** , a corporation incorporated under the laws of Turkey and having its principal place of business at Aso 2. ve 3. Organize Sanayi Bolgesi Alci Mah. 2036. Cad. No: 1 Temelli, Sincan, and ANKARA – TURKIYE (hereinafter called "the Supplier"), of the other part:

The Purchaser and the Supplier agree as follows:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Contract Documents referred to.
2. The following documents shall be deemed to form and be read and construed as part of this Agreement. This Agreement shall prevail over all other Contract documents.
 - (a) Conditions of Contract
 - (b) Schedule 1: Details of Goods and Delivery Dates.
 - (c) Schedule 2: Technical Specifications
 - (d) Schedule 3: Pricing Schedule
 - (e) Schedule 4: Fraud and Corruption
 - (f) Schedule 5: Inspection and Testing Requirements
 - (g) any other document listed as forming part of the Contract
3. In consideration of the payments to be made by the Purchaser to the Supplier as specified in this Agreement, the Supplier hereby covenants with the Purchaser to provide the Goods and to remedy defects therein in conformity in all respects with the provisions of the Contract.
4. The Purchaser hereby covenants to pay the Supplier in consideration of the provision of the Goods and the remedying of defects therein, the Contract Price or such other sum as may become

¹ Within fifteen (15) days after contract signature or as soon as practicable thereafter, the Purchaser shall publish a contract award notice on its website with free access if available or in a newspaper of national circulation or UNDB online. The information shall include the name of the Supplier, the Contract Price, the Contract duration and a summary of its scope.

payable under the provisions of the Contract at the times and in the manner prescribed by the Contract.

IN WITNESS whereof the parties hereto have caused this Agreement to be executed in accordance with the laws of the Purchaser's country, on the day, month and year indicated above.

For and on behalf of the Purchaser:

Signed: Giorgi Tsotskolauri

In the capacity of the Deputy Minister of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia.

Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia
Digitally signed by Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia
Date: 2020.10.02 16:50:36 +0400

For and on behalf of the Supplier:

Signed:

Print Name: **Onur Ozcan**
in the capacity of CEO

**ERTUÇ ÖZCAN SAĞLIK TESİSLERİ VE
TIBBİ CİHAZLAR İNŞAAT SAN. TİC. A.Ş.**
Alo 2: ve 3. Organize Sanayi Bölgesi
Açı (OSB) Mah. 2036 Cad. No: Sincan-Temelli-ANKARA
Tl: (0312) 641 41 34 - Fax: (0312) 641 40 06
Sincan V.D. V.No:374 026 3308 Ticaret Sicil No: 154806
Mersis No: 0374 0094 7340 0012

