

JEL CLASSIFICATION: E51

THE CREDITS FROM INTERNATIONAL FINANCIAL ORGANIZATIONS IN UKRAINE ECONOMY

Galina V. MYSKIV

Candidate of Science in Economics, Associate Professor, Institute of Masters and Postgraduate Education of University of Banking

Summary. This article explores the credit activity of leading international financial institutions in Ukraine. The author analyzed the dynamics of Ukraine issued loans from international organizations and tried to

investigate their effectiveness. As a result, identified the positive and negative aspects of cooperation with international creditors.

Key words: *international financial institutions, international credit projects, efficiency.*

Research of the dynamics and volumes of incoming international credits to the Ukraine economy is quite relevant in the present with a view to continuous monitoring to improve efficiency.

The main purpose of the paper is to investigate the lending activities of international financial institutions in Ukraine, analyze the dynamics and efficiency of granted loans, and identify the positive and negative aspects of cooperation for Ukraine.

Ukraine in the international credit market cooperates with leading international financial institutions, which legally governed by regulations, programs, strategies and development agreements.

During the period 2007–2014 years among all international financial institutions, the largest volume of business loans granted Ukraine from International Monetary Fund – 12,22 billion SDR or 18.738 billion USD, representing 69 % of the total number of international loans. On the second position – the amount of loans from the International Bank for Reconstruction and Development – 3,432 billion USD (12,6 %), and on the third position – credits granted by the European Investment Bank – 2,489 billion EUR (11,9 %). The smallest credits to the Ukraine economy gave from the Nordic Investment Bank – 0,33 %.

The main problem of international lending evaluation to the Ukraine is not enough accurate information from the competent financial authorities about the volume of loans, which, moreover, is published with a significant delay. As of the end of 2014 on the official website of the Ukraine Finance Ministry contained information about cooperation with IFIs and volume of their credits only at the end of 2013.

No information about the exact list of projects implemented by loans received from international organizations. Accordingly, no published information about the state of projects, the amount of debt on them and repayment amounts.

Another problem of international lending to the Ukraine is the lack of evaluating their effectiveness. This evaluation should be conducted in public institutions and beyond. Unfortunately, this is not practically. Only the implementation of IBRD in Ukraine analyzed in detail by the Ukraine Accounting Chamber in 2011–2012. For other projects Ukrainian financiers was not performed expert evaluation.

Ukraine's cooperation with IFIs is ambiguous also. Despite more than 20 years of cooperation, including the IMF and the World Bank, the foreign relations raises a number of issues related to how the credits conditions and the progress of implementation the agreements reached Ukraine, as well as the efficiency of joint projects.

However, despite a number of organizational flaws, international loans are important for Ukraine as help to improve the economic situation of the country and its macro-financial indicators, a competitive market environment, the stabilization of the national currency, activation of investment process and the development of private enterprise. In addition, loans from international financial institutions allow Ukraine to implement many projects that are too expensive for the Ukrainian government and private entrepreneurs, namely environmental, energy, infrastructure, energy efficiency industries, large-scale transportation projects and more.

