

# VoxUkraine

Borys Davydenko

Executive director & editor-in-chief

# Reform track record in Ukraine: an overview

Borys Davydenko

Executive director & editor-in-chief

# iMoRe – Index for Monitoring of Refoms

**iMoRe** - analytical instrument aimed to quantitatively evaluate economic reforms in Ukraine

## **History:**

- was launched in January 2015
- regular monitoring of reforms
- 95 bi-weekly surveys

## **Based products:**

- quarterly reform surveys
- rating of the MP's
- rating of the ministries

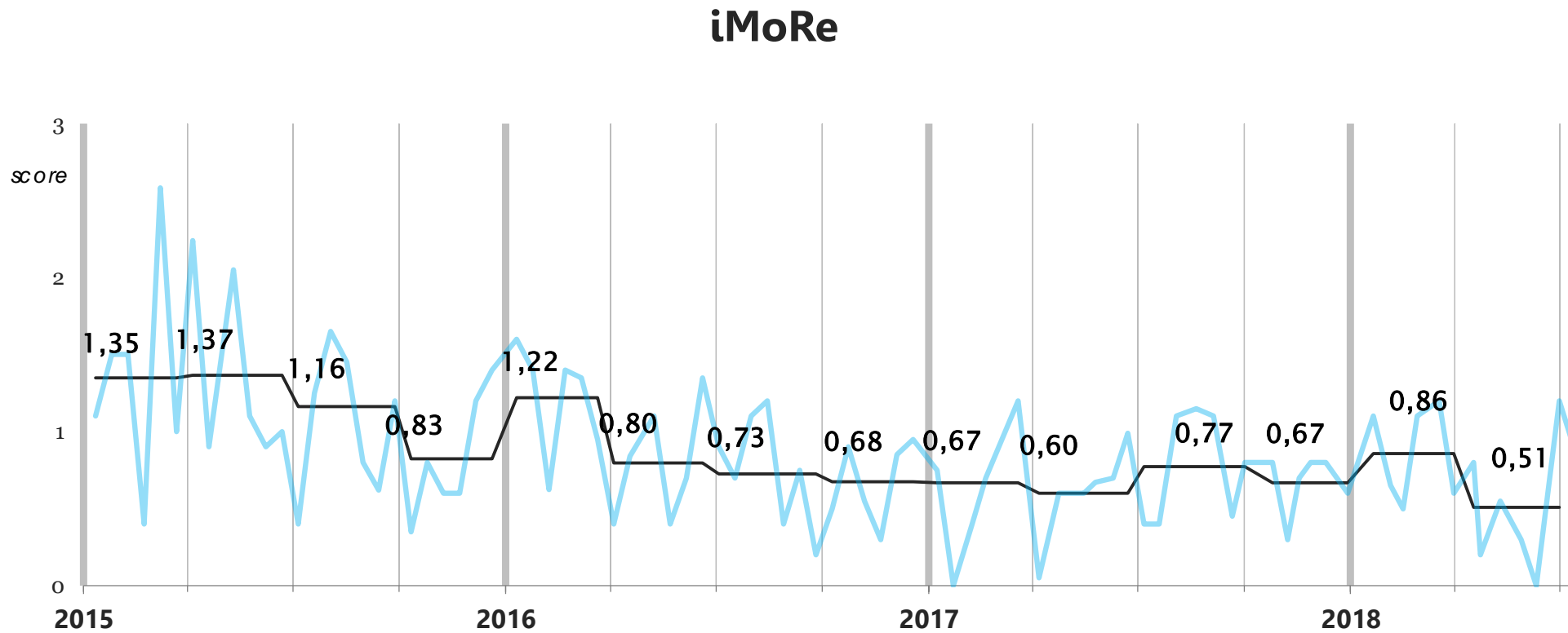
## 41 experts

- participate pro-bono
- independent from the government
- from Ukraine and abroad
- 10 from academia, 25 - think tanks, 6 – business

