**TERM SHEET**

**FOR THE BIOMETRIC PASSPORT AND**

**NATIONAL ID CARD ISSUANCE SERVICES**

**IMPORTANT DISCLAIMER**

This document provides a summary of key terms and conditions of a PPP project for the issuance and distribution of identity documents and operation and servicing of the facilities involved in the ID documents provision in the Republic of Armenia. The Project will be awarded by the Public Partner based on the outcomes of the private partner selection procedure pursuant to the Laws of the Republic of Armenia and taking into account the applicable international standards, policies and rules.

This document is for the exclusive use of persons potentially interested in participation in the Selection Procedure.

This document has not yet been approved by the Armenian authorities. It is being distributed for the sole purpose of serving as a starting point in discussions with the potential participants of the Selection Procedure. It is not exhaustive and can be amended and supplemented as appropriate during the preparation of documents required for carrying out the Selection Procedure and awarding the Project. It is not binding and has no legal force. No party may have any claims to the Public Partner or to any person distributing this document based on its context.

This document contains certain defined terms, however the Agreement for the Project will provide more detailed provisions and a complete catalogue of definitions and interpretation rules which are typical and relevant for a contract of this kind.

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| KEY ITEMS | DESCRIPTION |
| **INTRODUCTION. PARTIES, SCOPE OF THE PROJECT AND PROJECT PERIOD** | |
| * 1. **Project** | "Project" means the public-private partnership project for:   1. Issuance, distribution of the Identity Documents and provision of other related Services, and 2. Operation and maintenance (including upgrading, renovation and other improvements) of the Project Assets involved in delivery of Services related to the Identity Documents.   The Private Partner shall operate and maintain the Project Assets and provide Services under the Agreement under the supervision of the Public Partner [to be further detailed in the Agreement].  For the avoidance of doubt, the Public Partner shall retain and exercise all research and decision-making powers under the Project under the Applicable Law, and particularly will assume the responsibility for:   1. Biometric verification, vetting and/or adjudications, in cases when the identity of an applicant can not be reliably verified by the data available to the front office employee, and 2. Authorization of granting the Identity Documents, after front office employees of the Private Partner submit the verified and eligible applications for the Identity Document. |
| * 1. **Project Period** | The Project shall be carried out under the Agreement for a period of 10 (ten) years (the "**Project Period**"), unless there is an early termination of the Agreement. The Project Period shall begin on the Commencement Date.  After expiry of 5 (five) years from the Commencement Date, there will be the Agreement performance audit, as provided in Clause 15.4 (*Agreement Performance Audit*) of this Term Sheet. |
| * 1. **Public Partner** | "Public Partner" means the Ministry of Internal Affairs of the Republic of Armenia. |
| * 1. **Private Partner** | "Private Partner" means the legal entity selected as the winner of the Selection Procedures to implement the Project or a special purpose company to be incorporated by the winner of the Selection Procedure under Applicable Law. |
| * 1. **Party and Parties** | The Public Partner and the Private Partner are individually referred to as a "Party" and collectively as the "Parties". |
| * 1. **Agreement** | "Agreement" means a public-private partnership agreement for implementation of the Project to be entered between the Parties following completion of the Selection Procedure. |
| * 1. **Selection Procedure** | "Selection Procedure" means the competitive private partner selection procedure for the Project to be carried out in accordance with Applicable Law. |
| * 1. **Term Sheet** | "Term Sheet" means this document. |
| **CONDITIONS PRECEDENT AND COMPLETION** | |
| * 1. **Conditions Precedent** | Completion of the Agreement shall be subject to performance or waiver of specific conditions by the Parties (the "**Conditions Precedent**").  The Private Partner shall satisfy the following Conditions Precedent:   1. Achieve the financial close, including signing and delivery of all necessary financing documents (including documents regarding the loan financing and equity breakdown) 2. Formalize the insurances required to implement the Project 3. Formalize the lease or other use title to Added-Value Assets and land plots underlying such assets   The Public Partner shall satisfy the following Conditions Precedent:   1. Provide a confirmation that the Volume Payments in the amount required to cover the Estimated Volume during the Project Period will be allocated in the budget expenditures according to the Applicable Law 2. Carry out the preparatory works required for handing over Transferred Assets to the Private Partner, including the separation of premises and other facilities to be handed over as Transferred Assets as real estate objects 3. Carry out the preparatory works required for transferring the land plots underlying real estate objects to be handed over as part of Transferred Assets to the Private Partner   The Parties shall jointly satisfy the following Conditions Precedent:   1. The Private Partner, the lenders and the Public Partner shall execute the Direct Agreement (in case the lenders are engaged for the purposes of financing the Investment Obligations) 2. The Private Partner and the Public Partner shall perform the inventory of Transferred Assets to establish presence, quantity and condition of such assets 3. The Private Partner and the Public Partner shall appoint the independent expert that will be involved in the handback procedure and other activities specified in the Agreement (the "**Independent Expert**") according to the procedure set in the Agreement 4. The Private Partner and the Public Partner shall prepare the schedules for transfer of the Project Assets to the Private Partner [and performance of Private Partner's obligations in relation to Non-Transferred Assets and Added-Value Assets]   [The Conditions Precedent may be further clarified/updated in the Agreement. Other Conditions Precedent may be added.] |
| * 1. **Pre-Closing Period** | The Agreement will provide terms and conditions governing a period starting on the next day after the Execution Date and ending on the Completion day (the "**Pre-Closing Period**"), unless there is an early termination of the Agreement.  During the Pre-Closing Period:   1. The Parties shall take all actions necessary to complete the Conditions Precedent 2. The Public Partner shall operate and maintain the assets to be handed over as Transferred Assets, as well as ensure the provision of services using such assets, until the Completion is achieved 3. The Parties shall perform the activities and obligations (other than Conditions Precedent) serving the purposes of the Pre-Closing Period and providing for a proper transition to delivery of the Project by the Private Partner (to be further specified in the Agreement) |
| * 1. **Completion** | After [the period to be specified] from completion of the Conditions Precedent, the Parties shall carry out the activities involving transfer of specific assets and obligations under the Project to the Private Partner (the "**Completion**"). During the Completion:   1. The Public Partner shall hand over the Project Assets involved in personalization of the Identity Documents to the Private Partner, and the Private Partner shall formalize its title to such assets under the Applicable Law 2. The Public Partner shall hand over the land plots (or shares in land plots, as appropriate) underlying the Project Assets involved in personalization of the Identity Documents to the Private Partner, and the Private Partner shall formalize its title to such land plots under the Applicable Law 3. The Private Partner shall voluntarily employ the personnel of the Public Partner engaged in the provision of services on issuance of the Identity Documents, as agreed between the Parties during the Pre-Closing Period (see also Clause 21.1 (*Employment of Personnel*) of this Term Sheet below) |
