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THE ROLE OF THE INTERNATIONAL MONETARY FUND IN THE SYSTEM OF GLOBAL ECONOMIC SECURITY

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РОЛЬ МІЖНАРОДНОГО ВАЛЮТНОГО ФОНДУ В СИСТЕМІ ЗАБЕЗПЕЧЕННЯ ГЛОБАЛЬНОЇ ЕКОНОМІЧНОЇ БЕЗПЕКИ

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Formulation of the problem. The International Monetary Fund (IMF) is an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. Created in 1945, the IMF is governed by and accountable to the 189 countries that make up its near-global membership. The IMF's fundamental mission is to ensure the stability of the international monetary system. It does so in three ways: keeping track of the global economy and the economies of member countries; lending to countries with balance of payments difficulties; and giving practical help to members.

The IMF oversees the international monetary system and monitors the economic and financial policies of its 189 member countries. This activity is known as surveillance. As part of this process, which takes place both at the global level and in individual countries, the IMF highlights possible risks to stability and advises on needed policy adjustments. In this way, it helps the international monetary system serve its essential purpose of sustaining economic growth by facilitating the exchange of goods, services, and capital among countries, and ensuring the conditions necessary for financial and economic stability. Surveillance is essential to identify risks that policies may need to address to sustain growth. Moreover, in today's globalized economy, where the policies of one country typically affect many other countries, international cooperation is essential. The IMF, with its near-universal membership of 189 countries, facilitates this cooperation. There are two main aspects to the IMF's surveillance work: bilateral surveillance, or the appraisal of and advice on the policies of each member country; and multilateral surveillance, or oversight of the world economy.

Analysis of recent researches and publications. Research of issues of international economic cooperation are devoted to works of famous domestic and foreign scholars, namely: O. Bilorus, V. Budkin, P. Kruhman, D. Lukianenko, Yu. Makohon, J. Mill, A. Mokii, B. Ohlin, Yu. Pakhomov, M. Porter, A. Poruchnyk, I. Puzanov, D. Ricardo, A. Rumiantsev, P. Samuelson, H. Spencer, Ja. Tinbergen, A. Filipenko, E. Heckscher, V. Chuzhykov, M. Yankovskyi and others.

Objectives of the research. Main objectives of the article are: study of the role of the International Monetary Fund in the system of global economic security; clarification of IMF surveillance forms for the currency policy of member countries; justification of the IMF credit and financial activity.

The presentation of the main research material. IMF economists continually monitor members' economies. They visit member countries – usually annually – to exchange views with the government and the central bank and consider whether there are risks to domestic and global stability that argue for adjustments in economic or financial policies. Discussions mainly focus on exchange rate, monetary, fiscal, and financial policies, as well as macro-critical structural reforms. During their missions, IMF staff also typically meets with other stakeholders, such as parliamentarians and representatives of business, labor unions, and civil society, to help evaluate the country's economic policies and outlook.

Upon return to headquarters, the staff presents a report to the IMF's Executive Board for discussion. The Board's views are subsequently transmitted to the country's authorities, concluding a process known as an Article IV consultation. In recent years, surveillance has become more transparent. Almost all member countries now agree to publish a Press Release summarizing the views of the Board, as well as the Staff

Report and accompanying analysis. Many countries also publish a statement by staff at the end of an IMF mission.

The IMF also monitors global and regional economic trends, and analyzes spillovers from members' policies onto the global economy. The key instruments of multilateral surveillance are the regular publications World Economic Outlook (WEO), Global Financial Stability Report (GFSR), and Fiscal Monitor. The WEO provides detailed analysis of the world economy and its growth prospects, addressing issues such as the macroeconomic effects of global financial turmoil. It also assesses key potential global spillovers with a particular focus on the cross-border impact of economic and financial policies in systemic economies. The GFSR assesses global capital market developments and financial imbalances and vulnerabilities that pose risks to financial stability [1]. The Fiscal Monitor updates medium-term fiscal projections and assesses developments in public finances.

The IMF also publishes Regional Economic Outlook reports, providing more detailed analysis for major regions of the world. It cooperates closely with other groups such as the Group of Twenty (G20) industrialized and emerging market economies, since 2009 supporting the G20's efforts to sustain international economic cooperation through its mutual assessment process. The IMF provides analysis of whether policies pursued by member countries are consistent with sustained and balanced global growth. Since 2012, it has prepared Pilot External Sector Reports, which analyze the external positions of systemically large economies in a globally consistent manner. Twice a year, the IMF also prepares a Global Policy Agenda that pulls together the key findings and policy advice from multilateral reports and defines a future agenda for the Fund and its members.

