

**Ukraine****Second Programmatic Financial Sector  
Development Policy Loan****Chair Summary\*****September 15, 2015**

Executive Directors approved an IBRD Loan in the amount of US\$500 million for the Second Programmatic Financial Sector Development Policy Loan (R2015-0172) on the terms and conditions set out in the President's Memorandum.

Directors supported the proposed operation aimed at strengthening the operational, financial and regulatory capacity of the Deposit Guarantee Fund (DGF) for the resolution of insolvent banks, improving the solvency of the banking system, and strengthening the legal and institutional framework. Directors acknowledged the authorities' commitment to implementing needed financial sector reforms to tackle the current economic and financial crisis and to create a healthier and more viable financial sector.

They underscored the fragile situation and the continued high risks in the financial sector that could undermine the sustainability and impact of the operation and stressed the need for a robust risk mitigation process, taking into account lessons learned from previous engagements. They acknowledged the recent progress on debt-restructuring. Directors welcomed the focus of the operation on poverty and social impact, urging to minimize the impact on the poor people, particularly the bottom 40 percent, affected by the crisis.

They encouraged the Bank to continue the policy dialogue with authorities and Civil Society Organizations with the aim to sustain reform momentum and implementation. They stressed the importance of continued close coordination with the IFC and MIGA as well as with development partners, including the IMF, noting that adequate and timely external support remains crucial to reinforce implementation and monitoring of reforms.