| * 1. **Taking effect** | The Agreement shall take full effect on a day following the Completion day (the "**Commencement Date**"). Certain clauses and provisions of the Agreement may take effect from the date of its signing by the Parties (the "**Execution Date**"), which will be further specified in the Agreement. |
| **TRANSITION PERIOD** | |
| * 1. **General Rules Governing the Transition Period** | During the period from the Commencement Date to [the end date to be specified], the Parties shall carry out the activities involving transfer of the remaining specific assets and obligations under the Project to the Private Partner and completing transition to delivery of the Project by the Private Partner (the "**Transition Period**"). During the Transition Period:   1. The Public Partner shall hand over the Project Assets related to Service delivery points to the Private Partner according to schedules agreed between the Parties, and the Private Partner shall formalize its title to such assets under the Applicable Law 2. The Public Partner shall hand over the land plots underlying the Project Assets related to Service delivery points to the Private Partner according to schedules agreed between the Parties, and the Private Partner shall formalize its title to such land plots under the Applicable Law 3. The Private Partner shall voluntarily employ the personnel of the Public Partner engaged at Project Assets related to Service delivery points, as agreed between the Parties (see also Clause 21.1 (*Employment of Personnel*) of this Term Sheet below)   The Parties shall carry out transfer of Project Assets related to Service delivery points in a way that ensures uninterrupted and effective servicing of customers at Project Assets. The Public Partner shall be responsible for servicing of customers at Project Assets related to Service delivery points until such assets are transferred to the Private Partner.  Completion of the Transition Period shall evidence the start of the full-scope delivery of Project by the Private Partner under the Agreement, including in terms of operation and maintenance of all Project Assets and independent provision of Services. |
| **PROJECT RISKS** | |
| * 1. **Distribution of the Project Risks** | The allocation of key Project risks between the Parties, based on which the decision on implementation of the Project was approved, shall be given in Annex XX to the Agreement. This is made without prejudice to other provisions of the Agreement which may substantially reflect the agreed risk sharing between the Parties in addition to or as a clarification of allocation of risks contained in Annex XX to the Agreement.  The preliminary contents of Annex XX to the Agreement are presented as the risk sharing matrix in the information memorandum for the Project. |
| **PROJECT ASSETS** | |
| * 1. **Project Assets** | "Project Assets" shall refer to immovable, movable, intangible assets and other property items, which will be transferred to the Private Partner, operated and maintained, upgraded, engaged in provision of Services, and be subject to other activities and operations in performance of the Agreement. |
| * 1. **Real Estate** | "Real Estate" shall mean all infrastructure assets, facilities, buildings, utilities, structures, premises and other immovable property items which are connected to the ground and which cannot be removed or, when and if removed, would cause material physical damage to the asset itself, but always excluding any Equipment.  Real Estate shall cover Initial Real Estate and Upgraded Real Estate. |
| * 1. **Initial Real Estate** | "Initial Real Estate" means the immovable state-owned assets located on the Project Area, which will be handed over to the Private Partner. Initial Real Estate essentially includes the facilities involved in personalization of the Identity Documents and the facilities related to Service delivery points, which will be transferred to the Private Partner and further operated and maintained by the Private Partner in accordance with the Agreement.  The indicative list of the Initial Real Estate assets will be given in Annex XX to the Agreement, as part of a larger preliminary list of Transferred Assets. |
| * 1. **Upgraded Real Estate** | "Upgraded Real Estate" means the Initial Real Estate, Added-Value Real Estate [and Non-Transferred Real Estate], which will be upgraded (renovated, repaired, refurbished and otherwise improved) by the Private Partner under the Agreement.  The description of upgrades that will need to be made in relation to such assets will be given in Annex XX to the Agreement, as part of Investment Obligations of the Private Partner. |
| * 1. **Equipment** | "Equipment" means all movable assets required for the safe, secure and efficient maintenance and operation of the Project Assets and provision of Services in accordance with the Agreement.  Equipment shall cover Initial Equipment and New Equipment. |
| * 1. **Initial Equipment** | "Initial Equipment" means state-owned Equipment which will be handed over to the Private Partner. Initial Equipment essentially includes the hardware, devices, machines and other movable items involved in personalization of the Identity Documents and/or related to Service delivery points, which will be transferred to the Private Partner and further operated and maintained by the Private Partner in accordance with the Agreement.  The indicative list of the Initial Equipment will be given in Annex XX to the Agreement, as part of a larger preliminary list of Transferred Assets. |
| * 1. **New Equipment** | "New Equipment" means Equipment that will be acquired by the Private Partner to perform its obligations under the Agreement.  The Private Partner will procure specific items of New Equipment as part of Investment Obligations (to be specified in Annex XX to the Agreement). |
| * 1. **Intangibles** | "Intangibles" means identifiable non-monetary assets without physical substance required for the safe, secure and efficient maintenance and operation of the Project Assets and provision of Services in accordance with the Agreement.  Intangibles shall cover Initial Intangibles and New Intangibles. |
| * 1. **Initial Intangibles** | "Initial Intangibles" means Intangibles which will be handed over to the Private Partner. Initial Intangibles essentially include the software, licenses and other relevant intangible items required for personalization of the Identity Documents and/or related to Service delivery points.  The indicative list of the Initial Intangibles will be given in Annex XX to the Agreement, as part of a larger preliminary list of Transferred Assets. |
| * 1. **New Intangibles** | "New Intangibles" means Intangibles that will be acquired by the Private Partner to perform its obligations under the Agreement.  The Private Partner will procure specific items of New Intangibles as part of Investment Obligations (to be specified in Annex XX to the Agreement). |
| * 1. **[Minor Goods]** | "Minor Goods" means property items which are not Real Estate, Equipment or Intangibles. Minor Goods may refer, among other things, to payables and receivables, reserves (stocks), and other tangible and intangible assets which qualify as Minor Goods. [More detailed specification of Minor Goods will be provided in the Agreement.]  Minor Goods shall be bought out by the Private Partner:   1. At Completion, when the Project Assets involved in personalization of the Identity Documents are handed over to the Private Partner, and 2. At completion of the Transition Period, when the Project Assets related to Service delivery points are handed over to the Private Partner |
| * 1. **Transferred Assets** | "Transferred Assets" means all assets that will be initially transferred from the Public Partner to the Private Partner under the Agreement.  Transferred Assets shall cover Initial Real Estate, Initial Equipment, Initial Intangibles, [and Minor Goods].  The preliminary list of Transferred Assets will be given in Annex XX to the Agreement. The Parties will formalize the final lists of Transferred Assets:   1. At Completion, when the Project Assets involved in personalization of the Identity Documents are handed over to the Private Partner, and 2. At completion of the Transition Period, when the Project Assets related to Service delivery points are handed over to the Private Partner |
