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IMF to Decide on Paying $1.4Bln Tranche of Ukraine Bailout

By The Moscow Times

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KIEV — The International Monetary Fund expects to decide within weeks on issuing the second tranche of a $17-billion bailout to Ukraine, whose economy is likely to contract by 6.5 percent this year, its Kiev mission chief said on Friday.

Ukraine, which is fighting a pro-Russian separatist rebellion in the east, received $3.2 billion in May as the first tranche of the two-year aid package intended to shore up depleted foreign currency reserves and support the state budget.

"The mission has reached an understanding with the Ukrainian authorities on the policies necessary for the completion of the first review under the standby agreement... We expect this process to be completed within few weeks," said mission chief Nikolay Gueorguiev.

He said the tranche could total $1.4 billion, although his forecast that the Ukrainian economy would contract by 6.5 percent this year was a larger fall than the previously estimated 5-

percent decline.

Ukraine's economy stagnated in 2013. Economists have said its economy will slide deeper into recession this year, despite an IMF aid deal, as a pro-Russian rebellion cripples activity in the industrial east and scares off foreign investors.

The IMF approved its bailout for Ukraine in April to help the country's economy recover after months of upheaval, unlocking further credits from other donors of about $15 billion.

Ukrainian Prime Minister Arseny Yatsenyuk said on July 9 that he expected Kiev to receive the second tranche because it was fulfilling all the criteria.

Kiev also says the IMF should take into account the large costs Ukraine is incurring while fighting the pro-Russian separatist rebellion in the east of the country.

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