

Appendix 1. Terms and Procedures of Payment

In accordance with the provisions of GCC Clause 61 (Terms of Payment), the Procuring Entity shall pay the Contractor in the following manner and at the following times, on the basis of the Price Breakdown given in the section on Price Schedules. Payments will be made in the currencies quoted by the Tenderer unless otherwise agreed between the parties. Applications for payment in respect of part deliveries may be made by the Contractor as work proceeds.

(A) Terms of Payment

Schedule No. 1 - Plant and Equipment Supplied from Abroad

In respect of plant and equipment supplied from abroad, the following payments shall be made:

- a) Payment of foreign currency portion shall be made through Letter of Credit (L/C) opened in favor of the Supplier in a schedule Bank of Bangladesh. LC Charges within Bangladesh shall be paid by the Purchaser and those outside Bangladesh paid by the supplier. The payment for goods supplied from abroad to be made as follows:
 - i. **Advance Payment:** Ten percent (10%) of the total CIP amount shall be paid as an advance payment against submission of irrevocable and unconditional Bank Guarantee by the contractor of equal amount issued from a reputed schedule bank of Bangladesh and after signing of the contract. The Contractor shall furnish the said Bank Guarantee within 28 (twenty-eight) days of the notification of contract award, in an amount equal to the advance payment. The advance payment security may be reduced in proportion to the value of the plant and equipment delivered, as evidenced by PLI report. The advance payment security will be released after completion of post landing inspection of all the items.
 - ii. **On PLI Report:** Sixty percent (60%) of the total or pro rata CIP amount upon Incoterm "CIP", shall be paid through a letter of credit upon submission of a claim supported by the satisfactory post landing inspection (PLI) report. This shall be accompanied by shipping documents, and R&I report along with the invoice to be certified by the engineer and passed for payment by the purchaser's representative. The Project Director will certify the invoice, and the payment advice will be issued by the purchaser's representative (Accounts Department).
 - iii. **On Operational Acceptance Certificate (OAC):** Twenty percent (20%) of the total or pro rata CIP amount shall be paid upon issuance of the Operational Acceptance Certificate (OAC) [as specified in GCC 43.3] and submission of a claim bill duly verified & certified by the concerned officer and approved by the Project Director.
 - iv. **On Defects Corrections Certificate (DCC):** Ten percent (10%) of the total or pro rata CIP amount shall be paid through letter of credit on submission of Defects Corrections Certificate (DCC) and invoice duly certified by engineer and passed for payment by the purchaser. Project Director/Engineer will certify the invoice and the payment advice will be issued by the purchaser's representative (Accounts Department).

Schedule No. 2 - Plant and Equipment Supplied from within the Employer's Country

In respect of plant and equipment supplied from within the Employer's country, the following payments shall be made:

- i) **Advance Payment:** Ten percent (10%) of the total EXW amount as an advance payment against receipt of invoice, and an irrevocable unconditional advance payment security for the equivalent amount made out in favor of the Employer. The advance payment security may be reduced in proportion to the value of plant and equipment delivered to the site, as evidenced by

shipping and delivery documents. The advance payment security will be released after completion of post landing inspection of all items.

- ii) **On Delivery and PLI Report:** Sixty percent (60%) of the total or pro rata EXW amount upon Incoterm "Ex-Works," upon delivery to the designated site and after issuance of "PLI Report" for each consignment delivered at site and submission of documents with a claim bill duly verified & certified by the concerned officer of the Project Office, and approved by the Project Director along VAT payment Certificate/Challan.
- iii) **On Operational Acceptance Certificate (OAC):** Twenty percent (20%) of the total or pro rata EXW amount upon issue of the Operational Acceptance Certificate (OAC) as specified in GCC 43.3 and a claim bill duly verified & certified by the concerned officer of the Project Office, and approved by the Project Director.
- iv) **On Defects Corrections Certificate (DCC):** Ten percent (10%) of the total or pro rata EXW amount upon issue of the Defects Corrections Certificate (DCC) as specified in GCC and a claim bill duly verified & certified by the concerned officer of the Project Office, and approved by the Project Director.

