

UMBRELLA
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED NATIONS INTERIM ADMINISTRATION MISSION IN KOSOVO
("UNMIK")
AND THE
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
ACTING THROUGH THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT ("USAID")

THIS UMBRELLA MEMORANDUM OF UNDERSTANDING ("UMOU") provides the complete framework for the working relationship between UNMIK and USAID (collectively referred to as the "Parties") with respect to activities in Kosovo.

WHEREAS, the United Nations Interim Administration of Kosovo (UNMIK) was established pursuant to United Nations Security Council Resolution 1244 of 10 June 1999 and mandated to provide an Interim Administration for Kosovo; and

WHEREAS, the Transitional Department of Finance and Economy of UNMIK and its successor is responsible for the overall management of matters relating to the funding and co-ordination of reconstruction in Kosovo; and

WHEREAS, USAID is the agency of the Government of the United States of America primarily responsible for providing foreign economic, technical and humanitarian assistance, (hereinafter the United States' or USAID's "assistance program"), under the direction of the U.S. Department of State and in cooperation with other agencies of the U.S. Government, pursuant to the Foreign Assistance Act of 1961, as amended, the Support for East European Democracy Act of 1989, as amended, and the Foreign Affairs Reform and Restructuring Act of 1998, P.L. 105-277; and

RECOGNIZING that the Parties seek to enter into a relationship to further the civil and economic development of Kosovo, and

FURTHER RECOGNIZING the willingness and ability of USAID to provide services, goods, and or financing toward that end; the Parties have reached the following understanding:

**ARTICLE I
PURPOSE**

The overall objective of USAID's assistance program is the civil and economic development of Kosovo. By concluding this UMOU, the Parties wish to cooperate in a mutual effort to provide economic and technical assistance for the relief, rehabilitation and development of Kosovo, and to promote the economic prosperity of its inhabitants, the return and reintegration of refugees and displaced persons, and the consolidation of democracy, civil society and human rights.

**ARTICLE II
EXCHANGE OF INFORMATION**

1. Underpinning this UMOU is the exchange of information and agreement for regular communications between the Parties with respect to issues of both a general and specific nature. Such communications shall serve to keep each Party abreast of the other's policies and activities with a view to their compatibility and coordination and shall be kept for restricted distribution if designated as such. USAID will become familiar with any written materials provided to it by UNMIK pertaining to areas within the contemplation of this UMOU and will endeavor to attend any meetings to which it is invited by UNMIK with respect to areas within the contemplation of this UMOU.

2. The Parties agree that any information, data and/or documents received within the framework of this UMOU shall only be used for the purpose and within the restrictions of this UMOU and any IMOU adjunct hereto. If not specifically approved in writing by the Party who furnished the information, data and/or documents and subject to the restrictions laid down by that

party, no information, data and or documents shall be disseminated or used for any purposes other than those mentioned in this UMOU and any Implementing Memorandum of Understanding (IMOU) adjunct hereto.

ARTICLE III COMMUNICATIONS POINT PERSON

Each Party will appoint a Manager for each specific economic development program or project. The Manager will either serve as the Communication Point Person for the given program or project, or will designate a specific person to be the Communication Point Person. Requests for mutual assistance shall be communicated to the Communications Point Person of each Party.

ARTICLE IV MONITORING

For each program or project for which USAID or a third party rather than UNMIK is the implementing Party, the UNMIK Communications Point Person will monitor USAID's implementation of said project and USAID shall cooperate with UNMIK in this regard consistent with Article II and other applicable Articles herein.

ARTICLE V ESTABLISHMENT AND OPERATION OF USAID OFFICE

1 USAID, in cooperation with UNMIK, other donor governments, implementing organizations and agencies, and the people of Kosovo, wishes to furnish assistance for the relief, rehabilitation, and development of Kosovo during the period that UNMIK provides civil administration of the territory of Kosovo under the authority of the United Nations. USAID's contributions in cash and in kind for assistance will be subject to the availability of funds to USAID for this purpose, to applicable U.S. laws and regulations, and to agreement by USAID to proceed with individual programs, project or activities with the relevant implementing agencies. In the event that USAID does not or cannot provide the total estimated contributions for a

particular strategic objective, program, project or activity, UNMIK shall not be liable to any third party for such shortfall in estimated funding.

2. USAID has established offices in Kosovo in order to carry out the United States' program of assistance, which offices are part of the U.S. Office, Pristina, Kosovo. The terms and conditions of UNMIK Regulation No. 2000/42 of 10 June 2000 apply to USAID offices and personnel, as part of the United States Office, Pristina, which is the Liaison Office of the United States Government in Kosovo.

