MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
SUMY STATE UNIVERSITY
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QUALIFICATION PAPER

on the topic "PROBLEMS AND FEATURES OF THE COUNTRY'S EXTERNAL PUBLIC DEBT MANAGEMENT. UKRAINIAN EXPERIENCE"
Specialty 292 "International Economic Relations"

Student ____IV____ Course ___________ V. M. Shevtsova
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It is submitted for the Bachelor's degree requirements fulfillment.

Qualifying Bachelor's paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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Sumy, 2022

ABSTRACT

on bachelor's degree qualification paper on the topic

«PROBLEMS AND FEATURES OF THE COUNTRY'S EXTERNAL PUBLIC DEBT MANAGEMENT. UKRAINIAN EXPERIENCE»

student Shevtsova Valeriia

(full name)

The main content of the bachelor's degree qualification paper is presented on 52 pages, including references consisted of 42 used sources, which is placed on 5 pages. The paper contains 6 table and 9 figures.

Keywords: PUBLIC DEBT, EXTERNAL DEBT OF UKRAINE, DYNAMICS, PROBLEMS AND PROSPECTS, RESTRUCTURING.

The purpose of the bachelor's degree qualification paper is to analyze foreign public debt and its implications, as well as debt restructuring prospects and instruments. To compare external public debt of foreign countries and external public debt of Ukraine. To determine the problems and prospects of public debt.

The object of the research is the public debt in foreign countries and public debt of Ukraine.

The subject of research is financial relations that occur between the state and other economic organizations in the process of attracting, distributing, using, and repaying credit are the focus of the study.

In the process of research depending on the goals and objectives, the following methods of scientific research were used: historical, comparative, method of statistical analysis, processing of literary sources, and the method of displaying the results of scientific research in graphical and tabular forms.

Theoretical basis. The work of domestic and international experts committed to the subject of public debt forms the theoretical foundation of the argument. Base of knowledge. Legislative – normative acts of Ukraine, statistical data, practical materials of the Ministry

of Finance of Ukraine, and the Accounting Chamber of Ukraine constitute the basis of the diploma work.

Methodological basis. The diploma work's methodological foundation is a dialectical method of scientific knowledge, a systematic and complex approach to studying theoretical aspects of state debt formation and management, within which analysis, statistical grouping methods, and a method of figure representation are used.

According to the results of the study the following conclusions are formulated:

1. The public debt represents one of the main public finances, namely, the state debt is the total debt to which the state has given due consideration to internal and external borrowings as well as guarantees.

2. The strategic purpose of public debt management is to supply the necessary amounts of liquid cash to the general public administration while minimizing expenses associated with risks, repayment, and service of public debt; and to foster macroeconomic stability in the medium and long term.

3. The establishment of an effective management strategy is one of the major issues. A coordinated interaction of all departments and institutions responsible for the management process at all phases of the process is required to tackle this problem. The government should establish a debt management system that is both effective and efficient in order to ensure financial stability. The solution of the budget economy at all levels, the utilization of loans for the real sector of the economy, and the orientation to the domestic market are the primary areas of debt policy reform.

4. External debt restructuring is an effective tool of the external debt management system for reducing debt burden on the economy and restoring investor confidence, which will help to stabilize the national financial system and create conditions for strengthening the country's debt security.

The obtained results can be used in the process of development of the restructuring of the public debt of developing foreign countries and of Ukraine.

Results of approbation of the basic provisions of the qualification Bachelor work was considered at the conference “International economic relations and sustainable development 2022” the abstract was published.

The year of qualifying paper fulfillment is 2022.

The year of paper defense is 2022.

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TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations ")
student _4_ course, group _ME-82a
(course number) (group's code)
Shevtsova Valeriia Mykolayivna
(student's full name)

1. The theme of the paper is « Problems and features of the country's external public debt management. Ukrainian experience»
approved by the order of the university from « _05_ » _____05_____ 2022 №_ 0317-VI _

2. The term of completed paper submission by the student is«_27__» __05___2022
3. The purpose of the qualification paper is to analyze foreign public debt and its implications, as well as debt restructuring prospects and instruments. To compare external public debt of foreign countries and external
4. The object of the research is the public debt in foreign countries and public debt of Ukraine.
5. The subject of research is financial relations that occur between the state and other economic organizations in the process of attracting, distributing, using, and repaying credit are the focus of the study.
6. The qualification paper is carried out on materials of work of domestic and international experts committed to the subject of public debt forms the theoretical foundation of the argument. Base of knowledge. Legislative – normative acts of Ukraine, statistical data, practical materials of the Ministry of Finance of Ukraine, and the Accounting Chamber of Ukraine constitute the basis of the diploma work.
7. Approximate qualifying bachelor's paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 _______________ To research theoretical bases of public debt in foreign countries
Chapter 1 deals with financial and economic tools of external public debt management, the essence and features of external public debt. The main reasons for its formation, the management of public external debt, financial and economic mechanism of its

implementation, features of public debt management in foreign countries. Secure public debt. theory; the situation with cryptocurrencies within the world and in Ukraine.

Chapter 2 To analyze Analytical outlook of the international situation regarding the formation of external public debt in the world

Chapter 2 deals with the dynamics and features of external public debt by individual developed countries, the influence of public debt on macroeconomic situation in developing countries, structure and dynamics of external public debt formation in Ukraine.

Chapter 3 To define the problems and prospects of external public debt management in Ukraine.

Chapter 3 deals with the state and problems of public debt management in Ukraine, with prospects for improving debt policy in Ukraine and promising tools to restructure Ukraine's debt
policy.

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1	Phd, senior lecturer O. O. Kotenko	04.04.2022	
2	Phd, senior lecturer O. O. Kotenko	04.04.2022	
3	Phd, senior lecturer O. O. Kotenko	02.05.2022	

9. Date of issue of the task: « 29 » April 2022

CONTENT

INTRODUCTION

Relevance of the research topic. For Ukraine, the issue of public debt and its ramifications is extremely pressing. The large amount of state debt accumulated during the country's independence period has a negative impact on the country's economic situation, and servicing debt obligations places a strain on the state budget. A primary task of Ukraine's debt strategy is to address the problem of the state's reliance on borrowings, as well as the search for alternative sources of funding.

For someone without economic education, the public debt has a negative connotation, a lusty sense, and potentially harmful consequences, although there is a state debt component in every country's budget. It is not a threat if it does not violate central bank guidelines and has no effect on other macroeconomic indicators in terms of size and structure. Furthermore, public debt in highly developed countries is typically higher than in poor ones, and the relationship between country development and debt obligations is difficult to discern. As a result, it is not necessary to blame states' economic woes solely on debt.

The work of national scientists like O.I. Baranovsky, G.l. Voznyuk, A.g. Zagorodniy, and T.S. Slovzhenko is devoted to the problems of state debt. These scientists' work is focused on a thorough examination of state debt and its effects.

If external debt develops faster than GDP, it can be serviced by lowering the population's standard of life, which is not ideal or desired. A debt crisis occurs when a country is unable to manage and fulfill its financial obligations.

However, in other circumstances, when economic conditions are favorable, the state debt might actually benefit the state. As a result, while approving public debt management policies, particularly foreign debt management policies, it is vital to consider solutions that minimize losses to the population and the state while maximizing the debt's benefits and efficacy.

External state debt finance is thus a key component of the state's macroeconomic development, and it necessitates thorough study and the acquisition of international expertise in order to effectively manage it.

The first section of this thesis describes the theoretical base of the state debt, in particular the external one, describes the essence and classification of the state debt, its development. The elements to which the state debt is to be shared, research of scientists on the issue of the formation and definition of the state debt were considered. The policy of management of state foreign debt, financial and economic mechanism of its realization was considered. The peculiarities of public debt management in foreign countries were also described.

The second section highlighted the analytical view of the international situation regarding the formation of the external state debt in the whole, in particular on the examples of some developed countries, such as Poland, as a region-by-region country, and Turkey, as an analogueue of the “regional leader”. The impact of external public debt on the macroeconomic situation in developing countries was also considered.

The purpose and objectives of the research. The purpose of the diploma work is to examine foreign public debt and its implications, as well as debt restructuring prospects and instruments.

Object of research. The object of the research is the state debt.

Subject of research. Financial relations that occur between the state and other stakeholders in the process of attracting, distributing, using, and repaying credit are the focus of the study.

Theoretical basis. The work of domestic and international experts committed to the subject of public debt forms the theoretical foundation of the argument. Base of knowledge. Legislative – normative acts of Ukraine, statistical data, practical materials of the Ministry of Finance of Ukraine, and the Accounting Chamber of Ukraine constitute the basis of the diploma work.

Methodological basis. The diploma work's methodological foundation is a dialectical method of scientific knowledge, a systematic and complex approach to studying theoretical aspects of state debt formation and management, within which analysis, statistical grouping methods, and a method of figure representation are used.

