



**MEMORANDUM OF UNDERSTANDING**

BETWEEN

**GOVERNMENT OF THE REPUBLIC OF SERBIA**

AND

**EUROPEAN BANK FOR RECONSTRUCTION AND  
DEVELOPMENT**

IN RESPECT OF

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

**MEMORANDUM OF UNDERSTANDING** (hereinafter referred to as the “**Memorandum**”) between the Government of the Republic of Serbia (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 re-energise economic transition in a number of its countries of operations, including Serbia;

**WHEREAS** on the 29<sup>th</sup> of October 2014 Prime Minister Aleksandar Vučić and EBRD President Suma Chakrabarti signed a Letter of Intent to explore opportunities to improve the business environment in Serbia;

**WHEREAS** as part of the ICGI, the EBRD has envisioned a range of instruments with the overarching objectives of reducing the informal economy and enhancing competition, stimulating the resumption of credit growth, strengthening corporate governance and management practices, supporting privatisation, and stimulating investment in infrastructure; and

**WHEREAS** the Government has expressed its strong commitment to investment climate reforms and requested EBRD’s support in this area.

The Parties have come to the following understanding:

## **I. PURPOSE**

This Memorandum aims to provide a framework for cooperation between the Government and the EBRD in the development and implementation of the ICGI for Serbia 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 Serbia, 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 Serbia 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, bilateral and multilateral donors, and the civil society;
- Undertake measures to improve the legal framework on bankruptcy procedures, enhance corporate governance in state-owned enterprises, tackle the informal economy and promote competition, and help strengthening the role of civil society in contributing to the enhancement of corporate governance practices;

- 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 Serbia; and
- 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 Serbia, 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, will endeavour 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 Serbia. In particular, the EBRD will endeavour to:

- Support the Government's efforts to strengthen debt resolution and bankruptcy procedures by establishing a more effective framework and guidelines for out-of-court workouts and better implementation of pre-packaged reorganisation plans, including by strengthening judicial supervision and control of such plans;
- Promote the strengthening of corporate governance in private and state-owned enterprises by supporting the development and implementation of corporate governance action plans for a few strategic state-owned enterprises;
- Strengthen transparency and efficiency in the privatisation process by providing support to enhance the technical and administrative capacity of the Privatisation Agency;
- Support measures to improve public procurement practices, including facilitating small and medium-sized enterprises' access to public tendering processes;
- Strengthen transparency by supporting the Serbian Business Registration Agency (SBRA) to establish a regional registry portal in the Western Balkans region;
- Assist the Government to strengthen inspection reform coordination by providing support to the Inspection Reform Coordination Committee;
- Promote the use of established alternative dispute resolution mechanisms as well as arbitration procedures for businesses operating in Serbia;
- Foster greater competition in the Serbian economy by strengthening the capacity of the Commission for the Protection of Competition to conduct investigations of anti-competitive behaviour and to use its statutory powers more effectively;
- Work closely with the Government in defining other areas where the EBRD can apply its 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 Serbia; and
- 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

incurrence 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, to assess the achievement of the objectives as set out herein above and consider necessary adjustments, if any. Either Party may terminate this Memorandum of Understanding at any time by giving the other Party a one month written notice to this effect.

IN WITNESS WHEREOF, the Government and the Bank, each acting through its duly authorised representative, have signed this Memorandum of Understanding in four originals in the English language.

**For the Government of the Republic of Serbia:**

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Name: HE Aleksandar Vučić

Title: Prime Minister

**For European Bank for Reconstruction and Development:**

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Name: Suma Chakrabarti

Title: President