Conditions of Contract

1. Definitions	1.1 <i>The following words and expressions shall have the meanings hereby assigned to them:</i> (a) “Bank” means the World Bank and refers to the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA). (b) “CC” means the Conditions of Contract. (c) “Contract” means the Contract Agreement entered into between the Purchaser and the Supplier, together with the Contract Documents referred to therein, including all attachments, appendices, and all documents incorporated by reference therein. (d) “Contract Documents” means the documents listed in the Contract Agreement, including any amendments thereto. (e) “Contract Price” means the price payable to the Supplier as specified in CC8.1, subject to such additions and adjustments thereto or deductions therefrom, as may be made pursuant to the Contract. (f) “Day” means calendar day. (g) “Completion” means the fulfillment of the Related Services, as applicable, by the Supplier in accordance with the terms and conditions set forth in the Contract. (h) “Goods” means all of the commodities, raw material, machinery and equipment, and/or other materials that the Supplier is required to supply to the Purchaser under the Contract. (i) “Party” means the Purchaser or the Supplier, as the context requires, and “Parties” means both of them. (j) “Purchaser” means the entity purchasing the Goods, as specified in CC 2. (k) “Purchaser’s Country” is the country specified in CC 2. (l) “Related Services” means the services incidental to the supply of the goods, such as insurance, installation, training and initial maintenance and other such obligations of the Supplier under the Contract, as applicable. (m) “Subcontractor” means any person, private or government entity, or a combination of the above, to whom any part of the Goods
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	to be supplied or execution of any part of the Related Services if applicable is subcontracted by the Supplier. (n) "Supplier" means the person, private or government entity, or a combination of the above, whose offer to perform the Contract has been accepted by the Purchaser and is named as such in the Contract Agreement. (o) "The Project Site," where applicable, means the place named in the CC.
2. Purchaser, Purchaser's Country, Project Site/Final Destination	2.1 The Purchaser is: Ministry of IDP from the Occupied Territories, Labour, Health and Social Affairs 2.2 The Purchaser's Country is: Georgia 2.3 The Project Site(s)/Final Destination(s) is/are: Tbilisi, Georgia
3. Incoterms	3.1 The edition of Incoterms that shall apply is: Incoterms 2020.
4. Notices and Addresses for notices	4.1 Any notice given by one Party to the other pursuant to the Contract shall be in writing to the address hereafter using the quickest available method such as electronic mail with proof of receipt. A notice shall be effective when delivered or on the notice's effective date, whichever is later. <u>Address for notices to the Purchaser:</u> Giorgi Tsotskolauri, Deputy Minister 144, Ak. Tsereteli ave. Tbilisi, Georgia Info@moh.gov.ge <u>Address for notices to the Supplier:</u> Mr Onur Ozcan (ceo) , onur.ozcan@ertuncozcan.com Mr. Mert Koc (export manager) , export@ertuncozcan.com Aso 2. ve 3. Organize Sanayi Bolgesi Alci Mah. 2036. Cad. No:1 Temelli, Sincan, ANKARA - TURKIYE
5. Governing Law	5.1 The Contract shall be governed by and interpreted in accordance with the laws of the Purchaser's Country..
6. Settlement of Disputes	6.1 All disputes arising out of or in connection with the present contract shall be finally settled, at a neutral venue, under the

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	Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules.
7. Shipping and other documents to be provided	7.1 The Delivery of the Goods shall be in accordance with Schedule 1. Details of Shipping and other Documents to be furnished by the Supplier are: • a Bill of Lading • a commercial invoice • a packing list • manufacturer's or Supplier's warranty certificate, • inspection certificate issued by nominated inspection agency, • Supplier's factory shipping details 7.2 The above documents shall be received by the Purchaser on shipment.
8 Contract Price	8.1 The Contract Price is specified in Schedule 3. 8.2 The unit prices charged by the Supplier for the Goods supplied under the Contract shall not vary from the prices agreed in the Contract.
9 Terms of payment	9.1 The method and conditions of payment to be made to the Supplier under this Contract shall be as follows: The Purchaser shall process the payments using the Direct Payment disbursement method, as defined in the World Bank's Disbursement Guidelines for Investment Project Financing. Payment shall be made in US Dollars in the following manner: (i) Advance Payment: • Forty (40) percent of the Contract Price shall be paid within fifteen (15) days of signing of the Contract and upon submission of claim and a bank demand guarantee, in the form provided in Attachment 1 or another form acceptable to the Purchaser, for equivalent amount valid until the Goods are delivered. (ii) On Shipment: Sixty (60) percent of the Contract Price of the Goods shipped shall be paid, and the inspection costs as specified in CC17, shall be reimbursed, within 15 days after submission of the documents specified in CC 7. 9.2 For the purpose of payment, the Suppliers bank account details are:

	Bank name: Turkiye Is Bankası Branch name and code: Kızılay – 4396 Swift Code: ISBKTRIS CHIPS UID (routing code): 003546 IBAN used Account no: TR 48 0006 4000 0024 3960 0005 19 Company Name: Ertunc Ozcan Intermediary Bank details: Bank of America – BOFAUS3NXXX
10 Taxes and Duties	10.1 For Goods manufactured outside the Purchaser's Country, the Supplier shall be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the Purchaser's Country. 10.2 For Goods Manufactured within the Purchaser's Country, the Supplier shall be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted Goods to the Purchaser. 10.3 If any tax exemptions, reductions, allowances or privileges may be available to the Supplier in the Purchaser's Country, the Purchaser shall use its best efforts to enable the Supplier to benefit from any such tax savings to the maximum allowable extent.
11 Performance Security	11.1 A Performance Security shall not be required.
12 Subcontractors	12.1 The Supplier shall notify the Purchaser in writing of all subcontracts awarded under the Contract if not already specified in Supplier's offer. Such notification, in the original offer or later shall not relieve the Supplier from any of its obligations, duties, responsibilities, or liability under the Contract.
13 Specifications and Standards	13.1 The Goods supplied under this Contract shall conform to the technical specifications and standards in Schedule 2 and, when no applicable standard is mentioned, the standard shall be equivalent or superior to the official standards whose application is appropriate to the Goods' country of origin.
14 Packing, marking and documentation	14.1 The Supplier shall provide such packing of the Goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the Contract. During transit, the packing shall be sufficient to withstand, without limitation, rough handling and exposure to extreme temperatures, salt and precipitation, and open storage. Packing case size and weights shall take into consideration, where

