



**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**THE COUNCIL OF MINISTERS OF BOSNIA AND HERZEGOVINA**  
**AND**  
**THE GOVERNMENT OF THE UNITED STATES OF AMERICA**  
**REGARDING DEVELOPMENT COOPERATION FOR THE PERIOD 2012-2016**

The Government of the United States, acting through the United States Agency for International Development (USAID), and the Council of Ministers of Bosnia and Herzegovina, acting through Ministry of Finance and Treasury, (USAID and Ministry of Finance and Treasury, together “ the Parties”) aiming to strengthen their mutual relationship and developing, expanding and deepening their mutual cooperation in the field of development;

Reminding that the development cooperation between the Parties is set forth in and governed by the “Agreement between the Government of the United States of America and the Government of Bosnia and Herzegovina Concerning Economic, Technical and Related Assistance for Bosnia and Herzegovina” of May 3, 1996 (Framework Bilateral Agreement) that Bosnia and Herzegovina ratified on January 18, 2001, (BiH Official Gazette No. 1/01);

Referring to USAID’s Country Development Cooperation Strategy (CDCS) for Bosnia and Herzegovina for the period of 2012-2016;

Emphasizing that the Goal of the CDCS is that Bosnia and Herzegovina become a more stable country closer to Euro-Atlantic integration, which will be achieved through two Development Objectives including: (1) more functional and accountable institutions and government that meet citizens’ needs; and (2) a competitive, market oriented economy providing better economic opportunities for all its citizens;

The Council of Ministers of Bosnia and Herzegovina, represented by the Ministry of Finance and Treasury and the Government of the United States of America, represented by USAID, agreed upon the following:

## **ARTICLE 1: USAID CONTRIBUTIONS TO INSTITUTIONS OF BIH**

USAID is committed to achieving the Main Goal and Development Objectives articulated in the Country Development Cooperation Strategy for Bosnia and Herzegovina for the period of 2012-2016. For that purpose, USAID will, from time to time, provide resources to institutions of Bosnia and Herzegovina, including the institutions at the level of State, Entities, Brcko District, Cantons, and Municipalities (individually or collectively "Counterparts"). Contributions of resources shall be made in accordance with the requirements set forth in Specific Grant Agreements.

Provisions of this Memorandum of Understanding will apply to Specific Grant Agreements for individual projects/programs.

## **ARTICLE 2: IMPLEMENTATION OF SPECIFIC AGREEMENTS**

From the side of Bosnia and Herzegovina, coordination of the implementation of the Memorandum of Understanding will be done by the Ministry of Finance and Treasury, and from the American side, USAID will be responsible for implementation of the Memorandum of Understanding.

The Parties shall inform each other regularly on the progress regarding the implementation of the projects funded by Specific Grant Agreements that will be signed based on this Memorandum of Understanding. Each project is subject to the provisions set forth in the Specific Grant Agreements which define in detail the rights and obligations of the signatory parties.

Specific Grant Agreements between USAID and the institutions at the level of State will require approval by the Council of Ministers of Bosnia and Herzegovina.

Specific Grant Agreements between USAID and institutions at the level of Entities, Cantons, Municipalities and the Brcko District will require approval from the responsible institutions in accordance with the regulations governing public spending and budgeting.

The Council of Ministers of Bosnia and Herzegovina, agrees that through ratification of this Memorandum of Understanding any Specific Grant Agreement that stems out of this Memorandum will be authorized and executed on behalf of Bosnia and Herzegovina and Counterparts from Article 1 of this Memorandum. The Specific Grant Agreements will be valid and legally binding for the Counterparts.

Specific Grant Agreements following their approval, in accordance with this article hereto, will enter into force upon the signature of USAID and the Counterparts and will not be subject to ratification.

### **ARTICLE 3: REPORTING ON PROGRESS**

USAID will provide the Council of Ministers of Bosnia and Herzegovina once a year with a report on progress toward achieving the goals of the Specific Grant Agreements.

Counterparts, beneficiaries of grant funds, will send semi-annual reports to the Council of Ministers, Entity Governments and the Brcko District Government regarding the progress in implementation of Specific Grant Agreements.

### **ARTICLE 4: TAXES AND DUTIES**

The provisions of Framework Bilateral Agreement from 1996 will be applied to the Specific Grant Agreements that stem from this Memorandum of Understanding.

Bosnia and Herzegovina will not charge USAID with custom duties, indirect taxes or other expenditures related to goods and other means provided or financed by USAID.

Bosnia and Herzegovina is committed to exempt all activities in connection with the purchase of goods and services within the framework of this Memorandum of Understanding from custom duties, taxes, fees and other charges in Bosnia and Herzegovina. The exemption from payment of VAT will be achieved through return of VAT, as regulated by value added taxes provisions.

### **ARTICLE 5: AMENDMENTS, INTERPRETATION**

All amendments to this Memorandum of Understanding must be in writing. Those amendments will come into force in accordance with the procedure referred to in Article 6.

Any disagreement regarding interpretation or application of this Memorandum will be solved amicably through diplomatic channels.

### **ARTICLE 6: ENTRY INTO FORCE AND TERMINATION**

This Memorandum will become effective on the day of exchange of the final notification confirming that the signatories to this Memorandum have completed all procedures in their countries, necessary for its entry into force. This Memorandum shall be implemented on an interim basis after the signing, and shall remain in force until 31 December 2016.

The parties hereto agree that this Memorandum applies only to assistance to the Counterparts and does not apply to any other form of assistance (including support to non-governmental organizations or to the private sector), that is provided by USAID in Bosnia and Herzegovina.

This Memorandum of Understanding may be prematurely terminated, by written notice sent by one Party to another, not later than six months before the expiration date. Termination of this Memorandum will not affect the validity of any Specific Grant Agreements that is already in force.

Made in two identical copies in English language.

In witness whereof, the Parties hereto agree to sign this Memorandum of Understanding in their names and deliver it on the date indicated below.

For the Council of Ministers  
of Bosnia and Herzegovina

  
\_\_\_\_\_  
Dr Nikola Špirić  
Minister of Finance and Treasury

Date: 11. 12. 2013.

For the Government of the  
United States of America

  
\_\_\_\_\_  
David J. Barth  
Mission Director for USAID in BiH

Date: 11. 12. 2013.