

**GRANT AGREEMENT ON THE CHINA-ASSISTED
PROJECT FOR THE REALIZATION OF THE BRIDGE RENOVATION ON THE RIVER TARA IN
MONTENEGRO**

Signed in Podgorica, on 01.12.2020.

No: (2019) SHCCWZ No. 4

By and between

The Government of Montenegro, represented by the Ministry of Transport and Maritime Affairs of Montenegro and the Transport Administration of Montenegro

and

The Government of the People's Republic of China, represented by the Ministry of Commerce of the People's Republic of China - Agency for International Economic Cooperation

Pursuant to the Agreement on realization of the Bridge Renovation Project on the Tara River reached between the Government of Montenegro and the Government of the People's Republic of China on 26 October 2018, the Government of the People's Republic of China agrees to assist the Government of Montenegro in the implementation of the Bridge Renovation Project on the Tara River in Montenegro (hereinafter referred to as: the "**Project**"). The Ministry of Transport and Maritime Affairs and the Transport Administration of Montenegro (hereinafter referred to as: the "**Montenegrin Party**") and the Agency for International Economic Cooperation of the Ministry of Commerce of the People's Republic of China (hereinafter referred to as: the "**Chinese Party**") have reached a consensual consensus about the implementation of the Project and hereby sign the Agreement under the terms and conditions set forth below:

Article 1 Legal Basis for Conclusion

The following documents are the basis for concluding the Grant Agreement for the Project implementation:

1.1 Agreement between the Government of Montenegro and the Government of the People's Republic of China on Enhancing Cooperation in Infrastructure Construction of 24 July 2011 and Amendments to this Agreement of 14 February 2014;

1.2 Agreement on Economic and Technical Cooperation between the Government of Montenegro and the Government of the People's Republic of China of 13 May 2017 and 8 May 2018, respectively;

1.3 Agreement on realization of the Bridge Renovation Project on the Tara River reached between the Government of Montenegro and the Government of the People's Republic of China on 26 October 2018;

1.4 The Record of Feasibility Study for the Bridge Renovation Project on the Tara River, signed on 20 December 2017 between the Parties.

Article 2 Authorities responsible for implementation

2.1 The Montenegrin Party

2.2.1 Authorized by the Montenegrin Government, the Ministry of Transport and Maritime Affairs of Montenegro and the Transport Administration of Montenegro shall fulfill the obligations of the Government of Montenegro as set forth in the Agreement on realization of the Bridge Renovation Project on the Tara River reached between the Government of Montenegro and the Government of the People's Republic of China on 26 October 2018, and assist the Chinese Party in the Project implementation.

Details of the Montenegrin Party's contact person are as follows:

Ministry of Transport and Maritime Affairs of Montenegro:

Contact Person: Mirsad Ibrahimovic
Address: Rimski trg 46, 81000 Podgorica, Montenegro
E-mail: mirsad.ibrahimovic@msp.gov.me; kabinet@msp.gov.me
Tel: +382 20 234 179
Fax: +382 20 234 331

Transport Administration of Montenegro:

Contact Person: Savo Paraca
Address: St. IV proletarske 19, 81000 Podgorica, Montenegro
E-mail: upravazasaobracaj@uzs.gov.me
Tel: +382 20 655 095
Fax: +382 20 655 359

2.2 The Chinese Party

2.2.1 The Government of the People's Republic of China has appointed the Agency for International Economic Cooperation (AIECO) of the Ministry of Commerce of the People's Republic of China as the Executive Agency responsible for the implementation of the Chinese Party's obligations as provided for in the Agreement on realization of the Bridge Renovation Project on the Tara River reached between the Government of Montenegro and the Government of the People's Republic of China on 26 October 2018, which is solely responsible for the organization of the Project implementation, management and coordination.

Contact details of the Chinese Party are as follows:

Agency for International Economic Cooperation (AIECO)

Ministry of Commerce PR China

Contact person: DU KUN,
Address: Floor 10, Block C Guohai Building, 17 Fuxing Road, Haidian District, Beijing, China
E-mail: yfo@aieco.org
Tel: (8610) 68108064
Fax: (8610) 68108110

2.2.2 The Consortium of the China Railway Eryuan Engineering Group Co. Ltd and CREEC (Chengdu) Consulting and Supervision Co. Ltd (hereinafter referred to as the "**CREEC**") is responsible for research for the Project implementation and for designing all buildings, facilities, auxiliary works and external works within the expropriation line agreed by both Parties and for the Chinese Party's supervision over the construction of the Project.

