



СЕКЦІЯ 3 АДМІНІСТРАТИВНЕ ПРАВО І ПРОЦЕС; ФІНАНСОВЕ ПРАВО; ІНФОРМАЦІЙНЕ ПРАВО

UDC 061.1/.2(100):341.232.2
DOI <https://doi.org/10.32999/ksu2307-8049/2025-1-3>

THE FUNCTION OF THE INTERNATIONAL ORGANIZATIONS IN THE FRAMEWORK OF LEGAL FINANCIAL RELATIONS

Ivanova Roksolana Yuriivna,
Candidate of Juridical Sciences, Associate Professor,
Professor at the Department of International and European Law
Leonid Yuzkov Khmelnytskyi University of Management and Law
kemenyash.roksolana@gmail.com
orcid.org/0000-0001-8257-4486

With the advent of globalization, the relevance of states in the formulation of international relations regarding finances has augmented. The main aim is understanding the roles of international organizations within the context of legal regulation of finances. In an era of globalization, maintaining financial security, ensuring transparency, and proper oversight has become extremely important. International organizations such as the International Monetary Fund (IMF) and the World Bank, the Organisation for Economic Co-operation and Development (OECD), and the Bank for International Settlements (BIS) have important responsibilities in the development of financial laws and maintenance of economic security. These institutions provide funds, set up rules, and enable international cooperation to make sure that a country's financial system is protected during to economic downturns.

The study uses such research methods as combination of normative-legal analysis, comparative legal analysis, and a systemic approach to assess the performance of these international organizations in the area of legal financial governance.

The results show that there is significant contribution of international organizations towards financial stabilization; however, issues of regulatory imbalance, economic independence, and enforcement of compliance are clear problems. It is noted that many countries especially developing economies find it difficult to bring their national laws to compatibility with the international legal regime.

Conclusions in this research are described in the articles elucidate that promoting cooperation in relation to financial international institutions and national regulatory authorities is a prerequisite to achieve efficient and equitable global finance. Moreover, progress in the relations of transparency, accountability, and law alignment within global financial systems would strengthen and make financial management more sustainable. It can be concluded that the activity of international organizations with regard to financial law is central for achieving world economic order and balanced financial progress.

Key words: international organizations, financial governance, economic stability, legal frameworks, regulatory compliance, financial law, monetary policy, economic integration, financial transparency.

ФУНКЦІЯ МІЖНАРОДНИХ ОРГАНІЗАЦІЙ У РАМКАХ ПРАВОВИХ ФІНАНСОВИХ ВІДНОСИН

Іванова Роксолана Юріївна,
кандидат юридичних наук, доцент,
професор кафедри міжнародного та європейського права
Хмельницького університету управління та права імені Леоніда Юзькова
kemenyash.roksolana@gmail.com
orcid.org/0000-0001-8257-4486

З появою глобалізації зростає актуальність держав у формуванні міжнародних відносин щодо фінансів. Основною метою є розуміння ролі міжнародних організацій у контексті правового регулювання фінансів. В епоху глобалізації підтримання фінансової безпеки, забезпечення прозорості та належного нагляду стало надзвичайно важливим. Такі міжнародні організації, як Міжнародний валютний фонд (МВФ) і Світовий банк, Організація економічного співробітництва та розвитку (ОЕСР) і Банк міжнародних розрахунків (BIS), несуть відповідальність за розробку фінансового законодавства

та підтримку економічної безпеки. Ці інституції надають кошти, встановлюють правила та забезпечують міжнародну співпрацю, щоб забезпечити захист фінансової системи країни під час економічних спадів.

У дослідженні використовуються такі **методи дослідження**, як поєднання нормативно-правового аналізу, порівняльно-правового аналізу та системного підходу для оцінки діяльності цих міжнародних організацій у сфері правового фінансового управління.

Результати показують, що є значний внесок міжнародних організацій у фінансову стабілізацію; однак питання нормативного дисбалансу, економічної незалежності та забезпечення відповідності є очевидними проблемами. Відзначається, що багатьом країнам, особливо економікам, що розвиваються, важко привести свої національні закони у відповідність до міжнародних правових режимів.

