

Index for Monitoring Reforms (iMoRe)

Release 63

Monitoring period: June 19 – July 2, 2017

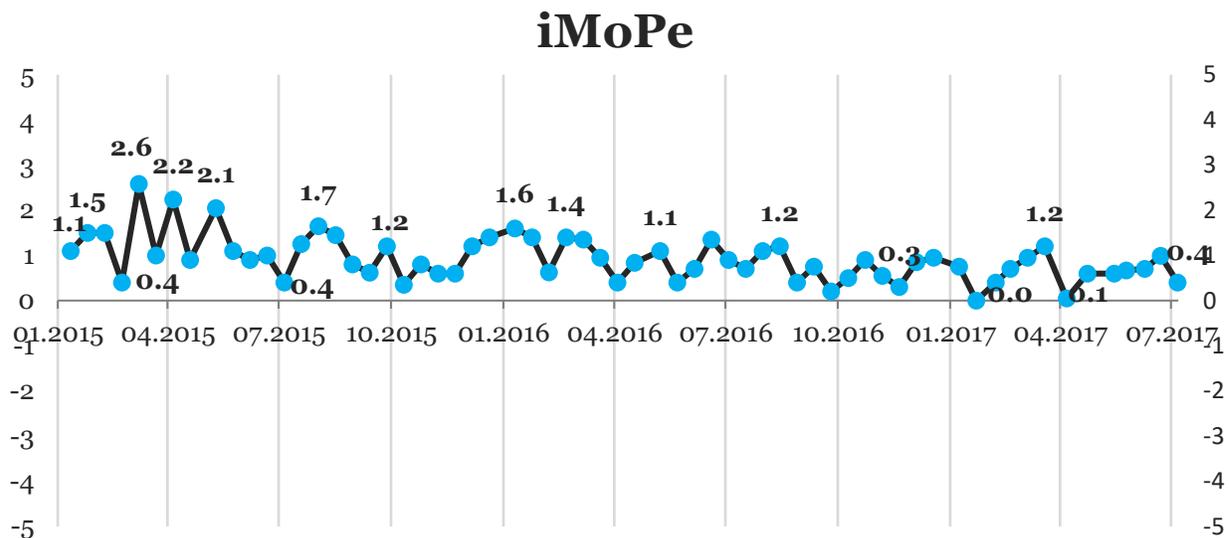


iMoRe #63 Summer is cold, only a few reforms. Autumn is coming

The index for monitoring of reforms (iMoRe) remains low: + 0.4 points on a scale of -5.0 to +5.0 for the period from June 19 to July 2, 2017 (+1.0 in the previous round). Insignificant positive developments were recorded only in reforming the monetary sector and the business environment. There was no progress in reforming government, public finance and the energy sectors.

Among the major events that occurred during this round is the law on the simplification of the procedure for issuing work permits for foreign employees, the NBU decree, which identifies the signs of having control and improves the identification procedure of banking groups and the decision to change the procedure for maintaining the Register of Audit firms.

Chart 1. iMoRe dynamics*



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

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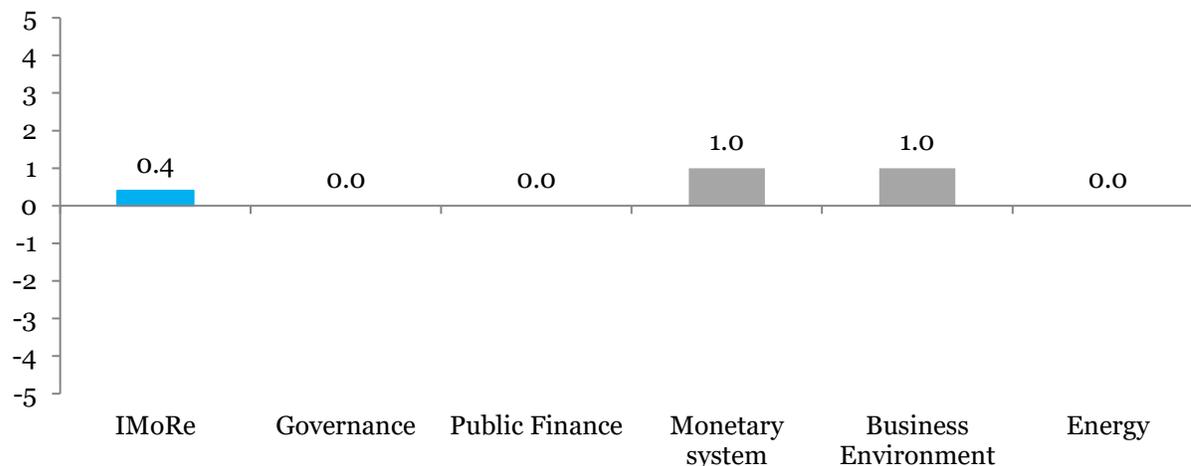
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Chart 2. iMoRe and its components in the current round



Top reform of this issue

1. Law on simplification of the procedure for issuing work permits for foreign employees, +2 points

Procedures for issuing work permits for foreign employees and temporary residence cards were previously regulated only at the sublegislative level by the Cabinet of Ministers and the Ministry of Internal Affairs. They could quickly change them without involvement of interested parties, and predicting such changes was extremely difficult.

