

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

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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 with SARO Nr.: _____ dated _____ in the amount of <b>FIVE HUNDRED FOURTEEN MILLION EIGHT HUNDRED THOUSAND PESOS (PhP514,800,000.00)</b> being the <b>Approved Budget for the Contract (ABC).</b>
1.1(k)	The Delivery Site is: Supply Company, SSBN, Headquarters Philippine Marine Corps, Marine Barracks Rudiardo Brown, Fort Bonifacio, Taguig City.
5.1	<p>The PROCURING ENTITY's address for Notices is:  <b>Office of the DND Bids and Awards Committee 1</b>  <b>Basement Left Wing, DND Building</b>  <b>Camp General Emilio Aguinaldo, Quezon City, Philippines 1110</b>  <b>Tel Nr: 911-6001 Loc 8414</b>  <b>Fax Nr: (632) 421-3531</b></p> <p><b>Copy Furnished:</b>                  a. C, DAO                  b. Office of the AC of NS for Logistics, N4                  c. Project Manager, Squad Rocket Launcher Light Acquisition Project</p> <p><b>The Supplier's address for Notices is:</b>                  _____                  _____</p>
6.2	<p><b>Delivery and Documents –</b></p> <p>For purposes of the Contract, “EXW”, “FOB”, “FCA”, “CIF”, “CIP”, “DDP”, “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:</p>

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**For foreign Suppliers,** The delivery terms applicable to the contract is “**Delivered At Place**” (DAP) and delivered to PMC Supply Bodega, MBRB Fort Bonifacio Taguig City, Philippines in accordance with INCOTERMS.

**For Domestic Suppliers,** “The delivery terms applicable to this Contract are delivered to PMC Supply Bodega, MBRB Fort Bonifacio Taguig City, Philippines. Risk and title will pass from the Supplier to the PROCURING ENTITY upon receipt and final acceptance of the GOODS at their final destination.”

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:

**For GOODS supplied from within the Philippines or by Domestic Suppliers:**

Upon delivery of the GOODS to the Delivery Site, the Supplier shall notify the PROCURING ENTITY and present the following documents to the PROCURING ENTITY:

- (i) Original and four (4) copies of the Supplier’s invoice showing GOODS’ description, quantity, unit price, and total amount;
- (ii) Original and four (4) 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 ;
- (iii) Original Supplier’s factory inspection report;
- (iv) Original and four (4) copies of the Manufacturer’s and/or Supplier’s warranty certificate;
- (v) Original and four copies (4) 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 Delivery Site; and
- (viii) Four (4) copies of the Invoice Receipt for Property signed by the PROCURING ENTITY’s representative at the Delivery Site.

**For GOODS supplied from abroad**

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

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	<p>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 (4) copies of the Supplier's invoice showing GOODS' description, quantity, unit price, and total amount;</li><li>(ii) Original and four (4) 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 (4) copies of the Manufacturer's and/or Supplier's warranty certificate;</li><li>(v) Original and four (4) 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 Delivery Site; and</li><li>(viii) Four (4) copies of the Invoice Receipt for Property signed by the PROCURING ENTITY's representative at the Delivery Site.</li></ul> <p>For purposes of this Clause the PROCURING ENTITY's Representative at the Delivery Site is: <b>Commanding Officer, Headquarter Battalion.</b></p> <p>Spare Parts –</p> <p>The Supplier is required to provide all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the Supplier:</p> <ul style="list-style-type: none"><li>(a) such spare parts as the PROCURING ENTITY may elect to purchase from the Supplier, provided that this election shall not relieve the Supplier of any warranty obligations under this Contract; and</li><li>(b) in the event of termination of production of the spare parts:<ul style="list-style-type: none"><li>i. advance notification to the PROCURING ENTITY of the pending termination, in sufficient time to permit the PROCURING ENTITY to procure needed requirements; and</li><li>ii. following such termination, furnishing at no cost to the PROCURING ENTITY, the blueprints, drawings, and</li></ul></li></ul>
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	<p>specifications of the spare parts, if requested.</p> <p>The spare parts required are listed in Section VI. Schedule of Requirements and the cost thereof are included in the Contract Price.</p> <p>The Supplier shall carry sufficient inventories to assure ex-stock supply of consumable spares for the GOODS for a period of twenty (20) years.</p> <p>Other spare parts and components shall be supplied as promptly as possible, but in any case within thirty (30) calendar days upon placing the order.</p> <p><b>Packaging (as applicable) –</b></p> <p>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.</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> <ul style="list-style-type: none"><li>Name of the PROCURING ENTITY</li><li>Name of the Supplier</li><li>Contract Description</li><li>Final Destination</li><li>Gross weight</li><li>Any special lifting instructions</li><li>Any special handling instructions</li><li>Any relevant HAZARD CHEMICAL classifications</li></ul> <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</p>
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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.

**Transportation (As applicable) –**

Where the Supplier is required under Contract to deliver the GOODS CIF, CIP, DDP, DAP, or DAT, 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.

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.

Where the Supplier is required under Contract to deliver the Goods CIF, CIP, DDP, DAP, or DAT, 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.

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 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.

**Warranty –**

Warranty to be applied will cover the Squad Rocket launcher light and the required Ammunitions. If no warranty is prescribed by the supplier, the end user shall determine the appropriate warranty.

