

***PLEASE SEE NEXT PAGE!!!***

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**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

***Section V. Special Conditions of Contract***

**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

## Special Conditions of Contract

SCC Clause	
1.1(g)	The Procuring Entity is Department of National Defense/ Armed Forces of the Philippines.
1.1(i)	The Supplier is _____.
1.1(j)	<p>The Funding Source is:</p> <p>The Government of the Philippines (GOP) through PAF General Appropriations Act 2017 in the amount of <b>FOUR HUNDRED NINETY SEVEN MILLION FIFTY TWO THOUSAND PESOS (PHP 497,052,000.00)</b>.</p> <p><b>Funds for this Project will expire on 31 December 2017.</b></p>
1.1(k)	The Project Site is <b>4221st Forward Supply Point, Basa Air Base, Floridablanca, Pampanga, Philippines</b> . The Project sites are defined in Section IV. Schedule of Requirements.
5.1	<p>The Procuring Entity's address for Notices is:</p> <p style="text-align: center;"><b>DND Bids and Awards Committee Camp General Emilio Aguinaldo Quezon City, Philippines, 1110 Tel No/ Fax: 913-9487; 911-6001 loc 4456</b></p> <p>copy furnished:</p> <ul style="list-style-type: none"> <li>a. C, DAO, DND</li> <li>b. Office of the Deputy Chief of Staff for Logistics, J4</li> <li>c. Chairman, TWG for Procurement Spares / Components for FA-50PH Aircraft</li> </ul> <p>The Supplier's address for Notices is:</p> <p>_____</p> <p>_____</p>

**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

6.2	<p><b>Delivery and Documents –</b></p> <p>For purposes of the Contract, “EXW,” “FOB,” “FCA,” “CIF,” “CIP,” “DDP” and other trade terms used to describe the obligations of the parties shall have the meanings assigned to them by the current edition of INCOTERMS published by the International Chamber of Commerce, Paris. The Delivery terms of this Contract shall be as follows:</p> <p>The delivery terms applicable to the Contract is DAP delivered <b>4221<sup>st</sup> Forward Supply Point, Basa Air Base, Floridablanca, Pampanga</b>. In accordance with INCOTERMS.”</p> <p>Risk and title will pass from the Supplier to the Procuring Entity upon receipt and final acceptance of the Goods at their final destination.”</p> <p>Delivery of the Goods shall be made by the Supplier in accordance with the terms specified in Section VI. Schedule of Requirements. The details of shipping and/or other documents to be furnished by the Supplier are as follows:</p> <p>Upon shipment, the Supplier shall notify the Procuring Entity and the insurance company by cable the full details of the shipment, including Contract Number, description of the Goods, quantity, vessel, bill of lading number and date, port of loading, date of shipment, port of discharge etc. Upon delivery to the Project Site, the Supplier shall notify the Procuring Entity and present the following documents as applicable with the documentary requirements of any letter of credit issued taking precedence:</p> <ul style="list-style-type: none"> <li>(i) Original and four copies of the Supplier’s invoice showing Goods’ description, quantity, unit price, and total amount;</li> <li>(ii) Original and four copies of the negotiable, clean shipped on board bill of lading marked “freight pre-paid” and five copies of the non-negotiable bill of lading ;</li> <li>(iii) Original Supplier’s factory inspection report;</li> <li>(iv) Original and four copies of the Manufacturer’s and/or Supplier’s warranty certificate;</li> <li>(v) Original and four copies of the certificate of origin (for imported Goods);</li> <li>(vi) Delivery receipt detailing number and description of items received signed by the Procuring Entity’s representative at the Project Site;</li> <li>(vii) Certificate of Acceptance/Inspection Report signed by the Procuring Entity’s representative at the Project Site; and</li> <li>(viii) Four copies of the Invoice Receipt for Property signed by the Procuring Entity’s representative at the Project Site.</li> <li>(ix) Certificate and four copies of Final Acceptance/Inspection Report signed by the PROCURING ENTITY’s representative at the Project Site; and</li> <li>(x) Original and four copies of the Invoice Receipt for Property signed by the</li> </ul>
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**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

