The Ministry of Education and Science of Ukraine
Ukrainian-American Concordia University
Management and Business Faculty

MASTER'S QUALIFICATION WORK

ENHANCED COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS AS A MEANS OF UKRAINE'S ECONOMIC ADVANCEMENT (based on National Bank of Ukraine materials)

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Field of Study 07 – Management
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Kyiv – 2022

ABSTRACT

Dmytro Zaika, «ENHANCED COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS AS A MEANS OF UKRAINE'S ECONOMIC ADVANCEMENT (based on National Bank of Ukraine materials)»

Modern globalization promotes the openness of national economies, intensifies their foreign economic relations. Ukraine is implementing its strategy of integration into the world economic space. One of the important measures taken in this direction is the formation of cooperation with various international organizations, including financial. The role of international financial institutions in the current rapid development of the world economy is difficult to overestimate, as modern conditions require close cooperation between economies, and therefore there is a need for regulation, coordination of economic and financial policies. Ukraine's cooperation with international financial institutions is extremely important today, as our country faces the key problem of finding sufficient financial resources to implement systemic and structural reforms. No less important today is the design of Ukraine's new foreign and domestic policy, and therefore the need to improve the state strategy for the development of relations with international financial institutions is of particular importance. Therefore, the issue of Ukraine's relations with international financial institutions is relevant, and this study is of considerable scientific and practical interest. The presented work deeply examines the activities of international financial institutions, Ukraine's cooperation with the International Monetary Fund, the World Bank Group, the European Bank for Reconstruction and Development, analyzes prospects for Ukraine's cooperation with international financial institutions and suggests ways to improve cooperation with international financial institutions.

Keywords: globalization, cooperation, financial resources, International Monetary Fund, World Bank Group, European Bank for Reconstruction and Development, efficiency.

АНОТАЦІЯ

Дмитро Заіка, «ПОГЛИБЛЕНЕ СПІВРОБІТНИЦТВО З МІЖНАРОДНИМИ ФІНАНСОВИМИ УСТАНОВАМИ ЯК ЗАСІБ ЕКОНОМІЧНОГО РОЗВИТКУ УКРАЇНИ (за матеріалами Національного банку України)»

Сучасна глобалізація сприяє відкритості національних економік, активізує їх зовнішньоекономічні зв'язки. Україна реалізує свою стратегію інтеграції у світовий економічний простір. Одним із важливих заходів, що здійснюються в цьому напрямку, є формування співпраці з різними міжнародними організаціями, у тому числі фінансовими. Роль міжнародних фінансових інститутів у сучасному стрімкому розвитку світової економіки важко переоцінити, оскільки сучасні умови вимагають тісної співпраці між економіками, а отже, виникає потреба в регулюванні, координації економічної та фінансової політики. Співпраця України з міжнародними фінансовими інституціями сьогодні є надзвичайно важливою, оскільки перед нашою державою стоїть ключова проблема пошуку достатніх фінансових ресурсів для здійснення системних та структурних реформ. Не менш важливим сьогодні є дизайн нової зовнішньої та внутрішньої політики України, а тому особливе значення набуває потреби вдосконалення державної стратегії розвитку відносин з міжнародними фінансовими інституціями. Тому питання взаємовідносин України з міжнародними фінансовими інституціями є актуальним, і це дослідження становить значний науковий і практичний інтерес. Представлена робота глибоко досліджує діяльність міжнародних фінансових установ, співпрацю України з Міжнародним валютним фондом, Групою Світового банку, Європейським банком реконструкції та розвитку, аналізує перспективи розвитку співпраці України з міжнародними фінансовими установами і пропонує шляхи підвищення ефективності співпраці з міжнародними фінансовими інституціями.

Ключові слова: глобалізація, співпраця, фінансові ресурси, Міжнародний валютний фонд, Група Світового банку, Європейський банк реконструкції та розвитку, ефективність.

PHEE-institute «Ukrainian-American Concordia University»

Faculty of management and business
Department of international economic relations, business and management

Educational level: **master degree**
Specialty 073 «Management»
Educational program "Business Administration"

APPROVED
Head of Department

Prof. Lubov Zharova

"14" September 2021

TASK
FOR MASTER's QUALIFICATION WORK OF STUDENT
Dmytro Zaika

1. Topic of the master thesis
"ENHANCED COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS AS A MEANS OF UKRAINE'S ECONOMIC ADVANCEMENT"
Consultant of the master thesis Dr. Nataly Amalyan, associate professor
Which approved by Order of University from ***"14.09.2021__ №14-09/ 2021-*бс**

2. Deadline for master thesis submission "***24" December 2021***

3. Data-out to the master thesis: Materials received during the internship and consultations with the representatives of National Bank of Ukraine

4. Contents of the explanatory note (list of issues to be developed)
- To describe main activities of international financial institutions;
- To identify economic and financial situation of Ukraine;
- To investigate the cooperation of Ukraine with International Monetary Fund;
- To elucidate the cooperation with the World Bank Group;
- To analyse the cooperation with the European Bank for Reconstruction and Development;
- To elucidate the prospects for the development of cooperation with IMF;
- To investigate the prospects for the development of cooperation with WB;
- To analyse the prospects for the development of cooperation with the EBRD.

5. List of graphic material (with exact indication of any mandatory drawings)
Tables: Delivery on EBRD's Commitments under the Joint IFI Action Plan, up to end 2010; Ten largest Funding packages by EBRD under the Joint IFI Action Plan Delivery on IBRD's; Commitments under the Joint IFI Action Plan, up to end-2010; Delivery on MIGA's Commitments under the Joint IFI Action Plan, guarantees issued up to end-2010; Delivery on IFC's commitments under the Joint IFI Action and statistical data for Ukraine; 12 figures.

6. Consultants for parts of the master thesis

Part of the project	Surname, name, position	Signature, date	
		Given	Accepted
1	Dr. Nataly Amalyan		
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7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the diploma project (work)	Deadlines	Notes
1.	I part of master thesis	22.10.2021	
2.	II part of master thesis	12.11.2021	
3.	III part of master thesis	26.11.2021	
4.	Introduction, conclusions, summary	03.12.2021	
5.	Pre-defense of the thesis	15.12.2021	

Student_________________________________
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Consultant_________________________
(signature)

Conclusions:_ The study provided meticulous analysis of the current trends in development of cooperation of Ukraine with international financial institutions. The master thesis was designed at the appropriate scientific level, it's content and structure fully meet the methodological requirements. In general, if successful defense, the thesis can claim to be "excellent".

Consultant__________________
(signature)

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INTRODUCTION

The relevance of the research. Modern globalisation contributes to the openness of national economies, intensifies their foreign economic relations. Ukraine is implementing its strategy of integration into the world economic space. One of the important measures taken in this direction is the formation of cooperation with various international organisations, including financial, because they play an important role in regulating the world economy and improving the economic development of individual countries. Therefore, the issue of Ukraine's relations with international financial institutions is relevant, and this research is of considerable scientific and practical interest.

The role of international financial institutions in the current rapid development of the world economy is difficult to overestimate, as today's conditions require close cooperation between economies, and therefore there is a need to regulate, coordinate economic and financial policies. Ukraine's cooperation with international financial institutions is extremely important today, as our country faces the key problem of finding sufficient financial resources to implement systemic and structural reforms. Equally important today is the design of Ukraine's new foreign and domestic policy, and therefore, the need to improve the state strategy for the development of relations with international financial institutions is of particular importance.

Issues of international financial relations, as well as the activities of international financial institutions, including the problems of Ukraine's cooperation with international financial institutions were paid attention to by such authors as Besley T., Bilorus O. H., Iefymenko T. I., Chervanchuk L. V., Clemens M., Kremer M., Halicejs'ka Yu. M., Ivanov S., Klymenko K., Savostianenko M., Kolosova V. P., Kozhukhova T. V., Liubkina O., Borovikova M., Mel’nyk T., Mys’kiv H., Petryk O., Batkovs’kyy V., Sl'ozko O. O., and others.

The object of the research: cooperation of Ukraine with international financial institutions.

The subject of the research: fundamentals of Ukraine cooperation with international financial institutions.

The aim of the research is to analyse the fundamentals of Ukraine's cooperation with international financial institutions and identify areas for improving such cooperation.

To achieve the research aim, it is necessary to determine the following objectives:

- To describe main activities of international financial institutions;
- To identify economic and financial situation of Ukraine;
- To investigate the cooperation of Ukraine with International Monetary Fund;
- To elucidate the cooperation with the World Bank Group;
- To analyse the cooperation with the European Bank for Reconstruction and Development;
- To elucidate the prospects for the development of cooperation with International Monetary Fund;
- To investigate the prospects for the development of cooperation with the World Bank;
- To analyse the prospects for the development of cooperation with the European Bank for Reconstruction and Development.

Methodology: comparison; analysis and synthesis, statistic methods.

CHAPTER 1. THEORETICAL FOUNDATIONS OF UKRAINE'S COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS

1.1. Activities of international financial institutions

International financial institutions are a priority source of funding for large-scale strategic projects and structural reforms.

Supported by shareholder countries, international financial institutions operate outside the banking regulation of individual states. As a source of long-term money, international financial institutions provide countries with the opportunity to mobilize resources for the implementation of long-term strategic projects, promote the implementation and dissemination of the world's best practices for structural reforms, as well as the development of new areas of lending, such as green finance. The relatively low level of credit risk is ensured by the business model that underpins international financial institutions. International financial institutions have the status of a privileged lender, which implies priority servicing of loans issued by them in comparison with other lenders. As was emphasised in the research on cooperation of Ukraine with the World Bank, the financial stability mechanisms offset potential problems with international financial institutions assets, which are often caused by countercyclical financing of countries where the economic situation deteriorates the most during the crisis, as well as lending to long-term and difficult infrastructure projects, which are often not undertaken by national commercial banks [26].

T. Mel'nyk, who studied the international and economic sphere of Ukraine, argued that the business model that underpins international financial institutions ensures the relatively low level of credit risk. It is characterised by a very high level of paid-in capital adequacy, supported by the obligations of the countries-shareholders to replenish it, if necessary, to provide extraordinary support to international financial institutions, and a significant liquidity cushion.

H. Mys'kiv rightly states that international financial institutions are an important part of the international financial system. As a source of long-term money, international financial institutions provide countries (both shareholders and others) with the opportunity to mobilize resources for the implementation of long-term strategic projects, as well as promote the introduction and dissemination of the best world practices for structural reforms and the development of new areas of lending (for example, green financing). In addition, international financial institutions investments perform, in fact, a countercyclical function: during an economic downturn and a slowdown in investment activity of residents, international financial institutions, as a rule, maintain or increase the volume of their portfolios, thereby supporting economic activity in the countries where they operate [19, p. 122].

The international financial architecture is undergoing an active transformation in response to the global economic crisis and the growing mismatch between the contribution of emerging economies to global growth and their role and influence in the international financial system.

O. Petryk and V. Batkovs'kyy implemented valuable research on financial programmes of the International Monetary Fund [22].

T. Mel'nyk has observed that International financial institutions have long been a leader in Ukraine among institutions that provide significant financial support and technical assistance to implement the necessary reforms in our country, as well as support and development of enterprises in various sectors of the economy and strengthen the financial sector as a whole. At present, Ukraine is in such a financial and economic situation that fruitful cooperation with international financial organisations can become a real tool for overcoming, together with the tough implementation of reforms. At the same time, the format of such cooperation should be based exclusively on the national interests of our state. Today Ukraine is a member/partner of such international financial and credit organisations as International Monetary Fund (IMF), the World Bank, the European Bank for Reconstruction and Development (EBRD), and the European Investment Bank (EIB). These institutions are actively working to provide financial, technical assistance and credit [15].

Ukraine's largest creditor among international financial organisations is International Monetary Fund [20]. Ukraine became a member of International Monetary Fund in 1992 in accordance with the Law of Ukraine "On Ukraine's Accession to International Monetary Fund, International Bank for Reconstruction and Development, International Finance

Corporation, International Development Association and Multilateral Investment Guarantee Agency", adopted on June 3, 1992 [19, p. 126]. Today, 190 countries are members of International Monetary Fund. Each participating country, when joining the Fund, makes an appropriate contribution, which is determined by the established quota. The size of the quota is determined based on the share of the country in the world economy. This quota is reviewed every 5 years. Since International Monetary Fund is a joint-stock organisation, firstly, its resources consist mainly of contributions from member countries, and secondly, quotas determine the "weight" of each country's vote in the management of the Fund and the amount of its possible borrowings. The quota of International Monetary Fund member countries since the entry into force of the Kingston Monetary System consists of 22.7% in freely convertible currency and 77.3% in national currency [3].

Ukraine receives investment loans and systemic loans from the World Bank. The latter are provided for the reform of certain sectors of the economy with the direction of their tranches directly to the State Budget of Ukraine.

Significant geographic concentration of investments and problem loans of international financial institutions are the main risk factors for international financial institutions.

The quality of international financial institutions' assets is directly related to the fact that shareholder countries set a goal for development banks to ensure lending to non-profit projects throughout the entire economic cycle, including crises. The performance by banks of their functions during a crisis in the economy can lead to an increase in the volume of problem loans, to which the Accounting and Corporate Regulatory Authority (ACRA) includes not only loans overdue by more than 90 days, but also impaired and restructured liabilities.

A very important source for a study of the fundamentals of Ukraine cooperation with international financial institutions is the analytic materials developed by experts of the World Bank [25; 28], the International Monetary Fund [7-10] as well as those of the Ministry of Finances of Ukraine and the Supreme Council of Ukraine [16].

The World Bank Group today includes five organisations. These are the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment

Guarantee Agency (MIGA), and the International Centre for Settlement. The International Bank for Reconstruction and Development (IBRD) was the first to be established in 1944. It was originally conceived to help Europe recover from World War II. Today, the IBRD, along with the rest of the organisations in the World Bank Group, provides loans and other assistance primarily to middle-income countries. In international practice, it is also accepted that the IBRD and IDA are jointly referred to as the World Bank [32].

Positioning itself as a global development institution, the World Bank Group sees its role in the world in making a positive impact on citizens' communities through investment in education, health, governance, infrastructure, financial and private sector development, agriculture, environmental protection and sustainable management of natural resources.

The World Bank Group, which includes the International Bank of Reconstruction and Development (IBRD), defines sustainability as its core principle and is committed to implementing this principle in a consistent movement towards achieving the two goals of the new Strategy of the World Bank Group adopted in 2013, namely: ending extreme poverty and accelerating prosperity for all. Achieving these goals will require sustainable use of the planet's resources for future generations, ensuring social inclusion and pursuing responsible fiscal policies that limit the burden of future debt [6].

As of November 1, 2021, the International Bank of Reconstruction and Development (IBRD) project portfolio consists of 19 projects [32], of which 15 investment projects are under implementation and 4 system projects completed. This amounts for a total of US$ 2,344.48 million (64.63% of total loans which amount for US$ 3,627.53) [15].

International financial institutions have a track record of working together to achieve goals such as maintaining banking sector stability and lending to the real economy in crisis-hit Central and Eastern Europe by making up to €24.5 billion available for funding in 2009-2010 [71].

On February 27, 2009, around the peak of the global crisis, the European Bank for Reconstruction and Development, the European Investment Bank Group, and the World Bank Group – launched a Joint IFI Action Plan in support of banking systems and lending to the real economy in Central and Eastern Europe. The plan's goal was to strengthen banking sector stability and lending to the real economy in crisis-hit Central and Eastern Europe by making up to €24.5 billion in financing available for 2009-2010 [71].

In response to the crisis, the aforementioned organizations have well beyond their previous commitments, pledging more than 33 billion euros to assist the region's financial industry. This was critical since the region's crisis turned out to be worse than originally thought, and recovery took much longer, with notably slow progress in restoring credit and lowering high unemployment rates in numerous countries [71].

A policy conversation in the financial sector was also held in close collaboration with the IMF and the European Commission. This has allowed crisis management inside what has developed as an innovative European private-public sector coordination framework, the Vienna Initiative, which has leveraged – and simultaneously strengthened – interests in sustaining European integration. The activities are part of macroeconomic crisis response initiatives backed by the IMF and the European Commission. The three IFIs met with 17 bank groupings with subsidiaries around the area during the next three months [71].

Overall, the Joint IFI Action Plan achieved its goals:

- The Joint IFI Action Plan's first aim, averting a systemic banking crisis in the area with severe consequences for the real economy, has been met. According to certain market players, the International Financial Institutions' coordinated response, as well as the coordinating role they placed with commercial banks, had a significant influence in alleviating financial stress and boosting financial flows in compared to prior EM crises. This program, which is unprecedented in its scope, highlights the critical counter-cyclical role that IFIs played during the financial crisis. It was carried out in close coordination with the IMF, the European Commission, home and host governments, and private sector banks, all of which decided to keep their exposure to the area [71].

- The second goal, expanding lending to the actual economy, is well underway. A major credit crisis, which might have sent vulnerable economies back into recession, was averted. However, pre-crisis credit bubbles in numerous nations have yet to fully unravel, and credit growth recovery has lagged. Simultaneously, lending appears to be more in local currency, beginning to minimize the systemic risks associated with foreign exchange loans, and there appears to be a greater dependence on domestic deposits and local capital markets [71].

