MEMORANDUM OF UNDERSTANDING

BETWEEN

THE REPUBLIC OF UZBEKISTAN

AND

THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

REGARDING

COOPERATION IN THE REPUBLIC OF UZBEKISTAN

16 March 2017
This MEMORANDUM OF UNDERSTANDING (hereinafter referred to as the “Memorandum”) is entered into between the Republic of Uzbekistan (hereinafter referred to as the “Republic of Uzbekistan”) and the European Bank for Reconstruction and Development (hereinafter referred to as the “EBRD”), hereinafter separately referred to as a “Party” and jointly referred to as the “Parties”.

WHEREAS the EBRD is an international financial institution established under public international law pursuant to the Agreement Establishing the EBRD dated 29 May 1990 (the “EBRD Agreement”) the purpose of which is to foster transition towards open market-oriented economies and promote private and entrepreneurial initiatives in the EBRD’s countries of operations;

WHEREAS the Republic of Uzbekistan acceded to the EBRD Agreement and became a member and recipient country of the EBRD on 30 April 1992;

WHEREAS the EBRD acknowledges and supports the important economic reforms and democratic processes pursued by the Republic of Uzbekistan, including the measures taken to improve public governance, the business and investment climate, the liberalisation of all sectors of the economy, as well as, comprehensive support for development of small business and private entrepreneurship;

WHEREAS the Republic of Uzbekistan recognises the significant experience of the EBRD in supporting structural economic reforms and attracting investment to its countries of operation and welcomes EBRD investments and activities on the territory of the Republic of Uzbekistan aimed at (i) modernising and enhancing the competitiveness of the economy, (ii) attracting foreign investment and technical assistance, (iii) introducing modern and effective methods of corporate governance, (iv) facilitating innovation and modern technology transfer, and (v) continued introduction of international quality standards;
ACCORDINGLY, the Parties wish to explore ways and make efforts to increase the number of EBRD projects and activities on the territory of the Republic of Uzbekistan with the aim of furthering the Bank’s purpose and functions in the Republic of Uzbekistan and the Republic of Uzbekistan reaffirms its commitment to facilitate their implementation;

WHEREAS the Parties intend to cooperate within the framework of this Memorandum in respect of short term operational priorities,

NOW THEREFORE, the Parties have reached the following understanding:

Section 1
Purpose
1.1 The purpose of this Memorandum is to set out the areas which will be the focus of the EBRD’s involvement and financing on the territory of the Republic of Uzbekistan in the short term with a view to supporting continuing sustainable economic growth, open market development and improvement of the investment climate in the Republic of Uzbekistan until such time as a medium term strategy of EBRD for the Republic of Uzbekistan is developed.

Section 2
Priority Areas of EBRD involvement and financing

2.1 The EBRD will focus its involvement and financing on the territory of the Republic of Uzbekistan in the short term mainly on the following areas:

(a) development of micro and small businesses as well as private entrepreneurship in Uzbekistan, including through increasing their access to finance and supporting development of financial sector;

(b) provision of advisory services for small businesses and raising market awareness;
(c) modernisation and development of the agribusiness sector;

(d) development of the manufacturing and services sectors;

(e) support of environmental clean-up operations for the uranium legacy sites under the framework of the Environmental Remediation Account for Central Asia, administered by the EBRD;

(f) "green" projects in all the above sectors targeting energy and resource efficiency and waste minimisation; and

(g) support for reforms undertaken by the Government of the Republic of Uzbekistan in such areas as: improvement of business climate and private sector development; strengthening of the banking sector; foreign exchange market regulation; development of local capital markets; promotion of green economy; support for gender, youth and regional inclusion; improvement of corporate governance and procurement; and other areas with the objective to improve competitiveness of the economy and ultimately provide support in fostering sustainable development of the Republic of Uzbekistan.

2.2 Specific projects and activities to be undertaken by the EBRD would be subject to the internal policies, procedures and approvals of the EBRD and may include:

(a) provision of long term debt resources of the EBRD for financing and co-financing investment projects;

(b) promotion and support for foreign direct investments, including support to strategic investors participating in the privatisation programme;
(c) equity participation by the EBRD in the capital of commercial banks and private companies; and/or

(d) provision of technical cooperation funds (grants) to carry out project preparation and implementation and capacity building activity for the EBRD’s clients as well as institutional capacity of state bodies.

