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Implementing Arrangement

between

the Ministry of Defence of the Italian Republic

and

the Ministry of Defence of Montenegro

for

**Cooperation on procurement of Combat Clothing for
members of Montenegro Armed Forces based on the Italian
Dismounted Soldier System**

The Ministry of Defence of the Italian Republic (hereinafter referred to as "the ITAMOD") and the Ministry of Defence of Montenegro (hereinafter referred to as "the MNEMOD"), hereinafter referred to as the "Participants",

- considering the Agreement between the Government of the Italian Republic and the Government of Montenegro on Defence cooperation, signed in Rome on 14 December 2011 and entered into force on 05 February 2016;
- noting the Agreement between the Parties to the North Atlantic Treaty regarding the Status of their Forces (hereinafter referred to as "NATO SOFA"), signed in London on 19 June 1951;
- considering the Memorandum of Understanding (MoU) between the Ministry of Defence of the Italian Republic and the Ministry of Defence of Montenegro concerning Defence Procurement Cooperation signed in Rome and Podgorica on December 2022 to promote Government-to-Government (G2G) defence procurement cooperation;
- considering their close and long-term operational cooperation activities, aimed at promoting combined participation to international operations through increased interoperability and common training and exercise programmes;
- considering the willingness to established a long term bilateral strategic collaboration aimed at improving their mutual interoperability and increasing their joint operational capabilities and activities in the military field;
- considering the equipment for combat soldier currently in use by the ITAMOD and the related further developments;
- considering that only the ITAMOD resulted to be able to offer a comprehensive cooperation programme in the domain of individual combat equipment for soldiers, in line with the requirements of the MNEMOD;

Have decided as follows:

SECTION 1. PURPOSE AND SCOPE

- 1.1 In accordance with the MoU between the Ministry of Defence of the Italian Republic and the Ministry of Defence of Montenegro concerning Defence Procurement Cooperation, signed in Rome and Podgorica on December 2022, to promote Government-to-Government (G2G) defence procurement cooperation, the purpose of this Implementing Arrangement (hereinafter referred to as "the IA") is to implement a G2G cooperation for the procurement of Combat Clothing for members of Montenegro Armed Forces based on the Italian Dismounted Soldier System.
- 1.2 The detailed list of the Combat Clothing, the estimated unite price and the relative technical specifications are included in Annex 1 and Annex 2 to this IA;
- 1.3 According to this IA the ITAMOD is the seller and the MNEMOD is the buyer.
- 1.4 The implementation of this IA will be carried out in accordance with the respective national legislations and international legal obligations of the Participants, including those obligations ensuing from Italy's membership of the European Union. The Participants will notify each other any conflict between their national legislations and the provisions of this IA.

SECTION 2. PROGRAMME CONTRACTING ACTIVITIES

- 2.1 The ITAMOD has identified its "Direzione degli Armamenti Terrestri – *Land Armaments Directorate*" (DAT) as the Contracting Agency for the procurement of Combat Clothing for the MNEMOD, acting in accordance with the technical terms agreed in this IA.
- 2.2 The MNEMOD, will issue the Letter of Mandate (LoM) for each purchase. LoM must contain at least the following information:
 - description of item;
 - item configuration;
 - technical characteristics of the item;
 - logistic support;
 - financial provisions;
 - total quantities and delivery schedule.
- 2.3 The ITAMOD will negotiate and conclude the contract on the basis of fixed or firm prices. Any fixed price will be subject to variation exclusively as a consequence of changes in yearly economic conditions. The contract will include clauses providing the assurance that the requirements and entitlements of MNE MOD, as defined in this IA, will be satisfied.
- 2.4 The delivery of the items of Comat Clothing will occur no later than 10 months from the contract signature.
- 2.5 DAT will be in charge of the following activities in the interest of MNEMOD:
 - negotiation with the Combat Clothing supplier for the acquisition contract;
 - providing all the technical and administrative documentation necessary for the procurement procedures;
 - draft the final acquisition contract, conclusion and finalization of the contract, in execution of the specific written letter of mandate issued by the MNEMOD;

- technical and administrative monitoring of the execution of the contract;
- all activities in connection with costs.

2.6 To ensure coherence with the mandate, DAT will give visibility of the main content contract draft before the signing. MNEMOD will inform the ITAMOD if it believes that there may be discrepancies with the letter of mandate.

The ITAMOD is authorized to act in the name and on behalf of the MNEMOD within what is specified in IA and the mandate.

2.7 The procurement by the MNEMOD of Combat Clothing is subject to the Italian Government transfer rules.

2.8 The Participants will use their best efforts to support the Combat Clothing manufacturer in submitting the documentation to the national authority and in obtaining all the licences and permissions for the implementation of the IA.

SECTION 3. MANAGEMENT

3.1 The implementation of this IA will be coordinated by a Steering Board (hereinafter referred to as "SB") composed of the two National Armaments Directors/Director for Logistics or their representatives specifically delegated for the purpose by their respective National armament's director, acting in accordance with specific organizational and administrative terms for the management of the IA jointly approved. Decisions and actions of the SB will be governed by the principles of consensus and authorization.

3.2 The SB will meet as often as its members will consider necessary, but not less than once a year. A meeting of the SB may consist of physical meeting, conference call or video conference provided that the means of communication used enable each Participant to confirm the identification and effective participation of the other Participant.

