

**Section V. Special Conditions of Contract**

# Section V. Special Conditions of Contract

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**Notes on the Special Conditions of Contract**

Similar to the BDS, the clauses in this Section are intended to assist the Procuring Entity in providing contract-specific information in relation to corresponding clauses in the GCC.

The provisions of this Section complement the GCC, specifying contractual requirements linked to the special circumstances of the Procuring Entity, the Procuring Entity's country, the sector, and the Goods purchased. In preparing this Section, the following aspects should be checked:

- (a) Information that complements provisions of Section IV must be incorporated.
- (b) Amendments and/or supplements to provisions of Section IV, as necessitated by the circumstances of the specific purchase, must also be incorporated.

However, no special condition which defeats or negates the general intent and purpose of the provisions of Section IV should be incorporated herein.

For foreign-assisted projects, the Special Conditions of Contract to be used is provided in Section IX-Foreign-Assisted Projects.

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**Special Conditions of Contract**

GCC Clause	
1.1(g)	The PROCURING ENTITY is <b>Department of National Defense/Armed Forces of the Philippines.</b>
1.1(i)	The Supplier is _____
1.1(j)	The Funding Source is: The Government of the Philippines (GOP) through the Revised AFP Modernization Program in the amount of <b>SEVEN HUNDRED ELEVEN MILLION NINE HUNDRED THIRTY-EIGHT THOUSAND PESOS (PhP 711,938,000.00)</b>
1.1(k)	The Project Site is: Supply Company, SSBN, Headquarters Philippine Marine Corps, Marine Barracks Rudiardo Brown, Fort Bonifacio, Taguig City.
5.1	The PROCURING ENTITY's address for Notices is: DND BAC-1 Secretariat Basement, Left Wing DND Building, Camp General Emilio Aguinaldo, Quezon City, Philippines 1110 Telephone No: (632) 982-5626 Telefax No: (632)421-3531 Email: <a href="mailto:dndbacsecretariat5626@yahoo.com">dndbacsecretariat5626@yahoo.com</a>  The Supplier's address for Notices is: _____
6.2	<b>Delivery and Documents –</b> For purposes of the Contract, "DAP" 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:  "The delivery terms applicable to the Contract are DAP delivered Supply Company, SSBN, Headquarters Philippine Marine Corps, MBRB, Fort Bonifacio, Taguig City in accordance with INCOTERMS."  The End-user Certificate, if required by the country of origin, shall be provided by the Procuring Entity to the Supplier after the issuance of Notice to Proceed.  <b>For Goods Supplied from Within the Philippines, state,</b> "The delivery terms applicable to this Contract are delivered to Supply Company, SSBN, Headquarters Philippine Marine Corps, MBRB,

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	<p>Fort Bonifacio, Taguig City. 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><b>For GOODS supplied from within the Philippines:</b></p> <p>Upon delivery of the GOODS to the Project Site, the Supplier shall notify the PROCURING ENTITY and present the following documents to the PROCURING ENTITY:</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 delivery receipt/note, railway receipt, or truck receipt;</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 authorized receiving personnel;</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> </ul> <p><b>For Goods supplied from abroad:</b></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> </ul>
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- (iii) Original Supplier’s factory inspection report;
- (iv) Original and four copies of the Manufacturer’s and/or Supplier’s warranty certificate;
- (v) Original and four copies of the certificate of origin (for imported GOODS);
- (vi) Delivery receipt detailing number and description of items received signed by the PROCURING ENTITY’s representative at the Project Site;
- (vii) Certificate of Acceptance/Inspection Report signed by the PROCURING ENTITY’s representative at the Project Site; and
- (viii) Four copies of the Invoice Receipt for Property signed by the PROCURING ENTITY’s representative at the Project Site.

For purposes of this Clause the PROCURING ENTITY’s Representative at the Project Site is:

**LTCOL RONALD M VIRTUDAZO PN(M)**  
 Project Manager, Project Management Team  
 Light Armor System Upgrade (LARSU) Acquisition Project of the  
 Philippine Navy and Philippine Air Force

**Packaging – (as applicable)**

The Supplier shall provide such packaging of the GOODS as is required to prevent their 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 GOODS’ final destination and the absence of heavy handling facilities at all points in transit.

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.

The outer packaging must be clearly marked on at least four (4) sides as follows:

- Name of the PROCURING ENTITY
- Name of the Supplier
- Contract Description
- Final Destination
- Gross weight

