

exemption provided, the duration, and the estimated subsequent revenue loss for the current fiscal year.

49. The STA will continue to provide monthly information, no later than 25 days after the end of the month, on VAT refunds in the following format: (i) beginning stock of refund requests; (ii) refund requests paid in cash; (iii) netted out against obligations of the taxpayer; (iv) netted out in line with Cabinet of Ministers' resolutions #85 of February 4, 2009, and #312 of April 2, 2009; (v) denied requests; (vi) new refund requests; (vii) end-of-period stock; and (viii) stock of end-of-period requests that are overdue in accordance with the VAT law (currently, refunds are overdue after 1 month for exporters and 3 months for other VAT taxpayers). It is understood that while monthly data could be operational, quarterly figures will be subject to verification and will be final.

#### **D. Ministry of Economy and Ministry of Fuel and Energy**

50. The Ministry of Economy will provide quarterly information on actual levels of communal service tariffs in all regions for major services (heating, water supply, sewage and rent). In addition, the Ministry of Economy, the Ministry of Housing and Municipal Economy of Ukraine, and the National Energy Regulatory Commission will provide the methodology underlying the tariff calculations for full cost recovery, including electricity and gas.

51. For each month, no later than the 25th of the following month, the government (based on information by the Ministry of Fuel and Energy, the Ministry of Economy, STA, MoF, NERC, and *Naftogaz*) will provide IMF staff with information in electronic form (in an agreed format) on financial indicators in the gas, electricity and coal sectors, including sales, tariffs, arrears, payments to the budget, subsidies, and debt.

#### **E. State Statistics Committee**

52. The state Statistics Committee and *Naftogaz* will provide to the IMF, on a monthly basis, no later than 45 days after the end of the month, data on prices, volumes, and payments for imported and exported oil and natural gas by country of origin and destination.

INTERNATIONAL MONETARY FUND

UKRAINE

**First Review Under the Stand-By Arrangement, Requests for Waivers of  
Nonobservance of Performance Criteria, and Rephasing of Purchases Under the  
Arrangement—Informational Annex**

Prepared by the European Department in Consultation with Other Departments  
Approved by Poul Thomsen and Lorenzo Giorgianni

April 30, 2009

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**APPENDIX I: UKRAINE—FUND RELATIONS**  
(As of March 31, 2009)

**I. Membership Status:** Joined 09/03/1992; Article VIII

<b>II. General Resources Account:</b>	<b>SDR Million</b>	<b>Quota</b>
Quota	1,372.00	100.00
Fund holdings of currency	4401.63	320.82
Reserve position in Fund	0.02	0.00
<b>III. SDR Department:</b>	<b>SDR Million</b>	<b>%Allocation</b>
Holdings	3.25	N/A
<b>IV. Outstanding Purchases and Loans:</b>	<b>SDR Million</b>	<b>%Quota</b>
Stand-By Arrangements	3,000.00	218.66
Extended arrangements	29.63	2.16

**V. Latest Financial Arrangements:**

<u>Type</u>	<u>Approval Date</u>	<u>Expiration Date</u>	<u>Amount Approved (SDR million)</u>	<u>Amount Drawn (SDR Million)</u>
Stand-By	11/05/08	11/04/10	11,000.00	3,000.00
Stand-By	03/29/04	03/28/05	411.60	0.00
EFF	09/04/98	09/03/02	1,919.95	1,193.00

**VI. Projected Payments to Fund (Expectations Basis)<sup>1</sup>**

(SDR million; based on existing use of resources and present holdings of SDRs):

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Principal	29.63			1,500.00	1,500.00
Charges/Interest	35.04	45.76	45.76	36.06	13.82
Total	64.66	45.76	45.76	1536.06	1513.82

<sup>1</sup> This schedule presents all currently scheduled payments to the IMF, including repayment expectations and repayment obligations. The IMF Executive Board can extend repayment expectations (within predetermined limits) upon request by the debtor country if its external payments position is not strong enough to meet the expectations without undue hardship or risk.

## **VII. Exchange Arrangements:**

In September 1996, the authorities introduced the hryvnia (Hrv) at a conversion rate of karbovanets (Krb) 100,000 to HRV 1. The rate was initially informally pegged to the dollar. In September 1997, the peg was replaced by a formal band of Hrv 1.7–Hrv 1.9 per U.S. dollar. The limits of the band were moved on several occasions. Since March 19, 1999, the exchange rate for the hryvnia has been determined by the interbank market for foreign exchange. On February 22, 2000, the NBU officially confirmed its intention to allow the free float of the hryvnia, but intervened regularly to limit fluctuations to a small band, first around Hrv 5.33 per U.S. dollar, and from March 2005, around Hrv 5.05 per U.S. dollar. It was classified as a de facto peg. From April 2008, the exchange rate arrangement has been reclassified as a managed float.

On September 24, 1996, Ukraine accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Fund's Articles of Agreement, and two remaining restrictions were eliminated in May 1997. A number of new restrictions on current international transactions were introduced in September 1998, and were removed in March 1999.

## **VIII. Article IV Consultation:**

The discussions for the 2008 Article IV Consultation took place in Kyiv between March 20 and April 1, 2008. The concluding statement of the mission was posted at [www.imf.org](http://www.imf.org) on April 16, 2008.

The IMF team comprised Messrs. Ford (Head), Flanagan, Moulin (all EUR), Mr. Driessen (MCM), Ms. Zakharova (FAD), Mr. Hofman (PDR), and Mr. Horvath, Resident Representative.

The mission met with NBU Governor Stelmakh, Finance Minister Pynzenyk, Economy Minister Danylyshyn, First Deputy Chief of Staff to the President Shlapak, other senior officials, representatives of parliament, the diplomatic community, financial sector, and think tanks. Mr. Yakusha (OED) attended the discussions.

A separately published *Selected Issues* Paper provides background on two topics: (1) Two Aspects of the Ukrainian's Business Cycle; (2) Strengthening Ukraine's Fiscal Framework. A *Working Paper* provides background on Resolving Large Contingent Fiscal Liabilities.

## **IX. FSAP Participation**

A joint World Bank–International Monetary Fund mission conducted an assessment of Ukraine financial sector as part of the Financial Sector Assessment Program (FSAP) between May 10–24, 2002. An update mission visited Ukraine between February 18–21, 2003, and