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	appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit. 14.2 The packing, marking and documentation within and outside the packages shall be in English, conform to all applicable safety and regulatory labelling requirements and include the Model Numbers, Serial numbers, Manufacturer information, Manufacturing Date, and Country of Origin
15 Insurance cover	15.1 The insurance coverage shall be as specified in the Incoterms.
16 Transportation	16.1 Responsibility for transportation of the Goods shall be as specified in the Incoterms. 16.2 The main mode of international transport shall be by air.
17 Site of inspections and tests	17.1 The quality inspections and tests identified in Schedule 5 shall be carried out by SGS an independent inspection agency (or any other replacement inspection agency nominated by the Purchaser if SGS and the Supplier cannot agree terms ("Replacement")) appointed by the Supplier for this purpose, and the Goods will only be accepted by the Purchaser on the production of an inspection certificate from SGS (or the Replacement) certifying the quality and fitness for purpose of the Goods. The quality inspections and tests shall be conducted at: Aso 2. ve 3. Organize Sanayi Bolgesi Alci Mah. 2036. Cad. No:1 Temelli, Sincan, ANKARA - TURKIYE 17.2 So far as it is able to do so, the Supplier shall provide to SGS (or the Replacement) copies of all existing testing or inspection certificates that it may have relating to the Goods. 17.3 The Supplier will ensure that SGS (or the Replacement) provide a copy of all findings, conclusions and draft and final inspection reports (collectively hereafter referred to as "the Reports") referred to in Schedule 5 to the Supplier, the Borrower and The World Bank. 17.4 The Supplier is responsible for paying the reasonable costs of SGS (or the Replacement). These costs will be passed to the Purchaser. The total, not-to-be exceeded, estimated inspection and testing costs are as detailed in Table 1 of the Appendix to Schedule 5.

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	17.5 In order to secure reimbursement of the inspection costs incurred the Supplier shall submit an invoice showing that the inspection agency has been paid at the same time as the Supplier submits its claim for the balance of the Contract Price in accordance with CC9.1.
18 Delivery Date and Completion Date	18.1 Goods from abroad: Incoterm CIP Tbilisi, Georgia. 18.2 The Delivery Date of the Goods shall be specified in Schedule 1.
19 Liquidated damages and bonuses	19.1 Liquidated damage shall not be required.
20 Warranty	20.1 The Supplier warrants that all the Goods are new, unused, and of the most recent or current models, and that they incorporate all recent improvements in design and materials, unless provided otherwise in the Contract. 20.2 The Supplier further warrants that the Goods shall be free from defects arising from any act or omission of the Supplier or arising from design, materials, and workmanship, under normal use in the conditions prevailing in the country of final destination. 20.3 The warranty shall remain valid for 6 months after the date of shipment from the port or place of loading in the country of origin. This warranty will not apply in circumstances where the Goods have not been stored in accordance with the manufacturers instructions. 20.4 The period for replacement after being notified of the defect by the Purchaser shall be between 30-45 days, as agreed in writing between Supplier and Purchaser, if the defect was covered under warranty. 20.5 If having been notified, the Supplier fails to remedy the defect within the period specified in CC 20.4, the Purchaser may proceed to take within a reasonable period such remedial action as may be necessary, at the Supplier's risk and expense and without prejudice to any other rights which the Purchaser may have against the Supplier under the Contract. 20.6 For purposes of this warranty, the place(s) of final destination(s) shall be: 144 Ak. Tsereteli ave., Tbilisi 0119 Georgia
21 Copyright	21.1 The copyright in all drawings, documents, and other materials containing data and information furnished to the Purchaser by

