

AGREEMENT

between

the Government of the Swiss Confederation

and

the Government of the Republic of Armenia

Concerning

**Technical, Financial and
Humanitarian Cooperation**

The Government of the Swiss Confederation (hereinafter referred to as "Switzerland") and the Government of the Republic of Armenia (hereinafter referred to as "Armenia"), hereinafter "the Parties",

Intending to reinforce the ties of friendship between the two countries,

Desirous to strengthen these relations and to develop a fruitful technical, financial and humanitarian cooperation between the two countries,

Recognising that such technical and financial cooperation will contribute to supporting the ongoing Armenian reform process for reaching sustainable economic, social and environmental development and to mitigating the economic, social and environmental costs of adjustment as well as promoting democracy and human rights,

Aware that the Government of the Republic of Armenia is committed to pursue the reforms in order to establish a market economy under democratic conditions,

Have agreed as follows:

Article 1 - Basis of Cooperation

Respect for democratic principles and fundamental human rights as set out in particular in the Universal Declaration of Human Rights inspires the internal and external policies of the two parties and constitutes an essential element on an equal footing with the objectives of the present agreement.

Article 2 - Scope of the Agreement

This agreement sets out the general terms and conditions for all forms of technical, financial and humanitarian cooperation between the Government of Switzerland and the Government of the Republic of Armenia.

These terms and conditions shall apply to development cooperation projects/programmes agreed upon between the Parties according to Article 5.

The Parties will promote, within the framework of their respective national legislation, the realisation of cooperation projects/programmes in Armenia. These projects/programmes shall be complementary to Armenia's own development efforts.

Armenia shall also apply these terms to national activities resulting from regional development cooperation projects/programmes co-financed by Switzerland or projects/programmes co-financed by Switzerland through multilateral institutions, provided that an explicit reference is made to this agreement.

The Agreement shall further facilitate humanitarian and emergency assistance by Switzerland to Armenia if requested by the Government of Armenia.

The objective of this agreement is to establish a framework of rules and procedures for the conduct and implementation of these projects/programmes.

In order to avoid duplication and overlapping with projects/programmes financed by other donors and to make sure that projects/programmes have the greatest possible effect, the Parties shall provide and share any information needed for an effective coordination.

Article 3 – Definitions

Specific projects/programmes and other joint activities under this agreement are hereinafter referred to as "Projects".

For the purposes of this agreement, the term "Executing Agencies" shall mean any public authority and public or private corporation as well as any organisation, whether public or private, accepted by both Parties and mandated by Switzerland to implement specific Projects referred to in Article 8.1 below.

Experts and Consultants on short or long-term assignments appointed by Switzerland or by the Executing Agencies entrusted with the implementation of Projects are hereinafter referred to as "Personnel".

For the purposes of this agreement, the term "Commodities" shall mean goods, material, vehicles, machinery, equipment and other commodities made available by Switzerland or the Executing Agencies for Projects under this agreement or any other commodities delivered to Armenia under the specific Agreements regarding Projects referred to in article 5.1 below.

Article 4 - Forms of Cooperation

Section 1 – Forms

- 4.1 The cooperation will be carried out in the form of Technical, Financial and Economic Assistance as well as Humanitarian Assistance and Emergency Relief, whereby one or more forms can apply at the same time.
- 4.2 The cooperation will be implemented through the provision of grants (in kind, services or funds) or concessional credits or equity participation.
- 4.3 The cooperation may be carried out on a bilateral basis or in cooperation with other donors or multilateral organisations.
- 4.4 The assistance may be channeled through private or public organisations and institutions, be they national, international or multilateral.

Section 2 - Technical Assistance

- 4.5 The Technical Assistance will be provided in the form of know-how transfer through training and consulting or in the form of provision of services or the supply of material and equipment necessary for the implementation of the Projects.
- 4.6. Technical Assistance can take the following forms:
- a) contributions in the form of grants;
 - b) provision of commodities and services;
 - c) provision of local or expatriate staff;
 - d) scholarships for studies or training in Armenia, in Switzerland or in a third country; or
 - e) any other form as mutually agreed by both Parties.
- 4.7. The Projects of Technical Assistance will be provided generally on a non-reimbursable basis, except if they are linked to economic activities.

Section 3 Financial and Economic Assistance

- 4.8. The Financial and Economic Assistance will take the form of the financing of goods and services of Swiss origin destined for priority development projects or of contributions to the capital of financial intermediaries. Alternative forms will be considered on a case by case basis.
- 4.9. The Financial and Economic Assistance will be provided, depending on the case, in the form of grants, loans or in combination of the two, as mutually agreed by the two Parties.
- 4.10. Particular emphasis is to be given to projects favouring the development of the emerging private sector of the economy.

Section 4 Humanitarian Assistance

- 4.11. Humanitarian Assistance to the Armenia will be carried out by the Swiss Party in form of goods, services, experts and financial contribution.
- 4.12. Humanitarian Assistance projects will target most vulnerable segments of the Armenian society and shall concurrently contribute to capacity building measures of local and national humanitarian organisations.

