

REALITIES AND PROSPECTS OF UKRAINE COOPERATION WITH INTERNATIONAL MONETARY FUND

Statement of the problem. Transformation processes in Ukraine were accompanied by a deep economic crisis. In this regard, have sharpened the issue of resource support economic development, especially its financial components. Disbalance the financial system, payment crisis caused primarily transition to energy prices, the lack of domestic savings objective resulted in the need for external funds to restore economic balance, sustainable economic growth. Therefore, to overcome these negative trends in the economy of the country is urgent Ukraine's cooperation with international financial institutions, particularly the International Monetary Fund.

Analysis of recent research and publications. Problems of Ukraine's cooperation with the International Financial Institutions, mechanism and conditions of the IMF loan Ukraine highlighted in the works: T. Vakhnenko, V. Kabanov, S. Kruglyk, T. Tkachuka, M. Savostyanenk and others. However, a strategically important task in the field exercise of external borrowing from the IMF is predicting capabilities smoothing of the existing peak loads with the appropriate subject to compliance with limit values of financial indicators of financial security.

Problem. The aim this writing is to study the trends and prospects of financial relations between Ukraine and the International Monetary Fund.

The main material of the study. Important role in international finance is attracting funds from other countries and international financial institutions. They are used to promote entrepreneurship, raising funds to finance the budget deficit and balance of payments, structural rearrangements in the economy, the implementation of specific target socio-economic programs and other areas of development.

International Monetary Fund (IMF) is an international financial organization that was founded in 1944. According to the Articles of Incorporation, its loans are aimed at supporting the national currency, international reserves and active balance of payments position. Recipients of IMF loans are the central banks of countries that rank them in own reserves and are used solely for interventions in the foreign exchange market for listed goals. In 2009 he was part of the IMF's 186 member countries [7].

The official purpose of the fund since 1944, is "strengthening international economic cooperation and promote a more stable and prosperous global economy."

IMF loans are available to address balance of payments problems - in cases where the State can not get sufficient financing on acceptable terms to meet net international payments.

According to the Law of Ukraine "On Ukraine's accession to the International Monetary Fund, the International Bank for Reconstruction and Development, International Finance Corporation, International Development Association and the Multilateral Investment Guarantee Agency" Ukraine joined the IMF in 1992.

In cooperation with Ukraine within the IMF loan programs can be divided into several stages.

The first phase (1994-1995). During this period, Ukraine has been provided financial assistance in the form of systemic transformative loan (STF-Systemic Transformation Facility) in the amount of SDR 498.7 million or 763.1 million. U.S. to support the balance of payments of Ukraine. However, due to failure to Ukraine several conditions the program was completed on time.

During the period from 1995 to 1998 (second stage) Ukraine received IMF loans totaling \$ 1,318.2 million SDRs. (1935 million. U.S..) Three year program "Stand-by" (Stand-By). The main purpose of these loans was to support the national currency and finance the balance of payments deficit in Ukraine.

The third phase (1998-2002 years). It EFF (EFF-Extended Fund Facility), provided granting Ukraine a loan totaling \$ 2.6 billion. USA. In December 2000, the EFF validity was extended until September 2002, but the IMF has not granted Ukraine the remaining principal credits (recognizing negative findings last review of the implementation of the program). Thus, Ukraine has received in the framework of the EFF 1193,0 million SDR (U.S. \$ 1,591.0 million. U.S.), Which were designed to replenish foreign exchange reserves of the National Bank of Ukraine.

Fourth stage. (2004-2005). Upon completion of the Program Co EFF Government of Ukraine among acceptable forms of further cooperation between Ukraine and the International Monetary Fund on the basis of selected bezkredytniy preventive program "Stand-by".

March 29, 2004 the IMF Board of Directors adopted a positive decision to launch the "precautionary stand-by." Agreement between Ukraine and the IMF for 12 months actually made it possible to get a loan from the IMF is reserved in the amount equivalent to SDR 411.6 million (30% of Ukraine's quota) in case of deterioration in the balance of payments and foreign exchange reserves of the country.