	the Supplier herein shall remain vested in the Supplier, or, if they are furnished to the Purchaser directly or through the Supplier by any third party, including suppliers of materials, the copyright in such materials shall remain vested in such third party.
22 Fraud and Corruption	22.1 The Bank requires compliance with the Bank's Anti-Corruption Guidelines and its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework, as set forth in the attachment to the Conditions of Contract. 22.2 The Purchaser requires the Supplier to disclose any commissions or fees that may have been paid or are to be paid to agents or any other party with respect to the direct contracting process or execution of the Contract. The information disclosed must include at least the name and address of the agent or other party, the amount and currency, and the purpose of the commission, gratuity or fee.
23 Inspections and Audit by the Bank	23.1 Pursuant to paragraph 2.2 e. of Schedule 4 the Supplier shall permit and shall cause its agents (where declared or not), subcontractors, subconsultants, service providers, suppliers, and personnel, to permit, the Bank and/or persons appointed by the Bank to inspect the site and/or the accounts, records and other documents relating to the direct contracting process or contract execution. The Supplier's and its subcontractors attention is drawn to CC 22.1 (Fraud and Corruption) which provides, inter alia, that acts intended to materially impede the exercise of the Bank's inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank's prevailing sanctions procedures).
24 Limitation of Liability	24.1 Except in cases of criminal negligence or willful misconduct, (a) the Supplier shall not be liable to the Purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the Supplier to pay liquidated damages to the Purchaser and (b) the aggregate liability of the Supplier to the Purchaser, whether under the Contract, in tort or otherwise, shall not exceed the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment, or to any obligation of the supplier to indemnify the Purchaser with respect to patent infringement.

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25 Force Majeure	25.1 The Supplier shall not be liable for liquidated damages, or termination for default if and to the extent that its delay in performance or other failure to perform its obligations under the Contract is the result of an event of Force Majeure. 25.2 For purposes of this Clause, "Force Majeure" means an event or situation beyond the control of the Supplier that is not foreseeable, is unavoidable, and its origin is not due to negligence or lack of care on the part of the Supplier. Such events may include, but not be limited to, acts of the Purchaser in its sovereign capacity, wars or revolutions, fires, floods, and freight embargoes. 25.3 If a Force Majeure situation arises, the Supplier shall promptly notify the Purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the Purchaser in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event. 25.4 If the performance of the Contract is substantially prevented, hindered or delayed for a single period of more than sixty (60) days or an aggregate period of more than one hundred and twenty (120) days on account of one or more events of Force Majeure during the currency of the Contract, the Parties will attempt to develop a mutually satisfactory solution, failing which either Party may terminate the Contract by giving a notice to the other Party. 25.5 Notwithstanding anything else to the contrary in CC 25.2 above, the parties agree that an unavoidable delay that results from COVID 19 and which is not due to negligence or lack of care on the part of the Supplier shall be deemed a force majeure event
26 Termination	26.1 Termination for Default The Purchaser, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the Supplier, may terminate the Contract in whole or in part: (i) if the Supplier fails to deliver any or all of the Goods within the period specified in the Contract, or within any extension thereof granted by the Purchaser; (ii) if the Supplier fails to perform any other obligation under the Contract; or (iii) if the Supplier, in the judgment of the Purchaser has engaged in Fraud and Corruption, in competing for or in executing the Contract.