- The architecture of the Joint IFI Action Plan has also contributed to its success: the initial requirements assessment was carried out collectively by all institutions involved, while delivery was carried out separately, although in a coordinated manner. This has helped us to minimize delays caused by different internal decision-making methods. Processes, such as collaborative or shared due diligence among institutions, were also standardised to the greatest degree practicable. As a result, the Joint IFI Action Plan was a watershed moment in the coordination of IFI assistance for markets and clients [71].

- Finally, the Joint IFI Action Plan members have been heavily active in the Vienna Initiative. The resources made available to the private sector through the Joint IFI Action Plan have supplemented those made available to the public sector by the International Monetary Fund and the European Commission, resulting in positive synergies between macroeconomic and micro/financial sector support and increased public confidence [71].

Overall, the IFIs have contributed far more than their promises under the Joint IFI Action Plan.

EBRD

The EBRD's delivery under the Joint IFI Action Plan surpassed the initial target of € 6.0 billion, reaching a total of € 8.1 billion, of which € 6.5 billion has been signed and € 4.2 billion has been released (Table 1.1.). The majority of the assistance came in the form of senior loan capital (64 % of agreed amounts), trailed by Tier I and Tier II equity (20 %) and trade finance (16 %). Recipients included subsidiaries of international groups, mostly from Austria, France, Italy, and Greece (56 %), along with local financial groups (44 %). The allocation was reasonably balanced across regions/major countries: Central Europe (16 %

of sanctioned amounts), South Eastern Europe (22 %), Russia (25 %), and Ukraine (16 %) [71].

Table 1.1.

Delivery on EBRD's Commitments under the Joint IFI Action Plan, up to end 2010 (in millions of €) [71]

By Country	Total approved	Total signed	Total disbursed
Bulgaria	449	299	181
Hungary	483	467	87
Latvia	151	104	127
Lithuania	30	30	35
Poland	585	545	407
Romania	799	431	282
Slovakia	70	55	35
Slovenia	50	-	-
EU-10	***2,617***	***1,931***	***1,154***
Albania	50	29	25
Bosnia and Herzegovina	156	154	70
Croatia	159	159	146
FYR Macedonia	64	57	10
Montenegro	60	38	6
Serbia	447	301	213
Turkey	781	343	340
Total South-Eastern Europe and Turkey	***1,717***	***1,081***	***810***
Armenia	52	49	34
Azerbaijan	91	92	41
Belarus	105	90	58

Georgia	200	183	118
Moldova	81	79	47
Ukraine	912	846	674
Total Eastern Europe and Caucasus	***1,441***	***1,339***	***972***
Mongolia	4	5	3
Kazakhstan	361	360	173
Kyrgyzstan	30	23	12
Russia	1,861	1,676	1,056
Tajikistan	29	29	12
Turkmenistan	2	2	-
Uzbekistan	10	10	-
Total Russia and Central Asia	***2,297***	***2,105***	***1,256***
By Ownership structure			
Foreign owned	3,815	2,853	2,164
Local owned	2,908	2,256	1,681
By Product			
Debt	5,503	4,150	3,085
Tier 1&2	1,567	1,304	1,107
Guarantee	1,001	1,001	-
TOTAL EBRD	***8,071***	***6,455***	***4,192***

Source: [71]

The implementation of the EBRD has been aided by a new packaged group method for international strategics with a broad geographic presence (Table 1.2.), which has allowed for more efficiency and uniformity in the preparation of bundled facilities. This approach was used from the beginning of the crisis with groups like UniCredit (€430 million in 12 projects across 8 countries), Société Générale, or Raiffeisen Bank International, and was continued through 2009-2010, most recently with the Greek banking groups National Bank of Greece, EFG Eurobank, Alpha Bank, and Piraeus Bank (€980 million for 11 subsidiaries of the four groups, across four countries). In addition to the standard study of the final borrowing subsidiaries in the countries of operation, the analysis focused on the parent company as a whole and its capacity to maintain its presence in the area [71].

Table 1.2.

Ten largest Funding packages by EBRD under the Joint IFI Action Plan, up to end-2010 (in millions of €)

International Parent Group	Total Approved	Total Signed	Total Disbursed
UniCredit Group	445	429	345
National Bank of Greece	365	190	3
Société Générale	343	171	150
EFG Eurobank	244	138	113
BNP Paribas	238	174	174
Erste Bank Group	235	235	176
Piraeus Bank Group	208	110	97
Alpha Bank Group	200	100	53
Intesa SanPaolo	199	199	140
Raiffeisen Group	170	158	137
Others	1,169	949	778
TOTAL	***3,815***	***2,853***	***2,164***

Source: [71]

The World Bank Group

Under the Joint IFI Action Plan, the World Bank Group pledged in 2009 to make available €7.5 billion to the region over 2009-2010; as of end-December 2010, the World Bank Group had exceeded this goal by more than 20%, with commitments of € 9.1 billion across its various agencies, including €5.2 billion from IBRD, €1.5 billion from MIGA, and €2.4 billion from IFC (Table 1.3.) [71].

Table 1.3.

Delivery on World Bank Group's Commitments under the Joint IFI Action Plan, up to end-2010 (in billions of €) [71]

Institution	Commitments	Total available
IBRD	3.5	5.2
MIGA	2.0	2.0
IFC	2.0	2.4
TOTAL World Bank Group	***7.5***	***9.6***

Source: [71]

During the course of execution of the Joint IFI Action Plan, the International Bank for Reconstruction and Development (IBRD) carried out roughly three dozen activities totaling € 5.2 billion, much above its initial commitment of € 3.5 billion (Table 1.4.). IBRD activities targeted at supporting the financial sector's stabilization through budget assistance for reforms and credit lines to offer financing security to banks and access to credit, particularly for small and medium-sized businesses. Lending activities have been supplemented by technical support and analytical work throughout the area, with a focus on diagnostic work in the financial sector and the improvement of the sector, as well as its regulation and supervision [71].

More recently, efforts have focused on dealing with the crisis's aftermath, which includes widespread credit contraction in many countries, the management of non-performing loans, and the strengthening of still-weak bank balance sheets in numerous nations. Assistance is being offered for balance-sheet restructuring and asset disposal, risk reduction, and satisfying new regulatory requirements, as well as through increased loan lines, mostly for small and medium-sized businesses and exporters [71].

More broadly, the IBRD plan for countries in Europe and Central Asia remains focused on the region's longer-term development needs, with an emphasis on deeper reforms to strengthen competitiveness, support for social sector reforms to promote inclusive growth, and a renewed emphasis on climate action to promote sustainable growth [71].

Table 1.4.

Delivery on IBRD's Commitments under the Joint IFI Action Plan, up to end-2010 (in millions of €) [71]

By Country	Commitments	Total available
Hungary		1,043
Latvia		309
Poland		480
Romania		218
TOTAL EU – 10		***2,050***
Bosnia		52
Croatia		141
Macedonia		6
Montenegro		79
Serbia		129
Turkey		1,149
Total Western Balkans and Turkey		***1,556***
Armenia		65
Belarus		37
Georgia		41
Moldova		22
Ukraine		1,033
Total Eastern Europe and Caucasus		***1,198***

Kazakhstan Tajikistan		369 11
Total Central Asia		***380***
TOTAL IBRD	***3,500***	***5,184***

Source: [71]

Under the Joint IFI Action Plan, MIGA supplied € 1.4 billion in signed guarantees (Table 1.5.). MIGA has granted 21 guarantees in support of 17 financial institutions – 14 banks and 3 leasing businesses – in 13 countries since the initiative's inception. MIGA has raised € 0.5 billion in market capacity through reinsurance, with the remainder funded by its own balance sheet. The Financial Sector Initiative, MIGA's framework for implementing the Joint IFI Action Plan, made an additional guarantee capacity of €0.5 accessible, as agreed with the MIGA Board [71].

MIGA was essential in assisting parent banks in mobilizing IFI financing, as such support was contingent on owners covering a percentage of subsidiary costs. While the parent banks were willing to give such finance, some of them were hampered by internal country risk constraints, which MIGA coverage has assisted them in overcoming.

The majority of the coverage was granted to MIGA's long-term clients UniCredit Group and Raiffeisen Group (Austria), both of whom have substantial networks of subsidiary banks and leasing firms throughout the area, including Ukraine. During the crisis, UniCredit and Raiffeisen provided considerable support to its subsidiaries, including loan rollovers and long-term secure shareholder funding. During the early stages of the crisis, the bulk of money was used to provide liquidity assistance for asset-liability management, but subsequently, a part of shareholder loans were used to provide lending to the real economy.

Table 1.5.

Delivery on MIGA's Commitments under the Joint IFI Action Plan, guarantees issued up to end-2010 (in millions of €) [71]

Investor name	Host country	Project enterprise	Total available	Total signed
UniCredit Bank Austria	Hungary	UniCredit Bank Hungary Zrt.	95	95
UniCredit Bank Austria	Hungary		190	190
UniCredit Bank Austria	Latvia	AS UniCredit Bank	95	71
UniCredit Bank Austria	Latvia		90	48
Total EU-10			***470***	***404***
ProCredit	Albania	ProCredit Bank S.A.	19	19
ProCredit	Bosnia and Herzegovina	ProCredit Bank A.D.	10	10
UniCredit Bank Austria	Croatia	Zagrebacka Banka d.d.	190	190
UniCredit Bank Austria	Croatia		266	266
ProCredit	FYR Macedonia	ProCredit Bank A.D.	10	10
ProCredit	Kosovo	ProCredit Bank JSC.	38	38
ProCredit	Serbia	ProCredit Bank A.D.	3	3
Raiffeisen	Serbia	Raiffeisen Leasing JSC	29	29
Raiffeisen	Serbia		14	10
UniCredit Bank Austria	Serbia	UniCredit Bank Serbia JSC	95	95
Total Western Balkans			***674***	***670***
ProCredit	Armenia	ProCredit Bank CJSC	3	3
ProCredit	Georgia	ProCredit Bank JSC.	7	7
ProCredit	Moldova	ProCredit Bank S.A.	3	3

ProCredit	Ukraine	ProCredit Bank JSC.	4	4
Total Eastern Europe and the Caucasus			***17***	***17***
UniCredit Bank Austria	Kazakhstan		141	141
UniCredit Bank Austria	Kazakhstan	ATF Bank JSC	102	102
UniCredit Bank Austria	Kazakhstan	ATF Bank JSC	39	39
Total Central Asia			***281***	***281***
ProCredit	Additional capacity		56	0
Total ECA	Additional capacity (gross)		500	0
TOTAL			***2,000***	***1,373***

Source: [71]

The IFC pledged € 2 billion under the Joint IFI Action Plan for 2009-2010. As of the end of December 2010, IFC has exceeded this target by more than 20%, with pledges on its own account totalling € 2.4 billion and payments totalling € 1.7 billion (Table 1.6.). The following products were used to fund IFC's investments [71]:

- Loans, quasi-loans, and risk management products: EUR 1,098 million, or 46% of total obligations.
- Global Trade Finance Program (GTFP) and Global Trade Liquidity Program (GTLP): € 940 million, accounting for 39% of overall commitments.
- Equity and quasi-equity investments totalled € 279 million, accounting for 12% of total commitments.
- Debt and Asset Recovery Program (DARP): € 92 million, or 4% of total obligations [71].

Table 1.6.

Delivery on IFC's commitments under the Joint IFI Action Plan, up to end-2010 (in millions of €) [71]

Country	Total signed	Total disbursed	Total mobilization
Czech Republic	44	-	-
Hungary	1	1	-
Lithuania	10	-	-
Poland	14	8	-
Romania	168	90	-
Total EU-10	***236***	***98***	***-***
Albania	2	2	-
Bosnia & Herzegovina	12	4	-
Macedonia FYROM	26	24	-
Montenegro	11	11	-
Republic of Kosovo	6	7	-
Serbia	139	47	18
Turkey	351	300	-
Southern Europe Regional Projects	127	16	7
Total Western Balkans and Turkey	***675***	***411***	***25***
Armenia	43	38	-
Azerbaijan	56	38	-
Belarus	72	72	-
Georgia	85	68	-
Moldova	24	7	-
Russian Federation	544	433	346
Ukraine	117	117	-
Eastern Europe Regional Projects	4	6	7

Total Eastern Europe and Caucasus	***944***	***777***	***353***
Kazakhstan	360	350	-
Kyrgyz Republic	14	10	-
Tajikistan	6	2	-
Uzbekistan	4	5	-
Total Central Asia	***385***	***367***	***-***
Other Regional Projects	169	60	254
TOTAL	***2,409***	***1,714***	***633***

Source: [71]

The Joint IFI Action Plan has been connected to the European Bank Coordination "Vienna" Initiative through policy dialogue.

The Vienna Initiative has evolved as a venue for private banking firms, IFIs, and home and host country authorities to collaborate. Parent banks initially committed to maintaining appropriate capitalization of their subsidiaries under the Initiative, while national government bank assistance packages were made available for parent bank support of subsidiaries in EU host countries. Authorities in the host nation followed proper macroeconomic policies, enhanced deposit insurance mechanisms, and supplied local currency liquidity as required. IFIs have provided macroeconomic and private-sector financial assistance. These promises were codified as voluntary public agreements for five countries with IMF and/or EU funding programs. The participants have honoured the Vienna Initiative's promises [71].

Participants from the EBRD, EIB, and World Bank Group have engaged in policy debate in the financial sector, working closely with the IMF and the European Commission.

This has enabled crisis management inside the Vienna Initiative, which has evolved as an innovative European private-public sector coordination platform. The Joint IFI Action Plan projects have been integrated into macroeconomic crisis response plans backed by the IMF and the European Commission [71].

The Joint IFI Action Plan met its goals and came to a conclusion at the end of December 2010, as planned. It aided in averting a systemic banking crisis and a severe credit crunch, as well as resuming credit recovery in many nations.

There are still significant post-crisis issues. These include vulnerabilities resulting from unhedged foreign exchange denominated borrowing, a limited amount of local currency savings, underdevelopment of local capital markets, adjustments to new post-crisis regulations, including possible capital increases, and balance sheet constraints on lending in countries with high or rising non-performing loans [71].

The IFIs are well-equipped to assist in addressing these issues. They will continue to help the area as country-specific conditions demand through their diverse variety of products. During 2009-2010, the IFIs' collective experience shown that, in addition to long-term loans, rising quantities of equity, mezzanine finance, risk-sharing products, and guarantees may provide viable solutions, and that IFIs can supply these in a complementary and coordinated way [71].

Overall, as part of a large worldwide crisis response, the EBRD, EIB Group, and World Bank Group's Joint IFI Action Plan played a critical role in restoring trust in the European area [71].

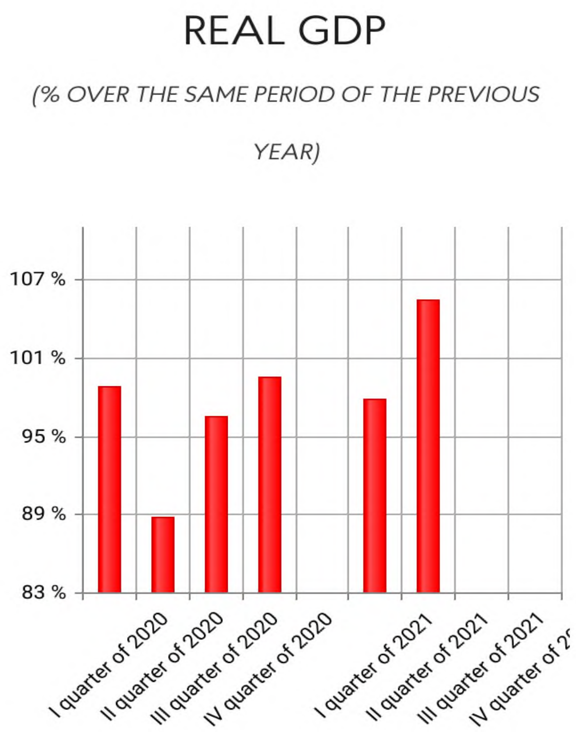
Despite the fact that the Joint IFI Action Plan was completed as planned at the end of 2010, IFIs have continued to promote lending to the real economy and in the area in the future. The advantages of strong IFI collaboration and coordination throughout the crisis should be maintained after the crisis. The effective concept of the Joint IFI Action Plan, which was first intended for crisis-stricken developing Europe, can be beneficial for other areas facing significant obstacles in restructuring their financial sectors, reinvigorating lending to the real economy, and generating employment [71].

1.2. Economic and financial situation in Ukraine

The economy of Ukraine is the 40th in the world in terms of GDP based on PPP - US$ 544 billion (IMF data for 2020) [9]. In terms of GDP in PPP per capita, Ukraine for 2020 occupies the penultimate place among European countries, ahead only of Moldova, and 90th in the world [10]. The Ukrainian economy is based on diversified industry, agriculture and the service sector. This is why the GDP is correlated to the index of industrial production (Fig. 1.3.) and to the agricultural output index (Fig. 1.4.).

We can see from the Figure 1 that GDP in Ukraine in 2021 is higher as compared to 2020. This is also true for the index of industrial production (Fig. 1.3.) as well as for the agricultural output index (Figure 4). However, the same is also true for the consumer price index (see Fig. 1.2.). That means that although increasing GDP is a sign of economic growth, in this case it does not mean increasing prosperity of the population. The situation depends significantly on the terms of cooperation of Ukraine with the international financial institutions that stipulate the financial sources to be directed, first, to the development of infrastructure.