Details of the CREEC's contact person are as follows:

Contact Person: Mr. Zhou Shumeng
Address: A6 Building 10 Floor, CREC Industrial Park, Tianhui, Jinniu District, Chengdu.
Email: 741550382@qq.com
Tel: 18911070617
Fax: 028-87692801

2.2.3 The Chinese Party shall notify the Montenegrin Party immediately after the selection of the Main Contractor of the Chinese Party (hereinafter referred to as "**the Chinese Main Contractor**"). The Chinese Main Contractor shall be responsible for the construction according to the design documents agreed upon by both Parties and according to applicable regulations, procedures and standards in force in Montenegro, as the place of implementation of the Project, in a manner that will ensure the security, completeness, longevity and full functionality of the Project.

Article 3 Intellectual Property Rights

The intellectual property rights over the design and other documentation and specifications resulting from the implementation of this Agreement shall be the common property of both Parties and shall be used only for the purposes of the Project, and no document or information shall be made available to a third party without prior written consent of the other Contracting Party.

Article 4 Applicable Law

4.1 To all questions relating to the application of this Agreement and to the Project implementation, the Montenegrin law shall be applicable. Any dispute that may arise accordingly shall be settled in accordance with of Article 23 of this Agreement.

4.2 By way of derogation from point 4.1 of this Article, in the part related to the realization of donated funds by the Chinese Party (selection, management and supervision of the work of the entities referred to in items 2.2.2 and 2.2.3), Chinese aid law and regulations shall be applicable, which means that in case of any dispute it can be resolved by the communication of two governments.

4.3 The Montenegrin Party, as the recipient of the donation, undertakes that the donation in question may and shall in no way affect the legality, objectivity and impartiality of the state authorities in relation to the Chinese Party as the Donor.

Article 5 Project Title, Location and Scope of Work

5.1 Project title: **China-assisted project for the bridge renovation on the river Tara in Montenegro**

5.2 Project Location: Tara Bridge on the trunk road M-6, section Pljevlja - Djurdjevica Tara - Zabljak.

5.3 Scope of work: The scope of work is defined by the Terms of Reference which is the Appendix to this Agreement and forms an integral part thereof. All items which present differences between the mentioned Terms of Reference and Agreement on realization of the Bridge Renovation Project on the Tara River reached between the Government of Montenegro and the Government of the People's Republic of China on 26 October 2018 and the Record of Feasibility Study for the Bridge Renovation Project on the Tara River of 20 December 2017 referred to in Article 1 of this Agreement, will be compensated by the Montenegrin Party.

5.4 During the construction period, the Parties will agree through consultations on any significant changes regarding the Project location, scope of works, regulations, procedures and design standards and engineering structure and/or any significant modifications to the Design due to possible inaccuracies/incompleteness of the design data provided by the Montenegrin Party, which will be confirmed in writing and such an act will become binding and an integral part of this Agreement. The total Project costs and construction period will be adjusted in accordance with the aforementioned modifications, ensuring the security, completeness, longevity and full functionality of the Project.

Article 6 Operational Mechanism

6.1 Activities related to the implementation of the Project concerned must be carried out in a manner that will not undermine the principles of equal treatment, free competition and non-discrimination.

6.2 Personnel of the Montenegrin Party and Chinese Party shall regularly communicate by telephone, fax or email (no less than once a month) on the issues of compliance with this Agreement

to ensure the smooth implementation of the Project. The Chinese Party, on a monthly basis, shall submit the progress reports to the Montenegrin Party.

6.3 After the official commencement date of the Project implementation, the Montenegrin Party shall assist the Chinese Party in resolving technical issues and other related issues in order to facilitate an unimpeded implementation.

6.4 The CREEC shall provide the necessary number of professional engineering staff to form a Project Management Team to manage the Project on the construction site, establish operational mechanisms of site cooperation and hold monthly meetings with representatives of the Montenegrin Party on site to provide timely communication and address issues related to implementation of this Agreement.

