

**AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF AUSTRIA AND THE GOVERNMENT OF THE
REPUBLIC OF SERBIA ON GENERAL TERMS AND CONDITIONS
FOR DEVELOPMENT COOPERATION**

The Government of the Republic of Austria, represented by the Federal Minister for European and International Affairs of the Republic of Austria, hereinafter referred to as the “Austrian Party”, and the Government of the Republic of Serbia, represented by the Minister of Finance on behalf of the Government, hereinafter referred to as “the Serbian Party”,

- Intending to reinforce the ties of friendship between the two countries,
- Desirous of strengthening these relations by developing, extending and deepening their development cooperation,
- Aiming at contributing to economic growth and a sustainable, socially equitable development in the Republic of Serbia and to the political, economic and social reforms necessary for the Republic of Serbia to progressively adapt to EU structures,
- Aiming at contributing to the overarching objectives of the Austrian Development Cooperation as laid down in the Development Cooperation Act 2002 (poverty reduction, safeguarding peace and human security and preserving the environment),
- Reaffirming their commitment to promote European values and standards throughout their cooperation as referred to in the criteria for EU membership described by the 1993 Copenhagen European Council (democracy, the rule of law, protection of human rights and respect for minorities, a functioning market economy and the ability to take on the *acquis communautaire*),

Have agreed as follows:

Article 1 Scope of the Agreement

This Agreement sets out the general terms and conditions for development cooperation between the Government of the Republic of Austria and the

Government of the Republic of Serbia funded on a grant basis and attributable as Official Development Aid.

Article 2 Objectives and Principles of Cooperation

(1) Both Parties shall promote within the framework of their respective national legislation common development cooperation programmes and projects.

(2) Both Parties shall base their cooperation on the commitments of the Paris Declaration on Aid Effectiveness and take action towards realizing the principles of ownership, alignment, harmonisation, managing for results and mutual accountability.

(3) Both Parties endeavour to mobilise a maximum of resources for co-funding common programmes and projects for the purpose of this Agreement. As a principle, partners from both countries shall contribute with their own resources to the implementation of each programme and project.

Article 3 Forms of Cooperation

Development cooperation may take the form of technical or financial cooperation, humanitarian or emergency assistance. It may be carried out either on a purely bilateral basis, or also in cooperation with other donors and/or multilateral organisations.

Article 4 Delegation of Powers, Policy Dialogue

Both Ministers shall represent their respective Governments in matters concerning the implementation of this Agreement. Representatives of both Parties shall meet regularly in order to establish common priorities and principles of cooperation, provide guidance for the implementation of future development cooperation programmes and projects, engage in policy dialogue and evaluate programme progress. The results of each meeting shall be recorded in writing and be signed by the representatives of both Parties.

Article 5 The Office of the Austrian Development Agency

The Austrian Development Agency shall be entitled to maintain a Coordination Office in Serbia which shall form an integral part of the Austrian Embassy in Belgrade and shall be recognised by the Serbian Government as such.

Article 6 General Provisions for Customs and Tax Exemptions

In order to facilitate the implementation of any project under this Agreement, the Serbian Party shall

- (i) Exempt all goods including equipment and material, works and services provided or financed on a grant basis by Austria from taxes, customs duties, fiscal (including VAT) and other charges,
- (ii) Grant all permits, authorizations, licences, approvals or any similar documents necessary for the import (including the temporary import) and re-export of equipment required for the implementation of the projects.

Article 7 Conditions for Expatriate Institutions, NGOs and Companies

When expatriate institutions, non governmental organisations, companies or other legal persons from countries other than the Republic of Serbia are contracted by the Austrian Party or the Austrian Development Agency to perform tasks in the Republic of Serbia within the framework of development cooperation between the Republic of Serbia and the Republic of Austria, the following shall apply to such legal persons:

- (i) They shall not be held responsible for failure to fulfil their undertakings if this is due to security instructions or recommendations issued by the Austrian Party.
- (ii) They shall have the right to import and re-export, free of customs duty and other similar charges, professional equipment and goods that they need to accomplish their undertaking, or to sell such equipment within

the Republic of Serbia upon payment of customs and similar charges, when no longer needed to provide the services.

(iii) They shall be exempted from taxes and similar levies on company profits, turnover or any similar ground, and on remuneration paid to them by the Austrian Party or the Austrian Development Agency for their services within programme/projects of development cooperation.

(iv) They shall have the right to open external bank accounts and operate them for the fulfilment of their undertaking. The efficient handling of the accounts shall not be hampered by foreign exchange controls or charges imposed by the Republic of Serbia, and balances in these external accounts shall be freely transferable to any convertible currency.

Article 8 Conditions for Expatriate Personnel

(1) The following conditions shall apply in the Republic of Serbia to those natural persons not citizens of the Republic of Serbia and not permanently resident in Serbia who

(i) are performing tasks in the Republic of Serbia within programmes/projects of development cooperation financed by the Austrian Party or the Austrian Development Agency provided that they or their employer have a contract with the Austrian Party or the Austrian Development Agency;

(ii) are spouses, co-habitants or dependants of the personnel in (i) above.

(2) Requests for the accreditation of the persons referred to in sub-paragraph (i) of paragraph 1 shall be notified by the Federal Ministry for European and International Affairs of the Republic of Austria to the Ministry of Foreign Affairs of the Republic of Serbia, through the Embassy of the Republic of Serbia in Vienna. Registration of these personnel is to be performed by the Embassy of the Republic of Austria in Belgrade.

(3) The laws and regulations of the Republic of Serbia shall apply to the persons referred to in sub-paragraphs (i) and (ii) of paragraph 1, unless otherwise agreed in this or other agreements between the two Parties.

