

International Monetary Fund Offers Ukraine \$14-18Bln in Loans

By [The Moscow Times](#)

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KIEV — The International Monetary Fund on Thursday promised to loan between \$14 billion and \$18 billion to Ukraine's fledgling government, which is struggling to keep the country's economy afloat amid mounting debts.

Ukraine had faced three months of anti-government protest when President Viktor Yanukovich fled the country late February. Its economy teetering on collapse, Ukraine was pushed closer to the edge with Russia's takeover of the Crimean peninsula and Moscow's multibillion dollar bill for gas deliveries.

Prime Minister Arseny Yatsenyuk told the parliament on Thursday that the country was "on the brink of the economic and financial bankruptcy" and that its economy could drop 10 percent this year unless urgent steps are taken.

But the reforms his new government agreed to in exchange for the loans will hit households

hard. That could severely diminish the new government's popularity at a time when it is struggling to establish itself in Kiev and has already lost territory to Russian forces.

The IMF said on Thursday that recent economic policies have drastically slowed growth and brought foreign currency reserves to a "critically low level."

After two weeks of talks in Kiev, the IMF said the precise amount would be determined once Ukrainian authorities offered more precision on their needs and it was clear what other aid the country would receive. It mentioned, however, that the "support from the broader international community" could be as high as \$27 billion.

The IMF loan hinges on structural reforms that Ukraine has pledged to undertake. The IMF said the reforms will include maintaining a flexible exchange rate and reforming the energy sector to make it profitable, all of them potentially painful for the majority of the population.

Russia is raising natural gas prices for Ukraine, and the households in Ukraine should expect their gas bills to rise by 50 percent in May, Ukrainian officials said.

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