

Index of Reform Monitoring (IMoRe)

Release 3

Monitoring period: January 26 – February 8, 2015



Public initiative VoxUkraine continues regular monitor of reform progress in key areas of economic policy and the computation of the Index of Monitoring of Reforms (IMoRe). The Index is based on expert assessments of changes in the regulatory environment in five areas. For details please visit imorevox.in.ua.

The IMoRe value for the third monitoring period (January 26th – February 8th 2015) stood at +1.5 points out of the possible range from -5.0 to +5.0 points. **The IMoRe continues to demonstrate gradual acceleration** compared to the previous rounds (the index value was +1.3 points in the second round and +1.1 points in the first round), **however, the pace of reforms remains lower than the 2-3 points level** which we consider acceptable.

The amendments to Joint Stock Companies Law that lowers from 60% to 50% the quorum for shareholder meetings at companies at least 50% owned by the state **received the highest number of points: +5.3** (we remind that an event grade is the sum of grades this event receives along several directions of reforms and thus can exceed +5.0 points). According to experts, this step will allow strengthening public control over corporations, in which the state has a majority stake, and increasing public revenues.

The second major event was **Ministry of Infrastructure's decision to provide online broadcasting of tenders for state enterprises' (+4.5 points)**. Thanks to this decision and a number of other events, such as reinforcement of transparency requirements for Parliamentary Committees, **overall progress in Governance and Anti-corruption sphere was evaluated at +2.0 points**.

According to experts' assessments, the third and fourth most important events were **resumption of two-sided quoting of public bonds by the NBU** no significant events were observed and **NBU decision to cancel currency auctions and indicative exchange rate (+3.0 points)**. Experts noted that resumption of two-sided quoting will stimulate the development of the secondary market for government bonds and increase flexibility of public debt management, while cancelation of currency auction and indicative exchange rate is considered as an important prerequisite for introduction of inflation targeting. These decisions ensured **high grade of +2.5 points for the overall progress in Monetary Policy and Financial Markets direction**.

The above-mentioned decisions to lower the quorum threshold at stakeholders meetings and introduce online tenders broadcasting received a moderately positive evaluation under the Public Finance direction. Also, the experts positively evaluated the decision on the new order of granting medical subventions to local budgets, which is a step towards implementation of the previously adopted decision to reform budgetary financing of the healthcare. **Overall progress in Public Finance direction was evaluated at +2.0 points**.

Energy independence direction received +0.8 points thanks to the decision to reduce quorum threshold at stakeholder meetings. No significant events were observed in **External Trade** direction over monitoring period (**0.0 points**).

(Please see charts on next page)

For information: **VoxUkraine** is a group of global economists and members of the Ukrainian policy community who are working on reforms in Ukraine. The goals of VoxUkraine are to promote research-based policy analysis and commentary on economic developments in Ukraine, to formulate a systemic approach to reforms, to provide high-quality discussion platforms, and to integrate Ukraine into the global network of economists and public policy leaders. One of VoxUkraine's activities, blog <http://voxukraine.org/>, is rapidly becoming an important place for exchange of ideas on Ukraine's economy as well as a resource for the independent Ukrainian and foreign media.

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Chart 1. IMoRe dynamics

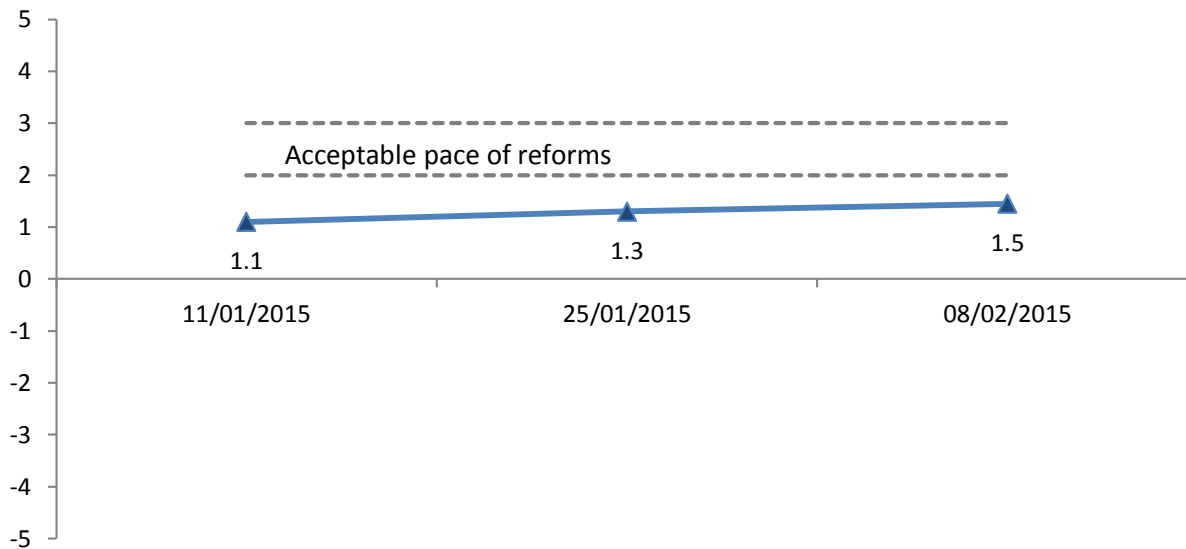
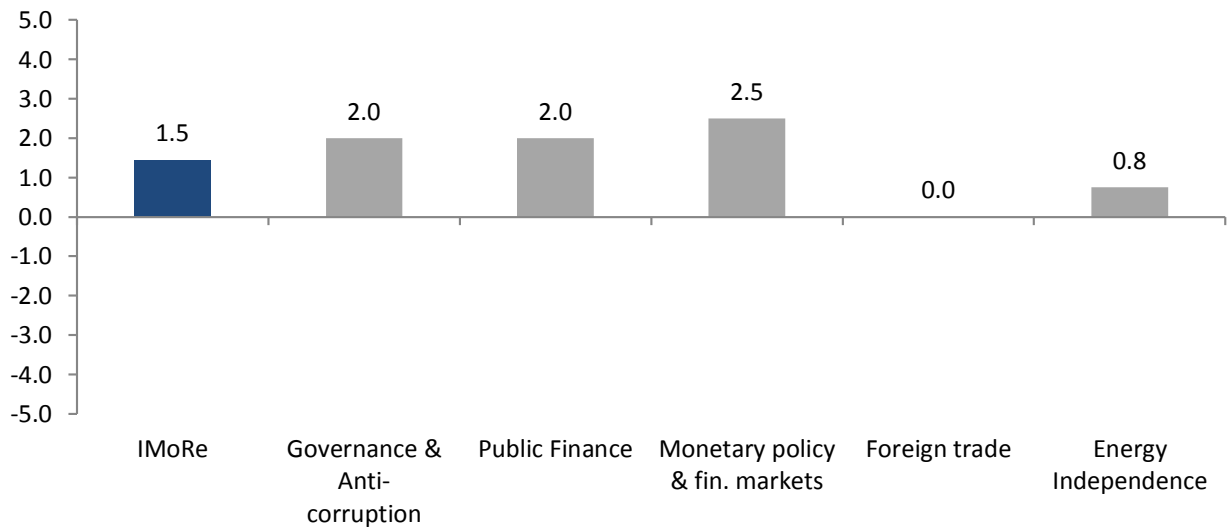