| * 1. **Non-Transferred Project Assets** | "Non-Transferred Project Assets" means immovable, movable, intangible assets and other property items, which will not be transferred to the Private Partner, but in relation to which the Private Partner will undertake certain obligations under the Agreement. Non-Transferred Project Assets will essentially include assets operated and managed by ["Haypost" CJSC, other parties to be specified], which may be engaged in personalization of the Identity Documents and/or relate to Service delivery points.  Non-Transferred Project Assets shall cover (by analogy with the definitions presented above) Non-Transferred Real Estate, Non-Transferred Equipment, and Non-Transferred Intangibles.  The Private Partner will perform its obligations with respect to Non-Transferred Project Assets in accordance with schedules agreed between the Parties as part of completion of Conditions Precedent under the Agreement.  The description of the Private Partner's Investment Obligations regarding the Non-Transferred Assets (e.g., upgrades and other improvements of Non-Transferred Real Estate, purchases of New Equipment and New Intangibles to be placed at Non-Transferred Real Estate) will be provided in Annex XX to the Agreement. |
| * 1. **Added-Value Assets** | "Added-Value Assets" means immovable, movable, intangible assets and other property items other than Transferred Assets and Non-Transferred Assets, which may be engaged in personalization of the Identity Documents and/or relate to Service delivery points (in particular, new enrolment facilities) and in relation to which the Private Partner will formalize the lease or other use title and undertake certain obligations under the Agreement.  Added-Value Assets shall cover (by analogy with the definitions presented above) Added-Value Real Estate, Added-Value Equipment, and Added-Value Intangibles.  The obligations regarding the Added-Value Assets shall be indicated in the Private Partner's winning bid and shall be further transferred into the Agreement. The Private Partner will perform its obligations with respect to Added-Value Assets in accordance with schedules agreed between the Parties as part of completion of Conditions Precedent under the Agreement.  The Private Partner shall execute the relevant contracts to formalize its lease or other use title to the Added-Value Assets and land plots underlying such assets as part of completion of the Conditions Precedent. The Agreement will specify the mandatory requirements for such contracts, particularly:   1. The assignability of these contracts to the Public Partner 2. The requirements regarding the amount of lease payments or other payments to be made under these contracts, the requirements regarding other essential conditions of these contracts 3. [Other requirements to be added]   The description of the Private Partner's Investment Obligations regarding the Added-Value Assets will be provided in Annex XX to the Agreement. |
| * 1. **Title to Real Estate** | The Private Partner shall have the use title to the Initial Real Estate and Upgraded Real Estate (with all upgrades and other improvements to be made by the Private Partner) [but with the exception of Non-Transferred Real Estate] during the Project Period.  The Private Partner shall possess, use, operate, maintain [with the exception of Non-Transferred Real Estate, which shall be operated and maintained by the respective authorized entities] and upgrade the Real Estate assets in accordance with the Agreement.  [The Private Partner shall be entitled to transfer part of Real Estate assets [(with the exception of Non-Transferred Real Estate)] into use and possession of third parties subject to prior Public Partner's approval and in accordance with specific terms and conditions of the Agreement]. |
| * 1. **Title to Equipment and Intangibles** | The Private Partner shall be the owner of all Equipment (Initial Equipment and New Equipment) and Intangibles (Initial Intangibles and New Intangibles) under the Agreement [with the exception of – to be specified if applicable, e.g., in relation to Non-Transferred Project Assets].  The Private Partner shall possess, use, operate, maintain, upgrade and dispose of Equipment and Intangibles [with the exception of – to be specified if applicable, e.g., in relation to Non-Transferred Project Assets] in accordance with the Agreement.  Certain types of disposal of Equipment and Intangibles during the Project Period may be subject to restrictions and special conditions set by the Agreement. |
| * 1. **Encumbrances** | The Private Partner shall not be entitled to create any encumbrances on the Project Assets operated and maintained under the Agreement [,with the exception of third party use transfers envisaged by the Agreement].  The Public Partner shall warrant that Transferred Assets will be handed over to the Private Partner free of any encumbrances. The Public Partner shall further warrant that Project Assets operated and maintained under the Agreement will not be subject to any new encumbrances during the Project Period.  Upon the Public Partner's approval, the Private Partner shall be entitled to create encumbrances on:   1. Private Partner's corporate rights 2. Private Partner's proprietary rights under the Agreement   [More specific terms and conditions for encumbrances will be set in the Agreement.] |
| * 1. **Intellectual Property Rights** | "Intellectual Property Rights" means personal non-property and property rights on any results of intellectual, creative activity or other IP objects, created or obtained according to the Applicable Law. |
| * 1. **Obligations Regarding Intellectual Property Rights** | The Private Partner shall obtain and register (if required by Applicable Law) the Intellectual Property Rights, which are necessary to implement the Project, according to the procedure established by Applicable Law.  Save as expressly permitted under the Agreement, the Private Partner shall not, without the prior written approval of the Public Partner, assign, cede, delegate, transfer or otherwise dispose of any Intellectual Property Rights under the Agreement to any third parties.  Upon expiry or termination of the Agreement, the Private Partner shall transfer to the Public Partner, on a free of charge basis, economic rights to intellectual property objects which have been created, received for use, or in any other manner obtained during the Project Period, if such objects have been created to perform Private Partner's obligations under the Agreement. All the non-standard (non-licenced) programmable software source codes, including all necessary tools for the implementation as well as configurations at the Public Partner's environment, will have to be transferred to the Public Partner at handback in accordance with the Agreement.  IDMIS software licenses required for performance of the Agreement must be perpetual and must have other necessary permissions for software usage, whether the licence technical maintenance and support services from the software manufacturer or Service provider have been purchased or not. If the manufacturer, according to its policy, does not provide perpetual licenses, the Service provider must provide official certificate from the manufacturer and other supporting evidence (e.g., the manufacturer's licensing policy). In this case, the software license must be valid for at least 10 years after the handback date specified under the Agreement.  A copy of all source codes (as well as related technical components and documentation) of all the software provided in the scope of the Agreement shall be deposited by the Private Partner with an independent escrow agent.  [More details on the matters relating to the software licenses and other obligations regarding the IP rights can be specified in the Agreement]. |
| **PROJECT SITE** | |
| * 1. **Project Area** | "Project Area" means the area (including all respective land plots underlying Real Estate operated and maintained by the Private Partner under the Agreement) on which the Project will be implemented.  The Project Area will be specified in Annex XX to the Agreement. |