Article 7 Design Code and Technical Standards

The Parties agree that the Project shall adopt the local technical standards, regulations and construction specifications of Montenegro. The load class to be achieved for the consolidation of concrete shall be considered and decided upon by both Parties after subsequent detailed inspection and evaluation. In the event that certain indicators do not meet the local standards and specifications of Montenegro, the Parties shall specifically negotiate and sign the terms of the specific standards for this Project before the beginning of the preparation of the Preliminary design.

Article 8 Testing and Designing

8.1 The Montenegrin Party shall set up their representative team for cooperation with CRECC on the testing and designing works.

8.2 Within a month since the start of the engineering inspection for design, to meet the needs of the Project, the Montenegrin Party shall provide basic design data that meets the design needs of the Project and shall be responsible for the accuracy and reliability of the data.

8.3 The Montenegro Party shall be responsible for completing the Environmental Impact Assessment for the Project construction. During the execution of the works, the application of measures that shall not disturb the environment and recognized cultural values of the Bridge must be ensured by the Contractor.

8.4 The CREEC shall review and examine the old bridge within 2 (two) months, complete the Main design for renovation and submit it to the Montenegrin Party for review within 4 (four) months after the signing of this Agreement.

8.5 The Chinese Party will conduct the tendering procedure and select the Main Contractor in accordance with the Main design mentioned in paragraph 8.4 of this Agreement. The Main Contractor shall meet the requirements for performing the activities related to the construction of

facilities prescribed by the Montenegrin Law on Spatial Development and Construction of Structures of Montenegro, in accordance with Article 4 paragraph 1 of this Agreement. The Montenegrin Party shall conduct a review (technical documentation review) within thirty (30) days of receiving the Main design and issue a consent to the Chinese Party for procurement of the Main Contractor upon the implementation of all suggestions/requests of the Reviewer of technical documentation. All such major suggestions/requests of the Reviewer will be discussed between the Parties. Based on the positively reviewed Main design (including the preparation of the Environmental Impact Assessment), a building permit shall be issued by the competent state authority for construction. The Construction Drawings shall be developed by the Main Contractor on the basis of the Main design, which may be partially adjusted to a reasonable extent. If there is no adjustment principle, it shall be used directly for construction, and in the case of adjustment principle, prior approval of the Montenegrin Party shall be obtained.

8.6 The CREEC shall prepare an As-Built Design (in Montenegrin, Chinese and English language), marked as the "As-Built Design", taking into account the adjustments adopted during construction with specific technical solutions to adjustments and addressed comments (if any). Upon completion, technical review and acceptance of the Project, the Chinese Party shall submit the As-Built Design prepared in two copies (in Montenegrin, Chinese and English language) to the Montenegrin Party. The As-Built Design must be enclosed with an interstate handover certificate signed by the Montenegrin Party and the Chinese Party.

Article 9 Chinese Main Contractor

9.1 In accordance with Chinese laws and procurement regulations, the Chinese Party shall select the Main Contractor through tenders amongst bidders holding technical qualifications accredited by relevant Chinese regulatory bodies and notify the Montenegrin Party of such selection in a timely manner.

9.2 The entity referred to in Article 2.2.2 and the entity referred to in Article 2.2.3 shall meet the conditions for performing the activities prescribed by the Montenegrin Law on Spatial Development and Construction of Structures, in accordance with Article 4 paragraph 1 of this Agreement.

Article 10 Personnel

10.1 Personnel of the Chinese Party

10.1.1 The Chinese Party shall provide the required number of administrative staff members, engineering technical staff and workers, to organize the construction and management of the Project in Montenegro.

10.1.2 During their work in Montenegro, Chinese staff shall have the right to have days off for national holidays preannounced by the Montenegrin Government and the Chinese Government. In case of occupational injuries, accidents, illness or death, the Chinese Party shall be responsible for

addressing all consequences and the Montenegrin Party shall provide the necessary support and assistance in accordance with applicable regulations, procedures and standards.

10.1.3 Chinese personnel shall comply with applicable Montenegrin laws and regulations during their service in Montenegro. The Montenegrin Party shall provide the necessary logistical support and assistance to enter and leave the country, their work and the provision of necessary permits and approvals in accordance with the Montenegrin legislation, while all the related fees and charges shall be borne by the Chinese Party in accordance with the laws and regulations of the Montenegrin Party and tariffs set by the competent state authorities.

