



**Macroeconomics**

Igor MANTSUROV,  
Yana KHRAPUNOVA,  
Alina BARVINOK,  
Valery OMELCHENKO

**ASSESSMENT OF THE STATE  
AND PROSPECTS OF COOPERATION  
BETWEEN UKRAINE AND THE IMF**

**Abstract**

The article considers the chronology of cooperation between Ukraine and the International Monetary Fund (IMF). The significance and role of loans of this institution in the conditions of economic and social reforms are revealed. The effectiveness of Ukraine's interaction with the IMF is assessed and the corresponding risks are investigated; the rationality and necessity of cooperation between Ukraine and the IMF have been proved. Emphasis is placed on the fact that the relations between Ukraine and the IMF must move away from the position of a «passive partner». A systematic analysis of the advantages and disadvantages of such a cooperation is conducted. It is proved that there is a need to develop

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Mantsurov, Igor G., Doctor of Economic Sciences, professor, Director of the Research Institute for System Statistical Studies, Kyiv, Ukraine. ORCID: 0000-0003-1753-0422 Email: imantsurov@gmail.com  
Khrapunova, Yana V., PhD in Economics, Leading Researcher, Research Institute for System Statistical Studies, Kyiv, Ukraine. ORCID: 0000-0002-6311-3235 Email: yakhrapunova@gmail.com  
Barvinok, Alina S., PhD in Economics, Kyiv National Economic University named after V. Hetman, Kyiv, Ukraine. ORCID: 0000-0002-8047-3478 Email: alinabarvinok1990@gmail.com  
Omelchenko, Valery P., postgraduate program student, Scientific and Research Institute of Economics at the Ministry of Economy of Ukraine, Kyiv, Ukraine. ORCID: 0000-0001-9254-0693 Email: valeriy@wgh.org.ua

effective and efficient reform measures that would address a range of economic and social issues that should be seen as today's challenges. Recommendations aimed at improving the effectiveness of cooperation between Ukraine and the IMF are proposed. Among them are: (a) use of financial and credit resources for the development of the country's economy through internal transformations; (b) debt burden optimization; (c) creation of favourable conditions for doing business; and (d) creation of a positive image of a solvent country.

### **Key Words:**

cooperation between Ukraine and the IMF; state debt; dynamics of financing and lending to the economy of Ukraine; effectiveness of cooperation; gold and foreign exchange reserves; national economic security; advantages, threats and risks of cooperation between Ukraine and the IMF.

**JEL:** F33, F34, F52, F53, H63.

6 figures, 1 table, 21 references.

### **Problem Statement and Literature Review**

**Relevance of research.** Globalization of the world economy requires further improvement in methods of market regulation for national economic systems, including through the use of mechanisms and tools that are supranational in nature. In this context, it should be emphasized that the problem of determining the adequate political role and political functions of the most important and influential international economic and financial organizations, including the International Monetary Fund (hereinafter – the IMF), is particularly acute.

That is why an in-depth analysis of the effectiveness of Ukraine's interaction with the IMF, lending conditions and priorities for the development of this interaction in both the near and strategic perspectives is a scientific problem that is extremely relevant and needs further in-depth study.

Prospects for further research in this area are to develop methodological frameworks for quantifying the benefits and risks of further cooperation of Ukraine with the International Monetary Fund, which will simulate different scenarios of economic behaviour in the global economic environment in general and in particular in cooperation with international financial organizations.

Ukraine has been a member of the IMF since 1994. However, Ukrainian economists and scholars are discussing the ambiguous impact of lending on Ukraine's economic development and deepening cooperation in the future. Contradictions in research are caused by the conditions for providing transactions to Ukraine, as a result of which the consequences that are reflected as strategic priorities in the Memoranda of Interaction between Ukraine and the IMF are not achieved.

**Analysis of recent research and publications.** Many publications of Ukrainian scientists are devoted to the analysis of cooperation between Ukraine and the IMF, namely: S. Borynets, D. Brukhnova, K. Gladchuk, O. Dzyublyuk, O. Ivanytska, V. Kornienko, M. Kulbidy, I. Mantsurov, O. Rudchenko, Zh. Nesterenko, A. Oliynyk, E. Panchenko, D. Polagnina, N. Reznikova, N. Stukalo, I. Filatova, L. Khominicha, O. Khnikina, V. Shinkar and foreign scientists: R. Stone, L. Erhard, L. Baltserovich, J. Williamson, R. Mandela, A. Zidenberg, T. Killik and others.

Extensive monographs and scientific articles published by these scientists are devoted to various aspects of the International Monetary Fund and its interaction with national institutions of different countries.

For example, in the scientific works of Nesterenko and Shelemeh (2015) is particularly concluded: «...further cooperation of Ukraine with the International Monetary Fund should be based on deep structural reforms, as well as to improve internal and external stability, reduce the devaluation of the hryvnia, cover the budget deficit.»