| * 1. **Title to Project Area** | The Private Partner shall use the land plots being part of the Project Area based on the same title as that formalized in relation to Project Assets. For the avoidance of doubt, the ownership title to the state-owned land plots within the Project Area shall remain with the Public Partner during the term of the Agreement.  The Project Area may be subject to the audit and monitoring procedures established in the Agreement (including as indicated in Section 16 below). |
| * 1. **Access prior to the Commencement Date** | Upon the Private Partner's request, the Public Partner shall provide access to the Transferred Assets within the Project Area from the Execution Date for the purpose of conducting additional surveys and diligences. Any access given by the Public Partner in that respect shall be carried out in accordance with security conditions and other relevant requirements of Applicable Law and shall not grant or be deemed to grant any legal or other interest on the Project Area to the Private Partner. |
| * 1. **Encumbrances in relation to Project Area** | The Private Partner shall not be entitled to create any encumbrances on the Project Area [with the exception of third party use transfers envisaged by the Agreement].  The Public Partner shall warrant that the state-owned land plots underlying the Transferred Assets within the Project Area will be handed over to the Private Partner free of any encumbrances. The Public Partner shall further warrant that such land plots will not be subject to any new encumbrances during the Project Period. |
| **INVESTMENT OBLIGATIONS** | |
| * 1. **Investment Obligations** | The Private Partner shall undertake, carry out and ensure financing of certain investments under the Agreement (the "**Investment Obligations**").  The Investment Obligations shall cover Minimum Investment Obligations [and Proposed Investment Obligations]. |
| * 1. **Minimum Investment Obligations** | "Minimum Investment Obligations" means Investment Obligations that will need to be performed by the Private Partner within [period to be specified] from the Commencement Date or [period to be specified] from the completion of the Transition Period (the "**Minimum Investment Obligations Period**"), subject to transfer of Project Assets involved in personalization of the Identity Documents and/or relating to Service delivery points (as the case may be) to the Private Partner in accordance with the Agreement.  By substance, Minimum Investment Obligations shall cover all the necessary investments made in order to meet the Technical Requirements (Annex XX to the Agreement):   1. Investments in Real Estate, including upgrades, other improvements at Upgraded Real Estate, maintenance during the Minimum Investment Obligations Period 2. Investments in Equipment, including purchases, installation and maintenance of New Equipment during the Minimum Investment Obligations Period 3. Investments in Intangibles, including purchases, installation and maintenance of New Intangibles during the Minimum Investment Obligations Period 4. [Other to be specified]   The scope and requirements for Minimum Investment Obligations will be further detailed in the Technical Requirements (Annex XX to the Agreement). [Preliminary Technical Requirements will be shared as part of the Project information memorandum.] |
| * 1. **Proposed Investment Obligations** | "Proposed Investment Obligations" means additional Investment Obligations which the Private Partner may undertake and carry out at its own discretion during the Project Period for the purposes of operation and maintenance of the Project Assets, provision of Services and performance of the Agreement.  The scope of Proposed Investment Obligations, as well as other requirements related to such obligations shall be specified in the Agreement. |
| **PROVISION OF SERVICES** | |
| * 1. **Identity Documents** | "Identity Documents" means biometric passports, electronic identification cards and other documents that will be issued and serviced by the Private Partner under the Agreement.  The list of Identity Documents will be specified in the Technical Requirements (Annex XX to the Agreement). |
| * 1. **Scope of Services** | The Private Partner shall provide the following services using the Project Assets [with the exception of Non-Transferred Project Assets] under the Agreement (the "**Services**"):   1. Supply of Identity Document blanks 2. Collection of applications (including the on-line application system) and collection of data (including biometric data) for Identity Documents 3. Payment processing of service fees due from the customers to the Government 4. Personalization of Identity Documents 5. Acting as registration authority for qualified signature according to eIDAS requirements 6. Issuance and delivery of Identity Documents to customers 7. Customer support and post issuance services related to Identity Documents (e.g., consultations, answers to requests, PIN code changes, collection and destruction of expired or cancelled documents) 8. Ancillary commercial services related to Identity Documents (e.g., catering)   The provision of Services shall be subject to transfer of Project Assets involved in personalization of the Identity Documents and/or relating to Service delivery points (as may be required) to the Private Partner in accordance with the Agreement.  For the avoidance of doubt, personalization of the Identity Documents by the Private Partner under the Agreement shall take place solely in the territory of the Republic of Armenia at the Project Assets designated and controlled by the Public Partner.  The full list of Services will be further specified in the Agreement. |
| * 1. **Technical Requirements** | The Private Partner shall provide Services according to the relevant Applicable Law requirements as well as the quality requirements and operational indicators (the "**Technical Requirements**") set out in the Agreement.  The key groups of Technical Requirements shall include:   1. The requirements related to quality of Services (e.g., queue waiting time, customer servicing time, working week hours allocated for Services) 2. The requirements related to volume of Services (e.g., the Agreement may set the minimum volume of Services to be provided at specific facility or facilities) 3. Other technical requirements (e.g., functional and non-functional requirements for the IT systems, requirements for infrastructure, applicable standards)   The Technical Requirements shall be set out in Annex XX to the Agreement. |
| **PROJECT PERMITS** | |
| * 1. **General Obligations Regarding Project Permits** | The Private Partner shall obtain, keep in effect, and re-formalize (as may be required) all permit documents that may be required for implementation of the Project under Applicable Law [and in accordance with Good Industry Practice], including certifications and approvals of all public authorities controlling or affecting the Project Assets, as well as permit documents required for the provision of Services and upgrading of Project Assets (the "**Permits**"). The Private Partner shall bear all costs and expenses (including application fees and taxes, as may be required under Applicable Law) in connection with the preparation, submission and obtaining of all Permits.  The Private Partner shall ensure that all Permits that may be required to start operation and maintenance of Project Assets and provision of Services have been obtained prior to the Commencement Date. |
| **PROJECT REVENUE** | |
| * 1. **Payment for Services** | The Public Partner shall pay the Private Partner volume payments for the Services, as indicated below (the "**Volume Payments**").  The Private Partner shall not own the fees, including any applicable state dues, for the Services from the end customers (with the exception of payments for ancillary commercial services related to Identity Documents, such as catering – [other exceptions relating to certain value added Services may be further provided in the Agreement]) and shall allocate such fees directly to the special Government's account. However, the Private Partner shall be responsible for organizing fee payment / collection services (including online and on-site payments). |
| * 1. **Volume Payments** | The Public Partner shall make [quarterly] Volume Payments for Services rendered during this period.  The Volume Payments shall be calculated based on the prices determined in [AMD] during the Selection Procedure and based on the volume of Services provided in the relevant [quarter] under the Agreement, subject to the Volume Guarantee. [Clauses that apply to the price inflation on CPI may be further stipulated in the Agreement, depending on the market consultation outcome] |
