

SCHEDULE D

USF Project Implementation and Subsidy Payment Schedule

1. The USF Subsidy shall consist of a total subsidy payment of Pakistan rupees [insert total amount of USF Subsidy], payable by USFCo to the USF Service Provider in specific installments in accordance with this Schedule D. All USF Subsidy installment payments shall be payable in PKR. The above subsidy comprises of Rs. [insert Capex Subsidy] as Capex Subsidy and Rs. [insert Opex Subsidy] as Opex Subsidy.
2. The USF Subsidy installments shall be paid by a form of bank instrument selected by USFCo in its sole discretion, but all payments by USFCo to the USF Service Provider shall comply with all applicable laws, rules and regulations.
3. The USF Service Provider shall send USFCo a written confirmation of receipt of all USF Subsidy installments.

USF Capex Subsidy Payment Schedule

4. Subject to the provisions of Article Thirteen of the Agreement and this Schedule D, the USF Subsidy, excluding portion of USF Opex Subsidy, shall be payable in accordance with following schedule of payments. The payments shall include an initial mobilization payment and the Project Implementation Milestones and amounts identified in the following tables:

Project Mobilization Payment		Installment Payable (percentage of USF Subsidy)	Total Amount to be Paid
1.	Payable within fifteen (15) Business Days of Effective Date.	20%	PKR [xxx]

Milestone Number	Project Implementation Milestone	Installment Payable (percentage of USF Subsidy)	Total Amount to be Paid
1.	Demonstration that the USF Network provides coverage of, and that the USF Services are available to, at least 25% of the total unserved villages identified in Schedule C.	20 %	PKR [xxx]
2.	Demonstration that the USF Network provides coverage of, and that the USF Services are available to, at least 50% of the total unserved villages identified in Schedule C.	20 %	PKR [xxx]

3.	Demonstration that the USF Network provides coverage of, and that the USF Services are available to, at least 75% of the total unserved villages identified in Schedule C.	20 %	PKR [xxx]
4.	Demonstration that the USF Network provides coverage of, and that the USF Services are available to, 100% of the total unserved villages identified in Schedule C.	20 %	PKR [xxx]

5. Timing of completion of each of the Project Implementation Milestones set out in the table above shall be at the discretion of the USF Service Provider. However, the USF Service Provider must achieve all four (04) Project Implementation Milestones as per following:
 - a. First Milestone must be achieved within six (6) months of the Effective Date.
 - b. Rest three Milestones must be achieved within twelve (12) months of the Effective Date (the “Final Implementation Date”).
6. For the purposes of the Project Implementation Milestones set out in the table above, “available” means that the services are fully operational and are accessible by at least sixty per cent (60%) of the total population in each of the identified villages in accordance with the Agreement, including, but not limited to, the service requirements and quality of service standards identified in Schedules A and B. For individuals to be included in the 60% calculation, the Public Call Offices established pursuant to Schedules A and B must be no further than five (5) kilometers from those individuals.
7. The USF Service Provider shall provide each of USFCo and the Technical Auditor with a notice in writing (a “Project Implementation Milestone Notice”) upon completion of each Project Implementation Milestone.
8. Within 15 Business Days of receipt of a Project Implementation Milestone Notice, the Technical Auditor shall either:
 - (a) certify in writing (a “Project Implementation Milestone Certification”) to the Parties that the Project Implementation Milestone has been completed; or
 - (b) indicate in writing to the Parties that the Project Implementation Milestone has not been completed, providing reasons for this conclusion.
9. Where the USF Service Provider disputes any notice from the Technical Auditor that a Project Implementation Milestone has not been completed, the dispute will be resolved in accordance with Article 10 of the Agreement.
10. Each installment of the USF Subsidy will be paid to the USF Service Provider within 45 Business Days of USFCo receiving a written Project Implementation Milestone

Certification from the Technical Auditor certifying that the USF Service Provider has completed the relevant Project Implementation Milestone.

USF Opex Subsidy payment Schedule

11. Subject to the provisions of Article Thirteen of the Agreement and this Schedule D, the USF OPEX Subsidy for each of the year one, two and three shall be paid in 16 equal quarterly installments. The quarterly installments shall start immediately after completion of each of the Milestones, in the following manner:

(a) After completion of 1st Milestone and issuance of Project Implementation Milestone Certification, USF Service Provider shall start getting 04 out of 16 equal quarterly installments of 1st year Opex Subsidy. Then USF Service Provider will get next 04 out of 16 equal quarterly installments of 2nd year Opex Subsidy. And after that USF Service Provider will get 04 out of 16 equal quarterly installments of the 3rd year Opex Subsidy. Thus over a period of three years (or 36 months) USF Service Provider will get 12 quarterly installments.

(b) Same process of payment of Opex Subsidy shall be repeated for each subsequent milestone so that by the end of 3rd year (counted from the Implementation Milestone Certification of the 4th Milestone), USF Service Provider gets 48 installments covering entire amount of Opex Subsidy for the Project.

12. In case of cumulative unscheduled downtime of USF Network and/or USF Services for more than One week in a quarter for which the Opex Subsidy is being given, USFCo shall be entitled to deduct proportionate amount on per day basis from the next installment of Opex Subsidy or Performance Bond, as the case may be. The method of calculation of per-day Opex Subsidy shall be to divide the Opex Subsidy of that quarter over a period of 90 days.

A) Total OPEX is Rs. XXX for 3 years

B) OPEX per annum [A/3] Million

C) 1st Year Subsidy (max 75%) XXX Million

D) 2nd year subsidy (max 50%) XXX Million

E) 3rd year Subsidy (max 25%) XXX Million

	Year One				Year Two				Year Three			
	16 equal installments (in million Rs.)				16 equal installments (in million Rs.)				16 equal installments (in million Rs.)			
MS1	C/16	C/16	C/16	C/16	D/16	D/16	D/16	D/16	E/16	E/16	E/16	E/16
MS2	C/16	C/16	C/16	C/16	D/16	D/16	D/16	D/16	E/16	E/16	E/16	E/16
MS3	C/16	C/16	C/16	C/16	D/16	D/16	D/16	D/16	E/16	E/16	E/16	E/16
MS4	C/16	C/16	C/16	C/16	D/16	D/16	D/16	D/16	E/16	E/16	E/16	E/16

Four Milestones for each project and total Opex Subsidy over three years for 4 MS which comes to 48 installments starting after the completion of each successful milestone.