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	<p>Any special lifting instructions</p> <p>Any special handling instructions</p> <p>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 GOODS 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 GOODS remain 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 GOODS DAP, transport of the GOODS 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 GOODS 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 Goods DAP, Goods are to be transported on carriers of Philippine registry. In the event that no carrier of Philippine registry is available, Goods 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 Goods were first ready for shipment and the actual date of shipment the period of delay will be considered force majeure in accordance with GCC Clause 22.</p> <p>The PROCURING ENTITY accepts no liability for the damage of GOODS during transit other than those prescribed by INCOTERMS for DDU 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</p>
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	receipt and final acceptance at the final destination.  <b>Patent Rights –</b> 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.
10.4	Payment shall be made in <b>PHILIPPINE PESOS</b> .
10.5	The PROCURING ENTITY shall open the irrevocable L/C in favor of the Supplier 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:  (a) <u>Mode of Transmission</u> : Full cable telex/S.W.I.F.T; (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; (c) <u>Payee Bank</u> : The L/C draft (if any) shall be drawn on the confirming bank; (d) <u>Beneficiary</u> : [Insert name and address of Supplier with Point of Contact]; (e) <u>Currency and Amount of L/C</u> : L/C shall be in Philippine Pesos (f) Expiration Date: <b>630 calendar days</b> from date of receipt of Notice to Proceed (NTP)  g) Payment Scheme Documentary Requirements: Payment shall be made upon delivery, acceptance and submission or presentation of the following documents: i. Supplier’s invoice showing GOODS’ description, quantity, unit price, and total amount; ii. Negotiable, clean shipped on-board Bill of Lading marked “Freight Pre-Paid” and/or “Non-Negotiable Bill of Lading” or “Airway Bill”; iii. Packing List; iv. Manufacturer’s and/or Supplier’s Warranty Certificate; v. Certificate of Origin (for imported GOODS); vi. Delivery Receipt detailing number and description of items received signed by the Procuring Entity’s representative at the Project Site; vii. Certificate of Acceptance Inspection by the Procuring Entity’s Pre-Delivery Inspection (PDI) Team;

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	<p>viii. Copy of Warranty Security as per SCC Clause 17; and</p> <p>ix. Written Advice of Payment by the Secretary, Department of National Defense or his duly authorized official.</p> <p>x. The L/C shall be payable at Sight.</p> <p>(h) <u>Description of Goods</u>: <b>Refer to Section VI. Schedule of Requirements</b></p> <p>(i) <u>Delivery Terms</u>: <b>DAP</b> – Supply Company, SSBN, Headquarters Philippine Marine Corps, Marine Barracks Rudiardo Brown, Fort Bonifacio, Taguig City.</p> <p>(j) <u>Latest Date of Delivery</u>: <b>540 calendar days</b> from the date of receipt of the Notice to Proceed</p> <p>(k) <u>Shipment</u>: transshipment is acceptable.</p> <p>Goods are to be transported on carriers of Philippine registry. In the event that no carrier of Philippine registry is available, Goods 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 Goods were first ready for shipment and the actual date of shipment the period of delay will be considered force majeure in accordance with GCC Clause 22</p> <p>(l) <u>Negotiability</u>: The L/C shall be irrevocable; freely negotiable</p> <p>(m) <u>Liquidated Damages</u>: Liquidated damages shall be imposed in accordance with Clause 17 of the Contract.</p> <p>(n) Five percent (5%) of the total contract price as retention money shall be set aside which can be claimed only by the contractor after the expiration of warranty or upon submission of a special bank guarantee equivalent to the retention money.</p> <p>(o) Other Instructions:</p> <p style="padding-left: 40px;">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 for the account of the Supplier;</p> <p style="padding-left: 40px;">ii. The L/C must be in English; and</p> <p style="padding-left: 40px;">iii. No boycott or restrictive language</p>
11.3	No further instructions.

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13.4(c)	No further instructions.
16.1	<p>The inspections and tests that will be conducted are:</p> <p>(a) Prior to shipment of the LARSU Upgrade Component, inspection and tests to confirm the Good's conformity to the Contract Specifications shall be conducted at the manufacturer's plant site by a six (6)-man completeness inspection team for each delivery for a duration of five (5) days, exclusive of travel time, at no extra cost to the Procuring Entity.</p> <p>Chairman, PDI                  Project Manager, LARSU (PN-PAF) Project                  (2) Technical Officer(s), LARSU (PN-PAF) Project                  AFPMFO Representative                  PDI Secretary</p> <p>(b) All reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to the Procuring Entity.</p> <p>(c) The Procuring Entity may reject any Goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The Supplier shall either rectify or replace such rejected Goods or parts thereof or make alterations necessary to meet the specifications at no cost to the Procuring Entity, and shall repeat the test and/or inspection, at no cost to the Procuring Entity, upon giving a notice pursuant to GCC Clause 5.</p> <p>The Supplier agrees that neither the execution of a test and/or inspection of Goods or any part thereof, nor the attendance by the Procuring Entity or its representative, shall release the Supplier from any warranties or other obligations under this Contract.</p>
17.3	Each of the equipment to be delivered must have at least two (2) years warranty for parts and labor. Repair turn-around shall be within thirty (30) calendar days for components after notification of defects.
17.4 and 17.5	<p>The period for correction of defects in the warranty period is thirty (30) calendar days.</p> <p>The warranty should cover any and all defects that may be discovered during the warranty period of two (2) years. The proponent is required to provide a temporary replacement unit or to replace the whole system itself immediately or not later than thirty (30) calendar days which will be used until the equipment is repaired in the proponent's facility at no cost to the AFP.</p>

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21.1	No Additional provisions
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