Висновки цього дослідження, описані у статті, пояснюють, що сприяння співпраці між фінансовими міжнародними установами та національними регуляторними органами є необхідною умовою для досягнення ефективних і справедливих глобальних фінансів. Більше того, прогрес у відносинах прозорості, підзвітності та правового узгодження в глобальних фінансових системах зміцнить і зробить управління фінансами більш стійким. Можна зробити висновок, що діяльність міжнародних організацій у сфері фінансового права є центральною для досягнення світового економічного порядку та збалансованого фінансового прогресу.

Ключові слова: міжнародні організації, фінансове управління, економічна стабільність, правова база, нормативна відповідність, фінансове право, монетарна політика, фінансова, економічна інтеграція, фінансова прозорість.

Introduction. As the most important actors in the financial legal order, states both develop the domestic legal order and engage in international treaties and legal integration. At this level, states have the capacity to create norms through legislation and diplomacy, thereby regulating the global economy as they envisage it, in correspondence with their own policies and standards of legal systems. The financial system is functioning through the intersection of multilateral treaties, national laws, and the legal regulations of international trade, balance of payments, investment, and economic development. This paper focuses on the role of states in international financial relations, with regard to assistance, legislative activities, and negotiating international treaties, as well as unifying national legislation with international legal requirements. It also proves how national legal systems influence international financial relations with the focus on systemic financial issues like taxation, forex control, and anti-financial crime legislation.

At the center of the first structural branch of the global economic system are the United Nations (UN), The World Bank, The International Monetary Fund (IMF), and The Organisation for Economic Co-operation and Development (OECD). As these institutions have proven crucial to the underpinning of global financial governance, they are, arguably, the central actors in the system of legal structures that regulates economics. The institutions core functions go beyond supervision and control as they advocate for multilateral approaches and promote communication between countries to help synchronize international strategies that foster development, reduce poverty, and promote financial sustainability.

Nongovernmental organizations (NGOs), such as Transparency International and World Wildlife Fund (WWF), have emerged as core actors among other intergovernmental institutions to champion transparency, accountability, and social responsibility within financial relations. They promote global standards of financial integrity, assist in fighting corruption, and work towards ensuring that the financial systems meet

the needs of all parts of the society including the neglected ones. NGOs help in Law creation, monitor activities, and advocate for particular issues for the sake of a more just and inclusive financial system around the world.

Even with these actors having a global or regional scope, sub-national actors more specifically local governments have participated more in global financial affairs. They serve as the essential link for international agencies when it comes to the actual execution of international financial aid programs, implementation of sustainable regional development projects, and modernization of infrastructure with support from international institutions. There are expectations that international financial resources will be put to productive use at a local level in a way that will benefit grassroots communities and strengthen the economies of the regions.

1. States as Primary Subjects in International Financial Relations

States remain central players in developing the structure of the international financial legal order. They formulate legal structures for the regulation of their own financial markets and participate actively in the formulation of international financial law. These powerful actors control legal infrastructure for international financial flow and participate actively in multilateral treaties that shape the international economic order. In exercising their legal, diplomatic, and financial powers, states have a dominant influence over both domestic and international economic relations.

Creating the Legal Structures Required to Converge Domestic Laws with the International Framework: Given the globalization of national and international financial markets, countries have tended to adjust their international regimes to develop national legal systems. This alignment guarantees that domestic legal provisions do not hinder global commerce and investment. For instance, there is a movement towards the adoption of the Basel III framework which prescribes minimum capital and liquidity requirements for banks. These rules have been adopted by several countries especially in the EU, in order to remain competitive in



the internationalized financial markets (Bank for International Settlements, 2011).

National legislation's influence on international financial legal relations

The effectiveness of international financial relations depends significantly on national legislation. Inconsistencies in the national legal systems can pose formidable hindrances to foreign economic relations and impact the international financial market. This is most noticeable in taxation, foreign exchange regulations, and legislation against financial offences.