3.3 MNEMOD representatives may be detached by a written order to the ITAMOD for better coordination of activities at MNEMOD expenses and according to Section 8 of this AI.

SECTION 4. FINANCIAL PROVISIONS

4.1 This IA will not determine any financial commitment for the ITA MoD.

4.2 All possible expenses incurred by the Participants will be subject to the availability of funds in their ordinary annual budget.

4.3 The ceiling for the procurement of Combat Clothing will not exceed 8.000.000 € administrative and bank account management costs included. In case of issuing of LoM the administrative costs will be computed according to the standing official charts of the ITAMOD, submitted for the payment yearly, and will not exceed 50.000€

Operational budget (including Administrative cost)	
BDU KITS	8.000.000 € (Admin yearly rate till the end of the warranty period will not exceed 50.000 yearly)

- 4.4 Details regarding the bank account and the payment process, will be described in the call for payment.
- 4.5 The funds for the procurement of Combat Clothing shall be paid by MNEMOD according to the pertinent letter of mandate subject to the available budget which shall be communicated to ITAMOD on yearly bases.
- 4.6 Call for payment for the purpose of execution of this IA, ITAMOD will submitted to MNEMOD.
- 4.7 Participants agreed to mutual monitor the balance of financial resources after payment according to the signed contracts, as well as to return unspent financial resources after the expiration of this agreement.

SECTION 5. OWNERSHIP, DISCLOSURE AND USE OF INFORMATION

- 5.1 For the purpose of this IA, the term information will include recorded or documented information of a scientific, technical, business or financial nature, whatever the format, documentary characteristics or other medium of presentation such as: experimental and test data, specifications, designs and design processes, inventions and discoveries whether patentable or not, technical descriptions and other works, technical and manufacturing data packages, know-how and trade secrets and information relating to industrial techniques. It may be presented in the form of documents, pictorial reproductions, drawings and other graphic representations, disk and film recordings (magnetic, optical and laser), computer software both programmatic and data base, and computer memory printouts or data retained in computer memory, or any other form.
- 5.2 Information which is not generated in the performance of this IA will be considered as Background Information and its ownership will remain with the originator and will not be acquired by the receiving Participant.
- 5.3 Each Participant will use Background Information disclosed by the other Participant only for the purposes of this cooperation.
- 5.4 The receiving Participant will not further disclose such Background Information without the prior written consent of the disclosing Participant.

SECTION 6. TAXES, VAT AND CUSTOMS

6.1 It is responsibility of MNEMOD to ensure that any delivered Combat Clothing in accordance with LOM will be free of any taxes and/or levies and/or VAT in Montenegro, including, but not limited to customs fee, withholding tax, sales tax, income tax, or any other direct or indirect taxes applied in Montenegro.

SECTION 7. TITLE OF OWNERSHIP TRANSFER

7.1 The ITAMOD will deliver and pass title of ownership to the MNE MOD at the initial point of shipment. With the respect to the items procured for sale to the MNE MOD, such items will be delivered at the manufacturer's facility. The MNE MOD will accept the materiel inspection using ITAMOD procedures (Export Certificate of Combat Clothing) and billing statement as evidence that title of ownership has passed.

7.2 The ITAMOD will disclaim any liability for damage or loss to the items incurred after the passage of title of ownership.

SECTION 8. SECURITY

8.1 Classified material or information will be handled in accordance with the Participant's bilateral Security Agreement, signed on 13 October 2015 "Exchange of Classified Information between Italy and Montenegro for the Protection of Classified Information", or any applicable consecutive bilateral security agreement.

8.2 The Participants will facilitate the exchange of relevant and necessary classified information for the purposes of the cooperation, in accordance with the bilateral Security Agreement and any applicable consecutive bilateral security agreement.

SECTION 9. STATUS OF PERSONNEL

9.1 The legal status of the military and civilian personnel in the territory of the other Participant is covered by Agreement between the Parties to the North Atlantic Treaty regarding the status of their forces, done in London on 19 June 1951 (NATO SOFA).

SECTION 10. DIVERGENCES

10.1 Any difference in the interpretation and/or implementation of this IA will be settled amicably through direct consultations and negotiations between the Participants.

SECTION 11. ENTRY INTO EFFECT, DURATION AND AMENDMENTS

11.1 This IA will come into effect on the date of the last signature and it will remain valid for a maximum of 7 years.

11.2 In the event the Participants jointly decide to terminate this IA, its relevant provisions will remain effective until all outstanding issues are settled or solved. Classified Information received in course of the execution of this IA will remain protected in accordance with Section 8 of this IA.

11.3 This IA may be amended or modified at any time, in writing, by mutual consent of the Participants.

Signed in Podgorica and Rome on December 11, 2023 in two original copies in the English language.

<p>For the Ministry of Defence of Montenegro</p> <p>General Director of Directorate for Defence Policy Major General Rajko Pešić</p> <p><u>Rajko Pešić</u></p>	<p>For the Ministry of Defence of Republic of Italy</p> <p>The Secretary General of Defence and National Armaments Director Lt. Gen. Luciano Porolano</p> <p><u>Luciano Porolano</u></p>
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