

AGREEMENT
BETWEEN
THE GOVERNMENT OF GEORGIA
AND
THE GOVERNMENT OF THE KINGDOM OF DENMARK
ON
DEVELOPMENT COOPERATION

Preamble

The Government of Georgia (hereinafter referred to as Georgia) and the Government of the Kingdom of Denmark (hereinafter referred to as Denmark), together referred to as 'Parties',

Desirous of strengthening the legal and institutional framework of their development cooperation have agreed as follows:

Article 1
Obligations of the Parties

1. Denmark will make available to Georgia financial assistance, material resources, technical assistance, and training opportunities. Georgia will ensure the effective utilisation of the said assistance and training opportunities.
2. The specific terms and procedures, including the financial and other obligations of the two Parties in regard to specific projects, programmes, and other joint activities under this Agreement (hereinafter referred to as Programmes) will in each case be determined by the Parties in specific agreements, including administrative arrangements entered into by exchange of letters (hereinafter referred to as Specific Agreements), with explicit reference to this Agreement.
3. In the implementation of this Agreement the Ministry of Foreign Affairs of Denmark shall be competent to represent Denmark, and the Ministry of Finance of Georgia shall be competent to represent Georgia (hereinafter referred to as the Competent Authorities).

Article 2
Executing Agencies

1. For the purposes of this Agreement the term "Executing Agencies" means any public, private or non-governmental entities accepted by the Parties and contracted by Denmark to implement the Specific Agreements referred to in paragraph 2 of the Article 1 of this Agreement.
2. For the purposes of this Agreement the term: "Expatriate Executing Agencies" means any organisation, whether public, private or non-governmental from countries other than Georgia.

3. Denmark will, unless otherwise agreed in the Specific Agreements, pay the fees and costs of the Executing Agencies in accordance with the rules and regulations of the Ministry of Foreign Affairs of Denmark excluding the costs to be covered by Georgia as stipulated in paragraph 4 of this Article.

4. The following facilities shall be accorded by Georgia to the expatriate Executing Agencies:
 - a) Grant them free of charge and without undue delay all necessary permits and authorisations for execution of projects, programmes and other joint activities referred to in Article 1 paragraph 2) of this Agreement;
 - b) Exempt them from income tax or any other direct tax or charge in respect of any emoluments paid to them from funds or resources outside Georgia for their services within Georgia under this Agreement;
 - c) Exempt them from duty to submit to the Georgian authorities any tax or financial declarations required from private persons or corporations in respect of the income earned under this Agreement, it being understood that such tax or financial declarations should nevertheless be submitted when and if the Executing Agencies incur fiscal liabilities for which this Agreement does not provide exemption;
 - d) Impose no currency or foreign exchange restrictions on funds remitted to Georgia by the expatriate Executing Agencies for the implementation of the activities under this Agreement, and facilitate the exchange and the transfer of such funds as well as the opening of bank accounts;
 - e) Exempt them from professional registration and license requirements if such requirements are applicable in accordance with Georgian legislation; and
 - f) Irrespective of the exemption from obligation to submit to the Georgian authorities tax or financial declarations referred to in paragraph 4 c) of this Article Expatriate Executing Agencies need to register in order to obtain tax exemptions according to this Agreement.

Article 3

Personnel

1. For the purposes of this Agreement, the term: "Expatriate Personnel" means physical persons from countries other than Georgia, provided that they or their employer has contract with Denmark within the framework of this Agreement.
2. Technical assistance provided upon Georgia's request under this Agreement may be in the form of technical assistance personnel (short term or long term assignments) employed by the Ministry of Foreign Affairs of Denmark or by the Executing Agencies referred to in paragraph 1 of the Article 2 of this Agreement. The provision of the services of the above-mentioned personnel (hereinafter referred to as the Personnel) is subject to the availability of suitable, qualified and experienced persons at the appropriate time.
3. The competent Georgian authority for each Programme provides in each case the Danish competent authority with a complete job title and description for the Personnel engaged by the Danish Ministry of Foreign Affairs and in other cases, as appropriate, defining the duties of the position to be held and services to be rendered as well as the essential and desirable qualifications of the candidate. It shall be clearly stated in the job description whether the Personnel will undertake executive operational functions.
4. The competent Danish authority shall provide the competent Georgian authority for each Programme with information necessary for the appraisal of the candidates for the positions referred to in paragraph 3 of this Article, such as training and previous professional experience.
5. The competent Danish and Georgian authorities for each Programme shall jointly decide to which extent counterparts to the Personnel made available shall be assigned by Georgia, or other measures to be devised in order to achieve the objectives.