# iMoRe. Areas of Reforms

<b>Governance</b>	<b>Public Finance</b>	<b>Monetary System</b>	<b>Business environment</b>	<b>Energy sector</b>
Anticorruption	Tax system	Foreign exchange regulation	Business regulation	Energy independence
Decentralization	Social safety net and labor market	Capital markets	Competition	
Civil service	Public procurement	Banking sector	International trade	
Administrative services	Public spending	Central bank independence	Corporate governance	
State ownership	Public debt management		Property rights	

# iMoRe – The Pace of Ukrainian Reforms

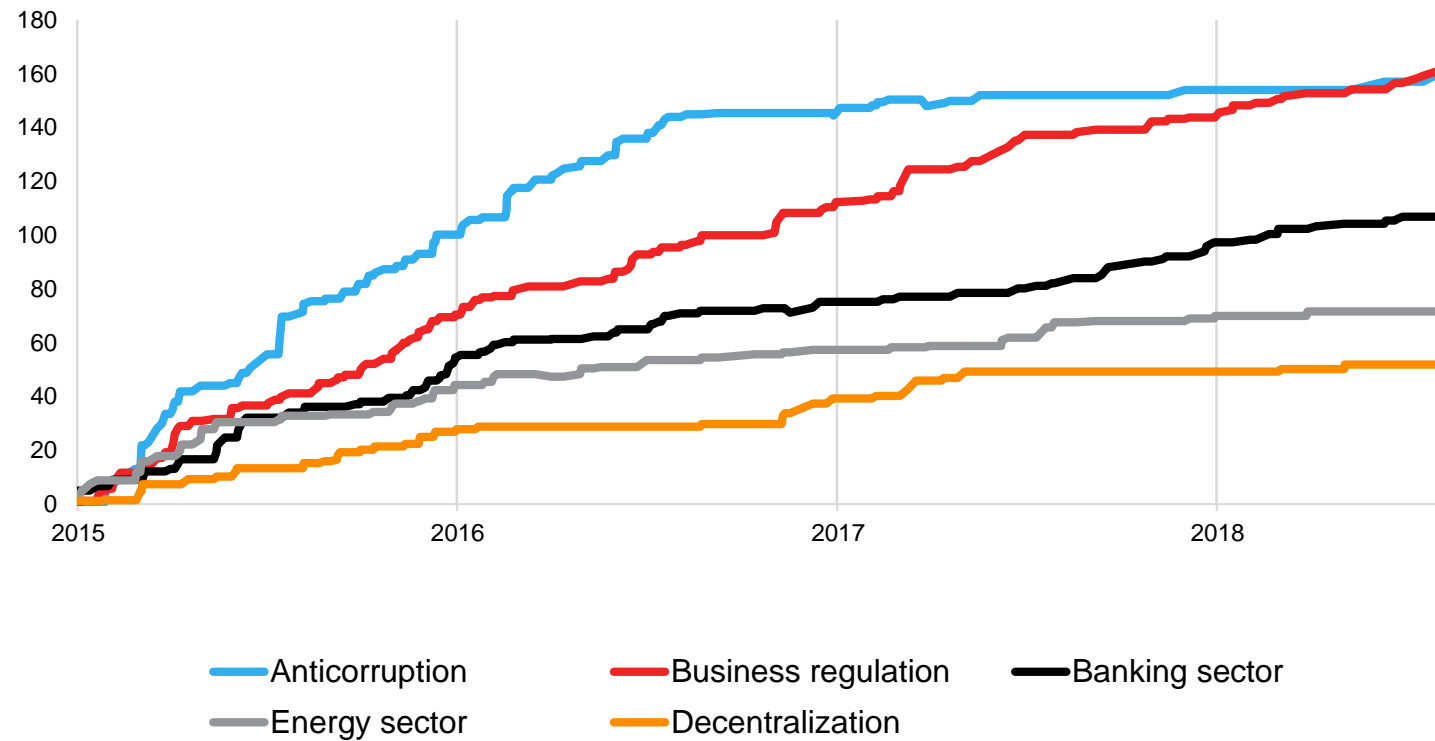


— iMoRe quarterly      — iMoRe, rounds

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

# iMoRe – Index for Monitoring of Refoms

iMoRe score, points



# Top achievements

1. Gas Sector Reform
2. Banking System and NBU Transformation
3. Public Procurement
4. Decentralization
5. Patrol Police
6. Business Environment
7. Healthcare
8. Education
9. Civil Service Reform