10.2 Personnel of the Montenegrin Party

10.2.1 In the Project development process, the Montenegrin Party shall provide the required number of management and maintenance personnel to obtain technical guidance and take additional training organized by the Chinese Main Contractor and to familiarize themselves with the use of relevant equipment, requirements for maintenance of basic equipment and materials, methods of replacing consumables, etc., so that the Montenegrin Party shall be able to independently operate, maintain and manage the Project upon its completion.

10.2.2 The Chinese Main Contractor shall employ a reasonable number of local workers and shall have the right to select and employ the labor force at their disposal.

10.2.3 The Chinese Main Contractor shall provide additional training for local workers in order to master the necessary skills to work.

Article 11 Preparations Prior to Commencement

11.1 Land Use Permit, Site Handover and Construction Permit

Within 2 (two) months upon the completion, positive review and approval of the Main design, the Montenegrin Party shall complete the application procedures for land use permit and building permit issued by the relevant authorities, and ensure that such period will not impact on the progress to the Project.

11.2 Registration of Chinese companies

The Montenegrin Party shall assist the CREEC and the Chinese Main Contractor to complete formalities for access to the market such as local registration.

11.3 Ground Levelling

The Montenegrin Party shall, within 1 (one) month of the official commencement of the works, complete the demolition or removal of all overhead buildings, facilities, underground pipelines and fences (if any) within the expropriation line. The Chinese Party shall be responsible for carrying out earthmoving work within the expropriation line.

11.4 Water and Electric Power Supply for Construction

The Montenegrin Party shall be responsible for infrastructure development outside the expropriation line. Prior to the start of construction, the Montenegrin Party shall be responsible for preparing the passage for transport, water supply and sewerage, power supply and communication installations to the location agreed by both parties, at their own expense. During construction, water and electricity bills shall be paid by the Chinese Party.

11.5 Temporary Facilities

Within 1 (one) month of their possession of the construction site, the Montenegrin Party shall provide a site where the Chinese Party will build temporary office and accommodation facilities and temporary facilities such as warehouses for equipment and materials.

11.6 Borrow Pits and Landfills

The Montenegrin Party shall provide free of charge sites for Borrow Pits, construction waste disposal and landfills at a distance of up to 10 kilometers from the location of the Project.

The Montenegrin side shall provide free of charge sites for temporary storage of non-hazardous construction waste in accordance with the Montenegrin Law on Waste Management in accordance with Article 4 paragraph 1 of this Agreement.

11.7 Traffic Regulation During the Execution of Works

During the execution of the works, and in accordance with the Construction Site Organization Plan, the selected Chinese Main Contractor shall prepare the Traffic Regulation Plan regulating the traffic during the execution of the works. The Traffic Regulation Plan must be approved by the competent Montenegrin Party, and the Montenegrin Party will assist in its execution.

Article 12 Construction Period

12.1 The commencement date and construction period for the Project development shall be laid down in a supplementary document to be signed by the Montenegrin Party and the Chinese Party after the selection of the Chinese Main Contractor.

12.2 The Montenegrin Party and the Chinese Party may negotiate a new period of completion if there is any delay in the fulfillment of the obligations of either Party during the Project implementation.

Article 13 Taxes, Customs Duties and Fees

13.1 For the Project implementation purposes, the grant funds shall be exempt from paying the applicable taxes, customs duties and fees in accordance with the applicable law referred to in Article 4 paragraph 1 of this Agreement:

(1) China's income tax during the period of work of Chinese nationals in Montenegro, in accordance with the Agreement between the Federal Government of the Federal Republic of Yugoslavia and the

Government of the People's Republic of China on the avoidance of double taxation in respect of income and wealth taxes, signed on 21 March 1997.

(2) Customs duties and Value Added Tax for the import of construction materials, equipment and mechanization imported from China or a third country for the purposes of the Project, as well as for daily necessities, other than excise goods, for Chinese personnel, in accordance with Article 184 paragraph 1 item 1 of the Custom Code ("Official Gazette of the Republic of Montenegro", 7/02, 38/02, 72/02, 21/03, 29/05 and 66/06 and "Official Gazette of Montenegro", 21/08, 62/13 and 71/17) and Article 28 paragraph 1 item 12 in conjunction with Article 25 paragraph 1 item 12 of the Law on Value Added Tax ("Official Gazette of the Republic of Montenegro", 65/01, 12/02, 38/02, 72/02, 21/3, 76/05 and 04/06 and "Official Gazette of Montenegro", 16/07, 40/11, 29/13, 09/15, 53/16, 01/17, 50/17 and 46/19).

