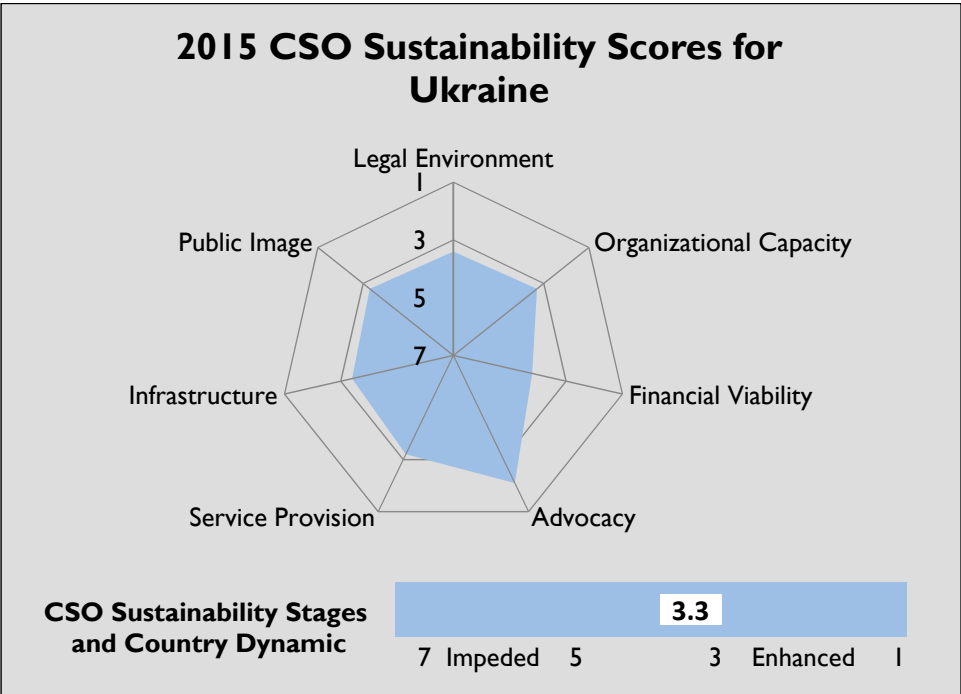
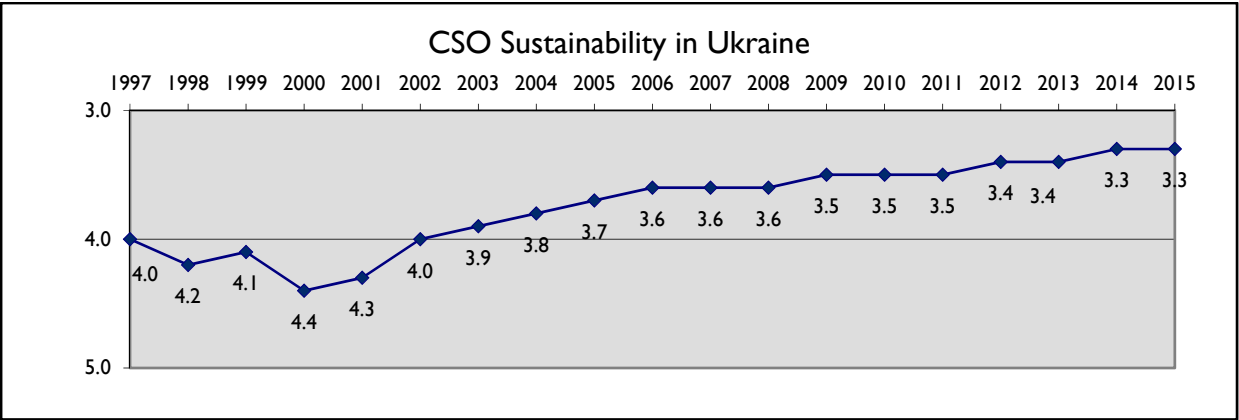


UKRAINE



Capital: Kyiv
Population: 44,429,471
GDP per capita (PPP): \$8,000
Human Development Index: 81

CSO SUSTAINABILITY: 3.3



In 2015, Ukrainian civil society continued to play a leading role in defending the gains of the Euromaidan Revolution and pushing the parliament and government to advance reforms in the eighteen areas outlined in the Road Map of Reforms developed by the Reanimation Package of Reforms (RPR) initiative. Throughout the year, civic activists, experts, and journalists from the RPR were engaged in the development of 119 laws, sixty of which were adopted by the parliament.

In 2015, the Ukraine-EU Association Agreement, signed in 2014, was ratified by all EU countries, officially establishing political and economic association between Ukraine and the EU.