Measures program aimed to conduct a balanced budget policy, improving tax compliance, financial recovery and Energy transformations in agriculture, reforming housing and communal services, improving the investment climate, the completion of negotiations on WTO accession [1, 154].

During 2005-2007 full-mission visited Ukraine to provide technical assistance in the field of debt management and development of domestic securities market, customs administration, monetary and fiscal policy.

The fifth stage began with the approval by the IMF Executive (5 November 2008) Annual Stand-By program of about 16.4 billion. United States, for a period of 24 months to assist Ukraine in ensuring financial and economic stability. Implementation of the program will contribute to macroeconomic stability, reduce inflation, stabilize the domestic financial system during the global crisis of confidence in financial markets and the restructuring of the economy in the face of deteriorating external conditions nishnoekonomichnoyi [5].

May 10, 2009 IMF provided the first tranche size \$ 4.5 billion. USA. May 12th, 2009 to Ukraine received 2.8 billion. U.S. second tranche of IMF loan. Part of the second tranche size \$ 1.5 billion. The United States was spent to finance external debt government. Equity is the third tranche came to Ukraine July 31, and July 28, 2009 IMF Executive Board approved a grant Ukraine the third tranche of 3.3 billion dollars. USA. As a result, Ukraine has committed itself to abolish VAT for agricultural enterprises to implement the recapitalization of banks affected by the crisis, two years not to increase the minimum wage to the subsistence level, review the terms of indexation of social benefits and increase the salaries of public sector employees. However, the requirements made by the IMF to Ukraine have not been met in full. In November 2009, the IMF suspended its cooperation with Ukraine, as the fourth tranche has not been received.

Most of the transaction Stand-By was used to repay foreign debts government support financial stability "Naftogaz" cover cash gaps for the payment of salaries and pensions, recapitalization and refinancing of the banking system and in support of the National Bank's gold reserves [9].

In order to ensure timely repayment of loans granted to the IMF program was developed, in which Ukraine is obliged to repay loans t during 2010-2014 years (Fig. 1).

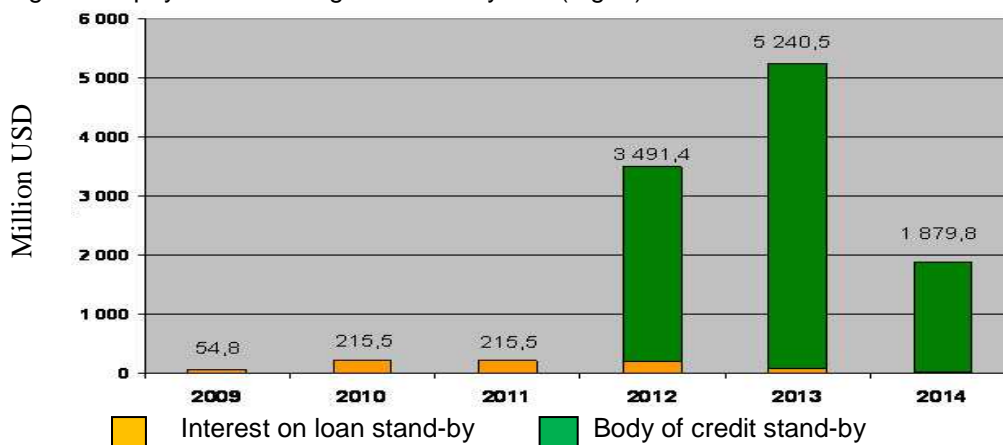


Figure. 1. Loan Amortization Schedule Ukraine the IMF for 2010-2014, million. USA

As shown in Fig. 1 IMF loans are relatively cheap, as it involves the payment of interest at a rate of about 2% of the total debt. Repayment of principal will be made from 2012 to 2014 [7].