Last year, under the scientific edition of Professors Igor G. Mantsurov and Alexander Yu. Rudchenko was published a monograph *Management of State Property: Methodological and Analytical Support*, in which, in particular, the authors argue that IMF loans, including, should be attracted for the development on a fundamentally new basis of such state property, the effective functioning of which can significantly increase the growth rate of the national economy (Mantsurov & Rudchenko, 2021).

American researcher Randall Stone in his monograph *The Scope of IMF Conditionality: How Autonomous is the Fund?* (2008) proves that international organizations, including the IMF, are governed by two parallel sets of rules: formal rules, which implement consensus procedures, and informal rules, which provide exclusive access to powerful countries. The new data set, according to R. Stone, obtained from the IMF's records of conditions, provides an opportunity

to study the negotiation process in an important international organization and answer questions about the autonomy of this institution (Stone, 2008).

Many publications of other scientists, both Ukrainian and foreign are devoted to the history of relationships, results and prospects of development; monitoring of cooperation; experience and strategic guidelines of cooperation; analytical assessment of credit relations; the role of credit rating agencies; the impact of tranches; strategic guidelines for cooperation; formation of the national monetary system, etc. (Panchenko & Reznikova, 2014; Shynkar et al., 2016; Gianviti, 2003; Stubbs et al., 2020; Kickert & Ongaro, 2019; International Monetary Fund, n.d.; 2019; The World Bank, n.d.; Sturm et al., 2005; Ukraine, 1998; Vaubel, 1996; Von Stein, 2005; Vreeland, 2003).

However, despite the large number of valuable scientific papers on of cooperation between Ukraine and the IMF, the question of further research and analysis and forecasting of events in order to determine the most rational ways to develop our country's cooperation with the IMF is obvious.

Thus, in particular, the analysis of the effectiveness of Ukraine's interaction with the IMF and the problems of identifying ways to stabilize and stimulate economic growth as a result of deepening Ukraine's relations with the IMF is given insufficient attention.

**Research methodology.** According to the scientific position of the authors, the methodology of scientific knowledge expresses not only a certain sequence of solving a specific scientific and practical problem, a set of rules and procedures for using the methods used, but also has to take into account other features, namely – to determine the purpose and objectives of research and subject, period of validity; user names; goal; level of use (enterprise, industry, region, national economy); the body that approved the methodology.

**The aim of the study** is to determine the level of effectiveness of Ukraine's cooperation with the IMF and areas for improvement.

To achieve this goal, the authors have formulated the following scientific objectives:

- define the nature and role of the IMF as a global financial institution;
- to study the development of scientific thought on the functioning of the IMF;
- study the history and analyse the effectiveness of cooperation between Ukraine and the IMF;
- to determine the prospects of the IMF in Ukraine.

**The object of the study** is the of cooperation between Ukraine and the IMF in the process of further development of the economy, and its subject is the

effectiveness of cooperation between Ukraine and the IMF, which aims to form a new model of economic development, the operation of which should ensure high and stable economic growth.

**Research methods.** Research methods based on general scientific and fundamental provisions of economic theory, macroeconomics, financial and budgetary management, macroeconomic, financial and banking statistics, etc. The subject of research and specific research tasks led to the use of both general and special methods of cognition, including systems analysis, generalization and systematization, dialectical, historical-logical analysis and synthesis, study of dynamics, variations and relationships, economic forecasting and more.

**Information base of the research** there are laws of Ukraine, resolutions of the Verkhovna Rada of Ukraine and the Cabinet of Ministers of Ukraine, official publications and methodological materials of the National Bank of Ukraine, the State Statistics Service, international organizations, including the IMF, scientific works of domestic and foreign scientists, own calculations.

## **Research Results**

The International Monetary Fund is a specialized agency of the United Nations, which has a fairly broad autonomy. The IMF was established in 1945 to promote monetary cooperation and trade, which should ensure financial growth and increase employment. The number of IMF member countries is equal a 189. Strategic and operational management of the Fund is carried out by the Board of Directors (Brukhnov & Kornienko, 2020).

To improve the socio-economic development of the country, the IMF should play a particularly important role in overcoming the effects of the global economic crisis, which should be carried out, including in the development and implementation of unified principles of financial regulation (National Bank of Ukraine, 2020). Aiming to: a) strengthen supervision of the financial sector, develop new methods of regulation and adequate assessment of systemic risks; b) development of new instruments of anti-crisis policy and implementation of full-scale «crisis financing»; c) focusing on the development of long-term measures to strengthen the international monetary system in ensuring the stability of world financial reserves (National Bank of Ukraine, 2020).

Thus, it can be argued that the reorientation of the activities of international financial organizations, whose attention is paid to risk assessment within national economies, is very important now. In this context, the IMF monitors global financial flows to create an appropriate legal framework for its use by key players in the global economy in developing measures for their economic policies.