Surveillance in its present form was established by Article IV of the IMF's Articles of Agreement, as revised in the late 1970s following the collapse of the Bretton Woods system of fixed exchange rates. Under Article IV, member countries undertake to collaborate with the IMF and with one another to promote stability. For its part, the IMF is charged with overseeing the international monetary system to ensure its effective operation, and monitoring each member's compliance with its policy obligations.

The IMF regularly reviews its surveillance activities. The 2011 Triennial Surveillance Review (TSR) highlighted progress in addressing weaknesses in pre-crisis surveillance but also found significant gaps. In particular, IMF surveillance was seen as too fragmented, with risk assessments lacking depth and insufficient focus on interconnections and transmission of shocks. The 2011 TSR recommended improvements in six key areas: interconnectedness, risk assessments, external stability, financial stability, traction, and the legal framework.

As part of broader efforts to continue improving surveillance, the Executive Board adopted in July 2012 a new Decision on Bilateral and Multilateral Surveillance (the Integrated Surveillance Decision) to strengthen the underlying legal framework for surveillance, and discussed the first Pilot External Sector Report. In September 2012, the Executive Board endorsed a new Financial Surveillance Strategy that proposes concrete and prioritized steps to further strengthen financial surveillance. These actions help ensure that the IMF is in a better position to address spillovers from members' policies on global stability; monitor members' external sectors in a more comprehensive manner; more effectively engage members in a constructive dialogue; better safeguard the effective operation of the international monetary system; and support global economic and financial stability.

The 2014 TSR, completed in September 2014, builds on these reforms by identifying five operational priorities for strengthening surveillance: integrate and deepen risk and spillover analysis; mainstream macro-financial surveillance; pay more attention to structural policies, including labor market issues; deliver more cohesive and expert policy advice; and a client-focused approach to surveillance, supported by clear and candid communication. The Managing Director's Action Plan for Strengthening Surveillance outlines concrete measures to take forward work in these priority areas, including an updated Guidance Note for Surveillance Under Article IV Consultations. A review of the Financial Sector Assessment Program was also completed in September 2014. Steps are being taken to strengthen surveillance in each of these priority areas in consultation with the IMF Executive Board. The regular surveillance review has been moved to a five-year cycle with progress assessed in a mid-point review in 2017.

A core responsibility of the IMF is to provide loans to member countries experiencing actual or potential balance of payments problems. This financial assistance helps countries in their efforts to rebuild their international reserves, stabilize their currencies, continue paying for imports, and restore conditions for strong economic growth, while undertaking policies to correct underlying problems. Unlike development banks, the IMF does not lend for specific projects.

A member country may request IMF financial assistance if it has an actual or potential balance of payments need – that is, if it lacks or potentially lacks sufficient financing on affordable terms to meet its net international payments (e.g., imports, external debt redemptions) while maintaining adequate reserve buffers going forward. IMF resources provide a cushion that eases the adjustment policies and reforms that a country must make to correct its balance of payments problem and help restore conditions for strong economic growth.

The volume of loans provided by the IMF has fluctuated significantly over time. The oil shock of the 1970s and the debt crisis of the 1980s were both followed by sharp increases in IMF lending. In the 1990s, the transition process in Central and Eastern Europe and the crises in emerging market economies led to further surges of demand for IMF resources. Deep crises in Latin America and Turkey kept demand for IMF resources high in the early 2000s. IMF lending rose again since late 2008 in the wake of the global financial crisis.

Upon request by a member country, IMF resources are usually made available under a lending «arrangement», which may, depending on the lending instrument used, specify the economic policies and measures a country has agreed to implement to resolve its balance of payments problem. The economic policy program underlying an arrangement is formulated by the country in consultation with the IMF and is in most cases presented to the Fund's Executive Board in a «Letter of Intent» and is further detailed in the annexed «Memorandum of Understanding». Once an arrangement is approved by the Board, IMF resources are usually released in phased installments as the program is implemented. Some arrangements provide very strongly performing countries with one-time up-front access to IMF resources and thus are not subject to explicit policy understandings.

The IMF's various loan instruments are tailored to different types of balance of payments need (actual, prospective, or potential; short-term or medium-term) as well as the specific circumstances of its diverse membership. Low-income countries may borrow on concessional terms through facilities available under the Poverty Reduction and Growth Trust (PRGT). Concessional loans carry zero interest rates until the end of 2018.

The IMF's instruments for non-concessional loans are Stand-By Arrangements (SBA); the Flexible Credit Line (FCL); the Precautionary and Liquidity Line (PLL); for medium-term needs, the Extended Fund Facility (EFF); and for emergency assistance to members facing urgent balance of payments needs, the Rapid Financing Instrument (RFI). All non-concessional facilities are subject to the IMF's market-related interest rate, known as the «rate of charge», and large loans (above certain limits) carry a surcharge. The rate of charge is based on the SDR interest rate, which is revised weekly to take account of changes in short-term interest rates in major international money markets. The maximum amount that a country can borrow from the IMF, known as its access limit, varies depending on the type of loan, but is typically a multiple of the country's IMF quota. This limit may be exceeded in exceptional circumstances. The Stand-By Arrangement, the Flexible Credit Line and the Extended Fund Facility have no pre-set cap on access [2].

