Executive Directors discussed the joint IBRD/IFC/MIGA Country Engagement Note (CEN) (R2015-1099[R2015-0277, MIGA/R2015-0083]) for Turkmenistan for the period FY16-FY17. Directors noted Turkmenistan’s strong economic growth averaging 11 percent annually since 2007, while stressing the importance of proactive management of the risks and vulnerabilities of the country’s reliance on hydrocarbons. They underlined the need to accelerate the implementation of inclusive reforms in light of a difficult external environment, especially those aimed at creating jobs, promoting economic diversification and competitiveness, and to manage the country’s natural resources more efficiently to achieve higher living standards.

Directors welcomed the authorities’ commitment to re-engage with the World Bank Group (WBG) and other bilateral and multilateral institutions and the scaling up of investments and advisory activities in support of the development agenda. They encouraged the WBG to foster coordination among partners to ensure comparative advantage and the sharing of information with key partners and in-country stakeholders. They stressed the importance of WBG assistance to help the government define and implement its development program, particularly in the important area of economic reform. Directors highlighted the importance of building the human capital to support growth and competitiveness, including through education and skills capacity. They also noted the potential of better quality public and private services to support economic growth.

Directors supported the focused approach of the knowledge-based program of the CEN to facilitate Turkmenistan’s gradual integration into the international economy and its transition to a more market-based economy. They welcomed the authorities’ continuing efforts to engage more effectively in the broader international and regional development agenda such as trans-boundary and regional connectivity, energy, and water management and use, as well as global programs and public goods such as environmental protection and climate adaptation and mitigation.

Directors strongly emphasized the importance of private sector development, particularly diversification beyond the energy sector. They noted the significant potential to expand private activity from its very small base, and encouraged expansion of the investment and guarantee products of both IFC and MIGA. Directors supported WBG efforts to address constraints to private sector growth through interventions in both the public and private sectors, including the business environment, continued privatizations, regional integration, and improved public financial management. They emphasized the value of addressing bottlenecks in infrastructure, expanding agricultural productivity, and the development of non-hydrocarbon sectors. Directors highlighted the role of capacity building in economic transformation and expansion, including capacity building on implementation of WBG programs. They welcomed a strong dialogue between the WBG and Government, incorporating learning from the outcomes of CEN activities to help shape the next phase of partnership with the WBG.

*This summary is not an approved record.