	In the event the Purchaser terminates the Contract in whole or in part, the Purchaser may procure, upon such terms and in such manner as it deems appropriate, Goods or Related Services if applicable similar to those undelivered or not performed, and the Supplier shall be liable to the Purchaser for any additional costs for such similar Goods or Related Services if applicable. However, the Supplier shall continue performance of the Contract to the extent not terminated. 26.2 Termination for Convenience (a) The Purchaser, by notice sent to the Supplier, may terminate the Contract, in whole or in part, at any time for its convenience. The notice of termination shall specify that termination is for the Purchaser's convenience, the extent to which performance of the Supplier under the Contract is terminated, and the date upon which such termination becomes effective. (b) The Goods that are complete and ready for shipment within twenty-eight (28) days after the Supplier's receipt of notice of termination shall be accepted by the Purchaser at the Contract terms and prices. For the remaining Goods, the Purchaser may elect: (i) to have any portion completed and delivered at the Contract terms and prices; and/or (ii) to cancel the remainder and pay to the Supplier an agreed amount for partially completed Goods and Related Services if applicable and for materials and parts previously procured by the Supplier.
27 Forced Labor	27.1 The Supplier, including its Subcontractors, shall not employ or engage forced labor or persons subject to trafficking, as described in CC 27.2 and CC 27.3. 27.2 Forced labor consists of any work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty, and includes any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor-contracting arrangements. 27.3 Trafficking in persons is defined as the recruitment, transportation, transfer, harbouring or receipt of persons by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purposes of exploitation.
28 Child Labor	28.1 The Supplier, including its Subcontractors, shall not employ or engage a child under the age of 14 unless the national law specifies a higher age (the minimum age).

	28.2 The Supplier, including its Subcontractors, shall not employ or engage a child between the minimum age and the age of 18 in a manner 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. Work considered hazardous for children is work that, by its nature or the circumstances in which it is carried out, is likely to jeopardize the health, safety, or morals of children. Such work activities prohibited for children include work: (a) with exposure to physical, psychological or sexual abuse; (b) underground, underwater, working at heights or in confined spaces; (c) with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads; (d) in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or (e) under difficult conditions such as work for long hours, during the night or in confinement on the premises of the employer.
29 Health and Safety Obligations	29.1 The Supplier shall comply, and shall require its Subcontractors if any to comply, with all applicable health and safety regulations, laws, guidelines, and any other requirement stated in the technical specifications in Schedule 2.

Schedule 1: Goods and Related Services and Delivery Period(s)

1.1 List of Goods and Delivery Period

Line Item N°	Description of Goods	Model	Quantity	Applicable 2020 Incoterms	Delivery Period from date of issue of a pre-production inspection report or, if the order is fulfilled from existing stock, completion of During Production testing and receipt of 40% pre-payment. If the pre-production delivery report or during production testing is delayed for any reason the delivery period will be extended by a period of time equivalent to that delay.
1	Face Shield	Comfort Model	40,000	CIP	Within 60 days from the date of issue of a pre-production test report or, if the order is fulfilled from existing stock, 30 days from completion of the During Production Testing as defined in Schedule 5.

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Schedule 2: Technical Specifications

Product	Standard	Description
Face Shield	EU PPE Regulation 2016/425 and EN 166	Made of clear plastic and providing good visibility to both the wearer and the patient. Adjustable band to attach firmly around the head and fit snugly against the forehead, fog resistant (preferable). Completely cover the sides and length of the face. • 0.35mm PET shield raw material • Re-usable (can be cleaned easily with disinfectants, soap water) • Visor can be angled • Sponge support on forehead • Comfortable and light Adjustable angle with deadlock point to assist wearers of glasses. 

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Schedule 3: Pricing Schedule

3.1 Goods to be supplied from outside the Purchaser's country

1	2	3	4	5	6	7	8	9
Line Item N°	Description of Goods	Model	Delivery Date as defined by Incoterms	Quantity and physical unit	Unit Price (EXW)	Total item Price (5x6)	Incoterm Price 2020-CIP	Total Price per Line item (7+8)
1	Face Shield	Comfort Model	CIP	40,000	\$1.18	\$47,200	\$1,200	\$48,400
Total Price								\$48,400

Contract Price

The Contract Price for the supply and delivery of the Goods:

Price Schedule	Amount
Goods:	USD \$48,400
Related Services	N/A
Contract Price	USD \$48,400

Handwritten signature/initials.

Schedule 4

Fraud and Corruption

(Text in this Schedule shall not be modified)

1. Purpose

1.1 The Bank's Anti-Corruption Guidelines and this annex apply with respect to procurement under Bank Investment Project Financing operations.

2. Requirements

2.1 The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders (applicants/proposers), consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.

