

Ukraine
Second Development Policy Loan
Chair Summary*
August 25, 2015

Executive Directors approved an IBRD Loan in the amount of US\$500 million for the Second Development Policy Loan (R2015-0158) on the terms and conditions set out in the President's Memorandum.

Directors supported the proposed operation aimed at promoting good governance, transparency, and accountability in the public sector; strengthening the regulatory framework and reducing costs of doing business. Directors recognized the need to reform inefficient and inequitable utility subsidies, including introducing cost recovery, while making sure the poor will be adequately and timely protected. They urged attention to reforms of state-owned enterprises. Directors acknowledged the authorities' commitment to implementing needed macroeconomic and structural reforms to tackle the current economic crisis and to create conditions for a sustainable and inclusive recovery. Directors noted that adequate and timely external support, including through this operation, remains crucial to reinforce reforms and help Ukraine meet its external and fiscal financing needs.

Directors acknowledged the fragile situation and the continued high risks that could undermine the sustainability and impact of the operation, and urged a robust risk-mitigation framework to be in place, taking into account lessons learned from previous engagements. They underscored that the ultimate success of the operation will depend on continued implementation, flexibility, and sustainability of necessary reforms, and focus on strengthening macroeconomic stability and the environment for private sector participation. They encouraged the Bank to continue the policy dialogue with authorities with the aim to sustain reform momentum and implementation, and address debt sustainability. Directors stressed the importance of close monitoring of these reforms, and close coordination with development partners, including the IMF, Japan, Norway, the UK, US and EU in supporting these initiatives.

*This summary is not an approved record.