Section 3
Enabling environment

3.1 The Parties will take all necessary steps for maintaining an enabling environment for the successful initiation and implementation of EBRD projects and activities on the territory of the Republic of Uzbekistan within the priority areas identified above in the Memorandum. Such steps include, but are not limited to:

(a) The Republic of Uzbekistan designates the National Bank for Foreign Economic Activity of the Republic of Uzbekistan to serve as the official channel of communications with the EBRD in accordance with Article 34.2 of the EBRD Agreement;

(b) The EBRD to ensure an appropriate presence in the Republic of Uzbekistan and the Republic of Uzbekistan to ensure that the EBRD’s status privileges and immunities and exemptions, and those of its employees and experts performing missions for the EBRD, are implemented and respected on the territory of the country;

(c) The Republic of Uzbekistan shall ensure necessary facilities to EBRD clients for settlement payments, including in the convertible currencies, and shall not impose any restrictions on the banking transactions in the context of payment of all amounts due to the EBRD under financing agreements; and
(d) The EBRD to endeavour to identify sources of technical cooperation and investment grant funds to support the EBRD projects and activities and the Republic of Uzbekistan to provide all clients and partners of the EBRD which are recipients of such technical cooperation and investment grant funds administered by the EBRD with prompt approvals to use such resources and to make such funds and grant resources not subject to any taxation or other mandatory charges.

Section 4

Medium Term Strategy

4.1 The Parties will endeavour to work together during the course of 2017-2018 to develop a medium term EBRD strategy for the Republic of Uzbekistan, taking into consideration the reforms being implemented and strategic priorities of the Republic of Uzbekistan, including but not limited to such areas as:

(a) modernisation and development of the municipal infrastructure sector to improve infrastructure assets and enhance the efficiency and quality of municipal services provision, including, but not limited to: water, wastewater, district heating, solid waste, public transport and street lighting;

(b) development of the electricity sector, including energy generation from renewable and alternative sources, electricity transmission, as well as energy efficiency improvements for industrial enterprises;

(c) modernisation and development of transportation infrastructure, services and logistics operations, including construction and operations of logistics centres and modernisation of airports;

(d) development of and financing projects under private public partnerships; and
(e) modernisation and development of the oil and gas sector, and the petrochemical and chemical industries.

(f) development and support of the export-oriented production in light, pharmaceutical, electro-technical and food industries;

(g) any other areas as may be agreed between the Parties.

Section 5
Communications

5.1 Any notice or other communication to be given or made under this Memorandum will be addressed and sent to the following contact points or at such other address as either Party designates by notice to the other Party:

For the Republic of Uzbekistan:

Address: National Bank for Foreign Economic Activity of the Republic of Uzbekistan
101 Amir Temur Street
Tashkent 100084,
The Republic of Uzbekistan
Attention of: Chairman of the Board
Fax: +99871 235 9020

For the EBRD:

Address: 1 Exchange Square, London EC2A 2JN,
United Kingdom
Attention of: Managing Director, Central Asia and Russia
Fax: +44 207 338 6500
Section 6
General Provisions

6.1. Notwithstanding anything herein to the contrary, this Memorandum reflects the views and intentions of the Parties to co-operate on a non-exclusive basis, expressed in good faith but without the creation of any legal obligation or the incurrence of any liability on the part of any of them. Nor shall any third party obtain any legal benefit from this Memorandum.

6.2. It is understood and agreed that nothing in this Memorandum will create any legal relationship or binding obligations of either Party or will constitute, or be construed as, an offer, promise or undertaking by either Party to finance or implement all or part of any activity or project identified in or pursuant to this Memorandum.

6.3. This Memorandum does not represent any commitment with regard to funding on the part of either Party. Any such commitment shall be reflected in separate agreements that may be entered into by the Parties. Such commitments and agreements shall be subject to the respective internal approvals, policies and procedures of the Parties. Furthermore, this Memorandum shall not represent any commitment on the part of either Party to give preferred treatment to the other in any matter contemplated under this Memorandum or otherwise.

6.4. Where the development and/or implementation of projects and activities by the Parties involves information considered confidential by one of the Parties, the Parties will ensure confidentiality of such information and prevent disclosure to third parties, except in cases where prior written consent of the other Party has been obtained in respect of such disclosure.

6.5. Nothing in this Memorandum will limit the right of, or prevent the Parties from entering into memoranda or arrangements with other parties with respect to any activity, project or area of co-operation covered by this Memorandum.

6.6. Nothing in this Memorandum will constitute nor be construed as a waiver, renunciation or other modification of the provisions of the EBRD Agreement and of any of the privileges, immunities and exemptions granted to the EBRD under the EBRD Agreement.
6.7. Any dispute arising out of, or in connection with, the interpretation or application of any provision of this Memorandum will be settled amicably through consultations.

6.8. This Memorandum will come into effect on the date it is signed by the last of the two Parties.

6.9. This Memorandum may be amended by mutual written consent of the Parties.

IN WITNESS WHEREOF, this Memorandum is signed in 4 (four) originals, 2 (two) in the English language and 2 (two) in the Russian language, in Tashkent, the Republic of Uzbekistan on 16 March 2017. In case of any inconsistency between the English and the Russian texts, the English text shall prevail.

For and on behalf of the Republic of Uzbekistan

Achilbay Ramatov
First Deputy Prime-Minister of the Republic of Uzbekistan

For and on behalf of the European Bank for Reconstruction and Development

Sumantra Chakrabarti
President of the EBRD