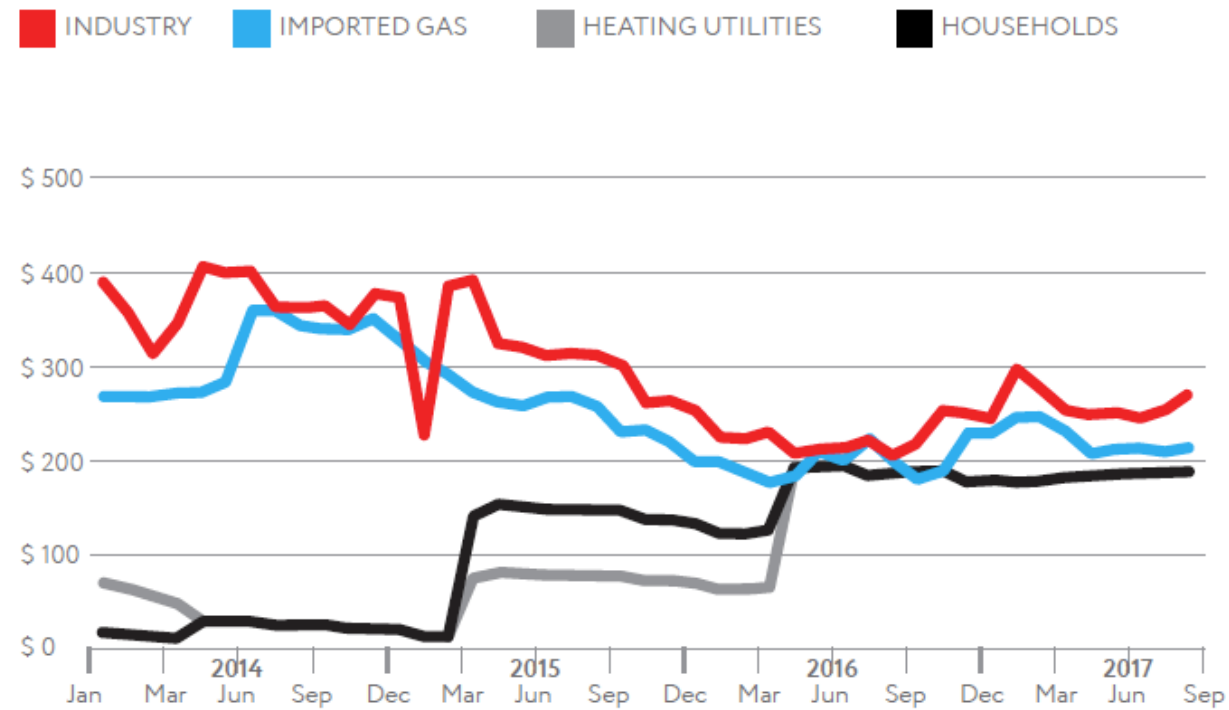


# Gas Sector Reform

## Key changes:

1. Diversification of gas imports away from Russia:
  - 2012 – 100% imports from Russia
  - 2016 – 0% imports from Russia
2. Adjustment of domestic gas prices:
  - Tariffs paid by households increased 6.6 times in three years
  - Naftogaz's balance sheet: from deficit at 5.4% of GDP in 2014 to profit in 2016
3. Improvement of the corporate governance of Naftogaz