6. In carrying out their assignments the Personnel shall be under the direction of the authorities of Georgia or those bodies to which they have been assigned and be subject to the Georgian legislation unless special exceptions have been granted in the present Agreement.
7. Georgia shall ensure that the expatriate Personnel and their spouses and dependents enjoy the full protection of the law and further ensure that the Expatriate Personnel and their spouses and dependents enjoy privileges no less favourable than those accorded to Personnel of the same categories assigned to Georgia by other countries or international organizations.
8. In the event of arrest or detention for any reason of Expatriate Personnel made available by Denmark, or their spouses or dependents, or of criminal proceedings being instituted against such persons, the Danish Embassy accredited to Georgia and the Danish Honorary Consul to Georgia are to be notified immediately and shall have the right to visit any detained or arrested person. Such persons shall have the right to be represented by a lawyer assigned by the Embassy or by the person himself in accordance with the Georgian legislation.
9. Georgia shall be responsible for the security of the Expatriate Personnel and their spouses and dependents. In the event of a crisis affecting the safety of foreign nationals in Georgia, Georgia shall accord repatriation facilities to this Expatriate Personnel and their spouses and dependents, in accordance with the conditions no less favourable than those accorded to Personnel of the same categories assigned to Georgia by other countries or international organization and their spouses and dependents.
10. Should a situation or a condition referred to in paragraph 9 of this Article occur, the Parties shall consult with each other and act in close collaboration to minimize any risk or damage to the Expatriate Personnel, their spouses and dependents or damage

to the personal effects and the materials, equipment, and vehicles used for the implementation of the Programme under this Agreement.

11. Expatriate Personnel acting in accordance with instructions issued by the Danish Embassy accredited to Georgia and the Danish Honorary Consul to Georgia in the event of a crisis or taking such precautions as are deemed to be warranted under the circumstances, and thus being restrained from reporting for work, shall not be considered to be in dereliction of duty under the relevant contract.
12. Georgia shall have the right to request the recall of any member of the Personnel whose work or conduct is deemed unsatisfactory. Before exercising such right Georgia's Competent Authority shall consult the Ministry of Foreign Affairs of Denmark.
13. Denmark shall have the right to recall any member of the Expatriate Personnel at any time. Before exercising such right Denmark shall consult with Georgia for that purpose as well as on arrangements for securing rapid replacement of such Personnel if Georgia so requests, unless exceptional circumstances demand that the person be recalled immediately.
14. If agreed upon between the Competent Authorities of the Parties, the Expatriate Personnel may be transferred from one post or function to another during the period of assignment.
15. Denmark shall cover all fees, salaries, and costs of the Personnel in accordance with the Danish Ministry of Foreign Affairs' rules and regulations, unless covered by Georgia as stipulated in paragraph 16 of this Article.
16. In respect of the Personnel Georgia may, to the extent possible, provide office space, transport, secretarial services and other necessary facilities in accordance with conditions accorded to Personnel assigned to Georgia by other countries or international organisations. Georgia shall grant leave of absence on account of

vacation, sickness, pregnancy, or childbirth in accordance with the respective employment contracts.