In conclusion, the states are still the most important actors in the international financial legal relations. They elaborate and implement national regulatory systems, participate in multilateral financial treaties, and seek to harmonize the internal legislation with international law. However, these states do play a central role and have gaps in national legal systems that may negatively affect the operation of international financial markets. The issues of tax competition, foreign exchange control, and the diversity of anti-financial crime measures pose great problems for international financial cooperation. In order to find ways to deal with these issues, it is important that the states make joint efforts through international organizations and agreements so that their legislation conforms with the international standard. The continuous revision of national legal systems as well as those of international origin is intended not only to safeguard prevailing financial order, but also other issues like the development of international commerce, and the sustainable growth of the economy. The joint action of the states through international means remains salient in building the future of the global financial system.

2. Analysis of intergovernmental organizations: functions and regulatory mechanisms

Intergovernmental organizations like the International Monetary Fund and the World Bank are instrumental in global finance and relations. They provide a needed service to their member states by obtaining multilateral assistance, monitoring policies, and recommending reforms.

These international organizations established by multiple laws and treaties serve as legal venues for national cooperation and work towards looking for ways to ensure monetary stability and order during a crisis. Their relevance could be measured by the fact that such tools are needed for influencing national policies, providing financial aid, and advising on the much-needed structural changes at micro levels. This part describes the mechanisms and functions of IGOs with regard to providing assistance for the maintenance of financial stability, giving relief from debt, funding development projects, as well as increasing the degree of openness and responsibility of the international financial systems.

For instance, Intergovernmental organizations like the World Bank and Forbes provide veritable aid and skill to needy states during and especially after economic crises and when reforms in their financial systems are fundamentally needed. The global economy's infrastructure is enhanced by all of these actions.

1. Supporting the Development of Member States Legally and Economically

Member countries of the IMF and World Bank are under no obligation to remain self-sufficient in the payment balance of their economic fraternity, and so they turn to these two institutions for assistance in case they have balance payment deficit, financial problems in their economies, or facing other developmental issues. The IMF, for instance, offers financial support in the form of 'economic assistance' which consists of rapid-response loans to address a member country's excel payment shortage and policy reforms aimed at restoring macroeconomic stability. On the other hand, the World Bank concentrates on the long-term projects to modify existing or initiate new debt contracts for developmental and economic purposes. Both institutions have sophisticated lending techniques that allow them to support countries in distress with professional solutions geared toward positive outcomes for both sides (International Monetary Fund, 2020).

2. Monitoring and Assessing Economic and Financial Policies

One of the major functions of these intergovernmental institutions is the examination of economic and financial policies of a country. By means of the Article IV consultations, the Fund performs periodic surveillance of the global economy and the economic activity of the member countries. These consultations are used to pinpoint macroeconomic vulnerabilities and recommend appropriate policies. A similar exercise is carried out by the World Bank, in which, instead of the World Development Indicators, the global development progress is reported on in periodic reports. Likewise, by means of these reports, it is possible to examine economic and social development around the world. By monitoring national policies, these organizations ensure appropriate alignment of national fiscal, monetary, and financial republican practices with global standards which helps achieve economic stability (International Monetary Fund, 2019).

3. Creating proposals for structural system changes

International Governmental Organizations (IGOs) interact for the division of structural changes within the member states, providing advice and expertise on economy restructuring, financial sector modification, and governance improvement. The IMF requires the implementation of structure adjustment programs (SAPs) or other similar plans that liberalizes economies so that funding can be made available. These plans usually embody fiscal cuts, market deregulation, and the selling of public enterprises. The World Bank, besides funding, aids countries to put in place systems that allow for economic growth by concentrating on structural changes in health, education, and even public works. Through technical assistance and recommendations, IGOs contribute to the growth of self-sustaining national economies with a competitive edge in the global economy (World Bank, 2020).

4. Supporting the Execution of Programs for Financial Stability

The implementation of programs aimed at restoring balance and growth in the economy is

facilitated by the World Bank and IMF's financial stability programs. The fund's role in crisis management is significant, as it provides support and policies to countries experiencing extreme economic imbalances. Through resources such as stand-by arrangements and extended fund facilities, the IMF lends money to help economies that are in deep financial crisis. These programs are offered with stringent conditions that require countries to implement fiscal, monetary, and structural changes to gain economic balance. In a similar manner, the World Bank provides stability by financing projects that improve governance, strength the financial systems, and promote transparency (International Monetary Fund, 2021).