(4) The Serbian Party shall guarantee the persons referred to in sub-paragraphs (i) and (ii) of paragraph 1 the following:

(i) Prompt clearance and issue, free of charge, of multiple entry, re-entry and exit visas for the entire duration of the assignment of the personnel concerned.

(ii) Free movement within the country and the right to enter and leave the country to the extent necessary for the implementation of the programme/project.

(iii) Prompt issue of all required permits or licences such as residence permits, and, where applicable, work permits, research permits and professional permits as well as exemption from immigration restrictions and alien registration during the periods they are covered by this Agreement.

(iv) Equivalent repatriation facilities in times of national or international crisis as are provided for members of the diplomatic missions.

(5) The Serbian Party shall guarantee the persons referred to in sub-paragraph (i) of paragraph 1 the following:

(i) Exemption from personal income tax and any other direct tax in respect of emoluments paid to them by Austria, or by an employer who has undertaken to perform services or deliver goods in a contract with Austria or the Republic of Serbia directly or as a sub-contractor.

(ii) A right to import and re-export, free of customs duty and other charges, professional equipment and goods needed by the personnel to accomplish their assignment.

(iii) Any other privileges and immunities as provided in the Vienna Convention on diplomatic relations of 18 April 1961.

(6) The Serbian Party shall guarantee the persons referred to in sub-paragraph (i) of paragraph 1 legal immunity regarding operations performed during the performance of duties related to the execution of tasks within programmes/projects of development cooperation financed by Austria. In the event of arrest or detention of any person referred to in sub-paragraphs (i) or (ii) of paragraph 1 for any reason or of criminal proceedings being instituted against said persons, the Austrian Embassy in Belgrade is to be

notified immediately through the Serbian Ministry of Foreign Affairs. The representative of the Austrian Embassy shall have the right to visit the detained or arrested and provide for this person an adequate assistance in the choice of the defender.

(7) Persons referred to in sub-paragraph (i) of paragraph 1 serving more than six months shall also be guaranteed the following:

(i) The right to open and operate a bank account in the Republic of Serbia for their personal needs, such accounts to be free of any foreign exchange controls or charges imposed by the Republic of Serbia, and balances being freely transferable to any convertible currency.

(ii) Exemption from import and export duties, customs tariffs and other duties, fees, levies or any other similar charges including VAT, on personal and domestic effects, including but not limited to household appliances, personal effects and vehicles. Articles thus imported may be sold to other persons who are themselves entitled to exemption. If articles thus imported are disposed of otherwise, appropriate duty and/or charges shall be paid on them.

(8) The Republic of Serbia may request the recall or replacement of any member of the personnel made available by the Austrian Party or the Austrian Development Agency whose work or conduct is deemed unsatisfactory. The Austrian Party or the Austrian Development Agency may recall any member of the personnel. Before deciding on recall, the Austrian Party or the Austrian Development Agency shall consult with the Republic of Serbia on the issues as well as on arrangements for ensuring the early replacement of the personnel recalled.

Article 9 Implementation

(1) On the Austrian side, the responsibility for the implementation of the Austrian Development Cooperation Programme of the Austrian Federal Ministry for European and International Affairs lies with the Austrian Development Agency. The coordination of projects shall be ensured by the representative of the Austrian Development Cooperation in Belgrade. On the Serbian side, the coordination of projects shall be ensured by the Ministry of Finance as a National Aid Coordinator. They shall keep each

other regularly informed on progress concerning the implementation of projects undertaken under this Agreement.

(2) Both Parties will commence maximum effort to timely inform each other on its strategic priorities as well as on future plans and projects under this Agreement.

(3) In order to avoid overlapping of the assistance and to make sure that projects and programs have the greatest possible effect, the two sides shall take appropriate actions to provide an effective coordination of international development assistance.

(4) Each project under the scope of this Agreement shall be subject to a particular contract between the specific partners of the project stipulating in detail the rights and obligations to be borne by each partner of the project.

(5) Applicable rules and procedures for procurement of services, goods and works shall be laid down in contracts covering programmes/projects under this Agreement.

Article 10 Anti-Corruption Clause

Both Parties share a common concern in the fight against corruption, which jeopardizes good governance and the proper use of resources needed for development and, in addition, endangers fair and open competition based on price and quality. They declare, therefore, their intention of combining their efforts to fight corruption and declare, in particular, that no offer, gift, payment, consideration or benefit of any kind, which constitutes an illegal act or corrupt practice, has been or will be made directly or indirectly as an inducement or reward for the execution of this Agreement. Any act of this kind constitutes sufficient ground for terminating this Agreement or for taking any measure within the scope of the pre-criminal procedure as foreseen by the applicable law.

Article 11 Amendments, Interpretation

(1) Any amendment to this Agreement shall be made in writing with the consent of both Parties. Any such amendment shall enter into force according to the procedure set forth in Article 12.

(2) Any dispute concerning the interpretation or application of this Agreement shall be settled amicably through diplomatic channels.

Article 12 Entry into Force, Termination

(1) This Agreement shall enter into force on the first day of the month following the month in which both Parties have notified each other of the fulfilment of all procedures necessary in their respective countries. The Agreement shall provisionally be applied as of the date of its signing. Both the provisional application and the application of the Agreement shall cover all ongoing projects and projects under preparation.

(2) The Agreement may be terminated in writing by either Party at any time. Termination shall take effect on the first day of the third month after notification through diplomatic channels. It shall not affect programmes and projects ongoing at the time of the notification of termination.

Done in Belgrade, on February 6th 2009, in duplicate in the English language.

For the Government of the
Republic of Austria:

For the Government of the
Republic of Serbia:

Irene FREUDENSCHUSS-REICHL m.p.

Diana DRAGUTINOVIC m.p.