The financial system remained resilient to the crisis and highly profitable. High attention of banks to the quality of portfolios before and during the crisis, timely restructuring of loans to debtors, allowed passing the crisis period without problems for the financial sector. Existing liquidity and capital reserves are increasingly used by banks for lending, the pace of which has accelerated significantly in 2021.



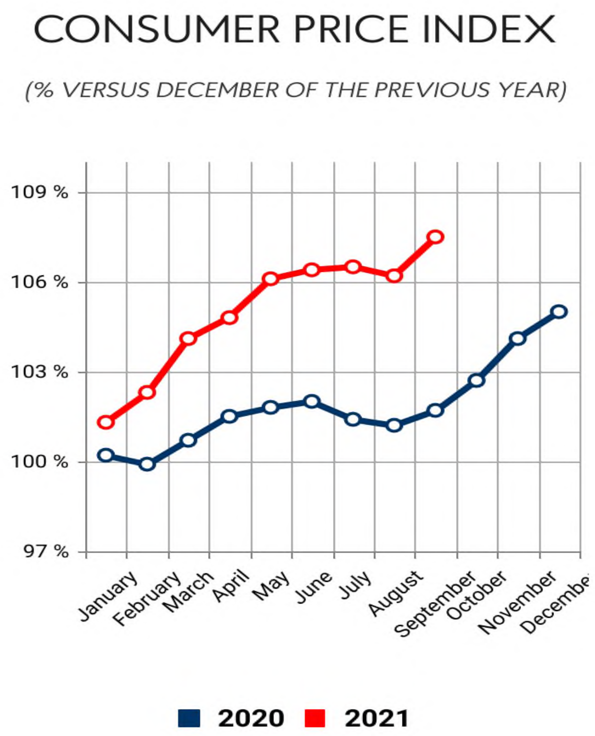


Fig. 1.1. Real GDP

Fig. 1.2. Consumer price index

Source: [33]

Good condition of banks and economic recovery allow the National Bank to gradually curtail anti-crisis measures, including long-term refinancing. In addition, maintaining high profitability allows the planned introduction of new regulatory requirements, especially for bank capital.

The economic recovery is continuing, albeit at a slow pace. An important driver of economic recovery is to improve consumer sentiment and increase domestic demand. In addition, favourable conditions in foreign markets support both GDP and current account.

Rising world prices combined with high domestic demand have accelerated inflation. The National Bank has responded to rising inflation risks since early 2021 by doubling the discount rate. However, in general, monetary policy remains soft, as inflation risks are mostly temporary.

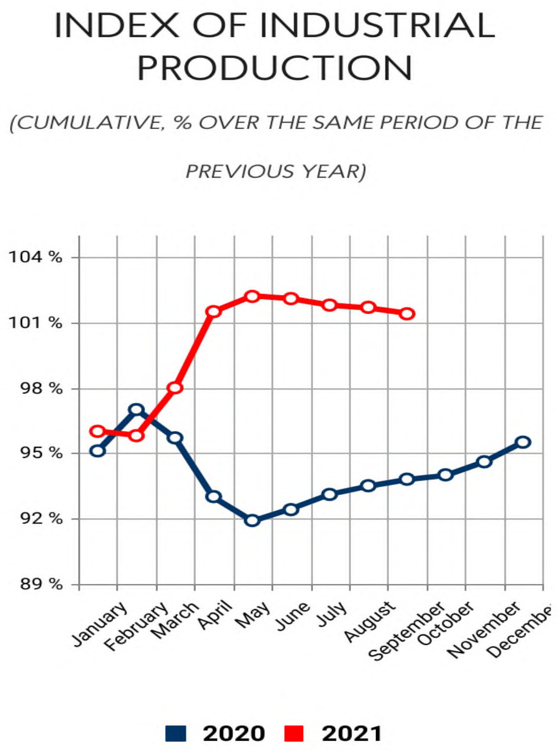


Fig. 1.3. Index of industrial production

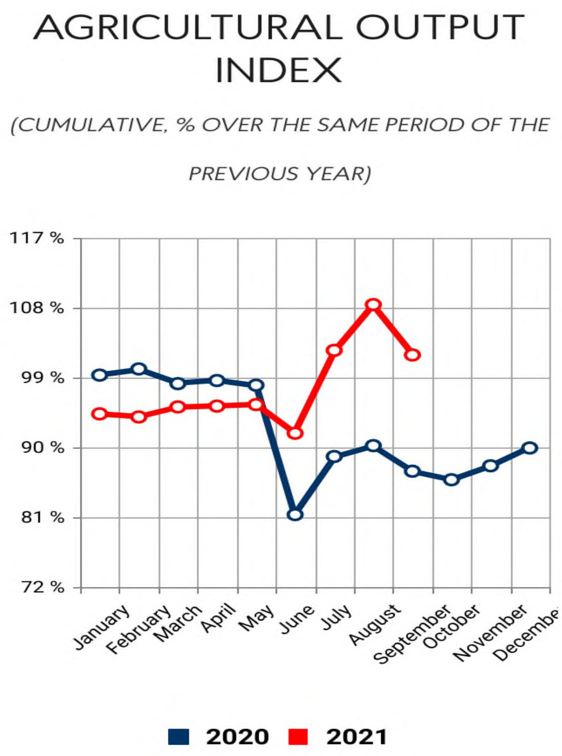


Fig. 1.4. Agricultural output index

Source: [33]

The foreign exchange market remains balanced. The interest of foreign investors in the debt securities of Ukrainian issuers has been restored. However, access to credit in world markets has become more difficult due to rising yields on long-term US securities in the first quarter. This also affected the yield on borrowings of other countries, including Ukraine. With global inflation risks growing and interest rates rising, capital markets will remain volatile. Therefore, long pauses in cooperation with international financial organisations pose significant risks both for refinancing Ukraine's external debt and for financing the budget deficit.

The gradual recovery of the real sector continues. Most Ukrainian companies are undergoing a coronary crisis without significant losses. Serious difficulties arose only for certain segments of enterprises. The resilience of the corporate sector to the crisis is due to the low share in the domestic economy of those service sectors that have suffered the most from pandemic restrictions. The volume of lending to the corporate sector is growing significantly: government programs stimulate an increase in the loan portfolios of small and medium-sized borrowers.

Household lending is also growing, and the pace is accelerating markedly. The basis of the portfolio is unsecured consumer lending, but a number of banks have been actively increasing the volume of mortgage portfolios for more than a year. The segment of unsecured lending for current needs has the highest profitability, but also much higher credit risks. Increasing the risk weights on these assets from 100% to 150% by the end of 2021 will create a reserve of capital to cover losses from possible underestimation by banks of credit risks in this segment and greater vulnerability of the segment to crises. Mortgage yields are lower, risks are lower. Currently, the part of mortgages in GDP is less than 1%, so high mortgage growth rates may persist for a long time.

The impact of the corona crisis on credit quality has been much milder than expected at the beginning. Expenditures on the formation of reserves by banks in the crisis of 2020 doubled, but remained moderate and did not have a significant negative impact on the profitability of the sector. In general, the results of the asset quality assessment showed that the reserves formed by banks corresponded to the expected credit losses. The main reason for moderate losses from credit risk during the crisis is high lending standards, especially corporate. The quality of the retail loan portfolio is also high. During the crisis, creditors' attention to the ability of borrowers to service debt increased, in particular to assess their debt burden. Balanced credit standards will further contribute to the balanced growth of the loan portfolio, as well as its proper diversification.

In 2020, banks' investments in a market-value weighted index of US dollar-denominated, investment-grade corporate debt increased significantly. Increase in banks' investments in government securities to finance the expanded budget deficit is observed in many countries around the world. In Ukraine, it was revived by rising banks' investments in a market-value weighted index of US dollar-denominated yields late last year and access to long-term refinancing from the National Bank. However, investing in government securities did not affect banks' ability and willingness to lend. The largest financial institutions continued to grow loan portfolios. In 2021, the need for budget financing by banks is significantly reduced: the deficit is gradually reduced, and opportunities to attract resources from other sources are expanded. Therefore, the growth of banks' investments in a market-value weighted index of US dollar-denominated in banks' portfolios will stop, and their share in net assets may decrease slightly.

The crisis has significantly changed the term structure of bank funding: the share of demand deposits has increased. This was facilitated by lower deposit rates and the desire of depositors to have immediate access to their own savings during the crisis. At the same time, the results of 2020 showed that the funds savings of the population, even in question, are a stable source of funding [37]. Therefore, the change in the term structure of funding does not carry significant liquidity risks. The new standard of Net Stable Financing Ratio (NSFR) which has been working since April 2021 is called to minimize them in addition.

The cost of funding banks decreased. Falling factors were a change in the term structure of liabilities and last year's reduction in interest rates on deposits. This trend has allowed most financial institutions to maintain an acceptable interest margin, despite its overall decline. The post-crisis increases in banks' operations increased their net interest income. The potential for depreciating resources is almost exhausted, while competition in the credit market will encourage banks to depreciate loans. Therefore, banks should adapt to operating at a lower interest margin.

Banks managed to maintain high profitability, and a number of institutions paid dividends to owners. Profitability, in addition to the growth of net interest income, was supported by high commission income. It proved to be quite resistant to the impact of quarantine restrictions due to the timely adaptation of financial institutions to new working conditions. The received income with a large reserve covers not only operating expenses, but also contributions to reserves, which in 2021 decreased significantly. The average value of fixed capital adequacy of banks is more than twice the regulatory minimum. Banks take into account future changes in capital requirements when planning it [37]. Most of them are already, in fact, meeting the requirements for capital buffers - conservation and systemic importance. Due to the crisis in the spring of 2020, the National Bank has decided to postpone the introduction of buffers. However, given the high profitability of the sector, the National Bank will determine the schedule of their implementation.

The National Bank continues to harmonize banking regulation with European legislation. First, we are talking about the long-announced introduction of capital requirements to cover operational risk, planned from the beginning of 2022. Another important innovation is the beginning in 2022 of a test calculation of domestic capital by banks under the Internal Capital Adequacy Assessment Process (ICAAP). It should significantly improve the quality of capital management and planning. In the future, the structure of regulatory capital will be changed; the National Bank after the adoption of amendments to banking legislation will have the right to set individual increased requirements for capital adequacy of banks.

The regulatory field for non-bank financial institutions is being actively improved [37]. Upgrading the regulatory framework will significantly increase the resilience and transparency of the financial sector.

1.3. National Bank of Ukraine. Status and main functions

The National Bank of Ukraine (hereinafter referred to as the National Bank) is the central bank of Ukraine, a special central body of public administration, the legal status, tasks, functions, powers, and principles of which are determined by the Constitution of Ukraine, this Law and other laws of Ukraine [39].

According to Article 99 of the Constitution of Ukraine, the main function of the central bank of the state - the National Bank is to ensure the stability of the currency.

Also, the functions of the National Bank include confirming the presence or absence of signs of the unstable financial condition of the banking system, deteriorating balance of payments of Ukraine, the emergence of circumstances threatening the stability of the banking and (or) financial system of the state.) extension of validity and (or) early termination of protection measures in accordance with Article 12 of the Law of Ukraine "On Currency and Currency Transactions"; ensuring the accumulation and storage of gold and foreign exchange reserves, compliance with the minimum size of gold and foreign exchange reserves, operations with gold and foreign exchange reserves and bank metals; organization of creation and methodological support of the system of balance of payments statistics, international investment position, external debt;

The National Bank provides management of gold and foreign exchange reserves, i.e., reserves of Ukraine, which are reflected in the balance sheet of the National Bank of Ukraine and include assets recognized by the world community as international and intended for international settlements.

The National Bank places gold and foreign exchange reserves in internationally recognized reserve assets at current market rates, including negative ones, independently or through authorized legal entities that provide financial services on international markets [39].

The gold and foreign exchange reserve may include the following internationally recognized reserve assets:

– monetary gold;

– special drawing rights (hereinafter referred to as SDRs) - an internationally recognized reserve asset created by the IMF to supplement existing internationally recognized reserve assets;

– reserve position in the International Monetary Fund - a member's requirements to the IMF, defined as the difference between the quota and the IMF's holdings in its (member's) currency minus the IMF's cash holdings received by the member in the form of IMF loans and balances on the IMF account № 2, not exceeding one-tenth of one percent of the Member State's quota;

– foreign currency in the form of banknotes and coins or funds in accounts abroad;

– securities (except shares) payable in foreign currency;

– any other internationally recognized reserve assets provided that they are reliable and liquid.

The National Bank replenishes its gold and foreign exchange reserves, in particular, by attracting foreign currency funds from international financial organizations, central banks of foreign countries, and other creditors;

The use of gold and foreign exchange reserves is carried out by the National Bank including for the following purposes:

sale of a currency on the financial markets for monetary policy, including exchange rate policy;

expenses on operations with the gold and foreign exchange reserve and on ensuring the performance of its functions by the National Bank; [40]

return of foreign currency funds to international financial organizations, central banks of foreign states, and other creditors, including interest for the use of such funds and other mandatory accruals;

ensuring the fulfilment of obligations under the National Bank's operations, including with derivative financial instruments, repo operations with internationally recognized reserve assets.

conduct foreign exchange interventions and ensure payments by public authorities, the National Bank uses international reserves - highly liquid assets of Ukraine in foreign currency and gold.

International reserves – liquid assets of the National Bank of Ukraine in foreign currency and gold, which are used for foreign exchange interventions and government payments. Reserves are held at first-class foreign banks and reliable financial instruments. Main principles for international reserves management by top priority are: safety, liquidity and return.

Fig. 1.5. Dynamics of international reserves

Source: [41]

Fig. 1.5. shows the dynamics of international reserves for the period from 01.02.2021 to 01.02.2022 inclusive and shows a trend of accumulation of international reserves. Thus, as of February 1, 2022, the total amount of gross international reserves is US$ 29.287 billion in equivalent (increase over the year - 1.6%), net international reserves – US$ 19.173 billion in equivalent (increase over the year - 7.7%).

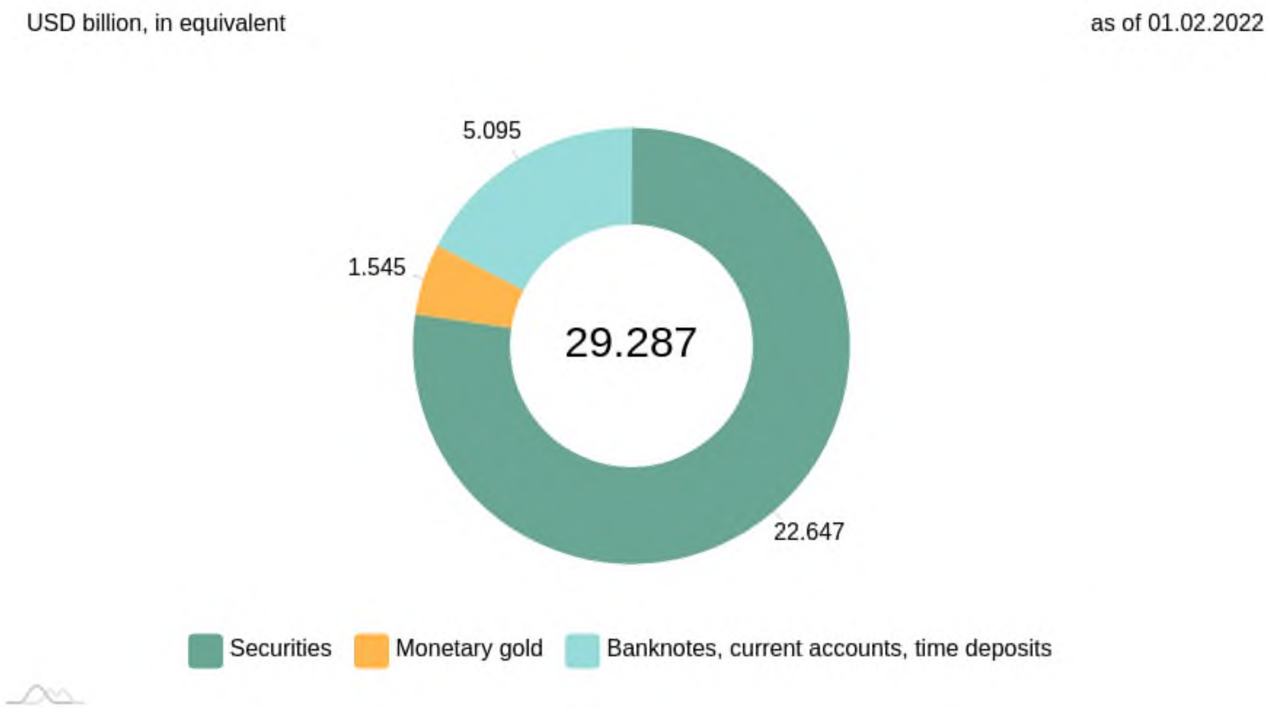


Fig. 1.6. The structure of international reserves in terms of instruments

Source: [41]

Fig. 1.6 shows that as of February 1, 2022, international reserves include instruments such as securities, monetary gold, banknotes, current accounts, and time deposits. By the share in the total amount, the largest group is "Banknotes, current accounts, time deposits" (77.3%) with the most highly liquid assets.

Cooperation with international financial organizations

Within the framework of Ukraine's membership in international financial organizations, the National Bank of Ukraine actively cooperates with such institutions as the International Monetary Fund, the World Bank Group, the European Bank for Reconstruction and Development, the Black Sea Trade and Development Bank, and the European Investment Bank.

