

Advance Payment Procedure

as an interest-free loan for mobilization and cash flow support

		Red Book1999	MDB 2010	Red Book2017
SC08.1	Commencement Data linked to ... Milestone Letter of Acceptance Latest Start to commence [Notice by Engineer]	= LoA+42 days 7 days	Precedent Conditions (a),(b), (c), (d) or PCC Requirements preconditions fulfilled	= LoA+42 days 14 days
SC04.2	Performance Security PS Milestone LoA Latest submission/reception	PS LoA+28 days	PS LoA+28 days	PS LoA+28 days
SC14.2	Preconditions for ACA: PS + Adv Payment Guarantee APG	PS APG	PS APG	PS APG
	Submission of Advance Payment Application / APA with PS+APG	APC = APA + 28 days	APC = APA + 28 days	APC = APA + 14 days
SC14.6	APC - Certification of APA			
SC14.7	Employer's obligation "shall pay"	21 days or within 42 days, whatever is latest	21 days or within 42 days, whatever is latest	21 days or within 42 days, whatever is latest
SC16.1 SC16.2	Contractor's Entitlement to suspend Work and to terminate	other Parties do not comply with SC14.6, SC02.4 or SC14.7		

Price Escalation / Price Fluctuation / Adjustments for Changes in Cost SC13.8

A) The Structure / sequence of the IPA SC14.3 (a)-(g) GCC + PCC indicates, that Price Fluctuation is only allowed on the **Works (T+P) executed and Contractor's Documents produced.**

B) Temporary and permanent works for BILL No 100 with site establishment for Camps, for erection of production plants, value-related expenditures, time-related/running costs / unproductive costs not incorporated in Unit Rates (Method of Measurement and Payment Book)

C) The Bill No 100 should depict S-Mob+indirect costs, indicated here: www.ppe61.de/12.3+IDC.pdf

Bill No 100 "preliminary + general provisions" NOT established

A) Contractor **pre-finances the physical works of the site mobilization >>> Immoral procedure?**

The Contractor recovers his pre-financed site mobilization by B1) permanent Works later with higher UR

B2) However, **inflation SC13.8 gives advantage** to CON due to the "overrated" Unit Rates with IDC.

C1) Any **Quantity increase** overpays the Contractor and C2) pays him **indirectly EoTfC / site mobilization PLUS partially TWICE (~12% ACA)** and time- and value-related cost **TWICE (~13% ACA).**

> TRANSPARNCY ... Proof of Spendings of the paid Advance Payments (installments)

Sophisticated Tender Dossiers define A) **advanced payment schedule** in LC+FC portions.

B) The Contractor shall submit a list of his **foreseen investments, purchase orders for equipment, physical works of Site Mobilization** a.s.o within 28 days after Letter of Acceptance was issued.

C) And also **proof of spendings** of the 100% advanced payments, due to the fact, that advanced pays are very often used to **satisfy informal arrangement / fair determinations called unjust enrichment.**