

HOW IS PRIVATISATION GENERALLY IMPLEMENTED IN UZBEKISTAN AS PART OF LARGE STATE-SUPPORTED PROJECTS?

MEMORANDUM OF UNDERSTANDING

Parties sign a memorandum of understanding, which sets major milestones and, most importantly, contains confidentiality clauses that enable the sharing of industry data. Usually signed with a local partner/quasi-state-owned corporation.

CORPORATE DOCUMENTS

Investors and local partners agree on the JV's corporate documents – charter and foundation agreement. The JV is usually registered before joint venture and investment agreements are signed, but as a protective measure the investor introduces relevant conditions precedent into corporate documents, usually in a foundation agreement.

GOVERNMENT DECREE (ORDER)

If the investment project is listed in one of the government's privatisation programmes, the decision is usually made to confirm and approve the establishment of the JV, highlight the next milestones, ensure the necessary operational support for the project, and approve the JVA and SPA (see below). Decrees may also address issues that are not entirely compliant with local laws.

PRESIDENTIAL RESOLUTION

A presidential resolution is an over-arching instrument issued to approve the entire project, including the investment agreement. It also provides tax incentives, privileges and operational support for the project.



PRELIMINARY FEASIBILITY STUDIES

Investor contracts with business consulting companies that analyse industry data to produce market study reports, business plans or preliminary feasibility studies. The report forms an integral part of the investment structuring and decision making processes.

JVA + SPA *

Investors and local partners enter into a joint venture agreement to address commercial issues that cannot be addressed in standard corporate documents. In parallel, investors sign a share purchase agreement (unless it is a greenfield JV) with local partners, and an asset purchase agreement with the state property committee.

* Joint Venture Agreement + Share Purchase Agreement

INVESTMENT AGREEMENT

If investments are made in priority sectors (for example, textiles, petrochemicals, energy, agriculture), investors may enter into an investment agreement with the state of Uzbekistan. The agreement is a long-term commitment and contains investment obligations, incentives, and protective measures.

TOP 10 CORPORATIONS OF UZBEKISTAN

