

Index of Reform Monitoring (iMoRe)

Release 16

Monitoring period: August 3 – 16, 2015



Issue 16: Many small steps towards reducing corruption

The iMoRe value for the 16th monitoring period (August 3rd–16th, 2015) constituted **+1.5 points** out of a possible range from -5.0 to +5.0 points. Authorities' efforts in fighting corruption, monetary policy, industrial organization and trade policy had a positive impact on the pace of the reforms. Nonetheless, despite the large number of developments, index value decreased slightly compared to the previous period.

Governance and Anti-Corruption direction received +2.3 points thanks to a series of anti-corruption changes. In particular, **+4.0 points were given to the decision to open access to information of public registries** (597-VIII of 14.07.2015). The experts gave another **+3.0 points to the law on road safety** (596-VIII of 14.07.2015), which extends the powers of the patrol police and helps to reduce corruption on roads. **The decision to expand the list of the assets to be declared by public employees in tax reports received +2.0 points** (631-VIII of 16.07.2015). The same grade experts gave to the changes in the Criminal Procedure Code about prejudicial inquiry conducted by the National Anti-Corruption Bureau detectives with regard to false information declared by public employees (628-VIII of 16.07.2015). Parliament also allowed to carry out secret investigations against the court and law-enforcement authorities employees outside the territorial jurisdiction of the prejudicial inquiry body (+2.0 points, 613-VIII of 15.07.2015), which is an important tool for investigators.

As for the **Law on Local Elections** (595-VIII of 14.07.2015), experts' opinions were divided. The total score reached +2.0 points, emphasizing the importance of the elections, still the law received a lot of criticism, particularly with respect to strengthening monopoly of the existing parties since the law increases the entrance barrier to 5% and the possibility to field candidates for elections in the cities only by political parties. For the first time local elections will be held in the united territorial communities, the fact that also raises certain concerns.

Experts estimated Public Finance sector progress at + 1.0 point. Experts welcomed the **simplification of the subsidies assignment for those who did not have time to apply for them (+2.0 points, CMU decree 570-VIII of 05.08.2015)**. The same grade was given to the **cancellation of taxes for non-profit organizations (+2.0 points, the law 652-VIII of 17.07.2015)**. Experts gave the overall assessment of **+2.8 points** (in the sectors of Public Finance and Industrial Organization and Trade Policy) **to the changes in the Tax Code aimed at reducing the tax burden on business**, particularly in the area of tax inspections, the registration of foreign companies and temporary (until 31.12. 2016) mitigation of fines. **The law on the Audit Chamber received +2.0 points** (576-VIII of 02.07.2015) – by one point in Anti-Corruption and Public Finance areas. On the one hand, the law broadens the powers of the Audit Chamber. However, as expert Igor Buinyi notes, "event will have little impact as the Audit Chamber in accordance with the law only informs the Parliament and the President, and submits conclusions and proposals. In my opinion such conclusions and proposals are unlikely to have a crucial impact on the fight against corruption."

The law that improves Deposit Guarantee System (629-VIII of 16. 07.2015) **received +2.0 points, as well as Monetary Policy and Financial Markets sector as a whole.** The development significantly enhances the protection of the individual depositors' rights and was one of the IMF requirements.

As for **Industrial Organization and Trade Policy direction**, the highest grade (**+2.3 points**) experts assigned to **the reduction of term of the issuance of phytosanitary and quarantine certificate to one day** (617-VIII of 15.07.2015), whereas before it took up to 5 days. Faster issuance of certificate will help to reduce queues at ports and customs. Another **easing of transfer pricing** (609-VIII of 15.07.2015) **scored +3.0 points** (as a sum of grades in areas of Industrial Organization and Trade Policy and Public Finance). As well as **+2.0 points were given to the new law on animal identification** (616-VIII of 15. 07.2015), which introduced mandatory registration and identification of all livestock animals, which is one of the conditions for Ukrainian meat products to access the EU market. Overall, the sector grade constituted +2.0 points.

Finally **Energy Independence direction scored 0.0 points** without any significant events in the monitoring period.

(Please see charts on the next pages and on the website http://imorevox.in.ua/?page_id=577, 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

