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Next Tranche of IMF Loans to Ukraine Contingent on Reforms – Deputy Minister

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KIEV — Ukraine hopes to receive the second tranche of loans from the International Monetary Fund in August provided parliament passes reform laws required under the bailout package, Deputy Finance Minister Artem Shevalev said on Thursday.

Ukraine has so far received $5 billion from the Fund from its overall pledge of $17.5 billion. To get the next tranche worth $1.7 billion, it must implement reforms including legislative changes to the banking system and energy sector.

If parliament passes the laws next week then the funds will come in August, "but there is no chance of [Ukraine] receiving the second tranche in July", Shevalev told a news conference.

The IMF cash is part of a broader $40 billion bailout program aimed at shoring up Ukraine's economy, which has been pushed close to bankruptcy by years of economic mismanagement and a conflict with pro-Russian separatists in the east.

Ukraine is expected to come up with $15 billion by restructuring its sovereign and quasi-sovereign debt, but talks with creditors have dragged on for over three months, prompting Kiev to threaten that it would halt debt payments if a deal is not reached soon.

Shevalev said some progress had been made in the negotiations, but more needed to be done to broker a deal and the ministry had not ruled out calling a moratorium on payments if necessary.

"Unfortunately we can't rule out [halting debt payments] ... At the moment any scenario is possible," he said, adding that if a moratorium is introduced, Ukraine would stop servicing all its sovereign external debt, including a $3 billion eurobond held by Russia.

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