

IMPLEMENTATION AGREEMENT OF THE FEASIBILITY STUDY FOR PANAY-GUIMARAS-NEGROS ISLAND BRIDGES PROJECT

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Philippine Side: Department of Public Works and Highways, Republic of the Philippines

Chinese Side: Ministry of Commerce of the People's Republic of China

In accordance with the Exchange of Letters signed on August 24, 2018, by and between the Government of the Republic of the Philippines and the Government of the People's Republic of China, the Government of the People's Republic of China agrees to undertake Feasibility Study for Panay-Guimaras-Negros Island Bridges Project in the Philippines (hereafter referred to as "the Project"). The Department of Public Works and Highways, Republic of the Philippines (hereafter referred to as "Philippine Side") and Ministry of Commerce of the People's Republic of China (hereafter referred to as "Chinese Side") have reached consensus on specific issues through friendly consultations and full exchanges of ideas, and hereby signed the Implementation Agreement of the Project under the terms and conditions hereafter.

Article I Agreement Basis

1.1 The Agreement on Economic and Technical Cooperation signed on April 10, 2018, by and between the Government of the Republic of Philippines and the Government of the People's Republic of China.

1.2 The Exchange of Letters signed on August 24, 2018, by and between the Government of the Republic of the Philippines and the Government of the People's Republic of China with respect to the issues of the Project.

1.3 Minutes of Discussion for the Conduct of Pre-feasibility study of the Proposed Feasibility Study for Panay-Guimaras-Negros Island Bridges Project signed on September 28, 2017 by and between the Government of the Republic of the Philippines and the Government of the People's Republic of China.

Article 2 Implementation Scope

2.1 Project Location: Panay Island, Guimaras Island, Negros Island, Philippines

2.2 Implementation Scope: According to the scope of the project agreed by the two governments, the feasibility study for the Panay-Guimaras-Negros Island Bridges Project is carried out. The implementation content includes full-scale geological survey and topographic map measurement, and conducts thematic research in roads and bridges, engineering programs, socio-economic, engineering geology, earthquake safety assessments, hydrological surveys, environmental and social impact assessments, meteorological and wind parameters, and navigation and ship collision, and feasibility study reports.

Article 3 Parties to the Agreement

3.1 Chinese Side

3.1.1 The Agency for International Economic Cooperation of Ministry of Commerce (hereafter referred to as

"AIECO") is entrusted by the Chinese government to fulfill the relevant obligations specified in the Exchange of Letters signed on August 24, 2018, by and between the Government of the Republic of the Philippines and the Government of the People's Republic of China. The AIECO takes full responsibility for the organization, implementation and coordination of the project.

AIECO's contact persons and contact information are as follows:

Contact: Zhao Yang/Zhu Jihang

Tel: +8610-68108054/8092

Fax: +8610-68108108

Email: dm@aieco.org

3.1.2 Chinese Project Implementation Company

CCCC Highway Consultants Co., Ltd. has been chosen by AIECO as the Chinese Project Implementation Company

Contact: Lyu Gaohu

Tel: +8610-82017276

Fax: +8610-82017267

E-mail: lvgaohu@hpdi.com.cn

3.2 Philippine Side

3.2.1 The Philippine Side will fulfill the relevant obligations specified in the Exchange of Letters signed on August 24, 2018, by and between the Government of the Republic of the Philippines and the Government of the People's Republic of China. The Philippine Side will provide necessary assistance to the Chinese Side for their organization, implementation and coordination of the project.

3.2.2. Philippine Side's contact person and contact information are as follows:

Contact: Melchor B. Kabiling

Tel: ++632-304-3756

Fax: + 632-304-3681

E-mail: choykabiling@yahoo.com

Article 4 Progress Plan

4.1 The duration of this project shall not exceed 14 months. After the signing of this agreement, it shall be counted from the day, when the first batch of experts arrived in the Philippines and commence their work.

4.2 If the amount of work changes due to changes in the implementation of technical assistance, or if either party fails to complete the work stipulated in this agreement, the schedule needs to be adjusted accordingly, as agreed to by the Philippines and China.

Article 5 Responsibilities of Both Sides

5.1 Responsibilities of Chinese Side

5.1.1 In line with the Exchange of Letters between the two governments, the Chinese Side will send experts to the Philippines in batches.