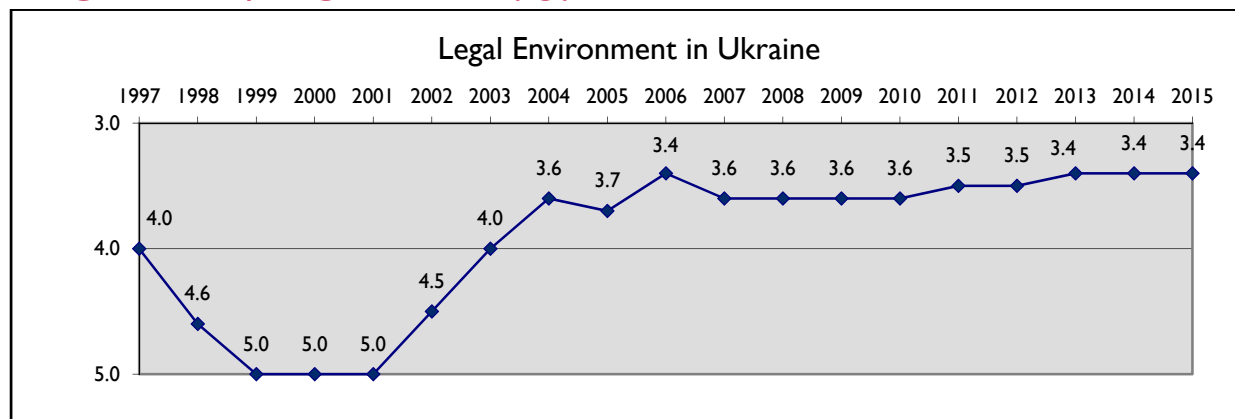
The armed conflict in the Donbass region continued during the year. According to the Ministry of Social Policy, there were 1,228,090 internally displaced persons (IDPs) in Ukraine as of November 2015 due to the annexation of Crimea and the armed conflict between militant groups supported by Russia (Donetsk People’s Republic

and Luhansk People's Republic) and the armed forces of Ukraine. According to the UN, nearly 5 million people have been affected by the conflict.

CSO sustainability improved in some areas, including institutional capacity, engagement of supporters, advocacy, and public image. More CSOs have strategic plans and engage their constituents. CSOs have also improved their governance and internal management structures and systems. CSOs pushed for the approval of many draft laws during the year and coordinated their efforts with public authorities to promote various national initiatives. The public image of CSOs improved as former CSO representatives were elected to the parliament, fought corruption, and promoted reforms. At the same time, in 2015 Ukraine continued to experience a deep economic crisis, which led to decreases in CSO funding from both the business sector and the state budget. While international donor support increased, most of this support is focused specifically on supporting IDPs and other victims of the conflict.

As of January 1, 2016, according to the Unified National Register of Companies and Organizations of Ukraine (UNRCOU), 70,321 public associations, 15,384 charitable organizations, 1,415 self-organized bodies, and 279 creative unions and other professional associations were registered in Ukraine. The State Statistical Agency and other sources estimate that about 40 percent of registered CSOs submit tax and financial reports, possibly indicating the percentage of registered CSOs that are active. These figures do not include CSOs in the Autonomous Republic of Crimea, the city of Sevastopol, or the occupied territories of Donetsk and Luhansk oblasts as there is no access to these territories. The number of registered CSOs decreased by about 2,000 over the past year due to the political and economic situation and increased activity of informal groups.

LEGAL ENVIRONMENT: 3.4



Registering a public association requires two natural persons or legal entities to serve as founders. It is free of charge and takes seven working days. In 2015, the passage of Law No. 475 simplified the registration process for public associations, shortening the duration of the process to three days, easing documentation requirements, and making registration free. Since 2013, charitable organizations register under the same procedures as businesses and other legal entities, and the process can be completed in three working days. CSOs can register at either the local, regional, or national levels. The different levels of registries are not necessarily synchronized in UNRCOU.

CSOs working in the occupied territories of Crimea and the Anti-Terrorist Operation (ATO) zone are virtually unregulated by Ukrainian law. CSOs originally registered in the conflict areas have had difficulty re-registering due to public authorities' lack of coordination and unclear mandates with regard to these CSOs, as well as CSOs' difficulties in providing documentation to prove their previous registration.

In April 2015, the Coordination Council for Civil Society Development, a consultative body providing a forum for CSOs to engage in government decision making, was dissolved as it was seen by some as an inheritance

from former President Yanukovich. However, CSOs were engaged in the development of the National Human Rights Strategy, adopted in August 2015, and amendments to the Strategy of the State Policy for Facilitating the Development of Civil Society in Ukraine. These strategies recognize civil society's role in the Euromaidan Revolution and reform efforts and solidify the state's support of civil society development, including financial support.