17. Georgia shall undertake that the Expatriate Personnel and their spouses and dependents are:
 - a) Exempted from national service and any other military obligations;
 - b) Entitled to open bank accounts, exempted from any currency or foreign exchange restrictions imposed on external funds introduced into Georgia, and allowed to exchange and to export (transfer) such funds as well as any proceeds of household goods and personal effects imported and/or sold in accordance with the provisions in paragraphs 18 and 19 of this Article and
 - c) Exempted from professional registration and license requirements in accordance with the Georgian legislation.

18. Georgia shall make provision for the exemption of the Expatriate Personnel and their spouses and dependents from:
 - a) Personal income tax or any other direct tax or charge, including contributions to national social security schemes, in respect of any emoluments paid to them by Denmark for their services in Georgia under this Agreement;

 - b) Duty to submit to Georgian authorities any tax or financial declarations required from the citizens of Georgia or aliens residing in Georgia for the emoluments mentioned in paragraph 18 a) of this Article; it being understood that such tax or financial declarations should nevertheless be submitted when and if the Expatriate Personnel incur fiscal liabilities for which this Agreement does not provide exemption;

 - c) All customs duties, taxes, and other related charges imposed on the import and export of new as well as used household goods and personal effects for the normal everyday use of the family, including a motor vehicle for their

exclusive use imported by this Expatriate Personnel and their spouses and dependents or purchased from a bonded ware-house in Georgia, within 6 months after their arrival in Georgia, subject to re-export on completion of service or payment of duties and taxes in relation to its market price if sold locally unless to a person entitled to the same privileges.

19. In the event that a motor vehicle referred to in paragraph 18c) of this Article is damaged beyond repair at reasonable costs or otherwise lost without neglect on the part of the Expatriate Personnel or their spouses and dependents, the exemptions mentioned in that paragraph apply to the importation or purchase from a bonded ware-house in Georgia of a new motor vehicle irrespective of any time limit.
20. In the event that an Expatriate Personnel or his/her spouse and dependents due to theft or burglary has lost one or more personal items (i.e. TV, video, radio, CD-player, record player, tape recorder, computer etc.) and after providing a police report regarding the event, or due to an item has been damaged beyond repair, Georgia shall allow importation of new equipment substituting the stolen or damaged equipment irrespective of any time limit.
21. Georgia shall issue without undue delay free multiple entry and exit visas for the Expatriate Personnel, spouses and dependents as well as residence permits, work permits and other necessary permits and/or authorizations for the entire duration of the assignment.
22. Georgia shall render assistance in clearance through customs of effects mentioned under paragraphs 18 c) and 19 of this Article.
23. Georgia shall facilitate the issuance of national driver's licenses to the Expatriate Personnel and their spouses and dependents who hold a valid license from Denmark or another country or allow the use of international driver's licenses and furthermore facilitate the registration of vehicles for the personal use of the Personnel and their spouses and dependents.

Article 4

Liabilities

1. Georgia shall bear all risks arising from the operations within the territory of Georgia under development cooperation projects/programmes between Denmark and Georgia. Georgia shall, in particular, be responsible for dealing with claims that may be brought by third parties against Executing Agencies or their personnel to which this Agreement applies and hold these persons harmless in respect of claims or liabilities arising from operations under this Agreement.
2. The provisions of paragraph 1 of this Article shall not apply where a claim or liability arises from gross negligence, wilful misconduct or criminal conduct of the aforesaid Executing Agencies or their personnel established by a court of Georgia.
3. Georgia shall be entitled to exercise and enforce any right of recourse, counterclaim, insurance, indemnity, contribution or guarantee to which Denmark, Executing Agencies or their personnel may have become entitled. Upon request from Georgia, Denmark shall grant the relevant Georgian authorities appropriate administrative or legal assistance in order to resolve such problems that may arise from the implementation of paragraphs 1 and 2 of this Article.