2.2 To this end, the Bank:

- a. Defines, for the purposes of this provision, the terms set forth below as follows:
 - i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
 - ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
 - iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
 - iv. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
 - v. "obstructive practice" is:
 - (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - (b) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.
- b. Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/ or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

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- c. In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
- d. Pursuant to the Bank's Anti-Corruption Guidelines and in accordance with the Bank's prevailing sanctions policies and procedures, may sanction a firm or individual, either indefinitely or for a stated period of time, including by publicly declaring such firm or individual ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;² (ii) to be a nominated³ sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project;
- e. Requires that a clause be included in bidding/request for proposals documents and in contracts financed by a Bank loan, requiring (i) bidders (applicants/proposers), consultants, contractors, and suppliers, and their sub-contractors, sub-consultants, service providers, suppliers, agents personnel, permit the Bank to inspect⁴ all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank

² For the avoidance of doubt, a sanctioned party's ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification, expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract.

³ A nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the particular bidding document) is one which has been: (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower.

⁴ Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact-finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information.



Schedule 5

Quality Inspection and Testing

Unless an existing stock of Goods is available to fulfill the contract, quality inspection and testing services shall consist, as a minimum, of the following:

1. **Supply Chain Audit.** An audit of the supply, manufacturing, warehousing, distribution, and logistics facilities ("Supply Chain") producing Goods for this contract. The audit shall include a review of the manufacturers quality management systems for the Supply Chain and assess the Supply Chain for evidence of worker or child exploitation or safety concerns. Audits shall include a physical inspection of the Supply Chain and applicable certifications. Supplier shall arrange timely access to the Supply Chain ensuring, so far as is reasonably possible, access to the Supply Chain no later than 72 hours from receipt of a request for access. The Reports (as defined in CC17.3) from the Supply Chain audit shall be provided simultaneously to the Purchaser, Supplier and The World Bank within 3 working days of the Supply Chain audit site visit.
2. **Pre-production Testing.** Pre-production testing shall be performed on pre-production Goods to verify compliance with quality standard(s) listed in Schedule 2 for each identified Good. As a minimum, the testing protocols outlined under During Production Testing shall be performed. The Reports (as defined in CC17.3) from the pre-production testing results shall be provided simultaneously to the Purchaser, Supplier and The World Bank within 20 working days of the sample collection.
3. **During Product Inspection (DPI).** DPI will consist of the inspection of randomly selected items in accordance with ISO 2859 for AQL (Acceptance Quality Limits) General Inspection Level II, shall be performed at the Supply Chain, and shall include inspection activities such as visual workmanship, quantity conformity, product conformity, packaging, marking, labeling, data measurement and field testing. Failure to pass DPI may necessitate corrective actions. Supplier shall ensure timely access to the Supply Chain ensuring, so far as is reasonably possible, access no later than 72 hours from receipt of a request for access and sample collection for DPI. The Reports from DPI shall be provided simultaneously to the Purchaser, Supplier and The World Bank prior to Final Random Inspection.
4. **During Production Testing.** Testing during production shall be conducted using an outside laboratory to verify compliance with quality standard(s) listed in Schedule 2. Samples for testing shall be randomly selected during the DPI site visit in accordance with the testing protocols specified in Table 1. Failure to pass during production testing may necessitate corrective actions. Supplier shall ensure timely access to the Supply Chain ensuring, so far as is reasonably possible, access no later than 72 hours from receipt of a request for sample selection during DPI. The

Reports from during production testing shall be provided simultaneously to the Purchaser, Supplier and The World Bank prior to Final Random Inspection.

Table 1 – Testing Protocols

Product	Standard	Test
Face Shield	EN166	Droplet and Splash

5. **Final Random Inspection (FRI).** FRI shall be performed prior to loading at the Supplier's distribution center, unless designated otherwise. FRI shall include, but not be limited to the inspection of randomly selected Goods in accordance with ISO 2859 for AQL, General Inspection Level II for visual workmanship, quantity conformity, product conformity, packaging, marking, labeling, data measurement and field testing as confirmed by SGS in its Supply Chain Audit Report. The Reports for FRI shall be provided simultaneously to the Purchaser, Supplier and The World Bank within 3 working days of completion of the inspection.