	<p>PROCURING ENTITY’s representative at the Project Site;</p> <p>(xi) Four copies of permanent export license for controlled military items, if the GOODS is a controlled military items in the originating country;</p> <p>(xii) Certificate and four copies of Pre-Delivery Inspection by the Procuring Entity.</p> <p>For purposes of this Clause the Procuring Entity’s Representative at the Project Site is:</p> <p style="text-align: center;"><b>LIEUTENANT COLONEL VILLAMOR B COSTALES JR</b> <i>Chairman, Technical Working Group for the Procurement of Spares/ Components for FA-50PH Aircraft</i></p> <p><b>Incidental Services –</b></p> <p>The Supplier is required to provide all of the following services, including additional services, if any, specified in Section VI. Schedule of Requirements such as <i>furnishing of peculiar operation and maintenance manual and applicable forms.</i></p> <p>The Contract price for the Spares / Components shall include the price charged by the Supplier for incidental services and shall not exceed the prevailing rates charged to other parties by the Supplier for similar services.</p> <p><b>Packaging –</b></p> <p>The Supplier shall provide such packaging of the Spares / Components as required to prevent damage or deterioration during transit to their final destination, as indicated in this Contract. The packaging shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packaging case size and weights shall take into consideration, where appropriate, the remoteness of the Spares / Components final destination and the absence of heavy handling facilities at all points in transit.</p> <p>The packaging, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the Contract, including additional requirements, if any, specified below, and in any subsequent instructions ordered by the Procuring Entity.</p> <p>The outer packaging must be clearly marked on at least four (4) sides as follows:</p> <p>Name of the Procuring Entity Name of the Supplier Contract Description</p>
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**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

	<p>Final Destination Gross weight Any special lifting instructions Any special handling instructions Any relevant HAZCHEM classifications</p> <p>A packaging list identifying the contents and quantities of the package is to be placed on an accessible point of the outer packaging if practical. If not practical the packaging list is to be placed inside the outer packaging but outside the secondary packaging.</p> <p><b>Insurance –</b></p> <p>The Spares / Components supplied under this Contract shall be fully insured by the Supplier in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage, and delivery. The Spares / Components remains at the risk and title of the Supplier until their final acceptance by the Procuring Entity.</p> <p><b>Transportation –</b></p> <p>Where the Supplier is required under Contract to deliver the Spares / Components CIF, CIP or DDP, transport of the Spares / Components to the port of destination or such other named place of destination in the Philippines, as shall be specified in this Contract, shall be arranged and paid for by the Supplier, and the cost thereof shall be included in the Contract Price.</p> <p>Where the Supplier is required under this Contract to transport the Spares / Components to a specified place of destination within the Philippines, defined as the Project Site, transport to such place of destination in the Philippines, including insurance and storage, as shall be specified in this Contract, shall be arranged by the Supplier, and related costs shall be included in the Contract Price.</p> <p>Where the Supplier is required under Contract to deliver the Spares / Components CIF, CIP or DDP, the Spares / Components is to be transported on carriers of Philippine registry. In the event that no carrier of Philippine registry is available, the Spares / Components may be shipped by a carrier which is not of Philippine registry provided that the Supplier obtains and presents to the Procuring Entity certification to this effect from the nearest Philippine consulate to the port of dispatch. In the event that carriers of Philippine registry are available but their schedule delays the Supplier in its performance of this Contract the period from when the Spares / Components is first ready for shipment and the actual date of shipment the period of delay will be considered <i>force majeure</i> in accordance with GCC Clause 20.</p> <p>The Procuring Entity accepts no liability for the damage of Goods during</p>
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**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

transit other than those prescribed by INCOTERMS for DDP Deliveries. In the case of Goods supplied from within the Philippines or supplied by domestic Suppliers risk and title will not be deemed to have passed to the Procuring Entity until their receipt and final acceptance at the final destination.

**Patent Rights –**

The Supplier shall indemnify the Procuring Entity against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the Goods or any part thereof.

**Other Requirements –**

1. All items must have a certificate of Airworthiness (Certification FAA Form 8130-3 or equivalent) as certified by the government agency concern in the country of origin. The signature should be affixed above the printed name, including the contact number and email address.
2. All items must have a copy of Certificate of Conformance to include but not limited to the following data:
  - a. Part Number
  - b. CAGE Code
  - c. Shelf Life
  - d. Date Manufactured
3. Part Number (PN) should be clearly verifiable into the items and packages.
4. For item bearing alternate part numbers, the winning proponent should present certifications to include but not limited to the following documents or its equivalent, if applicable:
  - a. Parts Manufacturer Approval Certificate
  - b. Service Bulletin
  - c. Authorized Release Certificate
  - d. Certificate of Origin
  - e. Manufacturer's Certificate
5. A shipping ticket, invoice and other document that provides evidence that the part was produced and approved by an OEM/FAA or its equivalent manufacturer.
6. All items should have the Authorized Release Certificate (e.g. FAA Form 8130-3, Airworthiness Approval Tag).
7. The winning proponent shall comply with the International Standards