5.1.2 According to the agreed scopes of the feasibility study, the feasibility study and thematic study shall be carried out, and the feasibility study report and related thematic report shall be compiled and submitted. The main tasks are as follows:

(1) Conduct on-site investigations, data collection, engineering area mapping (or mapping review), geological survey, geological exploration, hydrological survey and mapping, etc.

(2) Prepare thematic reports on environmental impact assessment, social impact assessment, earthquake disaster assessment, hydrology and engineering geological survey, meteorological and wind parameters, and navigation and ship collision study report, etc.

(3) Preparation of project feasibility study report: propose a feasibility study report according to the project construction conditions, project tasks and scale, project layout and main structures, project construction, cost and economic evaluation, as well as issues of concern to the Philippine government.

5.1.3 AIECO and the Chinese Project Implementation Company shall submit the personnel list and dispatch plan to the Philippine Side at least one month before each batch of Chinese personnel is dispatched.

The cost incurred by the above obligations shall be borne by the Chinese Side.

5.2 Responsibilities of Philippine Side

5.2.1 Submit existing surveying, exploration, research reports and thematic reports according to the list of basic information required by the Chinese Project Implementation Company, and be responsible for the accuracy of the information provided.

5.2.2 Chinese personnel enjoy the holidays prescribed by the Philippine and Chinese governments during their work in the Philippines. In case of work-related injuries, accidental casualties and death from disease, the aftermath of such accidents shall be handled by AIECO and the Chinese Project Implementation Company, and the Philippines shall provide the necessary assistance.

5.2.3 Chinese personnel shall abide by the laws and decrees of the Philippines during their work in the Philippines. The Philippine Side should ensure that they enjoy the same rights and preferential treatment as other aid experts sent by foreign governments.

5.2.4 Responsible for coordinating relevant government departments, providing necessary support and assistance to the Chinese Project Implementation Company carrying out feasibility study in the Philippines, and ensure a smooth implementation of on-site work by Chinese engineers and technicians.

5.2.5 Exempt or bear the import and export duties and other taxes and fees of the instruments, equipment, materials and basic commodities of Chinese engineers and technicians necessary for the completion of the feasibility study of the project.

5.2.6 Assist the Chinese technical experts in handling the procedures for entry and exit, residence and work permits (if required).

5.2.7 Responsible for the environmental permit procedures required for the geological survey of this project, if needed. The Chinese Project Implementation Company shall provide necessary technical documents to assist the Philippine Side in obtaining the environment permit.

5.2.8 Assist the Chinese Project Implementation Company in handling the recruitment, dismissal and settlement of disputes and deaths among local workers.

5.2.9 In accordance with the relevant agreements and contracts of this project and after consultation with AIECO and the Chinese Project Implementation Company, assist in dealing with possible conflicts with the parties concerned during the implementation of this contract. The cost incurred by the above obligations shall be borne by the Philippine Side.

Article 6 Working Mechanism

6.1 The Philippine and Chinese Project Implementation Company staff should promptly communicate on the implementation of this agreement by telephone, fax or email etc.

6.2 The Chinese Project Implementation Company shall establish an on-site working mechanism and a monthly regular meeting system with the Philippine Side to timely communicate the implementation of this agreement.

Article 7 Intellectual Property

7.1 The intellectual property document prepared by the Chinese Project Implementation Company for the completion of this project shall include:

No.

Intellectual Property

Quantity

Note

1. Feasibility Study Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

Intellectual Property rights will be shared with the Philippine Side

2. Analysis of Social Economy and Traffic Economy for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

3. Environmental Assessment Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

4. Social Impact Assessment Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

5. Geological Survey Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

6. Engineering Measurement Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

7. Earthquake Safety Evaluation for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

8. Hydrological Research Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

9. Meteorological and Wind Parameters Research Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

10. Navigation and Ship Collision Research Report for Panay-Guimaras-Negros Island Bridges Project in the Philippines

1

TOTAL

10

7.2 The Chinese Project Implementation Company should, within one month after the completion of all the technical assistance tasks, have all the above-mentioned intellectual property documents organized and submitted to the Philippine Side, in the form of written documents. The final technical assistance intellectual property documents to be submitted should be prepared in two copies, written in both English and Chinese language.

Article 8 Intellectual Property Rights

The intellectual property right of the documents and information related to the project is possessed by both Philippine and Chinese Sides. Without both Sides' permission, either Side must not transfer or allow a third party to use it.