| * 1. **Volume Guarantee** | The Public Partner shall undertake to procure the agreed minimum volume of Services (as per number of the Identity Documents to be issued) from the Private Partner, which would allow the Private Partner to achieve a break-even point during the Project Period (the "**Volume Guarantee**").  The Volume Guarantee shall set the level of minimumVolume Payments to be allocated to the Private Partner during the Project Period under the Agreement. Minimum level of payments set by the Volume Guarantee is compared with the actual payments during the year of service provision, reconciled and paid on an annual basis. As the Volume Guarantee is estimated for the Project Period, the related payments are reviewed every year on cumulative basis. The fixed amount of Volume Guarantee for the Project Period shall be specified in the Agreement. |
| * 1. **Estimated Volume** | For budgeting purposes, the Public Partner expects that the volume of Services rendered during the Project Period shall cover [6,687k Identity Documents – to be further clarified and updated] (the "**Estimated Volume**").  The Agreement shall set out a payment mechanism for sharing of the Private Partner’s profit in case the actual volume of Services provided in the relevant period under the Agreement exceeds the Estimated Volume. |
| **FINANCING AND STEP-IN RIGHTS** | |
| * 1. **Private Partner's Financing** | The Private Partner shall be responsible for the full financing of the operation and capital costs required for implementation of the Project at its own cost and risk.  The total amount of financing attracted by the Private Partner should be sufficient to fulfil the obligations of the Private Partner under the Agreement, including the Investment Obligations. |
| * 1. **Loan Financing** | The Private Partner may attract a loan from lenders to finance implementation of the Project.  The loan can include all types of loan financing, including loans, advances, lease assistance and guarantees required for implementation of the Project (but excluding equity and financial assistance from any Private Partner's shareholder or affiliate).  Under no circumstances shall the Public Partner be liable for any failure of the Private Partner to meet any of its obligations towards the lenders, save in accordance with the provisions of the Agreement.  [The Agreement may set the debt-to-equity requirements which should be met by the Private Partner]. |
| * 1. **Direct Agreement and Step-In Rights** | In case of loan financing for the Project, the Private Partner, Public Partner and lenders shall enter into a direct agreement (the "**Direct Agreement**").  The Direct Agreement shall include, particularly:   1. Rules and procedures for exercising the Public Partner's and lenders' right to temporarily substitute the Private Partner under the Agreement (the "**Step-In Rights**") 2. Obligations of the Parties and lenders regarding provision of information on implementation of the Project 3. Rules on settlement procedures with lenders in case of early termination of the Agreement   The Step-In Rights may be exercised under specific circumstances significantly affecting proper performance of Private Partner's obligations under the Agreement (e.g., imminent risk of insolvency or material breach of Agreement). In case the Step-In Rights are invoked, Services and other obligations under the Agreement may be temporarily provided by the Public Partner or legal entity or entities designated by lenders. |
| **PROJECT SECURITIES** | |
| * 1. **Types of Project Securities** | The Private Partner shall provide, keep in effect, and re-formalize (as may be required) the following securities to ensure performance of its obligations under the Agreement (the "**Securities**"):   1. Bank guarantee for an amount equal to [amount to be specified] that should be maintained in full force and effect until [the provision of the Operation Security (more details to be specified in the Agreement)] (the "**Tender Security**") 2. Bank guarantee for the initial amount equal to [amount to be specified] that should be further updated [update procedures and requirements, including with respect to the amount of security, to be further specified in the Agreement] and maintained in full force and effect until [the provision of the Handback Security (more details to be specified in the Agreement)], to secure the due performance of the Private Partner's obligations under the Agreement during the Project Period (the "**Operation Security**") 3. Bank guarantee for an amount equal to the amount determined by the Independent Expert to secure the due performance of the handback obligations under the Agreement (the "**Handback Security**")   More detailed terms and conditions relating to the Securities shall be set out in the Agreement. |
| **INSURANCE** | |
| * 1. **General Insurance Obligations** | The Private Partner shall obtain, keep in effect, and re-formalize (as may be required) the insurances specified in the Agreement and required by Applicable Law.  The key types of insurances under the Agreement will include, particularly:   1. Insurance of Project Assets operated and maintained by the Private Partner against damages or property losses 2. Insurance against data protection and cybersecurity risks   The Private Partner shall designate the Public Partner as the loss payee and additional insured under the insurance documents, as the case may be. |
| **SAFETY AND SECURITY** | |
| * 1. **Security** | The Private Partner shall be responsible for security of the Project Assets and shall abide by the security regulations and procedures set in the Agreement and required by Applicable Law.  The Private Partner shall meet physical and data security requirements and standards specified in Annex XX to the Agreement and aimed at ensuring personal data protection, prevention of identity theft or fraud, and mitigation of other relevant security risks. |
| * 1. **Safety** | The Private Partner shall be responsible for safety of the Project Assets and the establishment and maintenance of appropriate safety systems (particularly, fire alarm and firefighting equipment) specified in the Agreement and required by Applicable Law. |
| **PUBLIC PARTNER'S OPERATIONAL STEP-IN** | |
| * 1. **Public Partner's Operational Step-In** | In specific cases, posing significant risks for the safe, secure and continuous maintenance and operation of the Project Assets and provision of Services, the Public Partner (or legal entity designated by the Public Partner) shall be entitled to take over control over the Project Area and Project Assets from the Private Partner (the "**Public Partner's Operational Step-In**") for a limited period [the period to be further specified].  The grounds for the Public Partner's Operational Step-In may cover:   1. Private Partner's Event of Default or material breach of Agreement which may negatively and substantially affect further operation and maintenance of the Project Assets and provision of Services 2. Force Majeure events which pose significant and immediate risks for further operation and maintenance of the Project Assets and provision of Services and cannot be rectified in any alternate manner 3. State of emergency and other extraordinary Government measures affecting the Project Area, Project Assets or Services   The Private Partner shall be relieved of its obligations to operate and maintain the Project Assets and provide Services to the extent and for the period during which the Public Partner (or legal entity designated by the Public Partner) exercises the Public Partner's Operational Step-in right.  The Agreement will further specify more detailed terms and conditions for exercising the Public Partner's Operational Step-In right. |
| **REPORTING AND MONITORING** | |