(3) Income Tax, in accordance with Article 6 paragraph 1 of the Law on Corporate Income Tax of Montenegro ("Official Gazette of the Republic of Montenegro", 65/01, 12/02 and 80/04, and "Official Gazette of Montenegro", 40/08, 86/09, 14/12, 61/13 and 55/16,) and pursuant to the Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the People's Republic of China on avoiding double taxation in relation to income and wealth taxes, signed on 21 March 1997.

13.2 During the Project implementation, with respect to the grant funds, the Chinese Party shall apply for exemption from taxes and customs duties in accordance with the applicable law referred to in Article 4 paragraph 1 of this Agreement.

Article 14 Construction Materials, Equipment, Mechanization and Commodities

14.1 The Chinese Party shall be responsible for providing and purchasing construction materials, equipment, machinery and equipment for the implementation of the Project, for managing its maritime and land transport and providing insurance, including medicines and supplies for the protection of Chinese workers during their work in Montenegro, from shipment port to final destination at the construction site in Montenegro, and shall bear all the related costs.

14.2 The Montenegrin Party shall provide a list of business entities that are able to provide logistic and freight forwarding services to the Chinese Party from the shipment port to the final destination at the construction site in Montenegro, whereby the Chinese Party shall be responsible for their final selection, conclusion and implementation of their mutual cooperation and payment agreements.

14.3 Details of the consignee of the Montenegrin Party:

Transport Administration of Montenegro:

Address: St. IV proleterske 19, 81000 Podgorica, Montenegro

E-mail: upravazasaobracaj@uzs.gov.me

Tel: +382 20 655 095

Fax: +382 20 655 359

Article 15 Security and Protection

15.1 The Chinese Party shall establish a system of occupational safety and security in accordance with Montenegrin regulations.

15.2 In the case of force majeure, emergency situations or other situations that may threaten the safety of employees of both Parties in Montenegro, or if the security situation deteriorates at the Project site, the Montenegrin Party shall provide the necessary assistance and support in order to provide the necessary protection while evacuating the personnel of both Parties to a safe area.

Article 16 Implementation Costs and Payment

16.1 Implementation Costs

The anticipated costs of the Chinese Party to complete the Project in accordance with Article 5 of this Agreement shall amount to RMB 55 million (Chinese Yuan)¹ to be settled in accordance with the non-refundable aid provided for in the Economic Cooperation Agreements signed by the Governments of Montenegro and PR China on 13 May 2017 and 8 May 2018, respectively, and the remainder shall be paid on the basis of a new item of non-refundable aid.

16.2 The final contract price shall be determined by an additional document to be signed by the Montenegrin Party and the Chinese Party after the Chinese Party has selected the Chinese Main Contractor. The CREEC shall issue instructions for paying the above costs through China Development Bank under the Grant Accounts by the Chinese Party No. 2017/1 and 2015/2.

16.3 The financial resources for the potential payment of the obligations of the Montenegrin Party that are due for payment in connection with the realization of this Agreement and the implementation of the Project will be provided in the capital budget of the Montenegrin Party. Where there is a need for certain financial expenditures from the capital budget of the Montenegrin Party, i.e. procurement of the Montenegrin Party, the application of Montenegrin public procurement regulations shall be mandatory.

16.4 Upon signing the Agreement, the contract price may be adjusted by mutual consent in the event of any of the following circumstances:

- (1) The scope of work has been amended for the purposes of Article 5 of this Agreement and at the request of the Montenegrin Party;
- (2) Implementation costs have increased due to amendments to the Agreement pursuant to Article 17 of this Agreement;
- (3) The suspension of the Agreement pursuant to Article 17 herein has resulted in financial losses.

16.5 Payment deadlines

¹ Value in Euros at the rate (1 € = 7,79310 CNY) on 19/12/2019 is € 7,057,525.25.

16.5.1 Payment deadlines are as follows:

(1) Within 30 days of the date of entry into force of this Agreement, 60% of the estimated cost of RMB 55 million (Chinese Yuan) will be settled, i.e. RMB 33 million, of which RMB 19.06 million (Chinese Yuan) shall be settled under the non-refundable aid item as provided for in the Agreement on Economic and Technical Cooperation signed by the Governments of Montenegro and PR China on 13 May 2017, while RMB 13,94 million (Chinese Yuan) shall be settled under the non-refundable aid item defined by the Agreement on Economic and Technical Cooperation signed by the Governments of Montenegro and PR China on 8 May 2018.