Stand-By Arrangements (SBA). Historically, the bulk of non-concessional IMF assistance has been provided through SBAs. The SBA is designed to help countries address short-term balance of payments problems. Program targets are designed to address these problems and disbursements are made conditional on achieving these targets. The length of a SBA is typically 12–24 months, and repayment is due within 3¼–5 years of disbursement. SBAs may be provided on a precautionary basis – where countries choose not to draw upon approved amounts but retain the option to do so if conditions deteriorate. The SBA provides for flexibility with respect to phasing, with front-loaded access where appropriate.

Flexible Credit Line (FCL). The FCL is for countries with very strong fundamentals, policies, and track records of policy implementation. FCL arrangements are approved, at the member country's request, for countries meeting pre-set qualification criteria. The length of the FCL is either one year or two years with an interim review of continued qualification after one year. Access is determined on a case-by-case basis, is not subject to access limits, and is available in a single up-front disbursement rather than phased. Disbursements under the FCL are not conditional on implementation of specific policy understandings as is the case under the SBA because FCL-qualifying countries have a demonstrated track record of implementing appropriate macroeconomic policies. There is flexibility to either draw on the credit line at the time it is approved or treat it as precautionary. The repayment term of the FCL is the same as that under the SBA.

Precautionary and Liquidity Line (PLL). The PLL is for countries with sound fundamentals and policies, and a track record of implementing such policies. PLL-qualifying countries may face moderate vulnerabilities and may not meet the FCL qualification standards, but they do not require the substantial policy adjustments normally associated with SBAs. The PLL combines qualification (similar to the FCL but with a lower bar) with focused conditions that aim at addressing the identified remaining vulnerabilities. Duration of PLL arrangements range from either six months or one- to two years. One-to-two year PLL arrangements are subject to semi-annual reviews. Access under six-month PLL arrangements is limited to

125 percent of quota in normal times, but this limit can be raised to 250 percent of quota in exceptional circumstances where the balance of payments need is due to exogenous shocks, including heightened regional or global stress. One- to two-year PLL arrangements are subject to an annual access limit of 250 percent of quota, and all PLL arrangements are subject to a cumulative cap of 500 percent of quota. There is flexibility to either draw on the credit line or treat it as precautionary. The repayment term of the PLL is the same as for the SBA.

Extended Fund Facility (EFF). This facility helps countries address medium- and longer-term balance of payments problems reflecting extensive distortions that require fundamental economic reforms. Its use has increased substantially in the recent crisis period, reflecting the structural nature of some members’ balance of payments problems. Arrangements under the EFF are typically longer than SBAs – normally not exceeding three years at approval. However, a maximum duration of up to four years is also allowed, predicated on the existence of a balance of payments need beyond the three-year period, the prolonged nature of the adjustment required to restore macroeconomic stability, and the presence of adequate assurances about the member’s ability and willingness to implement deep and sustained structural reforms. Repayment is due within 4½–10 years from the date of disbursement.

Rapid Financing Instrument (RFI). The RFI was introduced to replace and broaden the scope of the earlier emergency assistance policies. The RFI provides rapid financial assistance with limited conditionality to all members facing an urgent balance of payments need. Access under the RFI is subject to an annual limit of 37.5 percent of quota and a cumulative limit of 75 percent of quota.

The Fund’s concessional facilities for Low Income Countries (LICs) under the PRGT were reformed in 2010 with refinements in 2013 as part of broader efforts to make the Fund’s financial support more flexible and better tailored to the diverse needs of LICs. The norms and limits for concessional facilities were expanded in 2015 to maintain their levels relative to increasing production, trade, and capital flows. Financing terms have been made more concessional, and the interest rate is reviewed every two years (currently zero percent until end-2018). All facilities support country-owned programs aimed at achieving a sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. Better-positioned PRGT-eligible countries may receive «blended» Fund financial support that mixes nonconcessional and concessional resources.

The Extended Credit Facility (ECF) is the Fund’s main tool for medium-term support to LICs facing protracted balance of payments problems. Financing under the ECF currently carries a zero interest rate, a grace period of 5½ years, and a final maturity of 10 years.

The Standby Credit Facility (SCF) provides financial assistance to LICs with short-term or potential balance of payments needs. The SCF can be used in a wide range of circumstances, including on a precautionary basis. Financing under the SCF currently carries a zero interest rate, with a grace period of 4 years, and a final maturity of 8 years.