| * 1. **Reporting** | The Private Partner shall submit to the Public Partner reporting documents on the following matters:   1. Financial matters (e.g., copy of the audited financial statements for the latest financial year, report on investments) 2. Operational and Service delivery matters (e.g., report on compliance with the Technical Requirements) 3. [Other to be specified]   The Public Partner may review the reports provided by the Private Partner under the Agreement on its own or engage the competent third parties for these purposes. The Parties may refer to Independent Expert to resolve contentious matters related to reporting under the Agreement.  The Agreement will further specify more detailed terms and conditions for the reporting matters, including form and content requirements for the reports (as may be appropriate). |
| * 1. **Monitoring** | The Private Partner shall at all times during the Project Period provide the Public Partner and its representatives with access to the Project Assets operated and maintained under the Agreement, for the purposes of monitoring the Services provision and conducting inspections and audits required in accordance with the Agreement and Applicable Law.  The Public Partner shall have access to surveillance systems at the Project Assets operated and maintained under the Agreement, in particular to the Identity Documents personalization facilities and databases. |
| * 1. **Audit Rights** | The Public Partner shall be entitled, at its discretion and at its cost, and with [10 (ten) business days] prior written notice, to audit the accounts, contracts, financing arrangements and the business operations of the Private Partner that relate to the Project at any time during the Agreement. These audits should not unreasonably interfere with the performance by the Private Partner of its obligations under the Agreement.  The Private Partner shall provide full access to its accounts, contracts and all business-related information to the extent necessary for such audits and shall give reasonable assistance to the Public Partner to conduct its audits.  [The Agreement shall specify further details regarding the contract audits, such as types (e.g., regular/irregular) and periodicity of audits, additional procedural requirements relating to audits etc. The Parties may also agree, inter alia, on the schedule of contract audits to add more clarity and efficiency to audit procedures under the Agreement]. |
| * 1. **Agreement Performance Audit** | Upon expiry of 5 (five) years from the Commencement Date, the Parties shall carry out the Agreement performance audit, involving, where required, an Independent Expert. The audit will aim to verify if there are circumstances which materially affect further performance of the Project and may call for early termination of the Agreement. The circumstances to be verified include:   1. Performance of key selected obligations under the Agreement by the Private Partner (e.g., the prevailing part of Investment Obligations and specified Technical Requirements) 2. Absence of the Events of Default or material breaches of the Agreement by the Parties   The Parties may further proceed with performance of the Agreement for the subsequent 5 (five) years of the Project Period, rectification of the curable breaches or problems identified following the audit, or termination of the Agreement, as will be further detailed in the Agreement. |
| **LIABILITY AND EVENTS OF DEFAULT** | |
| * 1. **Breach of the Agreement by Private Partner** | The Private Partner shall bear all risk, loss and liability for compliance with the Technical Requirements, Minimum Investment Obligations, Applicable Law, Permits [and Good Industry Practice] and for the adequacy, safety and performance of Services under the Agreement.  If the Private Partner fails to meet the Technical Requirements and Minimum Investment Obligations, the Private Partner shall be liable to pay penalties to the Public Partner in accordance with the provisions of the Agreement (the "**Operational Penalties**").  The payment of such Operational Penalties shall not relieve the Private Partner from its obligations to comply with the Technical Requirements and Minimum Investment Obligations or from any of its other duties, obligations or responsibilities under the Agreement. |
| * 1. **Event of Default** | "Event of Default" means the Private Partner Event of Default or the Public Partner Event of Default or both as the context may admit or require. |
| * 1. **Private Partner Event of Default** | A "Private Partner Event of Default" means any of the following events unless such an event has occurred as a consequence of any Public Partner Event of Default or the Force Majeure Event, or the Political Force Majeure Event (the list is tentative and will be further specified in the Agreement):   1. Private Partner's material and systematic violation of the Technical Requirements 2. Non-fulfilment of Investment Obligations within the specified period 3. Failure to provide, maintain and renew (as may be required) the insurances required under the Agreement 4. Failure to provide, maintain and renew (as may be required) the Securities required under the Agreement 5. Breach of obligations in relation to change of ownership structure of the Private Partner 6. Systematic non-fulfilment of the Private Partner's obligations on reporting specified in the Agreement 7. Bankruptcy or other insolvency event of the Private Partner 8. Material breach of the Agreement 9. Repeated non-material breaches of the Agreement |
| * 1. **Public Partner Event of Default** | A "Public Partner Event of Default" shall involve any of the following (the list is tentative and will be further specified in the Agreement):   1. Systematic non-payment or delay in payment of the Volume Payments 2. Material breaches of the Agreement [to be further specified]   [The Agreement will further specify the concepts of the material breach and systematic breach]. |
| **FORCE MAJEURE AND POLITICAL FORCE MAJEURE** | |
| * 1. **Force Majeure Event** | A "Force Majeure Event" means extraordinary and unpreventable circumstances, which arose due to no fault of the Party that was affected ("**Affected Party**"), but outside of its will or against its will or wish, which make it impossible for the Affected Party to fulfil its obligations under the Agreement, which the Affected Party could not prevent, handle or eliminate completely or partially, in spite of putting maximally reasonable efforts for doing so, and which are not Political Force Majeure Event.  The Agreement will further specify the indicative list of Force Majeure Events.  Force Majeure Events shall not include such circumstances as:   1. Circumstances that are caused by negligence or deliberate action of the Party or its advisors, representatives, or employees 2. Circumstances that could have been reasonably foreseen by the Party and taken into account when entering into the Agreement, and also could have been prevented or overcome when fulfilling its obligations under the Agreement 3. Financial and economic crisis, market crash, growth of official and commercial exchange rates of foreign currency   The procedure for invoking and confirming Force Majeure Events and other relevant details will be further specified in the Agreement. |
| * 1. **Consequences of Force Majeure Event** | The Affected Party shall not be held accountable for non-fulfilment or improper fulfilment of any obligations under the Agreement as long as such non-fulfilment or delay in fulfilment is due to a Force Majeure Event. Force Majeure Events, however, shall not affect any obligations to pay under the Agreement.  If the Force Majeure Event lasts more than [120 (one hundred twenty) days], each Party shall have a right to terminate the Agreement as detailed below. In this case the Private Partner shall be entitled to Termination Compensation on the terms defined below. |