Article 5

Material Resources/Commodities

1. For the purpose of this Agreement the term "Commodities" shall mean goods, materials, vehicles, machinery, equipment, spare parts and any other commodities made available by Denmark or Executing Agencies for Projects under this Agreement or any other commodities delivered to Georgia under the Specific Agreements.
2. Denmark shall, unless otherwise agreed in the Specific Agreements:

- a) Cover the actual costs such as purchase, transport and, as appropriate, insurance connected with each consignment of the Commodities;
 - b) Be in charge of the procurement and delivery of the Commodities to Georgia;
 - c) Require that the Executing Agencies notify designated agencies in Georgia of the estimated date of the arrival of the consignment immediately upon dispatch, and forward shipping documents, invoices, and other related information to them.
3. Georgia shall, unless otherwise agreed in Specific Agreements:
- a) Notify Denmark if necessary of the documentation required for customs clearance and inform Denmark of the import and customs clearance procedures applied in Georgia;
 - b) Promptly issue, free of charge, the necessary import licenses and other permits on importation of the commodities according to Georgian legislation;
 - c) Exempt the Commodities from, or bear the costs of all customs duties, taxes and other related charges pertaining to their entry into Georgia, as well as seek exemption of the Commodities from prohibitions and restrictions on import or export;
 - d) Ensure swift and safe reception, handling, clearing, forwarding as well as onward transportation of the imported Commodities;
 - e) Take all appropriate measures and institute any proceedings that may be necessary with regard to claims for loss or damage whether total or partial of any consignment of Commodities and notify Denmark promptly thereafter;
 - f) Facilitate the registration of motor vehicles brought into Georgia.
4. The Commodities, including the Programme vehicles, shall become the property of Georgia at the time to be specified in each Specific Agreement or subsequently be re-exported. However, the Commodities shall always be at

the exclusive disposal of the respective Project, Programme or other Joint Activity under this Agreement during their implementation.

Article 6

Fellowships

1. Fellowships for studies in Denmark or other countries will be available from project and programme funds for candidates affiliated with activities financed by Denmark and duly nominated by Georgia subject to approval by Denmark. In addition limited funds are available for courses and seminars within policy and strategic matters.
2. Fellowships are granted for specialised studies only to candidates who have completed their basic studies. Study programmes will ordinarily be prepared in English.
3. Fellowships cover:
 - a) The cost of travel from duty station to place of study and return;
 - b) All living costs and tuition fees, books and other tools and personal expenses during the study period in accordance with current rules and rates of Denmark.
4. Payment of the Fellow's salary and other allowances would be regulated according to Georgian legislation.
5. Georgia guarantees that the Fellow can return to his/her former position in Georgia upon completion of the study programme.

Article 7

Evaluation

For the follow-up and evaluation of the cooperation as well as for the planning of future cooperation the Competent Authorities shall be available to each other for mutual consultation and give each other such information as may be reasonably requested.

Article 8
Settlement of Disputes

Any difference or dispute concerning the interpretation or implementation of this Agreement shall be settled by negotiation between the Parties.

Article 9
Amendments and Additions

Upon mutual agreement of the Parties, amendments and additions may be introduced to this Agreement, arranged as separate protocols and making integral parts of this Agreement. These amendments and additions shall enter into force in accordance with Article 10 of this Agreement.

Article 10
Entry into force and termination

1. This Agreement shall enter into force as of the day of when Denmark has received the diplomatic note from Georgia informing Denmark on the completion by Georgia of all internal procedures necessary for the enactment of this Agreement.
2. This Agreement shall remain valid for a period of five years. Its validity shall be automatically extended for successive periods of five years unless terminated by either Party giving a six months' written notice to the other Party.
3. This Agreement shall also cover projects and programmes already initiated at the entry into force of the Agreement.

Done in duplicate at Copenhagen on the 9th day of October 2007 in the Georgian and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For and on behalf of the
Government of Georgia

A handwritten signature in black ink, appearing to be 'G. Bezhuashvili', written over a horizontal line.

Gela Bezhuashvili
Minister of Foreign Affairs

For and on behalf of the
Government of Kingdom of Denmark

A handwritten signature in black ink, appearing to be 'Per Stig Møller', written over a horizontal line.

Per Stig Møller
Minister of Foreign Affairs