Schedule No. 4 - Installation and other Services

- a) In respect of installation services for both the foreign and local currency portions, the following payments shall be made:
 - i) **Advance Payment:** Ten percent (10%) of the total Installation and other Services amount as an advance payment against receipt an irrevocable unconditional advance payment security from any schedule Bank of Bangladesh for the equivalent amount made out in favour of the Employer. The advance payment security may be reduced in proportion to the value of the Installation and other Services performed at the site, as evidenced by Progress Report. The advance payment security will be released after issuance of Operational Acceptance Certificate (OAC).
 - ii) **On monthly Progress Report:** Seventy percent (70%) of the measured value of Installation and Services performed satisfactorily by the Contractor, as identified in the said Program of Performance or in Contractors' breakdown estimate, during the preceding month, will be made monthly after receipt of invoice/claim bill duly verified & certified by the concerned officer of the Project Office, and approved by the Project Director.
 - iii) **On Operational Acceptance Certificate (OAC):** Ten percent (10%) of the total or pro rata value of installation services performed by the Contractor as identified in the said Program of Performance or in Contractors' breakdown estimate, during the preceding month, upon issue of the Operational Acceptance Certificate (OAC) as specified in GCC43.3, will be made after receipt of invoice/claim bill duly verified & certified by the concerned officer of the Project Office, and approved by the Project Director.
 - iv) **On Defects Corrections Certificate (DCC):** Ten percent (10%) of the total or pro rata value of installation services performed by the Contractor as identified in the said Program of Performance or in Contractors' breakdown estimate, during the preceding month, upon issue of the Defects Corrections Certificate (DCC) as specified in GCC, will be made after receipt of invoice/claim bill duly verified & certified by the concerned officer of the Project Office, and approved by the Project Director.

b) Payment for Support services:

- i) **Advance Payment:** Ten percent (10%) of the total Installation and other Services amount as an advance payment against receipt an irrevocable unconditional advance payment security from any schedule Bank of Bangladesh for the equivalent amount made out in favour of the Employer. The advance payment security will be released after issuance of Operational Acceptance Certificate (OAC). Support Service time period shall be started after issuance of the PAC.
- ii) **On Each Year:** Twenty percent (20%) of the contract price for the Support Service portion (mentioned on Row No. 4 of Price Schedule for Plant and Service (Form e-PG5A-3) Schedule No. 5- Installation and Other Services (Local Currency/ Foreign Currency)) shall be paid annually, after the satisfactory completion of support services in each year. The advance payment proportion will be adjusted at the time of the first payment of the first year of the Support Service. All payment shall be made subject to certification by the Purchaser's Representative confirming satisfactory performance of the services.
- iii) During payment after the issuance of the Defects Corrections Certificate (DCC), ten percent (10%) of the amount quoted under Row Nos. 1 (MDMS Development), 2 (Data Migration), 3 (Development of Web-based Post-paid Billing Software), and 4 (Support Service) of the Price Schedule for Plant and Services (Form e-PG5A-3) Schedule No. 5 – Installation and Other Services (Local Currency/Foreign Currency), shall be retained as Retention Money for the remaining two (02) years of the Support Service Period. The Retention Money shall be released upon successful completion of the Support Service Period.

c) In respect of training services for both the foreign and local currency portions, the following payments shall be made:

- i) **Advance Payment:** Ten percent (10%) of the total training Services value as an advance payment against receipt an irrevocable unconditional advance payment security from any schedule Bank of Bangladesh for the equivalent amount made out in favor of the Employer. The advance payment security will be released after issuance of Completion Certificate for the training programs.
- ii) ***On Completion:** Eighty percent (80%) of the total or pro rata value of training Services shall be paid upon presentation of claim supported by a certificate from the Purchaser declaring that the training programmes have been conducted satisfactorily and that all the training related contractual obligations have been met.
- iii) **On Defects Corrections Certificate (DCC):** Ten percent (10%) of the total or pro rata value of training Services performed by the Contractor upon issue of the Defects Corrections Certificate (DCC) as specified in GCC, shall be paid after receipt of invoice/claim bill duly verified & certified by the concerned officer of the Project Office, and approved by the Project Director.

Note: The purchaser shall make earnest effort to make the payment in shortest possible time. However, no interest will be applicable for delayed payment.

(B) Payment Procedures

The procedures to be followed in applying for certification and making payments shall be as follows:

Payments under this Contract shall be done in the currency of the Tender for Foreign Currency and in Taka for local currency.

1. Local Currency [BDT]

Payment of Local currency portion (where applicable) shall be made direct through transfer of fund to Contractor's account or through cheque or EFT Payment shall be made direct through Consignee.

2. Foreign Currency

Payment of foreign currency portion shall be made through Letter of Credit (L/C) opened in favor of the contractor/supplier in a scheduled Bank of Bangladesh.

BANKING CHARGES:

•Letter of Credit opening and other charges including amendment charges within Bangladesh shall be borne by WZPDCL and those outside Bangladesh shall be borne by the contractor/supplier.

•The supplier shall have to bear all such charges both inside and outside Bangladesh in case of extension of L/C if done at the request of the contractor/ supplier.

3. Invoices

The Contractor shall submit invoices (original) in triplicate to the Project Director whenever an invoice is required to be submitted as per provision of this Contract. Invoices should be duly certified by Project Director.