## Imported Gas Price and Domestic Gas Tariffs (\$/tcm)



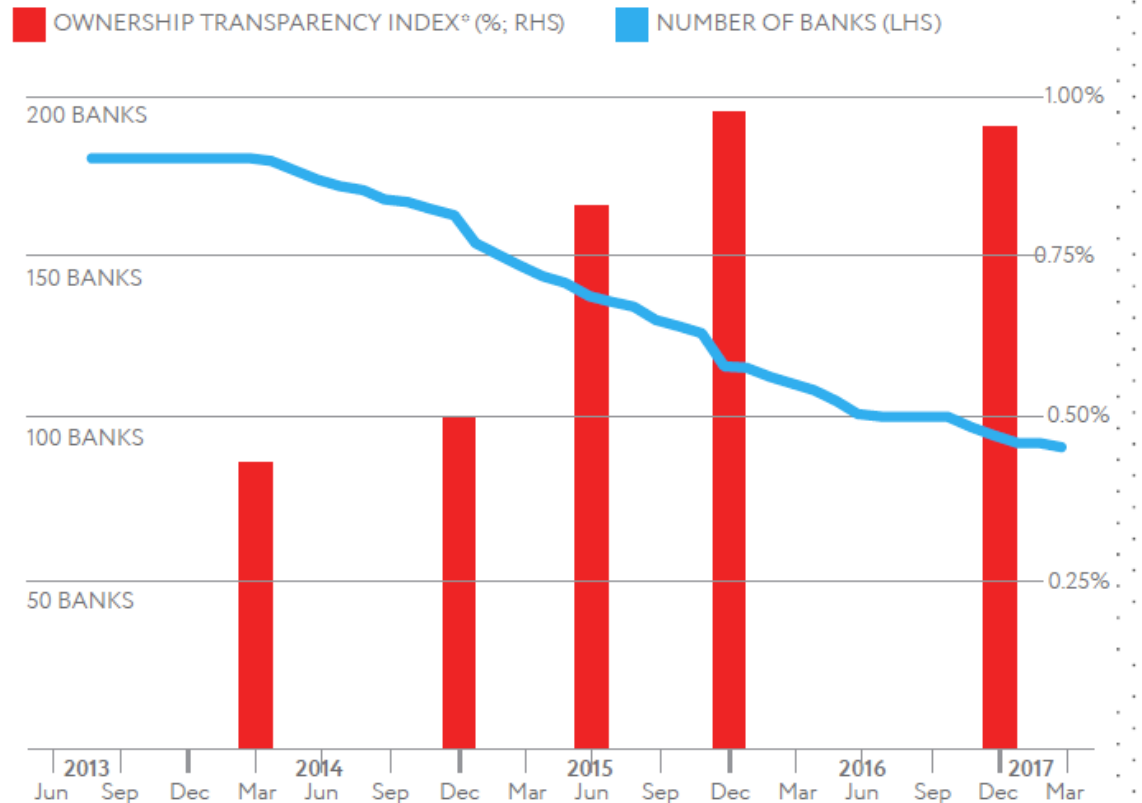
Note: \*price of gas as a commodity, e.g. net of VAT, transportation and mark-up.  
Sources: IMF, Naftogaz Ukrainy

# Banking System Reforms and NBU Transformation

## Key changes:

1. Adoption of inflation targeting:
  - Rapid disinflation: from 43,3% in 2015 to 13,7% in 2017
2. Improvement of banking system oversight:
  - Ownership transparency index: 98%
  - Over 90 non-performing banks were withdrawn from the market in 2013-2017
3. Strengthening of central bank independence