In 2015, positive changes were made to the laws regulating volunteer work, including the introduction of a register for those volunteering in the ATO zone and the establishment of a Volunteer Coordination Council under the Ministry of Social Policy. These changes will help coordinate the work of volunteers by monitoring their activities and impact. In addition, organizations no longer need licenses to organize volunteer activity.

The Law on Corruption Prevention, which came into force in April 2015, expands the involvement of CSOs in the development and monitoring of anti-corruption measures. CSOs now participate in the selection of members of the National Agency of Corruption Prevention, and a public monitoring council of CSO representatives will be established to assist the Agency.

Many CSOs reported having less access to justice through administrative courts in 2015, as fees for administrative courts increased dramatically. While the increase affected all parties, it hit CSOs particularly hard as they have limited funds to pay court fees. It is important for CSOs to have access to administrative courts so they can appeal governmental actions, particularly those restricting their rights to expression. However, there were no reported cases of administrative impediments or state harassment of Ukrainian CSOs in 2015.

Pursuant to the Law on Public Associations adopted in 2013, public associations can choose a simplified taxation system in which they pay a 4 percent tax on their revenue in lieu of paying income tax and VAT. Legal entities can deduct donations to CSOs up to 4 percent of their taxable incomes from the previous year. Individual donors are also eligible for tax deductions. However, neither legal entities nor natural persons utilize these benefits due to inconsistencies in the regulations and cumbersome reporting procedures.

The 2013 Law on Public Associations allows public associations to conduct economic activities to accomplish their statutory objectives. The amended tax code that took effect in January 2015 introduced stricter prohibitions on profit sharing in CSOs between staff and executive structures and the utilization of earned income. In 2015, the parliament also approved a provision allowing CSOs to keep their non-profit status when they provide paid services. CSOs are legally prohibited from participating in tenders from the state budget for service provision.

CSOs have access to legal assistance at both the national and regional levels. More lawyers provided legal support to CSOs through legal aid centers established by the Ministry of Justice in 2015.

ORGANIZATIONAL CAPACITY: 3.3



In 2015, a small number of CSOs improved some aspects of their organizational capacity—including constituency building, strategic planning, governance, and internal management. However, this was not sufficient to change the score for this dimension. Remaining organizational development priorities include improving policies and procedures related to governance and internal management, human resource management, financial management, and monitoring of organizational performance.

International donors such as USAID, the Swedish International Development Cooperation Agency (Sida), Mott Foundation, and the International Renaissance Foundation continued to pay considerable attention to the organizational capacity of CSOs in 2015. Donors aimed to promote good governance, clear policies, proper management structures and procedures, and understanding of the needs of CSOs' target groups. Donors also continued to support the Capacity Development Marketplace, a virtual organizational capacity tool that helps CSOs find service providers that focus on institutional development.

Institutional support programs by USAID, Sida, and the United Kingdom's Department for International Development (DFID) continued to help Ukrainian CSOs implement projects in compliance with donors' respective financial management, reporting, and other administrative requirements. Support from the International Renaissance Foundation and Sida has helped think tanks develop their institutional capacities. However, the number of CSOs based in the regions that have sufficient institutional capacity to receive such funding has not changed.

Civil society has made impressive contributions in response to the Euromaidan Revolution and its outcomes. Teachers, IT specialists, business executives, and other professionals united in nearly every city of the country to help the Ukrainian army and IDPs. According to a poll commissioned by the Razumkov Center and the Democratic Initiatives Foundation in November, civic activism decreased a little—from 13 percent of the population involved in volunteer and charitable activity in 2014 to 11 percent in 2015—but was still significantly higher than in 2009 (9 percent). The portion of the public supporting charitable and volunteer activity also decreased—from 63 percent in 2014 to 41 percent in 2015—as did the size of charitable contributions. As a result, many informal initiatives had to cease their activity. According to research by UN Volunteers, only 1 percent of informal initiatives formed as a result of the Euromaidan Revolution became formal public or charity organizations.

More CSOs engage their constituents through various methods such as public events, charity drives, and social networks. For instance, CSOs promoted their social initiatives at the Open Air Festival in Chernivtsi and Zaporizh'zhya. Moreover, many CSOs, including local and regional organizations, engage thousands of followers on Facebook and other social media.