1 FINANCIAL AND ECONOMIC TOOLS OF EXTERNAL PUBLIC DEBT MANAGEMENT

1.1 The essence and features of external public debt. The main reasons for its formation

The public debt represents one of the main public finances, namely, the state debt is the total debt to which the state has given due consideration to internal and external borrowings as well as guarantees. The issue of the study of the state debt and related state credit has a long history. The research on this topic was carried out in foreign and domestic scientific circles. The place of the state loan is considered to be England. They first used state loans to finance their own needs. This factor led to the economic rise of the country in the 18th century.

This technique, which helped England, was an example that began to be used by other countries in their activities. After the declaration of Ukraine’s independence, our state began the process of transforming the economy and bringing it into line with market requirements. To move to a new market-based economy, significant monetary injections were needed.

The countries that started the process of restructuring after the collapse of the USSR solved the problem of lack of funds at the expense of internal and external borrowing. That is why 1991 as a year of independence can be considered the first point in the history of the formation of the state debt of our country [4].

Scientists who studied the state debt interpreted it differently in economic essence. There is no unity concerning the definition of the term "state debt". Such scientists as P.A. Samuelson and V.D. Nordhaus defines the state debt as "the total amount of the government's debt obligations in the form of bonds and short-term loans". But they approach the consideration of the state debt as "debts accumulated in the government, as a result of taking money into a loan to finance the budget deficits that have arisen in the past."

Scientists A.G. Zagorodniy, T.S. Slovenia considers the state debt "as the amount of debt obligations arising from the debt of the software loans and non-payment of interest on them." In the draft Law of Ukraine, "the state debt of Ukraine" is an amount of country's debt due to the obligations arising from the execution of state loans and provision of state guarantees in monetary form. When considering other legislative acts, it is necessary to turn to the Budget Codex of Ukraine. This codex considers the state debt as the total amount of the state debt obligations, which consists of issued and outstanding debts, as well as debt obligations that come into force as a result of the loan guarantees issued or obligations arising under the laws or treaties.

To my research, I want to add consideration of the peculiarities of debt to the main features. The state debt is often divided into internal and external state debt. Internal state debt is the debt of the state that arises before its internal creditors. In Ukraine, domestic public debt is significantly less important than external borrowing, and only in recent years has there been a certain equality between them [13].

External state debt is the amount of debt that arises in the state before its external creditors. External debt is divided into the following elements:

1) on the types of loans granted, they are divided into loans granted by banking institutions or firms;

2) They are divided into credits given in commodity or currency form in the form of granting.

3) Assign investment and non-investment loans based on their intended use.

4) Loans for the short, medium, and long term, based on the time span over which the loan is to be repaid;

5) They are classified as preferential loans, high-interest loans, and compensatory loans under the terms of the grant.

6) according to the method of debt repayment – one-time and loans repaid in equal and irregular installments

External borrowing since our state became independent, to a large extent, has outplayed the role of a source of budget financing. Ukraine actively uses international loans for its own needs. The level of external debt has always exceeded the corresponding indicator of internal debt, and only recently has there been a desire by the state to be free from external loans and find sources of financing in the country.

According to the budget classification, external state debt is divided into state borrowings and state guarantees. State borrowing is the process of attracting money funds and property rights by the state through its authorized bodies in terms of maturity, payment, and return. That is, the funds are attracted for a certain period of time with the condition of payment of interest on the loan and with the requirement to repay the principal amount of the debt. State borrowings are divided into internal and external categories. State internal borrowing is an agreement with residents of the country on the realization of a monetary loan or issue of securities. Such a loan should be placed on the domestic market. State foreign borrowing is an agreement with non-residents of Ukraine on the issue of securities, or a monetary loan, which is placed on the foreign market [4].

The monies gained as a result of the state borrowing can only be used for specific programs that have been defined.

Other than Ukraine cash return, the state guarantee is the responsibility assumed by the state in person authorized bodies to refund the debt in favor of the creditor if the borrower fails to meet its obligations. The state guarantee is in the form of a governmental guarantee. State guarantees are realized by the signing of agreements or the issue of securities. Because there's a chance the borrower won't be able to pay the creditor the required amount of money, the obligation will be passed to the state, which was the agreement's guarantor.

The loan may be in domestic or foreign currency, depending on the market where it is made. Ukraine raises finances mostly in hryvnias via borrowing domestically. This is accomplished by the issuance of state securities, which are then traded on the domestic stock market. Borrowing in foreign currency is a result of foreign countries and some groups of international financial organizations attracting capital. Placement of securities in international markets is used.

The state debt cannot continue to expand in an erratic manner. It is difficult for the government to determine for you all of the time whether or not to take money out of a credit card loan. It is debatable the extent of the sovereign debt, both internal and external.

The section highlighted the essence and classification of the state debt and its drafting. The elements to which the state debt is to be shared, research of scientists on the issue of the formation and definition of the state debt were considered [4].

1.2 The management of public external debt, financial and economic mechanism of its implementation

Public debt management is a set of actions taken by the government to pay interest to creditors and repay debts, as well as to amend the terms of existing loans, specify new terms, and issue new loans. The issue of public debt management is ensuring the state's solvency and determining the true sources of repayment.

The state administration should take into consideration that public debt has realistic limitations beyond which it becomes a stabilizing force. Management of public debt without considering the objective needs and interests of financial institutions frequently has harmful implications. As a result, the state's debt security may deteriorate, its financial stability may deteriorate, foreign investors may be blocked, and the state may face bankruptcy [10].

Public debt management policy is an important part of financial policy and macroeconomic control. The management of public debt (PDM) in the market economy is a broad expression of the government's attitude toward financial resources, their allocation across sectors and generations, and macroeconomic coordinating tools. It is vital to comprehend a series of actions taken by the state and with a support of different authorities to determine the locations and terms of placement and repayment of state loans, as well as to ensure that such stakeholders like: borrowers, creditors, investors are aligned.

The strategic purpose of PDM is to supply the appropriate amounts of liquid funds to the general public administration while minimizing risks, repayment, and service of public debt; and to establish circumstances for macroeconomic stability in the medium and long term.

Optimization of the state debt structure; minimizing of expenses for paying the state debt; minimization of risks associated with this debt; encouragement of the development of the domestic market for state borrowing are the key concepts of PDM. The Ministry of Finance of Ukraine, or on its behalf and on behalf of other organizations and agencies, manages public debt [3].

The purpose of PDM is to achieve stable economic development, which includes assuring the necessary rates of GDP growth and full employment, reducing inflation, supporting social programs, establishing sufficient credit resources for business development, attracting the necessary volumes (and structure) of foreign investments, and so on.

It is vital to look for choices that minimize losses for the state and the population while managing public debt, especially external debt. Romania's experience is an anti-example in this regard, since the country paid off its foreign debt (USD 12 billion) completely between 1985 and 1989, but at the same time saw dramatic drops in earnings and living standards, resulting in an economic crisis.

Conversion, conversion, unification, exchange of regressive ratios, payback delay, debt cancellation, and debt redemption are some of the procedures used in PDM.

The term "conversion" refers to a shift in the loan's profitability. The state usually reduces the amount of interest paid on the loan, although the loan's profitability can be increased.

The term "consolidation" refers to a change in the loan's terms (both in the direction of increase and in the direction of decrease in the term of the loans already made). Consolidation and conversion may be combined in the future.

The combination of many loan positions into one is referred to as a loan unification. Unification can be done in conjunction with consolidation, but it can also be done separately.

With the goal of decreasing the state debt, the regressive ratio of front-end loan securities is exchanged for new ones. This is a highly unfavorable option because it implies the state's partial repayment of its debts.

The word "repayment delay" refers to a change in the conditions of a debt payment. It varies from consolidation in that not only are the repayment terms postponed during the delay, but also the interest income payment is stopped.

The employment of the procedures indicated above, in whole or in part, is referred to as restructuring.

The elimination of state debt refers to policies that totally eliminate the government's debt obligations. This could lead to a default, or the state's inability to meet its external obligations. In this circumstance, all creditor states have the ability to inflict extremely harsh sanctions on the debtor country. As a result, default is an extremely uncommon occurrence.

The buyout of debt, or providing the state-debtor with the opportunity to buy out its debt obligations on the secondary securities market at a discount for foreign currency, is one of the more recent ways of PDM.

It's important to keep in mind that foreign debts must be paid back. It cannot be the same as in Ukraine with debts to the population on Oschadbank deposits as of January 1, 1992 p. — our state does not recognize this debt as a fact, and thus does not appropriate the proper amounts for the compensation of valuable deposits [11].

Beyond a certain point, public debt becomes a source of stability, a factor that suppresses financial system expansion. To define the locations and terms of placement and repayment of state loans, as well as to ensure that the interests of borrowers, investors, and creditors are aligned, it is critical to understand a sequence of activities made by the state in the person of its authorized companies. The strategic goal of PDM is to provide the appropriate amounts of liquid cash to the general government while minimizing expenses associated with risks, repayment, and service of public debt; and to maintain medium and long-term macroeconomic stability.

