

**SPECIFIC COOPERATION AGREEMENT
BETWEEN THE NATIONAL WATER AUTHORITY (ANA) OF THE REPUBLIC
OF PERU and CHANGJIANG INSTITUTE OF SURVEY, PLANNING, DESIGN &
RESEARCH (CISPDR) OF THE PEOPLE'S REPUBLIC OF CHINA
FOR EXECUTION OF THE STUDY: "EVALUATION, PLANNING AND
INTEGRATED MANAGEMENT OF WATER RESOURCES OF WATERSHEDS IN
SOUTHERN PERU"**

This document certifies the Specific Cooperation Agreement signed between:

- **National Water Authority** of the Republic of Peru, hereinafter referred to as **ANA**, RUC No. 20520711865, represented by **Ing. JUAN CARLOS SEVILLA GILDEMEISTER**, the head of ANA, identified with DNI No. 00515466 and passport no. 1155373, appointed by Supreme Resolution No. 011-2014 -MINAGRI, with registered office at No. 355 Seventeenth Street, Urbanization El Palomar, San Isidro district, province and department of Lima, Peru;
- **Changjiang Institute of Survey, Planning, Design & Research** of the People's Republic of China, hereinafter referred to as **CISPDR**, represented by Mr. **Niu Xinqiang**, its President, identified with Passport no. P01431515, with registered office at No.1863, Jiefang Ave., Wuhan City, Hubei province, China;

The two parties have reached an agreement on following terms and conditions:

1. BACKGROUND

- 1.1 A Basic Agreement on Technical Scientific Cooperation was signed between The Republic of Peru and People's Republic of China on January 27, 1988, which promoted cooperation in technical and scientific fields between the two countries and made it possible for organizations and relevant institutions of both parties to sign specific cooperation agreements to develop specific scientific and technical cooperation.
- 1.2 A Memorandum of Understanding (MOU) was signed between the Ministry of Agriculture and Irrigation of the Republic of Peru and the Ministry of Water Resources of the People's Republic of China on January 27, 2015, agreeing to expand cooperation on the basis of equality and mutual benefit in the field of water resources management, covering areas including flood mitigation, drought relief and disaster mitigation; Planning, design, construction and maintenance of water infrastructure; and impact of climate change on water resources and mitigation measures.
- 1.3 CISPDR submitted to ANA the proposal of the study entitled "***Evaluation, Planning and Integrated Management of Water Resources of Watersheds in Southern Peru***" through Letter No. 001-2015 dated May 6, 2015. The proposal is an integral part of this Agreement as Annex No. 01.

2. THE PARTIES

2.1 CISPDR

Changjiang Institute of Survey, Planning, Design & Research (CISPDR), is an agency of the Ministry of Water Resources of the PRC, incorporated as state-owned hi-tech enterprise, dedicated to developing engineering survey, planning, design, scientific research, consulting, and construction supervision and management.

Furthermore, it is also an institute specializing in the integrated utilization of water resources, flood mitigation and irrigation. With perfect quality systems, CISPDR has corresponding qualification certificates in terms of studies and engineering design.

2.2 ANA

The National Water Authority (ANA) is a specialized technical organization under the Ministry of Agriculture and Irrigation of Peru, established by Legislative Decree No. 997, Law of Organization and Functions of the Ministry of Agriculture and Irrigation, as the governing authority of the national water management system, responsible for issuing rules and establishing procedures for the integrated and sustainable management of water resources. ANA has legal personality of public law and its budget sheet.

ANA is in charge of preparing the National Policy and Strategy on Water Resources and National Water Resources Plan under the provisions of Law No. 29338, Law on Water Resources, and its Regulations approved by Supreme Decree No. 001 -2010-AG; to implement and promote the actions necessary for multisectoral and sustainable use of water resources in the context of integrated water resource management and national environmental management, through the establishment of strategic alliances with regional governments, local and all social and economic stakeholders.

3. THE LEGAL BASIS

- Legislative Decree No. 997 - Law on the *Organization and Functions of the Ministry of Agriculture*, which created the National Water Authority
- Law No. 29338 - Law on Water Resources
- Civil Code, adopted by Legislative Decree No. 295
- Supreme Decree No. 001-2010-AG, which approves the *Regulation of the Water Resource Act*
- Supreme Decree No. 006-2010-AG, which approves the *Regulation of Organization and Functions of the National Water Authority*

4. THE OBJECTIVE

Objective of this Cooperation Agreement is the implementation of the study: "**Evaluation, Planning and Integrated Management of Water Resources of Watersheds in Southern Peru**" by CISPDR (hereinafter referred to as "the Study"), according to the terms and conditions agreed with ANA, as listed in Annex No. 02 which is an integral part of this Agreement.