| * 1. **Political Force Majeure Event** | A "Political Force Majeure Event" means the circumstances which occur after the Execution Date and have a material adverse effect on (i) the ability of the Private Partner to exercise and fulfil any of its rights and obligations under the Agreement, and/or (ii) the cost or the profits of [to be specified].  The Political Force Majeure Events shall include (the list is tentative and will be further specified in the Agreement):   1. Act of war (both declared and undeclared), armed conflict or serious threat of such conflict caused by actions of foreign enemy or government bodies, introduction of curfew restrictions, embargo, prohibition (restrictions) of import/export or any other illegal actions against public order or state system in the territory of the Project Area 2. Groundless rejection to grant or renew any Permit for [120 (one hundred twenty)] days, if the absence of such document makes it materially impossible for the Private Partner to fulfill its obligations and exercise its rights under the Agreement, with an exception of rejections resulting from violation of Applicable Law by the Private Partner 3. Expropriation, requisition, confiscation or nationalization of the Private Partner's property, the Project Assets, the Project Area or any part thereof (with exceptions related to Private Partner Event of Default, violations of Applicable Law and early termination of the Agreement – to be further specified) 4. Material restrictions or prohibitions on currency transactions, payment of dividends and servicing of debt imposed on the Private Partner   The procedure for invoking and confirming Political Force Majeure Events and other relevant details will be further specified in the Agreement. |
| * 1. **Consequences of Political Force Majeure Event** | The Private Partner shall be discharged from liability for non-performance or improper performance of any of the obligations under this Agreement in the event and to the extent that such failure or delay in performance result from the occurrence of the Political Force Majeure Event.  If the Public Partner does not succeed in remedying a Political Force Majeure Event during the terms and according to the procedures set in the Agreement, the Private Partner shall be entitled to terminate the Agreement and shall be entitled to Termination Compensation as per below. |
| **HANDBACK** | |
| * 1. **General Obligations** | The Private Partner shall co-operate with, and provide all access and information [24 (twenty-four) months] prior to the expiry of the Project Period or, in the case of termination, as soon as practicable after the issuance of a termination notice, to the Public Partner (or any third party designated by the Public Partner) and the Independent Expert, to conduct surveys and inspections to prepare for the taking over of the operation and maintenance of the Project Assets by a new private partner, the Public Partner or another entity designated by the Public Partner.  The Private Partner shall have properly operated and maintained the Project Assets during the Project Period so that on the handback date, the Project Assets shall be in a condition allowing to continue provision of Services in compliance with the Technical Requirements. The Private Partner shall make reinvestments necessary to ensure that Project Assets are handed back to the Public Partner at the handback date in the specified condition [more detailed technical requirements to the condition of the Project Assets during the handback procedure to be further specified in the Agreement].  The Private Partner and the Public Partner shall meet no later than [12 (twelve) months] before the end of the Project Period to discuss and seek to agree on a plan determining the practical modalities for the taking over of the operations of the Project Assets by the Public Partner (or any third party designated by the Public Partner).  The Public Partner shall not be obligated to make any payments to the Private Partner for the Project Assets in connection with handback. |
| * 1. **Private Partner's Obligations on Handback Date** | On the handback date [to be further specified in the Agreement], the Private Partner shall:   1. Hand over the Project Assets and land plots underlying such assets to the Public Partner, free of any encumbrances 2. Transfer to the Public Partner all its rights, titles and interest in the assets comprised in or used in connection with the Project Assets, which are required to be transferred to the Public Partner in accordance with the Agreement and execute such deeds and documents as may be necessary for such transfer and complete all legal or other formalities required 3. Hand over to the Public Partner all documents including plans, drawings, manuals and records relating to operation and maintenance of the Project Assets 4. Assign or cause to be assigned to the Public Partner any Project Agreements and subcontracts which are (i) valid and subsisting; and (ii) which the Public Partner has chosen to take over, and terminate or cause to be terminated such Project Agreements and/or subcontracts not assigned to the Public Partner 5. At its cost, remove from the Project Area within [90 (ninety) business days] from the expiry of the Project Period, any moveable assets that are not taken over by or not to be transferred to, the Public Partner pursuant to the provisions of the Agreement   The Agreement will provide separate specific terms and conditions for the handback of Added-Value Assets. |
| * 1. **Handback Condition Surveys** | The Parties shall appoint an Independent Expert to conduct [3 (three)] special purpose surveys of assets to be handed over (the "**Handback Condition Surveys**"), provided that:   1. The first Handback Condition Survey shall be made at least [24 (twenty-four) months] prior to the expiry of the Project Period 2. The second Handback Condition Survey shall be made at least [2 (two) months] prior to the expiry of the Project Period; and 3. The third Handback Condition Survey shall be made on or about the handback date   The Private Partner shall take all measures specified upon completion of the Handback Condition Surveys which may be required to put the Project Assets in appropriate working condition prior to the handback date.  The Private Partner shall also update and adjust the Handback Security, as may be required following completion of Handback Condition Surveys. The Handback Security will be further released or withdrawn (as the case may be), depending on completion of the handback procedures (to be further detailed in the Agreement). |
| **EARLY TERMINATION** | |
| * 1. **Termination by the Public Partner** | The Public Partner shall have the right to terminate the Agreement due to   1. Private Partner Event of Default, provided that the Private Partner did not cure the relevant breach (if it is capable of being cured) within [60 (sixty) days] of the Public Partner’s notice thereof 2. Force Majeure Event lasting more than [120 (one hundred twenty) days] 3. Public interest considerations |
| * 1. **Termination by the Private Partner** | The Private Partner shall have the right to terminate the Agreement due to   1. Public Partner Event of Default, provided that the Public Partner did not cure the relevant breach (if it is capable of being cured) within [60 (sixty) days] of the Public Partner’s notice thereof 2. Force Majeure Event lasting more than [120 (one hundred twenty) days] 3. Political Force Majeure Event lasting more than [120 (one hundred twenty) days] |
| * 1. **Compensation on Termination** | In the event of early termination of the Agreement, the Public Partner shall pay the compensation (the "**Termination Compensation**").  Termination Compensation shall   1. cover (a) the amount of the Compensated Debt and (b) Adjusted Net Equity, adjusted by the compound factor in the amount of [free risk rate + country risk premium + equity risk premium of 6%] per annum for the duration of remaining period, but not less than 0 (zero) – in cases of termination by the Public Partner due to public interest considerations, and by the Private Partner due to Public Partner Event of Default or Political Force Majeure Event; 2. cover (a) the amount of the Compensated Debt and (b) 50% of Adjusted Net Equity, adjusted by the compound factor in the amount of [free risk rate + country risk premium + equity risk premium of 6%] per annum for the duration of remaining period, but in any case not less than 0 (zero) – in cases of termination by any Party due to a Force Majeure Event; 3. cover (a) the amount of the Compensated Debt, but not less than 0 (zero) – in cases of termination by the Public Partner due to Private Partner Event of Default. In this case the Termination Compensation is paid directly to the lenders.   The Compensated Debt shall refer to the outstanding debt, including principal, interest and commissions, minus net working capital and accumulated cash.  The Adjusted Net Equity shall refer to the total sum of net equity contributions by the Private Partner in each period from the Commencement Date to the date of termination of the Agreement.  Any outstanding penalties which may be applicable on termination shall reduce the Termination Compensation, with the exception of amounts of Termination Compensation due to lenders (as per item (iii) above). |