Considerable attention should be paid to the interaction of international institutions and national governments in the direction of formation and implementation of successful regulation of domestic capital movements, and then this will lead to its high efficiency at the international level.

Another role of the IMF, according to the authors, is to monitor foreign exchange. Thus, since 2016, the IMF has strengthened supervision to improve the monetary policy of member countries on:

- development of reporting standards with relevant indicators of the state of the economy;
- transfer of supervision of economic policy on a permanent basis;
- increasing attention to countries that affect regional and global economies (International Monetary Fund, n.d.).

One of the main roles of the IMF belongs to the credit and financial sphere. The Fund provides loans to Member States for (Shynkar et al., 2016):

- overcoming balance of payments problems;
- assistance in stabilizing the economy;
- restoration of sustainable economic growth.

The IMF also plays an important role in the technical sphere. This line of activity assists the member countries of the Fund in their implementation (Shynkar et al., 2016):

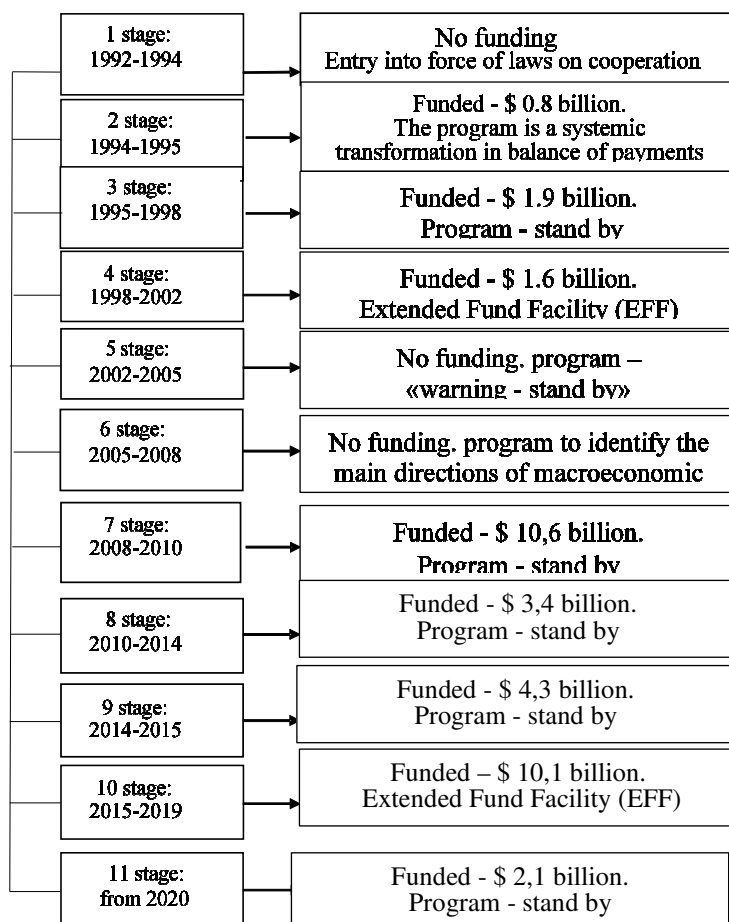
- monetary, budgetary and tax policies;
- banking activities;
- ordering statistics;
- development of financial and economic legislation;
- training for the implementation of financial and economic reforms.

With this in mind, the authors systematically substantiate the view that the role of the IMF, as a global financial institution, is to assist member states in overcoming the effects of the crisis. It is this role that helps member countries that have problems in these areas to improve their performance, which will lead to economic growth in the future (Vreeland, 2006).

The history of cooperation between Ukraine and the IMF is characterized by Fig. 1.

Figure 1

## Stages of cooperation between Ukraine and the IMF



Source: created by the authors based on Nesterenko & Kornienko (2020).

Implementation of the penultimate program, Stage 10, began in 2015 with changes in legislation related to energy, banks, rehabilitation of public finances, reforms for state-owned enterprises, and the fight against corruption. Such measures were taken, so the IMF provided Ukraine with two tranches of \$6.7 billion. USA, which was aimed at overcoming budget problems and restoring the country's gold and foreign exchange reserves.

In 2016, there was a slowdown in reforms in public administration and the fight against corruption, reducing the impact of personal interests in politics. The IMF then demanded the adoption of 19 bills (International Monetary Fund, n.d.).

