

To: [Name of the Beneficiary/Employer]
Address: [Address of the Beneficiary]

Date: [Date of Issue]
Guarantee Number: [Reference Number]

ADVANCE PAYMENT GUARANTEE (KAFALAH)

Subject: [Contract Name/Reference Number]

Whereas [Name of the Contractor/Applicant] (hereinafter called "the Applicant") has entered into a contract dated [Date] with [Name of the Beneficiary] (hereinafter called "the Beneficiary") for the execution of [Brief Description of Project/Work].

Whereas it has been stipulated in the said contract that the Beneficiary shall pay the Applicant an advance payment of [Currency and Amount in Figures] ([Amount in Words]) upon the provision of a bank guarantee for an equivalent amount.

We, [Name of the Bank/Financial Institution], (hereinafter called "the Guarantor"), do hereby irrevocably and unconditionally undertake to pay the Beneficiary, under the Sharia principle of Kafalah, any sum or sums not exceeding in total the amount of [Currency and Amount].

Our obligation under this guarantee shall arise upon receipt of your first written demand stating that the Applicant is in breach of their obligation(s) under the contract because they have used the advance payment for purposes other than the costs of mobilization in respect of the works, or have failed to repay the advance payment in accordance with the contract terms.

This guarantee shall be progressively reduced by the amounts repaid by the Applicant as evidenced by interim payment certificates issued by the Beneficiary.

This guarantee shall remain valid and in full effect from the date the advance payment is received by the Applicant until [Expiry Date] or until the advance payment has been fully repaid, whichever occurs earlier.

Any demand for payment under this guarantee must be received by us in writing at our offices on or before the aforementioned expiry date.

This guarantee is subject to the laws of [Jurisdiction/Country].

Yours faithfully,

[Authorized Signature]
[Name and Title of Signatory]
[Name of Bank/Institution]
[Seal/Stamp]