The main responsible divisions of the National Bank of Ukraine in the relevant areas and their functions are:

- Department of European Integration and International Programs development of relations with the European Union, implementation of measures for European and Euro-Atlantic integration;

development and provision of international cooperation, implementation of international programs and projects, expansion of the international presence of the National Bank of Ukraine;

ensuring the implementation by the National Bank of Ukraine of the function of representing Ukraine's interests in central banks, supervisors of financial institutions of foreign countries, international financial organizations, other international organizations and institutions where cooperation is carried out at the level of central banks or supervisors of financial institutions;

development of cooperation with international partners to strengthen the institutional capacity of the National Bank of Ukraine and dissemination of its own experience on issues within the competence of the National Bank of Ukraine;

organizational and protocol support of international relations and management of linguistic assets [42].

- Department of Open Markets

management of Ukraine's international (gold and foreign exchange) reserves and non-reserve assets of the National Bank in foreign currency and monetary gold [43].

CHAPTER 2. COOPERATION OF UKRAINE WITH INTERNATIONAL FINANCIAL INSTITUTIONS (1992 - 2021)

2.1. Cooperation with International Monetary Fund

Ukraine became a member of International Monetary Fund in 1992 [23]. In 1994-1995, cooperation was carried out under the systemic transformational loan program, under which Ukraine received about US$ 700 million to support the country's balance of payments.

Further, cooperation becomes systemic, and loans amount to billions of dollars.

In total, over 29 years of cooperation, Ukraine and International Monetary Fund have signed 10 loan agreements [10]. Two of them provided for the use of the extended financing mechanism, and the remaining eight - the stand-by mechanism - "at the ready".

Under these agreements, Ukraine could receive almost 5.15 billion of Special Drawing Rights (SDR), However, received less than half - only 2.19 billion SDR (more than US$ 3,15 billion) [10].

Only under one loan agreement, concluded in May 1996, Ukraine completely purchased the money allocated by International Monetary Fund - almost 600 million SDR.

Kyiv received its first large-scale loan from International Monetary Fund during the 1998 financial crisis. Avoiding default played an important role in the re-election of President Leonid Kuchma for a second term in 1999.

For the second time, Ukraine almost used the allocated funds from the expanded funding program, agreed in the fall of 1998 - at the height of the financial crisis. Then Kyiv could receive 1.919 billion SDR, and received - 1.193 billion SDR. The program itself continued until 2002 [10].

With the post-crisis economic recovery, the government decided that further cooperation with International Monetary Fund would take place on a credit-free basis.

In 2004, a "warning stand-by" program was agreed, which provided that in the event of a worsening of the situation, Ukraine would be able to receive assistance from the International Monetary Fund.

This continued until 2008, when the next global financial crisis unfolded. In the fall of 2008, the International Monetary Fund agreed to provide Ukraine with a record loan at that time of 11 billion SDR, which then amounted to about US$ 16.4 billion [10].

The situation was so difficult that SDR 3 billion were immediately credited to the reserves of the National Bank.

In general, Kyiv received three tranches under this program. Part of the second and all of the third were channelled directly into the state budget - a practice generally not characteristic of the International Monetary Fund.

In the summer of 2010, without receiving SDR 4 billion under this program, Kyiv entered into a new and equally ambitious agreement with the International Monetary Fund - for SDR 10 billion (more than US$ 15 billion). However, even fewer funds were chosen on it - only about a quarter [10].

The allocation of the next portions of this loan was constantly postponed due to Ukraine's failure to fulfil its obligations, primarily those related to the introduction of market prices for gas for the population.

After the escape of President Yanukovych, the change of power, the annexation of Crimea by Russia and the outbreak of the conflict in Donbas, Ukraine again turns to the International Monetary Fund with a request for urgent financial assistance.

At the end of April 2014, the International Monetary Fund agrees to another lending program totalling almost SDR 11 billion (US$ 15.1 billion). From the first tranche, more than US$ 1 billion was again directed directly to the budget.

In total, under this program, US$ 2 billion was received to support the budget out of the total amount of tranches received for US$ 3 billion [10].

Despite this, the Ukrainian economy was rapidly falling, and in less than a year, in March 2015, a new program - expanded financing - was agreed for a record amount of 12.348 billion SDR. The first tranche of this program, worth US$ 5 billion, was also unprecedented.

Under the same program, Ukraine received the maximum number of tranches - four. However, Ukraine took about half of the allocated funds for it.

In December 2018, it was replaced ahead of schedule with a new stand-by program.

It provided for the provision of almost US$ 4 billion, for which Kyiv could apply until the spring of 2020.

Unlike the extended funding provided to countries that need urgent assistance during a crisis, stand-by is designed for countries whose economies are stable and growing, but need support in certain issues.

In June 2020, the International Monetary Fund approved a stand-by program worth about US$ 5 billion for Kyiv, immediately allocating the first tranche of US$ 2.1 billion in funding. However, the agreed schedule was violated and funding was suspended due to Ukraine's failure to meet a number of obligations.

The biggest current problem in Ukraine is the peak of debt payments in previous years. According to National Bank estimates, in 2021-2022, planned foreign exchange payments with interest will amount to US$ 17 billion.

On November 22, 2021, International Monetary Fund completed a review of the stand-by program with Ukraine [8]. The IMF agreed to allocate a second tranche of US$ 700 million.

The decision to approve the first revision of the program was made by International Monetary Fund Board of Executive Directors. The stand-by program was extended until the end of June 2022 [8].

IMF also agreed with Ukraine's request that the assessment not take into account the result of December 2020 on the maximum amount of state-guaranteed debt. The decision was because the government has already taken the necessary corrective action [8].

This decision of the IMF unlocks the second tranche for Ukraine under the program of 500 million special drawing rights, or US$ 699 million.

Continuation of the current stand-by program will allow Ukraine to receive the next tranches from the IMF in 1.6 billion special drawing rights or more than US$ 2 billion.

It was designed for 18 months and an aid of SDR 3.6 billion (equivalent to US$ 5 billion). It was approved on June 9, 2020 [21].

The program aims to support Ukraine in overcoming the effects of the COVID-19 pandemic and contains a number of requirements for important structural reforms to reduce key vulnerabilities: anti-corruption, judicial reform, return to inflation and more.

As of 2021, Ukraine is the Fund's second largest borrower. Ukraine has received over US$ 2.7 billion due to the allocation of Special Drawing Rights (SDR) as part of the IMF's assistance to member countries in economic recovery from the coronavirus crisis.

IMF LENDING INSTRUMENTS

In the course of its work, the IMF has developed various lending instruments that have been adapted to meet the specific situations of different member countries.

Some aspects of the way in which the Fund was manages its resources and in particular how its policy about the use of individual currencies has evolved. The main goal in creating the IMF and shaping the Articles of Agreement of the International Monetary Fund in 1944 that it should be a revolving fund; that is, whatever it paid out to IMF member countries should sooner or later be returned to it.

The arrangements were designed to ensure that in normal conditions the Fund should hold an amount of each member’s currency that was equal to three fourths of its quota. So, f drawing, of course, increases the Fund’s holdings of the currency of the member making the drawing, and reduces the holdings of the currency drawn. After a drawing by country A of country B’s currency, therefore, the Fund would (other things being equal) have more of country A’s currency than 75 per cent of country A’s quota, and less of country B’s currency than 75 per cent of country B’s quota. So, the founders imposed an obligation on country A to repurchase its currency from the Fund down to the point at which the Fund’s holdings of that currency were again equal to 75 per cent of country A’s quota. The currencies which country A would use to make this repurchase might be expected to include that of country B, since country A obviously uses this currency; therefore, the Fund’s holdings of country B’s currency would be built up again toward 75 per cent of country B’s quota.

That was the main idea, but of course it involved a whole string of secondary questions.

In 1944 world trade had very largely drifted into bilateral arrangements: country A bought from country B on the understanding that country B would buy from country A, and the idea was that if either A or B failed to sell as much to the other as it was buying from the other, it would come to the Fund and borrow enough of the other’s currency to settle the difference. In that way thought that all the Fund's holdings of currencies could find employment, no matter how little they were normally used in international trade.

Actually, it was clear that a very large proportion of the world's trade was paid for either in dollars or in sterling. For example, if Argentina bought from Brazil more than it sold to Brazil, it would make good the difference not in Argentine or Brazilian currency but in U.S. dollars. If Australia had a balance of payments deficit with India, it would make this good not in Indian rupees but in sterling.

Realizing this, however, the drafters Articles of Agreement of the International Monetary Fund wanted to avoid drawings from the Fund being concentrated on dollars and sterling. But at the same time the drafters had a separate objective in view; they wanted to ensure that the Fund did not become a repository for currencies that were not exchangeable for gold. They therefore ruled that when the time came for Country A, which had drawn Country B's currency from the Fund, to repurchase its own currency, it could offer to the Fund only such currencies as were exchangeable for gold. They called these "convertible currencies" and defined them as the currencies of countries that had accepted certain obligations, one of which was to exchange its currency for gold, on certain conditions.

Repurchase Obligations. The main idea was that a drawing from the Fund ought not to be used merely to build up a member's own monetary reserves; if it was going to remain unused, it would be better for it to be unused in the hands of the Fund than in those of a member. If, therefore, Country A purchased dollars from the Fund with 100 units of its own currency, put these dollars in its reserves, and then finished the year with reserves increased by half this amount, the repurchase obligation required it to buy back 75 units of its currency—50 units as being half the increase in the Fund's holdings of its currency, and 25 units as being half the equivalent of the increase in its monetary reserves.

Ensuring That the Fund Would Revolve. The main idea of the drafters at Bretton Woods was to ensure that in ideal conditions the Fund held 75 per cent of each member's quota, no more and no less. But it got in the way of the other main thesis, that the Fund should be a revolving one. For the purpose of elimination of this clash between the intentions of the Articles and the practical results of their provisions exercised the Fund for several years, being eventually resolved, in 1952, by a decision that made drawings conditional on an undertaking to repay them within three to five years. But that did not settle the question as to what currency should be used to make the repurchase.

Currencies to Be Used for Repurchases. Something like 90 per cent of all drawings down to 1958 were made in dollars. But then things changed, as the main European currencies gradually became more useful to buy commodities with, and therefore more desirable. And in February 1961 the situation was transformed by the acceptance of the obligations of convertibility by nearly every country in Western Europe. Thereafter their currencies, as well as U.S. dollars, could be used in repurchases. Consequently, their currencies, as well as U.S. dollars, became acceptable in drawings.

The acceptance by these countries of convertibility also did away with almost the last remnants of the bilateralism which the founding fathers had regarded as the natural way to trade. Once a country's currency is exchangeable for gold, and therefore, through gold, for any other currency, it becomes natural to regard balance of payments deficits as incurred against the world at large, and not against one particular country. Thus, there was no longer any need to pick one particular currency with which to settle one's deficits.

By 1961, therefore, there was a wide range of currencies in which a drawing would be perfectly acceptable to the drawer, and a wide range of currencies in which repurchases would be perfectly acceptable to the Fund. A small proportion of repurchases still became obligatory under the old rules, and for these the currencies in which the repurchase had to be made, and the amounts of each, were settled by the rules. But there were very many drawings that had to be repurchased under the five-years-maximum rule long before the repurchase obligations in the Articles would have made this necessary. Mainly this was the effect of the 75 per cent limits; the Fund's holdings of sterling have been over 75 per cent of the British quota since 1964 and so sterling has never in that time been acceptable in repurchases, although it forms a large part of the reserves of a number of countries.

In July 1962 the Board of the Fund took a comprehensive decision. This recounted that since February 1961 member countries had been consulting IMF about which currencies it would be best for them to draw. And then were set out the principles for making recommendations as to the currencies to be used.

As regards drawings, three factors were to be taken into account: the balance of payments of the countries whose currencies would be considered for drawing, their reserves, and the Fund's holdings of their currencies.

Budget for Drawings and Repurchases. From these general principles a regular procedure has been evolved, based on a quarterly forecast of the drawings that may be made in the ensuing quarter, and of the repurchases that may be expected during the quarter. A list is drawn up of countries whose balances of payments and reserves would permit them to provide assistance to other members.

The general effect of drawings and repurchases, therefore, is to bring about shifts in the composition of members' reserves between their reserve positions in the Fund and their official holdings of gold and foreign exchange. The procedure for selecting currencies for Fund transactions aims at equalizing the ratios between reserve positions in the Fund and the other components of reserves for every member whose currency is used for such transactions [67].

Low-income countries can borrow at concessional interest rates through the Extended Credit Facility (ECF), the Stand-By Credit Facility (SCF), and the Rapid Credit Facility (RCF).

Non-concessional lending:

Non-concessional loans are provided primarily through Stand-By Arrangements (SBAs), Flexible Credit Lines (FCLs), Precautionary Liquidity Lines (PLLs), and Extended Lending Facility (used mainly for medium- and longer-term needs). The IMF can also provide emergency assistance to all of its members with urgent balance of payments needs through the Rapid Financing Facility (RFI). All non-concessional facilities are subject to the IMF's market-linked interest rate. This is referred to as the "charge rate" and large loans (above certain limits) are subject to an additional charge. The rate of charge is based on the SDR interest rate, which is reviewed weekly to reflect changes in short-term rates in major international money markets. The amount a country can borrow from the IMF is known as the access limit and varies by type of loan, but is usually a multiple of the country's IMF quota. In exceptional circumstances this limit may be exceeded. The Stand-By Arrangement, Flexible Credit Line, and Extended Credit Facility do not have a predetermined ceiling on access.

Stand-By Arrangements:

Historically, the bulk of the IMF's non-concessional assistance comes through stand-by loans (SBAs). SBAs are designed to help countries overcome short-term balance of payments problems. The objectives of the programs provide for the solution of these problems, and the disbursement of funds is conditional on the achievement of these objectives ("conditions"). The term of the SBA is usually 12-24 months, the loan is repaid within 3.4-5 years from the date of actual provision. SBA loans can be provided on a precautionary basis (when countries choose not to use approved loans but retain the ability to do so if the situation deteriorates). The SBA provides for flexibility in terms of phases, with initial concentrations of disbursements as appropriate.

Flexible credit line (FCL):

The Flexible Credit Line (FCL) is designed for countries with very good economic fundamentals, sound economic policies and successful policy track record. FCL arrangements are approved at the request of the respective Member States for countries that meet predetermined access criteria. The duration of the FCL is one or two years, with an interim review of eligibility after one year. Access is determined on a case-by-case basis, access limits do not apply to it, funds can be provided immediately in one payment, and not in stages. The actual disbursement of funds under the FCL is not conditional on the implementation of specific economic policy arrangements, as in the case of the SBA, as FCL-eligible countries have shown positive results in implementing appropriate macroeconomic policies. It is possible to use the credit line at the time of its approval or to consider it as a preventive one. The maturities of the FCL are the same as those under the SBA.

Preventive Support and Liquidity Line (PLL):

The PLL is intended for countries with strong economic fundamentals, sound economic policies, and successful track record of implementing such policies. Countries that qualify for PLL may have moderate vulnerabilities and may not meet FCL eligibility standards, but they do not require the significant policy adjustments that are typically associated with SBAs. The PLL combines eligibility criteria (similar to the FCL) and targeted conditions that are designed to reduce remaining vulnerabilities. The duration of the PLL arrangement is six months or one to two years. Access under the six-month PLL arrangements is limited to 250 percent of quota in the normal period, but this limit can be increased to 500 percent of quota in exceptional circumstances when the need for balance of payments financing is driven by exogenous shocks, including increased stress at the regional or global level. For PLL arrangements of one to two years, annual access is set at 500 percent of quota, and for all PLL arrangements the total can be up to 1,000 percent of quota. A country may receive funds from a credit line or consider it as a preventive mechanism. The maturities of the PLL are the same as those under the SBA.

Extended Credit Facility (ECF):

The Extended Credit Facility (ECF) was created in 1974 to help countries overcome medium- and longer-term balance of payments problems caused by widespread distortions that require fundamental economic reforms. Its use has increased significantly during the recent crisis due to the structural nature of the balance of payments problems of some member states. As a rule, the term of agreements under the ECF is longer than under the SBA, usually it does not exceed three years at the time of approval. However, a maximum period of up to four years is also allowed, subject to balance of payments financing needs extending beyond the three-year period, the lengthy nature of the adjustment required to restore macroeconomic stability, and sufficient assurance of the member's ability and willingness to undertake deep and sustained structural reforms. Maturity: 4.5–10 years from the date of actual disbursement of funds.

Fast Track Financing Instrument (RFI):

The Fast Track Financing Facility (RFI) has been introduced to replace and expand the scope of previous emergency assistance mechanisms. It provides fast financial assistance with limited conditions for all member states facing urgent balance of payments needs. Access within the RFI is limited to an annual limit of 50 percent of the quota and an overall access limit of 100 percent of the quota. Emergency loans are subject to the same terms and conditions as FCL, PLL and SBA, with maturities of 3.5–5 years.

Concessional lending:

New concessional facilities for low-income countries came into effect in January 2010 under the Poverty Reduction and Growth Trust (PRGT) and are part of a broader reform to make IMF financial support more flexible and more compliant different needs of low-income countries. Access limits and rates have been roughly doubled from pre-crisis levels. Financing conditions have become more favourable, and the interest rate is reviewed every two years. All mechanisms are designed to support countries' own programs aimed at achieving a sustainable macroeconomic position in line with the goal of sustainable and long-term poverty reduction and economic growth.

