

Appendix 2. Price Adjustment- Not Applicable.

Prices payable to the Contractor, in accordance with the Contract, shall be subject to adjustment during performance of the Contract to reflect changes in the cost of labor and material components, in accordance with the following formula:

The Contract is subject to price adjustment applying the following formulae and the weightings or coefficients:

[Price Adjustment Formulae to be applicable if stated under ITT Sub Clause 26.9 shall be specified here]

Example:

$$P = A + a (Lm/Lo) + b (BIm/BIo) + c (CEm/CEo) + d (RSm/RSo) + e (STm/STo) + f (BRm/BRo) + g (MIm/MIo) + h (FUm/FUo) + \text{etc}$$

where;

L= Labor, BI=Bitumen, CE=Cement, RS=Reinforcing Steel, ST=Stone, BR=Bricks, MI=Miscellaneous, FU= Fuel]

Weighting or Coefficient A equals between 0.10 and 0.15 and, B (a+b+c+d+e+f+g+h+etc) equals between 0.90 and 0.85.

[insert figure] non-adjustable component (coefficient A)

[insert figure] adjustable component (coefficient B)

[The sum of A+B shall equal ONE (1). It is usual to have value of A between 0.10 and 0.15 and that of B between 0.90 and 0.85. Breakdown of B shall be provided in Appendix to the Tender.]

[delete as appropriate]

The date of adjustment shall be the mid-point of the period of manufacture or installation of component or Plant.

The following conditions shall apply:

- (a) No price increase will be allowed beyond the original delivery date unless covered by an extension of time awarded by the Procuring Entity under the terms of the Contract. No price increase will be allowed for periods of delay for which the Contractor is responsible. The Procuring Entity will, however, be entitled to any price decrease occurring during such periods of delay.
- (c) No price adjustment shall be payable on the portion of the Contract price paid to the Contractor as an advance payment.

For complex plant supply and installation involving several sources of supply and/or a substantial amount of installation works, a family of formulas may be necessary, with provision for the usage of Contractor's equipment in the works formula.