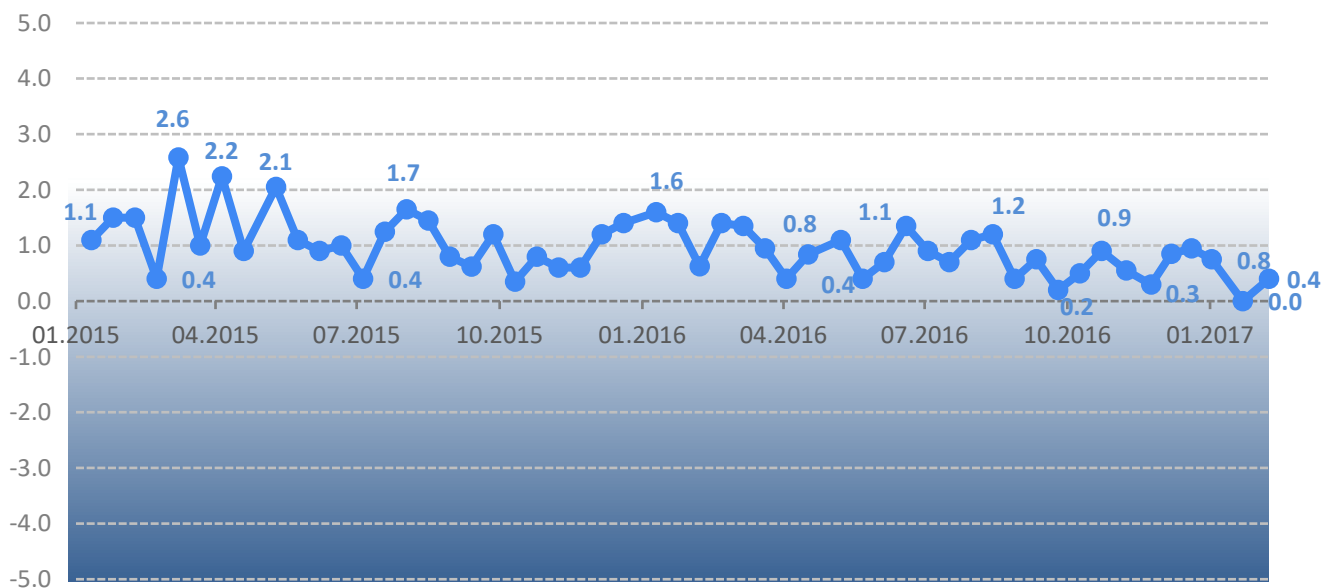


## iMoRe #53. "Almost zero" again. Who is responsible for the slow pace of reforms in Ukraine?

The index for monitoring of reforms (iMoRe) again demonstrated almost no new positive developments. During the period of January 23 - February 5, 2017 the index was +0.4 points, on a scale from -5.0 to +5.0 points. Only minor steps in the deregulation of certain activities and the improvement of the mechanism for VAT refunds have been made. This provided a slight positive value of the two index components "public finances" and "business environment". In the areas of government administration, the monetary sector, and the energy sector no regulations that can be considered reforms were observed during this period.

Chart 1. iMoRe dynamics\*



\* The iMoRe team considers index value of at least 2 an acceptable pace of reform

The index indicates no progress for the second consecutive round - from early 2017 reforms virtually have stopped: the total value of the index is 0.4 points. However, this situation cannot be attributed to the New Year lag or seasonal factors. In the same period in 2015 iMoRe equaled 1.5 points on average, and in 2016 is was 1 point on average.

iMoRe editors have solid grounds for claiming that there is a significant slowdown of "reforms" in the country. Here are the experts' comments on the situation.

# Index for Monitoring Reforms (iMoRe)



Release 53

Monitoring period: January 23 – February 13, 2017

*"Progress of economic reforms has not only slowed down significantly, but almost stopped. Among the possible reasons are economic recovery, reduction in the need for financial support from Western partners, fall of ratings of politicians against the backdrop of forthcoming elections in 2019, the need to preserve the source of rent for financing election campaigns, the exhaustion of the list of reforms that give quick results and do not affect the interests of oligarchic groups, a small group of reformers feel fatigue from constant pressure of reactionary forces.*

*Whatever the reasons, reforms' halt is a bad news for the future of the country. Achievements of the past three years is absolutely not enough to bring the economy to a new level, to make it competitive and attractive for investments. Critical questions of current importance are corruption and protection of property rights - the main barrier for investments, resumption of lending and implementation of technologies, which are required for sustainable economic growth "*

**Olena Bilan, Dragon Capital, the editorial board VoxUkraine, iMoRe co-founder**

*"Reforms, going round in circles, display systemic problems. First, the lack of genuine coalition in the Verkhovna Rada. Buying more "independent" votes of deputies is too expensive and sensible only for major issues. Secondly, the reformist government power is restricted by the personal will of the Prime Minister, some ministers- reformers, key officials of the ministries and external expert advisers. Significant changes in civil service upgrade have not yet been reached. Thirdly, a critical mass of reforms' leaders that shaped the mood and prompted changes in the system has been lost. It appears that a significant acceleration of reforms can be achieved only after the elections that will bring to power a new group of political leaders. "*

**Hlib Vyshlinsky, Center for Economic Strategy**

*(Please see other charts on the website [http://imorevox.in.ua/?page\\_id=577](http://imorevox.in.ua/?page_id=577), [http://imorevox.in.ua/list\\_rounds.php](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:

1. Governance
2. Public Finance
3. Monetary system
4. Business Environment
5. Energy

For details please visit [imorevox.org](http://imorevox.org).

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