1.3 Features of public debt management in foreign countries. Secure public debt

Economists frequently use measures like the percentage of total governmental debt to GDP to assess the level of debt security. It's worth noting that multiple methods for determining the public debt-to-GDP ratio's threshold value exist. According to methodological standards, a crucial level of 55 percent is taken into account while making all necessary calculations connected with the level of economic security of Ukraine. The findings of the analysis revealed that the public debt of Ukraine should not exceed 35–40 percent of GDP, as stipulated by international financial organizations, including the Memorandum on Cooperation with the IMF.

It should be mentioned that the maximum value of this coefficient under Ukraine's budget code is set at 60%. This barrier is based on European Union practice and is laid forth in the Maastricht Treaty (the basic economic agreement of the EU countries). However, the highest level of security for poor countries is set at 50% of GDP. This development can be explained by the fact that the European Union has a greater variety of governmental debt commitments than Ukraine. It's worth noting that state borrowing has always been and continues to be the most popular method of funding government spending.

As a result, state debt continues to rise in practically every country on the planet. The fact that this phenomena occurs in both established and developing economies is quite intriguing.

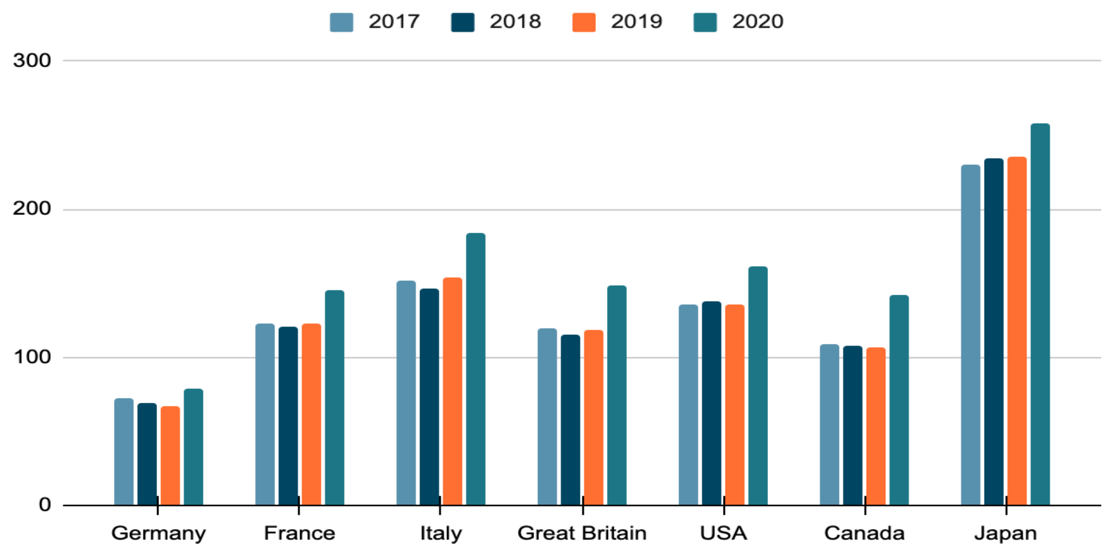

Figure 1.1 – The share of the state debt in GDP of the countries of the "large family" for the period 2017–2020*

*Source: Ministry of finance of Ukraine [12]

Figure 1.1 shows that a considerable number of industrialized countries are heavily in debt. Japan is the world's largest debtor. In second place is the United States of America. Their state debt is just over a trillion dollars. The euro area's most economically developed countries are lagging far behind us, following the lead of the United States.

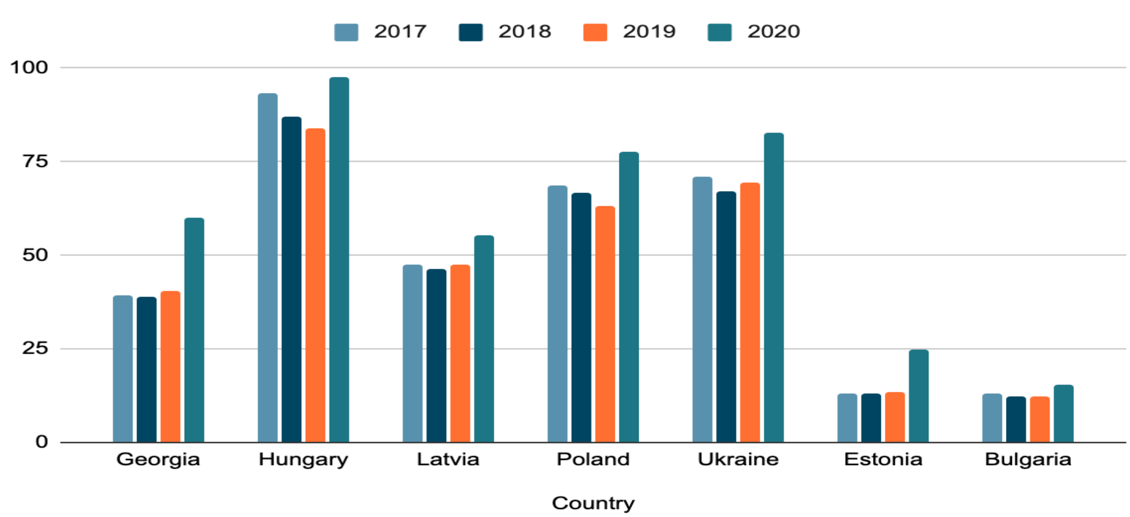

Figure 1.2 – Share of public debt in transition economies, % to GDP*

* Source: Ministry of finance of Ukraine [12]

According to the data in Figure 1.2, Estonia has the lowest debt burdens among transit economies. In the case of Ukraine, the debt burden is extremely large. The causes of the current crisis in Ukraine are not the results of investing borrowed funds in the economy and investments, but rather the "devouring" of debt obligations. Ineffective economic policies and corrupt techniques of laundering public monies, particularly borrowed funds, must also be mentioned. It should be emphasized that Hungary, Latvia, and Poland all have similar situations to Ukraine. This circumstance demonstrates that countries in transition face many of the same issues as Ukraine. The ratio of governmental debt to GDP can be classified into three categories. The primary exporters of energy resources from our country should be included in the first group. Turkmenistan, Kazakhstan, Azerbaijan, Uzbekistan, Estonia are the countries involved. It's worth noting that these countries' debt is equal to 20% of their GDP.

Tajikistan, Latvia, Lithuania, Moldova, Armenia, and Georgia are among the second group of countries. The debt burden is generally under 50%, which is much below the dangerous threshold.

The third group is a risk category characterized by excessive governmental debt. Hungary and Ukraine jointly possess it. It is important to emphasize that the increase in debt burden among nations with transition economies can be explained by a variety of factors, including macroeconomic instability, long-term restructuring of these countries' national economies, and financial imbalances. All of this has resulted in a clear need to raise extra funds on the open market.

It's worth noting that the criterion of external state debt to exports of goods and services is frequently used alongside the indication of state debt to GDP in international practice. It's worth mentioning that Poland's public debt-to-GDP ratio is lower than the EU average. Although this value isn't critical, the index does have a propensity to rise. It is important to emphasize that Poland's expertise managing its public debt can be beneficial to Ukraine. This country faced numerous challenges during its early years as a member of the EU, one of which is the ability to allocate a high level of debt loading. The approval of a three-year public debt management strategy is the most significant success in the fight against public debt. It's worth noting that the Ministry of Finance is working on a public finance debt management strategy while also representing the public sector debt regulation strategy.

To summarize, PDM policies in developed countries involve the creation of acceptable strategies, the acceptance of government directives, and the implementation of annual financing programs and debt financing plans. Autonomous state institutions-agencies for debt management have been established to carry out debt operations and provide funding for the state budget. Some countries' expertise can be adopted and put into effect as Ukraine develops its public debt management system.

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2 ANALYTICAL OUTLOOK OF THE INTERNATIONAL SITUATION REGARDING THE FORMATION OF EXTERNAL PUBLIC DEBT IN THE WORLD

2.1 The dynamics and features of external public debt by individual developed countries

The issue of external debt burden is not unique to Ukraine; it has always existed, in both developing and stable countries.

The following nations were chosen to compare their foreign debt policies with those of Ukraine:

1) Poland is a "regional leader";

2) Turkey is a "regional leader" as an analogous country.

According to Poland's external debt statistics (Figure 2.1), the indicator of export debt dependency has been continuously dropping since 2013, and is now below the key mark of 200 percent. The debt-to-GDP ratio is at the legal maximum of 60-70 percent and has remained virtually unchanged between 2013 and 2019 [10].