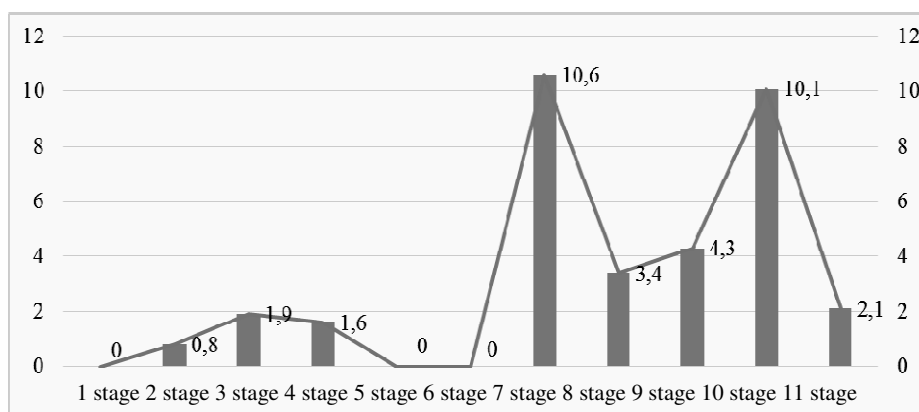
In that year, a transaction of \$1 billion was provided in order to renew the reserves of the National Bank of Ukraine.

In 2017, the program was reviewed and the fourth tranche of \$1 billion was allocated, which is also aimed at replenishing the reserves of the National Bank of Ukraine. In 2018, the program provided a tranche of \$1.4 billion. USA.

The new program of the 11th stage of Ukraine's cooperation with the IMF was approved in 2020 to maintain financial stability and macroeconomic balance, in connection with the consequences of the COVID-19 pandemic.

Figure 2

**Dynamics of Ukraine's financing under IMF programs during 1992-2020, billion dollars USA**



Source: created by the authors based on International Monetary Fund (2019).

Analysing Fig. 2, it can be concluded that the growth of funding during the 8-10 stages of cooperation between Ukraine and the IMF, i.e., in 2010-2019. The largest tranche from the IMF is observed in Stage 7 (2008-2010), which was caused by the global financial crisis.

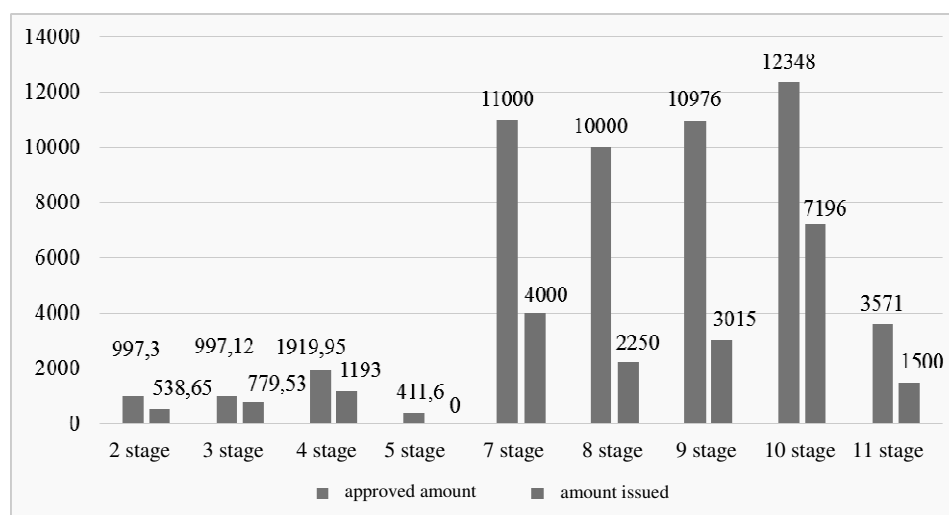


It should be emphasized that Ukraine's cooperation with the IMF today leads to an increase in the country's external debt. It should also be noted that each adopted program was discussed in detail, considered at the Government level and, accordingly, the necessary amounts of tranches were approved. However, none of the accepted loan amounts were fully financed by the IMF.

Figure 3 analyses the volume of IMF lending, which was approved and issued during the entire period of cooperation between Ukraine and the IMF.

Figure 3

**Dynamics of lending to Ukraine under IMF programs during 1992-2020, million SDRs**



Source: created by the authors based on National Bank of Ukraine (n.d.).

According to the results of the analysis of fig. 3 it should be concluded that the amounts approved and paid – under IMF programs – were smaller, i.e., not paid in full, due to non-compliance with the terms of the programs, or changes in the vectors of economic development. Thus, at the 2nd stage the amount paid was less than the approved amount by 46.0%, at the 3rd stage – by 21.8%, at the 4th stage – 37.9%, at the 5th stage – by 100%, at the 7th stage – by 63.6%, at the 8th stage – by 77.5%, at the 9th stage – by 72.5%, at the 10th stage – by 41.7%, at the 11th stage – by 56.0%. That is, the highest percentage of imple-

mentation of the IMF program to finance disbursed funds was observed in the 3rd stage (1995-1998).

Despite some positive results of cooperation between Ukraine and the IMF, the authors would like to draw attention to a number of shortcomings that form a set of negative consequences, primarily for effective social policy.

