

# Index for Monitoring Reforms (iMoRe)

Release 60

Monitoring period: May 8-21, 2017

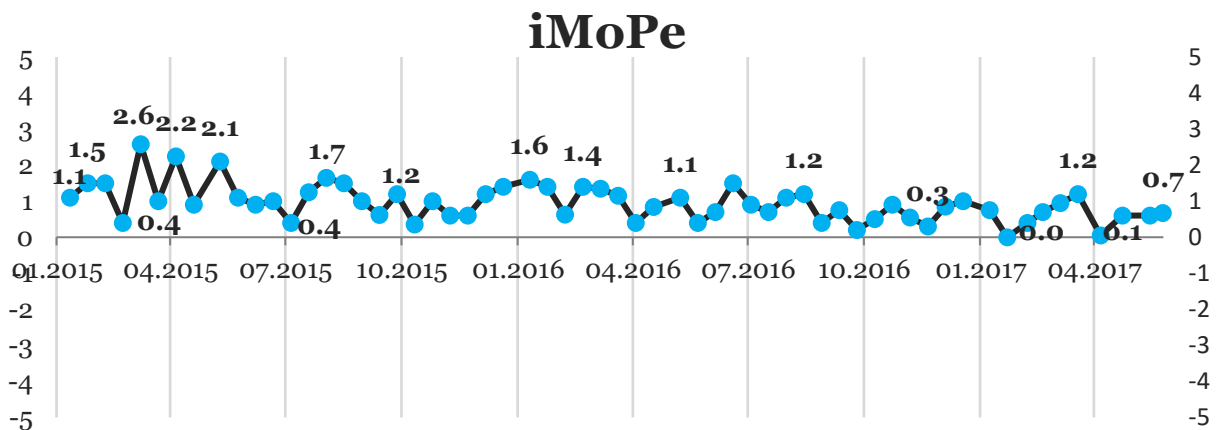


## iMoRe #60 The fight against offshore companies raises the overall pace of reforms

*The index for monitoring of reforms (iMoRe) remains consistently low for the third round in a row. Its value was +0.7 points on a scale of -5.0 to +5.0 for the period from May 8 to May 21, 2017 (+0.6 in the previous round). Positive developments were recorded in government, public finances and the business environment. There was no progress in reforming the monetary sector and the energy sector.*

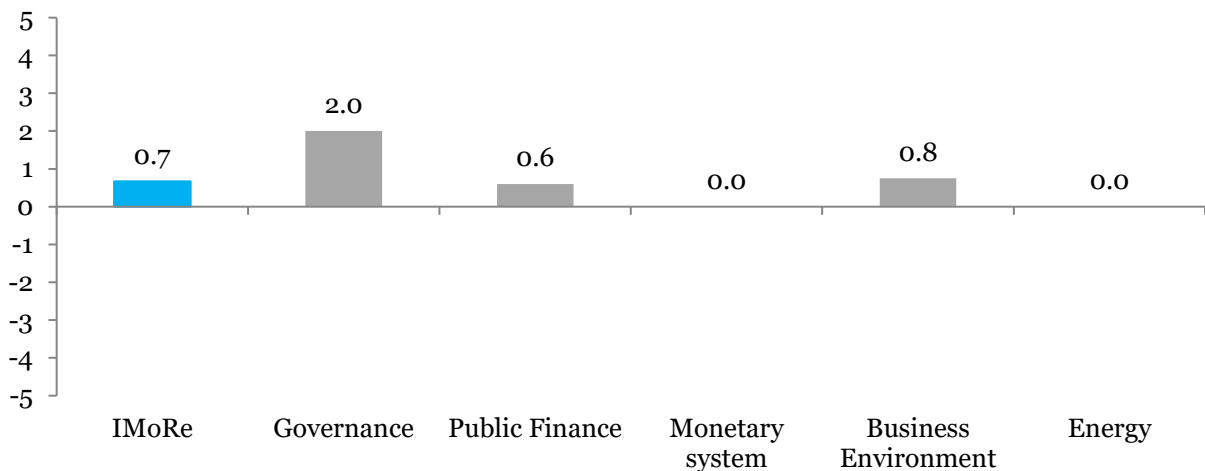
Among the major events that occurred during this round is the decision on Ukraine's accession to a global register of beneficial owners and the law on the improvement of conditions for construction activities.