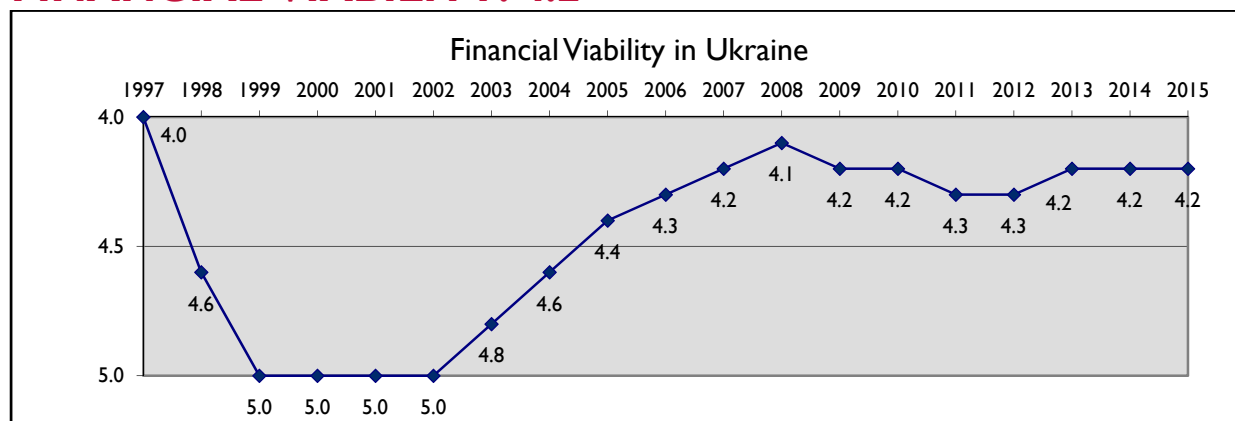
CSOs continue to pay significant attention to strategic planning. More organizations define their missions, develop long-term strategic priorities, and articulate expected results, even when they lack the skills to implement their strategies.

CSOs have also improved their governance and internal management. Organizations more frequently engage independent experts and representatives of their target groups in the work of their supervisory boards. CSOs maintain clearer divisions of responsibilities between staff and supervisory boards. Supervisory boards also have taken on a more active role in governance, and the work of CSOs is becoming more transparent.

Staffing has not improved among most CSOs. Fewer organizations were able to afford permanent staff in 2015 and the average number of staff employed fell. However, organizations with paid staff have focused on developing written job descriptions, personnel training, and performance monitoring. Most CSOs have professional bookkeepers on staff, and CSOs are using lawyers and IT specialists more often. The 2015 World Giving Index reported a dramatic decrease in volunteerism in Ukraine, with 13 percent of respondents reporting that they participated in voluntary action in 2014, compared to 26 percent in 2013.

The existence of information and communications technology within CSOs has not improved. CSOs seldom update their office equipment. Some CSOs are replacing their websites with social media accounts since these do not require funding or regular maintenance.

FINANCIAL VIABILITY: 4.2



Financial viability did not change significantly in 2015. Although international donors have increased their support for Ukrainian civil society, this support has mainly been focused on providing assistance to IDPs and mitigating the conflict in eastern Ukraine, areas in which few Ukrainian CSOs have experience. A study conducted by ISAR Ednannia in 2015 found that over 70 percent of new donor-funded CSO initiatives focus on supporting IDPs.

In 2015, more CSOs sought to diversify their funding sources, although most have not diversified sufficiently. Individual donations and grants from local donors increased during the year. For instance, according to the 2015 ISAR Ednannia study, which examined twenty-two foundations with average annual budgets of \$20,000 to \$30,000, foundations raised 80 percent of their funding from individuals and local donors in 2015 compared to 70 percent in 2014.

In 2015, Ukrainians continued to participate in volunteer initiatives to assist bereaved families of the Heavenly Hundred (civilians killed during the Euromaidan protests), as well as volunteers and military personnel defending the eastern borders of Ukraine. CSOs collected both monetary and in-kind donations for IDPs and military personnel deployed to the ATO zone or wounded in the hospitals. The 2015 World Giving Index

showed a dramatic increase in donations, with 38 percent of respondents in Ukraine reporting that they donated to charities in 2014, compared to 9 percent in 2013.

Local businesses continue to support CSOs. While the number of businesses supporting CSOs is increasing, total donations from the business sector have decreased due to the economic crisis. Businesses limit their support to the communities where they are located or groups that they seek to target for their products.

Monetary and in-kind support from local authorities and local self-government bodies continued to decline. Although local self-government bodies organized funding competitions for CSO projects in 2015, including social contracts, their budgets were much smaller than in previous years.