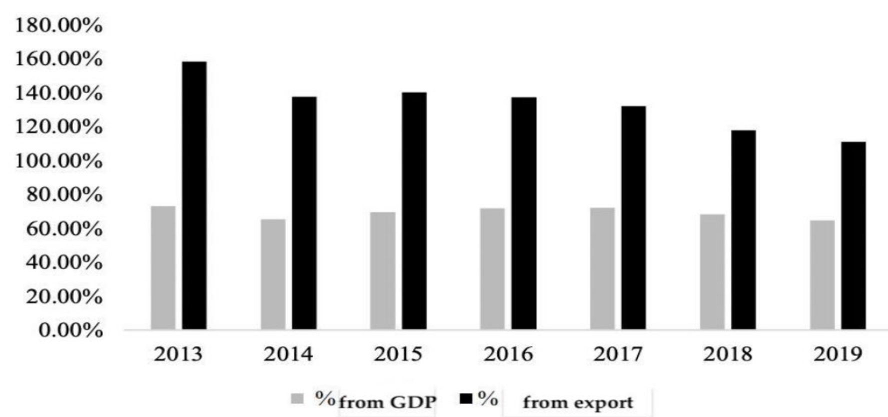

Figure 2.1 – Indicators of the debts of Poland in 2013-2019, %*

* Source: Ministry of finance of Ukraine [12]

The internal debt is far more stable than the external debt, as seen in Figure 2.1. It has a clear upward trend, whereas the external trend is unclear.

In terms of currency allocation, foreign debt looks like this: It fluctuates within 30 percent of GDP in Polish zloty, and around 70 percent of GDP in foreign currencies.

Poland has received five times the amount of short-term FCL (Flexible Credit Line) credits during the 2008 financial crisis, which are issued after the terms and criteria are met. The interbank market accounts for the highest share of external loans, followed by the banking sector, while state loans account for the smallest share [9].

Poland's external debt climbed by around 250 percent between 2004 and 2015 as a result of expanded access to loans following EU membership. External debt has not increased much (Figure 2.1), and the IMF's prediction for Poland's debt behavior has remained consistent. Debt stabilization and eventual debt reduction are taking place between 2016 and 2019 [9].

Turkey's overall debt level, as well as the gap between external and internal debt levels, has risen throughout time (Figure 2.2). Domestic debt had climbed in percentage terms of GDP by 2011, while external debt has increased annually since 2012.

Poland is rated as having solid debt management by S&P. The European Commission, on the other hand, denounced judicial reforms in Poland in April 2020, sparking a clash with other EU institutions, particularly the IMF.

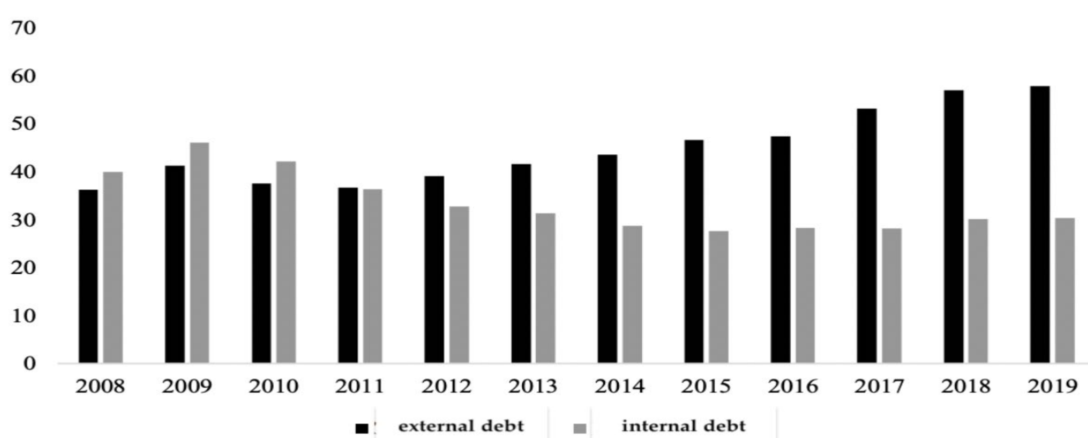

Figure 2.2 – Foreign and domestic debt of Turkey in 2008-2019, % of GDP*

* Source: Ministry of finance of Ukraine [12]

The indicator of the debt dependence on exports from 2010 to 2014 showed a low-income movement, but since 2014 it has continued to grow. He was above the critical mark of 200% all the time [8].

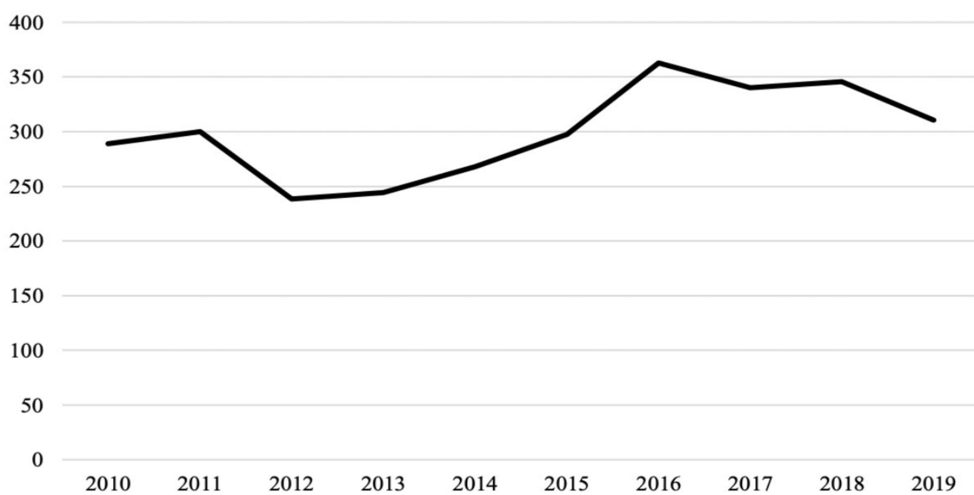

Figure 2.3 – The indicator of the debts of Turkey in 2010-2019, % of exports*

*Source: Ministry of finance of Ukraine [12]

From the Figure 2.3 it is evident that foreign debt in foreign currencies is a larger share than in local liri. However, in the period of 2013-2015 the ratio was 50% by 50%.

The section looked at the influence of the size, structure, and servicing methods of external debt in three countries: Ukraine, Poland, and Turkey. Despite the fact that countries are politically and economically similar, debt servicing policies differ [8].

Borrowing at low interest rates may be preferable than raising taxes for both developing and developed governments. This form of investment can help developing countries alleviate poverty and foster long-term growth. Ukraine, Turkey, and Poland all adopt this method. In most cases, Ukraine's foreign debt status matches that of Turkey, although Poland's indicators and accumulated internal debts have greatly improved. However, it always complies with all IMF regulations and pays its debts on time, as the latter predicts a further reduction in the debt-to-GDP ratio.

2.2 The influence of public debt on macroeconomic situation in developing countries

Globalization's deepening and national economies' increasing interdependence have become catalysts for the international economy's transformation and development in the twenty-first century. In open economies, the government's monetary, fiscal, currency, and debt policies are all linked through market mechanisms and are heavily reliant on capital prices. As a result, the liberalization of financial markets and the global transformation of countries are increasingly determining national economies' reliance on external borrowing. Global capital flows are growing at the same time, but their mobility and scale are accompanied by uneven social and economic development among nations and regions, as well as a present balance of payments imbalance.

When studying foreign debt, domestic and international experts place a strong emphasis on the difficulties of external debt faced by emerging countries. However, this issue is still relevant for industrialized countries around the world, which have acquired significant amounts of external debt over decades but have evolved their own systems to mitigate the negative effects on social and economic processes. Nonetheless, some instruments cannot be applied to the practice of developing countries since they would not have the same socio-economic consequences.

As a result, if the country's economic development is sufficiently advanced, the attracted resources provide greater financial benefits than are required to service external obligations, resulting in rapid economic expansion. The effectiveness of the external financial resources involved is lowered in the event of the opposite situation. External debt arises as a result of the financial resources that the country gets on commercial conditions in the form of loans, which require timely payment.

In modern conditions, under the influence of globalization processes, including financing, the determinants of the emergence and spread of crisis phenomena in the world economy are changing. As a result, the main cause of the global financial and economic crisis of 2008 was developing countries' inability to service their own levels of external debt, particularly due to market changes in global commodity markets. The predicted crisis phenomena on the international market could be caused by developed countries' low level of debt policy effectiveness.

According to IIF, BIS, and IMF sources, the total global debt reached a new high of $300 trillion in 2021 (figure 2.4) [12]. That is, humanity currently lends three times more than their earnings. And it doesn't appear to be slowing down any time soon. In terms of impact and repercussions, the next global financial crisis is likely to be more greater and deeper. The severe drop in liquidity levels in prior stages was mitigated by refinancing debt obligations, although this risked default and made refinancing them more difficult in the future. BIS analysts note that the risks of the recurrence of the financial crisis in 2008 are increasing. The funds of large-scale programs of stimulation of central banks were directed not to the real sector of the economy, but to financing speculative operations on financial and commodity markets. And the deterioration of macroeconomic forecasts has always been associated with an increase in the probability of default.