Article 9 Tax

9.1 The Philippine Side shall be responsible for exempting all taxes incurred in the Philippines for the implementation of the Project, including various taxes on Chinese technicians and management personnel during their work in the Philippines; taxes incurred by Chinese staff during their work in the Philippines when they bought instruments, equipment and a reasonable number of personal necessities into the Philippines; and taxes incurred in the employment of local workers. For the said duties and other non-exempt taxes and fees imposed in the Philippines related to the conduct of the implementation of the project, assumption by the Philippine Side will be made in accordance with its existing laws, rules and regulations.

9.2 The Chinese Project Implementation Company will submit the above-mentioned equipment, materials and living materials list to the Philippine Side before the official start of the project, so that the Philippine Side can handle the tax exemption (or tax payment) procedures in accordance with Philippine laws and decrees and the relevant regulations of the Philippine Government. If there are adjustments and supplements during the implementation of the project, the Chinese Side shall promptly submit the adjusted list to the Philippine Side.

Article 10 Safety Guard

The Philippine Side shall take necessary security measures to protect the safety of life and property of the staff on both Sides during the work on site, and to bear the expenses for security work. The Philippine Side shall appoint police officers to establish safety and security work mechanisms with Chinese on-site personnel. In the event of force majeure or other circumstances that endanger the safety of both parties, the Philippine Side shall provide necessary safety protection until the staff of both parties are assisted to evacuate to a safe area. If Chinese

personnel encounter violence in Philippines and cause casualties, the Philippine government shall provide necessary compensation in accordance with the current laws and relevant regulations of the Philippines.

Article 11 Project Cost and Settlement

The cost required for the completion of all the work stipulated in Section 2.2 of this agreement is RMB84,500,000 which shall be paid under the aid of the economic and technological cooperation agreement signed by the Chinese and Philippine governments on April 10, 2018. Within one month after the signing of this agreement, AIECO shall issue a settlement bill in quadruplicate at one time, which shall be credited to the account through the National Development Bank of China and the designated bank of the Philippines for settlement at one time.

Article 12 Amendment, Suspension and Termination of the Agreement

12.1 Amendment of the Agreement

12.1.1 In case of one of the following circumstances, both Sides may modify the conditions of this agreement through further negotiations and hereby separately sign a supplementary agreement:

- (1) Force Majeure factors (hereafter referring to the impacts on the project caused by unforeseeable, insurmountable and inevitable objective circumstances, which mainly include but are not limited to: such natural disasters as floods, typhoon, hurricanes, earthquakes and volcanic eruptions; accidents; such emergencies as civil war, riots and civil unrest in Philippines) that impact on the implementation of the project and the performance of the agreement.
- (2) Political and diplomatic factors (hereafter referring to impacts on the implementation of projects caused by changes of diplomatic relations or policy adjustments which mainly include but not limited to: wars between nations and nuclear-involved wars; the changes in the diplomatic relations between the Philippines and China; the confiscation and expropriation of legitimate authorities of Philippines; the changes of laws and regulations or policy adjustments related to the implementation of the project) that impose impacts on the implementation of the project and the performance of the agreement.
- (3) The Philippine Side and the Chinese Side negotiate for changing the project construction site and main construction content specified in the Exchange of Letters and this Agreement.
- (4) Any other modification agreed by Philippine Side and Chinese Side may affect execution of this agreement.

12.1.2 Any adjustments of the duration of the project and the implementation cost caused by the circumstances as stipulated in Article 12.1.1 hereof, shall be separately provided in a supplementary agreement and hereby signed by and between both Sides through consultations.

12.2. Suspension of Agreement

12.2.1 In any case of the following circumstances, the performance of the Agreement may be suspended as agreed by and between both Sides through consultations:

- (1) The agreement cannot be performed temporarily due to force majeure;
- (2) The agreement cannot be performed temporarily due to political and diplomatic factors;
- (3) The Agreement cannot be performed temporarily due to the default of any Sides;
- (4) Other circumstances under which both Sides are unable to perform the Agreement temporarily.