The fund's role in maintaining financial stability

Inter-governmental organizations, such as the World Bank and IMF, also have an important role in maintaining global financial stability in times of economic crises. Their roles do not just encompass funding and policy supervision, but also include aiding in financial restructuring, sustainable development activities, and modernization of financial systems.

1. Mitigating debt pressure via debt modification

Mitigating debt pressure through debt modification is a primary activity of intergovernmental organizations. The IMF and World Bank provide external debt restructuring for national economies by providing debt relief facilities and debt rescheduling terms. They enable those fragile countries to lessen their debt service through negotiations with creditor countries or even private lenders which in the long run augments their fiscal sustainability. For example, the IMF's debt service relief programs covering the Highly Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) have positively affected the debt obligations of many developing countries (International Monetary Fund, 2020).

2. Financing sustainable development projects

The World Bank specializes in the funding of projects that promote sustainable development that aid in growth and economic development over the long term. These projects usually include civically important sectors like infrastructure, education, healthcare, and environmental protection. Such funding rendered by the World Bank enables immediate and long-term investments in building the foundations of a resilient economy leading to job creation, reduction of poverty, and sustainable development. The World Bank lends money at low interest rates and provides free grants through the International Development Association (IDA) to the poorest countries in the world to ensure that they can afford to finance projects aimed at enhancing the living standards of their people (World Bank, 2020).

3. Updating financial systems and improving transparency and accountability

In this regard, the IMF and World Bank have a role in updating the financial systems in Member States to allow for improvements in governance,

accountability, and transparency. It is the case that the IMF provides technical assistance and helps countries build their capacity to improve their collections of tax revenue and their public fiscal management systems, as well as strengthen the anti-corruption systems. In a similar approach, the World Bank collaborates with countries on the technical aspects of improving financial governance by providing advice, assistance in building capacity, and supporting the reforms on the financial side that make it easier to govern financial transactions. These decoupling activities improve the effectiveness of financial systems and make economies more stable and secure, which in turn enhances investor confidence and contributes to the stability of international financial systems (World Bank, 2020).

Subnational actors in Ukraine's international financial relations

The leap in cooperation between subnational actors and international financial relations in Ukraine has grown due to the multiple local programs being funded by international aid and the active regional development initiatives. The local authorities of Ukraine are increasingly participating in the international financial assistance projects that focus on infrastructure improvement and sustainable regional development.

Local programs of international aid:

Ukraine has managed to acquire substantial foreign assistance due to the cooperation aimed at rebuilding infrastructure and sustainable development. Local authorities are to a large extent key in implementing the programs and ensuring that aid is being utilized for its intended purposes. Furthermore, this local engagement ensures that the international aid given addresses the needs of the community without it being a top-down operation (World Bank, 2020). Local authorities of Ukraine have the ability to influence how the aid is used which enables the community to self-develop and determine how their needs can be best met.

Initiatives focused on sustainability of regional development:

Ukrainian local governments are becoming active participants in international cooperation in order to promote sustainable regional development. Improving governance on a regional level, increasing competitiveness and innovation are some of the most important things that Ukraine aims to achieve in the long run as they integrate into the global and European economies. Sometimes, the regional development programs are complemented with efforts related to the improvement of local economies, building human capital, and addressing regional disparity. These best practices inevitably foster economic development within Ukraine, as well as place Ukraine at the forefront of sustainable development standards in regional governance.

Collaborative efforts with foreign agencies for infrastructure development:

Infrastructure development is of primary concern to both local and global stakeholders in Ukraine. There is hope surrounding the joint action of Ukrainian local governments with this international community including the European Union and the World Bank on the development



of energy, transportation, and urban infrastructure. There are often attempts to include capacity building effort to improve governance structures so that infrastructure projects are sustainably and effectively bi-passed. By modernizing infrastructure, Ukraine stands to gain significantly, both at regional and global levels, by promoting economic growth.

Conclusions. From the typology of non-governmental international organizations, regional financial institutions, and subnational actors there is a deep and multi-faceted tapestry of influence at play in international financial relations. Investment nonprofits that are engaged in transparency promotion and corruption prevention assist in strengthening governance and policy structures that ensure improved performance of partnership development. In Ukraine, however, subnational actors, especially local authorities, take a more active role in international financial relations and are now pivotal in the management of international assistance programs and in promoting sustainable regional development. It will be important to monitor the interaction between these actors, as it is one of the potential responses to the global economic development and governance issues. Their cooperation is of utmost importance to Ukrainians, where these concerns need to be addressed by both local and foreign based actors in order to attain the much sought after sustainable regional growth and integration.

