



**Jean Lemierre**

*President*

His Excellency Mr Islam Karimov  
President of Uzbekistan

26 July 2005

Excellency,

I am writing to you today regarding the Bank's Strategy for Uzbekistan.

As you are aware, the Board of Directors adopted the last Strategy in March 2003 and emphasised the importance of the Uzbek authorities taking a number of critical steps to put Uzbekistan on a path of sustained progress towards multi-party democracy and a market economy.

Today the Board completed its review of the developments since approval of the last Strategy. The Board concluded that, although some progress has been achieved on the economic side since then, there has been no improvement in Uzbekistan's political environment. The May 2005 events, involving the indiscriminate use of force against civilians, as documented in various reports, including the report of the UN High Commissioner for Human Rights, are a cause of serious concern also for the Bank.

The Board in approving a new Strategy covering the next two year period, has decided that the Bank will limit its activities to private sector operations and will not initiate public sector projects. Within the private sector a priority will be given to the development of SMEs and micro-business. In this context, the Bank is considering the possibility of establishing a microfinance bank.

We are convinced that only reforms can unlock Uzbekistan's significant economic potential and allow the Bank to mobilise the full range of its activities. The Bank will continue to follow closely political and economic reforms in Uzbekistan and is committed to maintaining a dialogue with the Uzbek authorities aimed at improving the investment and business climate and supporting the country's reforms which promote an open market economy.

Yours sincerely,

cc: Laurent Guye, Director for Switzerland, Turkey, Liechtenstein, Uzbekistan,  
Kyrgyz Republic, Azerbaijan, Turkmenistan and Serbia and Montenegro