The Rapid Credit Facility (RCF) provides rapid financial assistance with limited conditionality to LICs facing an urgent balance of payments need. The RCF streamlines the Fund’s emergency assistance for LICs, and can be used flexibly in a wide range of circumstances. Financing under the RCF currently carries a zero interest rate, has a grace period of 5½ years, and a final maturity of 10 years.

IMF capacity development – technical assistance and training – helps member countries design and implement economic policies that foster stability and growth by strengthening their institutional capacity and skills. The IMF seeks to build on synergies between technical assistance and training to maximize their effectiveness.

Technical assistance helps countries develop more effective institutions, legal frameworks, and policies to promote economic stability and inclusive growth. Training through practical policy-oriented courses, hands-on workshops, and seminars strengthens officials’ capacity to analyze economic developments and formulate and implement effective policies. Work on technical assistance and training is managed from the IMF’s headquarters in Washington, DC, and through a network of regional technical assistance centers (RTACs), regional training centers and programs (RTCs and RTPs), trust funds, and numerous bilateral donor-supported activities. The IMF works in close cooperation with other providers of training and technical assistance and with donor partners.

Technical assistance (TA) and training – which together the IMF calls capacity development – are important benefits of IMF membership [3]. Building human and institutional capacity within a country helps the government implement more effective policies, leading to better economic outcomes. In FY 2016, low-income and developing countries received about half of all IMF TA (versus about 40 percent for emerging market and middle-income countries), while emerging market countries received the largest share of IMF training (just over half).

Further, technical assistance provided to emerging and advanced economies in select cutting-edge areas – for example, in the financial sector – helps increase the impact of IMF policy advice, keeps the institution up-to-date on innovations and risks to the global economy, and help address crisis-related challenges and spillovers.

Technical assistance and training are an important complement to the IMF’s other core functions of surveillance and lending. Specialized technical assistance and training from the IMF help build both institutional and human capacity in countries for effective policymaking. Moreover, the IMF’s surveillance and lending work often helps identify areas in which technical assistance and training can have the biggest impact. New training courses have been offered, for example, in the areas of inclusive growth, financial inclusion, and external vulnerabilities. In view of these linkages, achieving greater integration among technical assistance, training, surveillance, and lending operations is a key priority for the IMF.

The IMF provides technical assistance in its areas of core expertise: macroeconomic policy, tax policy and revenue administration, expenditure management, monetary policy, the exchange rate system, financial sector stability, legislative frameworks, and macroeconomic and financial statistics. In particular, efforts in recent years to strengthen the international financial system and fiscal and debt policies have triggered additional demands for IMF technical assistance. For example, countries have asked for help to address financial sector weaknesses identified within the framework of the joint IMF-World Bank Financial Sector Assessment Program and to adopt and adhere to international standards and codes for financial, fiscal, and statistical management.

The IMF delivers technical assistance in various ways. Depending on the nature of the assignment, support is often provided through staff missions of limited duration sent from headquarters, RTACs, or the placement of experts and/or resident advisors for periods ranging from a few weeks to a few years. Donor partner support has been essential for the IMF to meet the urgent needs of member countries for capacity development through RTACs, RTCs, trust funds, and bilateral programs.

The IMF provides training courses in a number of disciplines, including macro-financial linkages, monetary and fiscal policy, balance of payment issues, financial markets and institutions, and statistical and legal frameworks. The IMF has redesigned its training curriculum and course offerings for CY2017. The curriculum redesign complements and enhances the Fund’s overall objective to help countries achieve macroeconomic stability and sustainable growth, reflects countries’ changing needs for training as the global economy becomes more competitive and fast-moving, and helps promote human capital development, which is key to countries’ success and prosperity. The IMF’s training courses are advertised a year ahead in a catalog that is available online. Admission to courses may be either by invitation or by application. The published catalog is supplemented with online course announcements that reflect reprioritization and changing demands.

Hands-on, policy-oriented training in macroeconomics, finance, and related operational fields for country officials is also delivered through RTCs and RTPs.. This training helps to strengthen the formulation and implementation of sound policies and the quality of the country’s policy dialogue with the IMF.

The IMF has significantly scaled up online learning as a vehicle to deliver training in macroeconomics and finance to government officials. Online courses are also being made freely available to the general public through so-called massive open online courses (MOOCs). Around 7,000 government officials (and 6,400 non-government participants) have successfully completed an online course since the launch of the program in late 2013.