3. USAID may enter into agreements with third parties, including but not limited to other donor agencies, companies, non-profit organizations, municipal governments or agencies, international organizations, or individuals, in order to carry out the United States program of assistance.

4. USAID may request that UNMIK implement activities which are part of USAID's assistance program. Any assistance by UNMIK in connection with the implementation of USAID's program shall be carried out in accordance with UNMIK's mandate and the regulations, rules, directives and procedures applicable to UNMIK.

ARTICLE VI GENERAL UNDERTAKINGS OF UNMIK

UNMIK agrees to:

1. Cooperate with USAID, taking appropriate steps to ensure the effective use of USAID's assistance, including the expeditious issuance of any official licenses required for persons, goods, materials, supplies and equipment involved in the delivery of USAID assistance in Kosovo;

2. Coordinate USAID's assistance with that of the other donor governments and agencies, including the United Nations;

3. Exchange information with USAID and other donors as necessary or advisable in order to assess the nature, scope and effectiveness of the assistance of USAID and other donors, and to plan further humanitarian relief and economic development programs, projects or activities; and
4. Permit and facilitate observation and review by USAID and other appropriate representatives of the U.S. Government of assistance programs in Kosovo financed by USAID or other agencies of the U.S. Government.

**ARTICLE VII
PRIVILEGES AND IMMUNITIES OF USAID PERSONNEL**

1. USAID personnel shall enjoy the privileges and immunities of personnel of the U.S. Office, Pristina to the extent provided for in UNMIK Regulation No. 2000/42 dated 10 June 2000 concerning "Privileges and Immunities of Liaison Offices and their Personnel". The U.S. Office, Pristina, or the USAID Office in Pristina shall periodically notify UNMIK of the names of its personnel who are not locally recruited.
2. UNMIK shall:
 - (a) Provide assistance in connection with entry into and exit from Kosovo of USAID's expatriate personnel, foreign contractors and grantees.
 - (b) Provide identity cards to USAID's personnel, after their names and generalities have been submitted to the UNMIK's Communications Point Person and accepted by UNMIK.

**ARTICLE VIII
TAX EXEMPTIONS AND DISPOSITION OF PROPERTY**

1. Tax Exemptions for Program Goods and Services
In order to ensure the maximum benefits to the people of Kosovo from United States economic assistance programs, except as may be otherwise agreed by the Parties:

(a) Taxes Assessed at the Border of Kosovo

Services, commodities, supplies, materials, equipment or other property utilized in connection with the United States assistance program and financed thereunder may be imported, exported, purchased, used or disposed of in Kosovo free and exempt from any tariffs, customs duties, import taxes, export taxes, excise taxes (except on gasoline, diesel, cigarettes or alcoholic beverages), and sales or value-added taxes (VAT) at point of entry into Kosovo.

- (i) UNMIK shall ensure that USAID is issued with all necessary authorizations and permits to import equipment, provisions, supplies, materials and other goods used in implementation of the USAID program, and to re-export such equipment and other goods; and
- (ii) Equipment and goods related to programs or projects, and purchased with USAID funds, will normally be handed over to the beneficiary of the program or project at its conclusion, unless required by USAID for another program or project in Kosovo.

(b) VAT Rebates on Transactions Inside Kosovo

USAID and other U.S. Government agencies carrying out the U.S. assistance program in Kosovo, or any public or private organization financed by the U.S. Government to carry out the program, may apply for rebate or refund of value-added tax (VAT) paid on transactions relating to U.S. assistance program in Kosovo, under the provisions of the applicable UNMIK regulations on VAT.

(c) Rebate of Corporate Income or Profits Tax on non-Kosovar Organizations.

UNMIK will annually rebate to USAID, an amount equal to the aggregate of profits or corporate income tax collected by UNMIK during the previous tax year from contractors and grantees funded by USAID except those that are created and organized under the law of Kosovo. USAID will spend such rebates only on further assistance programs in Kosovo. USAID and UNMIK may agree in the alternative to return such rebate to UNMIK for expenditure on line items of the Kosovo Consolidated Budget (KCB) designated by USAID.

2. Tax Exemptions for Expatriate Employees of Implementing Organizations

All personnel and their families, except nationals or permanent residents of Kosovo, who are employees of any public or private organization that has responsibility for implementing United States assistance programs, under contract or grant agreement with or financed by the U.S. Government, and who are present in Kosovo to perform work in connection with United States assistance programs, shall be exempt from:

(a) Any income, social security or other similar taxes levied under the laws of Kosovo on income earned from United States assistance programs; and

(b) Any tariffs, customs duties, import taxes, VAT and other similar taxes and charges upon personal or household goods imported into Kosovo for the personal use of such personnel and members of their families while such persons are employed to carry out United States assistance programs, and such personal or household goods may be used in and exported from Kosovo free from any such taxes, provided that such personal effects are limited to one motor vehicle and additional items not valuing more in the aggregate than \$10,000 U. S. Dollars, or the Deutsche Mark or Euro equivalent. Such personal effects and vehicle may not be resold in Kosovo to persons who do not have duty-free import privileges, unless the seller or buyer remits the applicable duties and taxes to UNMIK.

