

## **IMF board approves USD 1.0 bln tranche for Ukraine**

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**Analyst: "The disbursement of USD 1.0 bln, as well as the anticipated EUR 0.6 bln loan from the EU promise further accumulation of gross international reserves, which we expect will reach USD 19.5 bln by year end."**

KYIV, April 5, 2017 (UBO) - The IMF Executive Board reported on April 3 it has completed the third review of its USD 17.5 bln Extended Fund Facility program and approved a USD 1.0 bln disbursement for Ukraine, Concorde Capital informed clients today. In its release, IMF Acting Chair David Lipton emphasized that for sustainable growth, Ukraine needs to start privatization and agricultural land market reform, as well as decisively tackle corruption. He also referred to the need for comprehensive pension reform "raising the effective retirement age" and efforts to improve state revenue administration. Also Lipton mentioned the unresolved USD 3 bln debt to Russia, stating that "good faith efforts to resolve the remaining sovereign arrears must continue." With the fourth tranche approved, total disbursements under the EFF program (started in March 2015) amount to USD 8.6 bln. Concorde analyst Alexander Paraschiy added: "Definitely positive news for Ukraine. It means the IMF does not see any dramatic consequences of halted trading with occupied Donbas. Also the IMF is not paying much attention to the U.K. court decision that rejected all of Ukraine's defense arguments on the USD 3 bln debt to the Russian state fund. "The disbursement will improve confidence in the Ukrainian currency and will extend Prime Minister Groyshman's tenure at the Cabinet beyond a year (his political immunity expires in mid-April). "Chances for the fifth IMF tranche are a question mark. Finance Minister Oleksandr Danylyuk was pretty optimistic last night, stating that he expects the next wire already in May. We view that as too good to be true. From Lipton's suggestions, we see land reform as the most realistic "big win" that Ukraine can deliver to complete the fourth review of the loan program successfully. We know the Agrarian Ministry has drafted a bill on land circulation and it's currently under discussion with stakeholders. We see it as quite realistic to have this bill submitted to parliament this summer. "At the same time, the prospects for pension reform, especially if the issue is a retirement age increase, look dubious. Populist MPs would easily exploit this attempt to muster opposition to the government among impoverished seniors. "The disbursement of USD 1.0 bln, as well as the anticipated EUR 0.6 bln loan from the EU (approved on March 16 and expected to be provided in April), promise further accumulation of gross international reserves, which we expect will reach USD 19.5 bln (four months of imports) by the year end."

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