

# TRANSFORMATION OF CONCEPTS AND PRINCIPLES OF COOPERATION BETWEEN UKRAINE AND THE INTERNATIONAL MONETARY FUND

DIANA KUHARSKA, student

DARIA HURMACH, student

MAKSIM I. PRIKHNENKO, Senior Lecturer, PhD in Political Science, Scientific Adviser

OLGA O. ODINTSOVA, Senior Lecturer, Language Adviser

*Vasyl' Stus Donetsk National University*

**Introduction.** The development of Ukraine in wartime is associated with a large number of challenges, both internal and external. The financial and economic crisis has had a negative impact on a number of economic indicators and led to rising of inflation, aggravation of social contradictions, banking crisis, unemployment, increasing of a public debt, rapid decline in the industrial development index, state budget deficit and a number of other significant problems. These negative factors are further increased by the growth of budget expenditures due to the needs to overcome the consequences of the coronavirus disease, the importance of financing the defense industry and other military aspects caused by the Russian aggression. To overcome these negative trends, Ukraine was forced to seek assistance from the international community, especially the international financial institutions, in particular the International Monetary Fund (IMF). This issue requires careful analysis, because this cooperation has not only a number of advantages, but is also accompanied by certain disadvantages and dangers.

**Review of recent publications.** Ukraine's participation in IFIs and cooperation with them has always been a central issue in the scientific works of the researchers and politicians. Y. M. Galitseiska, K. P. Dzeminska, O. Sharov, A. Shatkovska, A. Galchynsky, A. R. Dub, V. Kozyuk, M. Petyk, L. A. Avramchuk, P. Karas focused attention on this problem in their scientific papers.

**Objectives of the paper.** The purpose of the article is to study and to identify approaches and prospects for establishing cooperation between Ukraine and the International Monetary Fund at the present time, based on the study and analysis of the history and stages of their cooperation.

**Results of the research.** Development of the world economy is impossible without coordination of the economic, in particular monetary and financial policies of individual states. Under such conditions, the role of the international institutions, undoubtedly international financial organizations is growing. They are able to regulate interstate monetary relations, to promote the development of monetary cooperation and trading between the states, to support economic growth and to provide jobs for greater employment of the population, follow the strategies and directions of international financial policy in order to stabilize the world

economy and finance and to provide support to the subjects of international relations that need it, to create favorable conditions for the globalization of the international economy. The most important role among the existing international financial organizations in the modern world is played, first of all, by the International Monetary Fund. Relying on the support of this influential IFO, Ukraine receives additional resources to solve the economic problems it faces.

The International Monetary Fund (IMF) is the most influential international financial organization that cooperates with the UN. The main objectives of the IMF are to regulate financial and credit relations of the member countries, to create financial reserves from which member countries will be able to borrow funds, to ensure economic growth of the state, to increase employment and to provide loans to states that are short of currency and do not have reserves to provide the necessary funds on their own.

Ukraine joined the International Monetary Fund in 1992 in accordance with the Law of Ukraine "On Ukraine's Accession to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association and the Multilateral Investment Guarantee Agency". The state received a quota of 10678 shares, which corresponds to the amount of USD 1.3 billion.

In addition, from October 17 to 20, 2022, several meetings of experts from the Ministry of Finance of Ukraine and the NBU with the representatives of the IMF were held in Vienna as part of the IMF mission to Ukraine. The agenda included such issues as the state of the Ukrainian economy, macroeconomic forecasts, the state budget for 2023 and the main sources of financing the budget deficit.

In total, during the cooperation with the IMF, Ukraine has received \$36.9 billion.

Credit relations between Ukraine and the IMF have both positive and negative consequences. The positive consequences include cheap and long-term loans that help to solve the problems of Ukraine's balance of payments; creation of sufficient foreign exchange reserves; implementation of economic reforms that have demonstrated positive dynamics of Ukraine's economic indicators. The negative consequences of course are: an increase in external public debt; IMF loans, which force the governments of borrowing countries to become controlled; irrational use of borrowed funds; increased vulnerability of the national financial system to external factors.

**Conclusion.** Ukraine and the IMF have been tied together for many years of productive cooperation, and it can be concluded that there are also significant risks along with positive developments. We believe that it is necessary to take into account the fact that Ukraine has never fully complied with the requirements of the IMF, which significantly delays further lending. The Government of Ukraine should carefully and extensively evaluate all possible advantages and disadvantages of new loans to reduce excessive dependence on them and not to get

into the «debt hole»; it is necessary to control the direction and use of the borrowed funds; and, of course, it is necessary to seriously overcome the problem of money laundering, which has an extremely negative impact on the ukrainian economy and ravage the state budget. It is necessary to create favorable conditions for promoting economic growth of the country, which will allow to refuse attraction of external credits, using own resources and to develop economy of the state.

To sum up all the mentioned above, it is obvious to say that cooperation with the international financial organizations, such as the International Monetary Fund, is quite promising and beneficial for Ukraine, so it is not necessary to ignore this vector of assistance for a stable increase in the level of the state economy. However, we are certain that the constant attraction of credits without constructive use can, on the contrary, destabilize our economy and lead Ukraine to “debt hole”. To avoid this, Ukraine’s further long-term cooperation with the IMF should be based on the large-scale economic reforms that will help raise living standards and cover budget deficits and stabilize the economy as a whole in the future.

#### **References:**

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## **LOCAL SELF-GOVERNMENT BODIES IN THE SYSTEM OF PUBLIC ADMINISTRATION OF UKRAINE**

SOFIIA KUNANETS, student

ALLA I. RADU, Associated Professor, PhD in Philology, Legal English  
Supervisor

*Ivan Franko National University of Lviv*

Local self-government in Ukraine has deep historical roots, but it started to develop according to democratic principles only after Ukraine gained Independence and chose a course for the development of a social and legal state. Nowadays, local self-government is performed by territorial units of villages, settlements, and cities. It is direct, and functions through village, settlement, and city councils, and their executive bodies, as well as through regional councils representing common interests of territorial units of villages, settlements, and cities [1].

The problem of local self-government bodies in the system of public administration of Ukraine is relevant in the context of current changes in the country. Local self-government bodies form an important link in the system of