**ARTICLE IX
EXCHANGE OF FUNDS**

Funds transferred or brought into Kosovo for purposes of carrying out United States economic assistance programs shall be:

(a) Convertible into the currency of Kosovo at the highest legal rate at the time the conversion is made; and

(b) Exempt from any taxes, service charges, currency controls exchange restrictions, or investment or deposit requirements, which may be in effect in Kosovo.

**ARTICLE X
PROJECT FUNDING MECHANISM**

USAID may allocate funding for any project which it finances through its own processes as described to UNMIK or through arrangements especially made in cooperation with UNMIK consistent with the IMOU adjunct hereto.

**ARTICLE XI
ADDRESSES OF THE PARTIES**

Correspondence relating to this UMOU shall exclusively be in writing by one Party to the other addressed to the following:

For UNMIK

Deputy Special Representative of the Secretary General (Pillar IV)

UNMIK-Interim Administration of Kosovo

UNMIK Headquarters

Pristina-Kosovo

Tel. +381 38 500 223 ext. 4101

+381 63 446 229

Fax: +1 212 963 8113

For USAID

USAID/Kosovo Mission Director

Dragodan II/No.1

Pristina, Kosovo

Tel. +381 38 243 673

**ARTICLE XII
DISPOSAL OF GOODS AND EQUIPMENT**

In general and subject to modification in an IMOU, upon the completion of any USAID's activity in Kosovo, the ownership of land, buildings or fixed assets thereof contributed by USAID shall

be assigned to UNMIK and the ownership of movable assets, such as equipments, furniture and any other materials used for the implementation of the project, shall be assigned to USAID.

ARTICLE XIII CLAIMS

USAID shall hold UNMIK harmless in respect of any claims arising from the involvement in any USAID-funded project both on the part of USAID and of its third party Agents/contractors/grantees, up to the aggregate amount of any funds obligated, but not yet disbursed, by USAID either to UNMIK or to the third party to which such claims relate, and provided further that such funds are not irrevocably committed to such third parties to pay for expenses already incurred under their agreements with USAID.

ARTICLE XIV INTEGRATION

This UMOU contains the entire agreement between the Parties with respect to their general understanding of their joint activities in Kosovo.

ARTICLE XV SUCCESSION

In addition to USAID, the provisions of this UMOU shall apply to any successor agency to USAID within the U.S. Government, or to any other U.S. government agencies, which may assume USAID's task in carrying out humanitarian, economic or technical assistance in Kosovo as defined in this UMOU and any IMOU adjunct hereto.

ARTICLE XVI AMENDMENT

This UMOU may only be amended or revised by written agreement of the Parties.

**ARTICLE XVII
TERMINATION**

This Agreement shall remain in force until the authority of UNMIK to administer civil affairs in Kosovo ceases, or until ninety (90) days after the receipt by either party of written notification of the intention of the other party to terminate this Agreement. Notwithstanding any such termination, this UMOU shall be applicable to assistance furnished before the termination.

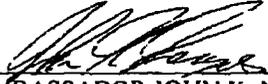
**ARTICLE XVIII
SETTLEMENT OF DISPUTES**

Any differences between the two Parties relating to or arising out of the interpretation and execution of this Agreement, or any specific program or project arrangement hereunder, shall be settled amicably by the Parties by mutually agreed procedures.

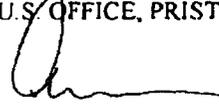
**ARTICLE XIX
ENTRY INTO FORCE**

IN WITNESS WHEREOF, the undersigned, duly authorized for this purpose, have signed this Umbrella Memorandum of Understanding at Pristina, Kosovo, in duplicate, in the English language, on this 17th day of January, 2002.

**FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:**

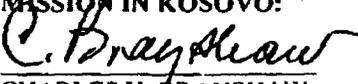


AMBASSADOR JOHN K. MENZIES
CHIEF OF MISSION,
U.S. OFFICE, PRISTINA



CRAIG G. BUCK
USAID/KOSOVO MISSION DIRECTOR

**FOR THE UNITED NATIONS
INTERIM ADMINISTRATION
MISSION IN KOSOVO:**



CHARLES H. BRAYSHAW
ACTING SPECIAL
REPRESENTATIVE
OF THE SECRETARY-GENERAL