The article discusses the credit policy of the International Monetary Fund and its changes due to the coronavirus pandemic. The main goal of cooperation between Ukraine and the IMF has been established, which is manifested in the creation of a stable Ukrainian financial system. The program of further cooperation between Ukraine and the IMF in the event of a coronavirus pandemic was also considered. The article identifies the impact of coronavirus infection on unemployment in Ukraine. The IMF has identified changes to the Trust Fund to increase funding to counter the risk of Covid-19 infection, expanding the existing lending program, providing concessional financing and increasing the number of grants. It has been established that the IMF is a very important component of the development of the world economy. Its credit programs help solve balance of payments problems, or in such difficult times as the coronavirus pandemic, allows countries to withstand the pressure of the crisis.

**Key words:** IMF, crediting, pandemic, financing, unemployment.

**Statement of the problem**

Throughout 2020 the whole world was fighting the COVID-19 pandemic. At the moment there is a second wave of the disease, which has a very negative impact not only on the human condition but also on the economic condition of countries. To support weak economies the IMF Board decided to change its credit policy in relation to financing instruments to combat COVID-19 and its consequences.

**Analysis of recent research and publications**

Among the authors who study the activities of international financial organizations the works of scientists R. Betsma, A. Bradsma, C. Gray, T. Edison, S. Fisher, and others are worth noting. In the works of scientists V. Kuznetsov, G. Trofimov, I. Trunin the world monetary and financial system and lending activities of the IMF and the World Bank were analyzed. The problems of world monetary and financial relations were considered in the
works of Ukrainian researchers and economists such as V. Andriichuk, O. Belarus, I. Maiboroda.

**Objectives of the article**

Based on the above we can formulate the task of the study which is to examine the change in the IMF credit policy to counteract the economic consequences of COVID-19.

**The main material of the research**

The IMF was established in July 1944 at the Bretton Woods Conference of the United Nations in New Hampshire, USA. 44 countries sought to lay the groundwork for international economic cooperation and to avoid a repeat of the competitive currency devaluation that contributed to the Great Depression of the 1930s. 189 countries are currently the members of the International Monetary Fund. Mandatory contributions to the IMF are paid each year according to the country’s economic potential. These funds create a fund through which countries can then seek help.

The main goals of the IMF are:
- promoting cooperation between countries by foreign exchange transactions;
- expanding international trade, reducing unemployment and improving the economic conditions of member countries;
- creation of conditions for settlements between countries on current transactions and elimination of currency restrictions;
- issuance of loans and credits in foreign currency to settle balances of payments;
- control member states’ compliance with the rules of conduct in international monetary relations.

To achieve its goals the IMF carries out the following activities.

1. Observes changes in the economic and financial situation, policies in the member states at the global level and makes recommendations to member states on economic policy based on more than fifty years of its experience.
2. Provides loans to member states experiencing balance of payments problems not only for the purpose of temporary financing but also to support stabilization and reform policies aimed at solving the major problems.
3. Provides technical assistance to the governments and central banks of the member states, conducts training within its competencies [1].

Lending rules vary depending on the situation in the country. For example, a country facing a sudden drop in prices for basic export goods may need financial assistance to implement measures to strengthen its economy and expand its export base. A country suffering from a severe outflow of capital may need to solve issues that have led to a loss of investor confidence or interest rates may be too low; the budget deficit and debt are growing too fast or the banking system is inefficient or poorly regulated.

As a rule the government and the IMF must agree on an economic policy program before the IMF provides a loan to the country. Countries are required to take certain policy actions, known as conditionality policies, which are an integral part of IMF loans in most cases.

There are two types of IMF lending: soft lending, at minimal or zero interest rates for developing countries, and lending at non-preferential interest rates (Table 1). There

<table>
<thead>
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<th>Table 1 – Types of IMF lending [1]</th>
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<tr>
<td><strong>Non-preferential lending</strong></td>
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<tr>
<td><strong>Type</strong></td>
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<tr>
<td>Stand-by loan</td>
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<td>Flexible line of credit</td>
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<td>Line of preventive support and liquidity</td>
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<td>Extended lending mechanism</td>
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<td>A tool for accelerated financing</td>
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- Designed to help countries overcome short-term balance of payments problems. The term is usually 12–24 months, the loan is repaid within 3–5 years from the date of actual provision.
- Countries with good economic performance can turn to this mechanism to support future reforms. The maturity dates of the GCL are the same as in the stand-by.
- Designed for countries with strong core economic indicators, sound economic policies and successful experience of such policies. The duration of the LPL agreement is six months or one to two years. The maturity of LPL is the same as in the stand-by.
- This mechanism is designed to assist countries in overcoming medium- and longer-term balance of payments problems. The term of the agreements usually does not exceed 3 years at the time of approval. Maturity: 4–10 years from the date of actual provision of funds.
- Each member state may, in complying with the requirements, receive rapid financial assistance in the event of an urgent need to settle the balance of payments. Access within the framework is limited to an annual limit of 37.5 percent of the quota.
are five types of programs of non-preferential lending and four types of soft lending [2].

According to the Law of Ukraine No. 2402-XII “On Ukraine’s Accession to the International Monetary Fund” of May 3, 1992, Ukraine became a member of the International Monetary Fund on legal terms. The IMF’s financial assistance to Ukraine currently stands at 16.61 billion taking into account all financial tranches.