Chart 1. iMoRe dynamics\*



\* команда iMoRe вважає прийнятним темпом реформ рівень індексу +2 та вище

Chart 2. iMoRe and its components in the current round



Main media partners



Project partners



## Top-reforms of the release

### 1. The decision on Ukraine's accession to a global register of beneficial owners, +2.0 points

In October 2014, the law on the definition of beneficial owners - the actual beneficiaries of the companies - was adopted. According to it, Ukrainian companies must submit to the Unified State Register information about persons who have de facto control of the company. In fact, Ukraine was the first European country where information on beneficial owners is in the public registry. Now, information on beneficial owners is used in nearly every journalistic investigation.

The Global Registry of beneficial owners was created on the initiative of Transparency International, Open Corporates, Global Witness, the ONE Campaign, Web Foundation, Open Contracting Partnership and the B Team. The aim of this project is to create a list of beneficial owners of all companies in all countries. It will contain information from the registers of the countries which have established such registers, and provides an opportunity for companies to disclose personal information.

With the resolution #339 of 18.05.2017 the Government decided to include Ukraine in this list. Data on the beneficial owners will be transferred to the Global Registry of the Unified State Register of legal entities, individual entrepreneurs and community groups.

#### **Reformer's Comment**

*Ukraine is the first country that has fulfilled the recommendations of the conference on fighting global corruption, held in London. We are the first among European countries at the state register of businesses obliged to specify the final beneficiaries. We are the first country that joined the global registry of beneficiaries, and this provision is already implemented in the Ukrainian legislation. This is a serious step to fight global corruption, offshore companies and offshore areas.*

**Pavlo Petrenko, Minister of Justice of Ukraine**

#### **Expert's Comment**

*"Adopted amendments to the Regulation [on the provision of information from the Unified State Register - ed.] and the Memorandum [of Understanding and Cooperation between the Ministry of Justice, the State Agency for e-government, non-governmental organization" Transparency International Ukraine "and the consortium" OpenOwnership - Ed.] – is a confirmation rate for the full and free information on the opening of beneficial owners of the world community. In addition, Ukraine was the first among the countries which agreed to integrate the data from its registry into the Global Registry of beneficial owners after its official launch in April 2017. The next challenge will be to develop a common integration mechanism and its implementation in accordance with open international standards by the end of this year. The data must be structured in an open machine-readable format and available for download.*

*I hope and believe that we will work in parallel to improve the quality, completeness of information on beneficial owners in our registry. Ukraine has all chances to become a pioneer in a global partnership on disclosing this information, open and free access of which, negates most of the corruption risks. "*

