

Agreement
between the Government of the Republic of Austria
and
the Government of the Republic of Armenia
on Development Cooperation

The Government of the Republic of Austria, hereinafter referred to as the “Austrian Party”, and the Government of the Republic of Armenia, hereinafter referred to as the “Armenian Party”, together “Parties”,

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 Armenia and to the political, economic and social reforms necessary for Armenia to progressively adapt to EU structures, and

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 including democracy, the rule of law, protection of human rights and respect for minorities as well as the principles of a market economy,

Have agreed as follows:

Article 1

Scope of Agreement

This Agreement sets out the general terms and conditions for development cooperation between Austria and Armenia 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, harmonization, 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

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

General Provisions for Customs and Tax Exemptions

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

- a) Exempt all goods including equipment and material, works and services provided or financed on a grant basis by Austria from taxes, customs duties and other charges,
- b) 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 6

Conditions for Expatriate Institutions, NGOs and Companies

When expatriate institutions, Non Governmental Organisations, companies or other legal persons from countries other than Armenia are contracted by Austria to perform tasks in Armenia within the framework of development cooperation between Austria and Armenia, the following shall apply in Armenia:

- a) Such legal persons shall not be held responsible for failure to fulfill their undertakings if this is due to security instructions or recommendations issued by the Austrian Party.
- b) They will be entitled to refunding of VAT and similar taxes in accordance with the local legislation.
- c) They will be exempted from personal income tax and any other direct tax with respect to emoluments paid to them by Austria, or by an employer who has undertaken to perform services or deliver goods in a contract covered by this Agreement, directly or as a sub-contractor.
- d) 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 Armenia upon payment of customs and similar charges, when no longer needed to provide the services.

- e) 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 Armenia, and balances in these external accounts shall be freely transferable to any convertible currency.

Article 7

Conditions for Expatriate Personnel

1. The following conditions shall apply in Armenia to those natural persons not permanently resident in Armenia, who:

- a) are performing tasks in Armenia within programmes/projects of development cooperation financed by Austria; provided that they or their employer has a contract with Austria;
- b) are spouses, co-habitants or dependants of the personnel in "a)" above.

2. The laws of the Republic of Armenia apply to the personnel, unless otherwise agreed in this or other agreements between the two Parties.

3. The Armenian Party shall guarantee the personnel the following:

- a) Prompt clearance and issue, free of charge, of multiple entry, re-entry and exit visas for the entire duration of their assignment.
- b) 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.
- c) Prompt issue of all required permits or licences such as residence permits, 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.
- d) 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 Armenia directly or as a sub-contractor.
- e) Equivalent repatriation facilities in times of national or international crisis as are provided for members of the diplomatic missions.
- f) 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.

4. Personnel serving more than six months shall also be guaranteed the following:

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

b) 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.

5. Armenia may request the recall or replacement of any member of the personnel made available by Austria whose work or conduct is deemed unsatisfactory. Austria may recall any member of the personnel.

Article 8

Implementation

1. On the Austrian side, the responsibility for the implementation of the Austrian Development Cooperation Programme of the Austrian Ministry for Foreign Affairs of the Austrian Government lies with the Austrian Development Agency. On the Armenian side, the coordination of projects will be ensured by the RA Ministry of Finance on behalf of the RA Government. The coordination of projects will be ensured by the representative of the Austrian Development Cooperation in Tbilisi. The two Parties shall keep each other regularly informed on progress concerning the implementation of projects undertaken under this Agreement.

2. 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.

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

Article 9

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. Both Parties 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 to terminate this Agreement or for taking any other corrective measures foreseen by the applicable law.

Article 10

Amendments

1. Any amendment to this Agreement shall be made in writing. Any such amendment shall enter into force according to the procedure set forth in Article 11.

2. Any dispute concerning the interpretation or application of this Agreement shall be settled amicably through consultations and negotiations.

Article 11

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 fulfillment of all procedures necessary in their respective countries.

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 on-going at the time of the notification of termination.

Done in Yerevan on 26 June 2012, in two identical copies in the English language.

**For the Government of the
Republic of Austria**

Michael POSTL m.p.

**For the Government of the
Republic of Armenia**

Vache GABRIELYAN m.p.