

Replies to Bidder's Queries (Batch-9)
Tender ID: USF/SP/OPTICFIBER/2021-22

01-March-22

S. No.	Queries	Document Ref:	USF Response
1	Considering the challenging terrain, heavy snow, and access obstacles, as well as a limited weather window in project areas, project implementation timelines are inadequate. Revision is requested.	Clause 3 of Schedule D of SSA	Revised Clause 3 of Schedule D may be read as: <i>"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, all five (05) Project Implementation Milestones must be implemented within twenty-four (24) months of the Effective Date and the First Project Implementation Milestone must be implemented within nine (09) months."</i> Revised Schedule D of OFC-UC-KP-LOT15 is attach as Annex A.

Annex A

SCHEDULE D (Rev-A)

USF Project Implementation and Subsidy Payment Schedule

- 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 Pakistan Rupees (PKR). The above subsidy comprises of Rs. [*insert Capex Subsidy*] as Capex Subsidy for OFC Network, [*insert BTS Connectivity Subsidy*] as CAPEX BTS Connectivity Subsidy and Rs. [*insert OPEX Subsidy for OFC Network*] as OPEX Subsidy and Rs. [*insert OPEX Subsidy for BTS connectivity*] as OPEX Subsidy.

USF CAPEX Subsidy Payment Schedule

- Subject to the provisions of Article Thirteen of the Agreement and this Schedule D, the USF 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
Payable within fifteen (15) Business Days of Effective Date or date of the invoice, as the case may be.		20% [CAPEX of USF OFC Network]	PKR [xxx]
Milestone Number	Project Implementation Milestone	Installment Payable (Percentage of USF Subsidy)	Total Amount to be Paid
1.	Demonstration that the USF Optic Fiber Network and Services (CAPEX of USF OFC Network) are available to 25% of the total unserved Towns/Union Councils identified in Schedule C and demonstration that 25% of OFC cable has been laid and optical nodes have been installed.	20% [CAPEX of USF OFC Network]	PKR [xxx]
2.	Demonstration that the “USF Optic Fiber Network and Services” are available to 50% of the total unserved Towns/Union Councils identified in Schedule C and demonstration that 50% of OFC cable has been laid and optical nodes have been installed.	20% [CAPEX of USF OFC Network]	PKR [xxx]

3.	Demonstration that the USF Optic Fiber Network and Services are available to 75% of the total unserved Towns/Union Councils identified in Schedule C and demonstration that 75% of OFC cable has been laid and optical nodes have been installed.	20% [CAPEX of USF OFC Network]	PKR [xxx]
4.	Demonstration that the USF Optic Fiber Network and Services are available to 100% of the total unserved Towns/Union Councils identified in Schedule C and demonstration that 100% of OFC cable has been laid and optical nodes have been installed.	20% [CAPEX of USF OFC Network]	PKR [xxx]
5	Demonstration that 100% of target BTS Towers have been directly connected with USF Optic Fiber Network.	100% [BTS OFC connectivity and services (CAPEX)]	PKR [xxx]

3. 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, all five (05) Project Implementation Milestones must be implemented within twenty-four (24) months of the Effective Date and the First Project Implementation Milestone must be implemented within nine (09) months.
4. For the purposes of the Project Implementation Milestones set out in the table above, “available” means that the USF Optic Fiber Network and Services are fully operational and are available for commercial use in each of the identified Towns/Union Councils in accordance with the SSA, including, but not limited to, the service requirements and quality of service standards identified in Schedules A and B.
5. 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.
6. Within 45 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.
7. 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.
8. 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.
- a. The milestone payment will be adjusted on an equitable basis taking into account the approved BoQ, delivered BoQ, Optical nodes, Optical network and BTS connectivity provided subject to the provision that the total amount of payable shall not exceed CAPEX Subsidy. Same principle would apply for USF OPEX Subsidy
9. Where a Project is only partially completed due to Force Majeure Event for which Force Majeure Certification has been issued or where by service provider is unable to complete the project and service provider has submitted the closure request, the final project payment will be adjusted on an equitable basis (subject to the provision that the total amount payable shall not exceed CAPEX Subsidy) taking into account, the delivered BoQ, Optical nodes, Optical network and BTS connectivity provided as per Schedule C to the SSA. Same principle would apply for USF OPEX Subsidy.
 10. 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.
 11. The USF Service Provider shall send USFCo a written confirmation of receipt of all USF Subsidy installments.
 12. All Payment to the service providers shall be made subject to the confirmation of being active on the Active Taxpayer List (ATL) of concerned authority.

USF OPEX Subsidy Payment Schedule

13. Subject to the provisions of Article Thirteen of the Agreement and this Schedule D, the USF OPEX Subsidy for each of the Years i.e. One, Two and Three shall be paid in quarterly instalments based on the successfully audited nodes, BTS Connectivity and compliance to USF Service Charges (Section 2.06 of SSA) in respective Milestones. The quarterly instalments shall start immediately after completion of each of the Milestones and issuance of Project Implementation Milestone Certification. The payment will be due after verification of Quarterly Reports submitted by SP in accordance with Section 9.01 of USF Services and Subsidy Agreement and in accordance with Schedule of the OPEX Payment Methodology in the following manner:
 - (a) After completion of the First Milestone and issuance of Project Implementation Milestone Certification and verification of Quarterly Reports as per OPEX methodology, USF Service Provider shall be paid quarterly installments of the First Year OPEX Subsidy for the number of audited nodes in the First Milestone. Second and Third year OPEX subsidy for the First Milestone shall be paid to the service provider in the same manner. Thus, over a period of three years (thirty-six (36) months), against First Milestone, USF Service Provider shall be paid twelve (12) quarterly installments in accordance with the number of nodes audited for the Milestone.
 - (b) Same process of payment of OPEX Subsidy shall be repeated for each subsequent Project Implementation Milestone, thus USF Service Provider shall get forty-eight (48) instalments covering entire amount of OPEX Subsidy for the Project.

(c) After completion of the Fifth Milestone and issuance of Project Implementation Milestone Certification and verification of Quarterly Reports as per OPEX methodology, USF Service Provider shall be paid quarterly installments of the First Year OPEX Subsidy for the number of BTS's connected in the Fifth Milestone. Second and Third year OPEX subsidy for the Fifth Milestone shall be paid to the service provider in the same manner. Thus, over a period of three years (thirty-six (36) months), against Fifth Milestone, USF Service Provider shall be paid twelve (12) quarterly installments in accordance with the number of BTS's connected audited for the Milestone.

14. In case of cumulative downtime of USF OFC Network for more than 2 days (48 hours) in a quarter for which the OPEX Subsidy is being given, USFCo shall be entitled to deduct proportionate amount on per Node per Day basis from the current installment of OPEX Subsidy. Similarly, in case of cumulative downtime of USF BTS Connectivity for more than 2 days (48 hours) in a quarter for which the OPEX Subsidy is being given, USFCo shall be entitled to deduct proportionate amount on per BTS per Day basis from the current installment of OPEX Subsidy. Please refer to Schedule N for OPEX subsidy calculation and deductions.

a) OPEX Calculation for OFC Network

			Subsidy Per Node per year
A	Total OPEX Subsidy for OFC Network Rs. XXX for 3 years		
B	OPEX per Annum	[Total OPEX at A/3]	
C	1st Year demanded Subsidy (max 75%)	OPEX for Year One	
D	2nd year demanded subsidy (max 50%)	OPEX for Year Two	
E	3rd year demanded subsidy (max 25%)	OPEX for Year Three	

Table 1: OPEX distribution mechanism

	Year One				Year Two				Year Three			
	16 installments (in Rs.)				16 installments (in Rs.)				16 installments (in Rs.)			
MS1	C x S/4	C x S/4	C x S/4	C x S/4	D x S/4	D x S/4	D x S/4	D x S/4	E x S/4	E x S/4	E x S/4	E x S/4
MS2	C x S/4	C x S/4	C x S/4	C x S/4	D x S/4	D x S/4	D x S/4	D x S/4	E x S/4	E x S/4	E x S/4	E x S/4
MS3	C x S/4	C x S/4	C x S/4	C x S/4	D x S/4	D x S/4	D x S/4	D x S/4	E x S/4	E x S/4	E x S/4	E x S/4
MS4	C x S/4	C x S/4	C x S/4	C x S/4	D x S/4	D x S/4	D x S/4	D x S/4	E x S/4	E x S/4	E x S/4	E x S/4

Table 2: Total OPEX subsidy for four milestones spread over forty-eight instalments.

C = 1st Year Subsidy (max 75%)

D = 2nd Year Subsidy (max 50%)

E = 3rd Year Subsidy (max 25%)

S = No of Nodes

b) OPEX Calculation for BTS Tower Connectivity

			Subsidy Per BTS Connectivity per year
A	Total OPEX Subsidy for BTS Connectivity is Rs. XXX for 3 years		
B	OPEX per Annum	[Total OPEX at A/3]	
F	1st Year demanded Subsidy (max 75%)	OPEX for Year One	
G	2nd year demanded subsidy (max 50%)	OPEX for Year Two	
H	3rd year demanded subsidy (max 25%)	OPEX for Year Three	

Table 3: OPEX distribution mechanism

		Year One				Year Two				Year Three			
		4 installments (in Rs.)				4 installments (in Rs.)				4 installments (in Rs.)			
MS5		F x T/4	F x T/4	F x T/4	F x T/4	G x T/4	G x T/4	G x T/4	G x T/4	H x T/4	H x T/4	H x T/4	H x T/4

Table 4: Total OPEX subsidy for one milestone spread over twelve instalments.

F = 1st Year Subsidy (max 75%)

G = 2nd Year Subsidy (max 50%)

H = 3rd Year Subsidy (max 25%)

T = No of BTS