The Extended Credit Facility (ECF) has replaced the Poverty Reduction and Growth Facility (PRGF) as the IMF's main vehicle for medium-term support to low-income countries experiencing long-term balance of payments difficulties. ECF financing is currently provided at zero interest rate, with a grace period of 5.5 years and a full maturity of 10 years.

The Stand-By Credit Facility (SCF) is used to provide financial support to low-income countries that experience short-term balance of payments difficulties. The SCF has replaced the high-access component of the External Shocks Financing Facility (ESF) and can be used in a wide range of circumstances, including as a precautionary measure. SCF financing is currently provided at zero interest rate, with a grace period of 4 years and a full maturity of 8 years.

The Rapid Credit Facility (RCF) provides fast financial assistance with limited conditions and is designed for low-income countries with urgent balance of payments needs. The introduction of the RCF streamlines IMF emergency assistance to low-income countries, and it can be used flexibly in a wide range of circumstances. Financing under the RCF is currently carried out at a zero-interest rate, with a grace period of 5.5 years and a full maturity of 10 years.

The International Monetary Fund and Ukraine

The Chairman of the National Bank is the Governor of Ukraine at the IMF [44]. On behalf of Ukraine, he votes on draft resolutions of the IMF's Board of Governors, the organization's highest governing body, and participates in the annual meeting of the IMF's governing bodies.

The main areas of cooperation between Ukraine and the National Bank with the IMF are cooperation in the balance of payments programs (Stand-by and Extended Fund Facility), annual consultations under Article IV of the IMF Agreement, technical assistance, and other membership activities.

In addition, Ukraine, as a member of the IMF, is entitled to a share of IMF net income in accordance with the Articles of Agreement of the Fund [45].

On August 2, 2021, the Board of Governors of the IMF approved the distribution of SDRs in the amount of US$ 650 billion. SDRs are distributed in proportion to each country's quota in the IMF: Ukraine's share is 0.42% or 1.9 billion SDRs. The distribution of SDRs takes place without additional conditions for the participating countries [45].

On August 25, 2021, within the framework of the largest distribution of SDRs in the history of the IMF member countries, it transferred over US$ 2.7 billion to Ukraine. Equivalent [46].

The distribution of SDRs strengthens the stability of the economy, provides additional liquidity to the economy, replenishes the foreign exchange reserves of IMF member countries, including Ukraine.

SDRs can be converted into currency and used to finance the budget. The decision on the distribution of these funds will be made in accordance with applicable law [47]. The final decision on the use of funds by Ukraine is made by the Ministry of Finance as the country's financial agent in relations with the IMF.

Stand-by 2020 program

In June 2020, the IMF approved a new 18-month Stand-by program worth about US$ 5 billion, which aims to support the budget, namely to overcome the negative effects of COVID -19. The first tranche of US$ 2.1 billion Ukraine received on June 11, 2020.

The implementation of the program contributes to the continuation of important structural reforms in the areas of fiscal and monetary policy, the financial sector, as well as the implementation of other important structural reforms in the energy sector, state property management, and anti-corruption. It is also expected that the program will facilitate access to financial support from other international partners of Ukraine, including the World Bank, the EU, and some countries. The measures to be reformed are contained in the Memorandum on Economic and Financial Policy [48].

It is important for the IMF to support the independence of the National Bank, its monetary policy under the inflation targeting and flexible exchange rate regime, and to pursue financial policies that will help maintain a balance between financial stability and economic support.

In accordance with the rules and procedures of the IMF, the indicator of successful implementation of the program is the country's compliance with structural beacons and quantitative performance criteria set out in the Memorandum of Economic and Financial Policy.

The Memorandum of Economic and Financial Policy is accompanied by a Letter of Intent dated June 2, 2020 № 18124/0 / 2-20 stating the situation in the country and with

- requesting an 18-month Stand-By Arrangement (SBA) program of 3.6 billion SDRs (178.9% of the quota, equivalent to approximately US$ 5 billion) for balance of payments and budget support,

- and the obligation to sign a memorandum of understanding between the National Bank and the Ministry of Finance of Ukraine, which will contain obligations to timely service financial obligations to the IMF, not to introduce or strengthen currency restrictions, not to introduce or change the practice of multiple exchange rates, not to introduce or not to tighten import restrictions for the needs of the balance of payments and not to conclude bilateral payment agreements that do not comply with Article VIII of the Articles of Agreement of the Fund,

signed by the President of Ukraine V. Zelensky, the Prime Minister of Ukraine D. Shmygal, the Minister of Finance of Ukraine S. Marchenko, the Chairman of the National Bank of Ukraine Ya. Smoliy.

Stand-by monitoring is carried out by monitoring, reporting, and reviewing the quantitative conditions (periodic and ongoing performance criteria, indicative targets) presented in the Memorandum on Economic and Financial Policy (hereinafter - MEFP) and the conditions for conducting consultations on monetary policy in the specified time.

MEFP contains Ukraine's commitments, in particular in such areas

- Monetary and exchange rate policy: ensuring an institutionally strong and independent National Bank of Ukraine, which is crucial for ensuring macroeconomic and financial stability; compliance with commitments aimed at achieving international reserves and inflation targets and ensuring a sufficient level of liquidity; providing further measures to enhance the effectiveness of monetary policy and support the development of financial markets;
- Policies in the financial sector: making significant progress in cleaning up the banking system and closing gaps in the regulatory framework; continue efforts to ensure financial stability and limit fiscal spending; review of the COVID-19 exceptional crisis management approach; conducting an asset quality audit (AQR) to guide regulatory and supervisory policies after the crisis subsides; guaranteeing the progress of governance reform in state-owned banks; the desire to get rid of state shares in state-owned banks in accordance with the Principles of Strategic Reform of the Public Banking Sector; intensifying efforts to overcome the high level of old non-performing assets (NPLs) in state-owned banks; the desire to make tangible progress

in reducing government spending on bankrupt banks; improving the deposit insurance system with a sufficient level of capitalization and financing for financial stability; ensuring compliance of the banking supervision system with best practices; adoption of a package of legislative amendments to the Law of Ukraine " On Banks and Banking", the Law of Ukraine " On the Deposit Guarantee Fund for Individuals ", the Code of Administrative Procedure and other procedural codes to make certain urgent improvements; strengthening crisis management procedures and mechanisms; strengthening the legal and regulatory framework for non-banking financial markets;

- Fiscal policy, which focuses on overcoming the emergency caused by the COVID-19 outbreak, while in the medium term, fiscal policy will continue to focus on fiscal sustainability; implementation of pension reform measures aimed at ensuring better pensions while ensuring the financial stability of the pension system; improving social assistance programs to create a highly targeted (income-linked) social protection network that can effectively support poor and vulnerable households; continuing the implementation of health care reform by extending the new funding regime to secondary and specialized care; accelerating the reform of the education system after the crisis subsides; continuing to improve the public finance management system; implementation of measures to improve revenue administration;

and structural Policy (anti-corruption and rule of law, energy sector reforms, land reform, privatization, and reform of state-owned enterprises and markets).

Quantitative criteria and Indicative targets are met by the National Bank on a permanent basis and together with structural beacons are set within the framework of MEFP:

I. Quantitative performance criteria

- The maximum amount of cash deficit of the general government sector
- The maximum amount of cash deficit of the general government sector and NJSC "Naftogaz"
- The lower limit on net international reserves (million US$)
- The maximum amount of state-guaranteed debt

II. Constant efficiency criterion

- The maximum amount of accumulation of new external debt payments by the general government sector

III. Monetary Policy Consultation Regulations (MPCC)

- Inflation target

IV. Indicative targets

- The maximum amount of net domestic assets of the National Bank
- The maximum amount of reimbursement of GDP and prepayment for CIP payments
- The maximum amount of current primary expenditures of the state budget and social funds

V. Items of the Memorandum

- Naftogaz deficit
- External project financing
- Transfer to the budget of the National Bank's profit
- Grants to support the budget
- Government bonds are issued to rehabilitate banks or finance DGF
- Planned market releases and receipts of international aid, except IMF (million US$)
- Use of swaps with other central banks (million US$) Debt service on Eurobonds (million US$)
- Net issue of domestic foreign currency debt by the central government (million US$)
- Use of confiscated assets for foreign currency payments or transfer to the National Bank 's gross international reserves (million US$)
- Program accounting exchange rate, hryvnia to US$.

On June 9, 2020, the IMF's Board of Executive Directors approved an 18-month stand-by program to support macroeconomic and financial stability in Ukraine. Funding for the program is SDR 3.6 billion (approximately US$ 5 billion).

In 2020, Ukraine received the first tranche of the 1.5 billion SDR program (about US$ 2.1 billion).

Following the work of the IMF Mission in Ukraine in the framework of the completion of the first review of the stand-by program on September 21 - October 18, 2021, the parties reached an agreement at the staff level (Staff-Level Agreement (SLA)).

The National Bank has been assigned two structural "beacons" in the MEFP, which have already been implemented. The first is the approval of plans to reduce the NPLs of state-owned banks. The second is the adoption of amendments to the Law of Ukraine "On Banks and Banking", which brought Ukrainian banking legislation closer to EU standards [49].

This made it possible to submit to the IMF Board of Executive Directors the issue of completing the first revision of the current stand-by program and extending the terms of its implementation for Ukraine.

IMF Executive Board approved the first revision of the stand-by program with Ukraine, and also supported the request to extend it until June 2022 (inclusive).

On November 8, 2021, Ukraine sent a Letter of Intent (№ 35976/0 / 2-21) and MEFP, which contain measures and conditions implemented and planned to be implemented and complied with by the Government of Ukraine and the National Bank of Ukraine during the Program period 2020-2021. They were approved by the Board of Directors of the International Monetary Fund on November 8, 2021.

In particular, Ukraine reported on the state of implementation of the ongoing and established at the end of December 2020 quantitative efficiency criteria and indicative targets, structural beacons. The letter also outlines the main reasons for the deviation in inflation, provides information on the political response in the framework of monetary policy consultations with the IMF Executive Board, key elements of Ukraine's anti-corruption system and measures to ensure its effectiveness and efficiency.

The MEFP declares Ukraine's position on the current policy on overcoming the emergency situation in the economy and health caused by COVID-19, while maintaining macroeconomic and financial stability while reducing vulnerabilities and overcoming key barriers to private investment.

Regarding budgetary policy issues, the MEFP states that:

- the deficit remains under control, given Ukraine's high demand for gross external financing, including a significant amount of preferential debt, Ukraine has used about half of its recent SDRs and intends to keep the SDR balance as a buffer against future risks, which also helps. to support Ukraine's goals of external stability;

- the budget 2022 will be approved with a deficit target in accordance with paragraph 13 of the Technical Memorandum of Understanding on Sector general government in 3.5% of GDP (structural beacon, end of November 2021 year), will be continued gradual fiscal consolidation with the definition of priority expenditures on support for health, education, defence and security;

- to provide additional fiscal opportunities will be a higher priority expenditure in 2022, for which a tax package of approximately 0.5% of GDP in 2022 has been prepared;

- temporary extension of government guarantees will be reduced step by step to contain fiscal risks;

- tax policy will ensure the stability of the tax system, strengthen efficiency and improve tax administration while minimizing opportunities for abuse;

- measures to protect vulnerable populations through sufficient will be continued allocation of funds for social programs;

- social assistance programs should be improved to create a targeted (income-based) and accessible social protection system to effectively support the poor and vulnerable.;

- the implementation of the pension reform launched in 2017 will be continued, and aimed at providing better pensions, while maintaining financial stability of the pension system;

- work will continue to improve public financial management, in particular on strengthening principles of fiscal policy in order to ensure sustainable fiscal adjusting and increasing the level of confidence and predictability of fiscal policy, putting in place the Public Debt Management Agency to improve institutional capacity to manage public debt, optimize debt structure and reduce our financial costs.

Monetary and exchange rate policy of Ukraine will continue to meet the commitments aimed at achieving international reserves and inflation targets, ensuring an institutionally strong and independent National Bank of Ukraine (National Bank), which is crucial for ensuring macroeconomic and financial stability, providing further measures to enhance the effectiveness of monetary policy and supporting the development of financial markets.

Policies in the financial sector will focus on ensuring financial stability and limiting potential fiscal intervention costs. In accordance with the commitments under the program to strengthen the banking supervision system and mechanisms for the return of DGF assets, amendments were made to the Law on Banks and Banking and the Law on Deposit Guarantee of Individuals, which strengthens the banking supervision system and improves liquidation mechanisms. banks and strengthening powers of the DGF to recover assets.

With the support of IMF technical assistance, Ukraine is reviewing the operational liquidity support system (ELA), including its governance, requirements on solvency testing, conditions of proper provision and management risks, as well as monitoring throughout the implementation of funding plans.

In accordance with the Principles of strategic reform of the state banking sector Ukraine will continue to prepare to reduce the state's share in banking sector.

Efforts are being stepped up to intensify the process of recovering assets from former owners and related parties of bankrupt banks in order to reduce the cost of bank failures for Ukrainian taxpayers and bring such persons to justice.

Legislative changes have recently been adopted strengthen the DGF's ability to recover assets (i.e., recover claims from former bank owners and related parties, including damages) (MEFP paragraph [18.a]). Another legislative initiative has been submitted to the Verkhovna Rada to strengthen the DGF's ability to claim damages in criminal proceedings.

In addition, the DGF is preparing to file lawsuits abroad for damages and to involve recognized lawyers and forensic experts to this end. This work will be accompanied by effective cooperation with law enforcement agencies and maintaining the solvency of the DGF, which will create additional financial opportunities and incentives for the DGF to allocate the resources needed to implement these steps. However, there is a need to take a more integrated approach to open up all commercial and legal opportunities to recover the assets of bankrupt banks, as well as to hold the former owners and managers of these banks accountable for damages. Such an integrated approach will demonstrate a strong political attitude, as well as form a unified one vision of Ukraine's asset recovery strategy and policy measures that will address institutional, legal and coordination gaps that prevent such return, with due regard to the fact that while the relevant agencies are working on asset recovery, the state provides an opportunity for former owners of bankrupt banks to participate in the process of public procurement and privatization.

The MEFP also contains plans for further action to implement structural reforms in 2022.

In particular, on structural policy towards anti-corruption legislation and the rule of law:

- protection of institutional and operational independence of the National Anti-Corruption Bureau of Ukraine and ensuring its effectiveness in the investigation of corruption;

- restoration of criminal accountability to civil servants for their obligations submit declarations of property and income;

- ensuring the autonomy of the Specialized Anti-Corruption Prosecutor's Office;

- continuation of security extending the requirements for comprehensive and public declaration to politically significant one’s person to limit the possibilities of illegal enrichment and money laundering income from corruption;

- introduction of amendments to the legislation on combating money laundering.

The implementation of appropriate measures is necessary for the successful completion of reviews and the receipt of subsequent tranches of the Program.

Implementation of the MEFP provisions will allow to receive the remaining funds (US$ 2.2 billion) by the end of the Program to ensure macroeconomic stability.

The focus of the stand-by program will be on the key task - maintaining macroeconomic and financial stability and will cover, in particular, the following areas: fiscal policy; monetary and exchange rate policy; financial sector policy; structural policy (anti-corruption legislation and the rule of law, energy sector reforms, reform of state-owned enterprises - corporate governance and privatization).

On November 22, 2021, the IMF Executive Board approved the first revision of the stand-by program with Ukraine, and supported the request to extend it until June 2022 (inclusive) and to allocate Ukraine another tranche of the IMF in the amount of SDR 500 million, amounting to US$ 699 million.

The funds received from the IMF will be used to ensure macroeconomic stability and used to finance the budget deficit.

Continuation of the stand-by program will allow Ukraine to receive the next tranches from the IMF in the total amount of 1.6 billion SDRs (more than US$ 2 billion).

This is an important signal of the IMF's support for the actions of the Ukrainian authorities and the National Bank in particular. As before, the priorities of the program remain to ensure macroeconomic stability, reform the financial system and implement structural reforms.

Within the framework of the current program of cooperation between Ukraine and the IMF, the National Bank is assigned to continue working in several areas, including:

strengthening the independence of the National Bank of Ukraine;

conducting monetary policy aimed at achieving the inflation target of 5%;

reforming the public banking sector and further implementing corporate governance reform;

reduction of government spending on bankrupt banks;

reducing the level of non-performing loans in the banking system;

strengthening the system of banking supervision and regulation of the non-banking financial sector, etc [50].

The remaining tranches from the IMF will help the country cope with the economic challenges posed by the COVID -19 pandemic and address balance of payments and budget financing issues. The disbursement of the loan tranche depends on the further implementation of the reform program by the National Bank.

The IMF is an extremely important partner of Ukraine. Bilateral meetings help to strengthen long-term positive relations. As a central bank, the National Bank seeks to maintain its independence and implement the reforms set out in the IMF and will continue to pursue a consistent monetary policy, building on the significant progress made in reforming the country's banking sector. Constant close cooperation with the IMF shows that both the National Bank and Ukraine itself are moving in the right direction [51].

The active position of the National Bank in cooperation with international organizations, central banks, financial sector regulators, and investors helps to build a strong, transparent, and reliable financial system in Ukraine.

