

Republic of Uzbekistan**Country Partnership Framework****June 14, 2016****Chair Summary***

Executive Directors discussed the Joint IBRD/IFC/MIGA Country Partnership Framework (R2016-0098[IDA/R2016-0112, IFC/R2016-0152, MIGA/R2016-0032]) for Uzbekistan for the period FY2016-2020. Directors welcomed the approach to Uzbekistan's ambitious reform agenda and movement toward a market-based economy to help create a more sustainable path of income growth and job creation. Directors supported the strategy and its three focus areas: private sector growth; agricultural competitiveness and cotton sector modernization; and public service delivery.

Directors noted that meeting the job creation and governance challenges would require addressing priorities that affect development outcomes, such as improving data availability, capacity building, enhancing competitiveness, diversifying agriculture, improving service delivery, as well as commitment and progress in private sector development. While noting the importance of the new dynamism in agriculture modernization as an anchor for economic reform, they recognized the trade-offs and possible adverse social impacts from the diversification efforts, and urged the Government to develop a sequencing and path for transition, strengthen social safety nets and promote a cross cutting approach to ease the transition for smaller farmers, women and girls.

Directors underscored the importance of consultations with citizens to ensure transparency and accountability of public spending and appreciated the increased focus of this CPF on enhancing citizen engagement and trust building through public consultation and participation in policy making. In that regard, Directors underscored availability of quality data to help ensure transparency and to make informed policy decisions. Directors also called for improved resource revenue management collected from the extractive industries, monitoring results from new energy operations, prioritizing infrastructure asset management and maintenance.

Directors emphasized close collaboration across the Bank, IFC and MIGA, in particular on addressing distortion, such as exchange rate policy and foreign exchange regulation convertibility, improvements in the regulatory and business environment and private sector development. The opportunity for regional cooperation was highlighted. They also recognized the role of champions in helping to sustain private sector commitment and stimulate a culture of collaboration and trust. Directors urged the IFC to target SMEs, entrepreneurship, financial sector, oil and gas, chemical, cotton, and privatization in SOEs.

Directors recognized that the strategy faces significant risks. In particular, they noted governance challenges, macroeconomic stability, institutional capacity for implementation, fiduciary concerns, and environmental and social safeguards may impact achieving strong CPF results. They also urged improved Bank portfolio performance and disbursement and supported the CPF's focus on analytical and advisory services. Directors urged the Uzbekistan authorities and the World Bank Group to continue to engage in addressing controversial labor practices in the agriculture sector and ensure the gains from the ongoing dialogue with CSOs and the ILO continue to improve portfolio performance, address the drivers of forced labor, and promote productive employment.

*This summary is not an approved record.