

## Republic of Uzbekistan

### Reforms for a Sustainable Transformation toward a Market Economy Development Policy Operation

#### Chair Summary\*

June 26, 2018

Executive Directors approved the first budget support loan to the Republic of Uzbekistan in the amount of US\$ 500 million for the Reforms for a Sustainable Transformation Toward a Market Economy Development Policy Operation (IDA/R2018-0167) on the terms and conditions set out in the President's Memorandum.

Directors welcomed the substantive economic transformation that is currently underway in Uzbekistan and recognized the importance of this operation to help facilitate reform sustainability. Directors endorsed the focus areas of the operation.

Directors noted Uzbekistan's efforts to maintain social and macroeconomic stability and address existing structural constraints that led to waning productivity and low employment creation, thus hampering inclusive growth. Directors supported the joint World Bank Group engagement for Uzbekistan's reform process and the IFC and MIGA's plans to improve the business environment to foster job opportunities and private sector competitiveness. They emphasized the importance of the World Bank Group leadership in donor coordination of financial support and technical assistance for improving budgetary transparency, institutions building, and enhanced governance.

Directors appreciated Uzbekistan's strong commitment to keeping the momentum and depth of the ongoing economic reforms and increasing its transparency, while securing that a robust safety net is in place to protect the vulnerable. Directors stressed the importance of prioritizing measures of market liberalization, enhancing fiscal sustainability and tax reforms, and carrying forward SOEs reforms. They appreciated the World Bank Group's intention to deepen support in coming years for sustainable progress and recognized that success for Uzbekistan and the region depends on keeping the reform momentum.

Directors recognized Uzbekistan's strong commitment and progress on eradicating child and forced labor. However, they expressed concerns about the risks that may persist at the local level, particularly in the cotton sector. Directors stressed the importance of closely monitoring progress on these efforts to ensure compliance with national legislation and International Labor Organization conventions on child and forced labor.

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\*This Summary is not an approved record.