

**IMF approves US\$17 billion bailout for Ukraine**  
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The International Monetary Fund's board signed off on a US\$17 billion (RM55 billion) two-year aid program for Ukraine yesterday to help the former Soviet republic recover after months of turmoil.

The aid will unlock further credits from other donors of about US\$15 billion, intended to help Ukraine stabilize its economy amid its worst civil turmoil since independence in 1991.

The decision from the IMF's 24-member board, which includes representatives from Russia and the United States, clears the way for an immediate disbursement of US\$3.2 billion to Ukraine's cash-strapped government, allowing it to meet looming obligations and avoid a potential debt default. Of that first tranche, US\$2 billion will be targeted at supporting the budget.

Pro-Moscow separatists seized government offices in more Ukrainian towns yesterday, a further sign authorities in Kiev are losing control of the country's eastern industrial heartland bordering Russia.

The unrest in the east follows months of upheaval from anti-government protests and Russia's subsequent annexation of the Crimea region, which had already edged Ukraine's economy to the brink of bankruptcy.

Ukrainian authorities have said the economy will likely contract by 3% by the end of this year as a result of the chaos and mismanagement. Economic output fell 1.1% in the first three months of the year.

The political unrest makes it even more difficult for Ukraine to get its economy back into shape, even though the country's new government pledged to pursue politically unpopular reforms as a condition for receiving IMF aid.

The IMF expects Ukraine to implement major reforms in its energy and financial sectors, including raising the price of gas for domestic consumers. The government, in power until elections on May 25, has already promised to raise gas prices more than 50% from today.

"The authorities' economic program supported by the Fund aims to restore macroeconomic stability, strengthen economic governance and transparency, and launch sound and sustainable economic growth, while

protecting the most vulnerable," the IMF said in a statement. – Reuters, May 1, 2014.

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