

Ukraine
Financing for Recovery from Economic Emergency
Supplemental Development Policy Loan

Chair Summary*

March 7, 2022

Executive Directors approved a loan for Ukraine for the Financing for Recovery from Economic Emergency (FREE) Supplemental Development Policy Loan (DPL) in the amount of EUR 437.05 million (equivalent to USD 489.45 million) on the terms and conditions set out in the President's Memorandum.

Directors expressed concern for the loss of life and humanitarian disaster, and their solidarity and strong support for the World Bank's continued engagement in Ukraine in these challenging times. They commended Government counterparts and staff for their dedication in rapidly preparing the operation under difficult conditions. They appreciated that the loan provides supplemental financing to cover an unanticipated budget financing gap related to a severe escalation of geopolitical tensions and outbreak of war. Directors noted that the operation will help catalyze additional financing from development partners, recognizing that more resources will be needed from development partners if the situation deteriorates further, and in the longer term, to also mitigate risks. Directors also stressed the need for the World Bank Group to work with partners on the ground, and to make resources available to address the significant refugee situation in neighboring countries.

Directors took note of the high risks associated with this operation and appreciated the increased focus on strengthening fiduciary arrangements, including efforts to mitigate risks of use of Loan proceeds to finance excluded expenditures, such as military purchases. They asked the Bank to put in place enhanced monitoring and safeguard measures to ensure adequate deployment and accounting of the funds disbursed, while acknowledging that residual risks will remain. Directors expressed concern about the potential economic impact of a protracted war on poverty, food security and energy, both regionally and globally; they asked for the Bank and IMF to work together to lead and provide support based on their comparative advantages, avoiding any duplication of efforts. They asked to replicate this unique and swift response in other countries that face similar fiscal constraints and economic challenges.

*This Summary is not an approved record.