

Contract

This "Contract" is made and entered by and between:

Solududhkunda Municipality, local government, located in Salleri, Solududhkunda Municipality-5, Solududhkunda, Nepal (Hereinafter referred to as the "**Municipality**")

AND

Claudia and Dr.-Ing. Michael Ladwig, living in **Aeusserer Berg 4, CH-5408 Ennetbaden, Switzerland** (Hereinafter referred to as the "**Sponsors**")

both referred to hereafter as "**Parties**".

1. Name of the "Project"

1.1. The name of the "Project" will be "**Road Rehab Lumsa-Dimil**".

2. Purpose and Target

2.1. The "**Purpose**" of the "Project" is to design, procure and rehabilitate the road from Lumsa to Dimil including erecting the Juke Khola Bridge, a box type concrete reinforced, motorable bridge over the Juke Khola between Lumsa and Juke in the Taping valley in Solududhkunda Municipality-10, Solukhumbu. The rehabilitation of the road includes but is not limited to local slope stabilization with gabion boxes, local installation of Hume Pipes including water guiding channels on the hillside to guide the water to the pipes and improvements of the road surface including hardening the surface with local available stones at least on the steep parts of the road.

2.2. The "**Target**" of the "Project" is a sustainable road, which allow the motorable road to be used all year round. The rehabilitation aims to avoid any water washouts or erosions at least for the next 3 years without major maintenance work.

3. Project Duration

3.1. The duration of this "Project" will be about 11 months, starting in May 2023 ending March 2024.

The stamp is circular with the text "Solududhkunda Municipality" around the perimeter. In the center, it says "Office of the Municipality" and "Salleri, Solududhkunda, Nepal". A handwritten signature is written over the stamp.

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4. Purpose of this "Contract"

- 4.1. The purpose of this "Contract" is to establish and promote a cooperative partnership between the "Municipality" and the "Sponsors" regarding the "Project" and to agree on the principal terms and conditions.

5. Terms and Conditions

- 5.1. The "Parties" agree to work mutually to conduct the "Project".
- 5.2. The total budget of the program will be **NPR 16,836,325.54**
- 5.3. The two "Parties" enter an institutional partnership and agree to work together to comply, in good faith and mutual understanding, to the terms and conditions.
- 5.4. The "Municipality" shall with good faith agree to the following with respect to the "Project":
 - a) Provide financial support in the amount of **NPR 8,418,162.27** for the "Project".
 - b) Provide technical and administrative support throughout the construction period.
 - c) Prepare drawings of all construction items and get approval from all respective authorities including the "Sponsors".
 - d) Prepare monthly "Project" reports to be send by mail to the "Sponsors", which shall include convincing descriptions and pictures documenting the progress.
 - e) Prepare cost deviation reports for the "Sponsors" in case deviation from the budget occur. These reports shall include a detailed justification.
 - f) Selection and appointment of a sufficient capable team which is preparing and erecting the "Project" in time, in budget and with the required quality.
 - g) Cooperate with stakeholders of local level.
 - h) Prepare a final cost report for the "Sponsors".
 - i) Prepare a maintenance manual for the "Project".
- 5.5. The "Sponsors" shall with good faith agree to the following with respect to the "Project":
 - a) Provide financial support in the maximum amount of **NPR 8,418,162.27** for the "Project". This amount will be transferred to a bank account dedicated to this "Project" and opened by the "Municipality". The "Sponsors" will transfer the amount according to the following plan:



1. **NPR 4,000,000.00** within 14 days after this "**Contract**" becomes valid and the bank account has been opened and notified to the "**Sponsors**".
 2. **NPR 2,500,000.00** within 14 days after the Juke Khola Bridge has been completed and evidence of the quality of the bridge has been send in a report to the "**Sponsors**".
 3. The remaining **NPR 1,918,162.27** within 14 days after the rehabilitation of the way from Lumsa to Dimil School has been completed and evidence of the quality of the work has been send in a report to the "**Sponsors**".
- b) Review and accept the technical drawings of all construction items according to article 5.4c, the cost deviation reports according to article 5.4d, the final cost report according to article 5.4g and the maintenance manual according to article 5.4h within 1 week of receiving these documents via electronic mail.
 - c) Seek for professional support throughout the construction period by the engineers of the Swiss Embassy in Nepal.
 - d) In case the "**Sponsors**" provide critical comments to the documents provided by the "**Municipality**" according to article 5.4, the "**Parties**" shall agree in good faith and mutual understanding on these comments doing their outmost to avoid any negative impact on the time, budget, or quality of the "**Project**".
- 5.6. In case the "**Project**" is not finished or accepted by the "**Sponsors**" on June 30, 2024, the "**Municipality**" returns to the "**Sponsors**" any financial support provided by the "**Sponsors**" to the "**Municipality**" at that date.
- 5.7. In case the final cost report of the "**Project**" according to article 5.4g shows deviations from the budget according to article 5.2, the "**Parties**" agree on the following with respect to the "**Project**":
- a) In case the final costs are lower than budgeted the "**Sponsors**" waive a repayment on contributions already paid by the "**Sponsors**" to the "**Municipality**".
 - b) In case the final costs are higher than budgeted the "**Sponsors**" are not obliged to increase the maximum contribution as outlined in article 5.5a.



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6. Termination

- 6.1. The "**Contract**" shall be effective from the date of signing unless otherwise agreed between the "**Parties**".
- 6.2. Either party may terminate this "**Contract**" by giving a written notice to the other party at least ninety (90) days prior to such termination. The written notice must include a detailed justification, as well as a proposal, on how to deal with the financial contributions already paid by the "**Parties**" for the "**Project**". The "**Parties**" shall agree in good faith and mutual understanding on how to deal with the financial contributions already paid by the "**Parties**" for the "**Project**".
- 6.3. The "**Contract**" may be amended or modified only by a written instrument agreed and duly signed by the authorized representative of each of the "**Parties**".

7. Notice

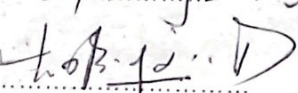
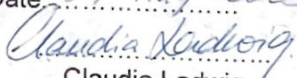
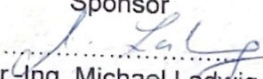
- 7.1. Any notice required to be given under this "**Contract**" shall be in writing and sent through electronic mail.

8. Validity

- 8.1. The present "**Contract**" shall be considered in force from the moment of signing by both "**Parties**" involved and will be valid until all obligations from this contract are fulfilled.

9. Attachment

- 9.1. The "**Project Specification for the rehabilitation of the way from Lumsa to Dimil**", Version 230217, is an integral part of this "**Contract**".

<p>On behalf of Solududhkunda Municipality,</p> <p>Date: <u>09 May 2023</u></p> <p> Namgyal Jangbu Sherpa Mayor</p> <p>Namgyal Jangbu Sherpa Mayor</p>	<p>On behalf of Sponsors,</p> <p>Date: <u>07 May 2023</u></p> <p> Claudia Ladwig Sponsor</p> <p> Dr.-Ing. Michael Ladwig Sponsor</p>
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