The IMF is strengthening its results-based management framework to facilitate systematic planning and improved monitoring of capacity development activity. This will be complemented by a new common evaluation framework to improve the ability to measure and compare the performance of different kinds of technical assistance and training across the IMF. Evaluation will help determine, for example, the degree to which technical assistance has improved the quality of economic statistics, macroeconomic stability, public finance management systems, and financial governance [4]. It will help determine whether training has improved job performance of government officials, and improved their ability to analyze economic developments and assess policy effectiveness.

The IMF will continue to rely on both external and internal evaluations to assess the effectiveness of its technical assistance and training. Evaluations are conducted mid-way through each RTAC funding cycle and at the end of each course offering. TA recipients across RTACs have consistently rated the efficacy of IMF technical assistance either «good» or «excellent». In a 2015 survey, 92 percent of responding agencies said that their staff values IMF training more than training by other providers on similar topics.

The IMF has a management team and 17 departments that carry out its country, policy, analytical, and technical work. One department is charged with managing the IMF’s resources. This section also explains where the IMF gets its resources and how they are used.

The IMF is led by a Managing Director, who is head of the staff and Chairman of the Executive Board. The Managing Director is assisted by a First Deputy Managing Director and three other Deputy Managing Directors. The Management team oversees the work of the staff and maintains high-level contacts with member governments, the media, non-governmental organizations, think tanks, and other institutions.

The IMF's Executive Board is responsible for selecting the Managing Director. Any Executive Director may submit a nomination for the position, consistent with past practice. When more than one candidate is nominated, as has been the case in recent years, the Executive Board aims to reach a decision by consensus.

Most resources for IMF loans are provided by member countries, primarily through their payment of quotas. Multilateral and bilateral borrowing work as a second and third line of defense by providing a temporary supplement to quota resources. These temporary resources played a critical role in enabling the IMF to provide exceptional financial support to its member countries during the global economic crisis. Concessional lending and debt relief for low-income countries are financed through separate contribution-based trust funds.

Each member of the IMF is assigned a quota, based broadly on its relative size in the world economy. This determines its maximum contribution to the IMF’s financial resources. On joining the IMF, a country normally pays up to one-quarter of its quota in the form of widely accepted foreign currencies (such as the U.S. dollar, euro, the Chinese renminbi, yen, or pound sterling) or Special Drawing Rights (SDRs). The remaining three-quarters are paid in the country’s own currency.

Quotas are reviewed at least every five years. In 2010, the 14th General Review of Quotas was completed, with IMF member countries agreeing to double quota resources to SDR 477 billion. These changes came into effect in January 2016.

While quotas are the IMF’s main source of financing, the IMF can supplement these resources through multilateral borrowing if it believes that its capacity to lend might fall short of member countries’ requirements. The New Arrangements to Borrow (NAB) are the IMF’s main backstop for quota resources. Through the NAB, a number of member countries and institutions stand ready to lend additional resources to the IMF. The General Agreements to Borrow (GAB) allows further IMF borrowing from a more limited number of countries. The NAB and the GAB constitute a second line of defense, ensuring the IMF has sufficient capacity to lend, for example in the event of a major financial crisis.

Bilateral borrowing temporarily supplemented IMF resources to ensure that the IMF could meet the borrowing needs of its member countries during the global financial crisis. The IMF first entered into bilateral borrowing agreements in 2009–2010. These agreements were subsequently incorporated into the NAB. In 2012, with the deepening of euro area crisis, the IMF and several members agreed on another round of bilateral borrowing for four years, as a third line of defense after the quota and NAB resources. In 2016, in view of continued uncertainty in global economy, the membership committed to maintain bilateral borrowing, under a new improved framework, through at least the end of 2019.

The IMF can use its quota-funded holdings of currencies of financially strong economies to finance lending. The member countries that participate in the financing of IMF transactions are selected by the Executive Board on a periodic basis and include both advanced and emerging market economies. The IMF’s holdings of these currencies, together with its own SDR holdings, make up its usable resources. As explained above, the IMF can temporarily supplement these resources by borrowing.

The amount the IMF has readily available for new (non-concessional) lending is indicated by its forward commitment capacity (FCC). This is determined by its usable resources – including amounts committed under the IMF’s standing multilateral borrowing arrangements – plus projected loan repayments over the subsequent twelve months, less the Fund’s repayment obligations on its borrowing in the subsequent twelve months, less the resources that have already been committed under existing lending arrangements, less a prudential balance.

Through the New Arrangements to Borrow (NAB), the IMF’s main backstop for quota resources, a number of member countries and institutions stand ready to lend additional resources to the IMF. The General Agreements to Borrow (GAB) allows IMF borrowing from a more limited number of countries.

The NAB is a set of credit arrangements between the IMF and 38 member countries and Institutions, including a number of emerging market countries. The NAB is used in circumstances in which the IMF needs to supplement its quota resources for lending purposes. The NAB is subject to periodic renewal. In

November 2016, the IMF's Executive Board approved its renewal for another five years starting in November 2017 (table 1) [1].

