

**Pakistan****Second Fiscally Sustainable and Inclusive Growth Development Policy Credit****Chair Summary\*****June 18, 2015**

Executive Directors approved the Second Fiscally Sustainable and Inclusive Growth Development Policy Credit (DPC) in the amount of SDR 355.6 million (US\$500 million equivalent) on the terms and conditions set out in the President's Memorandum.

Directors expressed broad support for this second in a series of the World Bank's credits to support the Government's implementation of its reform program despite the negative shocks in the first semester of FY14/15. Directors appreciated the focus of this second operation on the achievement of concrete results in the project's four main areas of private sector development, fiscal management, trade policy, and social protection. They noted the operation builds on the results achieved under the first DPC and those of power sector reforms, and that lessons from previous engagements were taken into account.

Directors welcomed the considerable progress Pakistan has made in poverty reduction. They also commended the actions taken by the Government to date, with the comprehensive reform program to reduce imbalances and the introduction of growth-oriented structural reforms.

Directors noted that the reforms under this DPC could be further sustained by eventual follow up actions supported by another DPC and technical assistance. Directors acknowledged the overall high risk of the operation, and underscored the need to improve data and carefully monitor results, and the Government's risk mitigation efforts. In particular, Directors urged the Bank to continue helping the Government to enhance capacity to achieve outcomes on a short time frame, to build in systems to protect the poor from the impact of reforms and to ensure women's participation, especially in SMEs. Directors additionally emphasized the need to strengthen fiscal transparency and for outreach and communication to ensure wider ownership and generate greater confidence in reforms. The Government is expected to remain on-track with the IMF program. Finally, the importance of continued close cooperation between the World Bank Group and the IMF, donors, and all other stakeholders was underscored.

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\*This summary is not an approved record.