CSOs increasingly use various fundraising methods to attract public support. For example, the Warm City Initiative in the city of Ivano-Frankivsk raised \$100,000 through an online campaign and other activities to open a restaurant, the earnings from which will support initiatives to improve city life. CSOs also use Facebook and crowdfunding platforms such as Spilnokosht (Joint Fund). Since its establishment in 2012, Spilnokosht collected almost 6 million UAH (about \$240,000) from 15,630 contributors for ninety-nine projects in education, ecology, economy, literature, travel, and new technologies.

Though CSOs increasingly collect membership dues and engage in social entrepreneurship, these sources of funding do not constitute substantial sources of revenue. In 2015, Chambers of Commerce throughout the country increased their membership bases and collected more membership dues. More CSOs working with persons with disabilities establish social enterprises that employ and support persons with disabilities and earn income for the organizations.

Few donors cover administrative costs or overhead, which places a strain on CSOs' financial viability. EU programs allow up to 7 percent of funding to be allocated to overhead and administrative costs. However, few CSOs receive EU funds.

Many organizations still do not have sound financial management systems, but CSOs are paying more attention to financial management. As a result, demand has increased for training on financial management and accounting. In 2015, the Ukrainian Philanthropist Forum organized eight workshops on financial management for charity organizations and launched online consultations for accountants and bookkeepers from these organizations. In addition, more CSOs undergo audits for their projects and publish financial statements as part of their annual reports. About 40 percent of registered CSOs submit narrative and financial reports.

ADVOCACY: 2.1



In 2015, civil society demonstrated its ability to be a proactive player in not only defending the interests of

people, but also promoting reform and influencing the government agenda. During the year, CSOs influenced public authorities at all levels and coordinated their efforts to promote specific initiatives, including the Open Government Partnership (OGP), Open Parliament, the National Human Rights Strategy, the Strategy of the State Policy for Facilitating the Development of Civil Society in Ukraine, and the Extractive Industries Transparency Initiative (EITI). Furthermore, the parliamentary majority discusses the agenda of the parliament for each plenary week with civil society experts working on the RPR. Civil society representatives are also members of the informal Reform Club, which includes over ninety members of the parliament, as well as the National Reform Council.

RPR's experts, which include activists, journalists, academics, and representatives of forty-five human rights CSOs, participated in the development of sixty laws approved by the parliament, as well as the further development of regulatory acts necessary for the laws' implementation. As a result of their efforts, anti-corruption legislation came into force in 2015, which calls for an independent National Anti-Corruption Bureau, state financing of political parties, and transparent public spending. In addition, RPR's experts advocated for an additional fifty-nine draft laws, including crucial changes to the Constitution of Ukraine with regard to the judiciary, and draft laws on healthcare institutions, the environment, tax reform, entrepreneurship, European integration, pension reform, and other issues.

Also in 2015, RPR experts, the Center for Combating Corruption, Transparency International-Ukraine, and a number of anti-corruption organizations forced the government to change the composition of the committee responsible for selecting members of the National Agency for Corruption Prevention. They aimed to have more civil society representation on the committee and make the selection procedure more transparent. These organizations also convinced the president and the prosecutor general to change the representatives on the committee that elects the leaders of the Specialized Anti-Corruption Prosecutor's Office.

In 2015, the government and CSOs jointly worked on laws and regulations related to public participation. A working group created in 2014 by the Ministry of Justice consisting of government representatives, civil society experts, and other CSOs proposed changes to the Procedure for Conducting Consultations with the General Public on State Policy Building and Implementation and to the Standard Regulation on the Public Council. These procedures are expected to be finalized in 2016. Furthermore, the Ministry of Justice established a task force with government and CSO representatives to prepare a draft law on the importance of public consultations when building and implementing state policy.