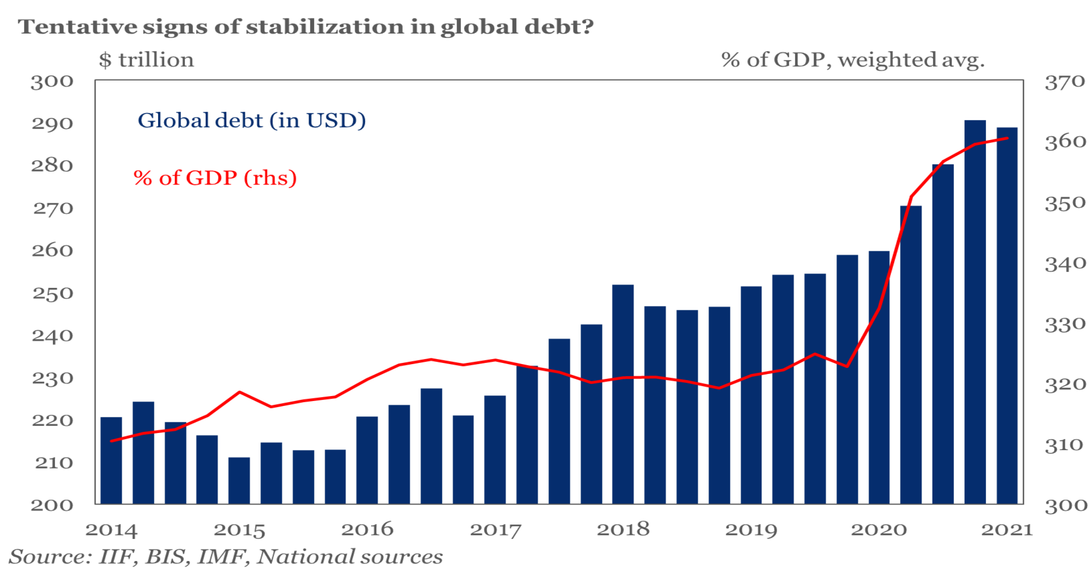

Figure 2.4 – increasing of global level of debts*

* Source: Ministry of finance of Ukraine [12]

If significant shortcomings and difficulties in the corporate sector were the main precondition for the global economy's fall in 2008, economists have increasingly pointed out that the next global financial crisis could be caused by a lack of proper development of the public sector, as well as an underestimation of the ratio between the real, financial, and virtual sectors of the economy. First and foremost, such challenges will affect the banking system in both cases: Financial institutions will suffer losses in the first situation due to the predominance of non-liquid assets on the balance sheet, and they will suffer losses in the second case due to non-fulfillment of credit obligations on bonds that are a component portion of their portfolios.

Both the level of gross foreign debt and the size of governmental external commitments in economically developed countries are quickly increasing at this stage of global economic development. As a result, there is uncertainty in the global market for state debt securities. The growth trend of these macroeconomic indicators has been observed in the global economy for some time, but they had no significant impact on investment expectations at the time, which could be explained by the absence of the threat of default on international bonds of most economically developed countries.

For the first time in the last two decades, the gross external debt of developing countries is declining. The gross external debt for some list of developing countries increased by 10% between 2013 and 2014, before falling by 6% in 2015 and continuing to fall.

However, depreciation of the US currency and debt cancellation restructuring resulted in a drop in gross foreign debt in these countries. This pattern demonstrates that developing countries are unable to service their own external debt while maintaining their own economic growth rates. The high degree of integration of industrialized economies into global economic processes has both positive and negative economic implications. The biggest disadvantage is that the economic issues of a single country with significant economic potential have an impact on the global economy as a whole.

The challenges in servicing external debt in developing countries threaten to exacerbate social and economic problems and limit economic growth. A considerable fluctuation in the level of external debt creates a short-term slowdown in economic growth and deterioration of the macroeconomic situation in rich countries, while it imposes a significant financial burden in emerging countries.

Economically developed countries' existing debt troubles may have a big impact on their future development. First and foremost, this will be linked to changes in such capital flows that are coming among the countries. International capital flows can be mobilized to a greater extent in developing countries, based on recent developments in the world market for debt securities, which demonstrate the risk of default in debt obligations in economically developed countries, as well as the fact that their growth potential is much lower than in developing countries.

Such a tendency could result in a group of economically developed countries losing their economic leadership on the international stage. This produces a short-term slowdown in economic growth and a worsening macroeconomic position in industrialized countries, while it generates a considerable financial burden in developing countries.

2.3 Structure and dynamics of external public debt formation in Ukraine

Separate external and internal state debt in the state debt framework. The debt owed by a country to other countries, international economic organizations, and other individuals is known as external state debt. The government's foreign debt is included in the country's total foreign debt. Domestic state debt refers to the amount owed by the government to holders of state securities and other creditors.

The state debt is the result of state financial borrowings, agreements and agreements on awarding loans and loans, and the extension and restructuring of debt commitments from previous years. The state's total debt obligations also include debts guaranteed by the state, which occur as a result of guarantees accepted by the state under third-party obligations, or assumed by third-party state obligations.

The full structure of the state and guaranteed debt by the state according to the data of the Ministry of Finance of Ukraine at 31.03.2022 is given in the given Table [11]:

Table 2.1 – State and guaranteed debt of Ukraine, 2022

Name	External (Mln, hrn)	External, %	Internal (Mln, hrn)	Internal, %	Total (Mln, hrn)	Total, %
Public debt	1 473 530	52%	1 050 661	37%	2 524 182	89%
Guaranteed debt	258 309	9%	49 537	2%	307 846	11%
Total debt	1 731 833	61%	1 100 197	39%	2 832 029	100%

I will also provide information on the state and guaranteed debt of Ukraine since 2012 (annually).

Table 2.2 – State and state-guaranteed debt of Ukraine from 2012 to 2022* (million, UAH)

Date	Total debt (mln. UAH)	Change of public debt	External	Internal
31.12.2012	515 511	+9%	309 001	206 511
31.12.2013	584 113	+13%	300 023	284 089
31.12.2014	1 100 563	+88%	611 698	488 868
31.12.2015	1 572 181	+43%	1 042 718	529 462
31.12.2016	1 929 759	+23%	1 240 030	689 731
31.12.2017	2 141 673	+11%	1 374 997	766 679
31.12.2018	2 168 628	+1%	1 397 219	771 408
31.12.2019	1 998 277	-8%	1 159 223	839 054
31.12.2020	2 551 936	+28%	1 518 935	1 033 001
31.12.2021	2 671 828	+5%	1 560 231	1 111 598
31.12.2022	2 832 029	+6%	1 731 833	1 100 197

It is necessary to underline that Ukraine's public debt is somewhat lower than in 2021, but comparing the constant growth of the debt since 2012, a large increase in the debt is clearly expected at the end of this year [11].

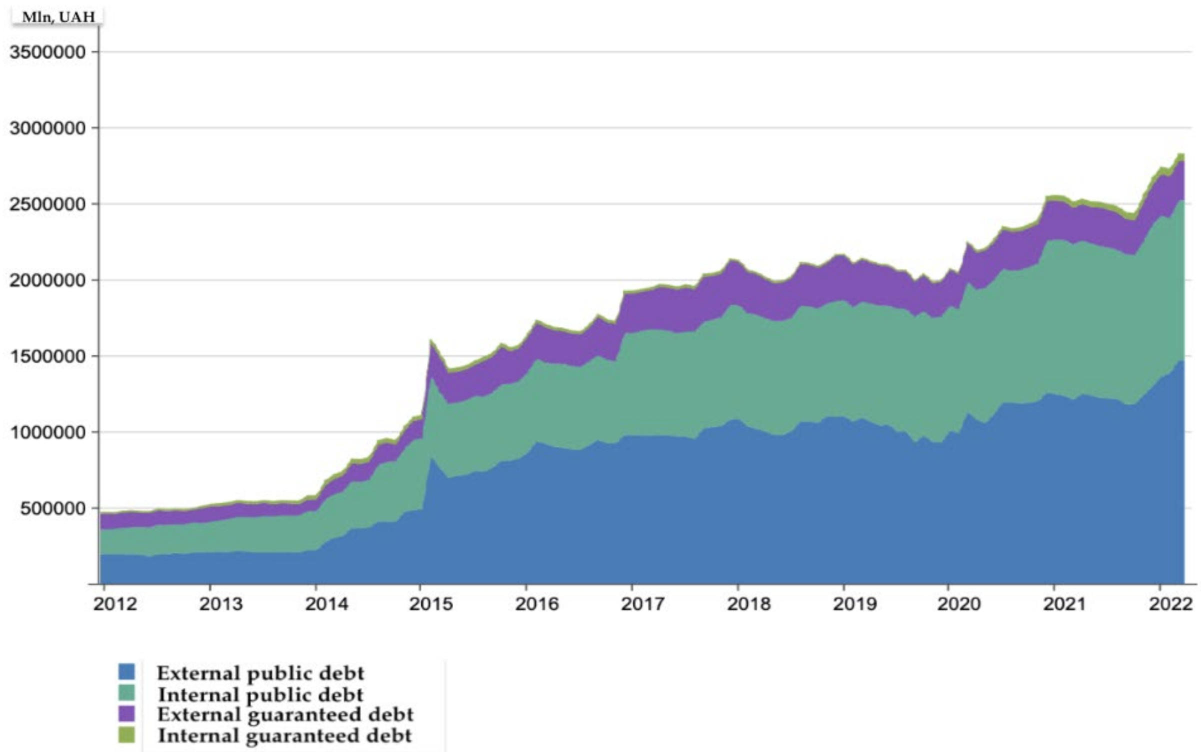

Figure 2.5 – Dynamics of the change of the state debt of Ukraine since 2012 (monthly)*

* Source: Ministry of finance of Ukraine [12]

Figure 2.5 shows the steady growth of the state debt. During some years there were active jumps, as for example in 2015 and 2021. During other years, both internal and external debts gradually increased.