(2) Within 30 days of the Project commencement date, the Montenegrin Party and the Chinese Party shall sign the supplementary document to determinate the Agreement price and settlement mode, and conduct the remaining settlement after deducting the amount in the Article 16.4.1 (1).

(3) Upon completion of this Agreement, the Chinese Party will issue a document confirming the final value of the work performed under this Agreement, i.e. the final value of the Project, financed by non-refundable funds donated by the Chinese Party.

Article 17 Amendments, Suspension and Termination

17.1 In the case of any of the following circumstances, both Parties may amend the terms of this Agreement through negotiation and sign an Appendix to the Agreement about it:

(1) Force Majeure factors (this refers to impacts on the Project that are caused by unpredictable, insurmountable and inevitable objective circumstances, which mostly include but are not limited to: natural disasters such as floods, typhoons, hurricanes, earthquakes and volcanic eruptions; emergency situations such as a civil war, disorder and civil disorder in Montenegro, which are listed below) that affect the implementation of the Project and the performance of the Agreement.

(2) Political and diplomatic factors (this refers to the impacts on the implementation of the Project caused by changes in political diplomacy or policy alignment, which mainly include but are not limited to: wars between nations and wars involving nuclear energy; confiscation and expropriation of legitimate Montenegrin authorities; amendments to laws and regulations; or adaptation of policies related to the Project implementation) that may have an impact on the implementation of the Project and the performance of the Agreement.

(3) The Montenegrin Party and the Chinese Party are negotiating a change of the construction site and the main building material that are listed in the Exchange of Notes for the Project approval and the Agreement.

(4) The Montenegrin Party and the Chinese Party shall negotiate any changes affecting the performance of the Agreement in order to ensure the security, completeness, longevity and full functionality of the Project.

17.2 Any amendments to the Project development period and contracted costs caused by the circumstances set out in Article 11 herein shall be specifically regulated by a supplementary

document signed by both Parties after mutual consultations and after obtaining the opinion of the Supervision Authority, and such document shall become binding and an integral part of this Agreement.

17.3 In the event of any of the following circumstances, the Agreement may be terminated upon consultations of the Parties and with the agreement of the Parties confirmed in writing:

- (1) The Agreement may not be implemented temporarily due to force majeure factors.
- (2) The Agreement may not be implemented temporarily due to political and diplomatic reasons.
- (3) The Agreement may not be implemented temporarily due to the omission by any of the Parties.
- (4) Other circumstances under which both Parties are temporarily unable to implement the Agreement.

17.4 Following the potential temporary suspension of the Agreement, the Montenegrin Party and the Chinese Party shall maintain the quality of the completed part of the Project to prevent further losses. Once the conditions for continuing the implementation of this Agreement are met, the implementation of the Agreement may continue as agreed between the Parties through consultations and in writing, with the obligatory prior writing statement of the Supervision Authority. Any adjustment to the Project development period and the contracted prices caused by the suspension of works shall be specifically regulated by a supplementary document signed by both Parties after mutual consultations, with the obligatory prior writing statement of the Supervision Authority from the point 18.1 and such document shall become binding and an integral part of this Agreement.

17.4.1 In the case of any of the following circumstances, the Agreement may be terminated as agreed between the Parties through consultations, with the obligatory prior writing statement of the Supervision Authority and verified in writing:

- (1) The Agreement may not be implemented further or its purpose may not be achieved due to force majeure factors;
- (2) The Agreement may no longer be implemented or its purpose may not be achieved due to political and diplomatic reasons;
- (3) The Agreement may not be further implemented or its purpose may not be achieved because of the significant failure to fulfill the obligations of any of the Parties;
- (4) Any other circumstance under which the purpose of the Agreement may not be achieved.

17.4.2 Upon termination of the Agreement, any commitments that have not yet been executed in accordance with the Agreement shall be terminated. With respect to all commitments under the Agreement, the Montenegrin Party and the Chinese Party shall negotiate the confirmation of corrective measures and the payment of the Project price as referred to in Article 16 herein.