Now the basic aspects of issuing a permit for the employment of foreigners and temporary residence permits are regulated at the level of the law (2058-VII dated May 23, 2017).

The law provides for an exhaustive list of grounds for the issuance of permits for the employment of foreigners, the grounds for refusal to issue and extension of such permit, the timing of issuing a permit, the size of the administrative charges for registration, the abolition of restrictions on the number of foreigners who may be sent under a foreign economic agreement to work in Ukraine, and the list of documents for the registration and extension of validity of the permit for the employment of foreigners.

Reformer's Comment

"Verkhovna Rada made first important steps in creating a favorable investment climate for foreigners by adopting the law on business simplification, the so-called law of deregulation, in 2015. Another important step was the recent adoption of the Law No. 2058, which eliminates the barriers in the current legislation on registration of foreign investments, as well as barriers in the employment of foreigners.

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Firstly, it is a big step towards a foreign investor who is not an employee of an enterprise operating on the territory of Ukraine. He receives the right to obtain a temporary residence permit in our country and, therefore, is free to visit Ukraine to monitor the activities of his enterprise.

Secondly, the bureaucratic registration of foreign investments is canceled; instead, a foreign investor only has to provide information for the maintenance of state statistics. And, thirdly, it regulates the issue of obtaining permits for the employment of foreigners. Thus, it will be easier to attract foreign managers and other specialists to business development in Ukraine. "

Oksana Yurinetz, People's Deputy of Ukraine

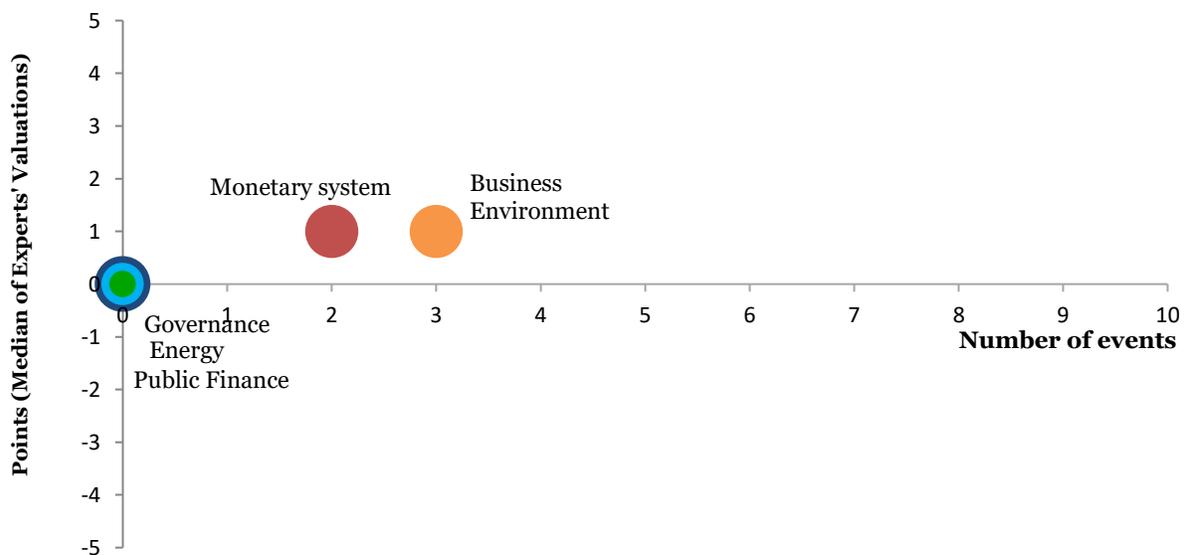
Expert's Comment

"The more foreign professionals will be attracted by Ukrainian companies, the faster they will integrate into the global business environment. This is the best opportunity for development. At the same time, eliminating barriers to hiring foreigners is important for foreign investors to introduce new technologies and corporate culture at the Ukrainian enterprises. A clear definition of procedures for obtaining a temporary residence permit and the work permit by foreigners at the legislative level will allow to attract more foreign specialists to Ukraine.

Also, earlier the law restricted the rights of foreign investors. In particular, a foreign investor who was not at the same time a company employee was not entitled to visit Ukraine freely to control the activities of his company. Now, investors who have a significant participation in Ukrainian enterprises will be able to obtain a temporary residence permit in Ukraine. This will allow them to observe the activity of their companies in Ukraine without any hindrance "

Tatyana Tyshchuk, VoxUkraine

Chart 3. Value of iMoRe components and number of events



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(Please see other charts 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:

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

For details please visit imorevox.org.

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