

Pakistan**Second Power Sector Reform Development Policy Credit****Chair Summary*****November 12, 2015**

The Executive Directors approved a credit to the Islamic Republic of Pakistan in the amount of SDR356.2 million (US\$500 million equivalent) for the Second Power Sector Reform Development Policy Credit on the terms and conditions set out in the President's Memorandum.

Directors expressed support for the operation and welcomed its three pillars, namely: (i) reducing subsidies and improving tariff policy; (ii) improving sector performance and opening the market to private participation; and (iii) ensuring accountability and transparency. Directors stressed the importance of building on the foundations of the reforms, managing risks, and ensuring that sound implementation leads to lasting change.

Directors noted the lessons learned from previous engagements and welcomed the analysis of the economic and social effects on the poor. In this respect, Directors supported the operation's focus on promoting transparency and accountability, as well as the efforts to manage circular debt and the associated risks, with due regard to fiscal and social sustainability. Directors underlined the importance of improving the reliability of power supply, noting the adverse impacts of power outages on economic activities and the population. They emphasized that reforms should result in increased private investment into the energy sector, with a focus on better targeting of subsidies to the poor. Directors noted that reforms in the energy sector are expected to have positive effects in the context of global climate change action.

In addition, Directors urged the Bank and authorities to remain engaged in monitoring the implementation of power sector reforms and continuing to advance the privatization agenda. To that end, Directors encouraged close synergy between the Bank's technical assistance and advisory services in the power sector and in privatization. Finally, Directors welcomed the one World Bank Group approach and the ongoing cooperation with other development partners, and stressed the importance to maintain such partnership going forward.

*This summary is not an approved record.