

iMoRe # 86 Reforms reach zero: the Cabinet of Ministers withdraws a number of services from under control of the ACMU

This is the second case in the history of index when it is zero. April-May 2018 were the weakest months in its history. Seventeen months left before the parliamentary elections.

The index for monitoring of reforms (iMoRe) dropped to 0 (zero) points for the period from May 21 - June 3, 2018. During this period, no regulatory acts that would have had a positive effect on reforms in the field of government, public finances, the monetary sphere, business environment or energy sector were recorded.

Although the overall summary of the round is rated "zero", experts noted an event that negatively affects reforms - the definition of a list of services that is of general economic interest. The companies that provide such services will be able to get help beyond general rules. A number of services on this list are cost-effective and can be provided without the state aid.

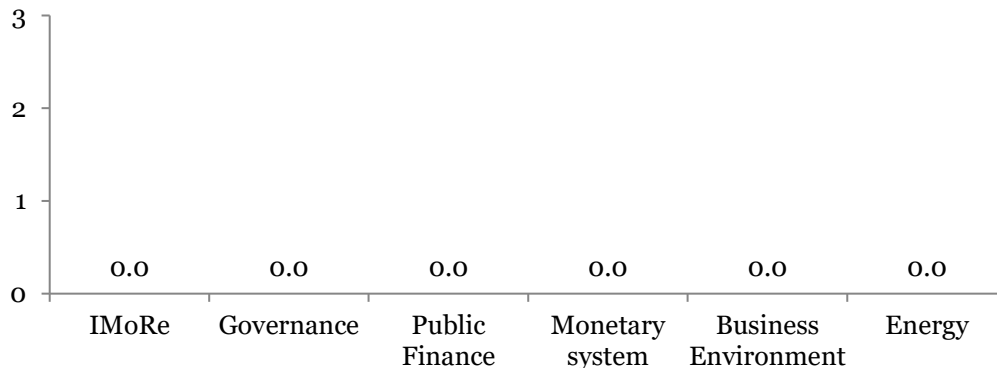
In the previous round, the index was +0.3 points on a scale of -5.0 to +5.0. In the first quarter, iMoRe was +0.9, and in the 2nd quarter, as of the beginning of June, the index dropped to +0.4 points.

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



The major event of the release

The list of services of general economic interest, -0.5 points

According to the Law "On State Aid to Business Entities," services of general economic interest are connected with the satisfaction of especially important general needs of citizens and can not be provided on a commercial basis without state support.

To support business entities, the state can provide subsidies, grants, subventions, tax incentives, debt cancellation, guarantees or loans on preferential terms, sell state property below market prices and increase the state share in the authorized capital of these entities.

In general, such aid should not distort economic competition. Legislation establishes general rules for state aid provision. If the Antimonopoly Committee determines that assistance provided by the state does not comply with these rules, it should be returned to the state.

Services of general economic interest are an exception to these rules.

The list of such services has recently been determined by the Cabinet of Ministers in its resolution.

The experts gave opposite assessment to this document. Though the list was created and defined in a single document which is considered to be a positive aspect, a number of services included can be provided on a commercial basis without government support.

(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

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Index for Monitoring Reforms (iMoRe)

Release 86

Monitoring period: May 21 – June 3, 2018



3. Monetary system

4. Business Environment

5. Energy

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