5. VALIDITY

5.1. This Agreement shall enter into force upon its signing and will be valid for four (04) years.

5.2. The Agreement can be renewed upon mutual agreement between the parties by signing an Addendum.

6. BUDGET AND FINANCING OF THE STUDY

Budget for the Study amounts to a sum of S/. 98 365 345.00 (ninety-eight million three hundred and sixty-five thousand three hundred forty-five new Soles) excluding the tax by law, as stipulated in the 18th Chapter of Annex No. 01 of this Agreement. CISPDR shall bear S/. 24 591336.25, which is no less than 25% of the total value of the Study.

7. OBLIGATIONS OF THE PARTIES

7.1 Obligations of CISPDR

- a) To provide the required amount of not less than 25% of the total value the Study, as stipulated in precedent clause of this Agreement.
- b) To execute the Study based on the technical requirements specified in Annex No. 01 of this Agreement.
- c) To obtain permits and authorizations required for the execution of the study.
- d) To comply with applicable tax regulations as well as provisions under this agreement.

7.2 Obligations of ANA

- a) To make payments as required for the Study in accordance with the payment schedule in Annex No. 01;
- b) To hire a professional organization as the Supervisor of the Study;
- c) To make every effort in order to assist CISPDR in processing and obtaining permits and administrative authorizations required for implementation of the Study;
- d) To coordinate with the organizations and authorities to provide conveniences to CISPDR for the implementation of this Agreement

8 INSTITUTIONAL COORDINATION

8.1 For the purposes of implementation of this Agreement, representatives of the parties shall be as follows:

Representative of ANA

- The head of ANA

Representative of CISPDR:

- The Vice president of CISPDR

- 8.2 The parties will conduct joint meetings in order to discuss all issues relating to cooperation and implementation of the Study under this Agreement.
- 8.3 The representatives of the Parties stated in this clause could appoint their authorized representatives, which shall be reported promptly to the other party

9 PAYMENT

- 9.1. Payments made by ANA shall be deposited to CISPDR's US dollar account (PRC interbank account code: 5651 5754 9827) at the branch of Bank of China (China Bank) in Jian'an District, Wuhan City, Hubei Province, People's Republic China. The Central Reserve Bank of Peru will fix the exchange rate subject to the specific date of each payment.
- 9.2. Any amendment to the aforementioned bank account or financial institution must be notified to ANA by CISPDR in form of notary with not less than forty-five (45) calendar days in advance. In any case, CISPDR or one of its subsidiaries or branches, as applicable, must always own the bank account.
- 9.3. The product or deliverable that merit a progress payment shall be submitted to the Supervisor, who within a period not to exceed twenty (20) calendar days shall issue the corresponding compliance document. Should there be any comment after review; remedy shall be done within a period of sixty (60) calendar days by CISPDR.
- 9.4. With approval document issued by the Supervisor hired by ANA, the Department of Studies of Multisectoral Water Projects under ANA shall be responsible for issuing the conformity report of compliance of the deliverables listed in Annex No. 01 of this Agreement.
- 9.5. Once the conformity report is issued, ANA must make payment within twenty (25) calendar days following the issuing of the respective compliance report, provided that all the provisions laid down in the Agreement are met.

10 MODIFICATION

- 10.1. The parties agree that any change, modification, restriction, extension, precision or other variation necessary to make to this Agreement shall be recorded in the form of Addenda, which forms an integral part of this Agreement and shall take effect from the date of signing.
- 10.2. The preceding term shall also apply in terms of reducing and / or modifying the expiry date, and / or the schedule for the execution of study and the payment.
- 10.3. Should either party consider making any change to this Agreement, it shall inform the other party in writing notice, detailing its proposed amendment. The party receiving the notice of the amendment should express their agreement or disagreement within five (05) calendar days starting from the business day following

receipt of the writing notice. If no definite reply is received within this period, the disagreement shall be presumed to the amendment proposed.

11. LIABILITY FOR HIDDEN DEFECTS

ANA's conformity of acceptance of the deliverables cannot undermine its right to later claim for defects or hidden defects. In that case, CISPDR shall be able to remedy defects or hidden defect, which were detected by ANA within a period of one hundred and eighty (180) days, once notified. This remedy of defects must be approved by ANA.

12. THE PENALTIES

- 12.1. If CISPDR incurs any unjustified delay during the execution of the services under the Agreement, ANA will charge penalty for each day of delay, with a maximum penalty amount up to ten percent (10%) of the amount corresponding to the delayed part.
- 12.2. In all cases, the penalty will be applied automatically and calculated according to the following formula:

$$\text{Daily Penalty} = \frac{0.10}{F} \times \frac{\text{Amount}}{\text{Term (in days)}}$$

Where:

F = 0.25 for periods of over sixty (60) days or;

F = 0.40 for periods less than or equal to sixty (60) days.