References

1. Diialnist NEFKO Ministerstvo finansiv Ukrainy [The official site of Ukraine Finance Ministry, "The activity of NEFCO"]. Retrieved from http://www.minfin.gov.ua/control/publish/article/main?art_id=388297&cat_id=388245.
2. Dovidka shchodo spivrobotnytstva z Chornomorskym bankom torhivli ta rozvytku Ministerstvo finansiv Ukrainy [The official site of Ukraine Finance Ministry, "The information about cooperation with the Black Sea Trade and Development Bank"]. Retrieved from http://www.minfin.gov.ua/control/publish/article/main?Art_id=388303.
3. Zvit Rakhunkovoi palaty Ukrainy (2011, 2012 rik) [The Accounting Chamber of Ukraine (2011, 2012), "Report"]. Retrieved from <http://www.ac-rada.gov.ua/doccatalog/document/16740480/Zvit>.
4. Mozghovyj O. M., Obolenska T. Ye., Musiets T. V. (2005) Mizhnarodni finansy [International Finance]. Training. guidances. MBK, Kyiv, Ukraine.
5. Ofitsiyni sait YeIB [The official website of the EIB]. Retrieved from <http://www.eib.org/projects/regions/eastern-neighbours/projects/index.htm>.
6. Ofitsiyni sait MVF [The official website of the IMF]. Retrieved from <http://www.imf.org/external/np/exr/facts/sba.htm>.
7. Ofitsiyni sait Pivnichnoho investytsiinoho banku [The official website for the Nordic Investment Bank]. Retrieved from <http://www.nib.int/loans>.
8. Ofitsiyni sait Pivnichnoi ekolohichnoi finansovoi korporatsii [The official website for the Nordic Environment Finance Corporation]. Retrieved from http://www.nefco.org/sites/nefco.viestinta.org/files/NEFCO_annual_report_2006ENGFINAL.pdf.
9. Ofitsiyni sait Svitovoho Banku [The official website of the World Bank]. Retrieved from <http://search.worldbank.org/projects?qterm=Ukraine+loans+&projname=&id=#>.
10. Ofitsiyni sait Pivnichnoho investytsiinoho banku [The official site of the Nordic Investment Bank]. Retrieved from <http://www.bstdb.org/countries/ukraine/project-portfolio>.
11. Ofitsiyni sait Chornomorskoho banku torhivli ta rozvytku [The official website of the Black Sea Trade and Development Bank]. Retrieved from <http://www.bstdb.org/countries/ukraine/project-portfolio>.
12. Zakon Ukrainy pro Derzhavnyi biudzheth na 2012 rik. [The Law of Ukraine "On the State Budget for 2012"]. Retrieved from zakon.rada.gov.ua/laws.
13. Zakon Ukrainy pro Derzhavnyi biudzheth na 2013 rik. [The Law of Ukraine "On the State Budget for 2013"]. Retrieved from zakon.rada.gov.ua/laws.
14. Zakon Ukrainy pro Derzhavnyi biudzheth na 2014 rik [The Law of Ukraine "On the State Budget for 2014"]. Retrieved from zakon.rada.gov.ua/laws.
15. Svitovyi bank znachno zbilshuie pidtrymku dlia vidnovlennia v Ukraini. Ofitsiyni sait SB. [The official site of the World Bank.World, "The Bank increases the support for recovery in Ukraine"]. Retrieved from <http://www.worldbank.org/uk/news/press-release/2014/05/22/world-bank-boosts-support-for-recovery-in-ukraine>
16. Spivrobotnytstvo z mizhnarodnymi finansovymi orhanizatsiyamy. Uryadovyy portal [The Government portal, "The cooperation with international financial institutions"]. Retrieved from http://www.kmu.gov.ua/control/uk/publish/article?art_id=244829807&cat_id=244828922.
17. Ukraina ta Svitovyi bank: dosvid ta perspektyvy spivpratsi. Materialy kruhloho stolu. Natsionalnyi instytut stratehichnykh doslidzhen pry prezidentovi Ukrainy. [The National Institute for Strategic Studies under the President of Ukraine, "The Ukraine and the World Bank: experience and prospects for cooperation. Materials roundtable"]. Retrieved from <http://www.niss.gov.ua/articles/1584/>.
18. Shchodo vdoskonalennia roboty Ukrainy z MVF – MBRR. Analychna zapyska. Natsionalnyi instytut stratehichnykh doslidzhen pry prezidentovi Ukrainy. [The National Institute for Strategic Studies under the President of Ukraine, "Regarding the improvement of Ukraine and the IMF – World Bank. Policy Brief"]. Retrieved from <http://www.niss.gov.ua/articles/1601>.
19. The official website of the European Bank for Reconstruction and Development, "Project Summary Documents". Retrieved from <http://www.ebrd.com/work-with-us/projects/psd/ukrainian-corporate-support-facility.html>.
20. Stiglitz, Joseph E. (2002) Globalization and Its Discontents, W.W. Norton, New York, USA.