**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

	<p>on Handling, Packaging, Marking and Storage Procedures.</p> <p>8. All documents must be in original copies.</p> <p>9. Partial delivery is allowed; however, payment will be subject to final acceptance of all contracted items.</p> <p>10. Delivery of items shall be made during office hours from Monday to Friday excluding Holidays. Supplier shall inform the personnel of PAFPC and 420<sup>th</sup> SW at least three (3) days prior to delivery of items. All deliveries shall be accompanied by supplier or his/her authorized representative. Supplier shall provide personnel who shall be responsible in the loading and unloading of items to the designated area during delivery. Any damages caused during the delivery shall be borne by the supplier.</p>
9	<p>For this Contract, all bid prices are considered fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the GPPB in accordance with Section 61 of R.A. 9184 and its IRR-A.</p>
10	<p>No further instructions.</p>
10.1	<p>Payment shall be made directly to the Manufacturer by check or through letter of credit, at the option of a local manufacturer, or through L/C, in case of foreign manufacturer.</p> <p>Manufacturer’s Appointment authorizing their local representative company to receive/accept payment on their behalf is not allowed.</p> <p>The PROCURING ENTITY may open the irrevocable L/C in favor of the local/foreign supplier/manufacturer in accordance with the terms provided below in an Authorized Government Depository Bank after the approval of the Contract by the Secretary of National Defense and the issuance of the Notice of Cash Allocation by the Secretary of Budget and Management, to wit:</p> <p>(a) <u>Mode of Transmission</u>: Full cable telex/S.W.I.F.T;</p> <p>(b) <u>Advising and/or Confirmation</u>: L/C may be advised and/or confirmed by any bank to be identified by the Supplier, at the latter’s sole expense;</p> <p>(c) <u>Payee Bank</u>: The L/C draft (if any) shall be drawn on the confirming bank;</p> <p>(d) <u>Beneficiary</u>: <i>[Insert name and address of Supplier with Point of Contact]</i>;</p> <p><u>Currency and Amount of L/C</u>: L/C may be opened in foreign denominated currency provided that the equivalent amount shall be based on the Total Peso Contract Price;</p> <p><u>Expiration Date</u>: <b>960 calendar days</b> from issue date of the L/C;</p> <p>(e) <u>Payment Scheme/Drawdown Documentary Requirements</u>: Payment shall</p>

**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

	<p>be made to the Supplier for every delivery schedule of the GOODS made in accordance with Section VI. Schedule of Requirements, and the submission or presentation of the following documents as necessary:</p> <ol style="list-style-type: none"> <li>i. Supplier's invoice showing GOODS' description, quantity, unit price, and total amount;</li> <li>ii. Negotiable, clean shipped on board Bill of Lading marked "Freight Pre-Paid" and/or "Non-Negotiable Bill of Lading" or "Airway Bill";</li> <li>iii. Certificate of Initial Inspection by the Procuring Entity's Project Inspection Team (PIT);</li> <li>iv. Manufacturer's and/or Supplier's Warranty Certificate;</li> <li>v. Certificate of Origin (for imported GOODS);</li> <li>vi. Delivery Receipt detailing number and description of items received signed by the Procuring Entity's representative at the Delivery Site;</li> <li>vii. Test / Trials Results (For all Testing/ Trials to be conducted)</li> <li>viii. Certificate of Final Acceptance by the AFP Technical Inspection and Acceptance Committee (AFP TIAC);</li> <li>ix. AFP Management and Fiscal Office (AFP MFO) Inspection Report;</li> <li>x. SAO Acceptance Report;</li> <li>xi. Copy of Insurance Policy/ Paid Premium;</li> <li>xii. Copy of Warranty Security as per SCC Clause 15; and</li> <li>xiii. Advice of Payment by the Secretary, Department of National Defense or his authorized representative;</li> <li>xiv. The L/C shall be payable at Site.</li> </ol> <p>(f) <u>Description of Goods</u>: Procurement of Spares / Component for FA-50PH Aircraft</p> <p>(g) <u>Delivery Terms</u>: <b>DAP, 4221<sup>st</sup> Forward Supply Point, 420<sup>th</sup> Supply Wing, Basa Air Base, Floridablanca, Pampanga;</b></p> <p>(h) <u>Latest Date of Delivery</u>: <b>540 calendar days</b> from receipt of Notice to Proceed;</p> <p>(i) <u>Shipment</u>: One time shipment, transshipment is acceptable;</p> <p>(j) <u>Negotiability</u>: The L/C shall be irrevocable;</p> <p>(k) <u>Liquidated Damages</u>: Liquidated damages shall be imposed in accordance with Clause 17 of the Contract;X2</p> <p>(l) <u>Other Instructions</u>:</p> <ol style="list-style-type: none"> <li>i. The cost of the opening, as well as advising, confirmation, extension, and/or amendment, if any, of the L/C, and other bank charges shall be</li> </ol>
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**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

