

Contracting

Bid bond	A bond provided by a bank to the buyer promising compensation, usually on demand, in the event that a supplier declines to enter into a contract in conformity with the bid he has put forward.
Commissioning	The date on which the plant or equipment supplied is deemed contractually to have been completed according to specification.
Design-build	The design-build model is a construction delivery system where one entity signs a single contract accepting full responsibility for both the design and construction phases of the project
EPC	Engineer/Procure/Construct. The provision of a full range of services related to design through equipment procurement to construction. Some companies supplying these services have an equipment manufacturing capability. Generally such projects are equipment intensive such as a pulp and paper mill.
Fixed price	Usually used in the same sense as lump sum, but referring to goods rather than services.
Lump sum	A fixed sum agreed at the outset of a contract, payable by the buyer for a specified task; frequently used to define payment for services.
Performance bond	A bond provided by a bank or an insurance company to the buyer promising compensation, usually on demand for bank bonds, in the event that the goods supplied do not perform within the agreed specifications.
Take-and-pay contract	A take-and-pay contract is sometimes used to describe a contract in which payment is contingent upon delivery and the obligation to pay is not unconditional, as in a take-or-pay contract.
Take-or-pay contract	A take-or-pay contract is a long-term contract to make periodic payments over the life of the contract in certain minimum amounts as payments for a service or a product. The payments are in an amount sufficient to service the debt needed to finance the project which provides the services or the product and to pay operating expenses of the project. The obligation to make minimum payments is unconditional, and must be paid whether or not the service or product is actually furnished or delivered.
Tender/Bid	An offer, containing technical, commercial and financial aspects, and a price, to carry out works.
Turn-key	An expression used to describe contractual responsibility to build and hand over to a client a completed and tested plant operating to specifications.