4. Documentation Required for Payment

No goods should be shipped or delivered without prior instruction (shipping advice) from the Employer/Consignee.

Details of shipping and documents to be furnished by the Contractor/Supplier shall be:

“For Schedule No. 1 - Plant and Equipment Supplied from Abroad / Goods supplied from abroad as per INCOTERM CIP:

Upon shipment, the Contractor/Supplier shall notify the Purchaser by telex or fax etc. the full details of the shipment, including Contract number, description of Goods, quantity, the vessel, the bill of lading number and date, port of loading, date of shipment, port of discharge, etc. The Contractor/Supplier shall send the following documents to the Purchaser, with a copy to the Insurance Company:

- (a) 7 copies of the Supplier's invoice showing the description of the Goods, quantity, unit price, and total amount;
- (b) original and 8 copies of the negotiable, clean, on-board bill of lading marked “freight prepaid” and 8 copies of non-negotiable bill of lading where applicable;
- (c) 8 copies of the packing list identifying contents of each package;
- (d) insurance certificate;

- (e) Manufacturers or Supplier's warranty certificate;
- (f) Inspection certificate, issued by the nominated inspection team of the purchaser and the Supplier's factory inspection report; and
- (g) Certificate of origin.
- (h) Shipping advice issued by the Consignee
- (i) Truck Challan:

The Employer/Consignee shall receive the above documents at least one week before arrival of Goods at the port and, if not received, the Supplier will be responsible for any consequent expenses.

The negotiable sets of documents shall be originals signed by the Supplier. The Commercial Invoice is to show material value plus freight as applicable.

The Employer/Consignee shall receive the shipping documents at the latest one week before arrival of cargoes at the airport of Dhaka or any sea/land port of entry in Bangladesh.

The shipping documents shall be supplied to as follows:

1	Executive Director (Finance), WZPDCL, Khulna	2 (Two) sets
2	Project Director Smart Pre-payment Metering Project for West Zone Power Distribution Company Ltd. (WZPDCL) Area (Phase-II) [SPPMP-2], WZPDCL, Khulna	2 (Two) sets
3	Deputy General manager (Accounts), HQ, WZPDCL, Khulna	2 (Two) sets
4	Manager (Accounts), SPPMP-2, WZPDCL, Khulna	2 (Two) sets

(C) Payment Procedure for monthly Progress Report against Civil, Installation & Services work

On or about the first day of each month the Contractor will prepare a bill in prescribed form of the value (As per Breakdown estimate submitted by Contractor) for the Installation & Services work done up-to such date. The estimated cost of Installation & Services work which, do not conform to the specifications will be deducted from the billed amount. Payment will be made to the Contractor as stipulated above. Such intermediate payment shall be regarded as payment by way of advance against the final payment for work actually done and shall not preclude the requiring of bad, unsound and imperfect work to be removed and reconstructed. Such payments shall not be considered as admission that the Contract performance has been completed nor shall it indicate the accruing or any claim, or shall it conclude, determine or affect in any way the powers of WZPDCL under this Contract to final settlement and adjustment of the account or in any other way vary or affect the Contract.

Contractor's Breakdown Estimate

The Contractor shall prepare and submit to the Consignee for approval a breakdown estimates for and covering each lump-sum price stated in the Contract. The breakdown estimate, showing the value of each kind of service shall be certified by

Consignee and approved by the Engineer before any partial payment estimate is prepared. Such items as bond premium, temporary facilities and plant may be listed separately in the breakdown estimate, provided that their cost can be substantiated.

The sum of the items listed in any breakdown estimate shall equal the Contract lump-sum price or prices, overhead and profit shall not be listed as separate items. Documentation for progress payments shall be supported by the following documents:

- (a) One counterpart of a Work Progress Certificate signed by the Contractor and jointly countersigned by the Owner's Engineer and the Project Director.
- (b) The Contractor shall submit all Work Progress Certificates to both the Owner's Engineer and the Project Director simultaneously by registered air mail. The Owner's Engineer and the Project Director will either countersign or reject a Work Progress Certificate within a maximum period of thirty (30) days from the date of receipt of such Certificate by him. If the Owner's Engineer and the Project Director or either shall fail either to countersign or to reject a Work progress Certificate within the said thirty (30) days period, the Contractor shall notify the Project Director by cable of the delay in the approval from the Site; and the Project Director will either countersign the Work Progress Certificate in question or assign his reasons for not doing so within a maximum period of sixty (60) days from the date of receipt of the Contractor's said cable notice to him.
- (c) The Contractor shall furnish to the Project Director and the Owner's Engineer or either whenever called upon to do so any additional information or documents that may be required in connection with verification of progress claims and or any other payments made.