| * 1. **Termination by Mutual Agreement** | The Agreement may be terminated by mutual consent of the Parties. The implications of such termination shall be governed by agreement between the Parties. |
| **PROJECT AGREEMENTS** | |
| * 1. **Project Agreements** | "Project Agreements" means the agreements entered into between the Private Partner and the third parties specifically engaged by the Private Partner for the purposes of performance of its obligations under the Agreement. |
| * 1. **Principles Governing the Project Agreements** | The Private Partner shall execute, in a timely manner, the Project Agreements which shall:   1. Be entered into with the relevant parties on an arm’s length basis; and 2. Not be commercially unreasonable.   The Private Partner shall not agree to or make any amendments, modifications or supplements to, or consent to any changes of any provision of, or grant of any waivers under, any of the Project Agreements, which may have a material adverse effect on the rights and obligations of the Parties under the Agreement without the prior written consent of the Public Partner. |
| * 1. **Restrictions** | The Private Partner shall not conclude the Project Agreements, except with the prior written approval of the Public Partner, on the following services:   1. Personalization of the Identity Documents 2. Front office / customer enrolment services in relation to the Identity Documents 3. [Other principal services to be specified] |
| **EMPLOYMENT** | |
| * 1. **General Employment Conditions** | The Private Partner shall be free to hire employees, reorganize departments or otherwise change organizational structure of its employees (if any of such reorganization is required) for the purposes of the provision of Services and performance of other obligations under the Agreement. The Private Partner shall comply with all Applicable Law requirements and bear all costs in this regard.  The Private Partner shall:   * + 1. Independently and at its own cost train all employees necessary for the successful operation of the Services. Training of the employees shall include any training appropriate for their job function.     2. At all times ensure that sufficient suitable and appropriately qualified and experienced personnel will be employed (whether by the Private Partner or under the Project Agreements) to undertake the Services in accordance with the Agreement and the requirements of the Applicable Law.   [The Parties shall cooperate to ensure the uninterrupted provision of Services by qualified personnel upon expiry or termination of the Agreement.] |
| * 1. **Employment of Personnel from the Public Partner** | The Private Partner may voluntarily commit to hire the agreed number of Public Partner's employees engaged at Project Assets involved in personalization of the Identity Documents and/or relating to Service delivery points during the Pre-Closing Period and/or during the Transition Period. The Private Partner:   * + 1. Shall hire such employees at Completion or upon completion of the Transition Period (as the case may be) on the same or better terms as previously offered by the Public Partner     2. May require that such employees subsequently prove their conformity with professional and qualification requirements necessary for the provision of Services and established by the Private Partner upon the Public Partner's consent     3. May offer the compensation packages for such employees in case they have not proven their conformity with professional and qualification requirements necessary for the provision of Services (to be further detailed in the Agreement) |
| **APPLICABLE LAW AND DISPUTE RESOLUTION** | |
| * 1. **Applicable Law** | The Agreement shall be governed and construed in accordance with the laws of the Republic of Armenia (the "**Applicable Law**"). |
| * 1. **Law of the Direct Agreement** | The Direct Agreement may be governed by any law agreed on by its parties. |
| * 1. **Amicable Settlement** | The Parties shall seek to resolve any disputes they may have under the Agreement amicably before resorting to arbitration. |
| * 1. **Expert Assessment** | As part of the amicable settlement procedure, the following matters or disputes may be referred by the Parties on the legally binding or non-binding expert assessment:   * + 1. The following matters [list of matters is tentative and will be further specified in the Agreement] ("**Matters for Determination**"): * Performance of Investment Obligations (particularly, confirmation of the required upgrades and improvements in relation to the Project Assets) * Performance of Technical Requirements * Performance of handback procedures; and   + 1. Disputes which the Parties have agreed in writing to submit on the legally binding or non-binding expert assessment. |
| * 1. **Arbitration** | Any dispute shall be finally settled by international arbitration under the [the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce] (the "**Arbitration Rules**") by [3 (three)] arbitrators appointed in accordance with the said Arbitration Rules.  No arbitrator shall be a national of the jurisdiction of either Party or a national of the jurisdiction of any shareholder or group of shareholders owning [10 (ten)] percent or more of the share capital of the Private Partner, nor shall any arbitrator be an employee or agent or former employee or agent of any such person.  The place of arbitration shall be [Stockholm city, Sweden].  Unless otherwise agreed, all proceedings, conferences and hearings held in connection with the arbitration and all documents presented or filed in relation to the arbitration or in relation to or during such proceedings, conferences or hearings shall be in [English]. |
| * 1. **Performance to Continue** | No referral of any dispute to any resolution process on the terms of the conditions of the Agreement shall relieve either Party from its liability for the due and timely performance of its obligations under the Agreement. |
| **CHANGES TO AGREEMENT** | |
| * 1. **Key Requirements Regarding Changes to Agreement** | Any amendment to the Agreement shall be effective only if made in writing in the form of supplementary agreements and signed by both Parties.  The Parties are entitled to modify the provisions of the Agreement, except for essential terms and conditions, as well as provisions regarding the distribution of risks between the Parties.  Amendments to essential terms and conditions and/or risks distribution may be allowed only in case of material and significant changes that could not have been reasonably foreseen by the Party when entering into the Agreement and if such changes are required for balancing the commercial risks between the Parties.  Changes that reduce the scope or the requirements to the assets handed back to the Public Partner upon expiry or termination of the Agreement are not allowed. |
| **CHANGES IN SHAREHOLDING** | |
| * 1. **Declaration** | The Private Partner declares and confirms to the Public Partner that as at the Execution Date, the shareholding of the Private Partner is as represented in Annex XX to the Agreement and that no arrangements are in place that have or may have or result in any sale, transfer or disposal of any legal, beneficial, equitable or other interest in any or all of shares in the Private Partner. |
| * 1. **Transfers** | For the duration of the Project Period, the Private Partner shall procure that there is no change in control in the Private Partner without the prior written approval of the Public Partner (such approval not to be unreasonably withheld or delayed).  The definition of "control" shall be specified in the Agreement. |
| **MISCELLANEOUS** | |
| * 1. **Language** | The Agreement shall be prepared in English and Armenian.  In case of discrepancies, the [Armenian] version shall prevail.  Any communication between the Parties shall be in [Armenian]. |

1. Preliminary List of APPENDICES

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| **Annex No.** | **Annex Name** |
|  | Project Area |
|  | Project Schedule |
|  | Transferred Assets |
|  | Investment Obligations |
|  | Technical Requirements |
|  | Security Requirements |
|  | Permits |
|  | Private Partner's Shareholding |
|  | Reporting Forms |
|  | Distribution of Project Risks |