If the Goods to fulfill the contract consist of existing stock, quality inspection and testing services shall consist of, as a minimum, a review of applicable product and manufacture certification documents, an assessment of worker and child exploitation and safety, the During Production Testing requirements outlined in paragraph 4 and the full FRI requirements as outlined in paragraph 5.



Attachment 1

Advance Payment Security Demand Guarantee

garantör

[Guarantor letterhead or SWIFT identifier code]

→ **Beneficiary:** *[Insert name and Address of Purchaser]*

→ **Date:** *[Insert date of issue]*

Demand bank **Advance Payment Guarantee No.:** *[Insert guarantee reference number]*

Demand **Guarantor:** *[Insert name and address of place of issue, unless indicated in the letterhead]*

→ **Contract No.:** *[insert Purchaser's reference for the specific Contract]*

ERTUNG & TAN

We have been informed that *[insert name of Supplier, which in the case of a joint venture shall be the name of the joint venture]* (hereinafter called "the Applicant") has entered into a Contract No. *[insert reference number of the contract]* dated *[insert date]* with the Beneficiary, for the execution of *[insert name of contract and brief description of Goods and Related Services]* (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, an advance payment in the sum *[insert amount in figures]* () *[insert amount in words]* is to be made against an advance payment guarantee.

At the request of the Applicant, we as Guarantor, hereby irrevocably undertake to pay the Beneficiary any sum or sums not exceeding in total an amount of *[insert amount in figures]* *[insert amount in words]*¹ upon receipt by us of the Beneficiary's complying demand supported by the Beneficiary's statement, whether in the demand itself or in a separate signed document accompanying or identifying the demand, stating either that the Applicant:

- (a) has used the advance payment for purposes other than toward delivery of Goods; or
- (b) has failed to repay the advance payment in accordance with the Contract conditions, specifying the amount which the Applicant has failed to repay.

A demand under this guarantee may be presented as from the presentation to the Guarantor of a certificate from the Beneficiary's bank stating that the advance payment referred to above has been credited to the Applicant on its account number *[insert number]* at *[insert name and address of Applicant's bank]*.

¹ The Guarantor shall insert an amount representing the amount of the advance payment and denominated either in the currency(ies) of the advance payment as specified in the Contract, or in a freely convertible currency acceptable to the Purchaser.

This guarantee shall expire, at the latest, upon our receipt of a copy of the payment certificate indicating that ninety (90) percent of the Contract Price has been certified for payment, or on the *[insert day]* day of *[insert month]*, 2 *[insert year]*, 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 (URDG) 2010 Revision, ICC Publication No.758, except that the supporting statement under Article 15(a) is hereby excluded.

[signature(s)]

Note: All italicized text (including footnotes) is for use in preparing this form and shall be deleted from the final product.



Appendix 1: Quotation for Inspection Services

Manufacturing for this contract will take place in Ankara, Turkey. As such, SGS has provided inspection and testing costs estimates based on the requirements outlined in Schedule 5.

Note that costs will be higher if inspections are conducted on weekends, public holidays or other non-workdays.

Table 1 below summarizes estimated not-to-exceed costs for inspection and testing including travel and other costs.

Table 1 – Estimated Inspection Costs

Product	Inspection Agency	Estimated Not-to-Exceed Cost
Face Shield	SGS-Turkey	US\$ 5,500

The quotation details for these estimated costs are provided on the following pages.

PRODUCT	Requirement			Inspection Agency Response (Complete all non-shaded cells)						
	Testing Standard	Physical Inspection/ Testing (Italics)	Sample Size	Estimated Item Inspections per Man-Day	Price per Man-Day (USD)	Testing Price per batch (USD)	Test Batch Size	Duration (days)	*Additional Costs (USD)	Comments Additional Costs
Face Shield		Factory Audit (per Factory)			450				80 travel	from Düzce to Ankara 230 km
	EN166	Pre-Production Testing: Droplet and splash	Based on Test Standard			1500	15	10		working days
		DPI Physical Inspection	AQL General Insp. Level II (*see note)	250	350			2	80 travel	from Düzce to Ankara 230 km
	EN166	During Production Testing: Droplet and splash	Based on Test Standard			1500	15	10		working days
		Final Random Inspection	AQL General Insp. Level II	250	350			2	80 travel	from Düzce to Ankara 230 km

7.1