- 12.3. Both the amount and the term refer to items that are stipulated and have to be implemented in the Agreement, or if the obligations involve periodic execution, the amount and the term then indicate the partial delivery which is delayed. This penalty will be deducted from the payments, the final payment or final settlement; or if necessary will be charged from the rest amount of the guarantee stipulated in the Twelfth clause of this Agreement.
- 12.4. If the total of the penalties imposed exceed 10% of the total value of the Agreement, ANA may terminate the agreement for breach.
- 12.5. The justification for the delay by accident or force majeure is subject to the provisions of the Civil Code, approved by Legislative Law No. 295, and related standards, as appropriate.

13. SUSPENSION AND TERMINATION

13.1. Suspension

This Agreement may be suspended when, for reasons of unforeseeable circumstances or force majeure, either party remains temporarily unable to continue fulfilling his obligations. In such a case, these obligations will be suspended only for the duration of the circumstance or event that cause the suspension.

The period of suspension, referred to in this clause, shall last for a maximum period of thirty (30) calendar days. After this deadline, without any resolution to the reason that caused the suspension, this Agreement may be terminated.

The party unable to meet its obligations shall notify the other party of the suspension, giving the reasons for the suspension, which must be accepted by the counterparty to terminate the agreement by mutual agreement by accident or force majeure.

13.2. Termination

This Agreement can be terminated under following conditions:

- a) **FOR BREACH UNJUSTIFIED:** if a party fails to fulfill any provision or obligations which are required to be performed in the Agreement, following rules shall be complied with:
 - The party affected shall require the other party fulfill his obligation.
 - If, after a period of sixty (60) days, the breach persists, the affected party may require termination of the agreement partially or completely.
 - Termination of the Agreement is formalized through the receipt of the respective written notice.
- b) **BECAUSE OF MAJOR FORCE:** this Agreement may be terminated for cause resulting from accident, force majeure, or a third party, or any other unattributable causes, which prevent the execution of the obligations agreed. In this case, termination shall take effect thirty (30) calendar days after the writing notification is made.
- c) **BY MUTUAL AGREEMENT:** This Agreement may be terminated by mutual agreement between the parties, which starts from the date agreed by the parties in this written document.

14. PROHIBITION OF ASSIGNMENT

CISPDR may not wholly or partially assign its position on this Agreement, and shall take full responsibility for the implementation of the Agreement.

15. APPLICABLE LAW

All that is not foreseen in this Agreement shall be subjected to Peruvian laws and regulations.

16. RESOLUTION OF DISPUTE

- 16.1. Any divergence, controversy or discrepancy that may arise between the parties regarding the interpretation, performance, validity or execution of this Agreement or any of its terms will be resolved harmoniously through direct communication and negotiation according to the rules of good faith and common intention of the parties.

- 16.2. The parties declare to know the content and scope of each and every one of the clauses and provisions under this Agreement, undertake to respect the Agreement and, based on rules of good faith and common intention, declare that there is no mean defect or errors that may invalidate the Agreement.
- 16.3. Notwithstanding the foregoing, if there is still any divergence between the two parties, which could not be resolved directly between the parties, the dispute shall be settled by institutional arbitration held in the Chamber of Commerce of Lima under Peruvian law.

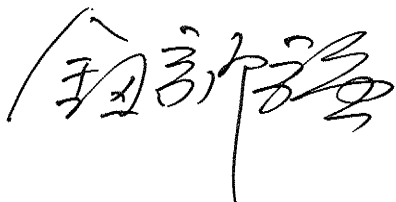
17. REGISTERED ADDRESS

- 17.1. For the legal effectiveness of the Agreement, the parties set their legally registered address as indicated in the introductory section of this document.
- 17.2. All communications exchanged between the parties should be deemed valid if they are directed to the addresses set forth in the introductory part hereof in this Agreement.
- 17.3. If either party intends to change its legal registered address, the change shall only be deemed valid when it's notified to the other party at its legal address at least five (05) days in advance.

The parties agree on the contents of this specific donation agreement and signed in Spanish and English, both in duplicate and all with equal legal effects.

This Agreement was signed between ANA and CISPDR in the city of Lima on May 22nd, 2015.

On behalf of CISPDR:



NIU XINQIANG
president
CHANGJIANG INSTITUTE OF SURVEY,
PLANNING, DESIGN & RESEARCH

On behalf of ANA



JUAN CARLOS SEVILLA GILDEMEISTER
chief
NATIONAL WATER AUTHORITY