



European Bank
for Reconstruction and Development

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RE: EBRD return to Uzbekistan: Bankwatch concerns

Dear Mr Fodor,

Thank you for your letter of 11 April addressed to Sir Suma Chakrabarti, the President of the European Bank for Reconstruction and Development (EBRD). I have been asked to reply on his behalf.

We appreciate your interest in the Bank's activities in Uzbekistan and thank you for sharing your concerns. Please note that the Bank has not at any time suspended its operations in Uzbekistan, as you suggest. The Bank's Board of Directors' approval of the 2005 Country Strategy has remained in force and although the Bank has not approved any new projects since 2010, it has continued to operate in the country, focusing on ongoing portfolio management.

The reform agenda of the newly elected President and the strategy that the Government announced at the beginning of this year were a signal for the Bank to consider the scope for supporting reform efforts by developing new investment projects, technical assistance and policy dialogue in the country. On 8 March, the EBRD Board Directors approved this approach to activities in Uzbekistan. Subsequently, the Bank's President visited Uzbekistan on 15-17 March and signed a Memorandum of Understanding with the Uzbek Government which reflects the Bank's envisaged approach and sets out the areas in which the Bank would look for new projects in support of the Government's reforms. These include private sector development through support to SMEs and measures to improve the competitiveness of the Uzbek economy, including technology and know-how transfer through attracting foreign direct investment; green investments, in particular in the municipal and environmental infrastructure sector, and addressing the uranium mining legacy in the region; as well as regional connectivity and integration, including through a trade finance programme to support cross-border trade and cooperation. Measures to improve the investment climate are among the focus areas for policy dialogue. The Memorandum of Understanding between Uzbekistan and the EBRD can be accessed in English and in Russian at the EBRD website at: <http://www.ebrd.com/news/2017/ebrd-president-concludes-visit-to-uzbekistan-.html>



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While the Bank is encouraged by the Uzbek leadership's commitment to political and economic reform in its first months in office, we will continue to monitor progress carefully. The Bank is also beginning its work on the revision of its Country Strategy for Uzbekistan which will reflect the new situation in the country and set out the framework in which the Bank envisages to operate over the forthcoming Strategy period. The Strategy will contain an assessment of Uzbekistan's commitment to and application of the principles set out in Article 1 of the Agreement Establishing the Bank. As with our other country strategies, the Bank will consult widely with civil society stakeholders as we take forward this work. We will keep you informed about this process and would appreciate your participation in the preparation of the forthcoming Country Strategy for Uzbekistan.

We look forward to our continued dialogue.

Sincerely,

Milica Delevic
Director, Governance and Political Affairs
European Bank for Reconstruction and Development