## Number of Banks and Ownership Transparency



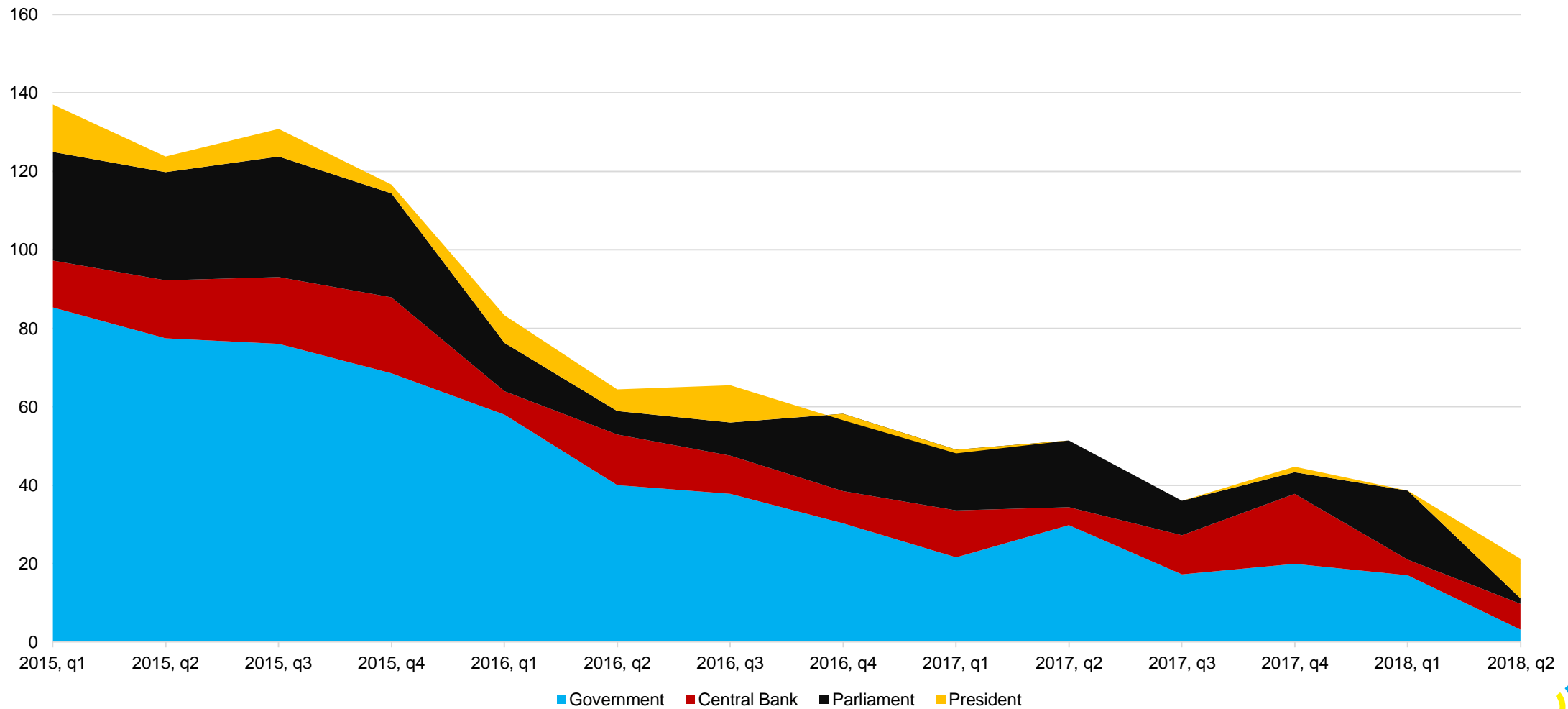
Note: \*share of total assets attributable to banks with transparent ownership. Source: NBU

# Laggard reforms

- 1. Judicial System**
- 2. Law Enforcement Agencies**
- 3. Land Market Reform**
- 4. Privatization/SOEs Reform**

# Who drives the reforms?

Drivers of the reforms



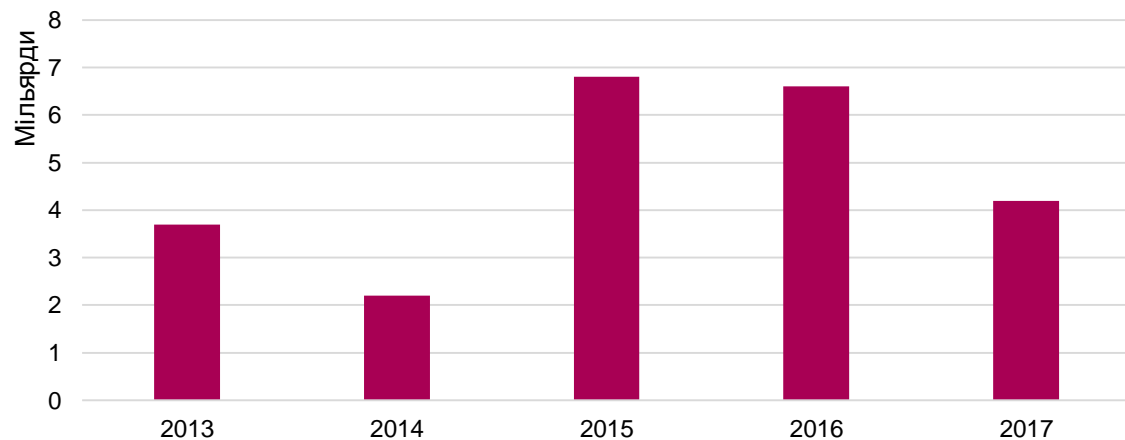
# What are the results of reforms?

