

Index for Reform Monitoring (iMoRe)

Release 24

Monitoring period: November 23 – December 6, 2015



Issue 24: Important Anti-Corruption Laws

The iMoRe value for the 24th monitoring period (November 23 – December 6, 2015) was **+1.2 points** out of the possible range from -5.0 to +5.0 points. The pace of reform accelerated somewhat, primarily due to the long-awaited anti-corruption laws adopted in accordance with the action plan on liberalization of EU-Ukraine visa regime.

In the twenty-fourth monitoring period there were quite many regulations to evaluate - nineteen events. Progress in **Governance and Anti-Corruption sector was rated the highest - +2.0 points** - adopted anti-corruption laws belong to this category. **Industrial Organization and Trade Policy sub-index** had the largest number of events (ten), but the pace of reform in this area stood at only **+1.0 point**. During the monitoring period a number of important decisions were taken, including ratified the WTO Agreement on Trade Facilitation and signed legislation to raise the transparency of the Antimonopoly Committee of Ukraine. **+1.0 points** were assigned to each **Monetary Policy and Financial Markets, Public Finance and Energy Independence sectors**.

A law on political party funding (731-VIII of 08.10.2015) **received the highest grade - +3.0 points**. Dmytro Kotlyar from Reanimation Package of Reforms Initiative said that this event is "a systemic reform aimed at preventing political corruption". In his opinion, "this is the most important anti-corruption reform adopted over the past year and a half. In case of implementation, it will change the political system of the country. Public funding of parties will eliminate their dependence on oligarchs and other vested interests. At the same time, public funding is balanced by strict control over party finances - from restrictions on private contributions to the requirements of financial statements disclosure, external audit and public control over compliance with the law." As an additional reading, we recommend Anton Marchuk's article on this law recently published on the VoxUkraine website. Another anti-corruption initiative that received high grade (**+2.0 points**) was the **law on the special regime of confiscation of property from corrupt officials** (770-VIII of 10.11.2015).

+2.0 points (sum of points in Energy Independence and Public Finance areas) were assigned to the **Energy Efficiency Action Plan to 2020** (CMU resolution 1228-p of 25.11.2015). Dmytro Naumenko (from Stronger Together) says: "It is an important framework document, adoption of which has long been required from Ukraine by the Energy Community Secretariat and donors. Its adoption will establish clear measurable targets to reduce energy consumption and create a number of important sectoral programs aimed at promoting energy efficiency". Although the plan will require budgetary expenses, future reduction of energy consumption will bring both economic and political benefits.

Another +2.0 points were given to the **law ensuring the transparency of the Antimonopoly Committee of Ukraine activities in the area of concentration and collusion** (782-VIII of 12.11.2015). This is one of the regulations required by Ukraine-EU Association Agreement. **Simplification of operations with local and foreign currency accounts** (NBU decree 833 of 27.11.2015), which improves the business environment, also received **+2.0 points**. And **+1.5 points** were given to **simplified procedures for obtaining state support for the development of livestock breeding**.

Ratification of the WTO Trade Facilitation Agreement scored +1.0 point. Veronika Movchan from the Institute for Economic Research and Policy Consulting emphasizes that "non-tariff barriers, which include also the costs associated with the procedure of crossing the customs border of the country is a major barrier to trade in the modern world. Therefore, signing and fast implementation of the provisions of the WTO Trade Facilitation Agreement is very important".

The same grade experts gave to the **law on external labor migration** (761-VIII of 05.11.2015), which defines the framework for the social protection of migrant workers and their families.

During the monitoring period Ministry of Justice registered regulations issued by the National Commission for State Energy and Public Utilities Regulation (NCSEPUR) necessary for the implementation of the law on the natural gas market. They include gas transmission system code, gas distribution system code, gas storage code, the rules for natural gas supply (NERC regulations 2493, 2494, 2495 and 2496 of 30.09.2015 respectively). Given the large volume of documents, these regulations require a thorough analysis, therefore, they were not evaluated in the current 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