The results of comparative analysis of the state debt and GDP of Ukraine also have some interest [11].

Table 2.3 – Dynamics of the total state debt and GDP of Ukraine from 2012 to 2022* (millions UAH)

Date	Public Debt total (mln, UAH)	Change of public debt	Gross domestic product (GDP)			Public debt/GDP
31.12.2012	515 515	+9%	2012	1 408 891	+7%	7%
31.12.2013	584 117	+13%	2013	1 454 934	+3%	40%
31.12.2014	1 100 566	+88%	2014	1 566 730	+8%	70%
31.12.2015	1 572 183	+43%	2015	1 979 460	+27%	79%
31.12.2016	1 929 761	+23%	2016	2 383 183	+20%	81,%
31.12.2017	2 141 676	+11%	2017	2 982 921	+25%	72%
31.12.2018	2 168 629	+1%	2018	3 558 707	19%	61%
31.12.2019	1 998 277	-8%	2019	3 974 565	+12%	50%
31.12.2020	2 551 940	+28%	2020	4 194 103	+5%	61%
31.12.2021	2 671 830	+5%	2021	5 459 577	+30%	49%
31.12.2022	2 832 030	+6%	2022	-	-	-

We suppose we cannot know by the end what results will be in the end of 2022, but Table 2.3 and Figure 2.5 show mixed results. For example, we see an active growth and a sharp decline in both debt and GDP over the past ten years.

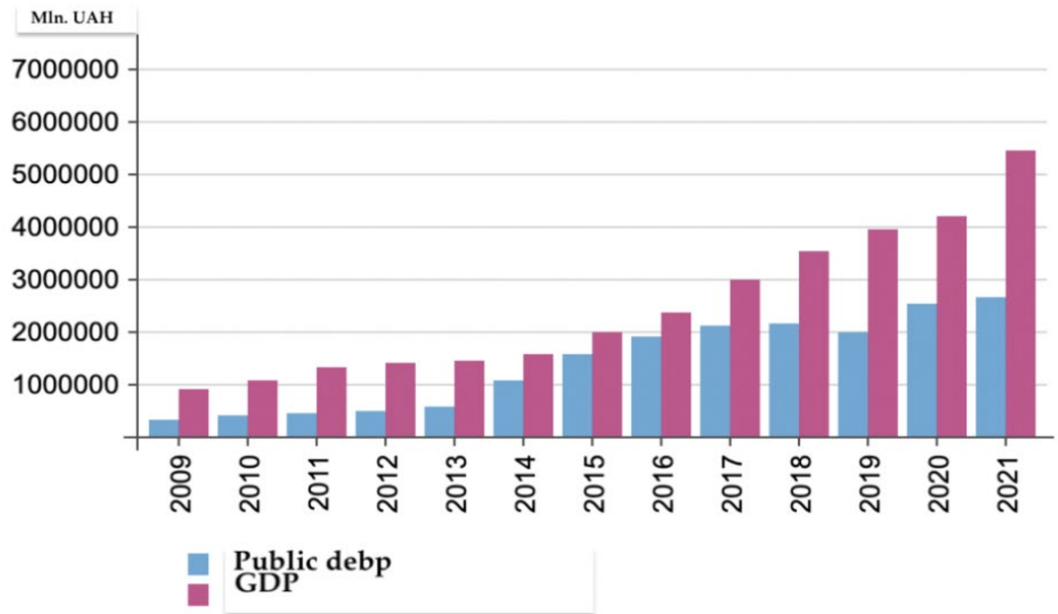

Figure 2.6 – Dynamics of the total state debt and GDP of Ukraine from 2009 to 2022

Source: Ministry of finance of Ukraine [12]

On the Figure 2.6 we can see more detailed active growth of GDP and quite uneven jumps of the state debt till 2021 inclusive. Thus, the largest increase in debt was held from 2014 to 2018. In 2019, we see a debt reduction in 2019, and a consistent increase since 2020 again.

In this context it is necessary to present the information on the state and guaranteed debt of Ukraine, calculated in US dollars, is also given [11].

Table 2.4 – State and state-guaranteed debt of Ukraine from 2009 to 2022* (millions USD)

Date	Total debt	Change of public debt, %	External debt	Internal debt
31.12.2012	64 496	+9%	38 660	25 835

Continuation of the Table 2.4

31.12.2013	73 079	+13%	37 537	35 541
31.12.2014	69 795	-4%	38 793	31 003
31.12.2015	65 505	-6%	43 444	22 061
31.12.2016	70 971	+8%	45 605	25 365
31.12.2017	76 306	+7%	48 990	27 317
31.12.2018	78 322	+2%	50 463	27 861
31.12.2019	84 365	+7%	48 942	35 424
31.12.2020	90 254	+7%	53 722	36 536
31.12.2021	97 948	+8%	57 198	40 752
31.12.2022	96 804	-1%	59 199	37 608

By our opinion, if we consider the dynamics of this indicator in dollars, we will see significant changes from the above-mentioned dynamics in hryvnias:

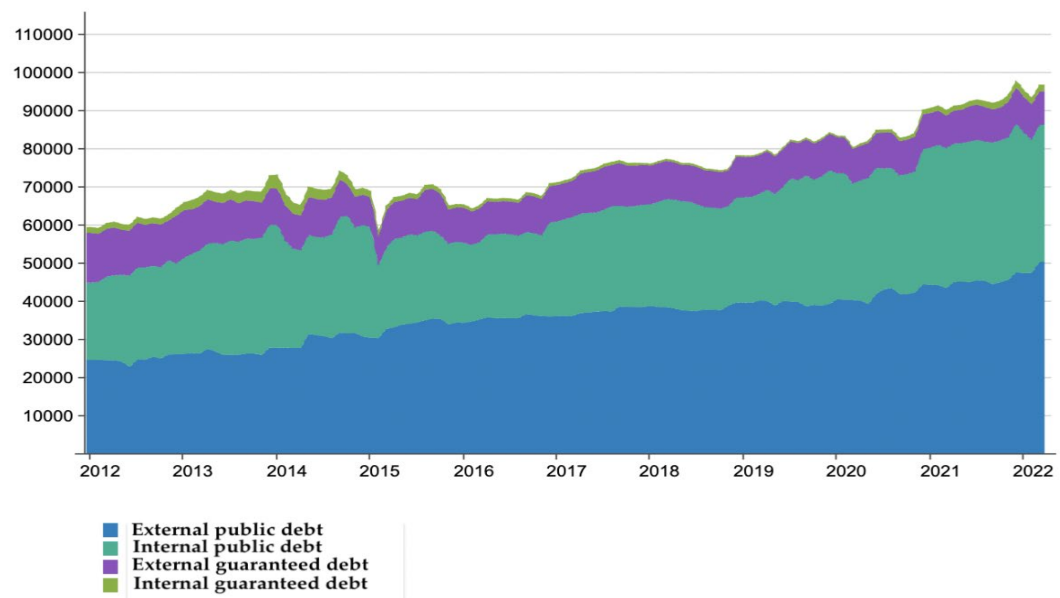

Figure 2.7 – State and state-guaranteed debt of Ukraine from 2012 to 2022 (millions USD)*

* Source: Ministry of finance of Ukraine [12]

On Figure 2.7 we see in more detail all changes that were seen during 2012-2022* years. It even seems that the growth was more or less uniform when we consider the dynamics in dollars rather than in hryvnias.

In this section we considered what internal and external state debt is. We also considered as a result of financial borrowings of the state, agreements and agreements on granting credits and loans, prolongation and restructuring of debt obligations of the past years the state debt arises. Thanks to tables and graphs, we considered how the growth dynamics changed during 2012-2022*.

3 PROBLEMS AND PROSPECTS OF EXTERNAL PUBLIC DEBT MANAGEMENT IN UKRAINE

3.1 The state and problems of public debt management in Ukraine

External state debt refers to the amount of money borrowed from abroad in the form of loans and credits from foreign banks and international financial institutions, as well as the interest paid on such loans and credits, and the money raised by selling state securities on international markets. The government's foreign debt is included in the country's total foreign debt.

The current situation of Ukraine's external state debt has improved somewhat, compared to the indicators on December 31, 2021. Take a look at Table 3.1 to see where we are right now [11].

Table 3.1 – State and guaranteed state debt as of 2021-2022*

Date	Total debt	Change of public debt, %	Public debt	Change of public debt, %	Guaranteed debt	Guaranteed debt, %
31.12.2021	57 199	+4	47 655	+4,3	9 559	+1,6
31.01.2022	56 796, 7	-0.71	47 378	-0,6	9 423	-1,3
28.02.2022	56 836	+0,08	47 460,5	+0,2	9 375	-0,5
31.03.2022	59 199	+4,1	50 369	+6,1	8 830	-5,8

As we can see from the data of Table 3.1, from the end of 2021 to February 2022, the state debt has gone down somewhat. But already in March we can see rapid growth.

