

the Financial Sector Stability Assessment (FSSA) report (IMF Country Report No. 03/340) was considered by the Executive Board on May 14, 2003. The observance of the following standards and codes was assessed: Basel Core Principles for Effective Banking Supervision; Code of Good Practices on Transparency in Monetary and Financial Policies; CPSS Core Principles for Systemically Important Payment Systems; OECD Principles for Corporate Governance; Accounting and Auditing Practices; World Bank's Principles and Guidelines for Effective Insolvency and Creditor Rights System; and AML/CFT Methodology.

A further update mission visited Ukraine between June 11–22, 2007 and July 9–20, 2007. The observance of the following standards and codes was assessed: Basel Core Principles for Effective Banking Supervision; and IOSCO Core Principles of Securities Regulation. An updated Financial Sector Stability Assessment (FSSA) was considered by the Executive Board as part of the 2008 Article IV consultation.

X. ROSCS

A Data ROSC Module was conducted in April 3–17, 2002, and was considered by the Executive Board on August 5, 2003 (IMF Country Report No. 03/256). A Fiscal Transparency Module (experimental) was issued in September 1999, and an update in April 2004 (IMF Country Report No. 04/98).

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—Status of Prior Actions, Multiple Currency Practices, Exchange
Restrictions and Import Restrictions**

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Prior Actions

- *A1. Revoke Articles 84 and 86 from the 2009 Budget Law.* Prior action has been completed. On 17 March 2009, Parliament revoked Budget Law article 84, which obliged the NBU to purchase government securities, and article 86, which imposed the presence of a Cabinet of Ministers member in the NBU refinancing decisions.
- *A2. Enact a joint NBU and Cabinet of Ministers resolution to set out the guiding principles for the resolution strategy, including provision of adequate liquidity support to banks that are recapitalized.* Prior action has been completed. On April 2, 2009, the Cabinet of Ministers and NBU adopted a joint resolution (#421) in compliance with the prior action.
- *A3. Adopt resolutions that specify the conditions for NBU to extend liquidity finance to solvent banks with adequate collateral and conditionality, as well as procedures to ensure that NBU refinancing is not provided to potentially insolvent banks.* Prior action has been completed. NBU resolutions (#259 and #459) have been adopted in compliance with the prior action.
- *A4. Publication of a statement by the NBU renewing the commitment to implement a flexible exchange rate regime and a transparent intervention strategy, including via pre-announced regular auctions.* Prior action has been completed. On May 5, 2009, the NBU has released, and posted on its website, a statement in compliance with the prior action.
- *A5. Adopt and implement a resolution specifying that the official exchange rate will be set, on a daily basis, as the average transaction-weighted rate of the previous day (with intra-day adjustments if necessary to keep it within 2 percent of the market rate).* Prior action has been completed. On April 30, 2009, the NBU issued a resolution (#264) in compliance with the prior action. It became effective as of

May 7, 2009 following its registration with the Ministry of Justice. The NBU will publish the official exchange rate in line with the resolution starting May 8, 2009.

- *A6. Announce a tender for a Special Audit of NBU refinancing and foreign exchange operations in 2008, to be executed by a qualified international audit firm, on the basis of a terms of reference agreed with IMF staff.* Prior action has been completed. On April 30, 2009, the NBU adopted a resolution (#257) announcing a tender for such an audit, based on the terms of reference agreed with staff. On May 5, the NBU sent letters inviting international audit companies to submit bids.
- *A7. Adopt measures reducing the general government deficit by at least 1 percent of GDP in 2009.* Prior action has been completed. On March 31, 2009, laws (#4265 and #4202) were adopted increasing excises on alcohol, diesel, and tobacco. On April 14, 2009, the Cabinet of Ministers adopted a resolution increasing the pension contribution for taxpayers subject to the simplified tax system. The resolution also implied an increase in the domestic prices of natural gas, electricity and coal. An agreement was signed with Japan in March 2009 for the sale of carbon emission rights.

Exchange Restrictions, Multiple Currency Practices and Import Restrictions

- *Exchange restriction arising from the prohibition on purchase of foreign exchange for settlement on imports that do not enter Ukraine and are designated for resale to non-residents.* Exchange restriction has been eliminated. NBU has issued a resolution (#269, May 6, 2009) that rescinds this prohibition. [Waiver requested]
- *Exchange restriction arising from the limit (UAH 75.000 per month) on purchase of foreign exchange on the interbank market and on transfers for non-trade transactions by resident and non-resident individuals.* The restriction has been revoked. [No waiver required as the measure was introduced before the program]
- *Exchange restriction arising from the limitation on withdrawal of time deposits by individuals before the deposits' maturity.* To be eliminated in October, 2009. [No waiver required as the measure was introduced before the program]
- *Exchange restriction arising from the requirement that banks hold investors' Hryvnia proceeds from the sale of investments and revenues, profits and other funds received from investment activities in Ukraine for 5 days before converting to foreign currency.* The NBU has adopted a decree (dated May 6, 2009) that specifies that transactions with securities listed at Ukrainian exchanges are exempt from the 5-day conversion period, thereby limiting the applicability of the restriction. [No waiver required as the measure was introduced before the program]