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Case Studies

DIRECT PAYMENT

Case 1 – Direct Payment

What will be the amount to be claimed from ADB in the following case?

Following the ADB's Procurement Guidelines, the EA awarded a contract to GBC Consulting Co. Ltd. (Local Consultant) on 1 January 2022. The contract amount was PRs. 20,000,000 in total. ADB has advised the EA that the PCSS number for the contract is 0001

EA received the first billing from the consulting firm with following detail:

	Pak Rs.
<i>Consulting Fee for 1 April – 30 April</i>	<i>108,000.00</i>
<i>Tax</i>	<i>11, 880.00</i>

Total	119,880.00

Pay to : ABC Bank, A/C Number 1234

Due Date : 30 May 2022

The Schedule 3 of the Loan Agreement indicates:

Case 1 – Direct Payment

Category	Amount Allocated	Basis of Withdrawal from Loan Account
Consulting Services	Pak Rs. 20,000,000	100 Percent

(*) exclusive of taxes and duties

- a. PRs. 91,800.00
- b. PRs. 92,800.00
- c. PRs. 108,000.00
- d. PRs. 119,880.00

Case 1 – Direct Payment

In the above example, what will be the amount claimed from ADB if Schedule 3 indicates as follows

Category	Amount Allocated	Basis of Withdrawal from Loan Account
Consulting Services	Pak Rs. 20,000,000	85 Percent

- a. PRs.108,000.00
- b. PRs.101,898.00
- c. PRs.119,880.00
- d. PRs. 68,000.00

Answer Case 1

Q1. Direct Payment

- Q1i: Letter c or **PRs.108,000.00** is the amount to be claimed. The Borrower bears the amount of tax of PRs. 11,880.00.
- Q1ii Letter b or PRs. 101,898.00 which is the amount to be claimed ($119,880.00 \times 85\% = 101,898.00$)

In this case, the Borrower bears the remaining portion of PRs. 17,982.00 (PRs. $119,880.00 - 101,898.00 = 17,982.00$). This amount is more than the amount of tax of PRs.11,880.00 thus the borrower also contributes towards the non-tax portion of the invoice

Case 2 – Direct Payment

A consulting contract indicated the following provisions:

Consultants inputs 4 months @ \$ 500 per month	= \$ 2,000
Travel Per Diem– 20 days @ \$ 50 a day	= \$ 1,000
Travel and Fuel – \$ 100 per trip for 4 trips	= \$ 400
Miscellaneous office expenditure	= <u>\$ 40</u>
	\$ 3,440
20% contingency	<u>\$ 688</u>
Total Contract	<u>\$ 4,128</u>

The Withdrawal Application submitted for Direct Payment indicated a request by the consultant for 2 months work (\$1000), travel of 10 days (\$500), cost of 2 trips (\$200), office expenditure of (\$20) totaling \$1,720 and a 20% contingency on the total of \$344, for a total invoice of \$ 2,064.

What is the amount eligible for disbursement?

- a. \$4,128
- b. \$2064
- c. \$2,000
- d. \$1,720

Answer Case 2

Ans: Option d.

Amount eligible for payment is \$1,720. The contingency is not eligible, as it has not been incurred.