This is due to the IMF's conditions for receiving the tranche. Such conditions require (International Monetary Fund, n.d.):

- increase the retirement age for citizens of Ukraine;
- increase the price of gas for the population;
- reduce the number of benefits for the population, etc.

It is worth noting some of the most negative factors that exist in cooperation between Ukraine and the IMF:

*1. growth of Ukraine's external debt.* Compared to 2014, the external debt of our state has increased 4 times. Ukraine's negative image is created by its low solvency, it must be carefully studied and ways to overcome;

*2. reform of the pension system and a significant increase in the cost of utility bills.* This factor leads to an increase in poverty, especially for the vulnerable.

Ukraine takes out new loans in large sums to repay its debt to the IMF. This has a negative impact on economic growth. In fact, the state's economy is not developing and it is impossible to carry out structural reforms in the short term. The state's balance of payments is balanced by tranches from the IMF, and economic growth is known to be achieved through a positive foreign trade balance and efficient domestic production.

We consider it necessary, to confirm the negative aspects of cooperation between Ukraine and the IMF, to analyse the dynamics of Ukraine's external debt and gold and foreign exchange reserves over the past 10 years, when the largest amounts of tranches were received from the IMF. The results of the analysis are shown in table. 1.

According to the results of Table. 1 it should be concluded that the external public debt increased during 2013-2018, and gold and foreign exchange reserves decreased significantly. A particularly significant decline in Ukraine's gold and foreign exchange reserves occurred in 2014 to \$ 7,533 million. USA. The ratio of Ukraine's gold and foreign exchange reserves to external public debt was 19.4%. During the same period, the IMF provided \$ 4.4 billion. USA. That is, we see that IMF lending to Ukraine reduces its gold and foreign exchange reserves and increases external public debt.

Table 1

**Dynamics of Ukraine's external public debt and gold and foreign exchange reserves in 2009-2019**

Years	External public debt, million dollars USA	Gold and foreign exchange reserves, million dollars USA	The ratio of gold and foreign exchange reserves and Ukraine's external public debt
2009	26519	26505	99.9
2010	34760	34576	99.5
2011	37475	31795	84.8
2012	38659	24546	63.5
2013	37536	20416	54.4
2014	38792	7533	19.4
2015	43445	13300	30.6
2016	45605	15539	34.1
2017	48989	18808	38.4
2018	50462	20820	41.3
2019	48941	25302	51.7
2020	53721	29 133	54.2
09/31/2021	54489	28 705	52.7

Source: created by the authors based on International Monetary Fund, 2019).

According to the IMF, public debt management is the process of formulating and implementing public debt management strategies to determine the need to attract the necessary funding to keep spending to a minimum with long-term service while minimizing debt risk (International Monetary Fund, n.d.).

The Cabinet of Ministers of Ukraine represents the interests of the state in the direction of placing state loans and providing guarantees on loans. A special place in the field of public debt management is given to the Ministry of Finance of Ukraine, namely – the Department of Public Debt Management. This department has several structural units that carry out activities for planning and preparation of credit projects, analysis, accounting and servicing of public debt.

In general, public debt is managed jointly by the Ministry of Finance of Ukraine and the National Bank of Ukraine, which consists of:

- refinancing of public debt – repayment of the basic body of debt, as well as interest received from the placement of new debt obligations of the state in both domestic and foreign financial markets;

- innovations – providing for the conclusion of agreements between the borrower and the lender when replacing some debts with others;
- unification – the decision of the state in the merger of several issued loans and the exchange of previously issued bonds and their certificates, certificates of new loans;
- conversions – changes in the initial conditions of government loans and their level of profitability;
- consolidation – anticipation of changes in loan terms with increasing debt;
- deferral of loan repayment – using the method of consolidation while the state refuses to pay income from these debt obligations;
- cancellation of public debt – anticipation of the state's waiver of previously assumed debt obligations;
- restructuring – revision of the terms of debt service (interest on the loan, loan amount, repayment period, debt write-off);
- securitization – the exchange of debt for bonds; exchange of bonds in accordance with regressive ratios (previously issued bonds, which equate to one new one);
- early repayment – providing savings in budget funds with the need for their future maintenance.

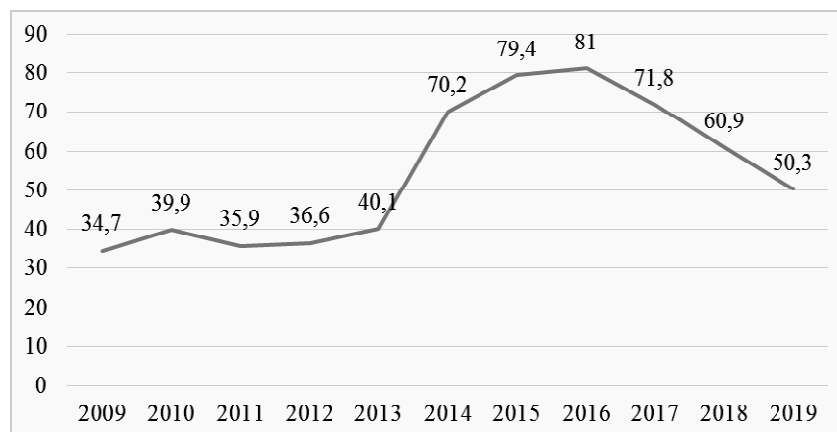
Thus, the greatest influence in Ukraine's cooperation with the International Monetary Fund is determined by the Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine and the National Bank of Ukraine (Vaubel, 1996).