International cooperation is an important element of every central bank. Efficiency and effectiveness in this area contribute significantly to success in macroeconomic and financial stabilization, economic growth, and reform [52].

Special Data Dissemination Standard

With the strengthening of economic and financial integration, the need to provide the public with complete, timely, and reliable data on economic and financial statistics is growing rapidly. In this regard, the IMF Executive Board approved in March 1996 the Special Data Dissemination Standard (SDDS) to cover the economic and financial performance of IMF member countries.

The National Bank publishes the data described in the Bulletin on Data Dissemination Standards IMF (DSBB), DSBB provides access to the SDDS, the national SDDS dissemination pages, the extended Special Data Dissemination Standard (SDDS Plus, a guide for acceding countries and users) [53].

The purpose of the SDDS is to ensure wide access of users to the economic and financial indicators of the country. Timely dissemination of statistics is important to ensure the transparency of macroeconomic indicators, timely decisions to improve macroeconomic policies, and the functioning of financial markets.

IMF member countries that have acceded to the SDDS provide in-depth information on their statistical and informational dissemination methods in the following forms [54]:

- data;
- metadata (coverage, frequency, timeliness, public access, reliability, and quality of dissemination);
- schedule of data dissemination according to the SBS.

Data are prepared and published in accordance with the IMF methodology set out in the official publication Special Data Dissemination Standard. A guide for acceding countries and users (IMF, 2013) [55].

The country's accession to the SDDS is voluntary. A country that has acceded to the IMF standard must follow the methods of dissemination of statistical data established by the IMF.

On January 10, 2003, Ukraine officially became the 52nd country to join the SDDS, taking significant steps to bring official statistics up to international standards. This event became an important factor in the development of national statistics.

With Ukraine's accession to the SDDS, statistical information on the sectors of Ukraine's economy (real sector, budget and tax sector, financial sector, external sector, socio-demographic data) is posted on the IMF, State Statistics Service of Ukraine, and the official website of the National Bank of Ukraine.

State Statistics Service of Ukraine has been appointed the coordinator of data dissemination according to the special IMF standard in Ukraine.

The National Bank of Ukraine forms indicators for the development of the financial and external sectors of the economy. In particular, it prepares reviews of the central bank and deposit-taking corporations, information on interest rates and the stock market, exchange rates, international reserves and liquidity in foreign currency, balance of payments, international investment position, and external debt.

Information on the indicators of the real sector of the economy and the demographic situation is prepared by the State Statistics Service of Ukraine. Indicators of the budget and tax sector of the economy are formed by the Ministry of Finance of Ukraine.

More information on the SDDS can be found in the e-Bulletin of the Dissemination Standards Bulletin, developed and maintained by the IMF.

For its part, the IMF on its page informs about Financial Position of Ukraine in the Fund in the following sections [63]:

I. Membership Status: Joined: September 03, 1992; Article VIII

II. General Resources Account:	**SDR Million**	**%Quota**
Quota	2,011.80	100.00
IMF's Holdings of Currency (Holdings Rate)	9,137.84	454.21
Reserve Tranche Position	0.24	0.01

III. SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	3,237.66	100.00
Holdings	56.90	1.76

IV. Outstanding Purchases and Loans:	**SDR Million**	**%Quota**
Stand-by Arrangements	3,000.00	149.12
Extended Arrangements	4,126.20	205.10

V. Latest Financial Commitments:

Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
Stand-By	Jun 09, 2020	Jun 30, 2022	3,600.00	2,000.00
Stand-By	Dec 18, 2018	Feb 17, 2020	2,800.00	1,000.00
EFF	Mar 11, 2015	Dec 17, 2018	12,348.00	6,178.26

VI. Overdue Obligations and Projected Payments to Fund

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2022	2023	2024	2025	2026
Principal	1,529.71	1,904.71	1,779.71	1,359.21	491.69
Charges/Interest	156.93	96.01	37.64	17.00	7.23
Total	1,686.64	2,000.72	1,817.35	1,376.21	498.92

Source: [63]

2.2. Cooperation with the World Bank

The World Bank is Ukraine's second largest creditor after the International Monetary Fund. Over the years of cooperation, the World Bank has approved 62 loans to Ukraine totalling US$ 15.001 billion [34].

The resources of this organisation are used to support the state budget, implement institutional and structural reforms, prepare and implement long-term investment projects that meet the priority areas of economic development of Ukraine.

In order to support Ukraine in implementing structural reforms in the economy, the World Bank has provided a Guarantee in support of state policy in the field of economic growth and fiscally sustainable services.

Ukraine's cooperation with the World Bank began in September 1992, when the Articles of Agreement of the International Bank for Reconstruction and Development, and Ukraine became the 167th member of the World Bank, subscribing to 908 shares of fixed assets. The World Bank Office in Ukraine was opened in 1993. Ukraine is a member of all five structures of the World Bank Group. The main document on which Ukraine's cooperation with members of the World Bank Group is based is the Partnership Strategy [32].

During the first year of cooperation between Ukraine and the World Bank, only technical cooperation took place. The Bank's experts, working on a meticulous study of the state of the Ukrainian economy for almost a year, worked together with Ukrainian government officials to prepare the first project, an institutional loan. Following the approval of this project by the World Bank's Board of Directors in June 1993, Ukraine received its first IBRD loan of US$ 27 million. The United States provided another US$ 17 million to the institutional project in the form of grants from the International Monetary Fund, the EU, the Know-How Fund, the Canadian Development Agency, and the German Development Credit Agency.

Since 1994, when the Economic Reform Program was launched, cooperation between Ukraine and the World Bank has deepened significantly. A second, larger-scale project was prepared - a rehabilitation loan worth US$ 500 million.

In 1996, IBRD projects were aimed at supporting the consistent implementation of the reform program. The bulk of the IBRD's portfolio consisted of investment loans. Thus, in particular, in the field of electricity and energy since May 1996, the IBRD participated in financing a project in the coal industry worth a total of US$ 28.6 million [29]. Funding for the project was provided by the Japanese government, and the IBRD provided US$ 15.8 million [28]. The aim of this project was to mitigate the negative social and environmental consequences of mine closures in the region. Six months after launching a joint pilot project with Japan in the coal industry, the IBRD began autonomous funding for a large-scale US$ 300 million Coal Restructuring Project. USA. These funds were intended for the reorganisation of the industry, which included corporatisation, price liberalisation, trade and exports, the closure of non-profit mines and investment in profitable corporatized mines, as well as solving social problems.

In parallel with the beginning of the Coal Industry Restructuring Project, the IBRD opened in 1996 the financing of two more, no less capital-intensive projects. The first was carried out in agriculture: at the expense of US$ 300 million provided by the IBRD in Ukraine. It was planned to achieve significant improvements in the agricultural sector through the implementation of key economic reforms in the agricultural sector.

The decision to allocate to Ukraine another large-scale loan was made by the IBRD Board of Directors in 1996. It was the first loan for the development of enterprises. The amount of it was US$ 310 million. In November 1996, the Bank began allocating US$ 70 million to the Export Development Project [30]. These funds were intended to assist in the development of the export potential of the emerging Ukrainian private sector by supporting the production and export of products, works and services in all sectors of the economy.

The following year, the IBRD continued to provide Ukraine with previously open credit lines, with virtually no new ones.

The next IBRD system loans were received only after the International Monetary Fund decided to provide Ukraine with a new loan. Immediately after that, the Board of Directors of the IBRD (in September 1998) decided to allocate US$ 300 million to our country, with the intention to restructure the financial sector. The funds of this loan were intended for [28]:

- ensuring the autonomy and independence of the National Bank of Ukraine in maintaining monetary stability, a healthy and strong banking system;
- improving the monitoring and regulation of commercial banks;
- creating a favourable environment for further development and establishment of the banking sector in Ukraine.

The first results of the cooperation seemed encouraging, and by the end of 1998, the IBRD had opened loans to Ukraine for 15 projects totalling US$ 2.48 billion. Six large loans were provided for financial support of structural adjustment, and the total amount of funds provided under them is 67% of the total amount of credit resources provided by the IBRD [30]. However, over time, the government's willingness to implement the reform program became less and less apparent. According to the IBRD's experts, this, together with the growing inability to make decisions in the field of legislation and the growing interference of the state and oligarchs in the economic life of the country, has further aggravated the situation. These negative trends were noted in the April 1999 progress report on the World Bank's Assistance Strategy for Ukraine. The task of protecting the IBRD by limiting the provision of funds to a country that does not seek to implement reforms was put in the specified document. It was done through the establishment of performance indicators to restore lending to structural adjustment and the appropriate assessment of investment operations. As a result, the IBRD's operations in Ukraine declined sharply.

Therefore, in general, 1999 was a year of radical change in relations between Ukraine, on the one hand, and the IBRD and the International Monetary Fund - on the other. In that year, for the first time in all the years of cooperation, the IBRD did not open a single credit line, and for the first time in settlements with the IMF for Repayment and Servicing of Ukraine, the loans were almost equal to the amount allocated in 1999. Since receiving the International Monetary Fund tranche in 1999, negotiations to resume lending have remained virtually fruitless. Some positive developments took place in 2000, when the World Bank began implementing, albeit much smaller in total, investment and institutional projects. Cooperation between Ukraine and the IBRD in 2000-2003 was based on the new Strategy for Assistance to Ukraine, which was developed taking into account the experience gained during the previous Strategy of 1996-1999 [27]. Its main focus was to assist the government and civil society with escaping poverty and achieving stable economic growth that would create new jobs. The strategy is aimed directly at solving the problems of institution building - both in terms of demand formation (from civil society) and in terms of supply development (from the government). Its main goal was to bring Ukraine closer to the standards of the European Union and promote sustainable development in a favourable environment [27].

Since October 2003, the World Bank's Board of Executive Directors has approved a new Strategy for Assistance to Ukraine for the period 2003-2007. During the 2003-2007 implementation period, Ukraine met or even exceeded many long-term development targets. Economic growth has exceeded forecasts, public debt has declined, and Ukraine has made significant progress in trade liberalisation and financial sector development. However, progress in the social sphere has been less unequivocal, as significant reductions in poverty have not been accompanied by similar improvements in other social indicators. As for the World Bank's lending performance, it was generally satisfactory during the Strategy for Assistance to Ukraine period, although it was affected by ongoing problems with the implementation of the investment loan portfolio. During the Strategy for Assistance to Ukraine period, the Bank approved eight operations: two systemic loans and six investment projects. Systemic loans accounted for about half of total liabilities and two-thirds of disbursed funds, so the main results of credit operations were achieved through systemic lending. With regard to investment lending, the IBDR overestimated both Ukraine's ability to absorb funds and the IBRD ability to implement large-scale lending programs. During the period of this Strategy for Assistance to Ukraine, the implementation of investment lending suffered from delays in the preparation of operations, a large number of suspended operations and slow absorption of funds [27].

To replace the Assistance Strategy for Ukraine in December 2007, the World Bank approved a new “Partnership Strategy with Ukraine for 2008–2011” aimed at promoting sustainable economic growth and strengthening Ukraine’s competitiveness, reforming public finances and public administration, as well as improving public health and education services [27].

It has long been considered that Ukraine's performance is not in line with its potential, lagging behind its Central European neighbours and facing serious shortcomings in governance and institutional development. The Partnership Strategy with Ukraine period began with very encouraging changes: after the Orange Revolution, political transformations took place, a strategy of rapprochement with Europe was worked out, and the economy began to regain the once lost positions. Economic growth rates in the period from 2000 to 2007 averaged about 7.5% per year; the budget deficit did not exceed 2% of GDP; the country received foreign capital, and public debt amounted to only 14.8% and 12.3% of GDP in 2006 and 2007, respectively. High levels of social benefits and economic growth have dramatically reduced poverty, from 46% of households in 2002 to 12% in 2007 [30].

The Development Policy Loan (DPL) program has helped adopt a package of legislative changes that has helped Ukraine join the WTO. Meanwhile, in 2008, the European Union's Neighbourhood Policy established close ties with Europe and began negotiations on an Association Agreement and a Free Trade Agreement. In October 2008, the Verkhovna Rada adopted a separate package of anti-crisis legislation, which contained important elements of the Government's response program to the financial crisis. It was also supported by currency adjustments for exchange rate and monetary policy. In addition, in October 2008, the International Monetary Fund Board of Directors approved a stand-by loan of SDR 11 billion for Ukraine for two years. However, due to the lack of the necessary vision and political ability of the country's political leadership to form a coalition to implement reforms, the necessary reform momentum was lost and the implementation of a broad reform program was hampered [21]. In addition, clan groups took advantage of political instability, and important reforms met with considerable resistance, further complicating governance problems.

The strategy identified the main priorities of the World Bank Group in Ukraine, including lending and investment, analytical and advisory services, and technical assistance. This strategy provided for the provision of funds totalling from US$ 2 to 6 billion for four years. The main sectors of its implementation were: municipal infrastructure, energy sector, land reform, public finance, public sector, social insurance management, health care, environmental protection, access to quality secondary education. The Bank Group's strategy was revised in the middle of the Partnership Strategy with Ukraine period in light of the global financial crisis that hit Ukraine in late 2008. The Bank Group, together with the International Monetary Fund and other partners, provided extraordinary support to stabilize the banking system, address vulnerabilities, build confidence and strengthen social security. The International Finance Corporation (IFC) complemented these activities by providing crisis management and advisory services to financial institutions. This support was generally effective and helped to stabilize the economy, with economic growth rates of around 4-5% per year in 2010-2011. In turn, on the part of Ukraine, the World Bank's Group was assessed as moderately satisfactory, since the mixed results in the policy area were offset by the continued provision of high-quality analytical and advisory assistance, rapid response and demonstrated improvement in the current investment program, and partnerships time of crisis. The report also noted that Ukraine's investment portfolio performance remained worse than the World Bank's average, and to remedy this situation, the Government of Ukraine and the World Bank were encouraged to work actively to improve the investment portfolio [21].

As of December 2011, the volume of loans granted by the World Bank to Ukraine under the Partnership Strategy for Ukraine for the 2008-2011 financial years amounted to US$ 2.3 billion, which corresponds to the lower limit of the amount originally provided for the Partnership Strategy for Ukraine. The development of the new strategy took into account the recommendations and shortcomings of the Partnership Strategy for Ukraine for 2008-2011. The World Bank's Board of Executive Directors approved the World Bank’s Partnership Strategy for Ukraine (CPS) for 2012-2016 in February 2012. Assistance to Ukraine for Partnership Strategy for Ukraine for 2012-2016 was concentrated in two directions [21]:

1) Improvement of public services and public finance system;

2) Increase the effectiveness of policy and the level of competitiveness.

One of Ukraine's largest creditors is the International Bank for Reconstruction and Development.

A significant number of investment programs were implemented in 2014 at the expense of IBRD financial resources. The largest share of funding fell on the Second Road Improvement and Traffic Safety Project (43.1%), the Electricity Transmission Project -

21.7%, the Urban Infrastructure Development Project - 13.6%, additional funding for the Hydropower Rehabilitation Project - 7, 8%, and for the Road Improvement and Traffic Safety Project - 4.3%.

During 2014, Ukraine was in a state of deep economic recession. The sharp devaluation of the currency combined with fiscal consolidation led to a significant reduction in consumption and investment. All sectors of the economy, especially the financial sector, were negatively affected. The structural shortcomings of Ukraine's banking system - high lending rates of related parties, short open currency position of many banks, and high level of problem loans in total bank assets - were exacerbated by the unfolding crisis in the country. Since the beginning of 2014, banks have faced an overall outflow of deposits of almost 20%. Banks were further weakened by the ongoing fall of the hryvnia, which has lost about 50% of its value since early 2014. Since the beginning of 2014, 14 banks have been declared insolvent, and there is a very high risk that a large number of other banks will go bankrupt, creating a burden on the Individual Deposit Guarantee Fund [21].

In order to resolve the situation, reduce the negative impact of the crisis and restore growth, the World Bank Group, together with the Government of Ukraine, has set the following important goals:

1) Stabilize the banking sector and make it more resilient to possible future shocks;

2) To promote deeper financial intermediation and direct loans to the real sector on a sustainable basis;

3) Promote deeper reforms in the business environment to support and further grow the private sector and attract new investment.

The World Bank Group provided financial support for the reforms in 2014 with approximately US$ 3 billion to implement seven projects, including US$ 1.25 billion directed to the state budget. Most of the investment resources were intended to improve the provision of basic public services in the areas of water supply and sewerage, energy, roads, health and social protection. Despite decisive measures taken in 2014 to stabilize the economy and restore economic growth, the state of the Ukrainian economy has deteriorated significantly.

Today, Ukraine faces unprecedented challenges - economic downturn, growing budget deficits and fiscal deficits, significant financing needs. While many of Ukraine's problems are due to a lack of reforms over the past two decades, the conflict in the East has devastated industrial production and exports, led to significant indirect costs, eroded consumer and investor confidence and deepened the economic crisis. Faced with these challenges, the Ukrainian government has implemented many reforms to stabilise the economy, but this is not enough. The Government of Ukraine needs to implement a number of new, rapid and decisive reforms. In addition, as Ukraine continues and accelerates their implementation, continued international financial and technical support from the international community will be important: to help stabilize the economy, support vulnerable populations, and, most importantly, restore trust.