The main goal of cooperation between Ukraine and the International Monetary Fund is to create a stable Ukrainian financial system, create conditions for gradual economic growth and economic reforms. Based on its experience the fund helps Ukraine to effectively implement the reform program. Cooperation with the IMF also attracts other international financial institutions to work together.

In August 2019 after the last tranche from the IMF Ukraine started negotiations with the new government on the introduction of a new Stand-By program to revitalize the financial system. And in December 2019 after discussing the program and determining the conditions for assistance an agreement was reached on a new three-year program “EFF” totaling $ 5.5 billion.

The COVID-19 pandemic changed the IMF’s approach to credit policy creating completely new tools and changing the cooperation program to the familiar Stand-by which focuses on supporting Ukraine’s macroeconomic policy for a period of 18 months and a total of $ 5 billion [3].

Covid-19 not only influenced Ukraine’s cooperation with the IMF but in general changed the direction of credit policy and redirected it.

The COVID-19 pandemic is a health emergency caused by a COVID-19 infection that began in 2019 and is still spreading.

As a result of the pandemic, many countries are experiencing a crisis. At the beginning of the pandemic Chinese companies lost 38% of profits, car sales fell by 92% although this market was quite developed [4].

According to the World Trade Organization, world trade is expected to fall by about 13-32% in 2020 [5].

The peculiarities of the new crisis are not only that it reduces the profits of corporations, but also that it changes the principles of production and delivery of goods, destroys entire sectors of the economy, the most striking example is the complete collapse of the tourism sector.

The COVID-19 pandemic could also increase unemployment in the world which is currently being observed both in Ukraine and around the world and may soon lead to a record increase in the number of people, and about 500 million people will be living below the poverty line.

According to Figure 1 we can see that during the quarantine period, from 2019 to 2020, unemployment increased by 1.3 percent. This level was also observed in 2017 and was the highest in the last decade.

The IMF has two mechanisms: an accelerated lending mechanism established in 2009, and an accelerated financing instrument introduced in 2011 which can provide emergency financial assistance to member countries without the need for a full-fledged program. Funds for these loans can be provided very quickly to help member states deal with emergencies such as the spread of COVID-19 [1].

In response to the COVID-19 crisis the Executive Board of the International Monetary Fund (IMF) approved a number of changes to improve the Trust Fund for Disaster Reduction and Disaster Management to enable the Fund to help poor countries alleviate the debt burden.

The IMF Board first called on the G20 to postpone debt collection on credit agreements from the governments of the world’s poorest countries.

He also called for the replenishment of the trust fund which at the time had only $ 200 million for the world’s poorest countries. The United Kingdom has responded to this call with a commitment to provide $ 183 million. Other donors, including Japan and China, have also announced plans to make significant contributions.

Through these contributions the transformed IMF Trust Fund for Disaster Reduction and Disaster Recovery will be able to accelerate debt relief for the IMF to more of the poorest and most vulnerable member states [1].

The IMF has the following mechanisms to assist countries in counteracting the economic consequences of COVID-19 spreading.

Implementation of financing with help of the Rapid Credit Facility and Rapid Financing Instruments which

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**Figure 1 Unemployment rate 2010-2020 (in working age) [6]**
allow to provide financial assistance to member countries in a short time without drawing up a full-fledged program.

To avoid the negative economic consequences of COVID-19 it is necessary to expand the existing lending program. The IMF has modified existing programs to meet their new needs in the fight against COVID-19 infection.

In order to contain the catastrophic consequences of a reduction in GDP growth of 10 percent or more and a minimum per capita GDP of $ 1,175 funding shall be provided on preferential terms to member states.

In 2020 the IMF increased the number of grants to reduce the debt burden, and funding is provided by a trust fund to combat the effects of disasters for the poorest countries [7].

Since the beginning of the pandemic the IMF has provided financial support to 81 countries in the amount of 100 billion US dollars. In response to the IMF’s steps to mobilize funds to meet preferential lending needs, which could triple, IMF member countries have so far pledged $ 21 billion and in early October conducted a second round of debt servicing facilitation for the poorest countries affected by the crisis.

Despite some improvement in the outlook for the global economy the pandemic is not over and the threat of new outbreaks is still high. Therefore, the process of recovery of regions and industries is still long, uncertain and uneven. In addition, there is a threat of rising debt, unemployment and worsening inequality between people. Such an increase in vulnerabilities therefore may increase concerns about financial stability in some countries and regions [1].

Conclusions from the study

The IMF is a very important component of the development of the world economy. Its credit programs help solve balance of payments problems, or COVID-19 allow countries to withstand the pressure of the crisis in such a difficult time as the COVID-19 pandemic.

At the moment, the IMF’s credit policy has completely stopped its main activities and redirected its actions to the recovery of the world’s economies, with special attention paid to the poorest countries.

This is important for achieving sustainable, sustainable, balanced and inclusive growth.

The 20 strongest countries supported the IMF’s efforts to expand the resources of soft loans and contributed to the timely settlement of sovereign debt and the development of instruments to combat the crisis.

The most important area of IMF financing today is the research, development, production and distribution of COVID-19 diagnostic agents, therapeutics and vaccines.

But despite the challenges of COVID-19 the IMF’s credit policy must also return to long-standing challenges such as trade recovery, information development and climate change because the incentives used to strengthen the boost could also be aimed at moving towards a green economy which is resistant to climate change.

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