12.2.2 Upon the suspension of the Agreement, the Philippine Side and the Chinese Side are obliged to maintain

the quality of the completed part of the project, or to prevent further loss; when the conditions for the performance of this agreement can be met up, the Agreement may be resumed as agreed by and between both Sides through consultations. The corresponding adjustments of the price and the duration of the project shall be separately provided in a supplementary agreement and hereby signed by and between the two Sides through consultations.

12.3 Termination of Agreement

12.3.1 In case of the following circumstances, the agreement may be terminated as agreed by and between both Sides through consultations:

- (1) The agreement cannot be further performed or its purpose cannot be achieved due to force majeure;
- (2) The agreement cannot be further performed or its purpose cannot be achieved due to political and diplomatic factors;
- (3) The Agreement cannot be further performed or its purpose cannot be achieved due to the significant default of any party;
- (4) Any other circumstance under which the purpose of the Agreement cannot be achieved.

12.3.2 Upon the rescission of the Agreement, any obligations not yet performed under the Agreement shall be terminated; with regard to any obligation performed under the Agreement, the Philippine Side and the Chinese Side shall negotiate to perform remedial measures and settle the project cost according to Article 11.

Article 13 Acceptance and Taking Over

13.1 After the preparation of the feasibility study report and the internal review of AIECO, the report will be submitted to the Philippine Side for review and confirmation. The Philippine Side is responsible for organizing relevant government departments and relevant institutions to solicit opinions on the feasibility study results.

If the acceptance of the project will not take place within one month after its completion due to reasons arising from the Philippine Side, the Chinese Project Implementation Company will consider that it has passed the acceptance of the Philippine Side.

13.2 Within one month after the final review and confirmation by the Philippine Side, the Philippine and Chinese Sides shall sign the intergovernmental transfer certificate. If the Philippine Side fails to sign within one month, the Chinese Side will formally notify the Philippine Side to hand over the project.

Article 14 Liability for Breach of Contract

14.1 Chinese Side's Liability for Breach of Contract

14.1.1 If the AIECO and the Chinese Project Implementation Company violate the duties and obligations stipulated in this agreement, the economic losses caused shall be borne by the Chinese Side.

14.1.2 The AIECO and the Chinese Project Implementation Company shall complete all work contents of the project on schedule in accordance with the progress of work as stipulated in this agreement. If the project is delayed due to reasons arising from AIECO and the Chinese Project Implementation Company, the additional cost shall be borne by the Chinese Side.

14.2 Philippine Side's Liability for Breach of Contract

14.2.1 If the Philippine Side violates the duties and obligations stipulated in this Agreement, the economic losses caused shall be borne by the Philippine Side.

14.2.2 If the project is delayed or financial losses are caused due to the Philippine Side, the project implementation period shall be extended accordingly, and the additional investment shall be borne by the Philippine Side.

14.2.3 If any basic information submitted by the Philippine Side is inaccurate, the Philippine Side shall be responsible for the losses caused thereby.

Article 15 Dispute Resolution and Outstanding Issues

15.1 Any matter not covered herein shall be settled by amicable negotiation between both Sides. Any amendment or supplement to the Agreement by either Side shall be subject to confirmation by the other party and wherein a supplementary agreement will be executed by both Sides.

15.2 In the progress of the implementation of the Agreement, any dispute pertaining to the implementation of this agreement shall be settled through friendly consultations between both Sides in the principle of mutual understanding and accommodation. For any significant issues need to be filed and are not defined herein, both Sides shall jointly confirm and hereby sign supplementary agreements upon any consensus that both parties have reached.

Article 16 Entry into Force and Termination of the Agreement.

This Agreement shall come into effect from the date of signature by the authorized representatives from both Philippine Side and Chinese Side, and shall remain valid until all obligations and duties of both Sides as stipulated shall have been fulfilled.

Article 17 Other Matters

17.1 All documents submitted by Chinese Side to the Philippine Side are written in both Chinese and English. The documents and letters have submitted by Philippine Side to Chinese Side are written in English.

17.2 This Agreement is signed on 20 November, 2018 in two copies. Each Side shall hold one copy and each copy is written in both Chinese and English. Both versions are equally authentic.

Representative of the Philippine Side

(Sgd.)
Mark A. Villar
Secretary
Department of Public Works and Highways
Republic of the Philippines

Representative of the Chinese Side

(Sgd.)
Zhong Shan
Minister
Ministry of Commerce

The People's Republic of China

Witnesses:

(Sgd.)

Emil K. Sadain

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