As of 2021, the World Bank stands ready to provide further financial assistance to Ukraine in the implementation of reforms aimed at combating corruption, protecting the poorest, stabilizing the banking sector, restructuring the gas sector and creating favourable conditions for doing business. In addition to financing the World Bank continues to provide advisory and technical support to the authorities. The World Bank draws attention to the importance of improving Ukraine's public finance system, which is under pressure from significant budget imbalances caused by the economic downturn. The way out of this situation is possible only through the introduction of an effective strategy to reduce the budget deficit [21].

There are also some problems in the cooperation between Ukraine and the World Bank. In the second half of 2012 and until the revolution in February 2014, the World Bank virtually suspended funding for new projects in Ukraine and said it was disappointed with the results of cooperation with the Ukrainian government and decided to mitigate future risks. Another significant problem in cooperation is the complex bureaucratic structure of the World Bank itself. Yes, loan decisions take a long time - at least one year. Despite the low interest rate, it is often difficult for investors to rely on these loans due to the long waiting period for them.

With regard to the activities of the International Finance Corporation (IFC), perhaps the most notable problem is that the IFC's advisory functions on drafting laws raise persistent problems through their coordination with the Cabinet of Ministers. The procedure for approving bills submitted to the Verkhovna Rada by the Cabinet of Ministers is extremely complex and time-consuming. Virtually any ministry can easily block the consideration of any bill or significantly distort its main purpose. Thus, it is very easy for central authorities that are not interested in revoking certain permits to stop the IFC's proposed deregulation process at the Cabinet level. As a result, well-written bills have not been adopted by IFC lawyers for a long time or are not adopted at all [8].

Ukraine cooperates with the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC).

The resources of these organizations are used for financial and technical support of the state budget, implementation of institutional and structural reforms, preparation and implementation of long-term investment projects that meet the priority areas of economic development of Ukraine.

The National Bank together with the Government of Ukraine cooperates with the IBRD in the framework of systemic projects, the funds of which are directed to support the state budget in order to implement structural reforms. The National Bank also participates in the preparation and implementation of IBRD investment projects in Ukraine aimed at developing the financial sector.

Following Ukraine's preliminary measures in June 2020, the World Bank's Board of Directors approved a US$ 700 million Economic Recovery Development Policy Loan (ER DPL) for Ukraine. USA. The National Bank has successfully implemented the planned preliminary measures for reforms in the financial sector under the ERDPL. This is the settlement of problem loans and the implementation of the reform of the market regulation of non-banking financial institutions in Ukraine (SPLIT reform).

On September 14, 2021, the visit of the World Bank Vice President for Europe and Central Asia and the World Bank Regional Director for Eastern Europe to Ukraine began the process of preparing a new Framework Program for World Bank Cooperation with Ukraine 2022-2025 and identifying areas of support for reforms in Ukraine, as well as improving cooperation between the World Bank and the Government of Ukraine in implementing the second-tier pension system, along with the proper development of the country's stock market and a strong regulatory framework, intends to continue technical assistance for reforms in Ukraine [57].

The National Bank of Ukraine acts as a depository bank for all amounts of the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC) on the territory of Ukraine. The National Bank of Ukraine is authorized to issue securities required for Ukraine's participation in the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC) in accordance with their agreements.

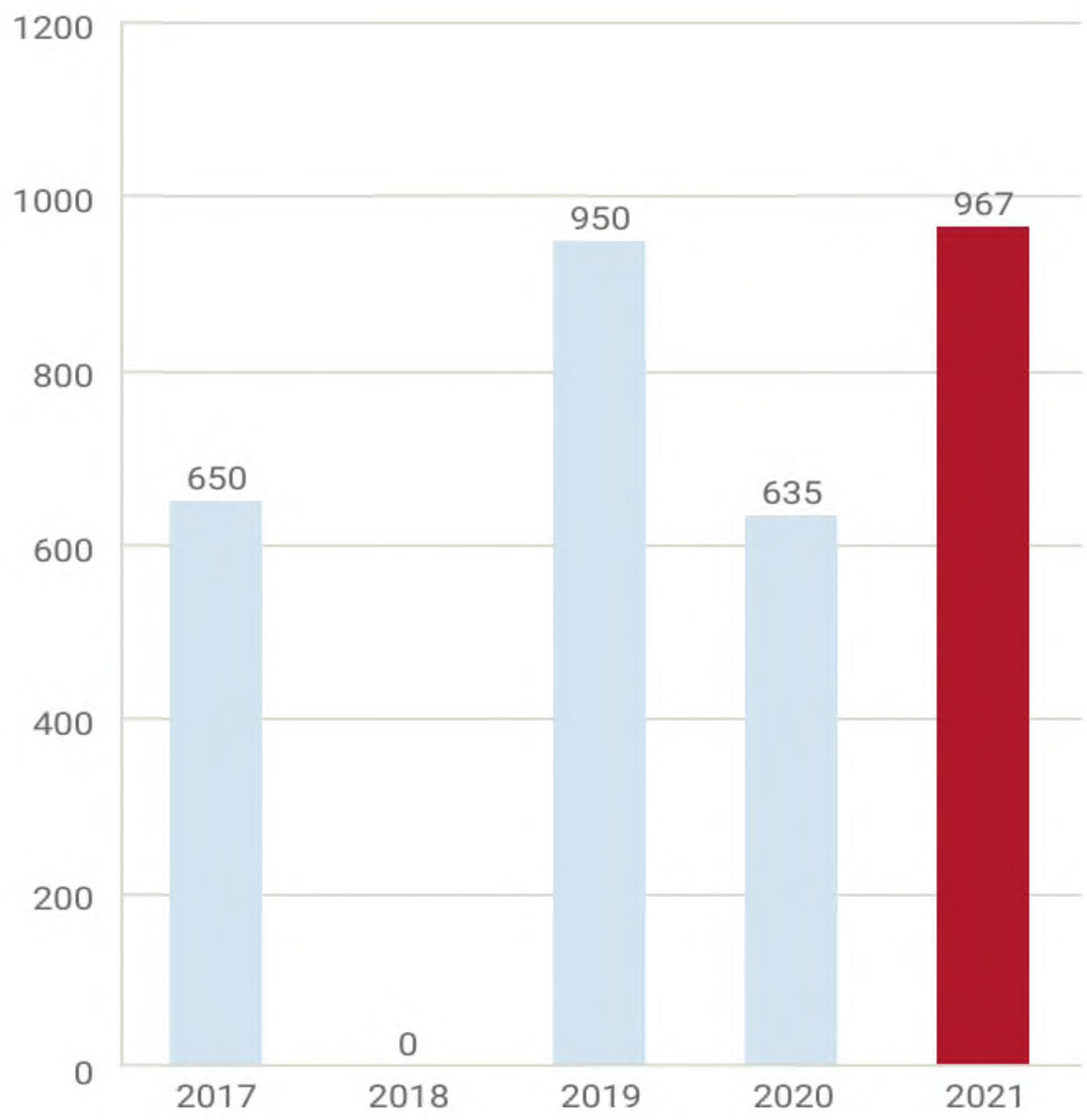


Fig. 2.1. Ukraine: Liabilities for the financial year (in millions of US$) Amounts include IBRD and IDA liabilities

Source: [38]

In 2021, only a partial recovery in GDP growth of 3.8 percent is expected, given the high uncertainty surrounding vaccination deployment and the slow pace of structural reforms aimed at removing barriers to investment and macroeconomic stability.

2.3. Cooperation with the European Bank for Reconstruction and Development

Ukraine has been a member of the European Bank for Reconstruction and Development (EBRD) since 1992. The Chairman of the National Bank of Ukraine is the EBRD Alternate Governor. The Minister of Finance of Ukraine is EBRD Governor [56].

The EBRD's financial resources provide significant support for economic reforms in Ukraine. The EBRD finances private and public sector development investment projects and provides technical assistance.

In July 2015, the National Bank together with other regulators of the financial sector of Ukraine - the Ministry of Finance and the National Commission on Securities and Stock Market - signed a Memorandum of Understanding with the EBRD on cooperation in local capital markets. The parties reaffirmed their desire to develop the capital market in Ukraine with the support of the EBRD. In pursuance of this Memorandum, the National Bank and the EBRD are implementing a number of technical assistance projects.

In May 2020, the National Bank and the EBRD signed an Agreement on foreign exchange swaps of UAH / US$ in the amount of up to US$ 500 million. This will strengthen macro-financial stability in Ukraine during the global crisis caused by the coronavirus pandemic, as well as increase support for the real sector of the economy.

One of the preconditions for attracting EBRD investments is that Oschadbank joins the Individual Deposit Guarantee Fund (hereinafter - DGF).

In October 2021, the EBRD and Oschadbank agreed to work together. The agreement was confirmed in a letter of a mandate approved by the Ministry of Finance of Ukraine.

This step is in line with Oschadbank's development strategy for 2021-2024 and the government's Principles for Strategic Reform of the Public Banking Sector, which provide for a reduction in the state's share in the public banking sector from 60 to 25 percent by 2025 [58].

Also important is the process of developing and implementing the National Bank's roadmap for sustainable and green financing, cooperation between the National Bank and the EBRD within the swap agreement, implementation of technical assistance projects aimed at assessing the compliance of prudential regulation with EU requirements and the project office of the National Bank. promoting the implementation of the Financial Sector Development Strategy [59].

The EBRD monitors the state of reform of the public banking sector, in particular, its privatization and the issue of the solvency of the DGF, the continuation of corporate governance reform in the public banking sector and is ready to provide support in this area.

The introduction of new instruments, such as integration into the global movement to green the financial system and support sustainable financing and the green economy, will help to overcome the pandemic crisis. The news of the National Bank's signing of an agreement with the IFC in April last year on cooperation in implementing green and sustainable financing standards in Ukraine was positively received, as well as the EBRD's significant expertise in this area and its readiness to assist the National Bank.

Among the EBRD's priority areas in Ukraine are the further development of financial and capital markets, reform of the public banking sector and its privatization, promotion of new instruments for trade finance, and lending to the economy [60].

The European Bank for Reconstruction and Development has the status of an international financial institution with the highest credit rating (AAA). The bank was established in 1991. The Bank currently has 69 members, the EU and the EIB. Ukraine has been a member of the EBRD since August 13, 1992. The Minister of Finance is the Managing Director of Ukraine and a member of the EBRD Board of Governors.

The EBRD does not finance state budget expenditures, but only finances private and public sector investment projects, except for the defence and tobacco industries, as well as gambling projects.

Within the framework of the adopted strategy, the EBRD works in two directions: granting international loans on preferential terms under state guarantees and lending to private enterprises on commercial terms.

The EBRD is one of the largest institutional investors in Ukraine.

The European Bank for Reconstruction and Development works closely with the EU institutions, but, unlike EU-funded programs, the bank not only finances technical assistance but also directs direct investment into the Ukrainian economy. In general, the EBRD's technical assistance, consulting and training action program aims to create conditions to support current and future investments. During 2000–2013, the EBRD implemented 325 projects in Ukraine totalling more than € 15 billion, and signed agreements to implement 32 investment projects totalling € 964 million [19].

EBRD loans are aimed at the development of small and medium-sized businesses in Ukraine (17% of the total project portfolio), financial and banking system (5%), energy sector (27%), transport infrastructure (11%), telecommunications (9%), systems water supply (3%), agro-industrial complex (17%), and hotel infrastructure (1%) [22].

As of the beginning of November 2021, the total amount of financing allocated to Ukraine by the EBRD is € 15.3 billion within 505 projects. 8 joint projects with the EBRD with a total loan amount of € 1,679.3 million are under implementation. The volume of use of EBRD loan funds for these projects as of early November - € 976.1 million (58.13% of total loans) [17].

Simultaneously, because the EBRD holds a large investment in Raiffeisen Bank Ukraine (RBUA), the EBRD is collaborating on direct initiatives with Raiffeisen Bank.

The European Bank for Reconstruction and Development (EBRD) owns 30% of Raiffeisen Bank Ukraine (RBUA).

RAIFFEISEN BANK JSC is an established EBRD client and Ukraine's fourth biggest bank in terms of total assets and third largest bank in terms of performing loans. It is Ukraine's largest bank with foreign capital. The primary focus of the bank is financing agricultural producers, international corporations, and exporters. Through a nationwide network of around 400 locations, RBUA services approximately 2.8 million clients, including over 3,000 corporate firms and approximately 50,000 MSMEs [61].

As stated in Article I of the "Agreement Establishing the European Bank for Reconstruction and Development," the three primary criteria regulating EBRD activities are: sound banking, transition impact (TI), and additionality [61].

According to Article I of the Agreement Establishing the Bank, "the goal of the EBRD shall be to support the transition towards free market economies and to stimulate private and entrepreneurial initiative." [61]

The Transition Concept was initially articulated in 1997, and it established a framework for the methodical evaluation of projects in light of the Bank's purpose. Initially, the emphasis was on how initiatives help to create "market-based economic exchanges and private initiative." [61]

The TI technique has changed and modified over time to keep up with new difficulties confronting the economies in which the EBRD invests. A new transition assessment approach was adopted in 2016 [61].

According to the EBRD's new transition model, a well-functioning and sustainable market economy should be distinguished by six important transition qualities: it is competitive, well-governed, green, inclusive, resilient, and integrated [61].

This notion has been used throughout the Bank's Results Framework, which includes national strategy, policy discussion, and project operations. At the project level, the EBRD created a methodology for assessing and measuring the projected transition effect project (TOMS) (TIMS) [61].

The SEP team evaluates how each EBRD investment contributes to the Bank's mandate to foster transition. Projects are graded based on the two key transition characteristics to which they contribute, but they are all assessed along the six qualities to ensure that there are no components that may potentially have a negative influence on the other qualities.

Monitoring, as well as the allocation of a portfolio score, is structured along the six criteria and is based on a set of specified TI monitoring indicators.

EPG has created a program called as TOMS throughout the years to expedite and automate the TI evaluation at origination, as well as enhance the transparency and predictability of TI ratings. The following section explains the application's main features [61].

Expected Transition Impact (ETI) scoring:

ETI scoring measures both the intrinsic and contextual value of a project. Selected TI goals all have a value that is used to calculate the score, but this number is then changed to reflect the national context and support for Bank-wide strategic initiatives [61].

Strategic relevance is defined as the project's compliance/fit with the goals of the Country Strategy and the usage of funding mechanisms particularly supported by the Bank (equity and local currency lending) [61].

ETI is assigned a score between 0 and 100.

The majority of initiatives have a Good Transition Impact and receive a score of 60 to 70. Projects with a score of 70 to 80 are considered strong, and just a few examples every year – called outstanding – achieve a score of 90 or above [61].

Monitoring System for Transition Impact (TIMS)

TIMS is intended to fulfil assessment promises and sustain the EBRD's aim of delivering the greatest potential transition effect. The system extends from one year after signing through the completion of an investment project, which is the time of complete repayment of a loan or withdrawal from an equity investment [61].

PTI (Portfolio Transition Impact) evaluation [61]:

The TIMS system calculates a Portfolio Transition Impact (PTI) score for each project, which provides incentives to:

• set ambitious commitments at the outset while considering the likelihood of delivery;

• manage the delivery of TI during project implementation and monitoring to maximize the portfolio's overall performance. [61].

So 10.11.2021 EBRD is Approved Project (number 51350) for RBUA as Unfunded guarantee of up to € 75 million in national currency equivalent with an initial guarantee period of three years.

The assurance will mitigate the risk of non-payment of RBUA's local currency sovereign bonds. The guarantee allows RBUA to make fresh sub-loans to private sector borrowers at a multiple of the guaranteed amount. Green Economy Transition (GET) qualified sub-projects will receive at least € 22.5 million in local currency equivalent [62].

ETI score: 70

The initiative will open up capacity for fresh loans to MSMEs and corporates in Ukraine. Furthermore, the initiative builds on the Vienna Initiative platform's policy discussion activities, strengthens cross-border banking, and is connected with Technical Cooperation (TC) [62].

CHAPTER 3. PROSPECTS FOR THE DEVELOPMENT OF COOPERATION OF UKRAINE WITH INTERNATIONAL FINANCIAL INSTITUTIONS

3.1. Prospects for the development of cooperation with International Monetary Fund

The development of a strategy for Ukraine's cooperation with International Monetary Fund is one of the most pressing scientific and practical problems facing domestic economics and needs to be addressed immediately. The difficulty in financial stabilisation and economic growth in Ukraine is largely due to the lack of financial resources. External borrowing is one of the real tools to alleviate financial problems and revive the financial situation in the country, but almost all government borrowing began to be transformed into its external debt.

Both economists and politicians have different points of view Ukraine’s cooperation with the International Monetary Fund. Some emphasize that cooperation with the International Monetary Fund has had a positive impact on economic growth, has given positive general economic results, raised the image of the state and because of termination of cooperation will slow down economic reforms (pension, housing, etc.). According to others, International Monetary Fund loans create long-term dependence rather than provide assistance in the short term. According to the International Monetary Fund Charter, the Fund's loans must be short-term, but most countries become permanent partners of the Fund over a long period. Consider the positive aspects of cooperation between the International Monetary Fund and Ukraine. First, long-term and cheap International Monetary Fund loans (involving interest payments of about 2% per annum of the total debt) help to solve balance of payments problems [36].

Thanks to the support provided, the outflow of US$ 8.1 billion was used to refinance the external debt of banks and corporations in 2012, as well as the internal outflow of US$ 6.9 billion from banks that settled in the pockets of the population.