## Corruption Perception Index: the rank of Ukraine

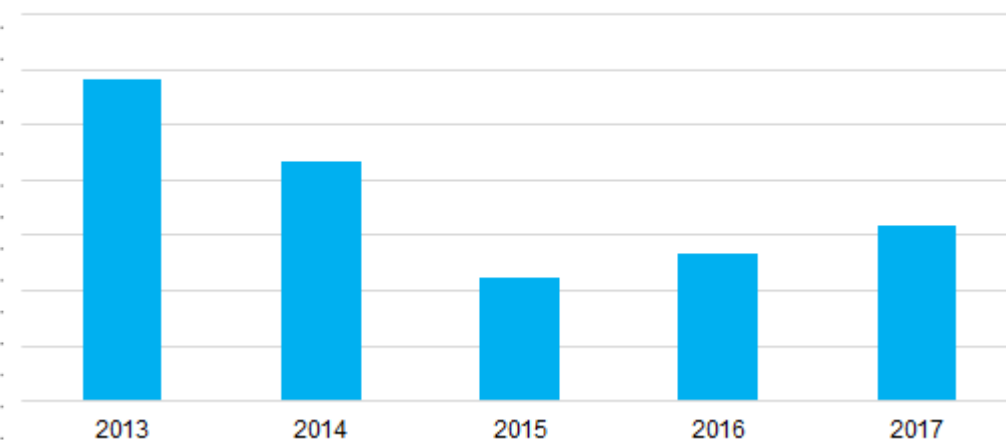
**2013:** 144 out of 180 countries

**2018:** 130 out of 180 countries

FDI excluding round tripping, \$ bn



GDP (constant LCU), \$



# What do people think about reforms?

**Nothing was done** 41%

**10% of the required transformations was done** 35%

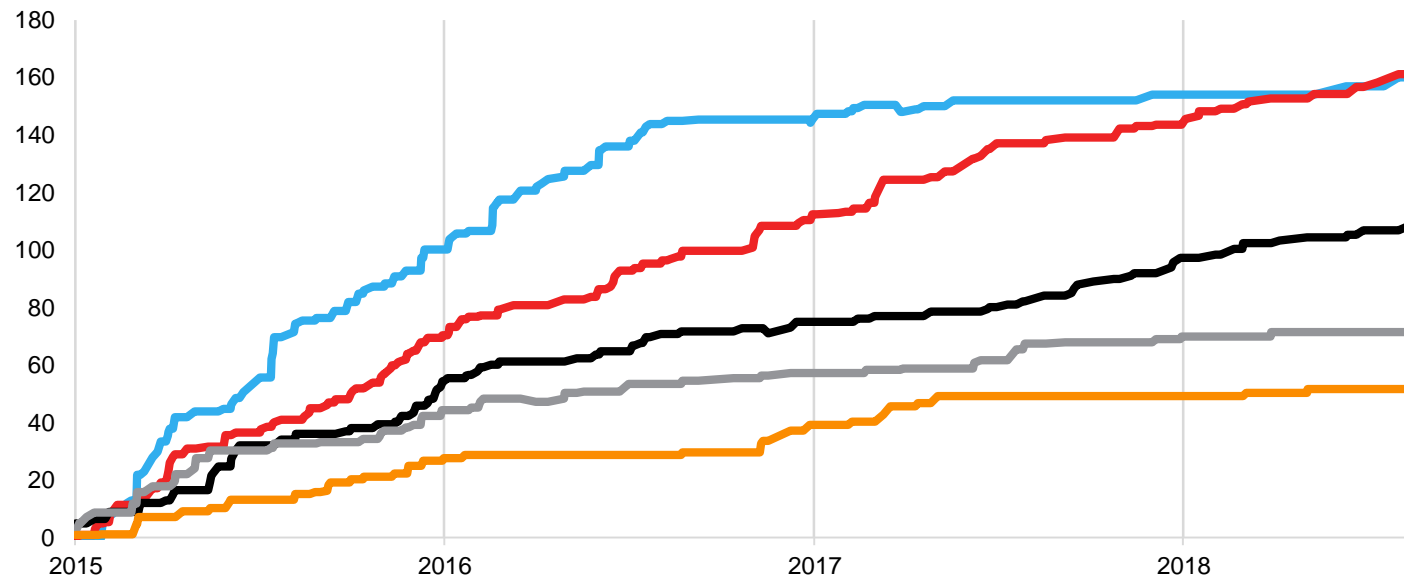
**Not more than 1/3 of the required transformations was done** 10%