Article 18 Technical Inspection, Handover and Quality Warranty

18.1 The Montenegrin Party shall undertake to appoint a Reviewer of Design Documentation, Supervision Authority over the performance of works, and the Technical Acceptance Panel, in accordance with the applicable law referred in Article 4 paragraph 1 of this Agreement.

The Supervision Authority over the performance of works set out in paragraph 1 of this Article will consist of local experts with appropriate qualifications and its scope of work shall include, in particular: control of execution of works as per the reviewed Main Design, the Law on Spatial Development and Construction of Structures and separate regulations; control of compliance of works; control of quality of works execution; control of quality of materials, installations and devices which are built in; verification if the materials, installations and devices which are built in have the prescribed documents necessary for putting them into service; regular monitoring of the pace of execution of works and adherence to contracted time limits; control of undertaking of measures ordered to the Contractor in order to eliminate deficiencies in the execution of works; control of works which cannot be controlled after closing or covering; control of undertaking of environmental protection measures; identifying stages for which a report needs to be developed; providing technological and organizational instructions to the Contractor and resolving other matters with regard to the structure building; cooperation with the design engineer in order to ensure details for unimpeded execution of works and resolving other issues with regard to the structure building.

18.2 In accordance with the applicable law from Article 4 paragraph 1 of this Agreement, the Chinese Main Contractor shall conclude a professional liability insurance that must cover the risk of liability for damage caused to persons, damage to the premises and financial loss before starting the Project implementation.

18.3 Technical acceptance - Within 1 (one) month upon completion of the Project, personnel of the Chinese Project Management Enterprise and the Montenegro Party shall form an acceptance team to carry out the technical acceptance in accordance with the design requirement.

18.4 In the process of technical inspection, in case the constructed facilities fail to meet the design requirements, the Chinese Main Contractor shall take the necessary remedial measures to meet these demands, at the expense of the Chinese Party.

18.5 In the event that the technical acceptance of the works is not organized within 2 (two) months after the completion of the Project for reasons attributed to the Montenegrin Party, the Chinese Party shall consider that the Project has been technically accepted by the Montenegrin Party.

18.6 Within 10 (ten) days of the date of the technical acceptance of the Project, the Montenegrin Party and the Chinese Party shall sign a handover certificate and the Project shall be officially handed over to the Montenegrin Party.

18.7 The Chinese Party shall be responsible for preparing a complete and accurate Project Maintenance Plan (in the Montenegrin, Chinese, and English languages), which will be part of the technical acceptance of the Project conducted by both Parties. The Facility Maintenance Manual (in the Montenegrin, Chinese and English languages), which is accepted as eligible, shall be enclosed to

the handover certificate for both Parties. Except for the quality issues that result from improper use by the Montenegrin Party, the Chinese Party shall assume the responsibility to guarantee the absence of malfunctions during the reasonable lifespan of the Project.

18.8 Within 2 (two) years of the technical acceptance of the Project, the Chinese Party shall keep a high-quality maintenance and quality assurance team to be stationed at the site to ensure that deficiencies can be remedied and timely restoration can be made in case of quality issues within the warranty period for removing the deficiencies, and shall bear the costs of eliminating the deficiencies.

18.9 The Montenegrin Party shall strictly comply with the capacity and speed restriction provisions that have been confirmed in the design documentation and the relevant provisions on maintenance and traffic management during the execution of works (relevant facilities shall be included in the Facility Maintenance Plan). In the case of quality problems arising from improper use by the Montenegrin Party, the Chinese Party shall be relieved of any responsibility.

Article 19 Signs of China's Assistance

19.1 After consultations between the Montenegrin Party and the Chinese Party, the emblems and signs of China's assistance shall be adopted and provided during the Project implementation. The scheme for specific use and distribution is shown in the following way:

- (1) Prominent position of temporary facilities and the construction site;
- (2) Work uniforms and helmets for the chief management staff of the CREEC's Project Team, the Chinese Company's on-site Project Management Team, and both Chinese and local workers;
- (3) Prominent position of large construction machinery and transportation equipment in the Project Team of the Chinese Main Contractor;
- (4) Opening ceremony and closing ceremony, ceremony of handing over, important stages and visits to the site by senior Montenegrin and Chinese officials and other important activities; signs, billboards, banners, brochures and flags at the ceremony;
- (5) Prominent position of the main buildings;
- (6) Cover page with relevant data.

