SCHEDULE OF ADJUSTMENT DATA

Schedule of Cost Indexation

The formulae for price adjustment shall be the following:

$Pn = a + b\ Ln / Lo + c\ En / Eo + d\ Mn/Mo + \ldots\ldots$

where:

"Pn" is the adjustment multiplier to be applied to the estimated Contract value in the relevant currency of the work carried out in period "n", this period being a month;

"a" is a fixed coefficient, stated in the relevant table of adjustment data, representing the non-adjustable portion in contractual payments;

"b", "c", "d", ... are coefficients representing the estimated proportion of each cost element related to the execution of the Works as stated in the relevant table of adjustment data; such tabulated cost elements may be indicative of resources such as labour, equipment and materials;

"Ln", "En", "Mn", are the current cost indices or reference prices for period "n", expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the date 49 days prior to the last day of the period (to which the particular Payment Certificate relates); and

"Lo", "Eo", "Mo", are the base cost indices or reference prices, expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the Base Date.

The weightings (coefficients) for each of the factors of cost stated in the following table(s) of adjustment data shall only be adjusted if they have been rendered unreasonable, unbalanced or inapplicable, as a result of Variation(s).

If the currency in which the Contract price is expressed is different from the currency of the country of origin of the indices, a correction factor will be applied to avoid incorrect adjustments of the Contract price. The correction factor shall be: Z_0 / Z_1, where,

Z_0 = the number of units of currency of the origin of the indices which equal to one unit of the currency of the Contract Price on the Base date, and

Z_1 = the number of units of currency of the origin of the indices which equal to one unit of the currency of the Contract Price on the Date of Adjustment.

For the purpose of making all calculations, Pakistan Engineering Council's Standard Formula and Procedure for Price Adjustment (Second Edition, May 2022) shall be applicable in true letter and spirit. For imported plant/ equipment and materials quoted in local currency (Pak. Rs.), foreign currency, exchange rates shall be base exchange rate notified by the State Bank of Pakistan (SBP) "Mark-to-Market Revaluation Exchange Rate – Ready" on the day, 28 days prior to bid submission deadline. The change in foreign currency exchange rate will be applicable to the foreign currency component stated in the Letter of Credit established by the Contractor or his Vendor. The amount stated in the Letter of Credit shall be adjusted from gross work done while making calculations of Price Adjustment for the local items as per above formula.

SCHEDULE OF ADJUSTMENT DATA

Table I. Local Currency (LC) For All Bills

Index code	Index description	Source of index	Bidder's related currency amount		Weighting
(i)	Non-adjustable / Fixed Portion	—	PKR		**A: 0.694**
(ii)	Local Labour	PBS Monthly CPI - Urban Inter-City Consumer Prices of Construction and Energy Items for Abbottabad - Labour (unskilled)	PKR		**b: 0.051**
(iii)	Steel (Reinforcing & Structural)	PBS Monthly CPI - Urban Inter-City Consumer Prices of Construction and Energy Items for Abbottabad - Iron bars (1/2" 40 grade) (M.S. bars) (per tonne)	PKR		**c: 0.089**
(iv)	High Speed Diesel (HSD)	PBS – WPI Base 2015-16 Annex – C [072-Diesel Oil]	PKR		**d: 0.092**
(v)	Aggregates (crushed)	PBS Monthly CPI - Urban Inter-City Consumer Prices of Construction and Energy Items for Abbottabad – Bajri (rata) (per truck) (100 CFT)	PKR		**e: 0.043**
(vi)	Electrical Wiring and Equipment	PBS – WPI Base 2015-16 Annex – C [105 Electric Wires]	PKR		**f: 0.031**
Total					**1.00**

The official sources for above is https://www.pbs.gov.pk/price-statistics/

SCHEDULE OF ADJUSTMENT DATA

Price Adjustment for Imported Equipment (Exchange Rate Variation / Dollar Parity)

1. Currency of Bid and Payment
   Notwithstanding that the Bidder may incur foreign currency expenditure for the procurement of imported plant, equipment, materials or components, the Bid shall be submitted entirely in Pakistan Rupees (PKR). The Contract Price shall be expressed solely in PKR, and all payments under the Contract shall be made exclusively in PKR.

2. Foreign Currency Component
   For the items specifically identified in the Bill of Quantities and Schedule of Prices as eligible for foreign currency adjustment, the Bidder may designate up to eighty percent (80%) of the quoted rate of such item as representing the imported (foreign currency) component. The remaining portion shall be deemed to be the local currency component. The Bidder shall clearly indicate, in the prescribed schedule, the percentage of the imported component for each eligible item. Under no circumstances shall the imported component exceed 80% of the quoted rate of that item.

3. Base Exchange Rate for Bid Evaluation
   For the purpose of bid submission, bid evaluation and determination of the Contract Price, the declared foreign currency component shall be converted into PKR at the base exchange rate notified by the State Bank of Pakistan (SBP) "Mark-to-Market Revaluation Exchange Rate – Ready" on the day, 28 days prior to bid submission deadline. The evaluated Bid Price, Letter of Acceptance and Contract Price shall therefore be expressed only in PKR.

4. Exchange Rate Adjustment (Dollar Parity)
   Exchange rate adjustment shall be applicable only to the approved imported component of eligible items actually imported and incorporated into the Works. The adjustment shall be calculated as the difference between:

   (a) the Base Exchange Rate notified by the State Bank of Pakistan (SBP) "Mark-to-Market Revaluation Exchange Rate – Ready" on the day, 28 days prior to bid submission deadline; and
   (b) the Actual Customs Clearance Exchange Rate applicable to the imported goods at the time of customs clearance into Pakistan.

   The adjustment shall be limited strictly to the approved imported component of the corresponding item and shall not apply to local costs, overheads, profit, taxes, duties, inland transportation, installation, testing, commissioning or any other local expenditure.

   The adjustment amount shall be calculated using the following formula:

$$ERA = IC \times \left(\frac{ER_a - ER_b}{ER_b}\right)$$

   Where:
   ERA = Exchange Rate Adjustment
   IC = Approved Imported Currency Component i.e. Total PKR value of the imported component (as per declared percentage in the BOQ) of eligible items certified as incorporated in period "n", calculated at the Base Exchange Rate ER_b .
   ER_b = Base Exchange Rate as defined in Clause 3 above

ER_a = Actual Exchange Rate applicable at the time of customs clearance (as defined in Clause 5 below).

Where an eligible item is imported through more than one consignment, the exchange rate adjustment shall be calculated separately for each consignment using the applicable Pakistan Customs exchange rate for that consignment.

5. Applicable Exchange Rate
   The applicable exchange rate for determining the exchange rate adjustment shall be:
   (a) the United States Dollar exchange rate adopted by Pakistan Customs for assessment of customs duties and taxes on the date of customs clearance of the imported equipment; or
   (b) where no Pakistan Customs exchange rate is available or applicable for the relevant consignment, the State Bank of Pakistan (SBP) "Mark-to-Market Revaluation Exchange Rate – Ready" prevailing on the date of customs clearance shall be used.

   For the avoidance of doubt, the "date of customs clearance" shall mean the date on which the exchange rate is determined by Pakistan Customs for the assessment of customs duties and taxes, as reflected in the relevant Goods Declaration (GD) processed through the WeBOC system. The exchange rate applicable on such date, as adopted by Pakistan Customs for the assessment of duties and taxes, shall be the basis for calculating the exchange rate adjustment under the Contract.

6. Documentary Evidence
   No exchange rate adjustment shall be admissible unless the Contractor submits documentary evidence satisfactory to the Employer, including, as applicable:

   (a) Bill of Entry duly processed by Pakistan Customs;
   (b) Goods Declaration (GD);
   (c) Customs assessment and clearance documents;
   (d) bill of lading or airway bill;
   (e) packing list; and
   (f) any other documents reasonably required by the Engineer to establish the value, quantity, customs clearance date and exchange rate applicable to the imported equipment.

7. Limitations
   (i) Exchange rate adjustment shall be admissible only for equipment, materials and components specifically identified in the Contract as eligible for foreign currency adjustment.
   (ii) No adjustment shall be allowed for imported goods purchased from local distributors, stockists or suppliers after customs clearance by a third party unless the Contractor produces the original or certified true copies of customs clearance documents establishing the applicable exchange rate.
   (iii) Exchange rate adjustment shall not apply to any increase in customs duties, taxes, port charges, freight, insurance, demurrage, storage charges, bank charges or any other incidental costs.
   (iv) The Employer reserves the right to verify all supporting documents before certifying any exchange rate adjustment.

8. Finality
   The Engineer shall determine the amount of exchange rate adjustment in accordance with this Clause based on the documentary evidence submitted by the Contractor, and such determination shall form the basis for certification of payment under the Contract.