Ukraine's budgetary capacity depends significantly on the regulation of the debt problem, the stability of the national currency and the financial support of international financial institutions. The emergence of problems in the field of public finance is a significant risk factor in the growth of payments for servicing and repayment of public debt. The trend of excessive debt growth is a challenge of recent years for Ukraine. The authors calculated the debt burden of Ukraine to GDP (Fig. 4).

If in 2009 the level of debt burden was 34.7% of GDP, in 2019 it exceeded this threshold and amounted to 50.3%. In general, the dynamics of the debt burden on GDP shows that from 2013 to 2016 this figure increased significantly, it was during this period that most loans were taken from the IMF.

In general, according to the Maastricht criteria, the amount of gross external debt should not exceed 60% of GDP, i.e., in 2019 Ukraine met this condition. In fact, the amount of Ukraine's external public debt during 2014-2018 significantly exceeded the established threshold levels (60%).

Figure 4

**Dynamics of Ukraine's debt burden to GDP in 2009-2019, %**

Source: created by the authors based on International Monetary Fund (2019).

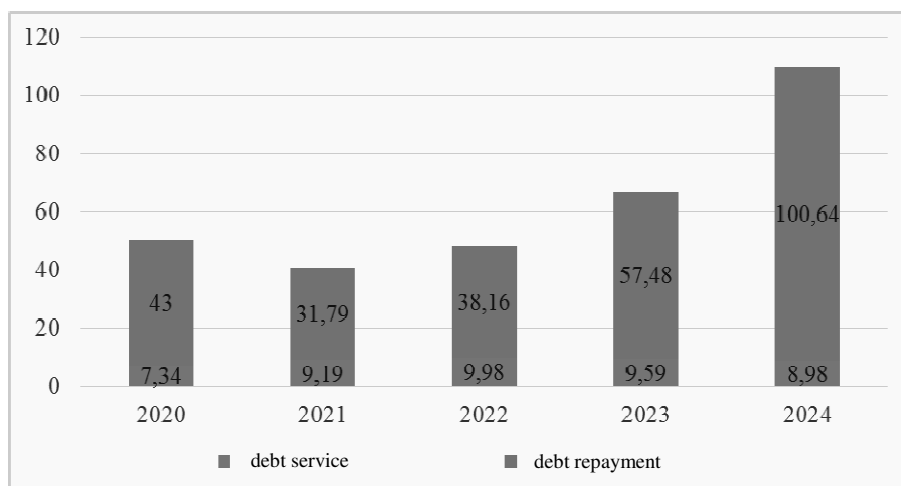
Thus, the dangerous trend of the budget system in recent years has shown an increase in the general trend the amount of external public debt in foreign currency, which significantly exceeds the budget deficit and increases budget expenditures in financing its maintenance and repayment.

It is worth noting that Ukraine's debt to the IMF will increase in the coming years in terms of their service, so this may lead to risks of balancing the budget fund and reduce funding for other government functions.

The authors forecast the return and servicing of Ukraine's public debt during 2020-2024. The results of the forecast on debt repayment and payments for its servicing are shown in Fig. 5.

According to the results of this forecast, it is expected that in 2020-2024 Ukraine will pay the IMF debt in the amount of UAH 271.07 billion and debt service in the amount of UAH 45.08 billion. That is, IMF debt service is 16.6% of the amount of debt repayment. As you can see, in 2020 Ukraine planned to repay UAH 43 billion and UAH 7.34 billion for debt service, in 2021 – UAH 31.79 and 9.19 billion, respectively, compared to the following years, in 2022 it intends to return 38, UAH 16 and 9.98 billion, respectively, in 2023 – UAH 57.48 and 9.59 billion, respectively, in 2024 – UAH 100.64 and 8.98 billion, respectively. That is, during the analysed period there will be an increase in debt repayment to the IMF (Panchenko & Reznikova, 2014).

Figure 5

**Forecast of IMF debt repayment and interest on its servicing in 2020-2024, UAH billion**

Source: created by the authors based on National Bank of Ukraine (n.d.).

