

Agreement
between
the Federal Minister for European and International Affairs of the
Republic of Austria
and
the Secretariat for European Affairs of the Government of the
Republic of Macedonia
on
Development Cooperation

The Federal Minister for European and International Affairs of the Republic of Austria, hereinafter referred to as the “Austrian Party”, and the Secretariat for European Affairs of the Government of the Republic of Macedonia, hereinafter referred to as “the Macedonian 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 Macedonia and to the political, economic and social reforms necessary for the Republic of Macedonia 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 Federal Minister for European and International Affairs of the Republic of Austria and the Secretariat for European Affairs of the Government of the Republic of Macedonia 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 and priorities 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, as a project registered under “the Rulebook and Guidelines on the manner of applying the exemption from payment of customs and other duties, excise and value added tax (VAT) when importing goods and on providing funds for payment of excise and VAT on sale of goods and services in the country, necessary for realization of projects financed with irreversible funds by foreign donors, adopted by the Minister of Finance”. 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

The Federal Minister for European and International Affairs of the Republic of Austria and the Secretariat for European Affairs of the Government of the Republic of Macedonia 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 General Provisions for Customs and Tax Exemptions

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

- (i) Provide an exemption of excise and VAT under the “Rulebook and Guidelines on the manner of applying the exemption from payment of customs and other duties, excise and value added tax (VAT) when importing goods and on providing funds for payment of excise and VAT on sale of goods and services in the country, necessary for realization of projects financed with irreversible funds by foreign donors, adopted by the Minister of Finance”.
- (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 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 Macedonia are contracted by the Austrian Party or the Austrian Development Agency to perform tasks in the Republic of Macedonia within the framework of this Agreement the following shall apply in the Republic of Macedonia 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 import 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 Macedonia upon payment of customs and other charges, when no longer needed to provide the services in compliance with the legislation of the Republic of Macedonia and international conventions that regulate this area.

(iii) 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 the Austrian Party or the Austrian Development Agency for their services within programmes/projects of development cooperation. The exemption does not apply to indirect taxes that are normally incorporated in the price of goods and services, purchased in Macedonia.

(iv) They shall have the right to open external bank accounts and operate them for the fulfilment of their undertaking. The bank accounts shall be under foreign exchange control in compliance with the legislation of the Republic of Macedonia, but their efficient handling shall not be impaired by unreasonable or discriminatory measures. The balances in these external accounts shall be freely transferable to any convertible currency.

(v) They shall be exempted from all obligations to register themselves in the Republic of Macedonia for professional authorisation, taxes or other reasons, and shall be under no obligation to present information to the tax authorities of the Republic of Macedonia unless they are already registered and conduct business activities in the Republic of Macedonia that are not part of this Agreement.

Article 7 Conditions for Expatriate Personnel

(1) The following conditions shall apply in the Republic of Macedonia to those natural persons not permanently resident in Macedonia, who:

(i) are performing tasks in the Republic of Macedonia within programmes/projects of development cooperation financed by the Austrian Party or the Austrian Development Agency, provided that they or their employer has 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) The laws of the Republic of Macedonia 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.

(3) The Macedonian 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 their 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.

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

- (i) Exemption from personal income 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 Macedonia directly or as a sub-contractor, but only if such personnel is present in the Republic of Macedonia for a period or periods not exceeding in aggregate 183 days in the fiscal year.
- (ii) A right to import and re-export, free of import duty and other charges, professional equipment and goods needed by the personnel to accomplish their assignment, in compliance with the legislation of the Republic of Macedonia and international conventions that regulate this area.

(5) The non-resident personnel serving more than six months shall also be guaranteed the following (for the period of duration of the project or at the latest six months after its completion):

- (i) The right to open and operate an external bank account in the Republic of Macedonia for their personal needs. The bank accounts shall be under foreign exchange control in compliance with the legislation of the Republic of Macedonia, but their efficient handling shall not be impaired by unreasonable or discriminatory measures. The balances in these external accounts shall be 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 within the period of duration of the project or kept after its completion, appropriate duty and/or charges shall be paid on them. Such exemption will be provided only if it is in compliance with the legislation of the Republic of Macedonia and international conventions that regulate this area.

(6) The Macedonian Party 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.

Article 8 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 Skopje. On the Macedonian side, the coordination of projects shall be ensured by the Secretariat for European Affairs. They 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. 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 foreseen by the applicable law.

Article 10 Amendments, Interpretation

- (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 diplomatic channels.

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 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 shall remain in force for a period of three years. It shall then be tacitly renewed for further periods of one year, unless notice is given by either Party in written through diplomatic channels three months before the expiry of the Agreement.
- (3) 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 duplicate in the English language.

The Federal Minister for
European and International Affairs
of the Republic of Austria

Michael SPINDELEGGER m.p.

In Skopje, on 22 January 2010

For the Secretariat for
European Affairs of the
Government of the Republic of Macedonia

Antonio MILOŠOSKI m.p.
(Minister of Foreign Affairs)

In Skopje, on 22 January 2010