**Olesya Arkhypska, Transparency International Ukraine**

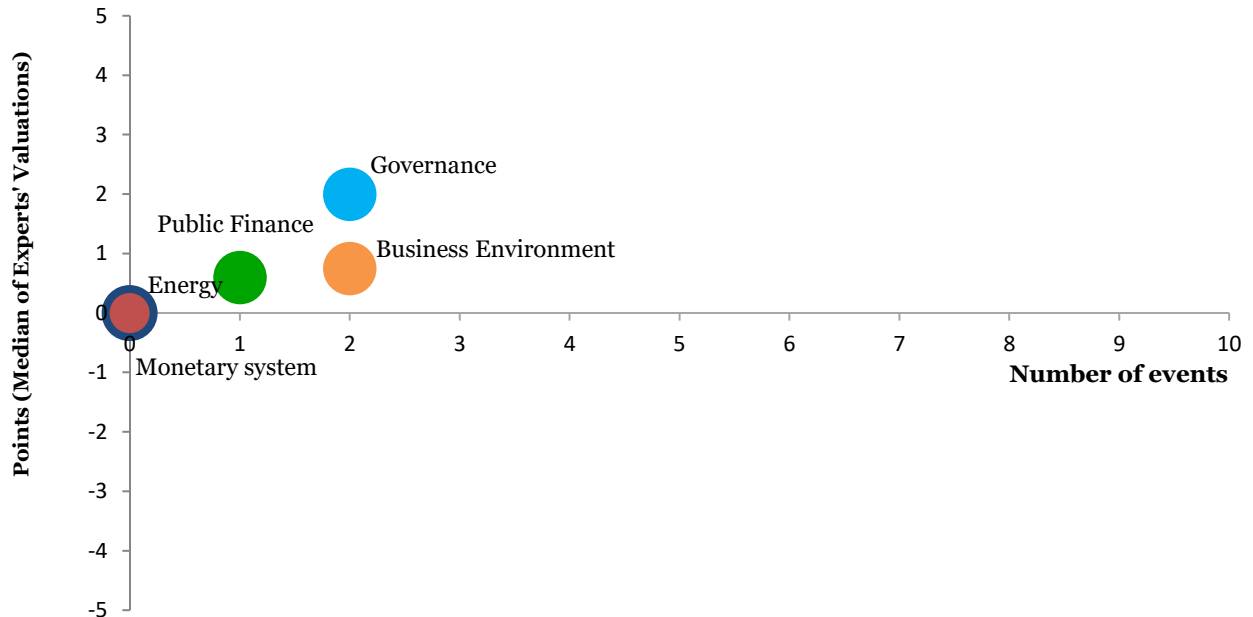
#### Main media partners



#### Project partners



**Chart 3. Value of iMoRe components and number of events, May 8-21, 2017**



## 2. Law on improving conditions for construction activity +2.0 points

According to the Doing Business rankings, Ukraine ranks 140th place among 190 countries in the category “construction permits”, mainly because of the cost of procedures and low effectiveness of quality control. Thus, the costs of carrying out all formalities in Ukraine (15.2% of the actual cost of construction) are much higher than in OECD high-income countries (1.6%). At the same time, the number and duration of procedures for Ukraine is ahead of OECD countries. According to the 2017 Doing Business survey, the number of procedures in Ukraine is 10, while the average of OECD countries is 12. The length of procedures’ term in Ukraine is 67 days as opposed to the 152 days of the OECD countries.

Law 2020-VIII of 13.04.2017 should simplify the conditions for construction activities. In particular, it should reduce the number of licensing procedures and the overall duration of the approval process. Also, in order to improve quality control in construction, professional higher education for architects was introduced. According to the forecasts of the ministry, the application of this law will allow Ukraine to improve its position in the Doing Business rankings for the construction permit category.

However, the issue of high cost of licensing procedures in construction remains unresolved. According to the office BRDO, it is related to the requirements for equity participation of the builder in the infrastructure of the project. The Bill #3610, which can resolve the issue, was received by the Parliament in December 2015. However, there are some warnings given by experts who emphasize the risks of unbalancing the local budgets in case equity participation will be canceled.

# Index for Monitoring Reforms (iMoRe)

Release 60

Monitoring period: May 8-21, 2017



## ***Reformer's Comment***

*"The law is important for the construction industry, because it simplifies the conditions of the construction business, removes unnecessary barriers for business development and eliminates corruption risks. The law promotes Ukraine in the ranking of «Doing Business».*

*We have canceled the extra procedure for obtaining technical conditions by builders DSNS [State Emergency Service of Ukraine - ed.] on fire safety in the building. Now, these requirements will be obtained with architectural and construction requirements. This, above all, reduces a number of visits of the builders to the officials and eliminates corruption component.*

*Law excluded the possibility of passing the professional certification of those citizens who did not get higher education in the relevant professional direction. These changes will make it possible to increase the professionalism of contractors in construction, which in turn, will increase the quality of the performers of such works.*

*Also, the terms are being determined to improve the collection of data of the state statistical reporting as for acceptance of the completed construction projects.*

***Gennady Zubko, Vice Prime Minister - Minister of Regional Development, Construction and Housing***

*(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).

## Main media partners



## Project partners