It is worth focusing on the main factors that have led to the growth of the debt burden in recent years in Ukraine, which include:

- devaluation of the hryvnia, which led to an increase not only in public debt in the national currency, as well as the cost of its maintenance;
- rapid decline in real GDP;
- decline in consumer demand of the population of Ukraine due to significant inflation.

It should be noted that the degree of IMF influence on economic growth depends primarily on the severity of the fiscal and, consequently, economic crisis in the country. Different degrees of these crises require different management tools.

When the fiscal situation exceeds certain limits, the excessive deficit procedure becomes effective. The IMF intervenes not only in fiscal and economic affairs, but also «recommends» public sector reforms, such as the labour market, pensions, and so on.

When the country's economic and fiscal situation deteriorates so much that international financial markets begin to lose confidence in the country's cred-

itworthiness (credit rating agencies) and bond interest rates rise to alarming heights, the IMF can intervene by buying underdeveloped bonds. disappearance, thereby calming the markets. In exchange for such financial support, the IMF provides recommendations on fiscal issues and reforms.

When the economic and fiscal situation becomes so unsustainable that a country loses its creditworthiness and fails to meet its public debt obligations, the IMF can be asked to provide a temporary loan (financial assistance).

The IMF's financial policy is aimed at reforming the exchange rate regime. Note that as of 2019, only 65 countries have agreed to use a floating exchange rate regime (Kickert & Ongaro, 2019). Most countries believe that it is necessary to adhere to a fixed and intermediate exchange rate regime and act in their own economic interests.

Therefore, in our opinion, it is expedient for the IMF to promote the balance and compliance of the currency markets of the member countries of the market environment with increasing flexibility of exchange rate regimes.

When choosing the currency regime of the country, you need to pay attention to the availability of compromise solutions, taking into account the specifics and specifics of the country's conditions. The modern world monetary system is deepened by the IMF's policy towards institutional regulation of international monetary relations. In accordance with Article IV of the IMF's Articles of Agreement, it oversees the state of the world monetary system and the world financial market. Also, in this article it is determined that the IMF pursues economic and monetary policy of 189 member countries to identify possible risks of internal and external instability and develops on their basis recommendations for stabilizing economic development (Schatan et al., 2019).

It should be noted that the priority of financial policy should be the reform of the IMF's supervisory functions, which are to develop recommendations for the management of international reserves of member countries.

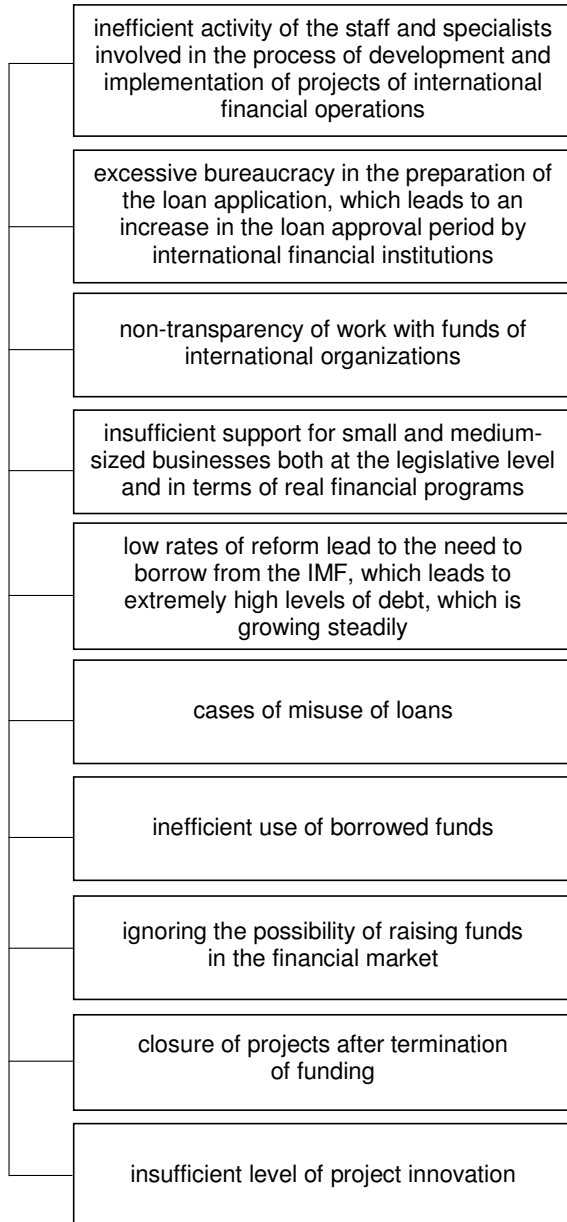
An important direction in improving the IMF's management policy over the supervision of member countries' international reserves is the analysis of management practices and taking into account the negative impact of the global financial and economic crisis. The IMF's recommendations on member countries' national international reserves management should emphasize the importance of risk management systems. This direction determines the importance in stimulating their placement in debt securities of issuing countries and leading world currencies (dollars, euros) (The World Bank, n.d.).

