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HISTORICAL OVERVIEW AND POSSIBLE WAYS FORWARD FOR UKRAINE'S DEBT RESTRUCTURING

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After years of economic turmoil and Russian aggression, Ukraine finds itself in an extremely difficult position. High levels of external debt, pressure on the state budget and the need to continue important reforms create an environment in which restructuring is not only desirable but also necessary. Ukraine has already gained some experience in restructuring after the 2014 crises and the COVID-19 pandemic. However, the current challenges posed by the war further increase the need for a new format of cooperation with creditors. The prospects for restructuring Ukraine's debt depend on a balanced balance between the country's economic needs and the requirements of its creditors. A successful restructuring should reduce the burden on the budget without creating new long-term risks for the country.

Between 2008 and 2024, Ukraine restructured its debt obligations several times, driven by economic crises, political instability, and external factors such as war. Each restructuring had its own characteristics, depending on the external and internal factors affecting the Ukrainian economy.

The practice was already used in the last century to restructure the debt of insolvent countries. In 1989, the Brady Plan, a programme for restructuring the debt of insolvent countries to private creditors, was adopted at the global level. The creditors were offered to accept an agreed level of debt relief in exchange for receiving liquid and more reliable financial instruments - Brady bonds.

These bonds had a maturity of up to 30 years and were guaranteed by zero-coupon US Treasury bonds.

There were several types of Brady bonds, one of which was discount bonds. Debt restructuring through the issuance of discount bonds made it possible to reduce the debt burden by reducing the nominal amount of debt, usually by 30-50%.

In 1990-1999, the Brady Plan was used by Argentina, Brazil, Bulgaria, Costa Rica, Dominica, Ecuador, Jordan, Mexico, Nigeria, Panama, Peru, the Philippines, Poland, Uruguay, Venezuela, Vietnam and other countries.

Similar to the Brady Plan, Ukraine should be able to restructure its debt on foreign loan bonds by exchanging them for new securities at a discount of 50-60% to the face value of the original bonds.

This approach will allow the Government to reduce the amount of debt on external loan bonds by USD 12-14 billion. This approach will allow the government to reduce its debt on external loan bonds by USD 12-14 billion.

Thus, for Ukraine, the restructuring of its external public debt based on debt relief is a key to a successful post-war economic recovery. This programme will help free the budget from unproductive spending and direct international economic assistance funds to rebuild infrastructure, the social sphere and implement economic development programmes.

The main components of the external debt-restructuring programme should include the write-off of part of Ukraine's debt to IFIs and the exchange of foreign loan bonds for new securities at a discount of 50-60% to par. The Verkhovna Rada passed a bill that allows the government to suspend payments on external public debt until 1 October 2024.

Some holders of Ukraine's GDP warrants began to identify each other with a view to forming a group to represent their interests in the sovereign debt restructuring. In assessing the overall debt restructuring process in Ukraine, it is worth noting that the IMF has been Ukraine's main international partner in debt restructuring since 2014. The Fund not only provided financial assistance but also acted as an intermediary in negotiations with private creditors and other international institutions. IMF programmes have always been conditional, meaning that Ukraine received funding only if certain macroeconomic and structural reforms were

implemented. The Fund played a critical role in supporting Ukraine's economy during the war, continuing to provide financial assistance even during the hostilities. Debt restructuring can be an important step towards Ukraine's financial recovery. However, it is only part of a broader economic recovery process that includes continued reforms, investment and support from international partners. I hope that by working together, we will find the best way for a stable financial future for our country.

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