

EU Council endorses EUR 1 bln MFA program for Ukraine **World**

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Analyst: “We remain cautiously positive about Ukraine meeting the IMF's core demands for the next loan tranche, the most important of which is adopting the law creating the independent High Anti-Corruption Court in line with Council of Europe requirements.”

KYIV, May 30, 2018 - EU ambassadors endorsed on behalf of the EU Council an agreement on a new package of macro-financial assistance (MFA) for Ukraine, Concorde Capital informed its clients, based on the EU Council's May 29 press release. The new MFA III program plans for two loan tranches at a total of EUR 1 bln for Ukraine during the next 2.5 years. The assistance “will be conditional on progress in the prevention of corruption, as well as on the progress of the IMF program,” the Council highlighted. The loan tranches “will be subject to economic policy and financial conditions, focusing on structural reforms and sound public finances,” with concrete conditions to be outlined in a memorandum with Ukraine. The initial schedule assumes that Ukraine will receive EUR 0.5 bln from the program in 2018 and another EUR 0.5 bln tranche in 2019. The EU Council had earlier initiated two MFA programs in 2014 (MFA I for EUR 1.6 bln) and 2015 (MFA II EUR 1.8 bln). The MFA II program was terminated in January 2018, with Ukraine unable to receive its third tranche worth EUR 0.6 bln. Concorde analyst Alexander Paraschiy added: “Ukraine's National Bank earlier forecasted that Ukraine would receive the first MFA III tranche in 3Q18 and the second one in 2020. The first tranche, therefore, is part of multilateral financing projected for 2018 by the National Bank that is worth up to USD 3.4 bln (provided by the IMF, the EU and the World Bank), all of which are conditional on Ukraine receiving the next IMF loan tranche. MFA III is meaningless without it. Therefore, the EU Council announcement merely demonstrates to Ukrainian power brokers how much potential financing they are going to miss by not complying with the IMF's requirements. “We remain cautiously positive about Ukraine meeting the IMF's core demands for the next loan tranche, the most important of which is adopting the law creating the independent High Anti-Corruption Court in line with Council of Europe requirements. The law could be approved by parliament next week if the loan tranche is to be approved before the IMF's summer break in the second half of July.

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