19.2 The Chinese Main Contractor shall be responsible for implementing the foregoing and for setting up the signs of China's assistance.

Article 20 Publicity of the Project

The two Parties shall set up the sign of China's support at a mutually agreed location and ensure the necessary and adequate publicity through media and other promotion channels during the Project implementation and after its completion. The Montenegrin Party shall co-ordinate this process.

Article 21 Project Maintenance and Management

After the Project handover, the Montenegrin Party shall be responsible for the maintenance and management of the Project. Should the Montenegrin Party require any technical support of the Chinese Main Contractor, both Parties shall consult and sign a commercial co-operation agreement, defining the service period, the implementation plan and the necessary fees, payment methods and other details.

Article 22 Failures and Obligations

22.1 Failures and obligations of the Chinese Party:

(1) The Chinese Party shall bear financial losses arising from default and breach of obligations under this Agreement.

(2) The Montenegrin Party and the Chinese Party shall complete all the works according to the plan as stated herein. In case any delay in the Project implementation is caused by the Chinese Party, the Chinese Party shall bear any additional building costs.

22.2 Failures and obligations of the Montenegrin Party:

(1) The Montenegrin Party shall incur any financial losses caused by the breach of their responsibilities and obligations under this Agreement.

(2) In the event that any failure by the Montenegrin Party affects the progress of works of the Chinese Party and thus causes delays or financial losses of the Project, the duration of the Project shall accordingly be rescheduled, and the Montenegrin Party shall bear any additional costs of the Project.

(3) The Chinese Party shall not be liable for any operational errors and omissions, inadequate quality and financial losses stemming from the inaccuracy and/or incompleteness of the basic information provided by the Montenegrin Party.

Article 23 Dispute Resolution

In the implementation of this Agreement, any disputes arising out of the implementation of this Agreement, shall be settled amicably through consultations of both Parties following the principle of mutual understanding and accommodation. For any significant issues to be addressed that are not specified or considered in this Agreement, both Parties shall jointly agree and sign a supplementary document upon the consensus reached, which shall become binding and an integral part of this Agreement.

Article 24 Annexes to the Agreement

Annexes to this Agreement are as follows:

- (1) The Urban and Technical Conditions No. 1055-2740/12 dated 18 January 2018 for the preparation of technical documentation for Renovation, in the existing overall dimensions, of the bridge on the river Tara on the regional road R-4 Pljevlja - Djurdjevica Tara - Mojkovac (main road M-6, Pljevlja - Djurdjevica Tara - Zabljak), in accordance with the Spatial Plan of the Municipality of Pljevlja by 2020, and the Spatial Urban Plan of the Municipality of Zabljak;
- (2) Main Design of the Bridge - Structural Analysis, Prof. Eng. Mijat Trojanovic, 1938-1939;
- (3) Main Design of the Bridge - Plans, GRO "Mostogradnja" Belgrade, 1984;
- (4) Main Design of the Bridge rehabilitation - Volumes I, GRO "Mostogradnja" Belgrade, 1985;
- (5) Main Design of the Bridge rehabilitation - Volumes II, GRO "Mostogradnja" Belgrade, 1987;
- (6) Terms of Reference;
- (7) Chinese assistance emblems and signs sample.

Article 25 Entry into Force and Termination

This Agreement shall enter into force on the day of signature by authorized representatives of both Parties and shall remain in force until all obligations of both Parties have been fulfilled, as provided for herein.

Article 26 Final Provisions

26.1 The Parties agree that, with respect to any matter not governed by this Agreement, the relevant provisions of the regulations governing this field in accordance with Article 4 of this Agreement shall apply.

26.2 All official documents submitted by the Montenegrin Party to the Chinese Party, as well all official documents submitted by Chinese Party to the Montenegrin Party shall be in the English language.

26.3 The Agreement is executed in 4 (four) identical counterparts, each in the Montenegrin, Chinese, and English languages, where each Party shall retain 2 (two) counterparts. In case of any ambiguity, the English version shall prevail.

For the Montenegrin Party

For the Chinese Party

**Ministry of Transport and Maritime Affairs of
Montenegro**

**Ministry of Commerce of China - Agency for
International Economic Cooperation**

Signature:

Signature:

Montenegro Transport Administration

Signature: