

Index of Reform Monitoring (IMoRe)

Release 7

Monitoring period: March 23 – April 5, 2015



Round 7: Significant progress in deregulation and anti-corruption

The IMoRe value for the seventh monitoring period (March 23rd – April 5th, 2015) totaled **+1.8 points** out of the possible range from -5.0 to +5.0 points. The main driver behind accelerated index growth from +0.7 points in the previous round was the substantial progress in deregulation and anti-corruption. Thanks to a number of important events in these spheres index value was almost as high as after the adoption of the “IMF package” of laws (+2.2 points).

Changes to the law on joint stock companies received the highest grade in the seventh period – overall +6.0 points (remember that an event grade is the sum of grades this event receives under several sub-indices of reforms and therefore can be higher than +5.0 points). The law reduces the quorum at shareholder meetings of joint stock companies from 60% to 50%, thus depriving shareholders of large but not controlling stakes of the possibility to block meetings. In case of joint stock companies with substantial government shares, this decision will also contribute to increase in government revenues in the form of dividends. **Disclosure of procurement information by companies subordinated to the Ministry of Infrastructure received slightly lower score (+5.3 points)**. Experts pointed out that this step will increase the transparency of public procurements, reduce opportunities for corruption, and therefore reduce budget losses caused by the fraud in this area. Experts also assigned a high grade **to the launch of the National Agency for Corruption Prevention (overall +3.0 points)** but noted that only the results of its future work will allow evaluating the actual importance of this agency. **Cancellation of a number of licenses (+3.0 points) and the law on deregulation (3.0 points) also received high grades**. According to experts, these laws improve the business climate and reduce opportunities for corruption. **Liquidation of the state enterprise "Ukrekoresursy"** was another positive development that destroys corruption in the sector of waste management.

As for **Monetary Policy and Financial Markets direction, the establishment of the Financial Stability Council received the highest grade (+2.0 points)**. Experts noted that the council will coordinate the financial system supervision and identify risks. However, its overall performance will depend on timing and specificity of its recommendations and of course on their implementation. **In the sector of Energy Independence, separation of gas transportation from the supply scored +2.0 points**. This decision harmonizes regulation of the gas industry with the EU legislation.

Given the significant number of positive changes in deregulation, business climate improvement and corruption reduction, **Governance and Anti-Corruption direction scored +3.0 points**, which is the highest grade in the seventh monitoring period and **the highest value since the start of observations (January 2015)**. Monetary Policy and Financial Markets, as well as Energy Independence, received +2.0 points, while progress in Public Finance direction was estimated at +1.8 points. On the other hand, reforms in Foreign Trade area lag behind – sector scored 0.0 points, just like in the previous round, as there were no significant events.

(Please see charts on the next page)

Note: Index for Monitoring Reforms (IMoRe) from VoxUkraine aims to provide a comprehensive assessment of reform efforts by Ukraine's authorities. The Index is based on expert assessments of changes in the regulatory environment in five areas. For details please visit imorevox.in.ua. 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