The Procuring Entity may reject any Goods or any part thereof that fail

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	<p>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</p>
<p>10.1</p>	<p>Payment shall be made only upon submission of the required auditorial document and issuance of Advise of Payment by the Secretary, Department of National Defense or his duly authorized representative as provided for under Section 12 of DND DO #12/ Executive Order # 423.</p> <p>The PROCURING ENTITY shall facilitate the opening the Irrevocable Letter of Credit (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 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>: inset name and address of Supplier with Point of Contact;</p> <p>(e) <u>Currency and Amount of L/C</u>: L/C shall be in Philippine Peso or in foreign denominated currency, in an amount equivalent to the Total Contract Price;</p> <p>(f) <u>Expiration Date</u>: <b>400 calendar days</b> from date of issuance of the L/C;</p> <p>(g) <u>Payment Scheme/Drawdown Documentary Requirements</u>: Payment shall be made to the Supplier upon delivery and acceptance of the GOODS made in accordance with the Section VI. Schedule of Requirements, and the submission or presentation of the following documents:</p>



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- 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. Certificate of Acceptance Inspection by the Procuring Entity's Pre-Delivery Inspection (PDI) Team);
- iv. Certification that the GOODS delivered passed the Final Acceptance Test and Evaluation issued by the AFP TIAC;
- v. Manufacturer's and/or Supplier's Warranty Certificate;
- vi. Certificate of Origin (for imported GOODS);
- vii. Delivery Receipt detailing number and description of items received signed by the Procuring Entity's representative at the Delivery Site;
- viii. Test / Trials Results (For all Testing/ Trials to be conducted)
- ix. Certificate of Final Acceptance by the Technical Inspection and Acceptance Committee (TIAC);
- x. AFP Management and Fiscal Office (AFP MFO) Inspection Report;
- xi. SAO Acceptance Report;
- xii. Copy of Insurance Policy/ Paid Premium;
- xiii. Training Certificates;
- xiv. Copy of Warranty Security as per SCC Clause 15; and
- xv. Advice of Payment by the Secretary of National Defense or his authorized representative.
- xvi. The L/C shall be payable at Sight.

(h) Description of Goods: 702 units of Squad Rocket Launcher Light, 14,040 rounds of HE, 8,424 rounds of HEAT, 351 rounds of Thermobaric, 40 units of SRLL Training device, 21,060 rounds of 7.62X39mm tracer cartridges as practice ammo.

(i) Delivery Terms: Delivered At Place (DAP), in PMC Supply Bodega, SSBN, Marine Barracks Rudiardo Brown Taguig City.

(j) Latest Date of Delivery: **360 days** from receipt of NTP which date shall not be later than seven (7) calendar days from the issuance of the NTP.



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	<p>(k) <u>Shipment</u>: Complete Shipment; Transshipment is acceptable.</p> <p>(l) <u>Negotiability</u>: The L/C shall be irrevocable;</p> <p>(m) <u>Liquidated Damages</u>: Liquidated damages shall be imposed in Accordance with the GCC clause 19 of the Contract.</p> <p>(n) <u>Other Instructions</u>:</p> <ul 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 for the account of the Supplier;</li> <li>ii. The L/C must be in English;</li> <li>iii. No boycott or restrictive language;</li> </ul>
10.4	No further instructions.
10.5	No further instructions.
11.3	<p>The terms of payment shall be as follows:</p> <p>Upon submission of a written request and bank guarantee issued by a Universal or Commercial Bank, advance payment not to exceed fifteen percent (15%) of the contract amount shall be allowed and paid within sixty (60) calendar days from the signing of the contract. The bank guarantee must be for an equivalent amount, shall remain valid until the goods are delivered, and accompanied by a claim for advance payment.</p> <p>The amount corresponding to Eighty percent (80%) of the Contract Price shall be paid through a letter of credit upon Delivery and Acceptance of the Goods. This LC shall be established by the Procuring Entity and payment of the Contract.</p> <p>The remaining Five Percent (5%) shall be retained to cover warranty obligations within the prescribed period indicated as per SCC Clause 17.3 and will be released after the expiration of the warranty or upon submission of special bank guarantee equivalent to the retention money</p> <p><b>All charges for the opening of LC and/or incidental expenses thereto (i.e. bank commission, documentary stamp, tax, cable, etc.) shall be for the account of the supplier.</b></p>
13.4(c)	No further instructions.

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16.1	<p>The inspections and tests that will be conducted are:</p> <p>(a) Prior to shipment of the SRLI and the required Ammunition, a Pre-Delivery Inspection (PDI) and tests to confirm the Goods conformity to the Contract Specifications shall be conducted at the manufacturer's plant site by a seven (7)-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>(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>(d) 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. Non-compliance to this requirement shall correspond to payment deduction to be computed as follows:</p> <p>(e) All costs incidental to inspections and tests, if any, shall be borne by the SUPPLIER. All costs, and other incidental expenses relative to the final inspection and testing as discussed above shall be borne by the Supplier including the transportation, board and lodging, and meals of the PN PMT and TIAC.</p>
17.3	<p>One (1) year warranty on equipment and spare parts from the issuance of the certificate of final acceptance.</p> <p>The obligation for the warranty shall be covered by, at the Supplier's option, either retention money in an amount equivalent to five percent (5%) of every progress payment, or a special bank guarantee equivalent to five percent (5%) of the total Contract Price or other such amount if so specified in the <b>SCC</b>. The said amounts shall only be released after the lapse of the warranty period specified in the <b>SCC</b>; provided, however, that the Supplies delivered are free from patent and latent defects and all the conditions imposed under this Contract have been fully met.</p>
17.4	<p>The period for correction of defects in the warranty period is forty five (45) calendar days.</p> <p>The warranty should cover any and all defects that may be discovered</p>

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	during the warranty period of two years. The proponent is required to provide a temporary replacement unit or to replace the whole system itself immediately or not later than one month which will be used until the equipment is repaired in the proponent's facility at no cost to the PN.
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