ЛІТЕРАТУРА:

1. International Monetary Fund. *Financial Assistance Overview*. IMF, 2020. URL: <https://www.imf.org/en/about/what-we-do> (дата звернення: 29.01.2025).
2. International Monetary Fund. *Article IV Consultations*. IMF, 2019. URL: <https://www.imf.org/en/About/Factsheets/Article-IV-Consultations> (дата звернення: 29.01.2025).
3. World Bank. *Structural Reforms for Growth and Development*. World Bank, 2020. URL: <https://www.worldbank.org/en/topic/structuralreforms> (дата звернення: 29.01.2025).
4. International Monetary Fund. *Crisis Lending*. IMF, 2021. URL: <https://www.imf.org/en/Topics/crisis-lending> (дата звернення: 29.01.2025).
5. International Monetary Fund. *Debt Relief Under the HIPC Initiative*. IMF, 2020. URL: <https://www.imf.org/en/Topics/debt-relief> (дата звернення: 29.01.2025).

6. World Bank. *Sustainable Development Goals and Projects*. World Bank, 2020. URL: <https://www.worldbank.org/en/topic/sustainabledevelopment> (дата звернення: 29.01.2025).
7. World Bank. *Financial Sector Reforms and Transparency*. World Bank, 2020. URL: <https://www.worldbank.org/en/topic/financialsector> (дата звернення: 29.01.2025).
8. OECD. *Public Governance Directorate: Policy Recommendations for Public Financial Management*. OECD, 2020. URL: <https://www.oecd.org/gov> (дата звернення: 29.01.2025).
9. European Parliament. *The Markets in Financial Instruments Directive (MiFID)*. European Union, 2019.
10. Bank for International Settlements. *Basel III: International Regulatory Framework for Banks*. Basel, 2011. URL: <https://www.bis.org/publ/bcbs189.htm> (дата звернення: 29.01.2025).

REFERENCES:

1. International Monetary Fund. (2020). *Financial Assistance Overview*. IMF. Retrieved from: <https://www.imf.org/en/about/what-we-do> (accessed on January 29, 2025) [in English].
2. International Monetary Fund. (2019). *Article IV Consultations*. IMF. Retrieved from: <https://www.imf.org/en/About/Factsheets/Article-IV-Consultations> (accessed on January 29, 2025) [in English].
3. World Bank. (2020). *Structural Reforms for Growth and Development*. World Bank. Retrieved from: <https://www.worldbank.org/en/topic/structuralreforms> (accessed on January 29, 2025) [in English].
4. International Monetary Fund. (2021). *Crisis Lending*. IMF. Retrieved from: <https://www.imf.org/en/Topics/crisis-lending> (accessed on January 29, 2025) [in English].
5. International Monetary Fund. (2020). *Debt Relief Under the HIPC Initiative*. IMF. Retrieved from: <https://www.imf.org/en/Topics/debt-relief> (accessed on January 29, 2025) [in English].
6. World Bank. (2020). *Sustainable Development Goals and Projects*. World Bank. Retrieved from: <https://www.worldbank.org/en/topic/sustainabledevelopment> (accessed on January 29, 2025) [in English].
7. World Bank. (2020). *Financial Sector Reforms and Transparency*. World Bank. Retrieved from: <https://www.worldbank.org/en/topic/financialsector> (accessed on January 29, 2025) [in English].
8. OECD. (2020). *Public Governance Directorate: Policy Recommendations for Public Financial Management*. OECD. Retrieved from: <https://www.oecd.org/gov> (accessed on January 29, 2025) [in English].
9. European Parliament. (2019). *The Markets in Financial Instruments Directive (MiFID)*. European Union [in English].
10. Bank for International Settlements. (2011). *Basel III: International Regulatory Framework for Banks*. Basel. Retrieved from: <https://www.bis.org/publ/bcbs189.htm> (accessed on January 29, 2025) [in English].

Стаття надійшла до редакції 30.01.2025
The article was received 30 January 2024