

Index of Reform Monitoring (iMoRe)

Release 18

Monitoring period: August 31 – September 13, 2015



Issue 18: One of the lowest Index values

The iMoRe value for the 18th monitoring period (August 31st – September 13th, 2015) constituted **+0.6 point** out of a possible range from -5.0 to +5.0 points. Index value fell further after weak results last period since mere achievements in governance, anti-corruption, public finance and industrial organization areas were offset by absence of any progress in monetary policy and energy sectors.

Experiment on the financing of principal roads from customs duties (the law 666-VIII of 3.09.2015) **scored the highest in this period: +3.0 points** as a sum of grades in governance and public finance. The experiment will take place in Odesa, Volyn, Lviv and Chernivtsi regions till the end of 2016. 50% of the overachievement of monthly targets of customs duties revenues in these regions will be directed to special funds of the corresponding regional budgets. Oleksandra Betliy from IER noted that "On the one hand, the developments are positive, because there may generate [more] funding, on the other hand, funding source is unstable and there will be desire [of the state] for additional pressure on business to pay more, for example through overstatement of the customs value".

Government **increased the estimated cost of construction projects** (CMU resolution 665 from 26.08.15), **which have to be approved by central and other executive authorities and regional state administrations to UAH 400 mn** (previously UAH 100 mn), and to UAH 120 mn - for construction projects, which have to be approved by public enterprises, executive authorities of village, town and city councils (previously UAH 30 mn). Experts assigned **+2.0 points** to the development as positive step in decentralization, though mentioned that dollar value did not increase substantially compared to pre-crisis level. In addition, **experts gave +1.0 point to provisions on state architectural control** (CMU resolution 671 from 19.08.15), approved in accordance with the previously adopted law.

Experts assigned +1.0 grade to the news that the minimal period of **state registration of real estate was reduced to just two hours for tenfold fee** (CMU resolution 669 from 02.09.15). Experts mentioned that if service can be provided for just two hours, then it should not take three days in an ordinary case and should not cost extra money. **The decisions to transfer 21 railway hospitals to local communities** (CMU order 886-p and 887-p from 26.08.15) **received +1.0 point** as a small step in decentralization and improvement in public services provision, however, experts noted that local communities did not receive resources to finance these medical facilities. Moreover, as a part of health care reform government decided to create **Centre for Public Health (+1.0 point, CMU order 909-p from 02.09.15)** which means merger of several organizations. Low grade of the event can be explained by experts' concerns whether this reorganization leads to higher efficiency in public health.

Despite large number of events, the overall **Governance and Anti-Corruption sector progress was estimated at +1.0 points. Industrial organization and Trade Policy direction received +1.0 point as well.** Apart from abovementioned provisions on state architectural control, experts also assessed respite to owners of self-propelled passenger vessels to equip ships with navigation equipment till 2016 and 2017 (+1.0 point, Ministry of Infrastructure decree 229 from 23.06.15) and state recognition of higher religious education documents, academic degrees and titles (+1.0 point).

Public Finance sector scored +1.0 point based on aforesaid experiment on principal roads financing and Centre for Public Health. **Energy independence sector received +0.1 point**, while the only news in the sector that price of liquefied natural gas for population needs, which is sold on special auctions, was set equivalent to the cost of natural gas (CMU resolution 635 from 19.08.15) received only +0.5 points. The development eliminates arbitrage opportunities.

Finally, **Monetary Policy and Financial Markets sector grade constituted 0.0 points** since experts did not notice any significant events in the area.