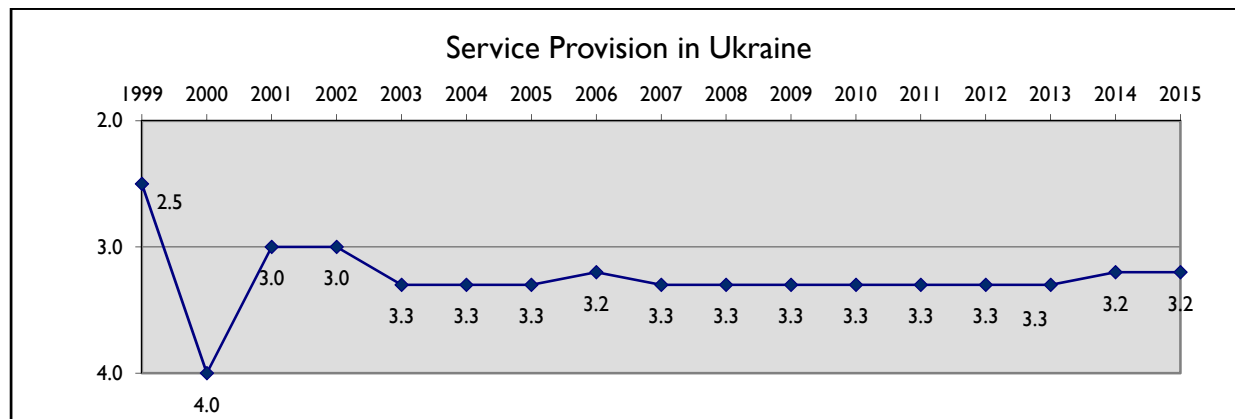
One of the laws advocated for by RPR was the Open Data law, which the parliament adopted in April. The law establishes that agencies shall provide information upon request as well as regularly on the National Open Data Portal and on their websites. Civic activists developed several projects based on open data. For example, the [reDonbass](#) website and [mobile application](#), supported by UNDP and the State Agency for Donbass Reconstruction in Ukraine, tracks damaged infrastructure in eastern Ukraine. The Center for Political Studies and Analytics launched a web portal that allows local self-government bodies to post financial and statistical reporting and provide an interactive visualization of local budgets. Around nine local self-government bodies have joined the initiative.

In July, the parliament adopted a Law on Public Appeals, another law developed with RPR support, which allows individuals and groups to submit e-petitions through official websites to the president, the parliament, the Cabinet of Ministers, and local self-governments. Under the law, an e-petition addressed to the president, the parliament, or government must gain at least 25,000 votes within three months from the date of its publication to be considered further. More than 1,000 e-petitions have been registered on the president's website, but many of them mock the process. For example, one petition requested the president to grow a beard and shave his head. So far, only two online petitions managed to gather the necessary 25,000 votes to be considered further. One concerned the abolishment of cash collateral in criminal cases of corruption, and the second concerned the appointment of the prime minister.

At the local level, strong CSOs influence decision-making processes. For instance, with support from the International Renaissance Foundation, local regulations were adopted to provide participatory democracy tools and promote the development of local self-organized bodies in the cities of Dnipropetrovsk, Lutsk, and Mykolayiv.

CSOs successfully lobbied for changes to several laws that regulate and influence the work of civil society. As a result of this work, for example, the need to have a license to organization volunteer activity was removed. In addition, the draft Law on Social Services was developed in consultation with CSOs. It proposes engaging public associations and charity organizations in the provision of social services.

SERVICE PROVISION: 3.2



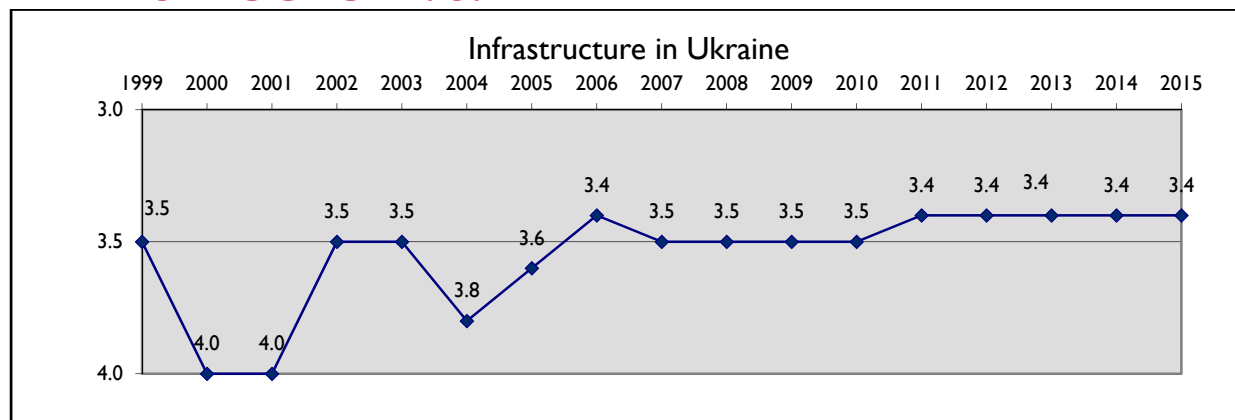
Service provision remained largely the same in 2015. CSOs continued to offer training, consulting, information services, and basic social services to youth, the elderly, and IDPs from Crimea and eastern Ukraine. Many services initiated by CSOs and civic initiatives in 2014 to support the Ukrainian army and IDPs in the eastern part of the country were not sustained in 2015. The state does not provide sufficient funding for CSOs to expand their range of services. Nevertheless, with international support, civil society has become indispensable in the provision of humanitarian assistance and is even fulfilling state functions in crisis areas. CSOs provide food and shelter, information on registration, employment assistance, playgrounds and psychological support for children, in addition to many other services. They also act as a bridge between host communities and IDPs to help diffuse tension that may have emerged from the conflict.

