



INTERNATIONAL ASSISTANCE TO UKRAINE

Multilateral Assistance

- The Group of Seven leading industrialized countries (G-7) and other countries, as well as the international financial institutions such as the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development (EBRD), have shown a strong willingness to help Ukraine with economic reform in the last four years.
- The G-7, as large shareholders in the international financial institutions, have encouraged these organizations to support economic reform in Ukraine. All these institutions are working diligently to that end.
- One of the largest and perhaps most important components of any foreign assistance package for Ukraine will be lending from the IMF. In keeping with its goal of assisting with the implementation of economic stabilization and reform measures, the IMF has developed different lending facilities that are geared to different phases of reform. Recently, the IMF and the Government of Ukraine reached an understanding on an economic program to be supported by financial resources equivalent to US\$730 million under the Systemic Transformation Facility (STF).
- The STF is a new mechanism which was developed by the IMF in 1993 to meet the specific needs of economies in transition from central planning to Western-style markets. Agreement on an STF requires that the Ukrainian government commit to a specific economic policy course as well as to certain policy actions (such as a reduction in government subsidies). An STF is typically made available in two equal drawings.
- Satisfactory progress under the STF-supported program (i.e., meeting key economic objectives outlined in the STF), would qualify Ukraine for financing of nearly US\$1 billion under an IMF Stand-By Arrangement (SBA), given the current access limit of 68 percent under this arrangement.
- The World Bank, which focuses mainly on infrastructure, institution building and sectoral reform, could commit up to US\$800 million for project loans in the next two years. It has approved one loan, worth US\$27 million, for assistance with privatization and public sector reform.

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