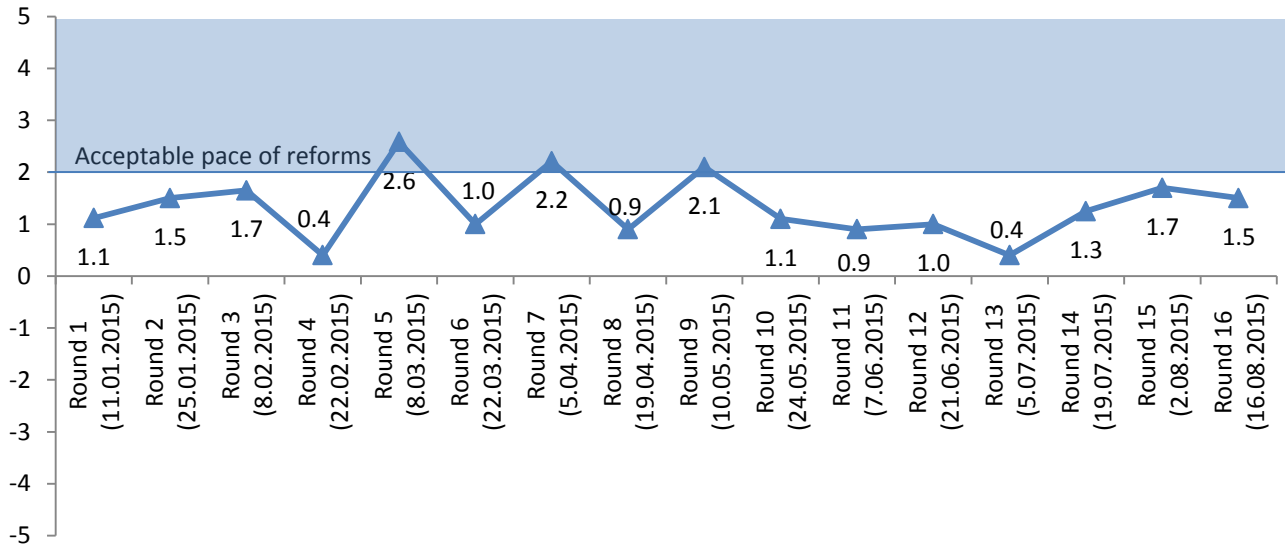
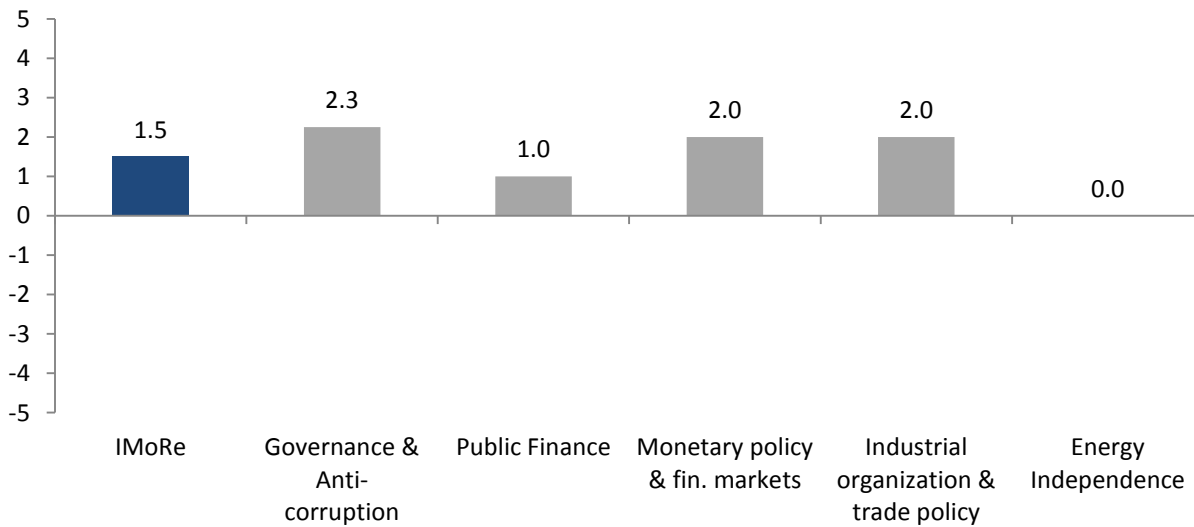


Chart 2. iMoRe and its components in the current round



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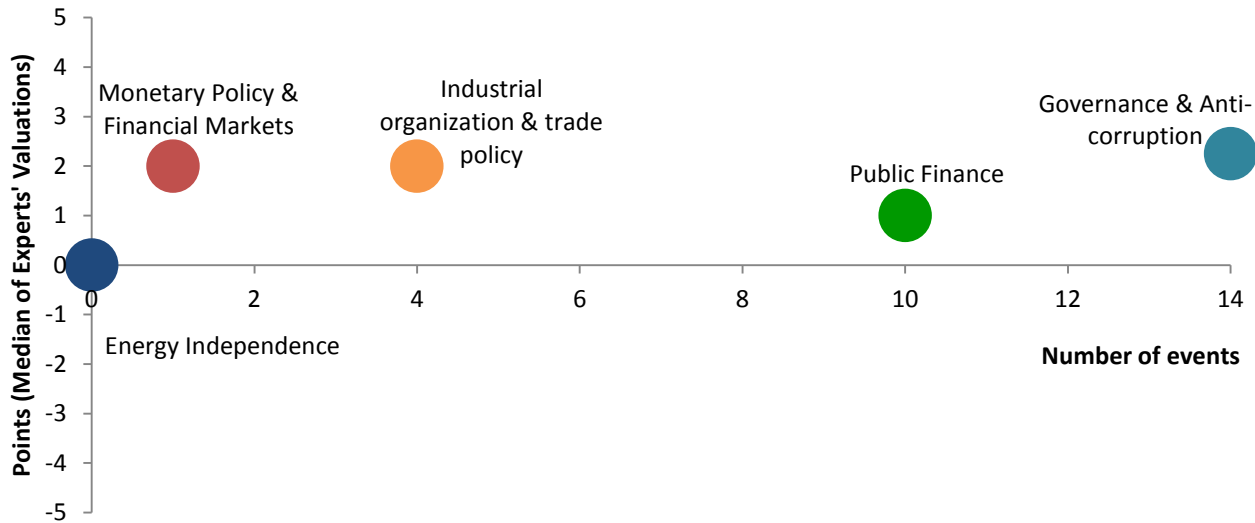
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Chart 3. Value of iMoRe components and number of events August 3– 16, 2015



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