Table 1 – Participants and Amounts of Credit Arrangements (in Millions of SDRs)

Current Participants	Amount
Australia	2,220.45
Austria	1,818.49
Banco Central de Chile	690.97
Banco de Portugal	783.50
Bangko Sentral ng Pilipinas	340.00
Bank of Israel	340.00
Belgium	3,994.33
Brazil	4,440.91
Canada	3,873.71
China	15,860.38
Cyprus	340.00
Danmarks Nationalbank	1,629.76
Deutsche Bundesbank	12,890.02
Finland	1,133.88
France	9,479.16
Hong Kong Monetary Authority	340.00
India	4,440.91
Italy	6,898.52
Japan	33,508.50
Korea	3,344.82
Kuwait	341.29
Luxembourg	493.12
Malaysia	340.00
Mexico	2,537.66
National Bank of Poland	1,285.40
Netherlands	4,594.80
New Zealand	340.00
Norway	1,966.69
Russian Federation	4,440.91
Saudi Arabia	5,652.74
Singapore	648.55
South Africa	340.00
Spain	3,405.14
Sveriges Riksbank	2,255.68
Swiss National Bank	5,540.66
Thailand	340.00
United Kingdom	9,479.16
United States	28,202.47
Total	*180,572.58*
New Participants	
Greece	840.60
Ireland	957.97
Total after adherence by new participants	*182,371.15*

As part of efforts to overcome the global financial crisis, in April 2009, the Group of Twenty industrialized and emerging market economies (G20) agreed to increase the resources available to the IMF by up to $500 billion, thus tripling total pre-crisis lending resources of about $250 billion.

This broad goal was endorsed by the International Monetary and Financial Committee (IMFC). The increase was made in two steps: first, through bilateral financing from IMF member countries; second, by incorporating this financing into an expanded and more flexible NAB.

The original NAB was proposed at the 1995 G7 Halifax Summit following the Mexican financial crisis. Growing concern that substantially more resources might be needed to respond to future financial crises prompted participants in the Summit to call on the G10 and other financially strong countries to develop financing arrangements that would double the amount available under the GAB. In January 1997, the IMF’s Executive Board adopted a decision establishing the NAB, which became effective in November 1998.

The amended NAB, which became effective on March 11, 2011, increased the maximum amount of resources available to the IMF under the NAB to SDR 370 billion (about $580 billion at the time), from SDR 34 billion. To make the expanded NAB a more effective tool of crisis prevention and management, the loan-by-loan activation under the original NAB was replaced by the establishment of general activation periods of up to six months. The activation periods are subject to a specified maximum level of commitments.

In the context of the agreement in December 2010 to double the IMF’s quota resources under the 14th General Review of Quotas, members agreed on a corresponding rollback of the NAB, resulting in a shift in the composition of the IMF’s resources from NAB to quotas. Following the payments for quota increases under the 14th Review in February 2016, the NAB has been rolled back from SDR 370 billion (about $508 billion) to SDR 182 billion (about $250 billion).

The IMF’s Managing Director must make a proposal to activate the NAB. The proposal becomes effective when accepted by participants representing 85 percent of total credit arrangements and eligible to vote. Approval by the IMF’s Executive Board is also required. The NAB was activated for the first time in December 1998. Since its enlargement in March 2011, the NAB has been activated ten times. The last activation was terminated at the end of the quota payment period for the quota increases under the 14th Review (February 25, 2016).

The GAB enables the IMF to borrow specified amounts of currencies from 11 advanced countries (or their central banks), under certain circumstances. The GAB may only be activated when a proposal to activate NAB is rejected by NAB participants.

The potential amount of credit available to the IMF under the GAB totals SDR17 billion (about $23 billion), with an additional SDR 1.5 billion available under an associated arrangement with Saudi Arabia. The GAB was established in 1962 and expanded in 1983 to SDR17 billion, from about SDR6 billion. It has been activated ten times, the last time in 1998. The GAB and the associated credit arrangement with Saudi Arabia was renewed, without modifications, for a period of five years from December 26, 2013 (table 2) [1].

Table 2 – GAB Participants and Credit Amounts

Participant	Original GAB (1962–1983) Amount (SDR million[1])	Enlarged GAB (1983–2018) Amount (SDR million)
Belgium	143	595
Canada	165	893
Deutsche Bundesbank	1,476	2,380
France	395	1,700
Italy	235	1,105
Japan[2]	1,161	2,125
Netherlands	244	850
Sveriges Riksbank	79	383
Swiss National Bank	-	1,020
United Kingdom	565	1,700
United States	1,883	4,250
Total	*6,344*	*17,000*
Saudi Arabia (associated credit arrangement)		1,500

[1] SDR equivalent as at October 30, 1982.
[2] 250,000 million yen entered into effect on November 23, 1976.
Note: Total may not equal sum of components due to rounding.