At the same time, goods and services provided by CSOs do not fully meet the needs and priorities of their target groups. Most CSOs do not recognize the importance of assessing the needs of their beneficiaries before designing services. CSO services continued to be of low quality and CSOs show little ability to influence national policy on local service provision.

CSOs generally do not charge beneficiaries for services since they cannot afford to pay. Similar to previous years, international donors and technical assistance projects continue to be the major contractors of services provided by CSOs.

Public authorities acknowledge the potential for CSOs to provide services to the public. However, CSOs are legally prohibited from participating in tenders from the state budget for service provision and few CSOs have the required levels of service standards. In 2015, the government cut the already minimal amount of public funding typically available for social services, most acutely affecting social services for vulnerable groups such as persons with disabilities. Local budgets also do not adequately cover the costs of service provision.

INFRASTRUCTURE: 3.4



Infrastructure for the CSO sector did not change in 2015. Intermediary support organizations (ISOs) at the regional level continue to be established in response to community needs in the regions, such as supporting the development of CSOs, communities, self-organized bodies, and local democracy, as well as implementing reforms. New ISOs, such as Tamarusk in Dnipropetrovsk, Zakhust and New Generation in Kherson, and Women Center in Lviv, provide legal assistance, information, consulting, training, and small grants. These offerings are largely financed by international donors and technical assistance projects. Regional CSOs that offer support to CSOs now provide some of their services online.

The number of local grantmaking organizations increased slightly in 2015. More regional CSOs are providing grants due to an EU regulation that allows CSOs to re-grant up to 40 percent of grants valued at more than €200,000. There are twenty-three community foundations in Ukraine; about half of them award grants to address pressing issues in their communities, while the others directly implement projects, rather than awarding grants. In 2015, community foundations in Kherson and Voznesensk started providing capacity building services to CSOs such as training and consulting in strategic planning, project design, and human resource management.

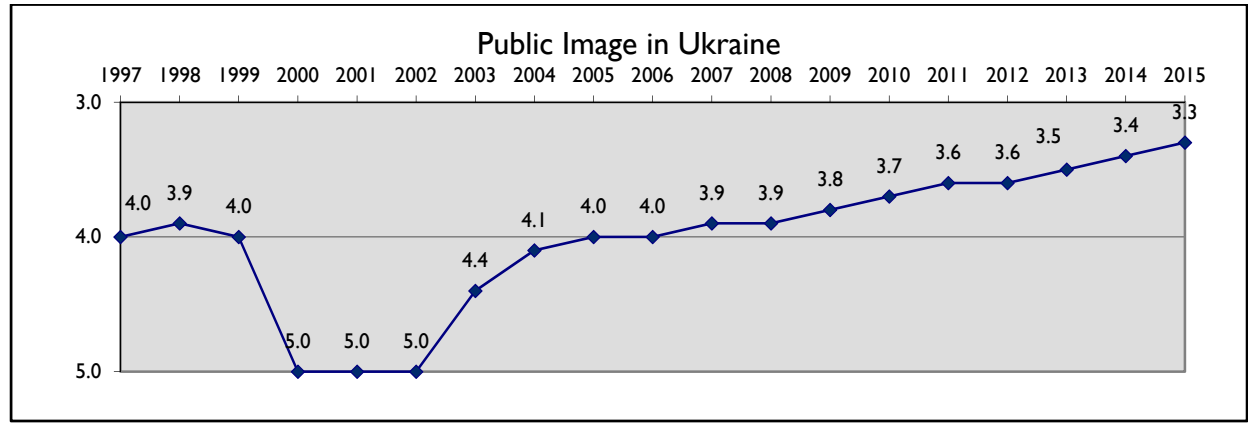
CSO coalitions created in previous years continued their work in 2015. For instance, the CHESNO Movement founded in 2011 started a network in twenty-two cities to monitor candidates' integrity and campaign funding for local elections. New coalitions at the national and regional levels are typically formed around particular topics. The RPR has become a key platform for civil society, uniting experts and CSOs working on national reforms.

