

Kosovo society.

- 2.2. 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.
- 2.3. 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.
- 2.4. Both Parties share a common concern in the fight against corruption, which undermines the rule of law and good governance, and hinders development. In addition, corruption endangers a basic principle of market economy, namely the 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 to terminate this Agreement or for taking any other corrective measures foreseen by the applicable law.

Article 3. Forms of Cooperation

- 3.1. 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 organizations.
- 3.2. Technical cooperation with the Kosovo Party shall be carried out by the Austrian Party in form of know-how transfer through training and consulting and in form of services as well as related equipment and materials necessary for the successful implementation of the projects.

Article 4. Delegation of Powers and Policy Dialogue

Both Parties 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 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 Kosovo Party shall:

- (a) Exempt all goods, including equipment and material, works and services provided or financed on a grant basis by the Austrian Party under the terms of this Agreement from taxes, customs duties, fiscal (including VAT) and other charges.

- (b) Grant all permits, authorizations, licenses, 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 under the terms of this Agreement.

**Article 6. 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 Kosovo, are contracted by Austria to perform tasks in Kosovo within the framework of development cooperation between the Government of the Republic of Austria and the Government of the Republic of Kosovo, the following shall apply in the Republic of Kosovo:

- (a) Such legal persons 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.
- (b) 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, to hand over this equipment to the beneficiary of the project or to sell such equipment within Kosovo upon payment of customs and similar charges, when no longer needed to provide the services.
- (c) They shall be exempted from taxes and similar levies on company profits, turnover or any similar ground, and on fees and remuneration paid to them by Austria for their services within the programme/projects of development cooperation.
- (d) They shall have the right to open bank accounts in the Republic of Kosovo and to operate them for the fulfilment of their undertaking according to the legislation of the Republic of Kosovo. The Kosovo Party shall not impose fees other than common fees of commercial banks on these accounts or hamper the efficient handling of the accounts. Balances in these accounts shall be freely transferable to any foreign currency.
- (e) They shall be exempted from all obligations to register themselves in the Republic of Kosovo for professional authorization. They shall be exempted from all Income and VAT taxes in Kosovo, except the obligation to withhold taxes and pension contributions from wages paid to local employees. They must register with the tax administration and provide a certificate from the Government of Austria to show that they are working in Kosovo under a contract between the Austrian Party and the Kosovo Party under the terms of this Agreement.

Article 7. Conditions for Expatriate Personnel

- 7.1. The following conditions shall apply in the Republic of Kosovo to those natural persons who are not permanently resident in Kosovo, and who are not subject to taxation in Kosovo based on their residency status, and who:
 - (a) are performing tasks in the Republic of Kosovo within programmes/projects of development cooperation financed by Austria, provided that they or their employers have a contract with Austria;
 - (b) are spouses, co-habitants or dependants of the personnel in lit a) above.

7.2. The laws of the Republic of Kosovo apply to the persons referred to in lit a) and b) of the above paragraph, unless otherwise agreed in this Agreement or other Agreements between the two Parties.

7.2.1. The Kosovo Party shall guarantee persons referred to in lit a) and b) of the first paragraph of this article the following:

- (a) 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.
- (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) Issue of all required permits or licenses such as residence permits and, where applicable work permits, research permits and professional permits without undue delay as well as exemption from alien registration during the periods they are covered by this Agreement.
- (d) Equivalent repatriation facilities in times of national or international crisis as are provided for similar experts of development cooperation of any other country or international organisation.

7.2.2. The Kosovo Party shall guarantee the personnel the following:

- (a) 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 the Austrian Party or Kosovo Party directly or as a sub-contractor.
- (b) A right to import and re-export, free of customs duty and other charges, professional equipment and goods needed to accomplish the assignment.

7.2.3. The non-resident personnel serving more than six months shall also be guaranteed the following:

- (a) The right to open and operate bank accounts in the Republic of Kosovo for their personal needs according to the legislation of the Republic of Kosovo. The Kosovo Party shall not impose fees other than common fees of commercial banks on these accounts or hamper the efficient handling of the accounts. Balances in these accounts shall be freely transferable to any foreign 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.

7.3. Security

7.3.1. Kosovo shall inform the diplomatic mission of the Republic of Austria accredited to the Republic of Kosovo of any extraordinary situation or state of emergency in the country. In the event of such developments being deemed by either of the Parties as constituting force majeure or likely to endanger the implementation of projects or programmes of cooperation, either Party may request immediate consultations. In

such consultations the Kosovo Party shall provide information about any security regulations or other restrictions to be observed by expatriate personnel.

- 7.3.2. In case of emergency, the Kosovo Party shall take all necessary actions for the security of the expatriate personnel of the Austrian Party, the foreign experts and the personnel of the entities referred to in this Article funded by Austria, as well as their spouses, co-habitants or dependants.
- 7.3.3. Austria may, for reasons of security, give specific instructions to the personnel. These instructions may include orders to leave the Republic of Kosovo. Personnel complying with the instructions or otherwise taking precautions that are warranted under the circumstances shall not be considered to be in dereliction of duty under their contract.
- 7.4. Detention or arrest
- 7.4.1. In the event of detention or arrest, for any reason whatsoever, of any person covered by this Agreement, or in the event of criminal proceedings being instituted against such a person, the diplomatic mission of the Republic of Austria accredited to the Republic of Kosovo shall be notified without delay and shall have the right to visit the detained or arrested person. The detained or arrested person shall have the right to contact his/her embassy or consulate and to have access to a lawyer assigned by his/her embassy or by the person him/herself.
- 7.4.2. The Kosovo Party shall provide to any person covered by this Agreement no less favourable living conditions in detention or arrest than provided to its citizens or to citizens of other countries whichever are more reasonable.
- 7.5. The Kosovo Party 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

- 8.1. 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 (ADA). The coordination of projects will be ensured by the representative of the Austrian Development Agency in Prishtina. The two sides shall keep each other regularly informed on progress concerning the implementation of projects undertaken under this Agreement.
On the Kosovo side, the coordination of the projects lies with the Office of the Prime Minister.
- 8.2. 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.
- 8.3. Applicable rules and procedures for procurement of goods, services and works shall be laid down in contracts covering programmes/projects under this Agreement.

Article 9. Amendments, Interpretation

- 9.1. 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 10.1.

- 9.2. Any dispute concerning the interpretation or application of this Agreement shall be settled amicably through diplomatic channels.

Article 10. Final Provisions

- 10.1. 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 application of the Agreement shall cover all ongoing projects and projects under preparation.
- 10.2. 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.

Signed in Prishtina, on 9 October 2009, in duplicate in the English language.

For the Government of the Republic
of Austria:

For the Government of the Republic
of Kosovo:

Michael SPINDELEGGER m.p.

Hashim THAÇI m.p.