The international community recognized that the IMF’s financial resources were as important as ever and were likely to be stretched thin before the crisis was over. With broad support from creditor countries, the Fund’s lending capacity was tripled to around $750 billion. To use those funds effectively, the IMF overhauled its lending policies, including by creating a flexible credit line for countries with strong economic fundamentals and a track record of successful policy implementation. Other reforms, including ones tailored to help low-income countries, enabled the IMF to disburse very large sums quickly, based on the needs of borrowing countries and not tightly constrained by quotas, as in the past.

Ukraine became an IMF member-state according to the Law of Ukraine «On Ukraine's accession to the International Monetary Fund, International Bank for Reconstruction and Development, International Finance Corporation, International Development Association and the Multilateral Investment Guarantee Agency» of June 3, 1992.

Ukraine has been actively cooperating with the IMF since 1994 by using its financial and technical resources to achieve macroeconomic stability and to build up the necessary conditions for economic reforms. Such cooperation had been mainly carried out in the framework of 8 joint programs – STF (systemic transformation facility), «Stand-By» (stabilization loan), EFF arrangement (loan to support development), precautionary «Stand-By».

The Government of Ukraine requested the IMF to start negotiations on the preparation of the new loan agreement between the Fund and Ukraine in February 2014 after two years break in relations. On April 30, 2014 the IMF Executive Board approved a new joint program "Stand-By" for the next 2 years, allocating for Ukraine the amount of $17.1 billion. In this connection Ukraine received two tranches: 3.2 billion USD in May and 1.4 billion USD in September 2014.

The agreement to expand financial support for Ukraine by replacing the existing IMF «Stand-By» program for the long-term EFF program was achieved in January 2015.

The Executive Board of International Monetary Fund made a decision on the transition to the long-term EFF program allocating for Ukraine $17.5 billion on March 11, 2015. This four-year Program provides support for the economic and financial stability in Ukraine. The first tranche in the amount of $5 billion entered Ukraine in March 2015. The decision to allocate for Ukraine the second tranche in the amount of $1,7 billion (EFF program) was made during the regular meeting of the IMF Executive Board held on July 31, 2015.

Conclusions. Thus, upon the founding of the IMF, its three primary functions were: to oversee the fixed exchange rate arrangements between countries, thus helping national governments manage their exchange rates and allowing these governments to prioritise economic growth, and to provide short-term capital to aid the balance of payments. This assistance was meant to prevent the spread of international economic crises. The IMF was also intended to help mend the pieces of the international economy. As well, to provide capital investments for economic growth and projects such as infrastructure. The IMF is mandated to oversee the international monetary and financial system and monitor the economic and financial policies of its member countries. This activity is known as surveillance and facilitates international cooperation. The Fund typically analyzes the appropriateness of each member country's economic and financial policies for achieving orderly economic growth, and assesses the consequences of these policies for other countries and for the global economy. Member countries of the IMF have access to information on the economic policies of all member countries, the opportunity to influence other members' economic policies, technical assistance in banking, fiscal affairs, and exchange matters, financial support in times of payment difficulties, and increased opportunities for trade and investment.

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ABSTRACT

Fedoruk O.V. The role of the International Monetary Fund in the system of global economic security. Visnyk National Transport University. Series «Economic sciences». Scientific and Technical Collection. – Kyiv: National Transport University, 2016. – Issue 3 (36).

The article explores the role of the International Monetary Fund in the system of global economic security; ascertains IMF surveillance forms for the currency policy of member countries; substantiates the IMF credit and financial activity.

Object of research – the process of economic security in international relations.

Purpose of study – improving efficiency of activity of the International Monetary Fund in the system of global economic security.

Methods of research – method of abstracting, analysis and synthesis, induction and deduction, system approach.

The IMF's fundamental mission is to ensure the stability of the international monetary system. It does so in such ways: keeping track of the global economy and the economies of member countries, lending to countries with balance of payments difficulties and giving practical help to members. Technical assistance helps countries develop more effective institutions, legal frameworks, and policies to promote economic stability and inclusive growth. The IMF provides technical assistance in its areas of core expertise: macroeconomic policy, tax policy and revenue administration, expenditure management, monetary policy, the exchange rate system, financial sector stability, legislative frameworks, and macroeconomic and financial statistics.

Forecast assumptions about the object of study – improvement of the mechanism of ensuring economic security in international relations.