Therefore, the IMF's financial policy should be implemented while expanding the monetary policy of member countries, which includes the subject of supervision and indicators of assessment of the adequacy of international reserves of member countries. A necessary measure is to direct the impact of policy on stabilizing the world monetary system (Sturm et al., 2005).

Risks that could negatively affect Ukraine's economy in its cooperation with the IMF should also be considered. The list of such risks is given by means of Fig. 6.

Figure 6

**Risks of cooperation between Ukraine and the IMF**





To increase control over the targeted use of funds, eliminate corruption, increase the investment attractiveness and creditworthiness of Ukrainian enterprises, there are various problems on which it is necessary to find ways to solve them (Vaubel, 1996).

In cooperation with the IMF, it is advisable to assess cooperation and analyse the proposed changes, which were confirmed at the conclusion of the agreement. It is necessary to reduce the level of dependence of the Ukrainian financial market on the components of global capital flows.

Maintaining the level of public debt at an economically secure level and assisting in financial and economic reforms to increase the capacity of the financial sector are ongoing. Ukraine needs to develop a prudent fiscal policy that will ensure the stability, stability and balance of the budget system.

Thus, Ukraine's cooperation with the IMF plays an important role in supporting Ukraine's economic reforms, which provides an opportunity to attract financial resources at preferential interest rates. The Ukrainian capital market does not have enough financial resources to meet the financing needs of the state economy. The purpose of IMF assistance should be to implement key projects for the development of the Ukrainian economy, technical assistance, attracting foreign direct investment into Ukraine's economy. IMF financial assistance can increase Ukraine's dependence on its activities, forcing changes in the country's financial policy that affect Ukraine's foreign economic activity and is a negative factor in cooperation.

## **Conclusions**

The article offers a new solution to the scientific problem, the essence of which is to assess the effectiveness of Ukraine's interaction with the IMF and determine the prospects for further cooperation between Ukraine and this international financial organization.

The study conducted in the article allowed to formulate the following conclusions of conceptual, methodological, methodological and applied nature as well as offer systematic recommendations aimed at improving Ukraine's relations with the International Monetary Fund.

Thus, in particular, given that the International Monetary Fund is an important element of both international and national economic security – the issue of improving security in its comprehensive sense should be constantly in the discourse of relations with the IMF.

The authors rightly argue that Ukraine in its relations with the IMF should finally move away from the position of «passive partner» and not follow only the recommendations prepared by experts of this organization, without conducting an in-depth analysis of their advantages and disadvantages and socio-economic consequences.

At the same time, effective reform measures should be proposed for coordination, which would provide for the solution of a complex of economic problems, including: a) financial and macroeconomic stabilization (formal goals of the IMF); b) providing prospects for economic growth (government program goals); c) guaranteeing the economic security of Ukraine (constitutional obligation of the President and other central bodies of state power).

This, of course, requires a coordinated development of relations with the IMF and the formation of a fundamentally new institutional mechanism for organizing and conducting negotiations with the Fund, their examination, discussion and ratification.

The article proves that according to the conceptual principles of this mechanism, there should be a transition from narrow-minded (when negotiations are the sole responsibility of the Ministry of Finance and the National Bank) to a national approach (when the Ministry of Foreign Affairs will take an active part in negotiations, especially in their preparation). parliamentarians, the Intelligence Committee, etc.). And the strategy of relations with the IMF and the directive to negotiate the content of the relevant Memorandum will be approved at a meeting of the National Security and Defence Council. The Memorandum of Cooperation with the IMF, as well as other international agreements, will be considered by the Verkhovna Rada of Ukraine and ratified at its plenary sessions.

Thus, improving Ukraine's cooperation with the International Monetary Fund should take place in the context of using financial and credit resources to build the country's economy through internal transformation, optimize the debt burden, create favourable conditions for doing business and create a positive image of a solvent country.

According to the results of the analysis conducted in the article, the following main directions of improvement and cooperation between the IMF and Ukraine are conceptually outlined:

- improving the efficiency of the IMF's credit potential through targeted use of borrowed financial resources;
- introduction of an open system of reporting to citizens on the use of funds received from the IMF, i.e., ensuring transparency and transparency in the use of significant amounts of funds;
- initiating more systematic protection of own development program and cooperation strategy within the cooperation program when signing lending programs, which will allow reaching a consensus through approval of key lending conditions through dialogue between representatives of the IMF and Ukraine;
- exercising control over the volume and efficiency of the use of borrowed resources, preventing the growth of excessive debt burden, control over the structure and volume of debt;

- achieving a positive impact of credit resources on economic development through more balanced public debt management;
- application of a systematic approach in assessing the factors of influence, diversification of state risks through the introduction of co-financing mechanisms for investment projects and increase control and efficiency of state debt policy.

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