



MEMORANDUM OF UNDERSTANDING

BETWEEN

GOVERNMENT OF REPUBLIC OF MOLDOVA

AND

**EUROPEAN BANK FOR RECONSTRUCTION AND
DEVELOPMENT**

IN RESPECT OF

**COOPERATION IN SUPPORT OF THE INVESTMENT CLIMATE
AND GOVERNANCE INITIATIVE FOR MOLDOVA**

22 OCTOBER 2014

MEMORANDUM OF UNDERSTANDING (hereinafter referred to as the “**Memorandum**”) between the Government of the Republic of Moldova (hereinafter referred to as the “**Government**”) and the European Bank for Reconstruction and Development (hereinafter referred to as the “**EBRD**” or the “**Bank**”), hereinafter separately referred to as a “**Party**” and jointly referred to as the “**Parties**”;

WHEREAS the EBRD has launched the Investment Climate and Governance Initiative (hereinafter referred to as the “**ICGI**”) to reenergise economic transition in a number of its countries of operations, including Moldova;

WHEREAS as part of the ICGI, the EBRD has envisioned a range of instruments which seek to improve policy dialogue between the private sector and government with a view to enhancing the investment climate, strengthening the legal framework and mechanisms of dispute resolution, reducing informality and enhancing transparency in the corporate and banking sectors;

WHEREAS the Government has established an Economic Council under the Prime Minister, supported by the EBRD, with broad responsibilities for analysing and discussing policy reforms related to economic performance and foreign and domestic investment; and

WHEREAS the Government has pledged to work with international institutions to tackle problems of corruption, weaknesses in the investment climate and poor corporate and public governance;

The Parties have come to the following understanding:

I. PURPOSE

This Memorandum aims to provide a framework for cooperation between the EBRD and the Government in the development and implementation of the ICGI for Moldova with the aim of improving the development of the private sector, strengthening the investment climate, and promoting good governance.

II. COOPERATION

1. Role of the Government

The Government, within its competence and in accordance with the legislation of the Republic of Moldova, will endeavour to:

- identify areas in which action by the Government and assistance by the EBRD may result in significant improvements in the investment climate, strengthening governance in the Republic of Moldova and contributing to enhanced private sector development;
- promote the activities envisioned under this Memorandum, including implementation of the appropriate measures suggested by the business community and adopted at the meetings of the Economic Council under the Prime Minister;
- lead efforts to strengthen the rule of law, prevent corruption, reinforce mechanisms of dispute resolution, enhance transparency and improve corporate and public governance;

- undertake measures to strengthen banking sector transparency, including legal and regulatory reform as necessary, in order to ensure compliance with beneficial ownership disclosure requirements;
- work closely with the EBRD and other stakeholders on joint analysis and definition of possible ways to improve legislation, practices and other relevant instruments aimed at fostering investment, both foreign and domestic, into the economy of the Republic of Moldova;
- take the necessary measures to identify and open up opportunities to attract foreign investment and galvanise domestic investments towards sectors with potential for contributing to economic development.

2. Role of the EBRD

The EBRD in accordance with its Strategy for Moldova, as may be updated from time to time by its Board of Directors and consistent with the ICGI and the Bank's internal policies, rules and procedures, intends to support, where and as appropriate, the Government's implementation of its investment climate reform strategy, as well as the Government's efforts aimed at increasing investment and improving the development of the private sector, and of the business climate in general in the Republic of Moldova. In particular, the EBRD will endeavour to:

- support the Economic Council under the Prime Minister to design a multi-year agenda for programmatic reform implementation, establish a clear results framework, and enhance the Council's transparency and communication with its members and the public, in order to ensure the Economic Council delivers concrete and observable improvements in the investment climate;
- assist the Government in the establishment of an independent mechanism to address concerns and complaints by businesses about specific instances of ill-treatment or unfair competition, focusing on the specific concerns and complaints faced by businesses operating in Moldova, and bringing those concerns and complaints to the relevant authorities in a transparent and accountable fashion;
- assist the Government in the development of alternative dispute resolution mechanisms as well as arbitration procedures for businesses operating in Moldova, consistent with EBRD's Legal Transition programme for Moldova;
- support the establishment of a single, unified, universal and fully transparent registry of shares of Moldovan banks, which would enable investors, creditors, the public and the media to access information on banks' beneficial ownership, and the regulatory and enforcement authorities to ensure that banking sector approval and disclosure requirements are enforced;
- assist the Government in the implementation of measures to improve public procurement reform to bring practices and standards in Moldova into line with European standards and international best practice in this area, and establish mechanisms to enable SMEs to participate in the public procurement process;
- support capacity-building in Riscani District Court in Chisinau, which has sole juridical responsibility for cases brought against the National Bank of Moldova, through technical assistance and training for the Court's judges and officers in Moldovan constitutional and commercial-financial law;

- support the Government's efforts to strengthen corporate governance in the state-owned enterprise sector, beginning with a pilot Corporate Governance Action Plan in connection with the Moldovan Railways Restructuring Project;
- assist the Government in its efforts to strengthen the Competition Council of the Republic of Moldova by enhancing the skills and competencies of officials and case handlers of in the area of market investigations, and develop its advocacy function to publicise the results of its market assessments and advocate for market-enabling reform;
- support capacity enhancement of Moldovan business associations, and explore new arrangements for representing the interests of small and medium-sized enterprises, including on the Economic Council, as well as providing practical information and advice to small business owners;
- work closely with the Government in defining other areas where the EBRD can apply its experience and expertise to support the Government's efforts to stimulate the development of the private sector and of the business climate in general in the Republic of Moldova, for example by promoting good governance and transparency in the corporate and banking sectors;
- establish a monitoring framework, in close cooperation with civil society and other relevant institutions, to track implementation and measure results from the interventions within the framework of the ICGI.

III. FINAL PROVISIONS

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 incurrance of any liability on the part of any of them. Nor shall any third party obtain any legal benefit from this Memorandum.

It is understood and agreed that nothing in this Memorandum shall constitute, or be construed as, an offer, promise or undertaking by either Party to finance all or part of any activity or project identified in or pursuant to this Memorandum.

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.

Nothing in this Memorandum will constitute nor be construed as a waiver, renunciation or other modification of any of the privileges, immunities and exemptions granted to the EBRD under the Agreement Establishing the European Bank for Reconstruction and Development, international conventions or any applicable laws.

Any dispute arising out of, or in connection with, the interpretation or application of any provision of this Memorandum of Understanding will be settled amicably through consultations.

This Memorandum of Understanding shall become effective on the date it is signed by both Parties. It may be amended by mutual written consent of the Parties. The Memorandum shall remain valid for a period of five years, after which time it may be reviewed and extended by mutual consent of the Parties. The activities envisioned in this Memorandum shall be phased in over time. A periodic review of the implementation of the actions foreseen under this Memorandum shall be undertaken annually. Either Party may terminate

this Memorandum of Understanding at any time by giving the other Party a one month written notice to this effect.

Signed in London and Chişinău on 22 October 2014 in two originals in the English language and two originals in the Moldovan language. Should there be any discrepancy between the two language versions, the English version shall prevail.

For the Government:

Name: HE Iurie Leancă

Title: Prime Minister

For European Bank for Reconstruction and Development:

Name: Suma Chakrabarti

Title: President