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ANALYSIS OF THE REASONS OF THE LOW EFFECTIVENESS OF UKRAINE'S COOPERATION WITH THE IMF OVER 2010-2016

For 22 years Ukraine cooperating with the International Monetary Fund (IMF) by obtaining loans to implement economic reforms, however, as experience shows, is not always possible to use the financial assistance efficiently. Today the cooperation with IMF should not be seen as financial assistance, but as a guarantee of reforms that are inhibited in Ukraine, but it is urgently needed to resume economic growth. Today's situation of the Ukrainian economy and the complexity of the solution of its pressing problems leads to a study of Ukrainian credit history in recent years.

The IMF loan is a monetary assistance given by the International Monetary Fund in case of balance of payments deficit to the country-member of the UN, as Ukraine is.

For all time of cooperation with the IMF external public debt of Ukraine increased annually on average by 8.3%, and for the socio-economic crisis in the country (2013) increased 1.5 times in 2015 – and all this against the background of very slow GDP growth that does not even cover the amount of debt (156% of GDP).

In terms of per capita, every Ukrainian have 1 thousand dollars of foreign loans debt.

Ukraine, like all developing countries, receives financial support from the IMF. In fact, since 1996 and until today, the hryvnia has lost its value 12.5 times. And each time it was associated with the provision of the next tranche from the IMF.

But what positive results did the government try to reach by taking the credit funds? Ukraine's foreign exchange reserves added +16.84% in 2016 and reached 15539,3 million dollars which is enough to stabilize the balance of payments.

Therefore, the cooperation with the IMF's EFF program is critical to Ukraine; but it is not possible in terms of the emergence of new threats, escalation of military conflict in the east of Ukraine; negative terms of trade shocks; sudden changes in fiscal policy, including through unplanned views of social standards and wages.

That's why, the program of Extended Fund Facility (total \$17.5 billion for a period of 4 years) of the IMF will require the implementation of a number of reforms in Ukraine that relate to:

- management of the economy;
- the fight against corruption;
- restoring order in the energy sector;
- optimization and reduction of public spending;
- increase to 3% of GDP spending on investment;
- reducing the number of officials.

Of course, execution of IMF's requirements will be painful for Ukraine, but the Program provides specific social guarantees and compensations, which will help those more affected by the requirements of the Fund. In addition, the IMF demands coincide with the interests of the Ukrainian society: achieving monetary discipline and fiscal restraint.

However, at the same time, the only participation in the IMF program is not sufficient to overcome the crisis – change for the better will depend on the effectiveness of implemented government reforms that will convince the public and potential investors in its effectiveness.

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