KEYWORDS: INTERNATIONAL MONETARY FUND, FINANCIAL STABILITY, SUSTAINABLE ECONOMIC GROWTH, ECONOMIC AND FINANCIAL POLICIES, INTERNATIONAL MONETARY SYSTEM, TECHNICAL ASSISTANCE AND TRAINING.

РЕФЕРАТ

Федорук О.В. Роль Міжнародного валютного фонду в системі забезпечення глобальної економічної безпеки / О.В. Федорук // Вісник Національного транспортного університету. Серія «Економічні науки». Науково-технічний збірник. – К. : НТУ, 2016. – Вип. 3 (36).

У статті досліджено роль Міжнародного валютного фонду в системі забезпечення глобальної економічної безпеки; з'ясовано форми нагляду МВФ за валютною політикою країн-членів; обґрунтовано кредитно-фінансову діяльність МВФ.

Об'єкт дослідження – процес гарантування економічної безпеки в міжнародних відносинах.

Мета дослідження – підвищення ефективності діяльності Міжнародного валютного фонду в системі забезпечення глобальної економічної безпеки.

Методи дослідження – абстрагування, аналіз і синтез, індукція та дедукція, системний підхід.

Основне завдання МВФ полягає у забезпеченні стабільності міжнародної валютної системи. Це досягається такими методами: моніторинг світової економіки та економік країн-членів, кредитування країн з проблемами платіжного балансу, надання практичної допомоги країнам – членам МВФ. Технічна допомога сприяє розробці більш ефективних інститутів, правових рамок і політики щодо забезпечення економічної стабільності та інклюзивного зростання. МВФ надає технічну допомогу в основних сферах його компетенції, а саме: макроекономічна політика, податкова політика та адміністрування доходів, управління витратами, грошово-кредитна політика, система валютного курсу, стабільність фінансового сектора, законодавчі рамки, а також макроекономічна і фінансова статистика.

Прогнозні припущення щодо розвитку об'єкта дослідження – удосконалення механізму гарантування економічної безпеки в міжнародних відносинах.

КЛЮЧОВІ СЛОВА: МІЖНАРОДНИЙ ВАЛЮТНИЙ ФОНД, ФІНАНСОВА СТАБІЛЬНІСТЬ, СТАЛЕ ЕКОНОМІЧНЕ ЗРОСТАННЯ, ЕКОНОМІЧНА ТА ФІНАНСОВА ПОЛІТИКА, МІЖНАРОДНА ВАЛЮТНА СИСТЕМА, ТЕХНІЧНА ДОПОМОГА ТА НАВЧАННЯ.

РЕФЕРАТ

Федорук О.В. Роль Международного валютного фонда в системе обеспечения глобальной экономической безопасности / О.В. Федорук // Вестник Национального транспортного университета. Серия «Экономические науки». Научно-технический сборник. – К. : НТУ, 2016. – Вып. 3 (36).

В статье исследована роль Международного валютного фонда в системе обеспечения глобальной экономической безопасности; выяснены формы надзора МВФ за валютной политикой стран-членов; обоснована кредитно-финансовая деятельность МВФ.

Объект исследования – процесс обеспечения экономической безопасности в международных отношениях.

Цель исследования – повышение эффективности деятельности Международного валютного фонда в системе обеспечения глобальной экономической безопасности.

Методы исследования – абстрагирование, анализ и синтез, индукция и дедукция, системный подход.

Основная задача МВФ заключается в обеспечении стабильности международной валютной системы. Это достигается такими способами: мониторинг мировой экономики и экономик стран-членов, кредитование стран с проблемами платежного баланса, предоставление практической помощи странам – членам МВФ. Техническая помощь способствует разработке более эффективных институтов, правовых рамок и политики по обеспечению экономической стабильности и инклюзивного роста. МВФ оказывает техническую помощь в основных сферах его компетенции, а именно: макроэкономическая политика, налоговая политика и администрирование доходов, управление расходами, денежно-кредитная политика, система валютного курса, стабильность финансового сектора, законодательные рамки, а также макроэкономическая и финансовая статистика.

Прогнозные предположения о развитии объекта исследования – усовершенствование механизма обеспечения экономической безопасности в международных отношениях.

КЛЮЧЕВЫЕ СЛОВА: МЕЖДУНАРОДНЫЙ ВАЛЮТНЫЙ ФОНД, ФИНАНСОВАЯ СТАБИЛЬНОСТЬ, УСТОЙЧИВЫЙ ЭКОНОМИЧЕСКИЙ РОСТ, ЭКОНОМИЧЕСКАЯ И ФИНАНСОВАЯ ПОЛИТИКА, МЕЖДУНАРОДНАЯ ВАЛЮТНАЯ СИСТЕМА, ТЕХНИЧЕСКАЯ ПОМОЩЬ И ОБУЧЕНИЕ.

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