**A little bit more than 1/2 of the required transformations was done** 0.5%

**The most significant part of the required transformations was done:** 0.4%

# iMoRe – Index for Monitoring of Refoms

iMoRe score, points



— Anticorruption      — Business regulation      — Banking sector  
— Energy sector      — Decentralization

	The total number of regulations	The number of selected regulation
<u>Anti-corruption</u>	101	7
Business regulation	133	13

# The selected regulations by areas

	The total number of regulations	The number of selected regulation	The selection criteria	The average iMoRe score for the regulation in the group	The average iMoRe score of the selected regulations
<b>Anti-corruption</b>	<b>101</b>	<b>7</b>	<b>+4.0 and higher</b>	<b>+1.6</b>	<b>+4.6</b>
<b>Business regulation</b>	<b>133</b>	<b>13</b>	<b>+2.5 and higher</b>	<b>+1.2</b>	<b>+3.7</b>
Competition policy	46	2	+2.5 and higher	+1.1	+5.6
Corporate governance	13	3	+2.5 and higher	+1.7	+5.3
Property rights	21	2	+2.5 and higher	+1.4	+5.5



# The pace of anti-corruption legislation implementation

	Implementation is absent	Progress is not sufficient	Progress is sufficient	The purpose is reached
On public procurement		6.67%	73.33%	20.00%
On openness of application of public funds		42.86%	42.86%	14.29%
Publication of budget information in the open data format		50.00%	41.67%	8.33%
Disclosure of state registers		28.57%	64.29%	7.14%
Oversight councils on state enterprises		71.43%	28.57%	
On the national police		71.43%	28.57%	
Competition procedures for the selection of state enterprises heads		84.62%	15.38%	

# The pace of Business environment legislation implementation

	Implementation is absent	Progress is not sufficient	Progress is sufficient	The purpose is reached
On the natural gas market		✓		
On the electricity market		✓		
Constitutional amendments in the field of the judiciary		✓		
On the judiciary and status of judges		✓		
Deregulation				✓
Cancelation of administrative barriers for export of services			✓	
Deregulation 2			✓	
Cancelation of re-registration of medicaments				✓
Simplification of medicaments` registration			✓	
Strengthening responsibility of bank owners		✓		
Reducing of quorum in joint stock companies				✓
Protection of investors rights		✓		
On currency and currency operations	The law has not come into force			

# Contacts



**vox**  
**ukraine**

**BORIS DAVIDENKO**

CHIEF EDITOR, CEO VOXUKRAINE

B.DAVIDENKO@VOXUKRAINE.ORG

+38 067 243 48 97



[@voxukraine](#)



[@voxukraine](#)



[VoxUkraine](#)



[VoxUkraine\\_ukr](#)