Secondly, the National Bank managed to recapitalize troubled banks, which allowed depositors to return their funds and stop the deposit panic.

Third, the tranches have somewhat eased the fiscal deficit, as part of the International Monetary Fund loans that have covered expenditures to repay the government's external liabilities, pay for Russian gas, and cover cash gaps to pay salaries and pensions on time.

Fourth, the positive consequences of International Monetary Fund loans can also be considered the creation of sufficient foreign exchange reserves, which will allow Ukraine to strengthen and maintain the stability of the national currency, to successfully conduct monetary policy [36].

Fifth, Ukraine needs to repay its obligations under International Monetary Fund loans and interest on them. In addition, the state simply cannot do without other loans. In addition, there is no cheaper money than from the International Monetary Fund. In addition, if they are, there will be other political and economic demands that will cost the country even more.

Sixth, economic reforms (monetary, tax, pension) were launched, which caused some resistance, However, they allowed to demonstrate the positive dynamics of the functioning of Ukraine's economy. Domestic demand is growing dynamically. Low inflation is maintained, primarily due to falling food prices.

Seventh, as the situation in foreign markets worsens, Ukraine's export-oriented sectors of the economy will find themselves in a difficult situation, which may lead to: attracting investors, which without the cooperation with the International Monetary Fund will be problematic. Without attracting investors, we will not be able to diversify exports and strengthen the economy.

However, in addition to the positive aspects of the impact of international credit on Ukraine's economy, there are risks of negative trends and outcomes, among which are:

First, the International Monetary Fund simultaneously blocks freedom of action in all other economic policies of borrowing countries, thus making their governments under control [36].

Second, it undermines the economic stability of the Ukrainian economy, both dependence on external creditors and the irrational use of funds received from loans. In particular, at a time when developed countries are investing in high-tech industries, such as pharmacology, mechanical engineering, Ukraine is directing borrowed funds to pay salaries, repay debts, and so on. Public expenditures exceed budget revenues and most of the public debt goes to cover the government deficit, otherwise it cannot happen with an increase in wages, pensions and government funding in a crisis or industrial stagnation.

Third, the risk of such an instrument to repay the payment deficit balance, like foreign loans, is an increase in public debt, as there is an obligation of borrowing countries to repay both the principal amount of the loan. It should also be borne in mind that the International Monetary Fund loan requirements significantly affect the overall macroeconomic situation in the country [36].

Fourth, excessive external borrowing can pose a threat to macroeconomic stability, as it increases the vulnerability of the national financial system to external shocks.

Cooperation with International Monetary Fund is important given the need to maintain a proper image of the country, which will help increase its credit rating in the world financial markets, reduction of interest rates on loans, improvement of the banking and monetary system of the state, the inflow of foreign investment. However, at the same time, there are many negative consequences of this cooperation, such as the growth of public debt, and blocking the freedom of action of the borrowing state in economic policy [21].

3.2. Prospects for the development of cooperation with the World Bank

Another powerful creditor of Ukraine is the World Bank. Cooperation with the World Bank is one of the effective mechanisms that helps Ukraine implement structural reforms and attract concessional credit resources into its economy [34]. The World Bank projects are also implemented in the social, financial, transport and public sectors, electricity, municipal infrastructure and agro-industrial complex.

In order to overcome the above-mentioned problems and challenges, the World Bank could:

- amend the World Bank's Country Partnership Strategy for Ukraine (CPS) for 2014-2021, which envisages projected increases in Ukraine's support;
- taking into account increased funding, develop additional requirements for Ukraine's leadership on economic liberalisation and structural reforms;
- amend the lending procedure in order to reduce the time between the lending initiative and the decision to issue funds.

Given the significant need for additional funding, the Cabinet of Ministers of Ukraine could:

- strictly implement the World Bank's recommendations for implementing structural reforms;
- significantly reduce the timeframe for approving bills in ministries in order to timely adopt the legislation required by the World Bank.

3.3. Prospects for the development of cooperation with the European Bank for Reconstruction and Development

In our opinion, the main problems that arise in the financial cooperation of Ukraine with the European Bank for Reconstruction and Development include:

1) inefficient activities of the staff and specialists involved in the process of developing and implementing projects of international financial transactions; excessive bureaucracy in the preparation of the loan application, which leads to an increase in the loan approval period by the European Bank for Reconstruction and Development;

2) non-transparency of work with funds of international organisations;

3) insufficient support for small and medium-sized businesses both at the legislative level and in relation to real financial programs;

4) low rates of implementation of reforms, which led to the need to borrow funds from the International Monetary Fund, EU and other organisations.

In order to increase the effectiveness of cooperation with European international financial institutions and in particular, with the European Bank for Reconstruction and Development we would advise to maintain constructive relations with private creditors and take into account the possible impact of external factors through effective management of external debt and reserves; to promote the formation, development of international markets for goods and services, modernisation and increase the efficiency of public and private sectors of the country by creating an open, competitive system of operations management of international financial institutions; to improve staffing in the field of international monetary relations.

CONCLUSIONS

During the research, we made the following conclusions:

International financial institutions are important for improving the current situation of the economy in Ukraine.

Ukraine's cooperation with international financial institutions contributes to the improvement of macro-financial indicators of stabilisation, the formation of a competitive market environment, the stabilisation of the national currency, the intensification of the investment process, and the development of private enterprise.

Despite a number of organisational shortcomings, cooperation with international financial institutions will be aimed at attracting additional financial resources to reform the national economy, the implementation of priority systemic and investment projects.

Building mechanisms for managing Ukraine's international financial cooperation is an important area of public policy in attracting international financial markets to carry out economic reforms in the country, which will allow timely adaptation to systemic changes in the world economy during the crisis.

Expanding the format of Ukraine's cooperation with international financial institutions requires the development of constructive cooperation with organisations of the World Bank Group (IBRD, IFC, IDA, and BAGI). As Ukraine is a member of these organisations, the intensification of cooperation on the basis of its initiatives is a priority for the development of its international financial cooperation.

In addition, a number of measures should be taken, in particular, to develop regulatory support for the institutional development of asset management companies and special funds of international financial institutions, partners of Ukraine, namely, International Monetary Fund (IMF), the World Bank, and the European Bank for Reconstruction and Development (EBRD). To address a number of issues related to the quality of communication between international financial institutions project promoters and public authorities, lack of experience, shortening of conciliation procedures and simplification of the project preparation process, specialized consulting companies should be involved to ensure the implementation of measures required for project preparation.

Since Ukraine cannot do without loans, and there is no cheaper money than from the International Monetary Fund, the Fund is the main financial institution Ukraine deals with.

After overcoming the crisis in the country during the recovery and dynamic growth of the national economy, Ukraine's cooperation with the World Bank should increase technical consultancy, finance the development of regions and the private sector, introduce new mechanisms to support strategic economic development and investment management.

In the long run, the focus of cooperation with the World Bank should be shifted from credit support to the provision of innovative, advisory and financial services aimed at supporting the development of key government and market institutions and the implementation of investment finance. Carrying out the above measures will help meet the needs of the state and the corporate sector in lending with the least possible costs, increase the share of investment resources in total government loans and create a financial and economic base to repay accumulated debts, strengthen the role of external government loans in investment development economy, ensuring fuller use of material, human and intellectual resources of Ukraine.

In organisational and methodological terms, improving Ukraine's cooperation with the World Bank should ensure the achievement of positive results from economic reforms by strengthening the role of the Ukrainian state in the formation of world monetary and financial relations; use of a full range of services and tools that are used in the practice of the World Bank and can provide solutions to pressing problems of economic policy in Ukraine; increasing the confidence of foreign investors in economic policy in Ukraine, increasing foreign direct investment and restoring access to the international private capital market.

In order to increase the effectiveness of cooperation with European international financial institutions and in particular, with the European Bank for Reconstruction and Development it is advisable to develop an economically and financially sound strategy that would specify the quantitative indicators and provide for measures to implement it to achieve positive results

Achieving these systemic benchmarks will contribute to macroeconomic stabilisation in the country and create the conditions for sustainable growth of the national economy and improving living standards.

The implementation of an arrangement Stand-by will promote the continuation of important structural reforms in the spheres of fiscal and monetary policies and the financial sector, as well as the introduction of new important structural reforms in the energy sector, state property management, and combating corruption.

The current program will enable access to financial support from Ukraine's other international partners, in particular, the World Bank, the EU and other countries of the world.

Measures for reforms are included into the Memorandum on Economic and Financial Policy.

It is important for the IMF that the National Bank maintain its independence, a monetary policy in inflation-targeting mode, and a flexible exchange rate, as well as pursue a financial policy that helps in maintaining a balance between financial stability and supporting the economy.

According to the IMF rules and procedures, the successful implementation of a program is a country's fulfilment of structural benchmarks and quantitative performance criteria. The structural benchmarks related to the financial sector include: a more effective fight against high-level, non-performing loans in the banking system, the further improvement of banking legislation and a mechanism of bank liquidation and the recovery of assets of the resolved banks.

Ukraine and, in particular, the National Bank are making their best efforts and are gradually progressing to reach the full completion of benchmarks under the current program.

The quantitative performance criteria are met by the National Bank on a regular basis and together with benchmarks they are included into the framework of implementation of Memorandum on Economic and Financial Policy.

The National Bank, together with the Ukrainian government, cooperates with the IBRD in the framework of systemic projects, the funds of which are allocated for the support of the state budget for the purposes of structural reforms implementation. Also, National

Bank take part in the development and implementation of IBRD investment projects in Ukraine aimed at financial sector development.

Upon completion by Ukraine of the prior actions, the IBRD project Economic Recovery Development Policy Loan - ER DPL in a total amount of US$ 700 million was approved in June 2020 by the World Bank board of directors. The loan will be provided in two instalments of US$ 350 million each. The National Bank has successfully performed the prior actions on financial sector reform in the framework of ER DPL, specifically the regulation of nonperforming loans and the introduction of reforms in the regulation of the nonbank financial market in Ukraine (the SPLIT reform).

The National Bank and the EBRD entered into the Currency UAH/US$ Swap Agreement totalling up to US$ 500 million. It will enable enhancing macro financial stability in Ukraine in times of global crisis caused by the coronavirus pandemic, and also increasing support for the real economy.

International cooperation is a vital element of any central bank’s operation. Thanks in large part to being effective and performance-oriented in this area, we have been able to succeed in macroeconomic and financial stabilization, economic growth, and reform.

It is important to continue cooperation with the IMF, which is in fact a "mark of quality" for foreign investors.

Ukraine's support from its MFI partners, geopolitical detente and de-escalation will allow the National Bank not to apply additional regulatory restrictions and administrative measures [68].

Today, Ukraine's economy is much more resilient to crisis events than in previous crisis episodes. The same can be said about the banking system. The annual stress test showed that even in a negative scenario, the risks of the banking system are quite insignificant. Credit risk has significantly decreased compared to the two-year-old test. The banking system maintains a very high level of liquidity.

The situation in the foreign exchange market has also stabilized. At the end of January, the hryvnia took a strengthening trend. The National Bank has already bought the dollar on the market several times during the current 2022.

Together with geopolitical support, the situation will stabilize and non-residents will be interested in investing in Ukrainian securities. But globally, given the situation with raising rates by leading banks, competition between the countries that are part of the Emerging Markets group together with Ukraine, for attracting the resource of international investors will be great. Ukraine must be ready for this and continue consistent policy and cooperation with the IMF.

The budget deficit is financed by borrowing. In order to be able to borrow, we need cooperation with MFIs, appropriate market conditions to make Ukraine competitive with other Emerging Markets.

The Principles for Strategic Reform of the Public Banking Sector state that state-owned banks may increase the number of securities during the COVID pandemic, but the strategic medium-term goal is to reduce the share of IGLBs in banks' portfolios.

That is, in order to avoid the risk of underfunding the state budget deficit, it is worth working with external investors.

This is a question of receiving a tranche from the IMF, it is also a question of cooperation with the World Bank, the European Commission.

It is important to begin the review of the program scheduled for March and the new program in the summer of 2022, and to successfully complete and meet the commitments under the current stand-by program.

First of all, in the current conditions it is the implementation of monetary policy aimed at achieving the inflation target of 5%, as well as the implementation of the provisions of the Law of Ukraine №1587-IX [69] in terms of strengthening capital requirements, licensing, corporate governance. Together with other stakeholders, the Cabinet of Ministers and law enforcement agencies, the National Bank is working on developing a strategy for the return of assets of bankrupt banks. The approval of this document is a structural beacon of the MEFP.

Ukraine’s International Reserves Rose to Almost US$ 31 Billion in 2021.

Overall, the dynamics of international reserves in December were shaped by the following:

- transactions related to public debt management.

The government received USD 1,365.6 million in FX inflows. That includes US$ 858.3 million from the issue of domestic government debt securities, and US$ 105 million from the World Bank. A total of US$ 847.7 million went to service and repay FX public debt, of which US$ 588.2 million was allocated for the servicing and repayment of domestic government debt securities.

- the NBU's FX interbank transactions.

To smooth out excessive exchange rate fluctuations, the regulator bought US$ 84 million and sold US$ 236.5 million last month. The central bank thus generated US$ 152.5 million in net FX sales in the interbank FX market in December.

- revaluation of financial instruments. These instruments declined in value by US$ 22.9 million last month.

International reserves are now covering 4.1 months of future imports, which is sufficient for Ukraine to meet its commitments and for the government and the National Bank of Ukraine to make their current transactions [70].

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ANNEXES

Annex A

IMF Members' Quotas and Voting Power, and IMF Board of Governors, As of February 9, 2022

	Quota			Votes	
Member	Millions of SDR	Percent of total (1)	Governor Alternate	Number (2)	Percent of total (1)
Ukraine (3)	2,011.8	0.42	Kyrylo Shevchenko Sergii Marchenko	21,577	0.43

Source:[64]

1) At the present time all 190 members are participants in the Special Drawing Rights Department.

2) Voting power varies on certain matters pertaining to the General Department with use of the Fund's resources in that Department.

3) These countries have accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement.

Annex B

International Bank for Reconstruction and Development (IBRD), as of: January 31, 2022

Each member receives votes consisting of share votes (one vote for each share of the Bank's capital stock held by the member) plus basic votes (calculated so that the sum of all basic votes is equal to 5.55 percent of the sum of basic votes and share votes for all members).

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
SUBSCRIPTIONS AND VOTING POWER OF MEMBER COUNTRIES

	Total subscriptions		Voting power	
Member	Amount (1)	Percent of total	No. of votes	Percent of total
Ukraine	1,436.1	0.57	15,139	0.57

Source:[65]

1) Millions of 1944 US$

Annex C

International Finance Corporation (IFC), as of: February 03, 2022

Each member receives votes consisting of share votes (one vote for each share of IFC's capital stock held by the member) plus basic votes (calculated so that the sum of all basic votes is equal to 5.55 percent of the sum of basic votes and share votes for all members).

INTERNATIONAL FINANCE CORPORATION SUBSCRIPTIONS AND VOTING POWER OF MEMBER COUNTRIES

	Total subscriptions		Voting power	
Member	Amount (1)	Percent of total	No. Of votes	Percent of total
Ukraine	77,458	0.36	84,184	0.37

Source:[65]

Annex D

International Development Association (IDA),

as of: December 31, 2021

Each member receives the votes it is allocated under IDA replenishments according to the rules established in each IDA replenishment resolution. Votes consist of subscription votes and membership votes.

INTERNATIONAL DEVELOPMENT ASSOCIATION VOTING POWER OF MEMBER COUNTRIES

	Voting power	
Member	No. Of votes	Percent of total
Ukraine	115,569	0.39

Source:[65]

Annex E

Multilateral Investment Guarantee Agency (MIGA),
as of: January 06, 2022

Each member receives votes consisting of share votes (one vote for each share of MIGA's capital stock held by the member) plus parity votes, calculated so that the aggregate number of votes of category 1 and category 2 members is the same. Members choose which category they want to join at the time of membership. Category 1 members were originally defined as developed countries and category 2 members as developing countries.

MULTILATERAL INVESTMENT GUARANTEE AGENCY SUBSCRIPTIONS AND VOTING POWER OF MEMBER COUNTRIES

	Total subscriptions		Voting power	
Member	Amount (1)	Percent of total	No. Of votes	Percent of total
Ukraine	13.46	0.76	1,588	0.72

Source:[65]

1) Millions of SDR.

Annex F

EBRD Shareholders and Board of Governors,
as of: 9 February, 2022

The EBRD is owned by 71 countries from five continents, as well as the European Union and the European Investment Bank. These shareholders have each made a capital contribution, which forms our core funding.

Each shareholder is represented individually on the Board of Governors of the EBRD which has overall authority over the Bank and sets its overall strategic direction. While retaining overall authority over the Bank, the Board of Governors has delegated the exercise of most of its powers to the Board of Directors. However, the Board of Governors remains solely responsible for determining membership to the Bank, changes in capital stock, appointment of Directors and the President of the Bank and decisions around financial statements and determining reserves and allocation of profits.

The Board of Governors have elected the Governor for Portugal as Chair and the Governors for Estonia and Morocco as Vice Chairs for 2021-2022.

Member country	**Date joined**	**Capital subscription (€ 000)**	**Governor**	**Alternate**
Ukraine	13 Apr 1992	240,110	Mr Sergii Marchenko	Mr Kiril Shevchenko

Source:[66]