	<p>for the account of the Supplier;</p> <p>ii. The L/C must be in English;</p> <p>iii. The Winning Proponent must facilitate undertaking into a countertrade agreement with the end user through offset arrangements.</p> <p>No boycott or restrictive language.</p>									
10.4	No further instructions									
13.1	<table border="1"> <thead> <tr> <th>Form of Performance Security</th> <th>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</th> </tr> </thead> <tbody> <tr> <td>Cash, cashier's/manager's check, bank draft/guarantee confirmed by a Universal or Commercial Bank;</td> <td rowspan="2">Php 24,852,600.00</td> </tr> <tr> <td>Irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank;</td> </tr> <tr> <td>Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security; and/or</td> <td>Php 149,115,600.00</td> </tr> <tr> <td>Any combination of the foregoing.</td> <td>Proportionate to share of form with respect to total amount of security</td> </tr> </tbody> </table>	Form of Performance Security	Amount of Performance Security (Equal to Percentage of the Total Contract Price)	Cash, cashier's/manager's check, bank draft/guarantee confirmed by a Universal or Commercial Bank;	Php 24,852,600.00	Irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank;	Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security; and/or	Php 149,115,600.00	Any combination of the foregoing.	Proportionate to share of form with respect to total amount of security
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Any combination of the foregoing.	Proportionate to share of form with respect to total amount of security									
13.4	No further instructions.									
16.1	<p>The inspections and tests that will be conducted are:</p> <p>Final Acceptance at the PROCURING ENTITY's Facilities at 4221<sup>st</sup>, Forward Supply Point, Basa Air Base, Floridablanca, Pampanga, Philippines, after the Spares / Components arrival at the above Delivery Site to be conducted by the AFP TECHNICAL INSPECTION AND ACCEPTANCE COMMITTEE as part of the procedure specified in Section VII Technical Specifications. Furthermore, correctness of entries in applicable forms (if any) and visual inspection for any cracks, corrosion or damages will be done by the Procuring Entity.</p> <p>The PROCURING ENTITY shall issue the following documents after the successful completion of the Final Acceptance Test:</p> <p>(c.1) Certificate of Final Acceptance by the AFP TIAC;</p> <p>(c.2) AFP MFO Inspection Report;</p> <p>(c.3) SAO Acceptance Report;</p> <p>(c.4) Advice of Payment from the Secretary of National Defense.</p>									

**Section IX. Post Qualifications, Inspection and Acceptance Checklist**

17.3	One (1) year warranty period upon final acceptance of the Spares/ Components.
17.5 and 17.6	<p>The period for correction of defects in the warranty period is sixty (60) calendar days upon receipt of the <i>Unsatisfactory Report</i> by the end user.</p> <p>The warranty should cover any and all defects that may be discovered during the warranty period. The proponent is required to repair and provide a temporary replacement unit or to replace the whole system itself immediately which will be used until the equipment is repaired in the proponent's facility at no cost to the PAF. The counting of the one (1) year warranty period will be tolled when the component has discrepancy. The warranty period shall only resume upon correction of the discrepancy.</p>
19.1	<p>The applicable rate is one tenth (1/10) of one (1) percent of the cost of the unperformed portion for every day of delay.</p> <p>The maximum deduction shall be ten percent (10%) of the amount of contract. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the contract, the procuring entity may rescind the contract, without prejudice to other courses of action and remedies open to it.</p>
20.4	In the case of a dispute between the Procuring Entity and the Supplier, the dispute shall be resolved in accordance with Republic Act 9285 ("R.A. 9285"), otherwise known as the "Alternative Dispute Resolution Act of 2004."
21	All partners to the Joint Venture shall be jointly and severally liable to the Procuring Entity.