CSOs can access training through the virtual Capacity Development Marketplace administered by ISAR Ednannia. In 2015, the Marketplace provided 230 vouchers totaling \$552,000 for CSO projects aimed at institutional capacity building, an increase since 2014 when 175 vouchers worth about \$300,200 were provided. Outside of the Marketplace, few trainings are provided to CSOs for free. Donor organizations fund training on anti-corruption and the monitoring of public finances for CSOs based in the regions. During 2015, three forums and six schools on institutional development were organized for CSOs operating in the regions. In 2015, the Ukrainian Catholic University in Lviv and the Dragomanov National Pedagogical University in Kyiv launched bachelors and masters degree programs to train managers and specialists in CSO-related issues.

Intersectoral partnerships of CSOs, public authorities, and businesses are increasing. In 2015, an association of small- and medium-sized businesses, together with local authorities and the local chamber of commerce, supported small projects in Vinnitsa oblast. In partnership with public authorities, a coalition of CSOs monitors the performance of centers rendering administrative services. ProZorro, a joint initiative established by civil society activists and businesses in 2015 to offer online bidding, enabled the Ministry of Defense to make 242

online procurements totaling 1.5 billion UAH (about \$65 million) within four months, thereby saving the ministry 176 million UAH (about \$7.6 million). The ministry's success with ProZorro prompted twelve more ministries to join the system.

PUBLIC IMAGE: 3.3



In 2015, organizations received less media coverage than in 2014. However, civil society as a whole continued to enjoy media attention highlighting its role in democratic reform. After Euromaidan in late 2013, more journalists became engaged in civic activities, particularly at the national level, and regional mass media began cooperating more actively with CSOs and other experts. The national and regional mass media provide coverage to CSOs' activities and volunteer work related to supporting bereaved families, soldiers in the ATO zone, and IDPs from Crimea and the Donbass region. The media highlights the role of civil society in national reform and its engagement in key initiatives such as combatting corruption and reforming the judiciary. Journalists and CSOs have improved their communications, and journalists provide positive coverage of the work of CSOs, although media outlets also covered some examples of alleged financial or governance abuses in CSOs. Furthermore, civil society experts have become an integral part of all news programs and talk shows.

The public perception of CSOs continued to improve in 2015. A Razumkov Center study conducted in April 2015 found that 45.7 percent of Ukrainians completely or to a certain extent trust CSOs, while 40.3 percent do not trust CSOs at all. A study conducted by the Democratic Initiatives Foundation and the Razumkov Center in July 2015 found that 67 percent of respondents trust volunteers, while 23 percent do not trust them. According to a study conducted by GfK which was published in early 2015 under the USAID-funded Ukraine National Initiatives To Enhance Reforms (UNITER) project, 42 percent of Ukrainians were aware of the work of volunteer groups, and 32 percent were aware of the work of charity foundations in 2015. At a local level, 67 percent of respondents stated that they did not know a single CSO. According to the same study, of the 42 percent of respondents who are aware of civic initiatives, 37 percent believe they target crucial issues facing society, and though civic initiatives are not systematic, they are beneficial for groups of citizens.

Public authorities at the national and regional levels continued to improve their perceptions of CSOs in 2015. After the parliamentary elections at the end of 2014, civil society representatives elected to the parliament became the heads of several parliamentary committees and are proactive in promoting legislation to implement reform. During each plenary week, representatives of civil society and international organizations meet with members of the parliament from all factions. At the local level, CSO experts are involved in appointing public servants and shaping local reforms. In 159 communities—organized in accordance with the decentralization process—experts in civil society are sought after to work with communities, deliver necessary services, and attract funding from international organizations.

The business sector has an improved perception of CSOs. Businesses more frequently interact with CSOs and form partnerships with them. However, businesses do not have the financial resources to increase their support of CSOs. Some business executives use CSOs to promote their own businesses by providing charitable contributions and then requesting CSOs to inform beneficiaries of the source of donations.

Most CSOs use social networks to inform supporters about their activities and events, as well as engage potential supporters and beneficiaries, look for partners, assess the needs of their beneficiaries, and conduct opinion polls among target groups. CSOs will also be able to promote their visibility through the CSOs' Interactive Atlas, an online tool being developed with EU support to display CSOs' locations and contact information on a map of Ukraine.

CSOs continue to heighten transparency in their operations. The number of CSOs preparing annual reports has increased and the quality of these reports has greatly improved. In 2015, new CSOs that emerged from volunteer initiatives produced reports on their activities and spending for their supporters.

In 2001, an ethics code for the CSO sector was developed and signed by many organizations as part of a USAID civil society project. Since then, individual CSOs have developed their own codes of ethics based on donor requests, so this code has become less used.