For example, let us also consider information on the external state and guaranteed debt of Ukraine, starting from 2016 annually [11]:

Table 3.2 – External state and state-guaranteed debt as of 2016-2022*

Date	Total debt	Change of public debt, %	Public debt	Change of public debt, %	Guaranteed debt	Guaranteed debt, %
31.12.2016	45 606	+4,9	36 050	+4,7	9 559	+5,9
31.12.2017	48 990	+7,4	38 492	+6,7	10 500	+9,9
31.12.2018	50 463	+3,0	39 708	+3,1	10 757	+2,4
31.12.2019	48 945	-3,01	39 344	-0,9	9 599	-10,8
31.12.2020	53 723	+9,7	44 515	+13,1	9 213	-4
31.12.2021	57 199	+6,5	47 659	+7,05	9 543	+3,6
31.03.2022	59 199	+3,5	50 369	+5,7	8 830	7,5

External debt liabilities of the state include debts incurred as a result of guarantees accepted by the state on the obligations of third parties, or obligations of third parties assumed by the state, which are obligations of residents of a given economy to non-residents [11].

Ukraine's foreign state and state-guaranteed debt accounted for 44.1% of the country's total foreign debt as of December 31, 2021.

We can see a fast increase in 2022 based on data on external state and guaranteed state debt. However, given the military condition in our country, we also must consider the fact that the external public debt will continue to rise.

Let's take a look at the key issues with Ukraine's governmental debt management. Public debt is a critical component of any country's market economy. It provides an additional resource for the development of the national economy if it is used effectively. Inefficient use puts a strain on the budget, which in turn puts a strain on the residents of the country.

The subject of PDMt and servicing has been a major source of concern for Ukraine in recent years.

The lack of cash is one of the most pressing issues facing Ukraine at this stage of its economic development. The state debt, as a component of the economic system, has an impact on all of the economy's major components, necessitating the need to stabilize the country's financial system through effective loan management. In this context we must say that public debt management should be based on a three cyclical and multidimensional process: Attraction – use – compensation.

Nevertheless, the primary goal of PDM is to ensure the state's financial stability and to establish sources of public debt repayment. State debt management should strive to reduce the state's and population's spending [13]. Analyzing the data in the tables above, one may conclude that the country's state debt continues to rise. The most significant debt growth in recent years can be attributed to the years 2016–2017, which were marked by a worsening of the country's economic instability due to high currency risks of borrowing, as well as political, financial, economic, and banking crises. Analyzing the country's state debt structure, one can conclude that external debt has dominated the country's debt structure for the whole time, accounting for 61.8% of total debt [14].

The main factors of the increase in the level of public debt in 2016–2017 include:

– covering the budget deficit with state loans;

– economic crisis;

– crisis of the political system;

– military actions on the territory of the state [15].

The state budget deficit and the country's constant balance of payments deficit are two of the key reasons for the emergence and increase of the public debt in Ukraine. Also, it should be consider that the international financial institutions are being courted to help Ukraine fund its state budget deficit. The challenge of PDM is to ensure the state's solvency and the availability of legitimate sources of public debt repayment [16].

Because of inadequate debt policy and a lack of debt strategy, a major portion of state borrowing is directed toward financing the state budget deficit, while only a tiny portion is directed toward the real economy, strategic industries, and innovation programs [15].

Another reason contributing to the rise in state debt is the economic and political crisis, which worsened in 2016–2017 as a result of prolonged military operations on the state's territory.

After studying the dynamics of Ukraine's public debt, we can see that it is rapidly growing each year.

As a result, at this stage of growth, Ukraine's PDM has a number of issues that are impeding the economy's overall development. The establishment of an effective management strategy is one of the major issues. A coordinated interaction of all departments and institutions responsible for the management process at all phases of the process is required to tackle this problem. The government should establish a debt management system that is both effective and efficient in order to ensure financial stability. The solution of the budget economy at all levels, the utilization of loans for the real sector of the economy, and the orientation to the domestic market are the primary areas of debt policy reform.

3.2 Prospects for improving debt policy in Ukraine

The significant amount of Ukraine's internal and external debt, as well as the rising costs of servicing it, highlights both the debt crisis and the need for better debt management. The experience of industrialized countries reveals that the high cost of external and domestic debt, as well as its servicing, has a greater impact on the economy's and financial system's functioning. Given the escalation of financial crises, which are frequently triggered by the so-called debt factor, ensuring efficient debt policy has received a lot of attention. The mounting prospect of defaults, as well as the expanding size of the damaging consequences of unclean debt policy, drove industrialized countries to strengthen public debt management.

There is no single model of PDM in developed foreign countries. There are three major models of institutional support for public debt management:

1. The country's central bank is the banking model.

2. The government model – the management of public debt is handled by a specific government organization.

3. The agency model, in which a separate institution selects the most efficient PDM strategies.

The formulation of appropriate strategies, approval of government directives, and adoption of yearly financing programs and debt implementation plans are all part of the PDM policy in industrialized countries.

The experience of various Central and Eastern European nations (in particular Poland, Hungary, and the Czech Republic), who had a comparable economic mechanism to Ukraine and began to alter their own political and economic systems almost concurrently, but with varied outcomes in the process of market transformations, is of particular importance to Ukraine.

Consider Poland's experience managing its public debt since becoming a full member of the European Union in 2004. The terms of the Maastricht Treaty that limit the size of the state budget deficit to no more than 3% and the maximum permissible debt-to-GDP ratio of 61% apply to EU member states. The State Treasury's debt and the debt of the state sector of the economy make up Poland's overall state debt.

The state debt is made up of the following categories of liabilities: issued securities, which are monetary guarantees; received credits and loans; accepted deposits; and collection of obligations from budget units.

Poland has the highest external debt among former socialist countries, totaling $ 49 billion in 1990. Poland was able to reach four agreements with state creditors on debt restructuring and seven deals with private banks. Poland's foreign debt was $47,1 billion at the end of 1993 [22]. This level of debt was attained as a result of a 1991 deal with the Paris Club, which allowed for a 50 percent reduction in the debt and its restructuring until 2009. With a progressive depreciation schedule, the remaining debt was extended for 19–23 years with a grace period of 4–12 years, ensuring only a modest increase in the burden of debt servicing. Under IMF supervision, Poland's debt was lowered in two stages, in accordance with Poland's pledges to market reforms.

The Polish economy's growth rate at the turn of the century. The financial situation was made more stable by a large quantity of foreign currency reserves, which totaled USD 4 27,4 billion in 1998. Foreign currency reserves totaled USD 5 billion. Poland's positive development outcomes were largely achieved through the active and consistent implementation of international financial organization programs and large-scale financial assistance, which included the cancellation of a large portion of the country's debt and the inflow of foreign investment.

Poland's overall debts were $60 billion by the end of 1999. It climbed by $4 billion last year, primarily at the cost of banks and businesses with debts over $28 billion. At the same time, the state's obligations were gradually lessened. In 1999, the external public debt-to-GDP ratio was around 21%.

Poland's public debt grew steadily between 2003 and 2005. Due to the requirement to cover the state's budget deficit, this is the case. Despite the fact that the debt-to-GDP ratio does not surpass the established ceiling of 60%, the index is rising.

Thus, debt policy should be considered as a purposeful activity of state structures to develop and implement methods, mechanisms, instruments of legal, economic, social and other actions, with the purpose of ensuring effective use of state borrowing, optimization of debt policy in the process of rational use of available economic potential. International experience shows that an effective debt management system should be founded on the following principles, regardless of organizational structure: Establishment of specific debt policy goals; clear division of responsibility and accountability between monetary and debt policy; definition of debt policy strategic limits; first and foremost, it is necessary to establish a system for evaluating the results of portfolio management and providing information for management decisions in order to effectively manage state obligations.

The absence of a comprehensive system of legislative provisions for the regulation of maintenance and repayment costs is a fundamental impediment to developing an efficient strategy for public debt management in Ukraine. The delay in enacting the Basic Law on State Debt has resulted in inconsistencies between provisions in different normative acts on state debt repayment and service. Following the decrease of debt and interest payments to international government creditors, a plan of reorientation to market sources of loans employing a wide range of mechanisms tested in international practice must be established. The Ministry of Finance of Ukraine should implement an active strategy of public debt management, including the implementation of subsidized redemption transactions and the practice of employing derivatives during debt issuance, as well as the use of hedge and securitization instruments, in order to optimize the structure of the state debt and lower the costs of paying it.

A comprehensive approach to building a PDM strategy should be centered on enhancing the efficacy of asset and state liabilities management by better coordinating debt policy with fiscal, financial, and monetary policies. As a result, the identified methods will assist in avoiding liquidity crises and dangerous debt burdens, as well as optimizing the structure of the state debt and its positive impact on the state's economic mechanism.