Chart 2. IMoRe and its components in current round



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Chart 3. Average value of Index components since beginning of monitoring (January 1, 2015 to February 8, 2015)

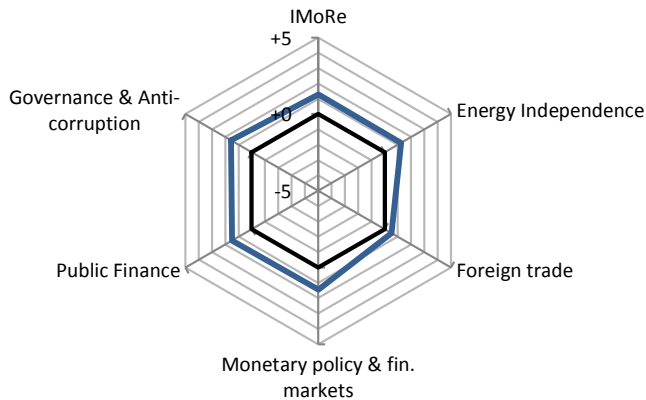
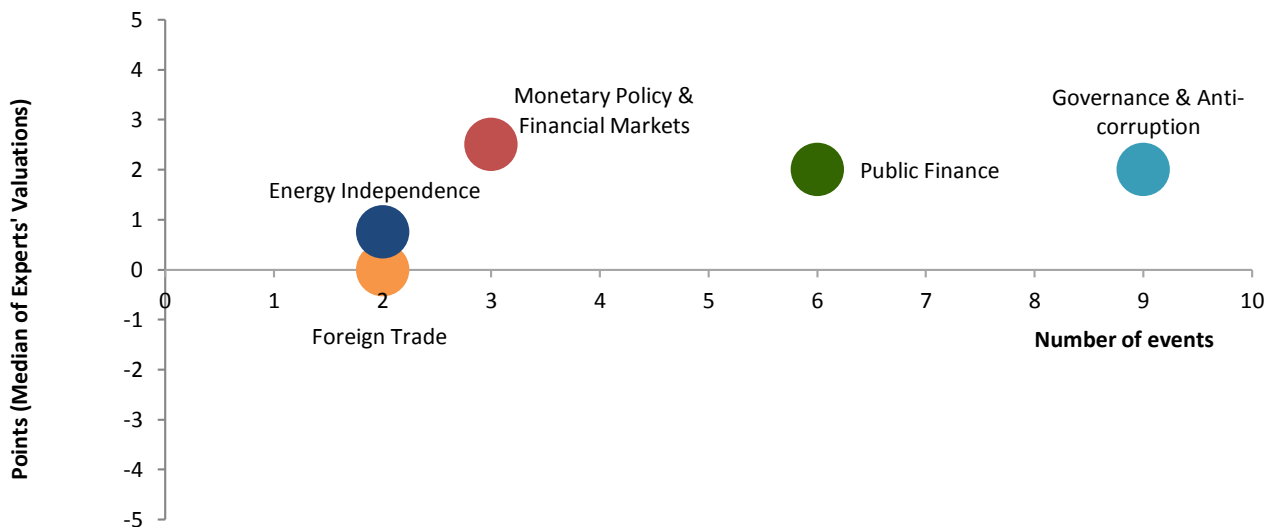


Chart 4. Value of IMoRe components and number of events January 26 – February 8, 2015



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