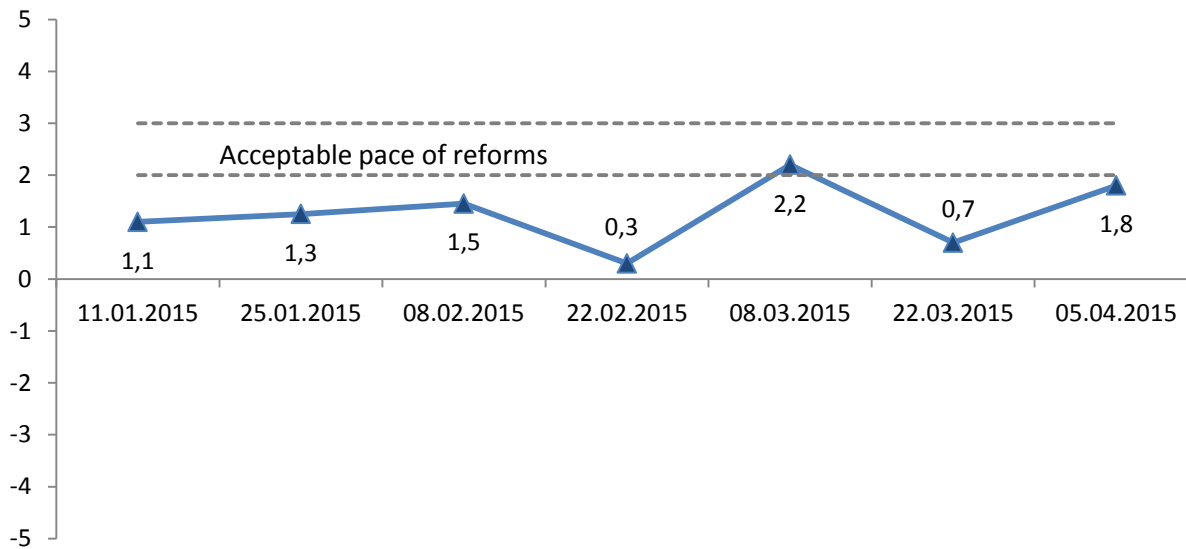
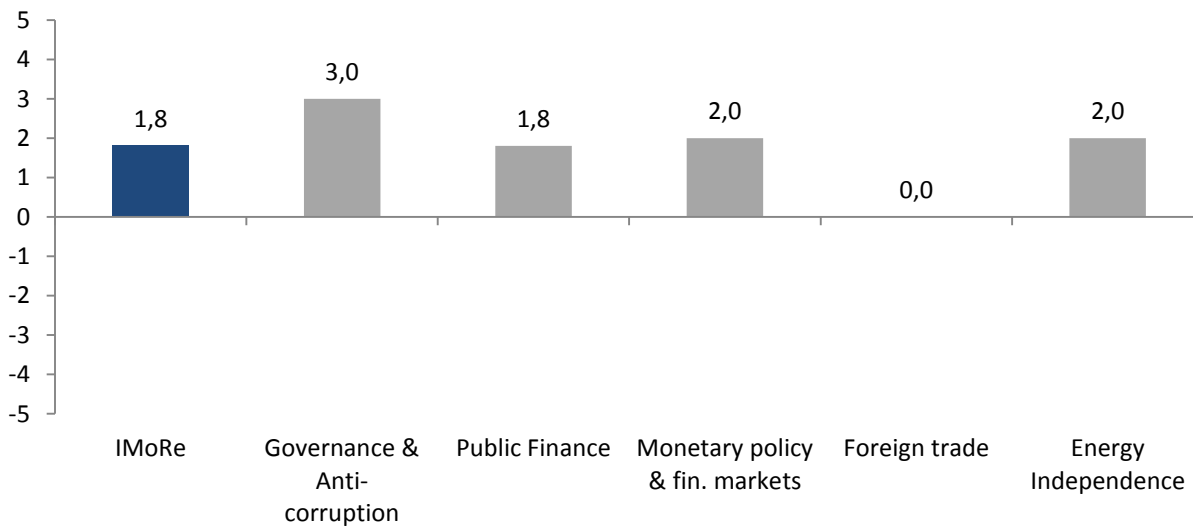


Chart 2. IMoRe and its components in the current round



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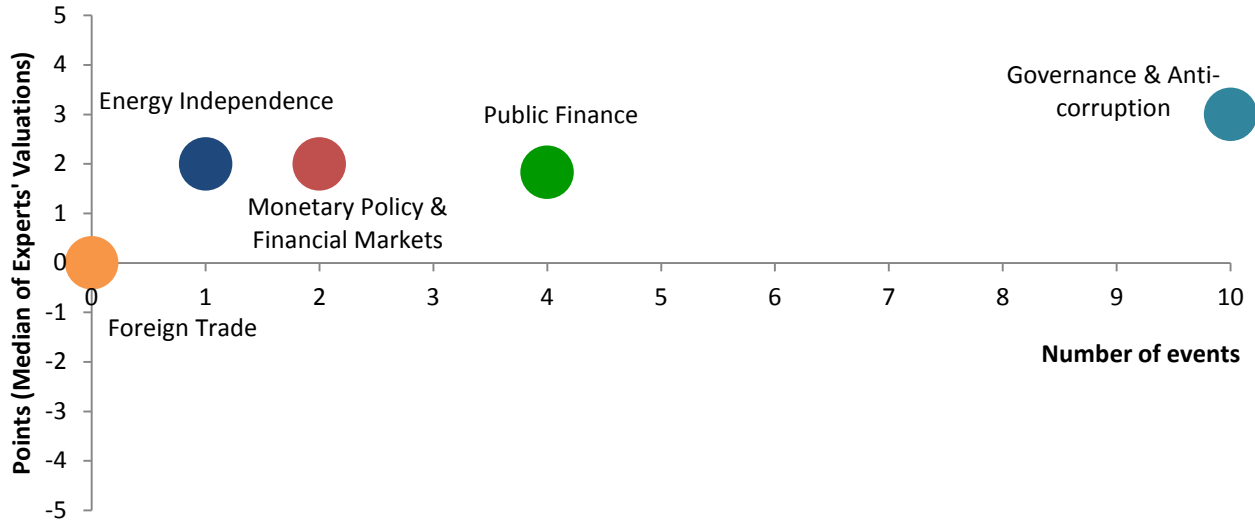
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Chart 3. Value of IMoRe components and number of events March 23 – April 5, 2015



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