

LEGAL OPINION

on institutional contract of the UNDP on delivery of goods

Tashkent city

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In accordance with section 2, article 21 of the law of Republic of Uzbekistan "On contractual-legal basis of activities of economic entities" from 29.08.1998, legal analysis of institutional contract of the UNDP on delivery of goods (hereafter, referred as CONTRACT) have been made by me, Muhammadali Makhmudov, the legal expert of legal bureau «LEGALMAX ADVISERS GROUP» (license № 501 from June 5, 2009). During legal analysis the following has been established:

1. The considered CONTRACT is implemented by the UNDP within the framework of rendering assistance for the government of Uzbekistan for the fulfillment and in accordance with the Agreement concluded between the government of the Republic of Uzbekistan and United Nations Development Program from June 10, 1993 (hereafter, referred as AGREEMENT). The given AGREEMENT is regarded as an international agreement of the Republic of Uzbekistan and accordingly, as a source of international law.
2. In accordance with the Constitution of Republic of Uzbekistan, the priority of norms of international law is recognized in Uzbekistan, which suggests the supremacy of international legal norms over norms of Uzbek national legislation.
3. The legal nature of the considered CONTRACT represents a bilateral deal, also called an agreement, which is stipulated by the article 102 of the Civil Code of Republic of Uzbekistan. Signing and stamping of the deal by the parties implies their declaration of intention for the creation of civil-legal relationships between them for the fulfillment of mutual rights and obligations under the deal.
4. The considered CONTRACT is concluded from the moment of its signature by the parties, that is there is a presence of an agreement of the parties on all the essential terms of the CONTRACT.

Essential conditions in the considered CONTRACT (subject of the contract, payment form and terms, order of acceptance of goods, extent of responsibility, jurisdiction and etc.) are stated both in the main part of the CONTRACT and in **"the UNDP General terms and conditions for goods"** and also in **"bidding document and Offeror's bid"**, and are regarded as the integral part of CONTRACT. Signature of the CONTRACT by the Contractor (Executor) implies that he is informed about the presence of annex to the CONTRACT, consents to it and accepts its conditions. The section 1 of the CONTRACT has corresponding reference to general conditions, which is in compliance with the article 359 of the Civil Code of Republic of Uzbekistan, according to which, **the determination of separate conditions of the contract by approximate conditions**, elaborated for the corresponding types of contracts, can be stipulated in the contract. Approximate conditions can be stated in the form of approximate contract **or other document** that contains those conditions.

According to the article 354 of the Civil Code of Republic of Uzbekistan, terms of contract are defined at parties' discretion, except in cases when the content of corresponding condition is prescribed by the legislation. In view that the conclusion and execution of the CONTRACT is carried out in consideration with the provisions of the AGREEMENT that contain norms of international law and is part of Uzbek

legislation, accordingly, legal regulation of conditions of the CONTRACT is partially done by means of terms prescribed by the AGREEMENT.

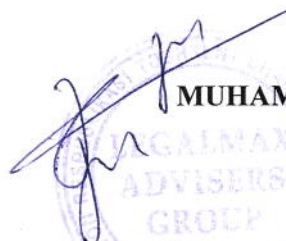
5. According to the clause 5, article IX of the AGREEMENT, contractors (offerors) under the contracts, concluded with the UNDP are equated with “persons completing their official duties”, under projects financed by the UNDP, within the framework of assisting to the government of the Republic of Uzbekistan and in relation to them, and accordingly in the deals concluded with their participation, the Government of Uzbekistan guarantees withdrawal of application of resolutions and other legal provisions that are incompatible with their duties performed by them under the AGREEMENT, including by means of conclusion of any contracts with the UNDP.

6. According to the section 2, article 2 of the Law of Republic of Uzbekistan “On foreign economic activities”, if international agreement of the Republic of Uzbekistan establishes other rules, than those provided by the legislation of Republic of Uzbekistan on foreign economic activities, then the rules of international agreement are applied.

7. Considering the abovementioned statements, separate conditions of the current legislation regulating questions of the conclusion and performance of contracts that are recognised in the Republic of Uzbekistan as standard conditions (for example, payment terms of goods, extent of responsibility and etc.) can be not applied in relation to the contracts concluded with the UNDP within the framework of assistance rendered by it to the Republic of Uzbekistan, in a case if they differ from the established rules of application and model documents of the UNDP and are seen as an obstacle for completing the UNDP projects.

Thus, I think that conditions of the CONTRACT considered by me, do not contradict requirements of the current legislation of the Republic of Uzbekistan.

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