



September 22, 2015

IMF Managing Director Letter to the Financial Community on Ukraine

Ms. Christine Lagarde, the Managing Director of the International Monetary Fund (IMF), addressed the following letter about Ukraine to members of the financial community:

“The Ukrainian authorities have embarked on an ambitious economic program with support from the international community. This includes substantial fiscal consolidation and energy sector reforms, the rehabilitation of the banking system, the build-up of the National Bank of Ukraine’s (NBU) international reserves, and the improvement of the business environment to enhance the productive potential of the economy. Despite a very challenging environment, these efforts have progressed in line with the IMF-supported program and have started to bear fruit. The economy is showing signs of recovery, the foreign exchange market has been broadly stable, confidence in the banking system is gradually recovering, and inflation is receding.

“This economic program has received exceptional financing from international financial institutions and bilateral partners, which has exceeded US\$10 billion so far in 2015, consistent with commitments of more than US\$25 billion for 2015–18. In addition to continued support from these international partners, the success of the program also critically rests on support from Ukraine’s creditors.

Following several months of constructive discussions, I am encouraged that an agreement has been reached between the Ukrainian authorities and the Ad-Hoc Creditor Committee on the parameters of an operation to restructure Ukraine’s Eurobonds. These parameters substantively meet the objectives set under the IMF-supported program to ensure that Ukraine’s debt remains sustainable with high probability and that the program is fully financed. Together with full implementation of the program, they will provide the necessary external debt service relief, reduce annual post-program gross financing needs as envisaged, and place public debt firmly on a downward path.

“High participation by all concerned Eurobond holders in the upcoming debt exchange is paramount, since Ukraine lacks the resources under the program to service its debts on the original terms. Together with the authorities and the Ad-Hoc Creditor Committee, I call on all creditors to support this offer.

“While fully aware of the challenges ahead, the Ukrainian authorities’ strong start in implementing their economic program has reaffirmed their determination to address the economic imbalances and deepen structural reforms in order to put the economy on a path of sustained growth and financial stability. I firmly believe that the authorities’ program warrants the strong support of the international community.

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