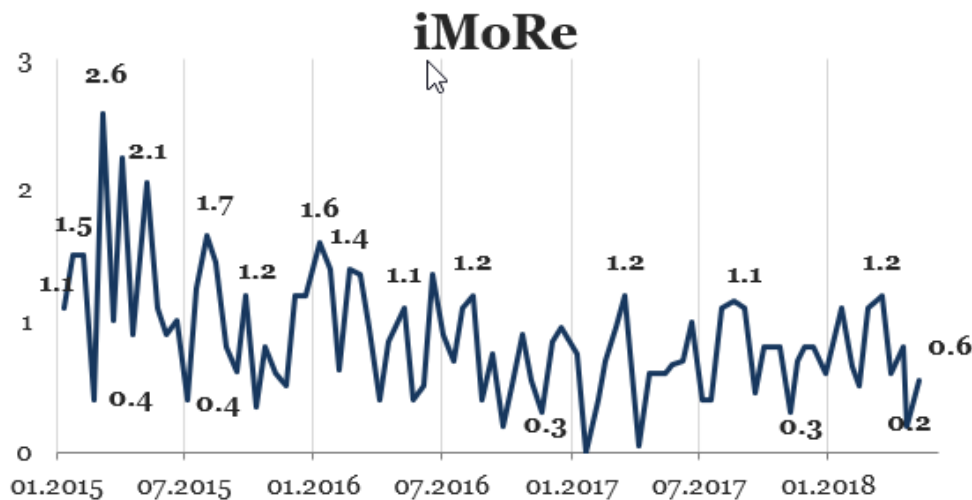


iMoRe # 84 Slow pace: a bit of reformist changes in deregulation and subsidizing households

The index for monitoring of reforms (iMoRe) is +0.6 points for the period from April 23 – May 6, 2018. Positive developments were recorded in legislation regarding governance, public finances and the monetary system. The major events of the round are the law on the voluntary association of territorial communities to the cities of regional significance and the new rules for granting housing subsidies.

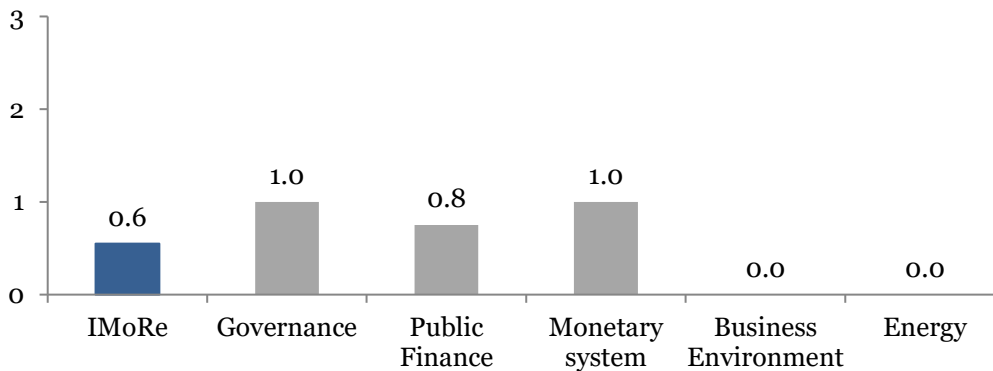
In the previous round the index was +1.1 on a scale of -5.0 to +5.0).

Chart 1. iMoRe dynamics*



iMoRe can take values from -5 to +5
with value above +2 considered an acceptable pace of reforms

Chart 2. iMoRe and its components in the current round



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The major event of the release

1. Law on voluntary amalgamation of territorial communities to cities of regional significance, +1.5 points

As of May 2018, in Ukraine 3,999 communities united and created 731 United Territorial Communities (UTCs), which occupy 32% of the total territory of Ukraine and 7540 communities have not united yet.

One of the obstacles to uniting communities is the reluctance of city mayors and chairmen of councils of cities of regional significance to go to new local elections. According to the current legislation, if the community of the city of regional significance is to be joined with small territorial communities, new elections must be held in the newly formed community.

Law 2379-VIII of April 3, 2018 solves this problem. Now the law does not require holding local elections after the accession of territorial communities to cities of regional significance. It is hoped that the tempo of community amalgamation will now accelerate.

2. Changing the rules for granting subsidies, +1.0 points

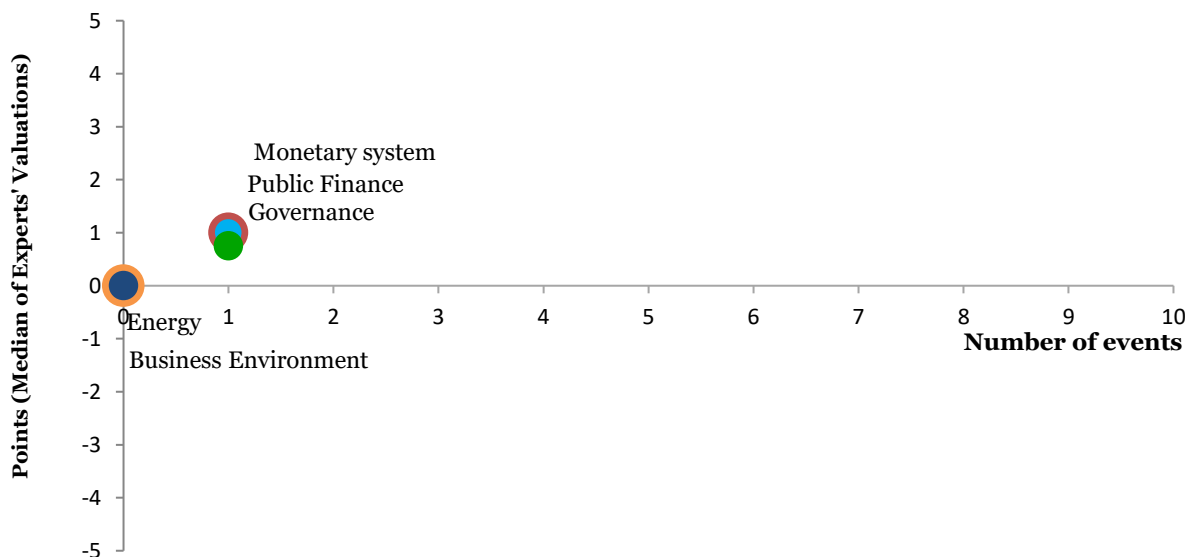
Every second Ukrainian household receives subsidies for housing and communal services in 2018. The system works inefficiently. Subsidies are often received by people who do not really need them, have sufficient income or assets to pay for housing and utility services themselves. In particular, subsidies are sometimes granted to people who get unofficial salary or receive income from renting apartments. Such rules are unfair in relation to conscientious taxpayers and motivate people to shadow their employment.

In order to ensure targeted assistance, the Government's decree of April 27, 2018, # 329 changes the conditions for obtaining subsidies. Now the subsidy will not be provided to those who:

- has no income at all or has an average monthly gross income lower than the minimum wage;
- has vehicles that are less than 5 years old;
- has a home with a large quadrature - an apartment of 120 square meters or a house of 200 square meters;
- made purchases in the amount of more than 50 thousand UAH.

The Ministry of Social Policy forecasts that the number of subsidy holders will be reduced by 15-20%.

Chart 3. Value of iMoRe components and number of events



(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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