

Islamic Republic of Pakistan**Dasu Hydropower Stage I Project (DHP-I)****Chair Summary*****June 10, 2014**

The Executive Directors approved the credit for the Dasu Hydropower Stage I Project (IDA/R2014-0187) for the Islamic Republic of Pakistan in the amount of SDR379.73 million (US\$588.4 million equivalent); and a proposed IDA partial credit guarantee in the amount of US\$460 million on the terms and conditions set out in the President's Memorandum. The Executive Directors also approved the request for a waiver of the World Bank's Operational Policy 14.25 on Guarantees, paragraph 3, for this Project.

Directors expressed strong support for the Dasu Hydropower Stage I Project, as part of Pakistan's transformative energy initiative to address its energy deficit and expand electricity supply in a sustainable and affordable manner. In this regard, they welcomed the shift away from thermal generation towards low-carbon, least-cost renewable hydropower generation.

Directors encouraged the World Bank Group to support the Government's efforts to harness the hydropower resources of the country and develop the "Indus River Cascade." They noted that this would require careful planning, capacity building and implementation support for projects with high economic returns so that they meet the Bank's safeguard standards, as well as the aspiration of stakeholders. Directors encouraged attention to efficiency and transparency in procurement and financial management, as well as implementation of social and environmental management plans, taking into account stakeholder concerns.

Directors appreciated the proposed sequenced financing strategy and the innovative use of IDA guarantees for such a large investment, noting that it could provide a model for development of such large infrastructure projects in future. In this context, they highlighted the importance of leveraging critical commercial financing in the future. Finally, Directors urged the Government to maintain its momentum of reform in the energy sector and asked Management to closely monitor implementation.

*This summary is not an approved record.