

ATTACHMENT – 1A

TERMS & CONDITONS OF LOCAL INVISIBLE
L/C

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1.0 Local Services Payments Milestones

The payment of local services currency component of the contract price shall be made through the L/C subject to deduction of applicable taxes and duly authorized applicant representatives on the following payment milestones:

1. A mobilization advance equivalent to ten (10%) percent of Contract price shall be paid by OGDCL to Contractor against mobilization Advance Payment Guarantee for an equivalent amount as per format given in Appendix-J. Bank guarantee to be only issued by any of the bank listed in (Appendix-K). The amount of mobilization advance shall be deducted proportionately from Contractor invoices.
2. Fifty Five Percent (55%) of the LC amount shall be paid by OGDCL to the Contractor on monthly basis for completion of Construction, Fabrication, Installation, Erection, Hook-up and Pre-Commissioning as per following.

Payment for Construction, Fabrication, Installation, Erection, Hook-up and pre-commissioning shall be made on actual progress achieved. The OGDCL shall make progress payments to the Contractor on monthly basis in accordance with the valuation of Work done as determined according to the weight factors for the respective items.

For determining the percent progress of a specific Work unit each specific Work unit shall be divided into Work steps/ activities and each of this step/ activity shall be given an appropriate weight factor as mentioned in Appendix-L1 ("sample" for Bidder's understanding for activity breakups and it must be made specific to Compression facility at Project lump sum works activities and logical weight ages distributions).

The overall weight factors of various components of Works Contract are presented in Appendix – L. Activities under each component of Works Contract and their weight factors along with their basis shall be submitted by the Bidder with the technical bid proposal for the approval of the OGDCL.

The Contractor shall submit at Site a daily Work report in four copies, specifying the quantities of each category of Work on standard format to be designed by CONTRACTOR and agreed by OGDCL. OGDCL's representative shall verify these quantities and sign the Work report returning a copy of the same to the Contractor on daily basis. Monthly Work valuation shall be done on the basis of the quantities verified by the OGDCL's Site representative on daily Work reports.

For determining the value of Work for payment the Contractor shall measure and determine the monthly progress of actual Work done in accordance with the Contract. The OGDCL's representative shall ascertain the progress reported by the Contractor and accordingly issue a Work certificate. If measurement of any part of the Work is required, the OGDCL representative shall issue a notice to the Contractor who shall forthwith assist the OGDCL's representative or his nominee in making such measurements and shall furnish all particulars required. The measurement determined by the OGDCL's representative or his nominee shall be taken to be the final measurement of the Work, for valuation purpose.

3. Ten Percent (10%) of the LC amount shall be paid by OGDCL to Contractor after successful completion of Performance Test.
4. Ten Percent (10%) of the LC amount shall be paid by OGDCL to Contractor upon successful completion of Site Training of OGDCL's engineers, on submission of Contractors Invoice duly verified by OGDCL & Consultant.
5. Fifteen Percent (15%) shall be paid, 30 days after successful completion of Reliability Guarantee Test (RGT) on submission of Taking over Certificate.

In order to be entitled to payment for any particular milestone all previous milestones must have been achieved. For claim of all local payments (supply/service) original sales tax invoice and annexure-C issued by FBR is a mandatory requirement.

Note: All milestone payments shall be made after submission of Annexure "C" issued by FBR and original sales tax invoice.

2. Deduction of Withholding Tax

All payments shall be subject to deduction of withholding tax & sales tax as applicable. If the Contractor is entitled for any exemption from the withholding tax or a reduced rate of withholding tax, he shall obtain a certificate from the relevant tax authority in Pakistan and submit it to OGDCL

3. Liquidated Damages

- a) If the Contractor fails to complete the KPD-TAY Compression Project within the time period of Fourteen (14) months, then Company shall, without prejudice to other remedies under the contract, deduct from the contract price / Bank Guarantee as liquidated damages, a sum not more than 0.5% of the contract price per week or part thereof for first four weeks, 1.00% per week for next four weeks and 1.5% per week exceeding four weeks up to maximum extent of 10 % of the contract value.
- b) In case the Company is satisfied that the delayed / defective shipment/ works was due to some mistake or circumstances beyond the control of the contractor and the contractor has not intentionally or negligently contributed in the delay, the Company may impose

Liquidated Damages for not more than a sum equivalent to 0.5% of the delayed or defective shipment/ services per week or part thereof for first two weeks, 1.00 % per week for next three weeks and 1.5% per week exceeding five weeks but not exceeding 10% of the contract value of the delayed/ defective shipment/ services provided that the contractor takes immediate remedial measures for the-replacement of defective shipment and takes prompt steps to mitigate the delay. The Company may however, impose Liquidated Damages as per (a) above if the delayed or defective shipment/ services has affected the project completion schedule or has resulted in production losses.

- c) Even after imposition of LDs, if the Contractor fails to materialize the delivery (material and or services); the Company reserves the right to cancel Purchase order/Contract/LC and to forfeit the Guarantee (if applicable) after intimating the supplier for such cancellation / forfeiture.

4. CHARGES FOR L/C ESTABLISHMENT

- All Charges of the bank for credit opening will be borne by the OGDCL.
- All charges of corresponding bank such as negotiation of documents, adding confirmation to credit etc. will be to the account of beneficiary.
- All charges for amendments/extension in L/C will be to the account of beneficiary.