Article 5 – Application

- 5.1 The dispositions of this agreement shall apply to:
- a) Projects agreed upon by both Parties;
 - b) Projects with corporations or institutions of public or private law of either country, upon which the two Parties or their authorised representatives have mutually agreed to apply mutatis mutandis the provisions of Article 6.
 - c) to ongoing projects or projects under preparation before the entry into force of this agreement

- 5.2. The Swiss Party may entrust the execution of its obligations to an Executing Agency.
- 5.3. The provisions of this agreement equally apply to Swiss humanitarian assistance , relief- and emergency aid operations in Armenia which will be provided in case of human hardship.

Article 6 Obligations

- 6.1. In order to facilitate the implementation of any projects of cooperation, Armenia shall exempt all equipment, services, vehicles and material financed on grant basis by the Swiss Party and equipment temporarily imported for the needs of project implementation within the scope of this Agreement from taxes, customs duties, dues, other obligatory charges and shall authorise their re-exportation under the same conditions.
- 6.2. Armenia shall grant the permits necessary for the temporary importation of the equipment required to implement the projects within the scope of this Agreement.
- 6.3. Armenia shall exempt the Executing Agencies entrusted with the execution of a Project from any income, profit and property tax and/or levies on the remuneration and acquisitions resulting from the Project agreement.
- 6.4. Armenia agrees that for the payment procedures related to projects of financial assistance, financial agents acting on behalf of the corresponding Armenian projects partners can be designated in agreement between the partners of each project. For payments in local currency and/or counterpart funds, special accounts can be opened with these financial agents in accordance with the Armenian legislation. The use of these deposited funds will be decided upon between the partners of the project.
- 6.5. Armenia shall facilitate the procedure related to international transfers of foreign currency initiated by projects and by expatriate personnel.
- 6.6. Personnel commissioned for the implementation of projects within the scope of this Agreement and their families shall be exempted of any income and property taxes as well as any taxation, customs duties, dues, other obligatory charges applicable to any personal belongings. They will be authorised to import and re-export their personal belongings (household goods, car and equipment including professional and personal equipment) at the end of their assignment. Armenia shall provide the personnel and their families with all residential documents and work-permits, which might be legally required. This provision does not apply to the citizens of the Republic of Armenia.
- 6.7. Armenia shall be responsible for the security of the personnel as well as their families and shall accord them repatriation facilities.
- 6.8. Armenia shall within the framework of the national legislation issue free of charge and without delay the entry visas for the personnel as well as their families.
- 6.9. Armenia shall assist the personnel to implement their tasks and provide them with all the necessary documentation and information.

Article 7 - Anti-Corruption Clause

The contracting 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, in particular, declare that any offer, gift, payment, remuneration or benefit of any kind whatsoever and considered as an illegal act or corrupt practice has not been nor will be made, directly or indirectly to any person whomsoever in view of the award or execution of the present agreement. Any act of this kind constitutes sufficient grounds to justify annulment of the present Agreement, the procurement or resulting award, or for taking any other corrective measures foreseen by applicable law.

Article 8 - Coordination and Procedure

- 8.1. Each Project shall on the basis of this agreement be subject to a particular project agreement between the partners of the Project stipulating and defining in detail the rights and obligations to be borne by each partners of the Project. The partners of the Projects shall exchange views at regular intervals at the technical level on the progress of the Projects financed under the present agreement during implementation.
- 8.2. The Parties shall keep each other fully informed about the Projects undertaken under this agreement.
- 8.3. On the Armenian side, the overall coordination will be ensured by the XXYY, acting on behalf of the Government of the Republic of Armenia.
- 8.4. For the implementation of this agreement, the Swiss side is represented by
 - a) The Swiss Agency for Development and Cooperation (SDC) of the Federal Department of Foreign Affairs of Switzerland;
 - b) The State Secretariat for Economic Affairs of Switzerland of the Federal Department of Public Economy.
- 8.5. The SDC Coordination Office in Tbilisi (Georgia) or any authorised sub-office in Erevan will liaise with the Armenian authorities for the coordination, implementation and monitoring of the Projects.

Article 9 - Final Provisions

- 9.1. This Agreement shall enter into force on the date of exchange of the last notifications confirming the completion by the two Governments of their domestic procedures necessary for its entry into force. The Agreement shall remain in force for 5 years. After this period, it shall be renewed automatically from year to year. The Agreement can be terminated at any time by any one of the two Governments upon six months' prior written notice.

In case of its termination, the provisions of this agreement shall continue to apply to all Projects which have been agreed upon prior to its termination.

- 9.2. If the essential elements to which Article 1 refers are not respected, either or both of the parties may take appropriate measures. Before doing so, save in cases of special urgency, the party taking measures shall provide the other party with all the information necessary for a thorough examination of the situation with a view to finding a solution.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement. Such measures shall be notified immediately to the other party.

For the purposes of correct interpretation and practical application of the present agreement, the parties agree that "special urgency" in the sense of paragraph 1 of Art. 9.2 shall exist if one of the parties commits a grave violation of any essential element or objective of the agreement to which Article 1 refers.

- 9.3 The Parties agree to solve by diplomatic means any dispute which may result from the application of this agreement.

- 9.4 Any modification or amendment to the present agreement shall be made in writing with the consent of both Governments.

Done inon.....in two originals in the English language,

For the Government of the
Swiss Confederation

For the Government of the
Republic of Armenia

.....

.....