

IMF 'Ready to Respond' to Ukraine Aid Bid

By [The Moscow Times](#)

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The International Monetary Fund will answer Ukraine's call for financial help "at this critical moment in its history," fund chief Christine Lagarde said Thursday.

In the IMF's first official statement on Ukraine since the country's political crisis intensified last week, Lagarde said a fact-finding team will be sent to Kiev in the coming days to assess the financial needs.

"We are ready to respond," she said.

The mission will help the IMF understand the economic situation and its officials will start discussing with Ukrainian authorities what reforms would be required in exchange for an emergency loan program, she added.

Ukraine's Finance Ministry has said it needs \$35 billion for this year and next to avoid default.

The political turmoil since the end of last year has roiled the economy, depleted the central bank's reserves and sent its currency tumbling.

Any financial help from the IMF for the country of 46 million is likely to come with tough conditions attached, including demands for budget cuts, structural reforms and a devaluation of the currency to make the economy more competitive. The IMF would also likely demand a sharp increase in the price of natural gas, which the country heavily subsidizes.

Those measures are likely to be unpopular and dent the support of any new government. A devaluation of the currency would hurt Ukrainians' quality of life as it would cause import prices to soar. More expensive energy would further hurt consumers' budgets.

Ukraine officially asked the IMF for help Thursday, Lagarde said. The IMF said it is in talks with several nations and other multilateral organizations — institutions like the World Bank or the European Union — to determine the best way of assisting Ukraine.

Ukraine has a fraught relationship with the IMF, however. It previously sought help from the Washington-based fund but then failed to keep to the terms of earlier bailouts in 2008 and 2010.

Negotiations on the conditions for a new IMF loan package are likely to last months, and officials said no deal can be reached before a stable, elected government is in place.

Officials say Ukraine will need financial assistance rapidly, even before a full IMF package can be concluded. The EU has offered to bridge that gap, while declining to specify how much money will be needed. The U.S. is also looking into how it can assist.

Estimates of Ukraine's financing needs vary, but analysts say the country might need a total of \$20 billion to \$25 billion for 2014 and 2015, perhaps \$15 billion this year and \$10 billion the next. The money would help pay salaries and pensions and maturing bonds.

Ukraine had a promise of \$15 billion in help from Russia — but that is on hold after parliament voted Saturday to remove pro-Russian President Viktor Yanukovich and take the country closer to the 28-nation EU instead. Kiev has only gotten \$3 billion of Moscow's bailout cash.

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