

Index of Reform Monitoring (iMoRe)

Release 11

Monitoring period: May 25 – June 7, 2015



Issue 11: Weak reform progress second period in a row

The iMoRe value for the 11th monitoring period (May 25th – June 7th, 2015) stood at **+0.9 points** out of a possible range between -5.0 to +5.0 points. Index slowed down for second round in a row pointing to anemic reforms progress in virtually all monitored directions.

This time the highest grade was given to the law that allows banks to offer term deposits without an option of early withdrawal (+2.8 points). iMoRe experts noted that this development will improve liquidity management of banks and strengthen stability of the banking system. At the same time, experts were less enthusiastic regarding NBU's decision to prolong virtually all existing currency exchange controls for another three months, with minor exceptions. Respective regulation received +1.0 points and the overall **Monetary Policy and Financial Markets sub-index totaled +1.0 points.**

The second-highest score in the 11th survey period was assigned to the law enabling NJSC "Naftogaz" to sell debts of gas consumers and turn off gas supply in case payments terms are violated (+2.5 points). Nickolay Myagky, an independent expert, commented: 'Naftogaz has got more leverage over heating companies, which have large payment arrears. It is important that this leverage does not generate more corruption, i.e. the law is applied in a non-discriminatory and transparent way'. Without other events of note **Energy Independence sub-index scored +1.5 points.**

There were several positive developments in **Governance and Anti-corruption sector (+1.0 point).** First of all, government canceled limits of salaries of top state employees (+2.0 points). Experts welcomed abolishment of the populist measure, but also noted that full-scale and radical reform of the public administration is required. Second, experts gave +2.0 points to government's decision to launch electronic interaction between the executive authorities starting from September 2015. Third, the Cabinet of Minister's order to publish all draft resolutions on the websites received +1.8 points as a small step towards higher transparency in governance and public administration.

Progress in **Industrial Organization and Trade Policy was estimated at +1.0 point.** Major events in this direction were cancellation of the compulsory certification for 12 categories of products (+2.0 points) considered an important development in deregulation and liquidation of the state monopoly for the production of bioethanol (+2.0 points).

At the same time, experts were not impressed by reforms in Public Finance giving this sub-index zero points.

(Please see charts on the next pages and on the website http://imorevox.in.ua/?page_id=586, http://imorevox.in.ua/list_rounds.php)

