

## **The Financial Counsellor and Director of the International Monetary Fund's Monetary and Capital Markets Department visits Ukraine to meet with the principal stakeholders**

*The Financial Counsellor and Director of the International Monetary Fund's Monetary and Capital Markets Department (MCM) – Mr. Tobias Adrian - visited Kyiv (January 29-30, 2019) to meet with its principal stakeholders in Ukraine. This included the National Bank of Ukraine (NBU), the Ministry of Finance of Ukraine (MoF), the National Securities and Stock Market Commission (NSSMC), and two of the key donors who funded this engagement – the Canadian Embassy (representing the Government of Canada) and the Embassy of the Kingdom of the Netherlands (representing the Government of the Netherlands).*

*Mr. Adrian was impressed with the progress achieved by the NBU aided by the close technical collaboration between MCM and the Bank. He particularly highlighted the leadership role of the NBU in the reform and modernization of the banking sector and the transformation of the central bank itself into a more vibrant, transparent and independent entity. All these, he stressed, were made possible by the generous financial support of the Government of Canada in funding the extensive multi-year technical assistance program dating back to 2009 (and still on-going). These gains, he noted, carry significant beneficial outcomes for the broader economy. He also welcomed the NBU's support for the passage of the "split" law to re-allocate non-bank financial sector regulatory responsibilities to the NBU and the NSSMC, further strengthening the financial sector regulatory environment in Ukraine. In the context of the expected passage of the "split" law, the Director also met with the Chairman of the NSSMC and discussed the NSSMC's expectations for forward-looking technical assistance including the planned implementation of IOSCO principles (which will become possible by the envisaged adoption of law #6303) and a common clearing arrangement.*

*Reflecting on the technical cooperation with the MoF, he highlighted the focus of the initiative as: (i) enhancing the governance of state-owned banks, and (ii) assisting with the resolution of non-performing loans (NPLs) at state-owned banks. Both of these workstreams commenced in October 2018, with the generous funding from the Government of the Netherlands. Because of the need for proper sequencing of the reforms, the technical assistance to the MoF is making measured progress in developing and operationalizing a strategy for enhancing the governance of state-owned banks, with the initial focus being on selecting and appointing independent supervisory boards for these entities. Culmination of this effort will lead to the formulation and implementation of an effective strategy to resolve NPLs at these banks.*

*He also thanked the NBU and the MoF for the constructive engagement with the IMF exemplified by the strong link between MCM's technical assistance and the IMF's program arrangements (including the new Stand-by Arrangement (SBA)), which undoubtedly has resulted in the passage of key legislations, implementation of significant supportive macroeconomic policy initiatives, and the building of institutions. The successful technical cooperation between MCM and the NBU, he noted, is now seen a global flagship initiative both within the IMF and the wider donor community.*