(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

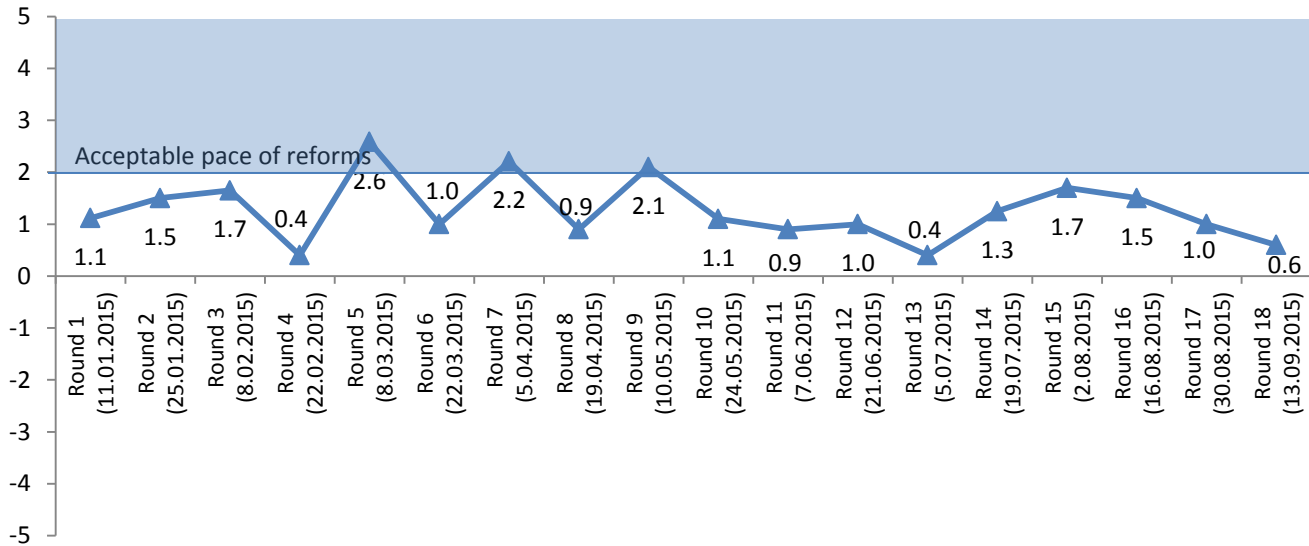
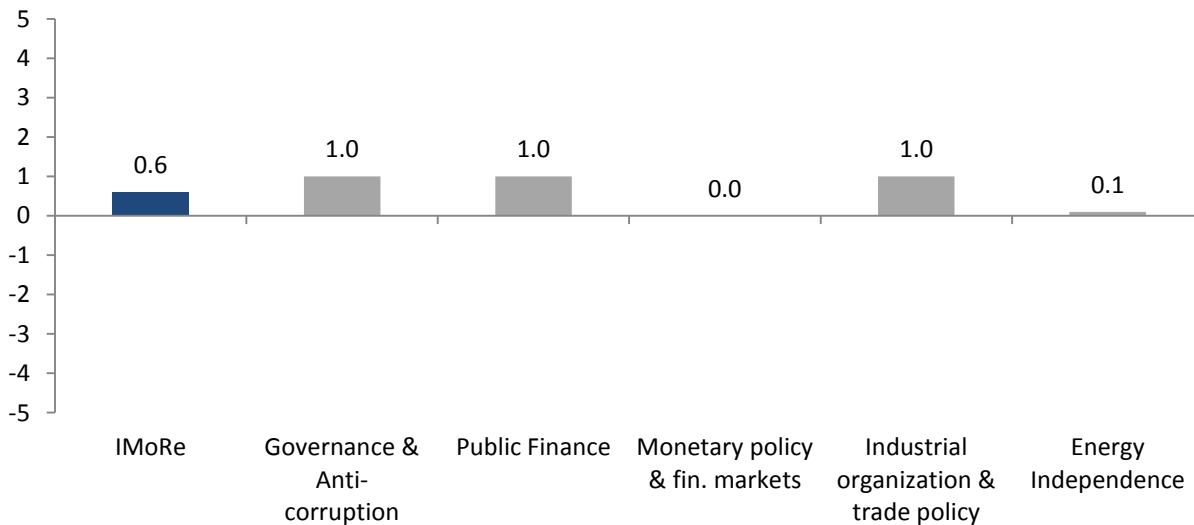


Chart 2. iMoRe and its components in the current round



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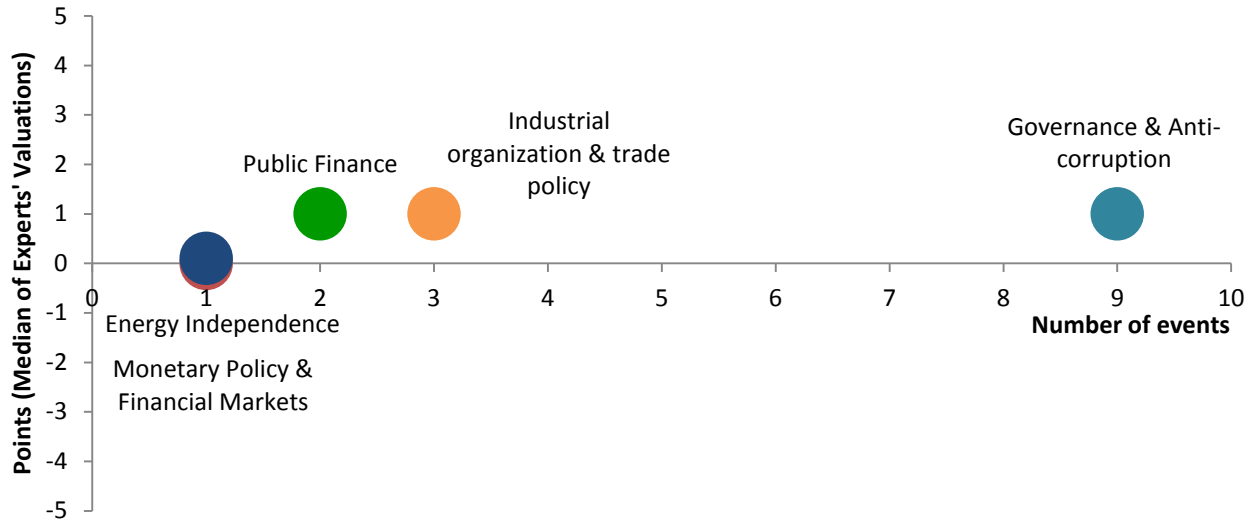
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Chart 3. Value of iMoRe components and number of events August 31– September 13, 2015



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