

## Ukraine

### Economic Growth and Fiscally Sustainable Services Policy Based Guarantee (PBG)

December 18, 2018

#### Chair Summary\*

The Executive Directors approved a Guarantee to Ukraine in the amount of US\$ 750 million equivalent for the Economic Growth and Fiscally Sustainable Services Policy Based Guarantee (PBG) on the terms and conditions set out in President's Memorandum and Recommendation. Mr. Marshavin wished to be recorded as opposing this operation.

Directors welcomed the PBG which supports an ambitious program of reforms to strengthen the structural underpinnings of economic growth and macro-fiscal stability in Ukraine. They stressed the importance of strengthening markets and institutions to bolster investment and economic growth, as well as improving fiscal sustainability and effectiveness of key social services and benefits.

Directors noted the challenging financing environment facing Ukraine and inquired about the timing of this operation. They appreciated the use of the PBG instrument in helping Ukraine mobilize private capital in this environment.

Directors commended the Ukrainian authorities for advancing a strong reform program under difficult circumstances. They noted the considerable risks facing Ukraine in 2019 and encouraged the authorities to maintain the reform momentum and to stay on track with the IMF program to sustain economic progress going forward.

Directors recognized the potential political and fiscal risks associated with the implementation of these reforms, including the high NPL ratio in the banking sector and debt distress. They stressed the need of strengthening institutional capacity, social and gender impact, and the use of WBG instruments to underpin the long-term development of the country.

Directors appreciated the close cooperation with the IMF and the coordination between development partners. They noted the value of the World Bank's diverse work in Ukraine, including technical assistance to support the design and implementation of key policy reforms.

---

\*This Summary is not an approved record