Continued cooperation between Ukraine and the International Monetary Fund could benefit the economy, but there are also some risks. Continued cooperation with the IMF has become the guarantee of structural reforms in the Ukrainian economy. The second positive point - internal and external stability, support rate, budget deficit. However, the work of the IMF program means the possibility of risks, including funds from the IMF can not be spent on structural reforms. The second risk is the increase in public debt. The total debt of Ukraine is currently about \$ 38 billion., External debt 14.9 billion. USA. According to the Budget Code of the level of public debt can not exceed 60% of GDP. With the assistance loan from the IMF and other international financial institutions, it can not be more than 40-45% of GDP.

In order to ensure the conditions of the IMF loan agencies of government regulation and government of Ukraine should take a number of measures. Thus, in the stabilization of the currency markets are the primary measures [6, 64]:

- eliminate imbalances associated with increased exchange rate flexibility to the market;
- regular foreign exchange intervention in the form of auctions;
- higher interest rates, which act as an instrument of monetary policy, including refinancing rates;

- introduce transparency refinancing operations and the discontinuation as collateral shares of banks;
- abolition of tax on pension funds on currency transactions, etc..

In the area of policy and structural reforms, it seems reasonable [6, 65]:

- adoption of the National Bank of Ukraine regulations concerning the introduction of a flexible exchange rate currency to leading currencies;
- the adoption of laws and regulations to address issues of troubled banks and financial support to banking institutions by refinancing based on the principles of equality and transparency;
- timely diagnosis of problem banks;
- expansion, in line with international practice of regular coverage to the public markets and detailed financial information on the banking system, the founders and shareholders of banks that have large shares, principles, credit and deposit policies, income and so on.

Thus, for further cooperation between Ukraine and IMF to implement a variety of organizational and economic measures to amend the existing legislation to increase the catalytic role of the state by improving tax compliance and more. In order to carry out a thorough analysis of the required amount and terms of payment and receipt of international loans, which plans to bring Ukraine to the leveling delay index according to loans, ie, to predict the results, which will have the economy of Ukraine of the loans in the international market and promote efficient investment projects to attract them.

Conclusions and further research. Therefore, cooperation with international financial organizations is very important for Ukraine, which not only solves the problem of integration into the world economy, but also to strengthen economic security. Loans drawn from the IMF, are used to support the national currency and for the financing of payments Ukraine's balance and are designed to alleviate the economic difficulties in the process of economic reforms that enable secure in the long term economic growth in the country.

To permanently borrowed funds do not nahromadzhuvalysya and Frequency lysya in additional burdens Ukraine should move to implement a qualitatively new debt strategy, which should focus on actions for investment and innovation factors of economic growth. The system of debt management should be guided Ukraine to service investment projects. Reorientation of debt policy on the strategic objectives of national economic development needs of primary sources of loan financing priority projects of national importance in the fields of energy and transport infrastructure to support the development of export-tech industries.

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Markiv H.V. REALITIES AND PROSPECTS OF UKRAINE COOPERATION WITH THE INTERNATIONAL MONETARY FUND

Purpose. The aim of the article is research of trends and prospects of financial relations between Ukraine and the International Monetary Fund.

Methodology of research: theoretical and methodological basis of the study is the dialectical method of cognition that examines the processes and systems in constant motion, development and relationships; systematic approach to the study of regularities in economic processes and integrated approach – on latitude, branching and rational use of funds to ensure the prospective economic growth.

Findings. It has been identified risks associated with obtaining loans; primary measures have been substantiated. It is necessary to conduct them in order to promote cooperation with the International Monetary Fund in the future.

Originality. It has been analyzed the strategically important task in the sphere of external borrowing by the MIF based on forecasting of smoothing capabilities of existing loads considering compliance with boundary values of indicators of financial security.

Practical value. The practical value lies in the possibility of using by the regulatory agencies and government of Ukraine the proposed measures concerning maintenance of performance the terms of lending by the International Monetary Fund.

Key words: International Monetary Fund, Stand-By, credit, financial relations.