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EXECUTIVE SUMMARY

The IMF's sudden and surprising bailout – that's what we're calling it – via its agreement to release a \$3.3 billion third tranche of its standby program with Ukraine looks to be an exception to its usually stringent demands, and to be aimed both at shoring up the government's ability to pay its foreign obligations, and at keeping the badly listing gas monopoly Naftogaz from going under.

The IMF approved the funds release on July 28th, as part of its two-year standby arrangement, just two months after allocating its \$3.1 billion second tranche. This was despite Ukraine having made only minor progress in implementing IMF recommendations. The Cabinet and the Fund reached an abrupt deal, in which the government made all kinds of promises, while not expecting to implement them in the near future>>>

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