3.3 Promising tools to restructure Ukraine's debt policy

The major purpose of current public foreign debt management strategy is not to meet the government's financial needs in cash at any cost, but to carry out state borrowing while minimizing negative effects on the economy and maintaining the country's optimal degree of financial security. Today, however, most governments are pursuing a less balanced debt policy, which primarily focuses on attracting new loans to repay those already taken, rather than attempting to address the situation more comprehensively, which will only increase external debt in the future and will still require resolution of the external debt problem.

The modern system for resolving external debt concerns includes a variety of strategies and instruments to make lower the state external debt indicators (restructuring of external debt).

Restructuring external debt allows governments to reduce their debt burden on the economy and restore investor confidence, all of which helps to stabilize the national financial system and provide conditions for fresh borrowing. The study of global external debt restructuring experience is required for the formulation of national public debt management strategies and enables for the optimization of debt policies in countries that require it.

Debt conversion, debt capitalization, foreign debt exchange for products, debt redemption, and debt write-off are the five basic methods for restructuring external state debt today. The debt conversion process entails converting a portion of the problem state debt into new debt instruments called Brady bonds. This form of public debt restructuring was first used in Mexico in 1990, as part of the "Bradi Plan," which was authorized by the major creditors in March 1989.

Debtors, on the other hand, had to follow special plans designed in collaboration with the International Bank for Reconstruction and Development and the International Monetary Fund and other organizations like International Monetary Fund in order to participate in the "Bradi Plan" (IMF). Debtors' governments requested trade policy liberalization as well as substantial economic and social changes. For managing public external debt, debt conversion is a viable instrument. In 2015, he was successful in restructuring Ukraine's state foreign debt.

Thus, in order to minimize potential problems with timely settlements with foreign creditors in the period 2016-2019, Ukraine restructured a portion of its external debt (14 Eurobond issues) totaling around US$18 billion. This external debt restructuring included: an immediate write-off of approximately US$3.6 billion; the exchange of 9 Eurobond issues totaling approximately US$15 billion for new Eurobond issues with a longer maturity period of 2015-2023 to 2019-2027; and an increase in the coupon rate on new bonds from 7,22% to 7,75% [29].

As a result, Ukraine's state external debt restructuring in 2015 enabled the government to drastically lower the expenses of repaying the debt and lessen the debt burden on the state budget in the short and medium term.

Debt capitalization, which involves exchanging current debt obligations for shares in debtor-state firms, is another method for restructuring external debt. Both the creditor and the debtor benefit from the exchange of a portion of the state debt for shares. Because the creditor has the opportunity to invest in the most priority areas where foreign capital access has been restricted, and also receives a large number of tax benefits that will promote business development and attract additional investments in the future in this sphere of economy, rather than vice versa, will result in a "inflow" of capital abroad. This will improve the debtor's budget by increasing tax collections and lowering the country's general jobless rate.

Chile was one of the first countries to employ this type of public external debt restructuring. Chilean legislation clearly defined the method for changing government debt to company shares. As a result of the restructuring of the state external debt, which involved exchanging a portion of it for shares in Chilean enterprises, Chile was able to convert almost 70% of its commercial debt, worth nearly $6 billion in US dollars.

The debt exchange for the debtor's country's products involves debt repayment by the creditor obtaining the right to sell the debtor's products at a predetermined price, half of which is returned to the debtor and the other portion remains with the creditor as debt repayment. Creditors are uninterested in this type of restructuring since it forces them to engage in commerce that is not typical of them. This type of restructuring is frequently utilized to repay a debt on a bilateral international basis.

Despite the drawbacks of this method of external debt restructuring, it should be emphasized that many nations, including Ukraine, utilise the exchange of public debt for products. A debt exchange for products arrangement was utilized to repay Ukraine's debts to Turkmenistan in particular. Equipment for the gas and oil complex, as well as Ukrainian specialists' assistance in the construction of Turkmenistan's transportation infrastructure, were among the Ukrainian items.

Debt collection as a way of restructuring state debt can be employed if the debtor country possesses considerable gold and currency reserves, or has the ability to swiftly amass them through obtaining foreign currency earnings from exports.

At the same time, the debtor state can wait for an opportune opportunity to sell its obligations to investors at a discount in the secondary capital market. This process would enable the state to minimize the total amount of state debt as well as the costs of future debt servicing. Because it includes discounts, this kind of external debt restructuring is akin to partial debt cancellation.

A partial or full write-off is another option for external debt restructuring. Debt relief is an unfavorable choice for creditors, although it is frequently employed, particularly in the case of debt relief for the poorest countries (HIPCs). The pre-dispute country must meet certain criteria developed by the Paris Club of Creditors (an organization made up of the major creditor countries whose main purpose is to review debtor countries' claims for restructuring intergovernmental loans) in order to receive a partial cancellation of its debts. In addition, such pre-accession countries' socio-economic development plans should be agreed upon annually with the IMF and the World Bank [30].

External debt restructuring is an effective tool of the external debt management system for reducing debt burden on the economy and restoring investor confidence, which will help to stabilize the national financial system and create conditions for strengthening the country's debt security. Given the size of Ukraine's external state debt to international credit institutions and private creditors, examining foreign experience with external debt restructuring could be very valuable in building the country's public external debt management system.

Conclusion

The diploma examined external debt as an economic phenomenon, as well as its management strategies and the economic causes and consequences of its accumulation.

The core and classification of the state debt, as well as its drafting, were underlined in the first section. The components of the state debt to be shared, as well as scientific studies on the genesis and definition of the state debt, were taken into consideration. In evaluating the first section's policy, we can claim that PDM is an important component of the implemented financial policy and a substantial component of macroeconomic regulation processes.

Nevertheless, it is highly important to remember that public debt can become an impediment to the development of the financial system It is vital to comprehend a series of actions taken by the state in the person of its authorized entities in order to determine the locations and terms of placement and repayment of state loans, as well as to ensure that the interests of borrowers, investors, and creditors are aligned.

The strategic purpose of PDM is to supply the necessary amounts of liquid cash to the general public administration while minimizing expenses associated with risks, repayment, and service of public debt; and to foster macroeconomic stability in the medium and long term. It was determined that public debt management policies in developed countries include the formulation of acceptable strategies, the acceptance of government directives, and the implementation of annual financing programs and debt financing plans.

Autonomous state institutions-agencies for debt management have been established to carry out debt operations and provide finance for the state budget. During the creation of Ukraine's public debt management system, various countries' expertise can be adopted and put into effect.

The second portion looked at the influence of the size, structure, and servicing methods of external debt in three countries: Ukraine, Poland, and Turkey. Despite the fact that countries are politically and economically similar, debt servicing policies differ.

Borrowing at low interest rates may be preferable than raising taxes for both developing and developed governments. This form of investment can help developing countries alleviate poverty and foster long-term growth.

Ukraine, Turkey, and Poland all adopt this method. In most cases, Ukraine's foreign debt status matches that of Turkey, although Poland's indicators and accumulated internal debts have greatly improved. However, it always complies with all IMF regulations and pays its debts on time, as the latter predicts a further reduction in the debt-to-GDP ratio.

Economically developed countries' existing debt troubles may have a big impact on their future development. First and foremost, this will be linked to changes in capital flows between countries. Flows of international capital can be mobilized to a greater extent in developing countries, based on recent developments in the world market for debt securities, which demonstrate the risk of default in debt obligations in economically developed countries, as well as the fact that their growth potential is much lower than in developing countries. Such a tendency could result in a group of economically developed countries losing their economic leadership on the international stage. This produces a short-term slowdown in economic growth and a worsening macroeconomic position in industrialized countries, while it generates a considerable financial burden in developing countries.

We also analyzed the state debt as a result of state financial borrowings, agreements and agreements on awarding credits and loans, and the extension and restructuring of debt obligations over the years. We looked at how the growth dynamics altered from 2012 to 2022* using tables and graphs.

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APPENDICES

SUMMARY

Shevtsova V.M. Problems and features of the country's external public debt management. Ukrainian experience. Sumy State University, Sumy, 2022.

The final paper is devoted to analyze external public debt in foreign countries. The essence and features of external public debt. The main reasons for its formation and regulation. Comparison of the dynamics and features of external public debt by individual developed countries. The influence of public debt on macroeconomic situation in developing countries. The state and problems of public debt management in Ukraine. Prospects for improving debt policy in Ukraine

Keywords: public debt, external debt of Ukraine, dynamics and prospects, restructuring.

Анотація

Шевцова В.М. Проблеми та особливості управління зовнішнім державним боргом країни. Український досвід. – Кваліфікаційна бакалаврська робота. Сумський державний університет, Суми, 2022.

Кваліфікаційна бакалаврська робота присвячена дослідженню зовнішнього державного боргу в зарубіжних країнах. Сутність та особливості зовнішнього державного боргу та причини його формування та управління. Порівняння динаміки та особливостей зовнішнього державного боргу за окремими розвиненими країнами. Вплив державного боргу на макроекономічну ситуацію в країнах, що розвиваються. Стан та проблеми управління державним боргом в Україні. Перспективи вдосконалення боргової політики в Україні

Ключові слова: державний борг, зовнішній державний борг України, динаміка та перспективи, реструктуризація.