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

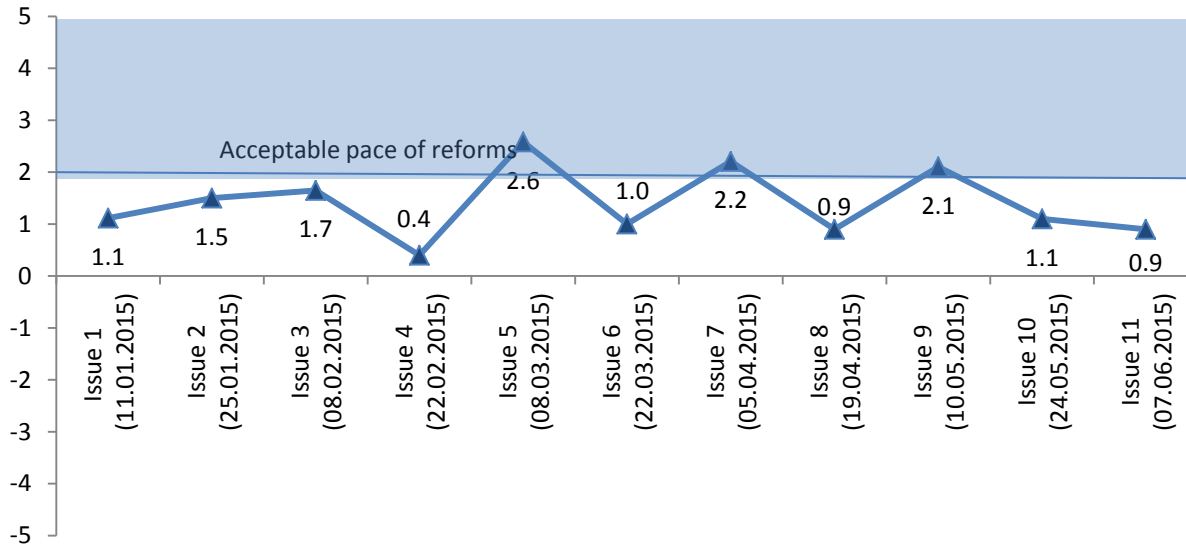
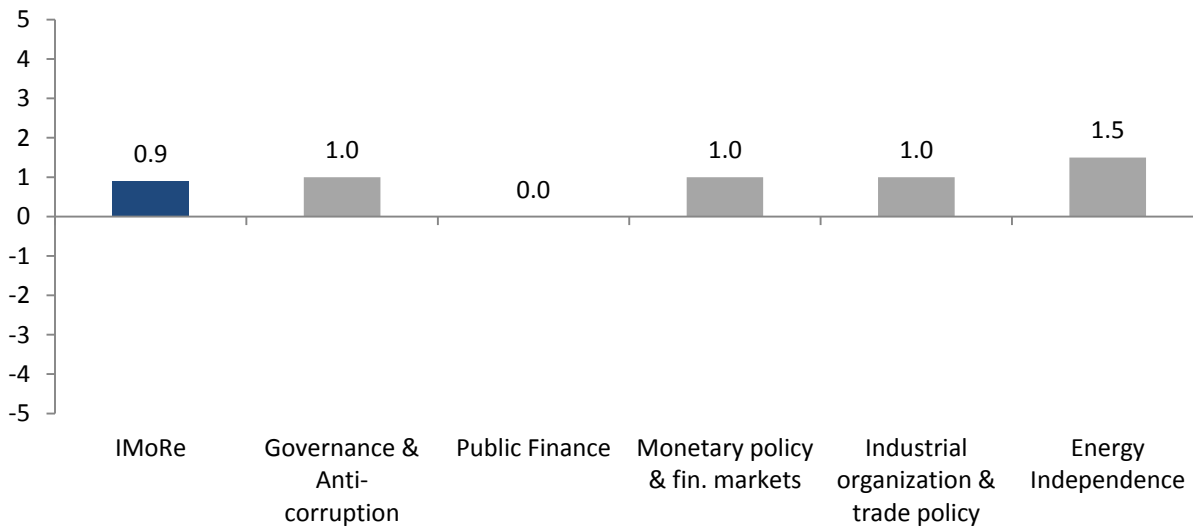


Chart 2. iMoRe and its components in the current round



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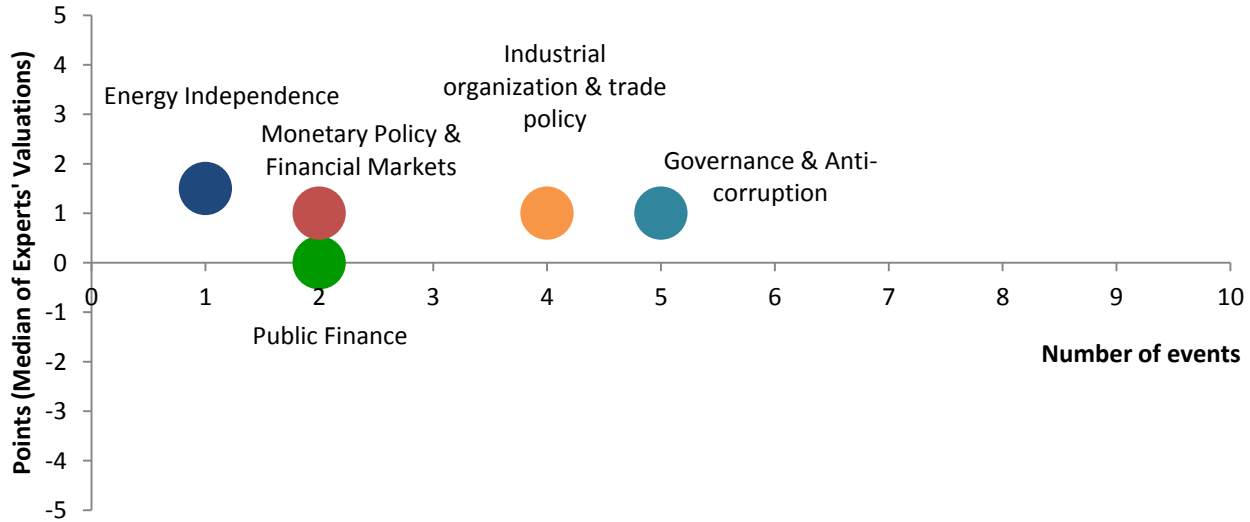
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Chart 3. Value of iMoRe components and number of events May 25– June 7, 2015



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