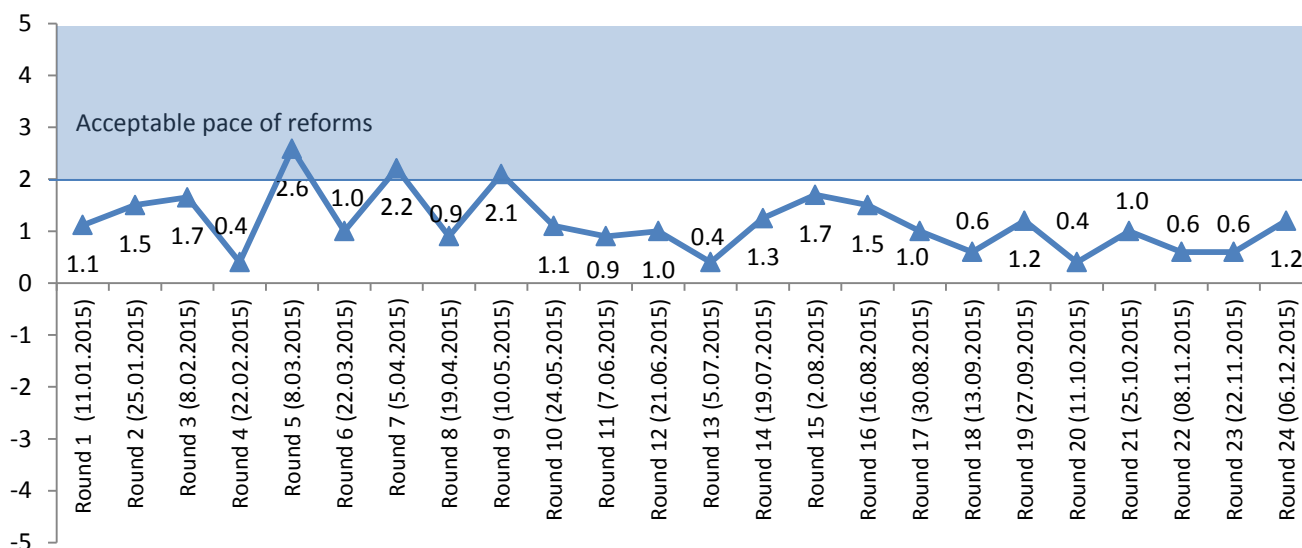
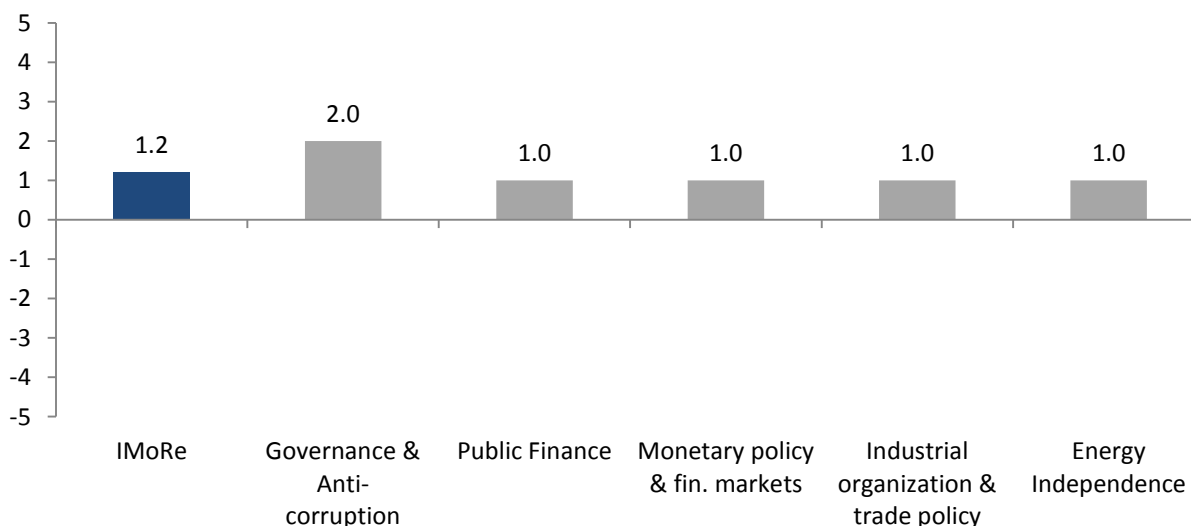


Chart 2. iMoRe and its components in the current round



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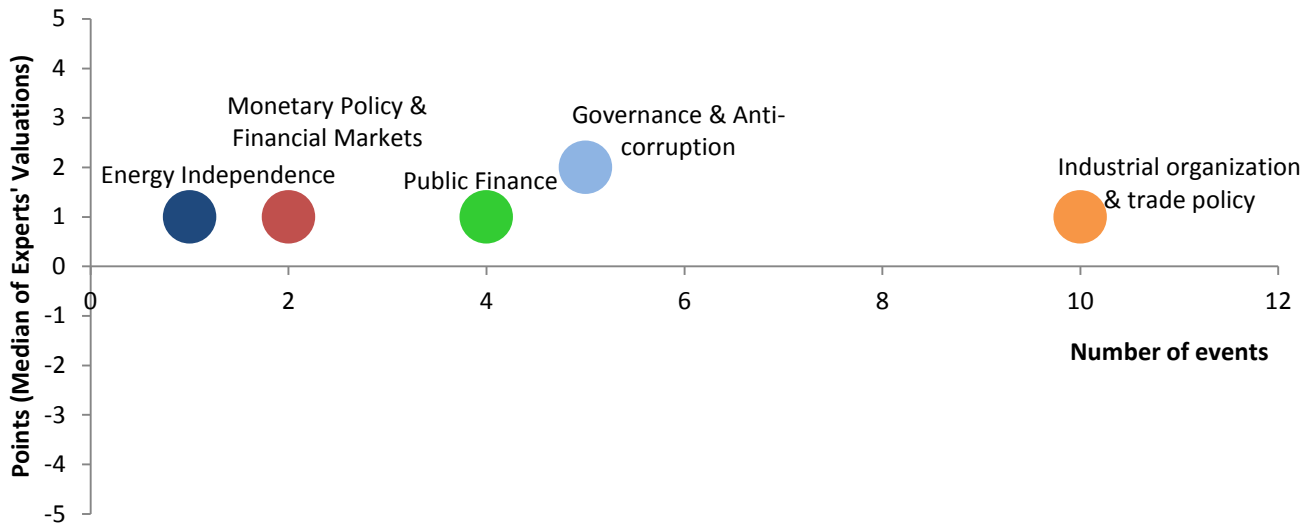
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Chart 3. Value of iMoRe components and number of events November 23 –December 06, 2015



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